

HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT  
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HILTON HEAD ISLAND, SOUTH CAROLINA 29925  
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**MINUTES  
COMMISSION MEETING  
APRIL 22, 2014**

**I. Meeting called to order by the Chairperson, Mr. Bob Manne, at 9:05 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. Gary Kratz	Treasurer
Mr. John Geisler	Secretary
Mr. Frank Drehwing	Commissioner
Mr. Herbert Ford	Commissioner
Mr. David McCoy	Commissioner

Present by request:

Mr. Richard Cyr	General Manager
Mr. Pete Nardi	Assistant General Manager
Mr. Larry Sapp	Finance Manager
Mr. Arnold Ellison	Special Project Manager
Mr. Brian Cronin	Senior Accountant
Ms. Connie Whitehead	Commission Recording Secretary

Visitors:

Susan Simmons	Town of Hilton Head Island
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**III. Pledge of Allegiance**

Mr. Geisler led the Pledge of Allegiance.

**IV. Agenda Additions or Change**

None

## **V. Adoption of Draft Minutes of the March 25, 2014 Regular Meeting**

### Action

- Mr. Drehwing moved to adopt the minutes of the March 25, 2014 regular commission meeting as presented. Mr. McCoy seconded. The motion passed unanimously.

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

None

## **VII. FY'15 Third Quarter Management Report**

### Key Discussion Points

- Mr. Cyr presented the FY'15 Third Quarter Management Report.
- The year-to-date top accomplishments are:
  - Aquifer Storage and Recovery (ASR) No. 1 developed to full capacity
  - AA+ Stable with stable outlook GO bond rating confirmed by S&P
  - Mid –Spanish Wells Sewer Project completed on time and under budget
  - Implemented new web page design, winner of MarCom Award
  - Timely completed annual Financial Audit and Comprehensive Annual Financial Report
  - Upgraded audio-visual presentation equipment in Community Room and improved capabilities for remote Commissioner participation in Commission meetings
  - Successfully passed annual DHEC water and wastewater systems inspection and maintained state approved laboratory status for wastewater testing
  - The Town sewer capacity transferred to the program to assist low/moderate income customers connect to sewer
  - Analyzed and implemented opportunities to reduce costs and improve revenues

## **VIII. FY'15 Third Quarter Financial Report**

### Key Discussion Points

- Mr. Sapp presented the FY'15 Third Quarter Financial Report.
- Among the highlights are:
  - Operating Revenues are down \$164,000.
  - Operating Expenses are 14% lower than budget due to lower than expected power and chemicals costs.
  - Non-Operating Revenues are in line with budget.
  - Non-Operating Expenses are in line with budget except for lower interest expenses as a result of bond refinancing.
  - The PSD has added 159 new water/irrigation EDUs and 202 new sewer EDUs since June 30, 2013.

- Unrestricted cash available for operations increased \$377,514 from June 30, 2013. This increase related to monthly reimbursements from the Town of Hilton Head for the Mid Spanish Wells sewer project.
- Restricted Construction Funds has decreased by \$427,988 due to funds expended for the Mid-Spanish Wells and Baygall projects.
- The PSD's financial condition is stable.

## **IX. Commissioner & Committee Reports**

### **A. Finance Committee**

#### Key Discussion Points

- The Committee's most recent meeting focused on the FY'15 budget which will be discussed in the April workshop.

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

#### Key Discussion Points

- The Committee met recently to discuss the budget decision packages and the Town project updates.
- The IT report will be presented in May.
- The Baygall lift station is finished, and the inside is curing. The Spanish Wells lifstation is operational. The Gumtree Road Sewer Project is still in the Town budget.
- The Bluffton Fly-over water main relocation was not done according to the Engineer of Record's design. The new main does not maintain a consistent grade and may have areas where air pockets can develop that could cause problems. The PSD will not sign off on the work until it is corrected, and the Engineer of Record will not sign off until the PSD does.
- The PSD has all the bids for the AMI project. The State Revolving Fund must review the contract.

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

#### Key Discussion Points

- The Committee met on March 28 to discuss the BJWSA rate increase, the RO plant, Future Water Supply, the Bluffton Fly-over, and the Mid-Floridan Aquifer Feasibility Study.
- BJWSA advised PSD staff to prepare for a 17% rate increase. An increase this size would cost the PSD an estimated \$114,000 per year and would necessitate that the PSD implement a 2% rate increase to its customers. PSD and BJWSA are discussing rewriting the purchase agreement.
- The RO plant is running better than expected.
- The PSD has submitted to DHEC the plans for a new RO skid and the upgrade of three wells.

- The last Mid-Floridan Aquifer feasibility study was conducted 5 years ago. Hilton Head and South Island PSD are discussing sharing the cost of a new study.

#### **D. Community Relations and Personnel Committee**

##### Key Discussion Points

- The Committee will meet on May 6 to discuss succession planning.

### **X. Staff Reports**

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

##### Key Discussion Points

- The PSD is joining the AWWA/U.S. EPA Partnership for Safe Water program. PSD Water Quality Analyst is leading the PSD's involvement in the program.
- Todd Ballantine of Ballantine Environmental has completed the Recycled Water Biennial Monitoring Reports for Hilton Head Plantation and Palmetto Hall recycled water wetlands.
- The sewer pump station and sewer line for the Baygall Sewer project are nearing completion.
- The PSD has recertified as U.S. EPA Water Sense Partner utility.
- Deep Well used BBI funds to cover a septic pump-out on Allen Road in March. The BFBI balance at Deep Well as of March 31 was \$1,527.10.
- Scott Budrow, Wastewater Services Technician, passed his Wastewater Collections "D" license examination.

#### **B. Legislative Update**

##### Key Discussion Points

- House Bill H4410 has been referred to the House Committee on Judiciary. This bill would require additional ways such as telephone, texts or emails regarding budget and meetings.

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

##### Key Discussion Points

- At the March commission meeting, the board authorized the execution of the TIF extension resolution. The Town has submitted the TIF resolution for board signatures. Mr. Manne and Mr. Geisler signed the resolution.
- The Bluffton Fly-over project is stalled due to improper installation of the water main. The PSD and Cleland are at odds over the quality of the work. The PSD will not sign off on the project until the work is corrected, and the Engineer of Record will not sign off until the PSD does.
- RO plant funding is delayed. The project may not be completed until November. A pre-bid meeting is scheduled for May 6.

- The AMI project is moving at a good pace. The towers for the system will be on Union Cemetery and Seabrook Road.
- BJWSA will increase their rates 10.1% effective July 1. PSD and BJWSA staff are discussing the possibility of rewriting the purchased water agreement.

## **XII. New Business**

None

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

### Action

- Mr. Manne moved to enter into Executive Session for the purpose of discussing contractual matters. Mr. Geisler seconded. The motion passed unanimously.
- Executive Session began at 10:40 a.m.

## **XIV. Reconvene Regular Session**

### Action

- Regular Session reconvened at 11:12 a.m.

## **XV. Adjournment**

### Action

- The meeting adjourned at 11:12 a.m.