

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
May 26, 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; and Councilman David May, Jr., Cleveland Utilities Board.

Absent: Debbie Melton.

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; Amanda Arrants, Electric Engineer; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Amanda Arrants delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Council Appointment of Two, New Authority Board Members

On May 8, the City Council appointed Mayor Kevin Brooks and Councilman Dale R. Hughes to the new Cleveland Utilities Authority Board. Hughes previously served on CU's board and was Chairman for some of that time. CU welcomes Brooks and Hughes and is proud to have them serve in this capacity. Although they won't be able to officially vote on items until the transition to the authority is complete, they will join board meetings in the interim as their schedules allow.

Water Taste/Odor Update

CU has spent a lot of time, effort and expense to determine the best way to mitigate the water taste and odor challenges that began on April 17. Staff have been collectively working with both the Tennessee Valley Authority (TVA) and the Tennessee Department of Environment and Conservation (TDEC). Multiple meetings have taken place, and CU has also consulted with two engineering firms. Extensive testing has been conducted by CU to determine the source, and updates have been provided through Facebook and Instagram as well as local media channels.

The source of the earthy taste and odor is from a naturally occurring, algae-compound (MIB) identified in the Hiwassee River. Another treatment process (carbon) has been added at the Cleveland Filter Plant (CFP) and Hiwassee Utilities Commission (HUC) to help minimize the taste and odor. The carbon levels required to completely eliminate the levels of MIB attributing to the taste and odor alter other water treatment processes, so staff is managing and balancing this. Henderson displayed a map showing the sites where CU has tested along with the MIB levels. Mullinax noted MIB levels below 10 parts per trillion typically aren't sensed by people, and the levels being seen are significantly above this. CU is pinpointing where the MIB is occurring on the river through its testing. One of CU's engineers, Matt Bolt, has experience with MIB through his previous employer in Colorado and has been a great resource on this issue with his knowledge. Board member Cartwright asked if CU is confident in the statement the water is not harmful. Henderson and Mullinax advised yes, the water continues to meet all state regulatory requirements.

TVA & TDEC will be releasing a statement later today that CU is awaiting and will publish affirming there are no health concerns with the water. Henderson and Mullinax commended the entire team who have been working through this situation and fielding the approximate 325 calls received to date.

American Public Power Association (APPA) RP3 Designation

CU is proud to be designated as a diamond level “reliable public power provider” by the APPA for 2023 to 2026. The diamond level reflects the highest score a utility can obtain, and this is the third time CU has achieved this level since 2017. Ms. Amanda Arrants was selected and had the privilege of overseeing the application process, which is quite the task. Arrants then highlighted details of the award recognizing utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement. Engineering, operations, accounting, safety, and human resources all provide information and supporting documentation for the application, so it’s an extensive process and a collective effort by many. Henderson noted the RP3 application process is important in driving CU to always improve the system.

Memorial Day & Juneteenth Holidays

Cleveland Utilities’ offices will be closed Monday, May 29, to observe Memorial Day, and Monday, June 19, for Juneteenth. The Call Center will be open and regular emergency and standby services will be maintained.

CONSENT AGENDA

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

A. Approval of the minutes from April 28, 2023

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

FINANCIAL REPORT

1. **Electric Division April 2023** - During the month of April, the cost of purchased power as a percentage of retail sales was 73.2 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2023. The results for April are electric sales revenue of \$7,053,991, which was offset by a purchased power expense of \$5,164,832. This resulted in an operating margin of \$1,889,159. This is compared to a budgeted margin of \$1,843,272. Operating expenses for the month were \$1,854,364. This is compared to a budgeted operating expense of \$1,927,433. These revenue numbers were driven by a customer base of 33,267. The net income for the month was \$326,998 and can be compared with a budgeted net income of \$82,441.
2. **Water Division April 2023** - For April, water sales revenue was \$1,547,695. This is compared to the budgeted amount of \$1,529,135. Other revenue sources contributed an additional \$201,646 for the month. These revenue numbers were driven by a customer base of 33,739. Operating expenses for the month were \$1,513,046. This is compared to the budgeted amount of \$1,555,376. The division recorded an operating income of \$236,295, which is compared to a budgeted operating income of \$99,495.

