

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**JANUARY 3, 2020**

*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; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Jimmy Isom, VP Electric; Jon Sparkman, Water and Wastewater Engineering Manager; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Matt Barnes, Information Systems Technician; Jamie Creekmore, Customer Relations Supervisor; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Matt Barnes delivered the invocation.

**MINUTES OF NOVEMBER 22, 2019**

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

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Christmas Parade Report**

The annual MainStreet Cleveland's Christmas Parade took place on December 7. The weather was fantastic and there was a great turnout from the community. Cleveland Utilities entered two floats: a line truck decorated with lights and a water crew truck pulling a trailer with the gingerbread house float. CU won the Commercial Large category with the gingerbread house float. A video created by Creekmore was shown. Henderson commended the Administrative Services team and Creekmore for an incredible job on spearheading this effort.

**MLK Holiday Closure**

Cleveland Utilities will be closed Monday, January 20, 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 28, at Life Care Centers of America, at 6:30 p.m.

**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 2016 through January 2020 was reviewed. For the month of January, the residential retail electric rate will change to 9.553 cents per kilowatt-hour. As a comparison, the rate for December was 9.464 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 November 2019 financial and statistical statements were presented to the Utility Board. During November, the cost of purchased power as a percentage of retail sales was 75.9 percent. This can be compared to the budgeted percentage of 77.5 for FY 2020. The results for November 2019 are electric sales revenue of \$7,840,664, which was offset by a purchased power expense of \$5,953,172. This resulted in an operating margin of \$1,887,492. Operating

expenses for the month were \$1,710,470. This is compared to a budgeted operating expense of \$1,830,557. These revenue numbers were driven by a customer base of 31,820. The net income for the month was \$354,017 and can be compared to a budgeted net loss of \$39,383. Stinnett noted some differences in the budget to actual figures are starting to be seen. This is mainly due to the 20-year agreement with TVA and reduction in costs, which will be reflected in next year's budget. Stinnett also advised the budget process has started.

3. For November 2019, water sales revenue was \$1,292,792. Other revenue sources contributed an additional \$114,675 for the month. The division serviced 32,258 customers. Operating expenses for November totaled \$1,298,749. This is compared to the budgeted amount of \$1,269,788. The division recorded an operating income of \$108,718 and can be compared to a budgeted operating income of \$91,417.
4. For November 2019, wastewater treatment revenue was \$1,067,478. Other revenue sources contributed an additional \$68,584 for the month. The division serviced 19,304 customers. Operating expenses for the month were \$1,007,187 and can be compared to a budgeted amount of \$1,023,972. An operating income of \$128,875 was recorded and can be compared to a budgeted operating income of \$97,275 for the month.

### **Electric Division**

Jimmy Isom reported on the following:

1. In reference to the Cherokee Gateway Substation Project, there are no updates since the last report due to weather and the holiday season.
2. Phase II of the Lang Street to District Substation Transmission Line Replacement Project is complete and the line has been placed back in service. The final labor charges are reflected in the total actual cost of \$272,217.99.
3. The Valleyhead Substation V-234 underground feeder upgrade has been completed. Additional labor charges will be added and a final cost will be presented at the next board meeting.
4. Engineering has completed the design for the final phase of the Lang Street to District Substation transmission line upgrade. The 69 kV transmission pole bids have been received and will be presented as a new business item in today's meeting.
5. The electric service for the new asphalt plant on Boss Road was connected in November. Operations crews installed 3,450 feet of #1/0 aluminum underground primary, a 3-phase sector cabinet and a 500 KVA pad-mount transformer at the facility to serve the expected 350 kW demand.
6. Engineering has been working with the developer to provide electric service to the Agora Apartment/Commercial Building at 1<sup>st</sup> and Edwards Streets NE. The gang meter base location had to change due to zero lot line conflicts from adjoining properties. The new service will come from the existing pad-mount transformer located within the First Street Park Development. The existing transformer will be upgraded from 225 KVA to 300 KVA to accommodate the expected added electric load.
7. Engineering released a work order to install 1,245 feet of #1/0 aluminum underground primary and a 300 KVA pad-mount transformer to serve the Cleveland Court facility (Summit Apartment replacement) on Cedar Lane. The transformer will be used immediately to provide temporary service and will be ready for the future permanent service in several months.
8. District Substation was taken out of service for routine six-year maintenance and testing. The comprehensive testing was performed on all settings and equipment (breakers, power

transformers, load tap changers, etc.). An issue was found on one of the transformer's (LTC) motors and was replaced.

9. CU assisted the Electric Power Board (EPB) with power restoration work from storm damage. On October 31, a four-man crew consisting of Al Butler, Daryl Lipscomb, Eric Smith and Zach Trew worked to install two, single phase primary back lot lines. On November 1, Al Butler, Scott Hawkins, Max McCann and Eric Smith returned to help and utilized a back lot machine to set a new transformer and repair a single phase line.
10. A report was presented regarding traffic lighting:
  - Traffic Signal Coordinator Tad Bacon applied for several grants on behalf of the city for replacement traffic cabinets and controller upgrades along critical corridors; the installation of battery backup systems at 12 critical or high speed intersections; and cabinet, controller and pedestrian signal upgrades for the downtown business district. Additionally, a grant application was submitted on behalf of the county for signal and detection upgrades at Highway 64 & Minnis Road.
  - Two new Intelight traffic controllers were installed along APD-40 for field testing. Bacon conducted prior bench testing on the units, which was very successful. These controllers are very intuitive and user friendly. CU currently uses controllers manufactured by Peek Traffic Corporation. The Intelight controllers offer greater technical flexibility with a \$500 cost savings per unit than Peek.
  - Bacon submitted a request to TDOT for dual right turns at Exit 27 northbound off-ramp onto Paul Huff Parkway. He had observed a large volume of inbound traffic at this location during the timeframe of 5:30 PM to 6:00 PM. In the meantime, Bacon added more time to the off-ramp in order to keep it from backing out onto I-75.

### **Water Division**

Jon Sparkman reported on the following in the absence of Craig Mullinax:

1. The LED Lighting Project at the Wastewater Treatment Plant (WWTP) is 50 percent complete. CU's Electric Division is assisting with this project.
2. The WWTP Paving Project will commence in the spring.
3. CU has received the final digital diagrams from ABS Consulting for the Piping and Instrumentation Diagram (P&ID) Development Project for both the WWTP and Cleveland Filter Plant (CFP).
4. The plat for the Cherokee Gateway Boulevard Water Storage Tank has been finalized and recorded.
5. The 20<sup>th</sup> Street Water Main Relocation Project was bid and came in higher than anticipated. This will be presented as a new business item in today's meeting.
6. Hampton Backhoe is working on a minor water main project on Old Mouse Creek Road. The project is expected to be finished early next week.
7. In reference to the 2010/2012 Annexation Project on Benton Pike & Durkee Road, 13 of the 39 easements have been acquired.
8. TDEC has approved the water drawings for the Veterans Home Project. CU is still waiting on approval for the sewer drawings.
9. The design and review for the Lee University Track sewer and water line relocation is complete. CU is waiting on the schedule and easements from the developer.

10. Engineering approved plans for Timber Ridge Subdivision on Mouse Creek Road. The development includes 23 lots, 871 feet of 8-inch gravity sewer main and 665 feet of 6-inch water main.
11. Hampton Backhoe has completed the water and sewer main installations at The Haven @ The Grove, Phase 2, on North Lee Highway. The project scope was 1,200 feet of 6-inch PVC/DIP water main and 520 feet of 8-inch gravity sewer main.
12. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - CSL Services is performing the long term flow monitoring/capacity assurance. They just installed three flow monitors along Candies Lane to evaluate the flow in the Rolling Hills area. These meters are to be in place for three to four months. Henderson added this is a valuable tool to see where the current demands are with the growth being experienced in the community.
  - Westco completed clearing easement areas this month. They cleared approximately 27,650 feet (5.24 miles) of sewer easements.
  - In reference to Basin 10A-8 rehabilitation, the contractor is continuing to perform pre-CCTV work. The dig contractor began point repairs and installation of cleanouts on December 9. Lining is scheduled to begin January 6.
13. The Meter Department set 28 meters through November 2019 compared to 23 for November 2018 and 18 for November 2017. A total of 192 meters have been set this fiscal year. Of the 28 meter sets, 25 were single family homes, 2 were irrigation, and 1 was commercial.
14. The total amount of rainfall recorded at the CFP as of December 26, 2019, was 5.10 inches for the month. A total amount of 63.95 inches of rainfall has occurred this calendar year (7.95 inches above average for the year).

## **NEW BUSINESS**

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

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 Southeast Industrial Development Association (SEIDA) in the amount of \$50,978 for 2020 membership dues. TVA will reimburse CU for 50 percent of the investment.

### **Approval of Purchase Order to Rohn Products**

On motion by Vice Chairman Eddie Cartwright and seconded by David May, Jr., the Utility Board took action to approve a purchase order to Rohn Products in the amount of \$88,600 for 14 galvanized steel poles ranging in heights from 80 to 85 feet. These poles are to be used for the third phase of the transmission line from District Substation to Lang Street Substation. Rohn Products submitted the low bid.

### **Approval of Agreement with Consolidated Technologies, Inc. dba CTI Engineers, Inc.**

On motion by David May, Jr., and seconded by Vice Chairman Eddie Cartwright, the Utility Board took action to approve an Agreement for Engineering Services with Consolidated Technologies, Inc., dba CTI Engineers, Inc., in the amount of \$131,500 for a preliminary engineering report and concept design, final design, bid and award, storm water pollution plan and notice of intent (NOI), construction administration, design and easement surveys, permitting and easements, and soil borings and test probes. The design is for the installation of approximately 3,800 lineal feet of 8 and 12-inch gravity sanitary sewer main including the crossing of Candies Creek and the bore under Interstate I-75. The project will serve newly annexed property off of Hensley Road NW. The project is estimated to cost \$1,271,000 with \$500,000 to be funded by the developer. The project is not

budgeted but the design will be funded with the FY 2020 Sanitary Sewer Improvements account budget and the remaining costs in the FY 2021 budget.

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

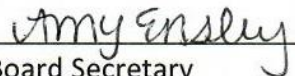
On motion by Joe Cate and seconded by David May, Jr., the Board of Public Utilities voted to approve a purchase order to Hampton Backhoe Service, LLC, in the amount of \$70,880 for the replacement of an existing 12-inch water main with the installation of 150 lineal feet of 12-inch ductile iron water main. The project is required as part of the City of Cleveland replacing several structurally failing culverts crossing 20th Street NE near Michigan Avenue Road. The project is not budgeted but will be funded from the FY 2020 Annual Capital Improvement Program account budget.

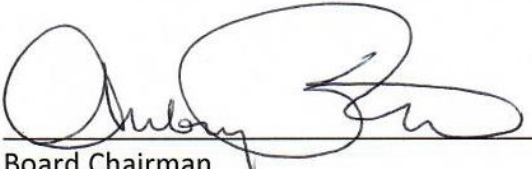
**FUTURE BOARD MEETING DATES**

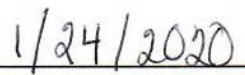
Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

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

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

  
Board Secretary

  
Board Chairman

  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**JANUARY 24, 2020**

*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; Jimmy Isom, VP Electric; Craig Mullinax, VP Water and Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jamie Creekmore, Customer Relations Supervisor; Kenny Longley, Electric Engineering Manager; Nathan Vann, Safety Supervisor; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Kenny Longley delivered the invocation.

**MINUTES OF JANUARY 3, 2020**

On motion by Vice Chairman Eddie Cartwright and seconded by David May, Jr., the Board of Public Utilities voted to approve the January 3, 2020, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Presidents' Day Holiday**

Cleveland Utilities will be closed Monday, February 17, 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 is scheduled for Tuesday, March 3, 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.

**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 2016 through February 2020 was reviewed. For the month of February, the residential retail electric rate will change to 9.348 cents per kilowatt-hour, a decrease of 2.15 percent over January's rate of 9.553 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 December 2019 financial and statistical statements were presented to the Utility Board. During December, the cost of purchased power as a percentage of retail sales was 74.3 percent. This can be compared to the budgeted percentage of 77.5 for FY 2020. The results for December 2019 are electric sales revenue of \$8,102,186, which was offset by a purchased power expense of \$6,018,373. This resulted in an operating margin of \$2,083,813. Operating expenses for the month were \$1,767,714. This is compared to a budgeted operating expense of \$1,835,695. These revenue numbers were driven by a customer base of 31,820. The net income for the month was \$497,813 and can be compared to a budgeted net income of \$125,165.

3. For December 2019, water sales revenue was \$1,173,830. Other revenue sources contributed an additional \$124,190 for the month. The division serviced 32,272 customers. Operating expenses for December totaled \$1,328,150. This is compared to the budgeted amount of \$1,253,461. The division recorded an operating loss of \$30,130 and can be compared to a budgeted operating income of \$26,189.
4. For December 2019, wastewater treatment revenue was \$1,035,049. Other revenue sources contributed an additional \$88,107 for the month. The division serviced 19,344 customers. Operating expenses for the month were \$1,086,043 and can be compared to a budgeted amount of \$1,023,777. An operating income of \$37,113 was recorded and can be compared to a budgeted operating income of \$72,824 for the month.

### **Electric Division**

Jimmy Isom reported on the following:

1. Electric Division personnel recently visited the Electric Power Board (EPB) of Chattanooga to investigate the use of lightning eliminator equipment for protection against lightning strikes at their substations and downtown fiber/dispatch control center main communications tower. Personnel also participated in a webinar which explained in detail how the technology works. Several pictures and a video were shown. A purchase order for this equipment to be installed at Cherokee Gateway and Lang Street Substations will be presented as a new business item.
2. Engineering has completed the design for the final phase of the Lang Street to District Substation Transmission Line Replacement Project. Delivery of the transmission poles is scheduled for April 5, 2020.
3. Engineering released a work order to install the electric service for the Agora Apartment/Commercial Building at 1<sup>st</sup> and Edwards Streets NE. An existing transformer located in front of the building currently serving several other buildings will be upsized to handle the extra capacity of the Agora. CU crews will install two sets of #500 MCM copper wire from the transformer to a new secondary bus cabinet near the front of the Agora. The contractor will connect their service to the secondary cabinet. The expected total demand of the building is approximately 200 kW. There will be 28 meters on the building to serve 19 residential/apartments, 6 small commercial offices, and 3 larger commercial restaurant/stores. The electric service is expected to be connected by the end of February.
4. Engineering released a work order to convert three spans of overhead primary to underground along 1<sup>st</sup> Street NE west of Edwards Street. This project will help increase the aesthetics of the downtown area and make room for the balcony expansions on the 1<sup>st</sup> Street side of the Agora Building. The project was worked in conjunction with Public Works who installed the required conduit. Public Works was able to cut the blacktop and place the conduit under the edge of the road. CU crews then pulled in the underground primary lines and removed the overhead utility lines. Spectrum and the city each had a communication line attached to these poles. This project is now complete.
5. Engineering released a work order to connect a temporary service for the construction of the new ELXR Package Store on Inman Street. The contractor will be providing a load report for the new building, and the layout for the permanent electric service will be determined in the near future. Cleveland Utilities will be completing the design for the permanent electric service so it can be easily incorporated into the future Downtown Revitalization Project.
6. Engineering has been working with an engineering firm concerning building upgrades at Black Fox and North Lee Elementary Schools. It appears the existing electric facilities will be utilized

to serve the new electric loads. The Black Fox addition had a graded slope which was going to expose an existing underground primary electric feed. Cleveland Utilities provided a labor estimate to rework the feed. After reviewing the options, the project engineer decided to leave the underground line at the existing location and build a short retaining wall in front of the line.

7. Engineering was contacted by Cleveland State's electrical contractor about a second temporary electric service for construction needs at the new nursing building site. The permanent electric service for the new building will be connected to the existing underground power across Adkisson Drive. Cleveland State owns all electric facilities behind the primary switch cabinet, and it will be their responsibility to install the primary underground feed and transformer.
8. A report was presented regarding traffic lighting:
  - Engineering issued a work order to install Ethernet communications at two intersections along APD-40. Engineering then completed the work to remove the serial modems and install Ethernet switches at APD-40 & Refreshment Lane and APD-40 & Westland Drive. This leaves four corridors with 29 controllers on the serial network, whereas six corridors with 39 controllers have been converted to Ethernet.
9. Copies of site plans and plats reviewed during December were available for viewing.

### **Water Division**

Craig Mullinax reported on the following:

1. ABS Consulting has completed the Piping and Instrumentation Diagram (P&ID) Development Study for the Wastewater Treatment Plant (WWTP), Cleveland Filter Plant (CFP) and Hiawassee Utilities Commission (HUC). CU has received the final digital diagrams for all three sites. This is the first of three studies they will be conducting for the facilities. Next, they will work on the Process Safety Management and Risk Management Plan (PSM/RMP) Compliance Audits followed by Process Hazard Analysis (PHA) Revalidations.
2. Bids for the HVAC improvements at the CFP were opened on January 16. This project will be presented for consideration under new business.
3. CTI Consultants will be preparing a backwash catchtank preliminary engineering report for the CFP.
4. Hampton Backhoe will be the contractor for the 20<sup>th</sup> Street Water Main Relocation Project approved by the Utility Board last month in the amount of \$70,880. The project is a challenging one due to some conflicts and the presence of rock.
5. Hampton Backhoe will be extending 700 feet of 6-inch water main on Patterson Road SE. The project includes customer participation.
6. Hampton Backhoe completed the installation of an estimated 390 feet of 8-inch and 6-inch DIP water main on Old Mouse Creek Road. Sampling is underway. Paving and cleanup work remains to be done.
7. The Tennessee Department of Environment and Conservation (TDEC) has approved the water and sewer plans for the Veterans Home. Bids are scheduled to be opened on February 7.
8. Cummings Power South will be installing a new emergency transfer switch at Chatata Creek Pump Station. The existing switch is approximately 25 years old. New switches use smart technology to transfer load from the generator to public power systems. Cummings has expert experience with CU's systems and performs quarterly preventive maintenance.



9. Engineering is reviewing plans for Arbor Hills Townhomes. The project scope is 1,900 feet of 6-inch PVC/DIP water main, 200 feet of 2-inch PVC water main, 1,600 feet of 4-inch force main, 3,680 feet of 8-inch gravity main and a sewer pump station. CU is working with the developer, Rob Renner, on the pump station design, which will be submitted to TDEC for their review and approval.
10. Hampton Backhoe has completed the relocation of 375 feet of 16-inch ductile iron sewer line for the Lee University Track. The water line relocation remains.
11. An update was provided for the following developments under construction:
  - Hampton Backhoe has completed the installation of 341 feet of 8-inch gravity sewer main for The Farm Subdivision on North Lee Highway.
  - Plans for the Timber Ridge Subdivision were approved and awaiting the installation of 871 feet of 8-inch gravity sewer main and 665 feet of 6-inch water main.
12. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - The contractor is continuing to perform pre-CCTV work for the Basin 10A-8 Phase 2 Rehabilitation. The dig contractor began point repairs and installation of cleanouts. Lining is scheduled to begin next week.
  - In reference to the Sycamore Drive and East Keith Street SSES Project, manhole inspections in Sycamore are complete. East Keith manhole inspections are ongoing. Additionally, nighttime flow isolations are continuing.
13. The Meter Department set 41 meters through December 2019 compared to 29 for December 2018 and 24 for December 2017. A total of 233 meters have been set this fiscal year for an average of 39 sets a month. Of the 41 meter sets, 16 were single family homes, 8 were apartments, 13 were townhomes and 4 were commercial.
14. The total amount of rainfall recorded at the CFP as of January 23, 2020, was 5.93 inches for the month.
15. Henderson noted CU has begun very purposefully communicating the Water Loss Program prior to the April launch.

## **NEW BUSINESS**

### **Safety Internal Performance Measures (IPM's) for 2019**

President/CEO Henderson began by emphasizing the importance of CU's ongoing safety program. He noted the safety team has been working diligently to enhance safety through a higher level of education/training and commitment to the *Safe at Work!* Initiative. Additionally, Safety Supervisor Nathan Vann is a certified OSHA Trainer.

Vann began by expressing appreciation to the board members and leadership for their support of the safety program. The approach taken in the safety arena is one of continuous improvement. He then presented the overall results for the 2019 Safety Internal Performance Measures (IPM's):

- *OSHA Recordable Incident Rate* (a mathematical calculation that describes the number of employees per 100 full-time employees that have been involved in a recordable injury or illness) – a combined total of 0.48 companywide; 0.81 for the Electric Division; and 0.00 for the Water/Wastewater Divisions. Vann noted per the DEKRA study, the all-industry Serious Injuries and Fatalities (SIF) exposure rate is 25 percent. The electric utility sector has a 38 percent SIF exposure rate, and water has one of the highest SIF exposure rates at 42 percent.
- *DART Rate* (a mathematical calculation that describes the number of recordable incidents per 100 full-time employees that resulted in lost or restricted days or job transfer due to work-

related injuries or illnesses) – a total of 0.48 companywide; 0.81 for the Electric Division; 0.00 for the Water/Wastewater Divisions.

- *Lost-Time Case Rate* (a mathematical calculation that describes the number of lost time cases per 100 full-time employees in any given time frame) – a total of 0.00 companywide; 0.00 for the Electric Division; 0.00 for the Water/Wastewater Divisions.
- *Vehicle Accident Rate* (a mathematical calculation that describes the number of accidents per million miles driven) – a total of 3.67 companywide; 8.66 for the Electric Division; 0.00 for the Water/Wastewater Divisions.

Everyone applauded the efforts of the water/wastewater personnel for achieving a perfect safety record in 2019.

