

**EAST SEVIER COUNTY UTILITY DISTRICT
BOARD OF COMMISSIONERS MEETING**

June 11, 2020

5:30 P.M.

AGENDA

- 1) Call to Order by President Roy Ivey
- 2) Motion to approve the minutes of the May 14, 2020 meeting
- 3) Motion to approve the Accounts Payable Listing in total as submitted

REPORTS:

- 4) Alliance Water Resources – Financial Report / Operations

PERSONS TO BE HEARD:

****ONE AT A TIME AS RECOGNIZED****

When it is your turn to speak, please stand and state your name.

Please be considerate of others that may wish to speak by keeping your comments brief.

- 5) Customers' Comments; Questions; and Concerns

OLD BUSINESS:

- 6) None

NEW BUSINESS:

- 7) Project update
- 8) Adjournment – Next regular meeting to be held on Thursday, July 9, 2020 – 5:30 p.m.

MINUTES

BOARD OF COMMISSIONERS OF THE EAST SEVIER COUNTY UTILITY DISTRICT

Thursday, May 14, 2020

The Board of Commissioners of the East Sevier County Utility District met at 5:30 p.m. on Thursday, May 14, 2020, in the Office of the East Sevier County Utility District, 1529 Alpine Drive, Sevierville, TN 37876. Commissioners present were Roy Ivey, President; Barbara Darby, Secretary/Treasurer; and Janice Brooks–Headrick.

President Roy Ivey called the meeting to order at 5:35 p.m. for any old or new business.

A motion to approve the minutes of the April 09, 2020, meeting was made by Barbara; Janice seconded the motion. Motion carried.

A motion to approve the Accounts Payable listing in total as submitted was made by Barbara; Janice seconded the motion. Motion carried.

Reports

Evan Romo, Division Manager, went over key points of the financial packet. Barbara motioned to approve the financial report as presented, Janice seconded the motion. Motion carried.

Evan reported that water treatment at Well C has continually improved since the installation of the filter system. A leak was causing the booster pump at Well C to run constantly for several days with a 135 PSI line pressure. After we found and repaired the leak, the booster began to cycle normally, and the tank level began to steadily rise. There could be possible additional line leaks due to the constant higher pressure on our older infrastructure.

On the Mountain we installed a water tap for a new customer on Lin Creek, replaced all the intake hoses on the #1 Stenner pump at the A/B well house, and spread dirt, seed, and straw on a customer's yard at a previous repair site. Water leaks were addressed at several locations, including Chestnut Ridge, Glasgow, Half High, Clingman's View, and Alpine Drive. Our April safety meeting was regarding COVID 19. A customer from the English Mountain Condos stated to staff members that the water quality is much higher than it was before the arrival of Alliance Water Resources, Inc.

Offsite, we installed five pump kits, two at Smoky Mountain Ridge and three at Timberlake Bay. We repaired a sewer lateral at Douglas Lake Resort and addressed a sewer leak at Bear Creek Crossing. We trained our newest employee on water and

wastewater treatment. Our new local manager, John Haak, started on April 13; he is trained for ESCUD and Alliance operations.

Persons to be Heard

Conard Frye, owner of the property at 709 Water's Edge in Bouldercrest Villas, attended the meeting. He had purchased the property at an auction. The builder of the property had never paid the tap fee, so Brenda Fields added the fee to his bill. He called the office to protest, saying he had no connection to the property at the time the pump kit was installed. However, the tap fee must be paid, and the builder has since gone out of business. Barbara said the best thing to do would be to contact ESCUD's attorney, Mark Jendrek, for legal advice. Conard will be contacted once a decision has been made.

Luther Murray of 1727 K O Way reported that his water usage has run high ever since he purchased the property in January 2020. He had found and repaired a leak in a shower stall that no one uses but did not actually ask for his one-time forgiveness. Staff has reported that he has a leaking pipe in his yard he plans to repair; afterward, he will request an adjustment to his bill.

Old Business

None

New Business

Evan addressed the memo included in the Board packet regarding a new truck purchase for the District fleet. The memo explains that all of the trucks are aging and in need of repair. Recently, the 2003 Ford Ranger broke down, and the estimate to repair it is \$7,500 to replace the engine and various other parts. Being that the truck is valued at only \$1,554 in fair condition and running, it is not cost-effective to have the repairs done.

