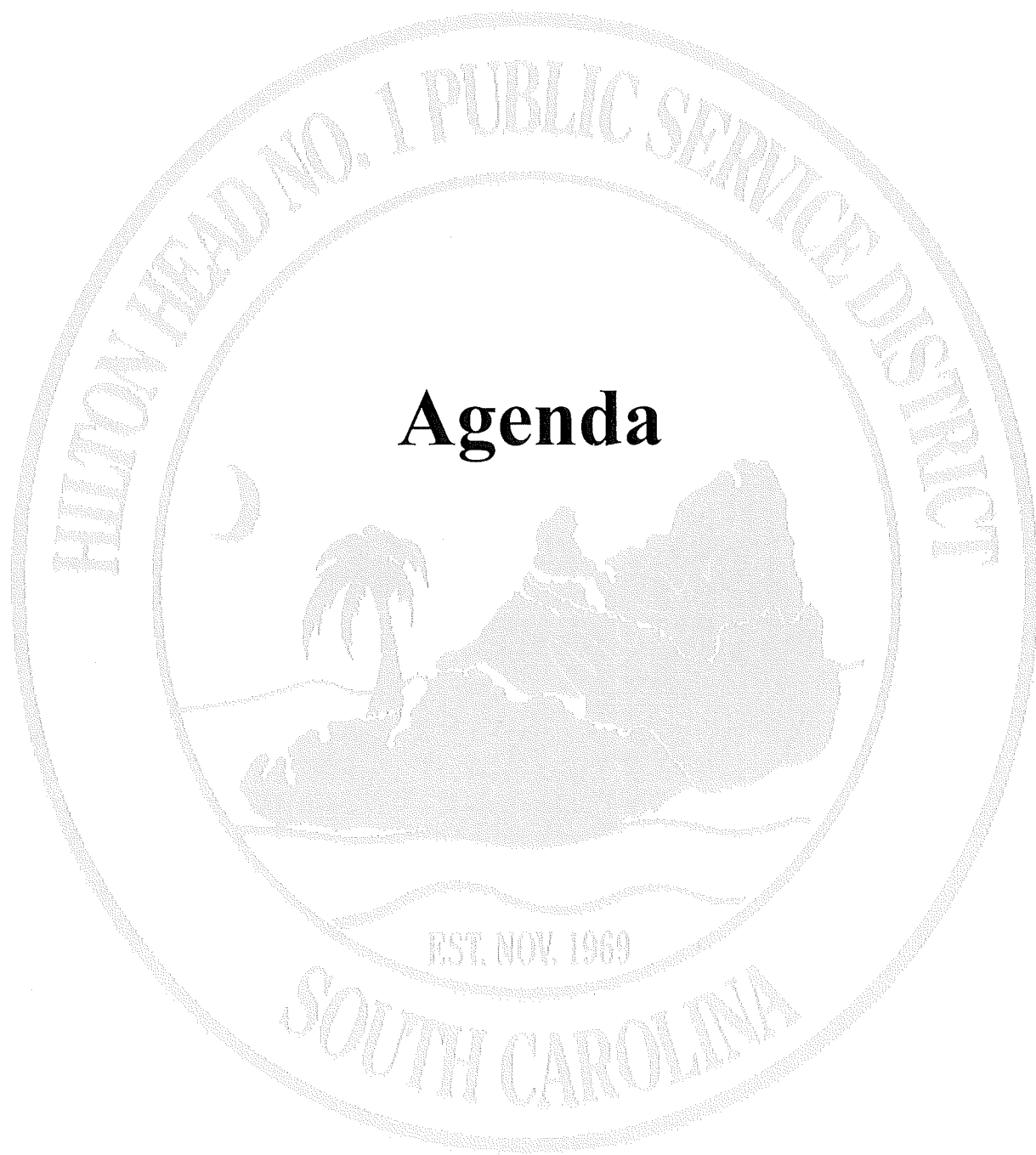


HILTON HEAD PUBLIC SERVICE DISTRICT
21 OAK PARK DRIVE– POST OFFICE BOX 21264
HILTON HEAD ISLAND, SOUTH CAROLINA 29925
TELEPHONE 843-681-5525 – FAX 843-681-5052

JULY 2024 AGENDA PACKET CONTENTS

1. Agenda for the July 24, 2024, Regular Commission Meeting
2. Draft Minutes of the June 26, 2024, Regular Commission Meeting
3. Draft Minutes of the July 18, 2024, Special Meeting
4. Memo from the Finance Manager on the SCIIP and ARPA Project Funding
5. RO Treatment Plant Expansion Contract
6. Memo from the Finance Manager Regarding Purchasing Policy Updates
7. Purchasing Policy Adoption Resolution
8. Revised Purchasing Policy
9. Former Purchasing Policy
10. Fourth Quarter FY'24 Management Report
11. General Manager's Monthly Report
12. Memo on the Evaluation of the FY'24 GM Review Process – FYI
13. Draft FY'25 GM Evaluation Timeline – FYI
14. Charts, Graphs and Water Quality Report



Agenda

HILTON HEAD PUBLIC SERVICE DISTRICT

21 OAK PARK DRIVE – POST OFFICE BOX 21264
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TELEPHONE 843-681-5525 – FAX 843-681-5052
www.hhpsd.com

AGENDA

Hilton Head Public Service District Commission

9 a.m.

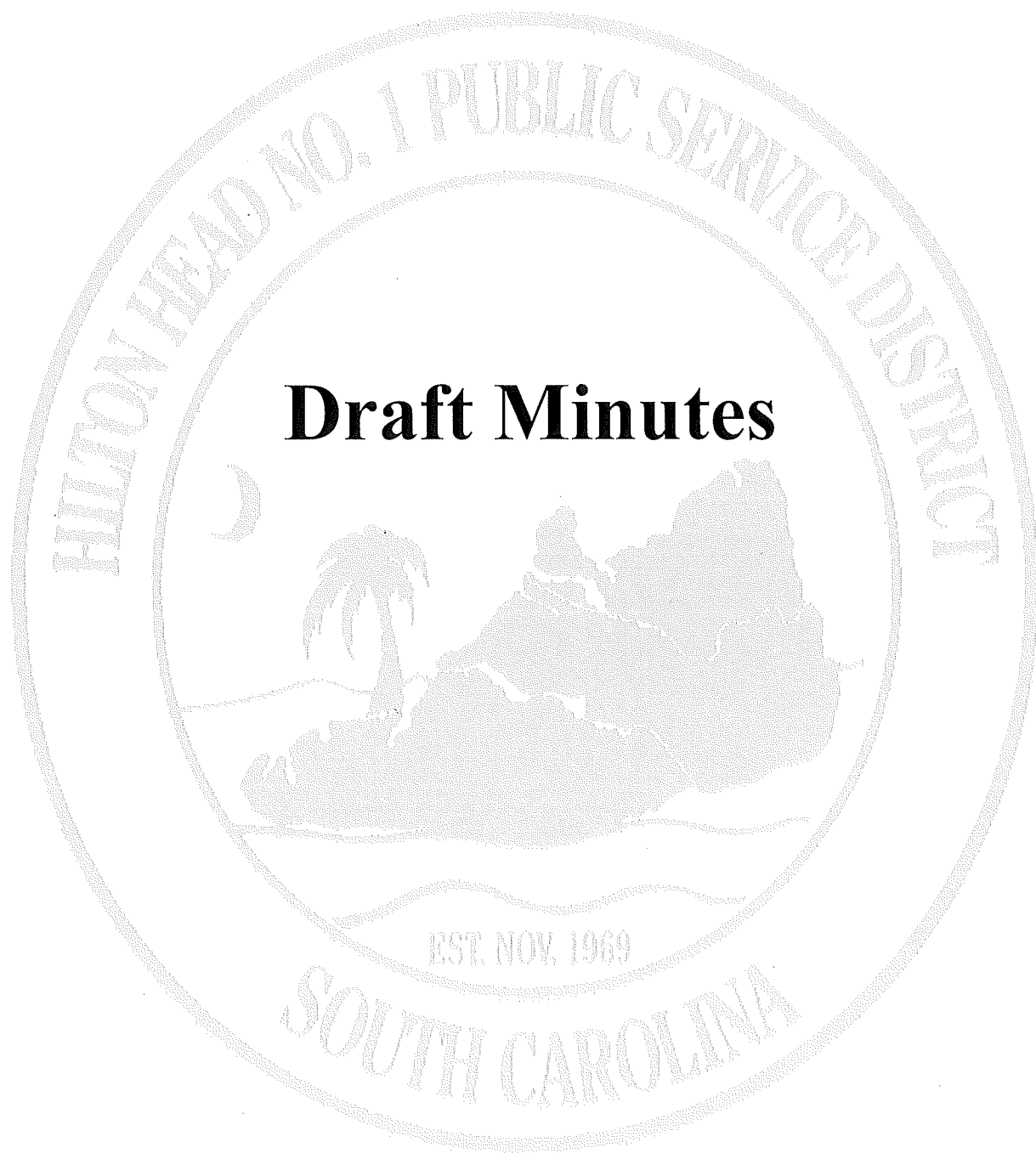
July 24, 2024

PSD Community Room

21 Oak Park Drive, Hilton Head Island, SC 29926

- I. Call to Order & Freedom of Information Act Announcement
- II. Pledge of Allegiance
- III. Roll Call of Commissioners
- IV. Public Comment on Non-Agenda Items
- V. Adoption of Draft Minutes of the June 26, 2024, Regular Meeting
- VI. Adoption of Draft Minutes of July 17, 2024, Commission Meeting
- VII. S.C. Infrastructure Investment Program and American Rescue Plan Act Projects
 - A. Projects Financing Update
 - B. Reverse Osmosis Plant Expansion Construction Contract (Action)
 - C. Engineering Contract Amendments (Action)
 - i. Leg O'Mutton Booster Station
 - ii. Reverse Osmosis Plant Expansion
 - iii. Wells & Mains
- VIII. Purchasing Policy Updates (Action)
- IX. 4th Qtr. FY '24 Management Report
- X. General Manager's Monthly Report
- XI. Adjournment

***Public Comment will be taken before Commission vote on any action item.**



Draft Minutes

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 JUNE 26, 2024

I. The meeting was called to order by Chairman Frank Turano at 9:00 a.m.

II. Those in attendance were:

Mr. Frank Turano	Chair
Mr. Jerry Cutrer	Vice Chair
Mr. Stuart Bell	Treasurer
Mrs. Patti Soltys	Secretary
Mr. Andy Paterno	Commissioner
Mr. Ibrahim Abdul-Malik	Commissioner
Mr. Michael Marks	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Ms. Amy Graybill	Finance Manager
Ms. Connie Whitehead	Commission Recording Secretary

Visitors

None

III. Pledge of Allegiance

The Pledge of Allegiance was led by Mr. Frank Turano

IV. Public Hearing on FY'25 Rates Adjustment

Action

- The public hearing opened at 9:01 a.m.
- There was no public comment.
- The hearing closed at 9:01 a.m.

V. Public Hearing on FY'25 Operating Budget and Millage

Action

- The public hearing opened at 9:02 a.m.
- There was no public comment.
- The hearing closed at 9:02 a.m.

VI. Public Comment on Non-Agenda Items

None

VII. Adoption of Draft Minutes of the May 22, 2024, Commission Meeting

Action

- Mr. Abdul-Malik moved to adopt the minutes as presented. Mr. Marks seconded. The motion passed unanimously.

VIII. Recognition of Water Quality Supervisor Sarah Hickman for World Water Skills Competition

Key Discussion Points

- The board commended Water Quality Supervisor Sarah Hickman for receiving world honors in the World Water Skills Competition at IFAT Munich, Germany in May. Sarah, along with her teammate, Lindie Aragon of Westminster, CO, represented the USA on behalf of the Water Environment Federation and were sponsored by Empowering Pumps & Equipment.
- Ms. Hickman earlier this spring earned the Water Environment Association of South Carolina's Crystal Crucible Award, which recognizes significant contributions among those working in water and wastewater analysis.

IX. FY'25 Rates Adoption

Action

- Mr. Paterno moved to adopt the proposed FY'25 rates as presented. Mr. Abdul-Malik seconded. The motion passed unanimously.

X. FY'25 Operating Budget and Millage Adoption

Action

- Mr. Cutrer moved to adopt the FY'25 Operating Budget and Millage as presented. Mr. Marks seconded. The motion passed unanimously.