The following data went into the calculations:

- A total of 1,162,366 consecutive hours have been worked companywide without a lost-time injury (LTI). Electric Division employees contributed 971,946 of those hours, with the last lost-time injury occurring on November 19, 2015. The Water Division has reached 190,420 hours, with the last lost-time injury occurring on December 7, 2018.
- A total of 428,078 cumulative hours were worked company-wide in 2019. 117 employees in the Electric Division worked 246,442 hours, and 82 employees in the Water Division worked 181,636 hours.
- In addition, a total of 817,102 cumulative vehicle miles were driven by employees in 118 vehicles during the year. 346,457 miles were driven by Electric Division employees and 534,006 miles by Water Division employees.

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

Year	OSHA – RIR	DART	LTCR	VAR
2016	1.53	0.51	0.00	6.78
2017	4.04	2.53	1.01	2.29
2018	2.88	2.40	0.48	2.25
2019	0.48	0.48	0.00	3.67

In closing, Vann stated he researched back to the early 2000's, and there has not been a year where there was only one recordable. All in all, 2019 was an excellent year regarding safety. Less people got hurt, the injuries were less severe, and CU is making great progress in the bulk of the categories. Henderson applauded Corum, Vann and Hunt for the work they do in their roles. He said, "We run the full gamut of exposure to hazards, and it is paramount to maintain the safety presence at all times."

#### **Approval of Purchase Order to Lightning Eliminators & Consultants, Inc.**

On motion by David May, Jr., and seconded by Joe Cate, the Utility Board voted to approve a purchase order to Lightning Eliminators & Consultants, Inc., in the amount of \$63,039.60 for lightning protection at Cherokee Gateway and Lang Street Substations. Cherokee Gateway Substation is under construction near the new Spring Branch Industrial Park. Lang Street Substation is scheduled to be

upgraded in the near future. This company offers a solution that deters lightning from striking the substation offering better protection to the equipment inside the substation. The pricing includes the supply of all protection devices, mounting hardware, engineering and deployment. CU was able to save \$5,754.40 by purchasing both systems at the same time. The poles on which the devices will be mounted will be purchased separately. This equipment has been highly recommended by the engineers at EPB in Chattanooga. The purchase is sole source, and the equipment is budgeted.

**Approval of Purchase Order to Interstate Mechanical Contractors, Inc.**

On motion by Vice Chairman Eddie Cartwright, and seconded by Debbie Melton, the Utility Board took action to approve a purchase order to Interstate Mechanical Contractors Inc., in the amount of \$194,200 for HVAC improvements at the Cleveland Filter Plant. The project includes the removal of existing rooftop HVAC units, exhaust fans, ductwork, louvers, and air terminals. It also includes the removal of several existing windows for the installment of new louvers in their place. A new variable refrigerant flow (VRF) energy recovery HVAC system will be installed for the office areas in conjunction with a ducted energy recovery ventilation (ERV) system. The attic will be fitted with motorized dampers and ventilation fans. New exhaust fans and motorized louvers will be installed throughout the building. The project is budgeted for FY 2020.

**FUTURE BOARD MEETING DATES**

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

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

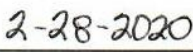
Friday, March 20, 2020, 12:30 p.m.

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

Friday, May 22, 2020, 12:30 p.m.

  
Board Secretary

  
Board Chairman

  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**FEBRUARY 28, 2020**

*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; Jimmy Isom, VP Electric; Craig Mullinax, VP Water and Wastewater; Marshall Stinnett, VP/CFO; B.J. Wade, Accountant; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, B.J. Wade delivered the invocation.

**MINUTES OF JANUARY 24, 2020**

On motion by Vice Chairman Eddie Cartwright and seconded by Debbie Melton, the Board of Public Utilities voted to approve the January 24, 2020, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Annual Awards Luncheon Reminder**

Henderson reminded board members about the upcoming Annual Awards Banquet scheduled for Tuesday, March 3, at 11:30 a.m. where 81 employees will be recognized for perfect attendance and 29 for years of service. The banquet will be held in the Tom Wheeler Training Center.

**Leadership Series Training Overview**

Henderson informed CU is being very purposeful in increasing training opportunities to employees. A total of 1,180.50 training hours have been logged over the past ten months. This is just one way CU is continuing to function at a high level with informed and knowledgeable employees.

Administrative Services VP John Corum then provided a summary of the program. The planning process for this endeavor began in late 2018, and the *Leadership Series Training* launched in April 2019. The first topic was Performance Appraisals followed by Policy Communication, Drug & Alcohol Awareness, and OSHA 30. In September and October, Peak Performance was contracted to conduct seven modules to develop skills relating to Trust; Respect & Credibility; Goal Setting & Execution; Coaching & Mentoring; Team Work & Team Building; Emotional Intelligence; Conflict Resolution; and Delegating Effectively. The focus then turned to Abusive Conduct Prevention and Mutual Respect in late 2019 and early 2020. Additional topics are being planned as the year unfolds, and the group has been asked to provide feedback as to what their needs are and how the company can help them. Corum stated this is a great opportunity to really impact the organization in a positive way.

**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 2016 through March 2020 was reviewed. For March, the residential retail electric rate will change to 9.337 cents per kilowatt-hour, a decrease of 0.12 percent over February's rate of 9.348 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 January 2020 financial and statistical statements were presented to the Utility Board. During January, the cost of purchased power as a percentage of retail sales was 76.3 percent. This can be compared to the budgeted percentage of 77.5 for FY 2020. The results for January 2020 are electric sales revenue of \$8,651,993, which was offset by a purchased power expense of \$6,603,713. This resulted in an operating margin of \$2,048,280. Operating expenses for the month were \$1,828,947. This is compared to a budgeted operating expense of \$1,835,695. These revenue numbers were driven by a customer base of 32,017. The net income for the month was \$416,619 and can be compared to a budgeted net income of \$457,358. Stinnett noted the 20-year partnership with TVA is starting to show in the impact across expenditures. This will be forecast in the 2021 budget to get the figures back in line.
3. For January 2020, water sales revenue was \$1,206,619. Other revenue sources contributed an additional \$157,919 for the month. The division serviced 32,400 customers. Operating expenses for January totaled \$1,300,531. This is compared to the budgeted amount of \$1,266,240. The division recorded an operating income of \$64,007 and can be compared to a budgeted operating income of \$64,743.
4. For January 2020, wastewater treatment revenue was \$1,035,858. Other revenue sources contributed an additional \$166,561 for the month. The division serviced 19,449 customers. Operating expenses for the month were \$1,023,480 and can be compared to a budgeted amount of \$1,032,253. An operating income of \$178,939 was recorded and can be compared to a budgeted operating income of \$110,701 for the month.
5. Stinnett reminded the FY 2021 budget will be presented for consideration at the next board meeting.

### **Electric Division**

Jimmy Isom reported on the following:

1. Due to recent weather conditions, no additional work has been done with regard to the Cherokee Gateway Substation Project. The concrete pads for the control building and the two power transformers have been sent out for bid and work is expected to start in March. Engineering is reviewing the final drawings for the control building, which will be bid next month.
2. The final phase of the Lang Street to District Substation Transmission Line Replacement Project is on hold until the steel poles and other material arrive in late April.
3. Work has been completed to provide permanent electric service to the Agora Apartment/Commercial Building at 1<sup>st</sup> and Edwards Streets NE. The existing 225 KVA pad-mount transformer was upgraded to a 300 KVA unit. Additionally, two sets of secondary conductor were installed and connected to the customer-owned service.
4. Engineering has been working with a customer on details to provide permanent electric service to the ELXR Package Store on Inman Street while trying to prepare for future power needs for the Greenway Park as well as the Downtown Revitalization Project.
5. Engineering released a work order to install a new 1500 KVA pad-mount transformer and 105 feet of #1/0 aluminum primary conductor to serve Vairog, Inc., (former Reinsman facility) located at the corner of Westland Drive and Kile Lane SW. The anticipated load is 1260 kW.
6. Personnel are working with a local civil engineer to prepare a grading and site plan for the Lang Street Substation Rebuild Project. This is an old TVA substation built in 1964 and sold to Cleveland Electric System on August 24, 1982. Although there have been some upgrades to this station over the years, the power transformers (along with some other equipment) are 56

years old and in need of an upgrade. This station is on a large parcel of property, which will allow for the new station to be built beside the existing one while keeping the old station in service. The design used at the new Spring Branch Industrial Park will also be used for this project.

7. Operations staff met with Osmose, a pole testing company, to discuss a new plan of action for the testing of CU's approximately 20,000 wood poles. In the past, poles have been tested every ten years. The good poles were treated as needed, and the poles deemed bad were replaced. This resulted in a very large expense making it difficult to budget for along with an increase in workload. In an attempt to soften this impact, CU is looking at breaking up testing into a 5-year plan initially to complete the entire system. When the 5-year testing is done, CU would then move to a yearly inspection to inspect smaller portions of the system each year. This should make the process more manageable and spread the expense and workload more consistently. The project will be bid.
8. A work order has been released to replace two 69 kV switches at critical tie points on CU's system. Due to impedance differences between CU's two 161/69 kV delivery substations where power is received from TVA, an arc is routinely drawn when opening the existing switches and breaking parallel between the two stations. Over the years, vacuum interrupters have been added to the existing switches in order to mitigate arcs and possible damage to the switch blades. The manufacturer of the interrupters no longer makes the brackets without having to update the entire switch (excluding the steel base), and this cost has been determined to be as much as buying a completely new switch. CU has recently standardized on a different brand of switch offering more advantages other than just limiting the arc. Isom presented pictures and pointed out the advantages in the new equipment.
9. A report was presented regarding traffic lighting:
  - Communications have recently been added to the intersections of McGrady Drive/Young Road, King Street and Blackburn Road along APD 40. All three intersections can run in coordination when needed. Currently during peak travel times of 3 P.M. to 6 P.M., these signals are running in coordination, which seems to be working really well. Additional times and other adjustments can be made as needed in the future.
10. Copies of site plans and plats reviewed during January were available for viewing.

### **Water Division**

Craig Mullinax reported on the following:

1. A preconstruction meeting for the HVAC improvements at the Cleveland Filter Plant (CFP) was held on February 18. Work is anticipated to begin in March.
2. Tech Coat, Inc., is working on the filter rehabilitation project at the CFP. Filter 3 is complete and back in service. The rehabilitation of filter 4 is currently underway.
3. CTI Consultants is working on a design and will be assisting with the bidding of a painting project of various rooms at the CFP.
4. CTI will also be assisting with the clearwell inspection curtain repairs at the CFP.
5. The Veterans Home Water Main Project will be presented as an item under new business.
6. An estimated 2,300 feet of 6-inch PVC water main will be extended on Brymer Creek Road for a customer due to a bad well. This project is estimated at \$57,500 and includes customer participation. CU's participation will be \$12,500.

7. The Eldredge Circle Water Main Extension Project will consist of 450 feet of 6-inch PVC and includes customer participation of 50 percent.
8. The Veterans Home Sewer Main Project will also be presented as a new business item.
9. Engineering approved plans for the Savannah Avenue Apartment Project on Pryor Road comprising 24 units and 400 feet of 6-inch DIP water main.
10. Hampton Backhoe has completed the sewer line relocation and is currently working on the water line relocation for the Lee University Track.
11. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - CSL Services is performing monthly monitoring and maintenance on a total of 19 flow monitors. They also just installed three flow monitors along Candies Lane to evaluate the flow in the Rolling Hills area. These meters are to be in place for three to four months.
  - The contractor has almost completed pre-CCTV work for the Basin 10A-8 Phase 2 Rehabilitation. The dig contractor has completed point repairs and 90 percent of cleanout installations. CIPP lining began this month. Lining of service laterals and digging of service laterals will begin in March.
  - In reference to the Sycamore Drive and East Keith Street SSES Project, CCTV work has begun.
12. The Meter Department set 50 meters through January 2020 compared to 27 for January 2019 and 27 for January 2018. A total of 283 meters have been set this fiscal year for an average of 40 sets a month. Of the 50 meter sets, 21 were single family homes, 19 were apartments, 9 were townhomes and 1 was commercial.
13. The total amount of rainfall recorded at the CFP as of February 26, 2020, was 12.94 inches for the month compared to 11.53 inches last February. A total of 19.95 inches have occurred this calendar year and is close to eclipsing records. As a reference, there was 17.23 inches this same period last year, which was also a record high. The significant amount of rainfall creates different challenges for CU.
14. During the period of February 3-6, 6.68 inches of rainfall occurred resulting in a large amount of flooding. There are two water intakes at the Hiwassee River Raw Water Intake Barge feeding water to the Hiwassee Utilities Commission (HUC) Plant and the CFP. On February 6, HUC was not receiving any water to treat, and it was determined the intakes were clogged with silt and debris. Due to the amount of flooding, the Raw Water Intake Barge walkway was submerged making access to clean the intakes impossible. Personnel from the Water Operations, Facilities Maintenance and Safety Departments devised and coordinated a plan to obtain a crane and utilize a man basket to safely get an employee over to the barge. The plan was successful, and the pumps were restored to a functional state. A slideshow of this process was shown. Mullinax commended all employees involved in this effort.
15. Bobby Chastain serves as CU's Water Leak Technician and aggressively checks for water leaks on the system by listening to meters and valves. Yesterday, Chastain found a large leak in the creek area of Old Harrison Pike and Tennessee Nursery Road. The leak was estimated at roughly 40 gallons per minute. Mullinax praised Chastain on this discovery and the work he does.

## **NEW BUSINESS**

### **Approval of Purchase Order to Versalift Southeast TN**

On motion by David May, Jr., and seconded by Joe Cate, the Utility Board voted unanimously to

approve a purchase order to Versalift Southeast TN in the amount of \$119,720 for a 2020 model Ford F550 regular cab truck equipped with a 41-foot telescopic aerial device. This is the budgeted replacement of unit #144 (a 2001 model) utilized by the Substation Department. Versalift submitted the low bid meeting CU's minimum specifications.

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

On motion by Vice Chairman Eddie Cartwright, and seconded by David May, Jr., the Utility Board took action to approve a purchase order to Don Ledford Automotive Center, Inc., in the amount of \$55,750 for a 2020 model 1-ton cab/chassis equipped with a utility bed. Debbie Melton recused herself from this vote. This is the budgeted replacement of unit #102 (a 2004 model) and will be shared among line crews to assist with handling material and equipment. Don Ledford submitted the low bid meeting CU's minimum specifications.

**Approval of Purchase Order to Shady Oaks Landscaping & Lawn Care**

On motion by Debbie Melton and seconded by Joe Cate, the Board of Public Utilities unanimously voted to approve a purchase order to Shady Oaks Landscaping & Lawn Care in the amount of \$68,360 for a two year contract to mow the Water and Wastewater Division's properties located at the Cleveland Filter Plant, Wastewater Treatment Plant, Administration Building, sewer lift stations, water booster stations and water tanks. There are a total of 30 sites. The mowing is budgeted for FY 2020.

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

On motion by Joe Cate and seconded by Debbie Melton, the Utility Board took action to unanimously approve a purchase order to Dycho Chemical Company in the amount of \$73,920 for the annual supply of corrosion control inhibitor for the Cleveland Filter Plant. The purchase is sole source. The chemical is budgeted for FY 2020.

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

On motion by David May, Jr., and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted unanimously to approve a purchase order to Dycho Chemical Company in the amount of \$69,696 for the annual supply of coagulant, PACI, for the Cleveland Filter Plant. The purchase is sole source. The chemical is budgeted for FY 2020.

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

On motion by David May, Jr., and seconded by Debbie Melton, the Utility Board took action to unanimously approve a purchase order to Hampton Backhoe Service, LLC, in the amount of \$55,118.42 for the installation of 715 lineal feet of 8-inch ductile iron water main to serve the new Veterans Home located off Westland Drive SW. 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 Hampton Backhoe Service, LLC**

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 Hampton Backhoe Service, LLC, in the amount of \$76,768.39 for the installation of 646 lineal feet of 8-inch PVC sewer main to serve the new Veterans Home located off Westland Drive SW. The project was not budgeted, but will be funded from the Miscellaneous Sewer Line Extension account budget of \$100,000.

**FUTURE BOARD MEETING DATES**

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

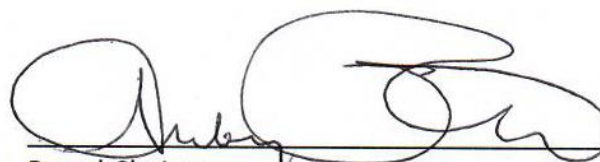
Friday, March 20, 2020, 12:30 p.m.

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

Friday, May 22, 2020, 12:30 p.m.



Amy Ensley  
Board Secretary

  
Board Chairman

3-20-2020  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**MARCH 20, 2020**

*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; Amy Ensley, Utility Board Secretary; Marshall Stinnett, VP/CFO; and Tim Siniard, *Cleveland Daily Banner*.

In accordance with Governor Lee's Executive Order 17 to limit public gatherings to groups of 10 or fewer people, the following were available via teleconference: John Corum, Administrative Services VP; Jimmy Isom, Electric VP; Jon Sparkman, Water & Wastewater Engineering Manager; and Walt Vineyard, Executive VP.

Following the Pledge of Allegiance to the American Flag, Rev. Aubrey Ector delivered the invocation.

**MINUTES OF FEBRUARY 28, 2020**

On motion by Vice Chairman Eddie Cartwright and seconded by David May, Jr., the Board of Public Utilities voted to approve the February 28, 2020, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Coronavirus COVID-19 Update**

President/CEO Henderson communicated the following measures CU has implemented to date with regard to COVID-19:

- Effective March 19, the lobby areas were closed to walk-in services. The drive-thru remains open and hours have been extended from 7 A.M. to 7 P.M. Monday through Friday in an effort to better assist customers.
- Customers have been encouraged to utilize online services or to seek customer service via the telephone to conduct business transactions.
- CU has suspended the disconnection of services for non-payment currently through Monday, April 13. TVA granted permission for Local Power Companies to suspend the usual collection process during this time. Staff will continue to evaluate the situation as it evolves to determine if any adjustments need to be made.
- Out of town business travel has been restricted through April 30.
- Cleaning services have been directed to enhance sanitization of CU's work areas.
- The use of social distancing has been enforced and crews have been separated.

Henderson advised these steps were prudent for CU to take at this point in time for the protection of both the workforce and the public. It was a big step for CU to temporarily close the lobby areas. Leadership and personnel did an incredible job in making this happen, and business has been flowing very smoothly. In closing, Henderson expressed appreciation to the board members for their support and service as well as the staff for their leadership roles. He said, "It's a true team effort to make sure we are doing our absolute best to protect everyone during this time."

**Good Friday Holiday**

Cleveland Utilities' offices will be closed Friday, April 10, 2020, to observe Good Friday. The Call Center will be open and regular emergency and standby services will be maintained.

## **DIVISION REPORTS**

On motion by Joe Cate and seconded by Vice Chairman Eddie Cartwright, the Utility Board voted unanimously to approve waiving the normal reading of the division reports and accepting the following written reports.

### **Financial**

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of April 2016 through April 2020 was reviewed. For the month of April, the residential retail electric rate will change to 8.892 cents per kilowatt-hour, a decrease of 4.77 percent over March's rate of 9.337 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 February 2020 financial and statistical statements were presented to the Utility Board. During February, the cost of purchased power as a percentage of retail sales was 73.9 percent and can be compared to the budgeted percentage of 77.5 percent for FY 2020. The results for February 2020 are electric sales revenue of \$8,057,445 which was offset by a purchased power expense of \$5,954,932. This resulted in an operating margin of \$2,102,513. Operating expenses for the month were \$1,721,324. These revenue numbers were driven by a customer base of 31,911. The net income for the month was \$599,959 and can be compared to a budgeted net income of \$438,306.
3. For February 2020, water sales revenue was \$1,183,445. Other revenue sources contributed an additional \$75,568 for the month. Operating expenses for February totaled \$1,246,130. These revenue numbers were driven by a customer base of 32,371. The division recorded an operating income of \$12,883, which is compared to a budgeted operating income of \$26,772.
4. For February 2020, wastewater treatment revenue was \$1,045,644. Other revenue sources contributed an additional \$74,288 for the month. Operating expenses for February were \$1,001,405. This is compared to the budgeted amount of \$1,030,124. These revenue numbers were driven by a customer base of 19,420. The division recorded an operating income of \$118,527, which is compared to a budgeted operating income of \$77,632 for the month.

### **Electric Division**

1. Due to the rainy weather, no additional work was completed for the Cherokee Gateway Substation Project during the month of February. Bids for the transformer and building concrete pads have been awarded to a local contractor and work should begin soon.
2. The final phase of the Lang Street to District Substation 69KV circuit upgrade is on hold until the poles arrive, which is anticipated for April 5.
3. Initial site and grading plans for the Lang Street Substation rebuild have been received from a local civil engineer. Engineering and Operations staff are presently reviewing and making adjustments as needed in order to finalize the plans.
4. The Highway 60 Road Widening Project is a Chapter 86 TDOT project, which guarantees all engineering and construction costs for the relocation of utilities are covered by TDOT. The consultants hired by Cleveland Utilities have completed the design, and it is ready for construction bid letting at the end of the year. TDOT has asked for the contracts to be revised in order to show the street lighting and the electric utility relocation are separated into two contracts. CU has completed the forms and they have been sent to Nashville to be finalized. All material is normally purchased and paid for by the low bid utility contractor. Since steel

pole deliveries presently have long lead times, TDOT is concerned this could hold up the project. They have asked Cleveland Utilities to bid and purchase the poles ahead of the bid letting in December. Once the poles arrive and are approved, CU will get reimbursed by TDOT. The associated purchase order for these poles will be presented as a new business item.

