

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

**I. Meeting called to order by the Chairperson, Mr. Bob Manne, at 11:50 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 (Via Skype)	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

**III. FY'15 Budget**

Key Discussion Points

- Mr. Sapp presented the FY'15 Operating & Maintenance Budget, the Capital Improvement Plan, and the Cost of Service Analysis.
- Among the goals of the budget are to improve cash reserves and maintain current service level.
- The budget factors in a BJWSA rate increase of 10.1%.
- Capacity fee projections are kept conservative.
- Customer growth rates are based on annualized FY'14 rates of 1.2% for water and 1.8% for sewer.
- The major efforts planned for FY'15 are:
  - Continue working with the Town regarding Town-funded sewer projects

- Completion of annual CIP projects
- Continue FY'14 SRF funded projects
- The four COSA scenarios presented are:
  - Scenario 1: This scenario utilizes uses the last trailing 12 months consumption levels and has no rate increases.
  - Scenario 2: Is identical to scenario 1 except it incorporates a \$1 increase to both the water and sewer base rates commencing January 1, 2015.
  - Scenario 3: Has no rate increases and utilizes a 3-year average consumption level.
  - Scenario 4: Is identical to scenario 3 and incorporates a \$1 increase to both the water and sewer base rates commencing January 1, 2015 utilizes a 3-year average consumption level.
- Of the four COSA scenarios, staff recommends that the FY'15 budget be based on Scenario 4.
- The Staff Work Plan focuses on three main areas:
  - Maintain or Improve Customer Service
  - Cost Containment
  - Improve Financial Stability

#### Action

- The budget decision packages were approved/rejected as follows:
  - Implement Phase II of the Water Efficiency Demonstration Project: \$40,000 - Rejected
  - Complete a report of the cost/benefit of potential water efficiency measures with an implementation plan: \$36,000 - Approved
  - Complete feasibility phase for collecting and processing stormwater: \$30,000 – Rejected
  - Complete Odor Control Study: \$25,000 - Approved
  - Complete Aesthetics Improvement Program: \$60,000 - Rejected
  - Celebrate RO Expansion Project: \$3,500 and up – Approved
  - Total amount of approved decision packages to be added to the O&M budget totals \$64,500.
  - All proposed changes will be updated by staff and presented at the May board meeting.
- Mr. Geisler moved to adopt Cost of Service Scenario 4. Mr. Gentzler seconded. The motion passed 6-0. In accordance with the Commission By-laws, Mr. Drehwing was not permitted to vote remotely.

#### **IV. Adjournment**

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