

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
OCTOBER 22, 2021

A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in the 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; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Darrel Hubbard, Wastewater Treatment Plant Supervisor; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Darrel Hubbard delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Employee Appreciation Luncheon

CU will be hosting an Employee Appreciation Luncheon on Thursday, October 28, in lieu of the annual picnic. Staff felt it would be prudent to avoid large gatherings this year due to the ongoing pandemic. Two food trucks will be on campus to serve lunch.

Holiday Closures

Cleveland Utilities will be closed on Thursday, November 11, in observance of Veterans Day and on November 25 & 26, in recognition of Thanksgiving. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

Cleveland State Community College (CSCC) An Evening with Archie Manning

CU will be sponsoring the CSCC *An Evening with Archie Manning* event on Saturday, March 19, 2022. The event will be held in their gymnasium.

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 Board voted unanimously to approve the consent agenda.

A. Approval of the minutes from September 24, 2021.

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

FINANCIAL REPORT

- 1. Electric Division September 2021** - During the month of September, the cost of purchased power as a percentage of retail sales was 73.9 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2022. The results for September are electric sales revenue of \$8,488,525, which was offset by a purchased power expense of \$6,274,060. This resulted in an operating margin of \$2,214,465. This is compared to a budgeted margin of \$2,267,383. Operating expenses for the month were \$1,894,161. This is compared to a budgeted operating expense of \$1,877,822. These revenue numbers were driven by a customer base of 32,343. The net income for the month was \$482,562; this can be compared with a budgeted net income of \$537,423.

2. **Water Division September 2021** - For September, water sales revenue was \$1,594,929. This is compared to the budgeted amount of \$1,589,164. Other revenue sources contributed an additional \$165,227 for the month. These revenue numbers were driven by a customer base of 33,116. Operating expenses for the month were \$1,383,909. This is compared to the budgeted amount of \$1,472,228. The division recorded an operating income of \$376,247, which is compared to a budgeted operating income of \$265,426.
3. **Wastewater Division September 2021** - For September, wastewater treatment revenue was \$1,201,604. This is compared to the budgeted amount of \$1,132,689. Other revenue sources contributed an additional \$84,842 for the month. These revenue numbers were driven by a customer base of 19,887. Operating expenses for the month were \$1,072,508. This is compared to the budgeted amount of \$1,099,944. The division recorded an operating income of \$213,938, which is compared to a budgeted operating income of \$113,216.

ELECTRIC REPORT

1. The ongoing Cherokee Gateway Substation Project is complete, and the substation has been energized. A switching procedure was written in September to place the circuits out of the substation in their normal configuration. At this time, the new Cannon Automotive will be connected to one of the circuits. There is also a plan to connect the Exit 20 area west of the Cherokee Gateway Boulevard exchange to another circuit out of the station. The other two circuits will have little or no load at this time but will be ready and available for future customers as the area develops. The switching is expected to be completed in October. The total project cost is \$3,227,824.06.
2. An update was provided for the Lang Street Substation Project. The Tennessee Department of Environment and Conservation (TDEC) approved the Notice of Coverage for the project on September 7, 2021. Murray Construction started the site work on September 24, and immediately discovered unacceptable soil under the substation pad area where the structure and equipment footers were slated to be installed. Murray Construction is working with Terracon Environmental for soil testing to determine the extent of the excavation area. The old material will be hauled away and replaced with approved clay material. In addition, operations advertised and opened bids for the transformer and control building concrete pads for the project. This bid was awarded to Black Construction. Construction will commence once the pad work is completed.
3. The contractor for Cleveland State Community College is still working to install the conduit for the new underground electrical lines. CU crews have been examining the conduit installation as it takes place. It will be several weeks before CU can begin installing the new underground lines.
4. Cleveland Utilities' Engineering and Operations personnel met with consulting engineering company, Power Centric Solutions, at the East Cleveland Delivery Substation to review preliminary plans for the purchase of the existing TVA 161/69 kV transformers and associated equipment. High level overview plans and budgetary estimates will be provided to CU for review and revision. The acquisition and upgrade of these facilities will be a key project for the Electric Division to have the capacity to serve future city growth for many years to come.
5. The Operations Department advertised and opened bids for the annual ten percent of the system poles to be tested and treated. Osmose submitted the low bid and this is an item under today's consent agenda.