XI. Effluent Pump Rebuild Emergency Expenditure Authorization

Key Discussion Points

- Effluent Pump #4 is responsible for transferring recycled water to the PSD's concrete effluent holding tank at the Recycled Water Plant on Oak Park Drive. DHEC requires the PSD to have all its effluent pumps available at all times in order for our plant and discharge system to be in regulatory compliance. Staff initiated and completed a rebuild of Pump #4 upon its unexpected failure. Staff is seeking retroactive approval at a cost not to exceed \$40,000.
- No budget amendment is necessary, due to District cash on hand capacities. This will be included as a part of the WWTP System Rehab project on the current CIP schedule.

Action

- Mr. Abdul-Malik moved to retroactively approve the Effluent Pump #4 Rebuild at a cost not to exceed \$40,000. Mr. Paterno seconded. The motion passed unanimously

XII. Leg O'Mutton Water Booster Station Contract Award

Key Discussion Points

- Following acceptance by the Commission at its April 24, 2024, meeting, of the low responsive bid for the Leg O' Mutton Water Booster Station Project, staff brought forward a request for authorization to enter into the construction contract with Change Order No. 1 in the amount of \$2,000,186.00 and provide notice to proceed to the contractor.
- Mr. Bill Young of W.K. Dickson was present to answer questions.

Action

- Mr. Cutrer moved to adopt staff's recommendation. Mr. Abdul-Malik seconded. The motion passed unanimously.

XIII. RO Bid Acceptance

Key Discussion Points

- The PSD is the recipient of a \$10-million S.C. Infrastructure Investment Program (SCIIP) grant that it is using for two long-term public water supply projects: 1) RO Plant Expansion; and (2) construction of a second Aquifer Storage & Recovery (ASR) well.
- These projects have been separated into two construction contracts for the purpose of bidding and construction: 1.) RO Plant Expansion; and 2) RO Well #4, ASR Well #2, and Transmission Mains (a.k.a "Wells & Mains").
- The RO Plant Expansion project was put out for construction bids in May 2024 in

accordance with SCIIP funding stipulations. Bids were opened on June 18. There were three bidders. The low responsible bidder was Harper General Contractors of Greenville, S.C. at \$10,523,000. The other bids received were for \$11,339,125 and \$17,231,174.

- Staff recommends the Commission authorize acceptance of the low responsible bid of \$10,523,000 for the RO Plant Expansion pending final SC Rural Infrastructure Authority approval of the construction contract documents. Upon Commission authorization of the bid acceptance, staff will continue work with the design engineer to identify any potential savings that can be achieved in the project prior to construction contract approval and notice to proceed to the contractor.

Action

- Mr. Bell moved to adopt staff's recommendation. Ms. Soltys seconded. The motion passed unanimously.

XIV. General Manager's Monthly Report

Key Discussion Points

- Mr. Nardi presented the GM monthly report. A copy is included in the agenda packet.
- Mr. Nardi requested a special meeting of the board to hold an executive session to discuss Broad Creek and Hilton Head PSD contractual matters. The meeting was set for July 17th at 4 p.m.
- Broad Creek PSD has received a Rural Infrastructure Authority grant to conduct a study on connecting themselves to South Island PSD physically, not governmentally. The State has asked that Hilton Head PSD provide a letter of support and commitment to provide requested information.

Action

- Mr. Bell moved to authorize the GM to write a letter of support for Broad Creek's study. Mr. Abdul-Malik seconded. The motion passed unanimously.

XV. New Business

Key Discussion Points

- Mr. Turano stated that the GM evaluation process went well and suggested the board review the topic at the August meeting to determine whether any adjustments should be made going forward.

XVI. Adjournment

Action

- Mr. Abdul-Malik moved to adjourn the meeting. Mr. Paterno seconded. The meeting adjourned at 10:12 a.m.

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MINUTES SPECIAL COMMISSION MEETING JULY 18, 2024

I. The meeting was called to order by Chairman Frank Turano at 4:00 p.m.

II. Those in attendance were:

Mr. Frank Turano	Chair
Mr. Jerry Cutrer	Vice-chair
Mr. Stuart Bell	Treasurer
Mrs. Patti Soltys	Secretary
Mr. Andy Paterno	Commissioner
Mr. Ibrahim Abdul-Malik	Commissioner
Mr. Michael Marks	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Ms. Amy Graybill	Finance Manager
Mr. Lawrence Flynn	Pope Flynn
Ms. Connie Whitehead	Commission Recording Secretary

III. Executive Session for the Purpose of Discussing Contractual Matters –
Purchased Water Agreements

Action

- Mr. Cutrer moved to enter into executive session for the purpose of discussing contractual matters related to the Hilton Head and Broad Creek PSD purchased water agreement. Mr. Marks seconded. The motion passed unanimously.
- Executive session began at 4:01 p.m.

IV. Reconvene Regular Session

Action

- Regular session reconvened at 4:52 p.m.
- Mr. Bell moved to approve the letter from Hilton Head PSD to Broad Creek PSD as amended, including removal of the acknowledgement signature line, and that it be

sent in a way that generates proof of receipt. Mr. Marks seconded. The motion passed unanimously.

V. Adjournment

Action

- Mr. Ibrahim Abdul-Malik moved to adjourn the meeting. Mr. Marks seconded. The meeting adjourned at 4:52 p.m.



SCIIP and American Rescue Plan Act Projects



21 Oak Park Drive

PO Box 21264

Hilton Head Island, SC 29925

www.hhpsd.com

To: Board of Commissioners
Pete Nardi, General Manager

From: Amy Graybill - Finance Manager

Subject: SCIIP and ARPA Project Funding

Date: July 24, 2024

A. Projects and Financing Update:

Please find below an update on the project financing status of the South Carolina Infrastructure Investment Improvement Program (SCIIP) and American Rescue Plan Act (ARPA) projects.

- ***Leg O Mutton (LOM) Booster Pump Station:***

- Construction contract documents were executed at the June Commission meeting in an amount of \$2,000,186 which includes one change order. The District has received \$700,000 from Beaufort County's ARPA allocation to fund this work and will need to cover the remaining amount from local funds.
- The District is seeking approval to execute a construction administration contract amendment with the District's preliminary engineering firm, WK Dickson, at an amount not to exceed \$140,000. WK Dickson expects that the original preliminary engineering agreement on this project will come in under budget by \$67,000 so only \$73,000 of new local match funding will be needed.

- ***Reserve Osmosis (RO) Water Treatment Plant Expansion:***

- Construction contract documents are included with this month's agenda packet totaling \$10,523,000. The District has received a \$10,000,000 SCIIP Grant to fund this project and the RO & ASR Wells project below. The remaining funds for these projects will need to be covered by local funds.
- The District is seeking approval to execute a construction administration contract amendment with WK Dickson at an amount not to exceed \$1,026,000. WK Dickson expects that the original preliminary engineering agreement on this project will come in under budget by \$79,000 so only \$947,000 of new local match funding will be needed.

- **RO and ASR Wells and Transmission Mains:**

- The construction contract on this project is currently out to bid with a bid open date of August 8th. WK Dickson updated their construction cost estimate on this project as of May 2024 to \$12,414,714.
- The District is seeking approval to execute a construction administration contract amendment with WK Dickson at an amount not to exceed \$1,660,000. WK Dickson expects that the original preliminary engineering agreement on this project will come in under budget by \$80,000 so only \$1,580,000 of new local match funding will be needed.

Below is an updated estimate of the current total project costs using the actual construction contracts for LOM and the RO WTP expansion and WK Dickson's engineering estimate for the RO & ASR Wells and Transmission Mains as well as a review of the estimated impact on the \$23,000,000 GO Debt Authorization:

	Est. on Grant	
	<u>Application</u>	<u>Updated Cost</u>
RO WTP Construction	4,143,209	10,523,000.00
ASR & RO Wells Construction	7,574,950	12,414,713.90 Estimate
Contingency	2,929,540	2,482,942.78 Estimate
Engineering	<u>2,589,929</u>	<u>5,189,929.00</u>
SCIIP Project Total	17,237,628	30,610,585.68
LOM Booster Pump (Est Nov 2023)	1,475,070	<u>2,000,186.00</u>
Total Project Estimate		32,610,772
Less: Funded by SRF Engineering Loan		<u>(2,589,929)</u>
Remaining Total		30,020,843
SCIIP Grant		(10,000,000)
BC ARPA		<u>(1,000,000)</u>
Remaining Local Match to be Funded		<u>19,020,843</u>
 GO Debt Authorization		 23,000,000
Less: SRF Loan		(2,589,929)
Less: Estimated Remaining Matching Funds Above		<u>(19,020,843)</u>
Remaining GO Authorization		<u>1,389,228</u>

Estimated Financing Timeline

- August 8th - RO & ASR Wells and Transmission Bid Opening
- August 28th Commission Meeting -
 - RO & ASR Bid Acceptance Recommendation
 - Close on SRF \$2,589,929 Engineering Loan
 - Staff to present GO Debt Financing Options/Plan for remaining local match.
- The remaining timeline will depend upon the financing option selected.

B. Reverse Osmosis Plant Expansion Construction Contract (Action)

This project was put out to bid in accordance with SCIIP funding stipulations. Bids were opened on June 18th and bid acceptance was approved at the June 26th Commission meeting. The construction contract document for the Reverse Osmosis Water Treatment Plant Expansion is attached. Harper General Contractors, Inc., of Greenville, S.C. was the low responsive bidder, in the amount of \$10,532,000. In accordance with SCIIP guidelines, the full contract document was reviewed and approved by the Rural Infrastructure Authority which is the administrative agent of the SCIIP grant program. The project is estimated for construction completion in summer 2026. Any expenditures incurred under this contract will be paid from cash reserves and all eligible reimbursements will be requested under the SCIIP grant until the General Obligation debt issuance that will fund the matching portion of this project is finalized. The District may then reimburse itself for any local matching expenditures from that issuance.

Recommendation:

Staff recommends that the Commission authorize the General Manager on behalf of the PSD to enter into a construction contract in the amount of \$10,523,000 for the Reserve Osmosis Water Treatment Plant Expansion Project, and provide notice to proceed to the contractor.

C. Engineering Contract Amendments (Action)

- i. Leg O'Mutton Booster Station
- ii. Reverse Osmosis Plant Expansion
- iii. Wells & Mains

The current preliminary engineering contracts that the District has on SCIIP Grant and ARPA projects total an amount not to exceed \$2,246,000 and go through project bidding. WK Dickson is currently estimating that they will come under budget on these contracts by around \$226,000. These have been funded through cash reserves to date. The District expects reimbursement of these costs through the issuance of a SRF Loan at the August 28th Commission meeting. WK Dickson has provided amendments to these three contracts totaling an amount not to exceed \$2,826,000 which will cover engineering construction administration and observation through project completion. Any expenditures incurred under these contracts will be paid from cash reserves until the General Obligation debt issuances (to include the SRF issuance) that will fund the matching portion of these projects is finalized. The District may then reimburse itself for any local matching expenditures from the issuances.

Recommendation:

Staff recommends that the Commission authorize the General Manager on behalf of the PSD to enter into three engineering contract amendments in an amount not to exceed \$2,826,000 for construction engineering administration and observation services for the Leg O'Mutton Booster Pump Station Project, the Reserve Osmosis Water Treatment Plant Expansion Project, and the RO and ASR Wells and Transmission Main Projects.

Attachments:

Reverse Osmosis Treatment Plant Expansion Contract

DOCUMENT 00 52 15
AGREEMENT FORM

SCIIP Grant #A-23-C095

THIS AGREEMENT, made the _____ day of _____, 20____ by and between Hilton Head Public Service District, hereinafter called "Owner", and **Harper General Contractors, Inc.** doing business as (X) a corporation, () a partnership, () an individual, hereinafter called "Contractor".

WITNESSETH: That for and in consideration of payments and agreements hereinafter mentioned:

1. The Contractor will commence and complete the construction of:

RO WTP Expansion

2. The Contractor will furnish all of the materials, supplies, tools equipment, labor, and other services necessary for the construction and completion of the project described herein.

The Contractor will commence the work required by the Contract Documents within 10 calendar days after the date of the Notice to Proceed. Work will be fully complete **720** calendar days from the date of the Notice to Proceed. Should the Contractor fail to complete the work within the time stated above, the Contractor agrees to pay as liquidated damages the sum of **\$1,000.00** for each consecutive calendar day thereafter until said work is fully complete.

4. The Contractor agrees to perform all of the Work described in the Contract Documents and comply with the terms herein for the sum of **\$10,523,000.00 (Words) Ten million, five hundred twenty-three thousand dollars and 00/100** as shown in the Bid.

