

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**SEPTEMBER 28, 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; Joe Cate, Cleveland Utilities Board; Chari Buckner, Cleveland Utilities Board; David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; Bart Borden, VP Electric Division; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Jan Runyon, Assistant VP Administrative Services; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jamie Creekmore, Customer Relations Supervisor; Wanda Jordan, Customer Service Representative; Shane Lawson, Customer Data Manager; James Ledford, Class IV Operator; Barry Maples, Treatment Facilities Manager; Mike Ward, Wastewater Treatment Plant Supervisor; David Yost, GIS Director; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Wanda Jordan delivered the invocation.

**MINUTES OF AUGUST 24, 2018**

On motion by Vice Chairman Eddie Cartwright and seconded by Chari Buckner, the Board of Public Utilities voted to approve the August 24, 2018, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Website Update Overview**

President/CEO Tim Henderson advised Cleveland Utilities' website has been updated as part of the ongoing efforts to improve services to customers. Henderson introduced and commended Customer Data Manager Shane Lawson who was instrumental in this endeavor. Lawson then provided an overview of the revamped site which went live this morning. The new site uses wire framed technology and has a navigation structure very similar to the previous site allowing familiarity for customers. In addition, it is content management driven which allows various users to manage and update content on a regular basis. CU's website receives a considerable amount of traffic. There are around 18,000 to 20,000 hits as well as an estimated 13,000 customers that pay online monthly. Staff is excited about the modern look and ability to better serve customers.

**Annual Picnic Reminder**

Board members were reminded of the upcoming Cleveland Utilities' annual family picnic scheduled for Thursday, October 4, 2018, at Fletcher Park beginning at 5 p.m.

**Columbus Day Holiday**

Cleveland Utilities will be closed on Monday, October 8, 2018, in observance of Columbus Day. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

**Wastewater Treatment Plant (WWTP) Operational Excellence Award**

The Kentucky-Tennessee Water Environment Association bestowed the Operational Excellence Award to Cleveland Utilities for continued outstanding operation of the Wastewater Treatment Plant (WWTP) during the period of January 1, 2017 through December 31, 2017. Henderson praised the staff at the Wastewater Treatment Plant for this outstanding accomplishment as it is very difficult to achieve. In attendance for this special recognition were Barry Maples, Manager of Treatment Facilities; Mike Ward, Wastewater Treatment Plant Supervisor; and James Ledford, Class IV Operator.

Barry Maples expressed appreciation to Mike Ward and all the WWTP staff for their expertise and dedication. The sampling and testing that must be conducted on a daily basis and the fact it is done with very few mistakes or violations is unbelievable. Maples also acknowledged Steve Barger, Lisa Coffey and Chris Wilds for their leadership, diligence and being environmentally conscious. The health and welfare of the Cleveland and Bradley County citizens is dependent upon the successful operation of the plants. Maples advised the water put back into the Hiwassee River is cleaner than when it was taken out.

Mike Ward advised the achievement of this award is significant as very stringent criteria must be met. The WWTP has received this award for seven of the past ten years, and the few years the plant did not receive it, only two or three samples were missed. The National Pollutant Discharge Elimination System (NPDES) permit contains 3,833 individual requirements that must be in compliance during the year. To qualify for this award, the utility is allowed only one exceedance, and CU had zero during 2017, which is extremely hard to do. This is a testament of the staff at the Wastewater Treatment Plant operating the plant 24/7. Ward commended them on this impressive achievement. He stated, "We share this award with operations, maintenance and environmental compliance. It is truly a community award." He then presented the award to Class IV Operator James Ledford who has 39 years of dedicated service to CU and 24 years of consecutive perfect attendance. The Operational Excellence Award is conferred to recognize the dedication, resolve, and outstanding effort of the employees of this facility by having no more than one violation of its NPDES Permit limit for the 12-month reporting period. Ledford then addressed the staff and board. He stated he is proud to be an employee of CU and grateful for his job.

