

# **East Sevier County Utility District**

## **1529 Alpine Dr.**

**Phone (865) 453-6704      Sevierville, Tennessee 37876**  
**Regular Meeting, Friday, September 8, 2022 – 5:30 p.m.**  
**East Sevier County Utility Building**

### **AGENDA**

- 1) Call the meeting to order
  - A. Introductions of Commissioners, Alliance Personnel and ESCUD Manager
  - B.
- 2) Review and Consideration to Approve Minutes
- 3) 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 5 minutes.
  - Customers that interrupt others speaking may be asked to leave meeting.
- 4) Review and Consideration of Financial Reports
  - A. Review and Consideration to Approve Treasurer's Report
  - B. Review and Consideration to Approve Other Financials
- 5) Review and Consideration to Approve Bills
- 6) Legal
  - A. Any Issues for Discussion with Board Attorney
- 7) Operations
  - A. Alliance Operations Report
  - B. Water Loss Report
- 8) Capital Projects Report
  - A. New WWTP Update
- 9) Old Business
- 10) New Business
  - A. Review and Consideration to Approve the Red Flag Policy Memo
  - B. Review and Consideration to Give Access to District Bank Accounts
  - C. Review and Consideration to Approve the updated Purchasing Policy.
  - D. Review and Consideration to Approve the Capitalization Policy.
  - E. Review and Consideration to Approve CITGO/BERMAD Quote for Alpine PRV replacement
- 11) Consider Motion to Convene into Closed Executive Session
- 12) Consider Motion to Close Executive Session
- 13) Adjourn – Next Regular Board Meeting to be Held on Thursday, October 13<sup>th</sup>, 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

Friday, August 12, 2022

The Board of Commissioners of the East Sevier County Utility District met at 10:00 a.m. on Friday, August 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 10:00 a.m. for any old or new business. Several guests were in attendance, with a sign-in sheet made available. Introductions were made by the Commissioners and Alliance Water Resource staff.

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

### **Persons to be Heard**

Mr. Ivey requested the audience introduce themselves prior to speaking, and a 10-minute limit for presentation of their issues.

Customers, Jerry Hays, Patricia Rogers, Dan Barnett, Heather Fromm, Leslie Cooley spoke, all of which had similar issues and questions regarding several water outages past and present as well as length of time without services due to leaks, water quality; and lack of staff concern and attention when outages occur. Mr. Hays, Ms. Fromm, and Ms. Rogers had issue with request for audit copies and lack of receipt.

Attorney for Appalachian Resort and Preserve?, Doug Oberly, and the owner Dan Barnett, also addressed the commission regarding continued outages that have prompted revenue losses and the construction of their own well system; it was noted the sewer switch building is not being maintained.

Several items for repair or replacement were requested for clarification by Mr. Mitchell.

### **Reports**

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

Evan Romo, ESCUD Regional Manager for Alliance Water Resources, Inc., presented the Other financials as submitted with no further questions. Barbara motioned to approve the Financial Reports as submitted. Janice seconded the motion. Motion carried.

**Operations, July 2022:** Mr. Romo presented the Operations Report as submitted, with no further discussion

**Engineering, July 2022:** District Engineer, Mr. Jamie Carden of McGill & Associates, had previously presented the status of grant funding applications as well as the need for additional ARPA funds pending review, for possible interconnections to other utilities. Mr. Romo detailed the report and indicated there is discussion occurring regarding wells.

**Old Business**

There was no Old Business for discussion.

**New Business**

There was no New Business for discussion.

The next regular Board meeting will be held on Thursday, September 8, 2022, at 5:30 p.m.

**Adjournment**

Roy motioned and Barbara seconded the motion, to adjourn at 11:45 a.m. Motion carried.

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Secretary-Treasurer

## East Sevier County Utility District

### Balance Sheets

July 31, 2022

	7/31/22	7/31/21
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Checking Account - Operations	\$ 347,311.15	\$ 315,345.25
Checking Account - Alpine Rd Funding	99,928.85	109,869.85
Cash on Hand	100.00	100.00
Cash - Restricted - Customer Deposits	(100,012.49)	(71,033.49)
<b>Total Cash</b>	<b>347,327.51</b>	<b>354,281.61</b>
Accounts Receivable	144,476.21	154,457.19
Allowance for Doubtful Accounts	(66,666.63)	(71,166.67)
Unbilled Accounts Receivable	8,712.00	8,803.00
Inventory - Water and Sewer	211,522.50	20,668.75
Prepaid Expenses	19,835.32	27,299.69
<b>Total Current Assets</b>	<b>665,206.91</b>	<b>494,343.57</b>
<b>PROPERTY, PLANT, &amp; EQUIPMENT</b>		
Land	76,657.80	76,657.80
Distribution & Collection System	3,216,707.94	3,089,498.25
Buildings	70,784.60	69,235.68
Machinery & Equipment	114,939.85	121,212.26
Vehicles & Trailer(s)	80,808.00	88,334.99
Construction Work in Progress	1,172,928.17	468,135.98
Less: Accumulated Depreciation	(1,500,051.25)	(1,317,925.21)
<b>Net Property, Plant, &amp; Equipment</b>	<b>3,232,775.11</b>	<b>2,595,149.75</b>
<b>RESTRICTED ASSETS</b>		
Construction Account - Waste Water Project	30,757.54	813.37
Cash - Restricted - Customer Deposits	100,012.49	71,033.49
<b>Total Restricted Assets</b>	<b>130,770.03</b>	<b>71,846.86</b>
<b>OTHER ASSETS</b>		
Deposits	14,945.00	14,945.00
<b>Total Other Assets</b>	<b>14,945.00</b>	<b>14,945.00</b>
<b>Total Assets</b>	<b>\$ 4,043,697.05</b>	<b>\$ 3,176,285.18</b>

