

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

June 9, 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) Suez/Veolia Well C Maintenance Agreement
- 8) Well D Storage Tank Update

NEW BUSINESS

- 9) WWTP Update
- 10) Budget Discussion
- 11) Adjournment – Next regular Board Meeting to be held on Thursday, July 14, 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, May 12, 2022

The Board of Commissioners of the East Sevier County Utility District met at 5:30 p.m. on Thursday, May 12, 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 5:31 p.m. for any old or new business. Introductions were made between Donna McCulloch, the only visitor present at the time, and the Commissioners and staff.

A motion to approve the minutes of the April 14, 2022, meeting was made by Janice. Barbara seconded the motion. Motion carried.

Persons to be Heard

Donna McCulloch of Section 22, Lot 14, Alpine Drive spoke about a grievance she has concerning her sewer system, particularly the type of pump to be installed at the property. She and her husband had purchased the property on December 16, 2021, in order to develop and use it as a vacation home. They intend to place a small pre-fab home on the property. She had come into the office to pay the tap fees for water and sewer on February 28, 2022, and inquired about what the procedure would be to get both installed.

Jeff Bragonier, the ESCUD utility worker on duty, was asked to speak with her. The subject of the type of pump to purchase was broached; he said that he told her that she would need a standard non-grinder pump because the installation of a grinder pump, which is cheaper than a standard non-grinder pump, was not permissible. He talked with her for several minutes explaining what she would need to do at her property to prepare for the installations. He said she seemed unwilling to accept the fact that she could not install the less costly grinder pump.

Sometime after that conversation, she got in touch with Darrell Baker, ESCUD's Wastewater Operator. She asked him about the type of pump she needed to purchase. He told her that installing a grinder pump would not be permissible, yet she insisted that she be allowed to install one. Darrell said that he would ask about it and get back with her. Darrell contacted Donna sometime later to explain that if she installed a grinder pump, she and her husband would be responsible for maintaining it themselves. She then purchased a grinder pump and had a ditch dug on her property for the pipe.

When Roy, the President of the Board, heard about the situation, he said that she absolutely could not install the grinder pump. He said that Darrell did not have the authority to approve the installation of a grinder pump. Roy was in a similar situation with another customer in the recent past who had insisted he be allowed to install a grinder pump. Roy would not allow it and said at the meeting that he cannot now allow Donna to install one.

She was in attendance to appeal to the Board to allow her to use the pump, which was already paid for and delivered. Barbara asked if she could get her money back. Donna said that she could, but the other pump will cost considerably more. The Board told her that they would discuss it among themselves after the meeting and get back to her. She then left the meeting. After the meeting, the Commissioners and Alliance staff discussed the matter. Brian Pieper, Alliance Division Manager, suggested that Alliance purchase the grinder pump from her and tell her she would have to then buy the standard non-grinder pump.

Martin Vicik of 1105 Alpine Drive had mentioned at the start of the meeting that he had a \$677.87 water bill for 38,060 gallons of usage. James suggested they take a quick trip to his property to check out the meter. The meeting was in progress when they returned. James confirmed that he qualified for the once-in-twelve-month forgiveness for half of the water overage and all of the sewer overage. The Board agreed to allow the credit to be applied to his bill.

Brenda, the office clerk, presented the Board with a bill for 1502 Sourwood Honey Drive in the amount of \$262 for charges related to a lien on the property. Some time ago, the owner of the properties located at 1502 Sourwood Honey Drive and 1452 Lin Creek Road, Linda Reagan, had discovered that ESCUD had placed a lien on both properties for non-payment. She called the office, requesting to have the liens released. Brenda called the District's attorney, Mark Jendrek, instructing him to release the liens. Since both accounts had been paid in full since the liens had been filed, no moneys were due from Linda for water or sewer service. However, Mark charged the district \$500 for his fee and \$24 for the cost of recording the release of liens. Brenda had split the fee amounts between Linda's two accounts. The charges for 1452 Lin Creek Road were paid right away by her daughter, who lives there. However, the charges for 1502 Sourwood Honey Drive have still not been paid. The Board asked Brenda to send a collection letter to Linda asking for immediate payment.

Reports

Barbara motioned, and Jan seconded the motion, to approve the Accounts Payable listing in total as submitted.

Barbara motioned, and Jan seconded the motion, to approve the Financial report as submitted.

James said that staff replaced five sections of 8" pipe last month. Tanks are gaining nicely; we are getting 40gpd at Well D. LabtronX is coming to calibrate the manual

meter at Well D, and if it works out, we will have 5,000gpd less water loss. He asked if the Commissioners had any questions. Barbara asked if there were still many orders on backlog. James had mentioned at an earlier meeting that we were waiting on meters, parts needed to install our new tank, yokes, and other materials. James said that we did recently receive the meters, but the yokes have not yet arrived. We also received 8-inch pipes, some of which we already used. Barbara asked if he was going to order more; James said we still have 10 on hand. Jan asked if we ever received the plumbing for the Well D Storage tank. James said we had not received it; we will need the manpower to install it once it comes in. Barbara asked if we even needed it since it is not being used. James said not on a daily basis, but it will be nice to have, especially when the fire department fills their trucks. Jan said it is important since the area is prone to wildfires. Brian said we will get a list of parts for the tank install together for next meeting.

James mentioned that there was a serious water loss at the Preserve last weekend, which is still unexplained. He said that the water is not secured so there are many ways it could be lost, such as people filling tanks. However, there is no evidence that the fire department is responsible.

On the Mountain, a water tap was installed for a new customer on Alpine. A representative of the C2RL engineering firm visited the Mountain to gather information for upcoming water and sewer projects. A manhole on Trailer Park Lane was rebuilt to address odor release. The 2021 Consumer Confidence Report has been distributed and is currently under review with the Division of Water Resources Compliance and Enforcement Division. A resident on Alpine complimented staff on "Sevierville Speaks Out" Facebook page for weekend repair work. Our crew handled some heavy labor admirably. Perimeter fencing has been installed around the new WWTP. April safety topics were distracted driving, vehicle backing, and hazardous driving conditions.

