

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
OCTOBER 23, 2020

The Board of Public Utilities held an open board meeting on October 23, 2020, at 12:30 p.m. in the Tom Wheeler Training Center.

The following were physically present: 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; and Walt Vineyard, Executive VP.

In light of COVID-19 and to help prevent its spread, members of the board were permitted to participate electronically pursuant to Governor Lee's Executive Order 65.

The following were present through teleconference: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Councilman David May, Jr., Cleveland Utilities Board; Eddie Cartwright, Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; and Tim Siniard, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Deanna Hitch delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

COVID-19 Update

Updates and reminders are being routinely provided to employees. Henderson reported the utility is doing very well. The lobby renovations will be presented as a new business item.

Lighting Project – Exit 25 Sign

Cleveland Utilities installed lighting at the "Welcome to Cleveland" sign on 25th Street at no cost to the city. The project allowed CU to highlight new LED lighting and use economic development funding.

Mike Ward

On September 10, CU lost a 31-year employee, Mike Ward, to a recent illness. Ward served as the Wastewater Treatment Plant Supervisor since 1993. The knowledge and passion Ward had for his role was exceptional, and he will be greatly missed. Henderson asked for everyone to keep Ward's family in their thoughts and prayers.

Veterans Day & Thanksgiving Holidays

Cleveland Utilities will be closed on Wednesday, November 11, in observance of Veterans Day and on November 26 & 27, in recognition of Thanksgiving. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

CONSENT AGENDA

Councilman David May, Jr., moved to approve the following items from the Consent Agenda. The motion was seconded by Eddie Cartwright and unanimously passed.

- A. Approval of the minutes from the regular meeting held on September 25, 2020.
- B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division September 2020** - During September, the cost of purchased power as a percentage of retail sales was 75.4 percent and can be compared to the budgeted percentage of 76.1 percent for FY 2021. The results for September are electric sales revenue of \$8,046,652, which was offset by a purchased power expense of \$6,065,336. This resulted in an operating margin of \$1,981,316. This is compared to a budgeted margin of \$2,221,299. Operating expenses for September were \$1,667,169. This is compared to a budgeted operating expense of \$1,838,377. These revenue numbers were driven by a customer base of 31,924. The net income for the month was \$485,353 and can be compared to a budgeted net income of \$554,198.
2. **Water Division September 2020** - For September, water sales revenue was \$1,505,768. This is compared to the budgeted amount of \$1,589,595. Other revenue sources contributed an additional \$224,313. These revenue numbers were driven by a customer base of 32,537. Operating expenses for the month were \$1,365,808. This is compared to the budgeted amount of \$1,412,322. The division recorded an operating income of \$364,273, which is compared to a budgeted operating income of \$328,577.
3. **Wastewater Division September 2020** - For September, wastewater treatment revenue was \$1,148,809. This is compared to the budgeted amount of \$1,203,484. Other revenue sources contributed an additional \$141,516 for the month. These revenue numbers were driven by a customer base of 19,505. Operating expenses for the month were \$1,050,674. This is compared to the budgeted amount of \$1,079,561. The division recorded an operating income of \$239,651, which is compared to a budgeted operating income of \$217,200.

ELECTRIC DIVISION

1. An update was reported for the ongoing Cherokee Gateway Substation Project:
 - Electrical Control Building: The building is still under construction at the factory. Keystone sent the building drawings and electrical schematics in September. The estimated delivery date is October 28.
 - Power Transformers: The two power transformers have been set in place and dressed out. Installation went smoothly with no major issues.
 - Lightning Protection: Lightning Eliminators sent a representative to Cleveland in September to assist with installation of the lightning protection system. CU crews provided the labor/equipment and worked under the direction of the Lightning Eliminators representative. The process took a couple of days and went well. The lightning protection installation is now complete.
 - Steel Structure: Operations continued assembling the steel structure in September. Approximately 90 percent of the steel has been installed. As previously reported, two issues were found with some of the steel structure pieces. Substation Engineering took responsibility for the mistakes and had the pieces re-manufactured. The corrected items arrived, and the structure is expected to be completed by the end of October.
 - Underground Cable & Pole Risers: Engineering has ordered the terminators for the 69 kV cable and the material needed to mount the cable to the pole and riser inside the substation. All the material is anticipated to arrive by mid-November. The triplex 500 MCM 15 kV cable for the 13 kV feeders has been received.
2. In reference to the Lang Street Substation Upgrade Project, adjustments are being made to the site grading design due to the addition of the 69 kV switching structure to the substation

yard. The design for the 69 kV switching structure and the three incoming 69 kV circuits has been finalized. The grading is now projected to start next spring.

