

**HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT**  
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**MINUTES**  
**COMMISSION MEETING**  
**OCTOBER 27, 2015**

**I. Meeting called to order by the Committee Chairperson, Mr. Bob Manne, at 9:03 a.m.**

**II. Those in attendance were:**

Mr. Bob Manne	Chairperson
Mr. Bob Gentzler	Vice Chairperson (via Skype)
Mr. Gary Kratz	Treasurer
Mr. John Geisler	Secretary
Mr. Herbert Ford	Commissioner
Mr. David McCoy	Commissioner

Present by request:

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

Absent:

Mr. Frank Drehwing	Commissioner
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**III. Pledge of Allegiance**

The Pledge of Allegiance was led by Mr. Dave McCoy.

**IV. Draft Minutes of the September 22, 2015**

Key Discussion Points

- Under New Business, the bullet was revised to read that “Mr. Nardi will be presented with a proclamation...”

Action

- Mr. Geisler moved to adopt the minutes as revised. Mr. McCoy seconded. The motion passed unanimously.

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

None

**VI. PSD – S.C. DOT Memorandum of Agreement**

Key Discussion Points

- The S.C. DOT project to replace current Jarvis Creek Bridge on Spanish Wells Road is requiring the relocation of a segment of the PSD’s 12-inch water distribution main along the road.
- The DOT and PSD have worked together to prepare a memorandum of agreement. Under the MOA, the DOT’s overall construction project will include performing the water main relocation using a contractor approved by the PSD. The PSD will reimburse the DOT the construction cost upon the PSD’s acceptance of the relocation but not before FY’17.
- Both PSD staff and legal counsel have reviewed the proposed MOA and find it acceptable.
- Staff recommends the Commission authorize the General Manager to execute the MOA with the S.C. DOT for the reimbursement of costs for the relocation of the PSD’s 12-inch water main at the Jarvis Creek Bridge.

Action

- Mr. Geisler moved to authorize the General Manager to enter into the MOA with S.C. DOT for the relocation of the Jarvis Creek water main relocation. Mr. Kratz seconded. The motion passed unanimously.

**VII. FY’16 First Quarter Progress Report**

Key Discussion Points

- Mr. Nardi presented the FY ’16 First Quarter Management Report.
- At the board’s request, Mr. Nardi will prepare a cover memo listing the top ten PSD accomplishments to accompany all quarterly reports.

**VIII. Commissioner and Committee Reports**

**A. Finance Committee**

Key Discussion Points

- The Committee met on October 14 to discuss the FY’15 Audit, the Sewer Capacity Fee and service line protection insurance.
- Ms. Amy Graybill has completed nearly all necessary steps to complete the audit financial report.
- The CAFR will be presented to the full board at the December meeting.

- Mr. Sapp presented a memo on the GASB 68 Net Pension Liability reporting requirements and how they impact the PSD. The most significant change is that pension liabilities were previously off the books but are now reported.
- The Committee discussed whether it would be appropriate to adjust the Sewer Capacity Fee. Neither staff nor the Committee recommends a change to the fee at this time.
- Legal counsel recommends not waiving or reducing the Sewer Capacity Fee for SAFE-approved customers, and instead using a non-rate revenue source, such as cell tower leases, and assigning it to cover the PSD's Project SAFE receivable.
- The Community Foundation of the Lowcountry has just approved a campaign to raise \$3 million for Project SAFE.
- Over the last six months, Mr. Nardi and Mr. Sapp have met with three service line protection providers. Staff provided a spreadsheet summary of potential revenue for the PSD from engagement in such programs. Neither staff nor the committee feel the benefits of providing the service outweigh the risk and exposure and are not in favor of implementation by the full board at this time.

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

### Key Discussion Points

- The Committee met on October 9 to discuss the annual strategic planning session.
- Mr. Gentzler presented a draft agenda for the session.
- Mr. Arnold Ellison will act as facilitator.
- The Committee reviewed each commissioner's top three priorities for discussion at the session.
- Mr. Gentzler asked that all commissioners review the current Strategic Plan in preparation for the session.
- The Gumtree Road Sewer Project is complete.
- Engineering and surveying has begun for Year One Master Sewer Plan project areas of Oakview and Dillon Roads.
- Dr. Steve Borgianini has completed the white paper on septic systems and is currently preparing an executive summary.
- New pressure-sensing equipment has been deployed in the PSD water distribution system. No pressure transients have been recorded.
- All three PSD's met with CH2M Hill this week. CH2M Hill will provide a draft disaster recovery service contract that will allow them to work with the PSDs at an hourly rate to complete all disaster recovery documentation needed to seek reimbursement from FEMA in the event of a natural disaster.

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

### Key Discussion Points

- The Committee met on October 19 to discuss the Master Water Plan Update.
- Mr. Ellison gave an update on current water demand and future water demand projections.

- Mr. Nardi presented a memo overview of current supply and costs as well as future supply capital costs.
- Staff anticipates a presentation of the revised Master Water Plan to the full board at the December meeting.
- The PSD's annual water distribution system treatment and flushing will take place on October 23 – November 6. Customers may experience a noticeable chlorine taste and smell. Announcements have been sent.

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

##### Key Discussion Points

- The Committee has not met this month and has no formal report at this time.

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

##### Key Discussion Points

- The Town Council will consider Year 2 sewer project funding at the Nov. 6 meeting. Council is not requesting a presentation from PSD staff since the PSD has already provided plans and cost estimates.
- The DOT Commission approved the conveyance of the site needed for the Oakview area pump station. The DOT is preparing a quit claim deed for PSD review.
- The Fall 2015 edition of "On the Waterfront" that contains the annual customer satisfaction survey was mailed this month.
- Mr. Sapp and Ms. Lorie Chisolm represented the PSD at a community picnic held by the Native Island POAs and NIBCAA. The PSD table offered information on Project SAFE.
- Members of the Hilton Head-Bluffton Leadership 2015 Class toured the PSD's Recycled Water Plant as well as the 911 Dispatch center.
- The State of the Region Luncheon will be held on Oct. 29 at the Hilton Head Marriott.
- Hilton Head Monthly interviewed Pete Nardi for an article on saltwater intrusion and the utility's response. The article appeared in this month's edition.
- The Bucks for a Better Fund dispersed \$8,500 to Project SAFE and \$500 to Deep Well on Oct. 19. The Bucks balance at Deep Well is \$1,500.
- The cleaning and camera inspection of the sewer system at Squires Gate, Chinaberry, and Hilton Head Hospital was completed. No significant issues were found.
- Phil Waters has prepared cost estimates to extend sewer service to the side streets of Master Sewer Plan Project Area 10. Those estimates have been forwarded to the Town.
- Mr. Nardi stated that the PSD has been asked to purchase a table at the annual Ella C. White Memorial Scholarship Fund Dinner on November 6. The PSD has purchased a table for the past several years, but with no policy in place regarding charitable spending, Mr. Nardi asked the board whether or not there is an interest in participating with this particular event this year. The consensus was to purchase the table at this year's event and to discuss a policy on charitable spending at this year's strategic planning session.

#### **X. New Business**

None

## **XI. Adjournment**

### Action

- Mr. Kratz moved to adjourn the meeting. Mr. Geisler seconded. The meeting adjourned at 10:45 a.m.