Offsite, an effluent pump was replaced at Bear the Creek Crossing WWTP. A leak was repaired at Smoky Mountain Ridge.

Old Business

None

New Business

Brian reported that we had received a letter from Witt Utility concerning their providing the District with water. It mentioned that ESCUD would pay for 50,000 gallons of water per day @ \$12 per thousand gallons whether it was used or not. They did not include any drawings or discuss water pressure or pump stations. He believes purchasing water from Newport is the better option and called the Commissioners' attention to his Memo he had included in the Board packet which showed a comparison between Witt Utilities' offer and Newport's offer. Newport would charge only \$4.31 per thousand gallons. Roy and Barbara explained that we almost had a similar deal going some time ago with Newport, but they backed out. Now that they are running at only half capacity, they are interested in renegotiating with us.

The Commissioners expressed more interested in working with Newport. Barbara said that Ben Harris should have come to a meeting and spoken to the Board face to face. Roy said Ben made statements to him that were not quite accurate. Brian said our next step will be to meet with Newport representatives with our new engineer present for negotiations.

James related to the Board the fact that since the last meeting, he made phone calls to water departments in Newport and Morristown, asking them about Douglas Cherokee Economic Authority, which is the organization that was present at the last meeting to discuss their new Low-Income Home Water Assistance Program (LIHWAP). This new program is currently being approved by the government in order to assist households around the country in paying their water bills. James said that both locations recommended Douglas Cherokee 100 percent. Barbara motioned to approve submitting the vendor agreement in order for our customers to have access to the program. Janice seconded the motion; motion carried.

James explained to the Board that even with the new WWTP up and running, we are over capacity at the plant. Most of the overage is due to the heavy rains in the area, but TDEC does not take that into consideration when determining violations. When we are over, we're over—period. We need to solve the INI problem. Roy asked if the flow drops between rainfalls. Brian said we will collect the data to find the average daily usage and discuss it at the next meeting. James told the Board that they will need to decide at what point we stop issuing will-serve letters for sewer on the Mountain. We have a choice to either expand the plant or stop adding customers.

The next regular Board meeting will be held on Thursday, June 09, 2022, at 5:30 p.m.

Adjournment

Roy motioned and Barbara seconded the motion, to adjourn at 7:16 p.m. Motion carried.

Secretary-Treasurer

**East Sevier County Utility District
List of Bills
9-Jun-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# INV103729, Jun22 Services	\$ 49,048.00
First Horizon Bank	Alpine Fund Drive	\$ 2,000.00
The Mountain Press	Ad# 70348509, May22 Board meeting notice	\$ 20.25
Big Orange Electric	Inv# 2265, Service calls, May22, work completed	\$ 625.00
	Inv# 2266, New Installs, May22, work completed	\$ 2,800.00
G & C Supply Co., Inc.	Inv# 6864353, Parts, May22, Inventory	\$ 4,295.40
Specialized Operations Services, Inc.	Inv# 11314, Parts, Freight \$820, Shipped 04/28/22	\$ 5,975.95
Drillers Service, LLC	Inv# 108006016-00, Shipped 05/20/22, Part	\$ 191.46
LabtronyX	Inv# 23811, Calibrate flow meter, Well D, Work completed	\$ 898.75
Tim Guyse, 4-14750-2	Refund Deposit plus overpayment	\$ 138.29
Charles Mountain House, 4-32200-2	Refund Deposit	\$ 105.00
Steve Hamel, 12-90900-2	Refund Deposit plus overpayment	\$ 200.00
Troy Acosta, 10-97000-1	Refund Deposit plus overpayment	\$ 461.61
Diane Teixeira, 4-18200-2	Refund Deposit plus overpayment	\$ 131.13
Thomas Messmore, 4-20025-1	Refund Deposit plus overpayment	\$ 119.52
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
	Total Regular Checking for Consideration	\$ 68,970.51

Charges and Bills Paid from Regular Checking Since May 12, 2022

Sevier County Electric	Utility	\$ 4,704.66
Sevier County Water	Utility	\$ 42.25
City of Pigeon Forge Water & Sewer	Utility	\$ 58.24
Appalachian Electric	Utility	\$ 454.12
USDA RD DCFO-Payment 2203120000	Loan repayment	\$ 2,076.00
State of Tennessee	Sales tax	\$ 1,650.00
IRS	Payroll tax	\$ 382.64
Bank Fee	Analysis service charge	\$ 227.23
	Total Regular Checking Charges and Bills Paid	\$ 9,595.14
	Grand Total Regular Checking	\$ 78,565.65

Charges and Bills Paid from Alpine Drive fund Since May 12, 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	\$ 1,667.00

Charges and Bills Paid from WWTP fund since May 12, 2022

McGill Associates, P.A.	Inv# 15.06205-14017, WWTP Upgrade	\$ 1,146.50
	Inv# 15.06205-14254, WWTP Upgrade	\$ 2,245.75
	Transfer to O & M Fund	\$ 3,800.00
	Total WWTP Fund Checking Charges and Bills Paid	\$ 7,192.25

East Sevier County Utility District
Balance Sheets
April 30, 2022

ASSETS	4/30/22	4/30/21
CURRENT ASSETS		
Checking Account - Operations	\$ 303,479.40	\$ 311,396.77
Checking Account - Alpine Rd Funding	99,904.85	103,869.85
Cash on Hand	100.00	100.00
Cash - Restricted - Customer Deposits	(92,690.49)	(64,127.49)
Total Cash	310,793.76	351,239.13
Accounts Receivable	135,464.80	167,766.12
Allowance for Doubtful Accounts	(77,278.58)	(47,666.70)
Unbilled Accounts Receivable	8,803.00	10,539.00
Inventory - Water and Sewer	135,073.84	111,860.04
Prepaid Expenses	29,977.05	27,165.90
Total Current Assets	542,833.87	620,903.49
PROPERTY, PLANT, & EQUIPMENT		
Land	76,657.80	31,657.80
Distribution & Collection System	3,157,538.32	2,965,544.76
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	1,153,767.67	178,896.63
Less: Accumulated Depreciation	(1,433,708.05)	(1,237,556.17)
Net Property, Plant, & Equipment	3,231,527.19	2,219,076.95
RESTRICTED ASSETS		
Construction Account - Waste Water Project	43,413.55	833.37
Cash - Restricted - Customer Deposits	92,690.49	64,127.49
Total Restricted Assets	136,104.04	64,960.86
OTHER ASSETS		
Deposits	14,945.00	14,370.00
Total Other Assets	14,945.00	14,370.00
Total Assets	\$ 3,925,410.10	\$ 2,919,311.30

