

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**JANUARY 4, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Chari Buckner, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; Amy Ensley, Utility Board Secretary; Bart Borden, VP Electric; John Corum, VP Administrative Services; Craig Mullinax, VP Water & Wastewater; Jan Runyon, Assistant VP Administrative Services; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Steve Barger, Director of Environmental & Regulatory Compliance; Lisa Coffey, Supervisor of Water Treatment Plants; Chris Wilds, Facilities Maintenance Supervisor; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Jan Runyon delivered the invocation.

**MINUTES OF NOVEMBER 30, 2018**

On motion by Chari Buckner and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted to approve the November 30, 2018, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Upcoming Retirements**

President/CEO Henderson announced employees Kathy Carson and Jan Runyon will soon be retiring. Carson and Runyon have 41 and 39 years of service respectively. Carson has worked in the Accounting Department processing payroll for many years, and Runyon has served in the Human Resources Department since 1998.

**Offices Closed-Martin Luther, King, Jr. Holiday**

Cleveland Utilities will be closed Monday, January 21, 2019, to observe the Martin Luther King, Jr. Holiday. The Call Center will be open and regular emergency/standby services will be maintained.

**Cleveland Bradley Chamber of Commerce Annual Meeting**

The Cleveland Bradley Chamber of Commerce Annual Meeting will be held on Tuesday, January 29, at Life Care Centers of America.

**DIVISION REPORTS**

**Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of January 2015 through January 2019 was reviewed. For the month of January, the residential retail electric rate will change to 9.760 cents per kilowatt-hour, an increase of 0.91 percent over December's rate of 9.672 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA fuel cost rate adjustment to its consumers.
2. The November 2018 financial and statistical statements were presented to the Utility Board. During November, the cost of purchased power as a percentage of retail sales was 76.2 percent and can be compared to the budgeted percentage of 78.7 percent for FY 2019. The results for November 2018 are electric sales revenue of \$8,313,881 which was offset by a purchased power expense of \$6,334,093. This resulted in an operating margin of \$1,979,788.

Operating expenses for the month were \$1,500,827. These revenue numbers were driven by a customer base of 31,678. The net income for the month was \$647,400 and can be compared to a budgeted net income of \$44,234.

3. For November 2018, water sales revenue was \$1,160,155. Other revenue sources contributed an additional \$148,130 for the month. Operating expenses for November totaled \$1,238,855. These revenue numbers were driven by a customer base of 31,922. The division recorded an operating income of \$69,430.
4. For November 2018, wastewater treatment revenue was \$998,910. Other revenue sources contributed an additional \$74,849 for the month. Operating expenses for November were \$928,316. These revenue numbers were driven by a customer base of 19,075. The division recorded an operating income of \$145,443, which is compared to a budgeted operating income of \$75,233 for the month.

### **Electric Division**

Bart Borden reported on the following:

1. Construction continued throughout the month of November for the Spring Branch Industrial Park Innovation Drive Distribution Lines Project. The remaining poles were framed and set in place. Photographs were provided.
2. In reference to the East Cleveland 69 kV Bus Breaker Addition Project, the new main bus breaker was energized December 17, 2018, and load was placed on one of the 69 kV feeder breakers on December 27.
3. Operations Department personnel are working to secure a contractor to install the lighting for the Peerless Road LED Street Lighting Conversion Project.
4. The power transformer testing was completed for the three new 161/69 kV power transformers at East Cleveland Substation, and all reports indicated the transformers were ready to energize. The transformers were energized on the same date as the main bus breaker mentioned under item 2 (December 17). On December 27, the 69 kV feeder breaker serving the Chatata Creek Substation was transferred to the new transformers. Plans are to systematically add additional load to the transformers throughout this month.
5. Engineering is working with an existing industrial customer on the possible addition of a 2,000 kVA pad-mount transformer. The industry requested they remain unnamed at this time.
6. Engineering released a work order to provide electrical service to an annexed area along the eastern side of Tillie Drive and the east side of 410 Urbane Road NE currently being served by Volunteer Energy Cooperative (VEC). The estimated cost of the required work to connect these facilities to CU's electric distribution system is \$74,975. VEC will be reimbursed for the average energy use of the annexed customers over 10 years based on the formula in the Tennessee State Law.
7. Engineering is working on electric service projects in the design phase including a new apartment building located on Smith Drive SW, Bradley Place, Lee University baseball field and Westmore Church of God Sanctuary. A new two-story, 51,172 square foot apartment building is to be located between Cedar Lane and Smith Drive SW. The Lee University baseball field renovation project is in the electrical planning stages, and a new sanctuary for Westmore Church of God is as well. Load information is not available on these projects at the time of this report.
8. Line Construction crews installed temporary and permanent electric facilities to serve two new commercial customers. A 75 kVA three phase pad-mount transformer and 750 feet of

underground conductors were installed to serve the new 45 kW load at the Hibachi Grill in Spring Creek Plaza presently under construction. A single phase 50 kVA and 300 feet of underground primary conductor were installed at 3690 Dalton Pike to serve the 50 kW load to the new Dollar General Store.

9. A report was presented regarding traffic lighting:
  - A count update of the signals installed by the end of fiscal year 2019 was provided. As of June 30, 2018, there were 678 traffic signal heads and 88 pedestrian signal heads.
  - Traffic light crews completed the conversion of intersections to LED at Broad & First, Broad & Second and Inman & Church. The Inman & Church intersection involved changing out some very old signal control conductors and presented challenges for CU's crew with the age of the facilities. The upgrades are a noticeable improvement in signal visibility and operation.

### **Water Division**

Craig Mullinax reported on the following:

1. Haren Construction has completed 70 percent of the Flocculation/Sedimentation Basin Improvements Project at the Cleveland Filter Plant (CFP). The number 4 basin was placed into service, and the number 3 basin has been removed from service for approximately one month to be rehabbed.
2. Hampton Backhoe has completed the water main replacement project on Van Davis Road from SR60 to Swafford Cemetery Road. Testing is in progress.
3. The Van Davis Road south of Morgan Road Water Main Extension Project is complete and in service. The final contract amount was \$65,095.
4. Plans and specifications for the Georgetown Road Utility Relocation Project are due to the Tennessee Department of Transportation (TDOT) by January 18, 2019. This due date was initially July 2019; however, TDOT revised and shortened their time schedule and have now set a tentative date of June for bidding. Work has been expedited with CU's consultant, Stantec, in order to meet the target deadline. This project involves the widening of Georgetown Road from Davis Circle to Eureka Road.
5. A resolution will be presented under new business for the 2010 Annexation Sewer Project on APD-40 requesting additional funds in the amount of up to \$379,500 from the State Revolving Fund (SRF). A letter was distributed from the Tennessee Department of Environment & Conservation (TDEC) approving CU's financial feasibility.
6. The easement acquisition is ongoing for the 2010/2012 Annexation of Benton Pike & Durkee Road. CU made a request to the SRF to fund this project. TDEC has approved the financial feasibility.
7. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - Phase I of the Basin 10A-8 Rehabilitation Project is ongoing. Portland Utilities has completed 89 percent of the mainline rehabilitation and 20 percent of the service lateral rehabilitations. Manhole rehabilitation began on January 3, 2019.
8. The Meter Department set 23 meters through November 2018 compared to 18 for November 2017 and 25 for November 2016. Of the 23 meter sets, 21 were single-family homes and 2 were commercial.
9. The total amount of rainfall recorded at the CFP for 2018 was 71.89 inches compared to an average of 56.03 inches. It was an extremely wet year. As of January 4 at 9 a.m., a total of 1.91 inches of rainfall has already occurred this month.

10. A detailed PowerPoint presentation was shown concerning an emergency repair to the Candies Creek 24-inch Sewer Interceptor on Candies Lane. On the evening of December 10, CU was contacted by a property owner concerning an overflow behind their property. The following day crews cleaned up the overflow and began investigating the problem. A collapse was located on December 12, about 15 feet south of manhole 90A-1-02 in the Candies Creek Interceptor, which is a 24-inch main line. After meeting with bypass pumping contractors from Knoxville and Hampton Backhoe to devise a plan, a start date of December 17 was established. CU then contacted Westmore Church of God (the property owner) about the work needing to be performed.

Repair work covering the period of December 17-20, 2018, included the installation of erosion control measures, setup of bypass pumping, extensive excavation, replacement of the collapsed spirolite pipe and backfilling. In total, approximately 1,800 cubic yards (about 100 tandem axle dump truck loads) were excavated and backfilled. The bypass pumping was broken down and moved out of potential flooding areas on December 20. Various photos and a video of the process were presented. It was a challenging job. Greg Clark did an excellent job spearheading this project, and everyone worked well together to accomplish the repair in a timely manner prior to the Christmas holiday. This job is estimated to cost \$25,000.

## **NEW BUSINESS**

### **Approval of Purchase Order to Tech Coat, Inc.**

On motion by Joe Cate and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted unanimously to approve a purchase order to Tech Coat, Inc. in the amount of \$237,138 for the rehabilitation of Filters No. 5 and No. 6 at the Cleveland Filter Plant. This project consists of coating the filter walls, repair of the filter underdrain system and replacement of the filter media. This project is budgeted for FY 2019 in the amount of \$333,333.

### **Approval of Resolution 2019-01 for the 2010 Annexation Sewer Extension Project**

On motion by David May, Jr. and seconded by Joe Cate, the Utility Board took action to unanimously approve Resolution No. 2019-01 authorizing the President and CEO to act on behalf of the Cleveland Utilities' Board and the City of Cleveland with respect to this additional SRF loan in the amount of up to \$379,500 for the 2010 Annexation Sewer Extension Project. The original SRF loan was for \$350,500 bringing the total loan to \$730,000. The second SRF loan for this project was for \$1,000,000. This brings the total SRF loan to \$1,730,000.

### **Sanitary Survey Results of Cleveland Utilities' Water System**

The Tennessee Department of Environment and Conservation (TDEC) Division of Water Resources conducted a sanitary survey of the water system on November 27 & 28, 2018. Cleveland Utilities' Water System earned 599 points out of a possible 599 for a numerical rating of 100 percent, which reaffirms CU's water system as an "approved" water system. This makes the third consecutive year CU has achieved a perfect score. Employees Barger, Coffey and Wilds were honored for their leadership and expertise. It takes hard work and dedication throughout the year from the entire staff to attain this score. This includes the plant operators, chief operators, maintenance/operations personnel, engineers and managers. Mullinax and Henderson praised all employees for this accomplishment.

## **OTHER BUSINESS**

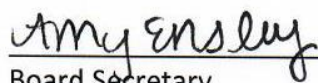
### **Future Board Meeting Dates**

Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, January 25, 2019, 12:30 p.m.

Friday, February 22, 2019, 12:30 p.m.

Friday, March 22, 2019, 12:30 p.m.



Board Secretary



Board Chairman

1-25-19

Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**JANUARY 25, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Chari Buckner, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Dean Watson, Electric Operations Manager; Todd Gober, Call Center Representative II; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Todd Gober delivered the invocation.

**MINUTES OF JANUARY 4, 2019**

On motion by Chari Buckner and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted to approve the January 4, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Presidents' Day Holiday**

Cleveland Utilities will be closed Monday, February 18, 2019, to observe the Presidents' Day Holiday. The Call Center will be open and regular emergency/standby services will be maintained.

**Annual Awards Luncheon**

Cleveland Utilities Annual Awards Banquet will be held on Tuesday, March 5, 2019, at 11:30 a.m. to honor employees with awards for years of service and perfect attendance. The banquet will be held in the Tom Wheeler Training Center.

**FY 2020 Budget Process**

The budget process for FY 2020 is underway. This is a team effort companywide. Currently, the goal is to present the budget to the Utility Board at the regularly scheduled March meeting ahead of the citywide Budget Retreat, which is tentatively scheduled for April 8.

**Inclement Weather**

In anticipation of the inclement weather predicted for next week, CU is watching the forecast closely and is always proactive in making the necessary preparations ahead of time for weather events.

**DIVISION REPORTS**

**Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of February 2015 through February 2019 was reviewed. For the month of February, the residential retail electric rate will change to 9.635 cents per kilowatt-hour, a decrease of 1.28 percent over January's rate of 9.760 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA fuel cost rate adjustment to its consumers.
2. The December 2018 financial and statistical statements were presented to the Utility Board. During December, the cost of purchased power as a percentage of retail sales was 79.6 percent and can be compared to the budgeted percentage of 78.7 percent for FY 2019. The results for December 2018 are electric sales revenue of \$8,550,772, which was offset by a purchased power expense of \$6,808,836. This resulted in an operating margin of \$1,741,936. Operating expenses for the month were \$1,717,468. These revenue numbers were driven by a customer base of

31,627. The net income for the month was \$192,086 and can be compared to a budgeted net income of \$184,488.

3. For December 2018, water sales revenue was \$1,113,710. Other revenue sources contributed an additional \$128,241 for the month. Operating expenses for December totaled \$1,394,941. These revenue numbers were driven by a customer base of 31,931. The division recorded an operating loss of \$152,990, which is compared to a budgeted operating loss of \$29,218.
4. For December 2018, wastewater treatment revenue was \$984,546. Other revenue sources contributed an additional \$61,806 for the month. Operating expenses for December were \$1,052,369. This is compared to the budgeted amount of \$983,610. These revenue numbers were driven by a customer base of 19,091. The division recorded an operating loss of \$6,017, which is compared to a budgeted operating income of \$83,036 for the month. This loss was due to an expense work order for an information technology project closed out in the month of December.

### **Electric Division**

Dean Watson reported on the following in the absence of Bart Borden:

1. Construction continued throughout December for the Spring Branch Industrial Park Innovation Drive Distribution Lines Project. All pole and guy installations were completed, and the 795 AAC and 336 AAC neutral conductors were pulled in and made permanent to the new structures.
2. Price quotes have been received and contract language is being finalized prior to the issuance of a work order for the Peerless Road LED Street Lighting Conversion Project.
3. In reference to the East Cleveland Substation Power Transformers Replacement Project, the final two 69 kV feeder breakers were returned to service on January 4 and 8, 2019. This effectively returned East Cleveland Substation back to normal ending a one year and seven month project at a combined total of just over \$2.5 million. The combined efforts of many dedicated and skilled CU employees directly contributed to making a project of this scope and magnitude a success.
4. Due to changes in the front lots at Stonebriar Subdivision from a commercial to residential use, engineering has worked with the developer to provide service to the new townhomes and apartments being installed on the subdivided lots. The developer will be installing 150 feet of 2-inch conduit and 520 feet of 3-inch conduit. CU will be installing 220 feet of #1/0 aluminum primary, 260 feet of #350 aluminum triplex secondary and a 100 kVA transformer to serve the new additions.
5. Engineering has provided designs for the electrical facilities to the developers of both Cobblestone Ridge on Old Chattanooga Pike and Fulbright Crossing at Fulbright Road and Shady Lane. CU will be installing the electrical facilities to the expected 67 homes/townhomes/apartments once the developers have completed installation of the conduit systems.
6. A report was presented regarding traffic lighting:
  - Engineering began the process of installing the new Central Software for the Traffic Control System. Once installed, the Spinnaker software will be under a one-year free trial to ensure successful installation and function. The existing software, IQ Central, will be maintained for the legacy controllers still in service until they are replaced with the ATC-1000 controllers.
  - Engineering personnel placed two intersections into free mode during the holiday season to account for the unique man patterns resulting from heavy shopping traffic. Paul Huff & Adkisson at Frontage Road and Paul Huff & Keith Street were both removed from coordination and placed into free to operate on existing detection and demand. Additional time was also given to the Frontage Road approach to allow for better clearing

of traffic in the storage lanes. Both intersections were placed back into coordination just after the holidays.

- Electric Meter Lab personnel met with Stansell Electric Company representatives at the North Ocoee/Blythe Ferry Road/Ocoee Crossing intersection to discuss issues found during the punch list inspection of the newly constructed pedestrian signals. After the site visit, all irregularities were addressed and corrected by Stansell to the satisfaction of CU.
7. The SCADA system recorded a peak of 197,000 kW on December 6, 2018, during a peak shaving event. TVA's billed demand peak of 199,703 kW coincided with CU's peak and was recorded at 6:59 a.m. CST. The peak shaving resulted in a reduction of 4,231 kW and a cost avoidance of \$43,794.91. The total cost avoidance for 2018 was \$409,906.84.
  8. Nine site plans and plats were submitted for review in December. The most notable include M&M Mars on Peerless Road and a new medical office building on Holiday Inn Express Way NW.

### **Water Division**

Craig Mullinax reported on the following:

1. The new maintenance building at the Wastewater Treatment Plant (WWTP) is under construction and approximately 80 percent complete. TriCon Construction is expected to finish the project on February 11, 2019. This facility will house the existing crane and spare parts and components to CU's various pump stations and infrastructure.
2. K. Berry Construction has completed the rehabilitation of Spiral Lift Pump No. 203 at the WWTP. The pump has not been placed into service to date, but will be soon. The project lump sum total was \$60,369.
3. Haren Construction has completed 72 percent of the Flocculation/Sedimentation Basin Improvements Project at the Cleveland Filter Plant (CFP). Basin 2 is currently being rehabilitated. Basins 3 & 4 are complete. Haren is doing a really good job.
4. The Raw Water Pump Station Project located along the Hiwassee River is complete with the exception of the screen installation. W&O Construction will begin this process on February 11, 2019.
5. Plans and specifications for the Georgetown Road Utility Relocation Project are due to the Tennessee Department of Transportation (TDOT) by January 25, 2019. The target date for CU was today. CU's consultant, Stantec, assured they would be meeting the deadline.
6. The Kile Property Water Main Extension Project on Kile Lane NW will include 600 feet of 6-inch PVC main.
7. Engineering is reviewing the following plans:
  - A new assisted living complex on King Den Drive consisting of 5 buildings and 1,203 feet of 8-inch sewer main.
  - Keith Street Crossing on Keith Street, which includes 17 units.
  - Savannah Avenue Apartments on Pryor Road comprising 24 units.
8. Engineering approved the following plans:
  - Paul Huff Corners on Peerless Road at Paul Huff Parkway (2 commercial lots). The project scope includes 1,020 feet of 8-inch water main and 590 feet of 8-inch sewer main.
  - Graystan Square on Mouse Creek Road at Paul Huff Parkway consisting of 4 commercial lots, 850 feet of 8-inch water main and 840 feet of 8-inch sewer main.
  - Bradley Place at Bradley Square Mall comprising 11 retail spaces. The project will include relocating a 10-inch water main.
9. An update was provided for the ongoing Wastewater Rehabilitation Project:



- Phase I of the Basin 10A-8 Rehabilitation Project is ongoing. The contractors have completed 100 percent of the mainline rehabilitation, 24 percent of the service lateral rehabilitation, and 6 percent of the manhole rehabilitation.
10. The Meter Department set 29 meters through December 2018 compared to 24 for December 2017 and 22 for December 2016. Of the 29 meter sets, 22 were single-family homes, 3 were townhomes, 1 was an apartment and 3 were small commercial.
  11. The total amount of rainfall recorded at the CFP as of January 23, 2019, was 5.40 inches for the month and can be compared to 1.45 inches for January 2018.

### **OLD BUSINESS**

#### **Approval of Purchase Order to ABC Professional Tree Services, Inc.**

On motion by Joe Cate and seconded by David May, Jr., the Board of Public Utilities took action to unanimously approve a purchase order to ABC Professional Tree Services, Inc. in the amount of \$147,200 for transmission line right of way clearing utilizing ABC's fecon machine completed this past fall, as well as the herbicide spraying of the transmission right of ways and substations scheduled for the near future. These services are per the contracted rates. ABC was awarded CU's three-year vegetation management contract in July 2018 and was the low overall bid.

### **NEW BUSINESS**

#### **Approval of Purchase Order to Southeast Industrial Development Association (SEIDA)**

On motion by Chari Buckner and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted unanimously to approve a purchase order to Southeast Industrial Development Association (SEIDA) in the amount of \$50,978 for 2019 membership dues. TVA will reimburse CU for 50 percent of the investment.

### **OTHER BUSINESS**

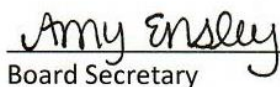
#### **Future Board Meeting Dates**

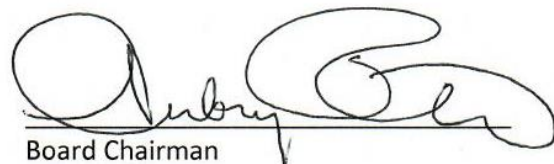
Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, February 22, 2019, 12:30 p.m.

Friday, March 22, 2019, 12:30 p.m.

Friday, April 26, 2019, 12:30 p.m.

  
Board Secretary

  
Board Chairman

2-22-19  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**FEBRUARY 22, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Chari Buckner, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; Bart Borden, VP Electric; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Aaron Finnell, Wastewater Collections Foreman; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Aaron Finnell delivered the invocation.

**MINUTES OF JANUARY 25, 2019**

On motion by Vice Chairman Eddie Cartwright and seconded by Chari Buckner, the Board of Public Utilities voted to approve the January 25, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Annual Awards Banquet**

Board members were reminded of the upcoming Annual Awards Banquet scheduled for Tuesday, March 5, 2019, at 11:30 a.m., where 76 employees will be recognized for perfect attendance and 28 for years of service. The banquet will be held in the Tom Wheeler Training Center.

**Online Utility Training for Board Members**

The Tennessee Comptroller's Office is now offering free online training for board members who oversee a water and/or wastewater utility system.

**DIVISION REPORTS**

**Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of March 2015 through March 2019 was reviewed. For the month of March, the residential retail electric rate will change to 9.510 cents per kilowatt-hour, a decrease of 1.29 percent over February's rate of 9.635 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA fuel cost rate adjustment to its consumers.
2. The January 2019 financial and statistical statements were presented to the Utility Board. During January, the cost of purchased power as a percentage of retail sales was 77.6 percent and can be compared to the budgeted percentage of 78.7 percent for FY 2019. The results for January 2019 are electric sales revenue of \$9,563,449, which was offset by a purchased power expense of \$7,419,989. This resulted in an operating margin of \$2,143,460. Operating expenses for the month were \$1,753,371. These revenue numbers were driven by a customer base of 31,584. The net income for the month was \$561,289 and can be compared to a budgeted net income of \$479,190.
3. For January 2019, water sales revenue was \$1,111,081. Other revenue sources contributed an additional \$126,871 for the month. Operating expenses for January totaled \$1,290,427. These

- revenue numbers were driven by a customer base of 31,912. The division recorded an operating loss of \$52,475, which is compared to a budgeted operating loss of \$13,221.
4. For January 2019, wastewater treatment revenue was \$947,788. Other revenue sources contributed an additional \$145,952 for the month. Operating expenses for January were \$1,017,071. This is compared to the budgeted amount of \$995,546. These revenue numbers were driven by a customer base of 19,091. The division recorded an operating income of \$76,669, which is compared to a budgeted operating income of \$135,135 for the month.
  5. Stinnett noted the budget is on target to be presented at the March board meeting. At this point, the projections from last year are looking fairly accurate.

