

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

July 14, 2022

5:30 P.M.

AGENDA

- 1) Call to Order by President Roy Ivey
- 2) Introductions of Commissioners, Alliance Personnel and ESCUD Manager
- 3) Motion to approve the minutes of the previous Board meeting
- 4) Persons to be Heard
 - ****ONE AT A TIME AS RECOGNIZED****
 - When it is your turn to speak, please stand state your name, address and phone number prior to your discussion. Time limit is 10 minutes.
 - Please be considerate of others that may wish to speak by keeping your comments brief.
 - Customers that interrupt others speaking may be asked to leave meeting.

REPORTS

- 5) Motion to approve the Accounts Payable Listing in total as submitted.
- 6) Alliance Water Resources – Financial Report / Operations

OLD BUSINESS

- 7) Wholesale water provider options (Sevier County and Newport Utilities)
- 8) New well installation update

NEW BUSINESS

- 9) WWTP Update
- 10) The Preserves water system discussion
- 11) Adjournment – Next regular Board Meeting to be held on Thursday, August 11, 2022- 5:30 pm

****Anyone without the authority or knowledge of ESCUD and/or water systems should refrain from giving instructions to other customers****

MINUTES

BOARD OF COMMISSIONERS OF THE EAST SEVIER COUNTY UTILITY DISTRICT

Thursday, June 09, 2022

The Board of Commissioners of the East Sevier County Utility District met at 5:30 p.m. on Thursday, June 09, 2022, 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. Introductions were made between the staff and one visitor who, when he was called on to speak, related problems with the install of natural gas at his property in Gatlinburg. When he was told he had the wrong Utility, he apologized and left.

A motion to approve the minutes of the May 12, 2022, meeting was made by Barbara; Janice seconded the motion. Motion carried.

Persons to be Heard

None

Reports

Financials, April 2022: Barbara motioned, and Janice seconded the motion, to approve the Accounts Payable listing in total as submitted. Motion carried.

Brian Pieper, ESCUD Division Manager for Alliance Water Resources, Inc., went through the financials with the Commissioners and asked for a motion to approve if there were no questions. Barbara motioned, and Janice seconded the motion, to approve the Financial report as submitted. Motion carried.

Operations, April 2022: Staff participated in Alliance's company-wide Chemical Hygiene Program and Policy training. A sewer blockage at a previously covered manhole on Alpine Drive was addressed. Staff repaired three substantial leaks on Alpine Drive. Because of a power outage, staff corrected the SCADA system at Well C. They also eliminated pressure issues related to the fire department filling tanks without asking. The fire chief later apologized for his staff member's error. Staff utilized GIS equipment to locate 25 meter pits. The SCADA system's influent flow meter and the perimeter fencing were installed, and two sets of O & M manuals were provided for the new WWTP. Offsite, a broken check valve was replaced at the Bear Creek Crossing lift station.

Old Business

Brian reported that he has had a few conversations with Veolia, formerly Suez, about Well C maintenance. We have been paying a yearly maintenance fee to them since they were initially hired to maintain the well. Apparently, well maintenance is not their niche as they dropped a pump into the well at C site and never recovered it or compensated the District for the error. Brian wants to gauge the future and asked the Board if they want to continue paying them thousands of dollars for a service agreement that they have rarely honored. Roy asked if we dropped Veolia, who would maintain the well. Brian said there are local companies available who are more qualified and better equipped for the job. Barbara noted that Suez had never corrected past mistakes.

Brian suggested that because of past failures, we will ask for some or our money back. We are supposed to give them a 90-day notice to sever out contract, but we do not have that much time before the next renewal date in August of 2022. He had talked with one Veolia employee that said we could cancel at any time and that they will make one last visit out here to attempt to rectify the damages. Well C produces only 24 gpm, and there is a good possibility that no matter what we do, it will never produce more than that.

Jeff Bragonier suggested that we don't risk losing the well before the new one is in place and operational. Brian said that we need a company that is reliable since response time is critical when customers are out of water. Brian suggested that we get the new well operational, and in the meantime, we will work on trying to recoup some of our money from Veolia for breach of contract without getting attorneys involved.

Brian apologized to the Board for not having the parts yet to install the Well D storage tank. The parts are still on back order.

New Business

Brian said that the State inspected our new WWTP and found that two plugs were not in place, causing operational problems. It was causing the sewage to recirculate in the wrong direction. They are not willing to declare the job complete so we are still accumulating liquidated damages. We will not be receiving an invoice from J S Haren Co. this month. The District's position will be that until the plant is as it should be, we will not acknowledge it until as being finished until all the corrections have been made.