East Sevier County Utility District

Balance Sheets

April 30, 2022

	4/30/22	4/30/21
LIABILITIES AND DISTRICT'S EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 78,125.72	\$ 25,507.04
Retainage Payable	47,192.22	-
Sales Tax Payable	1,653.03	1,234.92
Payroll Taxes Payable	382.48	382.48
Unearned Revenue	33,069.88	30,420.85
Long Term Debt - Current	19,005.61	8,163.56
Accrued Interest Payable	1,109.13	7,474.90
Customer Deposits	92,690.49	64,127.49
Total Current Liabilities	273,228.56	137,311.24
LONG-TERM DEBT		
USDA 2018 Loan #1	553,696.08	152,506.25
USDA 2017 Loan #2	279,394.27	283,598.81
USDA 2017 Loan #3	254,563.34	258,696.74
USDA 2022 Loan	111,838.33	-
Less Current Portion of L-Term Debt	(19,005.61)	(8,163.56)
Total Long-Term Debt	1,180,486.41	686,638.24
Total Liabilities	1,453,714.97	823,949.48
DISTRICT'S EQUITY		
Retained Earnings (Deficit)	1,995,878.76	1,960,517.59
YTD Net Income	475,816.37	134,844.23
Total District's Equity	2,471,695.13	2,095,361.82
Total Liabilities and District's Equity	\$ 3,925,410.10	\$ 2,919,311.30

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

April, 2022			YTD		
Actual	Budget		Actual	Budget	Annual Budget
Operating Revenues					
\$ 18,565	\$ 12,122	Water Sales	\$ 196,066	\$ 199,975	\$ 237,263
52,940	43,821	Sewer Charges	541,575	518,841	620,164
1,250	-	Connection Fees - Water	10,000	2,500	2,500
2,750	750	Connection Fees - Sewer	34,000	20,000	23,750
853	1,072	Late Charge Fees	5,972	10,718	12,861
6,018	8,938	Reconnect/Meter Sets/Other Fees	140,333	89,378	107,253
-	200	Miscellaneous Income	99	2,000	2,400
82,376	66,903	Total Operating Revenues	928,046	843,411	1,006,191
Operating Expenses					
49,048	49,048	Management & Operations Contract	490,480	490,480	588,576
5,429	4,333	Utilities	48,481	43,333	52,000
2,743	2,500	Insurance	25,901	25,000	30,000
5,382	7,917	Repairs & Maintenance	99,383	79,167	95,000
(3,800)	1,000	Legal Expenses	7,040	10,000	12,000
-	-	Accounting/Audit	6,850	7,400	7,400
2,082	2,083	Director Fees	20,825	20,833	25,000
159	167	Payroll Taxes	1,593	1,667	2,000
1,167	1,167	Bad Debts	11,667	11,667	14,000
-	-	Dues & Subscriptions	-	100	100
56	-	Advertising	301	-	-
-	-	Permits	3,500	4,306	5,200
227	292	Miscellaneous Expenses	4,203	2,917	3,500
62,493	68,506	Total Operating Expenses	720,223	696,869	834,776
19,883	(1,604)	Net Income B/4 Other Income (Expenses)	207,823	146,542	171,415
Other Income (Expenses)					
65	-	Gain (Loss) on Sale of Assets	708	-	-
(112,000)	-	Grant Income	439,483	512,125	536,000
(3,038)	(1,792)	Interest Expense	(29,021)	(17,917)	(21,500)
(12,992)	(12,992)	Depreciation	(129,917)	(129,917)	(155,900)
(3,800)	-	Bond Issue Costs	(13,260)	-	-
(131,765)	(14,783)	Total Other (Income) Expenses	267,994	364,292	358,600
\$ (111,882)	\$ (16,387)	Net Income (Loss)	\$ 475,816	\$ 510,833	\$ 530,015

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

Billing Charges For the Month of:	Apr-22	
Water Revenue		18,564.84
Sewer Revenue		52,940.01
Installment Billing -Offsite Sewer Arrears		520.34
Sales Taxes		1,643.92
Late Charges		853.24
Installation Fees-Water		1,250.00
Installation Fees-Sewer		2,750.00
Other Miscellaneous Fees		6,017.90
Returned Checks		110.00
Deposits Applied/Adjustments		(1,005.00)
Customer Refunds Paid		798.79
Total Billing Charges		84,444.04
Water Gallons Billed		773,314
Water Customers Billed		251
Sewer Gallons Billed		437,050
Sewer Customers Billed		872

Accounts Receivable	Apr-22	
Beginning Balance		135,020.09
Billing Charges		84,444.04
Bad Debt Recoveries (Write Offs)		-
Accounts Receivable Collections		(93,775.31)
End of Month Accounts Receivable		125,688.82

Water Revenue Checking	Apr-22	
Beginning Balance		316,204.69
Deposits:		
Accounts Receivable Collections		93,775.31
Customer Deposits		3,612.00
Refund from LabtronX		1,880.00
Sale of Trailer		200.00
		<u>99,467.31</u>
Disbursements:		
Accounts Payable Checks		(99,883.73)
Auto Debit Charges-Utilities		(5,132.35)
USDA Loan Payment		(2,076.00)
Transfer to Alpine Road Funding		(2,000.00)
TN TAP - Sales Tax		(1,660.00)
Refund Checks		(798.79)
Payroll Taxes		(382.64)
Bank fees		(259.09)
End of Month Balance		<u>303,479.40</u>
Cash Receipts Collected To Date in:	May-22	98,502.92
Cash Receipts Collected To Date in:	Jun-22	20,710.74
Auto Debited Utilities in:	May-22	(5,259.27)
Bills Submitted for Payment in:	May-22	(103,582.70)
Available Balance		313,851.09