5. The term "Contract Documents" means and includes the following:

Invitation to Bid
Instructions to Bidders
Available Project Information
Affidavit of Compliance (E-Verify)
SCIIP Byrd Anti-Lobbying Amendment Cert
SCIIP Debarment Certification Form
SCIIP Non-Collusion Affidavit of Prime Bidder
SCIIP Corporate Certificate
SCIIP Drug-Free Workplace Affidavit
SCIIP Attestation Regarding Personnel Used in Contract Performance
SCIIP Contractors License Certification
Bid Form
Bid Bond
Notice of Award
Agreement Form
Notice to Proceed

Performance Bond and Payment Bond
Contractor's Affidavit
Partial Payment Estimate
SCIIP Contractor Pay Request Certification
General Conditions
Supplementary Conditions
Special Provisions
Addenda 1 & 2
[Change Order]
Technical Specifications

Addenda

No. 1, Dated June 10, 2024 Signature: William H. Young, PE

No. 2, Dated June 14, 2024 Signature: William H. Young, PE

Drawings prepared by W. K. Dickson & Co. Inc., numbered and listed below, and dated June 25, 2024.

SHEET NUMBER and SHEET TITLE

G-00 COVER
G-01 ABBREVIATIONS, NOTES AND LEGENDS
G-02 OVERALL SITE PLAN
CE01 EROSION AND SEDIMENTATION CONTROL - DETAILS
CE02 EROSION AND SEDIMENTATION CONTROL - DETAILS
CD01 DEMOITION SITE PLAN
CS01 WTP CIVIL SITE PLAN
C-501 CIVIL DETAILS
C-502 CIVIL DETAILS
D-01 WATER TREATMENT BUILDING - OVERALL PLAN
D-02 RO BOOSTER PUMPS AND MEMBRANE TREATMENT SYSTEM - PLAN
D-03 RO BOOSTER PUMPS AND MEMBRANE TREATMENT SYSTEM - SECTIONS
D-04 RO BOOSTER PUMPS AND MEMBRANE TREATMENT SYSTEM - SECTIONS
D-05 SODIUM HYPOCHLORITE BULK STORAGE SYSTEM - PLAN AND SECTIONS
D-06 SODIUM HYPOCHLORITE FEED SYSTEM - PLANS
D-07 SODIUM HYPOCHLORITE FEED SYSTEM - SECTIONS
D-08 DETAILS
I-01 P&ID - LEGEND
I-02 P&ID - ANTI-SCALANT FEED SYSTEM
I-03 P&ID - RO BOOSTER PUMPS
I-04 P&ID - RO MEMBRANE TREATMENT SYSTEM NO. 5
I-05 P&ID - RO MEMBRANE TREATMENT SYSTEM NO. 6
I-06 P&ID - SODIUM HYPOCHLORITE BULK STORAGE SYSTEM
I-07 P&ID - SODIUM HYPOCHLORITE FEED SYSTEM
I-08 PLANT ARCHITECTURE
M-101-D MECHANICAL DEMOLITION PLAN
M-101-01 MECHANICAL PLAN
M-101-02 MECHANICAL SCHEDULE
S-01 STRUCTURAL NOTES

S-02 RO BUILDING ADDITION AND MODIFICATIONS
S-03 RO BUILDING SECTIONS
S-04 SODIUM HYPOCHLORITE BULK STORAGE - PLAN AND SECTIONS
S-05 E-HOUSE AND GENERATOR PLANS
S-06 E-HOUSE AND GENERATOR SECTIONS
S-07 TYPICAL STRUCTURAL DETAILS
GE01 LEGEND AND GENERAL NOTES
ES01 WTP ELECTRICAL SITE PLAN
E-01 WATER TREATMENT BUILDING - OVERALL PLAN
E-03 WTP ELECTRICAL ROOM
E-05 SODIUM HYPOCHLORITE BULK STORAGE - PLAN AND SECTIONS
E-06 SODIUM HYPOCHLORITE FEED SYSTEM - PLANS
E-501 DETAILS
E-601 ONE-LINE DIAGRAM
E-602 SCHEDULES AND WIRING DIAGRAMS

6. The Owner will pay to the Contractor in the manner and such times as set forth in the General Conditions such amounts as required by the Contract Documents.

7. This Agreement shall be binding upon all parties hereto and their respective heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in _____ counterparts, each of which shall be deemed an original on the date first above written.

OWNER:

Hilton Head Public Service District

By (Signature) _____

Printed Name _____

Title _____

(Seal)

ATTEST:

By (Signature) _____

Printed Name _____

Title _____

CONTRACTOR:

Harper General Contractors, Inc.

By (Signature) _____

Printed Name _____

Title _____

(Seal)

ATTEST:

By (Signature) _____

Printed Name _____

Title _____

Purchasing Policy Updates





21 Oak Park Drive
PO Box 21264
Hilton Head Island, SC 29925
www.hhpsd.com

To: Board of Commissioners
Pete Nardi, General Manager

From: Amy Graybill - Finance Manager

Subject: Purchasing Policy Updates

Date: July 24, 2024

Background:

The Commission adopted the current version of its purchasing policy on September 23, 2020. Staff has noted some areas of the current policy that it believes could be further clarified and updated to better reflect current operating conditions. Accordingly, staff is seeking Commission input and/or approval on suggested revisions to this policy. The attached revised policy has been reviewed by the District's legal counsel who also provided some administrative revisions as well.

Discussion:

Staff is proposing the following revisions to the District's purchasing policy (which are highlighted in yellow on the attached revised policy):

- Staff is recommending increasing the lower purchase threshold from \$25,000 to \$50,000 in response to the current inflationary environment. Please note that in practice staff already seeks quotations for many purchases less than the current \$25,000 threshold and will continue to do so under the suggested revised threshold.
- The competitive bidding threshold was raised to \$1,000,000. Staff believes that competitive bidding under this threshold is not practical as the time it takes contractors to respond to a competitive bidding proposal can result in increased prices and project timelines versus simply obtaining quotes from vendors.
- In Section II, "Budgeted Purchases", of the current policy, staff considers the budget process itself to be formal approval of the Commission so there is not a requirement to bring items separately to the Commission under this section. The revised policy now clarifies that budgeted items over \$1,000,000 will be brought to the Commission for separate approval of the contract.
- In Sections III and IV, "Unbudgeted Purchases" and "Purchases Over Budgeted Amount", respectively, staff feels there is an inconsistency between the purchasing policy and the budget resolution which allows for transfers between line items to carry out the goals of the budget. The revised policy sets a per item dollar limit of \$250,000 that staff

can reallocate to unbudgeted or over budget items. Staff would only seek formal Commission approval for purchases in these sections that require a reallocation of more than \$250,000. Staff would also bring unbudgeted and over budget items to the Commission for approval if they were over the \$50,000 lower threshold but under the \$250,000 limit and there was not an ability to reallocate sufficient funds from other budgeted areas.

Recommendation:

If the Commission is in agreement with the proposed revisions as presented, staff recommends that the Commission adopt the attached resolution implementing the revised purchasing policy. Otherwise, staff can incorporate Commissioner comments and bring a subsequent revision to a future meeting.

If the Commission is not ready to adopt the revised policy, staff is seeking approval for the following items in respect to the current purchasing policy.

- The FY 2024 Capital Improvement Program (CIP) Budget includes a \$250,000 line item for replacement of the WWTP generator switch gear. With recent inflation and supply chain issues, the best price we have been able to obtain on this project is \$340,000. In accordance with the budget resolution provision that authorizes the transfer of funds within and between departments to achieve the goals of the budget, staff is seeking approval to transfer the funds from the \$50,000 sludge shed repair project that staff will not be moving forward with as well as funds from other CIP projects which are anticipated to come in under budget to this line item to execute this project. Once staff makes the order for the switchgear, it is anticipated that the delivery lead time will be between 6-15 months so the revised project total will be carried forward into FY 2025/2026 for completion.
- The FY 2024 Capital Improvement Program (CIP) Budget includes a \$100,000 line item for the US 278 Bridge project. While this project is expected to move forward in future years, it has been separately budgeted for in the upcoming FY'25 budget so the \$100,000 from the FY 2024 will not be spent. In accordance with the budget resolution provision that authorizes staff to transfer funds within and between departments to achieve the goals of the budget, staff intends to transfer these funds to the ongoing meter changeout project.

Attachments:

Purchasing Policy Adoption Resolution

Revised Purchasing Policy (with revisions highlighted in yellow)

Former Purchasing Policy

**A RESOLUTION AUTHORIZING AND ADOPTING AN AMENDED AND RESTATED
PURCHASING AND PROCUREMENT POLICY: AND OTHER MATTERS RELATED
THERETO**

WHEREAS, the Hilton Head No.1 Public Service District, South Carolina (the "District") intends to amend and restate its Purchasing and Procurement Policy (the "Purchasing Policy") regarding the procurement of goods, services and facilities required by the District; and

WHEREAS, the Purchasing Policy shall amend, supersede and restate all previous purchasing and procurement policies of the District, specifically including the version approved and adopted by resolution on September 23, 2020 (the "Prior Policy"); and

WHEREAS, the provisions of S.C. Code Ann. Section 11-35-50, require that the District, as a political subdivision of the State of South Carolina, adopt "procedures embodying sound principles of appropriately competitive procurement," suitable for the unique needs of the District; and

WHEREAS, the Purchasing Policy is intended to guide District employees and the public in the process and procedures for procuring goods and services required by the District and its various departments; and

WHEREAS, the Purchasing Policy will help ensure the fair and equitable treatment of all persons who desire to do business with the District by selling its goods or services, and will help maximize the purchasing value of public funds and provide safeguards for maintaining a purchasing system of quality and integrity.

NOW, THEREFORE, BE IT RESOLVED by the Hilton Head No.1 Public Service District Commission, the governing body of the District, as set forth below:

SECTION 1

The District formally adopts the Purchasing Policy, a copy of which is attached hereto as Exhibit A. The Purchasing Policy shall be implemented in its entirety and shall be filed with the District's other formal policies and procedures.

SECTION 2

All resolutions and other provisions in conflict with this resolution are hereby repealed in their entirety, explicitly including the Prior Policy. To the extent the changes, modifications or restatements herein create or result in any inconsistencies in the structure or application of the Purchasing Policy, such inconsistencies shall be revised and corrected in the Purchasing Policy and its provisions shall control.

DONE AND ADOPTED THIS 24TH DAY OF JULY, 2024.

HILTON HEAD NO.1 PUBLIC SERVICE
DISTRICT, SOUTH CAROLINA

(SEAL)

Chairman of Commission

ATTEST:

Secretary of Commission

Exhibit A

Amended and Restated Purchasing and Procurement Policy

AMENDED AND RESTATED PURCHASING AND PROCUREMENT POLICY

HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT

Pursuant to a Resolution dated July 24, 2024, the Hilton Head No.1 Public Service District Commission (the "Commission"), the governing body of the Hilton Head No.1 Public Service District (the "District") has approved and adopted this Amended and Restated Purchasing and Procurement Policy (this "Policy"). The District, as a political subdivision of the State of South Carolina (the "State"), is required to adopt procedures embodying sound principals of appropriately competitive procurement and this Policy has been adopted for such purpose. Further, this Policy is to ensure the fair and equitable treatment of all persons who are providing, or seeking to provide, supplies and/or services to the District.

A. PURCHASE AUTHORIZATION

I. Purchasing Agent

The General Manager of the District or an officer of the District designated by the General Manager shall be the "Purchasing Agent" for the District. The Purchasing Agent shall be responsible for: (A) the purchase of supplies, materials and equipment and contractual services required by any office or department of the District; (B) the storage and distribution of all supplies, materials and equipment required by any office or department of the District; (C) establishing written specifications, whenever practicable, for supplies, materials and equipment required by any office or department of the District - such specifications shall be definite and certain and may be weighted based on those factors deemed prudent by the Purchasing Agent; (D) maintaining, whenever practicable, a written inventory of the District's materials, supplies or equipment; (E) soliciting and maintaining an up-to-date list of qualified suppliers who have requested their names to be added to a "bidders list". The purchasing agent shall have authority to remove temporarily the names of vendors who have defaulted on their quotations, attempted to defraud the District or who have failed to meet established specifications or delivery dates; (F) considering environmentally sustainable options where appropriate; and (G) obtaining as full and open competition as possible on all purchases, contracts and sales as described in this Policy.

