



## **LOUDON UTILITIES**

**P.O. BOX 69**

**LOUDON, TENNESSEE 37774**

### **AGENDA**

#### **LOUDON UTILITY BOARD**

**February 24, 2020**

**4:30 PM**

1. Call to Order
2. Recognition of Visitors
3. Approval of Minutes
  - A. Regular Meeting – January 27, 2020
4. Financial Reports
5. Items for Board Action
  - A. Assurance of Adequate Funding Level of the Self-Funded Health Benefit Plan
  - B. Authorizing Contract for Feeder Circuit Right of Way Clearing Services and Related Work with Brewster’s Services Group, LLC
  - C. Authorizing Contract for Mowing Services and Related Work with Brewster’s Services Group, LLC
  - D. Authorizing the Purchase of two (2) 2020 Ford F450 Single Axle Dump Trucks for the Gas Department
  - E. Authorizing a 1991 Chevrolet 2500 to be Considered Surplus
  - F. Establishing Natural Gas Rates Effective March 2020
6. Other
  - A. Tennessee Valley Authority Fuel Cost Adjustment
7. Adjournment



## LOUDON UTILITIES

P.O. BOX 69  
LOUDON, TENNESSEE 37774

To: Chairman Campbell and Utility Board Members

From: Ty Ross

Subject: February Agenda Items

Date: February 21, 2020

The following items appear on the agenda for the February 24, 2020 meeting of the Board of Directors of Loudon Utilities:

### **Recognition of Visitors.**

### **Items for Board Action.**

- A. Assurance of Adequate Funding Level of the Self-Funded Health Benefit Plan.  
The medical insurance plan has been set up for renewal March 1, 2020 with new additional funding in order to fund the plan at its current benefit levels. I recommend a committee be formed in the coming months explore future options for plan stability.
- B. Authorizing Contract for Feeder Circuit Right of Way Clearing Services and Related Work with Brewster's Services Group, LLC. Bids have been evaluated. It is recommended to contract with Brewster's Services Group, LLC.
- C. Authorizing Contract for Mowing Services and Related Work with Brewster's Services Group, LLC. Bids have been evaluated. It is recommended to contract with Brewster's Services Group, LLC.

- D. Authorizing the Purchase of two (2) 2020 Ford F450 Single Axle Dump Trucks for the Gas Department. The Gas Department has requested consideration to purchase two (2) Ford F450 single axle dump trucks for approximately \$48,000.00 each.
- E. Authorizing a 1991 Chevrolet 2500 to be Considered Surplus. This vehicle is obsolete and now may be surplused due to the reassignment of vehicles in the fleet.
- F. Establishing Natural Gas Rates Effective March 2020. The cost of natural gas delivered to the City Gate decreased for the month of February 2020 from \$2.2910 per dkt to \$2.1097 per dkt. Utilizing the formula for natural gas rates, this converts into a rate of \$1.01 per 100 cubic feet for gas billed after March 1, 2020.

**Other.**

- A. Tennessee Valley Authority Fuel Cost Adjustment. The TVA FCA for March 2020 decreased from \$0.01637 per kWh to \$0.01627 per kWh. The rate will result in a \$0.10 decrease for each 1,000 kWh of residential customers use.

**REGULAR MEETING  
LOUDON UTILITIES**

**January 27, 2020**

The Board of Directors of Loudon Utilities held its properly advertised regular meeting on January 27, 2020, at 4:30 p.m., in the public meeting space of the Loudon Municipal Building. Those present were Chairman Don P. Campbell, Directors Gene Farmer, Tim Dixon, Carlie McEachern, and Bart Watson. Others present were Manager Ty Ross, Nicole Curtis, John Davis, Attorney Kris Frye and Secretary Meghan Hull. Chip Lynn, WLNT, video recorded the meeting for redskinradio.com. Also present were fifteen (15) residents.

Chairman Campbell welcomed everyone and called the meeting to order.

Chairman Campbell asked if anyone wished to speak to the Board about anything not on the agenda.