### **Electric Division**

Bart Borden reported on the following:

1. Work continued on the Spring Branch Industrial Park Innovation Drive distribution lines, and the project was completed in January. CU is now ready to connect load to the lines. The new lines will accommodate a 4 MW load, until the new Cherokee Gateway Substation is in service.
2. A financial update was provided for the East Cleveland 69 kV Bus Breaker Addition Project. The project is complete; however, this item will remain in the report until all expenses are finalized. The current, actual project cost is \$188,287.23.
3. Service Electric of Chattanooga has been secured to install the LED street lighting on Peerless Road. The work is scheduled to begin the first week of March.
4. The East Cleveland Substation Power Transformers Replacement Project has been completed. A financial update was provided. The current, actual project cost is \$1,875,066.22.
5. The power line design work for Phase II of the Lang Street to District Substation transmission line replacement has been completed to the point where CU is able to send out the steel pole bid requests for the project. A photo from the first phase was provided to give board members a representation of how the project will continue with double 556 MCM AAC 69 kV conductors per phase transmission lines with underbuild 13.2 kV distribution lines.
6. Engineering and operations department personnel have begun a project with Schweitzer Engineering Laboratories (SEL) to test their new fault indicators with wireless communication. Fault indicators have been used by CU without communication for many years. The indicators hang on distribution lines and flash when they sense a fault downstream on their load side. This helps linemen locate the fault on a circuit quicker. These new fault indicators developed by SEL have communication capabilities and can report live data back to the SCADA system in the dispatch room. The indicators will show load current and send a notification when they sense a fault. Once SCADA receives the notification, it can graphically indicate the fault location in the dispatch center and send a text message to the appropriate personnel to respond. This information will notify crews quicker where to begin patrolling for the cause of the fault. The project is a proving test for the new product. SEL is furnishing a communications receiver/transmitter and 9 fault locators for testing and proofing. CU has agreed to buy the equipment after the project has proved to be successful. If unsuccessful, CU is not obligated to purchase. The equipment is anticipated to be installed by the end of March, based on the delivery quoted.
7. Engineering released a work order to install electric service to the existing sewer lift station in the back of Spring Branch Industrial Park. A total of 500 feet of underground primary and a

150 kVA three phase pad-mount transformer were installed to serve the new 137 kW load. This will be the first load energized in the new park.

8. Engineering released a work order to provide service to a new industrial building located at 2104 King Edward Avenue. The work will require the installation of a new 50 foot ductile iron pole, 225 feet of underground primary conductor and a 150 kVA pad-mount transformer to serve the new 144 kW load.
9. Work continued on the new Cherokee Gateway Substation site with the completion of soil testing by Terracon. The soil resistance and makeup reports were forwarded to CU's consulting engineering firm to design the ground grid and to the substation structure supplier to design the required concrete foundations. The foundation designs were completed and have been approved. Approval drawings were accepted and released for manufacturing of the steel structures, switches and feeder breakers.
10. The construction of two offices in the Operations Department Building was completed mainly by in-house personnel. The area where the Meter Setters were housed was converted into two offices for the Safety Supervisor and Operations Engineer. This freed up needed office space in the I.T. and Engineering Departments. The space became available by shifting personnel into the former Meter Readers area and was possible due to the implementation of the Automated Meter Reading system.
11. Line construction crews completed the conversion of Volunteer Energy Cooperative customers in the Urbane Road annexed area to Cleveland Utilities' electric service. This involved the installation of a 500 kVA pad-mount transformer and 1,290 feet of underground primary conductor and required conduit, which serves the Omega Center.
12. A report was presented regarding traffic lighting:
  - CU's Traffic Signal Coordinator attended a pre-construction meeting for intersection improvements at 25th Street and Georgetown Road. The project involves the installation of dual left turn lanes on Georgetown Road and should begin soon with a target completion date of July 15.

### **Water Division**

Craig Mullinax reported on the following:

1. The new maintenance building at the Wastewater Treatment Plant (WWTP) is essentially complete. TriCon Construction is working on punch list items. The building looks really nice.
2. Cherokee Construction has completed the screening compactor area site improvements at the WWTP with the exception of cleanup. A sluice diverter access platform was installed by CU personnel to safely access the diverter slide gates for operation and maintenance.
3. Haren Construction has completed 80 percent of the Flocculation/Sedimentation Basin Improvements Project at the Cleveland Filter Plant (CFP). Basin 1 is currently being rehabilitated. Basins 2, 3 & 4 are complete.
4. Mayse Construction has completed 20 percent of the installation for the 2010 Annexation Sewer Project on APD 40.
5. The easement acquisition process is ongoing for the 2010/2012 Annexation Project on Benton Pike and Durkee Road. A total of 38 easements are required, and one is complete.
6. Engineering is reviewing plans for Stone Creek, Phase 3 on New Murraytown Road. The development consists of 35 lots, 1,230 feet of 6-inch water main, 300 feet of 2-inch water main and 1,984 feet of 8-inch sewer main. Epperson Homes is the developer.

7. Engineering received and approved a revised set of plans for Ridgedale Forest Subdivision, Phase 2, comprising 15 lots and 1,483 feet of 6-inch water main.
8. An update was provided for the following plans under construction:
  - Spring Branch Industrial Park at Cherokee Gateway Boulevard is approximately 95 to 99 percent complete. Once the contractor completed the installation of the sewer lines, CU crews televised them. During this process, several deficiencies were identified. The contractor has been working over the last several weeks to make the necessary corrections before CU will take the sanitary sewer collection system over. On February 21, CU staff, Talley Construction and the pump manufacturer met to perform the startup of the sewer pump station, which went well.
  - Heartland Subdivision on Tasso Lane is complete. The development contains 73 lots, 2,352 feet of 8-inch water main and 2,885 feet of 8-inch sewer main.
  - Hampton Backhoe has completed 95 percent of the installation for Fulbright Crossing on Fulbright Road. The project scope is 376 feet of 8-inch sewer main.
  - Bellingham, Phase 2, on Urbane Road is 95 percent complete. The development comprises 156 townhome units, 3,800 feet of 8-inch sewer main and 4,000 feet of 6-inch water main. Hampton Backhoe is the contractor.
  - Paul Huff Corners at Peerless Road and Paul Huff Parkway (2 commercial lots) is 70 percent complete. Hampton Backhoe is the contractor. The development includes 1,020 feet of 8-inch water main and 590 feet of 8-inch sewer main.
  - Bradley Place at Bradley Square Mall comprising 11 retail spaces is 35 percent complete. The project includes relocating a 10-inch water main. B&B Plumbing is the contractor.
9. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - Phase I of the Basin 10A-8 Rehabilitation Project is 57 percent complete overall. The contractors have completed 40 percent of the service lateral rehabilitation and 25 percent of the manhole rehabilitation.
10. The Meter Department set 27 meters through January 2019 compared to 27 for January 2018 and 20 for January 2017. A total of 178 meters have been set for FY 2019. Of the 27 meter sets, 17 were single-family homes, 4 were townhomes, 1 was an apartment, 1 was a duplex and 4 were commercial.
11. The total amount of rainfall recorded at the CFP as of 8:30 a.m. on February 22, 2019, was 7.91 inches for the month (4.13 inches above average for this calendar year). Mullinax has been tracking rainfall since 1996. In the 24 years, the highest amount of annual rainfall occurred in 2013 with a total of 76.17 inches followed by 2018 with a total of 71.89 inches. The cumulative 14-month total for 2013 (includes January and February 2014) was 84.69 inches and can be compared to the cumulative total of 85.50 inches for 2018 (to include January and February of 2019). There has been a tremendous amount of rainfall and the trend is continuing.

## **NEW BUSINESS**

### **Safety Internal Performance Measures (IPM's)**

President/CEO Henderson began by stressing the importance of the safety program not only for CU's workforce, but the public as well. He noted the IPM's are another way to enhance and identify areas for improvement in the safety realm. Administrative Services VP Corum reintroduced Safety

Supervisor Nathan Vann and reminded the reporting of Safety IPM's were included as a goal in CU's 2015-2017 Strategic Plan. Corum expressed appreciation to the executive staff/board members for their support of the safety program as well as Vann for the role he performs. He advised maintaining the safety presence every single day is extremely important in the utility industry.

Vann then presented the Safety Internal Performance Measures (IPM's) for 2018. The overall results are as follows:

- *OSHA Recordable Incident Rate* (a calculation for the number of employees per 100 full-time employees that have been involved in a recordable injury or illness) – a combined total of 2.88 for both divisions; 2.5 for the Electric Division; and 3.39 for the Water/Wastewater Divisions.
- *DART Rate* (a calculation for the number of recordable incidents per 100 full-time employees that results in lost or restricted days or job transfer due to work-related injuries or illnesses) – a combined total of 2.40 for both divisions; 1.67 for the Electric Division; 3.39 for the Water/Wastewater Divisions.
- *Lost-Time Case Rate* (a calculation describing the number of lost times cases per 100 full-time employees in any given time frame) – a combined total of 0.48 for both divisions; 0 for the Electric Division; 1.13 for the Water/Wastewater Divisions.
- *Vehicle Accident Rate* (a calculation for the number of accidents per million miles driven) – a combined total of 2.25 for both divisions; 2.73 for the Electric Division; 1.91 for the Water/Wastewater Divisions.

The following data went into the calculations:

- A total of 734,288 consecutive hours have been worked by both divisions combined without a lost-time injury (LTI). Electric Division employees contributed 725,504 of those hours, with the last lost-time injury occurring on November 19, 2015. The Water Division has reached 8,784 hours, with the last lost-time injury occurring on December 7, 2018.
- A total of 416,797 cumulative hours were worked company-wide in 2018. 115 employees in the Electric Division worked 239,935 hours, and 83 employees in the Water Division worked 176,862 hours.
- In addition, a total of 888,868 cumulative vehicle miles were driven by employees in 118 vehicles during the year. 366,611 miles were driven by Electric Division employees and 522,257 miles by Water Division employees.

The below table provides a comparison summary of the IPM data for the last four years:

<b>Year</b>	<b>OSHA – RIR</b>	<b>DART</b>	<b>LTCR</b>	<b>VAR</b>
2015	3.51	2.01	0.5	6.84
2016	1.53	0.51	0	6.78
2017	4.04	2.53	1.01	2.29
2018	2.88	2.40	0.48	2.25

Vann pointed out improvements have been made in all categories.

**Approval of Contract with S&ME, Inc.**

On motion by Joe Cate and seconded by David May Jr., the Board of Public Utilities voted unanimously to approve a contract with S&ME, Inc. in the amount of \$149,755. S&ME will provide plans and specifications, advertising, bidding, construction administration and assistance, and a resident project representative as needed for Phase II of the Rehabilitation Project within Basin 10A-8. This is budgeted for FY 2018-19.

**OTHER BUSINESS**

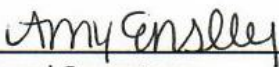
**Future Board Meeting Dates**

Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:


Friday, March 22, 2019, 12:30 p.m.

Friday, April 26, 2019, 12:30 p.m.

Friday, May 24, 2019, 12:30 p.m.

  
Board Secretary

  
Board Chairman

  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**MARCH 22, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Chari Buckner, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; Bart Borden, VP Electric; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Greg Clark, Manager Wastewater Collections; Shantae Thompson, Electric Operations Coordinator; Mike Ward, Wastewater Treatment Plant Supervisor; Dean Watson, Electric Operations Manager; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Dean Watson delivered the invocation.

**MINUTES OF FEBRUARY 22, 2019**

On motion by Chari Buckner and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted to approve the February 22, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Good Friday Holiday**

Cleveland Utilities will be closed Friday, April 19, 2019, to observe Good Friday. The Call Center will be open and regular emergency and standby services will be maintained.

**Tree Line USA Award**

CU was again recognized as a Tree Line USA utility by the Arbor Day Foundation. Electric Division VP Borden advised this marks 19 years of recognition as a Tree Line USA recipient for Cleveland Utilities. Tree Line USA is a national program recognizing public and private utilities for practices that protect and enhance America's urban forests. Cleveland Utilities Utility Forester, Nick Romito, makes every effort to ensure CU's contractor, ABC Professional Tree Services, Inc., utilizes effective urban forest management in order to deliver safe and reliable electricity while maintaining healthy community trees. Operations Coordinator Shantae Thompson was recognized for her hard work in making sure all the required submittals and steps are followed to ensure this impressive run continues.

**APPA Excellence in Reliability Achievement**

President/CEO Henderson announced CU was recently honored by the American Public Power Association (APPA) with a "certificate of excellence" for exceptional electric reliability in 2018. Borden advised 143 public power utilities received this recognition nationwide. The data was compiled through the eReliability Tracker Service software and compared to the top quartile of system outage duration from national data collected by the Energy Information Administration. Operations Coordinator Shantae Thompson logs outage and restoration data into the eReliability Tracker Service and utilizes it to run reports to track outages and their causes throughout the year. Borden advised he personally believes these two awards go hand in hand as there has been a noticeable decrease in tree related outages since Romito came onboard and the new contract with ABC Professional Tree Services. Borden expressed appreciation to the employees responsible for making this recognition possible. Other Tennessee utilities to earn the distinction are Bristol Tennessee Essential Services; CDE Lightband in Clarksville; Lewisburg Electric System; McMinnville Electric System and Tullahoma Utility Authority.



## **Safety Council Event**

Safety Supervisor Nathan Vann will be speaking on Workplace Accident Investigations, the How and the Why on March 26, 2019, at the Cleveland/Bradley Chamber of Commerce.

## **DIVISION REPORTS**

### **Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of April 2015 through April 2019 was reviewed. For the month of April, the residential retail electric rate will change to 9.155 cents per kilowatt-hour, a decrease of 3.73 percent over March's rate of 9.510 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment as well as the move to the transition month rate schedule. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. The February 2019 financial and statistical statements were presented to the Utility Board. During February, the cost of purchased power as a percentage of retail sales was 80.3 percent and can be compared to the budgeted percentage of 78.7 percent for FY 2019. The results for February 2019 are electric sales revenue of \$7,318,214 which was offset by a purchased power expense of \$5,874,816. This resulted in an operating margin of \$1,443,398. Operating expenses for the month were \$1,814,617. These revenue numbers were driven by a customer base of 31,688. The net loss for the month was \$170,475 and can be compared to a budgeted net income of \$472,341. This was driven by the weather.
3. For February 2019, water sales revenue was \$1,134,010. Other revenue sources contributed an additional \$143,338 for the month. Operating expenses for February totaled \$1,303,412. These revenue numbers were driven by a customer base of 31,990. The division recorded an operating loss of \$26,064, which is compared to a budgeted operating loss of \$11,267.
4. For February 2019, wastewater treatment revenue was \$1,012,813. Other revenue sources contributed an additional \$98,567 for the month. Operating expenses for February were \$1,025,553. This is compared to the budgeted amount of \$992,484. These revenue numbers were driven by a customer base of 19,155. The division recorded an operating income of \$85,827, which is compared to a budgeted operating income of \$100,528 for the month.
5. As part of the city's refinancing efforts passed several months ago, bonds were issued and there was an agreement that CU would prepay the June payments for the 2009C and 2009D bonds. Therefore, CU will be issuing the principal and interest payments early. This money was already allocated to be paid, it will just be paid two months in advance.

### **Electric Division**

Bart Borden reported on the following:

1. A Service Electric of Chattanooga crew was scheduled to begin the Peerless Road LED Street Lighting Project the first of March, but with CU's permission was pulled from the project to respond to emergency work in Lee County, Alabama, due to a tornado that touched down. Of course, CU released the crew without hesitation.
2. In reference to the Lang Street to District Substation Transmission Line Replacement Project, Phase II, bids were received for the required 13 steel transmission poles. The order was awarded to low bidder, CHM Industries of Saginaw, Michigan, for \$48,559.50 on February 20, with a quoted delivery of July 10.

3. A total of eight distribution circuits have been flown and inspected with CU's drone collecting photographs and infrared images. Five of the circuits have received line construction inspection and correction of all issues found. The cost to correct the known issues have made a significant impact on CU's Capital Budget, and corrective work for the remaining three circuits has been budgeted for Fiscal Year 2020. Any serious concerns with all of the circuits have been addressed and corrected.
4. A work order has been issued to provide underground fed electrical service to Phase 3 of Stonecreek Subdivision located at New Murraytown Road NW. Phase 3 consists of 37 lots, making the subdivision a 61 lot development. The developer was provided a conduit print for installation. CU's line construction crews will begin as soon as the conduit installation is completed.
5. Requests for bids were sent out for two, 15/20/25 MVA distribution substation power transformers for the new Cherokee Gateway Substation. Bids are due at the end of the month, and delivery quoted is generally in the 32-52 week range.
6. Line construction crews completed the disconnection of all power facilities and the removal of distribution transformers from the King Edward Avenue Whirlpool site. The work was quite extensive and involved a large number of transformer stations.
7. The month of February and into March leading up to this meeting has been quite busy with preparation of the electric capital and expense budgets. Borden expressed appreciation to all electric employees for their time and dedication to help create this roadmap for success and financial stewardship.
8. A report was presented regarding traffic lighting:
  - CU's Traffic Signal Coordinator collected traffic counts and built a Synchro software model for the traffic flow at Paul Huff & Peerless and Peerless at Tomahawk & Valleyhead Roads. The model and simulations will be used to determine possible short term treatments and long term capacity improvements. Additional data will need to be entered after the Traffic Impact Study is complete for Paul Huff Corners. The Traffic Impact Study will be provided by the developer's engineers.

### **Water Division**

Craig Mullinax reported on the following:

1. J.R. Wauford Company is working on studies for the solids handling system, blower system and alternative disinfection at the Wastewater Treatment Plant (WWTP).
2. Haren Construction has completed 85 percent of the Flocculation/Sedimentation Basin Improvements Project at the Cleveland Filter Plant (CFP). All basins have been rehabilitated. Cleanup work remains.
3. W&O Construction has completed the Raw Water Pump Station Project at the Cleveland Filter Plant (CFP). CU is awaiting the final invoice for payment.
4. There have been some air conditioning issues at the CFP. AEED Inc. has been engaged to complete a design for better air flow throughout the system at the facility in the amount of \$10,000.
5. Mayse Construction has completed 25 percent of the installation for the 2010 Annexation Sewer Project on APD 40.
6. The easement acquisition process is ongoing for the 2010/2012 Annexation Project on Benton Pike and Durkee Road. 7 of the 38 required easements are complete.

7. Engineering approved plans for Ridgedale Forest Subdivision, Phase 2, comprising 15 lots and 1,483 feet of 6-inch water main. Hampton Backhoe will be the contractor responsible for the installation.
8. An update was provided for Phase 1 of the ongoing Basin 10A-8 Rehabilitation Project. The contractors have completed 100 percent of the mainline rehabilitation, 56 percent of the service lateral rehabilitation and 44 percent of the manhole rehabilitation.
9. The Meter Department set 13 meters through February 2019 compared to 23 for February 2018 and 26 for February 2017. A total of 218 meters have been set for FY 2019. The 13 meter sets were single-family homes.
10. The total amount of rainfall recorded at the CFP as of March 19, 2019, was 4.40 inches for the month (.58 inches below average). Total rainfall in February was 11.53 inches, which is a substantial amount. Greg Clark and Mike Ward reported on a rainfall event in February that impacted the sewer collection system and WWTP. During the period of February 15-24, rainfall totaling 8.69 inches was recorded. Following heavy rainfall of 3.1 inches on February 23 & 24, excessive flooding was prevalent throughout much of the area. On February 25 & 26, the WWTP recorded a record flow of 38.1 MGD. CU staff began looking at potential problem areas by coordinating results and findings from SCADA system data, flow monitors and discussions with WWTP personnel. The area between Lauderdale Highway and the WWTP was identified as the suspect area for problems. While the search area was narrowed down, the suspect area was comprised of approximately 2.5 miles of sewer main and 24 manholes, and the majority of the locations were underwater or inaccessible due to flooding. CU staff continued to explore the area as flood waters continued to recede. On March 1, there was only one location that CU crews had not been able to access, Manhole OF-65. Due to flooding, the only way to access this manhole was to park on the interstate and walk through flooded backwater areas for approximately 1/3 mile. Once the manhole was reached, it was discovered the cover was off the frame and still about a foot under water. The lid was replaced and after 40 minutes, the influent flow at the plant dropped 3.0 MGD and after two hours, it dropped 4.5 MGD. It was estimated that 13 to 15 MGD of water entered the plant from the cover being off on those days.

Mike Ward elaborated on the flows seen at the WWTP during the period and showed two videos of the screw pump operating at maximum capacity. Charts for the Influent Flow at the WWTP, Influent CBOD Concentration and Percent of CBOD Removal for February were reviewed. All flow entering the plant was treated and discharged to the river meeting all permit and water quality requirements. Ward stated although this was an unfortunate opportunity, it gave the chance to test the equipment, facility and operating procedures at a level never before seen, and the plant performed exceptionally well. He attributed this to the board and leadership for the expansion that occurred 20 years ago along with the routine maintenance and upkeep performed.

Clark stated the WWTP personnel should be commended for managing the record flows without having to bypass flow. At Manhole OF-65, the lid has been bolted to the frame to prevent any reoccurrence of this problem. The remaining manholes have been evaluated and plans have been made to make subsequent repairs to leaking manholes and to adjust some additional manhole frames and covers. This was a great example of staff working together to identify a problem, to find the cause and finding a solution.

## **NEW BUSINESS**

### **Presentation and Approval of FY 2020 Budget**

President/CEO Tim Henderson opened the budget presentation by commending the staff and employees for an incredible job in putting the FY 2020 budget together. This budget is a reliable way to move forward into the future, and it will benefit not only the utility, but the community and its economy as a whole. VP/CFO Marshall Stinnett then kicked off the presentation by also thanking the executive staff, all employees for their input in the budget compilation as well as the board members for their support. The budget is a true team project and takes a considerable amount of work and coordination. A comprehensive financial summary of the FY 2020 budget was then presented.

Electric sales volume for fiscal year 2020 is projected at 1,056,343,216 kilowatt hours, water sales volume at 2,847,197,879 gallons and wastewater sales volume at 1,910,209,939 gallons. Total revenue for the electric division is forecast at \$105,653,441. Water and sewer are collectively \$17,295,457 and \$13,943,769. A breakdown of expenses for the new budget year includes \$102,547,680 in electric, \$15,524,407 in water and \$12,428,779 in sewer. Fiscal year 2020 reflects net incomes of \$3,105,761 in electric, \$1,771,050 in water and \$1,514,990 in sewer. Stinnett advised these net income figures are higher in comparison to previous years; however, this is a factor of the Governmental Accounting Standards Board (GASB) changes and how they require certain expenditures be reflected on the income statement. The same cash expenditures are still there for some of the benefits CU pays. Investment in new facilities is budgeted at \$9,627,100 in electric, \$6,035,829 in water and \$10,287,201 in sewer.