## **DIVISION REPORTS**

### **Financial**

Marshall Stinnett reported on the following:

1. Stinnett began by congratulating the employees of the WWTP on the Operational Excellence Award. In addition, Stinnett acknowledged the help and assistance provided to him by Ward and all plant personnel over the past several years.
2. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of October 2014 through October 2018 was reviewed. For the month of October, the residential retail electric rate will change to 9.159 cents per kilowatt-hour, a decrease of 7.29 percent over September's rate of 9.879 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment, the Grid Access Charge (GAC) as well as the change of rate season to the transition rates. As a continued trend, Cleveland Utilities will pass the TVA fuel cost rate adjustment to its consumers.
3. The August 2018 financial and statistical statements were presented to the Utility Board. During August, the cost of purchased power as a percentage of retail sales was 78.0 percent and can be compared to the budgeted percentage of 78.7 percent for FY 2019. The results for August 2018 are electric sales revenue of \$9,641,678, which was offset by a purchased power expense of \$7,520,478. This resulted in an operating margin of \$2,121,200. Operating expenses for the month were \$1,886,044. These revenue numbers were driven by a customer base of 31,887. The net income for the month was \$398,750.
4. For August 2018, water sales revenue was \$1,301,086. The division serviced 32,097 customers. Other revenue sources contributed an additional \$156,708 for the month.

Operating expenses for August totaled \$1,281,796. The division recorded an operating income of \$175,998.

5. For August 2018, wastewater treatment revenue was \$1,055,405. Other revenue sources contributed an additional \$95,044 for the month. The division serviced 19,194 customers. Operating expenses for August were \$949,965. This is compared to the budgeted amount of \$980,656. The division recorded an operating income of \$200,484, which is compared to a budgeted operating income of \$155,070 for the month.
6. As a reminder, the GAC will be included on customer bills beginning in October.

### **Electric Division**

Bart Borden reported on the following:

1. During the pole location staking process for the Spring Branch Industrial Park Innovation Drive Distribution Lines Project, it was determined several of the final grade elevations were different than the ones provided with the construction plans. The line design was based on the elevations provided in the construction plans; therefore, the pole heights for nine poles had to be changed. Fortunately, the required steel poles were able to be obtained with a 6-week delivery. Crews were able to begin construction of the lines on Harriman Road by shifting some of the poles from inside the park. They will continue framing and setting poles inside the park; however, the conductor will not be installed inside the park until the additional new poles are received. The poles not used on this project will become stock poles and used on future projects.
2. In reference to the East Cleveland 69 kV Bus Breaker Addition Project, the breaker foundations have been poured, control conduits are being installed and control wiring will be pulled in. An outage at East Cleveland Delivery Substation is being scheduled to install the isolation switches, set the new breaker and connect the control wiring.
3. Due to the complexity and long delays with the TDOT approval process concerning the North Ocoee Street LED Street Lighting Conversion Project, the decision was made to shift the project location to Peerless Road. Cleveland Utilities has been requested to investigate the lighting at the Norman Chapel Road and Cleveland High School crosswalk. By shifting the project to Peerless Road, the lighting project can be combined with the analysis of the crosswalk lighting.
4. The Substation Maintenance Department completed installation of the large vehicle wash recovery system to separate oils from the wash water, which meets EPA standards. This was part of the expansion project for CU's Maintenance Building. The paint booth has also been installed and currently being used. Several photographs were viewed. The 2,000 kVA pad-mount transformer pictured shows the effectiveness of the booth and the filtering system. Personnel are very pleased with the booth's operation and the finished product. This equipment will extend the life of CU's transformer facilities and result in great savings.
5. An update was reported for the Distribution Automation Project. In last month's report, a map was presented showing the required new overhead distribution system equipment and substation equipment. Line crews have installed the required three pole-mounted reclosers, and engineering and operations technical staff remapped the SCADA points at both Mouse Creek and Fletcher Substations to a standard layout that will be used at all CU substations over the entirety of the project. They are presently working on communications between the devices and testing of the communications and points.