6. CU engineering began a project with city engineering to convert a section of 13.2 kV distribution lines from overhead to underground along Edwards Street. This is in relation to the ongoing project to convert the former Sanda Mills Building to apartments and revitalize the downtown area. The conversion of the lines to underground will greatly improve the aesthetics and hopefully attract more people to the area. The city will be paying for the new underground conductors (material and labor installation, but CU will not be charging any labor cost to remove the old poles and overhead lines). Public Works is also planning to install the conduit to save cost. The plans are still being finalized with the City and property owners in the area. Conduit installation is expected to begin in a few months.
7. Engineering released a work order to install electrical facilities for 15 new townhomes in the Fulbright Crossing Subdivision, Phase II near the intersection of Weeks Drive and Shady Lane NE. The work order calls for the installation of a new single-phase transformer, a primary dip, and 195 feet of #1/0 underground primary conductor. The estimated cost of the project is \$12,158.84.
8. Engineering released a work order to install electrical facilities for 66 new lots in the Miller's Landing Subdivision off North Lee Highway. The work order calls for the installation of six new single-phase transformers, a three-phase sector switch, and 5,185 feet of #1/0 underground primary conductor. The estimated cost of the project is \$122,496.94.
9. Engineering released a work order to install electrical facilities for 55 new lots in Brookmore Subdivision off 22nd Street SW. The work order calls for the installation of 10 new pad-mount transformers and 3,795 feet of #1/0 underground primary conductor. The estimated cost of the project is \$103,777.91.
10. A report was presented for traffic lighting:
 - A work order was released to install radar detection on the Peach Orchard Hill approach at Michigan Avenue Road. The existing loop detection had begun to fail and was generating several complaints.
 - A work order was released to install camera detection at Paul Huff Parkway and Frontage Road after the loops were cut during the installation of a gas pipeline. The city purchased the replacement equipment directly and CU will complete the installation.

WATER & WASTEWATER REPORT

1. The Risk and Resilience Assessment (RRA) and Emergency Response Plan (ERP) preparation for the Cleveland Filter Plant (CFP) has been completed by Jacobs Engineering.
2. Jacobs will be performing a study to evaluate alternatives for the Walker Brow Booster Pump Station. The contract amount of the study is \$27,000.
3. CTI has completed 26 percent of the design for the Potter Place Booster Pump Station.
4. HL Construction has completed the 17th & 20th Streets Water Main Relocations Project, and the paving will be removed from the contract.
5. Hampton Backhoe has completed approximately 90 percent of the 20th Street Water Main Project between Carolina Street and Charles Street.
6. HL Construction began the 22nd Street annexation area water main extension the week of October 18. The project includes approximately 830 feet of 8-inch DIP water main.
7. Jacobs Engineering will be performing a study for water distribution and sewer collection improvements for the Lauderdale Highway area.
8. Engineering approved the following plans:
 - Dashwood Subdivision off Angie Lane near the Weeks Drive Tank