The 2023 budget proposal was included in the Board packet. Until government discounts again become available, we will not be purchasing any new vehicles. Our office billing software is again included in the budget. We still have not found software that will fit the needs of the Utility. Accounting has been testing various programs without being able to find one that is suitable at a reasonable cost. The new generator for Well C is in Sevierville waiting to be delivered. We need to put in a slab; the unit weighs 7,500 lbs. The budget is based on increasing the offsite sewer tap fees. Barbara motioned to approve to approve the Budget Memorandum of Agreement, which will be effective July 01, 2022, through June 30, 2023. Janice seconded the motion. Motion carried.

Brian spoke about the WWTP average flows. We have had issues recently with the plant being over capacity, which is a fineable offense according to TDEC requirements. For a short while, the District put a freeze on the issuing of will-serve letters for sewer on any property on the Mountain. Since the last meeting, usage at the plant has been monitored. The average monthly usage was only 30,255-41,059 gpd so we will resume issuing the will-serve letters for now and adding new customers.

Alliance has hired a new local manager named Jordan Roberts. Jordan owned a well-drilling company and is an expert in water. He begins on June 27.

Roy produced a letter he had received from the attorney for Donna McCulloch, who owns the property at Lot 14 on Alpine. The letter asks that her water and sewer taps be installed within two weeks. However, Roy pointed out that we cannot install a water meter until the sewer system is in place. Jeff is not sure where the sewer line is; he and Roy discussed the matter for a few minutes. It was decided that we will probably put the water meter in and lock it off until the sewer is hooked up. There is also the issue of the size of the structure she has on the property. Property Owners' Association requires that a structure be at least 1500 sq. ft. The home she purchased and placed on the property is only 1,000 sq. ft., which means she might not be allowed to keep the structure on the property.

Roy also approved a letter from Mayor Waters that reappoints Barbara as Secretary/Treasurer of the Board. All congratulated her on the reappointment.

The next regular Board meeting will be held on Thursday, July 14, 2022, at 5:30 p.m.

Adjournment

Roy motioned and Barbara seconded the motion, to adjourn at 6:43 p.m. Motion carried.

Secretary-Treasurer

East Sevier County Utility District
List of Bills
14-Jul-22

Regular Checking for Consideration		Total
Barbara Darby	Meeting fee/Insurance payment	\$ 616.05
Janice Brooks-Headrick	Meeting fee/Insurance payment	\$ 627.05
Roy Ivey	Meeting fee/Insurance payment	\$ 616.05
Alliance Water Resources, Inc.	Inv# INV103818, Jul22 services	\$ 49,048.00
First Horizon Bank	Alpine Fund Drive	\$ 2,000.00
The Mountain Press	Ad# 70398342, Jun22 Board meeting notice, affidavit fee	\$ 33.26
Mission Communications	Inv# 1066177, Scada parts, 1 set installed, 1 set inventory, freight \$67.73	\$ 1,467.73
TDEC	Inv# 702254, Permit fee, offsite WWTP	\$ 690.00
Landon Electric Service Co. Inc.	Inv# 93042, Drives for Booster C; to be installed by Wayne	\$ 2,590.04
English Mountain Spring Water	Water for handout to customers	\$ 497.75
Christina Carver, 11-125-4	Refund Overpayment	\$ 5.00
Judy Larkin, 11-120-3	Refund Overpayment	\$ 5.00
Mark Tabor, 4-17800-2	Refund Deposit minus balance due	\$ 91.00
Corey Ebbin, 4-16100-3	Refund Overpayment	\$ 100.00
Sherri Miller, 5-26100-3	Refund Deposit plus overpayment	\$ 124.49
Chery Patel, 1-25000-1	Refund deposit	\$ 135.00
Mariner McCloud, 12-27000-2	Refund Deposit minus balance due	\$ 176.00
Chad Sims, 1-26000-1	Refund Deposit	\$ 225.00
Susan Osborne, 5-32000-2	Refund Deposit plus overpayment	\$ 242.50
Waymaker Management, 16-12000-2	Refund Deposit plus overpayment	\$ 385.00
Dirk Williams, 4-33000-1	Refund Deposit plus overpayment	\$ 136.50
Mark Sawyer, 4-24300-2	Refund Deposit plus overpayment	\$ 215.50
Mike Hazell, 4-15100-4	Refund Deposit plus overpayment	\$ 225.00
Willie Holley, 11-101-2	Void, Check# 19250, Never received by customer	\$ (9.00)
	Refund Overpayment, to replace Check# 19250	\$ 9.00
Roger Wallace, 5-29200-1	Void, Check# 19342, Never received by customer	\$ (105.00)
	Refund Deposit	\$ 105.00
	Total Regular Checking for Consideration	\$ 60,251.92