## East Sevier County Utility District

### Balance Sheets

July 31, 2022

	7/31/22	7/31/21
<b>LIABILITIES AND DISTRICT'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 159,043.77	\$ 59,267.44
Retainage Payable	47,192.22	15,200.40
Sales Tax Payable	1,916.78	2,064.12
Payroll Taxes Payable	371.62	382.60
Unearned Revenue	35,675.67	33,069.88
Long Term Debt - Current	12,693.80	8,417.23
Accrued Interest Payable	1,115.88	15,244.77
Customer Deposits	100,012.49	71,033.49
<b>Total Current Liabilities</b>	<b>358,022.23</b>	<b>204,679.93</b>
<b>LONG-TERM DEBT</b>		
USDA 2018 Loan #1	553,167.66	454,053.08
USDA 2017 Loan #2	278,303.88	282,558.14
USDA 2017 Loan #3	253,497.39	257,671.91
USDA 2022 Loan	111,356.66	-
Less Current Portion of L-Term Debt	(12,693.80)	(8,417.23)
<b>Total Long-Term Debt</b>	<b>1,183,631.79</b>	<b>985,865.90</b>
<b>Total Liabilities</b>	<b>1,541,654.02</b>	<b>1,190,545.83</b>
<b>DISTRICT'S EQUITY</b>		
Retained Earnings (Deficit)	2,492,562.64	1,995,878.76
YTD Net Income	9,480.39	(10,139.41)
<b>Total District's Equity</b>	<b>2,502,043.03</b>	<b>1,985,739.35</b>
<b>Total Liabilities and District's Equity</b>	<b>\$ 4,043,697.05</b>	<b>\$ 3,176,285.18</b>

**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>July, 2022</u>			<u>YTD</u>		
<u>Actual</u>	<u>Budget</u>		<u>Actual</u>	<u>Budget</u>	<u>Annual Budget</u>
		<b>Operating Revenues</b>			
\$ 19,655	\$ 20,497	Water Sales	\$ 19,655	\$ 20,497	\$ 237,263
59,855	57,037	Sewer Charges	59,855	57,037	727,810
1,250	-	Connection Fees - Water	1,250	-	2,500
9,750	2,500	Connection Fees - Sewer	9,750	2,500	38,750
830	1,206	Late Charge Fees	830	1,206	14,476
16,255	8,983	Reconnect/Meter Sets/Other Fees	16,255	8,983	107,791
-	200	Miscellaneous Income	-	200	2,400
<b>107,595</b>	<b>90,423</b>	<b>Total Operating Revenues</b>	<b>107,595</b>	<b>90,423</b>	<b>1,130,990</b>
		<b>Operating Expenses</b>			
54,395	54,395	Management & Operations Contract	54,395	54,395	652,740
5,905	5,000	Utilities	5,905	5,000	60,000
2,743	2,583	Insurance	2,743	2,583	31,000
13,282	9,104	Repairs & Maintenance	13,282	9,104	109,250
1,263	1,250	Legal Expenses	1,263	1,250	15,000
-	-	Accounting/Audit	-	-	7,000
2,082	2,083	Director Fees	2,082	2,083	25,000
159	167	Payroll Taxes	159	167	2,000
1,167	1,167	Bad Debts	1,167	1,167	14,000
24	-	Advertising	24	-	-
-	-	Permits	-	-	5,200
1,065	500	Miscellaneous Expenses	1,065	500	6,000
<b>82,084</b>	<b>76,249</b>	<b>Total Operating Expenses</b>	<b>82,084</b>	<b>76,249</b>	<b>927,190</b>
<b>25,511</b>	<b>14,174</b>	<b>Net Income B/4 Other Income (Expenses)</b>	<b>25,511</b>	<b>14,174</b>	<b>203,800</b>
		<b>Other Income (Expenses)</b>			
-	-	Grant Income	-	-	536,000
(3,038)	(1,792)	Interest Expense	(3,038)	(1,792)	(21,500)
(12,992)	(12,992)	Depreciation	(12,992)	(12,992)	(155,900)
<b>(16,030)</b>	<b>(14,783)</b>	<b>Total Other (Income) Expenses</b>	<b>(16,030)</b>	<b>(14,783)</b>	<b>358,600</b>
<b>\$ 9,480</b>	<b>\$ (610)</b>	<b>Net Income (Loss)</b>	<b>\$ 9,480</b>	<b>\$ (610)</b>	<b>\$ 562,400</b>

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

<b>Billing Charges For the Month of:</b>	<b>Jul-22</b>	
Water Revenue		19,655.45
Sewer Revenue		59,854.75
Installment Billing -Offsite Sewer Arrears		452.46
Sales Taxes		1,916.78
Late Charges		829.54
Installation Fees-Water		1,250.00
Installation Fees-Sewer		9,750.00
Other Miscellaneous Fees		16,255.00
Returned Checks		525.92
Deposits Applied/Adjustments		(1,611.00)
Customer Refunds Paid		2,065.99
<b>Total Billing Charges</b>		<u><b>110,944.89</b></u>
<b>Water Gallons Billed</b>		<u><b>874,933</b></u>
<b>Water Customers Billed</b>		<u><b>253</b></u>
<b>Sewer Gallons Billed</b>		<u><b>494,270</b></u>
<b>Sewer Customers Billed</b>		<u><b>891</b></u>

<b>Accounts Receivable</b>	<b>Jul-22</b>	
Beginning Balance		134,688.70
Billing Charges		110,944.89
Bad Debt Recoveries (Write Offs)		-
Accounts Receivable Collections		(108,472.02)
<b>End of Month Accounts Receivable</b>		<u><b>137,161.57</b></u>