- The Trails @ Freewill Road Subdivision
 - King Den Subdivision (King Den Drive NW)
9. An update was provided for the following developments under construction:
- Hampton Backhoe has completed the sewer and water main installations for three commercial lots at Grayston Square, Phase 2.
 - 95 percent of the gravity sewer main installation has been completed for the Spring Creek Ridge Development (Cross Creek Court). The water main installation (727 feet of 6-inch water main) remains.
10. An update was provided for the ongoing Wastewater Rehabilitation Project:
- In reference to the Phase 3 Rehabilitation Project, the contractor has completed 482 feet of mainline rehabilitation, 61 service lateral rehabilitations, and 5 cleanout installations during this period.
 - A portion of the 20th Street Sewer Improvements Project had binder installed in the trench last week but couldn't entirely be completed due to the city's contractor's activities.
11. The Meter Department set 53 meters through September 2021 compared to 58 for September 2020 and 49 for September 2019. Of the 53 sets, 44 were single family homes, 4 were townhomes, 1 was a duplex, 1 was irrigation, and 3 were commercial.
12. The total amount of rainfall recorded at the CFP as of October 19, 2021, was 2.90 inches for the month. A total of 56.23 inches has occurred this calendar year and can be compared to 72.87 inches for the same period in 2020 (largest rainfall totals thru October 1996-2021) and 23.09 inches in 2007 (lowest rainfall totals thru October 1996-2021).
- C. Approval of a purchase order to Exceleron in the amount of \$50,352.21 for the prepay and online telephone payment processing fees for September.
- D. Approval of a purchase order to Wilder Contracting, LLC, in the amount of \$583,400 for an addition to the Tom Wheeler Training Center Building. Classroom space and storage will be added on the backside of the facility. The project is budgeted for FY 2022. Wilder submitted the low bid.
- E. Approval of a change order with Murray Construction in the amount of \$72,973.95 for the site work at Lang Street Substation. The original contract amount was \$115,737.20 and the adjusted contract amount is \$188,711.15. The additional cost is for the removal and replacement of unsuitable soil at the site. The soil study performed prior to the bid indicated there was a possibility for such an encounter, and the contractors were asked to provide pricing for this potential work during the bid process where Murray Construction, low bid, was awarded the contract.
- F. Approval of a contract and budgeted purchase order to Osmose Utility Services, Inc., in the amount of \$54,821.32 for in-service inspection and remedial treatment for ten percent of the distribution and transmission wood poles on the electric system. In the past, CU has tested and treated the entire system every ten years; however, CU is moving to a yearly process to inspect smaller portions of the system each year to make it more manageable and spread the expense and workload more consistently. Osmose submitted the low bid.

- G. Approval of a purchase order to Black Construction, LLC, in the amount of \$118,350 for the structure and breaker foundations at Lang Street Substation. Black Construction submitted the low bid for the budgeted project.
- H. Approval of a contract with Hurst Excavating, LLC, in the amount of \$3,548,754 to perform 21,523 feet of mainline sewer rehabilitation by pipe bursting, CIPP lining and excavation. This contract will also include the renewal of 215 service laterals, installation of 207 cleanouts and 650 vertical feet of manhole lining. This is the first project performed fully under SRF loan 2018-417-01. This loan does not include loan forgiveness but has a long-term interest rate of 0.73 percent. The loan amount is \$10,000,000. This project is budgeted for FY 2022 and FY 2023.
- I. Approval of a contract with Stantec Consulting, Inc., in the amount of \$83,000 for the detailed design of a chlorine scrubber at the Waterville Springs Water Treatment Plant. The scrubber will neutralize any accidental chlorine release and reduce overall risk. The project is budgeted for FY 2022.
- J. Approval of a contract with J.R. Wauford & Company, Consulting Engineers, Inc., in the amount of \$520,000 for the design of a Staged Aerobic Digestion with Pre-Thickened Feed Solids Technology. The benefits of the project include modernization of the solids handling as well as reduced ammonia loading back to the head of the plant which increases the available treatment capacity. The project is currently in the projected FY 2023 (\$325,000), FY 2024 (\$2,500,000), and FY 2025 (\$2,500,000) budgets. An updated (September 2021) Opinion of Probable Costs depicts the Total Project Cost of \$6,330,000.

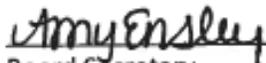
OTHER BUSINESS

Future Board Meeting Dates

Future scheduled board meeting date below:

Friday, December 3, 12:30 p.m., at Cleveland/Bradley Chamber of Commerce

There being no other business, Eddie Cartwright made a motion to adjourn the meeting. Vice Chairman Joe Cate seconded the motion, and the board unanimously voted to adjourn the meeting at 12:52 p.m.


Board Secretary


Board Chairman

12-3-2021
Date