

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
July 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; and Grant Bromley, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Eddie Cartwright delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Authority Update

Henderson provided an update for the Utility Authority transition. Stinnett and Vineyard have been working extremely diligently with this process. In August and September, CU anticipates having a municipal board meeting immediately followed by an authority board meeting (two separate meetings). The purpose behind the authority meeting before the asset transfer fully takes place is so the board can establish the operating structure for which the authority will function (appointments, rules & regulations, policies, etc.). As of today, the plan is to have the final municipal meeting on October 27. The municipal entity will close its business, and the authority will take over from that point forward and have its first solo meeting in November.

Water Taste/Odor Update

Henderson provided an update for the ongoing water taste/odor issues CU continues to manage. He reviewed the latest test results for the MIB levels. These numbers continue to trend in the right direction, and there has been great improvement. The threshold at which most people can typically detect taste and odor is 10. The MIB level per the most recent sampling data on the finished water was below that threshold at the Cleveland Filter Plant (CFP) and just slightly above at the Hiwassee Utilities Commission (HUC). CU will continue to monitor this situation, work with consultants, and be ready to provide solutions to address it if it becomes an ongoing problem, which is currently unknown.

Audit Firm Update

CU received notification from Wedgewood Accounting that they will be no longer be performing governmental audits after June 30, so CU will be looking for another audit company moving forward. Due to the municipal business closing in October, CU will have a mid-year audit. Therefore, staff will be bringing a recommendation to hire another audit firm in the next month or two. To provide assurance, Wedgewood has communicated they will try to assist with testing procedures for the mid-year audit if necessary. Cate asked if any local firms perform this work. Stinnett advised he has spoken with a few firms and will start evaluating all options. He assured the process will be fair. Henderson stated CU will strive to stay local if possible. Wedgewood has been a great partner over the years.

United Way Day of Action

Today is the United Way's Day of Action, and this is one of those days employees look forward to every year as a way of giving back. CU has two teams comprised of 18 employees working at Stuart Elementary School and Woodson Forest School completing various tasks from painting to mulching and even some construction work. Henderson emphasized he is so proud of CU's employees and their passion to be involved.

CONSENT AGENDA

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

- A. Approval of the minutes from June 23, 2023
- B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division June 2023** - During the month of June, the cost of purchased power as a percentage of retail sales was 74.6 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2023. For FY 2023, purchased power expense as a percentage of retail sales was 75.7 percent. The results for June are electric sales revenue for the month of \$9,189,806, which was offset by a purchased power expense of \$6,857,581. This resulted in an operating margin of \$2,332,226. This is compared to a budgeted margin of \$2,123,310 for the month. The results for FY 2023 electric sales revenue were \$112,412,099, which was offset by a purchased power expense of \$85,120,286. This resulted in an operating margin of \$27,291,814. This is compared to a budgeted margin of \$25,121,795 for the FY 2023.
2. **Water Division June 2023** - For June, water sales revenue was \$1,766,999, unadjusted for unbilled revenue. This is compared to the budgeted amount of \$1,762,451. The results for FY 2023 water sales revenue were \$20,099,423, unadjusted for unbilled revenue. This is compared to a budgeted revenue of \$19,490,956 for the FY 2023.
3. **Wastewater Division June 2023** - For June, wastewater treatment revenue was \$1,248,080, unadjusted for unbilled revenue. This is compared to the budgeted amount of \$1,265,890. The results for FY 2023 wastewater sales revenue were \$14,821,355, unadjusted for unbilled revenue. This is compared to a budgeted revenue of \$14,775,848 for the FY 2023.

ELECTRIC REPORT

1. An update was provided for the ongoing Lang Street Substation Project. Engineering has been working with Power Centric Solutions to determine the overcurrent relay settings. The settings have been approved by engineering and will be programmed and tested for all substation relays in the near future. Operations continued to work on setting the substation switches and will start installing the aluminum bus in July. All the gravel has been spread within the yard as of the end of June.