3. There are no new updates since the last report concerning the Lang Street to District Substation transmission line upgrade.
4. Site work for the Graystan Square Development on Paul Huff Parkway is ongoing. In September, CU crews temporarily relocated some down guys for the grade work. After completion, the guys were reinstalled at their original location. The developer paid all expenses associated with the relocation. Engineering is continuing to work with the developer on the electric conduit layout for the development. Conduit installation is expected to commence in October. Engineering has also been working with the developer and one of the future tenants regarding the relocation of a concrete transmission line pole along Paul Huff Parkway. Per the representative of the new business, the down guys off this pole will interfere with a parking lot. This was reviewed a couple of years ago, and at that time, it was determined the pole and guys would be left as is due to the associated expense. Now, the company is revisiting the idea of relocating the pole. As of the end of September, engineering has provided an updated cost estimate, and the company is still trying to make a determination.
5. Site work is underway for Project Hawk at the Spring Branch Industrial Park. Engineering has been working with a company representative to determine the projected electric demand and complete the power contract for the facility, which is expected to be signed in October.
6. Engineering released a work order to install 15 new Schweitzer Engineering Laboratories (SEL) fault indicators on the electric system (five locations with three indicators at each). These indicators have a built-in radio and report fault and load information to the SCADA system to provide real-time information to dispatchers. CU has had nine indicators in the field for approximately one year and they have proved to be accurate at locating faults. Therefore, engineering included the purchase and installation of 15 indicators for the FY 2021 budget. The new indicators will be programmed and installed in October. The nine existing indicators will be removed and sent back on a RMA as a result of the manufacturer detecting a flaw where water was entering the casing on some of the devices. The indicators will be repaired by SEL and reinstalled.
7. A new package store is locating at 1424 25th Street NW in an existing renovated building. The owner installed a 3-gang meter base to be able to potentially divide the building into three sections for future use. An existing single-phase transformer was upsized to a 25 kVA and a new #4/0 aluminum triplex overhead service was installed to serve the expected 30 kW demand.
8. A work order was released to provide service to a package store at 2325 Georgetown Road NW. A new 75 kVA pad-mount transformer was installed and a 45-foot wood pole was replaced with a 50-foot ductile iron pole to serve the estimated load of 57 kW. The project cost is \$26,182.68.
9. CU's Operations Department switched the South Cleveland 161 kV Delivery Substation out of service long enough to replace a damaged arrester on circuit SC-624 and install the new line switch between SC-644 and SC-654. The station was returned to normal on September 22. Testing of a new protective relay on circuit SC-644 will be completed in the near future and then it will be placed back in service.
10. Engineering received a quote from ESRI to complete the Enterprise Jumpstart upgrade. Cleveland Utilities followed up with a purchase order to establish a start timeline. This

conversion will unlock many features previously not accessed in the GIS system. Additionally, it will include real-time editing, multi-user editing, and many more third-party utility software packages that will streamline the engineering department's workflow.

11. A report was provided for traffic lighting:

- A work order was released to rewire the traffic signal and replace the signal heads/signs at Ocoee & 3rd Streets. Replacement of the cabinet was later added to the work order after a failure on the back panel.
- Bradley County representatives requested an estimate for the addition of a left turn signal at Randolph Samples Road & Highway 64. The estimate of \$8,340 would require the county to build an additional lane to Randolph Samples before the traffic signal additions could occur.

WATER & WASTEWATER DIVISION

1. The HVAC improvements at the Cleveland Filter Plant (CFP) are approximately 85 percent complete and scheduled to be finished by the end of October.
2. Mansfield Industrial began painting various rooms at the CFP on September 8 and has completed 40 percent of the project.
3. CU is awaiting the full draft report for the CFP Risk & Resilience Assessment (RRA) and Emergency Response Plan (ERP).
4. The contractor is clearing vegetation for the access road and the Cherokee Gateway Boulevard Water Storage Tank site starting at Cherokee Gateway Boulevard.
5. The Brymer Creek Road water main extension is complete.
6. In reference to the 2010/2012 Benton Pike/Durkee Road Annexation Project, 23 of the 33 easements have been acquired.
7. CU's attorney is continuing to work on two eminent domain cases for the 2019 Hensley Road Annexation Sanitary Sewer Extension Project.
8. Hampton Backhoe has completed 50 percent of the Spring Branch Pump Station Force Main. The project scope comprises 6,855 feet of 8-inch HDPE sanitary force main and 100 feet of 8-inch HDPE & 12-inch casing pipe at a contract amount of \$251,990.
9. Engineering approved the following plans:
 - Magnolia Landing (4 lots) on North Ocoee Street consisting of 192 feet of 8-inch gravity sewer.
 - Harves Grove Subdivision on Mouse Creek Road comprising 36 residential lots, 1,426 feet of 8-inch gravity sewer main, 1,130 feet of 6-inch water main, and 245 feet of 2-inch water main.
10. An update was reported for the following developments under construction:
 - The Graystan Square water and sewer main installations are both greater than 95 percent complete.
 - Hampton Backhoe has completed over 75 percent of the water main installation for Stone Creek Subdivision, Phase 5, on Finnell Road.
11. Bids for Phase 3 of the Wastewater Rehabilitation Project were received on October 16, 2020. Morgan Contracting, Inc., was the low bidder at \$2,588,211.
12. The Meter Department set 58 meters through September 2020 compared to 49 for September 2019 and 33 for September 2018. Of the 58 sets, 41 were single family homes, 2 were apartments, 13 were townhomes and 2 were commercial.