In August of 2019, the Board approved \$25,000-\$30,000 for the purchase of a small van. Alliance recommends re-appropriating these funds for the purchase of a small truck. An additional \$30,000 is being recommended in the capital improvement budget for FYE2021 to purchase another Ranger. The \$25,000 from the FYE2020 budget will be rolled over to the FYE2021 budget, bringing the budget for new vehicles to \$55,000.

The other two vehicles currently in use for daily operations are the 1998 Ford F350 utility truck, which has 150,000+ miles on it and the 1999 Mazda B4000 pickup truck, which has 212,000+ miles on it. Both are in need of repair. Purchasing a new Ford Ranger 4X4 from the state bid list would cost \$25,192 plus the tag. We recommend purchasing two trucks now for a total price of \$50,384 before tag and title fees. Roy motioned to approve the purchase of two vehicles for \$50,384 before tag and title fees; Janice seconded the motion. Motion carried. Barbara was also in favor of the purchase.

McGill is preparing final plans to present to TDEC on the WWTP project.. An updated project schedule has been delivered to TDEC. In order to pay for the WWTP project, which will cost more than \$1,000,000, and other costs, the flat rate commercial customers on the Mountain will get a 10 percent increase on water and sewer, which was not done

last year. We also will consider raising the sewer rates for the offsite customers if/when we take ownership of the equipment in the new contracts because we will then be solely responsible for upgrades and repairs.

Evan stated that he received a call from USDA that we would not be eligible for a grant for any overage in the WWTP project due to a new rule requiring a new survey of median household income throughout the entire county. USDA advised that we talk to the state about the State Revolving Fund. McGill has to take ownership for some of these overrun costs. If the first McGill employees had done their jobs correctly, the project would have been finished by now.

The Alliance contract will be going up by eight percent due to AWR paying for firewall protection and monthly billing backups. We will look to amend the contract to hire a new, full-time employee next year as Clyde will be taking full retirement by the end of 2020.

As a result of rate changes, deposits on account paid by customers needs to be increased to cover three months' charges. Renters will now pay a \$300 deposit instead of \$200. There was a consensus of the Board to raise the deposit amounts.

The next regular meeting will be held on Thursday, June 11, 2020, at 5:30 p.m.

Adjournment

Roy motioned, and Barbara seconded the motion, to adjourn at 6:47 p.m. Motion carried.

Secretary-Treasurer

**East Sevier County Utility District
List of Bills
11-Jun-20**

<u>Regular Checking for Consideration</u>		Total
Barbara Darby	Meeting fee	\$ 266.05
Janice Brooks-Headrick	Meeting fee	\$ 277.05
Roy Ivey	Meeting fee	\$ 266.05
Barbara Darby	Insurance payment	\$ 350.00
Janice Brooks-Headrick	Insurance payment	\$ 350.00
Roy Ivey	Insurance payment	\$ 350.00
Alliance Water Resources, Inc	May 2020 Services, Invoice# 8890	\$ 40,652.00
First Horizon Bank	Alpine Drive Fund	\$ 2,000.00
The Mountain Press	Notice, Ad# 30902422, 05/09/20	\$ 25.88
Mark Jendrek	Inv# 15705, Legal Services on 04/09/20	\$ 137.50
Power Pumping	Inv# 8620, Pump out 2 lift stations on 03/10/20	\$ 700.00
	Inv# 9041, Pump & haul 1 load, 4,000 gal. on 05/05/20	\$ 700.00
	Inv# 9357, Pump customer tanks from 3302-3352 Lonesome Pine on 05/18-5/21	\$ 7,350.00
Big Orange Electric	Inv# 2079, April new installs	\$ 2,500.00
	Inv# 2080, April service calls/site work	\$ 2,565.00
	Inv# 2081, April service calls	\$ 285.00
Selective Insurance Company of America	Workers Compensation premium, Pol# WC7959420, Effective 02/12/19	\$ 48.00
Utility Service Co., Inc. (Suez)	Inv# 509190, Well C-Annual Maintenance	\$ 10,183.43
Rebecca Bartley, 8-52400-2	Refund deposit minus balance	\$ 104.63
Mark McGill, 1-20600-1	Refund deposit	\$ 105.00
Total Regular Checking Charges and Bills Paid		\$ 69,215.59