**East Sevier County Utility District, TN
Treasury Report
Summary of Cash and Investments
April 30, 2022**

Bank Account / Security	Maturity Date	Beginning Balance	Deposits	Interest Earned	Payments	Ending Balance
Checking Acct-Operations		316,204.69	99,467.31	-	(112,192.60)	303,479.40
Checking Acct-Alpine Road Funding		99,896.85	2,000.00	-	(1,992.00)	99,904.85
Checking Acct-Waste Water Plant		112,813.37	-	-	(69,399.82)	43,413.55
Cash on Hand		100.00	-	-	-	100.00
Total Cash and Investments		529,014.91	101,467.31	-	(183,584.42)	446,897.80

**EAST SEVIER COUNTY UTILITY DISTRICT
BILLING SUMMARY**

DATE	WATER REVENUE		WATER GALLONS (000s)		NO. OF CUSTMRS
	TOTAL	YTD TOTAL	TOTAL	YTD TOTAL	
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
Apr-21	20,542	226,435	988	12,242	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		
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
Apr-21	53,487	541,714	630	7,594	836	82,017

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

APRIL – 2022

Administrative

AWR’s Chemical Hygiene Program and Policy were the cascading messages to employees during the month of April

Treatment

Treatment at the wells is monitored daily. All testing results have been within regulatory compliance.

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

Staff replaced an effluent pump at the Bear Creek Crossing WWTP

Collection/Distribution

Staff performed the following collection system work during April: addressed a sewer blockage at a previously covered manhole on Alpine Drive, rebuilt a manhole on Trailerpark Lane to address odor issues, and repaired/replaced a broken check valve at the Bear Creek Crossing lift station

Staff addressed the following distribution system issues during April: 3 substantial leaks on Alpine Drive, a power outage and SCADA issues at Well C, pressure issues related to the fire department filling tanks

Customer Service

AWR staff obtained and documented the location of 25-meter pits utilizing GIS equipment in April.

Project Updates

The SCADA system’s influent flow meter and the perimeter fencing were installed, and 2 sets of O&M manuals were provided for the new WWTP .



Safety

April’s safety topics were distracted driving prevention, vehicle backing, and driver safety/hazardous driving conditions.

Regulatory

Monthly Water and Wastewater reports were successfully submitted to the Tennessee Department of Environment and Conservation. The 2021 Consumer Confidence Reports (CCRs) were distributed to water customers and the required distribution certification was provided to the State of Tennessee.

Positives for the Month

The 24 water meters that had been on backorder for several months arrived

Leak Repairs

Leak repairs were performed at 3 locations on Alpine Drive.

Alliance Year-to-Date Capped Expenses through March 2022			
	Actual	Budget	Over (Under) Budget
Repair Expense	\$44,738	\$29,916	\$14,822
Chemical Expense	\$4,898	\$9,153	(\$4,255)



Utility Service Co., Inc.

Water Well Full Maintenance Contract

Owner: East Sevier County Utility District
Sevierville, Tennessee

Well Number/Name: New Well

Date Prepared: June 22, 2017



WATER WELL FULL MAINTENANCE CONTRACT

This Contract entered into by and between **East Sevier County Utility District, whose business address is 1529 Alpine Drive, Sevierville, TN 37864** (hereinafter referred to as "the Owner") and Utility Service Co., Inc., whose business address is 1230 Peachtree Street NE, Suite 1100, Atlanta, GA 30309 (hereinafter referred to as "the Company").

Therefore, in consideration of the mutual promises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Owner and the Company, the parties agree as follows:

The Owner agrees to engage the Company to provide the professional service needed to service its **New Well** (hereinafter "Well").

1. Company's Responsibilities. This Section outlines the Company's responsibilities for the services associated with the above described Well. Services includes the following:

A. INITIAL CONSTRUCTION (DRILLING)::

- (i) The Company shall perform any necessary construction to drill an eight inch (8") well.

B. REPAIR OR REPLACEMENT OF PUMP:

- (i) The Company shall install a new pump unit following the aforementioned Well Construction; install a pump pad; tie to existing piping and electrical, install chlorination equipment, and perform start up procedures.
- (ii) The Company will provide emergency services, when needed, during the Term of this Contract to perform all repairs to the Pump covered under this Contract. Reasonable travel time must be allowed for the repair unit to reach the Well site.

C. WATER WELL MAINTENANCE:

- (i) The Company will install the necessary Well maintenance equipment following the acceptance of this Contract.
- (ii) The Company will service the Well using the Well maintenance equipment installed in the Well. A minimum of one Well maintenance service shall be performed each Contract year.
- (iii) The Company will conduct a performance test annually and provide a written report of the findings of the Well and pump performance to the Owner following each annual test.
- (iv) The Company will provide future rehabilitation of the Well as necessary. The need for any future Well rehabilitation will be determined by the specific

capacity of the Well. The Company may rehabilitate the Well using appropriate technology, which includes but is not limited to: (1) injecting carbon dioxide or other approved gases into the Well; (2) treatment of the Well with approved chemicals; (3) the mechanical cleaning of the Well; or (4) or any combination thereof.

2. Owner's Responsibilities. This Section outlines the Owner's responsibilities under this Contract, and they include but are not limited to the following:

- A. Fulfill Contract #1 including full payment of current services rendered.
- B. It is understood that only Company's employees or personnel authorized by the Company shall install, operate, and/or maintain the Well maintenance equipment installed by the Company, and the Owner shall not permit any of its employees, agents, or independent contractors, except as authorized by Company, to operate the Well maintenance equipment.
- C. Owner agrees that it will make no alterations in or to the equipment without obtaining prior written permission from Company. The Well maintenance equipment shall have a label attached to it, which Owner shall not remove, describing the equipment and directing system operators to contact the Company prior to removing any equipment from the Well.
- D. The Owner shall notify Company immediately of any breakdown, malfunction, or other evidence that the Well maintenance equipment may need to be serviced.
- E. The Owner shall notify Company immediately of any operational changes to the well or pump that could impact the performance of the well, including but not limited to increasing or decreasing the capacity of the pump, modifications to the pump setting, or modifications to size, or performance.