2. The Operations Department has been preparing to begin work at Ironcraft Manufacturing on 20th Street NE. The primary meter cabinet has been checked and made ready at CU's facility. Additionally, the sector cabinet has been made ready. The contractor worked on installing all the conduit in June for the new facilities, but the concrete pads for the transformer and meter cabinet were not poured by the customer's contractor as originally planned. Work is anticipated to begin onsite in July.
3. Engineering assisted the general contractor with sizing the transformer for the fire suppression system at the new SK Food Group on Innovation Drive SW. The facility will require a pump with a 400 HP electric motor. It was determined a 750 kVA, 277/480-volt transformer will be required for the fire pump. The price for a new transformer of this type is \$33,020. The contractor will be paying 50 percent of the cost up front to get the transformer on order; however, it's not expected to be needed until sometime in 2024.
4. In June, engineering examined a piece of equipment by Novatech as a potential new SCADA solution. The company sent a demo unit and helped with a temporary setup. Engineering will be running some tests over the next few weeks on the demo unit and comparing the options/functions to the existing SCADA system in place.
5. At the end of June, engineering was contacted by the contractor working on the new Zaxby's Restaurant on Stuart Road next to Wendy's and just east of Hobby Lobby. For temporary power, the contractor has decided to go ahead and install the three-phase transformer that will provide service to the new restaurant. Engineering is currently awaiting the load sheet so the transformer can be sized. The transformer should be installed by the end of July.
6. In June, operations completed installation of the underground electric facilities in the first phase of Powell Meadows Subdivision comprising 62 lots. Six pad-mounted transformers, a three-phase sector, and 5,500 feet of underground primary were installed at the site. The cost estimate for the first phase is \$97,000. Provisions were also made in the design for future sections of the subdivision. When complete, the subdivision will have approximately 500 lots.
7. Engineering has been working with general contractors on the electric design and pad-mount transformer location for the new Aldi grocery store on McGrady Drive. A conduit print and transformer pad detail drawing should be issued in early July to the contractor. Engineering is also working on services to two signs for Aldi associated with this site.
8. Engineering released a work order for the electrical facilities to serve the Lone Oaks Farm Subdivision on Wilkinson Road NE. The work order calls for the installation of three new poles, 585 feet of overhead line, 9,045 feet of underground primary, a new three-phase sector, six new single-phase transformers, and one three-phase transformer. The estimated cost of the project is \$184,448.82.
9. Osrose Utilities Services performed reinforcement restoration on 65 poles that were deemed needing replacement. Nine poles could not be reinforced and will be replaced in-house.
10. An update was presented for traffic lighting:
 - Engineering issued a purchase order to paint several traffic signal and street light poles black along Inman Street for the Road Diet Project. Wright

Industrial was awarded the bid. The city will reimburse this expense as part of the overall project.

- The Traffic Signal Coordinator issued a work order to repair the pedestrian signal pole that was damaged by a vehicle crash at Keith Street and 20th Street. Material had to be ordered due to multiple crashes of this type that used up CU's spare equipment. The material has been received, but scheduling conflicts have caused a delay in the repair.
- The Traffic Signal Coordinator attended an ITS Tennessee summer event in Knoxville. The presentations were made at UTK's Tickle College of Engineering and included an overview of the Center for Transportation Research, the TN Model Users Group, TTAP programs, research for connected vehicles and ride sharing companies in Tennessee. The event ended with a tour of the civil engineering labs.
- An intermittent issue has been plaguing the intersection of Paul Huff Parkway at Hickory Grove. The signal technicians received several calls where the main street phases 2 and 6 were stuck in green and the side streets would not be served. The Traffic Signal Coordinator worked with the controller manufacturer and determined the possible cause was related to the original database being written in a very old firmware. The database was rewritten in the newest firmware from scratch, and the issue has not presented since.

WATER & WASTEWATER REPORT

1. The Ultraviolet Disinfection Project at the Wastewater Treatment Plant (WWTP) is in construction with a projected completion date of March 26, 2024.
2. The Sodium Permanganate Conversion Project at the CFP Raw Water Intake is underway. Angel Construction has poured the foundation and is in the process of constructing the block walls.
3. CU is waiting on the SRF issue of loan applications for the CFP Sodium Hypochlorite Project.
4. The Waterville Springs Plant chlorine scrubber design submittals have been approved, and the scrubber is being manufactured.
5. The Dempsey Street Water Booster Pump Station upgrade is in construction. The site has been cleared, and the pump station is being manufactured.
6. Hampton Backhoe has completed the water main extension projects on Moore Circle Road and Peerless Road.
7. The Wilkinson Road Sewer Force Main and Pump Station Project is ongoing. The wet-well, piping and conduit have been installed. The force main is in construction.
8. The 2012/2012 Annexation Benton Pike/Durkee Road Project is ongoing. The sewer crossing on Durkee Road is complete, and the road will be reopened by July 28.
9. The Old Chattanooga Pike sewer main extension is nearing completion. The line has been laid and tested. HL Construction is working to clean up and demobilize off the site.
10. Engineering is reviewing plans for Lone Oaks Farm Subdivision, Phase 2, on Wilkinson Road. The development comprises 74 lots, 4,323 feet of 6-inch DIP water main, and 4,121 feet of 8-inch PVC gravity sewer.
11. The Abaco Townhomes Project on Michigan Avenue Road is under construction. Hampton Backhoe has completed the sewer main installation consisting of 1,021