Charges and Bills Paid from Regular Checking Since May 14, 2020

TDEC	Plan submittal fee, WWTP project	\$ 262.50
Smokey's Auto Repair	Repair Ford F-350, May 2020	\$ 1,968.29
Sevier County Electric	Utility	\$ 3,416.00
Sevier County Water	Utility	\$ 42.25
Appalachian Electric	Utility	\$ 169.20
City of Pigeon Forge Water & Sewer	Utility	\$ -
USDA	Loan Repayment	\$ 2,076.00
State of Tennessee	Monthly Sales Tax	\$ 2,620.00
IRS	Payroll Tax-4th Qtr 2018	\$ 382.64
Bank fee	Analysis Service Charge	\$ 269.66
Total Regular Checking Charges and Bills Paid		\$ 8,975.75

Grand Total Regular Checking \$ 78,191.34

Charges and Bills Paid from Alpine Drive Fund Since May 14, 2020

Total Alpine Drive Fund Checking Charges and Bills Paid \$ -

Charges and Bills Paid from WWTP Fund Since May 14, 2020

Total WWTP Fund Checking Charges and Bills Paid

East Sevier County Utility District
Balance Sheet
April 30, 2020

04/30/2020

ASSETS

CURRENT ASSETS

Checking Account - Operations	\$322,328.95
Checking Account - Alpine Rd Funding	79,869.85
Cash on Hand	60.00

Total Cash	402,258.80
-------------------	-------------------

Accounts Receivable	178,194.37
Allowance for Doubtful Accts	(30,628.96)
Unbilled Accounts Receivable	6,045.00
Inventory	50,631.40
Prepaid Expenses	25,147.96

Total Current Assets	631,648.57
-----------------------------	-------------------

PROPERTY, PLANT & EQUIPMENT

Land	31,657.80
Distribution & Collection System	2,198,180.48
Buildings	69,235.68
Machinery & Equipment	131,409.26
Vehicles & Trailer(s)	49,747.58
Construction Work in Progress	832,842.72
Less: Accumulated Depreciation	(1,128,855.08)

Net Property, Plant & Equipment	2,184,218.44
--	---------------------

RESTRICTED CASH

Construction Account - Waste Wtr Project	833.37
--	--------

Total Restricted Cash	833.37
------------------------------	---------------

OTHER ASSETS

Deposits	14,370.00
----------	-----------

Total Other Assets	14,370.00
---------------------------	------------------

Total Assets	\$2,831,070.38
---------------------	-----------------------

East Sevier County Utility District
Balance Sheet
April 30, 2020

04/30/2020

LIABILITIES AND DISTRICT'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$43,639.82
Sales Tax Payable	3,573.46
Payroll Taxes Payable	382.44
Unearned Revenue	26,417.05
Accrued Interest Payable	2,388.98
Customer Deposits	41,170.00
Total Current Liabilities	<u>117,571.75</u>

LONG-TERM DEBT

USDA 2018 Loan #1	172,237.97
USDA 2017 Loan #2	287,666.84
USDA 2017 Loan #3	263,034.06
Total Long-Term Debt	<u>722,938.87</u>

Total Liabilities

840,510.62

DISTRICT'S EQUITY

Retained Earnings	1,399,050.54
YTD Net Income	591,509.22
Total District's Equity	<u>1,990,559.76</u>

Total Liabilities and District's Equity

\$2,831,070.38

East Sevier County Utility District
Statements of Revenues and Expenses
For the Ten Months Ending April 30, 2020
Actual vs Budget

