

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  
NOVEMBER 19, 2013**

**I. Meeting called to order by the Chairperson, Mr. Bob Manne, at 9:02 a.m.**

Mr. Manne stated that notice of the meeting has been given in accordance with the Freedom of Information Act.

**II. Those in attendance were:**

|                    |                  |
|--------------------|------------------|
| Mr. Bob Manne      | Chairperson      |
| Mr. Bob Gentzler   | Vice-Chairperson |
| Mr. John Geisler   | Secretary        |
| Mr. Frank Drehwing | Commissioner     |
| Mr. David McCoy    | Commissioner     |

Present by request:

|                      |                                |
|----------------------|--------------------------------|
| Mr. Richard Cyr      | General Manager                |
| Mr. Pete Nardi       | Assistant General Manager      |
| Mr. Larry Sapp       | Finance Manager                |
| Ms. Connie Whitehead | Commission Recording Secretary |

Absent:

|                  |              |
|------------------|--------------|
| Mr. Gary Kratz   | Treasurer    |
| Mr. Herbert Ford | Commissioner |

Visitors:

None

**III. Pledge of Allegiance**

Mr. John Geisler led the Pledge of Allegiance.

**IV. Agenda Additions or Changes**

None

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

None

## **VI. Adoption of Draft Minutes of the October 22, 2013 Regular Meeting**

### Key Discussion Points

- On page 2, in the fourth bullet under the First Quarter Management Report, the words “web page” were changed to “website”.
- On page 4, in the first bullet under the General Manager’s Report, the word “discharge” was changed to “sentinel monitoring”.

### Action

- Mr. Geisler moved to adopt the minutes of the October 22, 2013, regular meeting as amended. Mr. Gentzler seconded. The motion passed unanimously.

## **VII. Introduction of New Employees**

### Key Discussion Points

- Mr. Nardi introduced the PSD’s two new employees.
- Scott Budrow joined the PSD staff on October 21 as a Wastewater Services Technician. Scott comes to the PSD from a position as Building and Grounds Heavy Equipment Operator for the Town of Bluffton. Scott holds a Class B commercial driver’s license with tanker endorsements, among numerous equipment certifications.
- Johnny Haines joined the PSD staff on November 4 as a Water Services Technician. Johnny comes to the PSD from a position as a sales representative lead technician for Mr. Rooter Plumbing. Johnny, who also holds a commercial driver’s license, is experienced in an array of water distribution and filtration systems.

## **VIII. Revenue Debt and General Obligation Resolutions for SRF Loan**

### Key Discussion Points

- During the May board meeting, the Commission approved the FY’14 Budget process which included the provision to seek State Revolving Funds (SRF) for the FY’14 Water Master Plan Projects (GO Debt Funded) and Automated Meter Reading Project (Revenue Debt Funded.)
- The following three prospective projects are expected to be financed via SRF GO Debt: Reverse Osmosis Plant Expansion; Windmill Harbour Booster Station; and Bluffton Fly-Over Water Main Relocation. The SRF GO proposed interest rate is 2.0%.
- The Automated Meter Reading project is expected to be financed via SRF Revenue Debt. The SRF Revenue Debt has a proposed interest rate of 1.0.
- Prior to June 30, 2013, staff completed all the questionnaires related to the projects listed above. Staff was notified by the State Revolving Fund late October 2013 that

the PSD had qualified and is on the SRF Funding List. Staff is now in the process of completing the loan application.

- Staff recommended the adoption of the Commission Resolution authorizing the General Manager and Finance Manager to apply to the Drinking Water Revolving Fund for two loans, GO Debt Funded and Revenue Debt Funded.

#### Action

- Mr. Drehwing moved that the board adopt a resolution authorizing the Hilton Head Public Service District to apply to the Drinking Water Revolving Fund for a loan to defray the cost of: (1) Expanding the Reverse Osmosis Plant; (2) Upgrading existing Middle Floridan Aquifer Wells; (3) Constructing a new water booster station; (4) Relocating a water transmission main; and (5) other improvements associated therewith. Mr. Geisler seconded. The motion passed unanimously.
- Mr. Geisler moved that the board adopt the resolution authorizing the Hilton Head Public Service District to apply to the Drinking Water Revolving Fund for the loan to defray the costs of: (1) Certain remote read water meters; and (2) other necessary improvements and appurtenances associated therewith. Mr. Gentzler seconded. The motion passed unanimously.

### **IX. Transfer of Town Sewer Capacity to SAFE**

#### Key Discussion Points

- The Town has acquired a considerable amount of sewer capacity from properties acquired over the last 10 years using its Land Acquisition Program funds and has agreed to transfer excess sewer capacity conditionally to assist low/moderate income property-owners in connecting to the Hilton Head PSD sewer through Project SAFE. Such a transfer requires PSD approval.
- The Town is requesting the PSD approve the transfer of (50) equivalent dwelling units (EDUs) of sewer capacity from their existing 81.1 EDUs to the SAFE program. Staff considers this action to be in the best interest of the PSD, the Town and the community. Staff recommends Board approval.

#### Action

- Mr. Gentzler moved that the Commission grant the Commission Chairman, General Manager or his designee the authority to sign a contract on behalf of the PSD authorizing the transfer of 50 EDUs of sewer capacity from the Town of Hilton Head to the Community Foundation of the Lowcountry's SAFE program to be used to assist low/moderate income residents in connecting to the sewer system. Mr. Geisler seconded. The motion passed unanimously.