6. The disassembly of the failed power transformer and transformers being replaced due to age at CU's East Cleveland Delivery Substation went very well. Solomon Corporation disassembled all three transformers on site. The next step was to relocate the remaining B phase power transformer to the spare transformer position (this spare is also utilized by TVA). B and B Crane of Chattanooga went through the set up process of two cranes to position and move this transformer. The relocation work was completed yesterday. Photos of this process were reviewed. CU is now in a position to receive the new power transformers. In addition, the test reports were received yesterday and staff is in the process of verifying those, which currently look good.
7. Two distribution circuits were flown and inspected with the drone. The first circuit, L-224, consisted of 197 poles at a cost of \$1,706.36 with the drone which is compared to a total of \$20,016.48 if linemen had conducted the inspection. This circuit resulted in a savings of \$18,310.32. Other pertinent information from the inspection of L-224 is below:

Number of poles inspected	197	Number of CU poles with issues corrected	6
Number of CU poles with issues	12	Number of bad CU poles	3
Number of AT&T poles with issues	0	Number of bad AT&T poles	0
Number of CU Poles Okay	3		
Number of AT&T Poles Okay	0		

The inspection of circuit D-214 included 825 poles at a cost of \$4,089.46 to inspect with the drone which is compared to a total of \$83,402.00 if linemen had completed the same work. This circuit resulted in a savings of \$79,312.54. Other relevant data from the D-214 inspection is as follows:

Number of poles inspected	825	Number of CU poles with issues corrected	49
Number of CU poles with issues	76	Number of bad CU poles	17
Number of AT&T poles with issues	5	Number of bad AT&T poles	2
Number of CU Poles Okay	14		
Number of AT&T Poles Okay	0		

Borden advised he is very pleased with this process, the associated savings and being able to quickly address issues. The drone could open areas for potential assistance. Additionally, there are a number of uses the drone can be utilized for, and the Water Division is exploring different applications in which to use it as well. It will be beneficial utility wide.

8. A report was presented regarding traffic lighting:
  - A work order to install LED signals at Inman and Church Streets has been issued to the metering and traffic lighting area. The installation will occur after all material is delivered, which is anticipated to be mid-October.
  - CU's traffic signal coordinator programmed the newly installed Opticom GPS preemption equipment at APD-40 and Westland Drive. This will serve all equipped fire trucks at this intersection and was installed due to the proximity of the new Fire Hall #6 on Westland Drive. Also, the new Engine #3 was equipped and programmed for use with the preemption network.

**Water Division**

Craig Mullinax reported on the following:

