

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
APRIL 27, 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
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. Brian Cronin	Senior Accountant
Mr. Arnold Ellison	Special Projects Manager
Ms. Connie Whitehead	Commission Recording Secretary

Absent:

Mr. Gary Kratz	Treasurer
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III. Pledge of Allegiance

The Pledge of Allegiance was led by Mr. John Geisler.

IV. Adoption of the Draft Minutes of the March 22, 2016, Regular Meeting

Action

- Mr. Geisler moved to adopt the minutes as presented. Mr. Drehwing seconded. The motion passed unanimously.

V. Public Comment on Non-Agenda Items

None

VI. FY'16 Third Quarter Financial Report

Key Discussion Points

- Mr. Sapp presented the FY'16 Third Quarter Financial Report.
- Operating Revenues are 5.5% below budget due in part to decreased water consumption.
- Total Departmental Expenses are 5.9% under budget.
- Total Non-Operating Revenues are 2.8% below budget mainly due to the loss of tower leases.
- Total Non-Operating Expenses are 27% below budget mainly due to lower interest expenses due to refunding of bonds that closed on September 3, 2015.
- Water/irrigation service EDUs have increased by 40 since June 30, 2015. Sewer service EDUs have increased by 65.
- The PSD's financial condition is stable.

VII. FY'16 Third Quarter Management Report

Key Discussion Points

- Mr. Nardi presented the FY'16 Third Quarter Management Report. Among the highlights were:
 - Commission approves Water Supply Master Plan (See Strategic Directive 1.1)
 - ASR II project approved for SRF funding (1.1)
 - Year-One Master Sewer Plan (MSP) projects designed/permitted (2.1)
 - Community volunteers begin MSP easement acquisition (2.1)
 - Gibson Drive front-foot assessment project initiated (2.1)
 - Club Corp provides land for Mid-Marshland sewer pump station (2.1)
 - Town Council approves \$3.5 million for 5-Year Sewer Plan, Year 1 (2.2)
 - Community Foundation approves \$3 million capital campaign for Project SAFE (see 2.2)
 - Annual Water/Wastewater Sanitary Surveys passed (1.3 & 2.4)
 - Multiple staff/Commission outreach efforts (4.2)
 - Series 2015 bond refunding closed (see 5.2)
 - Worker's comp. premium decreased by \$10,000 due to excellent safety record (6.1)
 - Mobile GIS system installed (7.7)
- Herbert Ford and other volunteers will go door-to-door tomorrow to seek homeowner signatures for the easement agreements needed to complete Areas 5 and 10 of the Master Sewer Plan.
- The PSD's new Recycled Water Superintendent began employment this month. He will be introduced to the board at the May board meeting.

VIII. FY'17 Budget

Key Discussion Points

- Mr. Sapp presented the Draft FY'17 budget.
- Total Operating Expenses are estimated at \$8,878,400 million, compared to \$8,511,000 million in FY'16.

- Total Operating Expenses with Depreciation is estimated at \$13,322,400.
- Non-Operating Revenue is projected at \$3,049,800.
- Non-Operating Expenses are projected at \$1,351,000 compared to FY'16 budget of \$1,532,230.
- Increase/Decrease in Net Position is budgeted at (\$30,800) compared to (\$44,630) in FY'16.
- Beginning Cash on Hand is estimated at \$6,008,674, compared to \$5,918,624.
- The Finance Committee recommends COSA Scenario 2, which proposes a \$1.00 increase to the base rates for both water and sewer effective July 1.
- The Committee recommends a public hearing be held on June 28 regarding the proposed rate increase and a vote be taken on the draft budget at the June regular meeting.
- A vote on the budget is anticipated at the June 2016 commission meeting.

Action

- Staff will advertise the public hearing on the proposed rate increase, as well as the FY'17 budget, in *The Island Packet* the first week of June.

IX. Monthly Billing Resolution

Key Discussion Points

- With the recent conversion to automated meter reading, the PSD is now in a position to easily convert all accounts to monthly billing.
- Approximately 60% of the PSD's customers are billed quarterly. Converting to monthly billing has the following benefits:
 - Quicker consumption information
 - Earlier leak detection
 - Easier budgeting for the customer
 - Easier and more accurate tracking of water loss
- The transition would occur over a three-month period, beginning with public notification.
- The conversion will not require additional field personnel for meter reading; however, staff cannot determine at this time whether additional office staff is necessary.
- Customers will be notified of the conversion via:
 - Customer newsletter
 - News release
 - Paid advertisements
- The next steps in conversion are:
 - Board resolution
 - Information campaign
 - Implementation of a transition schedule
- The Community and Personnel Relations Committee met this month to discuss this topic and recommends converting to monthly billing.
- Mr. Nardi presented a draft resolution authorizing the PSD to transition all customers to monthly billing no later than December 2016.