3. **Wastewater Division April 2023** - For April, wastewater treatment revenue was \$1,221,188. This is compared to the budgeted amount of \$1,222,473. Other revenue sources contributed an additional \$123,870 for the month. These revenue numbers were driven by a customer base of 20,445. Operating expenses for the month were \$1,201,307. This is compared to the budgeted amount of \$1,247,452. The division recorded an operating income of \$143,751, which is compared to a budgeted operating income of \$60,060.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Project: Bids for the concrete curbing were received and awarded to Kane Industries. This work is expected to be completed in May. The 69 and 13 kV breakers will be set next along with the conduit for the control wiring. Gravel will be installed along with bus work soon.
2. CU electric engineering has been working with Ironcraft Manufacturing on the electric design for its new facility on 20th Street NE. A couple of meetings were held in April to discuss the electric service design. The customer has been collecting the electrical parameters for all future equipment in the four buildings to help determine the transformer sizes. At this time, it appears four transformers will be needed. Three of them will be as large as 2000 kVA, and the fourth will be 1000 kVA or smaller. There will also be an overhead transformer station onsite to provide service to the fire pump system. For manufacturing facilities, CU will provide the first two transformers, and additional ones will be purchased by the customer. Equipment for the first three buildings will be arriving before the end of this year. Construction for the fourth building, which is the largest, will begin this summer. Currently, the expected diversified demand of the entire facility is 1 to 3 MW.
3. Engineering has been working with TriCon Construction on a project at Lee University for a parking lot redesign along Magnolia Avenue NE between 13th and 15th Streets. After the project is complete, this section of Magnolia Avenue will be abandoned, and the overhead utility line will be removed. Engineering proposed a design to configure the feed to an existing line section on Peoples Street to the east of Magnolia Avenue. The job required installation of a self-supporting concrete pole at the corner of 13th Street and Magnolia Avenue since there is not room for supporting down guys. At the end of April, the project was complete except for transferring an underground line to the new concrete pole and pulling the old poles, which AT&T and Spectrum are still attached. The estimated project cost is \$75,000, but Lee University will be paying CU for all new facilities installed (overhead lines, underground lines, and concrete pole). CU will not charge for removal of the old lines.
4. Electric engineering has been working with Value Flooring on an electric service upgrade for its facility on Spring Place Road SE. The customer has purchased a new piece of equipment requiring a larger electric panel and is upgrading the 400-amp single-phase service to a 600-amp single-phase service. CU will be replacing the existing 10 kVA transformer with a 50 kVA transformer. The meter for the building will be upgraded to a CT meter due to the larger service size. Expected demand for the building with the new load is 40 kW.
5. An update was provided for the following distribution system improvements:

- a. CU electric installed the first Siemens Compact Modular Recloser (CMR) on the electric system in April. This device is a cost-effective line recloser that can be used to isolate taps off the main line. The reclosing function will allow temporary faults to be automatically restored and prevents customers along the other portion of the circuit from seeing temporary faults. This unit was installed on the three-phase line tap on Weeks Drive at Clearwater Drive NE. It will replace three existing line fuses that have experienced eight outages in the past five years. The hope is the new device will lower the number of permanent outages. There will be 95 customers downline from the new device. The performance of the device will be evaluated and, if proven to be reliable, more will be installed on the system in the future.
 - b. CU electric engineering also issued a work order to install one set of the CMRs at the three-phase line tap on South Lee Highway at Johnson School Road. There are 83 customers on this line section. This CMR will be replacing three S&C Tripsavers, which have had some recent operational issues. This will be a second trial site to evaluate the performance of the device.
 - c. Engineering has been working with Power Centric Consulting on the trip settings for a new recloser on North Lee Highway. For the recloser to work correctly, the trip settings in the substation breaker will have to be modified. Power Centric has created proposed settings for the substation breaker and recloser for engineering to review. A final decision should be made in early May.
 - d. In January of 2023, a fault occurred behind the S&C Tripsavers on Airport Road NW. The relatively new devices did not function correctly; therefore, they were removed and brought back to the office for evaluation. With assistance from S&C, it was determined that a setting was not configured correctly in the initial installation. S&C provided directions for the installation, but also overlooked the setting. The devices were reprogrammed and tested in the lab. After several successful tests, the devices were reinstalled in the field.
6. The conduit was installed for the New Haven Ridge Subdivision off Angie Lane. Engineering released a work order to install all transformers, pedestals, and wire for the primary and secondary. The estimated cost of installing the underground facilities is \$25,523.32.
 7. Cleveland Utilities Line Department sent a four-person crew with a bucket truck and digger truck to the Electric Power Board (EPB) on April 1 to assist with storm damage restoration work. The crew worked for one day and returned to their normal positions the next day.
 8. An update was presented for traffic lighting:
 - CU engineering released a second bid for painting of traffic and street light poles along Inman Street. This work will complement the Road Diet Project by matching all the poles black. Wright Industrial Group was the only bidder. Approval by the City Manager and the CU Board will be required before the bid can be accepted.
 - CU's Traffic Signal Coordinator collected traffic counts and conducted a left turn phasing study at the intersection of 25th Street and Oakland Drive. Left

