

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES AUTHORITY BOARD
January 5, 2024

A regular meeting of the CU Authority Board 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; Mayor Kevin Brooks; Councilman Dale R. Hughes; Councilman David May, Jr.; and Debbie Melton.

Others in attendance were Tim O. Henderson, President/CEO; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jon Sparkman, Water & Wastewater Engineering Manager; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Jon Sparkman delivered the invocation.

PUBLIC COMMENTS - NONE

MANAGER'S UPDATE & ANNOUNCEMENTS

MainStreet Cleveland Christmas Parade "Best of Parade" Winner

Henderson announced CU won the "Best of Parade" category in the MainStreet Cleveland Christmas Parade with the new "Tennessee Country Christmas" themed float. This is the second time CU has won this accolade. Although there were a lot of weather challenges the day of the parade, the rain cleared up right when the event was getting ready to start. Henderson expressed appreciation to all the employees who were involved in this project.

TDEC Water Reuse Grant

Cleveland Utilities is being awarded a water reuse grant in the amount of \$2.47 million from American Rescue Plan (ARP) funds through the Tennessee Department of Environment and Conservation (TDEC) and the State Water Infrastructure Grants (SWIG) Program. Sparkman then provided the project highlights. Currently, CU is using potable water to wash the influent screens at the Wastewater Treatment Plant. This project will use treated effluent to clean the screens and perhaps some other potential uses of plant water. Sparkman noted it's a really good project and will save a lot of treated water that's currently being used to keep the screens clean.

Martin Luther King, Jr., Holiday Office Closure

Cleveland Utilities will be closed Monday, January 15, to observe the Martin Luther King, Jr., holiday. As always, the Call Center will be open and regular emergency/standby services will be maintained 24/7.

Chamber of Commerce Annual Meeting

The Cleveland/Bradley Chamber of Commerce Annual Meeting will be held on Tuesday, January 23, at Westmore Church of God, at 6:00 p.m.

CONSENT AGENDA

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

A. Approval of the Minutes from December 1, 2023

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

FINANCIAL REPORT

1. **Electric Division November 2023** – During November, the cost of purchased power as a percentage of retail sales was 78.0 percent and can be compared to the budgeted percentage of 74.5 percent for FY 2024. The results for November are electric sales revenue of \$7,911,508, which was offset by a purchased power expense of \$6,167,297. This resulted in an operating margin of \$1,744,212 and can be compared to a budgeted margin of \$1,774,452 for the month. Operating expenses were \$1,836,869. This is compared to a budgeted operating expense of \$2,019,413. The division serviced 33,710 customers during the month. The net income was \$473,421 and can be compared to a budgeted net loss of \$5,675.
2. **Water Division November 2023** - For the month of November, water sales revenue was \$1,846,044. This is compared to the budgeted amount of \$1,787,848. Other revenue sources contributed an additional \$267,617 for the month. The division serviced 34,229 customers during the month. Operating expenses were \$1,612,522. This is compared to the budgeted amount of \$1,677,581. The division recorded an operating income of \$501,138, which is compared to a budgeted operating income of \$267,124.
3. **Wastewater Division November 2023** - For the month of November, wastewater treatment revenue was \$1,286,977. This is compared to the budgeted amount of \$1,327,618. Other revenue sources contributed an additional \$125,741 for the month. The division serviced 20,838 customers. Operating expenses were \$1,258,717. This is compared to the budgeted amount of \$1,330,639. The division recorded an operating income of \$154,001, which is compared to a budgeted operating income of \$116,231 for the month.