Next, Stinnett highlighted information for the rate increases forecast in the FY 2020 budget. He pointed out these are the exact same percentages reflected for 2020 when the 2019 projections were presented last year. The proposed FY 20 budget includes an internal rate increase in electric of 1.500 percent. Rates for water are projected to increase by 6.13 percent effective July 1, 2019. This includes a 5.00 percent internal rate adjustment applied across all customer classes as well as an expected 1.13 percent pass-thru increase from Hiwassee Utilities Commission for purchased water. Rates for wastewater services are projected to increase by 4.00 percent applied across all customer classes effective July 1, 2019.

Stinnett provided a more in-depth overview of the internal rate increase CU is recommending in electric effective July 1, 2019. Changes in the residential and GSA 1 class are through the customer charge (fixed portion of the bill) and are supported with the new Cost of Service study performed by Chris Mitchell. This is the same strategy employed over the last five years and is directly correlated with CU's expenses as well as ensuring extreme weather events are not over or under-collected. Below is an outline of the rate adjustment proposals:

- In the residential class, CU is proposing a \$2 increase in the customer charge. The current residential customer charge is \$17.23, and the increase would bring this to \$19.23 per month.
- In the GSA 1 class, CU is proposing a \$3 increase in the customer charge which would bring this to \$22.41 per month.
- Additionally, CU is proposing an increase of \$2 per month in the outdoor lighting pole rental fee for existing outdoor lighting (OL) contracts. The current pole rental rate is

\$4.03 and the increase would bring this to \$6.03. For reference, there is still great room to increase this rate to get to what CU's true cost is. This is not how lighting contracts are handled currently. The new contracts are parking light (PL) contracts and the pole rental is a factor of what the customer pays in investment. As existing OL contracts expire, the customer is required to move to the new PL style contract.

- In the GSA 2 class, CU is proposing a 0.00320 increase in the kWh rate; there would be no adjustment to the customer charge for this class.
- Additionally, CU is proposing to pass any TVA rate adjustment thru to the customer.

A further breakdown was given as to how these adjustments will impact customers. Residential customers will see an increase of \$2.00 on their electric bill. Residential inside city customers will see average increases of \$1.12 and \$1.60 for water and sewer respectively. Staff feel the adjustments are warranted and meet what CU is trying to achieve with the capital investment and debt structure moving forward.

Debt at the beginning of FY 2020 is expected to be \$14,886,548 in electric, \$30,723,153 in water and \$27,419,453 in sewer. New debt will be added in the amounts of \$3,000,000 for electric, \$3,500,000 for water and \$6,135,710 for sewer. Payments made on existing debt will total \$1,253,422 for electric, \$2,259,706 for water and \$2,303,943 for sewer. Debt at the end of FY 2020 is projected to be \$16,633,126 for electric, \$31,963,447 for water and \$31,251,221 for sewer. Stinnett added based on the current information available for the three divisions, debt is expected to decrease over the next ten years, which is a great sign. Investments are still being made, but improvement is expected toward the debt structure.

In the fiscal year 2020 budget, the number of budgeted equivalent employees is projected at 201, compared to 202 for 2019. Also, the proposed budget includes a 3.5 percent merit increase for eligible employees with a successful performance evaluation. This is consistent with what the city is proposing in their FY 2020 budget. Total payroll for 2020 is calculated to be \$15,259,601.

Lastly, Stinnett reviewed graphs representing bond coverage for years 2019 to 2029. All years projected for electric, water and sewer are above the mark of 1.25 for most rating agencies and CU's conservative estimate of 1.40.

Next, Electric Division VP Bart Borden reviewed capital projects in the proposed 2020 budget totaling \$9,627,100. Borden pointed out the categories for commercial load additions, industrial load additions, residential (overhead and underground) and street lighting are budgeted based on trending history. The electric budget includes \$300,000 in the buildings and grounds category, which includes the reconfiguration of the main office parking lot in the amount of \$150,000. This will tie into the building renovation project. Another major item in electric under transportation is for large vehicles (bucket and line truck replacements) in the amount of \$820,000. A number of these vehicles have been carried forward from the FY 19 budget due to the long lead times associated with these type purchases, typically around a year. As referenced earlier in the electric report, the three remaining circuit inspections are budgeted for FY 20, \$375,000. Another significant area is the District to Lang Street Substation Reconductor, Phase II (13 poles), \$380,000; and Phase III is also budgeted for FY 20 at \$350,000. The Lang Street Substation remodel, Phase I, is included in the amount of \$300,000. Lang Street Substation was built in 1956 and completed in 1957 by TVA. CU

purchased the substation from TVA, and it has four very old, single phase power transformers. CU will be starting the engineering and site work for this project. The last key project in electric is the Cherokee Gateway Substation Phase II, at \$1,500,000.

Water and Wastewater VP Craig Mullinax then highlighted water capital projects in the proposed 2020 budget totaling \$5,572,100. CU makes every attempt to fund large capital projects (both water and wastewater) through the SRF. One of the key items in engineering is the Cherokee Gateway Water Storage Tank, \$1,000,000. This project is for the construction of a 500,000 gallon water storage tank to serve the Spring Branch Industrial Park and the surrounding area. Also included in engineering is the upgrade of the Dempsey Circle Water Booster Pump Station in the amount \$670,000. The existing Dempsey Street Water Booster Pumping Station has been in service since 1989 and consists of two pumps rated at 500 GPM and 1100 GPM. It was originally installed to be a temporary water booster station but has remained in service. The upgrade will consist of three pumps rated at 2,100 GPM each with variable drives. The new pumps will allow CU to fill the Bryant Drive Tank from the Dempsey Station alone and will be able to provide fire protection to the industrial park. It will also provide redundancy with two standalone stations that can serve the Bryant Drive Tank. Another major item under engineering is the the Georgetown Road Water & Sewer Relocation budgeted at \$40,000. The project costs will be paid by TDOT and are estimated at \$1,692,000. The last key item in engineering is galvanized water line replacements, \$300,000.

Major capital projects at the Cleveland Filter Plant were reviewed and include the conversion from chlorine to sodium hypochlorite in the amount of \$400,000 in FY 20 and \$1,400,000 in FY 21. The project will allow the CFP to disinfect the potable water with sodium hypochlorite instead of chlorine. Another key item at the CFP is the design of the high service pumps and electrical upgrade in the amount of \$250,000. The construction of this project will be budgeted at \$1,250,000 in FY 21 and \$2,920,000 in FY 22. This project consists of modifying the existing high service pump room by replacing the existing pumps with two 5 MGD and one 2 MGD pump with variable frequency drives. An existing outside space will accommodate one 9 MGD (600 hp) vertical turbine pump. A new filter backwash pump will be installed. Also, new electrical and instrumentation will be installed in a new stand-alone, pre-engineered building. Two generators will be installed, one at the plant and the other at the raw water pump station. The plant was built in 1954.

Key projects in wastewater were then highlighted by Mullinax. Capital requirements for the wastewater division in the proposed fiscal year 2020 budget total \$10,287,201. In engineering, the Exit 20 LLC sewer extensions are budgeted at \$300,000. The 2010/2012 annexation sewer improvements in the Benton Pike and Durkee Road area include 8,940 feet of 8-inch gravity sewer and 36 manholes to serve approximately 50 properties, \$1,670,000. The project is being funded through the SRF.

Major budgetary items in wastewater collections-SCOPE 10 are the ongoing sewer rehabilitation projects. Basin 10A-8 Rehabilitation, Phase 2, from Tinsley Park to Inman Street is budgeted at \$2,393,405 and is being funded through the SRF. Also, the Basin 64-14 design and rehabilitation (proposed SRF funding) is budgeted in the amount of \$1,950,000. Mullinax noted a significant difference is being made in the sewer collection system through sewer rehabilitation. The last key item is for a proposed building at the corner of Fredrick & Guthrie, \$400,000. At this point, the concept is to house vehicles in the building and future ideas are being brainstormed.

President/CEO Henderson wrapped up the presentation by stating staff did a great job of making sure the utility is where it needs to be with this budget. The increases were held to a minimum and only made where necessary. Having the support and backing from professional rate consultant, Chris Mitchell, provides peace of mind the utility is on track and financially stable. By doing this, CU can continue to improve systems and build necessary facilities, positively impacting customers and the community.

On recommendation by Tim Henderson, David May, Jr. motioned and Chari Buckner seconded for the Utility Board to approve the proposed fiscal year 2020 budget as presented. The Board of Public Utilities voted and the motion carried unanimously. The proposed FY 2020 budget will now be presented to the Cleveland City Council on Monday, April 22, 2019.

Vice Chairman Eddie Cartwright made a statement about the investment CU has in the Spring Branch Industrial Park. Although it has taken a considerable amount of time to install infrastructure and prepare the site, the utility and community will benefit once businesses start coming in. Cartwright advised local leaders have begun exploring sites for another industrial park, and CU needs to be thinking about being asked to help with the funding again. Henderson advised CU is definitely engaged through conversations and interactions with the Industrial Development Board and different organizations. Stinnett added there's always a matter of conservatism when building a budget and looking at the forecast of what expenditures may come. He stated CU has to be a driver in the economic development aspect of the community.

Buckner commented about the budget. She encouraged for CU staff and the counterparts at TVPPA to continue to encourage TVA to keep rates as low as possible for customers. She said, "The 1.5 percent increases seem to be becoming a habit, and the people of Cleveland would like rates as low as possible." Henderson expressed appreciation to Buckner for the comment and advised he, Borden and Stinnett are engaged in conversations with the TVA staff directly on a regular basis concerning rates, and the conversations have been more positive over the last six months. Public power utilities are owned by the customers they serve and the model of keeping rates as low as possible benefits everyone. The recent change in the leadership at TVA with the new President/CEO coming on board as well as several new board members could impact what that philosophy looks like moving forward.

#### **Approval of CU Policy Manual**

On motion by Chari Buckner and seconded by Joe Cate, the Utility Board took action to approve the CU Policy Manual. This is a culmination of around four years of diligent work and was a goal in the 2015-2017 Strategic Plan. The policies will be available to employees via the Intranet and specific department locations. This manual contains a total of 52 policies, and the majority have already received prior approval from the Utility Board. Several of the existing policies contain minor revisions and there are also seven new ones, which include Bullying, Computer Systems Usage, Family & Medical Leave Act (FMLA), Flextime, Gambling, Leave without Pay and Maternity. Additionally, revisions have been made to policies addressing Equal Employment Opportunity, Employee Testing & Certification, Preventable Accident/Safety Rule Violations, Overtime, Social Media, Standby, Travel and Tree Removal. The policies have been reviewed by Miller & Martin PLLC. Henderson commended the executive staff for the time and effort involved.

#### **Approval of Purchase Order to Dycho Chemical Company**

On motion by Vice Chairman Eddie Cartwright and seconded by Chari Buckner, the Board of Public

Utilities voted unanimously to approve a purchase order with Dycho Chemical Company in the amount of \$72,240 for the annual supply of water corrosion control inhibitor for the Cleveland Filter Plant. The purchase is sole source, and the chemical is budgeted for FY 2019.

**Additional Comments**

Vice Chairman Cartwright complimented the executive staff for making this meeting go as smooth as it did and all the work that has been done. Board Member May also stated he is very impressed with CU's organization and how seamless it runs.

**OTHER BUSINESS**

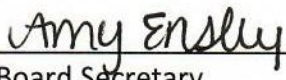
**Future Board Meeting Dates**

Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, April 26, 2019, 12:30 p.m.

Friday, May 24, 2019, 12:30 p.m.

Friday, June 28, 2019, 12:30 p.m.

  
Board Secretary

  
Board Chairman

4-26-2019  
Date



**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**APRIL 26, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; Bart Borden, VP Electric; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jon Sparkman, Water and Wastewater Engineering Manager; Amy Umiker, Water Coordinator; and Larry Bowers, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Amy Umiker delivered the invocation.

**MINUTES OF MARCH 22, 2019**

On motion by Joe Cate and seconded by David May, Jr., the Board of Public Utilities voted to approve the March 22, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Introduction of New Employee Jon Sparkman**

President/CEO introduced new employee Jon Sparkman who will be filling the Water and Wastewater Engineering role as a result of the upcoming retirement of Philip Luce. Sparkman is a native of Cleveland and brings a great amount of valuable experience with his work exposure over the years. He will be a great fit for the organization and community. Sparkman is married and is blessed with two sons.

**National Drinking Water Week, May 5-11**

Cleveland Utilities will be joining thousands of others nationwide to support National Drinking Water Week, May 5-11, and celebrate the importance of water and the central role it plays in daily lives.

**Facebook Launch**

Cleveland Utilities is slowly entering the social media arena through a partnership with TVA's Energy Right Solutions Department. The energy right solutions programs are being promoted to the public through Facebook. A company in Knoxville, the Tombras Group, will be managing the content throughout the six month duration of the campaign.

**Building Renovation Project**

The building renovations, which began in July 2018, are very close to being done with the exception of some signage. Henderson commended David Yost for a tremendous job on overseeing the operational portion of the project. The campus has a fresh new look and will be a good addition to the community.

**Budget Approval Process**

The Cleveland City Council voted and passed the first reading of CU's FY 2020 budget on Monday, April 22.

**Better Business Bureau (BBB) Student of Integrity Scholarship Sponsor**

Cleveland Utilities is sponsoring a BBB Student of Integrity Scholarship in the amount of \$1,000. The scholarship will be presented on May 1 at their Annual Meeting to a student from Walker Valley High School. CU has been affiliated with the BBB for several years and was awarded their Torch Award around three years ago.

## **DIVISION REPORTS**

### **Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of May 2015 through May 2019 was reviewed. For the month of May, the residential retail electric rate will change to 9.132 cents per kilowatt-hour, a decrease of 0.25 percent over April's rate of 9.155 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. The March 2019 financial and statistical statements were presented to the Utility Board. During March, the cost of purchased power as a percentage of retail sales was 78.6 percent and can be compared to the budgeted percentage of 78.7 percent for FY 2019. The results for March 2019 are electric sales revenue of \$7,857,576, which was offset by a purchased power expense of \$6,173,635. This resulted in an operating margin of \$1,683,941. Operating expenses for the month were \$1,814,365. These revenue numbers were driven by a customer base of 31,691. The net income for the month was \$55,814 and can be compared to a budgeted net income of \$218,971.
3. For March 2019, water sales revenue was \$1,034,048. Other revenue sources contributed an additional \$184,120 for the month. Operating expenses for March totaled \$1,424,916. These revenue numbers were driven by a customer base of 31,990. The division recorded an operating loss of \$206,748, which is compared to a budgeted operating loss of \$41,603. Stinnett noted this is directly tied to sales. Volume fell off in the month far below what was predicted, which staff will continue to research and monitor.
4. For March 2019, wastewater treatment revenue was \$898,350. Other revenue sources contributed an additional \$114,561 for the month. Operating expenses for March were \$1,075,574. This is compared to the budgeted amount of \$1,001,180. These revenue numbers were driven by a customer base of 19,160. The division recorded an operating loss of \$62,663, which is compared to a budgeted operating income of \$117,258 for the month. This is to be expected since the wastewater division is directly correlated with the water division.

### **Electric Division**

Bart Borden reported on the following:

1. Material issues for the Spring Branch Industrial Park Innovation Drive Distribution Lines Project were submitted to accounting on April 17. Therefore, the final financials will be updated at the next board meeting.
2. A Service Electric crew completed the replacement of high pressure sodium street light fixtures with LED fixtures for the Peerless Road LED Street Lighting Conversion Project. After their work was completed, the need for one additional fixture and the re-aiming of another was identified. Staff is very pleased with the results of the project. The energy savings and reduction in maintenance costs are being tracked.
3. The Lang Street to District Substation Transmission Line Replace Project, Phase II, is presently on hold awaiting delivery of the steel poles.
4. Design work for the Valleyhead V-234 underground feeder conductor upgrade has begun. The project will consist of upgrading the existing #750 copper underground conductor for the V-234 circuit and replacing it with parallel runs of #500 copper conductor that will be triplexed. This will increase the circuit capacity from 708 amps to 928 amps at 13,200 volts. This circuit

is utilized as a backup feed to a very large industrial customer normally served out of Mars Chocolate Substation.

5. Crews installed 5,600 feet of underground primary conductor and two pad-mount transformers west of Bradley Square Mall to serve a new commercial complex. Permanent service was provided to the new 80 kW load for TJ Maxx, 70 kW for Ulta Beauty, 40 kW for Five Below and 90 kW for PetSmart.
6. Work orders were issued to provide electric service for four commercial businesses. Pad-mount transformers and underground primary conductors will be installed for all four operations. Westmore Church of God Sanctuary will receive a 300 kVA transformer to serve the new 275 kW load; Paul Huff Corners Development, two 150 kVA transformers to serve the projected new 250 kW load; Office Buildings at 4462 Keith Street NW, a 15 kVA transformer to serve the new 15 kW load; and Raceway Fueling Station will receive a 150 kVA transformer to serve the new 90 kW load.
7. Line construction crews installed underground primary and a 37.5 kVA pad-mount transformer to serve four new lots in the Arthur's Mill Subdivision located on Lead Mine Valley Road SE. The expected new load when built out is 40 kW.
8. An update was provided for the Cherokee Gateway Substation. CU was notified in March by Substation Engineering and Design that the steel structures had been manufactured and bus work, switches and equipment were delivered to them and all were ready to ship. Due to delays with the fencing, walls and ground grid installation, CU was unable to take delivery. The supplier agreed to hold the materials provided payment was made. Employees from engineering and operations were sent to inspect all the material and approve them prior to payment. Inspections passed and payment has been made.
9. The 50 year old fencing and gate have been replaced at the Power Service Center rear lot access. The new gate, fence and slats look really good and will provide added security to CU's operation.
10. CU Standby Supervisors participated in TVA's required emergency load curtailment drill on March 27. The planned drill prepares local power companies to respond to emergencies when load shedding may be required. The training session is a NERC requirement.
11. A report was presented regarding traffic lighting:
  - Due to the road project at the 25th Street and Georgetown Road intersection, additional signal heads will be required of the signal contractor that was awarded by TDOT. To prepare for this, Cleveland Utilities will be replacing the existing traffic control cabinet and signal conductors to accommodate the addition of the signals.
  - CU traffic light crews installed radar detection at the APD-40 and McGrady Drive intersection in conjunction with TDOT's resurfacing project on APD-40. Also, the City of Cleveland conducted a sight distance study and the results allow for the removal of the "No Right Turn on Red" restriction from McGrady onto APD-40 when safe passage is available. The stop bars will be moved to accommodate the change in passage and should really help with the traffic flow.

### **Water Division**

Craig Mullinax reported on the following:

1. TriCon Construction has completed the new maintenance building at the Wastewater Treatment Plant (WWTP). The project cost was \$362,409.

2. Cherokee Construction completed the screening compactor area site improvements at the WWTP at a lump sum of \$53,328.
3. Haren Construction has completed 95 percent of the Flocculation/Sedimentation Basin Improvements Project at the Cleveland Filter Plant (CFP). A substantial completion meeting was held with CU staff today at 10:00 a.m. to make note of any remaining items requiring attention.
4. W&O Construction has completed the Raw Water Pump Station Project at the CFP. Final payments have been made in the amounts of \$78,020 and \$16,400 for the materials and construction respectively.
5. A meeting was held with AEED on April 2 to discuss the scope of work for the HVAC improvements at the CFP. AEED is now in the design phase.
6. A deconfliction meeting with TDOT is scheduled for May 2 concerning the Georgetown Road Utility Relocation Project from Davis Circle to Eureka Road. The project has a tentative bid date in August.
7. A project status meeting is scheduled for April 30 with CTI Engineers regarding the Cherokee Gateway Boulevard Water Storage Project.
8. Mayse Construction has completed 35 percent of the installation for the 2010 Annexation Sewer Project on APD 40.
9. The easement acquisition process is ongoing for the 2010/2012 Annexation Project on Benton Pike and Durkee Road. CU has acquired 5 of the 39 required easements. The design has been revised to eliminate some easements.
10. Engineering is reviewing the following plans:
  - Huff Avenue Townhomes (8 units) on Huff Avenue, consisting of 391 feet of 8-inch sewer main and 529 feet of 6-inch water main.
  - Barker Development on Georgetown Road and Paul Huff Parkway comprising one commercial lot and 637 feet of 8-inch sewer main and 583 feet of 8-inch water main.
  - Georgetown Place Apartments on Villa Drive. The water mains are being evaluated to determine whether they will be public or private.
11. Engineering approved plans for Stone Creek, Phase 3, on New Murraytown Road. The project scope includes 35 lots, 1,230 feet of 6-inch water main, 300 feet of 2-inch water main and 1,984 feet of 8-inch sewer main.
12. Several projects under construction are now complete including the Spring Branch Industrial Park, Fulbright Crossing, Greywood Farms Subdivision and Paul Huff Corners. The sewer project for Bradley Place at Bradley Square Mall has begun and is approximately 10 percent complete. The scope is 900 feet of 8-inch sewer main.
13. An update was provided for Phase 1 of the ongoing Basin 10A-8 Rehabilitation Project. The contractors have completed 96 percent of the service lateral rehabilitation and 59 percent of the manhole rehabilitation.
14. The Meter Department set 45 meters through March 2019 compared to 54 for March 2018 and 44 for March 2017. A total of 263 meters have been set for FY 2019. Of the 45 meter sets, 30 were single-family homes, 6 were townhomes, 7 were apartments and 2 were commercial.
15. The total amount of rainfall recorded at the CFP as of April 24, 2019, was 3.97 inches for the month (1.22 inches below average). This brings the yearly total to 26.97 inches, which is 7.11 inches above average.

## **NEW BUSINESS**

### **Approval of Engagement Letter for Fiscal Year 2019 Audit**

On motion by Vice Chairman Eddie Cartwright and seconded by Joe Cate, the Utility Board voted to approve an engagement letter to audit Cleveland Utilities' accounts for the year ending June 30, 2019, for the contract amount of \$36,000 with the certified public accounting firm of Arnett, Kirksey, Kimsey, Sullivan, Lay & Hall, PLLC. There has been no increase in price for several years.

### **Approval of Purchase Order to Altec Industries**

On motion by David May, Jr., and seconded by Joe Cate, the Utility Board took action to approve a purchase order to Altec Industries in the amount of \$255,590 for a bucket truck to replace Unit #118. The new truck will be a 2019 chassis equipped with an insulated aerial device. This unit will provide a working height of 60 feet. Altec Industries submitted the low bid meeting all specifications, and this is a budgeted item.