turn lanes exist on 25th Street in both directions but the signal has remained permissive without the use of a left turn protected arrow since the signal was originally designed in 2008. It was determined the signal should remain as is since the counts showed the cross-product threshold was not met and neither was the necessary crash history to warrant protected left turns. Video of the PM peak hour shows delays rarely reached 36 seconds with safe gaps for making the left turns when the adjacent traffic signals are red. Installing the protected phases would also create longer queue lengths on 25th Street with a negative impact to surrounding homes, Harris Circle, and Mac Street.

- The Traffic Signal Coordinator adjusted the radar detection at Paul Huff Parkway and Georgetown Road after complaints of the traffic signal's performance. The signal performed better on multiple approaches in the following days. Construction in the area will continue to cause delays occasionally. Also, controller phasing and timing settings were provided to a consultant for a nearby commercial development's traffic impact study.
- TDOT's contractor for the SR-60 road widening project altered the traffic signal at Georgetown and Eureka/Freewill. This temporary design will remain in effect for at least four months. Two signs to increase safety were added at the request of the Traffic Signal Coordinator.

WATER & WASTEWATER REPORT

1. The Ultraviolet Disinfection Project at the Wastewater Treatment Plant (WWTP) is 21 percent complete.
2. Wright Industrial Group has completed 991 hydrants out of a total of 1,000 for phase 2 of the Fire Hydrant Painting Project.
3. The Potter Place Booster Pump Station construction is complete, and the station is in service. CU is awaiting the invoice.
4. The design for the Trewhitt Road water main extension is complete.
5. CU is currently working on the design for the Lauderdale Highway water main replacement.
6. The Dalton Pike & Blackburn Road water main relocation design is complete.
7. Hampton Backhoe has completed water main extension projects for both Moore Circle Road and Peerless Road.
8. The Wilkinson Road Sewer Force Main and Pump Station Project is approximately 10 percent complete.
9. Croy Engineering has completed 54 percent of the alternatives analysis for the King Den Trunk Line Installation Project.
10. Croy Engineering has completed 84 percent of the design for the Old Chattanooga Pike sewer main extension.
11. CU will be doing the design for the Dalton Pike & Blackburn Road sewer main relocation.
12. The Villa Drive Townhomes sewer installation is complete. 165 feet of 8-inch gravity sewer main was installed for the 18-unit development.
13. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - In reference to the Candies Creek SSES Project, contractors have televised 111,960 feet of large and small diameter lines and inspected 1,306 manholes.