Mr. Jimmy Parks addressed the Board concerning an employee's health insurance issue that he had experienced in the past. Parks encouraged the Board to consider some progressive and less invasive treatment options for inclusion in the health insurance program.

Ms. Pat Hunter asked about an update on the former Hutch property usage. Chairman Campbell replied that there has not been a formal request from the County concerning any LUB owned property. Hunter inquired on the location of the property transferred to the Industrial Development Board. Campbell stated that the approximately 2.5 acres section of property held by the IDB is at the river.

Chairman Campbell asked for approval of the minutes of the regular meeting held on November 25, 2019. **A motion was made by Director Dixon, seconded by Director Watson and unanimously passed that the minutes of the regular meeting held on November 25, 2019 be approved as written.**

Financial Reports were distributed. Accountant Nicole Curtis gave a presentation on the investment accounts and the financial reports. Curtis recommended future consideration of rate increases for water and sewer usage. **A motion was made by Director Dixon, seconded by Director Farmer and unanimously passed that the reports be received and placed on file.**

The first item for Board action was to consider a change order for the demolition project to finalize pending items. Manager Ross explained that the removal of the temporary fencing around the water tower has opened the potential of a more interesting security perimeter. Board Members indicated that this subject is to be discussed more in-depth at a later date. **A motion was made by Director Watson and seconded by Director McEachern that the following resolution be approved:**

**RESOLUTION NO. 2020-01**

**APPROVING CHANGE ORDER #1  
FROM COMPLETE DEMOLITION SERVICES, LLC**

**Upon a vote, the resolution was passed unanimously.**

The next item for Board action was to approve the final change orders for the Highland Avenue water and gas line replacement project. **A motion was made by Director Farmer and seconded by Director Watson that the following resolution be approved:**

**RESOLUTION NO. 2020-02**  
**APPROVING CHANGE ORDERS FOR THE**  
**HIGHLAND AVENUE WATER AND GAS REPLACEMENT PROJECT**

**Upon a vote, the resolution was passed unanimously.**

Next Board discussed the bulk purchase of natural gas to enable large volume discounts. **A motion was made by Director Farmer and seconded by Director McEachern that the following resolution be approved:**

**RESOLUTION NO. 2020-03**  
**A RESOLUTION OF THE UTILITY BOARD OF THE CITY OF LOUDON,**  
**LOUDON COUNTY, TENNESSEE AUTHORIZING THE PURCHASE OF**  
**NATURAL GAS FROM THE BLACK BELT ENERGY GAS DISTRICT;**  
**APPROVING THE EXECUTION AND DELIVERY OF A GAS SUPPLY**  
**AGREEMENT AND OTHER DOCUMENTS RELATING TO SAID PURCHASE;**  
**AUTHORIZING THE SALE OF GAS TO THE KIMBERLY-CLARK**  
**CORPORATION; APPROVING THE EXECUTION AND DELIVERY OF A**  
**NAESB BASE CONTRACT FOR THE SALE AND PURCHASE OF NATURAL**  
**GAS AND OTHER DOCUMENTS RELATING TO SAID SALE; APPROVING**  
**THE EXECUTION AND DELIVERY OF A CUSTODIAL AGREEMENT;**  
**CONSENTING TO THE ASSIGNMENT OF CERTAIN OBLIGATIONS UNDER**  
**THE GAS SUPPLY AGREEMENT IN CONNECTION WITH THE ISSUANCE**  
**OF BONDS BY THE BLACK BELT ENERGY GAS DISTRICT; AND**  
**ADDRESSING RELATED MATTERS**

**Upon a vote, the resolution was passed unanimously.**

Board next considered approval of natural gas rate schedules for large volume customers. **A motion was made by Director Watson and seconded by Director Dixon that the following resolution be approved:**