Action

- Mr. Geisler moved to adopt the resolution authorizing the PSD to transition all customers to monthly billing. Mr. Gentzler seconded. The motion passed unanimously.

X. Commissioner and Committee Reports

A. Finance Committee

Key Discussion Points

- The budget review adequately covered the Committee’s most recent discussions.

B. Planning and Operations Committee

Key Discussion Points

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

C. Long Range Water Supply Planning Committee

Key Discussion Points

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

D. Community and Personnel Relations Committee

Key Discussion Points

- The monthly billing resolution adequately covered the committee’s most recent discussions.

XI. General Manager’s Report

Key Discussion Points

- The PSD deployed its new mobile GIS system for all field crews. Crews now carry tablets that display the water/wastewater systems along with a host of other information.
- The Project SAFE task force is preparing to seek a variety of grants. The task force has encouraged South Island PSD to include a Project SAFE donation option on their bills. The Town of Hilton Head will include Project SAFE as a payroll deduction charitable contribution option for all Town employees; the task force has encouraged all three island PSDs to do the same. The PSD updated the task force on the status of pending Master Sewer Plan construction projects.
- Representatives from Sensus/Ferguson Waterworks were on site this month installing the new “Data Analytics” AMI/customer information software. This new, intuitive system provides multiple efficiencies and advantages for staff and customers.
- The S.C. General Assembly has reconvened. The PSD is tracking the following bill:
 - **S.1157. Utility Relocation Funding.** It would require that any forced relocation of a public water/sewer line as a result of a public road project be paid for through the budget of the public road project, up to 7.5% of the total project budget. Passage of this bill would alleviate a great deal of future risk for the PSD. The bill was reported

to full Senate on April 19 and must get second and third reading by May 1 before it can get House consideration during this session.

- Pete Nardi met this month with the GMs of BJWSA, Broad Creek, and South Island PSDs. The topics covered included: saltwater intrusion monitoring; wholesale rates; hurricane ops; sewer projects; CIP items; and staffing.
- Experience Green held a series of stakeholder meetings to roll out the Baseline Sustainability Assessment that the PSD helped fund several years ago. Herbert Ford and John Geisler, along with the GMs of all three island PSDs, attended the April 5 session and provided feedback on the assessment.
- Beaufort County has informed the PSD that the assessed value of the District is estimated to increase by 0.4% from last year. The FY '17 draft budget will reflect revised PSD tax rates for ops and debt service.
- Year-One (Dillon & Oakview areas) projects on track for bid approval in May. PSD pump stations being reviewed for possible SRF funding. Gumtree area sewer extensions designed and permitted.
- Gibson Drive LPS project has been initiated.

XII. New Business

A. Oakview Sewer Project Letters

Key Discussion Points

- Mr. Nardi presented a draft resolution authorizing the initiation of a front foot assessment sewer project for Master Sewer Plan Areas 5 and 10.
- If adopted, an open house will be scheduled for May 26.

Action

- Mr. Gentzler moved to adopt the resolution authorizing the front foot assessment project for Sewer Master Plan Areas 5 and 10. Mr. Geisler seconded. The motion passed unanimously.

B. Gumtree Sewer Extensions Project

Key Discussion Points

- Mr. Nardi presented a draft resolution authorizing the initiation of the Gumtree Sewer Extensions front foot assessment sewer project.
- If adopted, an open house will be held June 1.

Action

- Mr. Drehwing moved to adopt the resolution authorizing the front foot assessment project for Gumtree Road . Mr. Geisler seconded. The motion passed unanimously.

C. International Scientific Forum

Key Discussion Points

- Dr. Steve Biorgianini presented the septic systems white paper at the 5th Annual International Scientific Forum in Rome, Italy.

D. Island-wide Saltwater Intrusion Study

Key Discussion Points

- GMA has provided a quote of \$89,000 for an island-wide saltwater intrusion study.
- The item will be assigned to the Community and Personnel Relations Committee for review.

XIII. Adjournment

Action

- The meeting adjourned at 4:51 p.m.