5. Superior Concrete Fence installed the screen wall and two gate sections at Valleyhead Substation. Once the area dries from the recent rains, the trees will be removed along Paul Huff Parkway and landscaping will follow. Pictures of the progress will be included in next month's board report.
6. Engineering met with a Lee University representative to look at the possibility of removing some overhead power lines on Magnolia Avenue NE. The project would require the rerouting of an existing underground electric line, rerouting the overhead primary line feed, and installation of a self-supporting concrete pole. As an addition to the project, Lee also inquired about the conversion of the electric service for the old Mayfield School annex to an underground service. CU engineering provided a cost estimate for this project. Lee has not made a final decision at this time.
7. The joint pole attachment count with AT&T and Charter began on Monday, March 2. This process is currently conducted every five years. The count is expected to be completed by the end of the day on Friday, March 20. Final count numbers and other pertinent information will be presented at the next board meeting.
8. A report was presented regarding traffic lighting:
  - Cleveland Utilities continues to look for ways and opportunities to make adjustments to the present signal timing in order to improve and maximize the efficiency of the signals along the Paul Huff Parkway corridor. Traffic Signal Coordinator Tad Bacon has made some minor adjustments and is presently evaluating the results. There is a heavy amount of traffic on this corridor, which will continue to increase as more businesses develop in the area. As always, feedback is beneficial and any issues experienced were encouraged to be reported to CU.

### **Water Division**

1. The Wastewater Treatment Plant (WWTP) data for the solids handling system study has been submitted to J.R. Wauford.
2. The LED lighting project at the WWTP is 50 percent complete.
3. In reference to the Process Safety Management and Risk Management Plan (PSM/RMP) Compliance Audits and Process Hazard Analysis (PHA) Revalidation Studies at the WWTP and Cleveland Filter Plant (CFP) ABS Consulting is working on, meetings have been scheduled for June.
4. The 20<sup>th</sup> Street Water Main Relocation Project has been completed by Hampton Backhoe.
5. Bids for the Clingan Ridge Drive Water Line Extension Project are due on March 24.
6. Construction for the Veterans Home Sanitary Sewer Project is scheduled to begin next week.
7. In reference to the Ocoee Coffeehouse Sanitary Sewer Project, alignment is being re-evaluated with work being done at the Partners In Education (PIE) Center.
8. Hampton Backhoe has completed approximately 10 percent of the water line relocation for Lee University's Track Project.
9. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - CSL Services is performing monthly monitoring and maintenance on a total of 19 flow monitors. They also just installed eight temporary flow monitors along Candies Lane to

evaluate the flow in the Rolling Hills area. These meters are to be in place for three to four months.

- In reference to the Basin 10A-8 Phase 2 Rehabilitation, CIPP lining continues this month. Both lining and digging of service laterals have begun. Manhole rehabilitation began this week.

10. The Meter Department set 24 meters through February 2020 compared to 13 for February 2019 and 23 for February 2018. A total of 307 meters have been set for FY 2020. Of the 24 sets, 16 were single family homes, 7 were townhomes and 1 was commercial.

11. The total amount of rainfall recorded at the CFP as of March 17, 2020, was 3.71 inches for the month (1.27 inches below the monthly average). A total of 23.69 inches has occurred this calendar year, which is 8.66 inches above average. The current projected annual total for 2020 is 94.76 inches.

## **NEW BUSINESS**

### **Presentation and Approval of FY 2021 Budget**

President/CEO Tim Henderson opened the budget presentation. Traditionally, each of the VP's will report on their respective areas; however, due to the uniqueness of COVID-19 and limiting the number of attendees physically present, VP/CFO Marshall Stinnett will be presenting the entire budget. Stinnett began by expressing appreciation to the executive staff and employees for their work and input as well as the board members for their support. The budget is a collective effort spanning across the entire company and involves a considerable amount of time and effort to produce. A comprehensive financial summary of the FY 2021 budget was then presented.

Electric sales volume for fiscal year 2021 is projected at 1,033,600,729 kilowatt hours, water sales volume at 2,894,950,414 gallons and wastewater sales volume at 1,902,654,207 gallons. Total revenue for the electric division is forecast at \$102,122,246. Water and sewer are collectively \$18,661,848 and \$14,586,403. A breakdown of expenses for the new budget year includes \$98,435,603 in electric, \$16,560,437 in water and \$12,938,594 in sewer. Fiscal year 2021 reflects net incomes of \$3,686,643 in electric, \$2,101,411 in water and \$1,647,809 in sewer. Stinnett advised these net income figures look slightly 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. Investment in new facilities is budgeted at \$10,219,164 in electric, \$9,089,308 in water and \$10,800,236 in sewer. These figures are slightly inflated than the projections from last year; however, this is driven by the capital projects in FY 2020 not expected to be completed before the end of the fiscal year.

Next, Stinnett highlighted information for the rate increases forecast in the FY 2021 budget. There are no internal rate increases projected in electric for FY 2021 or FY 2022. This is a variance from last year's projection and is due to the 20-year partnership agreement with the Tennessee Valley Authority (TVA). The dollars being saved through the agreement are going to be used to offset rate increases. In addition, TVA has committed to not raising rates for the next ten years as part of the partnership agreement. Therefore, CU does not expect any electric rate increases for residential, commercial or industrial customers in FY 2021. In the water division effective July 1, 2020, a 5.00 percent internal rate increase applied across all customer classes is forecasted, as well as a proposed 1.13 percent pass-thru increase from Hiwassee Utilities Commission for purchased water (this number will get adjusted if HUC adjusts their increase). Rates for wastewater services are projected

to increase by 4.00 percent applied across all customer classes effective July 1, 2020. Stinnett pointed out these are the exact same percentages (for both water and sewer) reflected for 2021 when the 2020 projections were presented last year.

Debt at the beginning of FY 2021 is expected to be \$14,990,372 in electric, \$28,331,669 in water and \$29,044,596 in sewer. New debt is expected to be added in the amounts of \$2,500,000 for electric, \$6,000,000 for water and \$5,571,000 for sewer. Stinnett pointed out these numbers are essentially a placeholder depending on scheduling of capital projects. If the necessity for the dollars is not there due to projects being postponed or not on schedule, those dollars would not be borrowed. Payments made on existing debt will total \$1,346,938 for electric, \$2,395,022 for water and \$2,292,662 for sewer. These figures are firm and based on current borrowing. Debt at the end of FY 2021 is projected to be \$16,143,434 for electric, \$31,936,647 for water and \$32,322,934 for sewer.

In the fiscal year 2021 budget, the number of budgeted equivalent employees is projected at 211, compared to 207 for 2020. The headcount increase is directly correlated with the Water Division and is a factor of the new Water Loss Program launching next month. The positions are budgeted to assist with finding leaks and helping customers find their leaks as well. 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 2021 budget. Total payroll for 2021 is calculated to be \$15,666,729.

A rate change summary sheet was reviewed. In electric, there are no projected rate increases for CU as well as TVA. In water, there would be an average monthly increase of \$1.12 (based on the projected rate changes on an average residential bill and an average number of units of water). In wastewater, the proposed 4.00 percent rate adjustment would correspond to an average increase of \$1.60 per month (based on an average residential bill and an average number of units).

Lastly, Stinnett reviewed graphs representing bond coverage for years 2020 to 2030. 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, Stinnett reviewed major electric capital projects in the proposed 2021 budget totaling \$10,219,164. 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 \$550,000 for the complete double conductor of SC624 along South Lee Highway to Payne Gap, Phase II. This phase will include replacing the existing poles and framing for parallel #556 AAC primary conductor to increase capacity on the transmission system. Phase III is expected to be completed in FY 2022. Another major item in electric is for the replacement of Unit #179, an existing 2007 model 55-foot bucket truck with 63,480 miles, 15,287 hours and a working height of 60 feet, budgeted in the amount of \$270,000. Another significant project is the Lang Street Substation remodel, Phase II, in the amount of \$2,000,000 (this cost includes the power transformers and the physical substation structure). Lang Street Substation was built in 1956 and completed in 1957 by TVA. CU purchased the substation from TVA. The plan is to build the new substation next to the old one on a portion of the property where CU's pole training facility is currently located. Once the new station is complete and in service, the old substation would be removed and that location would be used for the new pole training facility. The last key project in electric is the Cherokee Gateway

Substation, Phase II, in the amount of \$500,000. This includes the installation of the control building, final wiring, testing and energization.

Water capital projects in the proposed 2021 budget totaling \$8,606,845 were then highlighted. 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. The construction of this tank is currently on hold until a prospect commits because the time of tank construction is less than it would be for an industry to build a facility in the park. Once the tank is placed into service, the water would need to be recycled if it's not used. Also included in engineering is the upgrade of the North Street Water Booster Station in the amount of \$750,000. The station currently has two pumps (one rated at 350 GPM & 30 HP and the other rated at 100 GPM & 75 HP). The proposal includes the replacement of three pumps, each rated at 2100 GPM & 125 HP. This will provide additional capacity and greater redundancy at the facility. The last key item in engineering is the Georgetown Road (SR60) Water Relocation Project, \$400,000.

Major capital projects at the Cleveland Filter Plant were reviewed. The first key item includes the conversion from a chlorine gas disinfectant to sodium hypochlorite in the amount of \$1,800,000 in FY 2021. This is a big step for the utility in being progressive per Stinnett. The plant stores up to 14,000 pounds of chlorine gas which requires compliance with federal guidelines (Risk Management Process Program) and state guidelines (Process Safety Management Program). Hazard risks will be reduced for employees and the community with the conversion to sodium hypochlorite, and it does not require compliance with the federal Risk Management Process and state Process Safety Management Programs. Additionally, the project will require the construction of a new building at the CFP to house the associated equipment. Another item at the CFP is the high service pumps and electrical upgrade in the amount of \$615,500.

Lastly, key projects in wastewater were then highlighted. Capital requirements for the wastewater division in the proposed fiscal year 2021 budget total \$10,800,236. 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 the installation of 8,940 feet of 8-inch gravity sewer main and 36 manholes to serve approximately 50 properties, budgeted at \$1,670,000. Most of this project is underway, but this is the final phase. Another major project in engineering is the 2019 annexation of Hensley Road NW (an estimated 3,800 feet of 12-inch gravity sewer main) in the projected amount of \$1,300,000.

Major budgetary items in wastewater collections-SCOPE 10 are the ongoing sewer rehabilitation projects. Basin 10A-8 Rehabilitation, Phase II, from Tinsley Park to Inman Street is budgeted at \$200,000. Also, the Basin 64-14 Rehabilitation, Phase III, Sycamore and Eldredge Drive Basins is included in FY 2021 in the amount of \$1,900,000. A major item at the Wastewater Treatment Plant is the study and design for alternative disinfection in the amount of \$430,000. This speaks to the same progressive nature at the CFP previously mentioned. The WWTP currently uses chlorine gas and staff are proposing moving to an ultraviolet (UV) disinfectant. The last significant project in wastewater is the construction of a proposed support building (wastewater, I.T. & wellness) at the corner of Frederick & Guthrie, budgeted at \$1,397,294. Architectural renderings were shown. Stinnett pointed

out an array of solar panels shown on the print. He advised CU is in discussion with TVA about partnering on a solar project. The orientation of the building would allow for installation of panels large enough to support the entire energy use of the facility. This would also give CU insight into the solar side of the business.

President/CEO Henderson wrapped up the presentation by complimenting the entire team for the work involved and being progressive in their thought process. He advised moving away from using chlorine gas at the CFP and WWTP are really significant moves for CU.

On recommendation by Henderson, David May, Jr., motioned and Joe Cate seconded for the Utility Board to approve the proposed fiscal year 2021 budget as presented. Board members voted and the motion carried unanimously. The proposed budget will now be presented to the City Council for consideration in the near future.

**Approval of Purchase Order to CHM Industries, Inc.**

On motion by Joe Cate and seconded by David May, Jr., the Utility Board took action to unanimously approve a purchase order to CHM Industries, Inc., in the amount of \$154,271.52 for 47 galvanized steel poles ranging in heights of 40 feet to 85 feet for the TDOT SR-60 Road Widening Project. Due to substantially long delivery times for steel poles, TDOT has requested for Cleveland Utilities to bid and purchase them prior to the letting of the project this fall in order to ensure there will be no delays in the project. TDOT will reimburse CU for the poles once they are delivered and paid. TDOT's contractor will be providing the remainder of the materials for this project. The purchase will be contingent on a signed contract from TDOT.

**Approval of Purchase Order to Sherman & Reilly, Inc.**

On motion by Vice Chairman Eddie Cartwright and seconded by Debbie Melton, the Board of Public Utilities voted unanimously to approve a purchase order to Sherman & Reilly, Inc. in the amount of \$130,750 for a trailer mounted, 3,000 lb., single drum puller tensioner. This apparatus will be equipped with a 45 HP diesel engine. It will be used by the line crew to pull both overhead and underground cable. Sherman & Reilly submitted the low bid meeting all minimum specifications. This is a budgeted item.

**Approval of Purchase Order to Lee Smith, Inc.**

On motion by David May, Jr., and seconded by Joe Cate, the Utility Board took action to unanimously approve a purchase order to Lee Smith, Inc., in the amount of \$99,303 for a 2021 model SBA conventional chassis with a 2020 model Rogers dump body. This is the budgeted replacement of unit #106 (a 2002 model). Lee Smith submitted the low bid meeting minimum specifications.

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

On motion by Debbie Melton and seconded by Joe Cate, the Board of Public Utilities voted to unanimously approve a contract with S&ME, Inc., in the amount of \$137,500. S&ME will provide SRF coordination and preliminary design documents, map book preparation, advertising, bidding, construction administration and a resident project representative as needed for Phase III of the Rehabilitation Project within Basin 10A-8, Sycamore Drive and Eldredge Drive Basins. Phase III estimated cost is \$3,500,000 and is budgeted for FY 2020 and FY 2021.



### **Board Member Comments**

Board Member May asked Henderson if the board needs to take action to give him more authority in the event things get more difficult than anticipated during the COVID-19 pandemic. Henderson thanked May for the question and advised the Mayor's emergency declaration opens the window for him to authorize purchase orders exceeding \$50,000 if needed prior to the next board meeting.

In closing, Chairman Ector expressed appreciation to Henderson and everyone at CU for their contributions during this time. He said, "Thank you to you and your staff and all of the employees for the efforts and all of the energy going into a situation that is uncharted territory, not only for the utility, but us as a community, nation and world. We don't know what tomorrow holds, but we are confident by pulling together and continuing in faith it will be all right."

### **OTHER BUSINESS**

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

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

Friday, May 1, 2020, 12:30 p.m.

Friday, May 22, 2020, 12:30 p.m.

Friday, June 26, 2020, 12:30 p.m.

  
\_\_\_\_\_  
Board Secretary

  
\_\_\_\_\_  
Board Chairman

  
\_\_\_\_\_  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**MAY 1, 2020**

*Pursuant to Governor Lee's Executive Order 16, the Board of Public Utilities met at 12:30 p.m. electronically through teleconference. In light of COVID-19 and to help prevent its spread and in order to protect the health, safety and welfare of the public, there was not a physical location for this meeting.*

The following were present through teleconference: 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, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; and Tim Siniard, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Jimmy Isom delivered the invocation.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Coronavirus COVID-19 Update**

CU is continuing to operate in the same manner as the last month and a half. In an effort to reduce the spread of COVID-19, some telework is occurring, crews are rotating on different time schedules and dispatching from different areas, employees are adhering to social distancing, good hand hygiene (washing hands thoroughly and often) is being encouraged, etc. CU was blessed with a donation of hand sanitizer from Beiersdorf. Henderson recognized Councilman May for helping in facilitating this effort. Cleveland Utilities will continue with the lobby closure to walk-in services until at least mid-May, and this will continue to be assessed. The drive-thru hours are still being extended from 7 a.m. to 7 p.m. and has been working very well.

**CU/TVA Community Care Fund Donation**

CU has partnered with TVA to participate in their COVID-19 Community Care Fund to award \$30,000 to the United Way of the Ocoee Region. TVA has designated \$2 million in matching funds across the Valley, and all local power companies that buy power from TVA are eligible to apply. The program is community-focused, so TVA allocations are based on the size of the local power company to ensure fairness to all residents and communities. CU's allocation was \$15,000. The United Way (UW) of the Ocoee Region's Ocoee Connect Program will be facilitating disbursement of the funds. They currently administer CU's Project Round-Up Program, and these programs are very similar.

Henderson, Ryan Leister (TVA) and Stephanie Linkous (UW) met with Mix 104.1 this past Wednesday to promote the program. The funds are available now and will be very impactful for customers. Henderson stated he is proud of how TVA has stepped up to help during these unique times. The shared mission of both organizations is to serve the people of the Valley to make life better.

**Power Restoration Report**

A portion of Cleveland Utilities' service territory was hit by the storm system that moved through on Easter weekend. The damage was extensive. Around 40 poles were broken, two transmission lines were affected, multiple trees were on lines as well as damage to other equipment. There were approximately 7,000 customers without service in the early morning hours of April 13. By the end of the day, power was restored to roughly 5,400 customers. The number of outages was reduced to 750 by the end of the day on Tuesday and 180 on Wednesday evening. Full power restoration was completed at 2:30 a.m. on Thursday, April 16, to all customers who could be reconnected. There

were around 33 customers who could not receive service due to structural or electrical damage at their residences. Crews from Bristol Tennessee Essential Services, Loudon Utilities, Morristown Utilities, and Oak Ridge Electric Department rendered aid. Henderson advised CU was very appreciative of the help and stated this is a prime example of how public power works together. CU understands the importance of the assistance and, likewise, sends help to other areas when able.

**American Public Power Provider (APPA) Reliable Public Power Provider (RP3) Diamond Level Designation**

Cleveland Utilities has been designated as a diamond level “reliable public power provider” by APPA. This “RP3” designation certifies that CU has demonstrated leading practices in reliability, safety, workforce development, and system improvement. A monumental amount of work and information goes into the application process for this award, and receiving the diamond level, which is a perfect score, is an honor. CU is proud to achieve this prestigious designation and meet high industry standards.

**APPA 2019 Safety Award of Excellence**

CU received an award of excellence from the APPA for an outstanding safety record in 2019. Henderson advised this recognition speaks well of the Administrative Services team and the safety leadership at CU.

**Memorial Day Holiday**

Cleveland Utilities’ offices will be closed Monday, May 25, 2020, to observe Memorial Day. The Call Center will be open and regular emergency and standby services will be maintained.

**CONSENT AGENDA**

On motion by David May, Jr., and seconded by Debbie Melton, the Utility Board voted unanimously to approve the following items from the Consent Agenda.

- Approval of board meeting minutes from the regular meeting held March 20, 2020.
- Approval of the following written Financial, Electric, Water & Wastewater Division Reports.

**Financial**

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of May 2016 through May 2020 was reviewed. For the month of May, the residential retail electric rate will change to 8.876 cents per kilowatt-hour, a decrease of 0.18 percent over April’s rate of 8.892 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 2020 financial and statistical statements were presented to the Utility Board. During March, the cost of purchased power as a percentage of retail sales was 71.3 percent and can be compared to the budgeted percentage of 77.5 percent for FY 2020. The results for March 2020 are electric sales revenue of \$7,210,959 which was offset by a purchased power expense of \$5,139,928. This resulted in an operating margin of \$2,071,031. Operating expenses for the month were \$1,983,746. These revenue numbers were driven by a customer base of 31,939. The net income for the month was \$258,481 and can be compared to a budgeted net income of \$144,792.
3. For March 2020, water sales revenue was \$1,141,403. Other revenue sources contributed an additional \$132,479 for the month. Operating expenses for March totaled \$1,388,739. These

revenue numbers were driven by a customer base of 32,348. The division recorded an operating loss of \$114,857, which is compared to a budgeted operating income of \$47,105.

4. For March 2020, wastewater treatment revenue was \$1,007,953. Other revenue sources contributed an additional \$103,856 for the month. Operating expenses for March were \$1,042,063. This is compared to the budgeted amount of \$1,037,596. These revenue numbers were driven by a customer base of 19,417. The division recorded an operating income of \$69,746, which is compared to a budgeted operating income of \$87,454 for the month.

### **Electric Division**

1. The Cherokee Gateway Substation Project has been delayed due to the heavy rains experienced over the past month. The contractor for the concrete pads will start as soon as there is a break in the weather. The control building bids are in and the associated purchase order is being presented under today's consent agenda for consideration of approval. CU has purchased several control buildings from this company in the past and are pleased with the quality of their product. The power transformers are scheduled to be delivered at the end of June.
2. The preliminary site grading design for the Lang Street Substation Upgrade Project has been completed, a soil sample test is being obtained and personnel have been working with a consulting firm on a new design for the incoming 69 kV circuit feeds. This station is a little different in that it has three different feed combinations providing a lot of flexibility. The original system was built in the 50's, and the switch structures are outdated and in need of being upgraded with new devices that are more reliable and safer to operate. Staff is looking at utilizing either 69 kV breakers, 69 kV air break switches with interrupters or a combination of both. Site grading is anticipated for late summer or early fall.
3. The revised contracts for the Highway 60 Road Widening Project have been received from TDOT. Due to the street lighting being left off the original project scope by TDOT, the street lighting and the electric utility relocation were separated into two contracts. Once the executed contracts are received, Cleveland Utilities will place the order for the new steel pole structures requested by TDOT and previously approved by the Utility Board. This request was made due to anticipated long delivery times that could delay the project if ordered by the contractor after the letting of the project which is presently set for December 11. The poles are scheduled to be delivered 16 to 18 weeks after final approval drawings. The consulting firm hired by Cleveland Utilities is presently negotiating and purchasing utility easements for this project.
4. The Joint-Use Pole Count Project has been completed. It began on March 2, and was completed on March 20. The count inventories every pole in CU's service area and determines the pole owner and every utility with an existing attachment on the pole. This count is conducted every five years and a representative from each of the utilities (CU, AT&T, and Spectrum) participates in the count. Every pole is physically visited in the field and all parties agree on the attachments at each location. These records are located and tracked by CU's GIS mapping system and can be referenced at any point if questions arise. Cleveland Utilities owns 17,943 poles (90 percent) with the remaining 1,977 poles (10 percent) owned by AT&T. Yearly rental fees are due to the pole owner and those amounts are determined in the joint-use attachment contracts between each utility.

