

**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**  
**MAY 22, 2018**

**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 Gantzler	Vice Chairperson
Mr. David McCoy	Secretary
Mr. Gary Kratz (via speakerphone)	Treasurer
Mr. Frank Drehwing	Commissioner
Mr. Herbert Ford	Commissioner
Mrs. Patti Soltys (via speakerphone)	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
Mrs. Connie Whitehead	Commission Recording Secretary

Visitors:

Mr. John Geisler

**III. Pledge of Allegiance**

The Pledge of Allegiance was led by Mr. Herbert Ford.

**IV. Adoption of the Draft Minutes of April 24, 2018**

Action

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

## V. Rate Study Review

### Key Discussion Points

- Mr. Sapp and Mr. Nardi presented the Willdan Water and Sewer Rate Study.
- Willdan proposes a rate model that factors the meter size into the monthly base charge for commercial accounts. The model uses ¾” as the base monthly meter charge. Willdan also recommends phasing in identical volumetric charges for all accounts, which is an industry best practice.
- The Finance Committee supports the Willdan recommendation, but to avoid rate shock by immediately increasing the base rate to the over 4,000 residential 1” meter customers, staff recommends implementing the change for the 400 oversized commercial meters between August 2018 and July 2020 and beginning implementation to the oversized residential meters in July 2020.
- The FY’19 draft budget incorporates Finance Committee’s recommended changes.

## VI. FY’19 Budget Review

### Key Discussion Points

- Mr. Sapp presented the FY’19 draft budget for review. A copy is included in the agenda packet.
- At its May meeting, the Finance Committee voted unanimously to recommend FY ’19 Cost of Service Analysis (COSA) Scenario 2, which incorporates a \$1.50 increase to the water base rate, \$0.50 to the sewer base rate, and implements the first phase of Willdan’s proposed volumetric charge adjustments.
- The budget will be presented for a vote by the full board in June.

## VII. General Manager’s Report

### Key Discussion Points

- Mr. Nardi presented the General Manager’s report. A copy is included in the agenda packet.

## VIII. Commissioner & Committee Reports

### A. Community & Personnel Relations Committee

#### Key Discussion Points

- The Committee met on May 4 to discuss the draft Commissioner Code of Conduct which will be discussed in the workshop portion of the meeting.

### B. Planning & Operations Committee

#### Key Discussion Points

- At the April board meeting, the Commission assigned the Committee the task of drafting possible revisions to the Sewer Availability Fee policy.

- Committee discussion included several perspectives for consideration:
  - If the principle is to waive vacant property fee for donated easements, the property may remain vacant for generations. Eliminating the waiver when developed seems appropriate for the owner.
  - The risk identified by legal counsel as the reason for a time limit and value is very difficult to assess, Committee members said. Committee conclusions were split on the level of this risk.
- Legal counsel, Lawrence Flynn, suggested the PSD establish a defined timeframe for the Sewer Availability Fee waiver in the PSD’s standard easement agreements. Doing so creates a definitive value of the easement and reduces the risk of a successful legal challenge on the uniformity of the fee waiver, he said.
- At the Committee’s instruction, staff presented the following documents for board consideration:
  - Resolution using a 20-year timeframe for the Sewer Availability fee waiver.
  - Resolution using an indefinite timeframe for the Sewer Availability fee waiver.
  - An Amendment to the Sewer Availability fee definition in the PSD Sewer Use Regulations.
  - Resolution removing the 2-acre multiplier from the Water and Sewer Availability fee.
- The board will vote on the draft resolutions at the June meeting.

**IX. New Business**

None

**X. Code of Conduct Workshop**

Key Discussion Points

- The Community & Personnel Relations Committee met recently to draft a Commission Code of Conduct. A copy is included in the agenda packet.
- The board discussed possible revisions to the to policy.
- The Community & Personnel Relations Committee will continue its review of the document at its June Committee meeting and bring it back to the full board in June.

**XI. Adjournment**

Action

- The meeting adjourned at 11:27 a.m.