

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
MARCH 2, 2018

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; Tom Rowland, Mayor; Chari Buckner, Cleveland Utilities Board; Joe Cate, Cleveland Utilities Board; Tim Henderson, President/CEO; Amy Ensley, Utility Board Secretary; Walt Vineyard, Executive VP; Bart Borden, VP Electric Division; Craig Mullinax, VP Water and Wastewater; Marshall Stinnett, VP/CFO; John Corum, VP Administrative Services; Jan Runyon, Assistant VP Administrative Services; Nathan Vann, Safety Supervisor; and Brian Graves, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Nathan Vann delivered the invocation.

MINUTES OF JANUARY 26, 2018

On motion by Mayor Tom Rowland and seconded by Chari Buckner, the Board of Public Utilities voted to approve the January 26, 2018, minutes as written.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Appreciation

Henderson began by extending a heartfelt thanks and expressing appreciation to the entire CU family for the support and care he has received during this extremely difficult time of loss. He said, "Cleveland Utilities is a tremendous place to work and we are blessed."

Tree Line USA Award

CU was recognized as a Tree Line USA utility for the 18th consecutive year by the Arbor Day Foundation. A community tree planting event is scheduled for Saturday, March 10, at Tinsley Park.

Awards Banquet Reminder

The Annual Awards Banquet will be held on Wednesday, March 7, 2018, in the Tom Wheeler Training Center at 11:30 a.m. to honor employees with awards for years of service and perfect attendance.

Upcoming Board Member Training

Board members were reminded of the upcoming Module C Board Training scheduled for next Friday, March 9, beginning at 12:00 p.m. at the Tom Wheeler Training Center.

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 2014 through March 2018 was reviewed. For the month of March, the residential retail electric rate will change to 9.693 cents per kilowatt-hour, an increase of 3.74 percent over February's rate of 9.344 cents. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA fuel cost rate adjustment to its consumers.
2. The January 2018 financial and statistical statements were presented to the Utility Board. During January, the cost of purchased power as a percentage of retail sales was 83.6

percent as compared to the budgeted percentage of 80.9 for FY 2018. The results for the month were electric sales revenue of \$9,761,058, which was offset by a purchased power expense of \$8,159,874. This resulted in an operating margin of \$1,601,184. Operating expenses for the month were \$1,501,428 and can be compared to a budgeted operating expense of \$1,565,666. The division serviced 31,600 customers. The net income for the month was \$257,424, which is compared to a budgeted net income of \$364,245.

3. For January 2018, water sales revenue was \$1,155,085. Other revenue sources contributed an additional \$113,557 for the month. The division serviced 31,731 customers. Operating expenses for January totaled \$1,242,650 and can be compared to the budgeted amount of \$1,222,696. The division recorded an operating income of \$25,992 and can be compared to the budgeted operating income of \$18,217.
4. For January 2018, wastewater treatment revenue was \$997,563. Other revenue sources contributed an additional \$68,555 for the month. The division serviced 18,965 customers. Operating expenses for the month were \$919,531. The division recorded an operating income of \$146,587, which is compared to a budgeted operating income of \$139,657.

Electric Division

Bart Borden reported on the following:

