

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD

April 28, 2023

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in Cleveland Utilities' Tom Wheeler Training Center (TWTC).

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board, and Debbie Melton, Cleveland Utilities Board.

Others in attendance were Tim O. Henderson, President/CEO; Amy Ensley, Utility Board Secretary; John Corum, Administrative Services VP; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Nick Romito, Vegetation Management Director; and Tim Siniard, *Cleveland Daily Banner*. A moment of silence was held in remembrance of CU retiree Tim Delk. Following the Pledge of Allegiance to the American Flag, Nick Romito delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Tree Line USA Award

Once again, Cleveland Utilities has been designated as a Tree Line USA utility by the Arbor Day Foundation for the 23rd consecutive year. This award recognizes utilities that demonstrate best practices in quality tree care, all while delivering safe & reliable electric service. This is a team effort. CU's Vegetation Management Director Nick Romito does a great job managing CU's Vegetation Management Program as well as Operations Coordinator Shantae Carter with facilitation and submittal of the application. Romito participated in the local Arbor Day tree planting celebration this past week. Romito expressed appreciation to the board and the city for their support of CU's program.

2022 American Public Power Association (APPA) Safety Award of Excellence

The APPA recognized CU with a Safety Award of Excellence for its safe operating practices and attaining a low incidence rate in 2022. Henderson emphasized the importance of safety for the utility, and the goal is always to have zero injuries or accidents. In regard to benchmarking, CU fared well with recognition from the APPA with this award.

2022 APPA Certificate of Excellence in Reliability

Cleveland Utilities has received national recognition from the APPA for achieving exceptional electric reliability in 2022 by ranking in the top quartile (25%) of utilities for System Average Interruption Duration Index (SAIDI). Reliability is affected by a lot of different things, certainly tree and vegetation management being one of those, but in conjunction is the type of equipment used and how well that equipment is maintained. The goal is to always have outages as short as possible. In what CU is moving toward with broadband and distribution automation, this area will also be strengthened.

TVA Power Play Scholarship

This year, CU had two recipients win the Power Play Scholarship from TVA. Brody Lewis, son of employee Lloyd Crowder in CU's IT Department, was a recipient as well as Ella Lipscomb, daughter of CU Lineman Daryl Lipscomb. Brody is getting ready to graduate from Polk County High School and will be attending the University of Alabama, Huntsville where he was accepted in their Honors Program to study Aerospace Engineering. Ella will be graduating from Cleveland High School and plans to major in pre-medicine.

American Cancer Society (ACS) Relay for Life

The ACS Relay for Life Bradley County Event is scheduled for Saturday, April 29, in downtown Cleveland from 3 p.m. to 9 p.m. CU has always been a bigger supporter of the ACS. This year, CU employees participated in a fundraiser where they raised \$5,351. This speaks to the character of the employees and always going above and beyond to support the cause.

Broadband/Authority Update

On April 10, the Cleveland City Council passed resolutions authorizing CU to enter the broadband business and form an Energy Authority. Henderson began by thanking Councilman May for his involvement and support from the council side during this process and then stated this is historical for CU. Councilman May commented the presentation done by Henderson, Stinnett, and Vineyard to the council was very professional and easy to understand. Board member Cartwright also expressed appreciation to Councilman May. Now that CU has affirmation to move forward, Henderson stated the work now begins. It will be quite the endeavor with the moving of assets, liabilities, etc., to the authority. The City Manager currently has some of this in motion.

When approving the resolution to form the Energy Authority, the Council voted to make an adjustment to the makeup of the current Utility Board by adding two additional seats to the existing 5-member board. Therefore, CU will be moving to a 7-member board with the two extra seats coming from a member of the City Council or the City Mayor moving forward. Henderson then provided historical information about the current Utility Board. The Board of Mayors and Commissioners established an ordinance to form the Board of Public Utilities for the City of Cleveland on July 27, 1981. The Board had its first meeting on September 17, 1981, with the original appointed board consisting of Mayor Harry Dethero, Frank Cummings, Gary Smith, T. Sam Colbert, and Norman Holtz. The Board has operated under a 5-member board since then.

