

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
FEBRUARY 28, 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; Debbie Melton, Cleveland Utilities Board; Tim Henderson, President/CEO; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Jimmy Isom, VP Electric; Craig Mullinax, VP Water and Wastewater; Marshall Stinnett, VP/CFO; B.J. Wade, Accountant; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, B.J. Wade delivered the invocation.

MINUTES OF JANUARY 24, 2020

On motion by Vice Chairman Eddie Cartwright and seconded by Debbie Melton, the Board of Public Utilities voted to approve the January 24, 2020, minutes as written.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Annual Awards Luncheon Reminder

Henderson reminded board members about the upcoming Annual Awards Banquet scheduled for Tuesday, March 3, at 11:30 a.m. where 81 employees will be recognized for perfect attendance and 29 for years of service. The banquet will be held in the Tom Wheeler Training Center.

Leadership Series Training Overview

Henderson informed CU is being very purposeful in increasing training opportunities to employees. A total of 1,180.50 training hours have been logged over the past ten months. This is just one way CU is continuing to function at a high level with informed and knowledgeable employees.

Administrative Services VP John Corum then provided a summary of the program. The planning process for this endeavor began in late 2018, and the *Leadership Series Training* launched in April 2019. The first topic was Performance Appraisals followed by Policy Communication, Drug & Alcohol Awareness, and OSHA 30. In September and October, Peak Performance was contracted to conduct seven modules to develop skills relating to Trust; Respect & Credibility; Goal Setting & Execution; Coaching & Mentoring; Team Work & Team Building; Emotional Intelligence; Conflict Resolution; and Delegating Effectively. The focus then turned to Abusive Conduct Prevention and Mutual Respect in late 2019 and early 2020. Additional topics are being planned as the year unfolds, and the group has been asked to provide feedback as to what their needs are and how the company can help them. Corum stated this is a great opportunity to really impact the organization in a positive way.

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 March 2016 through March 2020 was reviewed. For March, the residential retail electric rate will change to 9.337 cents per kilowatt-hour, a decrease of 0.12 percent over February's rate of 9.348 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 January 2020 financial and statistical statements were presented to the Utility Board. During January, the cost of purchased power as a percentage of retail sales was 76.3 percent. This can be compared to the budgeted percentage of 77.5 for FY 2020. The results for January 2020 are electric sales revenue of \$8,651,993, which was offset by a purchased power expense of \$6,603,713. This resulted in an operating margin of \$2,048,280. Operating expenses for the month were \$1,828,947. This is compared to a budgeted operating expense of \$1,835,695. These revenue numbers were driven by a customer base of 32,017. The net income for the month was \$416,619 and can be compared to a budgeted net income of \$457,358. Stinnett noted the 20-year partnership with TVA is starting to show in the impact across expenditures. This will be forecast in the 2021 budget to get the figures back in line.
3. For January 2020, water sales revenue was \$1,206,619. Other revenue sources contributed an additional \$157,919 for the month. The division serviced 32,400 customers. Operating expenses for January totaled \$1,300,531. This is compared to the budgeted amount of \$1,266,240. The division recorded an operating income of \$64,007 and can be compared to a budgeted operating income of \$64,743.
4. For January 2020, wastewater treatment revenue was \$1,035,858. Other revenue sources contributed an additional \$166,561 for the month. The division serviced 19,449 customers. Operating expenses for the month were \$1,023,480 and can be compared to a budgeted amount of \$1,032,253. An operating income of \$178,939 was recorded and can be compared to a budgeted operating income of \$110,701 for the month.
5. Stinnett reminded the FY 2021 budget will be presented for consideration at the next board meeting.

Electric Division

Jimmy Isom reported on the following:

1. Due to recent weather conditions, no additional work has been done with regard to the Cherokee Gateway Substation Project. The concrete pads for the control building and the two power transformers have been sent out for bid and work is expected to start in March. Engineering is reviewing the final drawings for the control building, which will be bid next month.
2. The final phase of the Lang Street to District Substation Transmission Line Replacement Project is on hold until the steel poles and other material arrive in late April.
3. Work has been completed to provide permanent electric service to the Agora Apartment/Commercial Building at 1st and Edwards Streets NE. The existing 225 KVA pad-mount transformer was upgraded to a 300 KVA unit. Additionally, two sets of secondary conductor were installed and connected to the customer-owned service.
4. Engineering has been working with a customer on details to provide permanent electric service to the ELXR Package Store on Inman Street while trying to prepare for future power needs for the Greenway Park as well as the Downtown Revitalization Project.
5. Engineering released a work order to install a new 1500 KVA pad-mount transformer and 105 feet of #1/0 aluminum primary conductor to serve Vairog, Inc., (former Reinsman facility) located at the corner of Westland Drive and Kile Lane SW. The anticipated load is 1260 kW.
6. Personnel are working with a local civil engineer to prepare a grading and site plan for the Lang Street Substation Rebuild Project. This is an old TVA substation built in 1964 and sold to Cleveland Electric System on August 24, 1982. Although there have been some upgrades to this station over the years, the power transformers (along with some other equipment) are 56

years old and in need of an upgrade. This station is on a large parcel of property, which will allow for the new station to be built beside the existing one while keeping the old station in service. The design used at the new Spring Branch Industrial Park will also be used for this project.