ELECTRIC REPORT

1. The Lang Street Substation Project is on pause until the new 69 kV vacuum interrupting switches arrive in the next few months. The new substation should be finished by early 2024 with the station being energized before the summer of 2024.
2. In November, CU crews installed a new 2000 kVA transformer at the Duracell facility on Mouse Creek Road NW to provide power to a new section of the facility. To energize the transformer, an outage was required for part of the facility. The best time for the outage from Duracell's standpoint was the day after Thanksgiving. Therefore, a CU crew reported to work the day after Thanksgiving and connected the new transformer. Duracell will pay Cleveland Utilities for all labor and material. The estimated project cost is between \$100,000 and \$120,000. Apart from invoicing for the project, all work required by Cleveland Utilities is complete.
3. An update was provided for the SK Food Group in Spring Branch Industrial Park. Discussions continued between CU electric engineering and Tippman Construction concerning the future main feed to the facility. Tippman Construction will be clearing an area on the west side of the property to make way for the new overhead line and a possible future driveway entrance. The clearing is expected to begin in early December. Once cleared, CU electric engineering can take site measurements and finalize the overhead line design to the facility. CU received good news in November concerning the 2000 kVA transformers on order for the project. The distributor through

whom the transformers were purchased has received communication that two of them may arrive in late February. This will help prevent any delays in the facility receiving electric service for equipment testing.

4. Construction of the IronCraft Manufacturing buildings continued strongly over the past few months. Currently, no manufacturing has begun in any of the buildings. There have been some delays with the specialized equipment going inside the buildings. Equipment testing is expected to begin in the late spring or summer of 2024. Construction of the fourth building, the largest one at the site, was completed in November. The electrical contractor was also able to install (2) 2000-amp, 480-volt, 3-phase panels in the building (there are provisions to install two more 2000-amp panels in the future). To provide service to the new panels, CU crews installed a 277/480-volt 1000 kVA transformer at the site. This required the installation of 1,140 feet of #350 aluminum underground primary, 300 feet of #1/0 aluminum underground primary, and a three-phase sector cabinet. The cost estimate for this portion of the project is \$60,000. Ironcraft is required to pay for a portion of the work in the amount of \$20,329.87. The 1000 kVA transformer is the second of the two transformers provided by Cleveland Utilities. Due to the low transformer inventory, a 1000 kVA was installed instead of a 2000 kVA as originally planned. For the present time, the service will only be used for lights, fans, and some office equipment. As load is being added next year, CU electric engineering will monitor the capacity of the 1000 kVA transformer and issue an order to upsize it if needed.
5. Construction of the Open Arms Care Facility on 21st Street SE continued in November. The contractor was able to install the electric conduit between the pole and transformer location. The site should be ready for electrical service in a few weeks.
6. Engineering completed a work order to connect electric service for a new Barks and Recreation dog care facility on Old Power Line Road NE. To provide electric service, CU crews installed 370 feet of underground, #1/0 primary and a 25 kVA pad-mounted, single-phase transformer. The building will have a 400-amp service, and the load demand is expected to be approximately 20 kW.
7. Engineering has been working with CU's SCADA vendor, ACS, on an upgrade for the communications between the SCADA system and field devices. In November, all the equipment for the project was shipped to CU's office. Engineering, IT, and electrical maintenance staff were able to install some of the equipment in November. Fiber connections will have to be completed over the next few weeks. Once the first station is connected, ACS engineering will have to program the SCADA system for the changes. Electric engineering is expecting to test the first station in January or February.
8. CU electric engineering has been working with CU water engineering on a new water pump station on Dempsey Circle SW. This pump station provides line pressure for the water system when more pressure is needed, or the water tank is out of service. This station will be located next to an old station, which will be decommissioned after the new station is brought online. The station is composed of (3) 150-HP motors so a large electric service is needed. Electric engineering released a work order to install a 750 kVA, 277/480-volt transformer at the site to provide service to the pump station. At the end of November, the site was not quite ready for the transformer to be installed, but it should be ready in December.
9. In November, a developer contacted engineering requesting the work order be released for phase 4 of Silver Springs Subdivision located off Old Freewill Road. This

is the last section of the subdivision and comprises 12 lots. To provide service, CU will be installing 495 feet of #1/0 aluminum underground primary, 660 feet of #350 aluminum secondary and (2) 50 kVA pad-mounted transformers. The total estimated cost of the project is \$17,553.97. The developer is expected to begin installing the conduit in December or January.