CU will not function as an Authority until all the liabilities and assumptions have been moved over. Stinnett then elaborated on the process. Right now, CU is in the due diligence period and will spend the next four to five months reviewing contracts that need to be reassigned, going through debt obligations for the privately issued, SRF money, or any public issuances. CU will have to reissue those as new debt. Throughout this process, CU will be identifying all the assets the utility itself has paid for (properties, buildings, etc., all the way down to easements). Councilman May asked if this could happen before July 1. Stinnett advised it could and CU would love to have this completed before the end of the fiscal year, but it takes a significant amount of time, especially with the SRF money, to work through the legal process. There will come a time when the authority will meet and adopt a resolution to issue debt with the assumption of the assets the city will transfer to the authority. At that time, the authority will go out to the market and issue the debt. CU hopes to time this at the same time as the broadband debt, so those two can be done on the same issuance to reduce the cost of the issuance. Cartwright asked if there's a penalty for paying off the existing debt obligations. Stinnett advised no, the city/CU did away with prepayment debt obligations a few years ago. At this point, the city-CU structure remains in place and approvals should proceed as they historically have until the transfer of assets and assumption of liabilities is completed, which is expected to be a 4-to-6-month process.

Water Taste/Odor

CU will be issuing a statement through social media and local media outlets later this afternoon regarding water odor and taste issues. Approximately six days ago, CU began receiving customer calls about these changes. A total of 75 calls have been fielded to date. Other utilities who source water from the Hiwassee River are experiencing the same thing. The potability of the water is good. TVA and TDEC are involved in the process and are looking at what has contributed to this change.

CONSENT AGENDA

Councilman David May, Jr., made a motion to approve the following items from the Consent Agenda. The motion was seconded by Eddie Cartwright, and the Utility Board voted unanimously to approve the Consent Agenda.

- A. Approval of the minutes from March 24, 2023
- B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division March 2023** - During the month of March, the cost of purchased power as a percentage of retail sales was 74.8 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2023. The results for March are electric sales revenue of \$8,420,258, which was offset by a purchased power expense of \$6,297,502. This resulted in an operating margin of \$2,122,756. This is compared to a budgeted margin of \$1,978,039. Operating expenses for the month were \$1,929,276. This is compared to a budgeted operating expense of \$1,922,388. These revenue numbers were driven by a customer base of 33,345. The net income for the month was \$341,097 and can be compared with a budgeted net income of \$228,004.
2. **Water Division March 2023** - For March, water sales revenue was \$1,470,531. This is compared to the budgeted amount of \$1,457,185. Other revenue sources contributed an additional \$223,333 for the month. These revenue numbers were driven by a customer base of 33,801. Operating expenses for the month were \$1,526,878. This is compared to the budgeted amount of \$1,532,193. The division recorded an operating income of \$166,878, which is compared to a budgeted operating income of \$44,810.
3. **Wastewater Division March 2023** - For March, wastewater treatment revenue was \$1,107,369. This is compared to the budgeted amount of \$1,168,154. Other revenue sources contributed an additional \$215,663 for the month. These revenue numbers were driven by a customer base of 20,513. Operating expenses for the month were \$1,280,435. This is compared to the budgeted amount of \$1,231,125. The division recorded an operating income of \$42,597, which is compared to a budgeted operating income of \$18,290.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Project: 13 kV Underground Feeder Risers – In March, engineering released drawings for installation of the 13 kV underground feeders at the station. Each circuit will have parallel triplex 500 MCM copper conductors. In March, operations was able to install the 55-foot steel poles that will be used as dip poles for the underground

conductors. Operations also began installing the 6-inch conduit between the riser on the substation structure and the dip poles. Installation of the conduit was needed so the rest of the gravel could be placed. The conduit is expected to be finished in mid-April.

Steel Structure – Warmer spring temperatures have allowed for good progress on the structure. In April, crews began installing the sections for the 69 kV switch structure. This portion is a new design for CU not found on any other substation. It will allow greater flexibility on the 69 kV transmission system as three different 69 kV feeds are available at the station. Line sections can be switched out for maintenance or faults, or load can be transferred to other 69 kV circuits to balance the 69 kV transmission system.