<b>Water Revenue Checking</b>	<b>Jul-22</b>	
Beginning Balance		328,378.50
<b>Deposits:</b>		
Accounts Receivable Collections		108,472.02
Customer Deposits		2,877.00
		<u>111,349.02</u>
<b>Disbursements:</b>		
Accounts Payable Checks		(77,980.87)
Auto Debit Charges-Utilities		(5,688.75)
USDA Loan Payment		(2,076.00)
TN TAP - Sales Tax		(1,965.00)
Transfer to Alpine Road Funding		(2,000.00)
Refund Checks		(2,065.99)
Payroll Taxes		(382.64)
Bank fees		(257.12)
End of Month Balance		<u>347,311.15</u>
Cash Receipts Collected To Date in:	<b>Aug-22</b>	57,276.31
Auto Debited Utilities in:	<b>Aug-22</b>	(5,610.27)
Bills Submitted for Payment in:	<b>Aug-22</b>	(154,248.46)
<b>Available Balance</b>		<u><u><b>244,728.73</b></u></u>

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

Bank Account / Security	Maturity Date	Beginning Balance	Deposits	Interest Earned	Payments	Ending Balance
Checking Acct-Operations		328,378.50	111,349.02	-	(92,416.37)	347,311.15
Checking Acct-Alpine Road Funding		99,920.85	2,000.00	-	(1,992.00)	99,928.85
Checking Acct-Waste Water Plant		30,757.54	-	-	-	30,757.54
Cash on Hand		100.00	-	-	-	100.00
<b>Total Cash and Investments</b>		<b>459,156.89</b>	<b>113,349.02</b>	<b>-</b>	<b>(94,408.37)</b>	<b>478,097.54</b>



**EAST SEVIER COUNTY UTILITY DISTRICT  
BILLING SUMMARY**

DATE	WATER REVENUE		WATER GALLONS (000s)		NO. OF CUSTMRS
	TOTAL	YTD TOTAL	TOTAL	YTD TOTAL	
Jul-22	19,897	19,897	875	875	253
Jun-22	20,375	249,773	905	11,504	248
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

**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		
Jul-22	60,255	60,255	494	494	891	108,472
Jun-22	56,384	659,835	541	7,170	883	159,782
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

**East Sevier County Utility District**  
**List of Bills**  
**8-Sep-22**

<b>Regular Checking for Consideration</b>	<b>Total</b>
Barbara Darby	Meeting fee \$266.05
Barbara Darby	Insurance payment \$350.00
Janice Brooks-Headrick	Meeting fee \$277.05
Janice Brooks-Headrick	Insurance payment \$350.00
Roy Ivey	Meeting fee \$266.05
Roy Ivey	Insurance payment \$350.00
Roy Ivey	Correction to 7/14/22 meeting fee payment addl FICA tax withholding (\$11.00)
Alliance Water Resources, Inc	Inv# PS-INV103947, September 2022 Services \$54,395.00
First Horizon Bank	Alpine Fund Drive \$2,000.00
Big Orange Electric	Inv #2278, July 2022, Service Calls \$2,500, Site Work \$1,500 \$4,000.00
	Inv #2279, July 2022, New Sewer Pump Installs For By Grace \$3,150.00
	Inv #2280, July 2022, New Sewer Pump Install Lot 44 Hibernation Station \$800.00
	Inv #2281, July 2022, New Sewer Pump Install Lot 93 Timberlake Bay \$700.00
	Inv #2282, July 2022, Sewer Maintenance Sherwood Forest \$500.00
	Reimburse for Kenny Pipe & Supply, Pipe, Smoky Mt Ridge Lot 29 \$160.60
	Reimburse Carolina Pumpworks, Goulds 5SV stack kits, Well AB Booster \$1,906.30
	Reimburse Cleveland Controls, Transducers, Vent Filter, Well C Tank \$935.00
	Inv# 2285, Service calls/materials, Aug22 \$993.00
	Inv# 2286, Service call, Aug22 \$250.00
	Inv# 2287, Service call, Aug22 \$250.00
	Inv# 2288, Service call, Aug22 \$250.00
	Inv# 2289, Service call, Aug22 \$250.00
	Inv# 2290, Site Work, Aug22, New installs \$3,100.00
English Mountain Spring Water	Void Check 19492 from 8/12/22 \$1,218.00 wrong amount
English Mountain Spring Water	Inv #141466 (70) 1 Gallon 3 pk Spring Water \$294.00
	Inv #145081 (40) 1 Gallon 3 pk Spring Water \$168.00
	Inv #056635 (70) 1 Gallon 3 pk Spring Water \$294.00
G & C Supply Co., Inc.	Inv #6875649, Aug 2022, (4) 8 Hymax Long Body Couplings \$2,599.60
Roto Rooter Plumbing & Drain Service	Inv #119928, 4/26/22, Jetted mainline, Ran camera and found line separation \$1,040.71
Specialized Operations Services, Inc.	Inv #11331, Jun 2022, Bolt down kits, 24" grade ring inserts, 24x24 fiberglass \$2,811.03
	Inv #11372, Aug 2022, (2)PSA20 Sevier Dax, (3)PSA20 Sevier, Freight \$570. \$18,088.11
	Inv #11377, Aug 2022, (4)PSA20 Seiver Dax-Roth, Frieght \$730.00 \$20,804.00
TDEC	Inv #709099, Annual Fee DWS-00605, Connections 321 (Aug 2022) \$417.30
The Mountain Press (Paxton Media Group)	Ad #70419739 August 6, 2022 \$37.26
Woolf, McClane, Bright, Allen & Carpenter	Inv #310894, July 2022 Legal Services \$162.50
	Inv #310895, July 2022 Legal Services \$1,100.00
	#Inv# 1781, Pump & haul from WWTP, Aug22 \$700.00
Power Pumping	Inv# 336321, 11 tons of gravel, Aug22 \$450.00
Dale Parton	Inv# S100193243.001, Inventory, Aug22, S & H 257.44 \$4,100.62
Citco Water	Inv# 16175, Jul22 and Aug22, \$50 \$1,122.50
Mark Jendrek	Inv# 16176, Jun22, \$825; Jul22, \$1705, Aug22, \$22 \$2,552.00
	Inv# 16177, Jun22, \$770, Jul22, \$797.50 \$1,760.00
	Inv# 16180, Jun22 \$275.00
	Inv# 16181, Jun22 \$770.00
Seven Sunshine, 15-26000-1	Refund Deposit plus overpayment \$543.92
Beni Deron, 11-45-3	Refund Deposit \$135.00
Joaquin Gonzalez, 5-44000-1	Refund overpayment \$82.50
Mark Cermak, 4-19300-3	Refund Deposit plus overpayment \$267.58
Dennis Rice, 1-7400-1	Refund overpayment \$49.50
	<b>Total Regular Checking for Consideration \$118,211.56</b>
<b>Charges and Bills Paid from Regular Checking Since August 12, 2022</b>	
Sevier County Electric	Utility (ACH various August dates) \$5,000.75
Sevier County Water	Utility (ACH 8/15/2022) \$42.25
City of Pigeon Forge Water & Sewer	Utility (ACH 8/1/2022) \$29.12
	Utility (ACH 8/31/2022) \$29.12
Appalachian Electric	Utility (ACH 8/15/2022) \$25.39
	Utility (ACH 8/15/2022) \$404.25
	Utility (ACH 8/15/2022) \$27.69
	Utility (ACH 8/15/2022) \$51.70
USDA	Loan repayment (ACH 8/15/2022) \$2,076.00
State of Tennessee	Sales tax (ACH 8/18/2022) \$1,892.00
IRS	Payroll tax (ACH 8/16/2022) \$382.64
Bank Fee	Analysis service charge (8/19/2022) \$308.76
	<b>Total Regular Checking Charges and Bills Paid \$10,269.67</b>