3. Contract Price/Annual Fees. The annual fee for Contract Years 1 shall be \$162,450.00. The annual fee for Contract Year 2 shall be \$9,499.00. The annual fee for Contract Year 3 shall be \$9,834.00; however, in Contract Year 4 and each Contract Year thereafter, the annual fee shall be adjusted to reflect the current cost of service. The adjustment of the annual fee shall be limited to a maximum of 5% annually. All applicable taxes are the responsibility of the Owner and are in addition to the stated costs and fees in this Contract. A "Contract Year" shall be defined as each consecutive 12-month period following the first day of the month in which the Contract is executed by the Owner and each subsequent 12-month period thereafter during the time the Contract is in effect. For example, if a contract was signed by an Owner on April 17, 2012, Contract Year 1 for that contract would be April 1, 2012 to March 31, 2013, and Contract Year 2 for that contract would be April 1, 2013 to March 31, 2014 and so on.

4. Payment Terms. The annual fee for Contract Year 1, plus all applicable taxes, shall be due and payable **on August 1, 2017. Each subsequent annual fee, plus all applicable taxes, shall be due and payable on the first day of each Contract Year.** Furthermore, if the Owner elects to terminate this Contract prior to remitting the first (1) annual fee, the unpaid balance for work completed shall be due and payable within thirty (30) days of the Company's receipt of the Owner's Notice to Terminate.

5. Structure of Well. The Company is accepting this Well under program based upon the new constructed Well condition, including all casing, screen seals, and components.

6. Environmental, Health, Safety, or Labor Requirements. The Owner hereby agrees that future mandated environmental, health, safety, or labor requirements as well as changes in site conditions at the Well site which cause an increase in the cost of Well maintenance will be just cause for modification of this Contract. Said modification of this Contract will reasonably reflect the increased cost of the service with a newly negotiated annual fee.

7. Excluded Items. This Contract does NOT include the cost for and/or liability on the part of the Company for: (1) Site maintenance of the Well site during the term of the Contract; (2) disposal of any hazardous waste materials; (3) resolution of operational problems or structural damage of the Well; (4) repair of structural damage due to any other work performed by others at the site, on the Well, or on associated equipment attached to the Well or located nearby; (5) resolution of operational problems or repair of structural damage or site damage caused by physical conditions below the surface of the ground; (6) negligent acts of Owner's employees, agents or contractors; (7) damages, whether foreseen or unforeseen, caused by Owner resulting in the increase of starts and stops of the Well pump; (8) repairs or modifications to the foundation or pedestal of the Well; (9) repairs necessary due to the unwarranted delay by Owner in notifying Company of the malfunction or breakdown of equipment; (10) repair or replacement of casings, screens, seals, or other components of the Well; (11) any cost associated with the containment or management of the development water that will be produced during the redevelopment of the well; (12) other conditions which are beyond the Owner's and Company's control, including, but not limited to: acts of God and acts of terrorism. Acts of terrorism include, but are not limited to, any damage to the Well or Well site which results from unauthorized entry of any kind to the Well site or Well; and (13) integrity of the Well or Well site, including but not limited to formation shifts, subsidence, water supply, and earthquakes; new electrical starter or electrical equipment, building, chemical feed equipment, etc.

8. Termination. The Owner shall have the right to continue this Contract indefinitely providing payment of the annual fees is in accordance with the terms herein. This Contract is subject to termination by the Owner only if written notice of intent to terminate is received by the Company ninety (90) days prior to the first day of the upcoming Contract Year. Notice of Termination is to be delivered by registered mail to Utility Service Co., Inc., Attention: Customer Service, P O Box 1350, Perry, Georgia 31069, and signed by three (3) authorized voting officials of the Owner's management and/or Commissioners.

9. Assignment. The Owner may not assign or otherwise transfer all or any of its interest under this Contract without the prior written consent of the Company. If the Company agrees to the assignment, the Owner shall remain responsible under this Contract, until its assignee assumes in full and in writing all of the obligations of the Owner under this Contract. Any attempted assignment by Owner in violation of this provision will be void and of no effect.

10. Indemnification. THE COMPANY AGREES TO INDEMNIFY THE OWNER AND HOLD THE OWNER HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, DAMAGES, LIABILITY, AND EXPENSE IN CONNECTION WITH LOSS OF LIFE, PERSONAL INJURY, AND/OR DAMAGE TO PROPERTY BY REASON OF ANY ACT, OMISSION, OR REPRESENTATION OF THE COMPANY OR ITS SUBCONTRACTORS, AGENTS, OR EMPLOYEES. IN TURN, THE OWNER AGREES TO INDEMNIFY THE COMPANY AND HOLD THE COMPANY HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, DAMAGES, LIABILITY, AND EXPENSE IN CONNECTION WITH LOSS OF LIFE, PERSONAL INJURY, AND/OR DAMAGE TO PROPERTY BY REASON OF ANY ACT, OMISSION, OR REPRESENTATION OF THE OWNER OR ITS CONTRACTORS, AGENTS, OR EMPLOYEES. THE INDEMNIFICATION PROVIDED IN THIS

PARAGRAPH DOES NOT AFFECT THE COMPANY'S LIMITATIONS OF LIABILITY SET FORTH IN OTHER PARAGRAPHS OF THIS CONTRACT.

11. **Limitation of Liability.** IN NO EVENT SHALL THE OWNER OR THE COMPANY OR THEIR RESPECTIVE DIRECTORS, OFFICERS, OFFICIALS, AND/OR EMPLOYEES BE LIABLE FOR ANY LOSS OF PROFITS OR REVENUES, OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY KIND, HOWSOEVER CAUSED OR ARISING UNDER THIS CONTRACT.