7. Operations staff met with Osmose, a pole testing company, to discuss a new plan of action for the testing of CU's approximately 20,000 wood poles. In the past, poles have been tested every ten years. The good poles were treated as needed, and the poles deemed bad were replaced. This resulted in a very large expense making it difficult to budget for along with an increase in workload. In an attempt to soften this impact, CU is looking at breaking up testing into a 5-year plan initially to complete the entire system. When the 5-year testing is done, CU would then move to a yearly inspection to inspect smaller portions of the system each year. This should make the process more manageable and spread the expense and workload more consistently. The project will be bid.
8. A work order has been released to replace two 69 kV switches at critical tie points on CU's system. Due to impedance differences between CU's two 161/69 kV delivery substations where power is received from TVA, an arc is routinely drawn when opening the existing switches and breaking parallel between the two stations. Over the years, vacuum interrupters have been added to the existing switches in order to mitigate arcs and possible damage to the switch blades. The manufacturer of the interrupters no longer makes the brackets without having to update the entire switch (excluding the steel base), and this cost has been determined to be as much as buying a completely new switch. CU has recently standardized on a different brand of switch offering more advantages other than just limiting the arc. Isom presented pictures and pointed out the advantages in the new equipment.
9. A report was presented regarding traffic lighting:
 - Communications have recently been added to the intersections of McGrady Drive/Young Road, King Street and Blackburn Road along APD 40. All three intersections can run in coordination when needed. Currently during peak travel times of 3 P.M. to 6 P.M., these signals are running in coordination, which seems to be working really well. Additional times and other adjustments can be made as needed in the future.
10. Copies of site plans and plats reviewed during January were available for viewing.

Water Division

Craig Mullinax reported on the following:

1. A preconstruction meeting for the HVAC improvements at the Cleveland Filter Plant (CFP) was held on February 18. Work is anticipated to begin in March.
2. Tech Coat, Inc., is working on the filter rehabilitation project at the CFP. Filter 3 is complete and back in service. The rehabilitation of filter 4 is currently underway.
3. CTI Consultants is working on a design and will be assisting with the bidding of a painting project of various rooms at the CFP.
4. CTI will also be assisting with the clearwell inspection curtain repairs at the CFP.
5. The Veterans Home Water Main Project will be presented as an item under new business.
6. An estimated 2,300 feet of 6-inch PVC water main will be extended on Brymer Creek Road for a customer due to a bad well. This project is estimated at \$57,500 and includes customer participation. CU's participation will be \$12,500.

7. The Eldredge Circle Water Main Extension Project will consist of 450 feet of 6-inch PVC and includes customer participation of 50 percent.
8. The Veterans Home Sewer Main Project will also be presented as a new business item.
9. Engineering approved plans for the Savannah Avenue Apartment Project on Pryor Road comprising 24 units and 400 feet of 6-inch DIP water main.
10. Hampton Backhoe has completed the sewer line relocation and is currently working on the water line relocation for the Lee University Track.
11. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - CSL Services is performing monthly monitoring and maintenance on a total of 19 flow monitors. They also 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.
 - The contractor has almost completed pre-CCTV work for the Basin 10A-8 Phase 2 Rehabilitation. The dig contractor has completed point repairs and 90 percent of cleanout installations. CIPP lining began this month. Lining of service laterals and digging of service laterals will begin in March.
 - In reference to the Sycamore Drive and East Keith Street SSES Project, CCTV work has begun.
12. The Meter Department set 50 meters through January 2020 compared to 27 for January 2019 and 27 for January 2018. A total of 283 meters have been set this fiscal year for an average of 40 sets a month. Of the 50 meter sets, 21 were single family homes, 19 were apartments, 9 were townhomes and 1 was commercial.
13. The total amount of rainfall recorded at the CFP as of February 26, 2020, was 12.94 inches for the month compared to 11.53 inches last February. A total of 19.95 inches have occurred this calendar year and is close to eclipsing records. As a reference, there was 17.23 inches this same period last year, which was also a record high. The significant amount of rainfall creates different challenges for CU.
14. During the period of February 3-6, 6.68 inches of rainfall occurred resulting in a large amount of flooding. There are two water intakes at the Hiwassee River Raw Water Intake Barge feeding water to the Hiwassee Utilities Commission (HUC) Plant and the CFP. On February 6, HUC was not receiving any water to treat, and it was determined the intakes were clogged with silt and debris. Due to the amount of flooding, the Raw Water Intake Barge walkway was submerged making access to clean the intakes impossible. Personnel from the Water Operations, Facilities Maintenance and Safety Departments devised and coordinated a plan to obtain a crane and utilize a man basket to safely get an employee over to the barge. The plan was successful, and the pumps were restored to a functional state. A slideshow of this process was shown. Mullinax commended all employees involved in this effort.
15. Bobby Chastain serves as CU's Water Leak Technician and aggressively checks for water leaks on the system by listening to meters and valves. Yesterday, Chastain found a large leak in the creek area of Old Harrison Pike and Tennessee Nursery Road. The leak was estimated at roughly 40 gallons per minute. Mullinax praised Chastain on this discovery and the work he does.

