

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**JANUARY 3, 2020**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Jimmy Isom, VP Electric; Jon Sparkman, Water and Wastewater Engineering Manager; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Matt Barnes, Information Systems Technician; Jamie Creekmore, Customer Relations Supervisor; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Matt Barnes delivered the invocation.

**MINUTES OF NOVEMBER 22, 2019**

On motion by Joe Cate and seconded by David May, Jr., the Board of Public Utilities voted to approve the November 22, 2019, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Christmas Parade Report**

The annual MainStreet Cleveland's Christmas Parade took place on December 7. The weather was fantastic and there was a great turnout from the community. Cleveland Utilities entered two floats: a line truck decorated with lights and a water crew truck pulling a trailer with the gingerbread house float. CU won the Commercial Large category with the gingerbread house float. A video created by Creekmore was shown. Henderson commended the Administrative Services team and Creekmore for an incredible job on spearheading this effort.

**MLK Holiday Closure**

Cleveland Utilities will be closed Monday, January 20, to observe the Martin Luther King, Jr., Holiday. The Call Center will be open and regular emergency/standby services will be maintained.

**Cleveland Bradley Chamber of Commerce Annual Meeting**

The Cleveland Bradley Chamber of Commerce Annual Meeting will be held on Tuesday, January 28, at Life Care Centers of America, at 6:30 p.m.

**DIVISION REPORTS**

**Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of January 2016 through January 2020 was reviewed. For the month of January, the residential retail electric rate will change to 9.553 cents per kilowatt-hour. As a comparison, the rate for December was 9.464 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. The November 2019 financial and statistical statements were presented to the Utility Board. During November, the cost of purchased power as a percentage of retail sales was 75.9 percent. This can be compared to the budgeted percentage of 77.5 for FY 2020. The results for November 2019 are electric sales revenue of \$7,840,664, which was offset by a purchased power expense of \$5,953,172. This resulted in an operating margin of \$1,887,492. Operating

expenses for the month were \$1,710,470. This is compared to a budgeted operating expense of \$1,830,557. These revenue numbers were driven by a customer base of 31,820. The net income for the month was \$354,017 and can be compared to a budgeted net loss of \$39,383. Stinnett noted some differences in the budget to actual figures are starting to be seen. This is mainly due to the 20-year agreement with TVA and reduction in costs, which will be reflected in next year's budget. Stinnett also advised the budget process has started.

3. For November 2019, water sales revenue was \$1,292,792. Other revenue sources contributed an additional \$114,675 for the month. The division serviced 32,258 customers. Operating expenses for November totaled \$1,298,749. This is compared to the budgeted amount of \$1,269,788. The division recorded an operating income of \$108,718 and can be compared to a budgeted operating income of \$91,417.
4. For November 2019, wastewater treatment revenue was \$1,067,478. Other revenue sources contributed an additional \$68,584 for the month. The division serviced 19,304 customers. Operating expenses for the month were \$1,007,187 and can be compared to a budgeted amount of \$1,023,972. An operating income of \$128,875 was recorded and can be compared to a budgeted operating income of \$97,275 for the month.

### **Electric Division**

Jimmy Isom reported on the following:

1. In reference to the Cherokee Gateway Substation Project, there are no updates since the last report due to weather and the holiday season.
2. Phase II of the Lang Street to District Substation Transmission Line Replacement Project is complete and the line has been placed back in service. The final labor charges are reflected in the total actual cost of \$272,217.99.
3. The Valleyhead Substation V-234 underground feeder upgrade has been completed. Additional labor charges will be added and a final cost will be presented at the next board meeting.
4. Engineering has completed the design for the final phase of the Lang Street to District Substation transmission line upgrade. The 69 kV transmission pole bids have been received and will be presented as a new business item in today's meeting.
5. The electric service for the new asphalt plant on Boss Road was connected in November. Operations crews installed 3,450 feet of #1/0 aluminum underground primary, a 3-phase sector cabinet and a 500 KVA pad-mount transformer at the facility to serve the expected 350 kW demand.
6. Engineering has been working with the developer to provide electric service to the Agora Apartment/Commercial Building at 1<sup>st</sup> and Edwards Streets NE. The gang meter base location had to change due to zero lot line conflicts from adjoining properties. The new service will come from the existing pad-mount transformer located within the First Street Park Development. The existing transformer will be upgraded from 225 KVA to 300 KVA to accommodate the expected added electric load.
7. Engineering released a work order to install 1,245 feet of #1/0 aluminum underground primary and a 300 KVA pad-mount transformer to serve the Cleveland Court facility (Summit Apartment replacement) on Cedar Lane. The transformer will be used immediately to provide temporary service and will be ready for the future permanent service in several months.
8. District Substation was taken out of service for routine six-year maintenance and testing. The comprehensive testing was performed on all settings and equipment (breakers, power