10. Work is underway for a new Yoki Buffet Restaurant on the west side of Bradley Square Mall. The restaurant will occupy a vacant portion of the existing building and be approximately 8,000 square feet. In November, engineering met with the contractor onsite to discuss electric service. There is an existing transformer near the building with enough capacity to provide electric service. The contractor will begin installing the electrical equipment over the next few weeks. After the service is installed and a load sheet is completed, engineering will release a work order to connect the service. The restaurant is anticipating being open in the winter of 2024.
11. Engineering has been working with the electrical contractor for the new Food City on Georgetown Road/Highway 60. The planned route for the underground primary lines will cross a future drive entrance on the northwest side of the property. The electrical contractor was able to install the primary conduit between the sector cabinet and transformer location so there are no concerns of cutting the future drive. Work on the building is underway, but electric service will not be needed for a couple of months.
12. Engineering has been working on a subdivision layout for Belcourt Landing off Urbane Road. Dirt work has begun in the subdivision, and a conduit layout will be given to the contractor for installation in December.
13. Crews set a 40-foot pole for primary installation, pulled approximately 150 feet of underground primary, set a 75 kVA pad-mount transformer, and pulled #350 aluminum underground secondary to pedestals for the King Street Townhomes.
14. The Oasis Townhomes on Pleasant Grove Church Road SW will require the installation of 1,200 feet of underground primary, 2,300 feet of underground secondary, and four pad-mounted, single-phase transformers. The estimated cost of the project is \$115,064.44.
15. Operations worked with Masterfoods to complete a maintenance outage on November 21, 2023. Masterfoods utilized this outage to replace the damaged static wire that had broken during the summer months.
16. The Line Department worked an outage with Tennova Medical Center to replace the transformer that CU had repaired for them. CU's 2000 kVA transformer has been retrieved and placed back in stock to be used for future industrial loads.
17. Engineering completed 94 work orders during the month of November.
18. An update was presented for traffic lighting:
 - CU engineering temporarily adjusted timing plans at three intersections along Paul Huff Parkway for the paving project at Mouse Creek Road. The newly added lanes are open for use and conversion of the signal from the span wires to the newly installed mast arms occurred on December 7, 2023.

WATER & WASTEWATER REPORT

1. The Trewwhitt Road water main extension has been completed by CU crews.
2. HL Construction has completed the water main installation projects on Rakestraw Road SW and Lead Mine Valley Road SE. CU is awaiting the final invoices.