## **X. FY'14 First Quarter Financial Report**

### Key Discussion Points

- Mr. Sapp presented the year-to-date financials.
- Total Department Expenses are 6.5% under budget.
- Total Operating Revenues are down 3.6% due to increased rainfall.
- Total Non-Operating Revenues are 9.2% below budget. This variance is mainly due to lower than expected delinquent property tax accounts and related collections from Beaufort County.
- Total Non-Operating Expenses are 11% below budget due to lower than budgeted interest expense and the elimination of the amortization of debt expenses in accordance with GASB 65.
- Water/irrigation service EDUs have increased by 62 since June 30, 2013. Total sewer service EDUs have increased by 68.
- Unrestricted cash decreased by \$703,328. The PSD is due reimbursement from the Town of Hilton Head totaling \$496,820. Town Reimbursement has been signed by the Mayor and mailed this week.
- Restricted cash for debt service has decreased from \$2,238,129 in June 2013 to \$2,885,019, a decrease of \$646,890. This is due to bond payments made on the Series 2000A bonds.
- As of September 30, 2013, the District's financial condition is stable.

## **XI. PSD/Town Reimbursement Agreement for Baygall**

### Key Discussion Points

- The Town of Hilton Head has agreed to reimburse the PSD for sewer infrastructure in the Baygall area. The Town is requiring contract signature authorization by PSD resolution. The project has been designed and bid; therefore, a firm contract price has been established at \$687,777. The PSD's portion of the project, the construction of a sewer lift station, is already under construction and is funded by PSD funds.
- Staff recommends the Commission adopt a resolution authorizing the General Manager to sign a contract with the Town for reimbursement of costs and expenses to install sewer infrastructure in the Baygall area.

### Action

- Mr. Drehwing moved that the board adopt a resolution authorizing the execution and delivery of an agreement between Hilton Head PSD and the Town of Hilton Head Island for the Baygall sewer project. Mr. Gentzler seconded. The motion passed unanimously.

**XII. Nomination of Commission Officers**

Key Discussion Points

- Per its bylaws, the Commission nominates officers for the coming year at its regular November meeting and then votes on the nominations at its regular December meeting.
- Mr. Cyr stated that Mr. Kratz has voiced to him that he would like to step down as Treasurer, and suggests that Mr. McCoy be considered. Mr. McCoy prefers Mr. Kratz continue, but will accept the nomination if Mr. Kratz chooses to step down.

Action

- Mr. Drehwing moved that the board nominate the same slate as presently seated. Mr. Geisler seconded. The motion passed unanimously.

**XIII. Commissioner and Committee Reports**

**A. Finance Committee**

Key Discussion Points

- The Committee has not met since the last Board meeting, but will meet soon to review Standard and Poor’s summary of the PSD’s bond rating.
- Mr. Geisler commended staff on PSD’s bond rating. Mr. Manne commended Mr. Geisler on his contributions to the Finance Committee.

**B. Planning and Operations Committee**

Key Discussion Points

- The Committee met on November 5 to discuss the Strategic Planning Session, which will take place at noon.

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

Key Discussion Points

- The Committee has not met since the last board meeting.
- Mr. Drehwing referenced the water quality report included in the agenda packet, noting the high chlorides in Windmill Harbour.

**D. Community Relations and Personnel Committee**

Key Discussion Points

- The Committee has not met since the last board meeting, but will meet soon to discuss succession planning.

## **XIV. Staff Reports**

### **A. Community Involvement Report**

#### Key Discussion Points

- The new [www.hhpsd.com](http://www.hhpsd.com) website won a Gold Award in the Government Website category in the Association of Marketing and Communication Professional's Annual MarCom Awards Competition.
- Mr. Cyr was one on the speakers at the November 13 League of Women Voters forum regarding Hilton Head and Bluffton area water, sewer and septic issues.
- Nichelle Baker Andino has begun temporary work as Executive Assistant in preparation for Connie Whitehead's maternity leave.
- Pete Nardi gave a presentation on sewer availability at the Barnwell Family Annual Meeting on Thursday. Some family members are eyeing possible home construction in the Katie Miller Drive area.
- Work on the Baygall pump station installation is progressing nicely. Excavation for the wet well went smoothly and the contractor anticipated setting the well on November 18.
- The PSD is preparing to begin sewer line installation in coordination with the County's road paving work. We are finalizing our contract with the Town for this portion of the project.
- The Deep Well Project used Bucks for a Better Island funds to pay for a septic pump out on Diamondback Road (\$397.00) and to cover two PSD bills that totaled \$448. The balance of the fund as of October 31 was \$1,250.10.
- Mr. Nardi presented the 2014 commission proposed meeting dates and holiday closings for board review. A vote will be taken at the December meeting.

## **XV. General Manager's Report**

#### Key Discussion Points

- Mr. Cyr had no formal report this month.

## **XVI. New Business**

#### Key Discussion Points

- Mr. Drehwing and Mr. Geisler commented on the League of Women Voters November 13 forum on Hilton Head and Bluffton area water, sewer and septic issues. While both found the meeting beneficial, Mr. Drehwing found it too technical for the audience and felt it lacked sufficient visual aids. Mr. Geisler found the content too broad.

## **XVII. Executive Session**

#### Action

- Mr. Manne moved to enter into Executive Session for the purpose of discussing personnel matters. Mr. Geisler seconded. The motion passed unanimously.

- Executive Session began at 10:34a.m.

#### **XVIII. Reconvene Regular Session**

##### Action

- Regular session reconvened at 11:45 a.m.

#### **XIX. Adjournment**

##### Action

- The meeting adjourned at 11:45a.m.