Charges and Bills Paid from Regular Checking Since June 09, 2022

Sevier County Electric	Utility	\$ 3,827.47
Sevier County Water	Utility	\$ 42.75
City of Pigeon Forge Water & Sewer	Utility	\$ 29.12
Appalachian Electric	Utility	\$ 461.81
USDA	Loan repayment	\$ 2,076.00
State of Tennessee	Sales tax	\$ 2,025.00
IRS	Payroll tax	\$ 382.64
Bank Fee	Analysis service charge	\$ 258.52
	Total Regular Checking Charges and Bills Paid	\$ 9,103.31

Grand Total Regular Checking **\$ 69,355.23**

Charges and Bills Paid from Alpine Drive fund Since June 09, 2022

USDA RD DCFO-Payment 210925000	Repay loan	\$ 1,667.00
USDA RD DCFO-Payment 0000	Monthly payment on the cost overrun loan of \$112,000	\$ 325.00
	Total Alpine Drive Fund Checking Charges and Bills Paid	\$ 1,992.00

Charges and Bills Paid from WWTP fund Since June 09, 2022

McGill Associates, PA	WWTP Upgrade, Project 15.06205-14292	\$ 7,569.25
	Total WWTP Fund Checking Charges and Bills Paid	\$ 7,569.25

East Sevier County Utility District
Balance Sheets
May 31, 2022

ASSETS	5/31/22	5/31/21
CURRENT ASSETS		
Checking Account - Operations	\$ 275,094.53	\$ 289,076.04
Checking Account - Alpine Rd Funding	99,912.85	105,869.85
Cash on Hand	100.00	100.00
Cash - Restricted - Customer Deposits	(94,740.49)	(66,583.49)
Total Cash	280,366.89	328,462.40
Accounts Receivable	137,637.89	168,021.98
Allowance for Doubtful Accounts	(78,403.39)	(48,833.37)
Unbilled Accounts Receivable	8,803.00	10,539.00
Inventory - Water and Sewer	139,560.70	112,454.55
Prepaid Expenses	26,010.70	24,281.63
Total Current Assets	513,975.79	594,926.19
PROPERTY, PLANT, & EQUIPMENT		
Land	76,657.80	76,657.80
Distribution & Collection System	3,160,338.32	2,968,744.76
Buildings	70,784.60	69,235.68
Machinery & Equipment	124,378.85	122,963.26
Vehicles & Trailer(s)	82,108.00	88,334.99
Construction Work in Progress	1,157,159.92	383,925.98
Less: Accumulated Depreciation	(1,446,699.72)	(1,243,756.17)
Net Property, Plant, & Equipment	3,224,727.77	2,466,106.30
RESTRICTED ASSETS		
Construction Account - Waste Water Project	39,613.55	813.37
Cash - Restricted - Customer Deposits	94,740.49	66,583.49
Total Restricted Assets	134,354.04	67,396.86
OTHER ASSETS		
Deposits	14,945.00	14,370.00
Total Other Assets	14,945.00	14,370.00
Total Assets	\$ 3,888,002.60	\$ 3,142,799.35

East Sevier County Utility District
Balance Sheets
May 31, 2022

	5/31/22	5/31/21
LIABILITIES AND DISTRICT'S EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 25,388.30	\$ 229,345.38
Retainage Payable	47,192.22	-
Sales Tax Payable	2,028.45	1,942.19
Payroll Taxes Payable	382.44	382.44
Unearned Revenue	33,069.88	30,420.85
Long Term Debt - Current	19,005.61	8,163.56
Accrued Interest Payable	1,109.13	6,496.33
Customer Deposits	94,740.49	66,583.49
Total Current Liabilities	222,916.52	343,334.24
LONG-TERM DEBT		
USDA 2018 Loan #1	553,530.47	152,506.25
USDA 2017 Loan #2	279,039.80	283,250.50
USDA 2017 Loan #3	254,215.56	258,355.00
USDA 2022 Loan	111,676.66	-
Less Current Portion of L-Term Debt	(19,005.61)	(8,163.56)
Total Long-Term Debt	1,179,456.88	685,948.19
Total Liabilities	1,402,373.40	1,029,282.43
DISTRICT'S EQUITY		
Retained Earnings (Deficit)	1,995,878.76	1,960,517.59
YTD Net Income	489,750.44	152,999.33
Total District's Equity	2,485,629.20	2,113,516.92
Total Liabilities and District's Equity	\$ 3,888,002.60	\$ 3,142,799.35