5. Engineering released a work order to provide permanent underground service to Home Goods at 300 Paul Huff Parkway. The service required approximately 120 feet of primary conductor and a 300 KVA pad-mount transformer to serve the anticipated load of 160 KW. Several other smaller shops will also be served out of the newly installed transformer as they are completed.
6. In early April, engineering released a work order to connect the electric service for the ELXR Package Store at 640 Inman Street NW. CU crews will be installing approximately 50 feet of #350 aluminum triplex down the existing utility pole on the corner of the property to a secondary pedestal. The electrician will install the service wire from the building to the pedestal. An existing overhead 25 KVA transformer on the pole will be upsized to a 37.5 KVA transformer to add extra capacity for the new service. The new building will have a 400 amp service, and the expected demand is 27 kW.
7. Engineering met with the contractor at 1401 South Lee Highway to discuss plans for service to an HVAC dealer, which will require a pole-mount transformer station to be installed and connected to a customer-owned underground service.
8. Engineering completed the following for traffic lighting:
  - Eight service orders were released to change the operation of the intersections during flashing mode. This safety project was based on several research papers which determined it was safer to operate in an all red flash when the traffic volumes were high and all approaches acted as a main street. It was also recommended where site distance restrictions exist. The reduction in the crash rate during flashing mode averaged 30% in the studies.
  - Several Peek traffic controllers were changed out to bring their software up to date. The controllers are typically changed, as opposed to updating in the field, to minimize the time the intersection is in flash. There are other brands of controllers capable of performing this upgrade without going into flashing mode and can even perform this from a remote command at a designated time.
  - The firmware was updated on all Wavetronix Matrix radar sensors connected to the Ethernet network. The sensors not connected will need to be updated manually in the field. This will take considerably more time to drive to each intersection and setup for the upgrades.

### **Water Division**

1. The LED lighting project at the Wastewater Treatment Plant (WWTP) is 100 percent complete.
2. In reference to the HVAC Improvements Project at the Cleveland Filter Plant (CFP), work has been postponed due to COVID-19. A new date is in the process of being established.
3. Tech Coat, Inc., has completed the rehabilitation of filters 3 & 4 at the CFP.
4. Bids for the painting of various rooms at the CFP are due on May 19.
5. The Industrial Development Board (IDB) is planning to meet in May to transfer the property for the Cherokee Gateway Water Storage Tank. The lone easement has been acquired.
6. Hampton Backhoe has completed the Patterson Road SE Water Line Extension Project.
7. The Bigsby Creek Water Main Extension Project is complete. Hampton Backhoe installed 210 feet of 6-inch PVC/DIP.
8. Stantec will be working on the design for the 25<sup>th</sup>/Peerless Water Main Relocation Project consisting of approximately 150 feet of 12-inch DIP water main.

9. The Spring Branch Water Main Extension Project will comprise an estimated 1,050 feet of 6-inch PVC water main connecting two dead-end mains. Stantec will be completing the design, construction administration and easement preparation.
  10. Hampton Backhoe will be installing 155 feet of 8-inch sewer main for the Quail Ridge Sewer Main Extension to Anatole Pump Station Project.
  11. Engineering approved plans for the Tasso Lane Liquor Store Project which includes 100 feet of 6-inch DIP water main.
  12. Hampton Backhoe has completed the installation of 1,222 feet of 6-inch water main, two fire hydrants, and 1,208 feet of 8-inch gravity sewer main for Quail Ridge Subdivision on North Lee Highway.
  13. Hampton Backhoe has completed the installation of 500 feet of 6-inch water main and 500 feet of 8-inch gravity sewer main for the Lakeside Cottages @ The Farm (Phase 2) on Tasso Lane east of North Lee Highway.
  14. An update was provided for the ongoing Wastewater Rehabilitation Project:
    - In reference to the Basin 10A-8 Phase 2 Rehabilitation, CIPP lining continues this month. Lining of service laterals and manhole rehabilitation continues. There are five main line liners left to be installed.
  15. The Meter Department set 26 meters through March 2020 compared to 45 for March 2019 and 54 for March 2018. A total of 333 meters have been set for FY 2020. Of the 26 sets, 23 were single family homes, 2 were townhomes and 1 was commercial.
  16. The total amount of rainfall recorded at the CFP as of April 29, 2020, was 7.01 inches for the month (1.75 inches above the monthly average). A total of 35.96 inches has occurred this calendar year, which is 15.46 inches above average. The current projected annual total for 2020 is 107.88 inches.
- Approval of a purchase order to Keystone Electrical Manufacturing Company in the amount of \$194,975 for the electric control building for Cherokee Gateway Substation. The control building provides a climate-controlled area for vital components such as the control batteries and transformer protection relays. The building will be constructed of concrete and capable of withstanding severe winds from storms, providing a secure place for these critical substation components. The bid price includes the manufacturing of the building, installation of the relays, batteries, and other required equipment, and delivery of the building to the substation site. Keystone submitted the low bid meeting CU's minimum specifications.
  - Approval of a purchase order to Hampton Backhoe Service, LLC in the amount of \$50,910 for the installation of 450 lineal feet of 8-inch ductile iron water main. The project will connect the waterlines located along Keith Street (18") and Peerless Road NW (12"). The project is budgeted in FY 2020.
  - Approval of a purchase order to Hampton Backhoe Service, LLC in the amount of \$71,445 for the installation of 550 lineal feet of 8-inch ductile iron water main. The project is necessary due to the City of Cleveland's sidewalk and storm drainage project extending along Norman Chapel Road from Peerless Road NW. There are underground conflicts between the storm drainage system and the existing waterline. The project was not budgeted but will be funded from the Miscellaneous Waterline Extension Account.

- Approval of a purchase order to Tech Coat, Inc. in the amount of \$76,600 for the rehabilitation of Filter No. 3 at the Cleveland Filter Plant. The project was required due to the failure of a bearing connected to a surface wash arm and a supply waterline. This project consists of the repair of a portion of the filter underdrain system and replacement of the filter media. The project was not budgeted, but will be funded from the Miscellaneous Cleveland Filter Plant Account.

**OTHER BUSINESS**

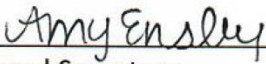
**Future Board Meeting Dates**

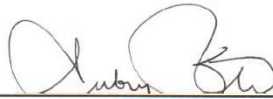
Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, May 22, 2020, 12:30 p.m.

Friday, June 26, 2020, 12:30 p.m.

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

  
\_\_\_\_\_  
Board Secretary

  
\_\_\_\_\_  
Board Chairman

5-22-2020  
\_\_\_\_\_  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**MAY 22, 2020**

*Pursuant to Governor Lee's Executive Order 34, the Board of Public Utilities met at 12:30 p.m. electronically through teleconference. In light of COVID-19 and to help prevent its spread and in order to protect the health, safety and welfare of the public, there was not a physical location for this meeting.*

The following were present through teleconference: 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, Administrative Services VP; Greg Clark, Wastewater Collection Manager; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; and Larry Bowers, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, John Corum delivered the invocation.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Coronavirus COVID-19 Update**

There have not been any major changes to CU's current operational status since the last update. Staff is continuing to monitor the federal and state recommendations. Additionally, TVA is conducting weekly COVID-19 update telephone calls in which staff has been actively engaged.

**Memorial Day Holiday**

Cleveland Utilities' offices will be closed Monday, May 25, 2020, to observe Memorial Day. The Call Center will be open and regular emergency and standby services will be maintained.

**Upcoming Bi-Annual TOSHA & Annual Insurance Safety Audits**

The bi-annual TOSHA audit will be performed on Monday, June 1. In addition, the TVPPA/DIC Safety Audit is scheduled for June 11 & 12. Henderson advised John Corum's safety group facilitates and works extensively with these processes. Everyone has been busy making the necessary preparations.

**TVA PowerPlay Scholarship Award Winner**

CU has been extremely involved and has a lot of history with TVA's PowerPlay Scholarship Program. Several of CU employees' children have been awarded this scholarship in the past. This year, Mr. Shiloh Parker was one of the recipients of the scholarships in the amount of \$4,000. He is the son of Jason Parker who works in the Electric Meter Lab. This is an extreme honor for the Parker family.

**MINUTES OF MAY 1, 2020**

On motion by David May, Jr., and seconded by Debbie Melton, the Board of Public Utilities voted to approve the May 1, 2020, minutes as written.

**CONSENT AGENDA**

On motion by David May, Jr., and seconded by Vice Chairman Eddie Cartwright, the Utility Board voted unanimously to approve the following items from the Consent Agenda.

- Approval of the following written Financial, Electric, Water & Wastewater Division Reports.

**Financial**

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of June 2016 through June 2020 was reviewed. For the month of June, the residential retail



electric rate will change to 9.661 cents per kilowatt-hour, an increase of 8.84 percent over May's rate of 8.876 cents per kilowatt-hour. This rate change is driven by the change to summer rates and by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA FCA along to its consumers.

2. The April 2020 financial and statistical statements were presented to the Utility Board. During April, the cost of purchased power as a percentage of retail sales was 71.8 percent and can be compared to the budgeted percentage of 77.5 percent for FY 2020. The results for April 2020 are electric sales revenue of \$6,343,407 which was offset by a purchased power expense of \$4,551,419. This resulted in an operating margin of \$1,791,988. Operating expenses for the month were \$1,661,069. These revenue numbers were driven by a customer base of 32,017. The net income for the month was \$281,872 and can be compared to a budgeted net income of \$18,777.
3. For April 2020, water sales revenue was \$1,228,918. Other revenue sources contributed an additional \$141,629 for the month. Operating expenses for April totaled \$1,266,596. These revenue numbers were driven by a customer base of 32,453. The division recorded an operating income of \$103,951, which is compared to a budgeted operating income of \$90,918.
4. For April 2020, wastewater treatment revenue was \$1,034,397. Other revenue sources contributed an additional \$68,544 for the month. Operating expenses for April were \$982,331. This is compared to the budgeted amount of \$1,048,648. These revenue numbers were driven by a customer base of 19,501. The division recorded an operating income of \$120,610, which is compared to a budgeted operating income of \$113,288 for the month.

### **Electric Division**

1. The Cherokee Gateway Substation Project is progressing. The contractor has completed the pouring of the concrete pads for the power transformers, breakers and control building. Additionally, the control building has been ordered and the design drawings are being finalized with the manufacturer. Delivery is set for late fall of this year. The power transformers are still scheduled to be delivered around the end of June. Crews are in the process of installing the underground conduit feeds for the incoming 69 kV feed and the four outgoing 13 kV feeds. The ground grid will follow and then the substation structure erection can begin.
2. There are no new updates since the last report for the Lang Street Substation Upgrade Project.
3. The steel poles have been delivered and staged at the District Substation property in preparation for the Lang Street to District transmission line upgrade. The majority of the remaining material has arrived and construction is projected to begin by the first of June.
4. The Remember Me Assisted Living Facility Project on North Lee Highway at King Den Drive is in progress. This facility will be made up of five buildings, one office building and a maintenance building. Engineering met with the electrical contractor onsite in April to discuss the installation of temporary service for a jobsite trailer. At this time, the grade work is underway. In a few weeks, engineering will begin to work with the contractor on the layout design for the permanent underground electric facilities.
5. Engineering is continuing to work with Duracell Manufacturing representatives regarding the building expansion at their facility on Mouse Creek Road. The new building will require a 2000 KVA transformer, which Duracell will be purchasing from Cleveland Utilities. The electrical

contractor has been very proactive and has already installed the required primary conduits and poured the concrete pad for the transformer. The building contractor just began constructing the walls for the facility; therefore, electric service will not be needed for several weeks. A work order to install the new transformer has not yet been released.

6. Engineering has met with the developer of two newly proposed residential subdivision developments, Brookwood and Creekwood Manor, located on 22<sup>nd</sup> Street NW just west of Cumberland Hills Subdivision. This property was annexed into the City by the previous property owner before being purchased by the present developer. The overhead primary electric line extensions done in preparation for the annexation of the property for Stone Creek Development has positioned Cleveland Utilities well to serve this new development. CU will be extending the electric lines west along 22<sup>nd</sup> Street going joint-use on the existing Volunteer Energy line route. This is similar to what was done on the previous portion of 22<sup>nd</sup> Street and New Murraytown Road NW. Further details will be reported next month.
7. Operations personnel have ordered all materials required to upgrade the 69 kV relay cabinet at CU's Payne Gap Substation. A new, more modern Schweitzer relay will be installed along with other upgrades to the cabinet. Wiring will be done at the same time. This work is expected to be completed by the end of June.
8. Operations personnel have continued working to get all CT meter locations entered into the Maintenance Connection software and scheduled for routine testing. The testing schedule is being moved from five years to three years. This month, 23 routes have been entered and scheduled for testing March 15, 2021, through August 2, 2021. CT metering is primarily used to meter high-use commercial and industrial customers, and it is very critical these installations be maintained for reliability and accuracy.
9. Garage personnel worked with a contractor to clean the 4,000 gallon diesel tank and filter the fuel after reports showed an increasing amount of sediment and water. The tank was completely pumped out, cleaned and the existing fuel was then filtered before being reinstalled. This is the main fueling tank located at CU's Water Division Building and is used by all three divisions for fueling the larger diesel trucks and equipment. The work was completed in less than one day and the tank was placed back into service.
10. A report was presented regarding traffic lighting:
  - Engineering updated the traffic controller firmware at both Exit 20 intersections. Keeping the controller's firmware updated allows CU to take advantage of added features as well as any industry enhancements and fixes. The Wavetronix radar detectors were also updated with the latest firmware.
  - The traffic cabinet at 25<sup>th</sup> & Georgetown was changed out in conjunction with the road project that is nearing completion. This should increase capacity as well as provide better reliability.

### **Water Division**

1. Jacobs will be completing the design for the spirolift pumps safety platform at the Wastewater Treatment Plant (WWTP).
2. The Industrial Development Board (IDB) transferred the property for the Cherokee Gateway Water Storage Tank to CU on May 18, 2020. A public hearing is in the process of being scheduled.
3. The 20<sup>th</sup> Street Water Main Relocation Project has been completed in the final amount of \$67,634.

4. Hampton Backhoe has completed the Old Mouse Creek Road Water Main Extension Project. The total project cost was \$41,585.
  5. The Bigsby Creek water main extension has been completed for a total of \$14,502.
  6. The Clingan Ridge Drive Water Line Extension Project is underway. The project commenced on May 18.
  7. The Eldredge Circle water main extension is complete with the exception of testing.
  8. A redesign for the Veterans Home sanitary sewer is being evaluated due to access issues on Kile Lane.
  9. In reference to the 2019 Annexation Sewer Project for Prospect/Hensley Road, the geotechnical field work is nearing completion. The environmental work is complete, and information will be submitted to TDEC and USACE for concurrence.
  10. The Chatata Creek Pump Station emergency transfer switch was installed on May 18.
  11. Bids for the North Lee Elementary sewer relocation were received on May 19.
  12. The contractor has completed 25 percent of the sewer main for the Remember Me Assisted Living Facility on King Den Drive.
  13. An update was provided for the ongoing Wastewater Rehabilitation Project:
    - CSL is performing monthly monitoring and maintenance on 19 flow monitors. They have relocated two temporary flow monitors along Candies Lane to evaluate the flow in the Rolling Hills area.
    - In reference to the Basin 10A-8 Phase 2 Rehabilitation, the dig contractor is digging service laterals, performing cleanup and preparing to pave. CIPP lining is complete. Lining of service laterals and manhole rehabilitation continues.
  14. The Meter Department set 37 meters through April 2020 compared to 36 for April 2019 and 33 for April 2018. A total of 370 meters have been set for FY 2020. Of the 37 sets, 28 were single family homes, 4 were apartments, 3 were duplexes, 1 was a townhome and 1 was commercial.
- Approval of Engagement Letter for the Fiscal Year 2020 Audit in the contract amount of \$36,000 with Wedgewood Accounting, PLLC. This is the same firm CU has been using for the audit process; however, they officially changed their name last fall.
  - Approval of updated solar installation rate sheet effective June 1, 2020. This document has been updated to reflect a new naming structure due to TVA ending its Green Power Provider (GPP) Program and beginning the Dispersed Power Provider (DPP) Program. In addition, a new section has been incorporated for Behind the Meter Solar Installation charges. The monthly administrative and application charges have been removed from this section.
  - Approval of an agreement with Rardin & Carroll Architects, Inc., in the amount of \$97,400 for architectural services in designing the new Wastewater Collection, IT, and Wellness Building. Construction of the project is budgeted for FY 2020 and FY 2021.
  - Approval of a purchase order to Jackie Evans Trucking Company in the amount not to exceed of \$72,600 for the removal of alum sludge, approximately 440 loads, from the Cleveland Filter Plant. The service period is from July 1, 2020 to June 30, 2021. The service is budgeted for FY 2021 and is sole source.

- Approval of a purchase order to Wright Industrial Group, LLC, in the amount of \$57,014 for the piping modifications at the WWTP headworks. The project consists of the furnishing of all materials and installation of stainless steel piping to replace a portion of the existing PVC piping and related appurtenances at the headworks screens at the Wastewater Treatment Plant. Wright Industrial Group submitted the low bid.
- Approval to award a contract to Mansfield Industrial, Inc., in the amount of \$196,126 for the Cleveland Filter Plant Facility Painting Project. The project consists of the painting of various rooms including Filter Room, Pipe Gallery, Lobby & Stairwell, Alum Room, Maintenance Room, and Chlorinator Room inside the CFP and other miscellaneous modifications and repairs. Mansfield Industrial submitted the low bid.
- Approval of an agreement with J. R. Wauford & Company, Consulting Engineers, Inc., in the amount of \$360,000 for the design to cease the use of gaseous chlorine for disinfection and gaseous sulfur dioxide for dechlorination and implement a project using ultraviolet light technology for disinfection at the WWTP. This includes design, bidding and engineering services during construction.

#### **OTHER BUSINESS**

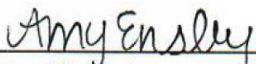
##### **Future Board Meeting Dates**


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

Friday, June 26, 2020, 12:30 p.m.

#### **ADJOURNMENT**

On motion by Joe Cate and seconded by Debbie Melton, the Board of Public Utilities voted unanimously to adjourn the meeting. In closing, Chairman Ector expressed appreciation to everyone for taking the proper precautions during this pandemic.

  
Board Secretary

  
Board Chairman

June 26, 2020  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**JUNE 26, 2020**

*Pursuant to Governor Lee's Executive Order 34, the Board of Public Utilities met at 12:30 p.m. electronically through teleconference. In light of COVID-19 and to help prevent its spread and in order to protect the health, safety and welfare of the public, there was not a physical location for this meeting. An audio recording of this meeting was made available at [www.clevelandutilities.com](http://www.clevelandutilities.com) within two business days of the meeting.*

The following were present through teleconference: 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; Melody Carroll, General Accounting Manager; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Walt Vineyard, Executive VP; and Larry Bowers, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Craig Mullinax delivered the invocation.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Independence Day Holiday**

Cleveland Utilities' offices will be closed Friday, July 3, 2020, to observe Independence Day. The Call Center will be open and regular emergency and standby services will be maintained.

**Achievement of 1,000,000 Safe Hours in Electric and 250,000 in Water/Wastewater**

Henderson reported on some significant safety milestones of 1,000,000 safe work hours without a lost-time accident achieved by Electric Division employees and 250,000 hours by Water Division employees. This is a remarkable accomplishment in the safety arena. Henderson commended Corum and the Safety Department for facilitating and making safety a top priority as well as the employees for working safely.

**Lobby Modifications Evaluation & Update to Application for Service Process**

CU's lobby is still closed to the public for walk-in services. The drive-thru and other means are being utilized to conduct the necessary customer interactions. Staff is being mindful of how employees and the public are protected in the lobby reopening process, particularly with the increase of COVID-19 cases in the area. Therefore, an architect has been engaged to evaluate potential modifications and look towards a more permanent solution that would enable the appropriate protection not only for this pandemic but any similar ones in the future.

In addition, CU modified the process concerning applications for service this week. Documentation is no longer required for a customer's rights to occupy a property. This change will aid the customer service team in being able to process applications quicker as well as remove frustration from customers who have had to make multiple trips to obtain the previously required documents necessary to proceed with beginning service. The feedback from both employees and customers surrounding this change has been great.

**CONSENT AGENDA**

On motion by Joe Cate and seconded by Debbie Melton, the Utility Board voted unanimously to approve the following items from the Consent Agenda.

- Approval of the minutes from the regular meeting held on May 22, 2020.