**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**

**AUG – 2022**

**Administrative**

There have been many changes to the staffing at ESCUD. Craig Miller has taken over as Division Manager. Jason “JD” Damron has taken over as Local Manager. Elizabeth Newman is the new Customer Service Clerk.

**Treatment**

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

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

**Collection/Distribution**

Multiple crews and individuals from other Alliance divisions came in and helped pinpoint leaks that have plagued the system for a long time.

On August 29, the well pump at D Well failed. We were able to have the pump pulled and replaced in just over 12 hours. We also purchased an extra pump for D Well to serve as a backup should the issue arise again.

Fixed a 1” service line leak at The Preserve on Friday, Sep 2. Fixing this leak has allowed us to keep plenty water in C Tank and provide water to the community at English Mountain and serve the needs of The Preserve.

Pressure Reducing Valves have been for the main line on Alpine Dr. The current setup does not meet the standard we are striving to meet and the PRV installation will go a long way in remedying that issue.

**Customer Service**

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



August bills were late being processed due to staffing shortage in the billing office, but billing should be caught up at this point.

### **Project Updates**

AWR, McGill, and State of Tennessee representatives performed an inspection of the new wastewater treatment plant on June 1<sup>st</sup>, 2022. Additional operational issues will need to be addressed by the general contractor prior to substantial completion being granted for this project.

Alliance and McGill are in discussions with Newport and Sevier County Water regarding interconnect.

### **Safety**

The staff at ESUD participated in confined spaces training on September 6.

### **Regulatory**

Monthly Water and Wastewater reports were not submitting timely to the Tennessee Department of Environment and Conservation. Due to the staffing changes efforts are being made to get these caught back up.

### **Positives for the Month**

Our inventory has been improved. We have more pipe, pumps, and pipe repair parts on hand in order to make repairs in a timely fashion.

The parts building at Well A has been cleaned, inventoried, and organized.

### **Leak Repairs**

There are 2 known leaks in our system at the time of this report. 811 has been called in on both leaks so we can repair them without the danger of interrupting other utility services.



<b>Alliance Year-to-Date Capped Expenses through JULY 2022</b>			
	<b>Actual</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>Repair Expense</b>	\$10,436	\$29,314	(\$29,774)
<b>Chemical Expense</b>	\$1,017	\$12,200	(\$11,183)

September 7<sup>th</sup>, 2022

TO: East Sevier County Utility District  
Board of Directors

**Memorandum**

FROM: Staff

RE: Identity Theft Prevention Program

In compliance with the Identity Theft Prevention Program (Red Flag Rule) adopted by the Board November 14, 2022, a report should be prepared annually and submitted to the Board of Directors.

For the period ending December 31, 2021, the District has had no identity theft incidents to report. After review of the Identity Theft Protection Program, staff recommends no revisions are necessary to the current program at this time.

Staff remains diligent in protecting sensitive customer information in our files and watchful of anyone suspected of fraudulent use of a customer or potential customer's identity. Security measures are in place to ensure that sensitive information is shared only with the correct customer.

Staff requests your acknowledgement that this annual report has been submitted.

September 7, 2022

TO: East Sevier County Utility District  
Board of Directors

**INFORMATION & DECISION**

FROM: Staff

RE: Bank Accounts at Horizon Bank

Staff requests permission to give the following employees access to the district's bank accounts for deposits, check writing, and day to day business transactions.

1. Elizabeth Newman
2. Jason Damron
3. Craig Miller
4. Ann Perkins

If approved, staff will begin the process of obtaining access to the bank accounts.

This recommendation will require both board approval and signatures.

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Roy Ivey

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Barbara Darby

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Jan Brooks-Headrick



**A RESOLUTION ADOPTING A PURCHASING POLICY FOR  
EAST SEVIER COUNTY UTILITY DISTRICT**

BE IT RESOLVED, by the Board of Commissioners of East Sevier County Utility District as follows:

**Section 1: Purchasing Agent Designated.** The Purchasing Agent shall be the Manager of East Sevier County Utility District (hereinafter the “District”) unless the President of the Board of Commissioners, with the approval of a majority of the members of the Commission, shall appoint some other person.