II. Budgeted Purchases

A. For the purchase of an individual item that is less than \$50,000 and has been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, no competitive quotations are required. The Commission authorizes the Purchasing Agent to make all such purchases on an as-needed basis.

B. For the purchase of an individual item that is \$50,000 or greater but less than \$1,000,000 and has been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, verbal or written solicitations will be requested from at least two (2) suppliers. The Commission authorizes the Purchasing Agent to make all such purchases on an as-needed basis.

C. For the purchase of an individual item that is \$1,000,000 or greater and has been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, competitive bidding is required and all such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission outside of the regular budget process.

III Unbudgeted Purchases

A. For the purchase of an individual item that is less than \$50,000 and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, no competitive quotations are required and such purchases need not be formally approved by the Commission. The Commission authorizes the Purchasing Agent to make all purchases of less than \$50,000.

B. For the purchase of an individual item that is \$50,000 or greater but less than \$250,000 and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, verbal or written solicitations will be requested from at least two (2) suppliers. All such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission only if additional funding is necessary to undertake the purchase.¹

C. For the purchase of an individual item that is \$250,000 or greater but less than \$1,000,000 and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, verbal or written solicitations will be requested from at least two (2) suppliers. All such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission.

D. For the purchase of an individual item that is \$1,000,000 or greater and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, competitive bidding is required and all such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission.

IV. Purchases Over Budgeted Amount

A. For purchases of all individual items that are greater than \$50,000 but otherwise less than \$50,000 in excess of the amount authorized for such purchase in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, no additional Commission approval is required.

¹ The District Manager or his designee shall administer the budget and may authorize the transfer of unused appropriated funds within and between departments and capital projects as necessary to achieve the goals of the budget and may carry forward unused appropriated capital and other project funds from the prior year into following years for completion.

B. For purchases of all individual items that are greater than \$50,000 and which have been determined to be more than \$50,000 but less than \$250,000 in excess of the amount authorized for such purchase in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission only if additional funding is necessary to undertake the purchase.²

C. For purchases of all individual items that are greater than \$50,000 and which have been determined to be more than \$250,000 in excess of the amount authorized for such purchase in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission.

V. Certain Contracts

1. Architectural, engineering and surveying contracts may be directly negotiated. The selection, however, shall be made upon certain qualifying criteria as established by the General Manager.

2. Professional services for (a) attorneys, (b) auditors, (c) engineering and other consultants, (d) financial advisors, (e) underwriters and (f) technology providers are explicitly exempted from the provisions of this Policy.

3. The District, in the reasonable discretion of the General Manager, may exempt specific supplies, services, information technology or construction from the purchasing procedures required by this Policy; such exemptions shall be approved by the Commission.

4. Where applicable, and subject to approval of the Commission acting by Resolution, the Commission may elect to exempt any contract or purchase from the terms of this policy.³

VI. Lease Purchases; Bonds

To the extent necessary, the General Manager may negotiate the terms of any bond issuance or lease purchase transaction so long as such terms of such financing are ratified and/or approved by the Commission and no such financing is issued prior to the actual approval by the Commission.

VII. Single Source Vendors

The District may, out of reasonable necessity and in the reasonable discretion of the Purchasing Agent, make direct purchases from a single source vendor. Examples include, but are not limited to, technical and operational suppliers where only select markets provide service within

² The District Manager or his designee shall administer the budget and may authorize the transfer of unused appropriated funds within and between departments and capital projects as necessary to achieve the goals of the budget and may carry forward unused appropriated capital and other project funds from the prior year into following years for completion

³ See *Glasscock Co., Inc. v. Sumter Cnty.*, 361 S.C. 483, 491, 604 S.E.2d 718, 722 (Ct. App. 2004) (allowing "local governments needed flexibility to determine what is 'appropriately competitive' in light of the public business they must transact").

an area, vendors that provide long-term support or services for specific equipment such as water treatment and distribution systems and wastewater collection and treatment systems, radio systems, phone systems, extrication equipment, etc.

VIII. Emergency Procurement

The Purchasing Agent may make or authorize others to make emergency procurements when there exists a threat to public health, welfare, critical economy and efficiency, safety under emergency conditions, or where normal daily operations are affected; provided that such emergency procurements shall be made with such competition as is practical under the circumstances. A written determination of the basis of the emergency and the selection of the particular contractor shall be included in the contract file.

IX. Cooperative Purchasing

The District may participate in, sponsor, conduct or administer a cooperative purchasing agreement for the procurement of any supplies, services or construction services with one or more public procurement entities or external procurement activities in accordance with an agreement entered into between the participants. Such cooperative purchasing may include, but is not limited to, joint or multi-party contracts between public procurement entities and open-ended state public procurement unit contracts which shall be made available to local public procurement units.

X. Small, Minority, and Women-owned Businesses

The District wishes to ensure that small, minority, and women-owned business enterprises be offered a fair opportunity to fully participate in the overall procurement process of the District. The District does not have a certification program for small, minority, and women-owned businesses, but encourages qualifying businesses to become certified with the South Carolina Department of Transportation (www.scdot.org/business/bus-development-dbe-sbe-cert.aspx)⁴ and/or the South Carolina Division of Small and Minority Business Contracting and Certification (<https://smbcc.sc.gov/>)⁴. As used herein, "small, minority, and women-owned business" means a firm located within Beaufort County which is certified by the aforementioned programs. In an effort to be inclusive in its procurement process, the District consults directories maintained by the aforementioned organizations to identify and directly solicit certified small, minority, and women-owned businesses operating on Hilton Head Island and/or in Beaufort County.

XI. Surplus Property

1. Surplus property consists of two types of property: (A) property available from the State that can be purchased by the District from the General Services Division of the State without requiring competitive bids; or (B) property of the District which: (a) has reached or is rapidly approaching an expiration date or the end of its useful life; (b) is worn-out or otherwise no longer useful to the organization for its intended purposes; (c) is obsolete; or (d) too costly to maintain or operate.

⁴ Not intended as an active hyperlink.

2. Items which have little or no salvage value, considering the cost of disposing of same, such as older model computers and printers, may be offered to employees at nominal prices, as established by General Manager, before other means of disposition are considered.

3. Items with salvage value, but which are likely to bring little at a conventional auction, may be sold through an internet site such as www.govdeals.com or any other reputable internet site or auction service which the General Manager has determined will offer the most exposure to potential interested buyers, or which will likely result in the highest return for the District.

4. Surplus property with trade-in value may also be traded-in to a dealer or vendor in exchange for, or toward the purchase of, items needed by the District.

5. Surplus property may also be sold to, traded with or donated to other governmental entities, if such is found to be in the best interests of the District.

B. LIMITATIONS

I. Unlawful to use District position for private gain

It shall be unlawful for any official, employee, volunteer or member of the Commission to use their relationship with the District as a means to gain economic advantage while conducting personal business activities with firms which provide special pricing to the District and using their status with the District to gain such advantage shall be punishable to the fullest extent of the laws of the State.

II. Noncompetitive purchases

The purchasing of supplies, materials or items of equipment that are controlled by virtue of patent or copyright rights so that competition is impracticable, or where the articles proposed to be purchased are produced and offered for sale by fewer than five reputable firms eligible to offer their products in direct competition and where it is impracticable to substitute other supplies, materials or items of equipment proposed to be purchased, informal purchase negotiations may be undertaken by the staff and purchase awards may be made as a result of such negotiations so long as the Purchasing Agent otherwise complies with the provisions of this Policy.

III. Prohibition of interest

1. Any purchase order or contract within the purview of the District in which an agent or any officer or employee of the department is financially interested, directly or indirectly, shall be void.

2. Every officer, employee, volunteer or member of the Commission associated with the District are expressly prohibited from accepting, directly or indirectly, from any person to which purchase order or contract is or might be awarded, any rebate, gift, money or anything of value whatsoever, except where given for the use and benefit of the District.

3. These limitations are not intended to prohibit the acceptance of articles of negligible value which are distributed generally, nor to prohibit employees from accepting social courtesies which promote good public relations nor to prohibit employees from obtaining loans from regular lending institutions.

C. BID REQUIREMENTS

I. Competitive Bidding

Except as otherwise provided herein, all purchases of and contracts for supplies and contractual services, all leases and rental agreements and all sales of the District's property which has become obsolete and usable shall, except as otherwise specifically provided in this Policy, be based wherever possible on competitive bids.

II. Bid Acceptance and Evaluation

Bid acceptance and evaluation tabulations shall be unconditionally accepted without alteration or correction, except as authorized herein. Bids shall be evaluated based on the requirements set forth in the invitation of bids, which may include criteria to determine acceptability, such as cost, inspection, specifications, testing, quality workmanship, delivery and suitability for a particular purpose. The District reserves the right to reject or accept any proposal. The District is not required to accept the lowest bidder, but rather shall accept the bid that most closely conforms to the bid conditions.

III. Pre-qualified Candidates

If the Purchasing Agent determines that the use of competitive bidding is not suited for the complexity of the project, may not allow necessary flexibility, may not result in requisite innovation or may unduly restrict cost savings, the Purchasing Agent may determine to pre-qualify the field of bidders and thereafter request competitive bids from only the prequalified candidates.

IV. Performance Bonds

1. Generally. Payment and performance bonds are required for all District construction contracts in excess of \$100,000 (or such other amount as may be required by State law), and any other procurements in which risk protection is appropriate as set forth above, in the amount of 100% of the contract price. The bonds shall be delivered by the proposed contractor to the District at the same time the contract is executed. If a bidder or vendor fails to deliver the required bonds, the bidder's or vendor's bid or offer shall be rejected and its bid or offer security shall be forfeited. In the event of such a failure the District may, at its discretion: (i) award the contract to the next lowest bidder; or (ii) engage in negotiations for a contract with the next eligible offer; or (iii) conduct a re-procurement to satisfy the requirement.

2. Reduction of Amount. The amount of the payment and performance bonds may be reduced, depending upon the circumstances in a procurement.

(A) Prior to Solicitation: The District may elect to reduce the performance bond or payment bond required prior to issuing a solicitation for a construction contract procurement to a lesser amount if the District determines that such lesser amount provides adequate protection for the District or that it is less costly or more advantageous to the District to self-insure a part of the performance of the contractor.

(B) During Performance: The District may reduce the amount of the bonds as work is completed, if the General Manager determines in writing that such reduction is in the best interests of the District.

V. Right to revoke award

The District expressly reserves the right to revoke the public contract award to the lowest and best bidder if: (1) it determines that the information on which the award was granted was erroneous; and (2) the correct information makes the awarded bidder's material or product not meet the standards and specification required by the law. If an award is revoked, the District must re-advertise in order to award the bid.

This section shall be deemed a part of the terms and conditions of the Commission solicitation of bids, and all bidders shall be deemed to have accepted the terms and conditions of this section.

VI. Procurement Regulations of Other Entities

Whenever procurements are funded with state or federal funds, the procurement shall be made in compliance with applicable state and federal laws and regulations, if any, as may be required as a condition of the receipt of such funds. Whenever this Policy is more restrictive than the state or federal laws and regulations, the provisions of this Policy and the related District procedures shall be followed.

VII. Projects with Multiple Stages

When projects subject to the provisions of this Policy have multiple stages, which could be subject to either a single bid or proposal for all stages or to multiple bids or proposals for the stages as they evolve, the District may seek bids or proposals for the entire project or it may seek bids or proposals for the initial stage of the project and thereafter amend the initial contract after it is in operation, or within a reasonable time of its completion, to include the subsequent stages. In the latter instance, the subsequent stages must be similar in character of performance and location, when location is relevant to the initial stage, and the pricing components for the subsequent stages must be substantially the same as the initial contract submitted for bids or proposals.

VIII. Multi-Term Contracts

To the extent permitted by law, a contract for supplies or services may be entered into for a period of time not to exceed a total of five years, provided: (a) the terms of the contract and the conditions of renewal or extension, if any, are included in the solicitation and funds are available for the first fiscal period at the time of contracting; (b) such contracts shall contain a clause stating

that when funds are not appropriated to support continued performance in any subsequent fiscal period, the contract shall be cancelled and shall not be subject to non-substitution of subsequent providers; and (c) pricing increases for succeeding fiscal periods, if any, shall not exceed 10% of the preceding year's contract price.