1. The Headworks Rehabilitation Project at the Wastewater Treatment Plant (WWTP) is essentially complete. The new screens have been a tremendous improvement and are making a big difference in the treatment process.
2. The new maintenance building at the WWTP is under construction and approximately 5 percent complete. TriCon has prepared the pad for the concrete to be poured. All conduits and piping have been installed.
3. The Flocculation/Sedimentation Basin Improvements Project at the Cleveland Filter Plant (CFP) is ongoing and approximately 40 percent complete. Haren Construction is doing a fantastic job with the different dynamics occurring. The 18-inch temporary raw waterline has been removed, and the new 20-inch raw water piping and four 20-inch control valves have been installed that feed the flocculation basins. Starting at 8 p.m. tonight, there will be another shutdown of the plant where Haren will begin removing the venturi meter and 20-inch valve and installing new equipment. A 6-inch tap was made on the 20-inch raw water line to bleed off any water to minimize it from entering the facility during this time. They will continue until the work is complete which should be tomorrow around noon when the plant can be brought back online. Hiwassee Utilities Commission (HUC) will provide any additional water needed during this time.
4. The Georgetown Road Water Storage Tank, Booster Pump Station and Water Main Extension Project is nearing completion. Volunteer Energy has completed installation of the electrical transformer at the booster station and tank site. The grading and placement of stone around the tank are complete, and the driveway to the tank has been paved. A tentative date for the pump station startup is set for October 3 & 4. The tank still has to be sterilized.
5. The Baugh Springs Trail & Banther Road Water Main Extension Project consisting of 3,392 feet of 6-inch water main and three fire hydrants is complete.
6. The Van Davis Road Water Main Extension Project (south of Morgan Road) is 70 percent complete.
7. A new project on Varnell Road SW to near Blackfox Road consisting of 850 feet of 8-inch waterline extension will be bid in the near future.
8. The 2010 Annexation Sewer Project on APD-40 will be presented under new business.
9. The following plans are under review:
  - Fulbright Crossing on Fulbright Road consisting of 2 triplexes, 15 townhomes and 376 feet of 8-inch sewer main.
  - Bradley Place at Bradley Square Mall comprising 11 retail spaces. The project will include relocating a 10-inch water main, and the sewer is still being determined.
10. The following developments under construction are nearing completion:
  - The Enclave at Weeks Drive consisting of 58 lots and 2,173 feet of 8-inch water main and 1,800 feet of 8-inch sewer main.
  - The Heartland Subdivision on Tasso Lane comprising 73 lots and 2,352 feet of 8-inch water main and 2,885 feet of 8-inch sewer main.
  - Stone Creek, Phase 2, on New Murraytown Road which includes 16 lots, 858 feet of 8-inch sewer main, 690 feet of 6-inch water main and 177 feet of 2-inch water main.
11. An update was provided for the ongoing Wastewater Rehabilitation Project:

- Westco is performing clearing along sewer main easements. They have been clearing for six weeks and have cleared approximately 29,000 feet or 5.5 miles of a total of 36,750 feet or 7 miles of easement area.
  - Phase I of the Basin 10A-8 Rehabilitation Project is underway. Lining began in August and will continue into October. Portland Utilities has completed 5,500 feet of mainline rehabilitation and 15 service lateral rehabilitations during this period.
12. The Meter Department set 22 meters through August 2018 compared to 30 for August 2017 and 39 for August 2016. Of the 22 meter sets, 18 were single-family homes, 3 were townhomes and 1 was commercial.
  13. As of September 27, 2018, a total of 7.69 inches of rainfall has been recorded at the CFP for the month. A total of 6.51 inches have occurred over the past four days. Even with the higher amount of rainfall, demand has still been strong.
  14. A chart was reviewed comparing projects utilizing funding through the State Revolving Fund (SRF) versus the traditional bond market. To date, eleven projects have been funded through the SRF with interest rates ranging from 1.11 percent to 2.91 percent. The program provides low interest rates for 20-year terms. This equates to a cost savings in interest alone of \$7,394,720.74 for the eleven projects. In addition, the total savings through loan forgiveness amounts to \$1,969,622 for a total realized savings of \$9,364,342.74. Mullinax commended his personnel for utilizing this resource. Henderson stated this is one way to best utilize funds to benefit the rate payers.

## **OLD BUSINESS**

### **TVA Rate Increase**

The TVA Board approved a 1.5 percent wholesale rate adjustment effective October 1, 2018. Per Cleveland Utilities' FY 2019 Budget and at the recommendation of Cleveland Utilities' management, Chari Buckner motioned and David May, Jr. seconded for the Board of Public Utilities of Cleveland, TN, to approve this wholesale rate adjustment as a pass through to all CU customers. The quorum carried the motion. Vice Chairman Eddie Cartwright exited the room just prior to the introduction of this item and was not present during the vote, but reentered just after.