### **Approval of Resolution No. 2019-02**

On motion by David May, Jr. and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted to approve Resolution No. 2019-02 authorizing the President and CEO to act on behalf of the Board and City of Cleveland to file an application with the TDEC SRF for a \$1,771,000 loan for the Durkee Road Sewer Extensions Project. The project is budgeted for FY 2019 in the amount of \$30,000 and FY 2020 in the amount of \$1,670,000.

### **Approval of a Contract with S&ME Inc.**

On motion by Joe Cate and seconded by David May, Jr., the Utility Board took action to approve a contract with S&ME Inc. in the amount of \$988,560 for the Sanitary Sewer Evaluation Study (SSES) in the Sycamore Drive and East Keith Street Basins. The project is budgeted for FY 2019 and FY 2020.

## **OTHER BUSINESS**

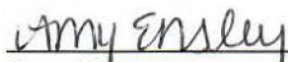
### **Future Board Meeting Dates**


Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, May 24, 2019, 12:30 p.m.

Friday, June 28, 2019, 12:30 p.m.

Friday, July 26, 2019, 12:30 p.m.

  
Board Secretary

  
Board Chairman

5-24-2019

Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**MAY 24, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Chari Buckner, Cleveland Utilities Board; Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jimmy Isom, Electric Engineering Manager; Ashley Sermons, Energy Services Advisor; and Larry Bowers, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Ashley Sermons delivered the invocation.

**MINUTES OF APRIL 26, 2019**

On motion by Chari Buckner and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted to approve the April 26, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Memorial Day Holiday**

Cleveland Utilities will be closed on Monday, May 27, 2019, in observance of Memorial Day. The call center will be open and regular emergency and standby services will be maintained.

**Leadership Cleveland Graduation**

CU has been a proactive supporter of the Cleveland/Bradley Chamber of Commerce Leadership Cleveland Program. Two CU employees, Tennille Jobe and Joe White, participated in the 2018-19 class. The graduation for this program will be held on June 13.

**United Way Day of Action**

Bradley County's United Way Day of Action is scheduled for Friday, July 19. CU will have two teams participating. This event makes a big and immediate impact in the community.

**DIVISION REPORTS**

**Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of June 2015 through June 2019 was reviewed. For the month of June, the residential retail electric rate will change to 9.998 cents per kilowatt-hour, an increase of 9.48 percent over May's rate of 9.132 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment and the move to the summer month rate schedule. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. The April 2019 financial and statistical statements were presented to the Utility Board. During April, the cost of purchased power as a percentage of retail sales was 78.5 percent and can be compared to the budgeted percentage of 78.7 percent for FY 2019. The results for April 2019 are electric sales revenue of \$6,854,189, which was offset by a purchased power expense of \$5,378,281. This resulted in an operating margin of \$1,475,908. Operating expenses for the month were \$1,842,753. These revenue numbers were driven by a customer base of 31,791. The net loss for the month was \$164,412 (this was driven by the revenue numbers) and can be compared to a budgeted net income of \$99,409.

3. For April 2019, water sales revenue was \$1,144,242. Other revenue sources contributed an additional \$137,942 for the month. Operating expenses for April totaled \$1,319,407. These revenue numbers were driven by a customer base of 32,088. Stinnett pointed out this is the first time the customer count has surpassed 32,000. The division recorded an operating loss of \$37,223, which is compared to a budgeted operating loss of \$8,936.
4. For April 2019, wastewater treatment revenue was \$1,003,552. Other revenue sources contributed an additional \$61,073 for the month. Operating expenses for April were \$1,040,904. This is compared to the budgeted amount of \$1,011,151. These revenue numbers were driven by a customer base of 19,221, which is also the highest number of wastewater customers ever served. The division recorded an operating income of \$23,721, which is compared to a budgeted operating income of \$139,545 for the month.

### **Electric Division**

Jimmy Isom reported on the following in the absence of Bart Borden:

1. The Spring Branch Industrial Park Innovation Drive Distribution Lines Project has been completed at a total cost of \$421,559.58.
2. In reference to the Cherokee Gateway Substation Project, bid preparation is underway for the concrete foundations and is expected to be awarded by the next board meeting. Permits for the decorative wall and fencing have been submitted and are awaiting approval. Once finalized, installation for the ground grid and steel structure can begin.
3. The Lang Street to District Substation Transmission Line Replacement Project, Phase II, is still on hold awaiting delivery of the steel poles.
4. The remaining material for the Valleyhead V-234 underground feeder conductor upgrade has arrived and work is anticipated to begin in the coming weeks. As part of the project, Cleveland Utilities will be assessing the Leyland Cypress trees forming a barrier in front of the substation. They have reached such a size where significant trimming is required and are also showing signs of disease, which may necessitate removal. Personnel are exploring a decorative wall as an option similar to the one being installed at the Cherokee Gateway Substation.
5. Engineering released a work order to replace two 69 kV switches on the sub-transmission lines. One of the switches, located on Peerless Road just north of Mars Chocolate Substation, was replaced with a new S&C switch with interrupters. The existing switch did not have interrupters and was slightly damaged from a large arc during a recent switching procedure. The other switch, located on 20th Street NE near Neely Circle, was aged and malfunctioned during a recent switching procedure. This switch is not typically used to break parallel because it is the first switch past the substation breaker and does not require interrupters. Therefore, the switch removed from Peerless Road was repaired and moved to this location. The switch was also moved two spans to the east on a new steel pole next to the intersection of Neely Circle, which is more easily accessible.
6. The Mars Chocolate Substation is receiving needed upgrades. The substation was initially switched out of service to replace the 69 kV transmission line switch on Peerless Road. The existing communications remote and two aging breakers are also being replaced. Work is currently underway and expected to take around two weeks.
7. As a reminder, engineering is evaluating a new Schweitzer Engineering Laboratories (SEL) fault indicator with wireless communication. The indicators have the capability of sensing faults on overhead lines and providing the fault information to SCADA. During normal operation, the indicators also have the capability of reporting line current. Prior to installation in the field,

the devices were set up in-office for testing to determine their operation. In April, the testing was completed, and the fault indicators successfully communicated with the SCADA system. During early May, operations personnel moved the receiver from the office to Crown Colony, which will be the permanent location for the receiver. The only action left will be installation of the actual indicators on the overhead lines at the three locations selected.

8. Engineering released a work order to connect the electric service for a new hibachi grill at Spring Creek. Several months ago, a new 75 kVA 120/208V pad-mount transformer was installed at the site for the new restaurant. The only work required to energize the service was connecting the service wires to the transformer and installing a new self-contained meter. The electric demand of the building is not expected to exceed 50 kW.
9. The City of Cleveland has three upcoming sidewalk projects at Norman Chapel Road NW from Adkisson Drive to Peerless Road; 17<sup>th</sup> Street NW from Keith Street to North Ocoee Street; and 20<sup>th</sup> Street NW from Keith Street to Parker Street. City personnel contacted CU about possible conflicts with electric facilities and have asked for relocation plans and estimates to accommodate the newly proposed sidewalks. A few poles and anchors will need to be relocated, but the City has done a good job of avoiding existing pole lines as much as possible.
10. City personnel contacted CU about replacing the overhead electric lines along Inman Street from Keith Street to East Street as part of the Downtown Revitalization Initiative. The project includes the installation of new underground electric and communications lines along with decorative street lighting similar to what presently exists on Inman Street in front of the Museum Center. Engineering is working on estimates for this work to be included in the grant application the City is preparing for submittal.
11. A work order was issued to install street lighting on Pleasant Grove Church Road, Humphrey Bridge Road, Pleasant Grove Trail and Oak Circle SW. The design includes 33 new light fixtures with associated mast arms and wiring. The estimated cost of the project is \$31,019.69.
12. A report was presented regarding traffic lighting:
  - As part of the 20<sup>th</sup> Street sidewalk project, the traffic light standard at the northeast corner of Ocoee and 20<sup>th</sup> Streets will need to be relocated. Cleveland Utilities has been asked by city personnel to investigate the possibility of upgrading the intersection to incorporate new steel standards with mast arms. In order to accomplish this task, CU met with AT&T representatives about rearranging some of their poles and lines in order to avoid conflicts with the new design. The design and cost estimate are being prepared for the City.
  - The traffic controller at APD-40 and Blackburn Road developed a problem with the database after the installation of Wavetronix radar by a contractor. The controller was changed out to an ATC-1000 to solve the problem. The timing was adjusted for the peak p.m. hours at this intersection and at APD-40 and King Street. A future work order to install Ethernet communications and coordinate these two intersections from 3 p.m. to 5 p.m. will follow.

### **Water Division**

Craig Mullinax reported on the following:

1. J.R. Wauford is working on an alternative disinfection study for the Wastewater Treatment Plant (WWTP). They submitted the draft report on May 14, which is currently being reviewed by CU staff. Mullinax advised Jon Sparkman has made several comments on this first report, and he will be a great asset to CU.



2. Bids for the rehabilitation of Spiral Lift Pump No. 205 at the WWTP will be opened on May 30, 2019.
3. Haren Construction has completed the Flocculation/Sedimentation Basin Improvements Project at the Cleveland Filter Plant (CFP). The contract amount of this project was \$1,557,910; however, the final contract amount totaled \$1,486,205 for a savings of \$71,705.
4. The following Water Distribution Projects have been completed by Hampton Backhoe:
  - Van Davis Road (SR 60 to Swafford Cemetery Road) water main replacement. The scope of work included 4,886 feet of 8-inch water main, one fire hydrant, and 1,200 feet of 8-inch water main. CU is awaiting the final invoice.
  - Kile Property water main extension on Kile Lane NW. A total of 600 feet of 6-inch PVC water main was installed.
  - Stonebriar Drive water line extension comprising 393 feet of 2-inch water main.
  - Winesap Way water line replacement in the Orchard Subdivision. A total of 553 feet of 6-inch water main was installed. The total project cost was \$16,275. CU went out to set water meters for some houses in this development and discovered the storm drain had been installed on top of the water line. To alleviate potential future problems due to the location of the storm drain, CU contracted Hampton Backhoe to relocate the water line.
5. New Water Distribution Projects include:
  - The Bellview Drive SE water line extension, which includes 485 feet of 6-inch water main. The projected cost is \$14,500 and includes customer participation.
  - The Bell Road SE water line extension comprising 950 feet of 6-inch water main at an estimated cost of \$23,750. This project includes customer/county participation.
  - The Hickory Top Road SE water line extension with a scope of 1,125 feet of 6-inch water main in the estimated amount of \$62,500 and includes customer participation.
  - The Patterson Road SE water line extension, which includes 700 feet of 6-inch water main. The project cost is estimated at \$18,000 and includes customer participation.
6. Mayse Construction has completed 50 percent of the installation for the 2010 Annexation Sewer Project on APD 40.
7. Bids for the Haney Road Sewer Line Extension Project were opened on May 23. The project is being constructed for the Cleveland/Bradley Industrial Development Authority with a scope of 370 feet of 8-inch sanitary sewer. The business locating on the site is Samson Controls (they make equipment for Wacker and other industries).
8. Engineering is reviewing plans for the Unity Subdivision, Phase 2, on Blythe Ferry Road comprising 16 units and 419 feet of 8-inch sewer main. Travis Henry is the developer.
9. Engineering approved the following plans:
  - Keith Street Cottages on Keith Street consisting of 17 units and 452 feet of 6-inch ductile iron water main.
  - Barker Development on Georgetown Road and Paul Huff Parkway (one commercial lot).
10. An update was provided for the following developments under construction:
  - Hampton Backhoe has completed the Ocoee OB/GYN Addition in Spring Creek along with Bellingham, Phase 2, on Urbane Road.
  - The Bradley Place Project at Bradley Square Mall is progressing. B&B Plumbing is laying the new 10-inch ductile iron line.

- Stone Creek, Phase 3, on New Murraytown Road is a new project and will include 35 lots, 1,230 feet of 6-inch water main, 300 feet of 2-inch water main, and 1,984 feet of 8-inch sewer main. Hampton Backhoe is the contractor.
11. An update was provided for Phase 1 of the ongoing Basin 10A-8 Rehabilitation Project. The contractors have completed the mainline and service lateral rehabilitation and 87 percent of the manhole rehabilitation.
  12. The Meter Department set 36 meters through April 2019 compared to 33 for April 2018 and 25 for April 2017. A total of 299 meters have been set for FY 2019. Of the 36 meter sets, 30 were single-family homes, 5 were apartments and 1 was commercial.
  13. The total amount of rainfall recorded at the CFP as of May 22, 2019, was 5.00 inches for the month. This brings the yearly total to 32.07 inches, which is 7.66 inches above average. No rainfall occurred over the period of May 14-23. The May water demand is averaging 11,488,000 GPD, with a maximum of 13,539,000 GPD on May 23. The projected demand for the month is 356,125,000 gallons and can be compared to the actual demand of 347,000,000 gallons for 2017.

## **NEW BUSINESS**

### **Approval of Rate Request Change/Custom Grid Access Charge (GAC)**

On motion by David May, Jr., and seconded by Chari Buckner, the Utility Board voted to approve changes to CU's retail rate structure effective October 1, 2019. CU has worked with rate consultant Chris Mitchell regarding these changes. In the request, CU plans to keep the fixed \$2.05 charge and the imbedded risk premium for the residential and GSA 1 classes for another year. CU is also requesting the GAC rate be increased to the \$0.005 plus any TVA rate increases since last year be applied to the GSA 2 & 3 classes. If a customer does not have a calculable average, then their monthly usage times the GAC rate will be used until at least a 24-month history each October is reached. CU will be suspending the TDMSA & TDGSA schedules for new customers and existing customers will be granted this rate until September 30, 2020. The corresponding TGSA 2 & 3 rates will be removed from the rate schedule, and CU is requesting that TVA does not apply a change to these rates along with CU's July Local Rate Adjustment (LRA). Regarding the GSA 1 class, CU is requesting to establish a two-tier Customer Charge defined as single phase and three phase. For now, CU is requesting the retail rates to remain the same for the GSA 1 class. Staff will proceed with studying the direct costs for these two groups, which will provide the basis for changes in the future. This request will be sent to TVA for their approval.

### **Approval of Revised Project Round-Up (PRU) Agreement with United Way Administering Funds**

On motion by Vice Chairman Eddie Cartwright and seconded by Chari Buckner, the Board of Public Utilities took action to approve a change in the administration of the Project Round-Up funds from Bradley/Cleveland Community Services Agency (BCCS) to the United Way of the Ocoee Region effective July 1, 2019. BCCS has been handling the distribution of these funds for the past few years and has done an excellent job. Project Round-Up funds have never been used for the administrative component of the program. Those has been paid for through either grants or other fundings of the agencies. BCCS did not receive funding for the administration of the program moving forward. CU has met with Matt Ryerson of the United Way, and they are willing to manage the administration and feel like it would be a great fit. Henderson stated CU is very appreciative of BCCS and the work they have done over the last few years.

PRU has been very successful since inception. Funds may be distributed in the percentages of up 20% toward clients' rent/mortgage, up to 5% toward the purchase of food, and up to 100% toward the

payment of utility bills. Additionally, if a surplus of Project Round Up funds reaches an overall balance of at least \$50,000 and a client (homeowner) that is in an income situation limiting their ability to improve the energy efficiency of their home and it is running at a less than sustainable efficiency level, PRU funds could be used to assist in a CU Energy Efficiency Upgrade through tangible efficiency improvements. Examples of energy efficiency upgrades can include: HVAC upgrades, insulation install, energy efficient windows and doors. This would help create a more permanent, stable, and sustainable utility customer with less to no reliance on utility assistance programs.

**Approval of Purchase Order to Contractor's Machinery, Inc.**

On motion by Joe Cate and seconded by David May, Jr., the Utility Board took action to approve a purchase order with Contractor's Machinery, Inc. in the amount of \$179,164 for the purchase of two new backhoes. The new backhoes will replace Unit 48, a 2007 model, and Unit 25, a 2005 model, both in the Water Distribution Department. The backhoes are budgeted for replacement in FY 2019 and FY 2020 in the amount of \$180,000.

**Approval of Purchase Order to Don Ledford Automotive Center**

On motion by Chari Buckner and seconded by David May, Jr., the Utility Board took action to approve a purchase order with Don Ledford Automotive Center, Inc. in the amount of \$52,225 for the purchase of two 2019 Chevrolet double cab pickup trucks. One of the trucks will replace Unit 79. The second truck is a new truck. Both are for the Water Distribution Department and budgeted for FY 2020 in the amount of \$50,000.

**OTHER BUSINESS**

**Future Board Meeting Dates**

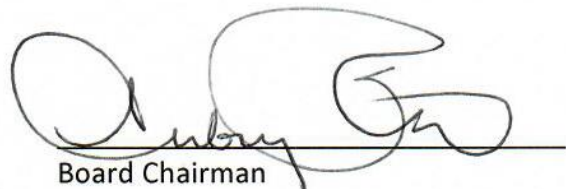
Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

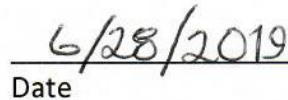
Friday, June 28, 2019, 12:30 p.m.

Friday, July 26, 2019, 12:30 p.m.

Friday, August 23, 2019, 12:30 p.m.

  
Board Secretary

  
Board Chairman

  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**JUNE 28, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Chari Buckner, Cleveland Utilities Board; Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; Bart Borden, VP Electric; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Travis Defriese, Electric Meter Technician; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Travis Defriese delivered the invocation.

**MINUTES OF MAY 24, 2019**

On motion by Chari Buckner and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted to approve the May 24, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Retirement of Philip Luce**

Water & Wastewater Engineering Manager Philip Luce is retiring after 15 years of dedicated service to CU. Today is his official last day in the office.

**Independence Day Holiday**

Cleveland Utilities will be closed on Thursday, July 4, 2019, in observance of Independence Day. The call center will be open and regular emergency and standby services will be maintained 24/7.

**Building Renovation Project**

The landscaping in front of the Power Service Center has been completed and accented the building really well. Staff is pleased with how the project tied together.

**DIVISION REPORTS**

**Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of July 2015 through July 2019 was reviewed. For the month of July, the residential retail electric rate will change to 10.111 cents per kilowatt-hour, an increase of 1.13 percent over June's rate of 9.998 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. The May 2019 financial and statistical statements were presented to the Utility Board. During May, the cost of purchased power as a percentage of retail sales was 76.4 percent and can be compared to the budgeted percentage of 78.7 for FY 2019. The results for May 2019 are electric sales revenue of \$8,403,036, which was offset by a purchased power expense of \$6,418,613. This resulted in an operating margin of \$1,984,423. Operating expenses for the month were \$1,680,958. These revenue numbers were driven by a customer base of 31,975. The net income for the month was \$533,913 and can be compared to a budgeted net income of \$54,297.
3. For May 2019, water sales revenue was \$1,182,743. Other revenue sources contributed an additional \$186,579 for the month. Operating expenses for May totaled \$1,209,462. These

revenue numbers were driven by a customer base of 32,277. The division recorded an operating income of \$159,860, which is compared to a budgeted operating income of \$51,439.

4. For May 2019, wastewater treatment revenue was \$996,304. Other revenue sources contributed an additional \$123,773 for the month. Operating expenses for May were \$926,004. This is compared to the budgeted amount of \$1,034,195. These revenue numbers were driven by a customer base of 19,387. The division recorded an operating income of \$194,073, which is compared to a budgeted operating income of \$98,690 for the month.
5. Stinnett noted due to the year-end closing process, the June 2019 financial report will be presented in August.

### **Electric Division**

Bart Borden reported on the following:

1. The Cherokee Gateway Substation site work continued with the installation of the concrete wall section, which incorporates the main vehicle passage gate and pedestrian passage gate. Personnel are very pleased with the finished product. This is the first wall CU has incorporated into a substation project. Photographs were shown.
2. The Lang Street to District Substation Transmission Line Replacement Project, Phase II, is still on hold. This week, the pole manufacturer communicated they are planning to ship them today or the first of next week. The steel poles are the remaining materials needed to start the project.
3. Engineering design work and operations planning continued for the Valleyhead V-234 underground feeder conductor upgrade. Materials were ordered during the month of May.
4. A work order was issued to install the electric service for Lakeside Cottages at the Farm. Operations line construction crews installed three pad-mount transformers, 962 feet of underground primary conductor and 447 feet of underground secondary conductor to provide electric service to the new developed section of the Farm off North Lee Highway. A total of 15 new lots will be served with these facilities and a total load of 150 kW is expected when fully built out.
5. Engineering is working with the developer of the Remember Me Assisted Living facility off King Den Drive concerning a conflict with an existing power pole and a driveway into the facility. Several options have been given to the developer including the cost for each.
6. A lighting design was completed and new street lights were installed on Valleyhead Road after the City Council approved CU's recommendations for lighting improvements on this roadway. A total of five new 133 watt LED street light fixtures and four new spun aluminum poles were installed. The lighting was upgraded to meet commercial roadway standards due to the level of traffic entering Publix and other retail establishments in the complex.
7. Operations line construction crews installed eight pad-mount transformers, 3,000 feet of underground primary conductor and 1,930 feet of underground secondary conductor to provide electric service to the new Enclave Subdivision off Weeks Road. A total of 57 new lots will be served with these facilities and a total load of 570 kW is expected when fully populated.
8. Operations personnel participated in the annual pole top and bucket truck rescue training event, which simulates a hurt worker rescue. This is one of the most important safety exercises CU conducts on an annual basis.
9. A report was presented regarding traffic lighting:

- Traffic Signal Coordinator Tad Bacon reviewed the preliminary construction plans for the SR-60 Road Widening Project currently scheduled for bid letting in October. Bacon noted many comments to the traffic signal plans and passed them along to TDOT engineers in Nashville. Four traffic signals are affected by this project including Georgetown Road at Crown Colony, Villa Drive, Paul Huff Parkway and Freewill/Eureka.