D. ALTERNATIVE PROJECT DELIVERY METHODS

I. Generally

The General Manager, in proposing to utilize this section of the Policy, must detail in the project file why utilizing this section of the Policy is in the best interests of the District. Thereafter, the Commission shall make a determination whether to authorize one of the alternative procurement methodologies provided hereinbelow. The terms used herein and not otherwise defined shall generally have the same meaning as for those terms defined in the State's procurement code, which is found at Sections 11-35-2910 *et seq.* of the Code of **Laws of** South Carolina, 1976, as amended; where any such terms have been changed, those terms have been intentionally adapted for use by the District. The policy of the State in promoting alternate forms of project delivery, as set forth in Act No.174 of 2008, is acknowledged as authority for implementing these specialized procurement methods.

II. Alternative Procurement Methods

1. Design-Build is a project delivery method in which the District enters into a single contract for design and construction of an Infrastructure Facility. Procurement of Design-Build services is appropriate when the District does not have the in-house capability to design and supervise the project, and when compliance with technical regulations and best practices for construction is critical. With the assistance of experts, the District may develop performance specifications for the desired infrastructure which can then be used to develop Design Requirements for submission to Design-Build firms for development. The Design-Build services may be awarded to either (a) the responsive, responsible bidder where price is a factor, or (b) the responsible contractor (selected from a group of pre-approved contractors) who is the low bidder. Errors and omissions insurance is required to cover the architectural and engineering services provided by the offeror.

2. Design-Bid-Build is a project delivery method in which the District sequentially awards separate contracts, the first for Architectural and Engineering Services to design the project and the second, based on competitive bidding by the District, for construction of the project according to the final design. This is the traditional method of designing and constructing facilities. The procurement of Construction Management Services (see D(II)(6) hereinbelow) for such a project would make this method a specialized method of procurement.

3. Operation and Maintenance is a project delivery method whereby the District enters into a single contract for the routine operation, routine repair, and routine maintenance of an existing, or to-be-constructed, Infrastructure Facility. Operation and Maintenance services shall be procured from prequalified contractors by utilizing competitive sealed proposals submitted in response to a Request for Proposals, which has established the supplies and services required to maintain and operate infrastructure facilities.

4. Design-Build-Operate-Maintain is a project delivery method in which the District enters into a single contract for design, construction, operation and maintenance of an Infrastructure Facility over a contractually defined period. Ownership of the facility may be in the name of the District or leased by the District from a non-profit corporation. All or a portion of the funds required to pay for the services provided by the contractor during the contract period are either appropriated by the District prior to award of the contract or secured by the District through fee or user charges or other sources of revenue. The District should not participate in financing any such project without an opinion from bond counsel or tax counsel. Errors and Omissions insurance is required to cover the architectural and engineering services provided by the offeror.

5. Design-Build-Finance-Operate-Maintain is a project delivery method in which the District enters into a single contract for design, construction, finance, maintenance, and operation of an Infrastructure Facility over a contractually defined period. No funds are appropriated to pay for any part of the services provided by the contractor during the contract period. Procurement of Design-Build-Finance-Operate-Maintain services shall generally follow procedures outlined above for Design-Build projects with the additional elements of financing and operation incorporated into the project. A preliminary determination by the District should have been made that project revenues would be sufficient, over the length of the proposed contract, to cover design, construction, finance, and operations, and that the traditional Design-Bid-Build approach is inappropriate or impracticable for this project. The District should not participate in financing any such project without an opinion from bond counsel or tax counsel. Errors and Omissions insurance is required to cover the architectural and engineering services provided by the offeror.

6. Construction Management at-risk is a project delivery method in which the District awards separate contracts, one for architectural and engineering services to design an Infrastructure Facility and the second to a construction manager at-risk for both preconstruction and construction of the Infrastructure Facility according to the design specifications of the architect or engineer. The contract with the construction manager at-risk may be awarded before completion of design. The construction manager at-risk shall assume the risk for construction, rehabilitation, alteration or repair of the Infrastructure Facility at a fixed or guaranteed maximum price.

7. Construction Management Services is a project delivery process by which a qualified third party provides construction leadership with a defined scope throughout various phases of the project (e.g. planning, design and construction). Construction Management Services are typically procured using competitive sealed bidding or competitive sealed proposals and bids may be awarded to either (a) the responsive, responsible bidder where price is a factor, or (b) the responsible contractor (selected from a group of pre-approved contractors) who is the low bidder. Construction Management Services, specifically included a construction manager at-risk, may be procured for any of the alternative delivery methods authorized herein. Errors and Omissions insurance may be required to cover any architectural and engineering services provided by the offeror.

8. Other Special Project Delivery Methods or combinations of the above may be utilized provided that the District can demonstrate that the delivery methods meets the intent of this Policy and receives the approval of the Commission. Insurance of various types may be required as additional security for the District for the particular method of project delivery.

E. APPEALS; AUTHORITY TO DEBAR

I. Protests

1. Right to Protest. Any actual or prospective bidder, proposer or contractor who is aggrieved in connection with the solicitation or award of a contract shall protest to the General Manager. The protest, setting forth the grievance and the grounds thereof, shall be submitted in writing within ten days after such aggrieved person knows or should have known of the facts giving rise thereto, but in no circumstance after 15 days notification of the award of the contract.

2. Resolution. The General Manager shall have the authority to settle or resolve a protest of an aggrieved bidder, proposer or contractor (actual or prospective), concerning any award of a contract.

3. Decision. If the protest is not resolved by mutual agreement, the General Manager shall issue a decision in writing within ten business days after receipt of the initial protest. The decision shall state the reasons for the action taken.

4. Appeal. A decision of the General Manager may be appealed to the Commission within 10 business days of the submission of the written decision by the General Manager. Requests for an appeal to the Commission shall be held during the next occurring regularly scheduled meeting of the Commission, or such other time as may be mutually agreeable to the parties. At the meeting, the aggrieved party and the General Manager shall have an opportunity to present their findings to the Commission. Upon receipt of the findings of both parties, the Commission shall make a final determination. The decision of the Commission shall be final and conclusive.

II. Debarment

After reasonable notice to the person or firm involved and reasonable opportunity to be heard, the Purchasing Agent shall have the authority to debar or suspend a person, contractor or firm from consideration for award of any contract by the District. Any debarment or suspension of a person or firm, including the terms thereof, shall be approved by the Commission (with advice from the District's attorney) in writing.

A RESOLUTION AUTHORIZING AND ADOPTING A PURCHASING AND PROCUREMENT POLICY

WHEREAS, the Hilton Head No.1 Public Service District, South Carolina (the "District") intends to amend and restate its Purchasing and Procurement Policy (the "Purchasing Policy") regarding the procurement of goods, services and facilities required by the District; and

WHEREAS, the Purchasing Policy shall amend, supersede and restate all previous purchasing and procurement policies of the District. (the "Prior Policy").

WHEREAS, the provisions of S.C. Code Ann. Section 11-35-50, require that the District, as a political subdivision of the State of South Carolina, adopt "procedures embodying sound principles of appropriately competitive procurement," suitable for the unique needs of the District; and

WHEREAS, the Purchasing Policy is intended to guide District employees and the public in the process and procedures for procuring goods and services required by the District and its various departments; and

WHEREAS, the Purchasing Policy will help ensure the fair and equitable treatment of all persons who desire to do business with the District by selling its goods or services, and will help maximize the purchasing value of public funds and provide safeguards for maintaining a purchasing system of quality and integrity.

NOW, THEREFORE, BE IT RESOVLED by the Hilton Head No.1 Public Service District Commission, the governing body of the District, as set forth below:

SECTION 1

The District formally adopts the Purchasing Policy, a copy of which is attached hereto as Exhibit A. The provisions of the Purchasing Policy as provided at Exhibit A, shall be implemented in their entirety and shall be filed with the District's other formal policies and procedures.

SECTION 2

All resolutions and other provisions in conflict with this resolution are hereby repealed in their entirety, explicitly including the Prior Policy. To the extent the changes, modifications or restatements herein create or result in any inconsistencies in the structure or application of the Purchasing Policy, such inconsistencies shall be revised and corrected in the Purchasing Policy and its provisions shall control.

DONE AND ADOPTED THIS 23 DAY OF SEPTEMBER, 2020.

Hilton Head No.1 Public Service District
Commission

(SEAL)

Mr. Robert M. Mame
Chairman

ATTEST:

Sue J. Gentry
Secretary

EXHIBIT A

PURCHASING AND PROCUREMENT POLICY

HILTON HEAD PUBLIC SERVICE DISTRICT

Pursuant to a Resolution dated September 23, 2020, the Hilton Head No.1 Public Service District Commission (the "Commission"), the governing body of the Hilton Head No.1 Public Service District (the "District") has adopted this Purchasing and Procurement Policy (this "Policy"). The District, as a political subdivision of the State of South Carolina (the "State"), is required to adopt procedures embodying sound principals of appropriately competitive procurement and this Policy has been adopted for such purpose. Further, this Policy is to ensure the fair and equitable treatment of all persons who are providing, or seeking to provide, supplies and/or services to the District.

A. PURCHASE AUTHORIZATION

I. Purchasing Agent

The General Manager of the District or an officer of the District designated by the General Manager shall be the "Purchasing Agent" for the District. The Purchasing Agent shall be responsible for: (A) the purchase of supplies, materials and equipment and contractual services required by any office or department of the District; (B) the storage and distribution of all supplies, materials and equipment required by any office or department of the District; (C) establishing written specifications, whenever practicable, for supplies, materials and equipment required by any office or department of the District - such specifications shall be definite and certain and may be weighted based on those factors deemed prudent by the Purchasing Agent; (D) maintaining, whenever practicable, a written inventory of the District's materials, supplies or equipment; (E) soliciting and maintaining an up-to-date list of qualified suppliers who have requested their names to be added to a "bidders list". The purchasing agent shall have authority to remove temporarily the names of vendors who have defaulted on their quotations, attempted to defraud the District or who have failed to meet established specifications or delivery dates; (F) considering environmentally sustainable options where appropriate; and (G) obtaining as full and open competition as possible on all purchases, contracts and sales as described in this Policy.

II. Budgeted Purchases

A. For the purchase of an individual item that is less than \$25,000 and has been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, no competitive quotations are required. The Commission authorizes the Purchasing Agent to make all such purchases on an as needed basis.

B. For the purchase of an individual item that is \$25,000 or greater but less than \$100,000 and has been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, verbal or written solicitations from at least two (2) suppliers is required. The Commission authorizes the Purchasing Agent to make all such purchases on an as needed basis.

C. For the purchase of an individual item that is \$100,000 or greater and has been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, competitive bidding is required and all such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission.

III. Unbudgeted Purchases

A. For the purchase of an individual item that is less than \$25,000 and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, no competitive quotations are required and such purchases need not be formally approved by the Commission. The Commission authorizes the Purchasing Agent to make all purchases of less than \$25,000.

B. For the purchase of an individual item that is \$25,000 or greater but less than \$100,000 and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, verbal or written solicitations from at least two (2) suppliers is required and all such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission.

C. For the purchase of an individual item that is \$100,000 or greater and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, competitive bidding is required and all such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission.

IV. Purchases Over Budgeted Amount

For purchases of all individual items that are greater than \$25,000 and which have been determined to be more than 10% in excess of the amount authorized for such purchase in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission.

V. Certain Contracts

1. Architectural, engineering and surveying contracts may be directly negotiated. The selection, however, shall be made upon certain qualifying criteria as established by the General Manager.

2. Professional services for (a) attorneys, (b) auditors, (c) engineering and other consultants, (d) financial advisors, (e) underwriters and (f) technology providers are explicitly exempted from the provisions of this Policy.

3. The District, in the reasonable discretion of the General Manager, may exempt specific supplies, services, information technology or construction from the purchasing procedures required by this Policy; such exemptions shall be approved by the Commission.

VI. Lease Purchases

To the extent necessary, the General Manager may negotiate the terms of any lease purchase transaction so long as the financing is ratified and/or approved by the Commission.

VII. Single Source Vendors

The District may, out of reasonable necessity and in the reasonable discretion of the Purchasing Agent, make direct purchases from a single source vendor. Examples include, but are not limited to, technical and operational suppliers where only select markets provide service within an area, vendors that provide long-term support or services for specific equipment such as water treatment and distribution systems and wastewater collection and treatment systems, radio systems, phone systems, extrication equipment, etc.

VII. Emergency Procurement

The Purchasing Agent may make or authorize others to make emergency procurements when there exists a threat to public health, welfare, critical economy and efficiency, safety under emergency conditions, or where normal daily operations are affected; provided that such emergency procurements shall be made with such competition as is practical under the circumstances. A written determination of the basis of the emergency and the selection of the particular contractor shall be included in the contract file.