**RESOLUTION NO. 2020-04**  
**ESTABLISHING A RATE SCHEDULE FOR SALES TO**  
**LARGE VOLUME INDUSTRIAL CUSTOMERS**

**Upon a vote, the resolution was passed unanimously.**

The Board was presented with amendments to the Electric Capital Budget for fiscal year 2019-2020. **A motion was made by Director McEachern and seconded by Director Farmer that the following resolution be approved:**

**RESOLUTION NO. 2020-05**  
**AMENDING THE CAPITAL BUDGET FOR 2019-2020 FISCAL YEAR**  
**FOR THE ELECTRIC DEPARTMENT**

**Upon a vote, the resolution was passed unanimously.**

The last item for Board consideration was to set the natural gas rate. **A motion was made by Director Watson and seconded by Director McEachern that the following resolution be approved:**

**RESOLUTION NO. 2020-06  
ESTABLISHING NATURAL GAS RATES  
EFFECTIVE JANUARY AND FEBRUARY 2020**

**Upon a vote, the resolution was passed unanimously.**

Manager Ross stated that the Tennessee Valley Authority fuel cost adjustment for January 2020 had increased from \$0.01747 per kWh to \$0.01832 per kWh. This results in a \$0.85 increase for each 1,000 kWh of residential customer usage.

Manager Ross further stated that the Tennessee Valley Authority fuel cost adjustment for February 2020 had decreased from \$0.01832 per kWh to \$0.01637 per kWh. This results in a \$1.95 decrease for each 1,000 kWh of residential customer usage.

Chairman Campbell reminded all Directors that they had a copy of a potential contract for the utility manager. Campbell asked if they were ready to vote on it, and Directors stated not at this time.

Manager Ross said that the work zone camera had been removed from the demolition site and a video would be created shortly depicting the project.

Director Farmer requested that the Strategic Plan be discussed at the next workshop.

There being nothing further, Chairman Campbell adjourned the meeting at 5:03 p.m.

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Secretary

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Chairman

**RESOLUTION NO. 2020-\_\_**

**ASSURANCE OF ADEQUATE FUNDING LEVEL  
OF THE SELF-FUNDED HEALTH BENEFIT PLAN**

**WHEREAS,** The report on the financial condition of the City of Loudon/Loudon Utilities' self-funded health benefit plan for the Plan Year 2019-2020 reveals the plan will not remain solvent unless changes are made; and

**WHEREAS,** After evaluation of the alternatives it is believed the health benefit plan should be amended by increasing the rates of contribution on March 1, 2020; and

**WHEREAS,** The proposed contribution rates shall require additional funds of \$131,440.00 in the Fiscal Year 2019-2020 budget.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Loudon Utilities as follows:

**Section 1.** The Board of Directors of Loudon Utilities hereby authorizes the monthly contribution for the Self-Funded Health Benefit Plan to be increased as of March 1, 2020 as follows:

<i>Contribution Level</i>	<i>7/1/2018</i>	<i>7/1/2019</i>	<i>3/1/2020</i>
<i>Medical: Individual</i>	<i>515.00</i>	<i>565.00</i>	<i>688.00</i>
<i>Family</i>	<i>1,525.00</i>	<i>1,680.00</i>	<i>2,058.00</i>
<i>Dental: Individual</i>	<i>25.00</i>	<i>30.00</i>	<i>35.00</i>
<i>Family</i>	<i>60.00</i>	<i>70.00</i>	<i>105.00</i>
<i>Vision: Individual</i>	<i>8.00</i>	<i>8.00</i>	<i>8.00</i>
<i>Family</i>	<i>20.00</i>	<i>20.00</i>	<i>20.00</i>
<i>Total Annual Funding</i>	<i>\$2,560,152.00</i>	<i>\$2,822,832.00</i>	<i>\$3,476,616.00</i>

\_\_\_\_\_  
Secretary

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Chairman

Passed: \_\_\_\_\_

**RESOLUTION NO. 2020-\_\_**

**AUTHORIZING CONTRACT  
FOR FEEDER CIRCUIT RIGHT OF WAY CLEARING SERVICES  
AND RELATED WORK  
WITH BREWSTER'S SERVICES GROUP, LLC**

**WHEREAS**, The Loudon Utilities received bids for the feeder circuit right-of-way clearing services and related work of the utility service sites; and

**WHEREAS**, The Utility Manager has recommended the contract for the 2020-2022 clearing seasons to be awarded to Brewster's Services Group, LLC.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Loudon Utilities as follows:

**Section 1.** The Utility Manager is authorized to enter into the feeder circuit right-of-way clearing services and related work contract with Brewster's Services Group, LLC for a three (3) year period at established rates as outlined in the contract.