**Section 2: Duties.** The Purchasing Agent shall:

- a) act to procure for the District the highest quality in supplies and contractual services at the least expense to the District;
- b) prepare and adopt written specifications for all supplies and services;
- c) discourage uniform bidding and endeavor to obtain as full and open competition as possible on all purchases and sales;
- d) keep informed of current developments in the field of purchasing, prices, market conditions and new products, and secure for the District the benefits of research done in the field of purchasing by other governmental jurisdictions, national technical societies, trade associations, and by private businesses and organizations;
- e) prescribe and maintain such forms necessary for the operation of the purchasing function;
- f) exploit the possibilities of buying in bulk so as to take full advantage of discounts;
- g) act so as to procure for the District all federal and state tax exemptions to which it is entitled;
- h) inspect or supervise the inspection of all deliveries with regard to quantity, quality and conformance to specifications; and
- i) pursue all appropriate claims against the supplier, shipper or carrier.

**Section 3: Gifts and Other Rebates.** The Purchasing Agent and every other officer are expressly prohibited from accepting, directly or indirectly, from any person, company, firm or corporation to which any purchase or contract is or might be awarded, any rebate, gift, money or anything of value in excess of \$100.00, except when given for the use and benefit of the District.

**Section 4: Competitive Bidding.** When the District negotiates any purchase, sale or other contract, there shall be provided ample opportunity for competitive bidding in the following manner:

- a) If the consideration is more than \$1,000.00, bids shall be solicited in the most expedient manner with due regard for competitive prices and quality.
- b) If the consideration is for more than \$1,000.00 but less than \$2,500.00, at least three (3) bids shall be solicited by mail, email or telephone request from three (3) prospective vendors, from which the lowest and best bid with proper qualifications shall be accepted. A record of quotations shall be maintained. The purchase shall be approved by the Purchasing Agent.
- c) If the consideration is for more than \$2,500.00 but less than \$5,000.00, three (3) written bids shall be solicited from which the lowest and best bid with proper qualifications shall be accepted. The purchase shall be approved by the Purchasing Agent.
- d) All supplies and contractual services estimated to cost in excess of \$5,000.00 shall be purchased by Purchase Order from the lowest responsible bidder, after due notice inviting proposals. Whenever possible, at least three (3) bids should be obtained from prospective, qualified vendors. The Board of Commissioners shall award the contract or purchase.
- e) Individual contracts, purchases or sales, be they for goods, supplies, commodities or services, shall not be subdivided for the purpose of evading the requirements of competitive bidding.

**Section 5: Notice Defined.** The notice required by the preceding Section shall consist of the following:

- a) Notice inviting bids shall be published once in at least one official newspaper of the District at least five (5) days preceding the last day set for the receipt of proposals. The newspaper notice shall include a general description of the articles to be purchased or sold, shall state where bid forms and specifications may be secured, and the date, time and place for opening bids.
- b) The Purchasing Agent shall also solicit bids from all responsible perspective suppliers by sending them a copy of such newspaper notice or such other notice as will acquaint them with the proposed purchase or sale. In any case, invitations sent to the vendors shall be limited to commodities that are similar in character and ordinarily handled by the trade group to which the invitations are sent.
- c) The Purchasing Agent shall also advertise all pending purchase or sales by notice on the public bulletin board at the District's office.

- d) The Purchasing Agent shall also solicit sealed bids by direct mail request or email to prospective vendors and by telephone as may seem to be in the best interest of the District.

**Section 6: Bid Opening Procedure.** Bids shall be submitted sealed or via email to the Purchasing Agent and shall be identified as bids on the envelope or subject line. A tabulation of all bids received shall be posted for public inspection and a tabulation report forwarded to the Board of Commissioners.

**Section 7: Lowest Responsible Bidder.** The District reserves the right to reject any or all bids. Contracts shall be awarded to the lowest responsible bidder. Bids shall not be accepted from, nor contract awarded to, a contractor who is in default on the payment of any monies to the District. In determining “lowest responsible bidder”, in addition to price, the following shall be considered:

- a) the ability, capacity and skill of the bidder to perform the contract or provide the service required;
- b) whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;
- c) the character, integrity, reputation, judgment, experience and efficiency of the bidder;
- d) the quality or performance of previous contracts or services;
- e) the previous and existing compliance by the bidder with the laws relating to the contract or services;
- f) the sufficiency of the financial resources and ability of the bidder to perform the contract or provide the services;
- g) the quality, availability and adaptability of the supplies or contractual services to the particular use required;
- h) the ability of the bidder to provide future maintenance and service for the use of the subject of the contract;
- i) the number and scope of conditions attached to the bid; and
- j) any other factor which the Board of Commissioners deems relevant to the decision.

**Section 8: Open Market Procedure.** All purchases of supplies and contractual services, and all sales of personal property that have become obsolete and unusable for this competitive bidding are not required by Section 4 of this policy shall be made in the open market, without

newspaper advertisement and without observing the procedure described by Sections 5 and 6 for the award of formal contracts.

- a) All open market purchases shall, whenever possible, be based on at least three competitive bids, and shall be awarded to the lowest responsible bidder in accordance with the standards set forth in Section 7.
- b) The District shall solicit bids by:
  - a. direct mail or email request to prospective vendors;
  - b. by telephone; and
  - c. by public notice posted on the bulletin board at the District office.
- c) The Purchasing Agent shall keep a record of all open market orders and the bids submitted in competition thereon, and such records shall be open to public inspection.