East Sevier County Utility District
Statements of Revenues and Expenses
Fiscal Year Jul 01 to Jun 30
For the Month(s) Ending
Actual vs Budget

<u>May, 2022</u>			<u>YTD</u>		
<u>Actual</u>	<u>Budget</u>		<u>Actual</u>	<u>Budget</u>	<u>Annual Budget</u>
		Operating Revenues			
\$ 20,314	\$ 19,994	Water Sales	\$ 216,380	\$ 219,969	\$ 237,263
56,777	52,919	Sewer Charges	598,352	571,760	620,164
-	-	Connection Fees - Water	10,000	2,500	2,500
-	1,500	Connection Fees - Sewer	34,000	21,500	23,750
703	1,072	Late Charge Fees	6,675	11,789	12,861
3,595	8,938	Reconnect/Meter Sets/Other Fees	143,929	98,315	107,253
12,102	200	Miscellaneous Income	12,201	2,200	2,400
93,491	84,623	Total Operating Revenues	1,021,537	928,034	1,006,191
		Operating Expenses			
49,048	49,048	Management & Operations Contract	539,528	539,528	588,576
4,602	4,333	Utilities	53,083	47,667	52,000
2,743	2,500	Insurance	28,644	27,500	30,000
3,447	7,917	Repairs & Maintenance	102,831	87,083	95,000
-	1,000	Legal Expenses	7,040	11,000	12,000
-	-	Accounting/Audit	6,850	7,400	7,400
2,082	2,083	Director Fees	22,907	22,917	25,000
159	167	Payroll Taxes	1,753	1,833	2,000
1,167	1,167	Bad Debts	12,833	12,833	14,000
-	-	Dues & Subscriptions	-	100	100
25	-	Advertising	326	-	-
-	894	Permits	3,500	5,200	5,200
253	292	Miscellaneous Expenses	4,456	3,208	3,500
63,527	69,400	Total Operating Expenses	783,750	766,270	834,776
29,964	15,222	Net Income B/4 Other Income (Expenses)	237,787	161,764	171,415
		Other Income (Expenses)			
-	-	Gain (Loss) on Sale of Assets	708	-	-
-	-	Grant Income	439,483	512,125	536,000
(3,038)	(1,792)	Interest Expense	(32,059)	(19,708)	(21,500)
(12,992)	(12,992)	Depreciation	(142,908)	(142,908)	(155,900)
-	-	Bond Issue Costs	(13,260)	-	-
(16,030)	(14,783)	Total Other (Income) Expenses	251,963	349,508	358,600
\$ 13,934	\$ 439	Net Income (Loss)	\$ 489,750	\$ 511,272	\$ 530,015

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

Billing Charges For the Month of:	May-22	
Water Revenue		20,313.79
Sewer Revenue		57,345.80
Installment Billing -Offsite Sewer Arrears		486.88
Sales Taxes		2,025.42
Late Charges		702.75
Installation Fees-Water		-
Installation Fees-Sewer		-
Other Miscellaneous Fees		3,595.34
Returned Checks		-
Deposits Applied/Adjustments		(345.00)
Customer Refunds Paid		583.47
Total Billing Charges		84,708.45
Water Gallons Billed		946,590
Water Customers Billed		251
Sewer Gallons Billed		483,130
Sewer Customers Billed		877

Accounts Receivable	May-22	
Beginning Balance		125,688.82
Billing Charges		84,708.45
Bad Debt Recoveries (Write Offs)		(41.86)
Accounts Receivable Collections		(81,437.80)
End of Month Accounts Receivable		128,917.61

Water Revenue Checking	May-22	
Beginning Balance		303,479.40
Deposits:		
Accounts Receivable Collections		81,437.80
Transfer from Construction Account to Reimburse Invoices Paid from Revenue Fund		3,800.00
Customer Deposits		2,395.00
Refund from Alliance Water Resources, Inc. for payroll taxes late fee		5.20
		<u>87,638.00</u>
Disbursements:		
Accounts Payable Checks		(103,844.26)
Auto Debit Charges-Utilities		(5,259.27)
USDA Loan Payment		(2,076.00)
Transfer to Alpine Road Funding		(2,000.00)
TN TAP - Sales Tax		(1,650.00)
Refund Checks		(583.47)
Payroll Taxes		(382.64)
Bank fees		(227.23)
End of Month Balance		<u>275,094.53</u>
Cash Receipts Collected To Date in:	Jun-22	177,261.14
Auto Debited Utilities in:	Jun-22	(4,361.15)
Bills Submitted for Payment in:	Jun-22	(117,033.64)
Available Balance		330,960.88