- Approval of the following written Financial, Electric, Water & Wastewater Division Reports:

#### **Financial**

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of July 2016 through July 2020 was reviewed. For the month of July, the residential retail electric rate will change to 9.734 cents per kilowatt-hour, an increase of 0.76 percent over June's rate of 9.661 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 FCA along to its consumers.
2. The May 2020 financial and statistical statements were presented to the Utility Board. During May, the cost of purchased power as a percentage of retail sales was 71.9 percent and can be compared to the budgeted percentage of 77.5 percent for FY 2020. The results for May 2020 are electric sales revenue of \$6,961,208 which was offset by a purchased power expense of \$5,000,352. This resulted in an operating margin of \$1,960,856. Operating expenses for the month were \$2,084,672. This is compared to a budgeted operating expense of \$1,856,246. These revenue numbers were driven by a customer base of 32,037. The net income for the month was \$42,180 and can be compared to a budgeted net loss of \$27,537.
3. For May 2020, water sales revenue was \$1,221,413. Other revenue sources contributed an additional \$167,633 for the month. Operating expenses for May totaled \$1,313,982. These revenue numbers were driven by a customer base of 32,468. The division recorded an operating income of \$75,064, which is compared to a budgeted operating income of \$116,334.
4. For May 2020, wastewater treatment revenue was \$1,002,811. Other revenue sources contributed an additional \$75,792 for the month. Operating expenses for May were \$1,009,201. This is compared to the budgeted amount of \$1,051,821. These revenue numbers were driven by a customer base of 19,504. The division recorded an operating income of \$69,402, which is compared to a budgeted operating income of \$103,897 for the month.

#### **Electric Division**

1. The Cherokee Gateway Substation Project is progressing. The following update was provided:  
Electrical Control Building: Keystone/VFP has begun manufacturing the control building. Engineering has been working with Keystone's project engineer to review and finalize drawings for the building which is estimated to arrive in early October.  
Power Transformers: Manufacturing of the two power transformers has been completed at the factory, and the units are currently being testing. If all goes well, they are set to arrive at the substation site on July 8 and 9. Due to travel restrictions from COVID-19, engineering will be reviewing the test results in CU's office and performing visual inspection by video conference where needed.  
Lightning Protection: The equipment from Lightning Eliminators has arrived and currently being stored in the Harrison Building. As a reminder, this is the first substation to utilize these products. The specialty poles on which the devices will be mounted are expected to arrive mid-July. Lightning Eliminators will send a team to Cleveland to assist with the installation towards the end of July.  
Site work: Operations began installing the conduit for the underground 69 kV cable and the 13 kV underground circuits in May, and the work was completed the first of June. Substation

crews also began the ground grid installation in May. The areas where the conduits entered the substation were installed first so the ground grid would not be disturbed in the future.

2. The preliminary site grade design for the Lang Street Substation Upgrade Project has been completed. CU is working with the consultant on the switching design for the three incoming 69 kV circuits and have landed on a design to provide the most flexibility. All three circuits will terminate into a steel box structure with a series of six sets of gang-operated switches which will allow multiple combination of feeds in and out. The grading is anticipated to begin in late summer or early fall.
3. In reference to the Lang Street to District transmission line upgrade, the steel poles have been delivered and staged at the District Substation property in preparation for construction to begin. The remaining material has arrived and construction is scheduled to begin Monday, June 29.
4. In late May, engineering was contacted by the electrical contractor for the Remember Me Assisted Living Facility with the desire to begin installation of the electrical conduit. Engineering released a work order for installation of the electric primary and transformer for the complex so that operations would have a guide to inspect the electrical conduit. The contractor also decided to use the first transformer in the complex for the temporary power. Installation of the conduit will be done as the foundation pad for each building is completed.
5. A work order was released to repair a 69 kV switch that failed on Hardeman Lane resulting in a brief outage on May 19. The switch was found to be arcing by a passing customer, and emergency switching was done to remove the switch from service. One switch was replaced and returned to service. The sales representative for S&C (the company from which the switch was purchased) was contacted to evaluate the failed switch. The decision was made to have the switch shipped to S&C for examination and repair at their facility.
6. The week after the initial tornado damage in April, the original East Cleveland 69 kV feed was returned to normal. Five poles had to be replaced and several spans of conductor had to be repaired and restrung.
7. Annual spring cleaning was completed for the TOSHA and DIC Safety Audits. CU is still awaiting the results from the TOSHA inspection. The trucks were inspected, the written safety programs were reviewed, and a couple of field inspections with line crews were conducted. The DIC audit came back very positive with only a few minor recommendations.
8. A report was presented regarding traffic lighting:
  - A work order was released to install radar detection at the intersection of Freewill Road and Candies Lane. This replaces the last of the failing Peek Video Detection and will reduce a high number of maintenance calls that occurred over the last year. The radar detection will also provide increased performance during fog events.
  - The firmware was upgraded in 11 traffic controllers along some of the busiest corridors. This will enhance function and reliability of these controllers. Staff has been diligent in upgrading these units as time permits. The work was performed after-hours to minimize liability while the intersection was in flashing operation.

### **Water Division**

1. A meeting has been scheduled in July with ABS Consulting for the Process Safety Management and Risk Management Plan (PSM/RMP) Compliance Audits Study at the Water & Wastewater Administration Office.
2. Last week, Wright Industrial began work on the headworks piping modifications at the WWTP.

3. The contractor started the Cleveland Filter Plant (CFP) HVAC improvements on June 15.
  4. CTI completed the backwash catchtank preliminary engineering report update for the CFP.
  5. The CFP Painting Project is anticipated to begin in August following the completion of the HVAC improvements.
  6. Hampton Backhoe has completed the Clingan Ridge Drive Water Line Extension Project. CU is awaiting the final invoice.
  7. Hampton Backhoe will be completing the following Water Distribution Projects:
    - Harrison Pike water main extension compromising 200 feet of 6-inch water main.
    - Baugh Springs Road water main extension consisting of 350 feet of 6-inch water main.
    - Moore Circle Road water main extension with a scope of 125 feet of 6-inch water main.
  8. Hampton Backhoe will be completing the North Lee Elementary sewer relocation. The project will entail 287 feet of 8-inch sewer main.
  9. S&ME will be performing capacity analysis studies for the Dalton Pike and Spring Branch areas.
  10. Hampton Backhoe will be the contractor for the Pleasant Grove Road sewer main extension. The contract amount of the project is \$21,650.
  11. Engineering is reviewing the following plans:
    - Dashwood Subdivision off Angie Lane near the Weeks Drive Tank. The project scope includes 1,790 feet of 8-inch PVC sewer, 1,911 feet of 6-inch water main and one water booster pump station. BHK Property Investments is the developer.
    - Stone Creek Subdivision, Phase 5, on Finnell Road consisting of 500 feet of 2-inch PVC force main and 506 feet of 6-inch DIP water main. Epperson Homes is the developer.
  12. The following developments under construction have been completed:
    - Unity Subdivision, Phase 2, on Blythe Ferry Road. The development contains 16 units and 419 feet of 8-inch sewer main.
    - Savannah Avenue Apartments on Pryor Road comprising 24 units and 400 feet of 6-inch DIP water main.
  13. An update was provided for the ongoing Wastewater Rehabilitation Project:
    - Westco has completed clearing approximately 30,350 feet (5.75 miles) of sewer easements. A total of 2,000 feet was cleared this month.
    - In reference to the Basin 10A-8 Phase 2 Rehabilitation, the dig contractor has completed all 205 service lateral rehabilitations, performing cleanup and paving. CIPP lining is complete. Manhole rehabilitation continues. A total of 80 manholes of the 113 have been completed.
  14. The Meter Department set 38 meters through May 2020 compared to 40 for May 2019 and 40 for May 2018. Of the 38 sets, 24 were single family homes, 8 were apartments, 4 were townhomes, and 2 were commercial.
  15. The total amount of rainfall recorded at the CFP as of June 23, 2020, was 1.39 inches for the month. A total of 45.16 inches has occurred this calendar year (15.23 inches above average).
- Approval of the Property and Casualty Insurance renewal for fiscal year 2021 through the Distributors Insurance Company (DIC) Program in the amount of \$1,019,268. DIC is a wholly-owned subsidiary of TVPPA. Arthur J. Gallagher is the program manager.



- Approval of a purchase order to ABC Professional Tree Services, Inc. in the amount of \$440,000 for the projected removal and hourly rate costs for the third year of CU's vegetation management program with ABC. These projected expenses are expected to be incurred during the period of July 2020-June 2021 and were estimated using the previous year's invoices. ABC was awarded CU's three-year vegetation management contract in July 2018 and was the lowest overall bid.
- Approval of a purchase order to ABC Professional Tree Services, Inc. in the amount of \$180,000 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 2020 and spring of 2021. 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 a purchase order to Irby Utilities in the amount of \$69,500 for 2,000 feet of #500 MCM copper underground 15 kV triplex cable for the Cherokee Gateway Substation. Irby Utilities submitted the lowest bid for this budgeted item.
- Approval of a purchase order to Waypoint Business Solutions, LLC, in the amount of \$104,603.44 for equipment for Phase 2 of the Network Upgrade Project. The items are budgeted and being purchased through a State of Tennessee Contract.
- Approval of a contract with Jacobs Engineering Group, Inc., in the amount of \$132,193. Jacobs will assist Cleveland Utilities with preparation of a Risk and Resilience Assessment (RRA) and Emergency Response Plan (ERP) in accordance with the regulatory requirements and schedule described in the America's Water Infrastructure Act (AWIA) of 2018. The RRA's replace the vulnerability assessment (VA) previously conducted in accordance with the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. The project must be completed and submitted to the USEPA by June 30, 2021. The project is budgeted for FY 2021.
- Approval for Amendment No. 3 of an Agreement for Engineering Services with Consolidated Technologies, Inc., dba CTI Engineers, Inc., in the amount of \$102,060 for bid and award services, construction administration, SRF loan assistance services, geotechnical services, and for resident project representative services. The project is for the installation of a 0.5 million gallon water storage tank to serve the Spring Branch Industrial Park. This project is budgeted for FY 2020 and FY 2021.
- Approval for Task Order 10 of a Master Services Agreement with Stantec Consulting Services Inc., in the amount of \$59,200 for detailed design, bidding phase services and construction administration support for the extension of 3,400 lineal feet of 8-inch water line to serve the recently annexed Hensley Road project. The project is budgeted for FY 2021.
- Approval of a contract with S&ME, Inc., in the amount of \$86,675 for pump station evaluation, surveying, easement preparation, permitting, design, bidding, and construction administration for the installation of 6,500 lineal feet of 8-inch PVC sewer force main to serve the Spring Branch Industrial Park. This project is budgeted for FY 2021.

- Approval of a purchase order with Brenntag Mid-South in the amount of \$286,851.25 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 a purchase order to WESCO Distribution in the amount of \$69,125 for the purchase of 770 water 3.0 pit modules with in-line NICOR connectors and cover lid kits. These items are required for AMR/AMI meter sets and for inventory. The items are sole source and are budgeted for FY 2021.
- Approval of a purchase order with Kendall Electric, Inc., in the amount of \$74,250 for the purchase of a new Allen Bradley Motor Control Center (MCC) for the WWTP south blower building. The replacement is due to age of 33 years and a recommendation from MESA for arc flash issues and a recommendation for replacement. The MCC replacement is sole source and budgeted for FY 2021.
- Approval of a purchase order with Hampton Backhoe Service, LLC in the amount of \$402,560 for the installation of 1,467 lineal feet of 12-inch PVC sewer main and 11 manholes. The project replaces an existing 8-inch sewer main along 9th Street and Hardwick Street SE. This project helps address the overflow at Manhole 71-65 and the moratorium we have had for several years. The project is budgeted for FY 2020 and FY2021.

## **OTHER BUSINESS**

### **Future Board Meeting Dates**

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

Friday, August 7, 2020, 12:30 p.m.

Friday, August 28, 12:30 p.m.

Friday, September 25, 12:30 p.m.

Amy Ensley  
Board Secretary

[Signature]  
Board Chairman

8-7-2020  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**AUGUST 7, 2020**

*Pursuant to Governor Lee's Executive Order 51, the Board of Public Utilities met at 12:30 p.m. electronically through teleconference. In light of COVID-19 and to help prevent its spread and in order to protect the health, safety and welfare of the public, there was not a physical location for this meeting. An audio recording was made available at [www.clevelandutilities.com](http://www.clevelandutilities.com) within two business days of the meeting.*

The following were present through teleconference: 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, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; and Tim Siniard, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Amy Ensley delivered the invocation.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**United Way Day of Action Report**

Cleveland Utilities' participated in the United Way Day of Action on Friday, July 17, for the eighth year. Generally, CU has two teams helping in these efforts; however, this year it was drastically scaled back to one, six-employee team. The group worked at North Lee Elementary on outside tasks including landscaping and pressure washing where social distancing could be achieved.

**CU Annual Picnic**

Henderson regretfully announced the CU Annual Family Picnic held in October has been cancelled this year due to the continuing increase in COVID-19 cases. Out of an abundance of safety concerns for everyone, he advised it's the responsible decision at this point in time. Different alternatives are currently being explored.

**COVID-19 Update**

CU continues to monitor the latest updates surrounding COVID-19 to determine if any changes in procedures are needed. Everything is going really well internally. The workforce is staying healthy and it has been very busy. Some telework is occurring and technology is being utilized for various meetings and communication.

**CONSENT AGENDA**

On motion by David May, Jr., and seconded by Vice Chairman Eddie Cartwright, the Utility Board voted unanimously to approve the following items from the Consent Agenda.

**A.** Approval of the minutes from the regular meeting held on June 26, 2020.

**B.** Approval of the following written Financial, Electric, Water & Wastewater Division Reports:

**Financial**

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of August 2016 through August 2020 was reviewed. For the month of August, the residential retail electric rate will change to 9.647 cents per kilowatt-hour, a decrease of 0.89 percent over July's rate of 9.734 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 FCA along to its consumers.

2. Since June represents the end of fiscal year 2020, the year-end financial records are still being compiled and the regular financial and statistical report for June 2020 will be presented on August 28; however, preliminary figures were provided.

During June, the cost of purchased power as a percentage of retail sales was 73.9 percent and can be compared to the budgeted percentage of 78.7 percent for FY 2020. For FY 2020, purchased power expense as a percentage of retail sales was 74.7 percent.

The results for June 2020 are electric sales revenue of \$8,506,698 which was offset by a purchased power expense of \$6,282,225. This resulted in an operating margin of \$2,224,473 and can be compared to a budgeted margin of \$1,840,219.

The results for FY 2020 electric sales revenue was \$98,698,754 which was offset by a purchased power expense of \$73,773,832. This resulted in an operating margin of \$24,924,922. This is compared to a budgeted margin of \$21,788,371 for the FY 2020.

3. For June 2020, water sales revenue was \$1,479,924, unadjusted for unbilled revenue. This is compared to the budgeted amount of \$1,435,492.

The results for FY 2020 water sales revenue was \$15,730,816, unadjusted for unbilled revenue. This is compared to a budgeted revenue of \$15,708,829 for FY 2020.

4. For June 2020, wastewater treatment revenue was \$1,116,026, unadjusted for unbilled revenue. This is compared to the budgeted amount of \$1,119,033.

The results for FY 2020 wastewater sales revenue was \$12,720,646, unadjusted for unbilled revenue. This is compared to a budgeted revenue of \$12,937,882 for FY 2020.

### Electric Division

1. An update was reported for the Cherokee Gateway Substation Project:

Electrical Control Building: Manufacturing of the control building is underway by Keystone/VFP. Engineering has been working with the project engineer at Keystone to review and finalize drawings for the building. A relatively small change order was required due to some specifications not being clear on the bid package submittal. The building is scheduled to arrive in early October.

Power Transformers: The power transformers were delivered and set on the pads Friday, July 24. Pictures and an update will be reported at the next meeting.

Lightning Protection: The equipment from Lightning Eliminators has arrived and is being stored at the Harrison Building. As a reminder, this is the first substation where CU will use the Lightning Eliminator products. The arrival of the special order poles on which the devices will be mounted has been delayed. The manufacturer of the poles is having trouble receiving material due to complications from COVID-19. The manufacturer is hoping to be able to ship the poles mid-August. Lightning Eliminators will send a team to help install the lightning devices on the poles after they arrive.

Site Work: Operations has completed the ground grid installation. Due to the delay in shipment of the lightning protection poles, operations installed two temporary poles with an overhead static wire to protect the transformers from a potential lightning strike when they arrive.

Underground Cable & Pole Risers: The 69 kV underground cable arrived in June and is being stored until needed. The 13 kV underground cable is on order and expected to be delivered

mid-to-late August. Engineering has also been working with vendors to get the needed material for the riser poles.

2. As reported last month, the preliminary site grade design for the Lang Street Substation Upgrade Project has been completed. CU is continuing to work with the consultant to finalize the design and details for the incoming 69 kV switching structure. Grade work is still anticipated to begin in late summer or early fall.
3. Line crews are in the process of setting the steel poles for the Lang Street to District transmission line upgrade. Once all poles are set, the process of transferring the transmission and distribution circuits will begin.
4. The Cleveland Court Apartments (the Summit Apartment's replacement) on Cedar Lane have been under construction for several months and nearing completion. Crews installed a 300 kVA 120/208V 3-phase transformer and connected the electric service in early July. The expected load for the building is 260 kW.
5. Construction for an addition to North Lee Elementary School has been underway for a few months. To provide electric service to the new addition, the contractor installed a new underground service wire around the back of the existing building to the existing transformer, which has plenty of capacity to serve the new building. The only work required by CU crews will be to connect the new service to the transformer and adjust the CT metering so the load for the new building is also captured.
6. In June, engineering met with the contractor regarding temporary service for the Crown Automotive Dodge, Chrysler, Jeep Dealership located on Village North Boulevard behind Toyota. The business will be served by a 300 kVA 277/480V 3-phase padmount transformer and will have an estimated demand of 545 kW per the load report. Once the contractor installs the conduit and pours the transformer pad, CU will install the primary and transformer to provide temporary service until construction is complete.
7. A work order was released to provide permanent service for the new Harry's Liquor Store at 1708 Wildwood Avenue. The business location and CU's facilities did not coincide very well. After careful consideration, it was determined the best option would be to serve the property with underground service due to the location of the existing service pole. The business is being served by a 45 kVA, 120/208V, 3-phase padmount transformer. As part of the project, the existing riser pole was rotten and replaced during the process. Additionally, a span of open wire secondary no longer in use was replaced with triplex.
8. Permanent service has been requested for Paul's Liquor Store at 2248 Dalton Pike. This business will be also be served by one of the new 45 kVA 120/208V, 3-phase padmount transformers purchased to serve small businesses requiring 3-phase power but do not have enough 3-phase demand to justify it. However, this business still did not meet the 3-phase loading requirements and will be paying the full cost to install the transformer to add future value to the property.
9. The Operations Department opened bids for CU's In-Service Wood Pole Inspections and Remedial Treatment Program on July 9. Historically, this has been done every ten years. To better schedule the workload and provide budgeting consistency, the bid was written for one-tenth of CU's poles and will be performed annually on ten percent of the system each year.
10. A report was presented regarding traffic lighting:
  - The pedestrian pole at Keith & 20<sup>th</sup> NW was replaced after being knocked down. CU engineering then updated the firmware on the Accessible Pedestrian Signals and programmed the buttons for operation.

- Engineering requested an easement for the future installation of a traffic signal pole and cabinet on the corner of Stuart Road and Hardwick Farms Parkway. The easement will be included in the site plan for a new Wendy's Restaurant at the intersection.

#### Water Division

1. The Headworks Piping Modifications Project at the Wastewater Treatment Plant (WWTP) is anticipated to be completed this month.
2. The HVAC improvements at the Cleveland Filter Plant (CFP) is scheduled for completion mid-August.
3. The painting project at the CFP is expected to commence on September 8 following the HVAC project.
4. The following projects were reviewed:
  - The Clingan Ridge Drive Water Line Extension Project has been closed out. Final payment was submitted to Hampton Backhoe in the amount of \$52,015.
  - Final payment was made to Hampton Backhoe for the Eldredge Circle water main extension in the amount of \$20,428.
  - Hampton Backhoe received final payment in the amount of \$6,477 for the Harrison Pike water main extension.
  - Final payment has been issued to Hampton Backhoe in the amount of \$7,465 for the Baugh Springs Road water main extension.
  - The Villa Drive Water Main Extension Project is scheduled to begin this week. The project consists of 180 feet of 8-inch DIP water main. HL Construction is the contractor.
  - The Veterans Home sanitary sewer is complete. CU is awaiting the final invoice.
  - Hampton Backhoe has completed the North Lee Elementary sewer relocation. The final invoice has not been received.
  - The Quail Ridge Sewer Main Extension to the Anatole Pump Station has been completed but not yet invoiced.
  - S&ME has completed the capacity study for the Spring Branch area.
5. Engineering is reviewing plans for Meadowview PUD. The scope of this project is 3,013 feet of 8-inch gravity sewer, 785 feet of 4-inch force main, 2,850 feet of 6-inch water main, and a sewer pump station. River Stone Construction is the developer.
6. Engineering approved the following plans:
  - Arbor Hills Townhomes – Rob Renner is the developer.
  - Stone Creek Subdivision, Phase 5, on Finnell Road. The developer is Epperson Homes.
7. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - In reference to the Basin 10A-8 Phase 2 Rehabilitation, final post CCTV work is being completed and video is being reviewed. A punch list of items is being prepared for the contractor to complete in order to close the project.
  - Hampton Backhoe saw cut the road for the 9<sup>th</sup> Street Sewer Replacement Project, and excavation began the week of August 3. The project is anticipated to last four to six weeks.
8. The Meter Department set 30 meters through June 2020 compared to 53 for June 2019 and 24 for June 2018. Of the 30 sets, 25 were single family homes and 5 were commercial.

9. The total amount of rainfall recorded at the CFP for the month of July was 4.15 inches. As of August 5, 2020, 2.12 inches has occurred this month. A total of 52.64 inches has occurred this calendar year (14.17 inches above average).

