

**HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT**  
21 OAK PARK DRIVE – POST OFFICE BOX 21264  
HILTON HEAD ISLAND, SOUTH CAROLINA 29925  
TELEPHONE 843-681-5525 – FAX 843-681-5052

**MINUTES**  
**COMMISSION MEETING**  
**MAY 28, 2015**

**I. Meeting called to order by the Committee Chairperson, Mr. Bob Manne, at 9:00 a.m.**

**II. Those in attendance were:**

Mr. Bob Manne	Chairperson
Mr. Bob Gentzler	Vice-Chairperson
Mr. Gary Kratz	Treasurer
Mr. John Geisler	Secretary
Mr. Frank Drehwing	Commissioner
Mr. David McCoy	Commissioner
Mr. Herbert Ford	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Mr. Larry Sapp	Chief Financial Officer
Mr. Bill Davis	Operations Manager
Mr. Richard Cyr	Special Projects Manager
Mr. Arnold Ellison	Special Projects Manager
Ms. Connie Whitehead	Commission Recording Secretary

Visitors:

Ms. Patricia Soltys

**III. Pledge of Allegiance**

The Pledge of Allegiance was led by Mr. John Geisler.

**IV. Public Hearing on FY'16 O&M and CIP Budget**

Key Discussion Points

- The public hearing opened at 9 a.m.
- There was no public comment.
- The public hearing closed at 9 a.m.

## **V. Draft Minutes of the April 28, 2015**

### Action

- Mr. Geisler moved to adopt the minutes of the April 28, 2015, regular meeting as presented. Mr. Drehwing seconded. The motion passed unanimously.

## **VI. Public Comment on Non-Agenda Items**

None

## **VII. FY'16 O&M and CIP Budgets**

### Key Discussion Points

- Staff presented the draft FY'16 O&M and CIP budgets, which reflect an aggressive FY'16 Staff Work Plan that addresses key initiatives laid out in the FY'16 Strategic Goals and Directives adopted by the board.
- Sewer Summit IV was held on May 14. The PSD and Town must now work together on prioritizing, financing and implementing sewer projects.
- The PSD has an opportunity to refinance its Series 2006 Revenue Bonds, with a potential interest expense reduction of \$1.2 million. Staff has been authorized by the board to pursue options for achieving the refinancing with a September 2015 target date. Staff recommendations will be brought before the Finance Committee in June.
- The preliminary engineering report (PER) for ASR II has been completed and submitted to the State Revolving Fund. The PSD must now address facility siting and design and a project implementation schedule.
- The proposed CIP includes enhancements to the cyber and physical security of the PSD and its information. The plan also includes implementation of a mobile workforce system.
- Some highlights from the proposed budgets are:
  - Operating Revenues are estimated to increase \$614,900 from FY'15.
  - Operating Expenses including depreciation are projected to decrease by \$20,600.
  - Non-operating Revenues are estimated to increase by \$96,800.
  - Non-Operating Expenses are estimated to increase \$196,170.
  - Change in net position before capital contributions are projected at a deficit of \$61,870.
  - Cash flow is projected to increase by approximately \$149,449.
  - CIP projects are estimated at \$990,000. Of this total, \$525,000 are related to decision package items.
- The change in assessed county property values results in a proposed change in the millage rate to 7.49.
- The Finance Committee and staff recommend adoption of the draft FY'16 O&M and CIP Budgets and the proposed millage rate.

### Action

- Mr. Geisler moved to adopt the O&M and CIP budgets as presented and the proposed millage rate. Mr. Gentzler seconded. The motion passed unanimously.

## **VIII. Auditor Engagement Letter**

### Key Discussion Points

- At its most recent meeting, the Finance Committee reviewed the auditor engagement letter.
- The Committee recommends continuing with the same auditor, given the strong working relationship between the firm and the PSD over the last several years.

### Action

- Mr. Geisler moved to engage with Robinson Grant Co. for completion of the FY'15 audit. Mr. Dave McCoy seconded. The motion passed unanimously.