transformers, load tap changers, etc.). An issue was found on one of the transformer's (LTC) motors and was replaced.

9. CU assisted the Electric Power Board (EPB) with power restoration work from storm damage. On October 31, a four-man crew consisting of Al Butler, Daryl Lipscomb, Eric Smith and Zach Trew worked to install two, single phase primary back lot lines. On November 1, Al Butler, Scott Hawkins, Max McCann and Eric Smith returned to help and utilized a back lot machine to set a new transformer and repair a single phase line.
10. A report was presented regarding traffic lighting:
  - Traffic Signal Coordinator Tad Bacon applied for several grants on behalf of the city for replacement traffic cabinets and controller upgrades along critical corridors; the installation of battery backup systems at 12 critical or high speed intersections; and cabinet, controller and pedestrian signal upgrades for the downtown business district. Additionally, a grant application was submitted on behalf of the county for signal and detection upgrades at Highway 64 & Minnis Road.
  - Two new Intelight traffic controllers were installed along APD-40 for field testing. Bacon conducted prior bench testing on the units, which was very successful. These controllers are very intuitive and user friendly. CU currently uses controllers manufactured by Peek Traffic Corporation. The Intelight controllers offer greater technical flexibility with a \$500 cost savings per unit than Peek.
  - Bacon submitted a request to TDOT for dual right turns at Exit 27 northbound off-ramp onto Paul Huff Parkway. He had observed a large volume of inbound traffic at this location during the timeframe of 5:30 PM to 6:00 PM. In the meantime, Bacon added more time to the off-ramp in order to keep it from backing out onto I-75.

### **Water Division**

Jon Sparkman reported on the following in the absence of Craig Mullinax:

1. The LED Lighting Project at the Wastewater Treatment Plant (WWTP) is 50 percent complete. CU's Electric Division is assisting with this project.
2. The WWTP Paving Project will commence in the spring.
3. CU has received the final digital diagrams from ABS Consulting for the Piping and Instrumentation Diagram (P&ID) Development Project for both the WWTP and Cleveland Filter Plant (CFP).
4. The plat for the Cherokee Gateway Boulevard Water Storage Tank has been finalized and recorded.
5. The 20<sup>th</sup> Street Water Main Relocation Project was bid and came in higher than anticipated. This will be presented as a new business item in today's meeting.
6. Hampton Backhoe is working on a minor water main project on Old Mouse Creek Road. The project is expected to be finished early next week.
7. In reference to the 2010/2012 Annexation Project on Benton Pike & Durkee Road, 13 of the 39 easements have been acquired.
8. TDEC has approved the water drawings for the Veterans Home Project. CU is still waiting on approval for the sewer drawings.
9. The design and review for the Lee University Track sewer and water line relocation is complete. CU is waiting on the schedule and easements from the developer.