12. **Assignment of Receivables.** The Company reserves the right to assign any outstanding receivables from this Contract to its Bank or other Lending Institutions as collateral for any loans or lines of credit.

13. **Miscellaneous Items.** No modifications, amendments, or alterations of this Contract may be made except in writing signed by all the parties to this Contract. No failure or delay on the part of any party hereto in exercising any power or right hereunder shall operate as a waiver thereof. The parties expressly warrant that the individuals who sign below are authorized to bind them.

14. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior communications, understandings and agreements relating to the subject matter hereof, whether oral or written.

This Contract is executed and effective as of the date last signed by the parties below.

OWNER:

East Sevier County Utility District

By: Roy Ivey

Title: President

Print Name: Roy Ivey

Date: June 16, 2017

Witness: Edward Wagner

Seal:

COMPANY:

Utility Service Co., Inc.

By: Andrew T. Smith

Title: Director of Pricing

Print Name: Andrew T. Smith

Date: June 22, 2017

Witness: Lara Anderson

Seal:



Exhibit A

Projected Schedule of Work

*Actual Schedule may vary due to well or pump conditions.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Construction Sequence 1 thru 4 on 1 well.	Annual Maint. Sequence on 1 well.	Annual Maint. Sequence on 1 well.	Annual Maint. Sequence on 1 well.	Annual Maint. Sequence on 1 well.	Annual Maint. Sequence on 1 well.	Annual Maint. Sequence on 1 well.	Annual Maint. Sequence on 1 well.	Annual Maint. Sequence on 1 well.	Annual Maint. Sequence on 1 well.
Rehabilitation Sequence									
(1) Post Construction Pump Test that includes the installation and use of a calibrated discharge pipe, manometer and orifice system to determine the pre-rehabilitation performance of the well and pump.									
(2) Video Inspection of the well.									
(3) Install pumping equipment with CO2 injection equipment.									
(4) Final Report including all results, findings and performance factors is generated and provided to the customer.									
Annual Maintenance Sequence									
(5) Pre-CO2 Pump Test to determine the pre-maintenance performance of the well and pump.									
(6) Annual maintenance cleaning application using CO2.									
(7) Post application operation of the pump to clean the well until satisfactory water is being produced followed by a Post Application of CO2 Pump Test and report.									

East Sevier County Utility District
1529 Alpine Drive
Sevierville, TN 37876
(865) 453-6704

June 9, 2022

TO: East Sevier County Utility District Commissioners
FROM: Brian Pieper and Evan Romo
RE: FYE 30 June 2023 Budget Proposal

The District's FYE 2023 budget is respectfully submitted for your review and consideration. The proposed budget covers the District's 2023 fiscal year revenues, expenses, and debt service. A 10% rate increase and connection fee adjustment from \$750 to \$1,250 for offsite customers is recommended to cover the District's needs and expenses. This would be the first rate increase in at least 5 years.

2022-2023 Revenues

- Water Sales - Growth is projected to remain relatively flat. The proposed water revenue budget for the 2022-2023 fiscal year is a 0% increase over the 2021-2022 budget.
- Sewer Charges - Growth in the number of sewer customers is projected to rise in the offsite developments. With a conservative projected average of 946 customers in the 2022-2023 fiscal year as well as a 10% increase to the offsite sewer rates, sewer revenues are projected to rise 17%.
- Connection Fees - Total connection fee revenue is based on 2 new water customers and 30 new sewer customers, resulting in revenue of \$2,500 for new water connections and \$38,750 for new sewer connections. This reflects the offsite sewer tap increase from \$750 to \$1,250 to match the mountain tap fees. Total 2022-2023 proposed revenues are 57% higher than 2021-2022 budgeted revenues due to offsite growth tap fee increases.

2022-2023 Operating Expenses

- Professional Operations –The cost of providing professional operations services increases 10.9%. Proposed FY2022-2023 expenses include increases to Laboratory Costs and Repairs. Proposed professional operations expenses for FY2022-2023 total \$652,740.
- Total District Operating Expenses – Total operating expenses in FYE2023 are budgeted at \$927,190. This amount is 11.1% higher than the FY2022-2023 budget and includes the Director's fees, increased Repair costs, USDA loan repayment, and power costs.

The budget proposal is presented on a cash needs basis. The FYE2023 budget is respectfully submitted for your consideration prior to the start of the District's 2022-2023 fiscal year.

**East Sevier County Utility District
Sevierville, TN**

**FYE 30 June 2023 Budget Proposal
Water and Sewer Systems**

~ **Statement of Revenues and Expenditures** ~

Revenue Source	Budget		Through MAR	Proposed	Notes
	FYE 30JUN21	FYE 30JUN22	Projected Budget FYE 30JUN22	Budget FYE 30JUN23	
Water Sales	237,263	237,263	236,669	237,263	
Sewer Charges	503,224	620,164	651,513	727,810	
Other Revenue	118,926	148,764	239,379	165,917	
Total Revenue	859,413	1,006,191	1,127,561	1,130,990	
Expenditures					
Operating Expenses	726,509	834,776	876,647	927,190	
Total Expenditures	726,509	834,776	876,647	927,190	
Net Income B4 Debt & Capital	132,904	171,415	250,915	203,800	
Debt Service	30,510	29,868	15,204	44,916	
Net Income B4 Capital	102,394	141,547	235,711	158,884	
Coverage (1.15 or better required)	4.36	5.74	16.50	4.54	
Total 2022-2023 Capital Funded from Cash				\$155,000	
Net Income FY 2022-2023 After Capital				\$3,884	
2022-2023 Capital Funded from USDA Proceeds				\$200,000	
Grand Total Capital FY 2022-2023				\$355,000	

