

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
June 23, 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; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Greg Clark, Wastewater Rehabilitation Manager; and Grant Bromley, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Greg Clark delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Water Main Break on Michigan Avenue

A significant 20-inch water main break occurred on Michigan Avenue Road NE just south of Royal Oaks Subdivision on the afternoon of Friday, June 9, around 3:15 p.m. resulting in an estimated 2.8 million gallons of water loss. This piece of pipe was split at the bottom, projected to be 75 years old, and laying directly on rock. Clark noted another break occurred in this same general area approximately six years ago. Several videos and photos were shown, and a timeline of the repairs was provided. Excavation began at 6:45 p.m. The broken line was removed at 12:30 a.m., and the new pipe was put in place and repairs completed at 5:30 a.m. Flushing began shortly thereafter, and service was restored to Royal Oaks Subdivision around 7:30 a.m. Saturday, June 10. The plants were returned to normal operation at 2:00 p.m. Saturday afternoon.

The extensive repairs were completed in-house with 16 employees working a total of 266.5 hours. Henderson commended Clark and the crews for completing the repairs and restoring service as quickly as they did. It was a great team effort between all divisions and a lot of personnel. The amount of coordination, knowledge, and dedication were truly impressive. An estimated 500 customers at most were out of water during the event.

Water Taste/Odor Update

CU is continuing to mitigate the water taste and odor changes created by the algae compound, MIB, as best as possible. Testing has been extensive. Henderson communicated the utility has really gone above and beyond to ensure the utility is tracking in the right direction to find a solution. Multiple meetings have been held internally as well as with representatives from the Tennessee Valley Authority (TVA) and the Tennessee Department of Environment and Conservation (TDEC).

Pictures of the intakes for both the Cleveland Filter Plant (CFP) and Hiwassee Utilities Commission (HUC) were shown along with testing points and locations where the algae has been identified in the Hiwassee River at Taylor's Island and the Reliance Bridge. Councilman May asked if the recent rainfall has helped. Henderson stated the increased recreational flows that began on Memorial Day that are now consistent through the week have likely helped with the data showing a downward trend in the MIB levels. The unknown is if this will be a short-term or long-term algae issue. If it's going to be a

continual challenge, the utility is looking at what that means for the treatment process at the plants. CU started feeding a new blended carbon on June 22 that is supposed to have a better absorption rate for improved removal of MIB. Jacobs Engineering will be helping CU investigate short and long-term solutions.

CU has sampled seven times from May 4 to June 14. An eighth sample was taken on June 22 in which CU is awaiting results. The latest test results show the MIB level on the finished water is 14 at the CFP and 32 at the HUC. The level at which humans can typically detect taste and smell is 10, so the numbers are currently reaching a point where it would be undetectable by most people. In closing, Henderson emphasized CU doesn't like that the water is not the good tasting, quality water CU has historically been blessed to have, but the utility will get back there. The water is meeting all primary drinking water standards.

Retirements

CU employees Tim Bryant and Blake Shelton recently retired. Bryant served in the Electrical Engineering Department as a GIS Technician and finished out his career with 23 years of service. Shelton was a Foreman in the Substation Maintenance area and had almost 25 years of service with CU. Henderson thanked them for their dedicated service and wished them all the best.

Independence Day Holiday

Cleveland Utilities' offices will be closed Tuesday, July 4, to observe Independence Day. The Call Center will be open and regular emergency and standby services will be maintained.

CONSENT AGENDA

Councilman David May, Jr., 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 May 26, 2023
- B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division May 2023** - During the month of May, the cost of purchased power as a percentage of retail sales was 73.7 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2023. The results for May are electric sales revenue of \$8,170,909, which was offset by a purchased power expense of \$6,020,960. This resulted in an operating margin of \$2,149,949. This is compared to a budgeted margin of \$1,803,706. Operating expenses for the month were \$1,682,524. This is compared to a budgeted operating expense of \$1,932,478. These revenue numbers were driven by a customer base of 33,539. The net income for the month was \$785,524 and can be compared with a budgeted net income of \$36,143.
2. **Water Division May 2023** - For May, water sales revenue was \$1,620,388. This is compared to the budgeted amount of \$1,601,621. Other revenue sources contributed an additional \$221,567 for the month. These revenue numbers were

driven by a customer base of 33,982. Operating expenses for the month were \$1,714,367. This is compared to the budgeted amount of \$1,578,696. The division recorded an operating income of \$127,587, which is compared to a budgeted operating income of \$154,620.