10. Engineering approved plans for Timber Ridge Subdivision on Mouse Creek Road. The development includes 23 lots, 871 feet of 8-inch gravity sewer main and 665 feet of 6-inch water main.
11. Hampton Backhoe has completed the water and sewer main installations at The Haven @ The Grove, Phase 2, on North Lee Highway. The project scope was 1,200 feet of 6-inch PVC/DIP water main and 520 feet of 8-inch gravity sewer main.
12. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - CSL Services is performing the long term flow monitoring/capacity assurance. They just installed three flow monitors along Candies Lane to evaluate the flow in the Rolling Hills area. These meters are to be in place for three to four months. Henderson added this is a valuable tool to see where the current demands are with the growth being experienced in the community.
  - Westco completed clearing easement areas this month. They cleared approximately 27,650 feet (5.24 miles) of sewer easements.
  - In reference to Basin 10A-8 rehabilitation, the contractor is continuing to perform pre-CCTV work. The dig contractor began point repairs and installation of cleanouts on December 9. Lining is scheduled to begin January 6.
13. The Meter Department set 28 meters through November 2019 compared to 23 for November 2018 and 18 for November 2017. A total of 192 meters have been set this fiscal year. Of the 28 meter sets, 25 were single family homes, 2 were irrigation, and 1 was commercial.
14. The total amount of rainfall recorded at the CFP as of December 26, 2019, was 5.10 inches for the month. A total amount of 63.95 inches of rainfall has occurred this calendar year (7.95 inches above average for the year).

## **NEW BUSINESS**

### **Approval of Purchase Order to Southeast Industrial Development Association (SEIDA)**

On motion by Joe Cate and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted unanimously to approve a purchase order to Southeast Industrial Development Association (SEIDA) in the amount of \$50,978 for 2020 membership dues. TVA will reimburse CU for 50 percent of the investment.

### **Approval of Purchase Order to Rohn Products**

On motion by Vice Chairman Eddie Cartwright and seconded by David May, Jr., the Utility Board took action to approve a purchase order to Rohn Products in the amount of \$88,600 for 14 galvanized steel poles ranging in heights from 80 to 85 feet. These poles are to be used for the third phase of the transmission line from District Substation to Lang Street Substation. Rohn Products submitted the low bid.

### **Approval of Agreement with Consolidated Technologies, Inc. dba CTI Engineers, Inc.**

On motion by David May, Jr., and seconded by Vice Chairman Eddie Cartwright, the Utility Board took action to approve an Agreement for Engineering Services with Consolidated Technologies, Inc., dba CTI Engineers, Inc., in the amount of \$131,500 for a preliminary engineering report and concept design, final design, bid and award, storm water pollution plan and notice of intent (NOI), construction administration, design and easement surveys, permitting and easements, and soil borings and test probes. The design is for the installation of approximately 3,800 lineal feet of 8 and 12-inch gravity sanitary sewer main including the crossing of Candies Creek and the bore under Interstate I-75. The project will serve newly annexed property off of Hensley Road NW. The project is estimated to cost \$1,271,000 with \$500,000 to be funded by the developer. The project is not

budgeted but the design will be funded with the FY 2020 Sanitary Sewer Improvements account budget and the remaining costs in the FY 2021 budget.

**Approval of Purchase Order to Hampton Backhoe Service, LLC**

On motion by Joe Cate and seconded by David May, Jr., the Board of Public Utilities voted to approve a purchase order to Hampton Backhoe Service, LLC, in the amount of \$70,880 for the replacement of an existing 12-inch water main with the installation of 150 lineal feet of 12-inch ductile iron water main. The project is required as part of the City of Cleveland replacing several structurally failing culverts crossing 20th Street NE near Michigan Avenue Road. The project is not budgeted but will be funded from the FY 2020 Annual Capital Improvement Program account budget.

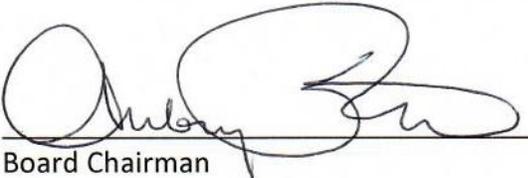
**FUTURE BOARD MEETING DATES**

Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, January 24, 2020, 12:30 p.m.

Friday, February 28, 2020, 12:30 p.m.

  
Board Secretary

  
Board Chairman

1/24/2020  
Date