feet of 8-inch gravity sewer. The project also includes 820 feet of 6-inch water main, which remains to be done.

12. Hampton Backhoe has completed the water main installation (196 feet of 6-inch DIP) for the Morrison Lane Apartments.
 13. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - LJ&A crews have completed 1,418 manhole inspections and GPS located 1,547 manholes for the Sanitary System Modeling and Master Plan. The data will be utilized to develop subbasin modeling and the overall sewer system model. Meetings are being scheduled to discuss future growth.
 - The 2022 Sewer Rehabilitation Project submittals have been received and approved. CU is waiting on two final submittals. Crews began work on July 24, 2023.
 14. The Meter Department set 34 meters through June 2023 compared to 50 for June 2022 and 31 for June 2021. Of the 34 sets, 27 were single family homes, 5 were townhomes, 2 were irrigation.
 15. The total amount of rainfall recorded at the CFP as of July 25, 2023, was 5.70 inches for the month, bringing the current rainfall total for 2023 to 36.16 inches. This can be compared to 54.17 inches for the same period in 2013 (highest rainfall totals through July 1996-2023) and 18.04 inches in 2007 (lowest rainfall totals through July 1996-2023).
- C.** Approval of a purchase order to Cleveland Utilities OPEB c/o First Horizon Bank in the amount of \$747,673 for the annual funding of CU's Other Post-Employment Benefits (OPEB) Trust. CU has invested approximately \$5 million to date in this trust. The goal is to be around \$20 million (this is a moving target).
- D.** Approval of an Agreement with Covenant Cleaning in the amount of \$99,600 for the janitorial services of eight CU buildings to cover the period from September 1, 2023, to August 31, 2024. This is an extension of the contract that was bid in 2022, where Covenant submitted the low bid.
- E.** Approval of a purchase order to Gresco Supply, Inc., in the amount of \$71,934 for three (3), 277/480-volt, three-phase, 500 kVA pad-mount transformers for stock and the fire pump service to SK Food Group.
- F.** Approval of a purchase order to Gresco Supply, Inc., in the amount of \$338,560 for twenty-five (25), 100 kVA single-phase, pad-mount transformers and twenty (20) 167 kVA pad-mount transformers for stock.
- G.** Approval of a purchase order to Wolf Tree, Inc., in the amount of \$375,000 for the projected hourly and equipment rates for the third year of CU's vegetation management program to cover the period of July 1, 2023, through June 30, 2024. This will include transmission line right-of-way clearing, herbicide spraying, hot spot trimming, and emergency storm work. These rates have already been bid and approved during the contractor selection process in July 2021 where Wolf was the low overall bid.