3. **Wastewater Division May 2023** - For May, wastewater treatment revenue was \$1,198,052. This is compared to the budgeted amount of \$1,214,333. Other revenue sources contributed an additional \$129,314 for the month. These revenue numbers were driven by a customer base of 20,656. Operating expenses for the month were \$1,202,840. This is compared to the budgeted amount of \$1,250,709. The division recorded an operating income of \$124,526, which is compared to a budgeted operating income of \$48,098.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Project. Engineering has been working with Power Centric consultants to determine the settings for the overcurrent relays. By the end of May, the final decision for the settings was determined and is expected to be sent to engineering in June. Operations continued to work on the steel structure for the substation during the month of May. They also coordinated the installation of the concrete curb around the substation perimeter. This will allow the remaining gravel to be delivered to the site.
2. Engineering issued a work order to install facilities for the first phase of Ironcraft Manufacturing on 20th Street NE. This phase includes replacing the underground dip pole with a taller steel pole, installing a primary meter cabinet and 600-amp sector, 1,900 feet of underground primary wire, and setting two pad-mounted transformers (500 kVA and 2000 kVA). An overhead transformer and primary lines are also being installed to provide power to a fire pump on the north side of the property. The estimated total cost for this portion of the project (material and labor) is \$220,000. Part is being paid for by the customer (approximately \$145,000), and CU is supplying the rest (CU will provide up to two, 2000 kVA transformers for a manufacturing site. The other 2000 kVA transformer will be provided for the next phase). Operations will begin installing the equipment in June. The customer's goal is to start testing the equipment inside by January 2024.
3. Operations was able to complete the project for Lee University on Magnolia Avenue between 13th Street NE and 15th Street NE. Lee University is paying CU to reconfigure an overhead primary line section so the overhead line along Magnolia in front of the Mayfield Annex can be removed. The street is being abandoned, and a new parking lot is under construction. To reconfigure the line, a new self-supporting concrete pole had to be installed at the intersection of 13th and Magnolia. The final cost of the project has not been calculated, but the estimated cost is \$75,000.
4. Engineering met with the contractor at the construction site for a new medical office to be located on the new Peerless Road extension behind McAlister's Deli. The building will be divided and have multiple tenants. A new three-phase, 120/208-volt transformer will be installed on the property line between the medical office building and the vacant lot to the north. A conduit layout has been provided to the contractor and installation of the conduit is expected to begin in June. The transformer will be used for temporary power while the building is being constructed. The size of the transformer will be determined after the load report has been submitted.

5. A plan to install a new recloser on North Lee Highway near Tasso Road is in progress. This will provide overcurrent protection for the customers recently switched to CU from Volunteer Energy Cooperative. The settings for the relay in the recloser were finalized in May. Engineering will now work with operations to get the recloser installed in the field and the settings changed. The goal is to have the recloser installed late summer or early fall.
6. Engineering released a work order to connect the temporary service for two jobsite trailers at the SK Food Group site on Industrial Drive. Operations installed a 25 kVA single-phase transformer, two 35-foot wood poles, and approximately 200 feet of #1/0 triplex wire for the temporary service. The construction company paid for the labor to install the facilities since it is a temporary setup. All work was completed in May.
7. Three representatives from engineering visited Athens Utilities in May to discuss some equipment/software they use for engineering applications. Engineering is exploring the idea of making some upgrades to the SCADA system and wanted to explore the solution Athens has been using with great success. It was a good opportunity to network with fellow engineers and collaborate ideas.
8. Cleveland Utilities continues to work with TDOT's electrical contractor for the Highway 60/Georgetown Road Project to construct new lines, transfer load, and remove the old existing transmission/distribution electric facilities. Several switching procedures have been performed to allow for the transfer of load from the old facilities to the new facilities.
9. An update was presented for traffic lighting:
 - Engineering and operations met with Southern Lighting and Traffic Systems to be trained on the new ATCC traffic signal cabinets. These cabinets will replace the TS1 cabinets along Inman Street from Broad to Edwards for the Inman Street Road Diet Project.
 - CU's Traffic Signal Coordinator altered settings of the existing traffic signal at Cherokee Gateway and APD-40 to accommodate the road extension of Cherokee Gateway to Pleasant Grove Church Road. The new road is open, and the traffic signal is fully functional.