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The District may participate in, sponsor, conduct or administer a cooperative purchasing agreement for the procurement of any supplies, services or construction services with one or more public procurement entities or external procurement activities in accordance with an agreement entered into between the participants. Such cooperative purchasing may include, but is not limited to, joint or multi-party contracts between public procurement entities and open-ended state public procurement unit contracts which shall be made available to local public procurement units.

IX. Small, Minority, and Women Owned Businesses

The District wishes to ensure that small, minority, and women owned business enterprises be offered a fair opportunity to fully participate in the overall procurement process of the District. The District does not have a certification program for small, minority, and women owned businesses, but encourages qualifying businesses to become certified with the South Carolina Department of Transportation (www.scdot.org/business/bus-development-dbe-sbe-cert.aspx)¹ and/or the South Carolina Division of Small and Minority Business Contracting and Certification (osmba.sc.gov)¹. As used herein, "small, minority, and women owned business" means a firm located within Beaufort County which is certified by the aforementioned programs. In an effort to

¹ Not intended as an active hyperlink.

be inclusive in its procurement process, the District consults directories maintained by the aforementioned organizations to identify and directly solicit certified small, minority, and women owned businesses operating on Hilton Head Island and/or in Beaufort County.

X. Surplus Property

1. Surplus property consists of two types of property: (A) property available from the State that can be purchased by the District from the General Services Division of the State without requiring competitive bids; or (B) property of the District which: (a) has reached or is rapidly approaching an expiration date or the end of its useful life; (b) is worn-out or otherwise no longer useful to the organization for its intended purposes; (c) is obsolete; or (d) too costly to maintain or operate.

2. Items which have little or no salvage value, considering the cost of disposing of same, such as older model computers and printers, may be offered to employees at nominal prices, as established by General Manager, before other means of disposition are considered.

3. Items with salvage value, but which are likely to bring little at a conventional auction, may be sold through an internet site such as www.govdeals.com or any other reputable internet site or auction service which the General Manager has determined will offer the most exposure to potential interested buyers, or which will likely result in the highest return for the District.

4. Surplus property with trade-in value may also be traded-in to a dealer or vendor in exchange for, or toward the purchase of, items needed by the District.

5. Surplus property may also be sold to, traded with or donated to other governmental entities, if such is found to be in the best interests of the District.

B. LIMITATIONS

I. Unlawful to use District position for private gain

It shall be unlawful for any official, employee, volunteer or member of the Commission to use their relationship with the District as a means to gain economic advantage while conducting personal business activities with firms which provide special pricing to the District and using their status with the District to gain such advantage shall be punishable to the fullest extent of the laws of the State.

II. Noncompetitive purchases

The purchasing of supplies, materials or items of equipment that are controlled by virtue of patent or copyright rights so that competition is impracticable, or where the articles proposed to be purchased are produced and offered for sale by fewer than five reputable firms eligible to offer their products in direct competition and where it is impracticable to substitute other supplies, materials or items of equipment proposed to be purchased, informal purchase negotiations may be undertaken by the staff and purchase awards may be made as a result of such negotiations so long

as the Purchasing Agent otherwise complies with the provisions of this Policy.

III. Prohibition of interest

1. Any purchase order or contract within the purview of the District in which an agent or any officer or employee of the department is financially interested, directly or indirectly, shall be void.

2. Every officer, employee, volunteer or member of the Commission associated with the District are expressly prohibited from accepting, directly or indirectly, from any person to which purchase order or contract is or might be awarded, any rebate, gift, money or anything of value whatsoever, except where given for the use and benefit of the District.

3. These limitations are not intended to prohibit the acceptance of articles of negligible value which are distributed generally, nor to prohibit employees from accepting social courtesies which promote good public relations nor to prohibit employees from obtaining loans from regular lending institutions.

C. BID REQUIREMENTS

I. Competitive bidding required

Except as otherwise provided herein, all purchases of and contracts for supplies and contractual services, all leases and rental agreements and all sales of the District's property which has become obsolete and usable shall, except as otherwise specifically provided in this Policy, be based wherever possible on competitive bids.

II. Bid Acceptance and Evaluation

Bid acceptance and evaluation tabulations shall be unconditionally accepted without alteration or correction, except as authorized herein. Bids shall be evaluated based on the requirements set forth in the invitation of bids, which may include criteria to determine acceptability, such as cost, inspection, specifications, testing, quality workmanship, delivery and suitability for a particular purpose. The District reserves the right to reject or accept any proposal. The District is not required to accept the lowest bidder, but rather shall accept the bid that most closely conforms to the bid conditions.

III. Pre-qualified Candidates

If the Purchasing Agent determines that the use of competitive bidding is not suited for the complexity of the project, may not allow necessary flexibility, may not result in requisite innovation or may unduly restrict cost savings, the Purchasing Agent may determine to pre-qualify the field of bidders and thereafter request competitive bids from only the prequalified candidates.

IV. Performance Bonds

1. Generally. Payment and performance bonds are required for all District

construction contracts in excess of \$50,000 (or such other amount as may be required by State law), and any other procurements in which risk protection is appropriate as set forth above, in the amount of 100% of the contract price. The bonds shall be delivered by the proposed contractor to the District at the same time the contract is executed. If a bidder or vendor fails to deliver the required bonds, the bidder's or vendor's bid or offer shall be rejected and its bid or offer security shall be forfeited. In the event of such a failure the District may, at its discretion: (i) award the contract to the next lowest bidder; or (ii) engage in negotiations for a contract with the next eligible offer; or (iii) conduct a re-procurement to satisfy the requirement.

2. Reduction of Amount. The amount of the payment and performance bonds may be reduced, depending upon the circumstances in a procurement.

(A) Prior to Solicitation: The District may elect to reduce the performance bond or payment bond required prior to issuing a solicitation for a construction contract procurement to a lesser amount if the District determines that such lesser amount provides adequate protection for the District or that it is less costly or more advantageous to the District to self-insure a part of the performance of the contractor.

(B) During Performance: The District may reduce the amount of the bonds as work is completed, if the General Manager determines in writing that such reduction is in the best interests of the District.

V. Right to revoke award

The District expressly reserves the right to revoke the public contract award to the lowest and best bidder if: (1) it determines that the information on which the award was granted was erroneous; and (2) the correct information makes the awarded bidder's material or product not meet the standards and specification required by the law. If an award is revoked, the District must re-advertise in order to award the bid.

This section shall be deemed a part of the terms and conditions of the Commission solicitation of bids, and all bidders shall be deemed to have accepted the terms and conditions of this section.

VI. Procurement Regulations of Other Entities

Whenever procurements are funded with state or federal funds, the procurement shall be made in compliance with applicable state and federal laws and regulations, if any, as may be required as a condition of the receipt of such funds. Whenever this Policy is more restrictive than the state or federal laws and regulations, the provisions of this Policy and the related District procedures shall be followed.

VII. Projects with Multiple Stages

When projects subject to the provisions of this Policy have multiple stages, which could be subject to either a single bid or proposal for all stages or to multiple bids or proposals for the stages as they evolve, the District may seek bids or proposals for the entire project or it may seek bids or

proposals for the initial stage of the project and thereafter amend the initial contract after it is in operation, or within a reasonable time of its completion, to include the subsequent stages. In the latter instance, the subsequent stages must be similar in character of performance and location, when location is relevant to the initial stage, and the pricing components for the subsequent stages must be substantially the same as the initial contract submitted for bids or proposals.

VIII. Multi-Term Contracts

To the extent permitted by law, a contract for supplies or services may be entered into for a period of time not to exceed a total of five years, provided: (a) the terms of the contract and the conditions of renewal or extension, if any, are included in the solicitation and funds are available for the first fiscal period at the time of contracting; (b) such contracts shall contain a clause stating that when funds are not appropriated to support continued performance in any subsequent fiscal period, the contract shall be cancelled and shall not be subject to non-substitution of subsequent providers; and (c) pricing increases for succeeding fiscal periods, if any, shall not exceed 10% of the preceding year's contract price.

D. ALTERNATIVE PROJECT DELIVERY METHODS

I. Generally

The General Manager, in proposing to utilize this section of the Policy, must detail in the project file why utilizing this section of the Policy is in the best interests of the District. Thereafter, the Commission shall make a determination whether to authorize one of the alternative procurement methodologies provided hereinbelow. The terms used herein and not otherwise defined shall generally have the same meaning as for those terms defined in the State's procurement code, which is found at Sections 11-35-2910 *et seq.* of the Code of South Carolina, 1976, as amended; where any such terms have been changed, those terms have been intentionally adapted for use by the District. The policy of the State in promoting alternate forms of project delivery, as set forth in Act No.174 of 2008, is acknowledged as authority for implementing these specialized procurement methods.

II. Alternative Procurement Methods

1. Design-Build is a project delivery method in which the District enters into a single contract for design and construction of an Infrastructure Facility. Procurement of Design-Build services is appropriate when the District does not have the in-house capability to design and supervise the project, and when compliance with technical regulations and best practices for construction is critical. With the assistance of experts, the District may develop performance specifications for the desired infrastructure which can then be used to develop Design Requirements for submission to Design-Build firms for development. The Design-Build services may be awarded to either (a) the responsive, responsible bidder where price is a factor, or (b) the responsible contractor (selected from a group of pre-approved contractors) who is the low bidder. Errors and omissions insurance is required to cover the architectural and engineering services provided by the offeror.

2. Design-Bid-Build is a project delivery method in which the District sequentially

awards separate contracts, the first for Architectural and Engineering Services to design the project and the second, based on competitive bidding by the District, for construction of the project according to the final design. This is the traditional method of designing and constructing facilities. The procurement of Construction Management Services (see D(II)(6) hereinbelow) for such a project would make this method a specialized method of procurement.

3. Operation and Maintenance is a project delivery method whereby the District enters into a single contract for the routine operation, routine repair, and routine maintenance of an existing, or to-be-constructed, Infrastructure Facility. Operation and Maintenance services shall be procured from prequalified contractors by utilizing competitive sealed proposals submitted in response to a Request for Proposals, which has established the supplies and services required to maintain and operate infrastructure facilities.

4. Design-Build-Operate-Maintain is a project delivery method in which the District enters into a single contract for design, construction, operation and maintenance of an Infrastructure Facility over a contractually defined period. Ownership of the facility may be in the name of the District or leased by the District from a non-profit corporation. All or a portion of the funds required to pay for the services provided by the contractor during the contract period are either appropriated by the District prior to award of the contract or secured by the District through fee or user charges or other sources of revenue. The District should not participate in financing any such project without an opinion from bond counsel or tax counsel. Errors and Omissions insurance is required to cover the architectural and engineering services provided by the offeror.

5. Design-Build-Finance-Operate-Maintain is a project delivery method in which the District enters into a single contract for design, construction, finance, maintenance, and operation of an Infrastructure Facility over a contractually defined period. No funds are appropriated to pay for any part of the services provided by the contractor during the contract period. Procurement of Design-Build-Finance-Operate-Maintain services shall generally follow procedures outlined above for Design-Build projects with the additional elements of financing and operation incorporated into the project. A preliminary determination by the District should have been made that project revenues would be sufficient, over the length of the proposed contract, to cover design, construction, finance, and operations, and that the traditional Design-Bid-Build approach is inappropriate or impracticable for this project. The District should not participate in financing any such project without an opinion from bond counsel or tax counsel. Errors and Omissions insurance is required to cover the architectural and engineering services provided by the offeror.

6. Construction Management at-risk is a project delivery method in which the District awards separate contracts, one for architectural and engineering services to design an Infrastructure Facility and the second to a construction manager at-risk for both preconstruction and construction of the Infrastructure Facility according to the design specifications of the architect or engineer. The contract with the construction manager at-risk may be awarded before completion of design. The construction manager at-risk shall assume the risk for construction, rehabilitation, alteration or repair of the Infrastructure Facility at a fixed or guaranteed maximum price.

7. Construction Management Services is a project delivery process by which a qualified third party provides construction leadership with a defined scope throughout various phases of the project (e.g. planning, design and construction). Construction Management Services

are typically procured using competitive sealed bidding or competitive sealed proposals and bids may be awarded to either (a) the responsive, responsible bidder where price is a factor, or (b) the responsible contractor (selected from a group of pre-approved contractors) who is the low bidder. Construction Management Services, specifically included a construction manager at-risk, may be procured for any of the alternative delivery methods authorized herein. Errors and Omissions insurance may be required to cover any architectural and engineering services provided by the offeror.

