

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
JANUARY 26, 2016

I. Meeting called to order by the Commission Chairman, Mr. Bob Manne, at 9:00 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. Frank Drehwing	Commissioner
Mr. Herbert Ford	Commissioner
Mr. David McCoy	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Mr. Larry Sapp	Finance Manager
Mr. Arnold Ellison	Special Projects Manager
Ms. Connie Whitehead	Commission Recording Secretary

III. Pledge of Allegiance

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

IV. Adoption of the Draft Minutes of the November 17, 2015 Regular Meeting

Key Discussion Points

- The minutes were revised to reflect that Bob Manne called the meeting to order.

Action

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

V. Public Comment on Non-Agenda Items

None

VI. FY'16 Second Quarter Financial Report

Key Discussion Points

- Mr. Sapp presented the FY'16 Second Quarter Financial Report.
- Total Operating Revenues are \$180,461 under budget due to high rainfall and lower consumption.
- Total Non-Operating Revenues are \$68,790 below budget, but should fall more in line with budget as more G.O. Debt Levy and Operation Levy collections are realized in future months.
- Total Non-Operating Expenses are \$306,938 below budget. This variance mainly relates to bond issuance costs that have not occurred yet this fiscal year. Interest expense is also lower due to refunding of bonds that closed on September 3, 2015.
- Actual Capacity Fees are \$413,208 above budget. Developer Contributions of Systems are a non-budgeted item and total \$393,482 related to the funds received from the Town of Hilton Head for the Gumtree Sewer Project.
- The PSD's water/irrigation service EDUs have decreased by 6 since June 30, 2015. Sewer EDU's have increased by 5.
- Total combined unrestricted and restricted cash has decreased by \$319,372 since June 30, 2015.
- As of December 31, 2015, the District's financial condition is stable.

VII. FY'16 Second Quarter Management Report

Key Discussion Points

- Mr. Nardi presented the FY'16 Second Quarter. Among the highlights are:
 - Town Council approves \$3.5 million for 5-Year sewer plan (See Strategic Directive 2.1)
 - Town Council provides land for ASR II site (1.1)
 - Worker's Compensation premium reduced by \$10,000. (6.1)
 - Annual Water System Sanitary Survey passed (1.4)
 - Remote pressure sensing equipment finds no pressure transients (1.5)
 - Gumtree Road sewer project completed (2.1)
 - S.C. DOT Commission provides land for Oakview sewer pump station (2.1)
 - Club Corp provides land for Mid-Marshland sewer pump station (2.1)
 - a. \$800,000 in savings as a result of donated land and removal of need for second pump station in Marshland area.
 - Town Council approves \$940,000 for 5-Year Sewer Plan, Year 1 (2.2)
 - Community Foundation approves \$3 million capital campaign for Project SAFE (see 2.2)
 - Annual Wastewater Treatment Plant Sanitary Survey passed (2.5)
 - "Imagine a Day Without Water" proclamation from Town Council (4.2)
 - Series 2015 bond refunding closed (see 5.2)

- Large-diameter commercial meter conversions completed (see 5.4)
- OSHA trenching & excavation training held for Operations staff (see 6.2)
- Employee Recognition Awards celebration held (6.6)
- The Master Water Plan will be presented for approval at the February board meeting.
- A recent outreach to customers paying Sewer Availability Fees led to two new connections.

VIII. Commissioner and Committee Reports

A. Finance Committee

Key Discussion Points

- The Committee has not met this month but will meet in February to discuss Financial Ratios.

B. Planning and Operations Committee

Key Discussion Points

- The Committee has not met this month but will meet in February to discuss a new committee assignment, to look for possible sewer policy gaps that may need to be addressed as the PSD implements the Master Sewer Plan.

C. Long Range Water Supply Planning Committee

Key Discussion Points

- The Committee met on January 19 to review the draft Master Water Plan update. The revised Plan will be presented to the full board in February.

D. Community and Personnel Relations Committee

Key Discussion Points

- The Committee met this month to review the Customer Satisfaction Survey results, which are included in the agenda packet. The survey results will be shared with customers in the next newsletter and with employees at the next all-staff meeting.
- Mr. Nardi requested guidance from the board in regards to the PSD's charitable giving. Mr. Nardi suggested the board determine basic guidelines on charitable giving. The Committee recommends that all PSD's contributions of this nature be consistent with the PSD's goals, that donations be restricted to local non-profit organizations, and that the General Manager be given the authority to use his discretion on a case-by-case basis. The Committee recommends that the General Manager have the discretion to approve contributions of up to \$1,000 on a case-by-case basis based on the aforementioned criteria, not to exceed a total of \$12,000 in a fiscal year. The minutes of this Committee meeting shall serve as the board's guidelines on this topic, unless the guidelines are further amended by the full Commission.
- At Ed Saxon's request, Mr. Saxon and Mr. Nardi met to discuss the PSD's reduction in wholesale water purchases. Mr. Nardi highlighted some of the PSD's recent and upcoming changes in regards to water supply and encouraged BJWSA to consider a

different wholesale pricing strategy going forward, to encourage rather than discourage wholesale consumption vs. the PSD developing additional alternative supply.

IX. General Manager's Report

Key Discussion Points

- The employee worksite health screening will be held on January 27.
- The PSD's mobile GIS is being set up along with several applications that will increase data accuracy and field crew productivity.
- Mr. Nardi and Town Manager Steve Riley met this month to discuss the Town's banked water and sewer capacity rights; future capacity rights possibilities; potential reduction of the PSD's sewer capacity fee; ASR 2 facility site and status of the Year 1 Master Sewer Plan projects.
- The PSD transferred \$8,000 to Project SAFE and \$1,500 to Deep Well Project from the Bucks for a Better Island program.
- Mr. Nardi and Mr. Bill Davis have interviewed the top finalist for the Recycled Water Superintendent position.
- The Jarvis Creek Bridge project will be re-bid by the SCDOT in the spring.
- The S.C. General Assembly has reconvened. The PSD is tracking several bills, particularly a bill that would dissolve DHEC as it currently exists and assigns environmental regulation to the Department of Agriculture.

X. New Business

None

XI. Adjournment

Action

- The meeting adjourned at 10:35 a.m.