### **Water Division**

Craig Mullinax reported on the following:

1. Bids were received for the rehabilitation of Spiral Lift Pump No. 205 at the Wastewater Treatment Plant (WWTP). This project will be presented as a new business item.
2. The Kile Property Water Main Extension Project was completed in the final contract amount of \$10,755. A total of 600 feet of 6-inch PVC water main was installed.
3. CU is working on a design for the Clingan Ridge Drive water line extension. A total of 450 feet of 8-inch water main will be installed to create a “loop” near the Dialysis Center. This will provide redundancy of water line feeds in the event of any breaks.
4. Mayse Construction has completed 70 percent of the installation for the 2010 Annexation Sewer Project on APD 40.
5. The easement acquisition process is ongoing for the 2010/2012 Annexation Project on Benton Pike & Durkee Road. A total of 8 out of 39 easements have been obtained.
6. Engineering is reviewing plans for Spring Crossing Townhomes on 21<sup>st</sup> Street. The development will consist of 19 townhome units, 280 feet of 6-inch water main, 180 feet of 2-inch water main and 545 feet of 8-inch sewer main. The developer is Blue Coastal Homes.
7. Engineering approved the following plans:
  - Barker Development on Georgetown Road & Paul Huff Parkway (one commercial lot).
  - Unity Subdivision, Phase 2, on Blythe Ferry Road (16 units).
  - Cherry Glen Townhomes (formerly Huff Avenue Townhomes-8 units).
8. Contractors are actively working on several developments under construction including Cobblestone Ridge Subdivision, Bradley Place, Ridge Forest Subdivision (Phase 2) and Keith Street Cottages.
9. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - Phase 1 of the ongoing Basin 10A-8 rehabilitation is nearing completion. The contractors have completed 99 percent of the manhole rehabilitation.
  - In reference to the Sycamore Drive and East Keith SSES Project, manhole inspections have begun and will be ongoing for a couple of months. Smoke testing will be performed when weather conditions allow.
10. The Meter Department set 40 meters through May 2019 compared to 40 for May 2018 and 25 for May 2017. A total of 339 meters have been set for FY 2019 for an average of 31 meter sets. Of the 40 meter sets, 34 were single-family homes, 5 were townhomes and 1 was commercial.
11. The total amount of rainfall recorded at the CFP as of June 26, 2019, was 7.13 inches for the month. This brings the yearly total to 39.20 inches. This is 9.91 inches above average and can be compared to 3.42 inches above average for the same period last year. The projected total for 2019 is 78.40 inches. Since CU began tracking rainfall, the wettest year to date occurred in 2013 with 76.17 inches. If rainfall continues at this pace, it will exceed totals dating back to 1996.

12. Yesterday, the water demand was over 14,483,000 gallons, which is the current high for the month. The projected demand for June is over 372,000,000 gallons, which is a strong volume.
13. CU is able to use the AMI interval data to recognize if there is an increase in consumption that might indicate a water leak, which helps customers identify leaks faster. This is a level of service CU was able to implement around six months ago. Water Division Clerk Michelle Clark handles this task. She receives a daily leak alarm report, analyzes each of those and notifies customers. During May, 1,167 leak alarms were received and 260 customers were contacted. After analyzing the report, there are several reasons a customer would not be contacted. Those categories include 1) previous contact has been made, 2) the leak has stopped, 3) the usage is normal, 4) the leak is minimal and will be monitored, or 5) they are considered longtime where the customer has been contacted several times and not fixed the leak.

## **NEW BUSINESS**

### **Approval of Property, Liability and Workers' Compensation Insurance for Fiscal Year 2020**

On motion by Chari Buckner and seconded by Joe Cate, the Board of Public Utilities voted unanimously to approve property, liability, and workers' compensation insurance from July 1, 2019, and ending June 30, 2020, with Distributors Insurance Company (DIC) for a premium of \$951,574. DIC is a wholly-owned subsidiary of TVPPA. Arthur J. Gallagher & Co. is the program manager. There was an increase in premium of around four percent from FY 2019 and is due to the equipment breakdown coverage going up as a result of the failure of the transformers at East Cleveland and Payne Gap Substations.

### **Approval of Purchase Order to Delta Star c/o KMS Electrical Products**

On motion by David May, Jr., and seconded by Vice Chairman Eddie Cartwright, the Utility Board took action to approve a purchase order to Delta Star c/o KMS Electrical Products in the amount of \$1,272,768 for two 15/20/25/28 MVA power transformers. These power transformers will be installed at the Cherokee Gateway Substation to serve the South Industrial Park. Delta Star submitted the low evaluated bid meeting all CU specifications. Similar units have been installed in other substations across CU's electric system. This is a budgeted item.

### **Approval of Purchase Order to Jackie Evans Trucking Company**

On motion by Vice Chairman Eddie Cartwright and seconded by Chari Buckner, the Board of Public Utilities voted to approve a purchase order with Jackie Evans Trucking Company in the amount not to exceed \$108,075 for the removal of alum sludge, approximately 655 loads, from the Cleveland Filter Plant. The service period is from July 1, 2019 – June 30, 2020. The service is budgeted for FY 2020 and is a sole source procurement.

### **Approval of Purchase Order to Vulcan Materials Company**

On motion by Joe Cate and seconded by David May, Jr., the Utility Board took action to approve a purchase order with Vulcan Materials Company in the amount not to exceed \$92,000 for the purchase of stone backfill. The purchase period is from July 1, 2019 – June 30, 2020. The stone backfill is budgeted for FY 2020 and is a sole source procurement.

### **Approval of Purchase Order to W&O Construction Company**

On motion by Chari Buckner and seconded by Vice Chairman Eddie Cartwright, the Utility Board voted to approve a purchase order with W&O Construction Company in the amount of \$62,800 for the rehabilitation of Spiral Lift Pump No. 205 located at the WWTP. The project is budgeted for FY 2020 in the amount of \$65,000.

### **Approval of Purchase Order to Brenntag Mid-South**

On motion by Chari Buckner and seconded by Joe Cate, the Board of Public Utilities took action to

approve a purchase order with Brenntag Mid-South in the amount of \$210,110 for the annual purchase of chlorine gas and sulfur dioxide. Chlorine will be used at the Cleveland Filter Plant, Waterville Springs, and Wastewater Treatment Plant as a disinfectant for both potable water and wastewater. Sulfur dioxide will be used to remove the chlorine at the Wastewater Treatment Plant.

**Approval of Purchase Order to Premier Truck Group of Chattanooga**

On motion by David May, Jr., and seconded by Joe Cate, the Utility Board voted to approve a purchase order with Premier Truck Group of Chattanooga in the amount of \$139,191 for the purchase of a new Freightliner tandem axle dump truck for the Wastewater Collection Department. The dump truck is budgeted for FY 2019 in the amount of \$150,000. Premier Truck Group submitted the low bid meeting CU specifications.

**OTHER BUSINESS**

**Future Board Meeting Dates**

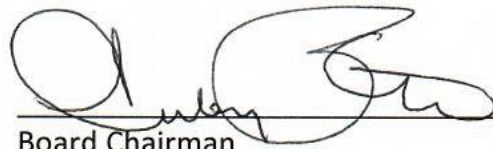
Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

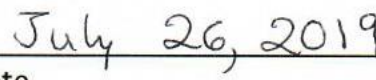
Friday, July 26, 2019, 12:30 p.m.

Friday, August 23, 2019, 12:30 p.m.

Friday, September 27, 2019, 12:30 p.m.

  
Board Secretary

  
Board Chairman

  
Date



**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**JULY 26, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; Bart Borden, VP Electric; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Nathan Vann, Safety Supervisor; Chris Wilds, Facilities Maintenance Supervisor; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Chris Wilds delivered the invocation.

**MINUTES OF JUNE 28, 2019**

On motion by Vice Chairman Eddie Cartwright and seconded by David May, Jr., the Board of Public Utilities voted to approve the June 28, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Resignation of Board Member, Chari Buckner**

Board Member Chari Buckner submitted her official resignation from the Utility Board effective July 15. Buckner was presented with an opportunity in which she will be working at TVA in a customer service role she formerly held prior to joining the Utility Board. Tim Henderson read the following note from Chari Buckner: "It has been a pleasure serving on the Utility Board for the last eight years. Cleveland Utilities has always been recognized for excellence in reliability, safety, customer service and innovation. I am proud of my time serving the citizens of Cleveland. My hope is that we, collectively, have made Cleveland a better place to live with clean water, low utility rates, green energy options, and assistance to low income residents through the Project Round Up program." Henderson stated Buckner will be missed and her service to the Utility Board is greatly appreciated.

**New Board Member, Debbie Melton**

The City Council appointed Mrs. Debbie Ledford Melton to fill the unexpired term of Buckner through the end of July. In August, Melton will be reappointed to an additional four-year term to expire August, 2023. Melton is the Dealer Operator of Don Ledford Automotive in Cleveland. Henderson advised Melton was unable to attend this meeting due to being out of town; however, she is excited to serve.

**Leadership Series Training**

Administrative Services VP John Corum provided a brief overview for a new internal Leadership Series Training which launched in the spring. The planning process for this workforce development project began last fall. In March, the training focused on Performance Appraisals followed by the Drug & Alcohol Policy in June. Future topics will relate to purchasing/ payroll/expense reports; safety; customer service; and legal. The training will be conducted on a quarterly basis for foremen, supervisors, managers, directors, and vice presidents. This is a great opportunity to equip and strengthen leaders with the skills needed to foster meaningful relationships and build the knowledge to be more effective leaders to advance the organization into the future.

**United Way Day of Action Report**

CU took part in Bradley County's United Way Day of Action on Friday, July 19, for the seventh year. A brief video created by Customer Relations Supervisor Jamie Creekmore was shown. Two teams

comprised of 19 employees worked at the Blythe Avenue Boys & Girls Club and City Fields completing various tasks including constructing a bus shed and table, demolition work, painting, etc. Henderson stated employees really enjoy serving in this capacity and giving back to the community.

## **DIVISION REPORTS**

### **Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of August 2015 through August 2019 was reviewed. For the month of August, the residential retail electric rate will change to 9.920 cents per kilowatt-hour, a decrease of 1.89 percent over July's rate of 10.111 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. Since June represents the end of fiscal year 2019, the year-end financial records are still being compiled and the regular financial and statistical report for June 2019 will be presented in August; however, preliminary figures were provided. During June, the cost of purchased power as a percentage of retail sales was 76.8 percent and can be compared to the budgeted percentage of 77.8 for FY 2019. For FY 2019, the purchased power expense as a percentage of retail sales was 77.8 percent. The results for June 2019 are electric sales revenue of \$8,953,087, which was offset by a purchased power expense of \$6,875,540. This resulted in an operating margin of \$2,077,547 and can be compared to a budgeted margin of \$1,820,071 for the month. The results for FY 2019 electric sales revenue was \$101,674,001, which was offset by a purchased power expense of \$79,105,222. This resulted in an operating margin of \$22,568,779. This is compared to a budgeted margin of \$21,530,926 for FY 2019.
3. For June 2019, water sales revenue was \$1,364,722, unadjusted for unbilled revenue. This is compared to the budgeted amount of \$1,344,589. The results for FY 2019 water sales revenue was \$14,364,320, unadjusted for unbilled revenue. This is compared to a budgeted revenue of \$15,146,024 for the FY 2019.
4. For June 2019, wastewater treatment revenue was \$1,063,246, unadjusted for unbilled revenue. This is compared to the budgeted amount of \$1,097,357. The results for FY 2019 wastewater sales revenue was \$12,044,262, unadjusted for unbilled revenue. This is compared to a budgeted revenue of \$12,523,061 for FY 2019.
5. Stinnett advised a resolution is expected to be presented at the next board meeting to authorize participation in the State of Tennessee's TCRS 457 and 401k Investment Plans due to changes in the fixed rate investments with the current Nationwide Plan. CU has been involved in all meetings with the city relating to this.

### **Electric Division**

Bart Borden reported on the following:

1. The concrete pillar foundation work at the Cherokee Gateway Substation site was started during the month and is approximately 1/3 completed to date.
2. In reference to the Lang Street to District Substation Transmission Line Replacement Project, Phase II, the steel transmission poles were received and construction work is being scheduled. Due to a heavy existing workload from system growth, the project construction begin date is set for July 31.

3. Engineering design work for the Valleyhead V-234 underground feeder conductor upgrade has been completed, a work order was issued and all materials have been received. Operations is scheduling this work in conjunction with the tree removal from the site and the wall construction.
4. Engineering is working with the Graystan Development on Paul Huff Parkway and Mouse Creek Road concerning the electrical needs to serve the multiple lot locations. The main underground feeder layout design has been agreed upon and each individual lot will be worked separately as they are occupied.
5. CU's Substation Electricians removed a 2001 Remote Terminal Unit (RTU) from service at the Mars Chocolate Substation and replaced it with a new Schweitzer Engineering Laboratories (SEL) Axion communication device. The replacement was due to the failure of the 18 year old RTU. The new equipment will prepare this substation to interface with future distribution automation equipment and software. Two vintage vacuum breakers (1978 and 1983 models) were replaced during the outage as well. Routine testing was conducted by Liberty Power Service on all breakers, power transformers, Load Tap Changers and relays while the station was out of service.
6. Engineering and Operations staff are working with TVA fiber design and management personnel on the installation of fiber optic cable from East Cleveland Substation west on TVA's 69 kV transmission line. A portion of the fiber will be attached to Cleveland Utilities 69 kV structures and require switching loads to de-energize the high voltage lines. The work is planned to begin in the fall of 2020.
7. A solar powered traffic messaging sign was recently purchased to replace a mid-1990's board that had developed significant issues. The new board is the best way to warn motorists of lane conditions, workers being present and road closures. The messaging is completely programmable and highly visible with the LED character generation. The new sign is a great improvement in traffic messaging, will help to provide a safer work zone for employees and clearer messaging for motorists traveling through work zones.
8. Line construction crews participated in the Tennessee Valley Public Power Association (TVPPA) hot line cover-up training. Jim Fuller, a highly respected and experienced lineman, was the instructor for the training session. The training consisted of classroom instruction at the Tom Wheeler Training Center and field application of methods learned at the Lang Street Substation line training location.
9. A report was presented regarding traffic lighting:
  - Traffic lighting crews completed the radar detection upgrades at Georgetown and Freewill Roads for the Bradley County owned intersection. Traffic Signal Coordinator Tad Bacon adjusted the detection zone software to provide maximum efficiency and safety at the intersection. The new pole-mounted detection equipment will provide reliable vehicle sensing and replaces in-pavement loop sensing.

### **Water Division**

Craig Mullinax reported on the following:

1. J.R. Wauford & Company submitted an updated report for the alternative disinfection system at the Wastewater Treatment Plant (WWTP) on July 18. CU has scheduled a meeting with the firm on Tuesday, July 30, to review the report and obtain status updates on the other WWTP projects they are working on. Those include the solids handling system and blower system projects.

2. AEED Inc. finalized the drawings for the HVAC improvements at the Cleveland Filter Plant (CFP). The bid packages will be compiled and sent out in the near future.
3. The Van Davis Road (SR60 to Swafford Cemetery Road) Water Main Replacement Project was completed and the final contract amount was \$131,123.
4. Jon Sparkman attended a deconfliction meeting on July 9 to work out final conflicts for the Georgetown Road Utility Relocation Project. As a result, Stantec has been updating the drawings based on continued TDOT drainage revisions.
5. The design for the Clingan Ridge Drive water line extension has been submitted to TDEC and easement documents are being prepared.
6. Mayse Construction has completed 90 percent of the installation for the 2010 Annexation Sewer Project on APD 40. The project is expected to be completed by the end of August.
7. The easement acquisition process is ongoing for the 2010/2012 Annexation Project on Benton Pike & Durkee Road. A total of 12 out of 39 easements have been acquired.
8. Engineering is reviewing the following plans:
  - Quail Ridge Subdivision on North Lee Highway. The development will consist of 33 lots, 1,250 feet of 6-inch water main, 658 feet of 8-inch gravity sewer main and 650 feet of 2-inch sewer force main.
  - Pinnacle Industrial Park at 20<sup>th</sup> Street & Barney Lane. The development will consist of 420 feet of 8-inch DIP water and 715 feet of 8-inch PVC.
9. An update was provided for the following developments under construction:
  - Bradley Place at Bradley Square Mall is 95 percent complete.
  - Ridgedale Forest Subdivision, Phase 2, is 80 percent complete.
  - Stone Creek, Phase 3, is 40 percent complete.
  - Keith Street Cottages is 95 percent complete.
10. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - Westco cleared 1,100 feet of sewer line easement this month.
  - Phase 1 of the ongoing Basin 10A-8 rehabilitation is now complete. Phase 2 will be presented for consideration of approval under new business.
11. The Meter Department set 53 meters through June 2019 compared to 24 for June 2018 and 37 for June 2017. A total of 392 meters were set in FY 2019 for an average of 33 meter sets. Of the 53 meter sets, 42 were single-family homes, 3 were townhomes, 2 were irrigation and 6 were commercial.
12. The total amount of rainfall recorded at the CFP as of July 24, 2019, was 2.87 inches for the month. This brings the yearly total to 42.09 inches (7.85 inches above average). The projected total for 2019 is now 72.15 inches. The water demand is still up and has been strong for the last two months.
13. During June, 1,124 leak alarms were received, 258 customers were contacted and 135 of those customers were spoken to. Most responses received were positive.

## **NEW BUSINESS**

### **Safety Internal Performance Measures (IPM's)**

The Safety Internal Performance Measures (IPM's) for January 2019 through June 2019 were presented by Safety Supervisor Nathan Vann. This is a component of CU's Strategic Plan. Henderson highlighted the fact that Vann is currently in the process of furthering his education. He is enrolled in a master's program through the University of Tennessee.

Results for January – June 2019 are:

	<b>Electric &amp; Water Combined</b>	<b>Electric Division</b>	<b>Water/Wastewater Division</b>
OSHA Recordable Incident Rate (RIR)	<b>0.93</b>	<b>0.81</b>	<b>1.08</b>
DART Rate	<b>0.46</b>	<b>0.81</b>	<b>0.00</b>
Lost-Time Case Rate (LTCR)	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Vehicle Accident Rate (VAR)	<b>2.26</b>	<b>5.88</b>	<b>0.00</b>

The following data went into the calculations:

- A total of 950,388 consecutive hours have been worked by both divisions combined without a lost-time injury (LTI). Electric division employees contributed 849,084 of those hours, with the last lost-time injury occurring on November 19, 2015. The water division reached 101,304 hours, with the last lost-time injury occurring on December 7, 2018.
- A total of 216,100 cumulative hours were worked companywide during the period. 115 employees in the electric division worked 123,580 hours, and 84 employees in the water division worked 92,520 hours.
- In addition, a total of 442,141 cumulative vehicle miles were driven by employees in 118 vehicles. 170,212 of those miles were driven by electric division employees, and 271,929 miles were by water division employees.

The below data was provided as a comparison to the previous three years:

<b>Year</b>	<b>OSHA – RIR</b>	<b>DART</b>	<b>LTCR</b>	<b>VAR</b>
<b>2016</b>	1.53	0.51	0.00	6.78
<b>2017</b>	4.04	2.53	1.01	2.29
<b>2018</b>	2.88	2.40	0.48	2.25
<b>2019</b>	0.93	0.46	0.00	2.26

Vann advised in comparison to the last several years, CU is currently excelling in every category with the exception of the VAR, which is equivalent to 2018. The goal is to make improvements in the VAR area. Henderson praised Vann for leading CU in the safety arena. Additionally, Henderson advised Vann was recently certified as an OSHA General Industry Instructor.

#### **Approval of Purchase Order to ABC Professional Tree Services, Inc.**

On motion by David May, Jr., and seconded by Joe Cate, the Utility Board took action to approve a purchase order to ABC Professional Tree Services, Inc. in the amount of \$640,000 for the projected removal and hourly rate costs for the second year of CU's vegetation management program with ABC. These projected expenses are expected to be incurred during the period of July 2019-June 2020 and were estimated using invoices from the previous year. ABC was awarded CU's three-year vegetation management contract in July 2018 and was the low overall bid.

#### **Approval of Purchase Order to ABC Professional Tree Services, Inc.**

On motion by Vice Chairman Eddie Cartwright and seconded by Joe Cate, the Board of Public Utilities voted to approve a purchase order to ABC Professional Tree Services, Inc. in the amount of \$160,000 for transmission line right-of-way (ROW) clearing per the contracted rates. ABC will utilize their fecon machine to clear the transmission line ROW and apply herbicide spray to the transmission line ROW

and substations to be scheduled in the fall of 2019 and spring of 2020. These rates have already been bid and approved during the contractor selection process at the July 2018 Utility Board Meeting as noted above.

**Approval of Contract with Insituform Technologies LLC**

On motion by Joe Cate and seconded by David May, Jr., the Utility Board took action to approve a contract with Insituform Technologies LLC in the amount of \$3,222,584.60 to perform 4,642 LF of 24", 416 LF of 15", 268 LF of 12" and 19,165 LF of 8" mainline sewer rehabilitation by pipe bursting, CIPP lining and excavation. This contract will also include renewal of 198 sewer service laterals and cleanouts and 946 vertical feet of manhole lining. This is the second SRF project performed under loan number SRF2018-417 and will be paid for through the SRF funding. The loan does not have loan forgiveness, but is provided a low long-term fixed interest rate of 1.58 percent over 20 years. This project is budgeted for FY 2019 & FY 2020.

**Approval of Amendment No. 1 with Stantec Consulting Services**

On motion by Vice Chairman Eddie Cartwright and seconded by David May, Jr., the Utility Board voted to approve Amendment No. 1 to Engineering Services Agreement, Task Order No. 6, in the amount not-to-exceed \$99,330 with Stantec Consulting Services for additional engineering services related to the design and construction of water and sewer utility relocation for the widening of approximately three miles of State Route 60 (Georgetown Road) by the Tennessee Department of Transportation. The original Task Order No. 6 was approved at a cost of \$207,070. Most of these costs are reimbursable from TDOT. Additional funding is budgeted in FY 2020.

**OTHER BUSINESS**


**Future Board Meeting Dates**

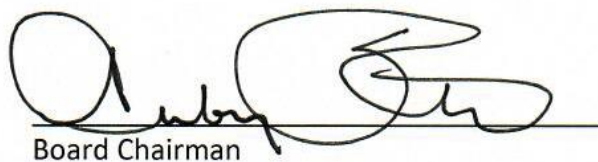
Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, August 23, 2019, 12:30 p.m.

Friday, September 27, 2019, 12:30 p.m.

Friday, November 1, 2019, 12:30 p.m.

  
Board Secretary

  
Board Chairman

8-23-19  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**AUGUST 23, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; Tim Henderson, President/CEO; Bart Borden, VP Electric; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Mark Davis, Substation Foreman; Doug Wilson, Electrician; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Mark Davis delivered the invocation.

**MINUTES OF JULY 26, 2019**

On motion by Vice Chairman Eddie Cartwright and seconded by David May, Jr., the Board of Public Utilities voted to approve the July 26, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Upcoming Retirement of Doug Wilson**

President/CEO Henderson introduced and recognized employee Doug Wilson who will soon be retiring. His official last day at work will be next Thursday, August 29. Wilson has twenty years of service with CU. He began his career in the Water Division, but has spent the majority of his time in the Substation Department. Everyone congratulated Wilson and wished him all the best.

**Labor Day Holiday**

Cleveland Utilities will be closed on Monday, September 2, 2019, in observance of Labor Day. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

**River Counties Association of Realtors "Battle for a Cure" Volleyball Tournament**

CU will have a team participating in the River Counties Association of Realtors "Volley for a Cure" Volleyball Tournament. The event will be held on Thursday, September 5, 2019, in the Cleveland State Community College Gymnasium at 6:30 p.m. CU is the reigning champion and has won four of the five previous tournaments. All proceeds benefit the American Cancer Society.

**80<sup>th</sup> Anniversary Customer Appreciation Day**

CU will be hosting an 80<sup>th</sup> Anniversary Customer Appreciation Day on Friday, October 4, from 10 a.m. to 2 p.m. The event will be held on the lawn of CU's Power Service Center. Throughout the day, training opportunities, refreshments and prizes will be available. The public is invited to attend.