- C. The Safety Internal Performance Measures (IPMs) for January 2020-June 2020 were provided. This is a component of CU's Strategic Plan. Results for the period are below:

	<b>Electric &amp; Water Combined</b>	<b>Electric Division</b>	<b>Water/Wastewater Division</b>
<b>OSHA Recordable Incident Rate (RIR)</b>	1.77	1.51	2.13
<b>DART Rate</b>	1.33	1.51	2.13
<b>Lost-Time Case Rate (LTCR)</b>	0.00	0.00	0.00
<b>Vehicle Accident Rate (VAR)</b>	2.22	5.90	0.00

The following data went into the calculations:

- A total of 1,388,483 consecutive hours have been worked by both divisions combined without a lost-time injury (LTI). Electric division employees contributed 1,104,094 of those hours, with the last lost-time injury occurring on November 19, 2015. The water division reached 284,389 hours, with the last lost-time injury occurring on December 7, 2018.
- A total of 226,117 cumulative hours were worked companywide during the period. 119 employees in the electric division worked 132,148 hours, and 83 employees in the water division worked 93,969 hours.
- In addition, a total of 451,240 cumulative vehicle miles were driven by employees in 120 vehicles. 169,432 of those miles were driven by electric employees, and 281,808 miles were by water 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>2017</b>	4.04	2.53	1.01	2.29
<b>2018</b>	2.88	2.40	0.48	2.25
<b>2019</b>	0.48	0.48	0.00	3.67
<b>2020</b>	1.77	1.33	0.00	1.22

- D. Approval of a Resolution requesting the City Council of the City of Cleveland, Tennessee, to provide for the issuance of approximately \$6,000,000 in aggregate principal amount of General Obligation Bonds. The bonds will be used for general obligation capital projects included in the FY 21 Budget. Each division had a financing obligation as part of the budget. These will be requested as 20-year fixed rate instruments. Stinnett advised he is hopeful the market will continue to return a positive result on the interest rate which will, in turn, save CU money in the long-run. Additionally, the City Council may adopt another resolution to refinance some of CU's existing debt. CU's plan would be to move the two forward together to save on issuance costs and underwriting fees associated with the debt. The breakdown per division is as follows:

- (1) Electric                      \$2,000,000
- (2) Water                        \$1,750,000
- (3) Wastewater                \$2,250,000

- E. Approval of Three (3) TVA Agreements
- (1) *Power Supply Flexibility Agreement* - This agreement provides flexible power generation options to TVA's local power company (LPC) customers who have entered into their Long-Term Partnership Agreements. It allows LPCs to generate up to 5 percent of their power needs through their own generating sources. Although Cleveland Utilities does not have any current flexibility plans, this agreement will allow implementation of potential options in the future.
  - (2) *EnergyRight® Home Uplift Agreement* – The EnergyRight® Solutions Home Uplift Program (HUP) delivers weatherization services to qualifying residential customers. The HUP is intended to reduce energy costs for homeowners by installing weatherization upgrades in existing single-family homes, while also improving indoor living conditions. The project will be funded through matching funds provided by CU, the United Way of the Ocoee Region and TVA.
  - (3) *Green Flex Program Agreement* - The Green Flex Program allows eligible customers to purchase renewable energy certificates (RECs) from TVA. Each REC represents 1 MWh of renewable energy generation from acceptable sources, including solar photovoltaic, wind turbines, low-impact hydro, and/or methane gas sources. The program is designed to provide low-cost RECs to customers that enroll in the program.
- F. Approval of a contract with Consolidated Technologies, Inc., dba CTI Engineers, Inc., in the amount of \$148,100 for professional services at the Cleveland Filter Plant for the design, bidding assistance, construction management, record drawings, surveys, geotechnical services, easement drawings & documents, permits for a new filter backwash holding tank, pump station & force main, yard piping modifications, and a new sedimentation solids pumping station & force main. The projects are budgeted for FY 2020.
- G. Approval of a purchase order to Kendall Electric Inc., in the amount of \$215,497 for the upgrade of the Cleveland Filter Plant raw water pump motor drives. The upgrade includes new 755TL drives, abandoning of the existing transformer, replacing the existing mechanical relays with electronic relays, providing a new pre-programmed processor for the site PLC, and a new Human Machine Interface (HMI). The purchase is sole source and budgeted for FY 2021.
- H. Approval of a purchase order to Hampton Backhoe Service, LLC in the amount of \$106,488 for the installation of 2,400 lineal feet of 8-inch ductile iron water main along Brymer Creek Road SW. The project will be funded by a customer and Cleveland Utilities. The project is budgeted for FY 2021.
- I. Approval of a Resolution authorizing The Cleveland Board of Public Utilities to proceed with eminent domain proceedings against property owners Sonya Crago and Brent Crago. The easement is required so a gravity sanitary sewer main can be constructed across the Crago's property as part of the 2019 Hensley Road Annexation Sanitary Sewer Extension Project.
- J. Approval of a Resolution by The Cleveland Board of Public Utilities authorizing the borrowing of up to \$10,000,000 from the State Revolving Fund (SRF) for sewer collection system rehabilitation projects as budgeted and the CEO/President of Cleveland Utilities to act on behalf of the Board with respect to SRF loan applications.



**OTHER BUSINESS**

**Future Board Meeting Dates**

Future scheduled board meeting dates are as follows:

Friday, August 28, 12:30 p.m.

Friday, September 25, 12:30 p.m.

Friday, October 23, 12:30 p.m.

Amy Ensley  
Board Secretary

[Signature]  
Board Chairman

August 28, 2020  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**AUGUST 28, 2020**

*Pursuant to Governor Lee's Executive Order 51, the Board of Public Utilities met at 12:30 p.m. electronically through teleconference. In light of COVID-19 and to help prevent its spread and in order to protect the health, safety and welfare of the public, there was not a physical location for this meeting. An audio recording was made available at [www.clevelandutilities.com](http://www.clevelandutilities.com) within two business days of the meeting.*

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

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Labor Day Holiday**

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

**20 Under 40 Recognition**

Marshall Stinnett was recently recognized as one of the 20 outstanding community members up to age 40 by the *Cleveland Daily Banner*. Henderson advised CU is blessed to have Stinnett on the team as he does an incredible job for the organization.

**Billing System Upgrade**

This weekend, CU will be conducting an important billing system upgrade which will aid in the ability to assist customers in a faster and more efficient manner. The drive thru has been operating under extended hours as a COVID-19 related measure; however, it will be closing at 5 p.m. today in order for the IT Department to begin the upgrade process. Throughout the weekend, customers will still have the ability to make payments through the website, by telephone, the mobile app and other partners (CVS & Family Dollar) who accept CU payments. The Call Center will be open, and normal operations will resume Monday, August 31.

**TVA Announcement**

Yesterday, TVA's Board of Directors approved further COVID-19 related funds through the Pandemic Relief Credit and Community Care Fund to be distributed in the Valley. At this point, the particulars are not known; however, CU will be meeting with a TVA representative next week to obtain further details. Henderson advised he is hopeful to have a recommendation to the board in September with how the funds can be utilized to best impact CU's customer base as a whole.

**CONSENT AGENDA**

Debbie Melton moved to approve the following items from the Consent Agenda. The motion was seconded by Joe Cate and unanimously passed.

- A. Approval of the minutes from the regular meeting held on August 7, 2020.

**B. Approval of the following written Financial, Electric, and Water & Wastewater Division Reports:**

**FINANCIAL REPORT**

1. **Residential Electric Rate:** A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of September 2016 through September 2020 was provided. For the month of September, the residential retail electric rate will change to 9.496 cents per kilowatt-hour, a decrease of 1.57 percent over the rate of 9.647 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 FCA along to its consumers.
2. **Electric Division June 2020** - During June, the cost of purchased power as a percentage of retail sales was 73.8 percent and can be compared to the budgeted percentage of 77.5 percent for FY 2020. The results for June are electric sales revenue of \$8,506,698, which was offset by a purchased power expense of \$6,282,192. This resulted in an operating margin of \$2,224,506. This is compared to a budgeted margin of \$1,969,830. Operating expenses for June were \$1,466,889. This is compared to a budgeted operating expense of \$1,861,382. This variance is driven by the year-end adjustment entry of GASB 68, reporting for Pensions. To date, CU is awaiting the updated GASB 75 report, reporting for OPEB, which will allow for year-end OPEB entries to be made. The updated report is expected to reflect an increased expense due to COVID-19 expenditures for FY 2020. These revenue numbers were driven by a customer base of 32,019. The net income for the month was \$910,195 and can be compared to a budgeted net income of \$260,439.
3. **Electric Division Fiscal Year 2020** - The results for FY 2020 are electric sales revenue for the year of \$98,698,755, which was offset by a purchased power expense of \$73,773,799. This resulted in an operating margin of \$24,924,956. This is compared to a budgeted margin of \$23,322,986. Operating expenses for FY 2020 were \$20,962,458. This is compared to a budgeted operating expense of \$22,028,334. The net income for FY 2020 was \$6,136,332; this can be compared with a budgeted net income of \$3,105,766. This variance was driven by the additional credits received via the Long-Term Partnership, which aided in reduced expenditures due to timing across fiscal years. Additionally, these numbers do not reflect the year-end OPEB entries, which are expected to be over budget due to COVID-19 expenditures.
4. **Electric Division July 2020** - During the month of July, the cost of purchased power as a percentage of retail sales was 72.9 percent and can be compared to the budgeted percentage of 76.1 percent for FY 2021. The results for July are electric sales revenue of \$10,018,385, which was offset by a purchased power expense of \$7,307,377. This resulted in an operating margin of \$2,711,008. This is compared to a budgeted margin of \$2,213,873. Operating expenses for the month of July were \$1,630,009. This is compared to a budgeted operating expense of \$1,828,101. These revenue numbers were driven by a customer base of 32,019. The net income for the month was \$1,246,948; this can be compared with a budgeted net income of \$556,723.
5. **Water Division June 2020** - For June, water sales revenue was \$1,479,924. This is compared to the budgeted amount of \$1,435,493. Other revenue sources contributed an additional \$148,744. These revenue numbers were driven by a customer base of 32,467. Operating expenses for the month were \$1,573,900. This is compared to the budgeted amount of \$1,348,229. This variance is driven by the year-end adjustment entry of GASB 68, reporting for Pensions. To date, CU is still awaiting the updated GASB 75 report, reporting for OPEB, which will allow for year-end OPEB entries to be made. It is expected the updated report will reflect

an increased expense due to COVID-19 expenditures for FY 2020. The division recorded an operating income of \$54,768, which is compared to a budgeted operating income of \$232,247.

6. **Water Division Fiscal Year 2020** - The results for FY 2020 are water sales revenue of \$15,730,815. Other revenue sources contributed an additional \$1,678,013. Operating expenses for FY 2020 were \$15,972,575. This is compared to a budgeted operating expense of \$15,524,407. The net income for FY 2020 was \$1,436,253, which can be compared to a budgeted net income of \$1,771,050. Additionally, these numbers do not reflect the year-end OPEB entries, which are expected to be over budget due to COVID-19 expenditures.
7. **Water Division July 2020** - For July, water sales revenue was \$1,582,977. This is compared to the budgeted amount of \$1,687,336. Other revenue sources contributed an additional \$154,691 for the month. These revenue numbers were driven by a customer base of 32,663. Operating expenses for the month were \$1,362,205. This is compared to the budgeted amount of \$1,429,815. The division recorded an operating income of \$375,463, which is compared to a budgeted operating income of \$418,129.
8. **Wastewater Division June 2020** - For June, wastewater treatment revenue was \$1,116,026. This is compared to the budgeted amount of \$1,119,033. Other revenue sources contributed an additional \$77,612 for the month. These revenue numbers were driven by a customer base of 19,484. Operating expenses were \$985,460. This is compared to the budgeted amount of \$1,065,329. This variance is driven by the year-end adjustment entry of GASB 68, reporting for Pensions. To date, CU is still awaiting the updated GASB 75 report, reporting for OPEB, which will allow for year-end OPEB entries to be made. It is expected the updated report will reflect an increased expense due to COVID-19 expenditures for FY 2020. The division recorded an operating income of \$208,178, which is compared to a budgeted operating income of \$140,706.
9. **Wastewater Division Fiscal Year 2020** - The results for FY 2020 are wastewater treatment revenue of \$12,720,648. Other revenue sources contributed an additional \$1,095,892. Operating expenses for FY 2020 were \$12,040,039. This is compared to a budgeted operating expense of \$12,428,779. The net income for FY 2020 was \$1,776,501; this can be compared to a budgeted net income of \$1,514,989. Additionally, these numbers do not reflect the year-end OPEB entries, which are expected to be over budget due to COVID-19 expenditures.
10. **Wastewater Division July 2020** - For July, wastewater treatment revenue was \$1,131,342. This is compared to the budgeted amount of \$1,181,866. Other revenue sources contributed an additional \$73,147 for the month. These revenue numbers were driven by a customer base of 19,653. Operating expenses for the month were \$973,198. This is compared to the budgeted amount of \$1,066,687. The division recorded an operating income of \$231,291, which is compared to a budgeted operating income of \$206,781.

## **ELECTRIC DIVISION**

1. An update was reported for the Cherokee Gateway Substation Project:  
Electrical Control Building: The building is still under construction at the factory. There are no known delays at this time and the building is due to arrive in October.  
Power Transformers: The two power transformers from Delta Star arrived in July. Delivery went smoothly and the crane company was able to successfully set the transformers on the concrete pads at the site. Delta Star confirmed the motion recorders installed on the transformers at the factory did not record any impacts during transportation. Delta Star

scheduled to dress the transformers the week of August 17, where items such as the radiators and bushings will be installed, and Delta Star will conduct a final inspection.

Lightning Protection: The equipment from Lightning Eliminators is in storage at the Harrison Building. Manufacturing of the poles on which the devices will be mounted has been delayed due to complications from COVID-19. The pole manufacturer is hoping to have steel in stock mid-August to begin the process.

Steel Structure: The steel structure was manufactured in May 2019, and the manufacturer has graciously held the material until it was needed. As a result of the progress made over the past few months, the steel structure parts were able to be received in July and delivered to the site in early August. Operations personnel began construction of the structure this month.

Site Work: As reported, the ground grid was completed in June. Some gravel has been placed at the site for the steel structure parts; however, the remaining gravel will not be laid until the conduit is installed.

Underground Cable & Pole Risers: Engineering has been reviewing options for termination of the underground cables going to and from the substation with suppliers.

2. There are no new updates since the last report for the Lang Street Substation Upgrade Project.
3. Line crews are still in the process of setting the steel poles for the Lang Street to District transmission line upgrade. Once all poles are set, the process of transferring the transmission and distribution circuits will begin.
4. Engineering met with the contractor of the new Ocoee Regional Medical Center on Westland Drive in July. The new building will be 11,500 square feet and have an 800 amp, 120/240 volt single-phase service. The contractor installed the electric conduit in late July and operations completed installation of the primary and transformer in August. The transformer will also be used for temporary construction service.
5. A work order was released to relocate the primary lines behind Black Fox School to allow the grade behind the new addition to be sloped. This eliminated the need for a fairly tall retaining wall. In July, the conduit was installed and CU crews removed the old primary lines and installed new lines. A few weeks later, permanent service was provided to the new building. The addition is expected to have a demand of around 50 kW.
6. In July, site work began for the Graystan Square Development consisting of five commercial lots on Paul Huff Parkway as well as a large lot to the northwest of the development. Engineering provided a conduit layout to the developer. The plan is to install #350 aluminum primary from the pole on Paul Huff Parkway to a 600 amp sector cabinet. The primary lines for the three lots and the large lot next to the development will be connected to the sector cabinet. The two lots next to Mouse Creek Road will be connected to the lines along Mouse Creek Road. The schedule for the site is not known at this point; however, construction for some of the businesses is expected to begin in the near future.
7. Engineering released a work order to install a meter for a new beauty salon, Foiled Uptown Beauty Bar, at The Agora on 1<sup>st</sup> Street. The 200 amp electric service is expected to have a demand of 15 kW.
8. A new building has been constructed on North Ocoee Street to replace the VFW building destroyed by fire several years ago. The existing overhead line on the property was reused and a #4/0 aluminum triplex service was connected to serve the 400 amp single-phase service.
9. ALDI expanded its store into a large portion of the space next door formerly occupied by TJ Maxx. The company will also use a small area of their existing space. The remaining portion

of their previous space will be available for rent. The existing pad-mount transformer has plenty of capacity for the new service.

10. Spectrum is building an office on Paul Huff Parkway next to SunTrust Bank. Site work began in July and engineering released a work order to connect a temporary service. When the building is ready for permanent electric service, CU crews will install wire from the existing transformer on the opposite side of SunTrust, and the electrical contractor will install the service wire from the building to the bus cabinet.
11. Engineering released a work order to install a three-phase sector switch, underground primary, and a 500 KVA pad-mount transformer to serve the Avail Assisted Living complex on Stuart Road NE.
12. A work order was released to install underground facilities to serve the new Quail Ridge Subdivision on North Lee Highway. The development has 34 lots and an anticipated load of approximately 250 kW. Cleveland Utilities installed a 25 KVA and eight 37.5 KVA transformers.
13. Engineering released a work order to install three-phase underground primary and a 112.5 KVA pad-mount transformer to serve a new package store and three tenant retail spaces at 5200 North Lee Highway.
14. A report was provided for traffic lighting:
  - The firmware for several fire trucks was upgraded after complaints the preemption was not working regularly. Two issues were found which will require maintenance from the city's garage before correct operation of the Opticom GPS preemption can occur.
  - Settings for the Keith Street & Woodcrest intersection were changed following complaints the delay was too long when turning left out of the neighborhood. Now, the Woodcrest side receives a green light every time a left turn is made from Ocoee Crossing even if no vehicle is present on Woodcrest. Oftentimes, this allows what would be a late arrival to make the turn with almost no delay. The impact to Keith Street has been minimal.
  - Engineering inspected a fiber issue where communications were down at the Keith Street & Walmart and Keith Street & Paul Huff Parkway intersections. The problem was pinpointed to the top of a pole near the cabinet. Ervin Cable then found where an animal had chewed through the fiber and made the necessary repairs.
  - A work order was released to replace the polycarbonate traffic signal heads with aluminum ones and replace the signal conductor at Peerless Road & Raider Drive. The existing heads had deteriorated with two recent failures.

#### **WATER & WASTEWATER DIVISION**

1. The Process Safety Management and Risk Management Plan Compliance Audits & the Process Hazard Analysis Revalidations for the Wastewater Treatment Plant (WWTP) and Cleveland Filter Plant (CFP) are complete. CU is awaiting the reports.
2. The HVAC improvements at the CFP are scheduled to be complete by the end of August.
3. CTI completed the backwash catchtank preliminary engineering report update for the CFP. The final amount of the study was \$15,500.
4. Hampton Backhoe completed the Brymer Creek Road water main extension on August 26. CU is awaiting the final invoice.
5. HL Construction completed the Villa Drive water main extension. The project comprised 180 feet of 8-inch DIP water main.

6. In reference to the 2019 annexation sewer service to the Prospect/Hensley Road area, CU has received TDOT and TDEC (ARAP and stream crossing) approval. CU is awaiting the U.S. Army Corps of Engineers approval, which is expected to be shortly after the archeological study is reviewed. CU has begun working with Attorney Travis Henry on eminent domain proceedings against the Cragos. The project will be bid next month.
  7. The Pleasant Grove Road Sewer Main Extension Project is complete with the exception of cleanup.
  8. Hampton Backhoe has completed the Robin Hood Drive sewer replacement. CU is awaiting the final invoice.
  9. An update was provided for the ongoing Wastewater Rehabilitation Project:
    - Hampton Backhoe began excavation for the 9<sup>th</sup> Street Sewer Replacement Project the week of August 3. The first 575 feet of main have been installed. The project is anticipated to last four to six weeks.
    - Plans and specifications are being compiled for the next Rehabilitation Project, Phase 3.
  10. The Meter Department set 31 meters through July 2020 compared to 52 for July 2019 and 35 for July 2018. Of the 31 sets, 25 were single family homes, 3 were irrigation and 3 were commercial.
  11. The total amount of rainfall recorded at the CFP as of August 25, was 6.33 inches for the month. A total of 56.85 inches has occurred this calendar year (18.21 inches above average).
- C. Approval of a purchase order to Cleveland Utilities OPEB c/o First Horizon Bank in the amount of \$698,193 for the annual funding of CU's Other Post-Employment Benefits (OPEB) Trust.
- D. Approval for Notice of Award to Hampton Backhoe Service, LLC in the amount of \$251,990 for the installation of approximately 6,855 linear feet of 8-inch high-density polyethylene (HDPE) sanitary force main, approximately 100 linear feet of 8-inch HDPE and 12-inch casing pipe. The Spring Branch Pump Station Force Main Project will connect the new industrial park to the existing sanitary sewer system. This project is budgeted for FY 2021. The total budget amount is \$300,000.
- E. Approval of a purchase order to Pen Gulf, Inc., in the amount of \$87,750 for the rehabilitation of Spiral Lift Pump No. 202 located at the WWTP. The project scope consists of the removal of the torque tube, sandblasting and recoating the tube and reinstallation. Additional work consists of touching-up coatings on the other five torque tubes and grout repair of the concrete troughs. The project is budgeted for FY 2021 in the amount of \$65,000.
- F. Approval for Notice of Award to Precon Corporation in the amount of \$1,225,000 for the construction of the Cherokee Gateway Boulevard Water Storage Facilities (Spring Branch Industrial Park). This project consists of the construction of a 600,000 gallon circular pre-stressed concrete ground storage tank, all associated site improvements and appurtenances and 1,130 linear feet of 12-inch diameter ductile iron pipe. This project is budgeted for FY 2021. The total budget amount is \$1,000,000.
- G. Approval to award a project to B&W Contractors, Inc., dba Cherokee Construction in the amount not to exceed \$2,439,206 for the construction of the Cleveland Utilities' Wastewater Operation,

Information Technology (IT), and Wellness Center Building. The project has a budget of \$2,458,768 for FY 2020 and FY 2021. B&W Contractors submitted the low bid.