**Section 9: Emergency Purchases.** In case of an apparent emergency that requires immediate purchase of supplies or contractual services, and time is of the essence, the President or Purchasing Agent may authorize the purchase, at the lowest obtainable price, of any supplies or contractual services. A full explanation of the circumstances of an emergency purchase shall be reported to the full Board of Commissioners at the next regular meeting of the Board. This section shall only apply to any natural disaster or civil emergency requiring an immediate response on the part of the District.

**Section 10: Cooperative Procurement.** The Purchasing Agent shall have the authority to join with other units of government in cooperative purchasing plans when the best interest of the District would be served and after approval of the Board of Commissioners.

**Section 11: Exclusive Service.** In the event that there is only one (1) firm or company or individual capable of providing a particular service or commodity and said services or commodities cannot be secured from other persons or companies, then the bidding requirements contained above shall not be applicable and the Purchasing Agent is authorized to proceed with the purchase of such services or commodities as are required by the District, but cannot be secured through the normal bidding process. Exclusive service purchases for amounts exceeding \$5,000.00 must be pre-approved by the Board of Commissioners.

**Section 12: Professional Services.** The competitive bidding requirements of this Policy shall not apply to professional services, and the requirements herein shall not be required in the employment of professional services including, but not limited to, attorneys, engineers, certified public accountants or financial advisers.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by the Board of  
Commissioners of East Sevier County Utility District.

ATTEST: \_\_\_\_\_  
Barbara Darby, Clerk

\_\_\_\_\_  
Roy Ivey, President

# **East Sevier County Utility District**

**1529 Alpine Drive  
Sevierville, TN 37876  
(865) 453-6704**

**Title:** **FIXED ASSET CAPITALIZATION & DEPRECIATION POLICY**

**Policy:** Asset acquisitions with a useful life expectancy of greater than one year and with a minimum threshold amount as specified by the Board of Commissioners should be capitalized and depreciated.

**Purpose:** The purpose of this procedure is to delineate the capitalization and depreciation methods for various asset groups.

**Scope:** All acquisitions for capital assets for the District.

**Definitions:** Capitalization – Capitalization is the method chosen to record the purchase of a fixed asset on the District’s accounting books. If an asset is capitalized, then it is not expenses in the same year the asset is purchased. Instead, the asset is generally recorded on the balance sheet and individually on an asset schedule. Examples of capital expenditures are purchases of land, buildings, machinery, office equipment, leasehold improvements and vehicles.

Depreciation – Depreciation is an expense deduction that allows the write-down or write-off of the cost of the asset over its estimated useful life to recover the cost or other basis of certain property over the time the property is used. It is an allowance expense for the wear and tear, age, deterioration, or obsolescence of the property.

As an asset ages and is used by the District, its value declines. It, in effect, becomes worth less and less over time. The declining value or usefulness of the asset over time is represented as a discount that is applied to the original purchase price. At the end of the asset’s depreciation period, (and/or useful life), its value on the balance sheet will be zero, or fully-depreciated. At the same time, the individual depreciation expenses will have all been recorded on the income statement.

Note: Land is not depreciated because land does not wear out, become obsolete, or get used up. However, the building on the land is depreciated. Land is generally viewed as an appreciating asset while all other capital assets are generally viewed as depreciating over time, with use. Unlike depreciation, an asset’s appreciation is not recorded on the books until the asset is sold.

Note: Construction work-in-progress is not depreciated until the project is completed.

Cost basis – The total amount paid for the asset, in cash or kind, is considered the “cost-basis”. This should include all charges relating to the purchase, such as the

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

purchase price, freight charges, and installation, if applicable. The cost basis is not the market value or list price of the asset. It is the total amount invested in the purchase or the total amount paid. Donated capital assets are recorded at their estimated fair value at the date of donation.

**Procedure:**

**1.0 Capitalization**

- 1.1 All assets with a useful life greater than one year and costing more than \$1,000 will be capitalized. A group purchase of assets will be capitalized if the group purchase cost significantly exceeds the capitalization minimum threshold even if the individual assets in the group are less than the capitalization minimum threshold. Any asset that does not meet the above criteria will be expensed such as small tools and equipment or repairs and maintenance.
- 1.2 The cost basis of furniture and equipment assets will include all charges relating to the purchase of the asset including the purchase price, freight charges and installation if applicable.
- 1.3 Leasehold improvements including painting are to be capitalized if they relate to the occupancy of a new office or a major renovation of an existing office. Expenditures incurred in connection with maintaining an existing facility in good working order should be expenses as a repair.
- 1.4 The cost of buildings should include all expenditures related directly to its acquisition or construction. This cost includes materials, labor and overhead incurred during construction, and fees, such as attorney's, architect's, and building permits.

**2.0 Depreciation**

- 2.1 The depreciation method/lives for assets must be selected at the time the asset is first placed into service in order to ensure consistent financial reporting. Such method should be justified based on the expected useful life of the asset.
- 2.2 Assets will be depreciated using the straight-line method over their estimated useful lives as outlined below.

<u>Asset</u>	<u>Useful Life (years)</u>
Supply & Distribution System	10-50
Office Building	30
Office improvements	5-15
Vehicles	5
Furniture and Equipment	5-10



**DATE: AUGUST 16, 2022**

BERMAP / CITCO TN performed a site visit and PRV station audit in the English Mountain region of East Sevier Utility District operated by Alliance Water with the assistance of JD of Alliance.

***Wes Caudle***

Bermad / Regional Sales Manager

***Denise Bergmann***

CITCO / Regional Sales Manager

# WATER AUDIT (PRV STATIONS) EAST SEVIER UTILITY DISTRICT





**PRV Station #1**

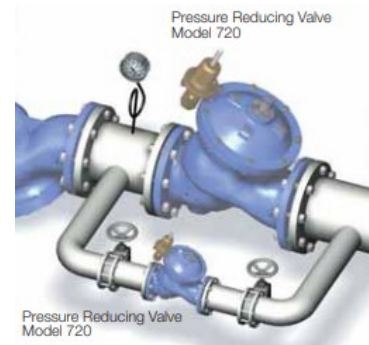


Appears to be either an 8in ROSS or Golden Anderson “Piston Style” control valve w/2in Direct Acting PRV bypass.