1. Work is progressing nicely on the Harriman Road/Spring Branch Industrial Park transmission line project. Photos of some of the pole line structures were viewed. Line construction crews continued framing and setting combination transmission and distribution steel and concrete poles for the new lines. A total of twenty-four transmission poles and four distribution only poles have been set and framed. The rainy weather slowed the project somewhat.
2. In reference to the new overhead line for annexation of Freewill Road to 22nd Street, the final two Volunteer Energy Cooperative customers involved in the annexation of this area were switched over to Cleveland Utilities electric service during the month. The total project amount was \$497,331.85.
3. Engineering and operations staff continued to work with Leidos Consulting Engineering firm on the design to install a new 69 kV main bus breaker, structure, equipment and associated control circuits at East Cleveland 161/69 kV Substation. Bids were received for the 69 kV breaker, and the order was awarded to the low bidder, Utility Sales Agency of Franklin, TN, for a Siemens SF6, 72.5 kV, 3,000 amp rated breaker meeting CU's specifications. The manufacturer quoted an 18 week delivery, which will be early July. This project will be coordinated with the replacement of the three power transformers at the substation site.
4. Engineering is working with the City of Cleveland's contractor on the rebuild of the tennis courts at Tinsley Park. The existing courts are to be demolished and new courts constructed. The existing 480 volt court lighting will be reused. A new building will be constructed by the courts and will be served by a separate 120/240 volt service.
5. Cleveland Surveying completed the Stormwater Prevention Plan for the Harriman Road substation site. It was submitted to the City of Cleveland Site Review Team for feedback and anticipated approval.

6. An update was provided for the East Cleveland Substation power transformers. A considerable amount of work has been done by CU's engineering and operations staff in the evaluation of the transformer approval drawings. It was determined that additional winding temperature sensors and gauges were needed in the low voltage winding areas. This was an additional \$9,000 total adder to equip all three transformers and was recommended by CU's testing company, Liberty Power Service. Staff is presently working with the manufacturer on the arrangement of the radiator fans.
7. Two graphs comparing the January peak demands were reviewed. The first graph represented the system peak kilowatt demand with the corresponding temperature, whereas the second one showed the total kilowatt hours consumed in January and included the load factors.
8. Staff is presently in the process of upgrading to a Supervisory Control and Data Acquisition (SCADA) platform software package that runs on Red Hat Linux operating system. The newly purchased software is a 64-bit version of the existing package CU is currently running. The new Precision Real-Time Information System Manager (PRISM) can handle up to 100,000 field points and is 10 times faster in processing data than the previous version. The upgrade requires one SCADA master to be sent to Advanced Control Systems for the installation and ACS will upgrade the other onsite. The communication controllers for external devices are also being upgraded due to the existing unit being no longer supported by the package upgrade.
9. Administrative Services VP John Corum reported on a high voltage training CU line personnel recently conducted for the Cleveland Fire Department. CU is a member of the Job Training & Safety Program of Tennessee, and they have developed a high voltage Safety Demonstration Trailer. Last summer, CU employees Brandon Ingram, Barry Marshall and Zach Trew were certified in operating this unit. It is a valuable and effective tool that can be utilized to help educate various groups on the hazards associated with high voltage. The training was conducted over a three-day period to cover all shifts of the CFD, and approximately 85 firemen were in attendance. The training went great and was very well received. Corum commended employees Ingram, Marshall and Trew for their efforts in the preparation and delivery of this exercise. Corum said, "We are trying to develop and foster close partnerships with the Fire and Police Departments and do a lot of reciprocal training events to better serve this community." Several pictures were shown.
10. An update was presented on traffic lighting:
 - Engineering released a work order to split phase the side streets at Spring Place and Broomfield Road. The skewed intersection had proved to be difficult to maneuver from the side streets during high volume times. This new phasing operation will be safer without much impact on the efficiency of the intersection.
11. A number of site plans and plats were reviewed during the month. There were 9 commercial entities, 119 residential lots in subdivisions, 21 townhomes and 6 apartments. The plats and plans were available for viewing.

Water Division

Craig Mullinax reported on the following:

1. W&O Construction began work for the headworks rehabilitation project at the Wastewater Treatment Plant (WWTP) on Monday, February 26.
2. EMEC began rewiring the North ICEAS Basins Air Valves at the WWTP on Monday, February 5.
3. Rardin & Carroll has been engaged to design plans for a new maintenance building at the WWTP. This is a much needed facility.
4. The flocculation and sedimentation basin improvements project at the Cleveland Filter Plant (CFP) is being delayed until the fall due to increasing water demand needed for the summer.
5. Haren Construction is scheduled to begin the drainage improvements project at the CFP on Monday, March 5.
6. The repair of Filter No. 2 at the CFP is nearing completion. The contractor is expected to be finished next week.
7. Work continues on the Georgetown Road Water Storage Tank, Booster Pump Station and Water Main Extension project. Crom has completed 15 percent of the water tank construction, and Angel Construction has completed 10 percent of the construction of the water main.
8. In reference to the Savannah Avenue and Spring Street water main replacement project, Hampton Backhoe has completed installation of the water line on Savannah Avenue. Five service line transfers remain to be installed.
9. CTI Engineers will be designing the Cherokee Gateway Boulevard Water Storage Tank to serve the Spring Branch Industrial Park. The contract amount of the project is \$48,500.
10. The overflow pump station modifications project is 95 percent complete with only cleanup work remaining. The following items were installed as part of the project: 1) construction of a new peak flow diversion structure with adjustable 5-foot weir gates that maximize the downstream flow to the WWTP; 2) renovation of Junction Box No. 1 to include an electronically operated sluice gate on the downstream wall to allow diversion of sewage during dry periods for pump testing; 3) installation of a new low flow 150 horsepower sewage pump in the existing wet well to pump small flows to the detention tank; and 4) renovation of the electrical and mechanical systems as required, including backup ventilation in case of air conditioner failure.
11. In reference to the 2010 annexation sewer project on APD 40, an email was received today from the State Revolving Fund (SRF) stating the loan package has been mailed. The requested loan amount is \$1,350,500.
12. CTI Engineers has submitted preliminary plans for the Sewage Pump Station to serve Olin and United Hydrogen. Engineering is currently reviewing those plans.
13. Bids were received for the demolition of the Old Chatata Creek Wastewater Pumping Station. Jennings Excavating submitted the low bid of \$14,250.
14. Wilder Contracting has completed approximately 30 percent of the interior improvements project to the maintenance office area, bunker room and breakroom in the CU Water and Wastewater Administration Building.
15. Engineering approved plans for Falcon Crest Phase 2 on Frontage Road. The development consists of 27 lots and 2,200 feet of 6-inch water main. Lake Mantooth is the developer.

Hampton Backhoe also began work during the month and has completed 95 percent of the project.

16. An update was provided for the following development under construction:

- Hampton Backhoe has completed the Fleeman Place project on Foxfire Road consisting of the installation of 483 feet of 6-inch water main and 427 feet of 8-inch sewer main.

17. An update was provided for the ongoing Wastewater Rehabilitation project:

- Work is progressing for Phase 2 of the 2017 Rehabilitation Project, Basin 31-45 & 10-36. The contractor completed 6 service lateral rehabilitations and 5 manhole rehabilitations during this period. Additionally, they have resumed work on lining and pipe bursting is continuing.

18. The meter department set 27 meters through January 2018. Of the 27 meter sets, 17 were single-family homes, 7 were townhomes, 2 were apartments and 1 was commercial.

19. The total amount of rainfall recorded at the Cleveland Filter Plant during the month of February was 7.63 inches. There was a total of 1.45 inches in January. A total of 3.20 inches of rainfall has been received over the past two days.

OLD BUSINESS

Approval of Change Order with Wilder Contracting, LLC

On motion by Vice Chairman Eddie Cartwright and seconded by Chari Buckner, the Board of Public Utilities voted to approve a change order with Wilder Contracting, LLC for the CU Maintenance Building Project in the amount of \$20,678.38. The original design called for concrete in the wash bay area surrounded by asphalt. After recommendation from the architect and careful consideration by Operations personnel, quotes were requested to replace the proposed asphalt with concrete due to the fact the entire area will be exposed to heavy equipment, oils, hydraulic fluid, etc. This would consist of 6 inches of concrete with a gravel base and welded wire reinforcing. The change order will increase the contract amount from \$406,478.93 to \$427,157.31.