April

YTD

<u>April</u>			<u>YTD</u>		<u>Annual</u>
<u>Actual</u>	<u>Budget</u>		<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
		Operating Revenues			
\$18,114	\$23,157	Water Sales	\$187,397	\$228,781	\$279,067
49,072	34,337	Sewer Charges	456,053	423,172	495,048
1,250	0	Connection Fees - Water	1,250	2,500	2,500
1,250	1,146	Connection Fees - Sewer	35,500	11,458	13,750
(12)	1,613	Late Charge Fees	6,754	16,128	19,353
19,097	613	Reconnect/Meter Sets/Other Fees	131,047	6,133	7,359
0	0	Gain (Loss) on Sale of Assets	500	0	0
0	200	Miscellaneous Income	400	2,000	2,400
88,771	61,066	Total Operating Revenues	818,901	690,172	819,477
		Operating Expenses			
159	167	Payroll Taxes	1,593	1,667	2,000
40,652	40,652	Management & Operations Contract	406,520	406,520	487,824
3,697	4,000	Utilities	38,927	40,000	48,000
2,475	2,000	Insurance	23,454	20,000	24,000
5,862	4,417	Repairs & Maintenance	46,445	44,167	53,000
0	417	Professional Outside Services	450	4,167	5,000
2,082	2,083	Directors' Fees	20,825	20,833	25,000
138	1,000	Legal Expenses	8,329	10,000	12,000
0	0	Accounting	8,800	7,300	7,300
1,167	1,167	Bad Debts	11,667	11,667	14,000
0	0	Dues	0	825	825
26	0	Advertising Expense	252	0	0
0	0	Permits	7,262	4,306	5,200
209	250	Miscellaneous Expense	1,296	2,500	3,000
56,467	56,153	Total Operating Expenses	575,820	573,952	687,149
32,304	4,913	Net Income B/4 Other (Inc) & Exp	243,081	116,220	132,328
		Other Income (Expenses)			
0	0	Grant Income	423,268	0	0
(460)	(1,792)	Interest Expense	(12,841)	(17,917)	(21,500)
(6,200)	(6,200)	Depreciation	(62,000)	(62,000)	(74,400)
0	(83)	Bond Issue Costs	0	(833)	(1,000)
(6,660)	(8,075)	Total Other Income (Expenses)	348,427	(80,750)	(96,900)
\$25,644	(\$3,162)	Net Income(Loss)	\$591,508	\$35,470	\$35,428

**East Sevier County Utility District, TN
Treasury Report**

Billing Charges For the Month of:	Apr-20	
Water Revenue		18,114.02
Sewer Revenue		49,960.04
Installment Billing -Offsite Sewer Arrears		887.76
Sales Taxes		3,410.51
Late Charges		(12.00)
Installation Fees-Water		1,250.00
Installation Fees-Sewer		1,250.00
Other Miscellaneous Fees		19,096.75
Returned Checks		-
Deposits Applied/Adjustments		(220.00)
Customer Refunds Paid		252.44
Total Billing Charges		<u>93,989.52</u>
Water Gallons Billed		<u>956,075</u>
Water Customers Billed		<u>246</u>
Sewer Gallons Billed		<u>576,470</u>
Sewer Customers Billed		<u>806</u>

Accounts Receivable	Apr-20	
Beginning Balance		136,738.56
Billing Charges		93,989.52
Bad Debt Recoveries (Write Offs)		-
Accounts Receivable Collections		(86,378.84)
End of Month Accounts Receivable		<u>144,349.24</u>

Water Revenue Checking	Apr-20	
Beginning Balance		306,331.24
Deposits:		
Accounts Receivable Collections		86,378.84
Customer Deposits		840.00
		<u>87,218.84</u>
Disbursements:		
Accounts Payable Checks		(60,551.42)
Auto Debit Charges-Utilities		(4,164.78)
USDA Loan Payment		(2,076.00)
Transfer to Alpine Road Funding		(2,000.00)
TN TAP - Sales Tax		(1,837.00)
Payroll Taxes		(382.64)
Bank fees		(209.29)
End of Month Balance		<u>322,328.95</u>
Cash Receipts Collected To Date in:	May-20	83,734.83
Auto Debited Utilities in:	May-20	(3,627.45)
Bills Submitted for Payment in:	May-20	(78,974.38)
Available Balance		<u><u>323,461.95</u></u>

East Sevier County Utility District, TN
Treasury Report
Summary of Cash and Investments
April 30, 2020

Bank Account / Security	Maturity Date	Beginning Balance	Deposits	Interest Earned	Payments	Ending Balance
Checking Acct-Operations		306,331.24	87,218.84	-	(71,221.13)	322,328.95
Checking Acct-Alpine Road Funding		77,869.85	2,000.00	-	-	79,869.85
Checking Acct-Waste Water Plant		833.37	-	-	-	833.37
Cash on Hand		60.00	-	-	-	60.00
Total Cash and Investments		385,094.46	89,218.84	-	(71,221.13)	403,092.17