**BERMAD’s recommended equivalent would be:**

8in 720 Pressure Reducing valve to include a V-port , visual position indicator, and inlet ~ outlet 2.5in Liquid Filled Pressure Gauges. with

2in 1020 Pressure Reducing Composite valve to include downstream 2.5in LF Pressure Gauge.



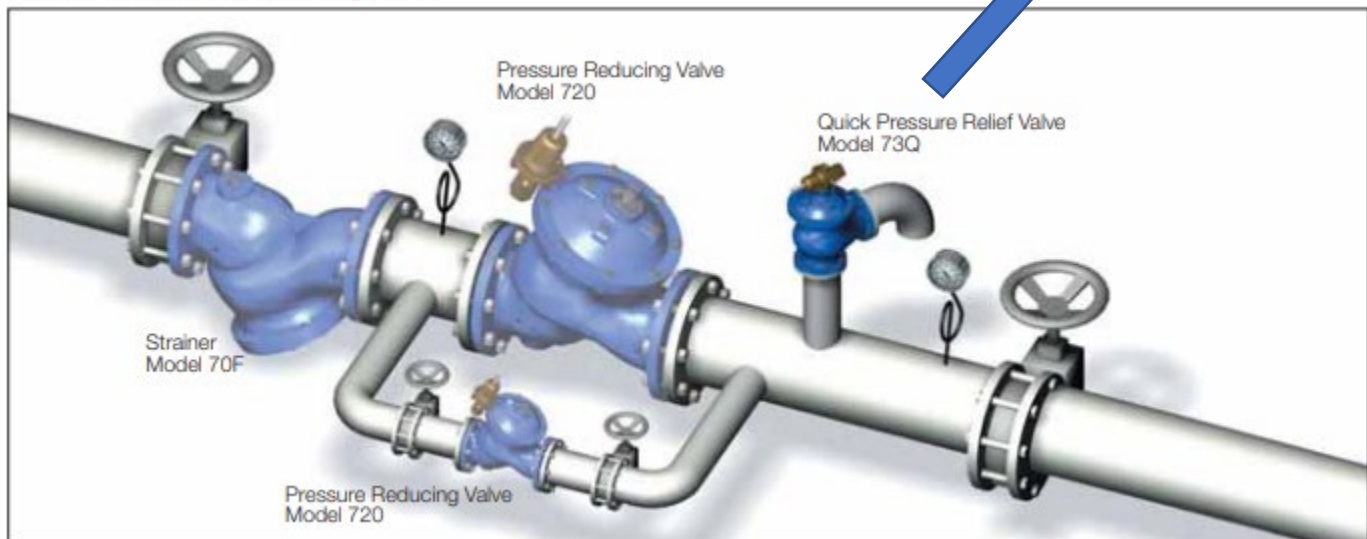
## PRV Station #1 Relief Valve



This is an aged ROSS valve model 50 RWR Relief valve. It isn't clear if it is currently set or functioning. This is positioned downstream of the PRV for over pressure protection in the event the PRV(s) fail. It is exhausted to atmosphere running under the road and into the ditch or creek on the other side.

As illustrated below, BERMAD would recommend the 3in 73Q Quick Relief Valve as an equivalent. These are typically 1/4 to 1/3 the size of the main line on the principal of only relieving the over pressure not entire line.

### Reduced Pressure Zone Safety Relief

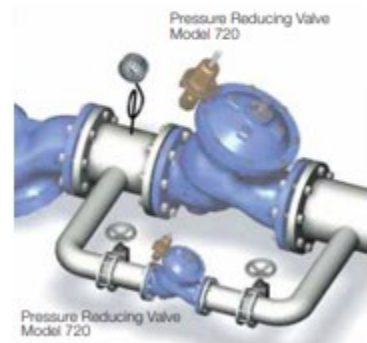


## PRV Station #2



This is a dated Watts 3in PRV w/ what appeared to be a 1.5 -2in Direct Acting PRV bypass valve.

BERMAD would recommend our 3in 720 Pressure Reducing valve with throttling V-Port with the 1.5in 1020 Composite Pressure Reducing valve. Both will include downstream pressure gauges for setting.

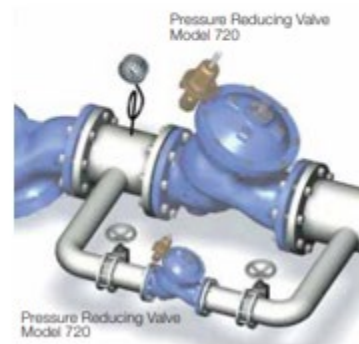


### PRV Station #3



This station has a 8in Watts PRV w/ 300# flanges which are stepped down using a type of spool piece w/mega flange adapter. This valve is assumed to be off line by means of gate valve and is only allowing flow thru the bypass valve. The pilot system is disconnected from the 8" main valve. The pressure reported for the inlet is approximately 115psi +/- . For this reason, it is assumed standard 150# flanges will be used for replacement(s).

BERMAD is recommending our 8in 720 Pressure Reducing Valve with a throttling V-port option and a 2in 1020 Composite Pressure Reducing valve as a low flow bypass.