**East Sevier County Utility District
Sevierville, TN**

FYE 30 June 2023 Budget Proposal

~ **Statement of Revenues in Dollars** ~

<u>Revenue Source</u>	<u>Actual FYE 2020</u>	<u>Actual FYE 2021</u>	<u>Projected FYE 2022</u>	<u>Proposed FYE 2023</u>	<u>Notes</u>
Water Sales (1)	226,009	238,539	236,669	237,263	249 cust @ 2600 gals/month each, \$53 Plus Condos and EMR Flat Rates
Sewer Charges (2)	553,322	627,533	651,513	727,810	175 cust @49.5/m avg, 771 @60.5/m avg (30 offsite customer growth) Plus Condo and EMR Flat Rates
Connection Fees - Water (3)	1,250	5,000	11,667	2,500	2 new @ \$1,250 each 1 new paid @ \$1,250 each, 30 new @ 1250 each
Connection Fees - Sewer (4)	43,000	27,750	41,667	38,750	1250 each
Late Charge Fees	6,612	-9	6,825	14,476	1.5% of Water and Sewer Base
Reconnect/NSF Check/Other Fees	162,740	117,197	179,088	107,791	1.75% of Water Base, 0.5 Sewer Base Plus 80k Maintenance fees (Bad Check Fees, Tampering Fee, Disconnect/Reconnect, Reimbursement from offsite work)
Gain (Loss) Sale of Assets	-5,700	-3,283	0	0	
Miscellaneous	400	1,433	132	2,400	
Total Revenues	987,633	1,014,160	1,127,561	1,130,990	

(1) Proposed Water Rate Structure for 2023:

Monthly Availability Charge = \$53 per month per meter plus flat rate Customers
Commodity Rate = \$3.00 per 1,000 gallon over 3,000 gallons, \$8.00 over 7,200 gallons
Average Typical Use 2,600 gal/month/customer = \$53 per month

(2) Proposed Sewer Rate Structure for 2023:

Monthly Availability Charge = \$49.50 per customer, plus flat rate to Wholesale customers
Usage Charge = \$3.10 per 1,000 gallons over 3,000, \$8.80 over 7,200 gallons
Average Typical Water Use 2600 gal/month/customer = \$49.5 per month
Increasing offsite rates by 10% to cover increased maintenance costs. 1st increase in at least 5 years

(3) Water Connection Fee Structure for FYE 2023:

Residential = \$1,250 per each unit (each 3/4 inch meter setting)
Commercial = \$2,650 per acre or \$1,250 per unit whichever is greater

(4) Sewer Connection Fee Structure for FYE2023:

\$1,250 per each unit on mountain/\$1250 Offsite. Offsite raised from 750 to 1250

**East Sevier County Utility District
Sevierville, TN**

FYE 30 June 2023 Budget

~ **Statement of Expenses in Dollars** ~

	<u>Actual</u> <u>FYE 2020</u>	<u>Actual</u> <u>FYE 2021</u>	<u>Budget</u> <u>FYE 2022</u>	<u>Projected</u> <u>FYE 2022</u>	<u>Proposed</u> <u>FYE 30JUN23</u>	<u>Notes</u>
<u>Operating Expenses</u>						
Wages	-	0	0	-	0	Alliance Expense
Meals	-	0	0	-	0	Alliance Expense
Unemployment Benefits	-	0	0	-	0	Alliance Expense
Training	-	0	0	-	1,000	Board Member Training
Lodging	-	0	0	-	0	Alliance Expense
Payroll Taxes	1,912	1858	1500	1,912	2,000	
Mileage Reimbursement	-	0	0	-	0	Alliance Expense
Vehicle & Equipment Expense	-	0	-	-	-	Alliance Expense
Management & Operations Contract	487,824	527,184	588,576	588,576	652,740	
Power and Utilities	45,061	52,783	52,000	57,403	60,000	More in line with actuals
Insurance	28,224	29,988	30,000	30,877	31,000	
Repairs and Maintenance	73,869	94,167	95,000	125,336	109,250	15% Increase
Professional Services	450	0	0	-	0	
Engineering, misc. not project related	-	0	0	-	0	
Chemicals	-	0	0	-	0	Alliance Expense
Outside Services	-	0	0	-	0	
Lab Services	-	0	0	-	0	Alliance Expense
Director's Fees	24,989	24,288	25,000	24,989	25,000	In line with actuals
Legal	9,017	13,905	12,000	14,453	15,000	Closer to previous actuals
Accounting	8,800	7,350	7,400	9,133	7,000	
Utility Dues & Subscriptions	-	0	100	-	0	
Office Expense	47	231	0	-	0	Alliance Expense
Bad Debts	14,000	34,000	14,000	14,000	14,000	
Permits	7,262	7,264	5,200	4,667	5,200	Wastewater Permit Renewal
Miscellaneous	<u>2,131</u>	<u>6,114</u>	<u>3,500</u>	<u>5,300</u>	<u>5,000</u>	
Total Operating Expenses	703,586	799,132	834,276	876,647	927,190	
 <u>Other (Income) Expenses</u>						
Capital Contributions - Utility Lines	0	0	0	0	0	
Grant Income	423,268	423,268	-	-	536,000	
Interest Expense	-13,777	-13,777	21,500	21,500	21,500	
Depreciation	(74,400)	(74,400)	74,400	74,400	155,900	
Bond Issue Cost	0	0	1,000	1,000	0	
	335,091	335,091	96,900	96,900	177,400	
					26,400	