**EAST SEVIER COUNTY UTILITY DISTRICT
BILLING SUMMARY**

DATE	WATER REVENUE		WATER GALLONS (000s)		NO. OF CUSTMRS
	TOTAL	YTD TOTAL	TOTAL	YTD TOTAL	
Apr-20	19,479	202,322	956	10,071	246
Mar-20	20,417	182,843	979	9,115	248
Feb-20	18,829	162,426	761	8,136	246
Jan-20	19,615	143,597	931	7,375	246
Dec-19	19,456	123,982	883	6,444	246
Nov-19	26,715	104,527	1,740	5,561	247
Oct-19	19,447	77,812	930	3,821	247
Sep-19	19,745	58,365	964	2,891	246
Aug-19	19,662	38,620	950	1,927	246
Jul-19	18,958	18,958	977	977	246
Jun-19	18,888	221,506	894	8,978	249
May-19	17,763	202,618	783	8,084	250
Apr-19	17,463	184,855	668	7,301	250

**EAST SEVIER COUNTY UTILITY DISTRICT
BILLING SUMMARY**

DATE	SEWER REVENUE		SEWER GALLONS (000s)		NO. OF CUSTMRS	W&S CUSTMR RECEIPTS
	TOTAL	YTD TOTAL	TOTAL	YTD TOTAL		
Apr-20	48,098	474,748	576	6,382	806	86,379
Mar-20	48,235	426,650	569	5,806	799	78,211
Feb-20	46,901	378,415	452	5,237	788	79,590
Jan-20	47,529	331,514	605	4,785	784	68,926
Dec-19	46,625	283,985	491	4,180	782	91,695
Nov-19	54,957	237,360	1,438	3,689	778	65,064
Oct-19	46,455	182,403	543	2,251	777	88,106
Sep-19	46,158	135,947	522	1,708	774	83,813
Aug-19	45,454	89,790	510	1,186	769	78,394
Jul-19	44,335	44,335	676	676	762	88,359
Jun-19	46,421	553,474	574	6,709	758	100,207
May-19	44,839	507,053	604	6,135	757	65,173
Apr-19	43,934	462,214	491	5,531	751	73,177

**OUR
MISSION**

We partner with communities to deliver the finest water and wastewater services available at a competitive price. We are committed to keeping water safe and clean while serving people and taking care of communities with improved technical operations, careful management and financial oversight, and ensured regulatory compliance.

Alliance Water Resources, Inc.

**206 S. Keene
St. Columbia,
MO 65201**

(573)874-8080

OPERATIONS REPORT – East Sevier County Utility District

May 2020

Administrative

The Sensus water meter reading unit is not functioning properly. All monthly bills were sent out with the minimum water usage charges. Sensus meter reading unit is being sent to manufacturer for repairs, will be returned before next month's meter reading time.

Treatment

Treatment at the wells is monitored daily. Water treatment has improved since the installation of the filters at well C.

Treatment at the wastewater plant is effective. All monthly parameters were met within permit limits for the month.

Collection/Distribution

Installed two (2) pump kits at Smoky Mountain Ridge.

Installed one (1) pump kits at Timber Lake Resort.

Performed sewer taps for new customers at Smoky Mountain Ridge and Lashbrooke.

Responded to customer complaint at Douglas Lake, Faulty float switch on pump.

Replaced faulty water meter at 1516 Lincreek.

Made repairs to drip field at Lashbrooke.

Installed new pumps at Sherwood Forest drip fields.

Customer Service

A few customers from the English Mountain Condos complained of sewer odors from lift station. AWR staff investigated and found nothing out of the ordinary. In an effort to mitigate any future complaints deodorant blocks were purchased and installed at lift station.

Project Updates

Still waiting on TDEC on the proposed WWTP.



OPERATIONS REPORT – East Sevier County Utility District

Safety

Our May safety meeting was continued COVID 19 and Electrical Safety – Arc Flash.

Regulatory

Monthly Water and Wastewater reports were successfully submitted to the Tennessee Department of Environment and Conservation.

Training

On-going training of new employee on offsite activities for water distribution and wastewater.

Concerns for the Month

Periodically losing water volume from Well D holding tank. Several times during the month the holding tank was found low with both booster pumps operating at 100%. Searched entire Well D footprint and found no leaks. Suspect there are customers using large quantities of water to fill small swimming pools, investigation and monitoring ongoing.

Positives for the Month

Fewer leak repairs.

Leak Repairs

Water leaks were addressed at several locations: Chestnut Ridge (2), Aintree. Sewer breaks was addressed at Sherwood Forest Resort and Parkside Resort.