## **NEW BUSINESS**

### **Utility Board Changes**

Chairman Aubrey Ector read a letter dated August 26, 2020, from Eddie Cartwright requesting to resign as vice chairman of the Utility Board, but to remain a member of the board. Chairman Ector thanked Cartwright for his service in this position and to the board in general. He also stated he is glad Cartwright has chosen to remain on the board. On motion by David May, Jr., and seconded by Joe Cate, the Board of Public Utilities voted to accept the resignation of Eddie Cartwright as vice chairman.

David May, Jr., motioned to elect Joe Cate as vice chairman of the Utility Board. The motion was seconded by Eddie Cartwright. Joe Cate recused himself from the vote. The motion passed.

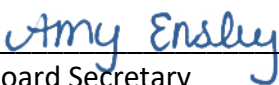
## **OTHER BUSINESS**

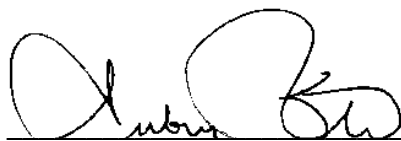
### **Future Board Meeting Dates**

Future scheduled board meeting dates are as follows:

Friday, September 25, 12:30 p.m.

Friday, October 23, 12:30 p.m.

  
Board Secretary

  
Board Chairman

September 25, 2020  
Date



**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**SEPTEMBER 25, 2020**

*Pursuant to Governor Lee's Executive Order 60, the Board of Public Utilities met at 12:30 p.m. electronically through teleconference. In light of COVID-19 and to help prevent its spread and in order to protect the health, safety and welfare of the public, there was not a physical location for this meeting. An audio recording was made available at [www.clevelandutilities.com](http://www.clevelandutilities.com) within two business days of the meeting.*

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

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**COVID-19 Update**

- A preconstruction meeting was held on September 24 for the lobby renovations. Bids will be opened on October 13.
- In reference to the recent hurricanes impacting the Gulf Coast, CU did receive a mutual aid request from the Tennessee Valley Public Power Association (TVPPA). Due to the current COVID-19 conditions and the heavy workload on CU's system, staff felt it would be best to not commit internal operational crews in the recovery efforts. However, CU was able to support the endeavor through current tree contractor, ABC Professional Tree Services. They were able to release some of their crews for tree trimming needs in the affected areas. Those crews have returned to perform full duties on CU's system.

**Public Power Week**

Public Power Week is October 4-10, 2020. This event is celebrated nationally every year by not-for-profit, community-owned electric utilities that take pride in providing safe, reliable, and affordable electricity to their local communities. CU's celebration will look a little different this year since no public events can be held, but the typical advertisements, notices and social media posts will be made to promote and bring awareness to public power.

**Columbus Day Holiday**

Cleveland Utilities will be closed on Monday, October 12, in observance of Columbus Day. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

**CONSENT AGENDA**

Councilman David May, Jr., moved to approve the following items from the Consent Agenda. The motion was seconded by Eddie Cartwright and unanimously passed.

- A.** Approval of the minutes from the regular meeting held on August 28, 2020.

**B. Approval of the following written Financial, Electric, and Water & Wastewater Division Reports:**

**FINANCIAL REPORT**

1. **Electric Division August 2020** - During August, the cost of purchased power as a percentage of retail sales was 73.7 percent and can be compared to the budgeted percentage of 76.1 percent for FY 2021. The results for August are electric sales revenue of \$9,457,034, which was offset by a purchased power expense of \$6,968,155. This resulted in an operating margin of \$2,488,879. This is compared to a budgeted margin of \$2,352,502. Operating expenses for August were \$1,729,206. This is compared to a budgeted operating expense of \$1,833,238. These revenue numbers were driven by a customer base of 32,162. The net income for the month was \$928,650 and can be compared to a budgeted net income of \$696,310.
2. **Water Division August 2020** - For August, water sales revenue was \$1,535,372. This is compared to the budgeted amount of \$1,577,070. Other revenue sources contributed an additional \$181,395. These revenue numbers were driven by a customer base of 32,629. Operating expenses for the month were \$1,337,761. This is compared to the budgeted amount of \$1,404,923. The division recorded an operating income of \$379,006, which is compared to a budgeted operating income of \$322,259.
3. **Wastewater Division August 2020** - For August, wastewater treatment revenue was \$1,182,151. This is compared to the budgeted amount of \$1,187,703. Other revenue sources contributed an additional \$92,242 for the month. These revenue numbers were driven by a customer base of 19,620. Operating expenses for the month were \$1,027,846. This is compared to the budgeted amount of \$1,072,170. The division recorded an operating income of \$246,547, which is compared to a budgeted operating income of \$207,856.

**ELECTRIC DIVISION**

1. An update was reported for the Cherokee Gateway Substation Project:  
Electrical Control Building: The building is still under construction at the factory. There are no known delays at this time, and delivery is expected in October.  
Power Transformers: Delta Star was able to outfit the transformers in August, which included inspecting and installing miscellaneous items not shipped on them such as radiators and cooling fans. The only remaining item is to add oil in the radiators, which Delta Star will be returning in September to finish.  
Lightning Protection: The poles for the lightning protection devices were delivered in August. CU crews began assembling the poles and devices the first part of September. However, full assembly is on hold until a representative from Lightning Eliminators arrives to provide special direction for completion, which is scheduled for September 9 and 10.  
Steel Structure: Operations began fabrication of the structure in August and completed approximately 25 to 40 percent of the process. However, an issue with the steel was discovered by CU crews. Substation Engineering, the structure design company, took responsibility for the mistake and is providing replacement steel. The new pieces should arrive in early September. No major delays are expected from this issue.  
Underground Cable & Pole Risers: Engineering has continued working with suppliers to review options for the termination of the underground cables for the substation. Personnel selected the TYCO terminators for the underground 69 kV cable. This is the same terminator used at the Chatata Creek Substation in 2011, which has not been used on CU's system since then. Therefore, engineering has requested TYCO to provide a quote for training/supervision for installation of the terminators on the 69 kV cable. The sales representative for TYCO is also

assisting with obtaining other material needed to support the cable on the pole. The details are being finalized, and the material will be ordered in September.

The triplex 500 MCM 15 kV cable for the 13 kV feeders was scheduled to arrive in August, but there was a delay and delivery is now expected in October. The site is not ready for the cable, and the delay is not expected to impact the project timeline.

2. There are no new updates since the last report for both the Lang Street Substation Upgrade Project and the Lang Street to District transmission line upgrade.
3. Site work for the Graystan Square Development on Paul Huff Parkway is still underway. Engineering met with the site contractor concerning relocation of the down guys interfering with the grade work. It was determined the down guys will be temporarily relocated in September and then reinstalled after the grade is finished. The developer will be paying for the work. Engineering also met with the contractor responsible for installation of the electric conduit for the development. CU was informed the developer has purchased the large lot behind the five original lots to expand the development. Conduit will be installed to provide electric service to the newly purchased property, which is expected to take several weeks.
4. Engineering has begun working with the contractor for Project Hawk at Spring Branch Industrial Park. In August, the contractor applied for a temporary service for multiple job site trailers. The contractor installed a single 400 amp, single phase temporary pole and will connect multiple job trailers to the one service. The contractor also stated another temporary service will be needed closer to the construction site. Engineering released a work order to install a temporary 50 KVA transformer at the site to provide service to the job trailer temporary pole and a future temporary service at the building site. The contractor paid for the installation and removal of the transformer.
5. Engineering began working with Duracell and their contractor in early 2020 regarding a building expansion. Duracell decided to purchase a 2000 KVA, 277/480 volt transformer from CU and pay to install the underground primary from the existing switchgear to the transformer. In late August, Duracell requested for the transformer and primary be installed; therefore, a work order was released and installation is expected in early September.
6. A climate controlled storage facility is being built at 1600 Stuart Road NE. The installation will require the replacement of a 45-foot wood pole and a new 50 KVA overhead three-phase transformer station at an estimated cost of \$10,825.82.
7. The new package store being constructed at 2325 Georgetown Road NW will require the replacement of an existing 45-foot wood pole, installation of underground primary and a new 75 KVA pad-mount transformer. The estimated cost of the project is \$26,182.68.
8. The Veterans Home Project at 1940 Westland Drive SW will require the installation of underground primary and two 750 KVA pad-mount transformers in the estimated amount of \$45,585.66.
9. Engineering has released a work order to provide temporary service to the Crown Automotive Dodge, Chrysler, Jeep Dealership site on Village North Boulevard. A total of 230 feet of #1/0 underground primary and a new 225 KVA 277/480 volt, three-phase, pad-mount transformer to be used for the permanent service will be installed. The electrical contractor will be installing their own 277/480-120/208 stepdown transformer to serve the site with the correct temporary voltage.
10. Permanent service was provided to two package stores located at 1708 Wildwood Avenue and 2248 Dalton Pike.
11. A report was provided for traffic lighting:

- The traffic controller at Candies Lane & Freewill Road was replaced after several reports the signal was holding too long. The SDLC port was damaged on the other controller resulting in the detection going into failsafe mode.
- Changes were made to the signal timing to reflect the new school zone demands at Cleveland Middle School. The AM plan was updated due to a larger portion of the traffic coming to and from Paul Huff Parkway.
- The PM plan was changed at the intersection of Ocoee & 25<sup>th</sup> for traffic at Ocoee Middle School since a larger portion of the volume is now traveling westbound. Subsequent observations have shown improvements in traffic flow at the intersection.
- Current database logs were collected for several intersections along Paul Huff Parkway, Keith Street, and 25<sup>th</sup> Street.

### **WATER & WASTEWATER DIVISION**

1. The Process Safety Management and Risk Management Plan Compliance Audit final reports for the Wastewater Treatment Plant (WWTP) and Cleveland Filter Plant (CFP) have been received and are being reviewed by CU staff. The deadline is October 15.
2. CU is awaiting the final reports for the Process Hazard Analysis (PHA) Revalidation for the WWTP and CFP.
3. The headworks piping modifications at the WWTP are in progress; the piping is complete and heat tracing remains.
4. Jacobs is preparing the Risk & Resilience Assessment (RRA) and Emergency Response Plan (ERP) for the CFP. CU is waiting on the audit report.
5. In reference to the 2010/2012 Benton Pike/Durkee Road Annexation Project, 20 of the 33 easements have been acquired.
6. CU's attorney is working on two eminent domain cases for the 2019 Hensley Road Annexation Sanitary Sewer Extension Project.
7. Engineering is reviewing the following plans:
  - Dashwood Subdivision off Angie Lane near the Weeks Drive Tank. The project scope is 1,790 feet of 8-inch PVC sewer, 1,911 feet of 6-inch water main and 1 water booster pump station. CU is working with the developer and their engineer.
  - Magnolia Landing (4 lots) on North Ocoee Street consisting of 192 feet of 8-inch gravity sewer.
  - Spring Creek Ridge Development (Cross Creek Court) containing 23 townhome lots, 727 feet of 6-inch water main, and 935 feet of 8-inch gravity sewer main.
8. The following developments are now under construction:
  - Arbor Hills Townhomes which consists of 1,900 feet of 6-inch PVC/DIP water main, 200 feet of 2-inch PVC water main, 1,600 feet of 4-inch force main, 3,680 feet of 8-inch gravity main and a sewer pump station. Rob Renner is the developer.
  - Stone Creek Subdivision, Phase 5, on Finnell Road. The project scope is 500 feet of 2-inch PVC force main and 392 feet of 6-inch DIP water main. Epperson Homes is the developer, and Hampton Backhoe is the contractor.
9. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - Phase 1 of the Basin 10A-8 Rehabilitation and Basin 64-14A SSES Project has been completed and will be closed out.

- In reference to Basin 10A-8 Phase 2 Rehabilitation Project, a punch list of items has been prepared for the contractor to complete and close out the project. Work began this week and is expected to take two to three weeks.
  - CU crews have raised 25 manholes for the Sycamore Drive and East Keith SSES Project.
  - The 9<sup>th</sup> Street Sewer Replacement Project is progressing. Hampton Backhoe has installed 1,100 feet of main. The project is anticipated to last two more weeks.
  - Plans and specifications have been compiled for the next Rehabilitation Project, Phase 3. A pre-bid meeting is scheduled for October 9, and bids will be received on October 16.
10. The Meter Department set 40 meters through August 2020 compared to 27 for August 2019 and 22 for August 2018. Of the 40 sets, 32 were single family homes, 3 were townhomes and 5 were commercial.
11. The total amount of rainfall recorded at the CFP as of September 23, was 3.48 inches for the month. A total of 60.85 inches has occurred this calendar year (17.62 inches above average).
- C. Approval of a purchase order to Irby Utilities in the amount of \$60,248 for 12 TripSavers (electronic overcurrent protection devices) manufactured by S&C. CU has had several of these devices in the field for three years. They have proven to reduce the number of permanent power outages and improve reliability in the areas they have been installed. A bid request was sent to five suppliers, and Irby Utilities submitted the sole quote. The equipment is budgeted for FY 21.
- D. Approval of 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 you are eliminating that flow. 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 six years. The monitoring is budgeted for FY 2021 in the amount of \$115,000.
- E. Approval of a resolution authorizing the Cleveland Board of Public Utilities to proceed with eminent domain proceedings against the property owners' Candace Cash and Cody Cash. The easement is required so a gravity sanitary sewer main can be constructed across the Cash property as part of the 2019 Hensley Road Annexation Sanitary Sewer Extension Project.

## **NEW BUSINESS**

### **Approval of Resolution – CU Pledging to Hold Retail Electric Rates Steady Through June 2023**

Vice Chairman Joe Cate made a motion to approve a resolution pledging to hold CU's retail electric rates steady through the period ending June 2023. Debbie Melton seconded the motion, and it unanimously passed.

On August 27, 2020, the Tennessee Valley Authority (TVA) Board of Directors approved a Pandemic Relief Credit for all of the customers TVA serves to further extend support due to unprecedented challenges created by the COVID-19 Pandemic. This credit offers local power companies a 2.5 percent wholesale base rate credit, which will begin in October 2020 and extend over a 12-month period. CU will utilize this credit to forego projected retail electric rate increases of 1.5% in FY 21, 0.0% in FY 22, and 2.0% in FY 23. This will complete a four year period without retail electric rate

increases. The resolution states the commitment may only be modified in those cases where an unforeseen event would threaten the financial stability of Cleveland Utilities in its core mission of providing safe and reliable electric service.

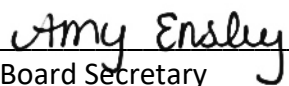
TVA's Fuel Cost Adjustment (FAC), which increases or decreases monthly, will continue to be a pass-through to CU customers.

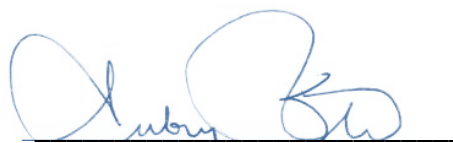
Henderson commended TVA for recognizing the challenges the pandemic has created and its decision to provide relief funds across the Valley. He also stated CU staff evaluated the options thoroughly and felt like this decision was the best way to make an impact in giving back the revenues TVA has set aside. Although TVA's credits are only for a 12-month period; staff felt comfortable in recommending the commitment to hold rates steady through June 2023 due to CU's current financial stability.

#### **OTHER BUSINESS**

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

The next scheduled board meeting date is Friday, October 23, at 12:30 p.m.

  
Board Secretary

  
Board Chairman

10/23/2020  
Date

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**OCTOBER 23, 2020**

*The Board of Public Utilities held an open board meeting on October 23, 2020, at 12:30 p.m. in the Tom Wheeler Training Center.*

**The following were physically present:** Tim O. Henderson, President/CEO; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; and Walt Vineyard, Executive VP.

*In light of COVID-19 and to help prevent its spread, members of the board were permitted to participate electronically pursuant to Governor Lee's Executive Order 65.*

**The following were present through teleconference:** Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Councilman David May, Jr., Cleveland Utilities Board; Eddie Cartwright, Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; and Tim Siniard, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Deanna Hitch delivered the invocation.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**COVID-19 Update**

Updates and reminders are being routinely provided to employees. Henderson reported the utility is doing very well. The lobby renovations will be presented as a new business item.

**Lighting Project – Exit 25 Sign**

Cleveland Utilities installed lighting at the “Welcome to Cleveland” sign on 25<sup>th</sup> Street at no cost to the city. The project allowed CU to highlight new LED lighting and use economic development funding.

**Mike Ward**

On September 10, CU lost a 31-year employee, Mike Ward, to a recent illness. Ward served as the Wastewater Treatment Plant Supervisor since 1993. The knowledge and passion Ward had for his role was exceptional, and he will be greatly missed. Henderson asked for everyone to keep Ward's family in their thoughts and prayers.

**Veterans Day & Thanksgiving Holidays**

Cleveland Utilities will be closed on Wednesday, November 11, in observance of Veterans Day and on November 26 & 27, in recognition of Thanksgiving. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

**CONSENT AGENDA**

Councilman David May, Jr., moved to approve the following items from the Consent Agenda. The motion was seconded by Eddie Cartwright and unanimously passed.

**A.** Approval of the minutes from the regular meeting held on September 25, 2020.

**B.** Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

**FINANCIAL REPORT**

1. **Electric Division September 2020** - During September, the cost of purchased power as a percentage of retail sales was 75.4 percent and can be compared to the budgeted percentage of 76.1 percent for FY 2021. The results for September are electric sales revenue of \$8,046,652, which was offset by a purchased power expense of \$6,065,336. This resulted in an operating margin of \$1,981,316. This is compared to a budgeted margin of \$2,221,299. Operating expenses for September were \$1,667,169. This is compared to a budgeted operating expense of \$1,838,377. These revenue numbers were driven by a customer base of 31,924. The net income for the month was \$485,353 and can be compared to a budgeted net income of \$554,198.
2. **Water Division September 2020** - For September, water sales revenue was \$1,505,768. This is compared to the budgeted amount of \$1,589,595. Other revenue sources contributed an additional \$224,313. These revenue numbers were driven by a customer base of 32,537. Operating expenses for the month were \$1,365,808. This is compared to the budgeted amount of \$1,412,322. The division recorded an operating income of \$364,273, which is compared to a budgeted operating income of \$328,577.
3. **Wastewater Division September 2020** - For September, wastewater treatment revenue was \$1,148,809. This is compared to the budgeted amount of \$1,203,484. Other revenue sources contributed an additional \$141,516 for the month. These revenue numbers were driven by a customer base of 19,505. Operating expenses for the month were \$1,050,674. This is compared to the budgeted amount of \$1,079,561. The division recorded an operating income of \$239,651, which is compared to a budgeted operating income of \$217,200.

## **ELECTRIC DIVISION**

1. An update was reported for the ongoing Cherokee Gateway Substation Project:
  - Electrical Control Building: The building is still under construction at the factory. Keystone sent the building drawings and electrical schematics in September. The estimated delivery date is October 28.
  - Power Transformers: The two power transformers have been set in place and dressed out. Installation went smoothly with no major issues.
  - Lightning Protection: Lightning Eliminators sent a representative to Cleveland in September to assist with installation of the lightning protection system. CU crews provided the labor/equipment and worked under the direction of the Lightning Eliminators representative. The process took a couple of days and went well. The lighting protection installation is now complete.
  - Steel Structure: Operations continued assembling the steel structure in September. Approximately 90 percent of the steel has been installed. As previously reported, two issues were found with some of the steel structure pieces. Substation Engineering took responsibility for the mistakes and had the pieces re-manufactured. The corrected items arrived, and the structure is expected to be completed by the end of October.
  - Underground Cable & Pole Risers: Engineering has ordered the terminators for the 69 kV cable and the material needed to mount the cable to the pole and riser inside the substation. All the material is anticipated to arrive by mid-November. The triplex 500 MCM 15 kV cable for the 13 kV feeders has been received.
2. In reference to the Lang Street Substation Upgrade Project, adjustments are being made to the site grading design due to the addition of the 69 kV switching structure to the substation



yard. The design for the 69 kV switching structure and the three incoming 69 kV circuits has been finalized. The grading is now projected to start next spring.

3. There are no new updates since the last report concerning the Lang Street to District Substation transmission line upgrade.
4. Site work for the Graystan Square Development on Paul Huff Parkway is ongoing. In September, CU crews temporarily relocated some down guys for the grade work. After completion, the guys were reinstalled at their original location. The developer paid all expenses associated with the relocation. Engineering is continuing to work with the developer on the electric conduit layout for the development. Conduit installation is expected to commence in October. Engineering has also been working with the developer and one of the future tenants regarding the relocation of a concrete transmission line pole along Paul Huff Parkway. Per the representative of the new business, the down guys off this pole will interfere with a parking lot. This was reviewed a couple of years ago, and at that time, it was determined the pole and guys would be left as is due to the associated expense. Now, the company is revisiting the idea of relocating the pole. As of the end of September, engineering has provided an updated cost estimate, and the company is still trying to make a determination.
5. Site work is underway for Project Hawk at the Spring Branch Industrial Park. Engineering has been working with a company representative to determine the projected electric demand and complete the power contract for the facility, which is expected to be signed in October.
6. Engineering released a work order to install 15 new Schweitzer Engineering Laboratories (SEL) fault indicators on the electric system (five locations with three indicators at each). These indicators have a built-in radio and report fault and load information to the SCADA system to provide real-time information to dispatchers. CU has had nine indicators in the field for approximately one year and they have proved to be accurate at locating faults. Therefore, engineering included the purchase and installation of 15 indicators for the FY 2021 budget. The new indicators will be programmed and installed in October. The nine existing indicators will be removed and sent back on a RMA as a result of the manufacturer detecting a flaw where water was entering the casing on some of the devices. The indicators will be repaired by SEL and reinstalled.
7. A new package store is locating at 1424 25<sup>th</sup> Street NW in an existing renovated building. The owner installed a 3-gang meter base to be able to potentially divide the building into three sections for future use. An existing single-phase transformer was upsized to a 25 kVA and a new #4/0 aluminum triplex overhead service was installed to serve the expected 30 kW demand.
8. A work order was released to provide service to a package store at 2325 Georgetown Road NW. A new 75 kVA pad-mount transformer was installed and a 45-foot wood pole was replaced with a 50-foot ductile iron pole to serve the estimated load of 57 kW. The project cost is \$26,182.68.
9. CU's Operations Department switched the South Cleveland 161 kV Delivery Substation out of service long enough to replace a damaged arrester on circuit SC-624 and install the new line switch between SC-644 and SC-654. The station was returned to normal on September 22. Testing of a new protective relay on circuit SC-644 will be completed in the near future and then it will be placed back in service.
10. Engineering received a quote from ESRI to complete the Enterprise Jumpstart upgrade. Cleveland Utilities followed up with a purchase order to establish a start timeline. This

conversion will unlock many features previously not accessed in the GIS system. Additionally, it will include real-time editing, multi-user editing, and many more third-party utility software packages that will streamline the engineering department's workflow.