NEW BUSINESS

Safety Internal Performance Measures (IPM's)

Administrative Services VP John Corum presented the Safety Internal Performance Measures (IPM's) for January 2017 through December 2017 as part of CU's Strategic Plan.

The overall results for 2017 are as follows:

- *OSHA Recordable Incident Rate* (a calculation for the number of employees per 100 full-time employees that have been involved in a recordable injury or illness) – a combined total of 4.04 for both divisions; 3.41 for the Electric Division; and 4.97 for the Water/Wastewater Divisions.
- *DART Rate* (a calculation for the number of recordable incidents per 100 full-time employees that results in lost or restricted days or job transfer due to work-related injuries or illnesses) – a combined total of 2.53 for both divisions; 1.7 for the Electric Division; 3.73 for the Water/Wastewater Divisions.

- *Lost-Time Case Rate* (a calculation describing the number of lost times cases per 100 full-time employees in any given time frame) – a combined total of 0.51 for both divisions; 0 for the Electric Division; 1.24 for the Water/Wastewater Divisions.
- *Vehicle Accident Rate* (a calculation for the number of accidents per million miles driven) – a combined total of 2.29 for both divisions; 0 for the Electric Division; 3.85 for the Water/Wastewater Divisions.

The following data went into the calculations:

- A total of 499,011 consecutive hours have been worked by both divisions combined without a lost-time injury (LTI). Electric Division employees contributed 485,569 of those hours, with the last lost-time injury occurring on November 19, 2015. The Water Division has reached 13,442 hours, with the last lost-time injury occurring on November 30, 2017.
- A total of 395,645 cumulative hours were worked company-wide in 2017. 114 employees in the Electric Division worked 234,820 hours, and 80 employees in the Water Division worked 160,825 hours.
- In addition, a total of 872,425 cumulative vehicle miles were driven by employees in 114 vehicles during the year. 353,351 miles were driven by Electric Division employees and 519,074 miles by Water Division employees.

The below table provides a comparison summary of the IPM data for the last four years:

Year	OSHA – RIR	DART	LTCR	VAR
2014	1.51	1.01	0	13.13
2015	3.51	2.01	0.5	6.84
2016	1.53	0.51	0	6.78
2017	4.04	2.53	0.51	2.29

Corum advised a considerable amount of time, effort and resources have been focused on reducing the Vehicle Accident Rate, and great strides have been made. Safety Supervisor Nathan Vann has been taking some coursework through the National Safety Council for defensive driving in hopes of implementing more training on this topic in the future to help reduce this rate even further.

Approval of Purchase Order with Dell Computer Corporation

On motion by Joe Cate and seconded by Mayor Tom Rowland, the Utility Board took action to approve a purchase order with Dell Computer Corporation in the amount of \$77,961.35 for a three-year renewal of the Microsoft Select Plus Software Agreement. This purchase is through a State of Tennessee Contract.

Approval of Purchase Order with Gresham Smith and Partners

On motion by Vice Chairman Eddie Cartwright and seconded by Mayor Tom Rowland, the Board of Public Utilities voted to approve a purchase order with Gresham Smith and Partners in the amount of \$69,200 for engineering services related to the electric utility facilities for the Tennessee Department of Transportation (TDOT) road widening project on Georgetown Road (SR60) from Westlake Drive to Eureka Road (SR306). These costs are reimbursable from TDOT.

Approval of a Purchase Order with Shady Oaks Landscaping & Lawn Care

On motion by Mayor Tom Rowland and seconded by Joe Cate, the Board of Public Utilities voted to approve a purchase order with Shady Oaks Landscaping & Lawn Care in the amount of \$59,198 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 29 sites.

OTHER BUSINESS

Future Board Meeting Dates

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

Friday, March 23, 2018, 12:30 p.m.

Friday, April 27, 2018, 12:30 p.m.

Friday, May 25, 2018, 12:30 p.m.


Board Secretary


Board Chairman

3-23-18
Date