8. Other Special Project Delivery Methods or combinations of the above may be utilized provided that the District can demonstrate that the delivery methods meets the intent of this Policy and receives the approval of the Commission. Insurance of various types may be required as additional security for the District for the particular method of project delivery.

E. APPEALS; AUTHORITY TO DEBAR

I. Protests

1. Right to Protest. Any actual or prospective bidder, proposer or contractor who is aggrieved in connection with the solicitation or award of a contract shall protest to the General Manager. The protest, setting forth the grievance and the grounds thereof, shall be submitted in writing within ten days after such aggrieved person knows or should have known of the facts giving rise thereto, but in no circumstance after 15 days notification of the award of the contract.

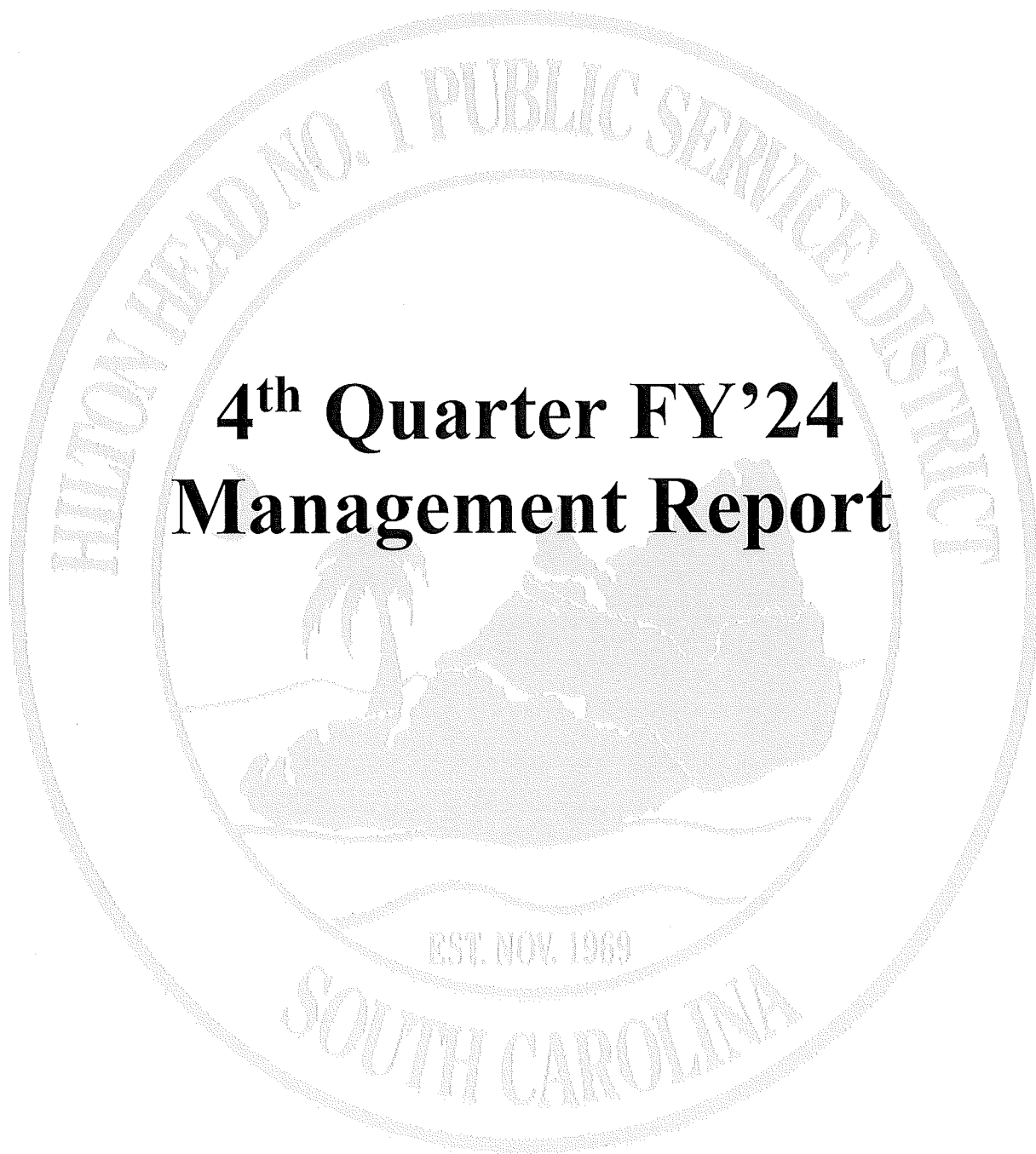
2. Resolution. The General Manager shall have the authority to settle or resolve a protest of an aggrieved bidder, proposer or contractor (actual or prospective), concerning any award of a contract.

3. Decision. If the protest is not resolved by mutual agreement, the General Manager shall issue a decision in writing within ten business days after receipt of the initial protest. The decision shall state the reasons for the action taken.

4. Appeal. A decision of the General Manager shall may be appealed to the Commission within 10 business days of the submission of the written decision by the General Manager. Requests for an appeal to the Commission shall be held during the next occurring regularly scheduled meeting of the Commission, or such other time as may be mutually agreeable to the parties. At the meeting, the aggrieved party and the General Manager shall have an opportunity to present their findings to the Commission. Upon receipt of the findings of both parties, the Commission shall make a final determination. The decision of the Commission shall be final and conclusive.

II. Debarment

After reasonable notice to the person or firm involved and reasonable opportunity to be heard, the Purchasing Agent shall have the authority to debar or suspend a person, contractor or firm from consideration for award of any contract by the District. Any debarment or suspension of a person or firm, including the terms thereof, shall be approved by the Commission (with advice from the District's attorney) in writing.



**4th Quarter FY'24
Management Report**



HILTON HEAD PUBLIC SERVICE DISTRICT STRATEGIC GOALS & OBJECTIVES Adopted: November 2023

4th Qtr. Fiscal Year '24 Management Report:

("New:" indicates update for 4th Qtr. Report)

1. Goal No. 1 – Water Services: Provide for all of our customers' water supply needs with the highest quality water possible in a cost-effective manner

1.1. Ensure water supply and quality through regular monitoring, reporting, and optimal production and distribution system performance.

1.1 Management Tactics:

- 1) PSD water supply capacity is currently adequate and water quality is meeting or exceeding all current state and federal water quality standards, and all required reporting and monitoring is in compliance.
- 2) We are working on multiple projects to add long-term drinking water capacity and enhance drinking water storage and distribution. First, we received a \$10-million grant from the S.C. Infrastructure Investment Program (SCIIP), two fund two long-term water supply projects: 1.) Expansion of our Reverse Osmosis (RO) Drinking Water Treatment Facility from 4-mgd (million gallons per day) to 6-mgd production; and 2.) Construction of a second Aquifer Storage & Recovery (ASR) Well, which would yield 2-mgd of supply during spring and summer. Second, we received \$1 million from the Beaufort County government from its American Rescue Plan Act allocation and are using that funding to construct a water distribution booster station at our Leg O'Mutton site and add an emergency generator at the RO Plant.

New: RO Plant Expansion Update

- Harper Construction of Greenville, S.C., was low responsive bidder (\$10.5 million) on June 18.
- Contract award approval set for July Commission meeting.
- Pre-construction meeting with contractor set for Aug. 8.
- Project completion estimated for summer 2026.

New: RO Well #4, ASR #2 & Pipelines Update

- Project is currently out to bid. Bid opening set for Aug. 8.
- Several permits and easements remain outstanding.
- Project completion estimated for summer 2026.

New: Leg O' Mutton Booster Station Update

- BRW Construction Group of Savannah was low responsible bidder (\$1.99 million) on March 28.
 - Pre-construction meeting with contractor set for July 18.
 - Project completion estimated for first quarter calendar-year 2026.
- 3) We continue to await the S.C. DOT's announcement of the final design and initiation of the U.S. 278 Corridor Project, which will necessitate the relocation of our transmission pipeline buried under the Intracoastal Waterway, as well as relocation of PSD local water/sewer mains.
 - 4) The RO Plant received a "satisfactory" rating from S.C. DHEC during the 2023 Sanitary Survey inspection. Only "satisfactory" or "unsatisfactory" ratings are given.
 - 5) The PSD Water Quality Laboratory was once again named a Laboratory of Excellence in July 2023. A news release was sent.
 - 6) We have created the lead service line inventory necessary for compliance with the U.S. Environmental Protection Agency's new Lead & Copper Rule by the October 2024 deadline. We are routinely engaged in cataloging deployed pipe materials to remove possible unknowns from the inventory. We are working with S.C. DHEC on sampling requirements for schools and daycare facilities that is part of the new rule. We have created a "Lead in Water" web page (<https://hhpsd.com/lead/>) that updates our progress on the inventory, invites customers to contact us to have their water tested, and provides other useful links on the topic.

1.2 Utilize best available technologies where economically feasible.

1.2 Management Tactics:

- 7) PSD supervisory control and data acquisition (SCADA) system upgrades and enhancements are ongoing including at the Reverse Osmosis Facility.
- 8) **New:** State-of-the-art valve actuators have been installed at the Reverse Osmosis Facility. These devices allow for the remote opening and closing of valves at the facility in response to an array of situations including routine facility maintenance and emergencies.
- 9) Ongoing cybersecurity programs and training are in place.
- 10) We hired an IT/GIS Technician to work under our IT/GIS Manager's supervision. This enhancement of our IT/GIS human resource is necessary to maintain cybersecurity efforts among an array of other IT-related programs.

1.3 Maintain an evergreen Long Range Water Supply Plan to assure supply and quality.

1.3 Management Tactics:

- 11) Long range water supply planning updated in spring 2022, including future capital project options and updated hydrogeological modeling of aquifer conditions and expectations. The plan is playing a key role in the identification of sites for future water supply assets as well as the prioritization of supply asset development. It formed the basis of our SCIIP grant projects.
- 12) Pete Nardi is serving as the only Hilton Head Island representative on the 25-member Lower Savannah-Salkehatchie River Basin Council for the S.C. State Water Plan. The council is creating a set of goals related to future water capacity and allocations in the basin, which will inform the overall State Water Plan and play a role in the state's determination of future capacity permits.

1.4 Proactively emphasize efficient use of water in all activities internally and with customers, particularly in regard to landscape irrigation.

1.4 Management Tactics:

- 13) Ongoing social media and bill insert communications, as well as extensive website resource provided on all things water efficiency, including landscape irrigation best practices.
- 12) Multiple items in 1st. qtr. e-newsletters and Fall 2023 bill insert newsletter provided information about water efficiency, including a new program by U.S. EPA WaterSense to encourage water-efficient swimming pool operations.
- 13) GM Pete Nardi serving as a Trustee of the American Water Works Association's Water Conservation Division, and as a member of the AWWA's Water Conservation Planning, Evaluation, and Research Committee. The committee has provided national leadership in areas such as implementation of online customer usage portals and utility water efficiency program policies. Pete helps the AWWA plan its Water Smart Innovations Conference that takes place each October.
- 14) Implemented new online customer usage portal to help customers understand and modify their consumption.
- 15) PSD hosted and promoted a Clemson University Extension Service public workshop on the "Carolina Yards & Neighborhoods" environmentally-sustainable, water-efficient landscape program from on May 22.

2. Goal No. 2 – Recycled Water Services: Provide for all of the District's wastewater collection, treatment, and recycled water distribution services in a cost-effective manner while enhancing and protecting the Island's environment.

2.1. Continue to create access to the public sewer system for all properties seeking access, including the use of external funding, and assessment programs.

2.1 Management Tactics:

- 15) PSD currently has more than 96% of customers connected to the sewer system, versus a national percentage of 80% and versus BJWSA percentage of 60%.

- 16) Multiple programs and customer communications in place to facilitate customer conversions from septic to sewer, including our "Connect Now" customer communications campaign, PSD long-term low interest connection financing, Project SAFE sewer connection grants, and the Town of Hilton Head sewer connection grant program. The PSD has performed more than 25 connections under the Town's grant program. **New:** The Town continued to fund its sewer connection grant program in its FY '25 budget.
- 17) "Connect Now" postcards are mailed to all customer accounts that could add sewer but have not yet done so. Postcard contains info. about both grant opportunities and PSD long-term, low-interest financing.
- 18) PSD Commission voted unanimously in September 2022 to take no further action on easement acquisition (condemnation) for the purpose of installing sewer service for the Spanish Wells Plantation subdivision, due to a variety of reasons outside of the PSD's control.