11. A report was provided for traffic lighting:

- A work order was released to rewire the traffic signal and replace the signal heads/signs at Ocoee & 3<sup>rd</sup> Streets. Replacement of the cabinet was later added to the work order after a failure on the back panel.
- Bradley County representatives requested an estimate for the addition of a left turn signal at Randolph Samples Road & Highway 64. The estimate of \$8,340 would require the county to build an additional lane to Randolph Samples before the traffic signal additions could occur.

**WATER & WASTEWATER DIVISION**

1. The HVAC improvements at the Cleveland Filter Plant (CFP) are approximately 85 percent complete and scheduled to be finished by the end of October.
2. Mansfield Industrial began painting various rooms at the CFP on September 8 and has completed 40 percent of the project.
3. CU is awaiting the full draft report for the CFP Risk & Resilience Assessment (RRA) and Emergency Response Plan (ERP).
4. The contractor is clearing vegetation for the access road and the Cherokee Gateway Boulevard Water Storage Tank site starting at Cherokee Gateway Boulevard.
5. The Brymer Creek Road water main extension is complete.
6. In reference to the 2010/2012 Benton Pike/Durkee Road Annexation Project, 23 of the 33 easements have been acquired.
7. CU's attorney is continuing to work on two eminent domain cases for the 2019 Hensley Road Annexation Sanitary Sewer Extension Project.
8. Hampton Backhoe has completed 50 percent of the Spring Branch Pump Station Force Main. The project scope comprises 6,855 feet of 8-inch HDPE sanitary force main and 100 feet of 8-inch HDPE & 12-inch casing pipe at a contract amount of \$251,990.
9. Engineering approved the following plans:
  - Magnolia Landing (4 lots) on North Ocoee Street consisting of 192 feet of 8-inch gravity sewer.
  - Harves Grove Subdivision on Mouse Creek Road comprising 36 residential lots, 1,426 feet of 8-inch gravity sewer main, 1,130 feet of 6-inch water main, and 245 feet of 2-inch water main.
10. An update was reported for the following developments under construction:
  - The Graystan Square water and sewer main installations are both greater than 95 percent complete.
  - Hampton Backhoe has completed over 75 percent of the water main installation for Stone Creek Subdivision, Phase 5, on Finnell Road.
11. Bids for Phase 3 of the Wastewater Rehabilitation Project were received on October 16, 2020. Morgan Contracting, Inc., was the low bidder at \$2,588,211.
12. The Meter Department set 58 meters through September 2020 compared to 49 for September 2019 and 33 for September 2018. Of the 58 sets, 41 were single family homes, 2 were apartments, 13 were townhomes and 2 were commercial.

13. The total amount of rainfall recorded at the CFP as of October 21, was 2.84 inches for the month. A total of 69.29 inches has occurred this calendar year (22.53 inches above average).

- C. Approval of a purchase order to Volunteer Energy Cooperative (VEC) in the amount of \$617,834.54 for the engineering, legal costs, facilities and re-integration costs related to the purchase of the North Lee Highway area and Anatole Annexation. This territory includes approximately 520 acres in the franchise agreement and the purchase of 321 customers. The revenue will be paid over a 10-year period in the amount of \$185,005.28 per year. This is a budgeted item.
- D. Approval to award a project to Robert Roberts, Inc., in the amount not to exceed \$115,892 for renovations to the Lobby area. Roberts submitted the low bid for the project. This project will strengthen the ability to protect the public and employees with any future pandemic events as well as provide an enhanced level of security.
- E. Approval of a contract with Morgan Contracting in the amount of \$2,588,211 to perform 15,803 feet of mainline sewer rehabilitation by pipe bursting, CIPP lining and excavation. This contract will also include the renewal of 223 service laterals, installation of 188 cleanouts and 575 vertical feet of manhole lining. This is the third project performed under SRF loan number SRF2018-417 and will exhaust the funding through this loan. The remaining portion will be funded through loan SRF2018-417-01. These loans do not include loan forgiveness, but have long-term interest rates of 1.58% and 0.73%, respectively. This project is budgeted for FY 2020 and FY 2021.
- F. Approval of a Recommendation to Award a project to Robert Roberts, Inc., in the amount not to exceed \$122,694 for the renovation of the Water and Wastewater Operations Building breakroom, offices and bathrooms. This project is budgeted for FY 2020.
- G. Approval of an Acknowledgement of Sales Pricing Agreement with Hach Company in the amount of \$130,000 for the purchase of equipment and supplies. The agreement is for three years and offers various discounts and free ground shipping. These purchases are budgeted for FY 2021-23.
- H. Approval of a contract with the Tennessee Department of Transportation (TDOT) associated with water relocations due to the widening of SR 60 (Georgetown Road). The water main relocations are being constructed as part of the TDOT Project. TDOT's maximum reimbursement for relocating utilities is \$1,750,000. The current estimate for water main relocations is \$2,150,000. CU is responsible for the difference of \$400,000. This funding is budgeted for FY 2021.
- I. Approval of a contract to install 435 feet of 24-inch casing for improvements to the Candies Creek force main. These bores will be beneath Frontage Road, both interstate ramps and the interstate bridge. This project has been previously bid twice, and one bid was received the second time in the amount of \$749,700. CU has reviewed the pricing and judged it to be excessive. CU will rebid the boring portion of the project and purchase materials to perform the improvements. The project will be rebid in the next two weeks, but due to weather it is imperative the work begin as soon as possible. The board approved an expenditure not-to-exceed \$350,000 for said improvements. The bids will be presented at the next board meeting.

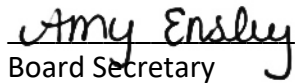
- J. Approval of a contract to install 170 feet of 30-inch steel casing, 90 feet on the Candies Creek Improvement Project and 80 feet on the Hensley Road sewer extension. The Candies Creek Improvement Project will also include the installation of 355 feet of 15-inch sewer main and 115 feet of 16-inch sewer main. CU will bid the project and requested the board to approve an expenditure not to exceed \$350,000 for said improvements. Pricing will be presented at the next board meeting, but it is imperative that work begin due to weather conditions and access for the creek crossings.
- K. Approval of a purchase order to H.L. Construction for \$72,753.90 to install approximately 1,280 feet of 8-inch ductile iron pipe along Bell Road. The project has cost participation from Bradley County and five residential properties along Bell Road. H.L. Construction submitted the low bid.


**OTHER BUSINESS**

**Future Board Meeting Dates**

The next scheduled board meeting dates are as follows:

- Friday, December 4, 2020, at 12:30 p.m.
- Friday, January 8, 2021, at 12:30 p.m.
- Friday, January 22, 2021, at 12:30 p.m.

  
Board Secretary

  
Board Chairman

12-4-2020  
Date

**AMENDED MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**DECEMBER 4, 2020**

*The Board of Public Utilities held an open board meeting on December 4, 2020, at 12:30 p.m. in the Tom Wheeler Training Center.*

**The following were physically present:** Tim O. Henderson, President/CEO; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; and Walt Vineyard, Executive VP.

*In light of COVID-19 and to help prevent its spread, members of the board were permitted to participate electronically pursuant to Governor Lee's Executive Order 65.*

**The following were present through teleconference:** Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Councilman David May, Jr., Cleveland Utilities Board; Eddie Cartwright, Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; John Corum, Administrative Services VP; and Tim Siniard, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Tim Henderson expressed condolences to Joe Cate on the passing of his mother. Eddie Cartwright echoed those condolences to Cate, wished everyone a Merry Christmas & Happy New Year, and then delivered the invocation.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**COVID-19 Update**

Staff continue a purposeful path of enhancing efforts to protect the workforce. There have been a few positive cases in the organization as well as a few employees being subject to quarantine. Overall, management has done a phenomenal job in managing everything and enabling work to get done at a high level. Extensive progress is being made in the lobby area. The contractor is currently on schedule to complete the renovations by the end of the year.

**Christmas Luncheon**

CU will not be hosting the annual Christmas Luncheon due to COVID-19.

**Holiday Closures-Christmas & New Year's**

Cleveland Utilities will be closed Wednesday, December 23, Thursday, December 24, and Friday, December 25, for the Christmas holiday and Thursday, December 31, and Friday, 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.

**CONSENT AGENDA**

Councilman David May, Jr., moved to approve the following items from the Consent Agenda. The motion was seconded by Joe Cate and ~~unanimously~~ passed. **Debbie Melton rescinded her vote and requested for the minutes to be corrected to reflect the appropriate recording of her recusal. She intended to recuse herself on 12-4-2020, but lost track of item E, a purchase order to Don Ledford Automotive, being on the agenda and simply forgot. A.E. 1-8-2021**

- A. Approval of the minutes from the regular meeting held on October 23, 2020.
- B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

**FINANCIAL REPORT**

1. **Electric Division October 2020** - During October, the cost of purchased power as a percentage of retail sales was 69.4 percent and can be compared to the budgeted percentage of 76.1 percent for FY 2021. The results for October are electric sales revenue of \$6,978,543, which was offset by a purchased power expense of \$4,844,578. This resulted in an operating margin of \$2,133,965. This is compared to a budgeted margin of \$1,819,363. Operating expenses for October were \$1,719,934. This is compared to a budgeted operating expense of \$1,843,514. These revenue numbers were driven by a customer base of 32,273. The net income for the month was \$588,108 and can be compared to a budgeted net income of \$129,454.
2. **Water Division October 2020** - For October, water sales revenue was \$1,409,310. This is compared to the budgeted amount of \$1,454,632. Other revenue sources contributed an additional \$180,581. These revenue numbers were driven by a customer base of 32,765. Operating expenses for the month were \$1,355,117. This is compared to the budgeted amount of \$1,380,937. The division recorded an operating income of \$234,774, which is compared to a budgeted operating income of \$212,153.
3. **Wastewater Division October 2020** - For October, wastewater treatment revenue was \$1,126,161. This is compared to the budgeted amount of \$1,141,149. Other revenue sources contributed an additional \$77,271 for the month. These revenue numbers were driven by a customer base of 19,688. Operating expenses for the month were \$1,012,308. This is compared to the budgeted amount of \$1,071,985. The division recorded an operating income of \$191,124, which is compared to a budgeted operating income of \$157,611.

**ELECTRIC DIVISION**

1. An update was reported for the ongoing Cherokee Gateway Substation Project:  
Electrical Control Building: The Keystone building was completed and delivered in October. The building was set in place via a large crane and all went well. The next step will be connecting the electrical wiring from the breakers and transformers to the control building.  
Steel Structure: Construction of the steel structure was completed in October by CU crews. They are currently installing the aluminum bus on the structure.  
Breakers & Switches: CU crews have installed the 69 kV and 13 kV breakers on the concrete pads at the site. The manually operated switches have also been mounted on the structure.  
Underground Cable & Pole Risers: The needed material for the cable risers has been ordered and is beginning to arrive. The remaining material is expected to arrive by the end of November.
2. The preliminary site and grading design for the Lang Street Substation Upgrade Project has been completed. Personnel are presently reviewing the specifications for the power transformers which will be going out for bid around the first of next year. Transformer

delivery can range from six months to a year depending on demand. Grading at the site is anticipated to begin in the spring.

3. The new poles for the Lang Street to District Substation transmission line upgrade have been set and crews are starting to pull in the new parallel #556 AAC conductor. Completion is projected for the first part of February.
4. Site work is underway for Cannon Automotive (Project Hawk) at the Spring Branch Industrial Park. Engineering had their first onsite meeting with the electrical contractor and site supervisor in October. Several agenda items were discussed. The site supervisor and electrical contractor are reviewing options and updating site drawings that were found to be incorrect. Engineering expects to have additional meetings over the next several months and continue to work out details for the electric service as the project progresses.
5. Engineering released a work order to install 15 more SEL fault indicators on the electric system that were purchased in the FY 21 budget. This is in addition to the 15 ordered on the FY 20 budget associated with the work order released in September. The first set was not installed as anticipated due to the heavy workload in operations. The 30 new indicators (10 locations) are expected to be installed in November or December. This will be complete the installation of the fault indicators with communication until the FY 22 budget year.
6. Engineering met with the electrical contractor for the new Taco Bell on Paul Huff Parkway near the Target Center. There is currently no electric service available on the lot; therefore, a plan had to be formulated. Engineering requested permission from an adjoining property owner to install a new underground line at the rear of the neighboring lot. The owner verbally agreed, but has an attorney reviewing the easement document. Engineering is in the process of working out the details.
7. CU crews installed the secondary cabinet and wire for the Spectrum Office on Paul Huff Parkway in October. The electric service is expected to be connected in November.
8. Approximately one year ago, engineering began a project with EPRI out of Knoxville to develop a software package to help determine the best location for future distribution automation devices. This past month, EPRI conducted a virtual presentation showing the progress of the project, and the software shows to have great potential. It was determined some of the data provided by CU needed to be reformatted; therefore, engineering reorganized the data so that the results from the software will be more accurate. EPRI is currently working on the software, and engineering will continue to assist as needed.
9. Easement acquisition for the overhead power line relocation for the TDOT Highway 60 Project is progressing nicely with only three of the twenty-nine easements remaining to be purchased. In today's consent agenda, approval is being requested for condemnation proposals for two of the properties due to preliminary indications the owners are not going to agree to any terms. The steel poles for the project arrived in October and are being stored at the Harrison Building. CU will be submitting an invoice to TDOT for reimbursement of the poles. The TDOT official bid letting date has been moved from December 11, 2020, to February 5, 2021.
10. A report was provided for traffic lighting:

- Engineering met with the developer, Wright Brothers, and city transportation representatives, about relocating the traffic cabinet and replacing the detection for the southbound approach of Mouse Creek Road at Paul Huff Parkway. The existing traffic cabinet would conflict with the new channelized right turn island if not moved. A work order was also issued to remove/relocate down guys on the corner of the intersection.

### **WATER & WASTEWATER DIVISION**

1. The paving project at the Wastewater Treatment Plant (WWTP) has been completed in the total amount of \$78,087.
2. The South Blower Building Motor Control Center (MCC) replacement at the WWTP is scheduled to begin on December 8.
3. J.R. Wauford has completed 50 percent of the design work for the ultraviolet disinfection at the WWTP. The total contract amount for the design is \$240,000.
4. The HVAC improvements at the Cleveland Filter Plant (CFP) are scheduled to be finished by the end of December. The system is in operation.
5. Mansfield Industrial has completed 65 percent of the painting project at the CFP.
6. CU staff received the full draft report for the CFP Risk & Resilience Assessment (RRA) Plan.
7. Hampton Backhoe (the subcontractor) has graded the access road and site for the Cherokee Gateway Boulevard Water Storage Tank. Precon (the tank builder) will be onsite the week of December 14.
8. Hampton Backhoe has completed the following projects:
  - The water main installation for the Veterans Home in the final amount of \$57,213.
  - The Brymer Creek Road water main extension at a total cost of \$109,327.
  - The Moore Circle Road water main extension. CU is awaiting the final invoice.
  - The sewer relocation at North Lee Elementary in the total amount of \$27,595.
9. The Spring Branch Pump Station Force Main Project is 95 percent complete.
10. Engineering approved plans for Spring Creek Ridge Development (Cross Creek Court). The project comprises 23 townhome lots, 727 feet of 6-inch water main and 935 feet of 8-inch gravity sewer main.
11. The following report was provided for the Wastewater Rehabilitation Project:
  - In reference to the Sycamore Drive and East Keith SSES Project, CCTV of laterals and mainlines continues and is anticipated to be complete next month.
  - The new line for the 9<sup>th</sup> Street Sewer Replacement Project has been installed and is in service. The contractor still has to finalize cleanup and perform some paving and concrete work.
  - Bids for the Phase 3 Rehabilitation Project have been approved by the State Revolving Fund (SRF). A preconstruction meeting was held on November 30, and work is scheduled to begin December 7.
12. The Meter Department set 65 meters through October 2020 compared to 36 for October 2019 and 36 for October 2018. Of the 65 sets, 41 were single family homes, 4 were apartments, 11 were townhomes, 2 were irrigation, and 7 were commercial.



13. The total amount of rainfall recorded at the CFP as of November 30, 2020, was 1.36 inches for the month. A total of 74.23 inches has occurred this calendar year (22.39 inches above average). As a comparison for this same period in 2007, a total of 28.40 inches was recorded. The projected total for 2020 is now 80.98 inches (23.66 inches above average).
- C. Approval of a purchase order to Earthworks Unlimited, Inc., in the amount of \$69,620 for the labor, material, equipment and other facilities as necessary for the construction of a new employee parking area on the east side of the Power Service Center. Earthworks submitted the low bid for this budgeted project.
  - D. Approval of a purchase order to Del-Air Mechanical Contractors, Inc., in the amount of \$65,660.04 for a one-year contract extension for the HVAC maintenance and mechanical services for CU's facilities. Del-Air was the low bid for this contract in 2017.
  - E. Approval of a purchase order to Don Ledford Automotive Center, Inc., in the amount of \$107,460 for two, 2021 model 1-ton crew cab/chassis trucks equipped with utility beds. These are the budgeted replacements for units #110 and #116, both utilized by the Substation Department. Don Ledford submitted the low bid meeting CU's minimum specifications.
  - F. Approval of a Resolution authorizing The Cleveland Board of Public Utilities to proceed with eminent domain proceedings against the property owners Gary Voytik and Brenda Voytik. The easement is required for the relocation of electric facilities on the Voytik's property as part of the TDOT Highway 60 Road Widening Project.
  - G. Approval of a Resolution authorizing The Cleveland Board of Public Utilities to proceed with eminent domain proceedings against the property owners David Rahamut and Andrea Rahamut. The easement is required for the relocation of electric facilities on the Rahamut's property as part of the TDOT Highway 60 Road Widening Project.
  - H. Approval for entering into an agreement with S&ME, Inc., for the completion of the survey, design, construction services and other incidental tasks associated with the 2010/2012 Annexation Area (Durkee Road/Benton Pike) for an amount not to exceed \$121,550. The project is budgeted for FY 2020 and FY 2021 and will be funded by the State Revolving Fund (SRF).
  - I. Approval of a contract change order with Morgan Contracting in the amount of \$644,194.55 to perform an additional 5,711 feet of mainline sewer rehabilitation by CIPP lining and excavation. This change order will also include the renewal of 70 service laterals, installation of 70 cleanouts and 135 vertical feet of manhole lining. This change order will increase the total project amount from \$2,588,211.00 to \$3,232,405.55 or 24.9% and be funded through loan SRF2018-417-01. This loan does not include loan forgiveness, but has long-term

interest rates of 1.58% and 0.73%, respectively. This project is budgeted for years FY 2020 and FY 2021.

- J. Approval to award a contract with Precon Corporation in the amount of \$144,400 for the CFP #2 Clearwell Repair Project. The project involves replacing the baffle curtains in the existing clearwell. The project is budgeted for FY 2020.
- K. Approval of a purchase order with Jackie Evans Trucking Company in the amount not to exceed \$59,400 for the removal of alum sludge, approximately 360 loads from the Cleveland Filter Plant. The service period is from January 1, 2021 – May 31, 2021. The service is budgeted for FY 2021 and is sole source.
- L. Approval of a purchase order with MR Systems in the amount of \$50,194 for the purchase of labor and software upgrade to develop new SCADA screens (Wonderware/AVAVA) for the Cleveland Filter Plant. MR Systems is the regional authorized screen developer for AVAVA. The upgrade will enhance visual displays, improve functionality, and require less memory storage. The upgrade is sole source and budgeted for FY 2021.
- M. Approval of a purchase order with MR Systems in the amount of \$61,596 for the purchase of labor and software upgrade to develop new SCADA screens (Wonderware/AVAVA) for the Wastewater Treatment Plant. MR Systems is the regional authorized screen developer for AVAVA. The upgrade will enhance visual displays, improve functionality, and require less memory storage. The upgrade is sole source and budgeted for FY 2021.

#### **OTHER BUSINESS**

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

The next scheduled board meeting dates are as follows:

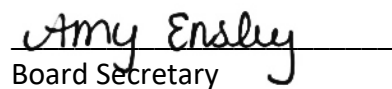
- Friday, January 8, 2021, at 12:30 p.m.
- Friday, January 22, 2021, at 12:30 p.m.
- Friday, February 26, 2021, at 12:30 p.m.


##### **Closing Comments from Board Members**

Eddie Cartwright publicly commended Cleveland Utilities for making the TWTC available to Life Bridges for their monthly meeting.

Joe Cate thanked Cartwright and Henderson for their comments about his mother.

Chairman Ector closed with wishing everyone a great holiday despite the challenges.

  
Board Secretary

  
Board Chairman  
1-8-2021  
Date