Transmission Distribution Overhead Line Feeds - Engineering released a work order to reconfigure the overhead distribution and transmission lines for the new station layout currently under construction. The design calls for the installation of eight new steel poles, two new wood poles, and 6,566 feet of overhead transmission and primary. The estimated cost of the project is \$211,784.99.

2. Construction of the new building at First Baptist Church on Stuart Road has continued strong. Engineering has been having discussions with the electrical contractor as preparations are made for the electric service. It will be several months before service is needed, but the contractor wants to stay ahead with the project so there are no delays when service is needed. In late 2022, the contractor installed the primary conduit from an existing pole on Stuart Road to the transformer location. The future three phase primary will dip off the utility pole, run 460 feet to a new sector, and continue 400 feet to the transformer. In addition to installing the conduit, the contractor has also poured a concrete pad. In March, the contractor provided electric load information for the building under construction and for a future building to be built on the property. To provide service, a 277/480-volt transformer will be installed between the two buildings. Engineering is currently calculating the load demand to determine the best size transformer for the two buildings. A work order is expected to be released in April, and the transformer installed in the summer.
3. At the end of March, a storm caused several outages on the distribution system. After the storm, suggestions for improvements were provided to engineering. A work order was then released to install new overcurrent fuses on Glenwood Drive NW just off Georgetown Road to isolate a line section on circuit M-224. This area is exposed to a lot of trees, and if a fault occurs in this section, the fuses will isolate the fault, and the rest of the 1,100 customers on this circuit will not experience an outage. The fuses should be installed in early April at an estimated project cost of \$5,000.
4. Due to the new area on North Lee Highway being taken over by Cleveland Utilities, electric engineering decided a new overcurrent protection device was needed for the new area. The recloser will be installed near Tasso Road on North Lee Highway. There will be approximately 500 customers behind the recloser (including Anatole Subdivision). Engineering also decided this would be a good location to install the new Southern States recloser purchased a couple of years ago. To prepare for the installation, engineering scheduled a training class for the recloser in March. The training involved linemen, substation electricians, and engineering. The recloser received good reviews from operations and engineering

- based on appearance and function. The plan is to install the recloser in late spring. The total cost is estimated to be \$45,000.
5. Engineering released the final work order for the last apartment building in the White Street complex located at 1941 White Street SE. The property will have a total of nine apartments. Most will be 4-unit buildings with two having 3 units and one having 2 units. All nine buildings will be fed by one centrally located 167 kVA single phase transformer. The complex is expected to be completed by the end of April. The total cost to install the primary, transformer, secondary, and services is approximately \$20,000.
 6. Engineering released a work order for the installation of underground electrical facilities at Lone Oak Farms on Wilkinson Road NW. The work order calls for the installation of three 55-foot wood poles, 2,340 feet of overhead primary, 9,045 feet of underground primary, six single phase pad mount transformers, and one three phase transformer. The estimated cost of the installation is \$184,448.82.
 7. Engineering released a work order for the installation of a 1500 kVA three phase transformer and 570 feet of underground primary to serve Empire Distributors of Tennessee on Cherokee Gateway Boulevard. The estimated cost of the installation is \$17,351.11.
 8. CU sent two linemen to participate in the career day held at the Pie Center. This was a good opportunity for CU to showcase the type of jobs available at the utility to young students and the future workforce.
 9. CU sent 10 linemen to assist Volunteer Energy Cooperative with storm damage on March 4th and 5th.
 10. An update was presented on traffic lighting:
 - CU engineering met with TDOT onsite to discuss several road cuts that will be made to install conduit for the updated traffic signals along Inman Street for the Road Diet Project. Keeping the cuts perpendicular to the roadway is one of TDOT's main objectives. Engineering and operations also met with city staff to discuss the construction sequence and traffic control plans. A contractor should install the pole foundations in the coming weeks, and the poles will be installed after mid-July. The conduit installation will begin sometime during this time and all material is expected to be in by late July. It's yet to be determined when TDOT will pave and stripe the roadway but should be included in their June letting.
 - CU engineering created a punch list of items to correct for the pedestrian signals on the Wildwood Sidewalk Project and then met with the contractor to discuss the required corrections. The inspection focused on making sure the equipment was installed properly to reduce future maintenance and that ADA compliance was met. The signals at Wildwood and 9th Street were bagged and will remain that way until the crosswalks are painted and the vehicle stop bars are moved back. Several of the push buttons will also need to be repositioned and moved closer to the sidewalks.
 - CU engineering released a work order to replace the remaining loop detection with radar at Dalton Pike and McGrady Drive. The loops were cut during the sidewalk project by the contractor. It was known in advance this would happen and quantities were included in the project to replace the loops. However, the project had cost overruns, and city staff asked CU to replace the detection and place the cost on the investment account.