**Section 2.** The contract expiration shall be December 2022.

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Secretary

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Chairman

Passed: \_\_\_\_\_



**RESOLUTION NO. 2020-\_\_**

**AUTHORIZING CONTRACT  
FOR MOWING SERVICES AND RELATED WORK  
WITH BREWSTER'S SERVICES GROUP, LLC**

**WHEREAS,** The Loudon Utilities received bids for the mowing services and related work of the utility service sites; and

**WHEREAS,** The Utility Manager has recommended the contract for the 2020-2022 mowing seasons to be awarded to Brewster's Services Group, LLC.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Loudon Utilities as follows:

**Section 1.** The Utility Manager is authorized to enter into the mowing services and related work contract with Brewster's Services Group, LLC for a three (3) year period.

**Section 2.** Brewster's Services Group, LLC shall be paid an annual amount of \$164,000 for the mowing services and related work as outlined in the contract.

**Section 3.** The contract expiration shall be November 2022.

\_\_\_\_\_  
Secretary

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Chairman

Passed: \_\_\_\_\_

**RESOLUTION NO. 2020-\_\_**

**AUTHORIZING THE PURCHASE  
OF TWO (2) 2020 FORD F450 SINGLE AXLE DUMP TRUCKS  
FOR THE GAS DEPARTMENT**

**WHEREAS,** The Loudon Utilities Gas Department has a need for two (2) single axle dump trucks; and

**WHEREAS,** The State Bid Price from Jacky Jones Ford Lincoln for a 2020 Ford F450 single axle dump truck is in the approximate amount of \$48,000.00.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Loudon Utilities as follows:

**Section 1.** The Board of Directors of Loudon Utilities hereby authorizes the purchase of two (2) 2020 Ford F450 single axle dump trucks for the Gas Department for the State Bid Price of approximately \$48,000.00 each.

\_\_\_\_\_  
Secretary

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Chairman

Passed: \_\_\_\_\_

**RESOLUTION NO. 2020-\_\_**

**AUTHORIZING A 1991 CHEVROLET 2500  
TO BE CONSIDERED SURPLUS**

**WHEREAS,** The Manager has recommended that a 1991 Chevrolet 2500 (vehicle identification number: 1GCFK24K0MZ206724), Unit #7053, owned by the Water Department to be considered as surplus to be sold at govdeals.com.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Loudon Utilities as follows:

**Section 1.** The 1991 Chevrolet 2500 (vehicle identification number: 1GCFK24K0MZ206724), Unit #7053, owned by the Water Department is declared to be surplus and may be auctioned on govdeals.com.

\_\_\_\_\_  
Secretary

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Chairman

Passed: \_\_\_\_\_

**RESOLUTION NO. 2020-\_\_**

**ESTABLISHING NATURAL GAS RATES  
EFFECTIVE MARCH 2020**

**WHEREAS**, Loudon Utilities purchases natural gas at the first of the month index price; and

**WHEREAS**, It is therefore necessary to change the natural gas rate each month based on the price of gas that is being purchased for resale; and

**WHEREAS**, The Utility Manager has recommended the price for the sale of gas for customers other than interruptible and process load customers be set at \$1.01 per 100 cubic feet for all meters read after March 1, 2020.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Loudon Utilities as follows:

**Section 1.** The natural gas rate for meters for customers other than interruptible and process load customers read on or after March 1, 2020 shall be \$1.01 per 100 cubic feet.

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Secretary

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Chairman

Passed: \_\_\_\_\_