WATER & WASTEWATER REPORT

1. The Sodium Permanganate Conversion Project at the CFP Raw Water Intake is in construction. Angel Construction is forming the building slab.
2. The SRF/TDEC documentation for the CFP Sodium Hypochlorite Project has been submitted.
3. Wright Industrial Group has completed Phase 2 of the Fire Hydrant Painting Project. This phase comprised a total of 1,000 hydrants.
4. The Wilkinson Road Sewer Force Main and Pump Station Project is ongoing. The wet-well has been installed.
5. The road borings for the 2012/2012 Annexation Benton Pike/Durkee Road Project are in progress.
6. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - In reference to the Candies Creek SSES Project, contractors have televised 112,385 feet of large and small diameter lines.
 - The Candies Creek Rehab Project Design is underway. Crews mobilized to begin work on June 26.

- LJ&A crews have completed 1,418 manhole inspections and GPS located 1,547 manholes for the Sanitary System Modeling and Master Plan. Meetings are being scheduled to discuss future growth.
 - 7. The Meter Department set 50 meters through May 2023 compared to 49 for May 2022 and 38 for May 2021. Of the 50 sets, 33 were single family homes, 13 were townhomes, 1 was irrigation, and 3 were commercial.
 - 8. The total amount of rainfall recorded at the CFP as of June 20, 2023, was 1.81 inches for the month, bringing the current rainfall total for 2023 to 26.81 inches. This can be compared to 46.37 inches for the same period in 2020 (highest rainfall totals through June 1996-2023) and 13.04 inches in 2007 (lowest rainfall totals through June 1996-2023).
- C.** Adoption of Cybersecurity & Purchasing Card Policies.
- D.** Approval of the property insurance renewal for fiscal year 2024 through the Distributors Insurance Company (DIC) Program in the amount of \$1,405,524. DIC is a wholly owned subsidiary of TVPPA. Arthur J. Gallagher is the program manager. Stinnett noted this is an approximate five percent increase from last year, but CU's property asset value increased by almost eight percent.
- E.** Approval of an Agreement with TOSHA for CU's 2023 Safety and Health Program Plan Update. This occurs every seven years.
- F.** Approval of a purchase order with Waypoint in the amount of \$52,330.24 for network switches on CU's fiber ring for substation and AML reads. This purchase is budgeted and being purchased through a state contract.
- G.** Approval of a purchase order with DLT Solutions, LLC, in the amount of \$79,477.05 for 14 Autodesk AutoCAD Computer Aided Design Software Licenses to cover a three-year period from July 21, 2023, to July 21, 2026. This drafting software is utilized for workorder design, transformer pad details, building expansion design, custom pole framing design and various other calculations. The purchase is sole source and includes upgrades, technical support, and limited training.
- H.** Approval of a purchase order with Vulcan Materials Company in the amount not to exceed \$120,000 for the purchase of stone backfill. The purchase period is from July 1, 2023, to June 30, 2024. The stone backfill is budgeted for FY 2024 and is a sole source procurement.
- I.** Approval of a purchase order with Bradley Concrete in the amount not to exceed \$80,000 for the purchase of flowable fill backfill. The purchase period is from July 1, 2023, to June 30, 2024. This is a budgeted item for FY 2024 and is a sole source procurement.
- J.** Approval of a Resolution authorizing the CEO/President of Cleveland Utilities to act on behalf of the Board of Cleveland Utilities with respect to a loan application with the Tennessee Department of Environment and Conservation, Clean Water State

Revolving Loan Program, for the Ultraviolet Disinfection Construction at the Hiwassee River Wastewater Treatment Plant.

- K. Approval of a Resolution authorizing the CEO/President of Cleveland Utilities to act on behalf of the Board of Cleveland Utilities with respect to a loan application with the Tennessee Department of Environment and Conservation, Clean Water State Revolving Loan Program, for the Durkee Road/Benton Pike Annexation Area Sewer Project.

OTHER BUSINESS

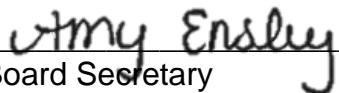
Future Board Meeting Dates

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

- Friday, July 28
- Friday, August 25

Adjournment

There being no other business, Eddie Cartwright made a motion to adjourn the meeting. Debbie Melton seconded the motion, and the board unanimously voted to adjourn the meeting at 1:06 p.m.



Board Secretary



Board Chairman

July 28, 2023

Date