NEW BUSINESS

Approval of Purchase Order to Versalift Southeast TN

On motion by David May, Jr., and seconded by Joe Cate, the Utility Board voted unanimously to

approve a purchase order to Versalift Southeast TN in the amount of \$119,720 for a 2020 model Ford F550 regular cab truck equipped with a 41-foot telescopic aerial device. This is the budgeted replacement of unit #144 (a 2001 model) utilized by the Substation Department. Versalift submitted the low bid meeting CU's minimum specifications.

Approval of Purchase Order to Don Ledford Automotive Center

On motion by Vice Chairman Eddie Cartwright, and seconded by David May, Jr., the Utility Board took action to approve a purchase order to Don Ledford Automotive Center, Inc., in the amount of \$55,750 for a 2020 model 1-ton cab/chassis equipped with a utility bed. Debbie Melton recused herself from this vote. This is the budgeted replacement of unit #102 (a 2004 model) and will be shared among line crews to assist with handling material and equipment. Don Ledford submitted the low bid meeting CU's minimum specifications.

Approval of Purchase Order to Shady Oaks Landscaping & Lawn Care

On motion by Debbie Melton and seconded by Joe Cate, the Board of Public Utilities unanimously voted to approve a purchase order to Shady Oaks Landscaping & Lawn Care in the amount of \$68,360 for a two year contract to mow the Water and Wastewater Division's properties located at the Cleveland Filter Plant, Wastewater Treatment Plant, Administration Building, sewer lift stations, water booster stations and water tanks. There are a total of 30 sites. The mowing is budgeted for FY 2020.

Approval of Purchase Order to Dycho Chemical Company

On motion by Joe Cate and seconded by Debbie Melton, the Utility Board took action to unanimously approve a purchase order to Dycho Chemical Company in the amount of \$73,920 for the annual supply of corrosion control inhibitor for the Cleveland Filter Plant. The purchase is sole source. The chemical is budgeted for FY 2020.

Approval of Purchase Order to Dycho Chemical Company

On motion by David May, Jr., and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted unanimously to approve a purchase order to Dycho Chemical Company in the amount of \$69,696 for the annual supply of coagulant, PACI, for the Cleveland Filter Plant. The purchase is sole source. The chemical is budgeted for FY 2020.

Approval of Purchase Order to Hampton Backhoe Service, LLC

On motion by David May, Jr., and seconded by Debbie Melton, the Utility Board took action to unanimously approve a purchase order to Hampton Backhoe Service, LLC, in the amount of \$55,118.42 for the installation of 715 lineal feet of 8-inch ductile iron water main to serve the new Veterans Home located off Westland Drive SW. The project was not budgeted, but will be funded from the Annual Capital Improvement Program account budget of \$300,000.

Approval of Purchase Order to Hampton Backhoe Service, LLC

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 Hampton Backhoe Service, LLC, in the amount of \$76,768.39 for the installation of 646 lineal feet of 8-inch PVC sewer main to serve the new Veterans Home located off Westland Drive SW. The project was not budgeted, but will be funded from the Miscellaneous Sewer Line Extension account budget of \$100,000.

FUTURE BOARD MEETING DATES

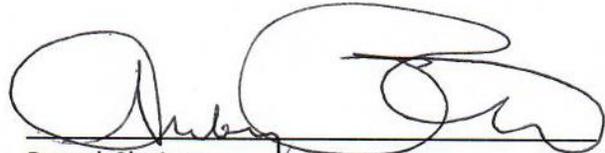
Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, March 20, 2020, 12:30 p.m.

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

Friday, May 22, 2020, 12:30 p.m.

Amy Ensley
Board Secretary


Board Chairman

3-20-2020
Date