13. The total amount of rainfall recorded at the CFP as of October 21, was 2.84 inches for the month. A total of 69.29 inches has occurred this calendar year (22.53 inches above average).

- C. Approval of a purchase order to Volunteer Energy Cooperative (VEC) in the amount of \$617,834.54 for the engineering, legal costs, facilities and re-integration costs related to the purchase of the North Lee Highway area and Anatole Annexation. This territory includes approximately 520 acres in the franchise agreement and the purchase of 321 customers. The revenue will be paid over a 10-year period in the amount of \$185,005.28 per year. This is a budgeted item.
- D. Approval to award a project to Robert Roberts, Inc., in the amount not to exceed \$115,892 for renovations to the Lobby area. Roberts submitted the low bid for the project. This project will strengthen the ability to protect the public and employees with any future pandemic events as well as provide an enhanced level of security.
- E. Approval of a contract with Morgan Contracting in the amount of \$2,588,211 to perform 15,803 feet of mainline sewer rehabilitation by pipe bursting, CIPP lining and excavation. This contract will also include the renewal of 223 service laterals, installation of 188 cleanouts and 575 vertical feet of manhole lining. This is the third project performed under SRF loan number SRF2018-417 and will exhaust the funding through this loan. The remaining portion will be funded through loan SRF2018-417-01. These loans do not include loan forgiveness, but have long-term interest rates of 1.58% and 0.73%, respectively. This project is budgeted for FY 2020 and FY 2021.
- F. Approval of a Recommendation to Award a project to Robert Roberts, Inc., in the amount not to exceed \$122,694 for the renovation of the Water and Wastewater Operations Building breakroom, offices and bathrooms. This project is budgeted for FY 2020.
- G. Approval of an Acknowledgement of Sales Pricing Agreement with Hach Company in the amount of \$130,000 for the purchase of equipment and supplies. The agreement is for three years and offers various discounts and free ground shipping. These purchases are budgeted for FY 2021-23.
- H. Approval of a contract with the Tennessee Department of Transportation (TDOT) associated with water relocations due to the widening of SR 60 (Georgetown Road). The water main relocations are being constructed as part of the TDOT Project. TDOT's maximum reimbursement for relocating utilities is \$1,750,000. The current estimate for water main relocations is \$2,150,000. CU is responsible for the difference of \$400,000. This funding is budgeted for FY 2021.
- I. Approval of a contract to install 435 feet of 24-inch casing for improvements to the Candies Creek force main. These bores will be beneath Frontage Road, both interstate ramps and the interstate bridge. This project has been previously bid twice, and one bid was received the second time in the amount of \$749,700. CU has reviewed the pricing and judged it to be excessive. CU will rebid the boring portion of the project and purchase materials to perform the improvements. The project will be rebid in the next two weeks, but due to weather it is imperative the work begin as soon as possible. The board approved an expenditure not-to-exceed \$350,000 for said improvements. The bids will be presented at the next board meeting.

- J. Approval of a contract to install 170 feet of 30-inch steel casing, 90 feet on the Candies Creek Improvement Project and 80 feet on the Hensley Road sewer extension. The Candies Creek Improvement Project will also include the installation of 355 feet of 15-inch sewer main and 115 feet of 16-inch sewer main. CU will bid the project and requested the board to approve an expenditure not to exceed \$350,000 for said improvements. Pricing will be presented at the next board meeting, but it is imperative that work begin due to weather conditions and access for the creek crossings.
- K. Approval of a purchase order to H.L. Construction for \$72,753.90 to install approximately 1,280 feet of 8-inch ductile iron pipe along Bell Road. The project has cost participation from Bradley County and five residential properties along Bell Road. H.L. Construction submitted the low bid.

OTHER BUSINESS

Future Board Meeting Dates

The next scheduled board meeting dates are as follows:

- Friday, December 4, 2020, at 12:30 p.m.
- Friday, January 8, 2021, at 12:30 p.m.
- Friday, January 22, 2021, at 12:30 p.m.


Board Secretary


Board Chairman

12-4-2020
Date