WATER & WASTEWATER REPORT

1. The Ultraviolet Disinfection Project at the Wastewater Treatment Plant (WWTP) is underway. Morgan Contracting is excavating, forming, and pouring concrete.
 2. Angel Construction has started the Sodium Permanganate Conversion at the Water Treatment Plant Raw Water Intake Project. The submittals have been approved, the one-call made, and utilities located.
 3. The Waterville Springs Plant Chlorine Scrubber Project is in progress. The submittals have been approved, one-call made, and utilities located.
 4. Wright Industrial Group has completed 863 hydrants out of a total of 1,000 for phase 2 of the Fire Hydrant Painting Project.
 5. Submittals have been approved for the Dempsey Street Water Booster Pump Station upgrade.
 6. The Potter Place Booster Pump Station Project is under construction. Southern Constructors has made the taps, poured the pad, and completed the electrical rough-in.
 7. The Wilkinson Road Sewer Force Main and Pump Station Project has commenced. W&O has completed rock blasting and are currently excavating.
 8. The 2010/2012 Annexation Benton Pike/Durkee Road Project is underway. Talley Construction has installed two manholes and approximately 800 feet of pipe.
 9. Engineering is reviewing the following plans:
 - Woodland Heights Subdivision on Bancroft Road SW. The development comprises 81 lots. The plans are re-approved; the developer resubmitted them to TDEC.
 - Aldi Store on McGrady Drive. The project scope is 250 feet of 6-inch water main.
 10. Hampton Backhoe has completed the water and sewer main installations for Haven Ridge Subdivision (formerly part of Dashwood Subdivision) near the Weeks Road tank site. The development comprises 20 lots, 937 feet of 6-inch water main, and 819 feet of 8-inch sewer main.
 11. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - In reference to the Candies Creek SSES Project, the ATA package has been approved by the SRF. The preconstruction meeting was held on April 26.
 12. The Meter Department set 24 meters through March 2023 compared to 48 for March 2022 and 58 for March 2021. Of the 24 sets, 11 were single family homes, 10 were townhomes, 1 was irrigation, and 2 were commercial.
 13. The total amount of rainfall recorded at the CFP as of April 25, 2023, was 2.41 inches for the month, bringing the current rainfall total for 2023 to 19.60 inches. This can be compared to 37.27 inches for the same period in 2020 (highest rainfall totals through April 1996-2023) and 8.75 inches in 2007 (lowest rainfall totals through April 1996-2023).
- C.** Adoption of the APPA 17th Edition Safety Manual. On September 9, 2008, CU officially adopted the APPA Safety Manual as CU's guide for work procedures to keep personnel safe. This is the latest update of the APPA Safety Manual released in February 2023.