3. Bids for the water distribution projects on Dry Valley Road NE and White Oak Valley Road NW were opened on December 20, 2023. Hampton Backhoe will be performing the installations for both projects.
 4. The Wilkinson Road Sewer Force Main and Pump Station Project is complete and in-service. The final walkthrough inspection is scheduled for January 8, 2024.
 5. The 2010/2012 Annexation Benton Pike/Durkee Road Project is approximately 85 percent complete. Lines D, E, F, and G have been completed.
 6. An update was provided for the following developments under construction:
 - Hampton Backhoe has completed the water and sewer main installations for the Abaco Townhomes on Michigan Avenue Road.
 - The Lone Oaks Farm Project on Wilkinson Road and Michigan Avenue Road is complete. The project comprised a sewer lift station along with water and sewer mains.
 - Presswood Construction has completed the sewer installation for the Oasis on Pleasant Grove Church Road SW. The water main installation remains.
 - Hampton Backhoe has completed the sewer and manhole installations for the Stuart Road Project at 4100 Stephens Road NE.
 - The water main installation is complete for the new Popeyes Restaurant on APD-40.
 - HL Construction has completed the water and sewer main installations for the Linda Drive Townhomes Project.
 7. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - Data is being entered into the Sewer System Model. Initial model data should be available later in January.
 - A meeting was held with the City of Cleveland to discuss future growth for the Sanitary System Modeling and Master Plan Project. Based on those discussions, some maps are being developed for future discussion.
 - The 2022 Sewer Rehabilitation Project is ongoing. The contractor completed 4 manhole rehabilitations during this period.
 8. The Meter Department set 69 meters through November 2023 compared to 29 for November 2022 and 59 for November 2021. Of the 69 sets, 36 were single family homes, 16 were townhomes, 10 were apartments, 2 were irrigation, and 5 were commercial.
 9. The total amount of rainfall recorded at the CFP as of December 31, 2023, was 7.92 inches for the month, bringing the current rainfall total for 2023 to 53.28 inches. This can be compared to 79.25 inches for the same period in 2020 (highest rainfall totals through December 1996-2023) and 32.74 inches in 2007 (lowest rainfall totals through December 1996-2023). The total recorded rainfall for 2023 is 4.17 inches below normal.
- C.** Approval of a purchase order with Telephone Services, Inc., (TelcoDen) in the amount of \$116,104.73 for the EF&I (engineer, furnish & install) services for the Ocoee and South Cleveland Substation telecom hut and data centers. The request for proposals was advertised in the Cleveland Daily Banner. Three proposals were received, and TelcoDen submitted the low bid. This is the same company providing the huts/data centers approved at last month's meeting. The main office bunker build-out is going to require a

site visit for pricing confirmation and will be presented for consideration in the near future.

- D. Approval of a purchase order with Brenntag Mid-South, Inc., in the amount of \$350,050 for the purchase of six 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. Chlorine and sulfur dioxide are budgeted for FY 2024.
- E. Approval of a purchase order with Dycho Chemical Company, Inc., in the amount of \$100,170 for the annual supply of coagulant, Poly-Aluminum Chloride, for the Cleveland Filter Plant. The purchase is sole source, and the chemical is budgeted for FY 2024.
- F. Approval of a purchase order with Jet-Vac Equipment Company, LLC, in the amount of \$530,712.11 for the purchase of a 2024 combination sewer jet/vac truck manufactured by Sewer Equipment Company of America. The truck will replace Unit #14, which is 19 years old and used by the Wastewater Collection Department. Jet -Vac Equipment submitted pricing through the Sourcwell Contract #101221-SCA, which is low bid. The truck is budgeted for FY 2024 in the amount of \$500,000. Delivery is expected for the fall of 2024.
- G. Approval to execute Amendment No. 2 for Engineering Services with HDR Engineers for the Cleveland Filter Plant Disinfection Conversion Project for a cost of an additional \$39,042. This amendment includes fees for additional construction administration services as well as project management and SRF assistance. The current contract amount was \$335,400 and the new amount is \$374,442.

NEW BUSINESS

ITG Communications, LLC, Contract Award

On motion by Councilman David May, Jr., and seconded by Debbie Melton, the Utility Authority Board voted unanimously to approve execution of a contract with ITG Communications, LLC, in the amount of \$17,749,515.25 for the fiber construction and maintenance for CU's Electrical Grid Modernization/Broadband Project. The request for proposals was advertised in the Cleveland Daily Banner. Eleven proposals were received, and ITG submitted the low bid. This is a budgeted project, and CU's consultant, FiberRise-Entrust, has performed a review of the proposals received, verified references, and is recommending the project be awarded to ITG, along with CU staff.

OTHER ANNOUNCEMENTS

The next Authority Board Meetings will be held in the TWTC at 12:30 p.m. on the following dates:

- Friday, January 26
- Friday, February 23
- Friday, March 22
- Friday, April 26
- Friday, May 24

ADJOURNMENT

There being no other business, Councilman David May, Jr., made a motion to adjourn the meeting. Debbie Melton seconded the motion, and the board unanimously voted to adjourn the meeting at 12:50 p.m.



Board Secretary



Board Chairman

January 26, 2024
Date