### **Wilder Contracting LLC Change Order**

On motion by David May, Jr. and seconded by Vice Chairman Eddie Cartwright, the Utility Board voted unanimously to approve a change order with Wilder Contracting, LLC concerning the 2018 Building Renovation Project. The change order addresses renovations to the Water Administration Building which was included in the original bid as Alternate #4 consisting of a new stone awning, a stone veneer tower & stone veneer planter. Additionally, it will include painting of the siding and trim at the Water Administration Building, Sewer Maintenance Building, TWTC and Power Service Center, as well as the installation of a new masonry directional sign at the Power Service Center. The improvements for the Water & Wastewater Buildings total \$83,526, and the change order amounts for the Power Service Center and TWTC total \$22,041. This results in a change order total of \$105,567 and will increase the contract amount from \$709,084 to \$814,651. The project still falls within the budgeted amount for all divisions.

### **CSL Services, Inc. Contract**

On motion by Vice Chairman Eddie Cartwright and seconded by Chari Buckner, the Board of Public Utilities took action to approve a contract with CSL Services, Inc., in the amount of \$109,000 for long term flow monitoring of 17 flow meters, which includes annual maintenance, data collection and

reporting (Flow monitoring is a tool used to help determine where inflow is occurring and if you are eliminating it. CU has been under contract for the last five years with CSL Services, Inc.). Their annual unit prices remain the same for the last four years. The monitoring is budgeted for FY 2019 in the amount of \$110,000.

**NEW BUSINESS**

**B&W Contractors Inc. Purchase Order**

On motion by Chari Buckner and seconded by Vice Chairman Eddie Cartwright, the Utility Board took action to approve a purchase order with B&W Contractors Inc. d/b/a/ Cherokee Construction in the amount of \$53,328 for the WWTP Washer/Compactor Site Improvements. The project will expand the concrete pad supporting the washer/compactor. A removable platform will be installed to safely access the diverter slide gates for operation and maintenance. The project is an addition to the Headworks Rehabilitation Project which is budgeted for FY 2018 in the amount \$1,173,318. The projected overage for the project should be \$74,560.

**K. Berry Construction Purchase Order**

On motion by David May, Jr. and seconded by Joe Cate, the Board of Public Utilities voted to approve a purchase order with K. Berry Construction in the amount of \$60,369 for the rehabilitation of Spiral Lift Pump No. 203 located at the WWTP. The project is budgeted for FY 2019 in the amount of \$45,000.

**Resolution – Mayse Construction Company**

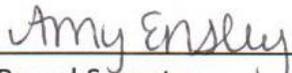
On motion by Joe Cate and seconded by Chari Buckner, the Utility Board unanimously approved a resolution authorizing the President/CEO of Cleveland Utilities to enter into a contract with Mayse Construction Company in the amount of \$1,478,238 for the installation of 3,551 lineal feet of 2-inch HDPE low pressure sewer pipe, 9,175 lineal feet of 8-inch PVC gravity sewer pipe, 330 lineal feet of 8-inch ductile iron pipe in a 16-inch casing, and 59 manholes as part of the 2010 Annexation Sewer Extension Project at APD 40. The project will be funded by SRF Loan No. CW6 2018-415/SRF 2018-416 in the amount of \$1,350,500. \$100,000 will be in loan forgiveness, at an interest rate of 1.56 percent over 20 years. This project is budgeted for FY 2019 in the amount of \$1,200,000. CU will be requesting an additional \$380,000 from SRF to fund the project.

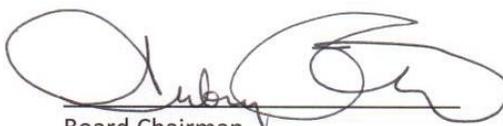
**OTHER BUSINESS**

**Future Board Meeting Dates**

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

Friday, October 26, 2018, 12:30 p.m.

  
\_\_\_\_\_  
Board Secretary

  
\_\_\_\_\_  
Board Chairman

10-26-2018  
Date