East Sevier County Utility District
FYE 30 June, 2023 Budget Proposal

~ **Statement of Debt Service** ~
Water and Sewer Debt

Principal and Interest - All Issues

<u>Issue</u>	<u>FYE Budget 2020</u>	<u>FYE Budget 2021</u>	<u>FYE Budget 2022</u>	<u>FYE Budget 2023</u>	<u>Notes</u>
Water Improvement Project USDA 2017					
Loan #2					
Principal	5,873	4,053	4,248	4,389	
Interest	<u>9,458</u>	<u>9,327</u>	<u>9,132</u>	<u>8,991</u>	
Loan #3					
Principal	5,500	3,984	4,169	4,290	
Interest	<u>8,548</u>	<u>7,548</u>	<u>7,363</u>	<u>7,242</u>	
Sub-Total -Principal 2017 Water Issues	<u>11,373</u>	<u>8,038</u>	<u>8,417</u>	<u>8,679</u>	
Sub-Total -Interest 2017 Water Issues	<u>18,006</u>	<u>16,874</u>	<u>16,495</u>	<u>16,233</u>	
Total 2017 USDA WI Issue	29,379	24,912	24,912	24,912	
Wastewater USDARD 2018					
Principal	6,250			10,527	
Interest	<u>8,450</u>	<u>5,598</u>	<u>4,956</u>	<u>9,477</u>	
Sub-Total -Principal 2018 Wastewater	<u>6,250</u>	<u>-</u>	<u>-</u>	<u>10,527</u>	
Sub-Total -Interest 2018 Wastewater	<u>8,450</u>	<u>5,598</u>	<u>4,956</u>	<u>9,477</u>	
Total 2018 USDA WW ISSUE	14,700	5,598	4,956	20,004	
Sub-Total -Principal All Issues	17,623	8,038	8,417	19,206	
Sub-Total -Interest All Issues	26,456	22,472	21,451	25,710	
Total Water/Sewer Debt - All Issues	44,079	30,510	29,868	44,916	Cash Needs Basis

East Sevier County Utility District
FYE 30JUNE23 Fiscal Year Budget Proposal

Capital Improvements

<u>Water & Sewer System Improvements</u>	<u>FYE 2022-2023</u>		<u>Funding Source</u>	<u>Life</u>	<u>Ann Depr</u>
	<u>Project List</u>				
WW Improvements	\$200,000		USDA Wastewater Improvement Series	40	\$ 5,000
Sub-Total System Improvements	\$ 200,000				
<u>Machinery and Equipment</u>					
Billing Software Upgrade	\$ 15,000		Cash Reserves	10	\$ 1,500
Meter Reading Equipment	\$ 15,000		Cash Reserves	10	\$ 1,500
F-350 Dump Truck capable of pulling mini-ex	\$ 50,000		Cash Reserves	5	\$ 10,000
PRV Replacements	\$ 10,000		Cash Reserves	10	\$ 1,000
48 KW Generator for Wells A/B, D	\$ 65,000		Cash Reserves	20	\$ 3,250
Sub-Total Machinery and Equipment	\$ 155,000				
GRAND TOTAL 2022-2023 Capital Improvements	\$355,000				
Depreciation Total					\$ 22,250

EAST SEVIER COUNTY UTILITY DISTRICT

Alliance Water Resources, Inc.

**Proposed Budget for July 1, 2022 thru June 30, 2023 Fiscal Year
Water Production, Water Distribution, Sewer Collection, Sewer Treatment**

<u>Expense Category</u>	Fiscal Years				<u>Notes</u>
	<u>FYE 2021</u> Budget	<u>FYE 2022</u> Budget	<u>FYE 2023</u> Budget	<u>%</u> Increase	
Salary & Wages plus Standby and Overtime ¹	\$220,414	\$240,338	\$267,626	11.35%	Wages adjusted
Employee Benefits, Health & Workers Comp ²	67,324	83,058	85,622	3.09%	
Office, Computer & Telephone Expense ³	25,850	26,750	27,750	3.74%	Firewall, Billing Software
Gasoline, Fuel and Travel Expenses	16,900	1,400	1,400	0.00%	Fuel moved to Repair Cap
Repair Expenses & Chemical Expense	52,100	67,600	71,950	6.43%	Fuel moved to Repair Cap
Materials & Supplies, Uniforms & Safety	11,550	10,900	11,400	4.59%	
Outside Services	11,800	11,800	16,800	42.37%	Increased Lab Costs
Equipment Interest, Insurance	24,216	29,214	30,043	2.84%	insurance costs
Miscellaneous Expenses	550	550	567	3.09%	
General Administrative & Management ⁴	<u>96,480</u>	<u>116,966</u>	<u>139,582</u>	19.34%	
TOTAL BUDGET	\$527,184	\$588,576	\$652,740	10.90%	

Notes:

- ¹ Includes Stand-by, Overtime and Part-time
- ² Health Ins & Workers Compensation Increases
- ³ Projected upgrades to firewall/customer info protection, software
- ⁴ AWR Accounting and Management



June 9, 2022

TO: East Sevier County Utility District (ESCUD)
Board of Directors

FROM: Brian Pieper

RE: Alliance Contract Update Proposal

Alliance has managed and operated the District's facilities for the Board since October 9th of 2017. We have been pleased with the progress made by the District and look forward to continued improvements in the coming years.

Alliance Water Resources personnel are in the process of negotiating contracts with the offsite wastewater developments which ESCUD operates. In order to promote stability and a long-term relationship between ESCUD and the District's customers, AWR offers the attached Memorandum of Agreement (MOA) for your consideration.

The MOA does the following:

- Provides for an increase of 10.9%.

The draft budget submitted for review has the proposed changes to the Alliance contract incorporated.

The FYE 2023 Budget that is submitted for review will need to be approved no later than June 30th, 2022.

Thank you for your consideration of the proposed amendment, and for the opportunity to serve.

Cc:
Evan Romo, Regional Operations Manager
James A. Sneed, P.E.
Director of Operations,
Vice President

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement has been entered into this 9th day of June, 2022 by and between the East Sevier County Utility District, (hereinafter referred to as "Utility"), and Alliance Water Resources, Inc., (hereinafter referred to as "Alliance").

This Memorandum of Agreement has as its purpose to modify a Certain Professional Operating Services Agreement dated 12 September 2017 between the East Sevier County Utility District and Alliance.

Pursuant to Section 13.1, the Service Agreement is modified under the following sections:

6.1 Utility shall pay Alliance a Base Fee of \$652,740.00 (\$54,395.00 month) for services rendered as described on the agreement.

The monthly base fee is a fixed monthly base fee and includes a \$59,750.00 Repair Limit and a \$12,200 Chemical Limit as described in the agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the first date written above. Both parties indicate their approval of this Agreement by their signatures below.

Authorized Signature

Authorized Signature

President
Alliance Water Resources

President
East Sevier County Utility District

Date

Date

ATTEST:

Secretary

District Clerk