- D. Approval of a purchase order to Gresco Supply in the amount of \$113,448 for 36 120/240-volt single phase overhead transformers ranging from 25 kVA to 50 kVA for stock.
- E. Approval of a purchase order to CHM Industries in the amount of \$65,826.44 for 10 steel poles ranging from 45 feet to 90 feet for the transmission/distribution line relocation at Lang Street Substation and for stock.
- F. Approval of a purchase order to Terex Utilities in the amount of \$513,804 for a 2023 hydraulic digger derrick unit conformed to a 2025 cab/chassis. This item is for the replacement of unit #128, a 2015 model utilized by the Line Department. Terex submitted pricing through the Sourcewell Contract 110421-TER, which is the low bid meeting CU's minimum specifications. Delivery is around three years.
- G. Approval of a purchase order with Dycho Chemical Company in the amount of \$65,250 for the annual supply of corrosion control inhibitor for the Cleveland Filter Plant. The purchase is sole source. The chemical is budgeted for FY 2023 and FY 2024.
- H. Approval of a contract with Croy Engineering in the amount of \$230,735 for engineering services consisting of surveying, design, easements, permitting, geotechnical investigation, bidding, and construction administration. The new sewer trunk line will parallel the existing gravity sewer system located just south of King Den Subdivision/King Den Drive NW. The proposed sewer trunk line begins at the Mouse Creek Interceptor and extends east to North Lee Highway. The project is budgeted for FY 2024 to FY 2026 and will be funded by SRF funds.
- I. Approval of Change Order No. 2 with Southern Constructors for a contract increase amount of \$4,465.87. The previous contract price was \$79,597.81 which brings the revised amount to \$84,063.68. The change order is for an electrician to supply and set a pressure treated pole and meter base so Volunteer Energy Cooperative can provide power to the new water booster station as part of the Potter Place Road Water Booster Station Project. The project is budgeted for FY 2023.
- J. Approval of a purchase order to Rackley Roofing Company, Inc., in the amount of \$54,945 for roofing repairs and service agreements on four roofs located on the Water, Wastewater Administration and Operation Buildings. The request for bids was advertised in the Cleveland Daily Banner, and this was the only bid submitted. The work is budgeted for FY 2023.

NEW BUSINESS

Purchase Order to Don Ledford Automotive

On motion by Eddie Cartwright, and seconded by Vice Chairman Joe Cate, the Utility Board voted to approve a purchase order with Don Ledford Automotive in the amount of \$75,483 for the purchase of a 2024 crew cab truck, 4-wheel drive, with a stake side flat bed. The vehicle was advertised in the Cleveland Daily Banner. The truck is budgeted for FY 2023 and FY 2024. Debbie Melton recused herself from this vote due to being the owner of this business.

Fiscal Year 2024 Budget

President/CEO Tim Henderson opened the budget presentation and turned it over to VP/CFO Marshall Stinnett who advised this would be the final budget to work through the typical municipal process. This budget will be taken to the City Council for final approval, but moving forward in FY 25 and beyond, the Utility Authority Board will have the final approval in the future. Stinnett expressed appreciation to the entire team, which spans across the entire organization, who participated in the budget collaboration and compilation. He then presented a comprehensive financial summary of the FY 2024 budget.

In fiscal year 2024 for the Electric Division, electric sales volume is projected at 1,009,632,155 kilowatt hours, which equates to a total revenue of \$101,312,389. Expenses in electric are currently projected to be \$97,438,322. This reflects a net income of \$3,874,066 in electric, and investment in new facilities is budgeted at \$10,506,000.

In the Water Division, water sales volume is projected at 3,090,534,751 gallons and total revenues are forecast at \$23,826,416. Expenses for the new year are budgeted at \$20,028,339. This reflects a net income of \$3,798,077 in water. Investment in new facilities is projected at \$12,263,452.

In the Wastewater Division, wastewater sales volume is projected at 2,013,426,388 gallons and total revenues are forecast at \$17,610,861. Expenses for the new year are budgeted at \$16,080,844. Other projections in wastewater include a net income of \$1,530,016 and an investment in new facilities of \$23,991,252.

Stinnett then highlighted projected rate increases. CU is proud to honor its commitment on the electric side and hold rates steady, and there will be no projected internal rate increase in electric. In the water division effective July 1, 2023, a 5.00 percent internal rate increase is forecasted for all classes and is respective of the growth seen in the division. Stinnett noted the water and wastewater divisions have grown exponentially over the last few years with the growth of the city. To keep up with expansionary pressure, CU has had to make changes to the rate structure to keep pace with inflationary costs and the capital improvements CU continues to invest back into the system. At this time last year, CU had projected an internal rate increase for water of 5.00 percent and was able to keep it at that percentage. Additionally, CU purchases a large portion of its water supply from the Hiwassee Utilities Commission (HUC). Currently, CU is projecting the HUC to have a 2.00 percent rate increase from the wholesale cost side (this does get converted down to a retail rate); however, the rate increase would be respective of where the HUC Board falls, and they don't meet until later this month. So, this number will get adjusted if HUC adjusts their increase and it will equate to a pass-thru for CU customers. In wastewater effective July 1, 2023, an internal rate increase of 5.00 percent is projected. At this time last year, CU was projecting a 7.00 percent rate increase in wastewater, and management is thankful to be able to reduce the percentage down by holding capital projects to minimum thresholds and being able to absorb some of the operating expense differences encountered this year.