**CU Annual Picnic**

Board members were invited to attend Cleveland Utilities' annual family picnic scheduled for Thursday, October 24, 2019, at Fletcher Park beginning at 5 p.m.

**Introduction of New Board Member, Debbie Melton**

Henderson welcomed new board member, Debbie Melton, who was recently appointed to an additional four-year term to expire August, 2023. Melton is the Owner Operator of Don Ledford Automotive. She is married to Ken and they are blessed with three children.

**DIVISION REPORTS**

**Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of September 2015 through September 2019 was reviewed. For the month of September, the residential retail electric rate will change to 9.741 cents per kilowatt-hour, a decrease of 1.80 percent over the rate of 9.920 cents per kilowatt-hour for August. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. The June and July 2019 financial and statistical statements were presented to the Utility Board. During June, the cost of purchased power as a percentage of retail sales was 76.8 percent. The results for June 2019 are electric sales revenue of \$8,953,086, which was offset by a purchased power expense of \$6,875,540. This resulted in an operating margin of \$2,077,546. Operating expenses for the month were \$1,350,448. This is compared to a budgeted operating expense of \$1,642,678. This variance is driven by the year-end adjustment entries of GASB 68 & 75, reporting for Pensions and Other Post-Employment Benefits (OPEB) plans. These revenue numbers were driven by a customer base of 31,876. The net income for June 2019 was \$901,641.
3. The results for FY 2019 are electric sales revenue of \$101,674,001, which was offset by a purchased power expense of \$79,105,221. This resulted in an operating margin of \$22,568,780. Operating expenses for FY 2019 totaled \$20,738,798. This brings the division to a combined net income of \$4,021,083 for FY 2019 and can be compared to the budgeted amount of \$3,767,272.
4. During July 2019, the cost of purchased power as a percentage of retail sales was 74.6 percent and can be compared to the budgeted percentage of 77.5 percent for FY 2020. The results for the month were electric sales revenue of \$10,451,784, which was offset by a purchased power expense of \$7,799,435. This resulted in an operating margin of \$2,652,349. Operating expenses for the month were \$1,666,826 and can be compared to a budgeted operating expense of \$1,810,008. The division serviced 31,833 customers during July. Net income for the month was \$1,165,212.
5. For June 2019, water sales revenue was \$1,402,293. As a comparison, the budgeted amount was \$1,344,589. Other revenue sources contributed an additional \$144,602 for the month. The division serviced 32,203 customers. Operating expenses for June totaled \$1,047,106. This is compared to the budgeted amount of \$1,348,252. This variance is driven by the year-end adjustment entries of GASB 68 & 75, reporting for Pensions and OPEB plans. The division recorded an operating income of \$499,789, which is compared to a budgeted operating income of \$120,869.
6. The results for FY 2019 are water sales revenue of \$14,401,891. Other revenue sources added an additional \$1,778,525. Operating expenses for FY 2019 were \$15,239,848. This is compared to a budgeted operating expense of \$15,657,300. The resulting operating income for FY 2019 totaled \$940,568 and can be compared to the budgeted amount of \$891,540.
7. For July 2019, water sales revenue was \$1,384,351. This is compared to the budgeted amount of \$1,520,021. Other revenue sources contributed an additional \$155,964 for the month. The division serviced 32,194 customers. Operating expenses for July were \$1,272,448. The division recorded an operating income of \$267,867, which can be compared to a budgeted operating income of \$341,898 for the month.
8. For June 2019, wastewater treatment revenue was \$1,065,598. Other revenue sources contributed an additional \$179,862 for the month. The division serviced 19,300 customers. Operating expenses for the month were \$895,256 and can be compared to a budgeted



amount of \$1,036,590. This variance is also driven by the year-end adjustment entries of GASB 68 & 75, reporting for Pensions and OPEB plans. An operating income of \$350,204 was recorded, which is compared to a budgeted operating income of \$139,666 for the month.

9. The results for FY 2019 are wastewater treatment revenue of \$12,046,614. Other revenue sources contributed an additional \$1,220,943 for the month. Operating expenses for FY 2019 were \$11,823,828. This is compared to a budgeted operating expense of \$11,919,575. The net income for FY 2019 totaled \$1,443,729 and can be compared to the budgeted amount of \$1,503,893.
10. For July 2019, wastewater treatment revenue was \$1,033,598. Other revenue sources contributed an additional \$91,298 for the month. The division serviced 19,285 customers. Operating expenses for the month were \$986,266. An operating income of \$138,630 was recorded, compared to a budgeted operating income of \$205,119.
11. An engagement letter was submitted to the Board by the CPA accounting firm of Arnett, Kirksey, Kimsey, Sullivan, Lay & Hall, PLLC. A copy of this letter was included in the board folders.

### **Electric Division**

Bart Borden reported on the following:

1. The concrete pillar foundation work continued at the Cherokee Gateway Substation site and is approximately 2/3 completed to date. Additionally, the chain link fencing has been installed and the site is now more secure.
2. In reference to the Lang Street to District Substation Transmission Line Replacement Project, Phase II, construction started on the transmission line earlier than anticipated. CU crews completed 20 percent of the pole installations by the end of July.
3. Operations personnel are presently scheduling the work for the Valleyhead V-234 Underground Feeder Conductor Upgrade Project, which has been delayed due to personnel shortage and other pressing jobs to provide customers with service.
4. Engineering is working with the contractor of a new industrial building to be located at the corner of Barney Lane and 20th Street NE. At this time, it is not known what company will occupy the building, which will be 50,000 square feet. Engineering provided the contractor with specifications for the primary conduit and details for the pad-mount transformer to serve the location.
5. Construction began on the new RaceTrac on APD-40 at Holloway Road. This RaceTrac will be the same as the new one on 25<sup>th</sup> Street. A work order was released in July to connect the temporary service for a job trailer. Engineering is presently working with the construction manager and property developer to design the required electrical facilities for permanent service. The RaceTrac will be located on a corner lot that has been subdivided from a large piece of property. The owner of the property wants to make sure the facilities are installed to serve future loads of other businesses that may purchase sections of the property. A plan was finalized to the satisfaction of the developer who is installing the conduit.
6. The second phase of Stone Creek Subdivision, located on New Murraytown Road, is under construction. The first phase of this subdivision contained 24 lots and is fully populated. The second phase will contain 38 building lots. It is estimated that 1,305 feet of #1/0 aluminum primary, 1,824 feet of underground triplex (#4/0 and #350) and four single phase pad-mount transformers will be installed in the new phase to serve the estimated load of 304 kW when

fully built out. The contractor is presently installing the required conduit. The conductor and transformers are scheduled for installation in September.

7. Line construction crews installed two 150 kVA pad-mount transformers, 1,120 feet of underground primary conductor and 140 feet of secondary conductor to serve Paul Huff Corners, a new four building development at the corner of Paul Huff Parkway and Peerless Road. The services to each building will be installed by their electrical contractor when the buildings are ready for permanent service.
8. A comprehensive Reliability Statistics report was presented:
  - The ASAI (Average Service Availability Index) statistic is the percentage of time that the system was available through the year. CU has achieved 99.9894 percent for 2019 to date, compared to 99.9889 percent in 2018, 99.9816 percent in 2017 and 99.9843 percent in 2016. Data was also provided for similar utilities who utilize the same software. The ASAI percentage for the APPA Region 7 (which includes data from 19 reporting utilities) was 99.91 in 2018.
  - CAIDI (Customer Average Interruption Duration Index) is defined as the average length of time that a customer's outage lasts in minutes. This year to date, CU has experienced 44.032 minutes per customer average, compared to 63.492 minutes in 2018, 78.862 minutes in 2017 and 72.932 minutes in 2016. The APPA average for Region 7 was 97.24 in 2018.
  - SAIDI (System Average Interruption Duration Index) is the average outage duration for each customer served. CU's total to date for this year is 31.918 minutes, compared to 57.974 minutes in 2018, 93.91 minutes in 2017 and 95.941 minutes in 2016. The APPA average for Region 7 was 98.47 minutes in 2018.
  - SAIFI (System Average Interruption Frequency Index) is the average number of interruptions that every customer would experience. The average for CU is 0.725 for 2019 to date, compared to 0.913 in 2018, 1.2 in 2017 and 1.217 in 2016. The APPA Region 7 average was 1.38 in 2018.
  - A graph for the ASAI was provided comparing the actual percentage to the moving average.

Borden reminded that CU was recognized as one of the top tier reliable utilities in the nation by the American Public Power Association for 2018. Borden commended the engineering and operations employees for their hard work and dedication in making the system reliable. Additionally, the tree management program has played a big part in this improvement. As always, the goal is to have the system available 100 percent of the time; however, it is very difficult to achieve.

9. A report was presented regarding traffic lighting:
  - Engineering released a work order to convert the signal heads at 20<sup>th</sup> and Old Tasso from incandescent to LED and traffic crews completed the conversion.
  - Traffic Signal Coordinator Tad Bacon collected data from the intersection of Ocoee and 3<sup>rd</sup> Street South for the conversion of signal heads to LED. These traffic signals are the only remaining incandescent lamps inside the City of Cleveland. Additional right-of-way may be required to redesign this intersection for the improvements needed.
10. There was a great amount of activity in the site plan and plat review process for the month of July. Plans submitted for review included a total of 28 apartment units, 169 townhomes, 93 subdivision lots, 8 commercial lots, 10 commercial buildings and 1 industrial building.

## **Water Division**

Craig Mullinax reported on the following:

1. W&O Construction will soon begin the rehabilitation of spiral lift pump no. 205 at the Wastewater Treatment Plant. The pump was removed on Wednesday, August 21, and the work should take approximately one month to complete.
2. Stantec has been updating drawings for the Georgetown Road Utility Relocation Project based on continued TDOT drainage revisions. The submittal is due to TDOT by August 25.
3. Hampton Construction has been engaged to assist CU with a small portion of the Candies Lane Water Main Relocation Project. The city is making improvements to Candies Lane, which resulted in the necessity to relocate 650 feet of 12-inch water main and raise two manholes. This project has turned out to be challenging due to the line and age of the valves. The estimated project cost is \$75,000 or more.
4. CU's engineering staff is working with the city's engineering staff to mitigate conflicts with the water line and storm drainage on Norman Chapel Road.
5. In reference to the Clingan Ridge Drive water line extension, approval was received from TDEC and easements are being finalized.
6. Hampton Construction is expected to begin the Haney Road Sewer Line Extension Project in a couple of weeks. Jon Sparkman worked with Hampton Construction to adjust the layout of the sewer line to better fit the lot. The design was finalized on August 21.
7. The following information was provided for plans under review:
  - Cherokee Gateway Boulevard Sanitary Sewer Project – CU is waiting on drawings from the developer.
  - Remember Me Assisted Living Facility on King Den Drive – the developer is evaluating whether to be public or private.
  - Savannah Avenue Apartments on Pryor Road – the developer is evaluating whether to be public or private.
  - Spring Crossing Townhomes on 21<sup>st</sup> Street – CU provided comments and is awaiting revisions from the developer/engineer.
  - Quail Ridge Subdivision on North Lee Highway – approvals to be completed this week.
  - Pinnacle Industrial Park on 20<sup>th</sup> Street & Barney Lane – comments were provided and the developer is evaluating options.
8. An update was provided for the following developments under construction:
  - Projects at the Enclave at Weeks Drive, Cobblestone Ridge Subdivision, Ridgedale Forest Subdivision Phase 2, Stone Creek Phase 3 and Keith Street Cottages have all been completed.
  - The water main relocation at Bradley Place is 100 percent complete and the sewer main is 95 percent complete.
  - The sewer main installation at Barker Development located at Georgetown Road and Paul Huff Parkway is 100 percent complete. A total of 583 feet of 8-inch water main will also be installed as part of this project.
9. A report was provided for the ongoing Wastewater Rehabilitation Project:
  - The Basin 10A-8 Phase 2 Rehabilitation Project was bid, and the ATA package has been submitted to the State Revolving Fund (SRF) for approval. The contract documents have been compiled and are in the circulation to be signed. An explanation of the SRF Program was requested by Joe Cate for new board member Debbie Melton. Mullinax

provided an overview, and highlighted the significant amount of savings realized by utilizing the program. Henderson and Mullinax both advised although the process takes a considerable amount of work and time, it's very worthwhile and beneficial for the utility and customer base.

- In reference to the Sycamore Drive and East Keith SSES Project, manhole inspections have begun and will be ongoing for around another month. Smoke testing has also begun and should be completed in the next month.
10. The Meter Department set 52 meters through July 2019 compared to 35 for July 2018 and 32 for July 2017. Of the 52 meter sets, 29 were single-family homes, 4 were apartments, 1 was a duplex, 5 were townhomes, 4 were irrigation and 9 were commercial.
  11. The total amount of rainfall recorded at the CFP as of August 21, 2019, was 0.51 inches for the month. This brings the yearly total to 64.29 inches (5.03 inches above average). The projected total for 2019 is now 64.29 inches. Although rainfall totals are theoretically above normal, the trending is now on the dry side. As a result, the water demand continues to be very strong. The projected demand for August is over 415 million gallons.

## **NEW BUSINESS**

### **Approval of Resolution No. 2019-03 - Long-Term Partnership Agreement with TVA**

On motion by David May, Jr., and seconded by Joe Cate, the Board of Public Utilities voted unanimously to approve resolution no. 2019-03 authorizing the President/CEO of Cleveland Utilities to enter into a long-term partnership agreement with TVA. Henderson provided further background. TVA has increased the base rates by 1.5 percent annually for the past six consecutive years. This was part of TVA's previous debt reduction plan under Bill Johnson's leadership, which also included projected rate increases for the next four years. TVA's new President, Jeff Lyash, recently outlined a new financial plan designed to keep rates relatively stable for the next ten years. Yesterday, TVA's board approved a budget suspending the planned wholesale rate increase for FY 2020 for all 154 Local Power Companies (LPC's) in the Valley. Additionally, they will offer optional 20-year agreements to the LPC's. Currently, CU has a 10-year contract with TVA.

The long-term proposal will solidify the supply of energy to CU for the long term. With this commitment, CU will receive long-term partner credits in the form of 3.1 percent monthly credits based upon future consumption of the standard service class. These credits are available to those distributors that agree to a 20-year ever green contract with TVA for the extension of the wholesale power contract. This agreement also provides CU assurance that wholesale power rates will remain stable for the long-term. Additionally, this contract would be transferable pending any legislation that would significantly change the ownership of TVA assets. With this commitment, CU is pledging to invest these long-term credits provided by TVA in the following points of interest for the Electric Division long term: 1) continue efforts to maintain rates as low as feasible; 2) strengthen the operating effectiveness of the electric division system and assets; and 3) maintain a conservative financial stewardship.

Vice Chairman Eddie Cartwright questioned if there are any provisions to exit the contract if unforeseen circumstances arise due to changing technology. Henderson advised if rates increase to a certain tier level, the utility could revert back to a 10-year contract. There is also a provision relating to generation flexibility. TVA has proposed to provide enhanced power supply flexibility, for 3 to 5 percent of the distributor's energy, by no later than October, 2021. Henderson noted CU has had

discussions with rate consultant, Chris Mitchell, and his recommendation was to enter into the 20-year agreement.

The long-term agreements increase the length of and strengthen the contractual relationships with TVA and their customer base to help ensure the long-term success of the public power model. Therefore, this enables them to move forward with their financial plan and focus on long-range goals. Approval of this resolution gives Henderson the authority to sign the contract when CU is ready to move forward. Currently, TVPPA's legal staff are reviewing the document in further detail.

**Approval of Resolution No. 2019-04 – State of Tennessee Deferred Compensation Plan II (401K)**

On motion by Joe Cate and seconded by Vice Chairman Eddie Cartwright, the Utility Board took action to approve Resolution No. 2019-04 authorizing the President/CEO to sign an agreement with the State of Tennessee to participate in the State of Tennessee Deferred Compensation Plan II (401K). The City Council has already approved the same resolution.

**Approval of Resolution No. 2019-05 -State of Tennessee Deferred Compensation Plan and Trust (457b)**

On motion by Joe Cate and seconded by David May, Jr., the Board of Public Utilities voted to approve Resolution No. 2019-05 authorizing the President/CEO to sign an agreement with the State of Tennessee to participate in the State of Tennessee Deferred Compensation Plan and Trust (457b). The City Council has already approved the same resolution.

**Approval of a Purchase Order to Cleveland Utilities OPEB c/o First Tennessee Bank**

On motion by Vice Chairman Eddie Cartwright and seconded by Debbie Melton, the Utility Board took action to approve a purchase order to Cleveland Utilities OPEB c/o First Tennessee Bank in the amount of \$684,503 for the annual funding of CU's OPEB Trust. This is a budgeted item.

**Approval of a Purchase Order to Hach**

On motion by Debbie Melton and seconded by David May, Jr., the Board of Public Utilities voted to approve of a purchase order with Hach in the amount of \$69,707.14 for the purchase of eight turbidimeters and four controllers at the Cleveland Filter Plant and one turbidimeter and one controller at Waterville Springs. The equipment is budgeted for FY 2020 in the amount of \$65,000. This is a sole source purchase.

**OTHER BUSINESS**

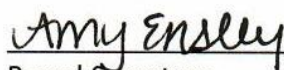
**Future Board Meeting Dates**

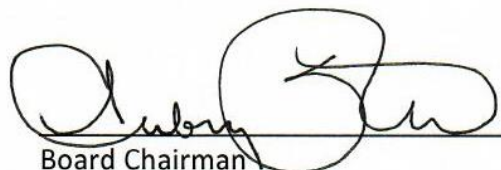
Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, September 27, 2019, 12:30 p.m.

Friday, November 1, 2019, 12:30 p.m.

Friday, November 22, 2019, 12:30 p.m.

  
Board Secretary

  
Board Chairman

9-27-19  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**SEPTEMBER 27, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; Tim Henderson, President/CEO; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jimmy Isom, Electric Engineering Manager; Lisa Coffey, Water Treatment Plants Supervisor; Karen Hall, Industrial Pretreatment Coordinator; Darrell Hubbard, Operator; Pete Sampson, Operator; Matt Slifko, Chief Operator; Mike Ward, Wastewater Treatment Plant (WWTP) Supervisor; Mark Wells, Lab Analyst; Mark Lay, Arnett, Kirskey, Kimsey, Sullivan, Lay & Hall, PLLC; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Karen Hall delivered the invocation.

**MINUTES OF AUGUST 23, 2019**

On motion by Vice Chairman Eddie Cartwright and seconded by Debbie Melton, the Board of Public Utilities voted to approve the August 23, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**80<sup>th</sup> Anniversary Customer Appreciation Day Reminder**

The Customer Appreciation Day will be held next Friday, October 4, from 10 a.m. to 2 p.m. Mix 104.1 will be onsite doing a live broadcast for two hours. There will be giveaways, service offering information, energy efficiency workshops, food, kona ice, etc., to enjoy as part of the festivities.

**Columbus Day Holiday**

Cleveland Utilities will be closed on Monday, October 14, 2019, in observance of Columbus Day. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

**CU Annual Picnic**

Cleveland Utilities' Annual Family Picnic is scheduled for Thursday, October 24, 2019, at Fletcher Park beginning at 5 p.m. This is the seventh year the event has been held at this venue. Jordan's BBQ will be catering the food.

**Cleveland Water Filter Plant 2019 Award of Excellence**

Each year, The Kentucky/Tennessee Section of the American Water Works Association (AWWA) recognizes the contributions of utility water professionals and rewards those who have excelled in the industry. At the Water Professionals Conference, Cleveland Utilities was awarded the "2019 Award of Excellence in Water Treatment Plant Operations" in the medium plant size category.

CU was nominated and selected for the award based on criteria such as management, records, appearance, regulatory compliance, and the overall quality of plant operations. The CU Water Plant and Water System has also earned scores of 100 percent for the last three years on the Tennessee Department of Environment and Conservation's onsite review and evaluation of the water source, facilities, equipment, as well as the operation and maintenance of a public water system. The operational crew at the CU Water Treatment Plant consists of five state licensed water treatment plant operators and two operator trainees.

Lisa Coffey, Pete Sampson and Matt Slifko were in attendance as part of this acknowledgement. CU has a total of 12 operators between the Hiwassee Water Treatment Plant and the Cleveland Filter Plant. Coffey stated each operator at the water plants demonstrate a great sense of stewardship not only toward their responsibilities in providing a safe and quality drinking water but also in providing a service to the community. Everyone congratulated and expressed appreciation on this accomplishment.

#### **Wastewater Treatment Plant (WWTP) Operational Excellence Award**

The Clean Water Professionals of Kentucky & Tennessee bestowed the Operational Excellence Award to Cleveland Utilities for continued outstanding operation of the Hiwassee Wastewater Treatment Plant during the period of January 1, 2018, through December 31, 2018. The Wastewater Treatment Plant has received this award numerous times, but this is for two consecutive years.

The achievement of this award is very significant and extremely difficult to obtain. It is a direct reflection of the operations and maintenance staff at the WWTP. The facility is operated 24/7/365. CU is issued a National Pollutant Discharge Elimination System (NPDES) permit by the State of Tennessee and the U.S. Environmental Protection Agency (EPA). This permit requires wastewater to meet very stringent water quality criteria before being discharged into the Hiwassee River. The NPDES permit contains 3,853 individual discharge requirements that must be in compliance during the year. To qualify for this award, the utility is allowed only one exceedance; however, they completed the year with zero. This award is conferred to recognize the dedication, resolve, and outstanding effort of the employees of the WWTP.

Mike Ward, Darrell Hubbard, Mark Wells and Karen Hall were in attendance for this special recognition. Ward advised this is a true team award and it is shared with personnel from operations, maintenance and environmental compliance. Appreciation was expressed to all involved.

#### **DIVISION REPORTS**

##### **Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of October 2015 through October 2019 was reviewed. For the month of October, the residential retail electric rate will change to 8.995 cents per kilowatt-hour, a decrease of 7.66 percent over the rate of 9.741 cents per kilowatt-hour for September. This rate change is driven by TVA's Fuel Cost Adjustment and the change to the transition month rates. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. The August 2019 financial and statistical statements were presented to the Utility Board. During August, the cost of purchased power as a percentage of retail sales was 77.7 percent. This can be compared to the budgeted percentage of 77.5 for FY 2020. The results for August 2019 are electric sales revenue of \$9,983,898, which was offset by a purchased power expense of \$7,760,583. This resulted in an operating margin of \$2,223,315. Operating expenses for the month were \$1,727,380. This is compared to a budgeted operating expense of \$1,815,145. These revenue numbers were driven by a customer base of 31,978. The net income for the month was \$688,448 and can be compared to the budgeted amount of \$641,627.
3. For August 2019, water sales revenue was \$1,464,390. As a comparison, the budgeted amount was \$1,438,989. Other revenue sources contributed an additional \$171,903 for the

month. The division serviced 32,313 customers. Operating expenses for August totaled \$1,347,054. This is compared to the budgeted amount of \$1,313,413. The division recorded an operating income of \$289,239, which is compared to a budgeted operating income of \$270,917.