CITCO Water  
 3333 HYDES FERRY ROAD  
 NASHVILLE, TN 37218  
 Phone 615-254-3484  
 Fax 615-770-9999



# Quotation

EXPIRATION DATE	QUOTE NUMBER
11/02/2022	S100195258
CITCO Water 3333 HYDES FERRY ROAD NASHVILLE, TN 37218 Phone 615-254-3484 Fax 615-770-9999	PAGE NO.
	1 of 3

QUOTE TO:

SHIP TO:

EAST SEVIER COUNTY UTILITY DISTRICT  
 1529 ALPINE DRIVE  
 SEVIERVILLE, TN 37876

EAST SEVIER CO UTILITY  
 1529 ALPINE DRIVE  
 SEVIERVILLE, TN 37876

CUSTOMER NUMBER	CUSTOMER PO NUMBER	JOB NAME / RELEASE NUMBER	SALESPERSON	
2871	CRAIG 8.2.2022		Denise Bergmann	
WRITER	SHIP VIA	TERMS	SHIP DATE	FREIGHT ALLOWED
Jonathon Kuchenbrod	DIRECT	NET 30 DAYS	10/14/2022	Yes
ORDER QTY	DESCRIPTION		UNIT PRICE	EXT PRICE
	***** PRV STATION #1 *****			
1ea	8" BERMAD 720 PRESSURE REDUCING VALVE WW-8"-720EN-P2-Y-C-A5-EB-NN-NIV66 ADDITIONAL FEATURES: V-PORT THROTTLING PLUG, VISUAL POSITION INDICATOR, INLET/OUTLET PRESSURE GAUGES			
1ea	2" BERMAD 1020 SERIES PRESSURE REDUCING VALVE WITH NPT THREADED CONNECTIONS, COMPOSITE BODY WW-2"-1020EN-P2-Y-Q-NP-UC-PA-66 ADDITIONAL FEATURES: OUTLET PRESSURE GAUGE			
		Subtotal -----		7404.66
	***** PRV STATION #1 RELIEF VALVE *****			
3ea	^3" BERMAD 73Q 125# FLANGED ANGLE BODY QUICK PRESSURE RELIEF VALVE WW-3"-73QEN-M-P2-A-C-A5-EB-NN-NVI6 ADDITIONAL FEATURES: V-PORT THROTTLING PLUG, VISUAL POSITION INDICATOR, INLET/OUTLET PRESSURE GAUGES			
		Subtotal -----		5859.99
	***** PRV STATION #2 *****			

\*\* Continued on Next Page \*\*

10E-6



# Quotation

EXPIRATION DATE	QUOTE NUMBER	PAGE NO.
11/02/2022	S100195258	2 of 3

ORDER QTY	DESCRIPTION	UNIT PRICE	EXT PRICE
1ea	***** ^3" BERMAD 720 125# FLANGED WYE PATTERN PRESSURE REDUCING VALVE WW-3"-720EN-P2-Y-C-A5-EB-NN-NIV66 ADDITIONAL FEATURES: V-PORT THROTTLING PLUG, VISUAL POSITION INDICATOR, INLET/OUTLET PRESSURE GAUGES		
1ea	^1-1/2" BERMAD 1020 SERIES PRESSURE REDUCING VALVE WITH NPT THREADED CONNECTIONS, COMPOSITE BODY WW-1.5"-1020EN-P2-Y-Q-NP-UC-PA-66 ADDITIONAL FEATURES: OUTLET PRESSURE GAUGE		
	Subtotal -----		3320.00
	***** PRV STATION #3 *****		
1ea	8" BERMAD 720 PRESSURE REDUCING VALVE WW-8"-720EN-P2-Y-C-A5-EB-NN-NIV66 ADDITIONAL FEATURES: V-PORT THROTTLING PLUG, VISUAL POSITION INDICATOR, INLET/OUTLET PRESSURE GAUGES		
1ea	2" BERMAD 1020 SERIES PRESSURE REDUCING VALVE WITH NPT THREADED CONNECTIONS, COMPOSITE BODY WW-2"-1020EN-P2-Y-Q-NP-UC-PA-66 ADDITIONAL FEATURES: OUTLET PRESSURE GAUGE		
	Subtotal -----		7404.66
	***** ALTERNATE LOW FLOW BYPASS VALVE FOR PRV #1 & PRV #3 DI BODY VS. COMPOSITE *****		
1ea	2" BERMAD 720-V-I THREADED PRESSURE REDUCING VALVE WW-2"-720-P2-Y-C-NP-EB-NN-NIV66 ADDITIONAL FEATURES: V-PORT THROTTLING PLUG, VISUAL POSITION INDICATOR, INLET/OUTLET PRESSURE GAUGES		
	Subtotal -----		1619.33

\*\* Continued on Next Page \*\*



# Quotation

EXPIRATION DATE	QUOTE NUMBER	PAGE NO.
11/02/2022	S100195258	3 of 3

ORDER QTY	DESCRIPTION	UNIT PRICE	EXT PRICE
1ea	<p>*****</p> <p>ALTERNATE LOW FLOW BYPASS VALVE FOR PRV #2 DI BODY VS. COMPOSITE *****</p> <p>1-1/2" BERHAD 720 THREADED PRESSURE REDUCING VALVE WW-1.5"-720-P2-Y-C-NP-EB-NN-NIV66 ADDITIONAL FEATURES: V-PORT THROTTLING PLUG, VISUAL POSITION INDICATOR, INLET/OUTLET PRESSURE GAUGES</p>		
	Subtotal -----		1485.33

IMPORTANT NOTICE: DUE TO UNPRECEDENTED SUPPLY CHAIN DISRUPTIONS WE ARE UNABLE TO PROVIDE FIRM PRICING FOR ANY LENGTH OF TIME. ALL PRICES ARE SUBJECT TO CHANGE BASED ON AVAILABILITY AND MARKET PRICING AT TIME OF SHIPMENT. THIS NOTICE SUPERCEDES ALL PREVIOUS TERMS.

Subtotal	27093.97
S&H Charges	0.00
Estimated Tax	0.00
Amount Due	27093.97

**10E-8**