Debt at the beginning of FY 2024 is projected at \$11,453,388 in electric, \$23,230,884 in water and \$38,153,129 in wastewater. New debt is expected to be added in the amounts of \$2,500,000 for electric, \$5,000,000 for water and \$9,000,000 for wastewater.

Payments made on existing debt will total \$1,224,193 for electric, \$1,820,827 for water and \$2,686,729 for wastewater. Debt at the end of FY 2024 is projected to be \$12,729,195 for electric, \$26,410,057 for water and \$44,466,400 for wastewater. Stinnett mentioned through the transition to the authority, these numbers could change depending on rates at that time.

Also in the fiscal year 2024 budget, the number of budgeted equivalent employees is projected at 220. Total payroll is calculated to be \$19,085,713. The proposed budget includes a 3.5 percent merit increase for eligible employees with a successful performance evaluation; and this mirrors what the city is projecting based on recent conversations.

Stinnett then expounded on the rate increases forecast in the FY 2024 budget. Again, CU's budget does not include any internal electric rate increases. The utility's budget does include internal rate increases of 5.00 percent for water and 5.00 percent for wastewater, both effective July 1, 2023. This equates to an average monthly increase of approximately \$1.91 for water and \$2.00 for wastewater (based on an average residential inside city customer).

Lastly, Stinnett reviewed graphs representing bond coverage for years 2023 to 2033, which is indicative of CU's ability to borrow money and the ability to repay that money. 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. This gives a good indication of the utility's health, its ability to repay debt as well as its future debt obligations. Stinnett mentioned the wastewater division has a very large capital budget this year, and looking out to the future those capital numbers continue to grow. Mullinax and his team are continuing to formulate what the expansion of the wastewater system looks like. One of the main components is expansion of the WWTP. CU has begun the process of inserting dollars out into future years for that expansion, which is not a small-scale project and could range anywhere from \$50 million to \$80 million.

Next, Jimmy Isom reviewed major electric capital projects in the proposed 2024 budget totaling \$10,506,000. Categories for commercial load additions, industrial load additions, residential (overhead and underground) and security lighting are budgeted based on trending history. The electric budget includes \$500,000 for the double conductor of SC-624, Phase III, from APD-40 & South Lee Highway toward Payne Gap Substation to Smith Drive. This phase will include replacing the existing poles and framing for parallel #556 AAC transmission conductor to increase capacity on the transmission system.

Another major item in electric is the replacement of a 41-foot bucket truck, Unit #142, which is an existing 2011 model with 98,634 miles, 9,957 hours, in the budgeted amount of \$375,000. Another significant project is the Lang Street Substation Remodel Project, budgeted in the total amount of \$450,000 (the estimated cost remaining in the substation is \$300,000, and the estimated cost to remove equipment and clean up the existing station is \$150,000). Lang Street Substation was built in 1956 and completed in 1957 by TVA. CU purchased the substation from TVA. Isom provided an update for the ongoing work occurring at the substation. Also included in the budget is the HVAC replacement with a new Variable Refrigerant Flow (VRF) System, budgeted in the amount of

\$1,000,000. The existing 1970's model HVAC system has become a maintenance issue and operates inefficiently for the different departments in the Power Service Center.

Water capital projects in the proposed 2024 budget totaling \$11,970,950 were then highlighted by Craig Mullinax. Key projects in engineering include the North Street water booster station upgrade budgeted in the amount of \$1,174,000 (funding by SRF). 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 1,050 GPM & 150 HP. This will provide additional capacity and greater redundancy. Other items in engineering include the Ductile Iron Pipe Reimbursement Program, \$229,000 (total project estimated cost is \$1,865,228 with funding by ARPA from the city); the Bigsby Creek Road waterline extension, \$100,000 (total project estimated cost is \$843,750 with funding by ARPA from the county); the Old Chattanooga Pike waterline extension, \$125,000 (total project estimated cost is \$1,883,813 with funding by ARPA from the county); and the Walker Brow Booster Station at \$300,000.