4. For August 2019, wastewater treatment revenue was \$1,113,941. Other revenue sources contributed an additional \$105,300 for the month. The division serviced 19,383 customers. Operating expenses for the month were \$982,924 and can be compared to a budgeted amount of \$1,027,319. An operating income of \$236,317 was recorded, which is compared to a budgeted operating income of \$182,901 for the month.

### **Electric Division**

Jimmy Isom presented the Electric Report in the absence of Bart Borden. Electric Operations Manager Dean Watson was originally scheduled to deliver the report; however, he had an uncle pass away. Isom requested prayers for Watson and his family.

1. The concrete pillar foundation work at the Cherokee Gateway Substation site is approximately 95 percent complete. All that remains is the application of concrete sealer and backfilling around the pillars. Concrete pads for the power transformers and switch house will also be bid and awarded once the pad details are known. After completion of the concrete foundations, CU substation personnel will begin the installation of the copper grounding grid.
2. In reference to the Lang Street to District Substation Transmission Line Replacement Project, Phase II, CU crews have completed the framing and installation of all steel transmission poles and are making preparations to begin wire pulling operations. All but two of the old poles have already been pulled to aid in the installation of the new parallel #556 AAC conductor.
3. All necessary materials for the Valleyhead V-234 Underground Feeder Conductor Upgrade Project have been received, and Operations personnel are ready to begin the work. The start of the project has been delayed, however, due to the unusually hot weather and the increased risk to system reliability to take Valleyhead Substation out of service while system loads remain high. The scheduled work will take place as soon as cooler temperatures arrive.
4. Engineering is working with a customer regarding the installation of a new asphalt plant on Boss Road off South Lee Highway. The estimated electric demand of the facility is 350 kW, and the customer has the option to purchase the transformer or sign a power contract due to the plant not operating year round. The customer has agreed to underground service, and approximately 800 feet of conduit will be installed by the customer. Details of the electrical facilities will be finalized in September.
5. CU operations crews installed 750 feet of #1/0 aluminum underground primary and a 225 KVA 277/480 volt pad-mount transformer to serve a new medical office building on Holiday Inn Express Way Lane. The customer's secondary conductors will be connected once a good electrical inspection has been received. The expected demand of this new building is 190 kW.
6. Engineering personnel met with a developer regarding electrical service for seven lots in Spring Crossing Subdivision on 21<sup>st</sup> Street SE that will house two, 2-unit townhomes and five, 3-unit townhomes. Initial plans are to install 410 feet of underground primary, 170 feet of underground secondary and two pad-mount single phase transformers. Additional secondary will be installed as the townhomes are constructed.
7. Stubbs Construction Services completed the installation of the new chain link security fencing around the back lot at the Harrison Building on Freewill Road NW. Additionally, CMS Utility Services completed the installation of the new pole rack storage system which consisted of



preformed concrete bases and steel rails. Crews will now begin the relocation of stock transmission poles and equipment to the Harrison property to free up needed storage space on the lower pole yard.

8. A report was presented regarding traffic lighting:
  - A work order has been issued to allow a right turn on red at APD-40 and McGrady Drive. The dual right turn signal heads were relocated to better align with the two turn lanes, and signage was replaced to indicate "Right Turn on Red Arrow After Stop."
  - Traffic Signal Coordinator Tad Bacon met with a representative of Bike/Walk Cleveland to program bicycle detection at intersections along Keith Street that had dedicated bike lanes on both the north and southbound approaches where radar detection was present. The intersections of Keith at Ocoee Crossing, Keith at Raider and Keith at Willow now have working bicycle detection that will hold the signal green and allow a bicycle to safely cross north or southbound when traveling inside the marked bike lanes.
9. As in July, there was a large amount of activity in the site plan and plat review process for the month of August. Several to note were Quail Ridge Subdivision off North Lee Highway, the Morrison Lane Apartments on Morrison Lane NE, Cobblestone Phase 1 located off Old Chattanooga Pike, the Murray Ridge Subdivision off Johnson Boulevard, Dashwood Subdivision off Weeks Road, the new Veterans Home off Westland Drive and the new Harbor Freight on Wyatt Road off Mouse Creek Road. Copies were available for viewing.

### **Water Division**

Craig Mullinax reported on the following:

1. J.R. Wauford & Company has completed the blower system study for the Wastewater Treatment Plant. CU currently manually throttles air valves to reduce energy costs. J.R. Wauford's team looked at two alternatives to maximize the efficiency of the blowers. Alternative 1 consisted of installing dissolved oxygen sensors and automatic throttling valves in the amount of \$490,000. Alternative 2 was to install new turbo blowers in the amount of \$1,700,000. CU is going to budget Alternative 1 in FY 2021.
2. W&O Construction has completed the rehabilitation of spiral lift pump no. 205 at the WWTP in the total contract amount of \$62,800. CU is awaiting the final invoice.
3. AEED Inc. submitted the final drawings for the Cleveland Filter Plant HVAC improvements to CU on September 20, 2019. The project will be advertised for bids in the near future.
4. In reference to the Georgetown Road Utility Relocation Project, four easements will need to be obtained. CU's engineering staff has started the process.
5. CTI Engineering has completed the design for the Cherokee Gateway Boulevard Water Storage Tank. A few minor electrical revisions are required, and the plats and easements are being prepared. CU will be ready to meet any needs to serve future occupants in the Spring Branch Industrial Park.
6. Hampton Backhoe has completed the work for the Candies Lane Water Main Relocation Project which developed as a result of the city making improvements to Candies Lane. Mullinax presented a slide and highlighted the process. Two services had to be temporaried for about one month, and two manholes will be raised when grading is complete. The final invoice has not been received.

7. Yesterday, the city installed drainage infrastructure at the intersection of Georgetown Road at 25<sup>th</sup> Street. CU crews relocated a 6-inch water line on Georgetown Road and an 8-inch water line on 25<sup>th</sup> for this section of the city's improvement project.
8. Another slide was presented concerning the Norman Chapel Road NW 12-inch waterline extension. The city is completing a drainage improvements/curb/sidewalk project on Norman Chapel Road that is in conflict with CU's waterlines. In order for the city's contractor to continue with the work, CU needs to move as quickly as possible with the new proposed waterline installation. This is an item under new business.
9. Hampton Backhoe is scheduled to begin the Haney Road Sewer Line Extension Project the week of September 30.
10. Engineering approved the following plans:
  - Quail Ridge Subdivision on North Lee Highway which includes 33 lots, 1,250 feet of 6-inch water main, 658 feet of 8-inch gravity sewer main and 650 feet of 2-inch sewer force main. River Stone Construction, LLC, is the developer.
  - The Haven @ The Grove, Phase 2, on North Lee Highway comprising 1,200 feet of 6-inch PVC/DIP water main and 520 feet of 8-inch gravity sewer main.
11. An update was provided for the following developments under construction:
  - The Bradley Place Project at Bradley Square Mall is now complete. A total of 900 feet of 8-inch sewer main was installed and the 10-inch water main was relocated.
  - Barker Development on Georgetown Road and Paul Huff Parkway is also complete. The project included 637 feet of 8-inch sewer main and 583 feet of 8-inch water main.
  - Cherry Glen Townhouses (formerly Huff Avenue Townhouses) on Huff Avenue has been delayed due to availability of contractors and other factors. The project scope is 391 feet of 8-inch sewer main and 529 feet of 6-inch water main.
12. A report was provided for the ongoing Wastewater Rehabilitation Project:
  - Phase 1 of the Basin 10A-8 Rehabilitation Project has been completed. Final paperwork is being compiled to close out the project.
  - Contracts have been signed for the Basin 10A-8 Phase 2 Rehabilitation Project. A preconstruction conference was held September 17, and a notice to proceed was issued for September 18.
  - In reference to the Sycamore Drive and East Keith SSES Project, manhole inspections have stopped due to the extremely dry weather; this is typically a wet weather activity. Smoke testing has begun and should be completed this month.
1. The Meter Department set 27 meters through August 2019 compared to 22 for August 2018 and 30 for August 2017. Of the 27 meter sets, 18 were single family homes, 3 were irrigation and 6 were commercial.
2. The total amount of rainfall recorded at the CFP as of September 24, 2019, was 1.75 inches for the month. This brings the yearly total to 66.18 inches. It has been really dry for the past three to four months. Beginning August 29 through today, there was no rainfall except for 1.0 inches on September 10 and 0.75 inches on September 26. As a result of the lack of rainfall, the water demand continues to be very strong.

## **OLD BUSINESS**

### **Presentation of FY 2019 Audit Report by Mark Lay**

Mark Lay, representing Arnett, Kirksey, Kimsey, Sullivan, Lay & Hall, PLLC, reviewed the Required Auditors' Communications in relation to the 2019 audit report. He reported the financial statements present fairly, in all material respects, the respective financial position of each major fund and the aggregate fund information of the Board of Public Utilities as of June 30, 2019 and 2018. Lay expressed appreciation to Stinnett and his staff for their cooperation and commended them for the good job on preparation of the financial statements.

Both divisions experienced an increase in net position for the year. The increase in the Electric Division was \$4,021,087, and the Water and Wastewater Divisions was \$2,732,739. In 2018, the Board adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which had a negative impact on the net position of both divisions in 2018. The Water Division ended FY 2018 with a negative unrestricted net position. Lay advised he was glad to report both divisions had a positive balance in the unrestricted net position for 2019.

The Other Post-Employment Benefits (OPEB) Trust grew by \$700,575 in FY 2019, largely from employer contributions made to the fund. The 2018 balance was \$388,647, and as of June 30, 2019, the balance was \$1,089,222. As the trust is funded, the OPEB liability will reduce on the balance sheet. Lay applauded CU for taking this step and the continued commitment to funding the OPEB trust, and Chairman Ector expressed appreciation to Stinnett. A new schedule included in the audit this year and required by the state is *Changes in Long-Term Debt By Issue*.

Henderson thanked Lay and his firm for the partnership and work they perform. Board members were advised to contact Lay if there are any questions. The acceptance of the audit report will be voted on at the next board meeting.

#### **Approval of Contract with CSL Services, Inc.**

On motion by David May, Jr., and seconded by Joe Cate, the Board of Public Utilities voted unanimously to approve a contract with CSL Services, Inc., in the amount of \$115,500 for long term flow monitoring of 19 flow meters, which includes annual maintenance, data collection and reporting. Flow monitoring is a tool used to help determine where inflow is occurring and if that flow is being eliminated. CU has been under contract for the last six years with CSL Services, Inc. Their annual unit prices have remained the same for the last five years. The monitoring is budgeted for FY 2020 in the amount of \$110,000.

#### **NEW BUSINESS**

##### **Approval of Purchase Order to Superior Concrete Products**

On motion by Vice Chairman Eddie Cartwright and seconded by Debbie Melton, the Utility Board took action to approve a purchase order to Superior Concrete Products in the amount of \$128,070 for the installation of a concrete screening wall at the Valleyhead Substation. The cost includes engineering, permits, materials, installation, footings and freight for the project. Superior Concrete Products submitted the low bid meeting all specifications. This is a budgeted item for FY 2020. A portion of the cost will be reimbursed from a neighboring property developer.

##### **Approval of Purchase Order to Altec Industries**

On motion by Joe Cate and seconded by David May, Jr., the Board of Public Utilities voted unanimously to approve a purchase order to Altec Industries in the amount of \$185,075 for a 2020 Ford F550 XL 4x4 Super Cab Chassis equipped with an insulated 46-foot working height, telescopic aerial platform lift. This unit will replace the existing Unit #138, which will be sold on GovDeals. The

purchase is being made through Sourcewell, formerly National Joint Powers Alliance (NJPA), and is a budgeted item.

**Approval of Purchase Order to Versalift Southeast**

On motion by Debbie Melton and seconded by Vice Chairman Eddie Cartwright, the Utility Board took action to approve a purchase order to Versalift Southeast in the amount of \$153,644 for a 2020 Ford F550 XL 4x4 Super Cab Chassis equipped with an insulated 45-foot working height, telescopic aerial platform lift. This new unit will be identified as #137 and is the budgeted replacement of the existing standby truck #143, which will be retained and utilized as a daytime service truck. The purchase is also being made through the Sourcewell Contract and is budgeted for FY 2020.

**Approval for Water Main Installation Project on Norman Chapel Road**

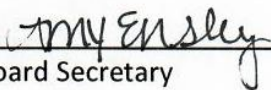
On motion by David May, Jr., and seconded by Joe Cate, the Board of Public Utilities voted to approve for CU to proceed with work based on an estimate in the amount of \$281,025 for the installation 2,145 lineal feet of 12-inch ductile iron water main on Norman Chapel Road. The timing of this project is critical and necessary due to the City of Cleveland's sidewalk and storm drainage project extending along Norman Chapel Road from Peerless Road to Westside Drive NW. There will be underground conflicts between the storm drainage system and the existing waterline. Cleveland Utilities will be upsizing the proposed water main. The project is not budgeted, but will be funded from the Annual Capital Improvement Program account budget of \$300,000. Henderson pointed out CU will benefit and the water system will be strengthened as a whole by upsizing the line. Mullinax advised bids for this project will be opened on October 3. Cate asked what would happen if the bids come in above the estimate. Henderson advised he has the authority to approve any individual change order up to a maximum amount of \$50,000, not to exceed 10% of the original contract price. Chairman Ector advised a called board meeting could be held if necessary.

**FUTURE BOARD MEETING DATES**

Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, November 1, 2019, 12:30 p.m.

Friday, November 22, 2019, 12:30 p.m.

  
Board Secretary

  
Board Vice Chairman

11-1-19  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**NOVEMBER 1, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Eddie Cartwright, Vice Chairman (presiding as Acting Chairman in Chairman Aubrey Ector's absence); Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; Tim Henderson, President/CEO; Bart Borden, VP Electric; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jimmy Isom, Electric Engineering Manager; Kelly Pace, Human Resources Representative; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Kelly Pace delivered the invocation.

**MINUTES OF SEPTEMBER 27, 2019**

On motion by Debbie Melton and seconded by David May, Jr., the Board of Public Utilities voted to approve the September 27, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Offices Closed-Veterans Day & Thanksgiving Holidays**

Cleveland Utilities will be closed on Monday, November 11, 2019, in observance of Veterans Day and on November 28 & 29, 2019, in recognition of Thanksgiving. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

**Picnic Report**

The annual CU picnic was held on October 24<sup>th</sup> at Fletcher Park. The weather was perfect and the food catered by Jordan's BBQ was delicious. Henderson commended employees from the Administrative Services Department for their hard work on making this event a huge success. A brief slideshow created by Jamie Creekmore was shown.

**Electric Division Vice President Promotion**

President/CEO Tim Henderson named Jimmy Isom, a 25-year employee of Cleveland Utilities, to replace the retiring Bart Borden as Electric Division Vice President. Isom is a 1989 graduate of Tennessee Technological University with a BS degree in Electrical Engineering. He came to work at Cleveland Utilities in 1994 as an Engineer. During his tenure at CU, he has also served in the roles of Distribution Engineer, Assistant Engineering Manager and currently the Engineering Manager. Prior to joining the CU family, he worked at Cookeville Electric Department for five years and was the Engineering Manager for two years. He brings a wealth of experience and is highly qualified to assume the duties associated with this position. Throughout his career at CU, Jimmy has worked closely with members of the Electric Division, developers/contractors in the community as well as colleagues from other utilities. Additionally, he will have approximately two months to work directly with Borden to help ensure a smooth transition during this process.

Isom is married to Becky and they are blessed with two daughters, Rachel and Morgan. Everyone applauded and congratulated Isom on his new role. Isom then took a moment to thank Henderson for this opportunity and stated he is humbled and excited to serve the Utility Board, Cleveland Utilities and the customers. Isom also acknowledged the positive leadership of Borden over the

years. Vice Chairman Cartwright welcomed Isom and advised the Utility Board looks forward to working with him.

## **DIVISION REPORTS**

### **Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of November 2015 through November 2019 was reviewed. For the month of November, the residential retail electric rate will change to 9.237 cents per kilowatt-hour, an increase of 2.69 percent over the rate of 8.995 cents per kilowatt-hour for October. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. The September 2019 financial and statistical statements were presented to the Utility Board. During September, the cost of purchased power as a percentage of retail sales was 73.6 percent. This can be compared to the budgeted percentage of 77.5 for FY 2020. The results for September 2019 are electric sales revenue of \$9,431,347, which was offset by a purchased power expense of \$6,942,802. This resulted in an operating margin of \$2,488,545. Operating expenses for the month were \$1,635,107. This is compared to a budgeted operating expense of \$1,820,282. These revenue numbers were driven by a customer base of 31,806. The net income for the month was \$1,042,892 and can be compared to the budgeted amount of \$499,966.
3. For September 2019, water sales revenue was \$1,513,155. Other revenue sources contributed an additional \$143,671 for the month. The division serviced 32,218 customers. Operating expenses for September totaled \$1,396,874. This is compared to the budgeted amount of \$1,324,793. The division recorded an operating income of \$259,952, which is compared to a budgeted operating income of \$289,282.
4. For September 2019, wastewater treatment revenue was \$1,147,399. Other revenue sources contributed an additional \$87,096 for the month. The division serviced 19,286 customers. Operating expenses for the month were \$979,107 and can be compared to a budgeted amount of \$1,033,932. An operating income of \$255,388 was recorded, which is compared to a budgeted operating income of \$188,901 for the month.

### **Electric Division**

Bart Borden reported on the following:

1. The next step for the Cherokee Gateway Substation Project is to pour the power transformers and control building pads. This has been delayed due to the power transformer manufacturer not having final production plans for the units. After receipt of the drawings, the pads will be formed and poured and then the ground grid will be installed.
2. In reference to the Lang Street to District Substation Transmission Line Replacement Project, Phase II, work continued and CU crews completed the construction of this project. By the end of September, the line was available to place in service, in the event it was needed. Additional equipment was purchased for this project to pull both conductors per phase at the same time versus making two separate pulls, which saved significant construction time and cost. This project will remain in the report, until the financials are completed.
3. The Operations Department pushed the work schedule for the Valleyhead V-234 Underground Feeder Conductor Upgrade Project into the later part of this month, due to the extreme heat

experienced throughout the month of September and into October. The high temperatures caused heavy system loading during a time when system maintenance and switching out substation loads is normally performed.

4. Work for Stone Creek Subdivision, Phase 4, began during the month of September on the underground primary, secondary and transformer installations. A total of 2,243 feet of underground primary, 1,826 feet of underground secondary and 4 single phase transformers are to be installed for the 37 lot development. The work continued into the month of October.
5. Engineering personnel worked with the owner of a new asphalt plant to be located on Boss Road SE. The new service will include underground primary and a three phase pad-mount transformer. Load information was not available at the time of this report.
6. Engineering is working with the owner of a manufacturing building at 2201 Blue Springs Road concerning changes to the existing facility and the electric service.
7. The Cleveland Courts Project at Cedar Lane and Smith Drive SW is in the design phase. Engineering has worked out details with the electrical contractor, and the contractor is installing the required underground conduit system at this time.
8. The State Route 60 Georgetown Road Project is still in the review and design phase at this point. Engineering submitted the second round of comments from the review of the project. CU was then informed the turn-in date for the final construction plans has been changed to June 3, 2020, due to delays in right-of-way acquisition.
9. A work order was issued and work completed to provide electrical service to a new industrial customer located at 4100 Old Tasso Road. Two new 1500 kVA pad-mount transformers were replaced at the site due to the age of the existing facilities. The anticipated load is 2,600 kW and the cost of the project is estimated to be \$67,597.11.
10. A 300 kVA pad-mount transformer and 1,530 feet of underground primary conductor were installed to provide service to the Westmore Church of God on Legacy Parkway. The anticipated load is 275 kW.
11. A 225 kVA pad-mount transformer and 600 feet of underground primary conductor was installed for the new Erlanger Medical Building on Holiday Inn Express Way to serve the new 190 kW load.
12. CMS Utility Services installed the new pole racks at the Harrison Building on September 10. The new racks will be used to store most of CU's transmission pole stock presently stored at the Guthrie Drive location on the pole yard. The pole relocation will free up a great amount of space at this location and allow for additional materials to be stocked here.
13. Borden took a moment to recognize all of the Electric Division employees who have worked hard every day to serve almost 32,000 customers. He said, "Many of these employees have retired before me, but their work remains in place. It has been an honor and privilege working with them all and to see all their accomplishments in my 38 years here at Cleveland Utilities. We have received numerous recognitions for these efforts with a perfect score of 100 achieving Diamond Level for an APPA Reliable Public Power Provider and were recognized this year for the highest tier ratings for system reliability. Thank you for the support this Board has given through the years, so this could be accomplished. I have worked under four different Managers or CEOs and they have all been supportive of these efforts. I know I will be leaving the system in good hands and will greatly miss the people I have worked with, including this Board."
14. A report was presented regarding traffic lighting:

- A work order was released and the work completed by CU's traffic light crew to install a Blank Out Sign at Paul Huff Parkway and Peerless Road. The new sign illuminates during the times of 7:15 AM to 8:15 AM and prohibits a right turn on red from Paul Huff Parkway eastbound to Peerless Road southbound. During other hours the sign is blank and the right on red turn movement is allowed. In addition, a protected left turn signal was added for traffic heading east on Paul Huff and turning left into the new Paul Huff Corners development.
  - Borden also recognized the hard work performed by Traffic Signal Coordinator Tad Bacon and Traffic Light Crewmen Tim Delk, Jeremy Chastain, Jimmy Long, Joe Millsaps, Jason Parker and Travis Defriese. Since assuming the engineering design and timing responsibilities from the City in 2010, CU's staff has worked tirelessly to improve the traffic flow in the City of Cleveland and Bradley County. There has been a tremendous amount of traffic growth in Cleveland, and the improvements made to the traffic control system continues to help citizens. Borden also expressed appreciation to the City of Cleveland for their support with the needed projects. City Transportation Manager David Sheely and Tad Bacon have worked closely together on many of these important projects.
15. Borden advised this would be his last board report prior to his upcoming retirement. He expressed appreciation to the Utility Board for the privilege and honor to serve them and the CU customers. On behalf of the board, Vice Chairman Cartwright thanked Borden for 38 years of service to CU as well as the residents of Cleveland and Bradley County. Everyone congratulated Borden on this milestone and wished him well.

