

**HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT**  
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**MINUTES**  
**COMMISSION MEETING**  
**AUGUST 25, 2017**

**I. Meeting called to order by the Commission Chairman, Mr. Bob Manne, at 9:05 a.m.**

**II. Those in attendance were:**

Mr. Bob Manne	Chairperson
Mr. Bob Gentzler	Vice Chairperson
Mr. David McCoy	Secretary
Mr. Gary Kratz	Treasurer
Mr. Frank Drehwing	Commissioner
Mr. Herbert Ford	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Mr. Larry Sapp	Finance Manager
Mr. Bill Davis	Operations Manager
Mr. Brian Cronin	Senior Accountant
Mr. Arnold Ellison	Special Projects Manager
Mr. Daryll Parker	Willdan Financial Services
Mr. Jeff McGarvey	Willdan Financial Services
Mrs. Connie Whitehead	Commission Recording Secretary

Absent:

Mrs. Patti Soltys	Commissioner
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**III. Pledge of Allegiance**

The Pledge of Allegiance was led by Mr. Gary Kratz.

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

None

**V. Adoption of the Draft Minutes of the July 25, 2017, Regular Meeting**

Key Discussion Points

- Mr. Gentzler suggested his comments under the adoption of minutes section be corrected to reflect that his comments regarding competitive bids for the audit were held during board discussions, not during the Finance Committee meeting.

Action

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

**VI. Adoption of Resolution Authorizing Series 2017A Front-Foot Assessment**

Key Discussion Points

- Mr. Sapp presented a resolution prepared by District’s bond counsel. The purpose is to authorize the imposition of the front-foot assessments on 84 parcels related to the 2017A Front Foot Assessment Revenue Bond that will close on August 21, 2017.
- A detailed background memo is included in the agenda packet.

Action

- Mr. Drehwing moved to adopt the resolution. Mr. McCoy seconded. The motion passed unanimously.

**VII. Adoption of Resolution Authorizing the Series 2017B SRF Bond Resolution**

Key Discussion Points

- Mr. Sapp presented a resolution prepared by District’s bond counsel. The purpose is to approve the financing of the construction of the regional lift stations and upgrades through SRF borrowing and the loan amount not to exceed \$1,400,000.
- A detailed background memo is included in the agenda packet.

Action

- Mr. Drehwing moved to adopt the resolution as presented. Mr. Gentzler seconded. The motion passed unanimously.

**VIII. Commissioner and Committee Reports**

**A. Planning & Operations Committee**

Key Discussion Points

- The Committee met on August 9.
- A copy of the minutes and meeting documents are included in the agenda packet.
- Work on Dillon Road has begun.

- Mr. Drehwing said that he feels the proposed asset replacement management study is premature, and should follow the completion of the rate study.

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

### Key Discussion Points

- Mr. Nardi presented the General Manager's report.
- A copy is included in the agenda packet.
- Mr. Nardi thanked the board for their work on the GM evaluation.
- Mr. Gentzler asked how the customer portal is progressing. Mr. Nardi responded that the customer portal has not been implemented yet because it has not reached an adequate level of customer intuitiveness. Staff is working with Sensus to improve upon the system.

## **X. New Business**

None

## **XI. Rate Study Kick-off Workshop**

### Key Discussion Points

- Mr. Daryll Parker and Mr. Jeff McGarvey of Willdan Financial Services gave a presentation on the rate study.
- A copy of the PowerPoint presentation is included in the agenda packet.
- Among the topics discussed for consideration:
  - Does the PSD want to move from a current 4-block volumetric rate to a simpler 3-tier rate?
  - If a 4-block structure is preferred, does the PSD want to utilize a lifeline amount on water?
  - Does the PSD want to move toward a monthly base charge that is based on water meter size?
  - Does the PSD want to consider a uniform rate structure for commercial users?
  - Does the PSD want to charge a fats/oils/grease surcharge for restaurants?
  - Does the PSD want to contract with Willdan to develop an asset management analysis for the purpose of planning future renewal and replacement of existing assets?
  - Does the PSD want to go to a meter size base rate structure, with larger meters paying higher base rates?
- Mr. Ford likes the idea of keeping the commercial rate higher than the residential rate. Mr. Gentzler disagreed, stating that it's an added burden to residential customers. He is also curious as to what the rationale was in setting the commercial rate.
- Mr. Nardi said that the PSD has previously discussed its role as a vehicle of economic development on the island, and offering commercial users a more uniform rate could help to achieve that.
- Mr. Ford stated that the PSD has been making financial decisions rather than policy decisions, and while finances should be considered, this is the wrong approach.

- Mr. Nardi would be interested in some way marketing the use of our island supply rather than our purchased water to encourage conservation.
- Mr. Ford cautioned the other commissioners to be prepared for the backlash from residents who might be affected by a meter size base rate structure, as he feels residents in their voting districts will be far more affected by the increase than his voting district.
- Mr. Nardi stated that changing out 1-inch meters with  $\frac{3}{4}$ -inch meters on the usual change-out schedule is a way to decrease capacity requirements on the supply side.
- Willdan and Mr. Drehwing recommend performing the asset replacement management study concurrently with the rate study. Willdan will prepare a quote for the additional study and forward it to staff.
- Completion of the studies is anticipated around the end of February.
- Mr. Gentzler asked if preliminary information can be available for review at the strategic planning session in November. Willdan can meet that deadline.

## **XII. Adjournment**

### Action

- The meeting adjourned at 11:46 a.m.