Mullinax then reviewed major capital projects at the Cleveland Filter Plant. The first key item includes the conversion from a chlorine gas disinfectant to sodium hypochlorite in the amount of \$1,500,000 in FY 2024 (total project estimated cost is \$3,269,000 with funding by the SRF). 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. Other key items in the FY 2024 CFP budget include the high service pumps & electrical upgrade design in the amount of \$600,000 (the total project estimated cost is \$3,600,000 with funding by the SRF); the filter backwash catch tank & yard piping improvements in the amount of \$300,000 (the total project estimated cost is \$1,200,000 with funding by the SRF); the Waterville Springs chlorine scrubber at \$320,250; and the new high service pump no. 4, budgeted in the amount of \$420,000.

Additionally, key projects in wastewater were then highlighted by Mullinax. Capital requirements for the wastewater division in the proposed fiscal year 2024 budget total \$23,991,252. In engineering, the 2010/2012 annexation sewer improvements in the Benton Pike & Durkee Road area are budgeted in the amount of \$3,500,000 (funding by SRF). Another major project in engineering is the King Den Trunk Line Upgrade, Phase 1, in the amount of \$250,000 (the total project cost is estimated at \$2,500,000 with funding by the SRF). Budgeted at \$1,500,000 are sewer collection upgrades for Lot 1 at Spring Branch Industrial Park (the total project estimated cost is \$3,000,000).

Lastly, Mullinax reviewed major budgetary items in wastewater collections-SCOPE 10. The Cleveland Sewer Master Plan is budgeted at \$342,000 (total project is estimated at \$1,476,100 with ARP funding). Another key item is the 2022 Rehabilitation Project for the Candies Creek and South Cleveland sewer basins, budgeted in the amount of \$2,650,000 (total project is estimated at \$3,200,000 with SRF funding). The Sewer Interceptor Rehabilitation Project is budgeted at \$1,000,000. Also included is the Fletcher Park sewer lift station evaluation in the amount of \$600,000, as well as the Sycamore Drive Detention Tank Study & Design, budgeted at \$250,000. A major item at the Wastewater Treatment Plant is the Alternative Ultraviolet (UV) Disinfection Project in the

amount of \$7,123,000 (funding by SRF). Installation of UV equipment will allow CU to discontinue the use of chlorine gas at the WWTP, significantly reducing overall hazard risk at the plant. Another notable budgetary item at the Wastewater Treatment Plant is the Aerobic Digester Design/Construction, \$450,000 (the total project is estimated at \$7,650,000 with funding by the SRF).

Henderson wrapped up the budget presentation by commending the entire team for the hard work and effort put forth on formulating the budget. Additionally, Henderson stated he is proud the utility is only proposing a 5.00 percent increase for water and a 5.00 percent increase for wastewater. He then expounded on this statement and advised he understands the challenge associated with any rate increase. However, CU has navigated substantial increases across the board and experienced record growth as well as challenges all while still being progressive in a responsible way. CU held these rate increases to an absolute minimum. Henderson closed by expressing appreciation to the board.

Vice Chairman Joe Cate motioned, and Debbie Melton seconded for the Utility Board to approve the proposed fiscal year 2024 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.

OTHER BUSINESS

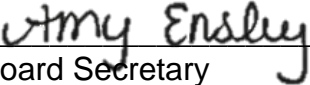
Future Board Meeting Dates

Future, scheduled board meeting dates to be held in the Tom Wheeler Training Center at 12:30 p.m. are as follows:

- Friday, May 26
- Friday, June 23
- Friday, July 28

Adjournment

There being no other business, Eddie Cartwright made a motion to adjourn the meeting. Councilman David May, Jr., seconded the motion, and the board unanimously voted to adjourn the meeting at 1:56 p.m.


Board Secretary


Board Chairman

May 26, 2023
Date