**East Sevier County Utility District, TN
Treasury Report
Summary of Cash and Investments
May 31, 2022**

Bank Account / Security	Maturity Date	Beginning Balance	Deposits	Interest Earned	Payments	Ending Balance
Checking Acct-Operations		303,479.40	87,638.00	-	(116,022.87)	275,094.53
Checking Acct-Alpine Road Funding		99,904.85	2,000.00	-	(1,992.00)	99,912.85
Checking Acct-Waste Water Plant		43,413.55	-	-	(3,800.00)	39,613.55
Cash on Hand		100.00	-	-	-	100.00
Total Cash and Investments		446,897.80	89,638.00	-	(121,814.87)	414,720.93

**EAST SEVIER COUNTY UTILITY DISTRICT
BILLING SUMMARY**

DATE	WATER REVENUE		WATER GALLONS (000s)		NO. OF CUSTMRS
	TOTAL	YTD TOTAL	TOTAL	YTD TOTAL	
May-22	20,535	229,398	947	10,599	251
Apr-22	19,728	208,862	773	9,652	251
Mar-22	21,767	189,135	1,034	8,879	250
Feb-22	27,657	167,368	1,772	7,845	250
Jan-22	19,870	139,711	779	6,073	252
Dec-21	19,895	119,841	880	5,294	251
Nov-21	19,800	99,946	826	4,414	252
Oct-21	20,111	80,146	902	3,588	251
Sep-21	19,738	60,035	848	2,686	251
Aug-21	19,813	40,297	828	1,838	250
Jul-21	20,484	20,484	1,010	1,010	249
Jun-21	19,883	266,302	906	14,025	248
May-21	19,984	246,419	877	13,119	248

**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		
May-22	55,271	603,451	483	6,629	877	81,438
Apr-22	55,042	548,179	437	6,146	872	93,775
Mar-22	57,296	493,137	692	5,709	874	107,204
Feb-22	63,499	435,842	1,433	5,017	871	97,990
Jan-22	54,774	372,343	454	3,584	870	90,563
Dec-21	53,961	317,569	523	3,130	862	137,291
Nov-21	53,191	263,608	484	2,607	853	88,473
Oct-21	53,086	210,416	523	2,123	853	85,572
Sep-21	52,202	157,331	493	1,600	844	92,295
Aug-21	52,385	105,129	488	1,107	846	94,060
Jul-21	52,744	52,744	619	619	843	90,997
Jun-21	53,182	647,773	563	8,695	838	86,032
May-21	52,878	594,592	538	8,132	834	85,065

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 – 2022

Administrative

Mr. James Ford announced he would be resigning as AWR's Local Manager effective June 3rd, 2022.

Treatment

Treatment at the wells is monitored daily. All testing results have been within regulatory compliance. Staff rebuilt the Well D pre-chlorination injectors and had B&R Drilling repair a leak on Well D's well head piping

Treatment at the wastewater plant met all monthly parameters and were within permit limits.

Collection/Distribution

Staff performed the following collection system work during May: repaired a broken line at Smokey Mountain Ridge, installed a pump kit at Hibernation Station, performed pump maintenance at Douglas Lake, and arranged for a tank to be pumped out at Bear Creek Crossing

Staff addressed the following distribution system issues during May: replaced 60' of 8" piping on Alpine

Customer Service

AWR staff completed all meter reading and customer service-related tasks during May

Project Updates

Staff continue to encounter blower and pump issues at the new WWTP . AWR staff are working with the engineer and contractor to resolve these problems.



Safety

AWR’s Electrical & Arc Flash Safety Program and Policy were the cascading message to employees during the month of May

Regulatory

Monthly Water and Wastewater reports were successfully submitted to the Tennessee Department of Environment and Conservation. Staff collected and submitted the required annual nitrate samples

Positives for the Month

Staff received a shipment of pump kits for offsite resort work

Leak Repairs

Leak repairs were performed at 3 locations on Alpine Drive

Alliance Year-to-Date Capped Expenses through April 2022			
	Actual	Budget	Over (Under) Budget
Repair Expense	\$46,601	\$33,240	\$13,361
Chemical Expense	\$4,898	\$10,170	(\$5,272)