### **Water Division**

Craig Mullinax reported on the following:

1. J.R. Wauford is working on studies for two projects at the Wastewater Treatment Plant. The solids handling system study is nearing completion. Mike Ward transmitted the plant data for Wauford to use in finalizing the study. The alternative disinfection study is complete. CU accepted the final report on October 4.
2. W&O completed the rehabilitation of spiral lift pump no. 205 at the WWTP in the total amount of \$57,800. The final invoice has been received and the project came in less than the contracted amount of \$62,800.
3. CTI Engineering has prepared a draft plat for the Cherokee Gateway Boulevard Water Storage Tank property, which is being acquired from the Industrial Development Board (IDB). One additional easement is needed.
4. Engineering is working on a design for the Bellview Drive SE water line extension, which will consist of 610 feet of 6-inch water main. The project will include customer participation.
5. Engineering is also working on a design for the Patterson Road SE water line extension. The project will include 700 feet of 6-inch water main and customer participation.
6. The sole easement has been acquired for the Clingan Ridge Drive Water Line Extension Project. Engineering will be advertising for bids soon.
7. In reference to the 2010/2012 Annexation Project on Benton Pike & Durkee Road, 12 of the 39 easements have been acquired.
8. Hampton Backhoe completed the Haney Road Sewer Line Extension Project this week. The project was constructed for the Cleveland/Bradley County Industrial Development Authority. CU is awaiting the final invoice.



9. CU has completed the design work for both water and sewer for the Veterans Home. The project will include 646 feet of 8-inch sanitary sewer and 715 feet of 8-inch ductile iron water line. CU will be funding the installation of both utilities.
10. Miller-McCoy is working on the design for the Lee University Track sewer and water line relocation. The project will include 375 feet of 16-inch ductile iron sanitary sewer, 450 feet of 8-inch PVC sewer, 240 feet of 12-inch ductile iron water line and 200 feet of 6-inch water line. Lee University is funding the relocation of utilities.
11. CU's engineering staff has completed the design for the Ocoee Coffeehouse sewer line extension at Ocoee & 23<sup>rd</sup> Streets NE. The project scope is 1,025 feet of 8-inch sanitary sewer and will require four easements, in which three have been obtained. The project cost is estimated at \$100,000 with easement costs.
12. Engineering approved plans for the Remember Me Assisted Living Facility on King Den Drive. The development will include five buildings and 1,203 feet of 8-inch sewer main.
13. Hampton Backhoe has completed the installation of the sewer (520 feet of 8-inch gravity sewer main) for the Haven @ The Grove, Phase, 2, on North Lee Highway. The water main installation should begin soon.
14. A report was provided for the ongoing Wastewater Rehabilitation Project:
  - In reference to the Basin 10A-8 Phase 2 Rehabilitation Project, the contractor has begun performing pre-CCTV work. CU is waiting on submittals from the contractor.
  - Smoke testing has been completed for the Sycamore Drive and East Keith SSES Project.
15. The Meter Department set 49 meters through September 2019 compared to 33 for September 2018 and 24 for September 2017. Of the 49 meter sets, 37 were single family homes, 2 were townhomes, 3 were irrigation and 7 were commercial.
16. The Utility Board approved the Norman Chapel Road Water Main Installation Project at the board meeting held on September 27. The approval was unique because it was based on an estimate in the amount of \$281,025, not to exceed \$300,000. CU had not received bids at the time of approval and engineering worked hard to come up with the above estimate. Unfortunately, when bids were opened, only one bid was received from Hampton Construction in the amount of \$316,323.64. Due to the high cost, CU will not complete the project. CU will work with Public Works and their contractor to relocate the water line where there are conflicts with the new storm drainage system.
17. The total amount of rainfall recorded at the CFP as of October 30, 2019, was 7.26 inches for the month.

## **OLD BUSINESS**

### **Approval and Acceptance of FY 2019 Audit Report**

On motion by David May, Jr., and seconded by Joe Cate, the Board of Public Utilities voted to approve and accept the Fiscal Year 2019 audit report.

## **NEW BUSINESS**

### **Approval of Purchase Order to Hampton Backhoe Service, LLC**

On motion by Joe Cate and seconded by Debbie Melton, the Utility Board took action to approve a purchase order to Hampton Backhoe Service, LLC, in the amount of \$66,320.44 for the installation of 540 lineal feet of 12-inch ductile iron water main. The project was required due to the City of Cleveland's project raising the elevation of Candies Lane NW and installing storm drainage in the location of the waterline. Cleveland Utilities was given a schedule to have the relocation complete by

August 21, 2019, so the general contractor Wright Brothers could begin work. The project was not budgeted, but will be funded from the Annual Capital Improvement Program account budget of \$300,000.

**Approval of Purchase Order to Tech Coat, Inc.**

On motion by David May, Jr., and seconded by Debbie Melton, the Board of Public Utilities voted unanimously to approve a purchase order to Tech Coat, Inc. in the amount of \$260,138 for the rehabilitation of Filters No. 3 and No. 4 at the Cleveland Filter Plant. This project consists of coating the filter walls, repair of the filter underdrain system and replacement of the filter media. This project is budgeted for FY 2019.

**Approval of Resolution – Eminent Domain**

On motion by Joe Cate and seconded by Debbie Melton, the Utility Board took action to approve a resolution authorizing The Cleveland Board of Public Utilities to proceed with eminent domain proceedings against the property owners Peter Bodnaruk and Peter I. Bodnariouk. The easement is required for the 9<sup>th</sup> Street SE Sanitary Sewer Project.

**FUTURE BOARD MEETING DATES**

Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, November 22, 2019, 12:30 p.m.

Amy Ensley  
Board Secretary

[Signature]  
Board Chairman

11-22-19  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**NOVEMBER 22, 2019**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; Tim Henderson, President/CEO; Bart Borden, VP Electric; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric Engineering Manager/VP Electric; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Steve Mowery, Electric Line Foreman; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Steve Mowery delivered the invocation.

**MINUTES OF NOVEMBER 1, 2019**

On motion by Debbie Melton and seconded by Joe Cate, the Board of Public Utilities voted to approve the November 1, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Christmas Parade**

Cleveland Utilities will again participate in MainStreet Cleveland's Annual Christmas Parade with the "Gingerbread House" themed float. The event is scheduled for Saturday, December 7, at 6:00 p.m. Last year, CU's float won overall "Best of Parade". Henderson thanked all employees who have worked diligently preparing the float and commended the Administrative Services team for coordinating this effort.

**Retirement Reception**

A retirement reception will be held on Tuesday, December 10, at 2:30 p.m. to honor Bart Borden and Paula Wills. Borden and Wills have 38 and 30 years of service respectively.

**Christmas Luncheon**

The annual Christmas Luncheon will be held Tuesday, December 17, from 11:30 a.m. to 1:30 p.m. at the Tom Wheeler Training Center. Sticky Fingers will be providing the catering services.

**Holiday Closures- Thanksgiving & Christmas**

Cleveland Utilities will be closed on November 28 & 29, in recognition of Thanksgiving. In addition, CU offices will be closed December 23 thru 25 to observe the Christmas holiday and December 31 and January 1, in recognition of New Years. The Call Center will be open and regular emergency/standby services will be maintained 24/7. This coincides with the city's holiday schedule.

**DIVISION REPORTS**

**Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of December 2015 through December 2019 was reviewed. For the month of December, the residential retail electric rate will change to 9.464 cents per kilowatt-hour, an increase of 2.46 percent over the rate of 9.237 cents per kilowatt-hour for November. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.

2. The October 2019 financial and statistical statements were presented to the Utility Board. During October, the cost of purchased power as a percentage of retail sales was 80.6 percent. This can be compared to the budgeted percentage of 77.5 for FY 2020. The results for October 2019 are electric sales revenue of \$7,157,162, which was offset by a purchased power expense of \$5,766,898. This resulted in an operating margin of \$1,390,264. Operating expenses for the month were \$1,708,305. This is compared to a budgeted operating expense of \$1,825,420. These revenue numbers were driven by a customer base of 31,828. The net loss for the month was \$121,348 and can be compared to a budgeted operating income of \$83,599.
3. For October 2019, water sales revenue was \$1,440,570. Other revenue sources contributed an additional \$143,637 for the month. The division serviced 32,292 customers. Operating expenses for October totaled \$1,239,425. This is compared to the budgeted amount of \$1,291,611. The division recorded an operating income of \$344,782, which is compared to a budgeted operating income of \$173,213.
4. For October 2019, wastewater treatment revenue was \$1,080,495. Other revenue sources contributed an additional \$88,860 for the month. The division serviced 19,331 customers. Operating expenses for the month were \$954,577 and can be compared to a budgeted amount of \$1,026,988. An operating income of \$214,778 was recorded, which is compared to a budgeted operating income of \$134,296 for the month.
5. Stinnett pointed out there was an adjustment in the income statement for all three divisions this month. This is due to a change in the way Blue Cross Blue Shield handles rebating for prescriptions. They issued a credit for almost nine months of rebates, which is reflected during the month in which the rebate was received.

### **Electric Division**

Jimmy Isom reported on the following:

1. In reference to the Cherokee Gateway Substation, the power transformer final production plans have been received. Engineering has prepared the concrete pad details for the transformers and control building, and the locations are being finalized. Pouring of the pads and installation of the ground grid will soon begin. Also, engineering is investigating a different type of lightning protection scheme which will hopefully provide better coverage while using fewer mast poles.
2. Phase II of the Lang Street to District Substation Transmission Line Replacement Project is complete and ready to be put back into service. This project will raise the current carrying capacity on that section of transmission line. The design for the final phase has been completed by CU's engineering staff, and the steel poles have been sent out for bid.
3. The Valleyhead Substation V-234 Underground Feeder Upgrade Project has been completed by CU's substation and line crews. The parallel conductor was installed to increase the circuit capacity. During the outage, substation personnel took the opportunity to replace the aging breaker isolation switches and upgrade the substation metering. Additional financials will be reported once final labor and material costs have been processed.
4. The Chick-fil-A on Keith Street is temporarily closed for a renovation to accommodate additional kitchen equipment along with an upgrade to the drive-thru system. The electrical panel is being upgraded from 1000 to 1200 amp with an expected load of 70 kW, which the existing pad-mount transformer has the capacity to accommodate.

5. Engineering has released a work order to install 3,450 feet of #1/0 underground primary conductor and a 500 KVA pad-mount transformer for the new asphalt plant on Boss Road.
6. Engineering has been working with a local developer to provide electric service to the Agora Apartment/Commercial Building at 1<sup>st</sup> and Edwards Streets NE. The development will house commercial businesses on the ground floor and studio apartments on the second floor. CU will be converting the primary overhead line along Edwards Street to underground in order to accommodate the 2<sup>nd</sup> floor balconies in conflict with the overhead line and poles. Cleveland Utilities is designing the project with the city's future downtown redevelopment plans in mind.
7. Operations personnel installed a 75 KVA, 120/208V pad-mount transformer and underground primary to serve the expected 75 kW load for the new RaceTrac gas station on APD-40 at Holloway Road. In addition, the secondary has been connected to the transformer and the service has been energized.
8. CU crews began the process of moving the larger transmission poles from CU's pole yard on Guthrie Avenue to the new pole racks at the Harrison Building on Freewill Road. This will free up much needed yard space at this location.
9. A report was presented regarding traffic lighting:
  - CU engineering reported the successful trial of a battery backup system for the traffic signal at Paul Huff Parkway and Keith Street. The battery backup was installed in a separate cabinet adjacent to the existing traffic signal cabinet. A few days after the installation, the battery backup system kept the signals operational during an outage of the substation. CU is exploring ways to install other battery backups at the major intersections to enhance safety. Traffic Signal Coordinator Tad Bacon just applied for a grant on behalf of the city to try to obtain funding for more installations.
  - CU repaired a pedestrian push button (APS) at Ocoee and Blythe Ferry. The repair was made as soon as parts were available to have the pedestrian signals fully functional before the Halloween holiday.

### **Water Division**

Craig Mullinax reported on the following:

1. J.R. Wauford & Company completed the Alternative Disinfection Study for the Wastewater Treatment Plant (WWTP) in the contract amount of \$12,000.
2. CU's Electric Division will be assisting with the design and construction of the LED Lighting Project at the WWTP.
3. The WWTP Paving Project will be presented for consideration as a new business item in today's meeting.
4. ABS Consulting is assisting with refining plans for the Piping and Instrumentation Diagram (P&ID) Development, \$8,965; Process Safety Management and Risk Management Plan (PSM/RMP) Compliance Audits, \$8,067; and Process Hazard Analysis (PHA) Revalidations, \$6,833. The contract amounts will be split between water, wastewater and HUC.
5. Bids for the HVAC improvements at the Cleveland Filter Plant (CFP) are due on December 12.
6. Tech Coat, Inc., is scheduled to begin the rehabilitation of filters 3 & 4 at the CFP in January 2020.
7. TDEC representatives conducted their five year inspection of CU's pretreatment program on Wednesday, November 20. The inspection was very intense and lasted all day. TDEC had three representatives in attendance. Steve Barger and Karen Hall represented CU. Part of

their inspection consisted of conducting audits at two industries. Overall, Barger felt the visit went very well. Mullinax commended Barger and his staff for the work they do. A final report will be received in the near future.

8. The plat for the Cherokee Gateway Boulevard Water Storage Tank has been finalized and is in the process of being recorded.
9. The 20<sup>th</sup> Street Water Main Relocation Project will be bid on December 12. The project cost is estimated at \$30,000.
10. The Clingan Ridge Drive Water Line Extension Project will be bid in the second quarter of 2020 due to significant paving being involved in the project.
11. Hampton Backhoe completed the Haney Road Sewer Line Extension Project. The project came in at \$21,462, considerably less than the contract amount of \$36,950. A large portion of the contract amount included gravel backfill; however, the gravel backfill was able to be eliminated and reduced the cost. CU has paid the contractor, and an invoice will be submitted to the Industrial Development Board for reimbursement.
12. The water and sewer drawings for the Veterans Home Project have been submitted to TDEC for their review and approval.
13. Engineering is reviewing plans for the Lee University Track sewer and water line relocation. A draft design of the drawings was received on November 8. CU provided comments and sent those back to Miller-McCoy on November 14.
14. Engineering approved plans for The Farm Subdivision (part of The Haven @ The Grove) on North Lee Highway. The project scope is 341 feet of 8-inch gravity sewer main. Cate Brothers is the developer.
15. Hampton Backhoe has completed 80 percent of 1,200 feet of 6-inch water main installation at The Haven @ The Grove, Phase 2, on North Lee Highway.
16. The Meter Department set 36 meters through October 2019 compared to 36 for October 2018 and 22 for October 2017. A total of 164 meters have been set this fiscal year. Of the 36 meter sets, 24 were single family homes, 11 were townhomes, and 1 was commercial.
17. The total amount of rainfall recorded at the CFP as of November 20, 2019, was 0.95 inches for the month. A total amount of 57.99 inches of rainfall has been received this calendar year (1.85 inches above average).

## **OLD BUSINESS**

### **Approval of Amendment to General Power Rate – Schedule GSA**

On motion by Vice Chairman Eddie Cartwright and seconded by David May, Jr., the Board of Public Utilities voted to approve an amendment to the language in the General Power Rate – Schedule GSA to include the terminology “Grid Access Charge” as underlined in the following paragraph:

#### ***Minimum Bill***

The monthly bill under this rate schedule shall not be less than the sum of (a) the base customer and grid access charge, as adjusted, (b) the base demand charge, as adjusted, applied to the customer's billing demand, and (c) the base energy charge, as adjusted, applied to the customer's energy takings; provided, however, that, under 2 of the Base Charges, the monthly bill shall in no event be less than the sum of (a) the base customer charge “and grid access charge” and (b) 20 percent of the portion of the base demand charge, as adjusted, applicable to the second block (excess over 50 kW) of billing demand, multiplied by the higher of the customer's currently effective contract demand or its highest billing demand established during the preceding 12 months.

### **Approval of Revised Sick Leave Policy**

On motion by David May, Jr., and seconded by Joe Cate, the Utility Board took action to approve a

revision to CU's Sick Leave Policy. This revision defined documented and undocumented absences as well as provided updated guidelines to employees for when a provider's excuse is required.

## **NEW BUSINESS**

### **Resolution to Honor Bart Borden's Retirement**

On motion by Joe Cate with an amendment by Vice Chairman Eddie Cartwright and seconded by Debbie Melton, the Utility Board voted unanimously to adopt a resolution recognizing and honoring Bart Borden's retirement, signifying 38 years of faithful service to Cleveland Utilities. The resolution read as follows:

*WHEREAS, in 1978, Bart Borden initially came to Cleveland Utilities to work as a part-time co-op draftsman student in electrical engineering; and*

*WHEREAS, in 1981, Bart obtained his Electrical Engineering Degree from the University of Tennessee at Knoxville and officially joined Cleveland Utilities as a full-time Distribution Engineer; and*

*WHEREAS, Bart was promoted to Meter Services Director in 1985; to Electrical Engineering Manager in 1989, to Electric Operations Manager in 2009 and finally to Electric Division Vice President in 2011; and*

*WHEREAS, he has faithfully served Cleveland Utilities for approximately thirty-eight (38) years with dedication and distinction.*

*NOW, THEREFORE, BE IT RESOLVED that the Board of Public Utilities of the City of Cleveland, Tennessee, hereby extends its heartfelt thanks and tremendous appreciation to Bart Borden for his dedication and devotion to Cleveland Utilities during his many years of service, and to let him know that he will be greatly missed.*

*BE IT FURTHER RESOLVED that a copy of this Resolution, suitably framed, be presented to Bart Borden as a small token of the Board's great admiration and respect.*

*UNANIMOUSLY APPROVED by the Board of Public Utilities of the City of Cleveland, Tennessee, this 22nd day of November, 2019.*

A plaque of the resolution was presented to Borden. Everyone congratulated him on this momentous occasion.

### **Approval of CU Water Loss Program**

On motion by Vice Chairman Eddie Cartwright and seconded by David May, Jr., the Board of Public Utilities voted unanimously to approve a new internal Water Loss Program effective with April 2020 bills. Henderson noted the executive team has been very purposeful and focused on improving customer service initiatives over the last several years. A few to note include the call center, prepay program, website update, online portal, kiosks, etc. This program will help customers with unexpected costs associated with water loss.

CU will have two options available as outlined below:

#### *Option 1*

- \$1.00 per month Opt-Out Program
- Covers up to a maximum of \$1,000 in water/wastewater bills in a rolling 12-month period
- Can be used to cover 2 months of bills during leak event
- Requires documentation that leak has been fixed, with AMI confirmation
- Available to all customers
- Location ID specific

#### *Option 2*

- \$10.00 per month Opt-In Program
- Covers up to \$15,000 in property damage, water line repair/replacement, and water/wastewater monthly bills
- Can be used to cover 2 months of bills during leak event

- Requires documentation that leak has been fixed, with AMI confirmation
- Can be used once per rolling calendar year from the date of payment
- Cost of repairs must be documented and supported
- Customer must obtain minimum of two written quotes for repair services; the lowest cost quoted will be reimbursed
- Cost of documented repairs will be reimbursed after repairs are made

Similar programs are offered by other utility companies; however, CU's program might offer additional benefits per Henderson. He then elaborated. In option 1 above, CU's program covers up to a maximum of \$1,000 in water/wastewater bills in a *rolling 12-month period*. Some of the programs offered by other utilities only cover one incident per year. A few weeks ago, Henderson advised he spoke to someone who has service with another utility provider offering a leak protection program. This customer had a leak in February resulting in an approximate \$300 bill. They subsequently had another leak in October resulting in an approximate \$700 bill. The \$700 bill was not covered because they already had one incident during the 12-month period. Since option 1 in CU's program will cover up to a maximum of \$1,000 in water/wastewater bills in a rolling 12-month period, the customer in the example provided would have been reimbursed for both, but would have met the maximum for the rolling 12-month period.

CU is going to be very aggressive in communicating the program since option 1 is an opt-out program. Prior to implementation, details will go out via bill inserts and advertisements. If a customer wants to opt-out of the program, the customer will need to call CU to have the service removed from their bill. Since option 2 is a higher level of protection and an opt-in program, customers will need to call to enroll in it. As always, the customer service representatives will be available to answer any questions. Staff feels the program will be a good fit for the customer base and provide them with peace of mind.

Vice Chairman Cartwright asked how many customers are projected to participate. Stinnett advised the only other similar program is Project Round-Up where an estimated 75-80 percent of CU's customers are participating and have not opted out. Staff is estimating the Water Loss Program to have a comparable participation rate. This program will essentially be self-insuring. Stinnett advised there are third parties who will administer the program; however, they do it at the cost of what CU will charge. Instead of the funds going to a third party and leaving the community, these funds will stay in and go back to our community with CU managing the program internally. Cartwright then questioned if the property owner or renter would have the protection on rental properties. Stinnett informed the protection would be with the account holder under option 1. In reference to the higher level of protection with option 2, this would be a conversation each property owner and tenant would need to have and depend on the lease agreement.

#### **Approval of Purchase Order to Altec Industries, Inc.**

On motion by Joe Cate and seconded by Vice Chairman Eddie Cartwright, the Utility Board took action to approve a purchase order to Altec Industries, Inc., in the amount of \$267,816 for a 2021 chassis equipped with an insulated, articulating overcenter aerial device. This unit will provide a working height of 60 feet. Altec submitted the low bid meeting all CU specifications. This is the budgeted replacement of Unit #179.

#### **Approval of Purchase Order to the City of Cleveland**

On motion by Debbie Melton and seconded by Joe Cate, the Board of Public Utilities voted to



approve a purchase order with the City of Cleveland in the amount of \$81,900 for the overlay of 2-inches of asphalt to the existing asphalt driveway and parking areas located at the Wastewater Treatment Plant. This project was budgeted for FY 2019.

**Approval of Purchase Order to Teledyne Leeman**

On motion by David May, Jr., and seconded by Joe Cate, the Utility Board took action to approve a purchase order with Teledyne Leeman in the amount of \$78,250 for the purchase of a new ICP spectrophotometer. The spectrophotometer is used to analyze metals in wastewater in the lab at the Wastewater Plant and is budgeted for FY 2020.

**Approval of Purchase Order to WASCON, Inc.**

On motion by Joe Cate and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted to approve a purchase order with WASCON, Inc., in the amount of \$81,500 for the purchase of a new Acrison polymer system. The polymer system is part of the dewatering process assisting in processing sludge from the aeration basins. The polymer system was included in the FY 2019 budget. This is a sole source purchase.

**FUTURE BOARD MEETING DATES**

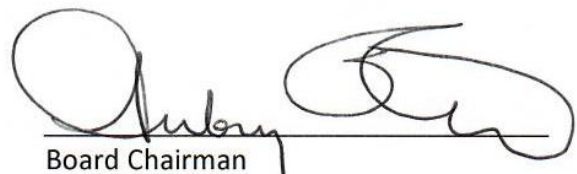
Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, January 3, 2020, 12:30 p.m.

Friday, January 24, 2020, 12:30 p.m.

Friday, February 28, 2020, 12:30 p.m.

  
Board Secretary

  
Board Chairman

1-3-20

Date