## **IX. BJWSA Purchased Water Agreement**

### Key Discussion Points

- At the last Water Supply Committee meeting, the Committee reviewed the BJWSA purchased water agreement.
- The draft contract has not been revised since April, when the board last reviewed it.

### Key Discussion Points

- Mr. Drehwing moved to adopt the proposed BJWSA Purchased Water Agreement as presented. Mr. Gentzler seconded. The motion passed unanimously.

## **X. Commissioner and Committee Reports**

### **A. Finance Committee**

#### Key Discussion Points

- The Committee will be reviewing the PSD's rate structure to determine whether current rates are in line with current costs.
- The Committee will also review the water and sewer capacity fees.

### **B. Planning and Operations Committee**

#### Key Discussion Points

- The Committee met May 8 in preparation for Sewer Summit IV and again on May 22 to review output.
- The Committee is working to draft an overview of what a town commitment would look like to be sent to the Town within 30 days of the summit.
- Each commissioner voiced their takeaways:
  - Herbert Ford found the summit to be a well done and productive.
  - John Geisler said the content and public participation was excellent. He feels the video of septic conditions at Sam Frazier Retreat will serve as a motivator for Town to expand sewer service.
  - Mr. Kratz felt it was an excellent meeting and he was pleased with the overall response from the Town and public.

- Mr. Gentzler was pleased with the summit, but in the future, he would like the PSD to conduct more informational public meetings leading up to the summit.
- Mr. Manne stated that the high level of public participation was key to the success of the summit. He also feels the PSD was well prepared.
- Mr. Drehwing was impressed with the presentation showing that septic systems are not suitable for our area. He commended Mr. Nardi on an excellent presentation and is pleased with Town Council's response.
- Mr. McCoy was pleased with the positive interaction among the PSD, Town and public. He was surprised by the mayor's remark that sewer needs to be extended to "anyone who wants it." It seems to take a step back and leave a loophole for the Spanish Wells gated community to opt to continue with septic tanks.

**C. Long Range Water Supply Planning Committee**

Key Discussion Points

- The PSD is operating with one RO well right now.
- The Windmill Harbor tie-in is complete.
- With the three raw water pumps, the PSD can deliver 6 mgd, which is much more than anticipated.
- The Committee will review the need for ASR II.

**D. Community and Personnel Relations Committee**

Key Discussion Points

- The Committee has no formal report at this time.

**XI. General Manager's Report**

Key Discussion Points

- In a recent survey of local water utilities by Mount Pleasant Waterworks, the PSD's customer-to-employee ratio of 339 customers per employee is tops.
- BJWSA will increase the wholesale water rate by two cents effective July 1. This increase represents less than \$8,000 in additional purchased water expense in the FY'16 budget.
- The Annual Water Quality Report is complete and on the PSD website.
- PSD staff met with representatives from Palmetto Hall POA, Heritage Golf, and Town staff to clarify responsibilities of each group in relation to the recycled water wetlands, stormwater management, and the property maintenance in the community.
- The AMI conversion will most likely be complete by the end of June.
- Rehab of Heron Lakes sewer pump was completed as an FY'15 CIP project.
- Gumtree Sewer project will begin on June 8. Customers have been notified and a drop-in open house will be held on June 4 from 4 p.m. – 6 p.m.
- Senate Bill 0011 which would require that the agenda of a public body cannot be amended later than 24 hours before the meeting except by a two-thirds vote of the body is in the Senate Conference Committee.

## **XII. New Business**

None

## **XIII. Executive Session to Discuss Personnel Matters**

### Action

- The board entered into executive session to discuss personnel matters at 10:35 a.m.
- No staff was present.

## **XIV. Reconvene Regular Session**

### Action

- The board reconvened regular session at 12:00 p.m.
- No action was taken as a result of executive session.

## **XV. Adjournment**

### Action

- The meeting adjourned at 12:00 p.m.