- A preconstruction meeting for the Candies Creek Rehab Project Design was held on April 26. The notice to proceed is being issued for June 12. The contractor began pre-CCTV work on May 22. First submittals have been received and are under review.
14. The Meter Department set 41 meters through April 2023 compared to 62 for April 2022 and 64 for April 2021. Of the 41 sets, 23 were single family homes, 15 were townhomes, 1 was irrigation, and 2 were commercial.
 15. The total amount of rainfall recorded at the CFP as of May 24, 2023, was 3.25 inches for the month, bringing the current rainfall total for 2023 to 24.16 inches. This can be compared to 43.77 inches for the same period in 2020 (highest rainfall totals through May 1996-2023) and 9.79 inches in 2007 (lowest rainfall totals through May 1996-2023).
- C.** Adoption of Updated Water Rates for Fiscal Year 2024. CU's budget approval at the board meeting on April 28 included a proposed rate increase of 2.00 percent from HUC in which the HUC Board had not yet officially voted on the increase. However, they have since voted and approved a higher rate increase than what CU had projected in the numbers. This approval is an update to reflect HUC's actual rate increase of 5.00 percent and is strictly a pass-through percentage.
 - D.** Approval of a letter of engagement with Wedgewood Accounting, PLLC, for the Fiscal Year 2023 Audit in the contract amount of \$44,000.
 - E.** Approval of a purchase order with Elster Solutions, LLC, in the amount of \$64,416 for the 2023 annual software maintenance agreement (SMA) for the advanced metering infrastructure (AMI) system. This is a sole source purchase.
 - F.** Approval of a purchase order with Electro-Mechanical, LLC, c/o Yoder Sales Agency in the amount of \$81,712 for four PMH type 15 kV pad-mounted electrical switchgears. These devices are used in underground applications to provide overcurrent protection and line sectionalizing. This equipment will be used at the SK Food Group manufacturing site in the Spring Branch Industrial Park and in Powell Meadows Subdivision on Durkee Road. Electro-Mechanical submitted the low bid.
 - G.** Approval of a purchase order with Gresco Supply, Inc., in the amount of \$166,494 for three 277/480-volt three-phase, pad-mounted transformers for stock and service to SK Food Group.
 - H.** Approval of a purchase order with Gresco Supply, Inc., in the amount of \$166,494 for three 277/480-volt three-phase, pad-mounted transformers for Ironcraft Manufacturing on 20th Street NE.
 - I.** Approval of a purchase order with Dycho Chemical Company in the amount of \$183,580 for the purchase of four months' supply 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 at the Wastewater Treatment Plant to dechlorinate the wastewater. The items are budgeted for FY 2023 and FY 2024.

- J. Approval of a purchase order with Southern Sales Company in the amount of \$398,638 for the purchase of an 800HP/7,000 GPM High Service Pump and Motor for the Cleveland Filter Plant. The new pump will replace the existing 19-year-old pump and is an exact match. The purchase is sole source and budgeted for FY 2024 with a delivery time of approximately 62 weeks.
- K. Approval of a purchase order with Jackie Evans Trucking Company in the amount not to exceed \$112,200 for the removal of approximately 800,000 gallons of alum sludge from the Cleveland Filter Plant. The service period is from June 1, 2023, to May 31, 2024. The service is budgeted for FY 2023 and FY 2024 and is sole source.
- L. Approval to pay the Tennessee Department of Transportation (TDOT) in an amount not to exceed \$1,250,000 for the relocation of water infrastructure along Georgetown Road NW beginning at Westlake Drive and extending west of Eureka Road. The bid amount for the water relocation totaled \$2,931,910. TDOT pays the project cost up to \$1,750,000. Cleveland Utilities is responsible for the remaining amount. The project is budgeted for FY 2023 and FY 2024. Henderson noted it's possible CU could have an update on this topic in the future. Stinnett expounded and advised TDOT is statutorily limited to a maximum cap of \$1.75 million for reimbursement of relocation costs for utility facilities. CU had quoted this project in 2017, and the project was bid in 2021. Due to the timing and economy, costs increased substantially. CU is hoping to engage conversation with TDOT and legislators to inquire about the possibility of raising that statutory limit, so a utility company isn't responsible for picking up the remaining balances in very large projects. Cate asked if there are any upgrades included in the project. Mullinax advised there is some betterment with the project in that some of the lines will be upsized in certain areas and ductile iron pipe is being utilized.
- M. Approval of an Agreement for Professional Services with Jacobs Engineering Group, Inc., in the amount not to exceed \$230,000 for updating Cleveland Utilities' Water Model (a tool used by engineers to plan for future growth of the water distribution system). This item is budgeted for FY 2023 and FY 2024.

OTHER BUSINESS

Question

Councilman David May, Jr., asked if the Inman Street Lighting Project (street cuts and conduit) is on a schedule. Henderson advised yes. He and Isom received an extensive update from Tad Bacon on this last week regarding timelines and challenges. There was not enough space to do road bores instead of street cuts. The existing traffic and street light poles will be painted to match the poles black. Additionally, Operations Manager Kim Duncan is working with the city to schedule the street cuts.

Comment

Cartwright informed CU retiree Pat Ensley's granddaughter Ensley Collins is playing in the state tennis championship game today for Walker Valley High School.

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, June 23
- Friday, July 28
- Friday, August 25

Adjournment

There being no other business, Councilman David May, Jr., made a motion to adjourn the meeting. Eddie Cartwright seconded the motion, and the board unanimously voted to adjourn the meeting at 1:15 p.m.

Amy Ensley
Board Secretary

[Signature]
Board Chairman

June 23, 2023
Date