- H.** Approval of a purchase order to Waypoint in the amount of \$89,936.74 for the Arctic Wolf subscription renewal utilized as part of CU's cybersecurity efforts. The Arctic Wolf Concierge Delivery Model will provide 24/7 monitoring, detection, response, and guidance CU needs to defend against cyber threats. The purchase is a budgeted item.
- I.** Approval of a purchase order to Waypoint in the amount of \$153,512.25 for the purchase of an Isilon Vault air-gapped backup solution for the CU Corporate Network. An air-gapped solution is a method of protecting critical data by physically isolating it from online or network connected systems (no direct or indirect connection between the system holding the data and any network or internet connection). This isolation adds a solid defense against the results of malware/ransomware related attacks. This purchase is a budgeted project.
- J.** Approval of a purchase order to Waypoint in the amount of \$87,798.20 for one year of Microsoft Licensing for SQL Server, Remote Desktop and Windows Server licensing on the CU Corporate Network. This purchase is a budgeted expense item for FY 2024.
- K.** Approval of a purchase order to Insource Software Solutions in the amount of \$187,438 for new SCADA servers, server software, and associated infrastructure for the Wastewater Treatment Plant and the Cleveland Filter Plant as part of CU's SCADA System Upgrade Project. The existing servers are approximately 11 years old and support for them is no longer available. The operating system will no longer be supported as well. The new servers will allow CU to meet its cybersecurity needs at both plants. The project is budgeted for FY 2024.
- L.** Approval of a purchase order to Waypoint in the amount of \$79,429.48 for new SCADA servers at the main office to replace the current obsolete servers. This is also part of the Water & Wastewater SCADA System Upgrade Project.
- M.** Approval of a purchase order to WESCO Distribution, Inc., in the amount of \$389,700 for the purchase of 3,000 water modules and mounting kits. The lead time to receive the modules is 26 to 28 weeks. These modules allow water meters to transfer customer data to CU for billing purposes. The purchase is sole source.
- N.** Approval of revisions to Cleveland's Sewer Use Ordinance as found in the City of Cleveland Municipal Code, Title 18. The revisions pertain to CU's Pretreatment Program, sump pump connections and installations of sewer cleanouts. The Tennessee Department of Environment and Conservation, TDEC, has reviewed and approved the modifications as stated in their letter dated April 17, 2023. This information will be sent to the city.

O. Safety Internal Performance Measures (IPM's) - January through June 2023

The following Safety IPMs for January through June 2023 were provided:

| | Electric & Water Combined | Electric Division | Water/Wastewater Division |
|--|--------------------------------------|--------------------------|----------------------------------|
| OSHA Recordable Incident Rate (RIR) | 1.82 | 2.39 | 1.06 |
| DART Rate | 1.37 | 2.39 | 0.00 |
| Lost-Time Case Rate (LTCR) | 0.46 | 0.8 | 0.00 |
| Vehicle Accident Rate (VAR) | 2.25 | 0.00 | 3.67 |

The following data went into the calculations:

- A total of 125,054 consecutive hours have been worked by both divisions combined without a lost-time injury (LTI). Electric employees contributed 71,071 of those hours, with the last lost-time injury occurring on March 17, 2023. The water division reached 53,983 hours, with the last lost-time injury occurring on March 17, 2023.
- A total of 219,670 cumulative hours were worked companywide during the period. 118 employees in the electric division worked 125,266 hours, and 86 employees in the water division worked 94,404 hours.
- In addition, a total of 444,173 cumulative vehicle miles were driven by employees in 127 vehicles. 171,736 of those miles were driven by electric employees, and 272,437 miles were by water employees.

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

| Year | OSHA – TRIR | DART | LTCR | VAR |
|-------------|--------------------|-------------|-------------|------------|
| 2015 | 3.51 | 2.01 | 0.5 | 6.84 |
| 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 |
| 2020 | 2.27 | 1.82 | 0.45 | 10.05 |
| 2021 | 0.46 | 0.46 | 0.00 | 4.41 |
| 2022 | 3.22 | 1.84 | 1.84 | 4.45 |

NEW BUSINESS

Approval of Purchase Order to FiberRise

On motion by Eddie Cartwright and seconded by Vice Chairman Joe Cate, the Utility Board unanimously approved a purchase order to FiberRise in the amount of \$7,994,590 for consulting services, OSP engineering, project management and network engineering services related to CU's Broadband Project. The payments will be distributed over a 28-month period as progress is made in each category. This is part of the overall \$72 million project. Four firms were evaluated. FiberRise' proposal includes two vital components the other proposals did not provide. The consulting and network engineering line items are crucial to the success of the project. CU's project consultant, Kim Kersey, agrees with the staff's recommendations to select FiberRise for the project.

OTHER BUSINESS

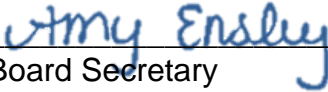
Future Board Meeting Dates

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

- Friday, August 25
- Friday, September 22
- Friday, October 27

Adjournment

There being no other business, Debbie Melton made a motion to adjourn the meeting. Councilman David May, Jr., seconded the motion, and the board unanimously voted to adjourn the meeting at 1:05 p.m.


Board Secretary


Board Chairman

August 25, 2023
Date