2.2. Adhere to all regulatory standards and timely delivery of complete and accurate applications and reports.

2.2 Management Tactics:

- 19) We received a "Satisfactory" rating on our annual DHEC Sanitary Survey inspection of the Recycled Water Plant in March. Only "Satisfactory" or "Unsatisfactory" ratings are given.
- 20) We timely submitted to DHEC our application for renewal of our Land Application Discharge Permit, which is the permit necessary to send recycled water to golf courses for irrigation. Our application was accepted, and we anticipate issuance of the renewed permit, which runs for 10 years (2024-2034).
- 21) S.C. DHEC required the PSD to monitor for cyanide in our current National Pollutant Discharge Elimination permit, to determine if there is reasonable potential for cyanide in our treated effluent and thereby to impose a cyanide limit on our permitted discharges. Our ongoing monitoring for cyanide has shown our ability to meet the proposed limit via our current treatment program, and we have thereby notified DHEC that we will accept the limit.

2.3. Utilize best available technologies where economically feasible.

2.3 Management Tactics:

- 22) **New:** Our FY '25 budget includes a program to monitor ammonia and nitrate to enhance our wastewater quality analysis and regulatory compliance program.
- 23) We have completed installation of a real-time monitoring system on the majority of our sewer lift stations. The system, called Streametric, provides an array of readings related to the pump operations of the lift stations (alarms, run times, starts/stops, motor amperage, etc.). It is a more comprehensive, technologically advanced, and cost-effective system than our prior system. The system is critical for effective sanitary sewer operations and to avoid sanitary sewer overflows at lift stations.

2.4 Identify and reduce odors from our collection and treatment processes.

2.4 Management Tactics:

- 24) Multiple odor control measures are in place, including dosing of odor-control agent and deployment of deodorization blocks at key sewer lift stations.
- 25) We implemented a new odor-reduction tactic that provides real-time monitoring and data acquisition of odor levels that allows us to optimize our odor-control agent dosing.

3. Goal No. 3 – Environmental and Sustainability: Operate in a sustainable manner with high regard for protecting and improving the environment.

- 3.1. Consider the creation of programs that inform the public proactively of new areas of environmental concern regarding water and wastewater.

3.1 Management Tactics:

- 26) We continue to monitor for PFAS in our water supply and are following the national regulatory developments related to PFAS via our trade associations, particularly the S.C. Water Quality Association. Our most recent round of PFAS monitoring showed no detection of PFAS in any of the PSD groundwater sources. The only detection comes at the intertie with the wholesale water provided by BJWSA.
- 27) Due to our non-detection of PFAS, the PSD Commission voted unanimously to opt out of multiple PFAS class action settlements, to preserve the PSD's right to seek legal remedies in the future should a problem arise in our groundwater sources. The non-detection of PFAS would have resulted in the PSD receiving no funds from the settlement since the utility would not be able to demonstrate an impact.

- 3.2. Introduce sustainable environmental initiatives as appropriate.

3.2 Management Tactics:

- 28) A key movement toward long-term sustainability of our water resources is the PSD's effort to continue to move away from our reliance on the freshwater Upper Floridan Aquifer and instead develop the brackish Middle Floridan aquifer and increase our use of Aquifer Storage & Recovery.
- 29) Pete Nardi is serving as Past President of WaterReuseSC, our state's chapter of the national WaterReuse Association, the leading trade group for recycled water in the U.S. Pete helped lead the formation of a Technical Advisory Committee among WaterReuseSC and top state officials. The committee meets quarterly in Columbia. The goal is the creation of expanded regulations that allow for more reuse programs in our state, including potentially using reuse water to recharge our freshwater aquifer to combat saltwater intrusion. **New:** In August, WaterReuseSC and the newly-formed S.C. Dept. of Environmental Services (DES, formerly DHEC) will meet to review draft recycled water legislation prepared by WaterReuseSC.
- 30) Our Recycled Water Plant has been re-certified as an Audubon Cooperative Sanctuary, which is a recognition of sustainable practices at our business. We are the only wastewater treatment plant in the United States with this designation.

- 3.3. Explore applying new methods (models) dealing with global climate change impact to

our specific situation.

3.3 Management Tactics:

31) Our 2022 hydrogeological modeling of the aquifer system at Hilton Head Island is a key part of the long-term body of science related to our local groundwater. The model will help inform future science on climate change impacts to the aquifer over time.

3.4. Identify and develop opportunities to reduce operating inputs such as power and chemicals.

3.4 Management Tactics:

32) We have switched all of our freshwater wells from chlorine gas to liquid chlorine to improve safety and reliability.

33) We are researching the potential to generate our own liquid chlorine on site in order to save money on bulk delivery of liquid chlorine, for which we have only one available supplier in our region. We use liquid chlorine treatment at our wastewater treatment plant, Reverse Osmosis Plant, and freshwater well sites.

34) We are exploring a program to monitor ammonia levels at various points in the WWTP to assist in the fine-tuning of our aeration in order to reduce energy consumption.

35) Engineering analysis performed in conjunction with our SCIP project to expand the RO Plant capacity has determined that bulk delivery of liquid chlorine remains the most affordable and sustainable treatment method at the RO Plant. Our expansion project includes increasing the liquid chlorine storage capacity at the plant to a 30-day supply.

36) All aeration in our wastewater treatment plant is performed using variable frequency drive motors and dissolved oxygen monitoring to reduce energy consumption. The rate of aeration responds to the level of dissolved oxygen in the wastewater to avoid unnecessary levels of aeration and corresponding energy consumption.

4. Goal No. 4 – Customer Relations: Direct all activities to achieve a consistently high level of customer satisfaction.

4.1. Respond to, resolve, and monitor customer concerns promptly while minimizing public disruptions.

4.1 Management Tactics:

37) Customer Service and Field Service teams are currently adequately staffed to respond to daily customer calls.

38) We responded to an odor complaint filed with the S.C. Dept. of Consumer Affairs by a customer living in proximity to our Boys & Girls Club sewer lift station. The Dept. closed the case as a result of our response.

39) Monthly telephone hold time average is less than one minute.

40) 24-hour emergency hotline and Field Services on-call are in place. Additionally, we have piloted a second shift for Field Services, which reduces after-hours, on-call response.

4.2. Develop and execute programs that enhance the District's brand equity and maintain positive relationships between the District and its customers and the community.

4.2 Management Tactics:

- 41) Ongoing and extensive customer communications in place, including website, news releases, bill insert newsletters, social media on multiple platforms, and in-person presentations to groups, including:
- a. Operations Manager Bill Davis gave a presentation on PSD hurricane preparedness and recovery operations in August to more than 90 colleagues at the Lowcountry Region meeting of the S.C. Rural Water Association.
 - b. General Manager Pete Nardi led a tour of the WWTP for the Hilton Head-Bluffton Leadership Class of 2023-24 in September.
 - c. The PSD hosted 40 utility professionals from around the state in September for the annual Asset Management Workshop of the Water Environment Association of S.C./S.C. AWWA.
 - d. Pete Nardi was interviewed in August by a professor from the University of Pennsylvania's Institute for Urban Research for a study they are doing on public water supplies' vulnerability to climate hazards and utility adoption of digital "smart water" technologies.
 - e. A news release was sent in September celebrating a decade of PSD Aquifer Storage & Recovery (ASR) well operations.
 - f. News release sent on South Carolina declaring first Monday in March "Water Professionals Day."
 - g. News release sent on PSD being named DHEC Facility of Excellence and Sarah Hickman earning Crystal Crucible Award from Water Environment Association, and recognition from WEASC/SCAWWA for PSD hosting statewide Asset Management Workshop.
 - h. Pete Nardi appeared on WHHI-TV's "Talk of the Town" to discuss our \$10-million long-term water supply grant projects.
 - i. PSD recognized by Beaufort County Council proclamation in April for DHEC Facility of Excellence, Sarah Hickman's Crystal Crucible Award, and PSD hosting statewide Asset Management Workshop.
 - j. **New:** Pete Nardi appeared on the HHI-Bluffton Chamber's "Five Questions" podcast to discuss our response to saltwater intrusion, water efficiency, and resource sustainability.
 - k. **New:** Pete Nardi appeared on the HHI-Bluffton Chamber's "Power Hour" video call to discuss our SCIIP projects and local water resources update.
 - l. **New:** News release sent and ad placed in Local Life magazine celebrating Sarah Hickman's earning World Water Skills honors at IFAT Munich.
 - m. **New:** News release and digital marketing for PSD hosting Clemson Extension's "Carolina Yards" workshop in our Community Room.
 - n. **New:** Multiple 0:60 videos prepared that air on WHHI-TV and the hhpsd.com promoting our tap water sources, recycled water program, water efficiency, and hurricane preparedness.
 - o. **New:** Beaufort County Council presented a proclamation to PSD recognizing our Facility of Excellence Award and Sarah Hickman's Crystal Crucible Award.
 - p. **New:** Candidate Commission Filing news release sent.
 - q. **New:** News release sent on PSD earning its 14th-straight Government Finance Officers Association (GFOA) award for Excellence in Financial Reporting for our FY '23 Annual Comprehensive Financial Report (ACFR).

42) The S.C. Dept. of Natural Resources has named Pete Nardi to the Lower Savannah-Salkehatchie River Basin Council. The council is composed of 25 stakeholders from eight different water interest categories (utilities, industries, environmental groups, universities, municipalities, etc.). It is responsible for developing the Lower Savannah-Salkehatchie River Basin Plan as part of the South Carolina State Water Planning framework. Pete is the only Hilton Head Island representative on the council.

New: River Basin Council conducted a field trip in May at the PSD, including presentation from Pete on PSD water and recycled water programs, and visits to the ASR Facility, Whooping Crane Pond Conservancy, and the RO Plant. Council members from around the basin attended, with the North Augusta rep. commenting, *"You are masterful water managers on this island! Such dynamic programs."*

43) PSD Commission redistricting process is complete. The Commission held an open house on its draft redistricting map in November and voted unanimously to adopt the map at its December meeting. The map was a result of input from the S.C. Office of Revenue & Fiscal Affairs, Commissioners, staff, and the public. The map has been sent to the state and to Beaufort County, which conducts PSD elections. Beaufort County informed the PSD that the new PSD voting districts will be included in new voter registration cards the County is mailing in January.

44) PSD staff continue to be involved in array of industry-related volunteer activities that both enhance the PSD's reputation and provide knowledge transfer to/from our utility, including:

- a. PSD Water Quality Laboratory Supervisor Sarah Hickman served as a judge at the national process controls competition at the Water Environment Federation's conference in October.
- b. Sarah Hickman was selected by Water Environment Federation to compete in an operations challenge at IFAT Munich, an international wastewater conference in May.
- c. General Manager Pete Nardi's current involvement at the national and state level in our industry includes:
 - Appointed to the AWWA's national Communications, Education, and Legislation Committee.
 - Member of the Lower Savannah-Salkehatchie River Basin Council for the S.C. State Water Plan initiative.
 - Past President of WaterReuseSC, our state's chapter of the national WaterReuse Association.
 - Trustee of the national American Water Works Association Water Conservation Division.
 - Member of the national AWWA Water Conservation Planning, Evaluation, and Research Committee.
 - Member of the Water Environment Association of S.C./S.C. AWWA Joint Asset Management Committee.
 - Member of the S.C. Water Utility Council.
- d. PSD Recycled Water Plant Supervisor Brian Fedorick is a member of the Water Environment Association of S.C.'s Operator Leadership Committee.

4.3. Inspire every employee to make customer service an integral part of his or her job performance.

4.3 Management Tactics:

- 45) A key tactic of this objective is achieved via the PSD hiring process, which places an emphasis on customer service aptitude and experience. Many current PSD team members have joined us from customer-facing roles in the local hospitality, health care, and residential and commercial maintenance industries.
- 46) Employee Recognition Program in place to recognize team members via customer, coworker, and supervisor input. Employee Recognition Program recognizes team members quarterly based on customer and co-worker feedback. **New:** Eight team members received Employee Recognition during the 4th qtr.: Andre Swinton, Arthur Washington, Clayton Balassi, Doug Nice, Paul Carroll, Quintin Smalls, Shani Wittingham, and Shaun Chisolm.
- 47) Customer Service Rep. J.P. Sarricolea attended the S.C. Rural Water Association's Office Pro conference in September, which includes an array of customer relations/service training.

- 4.4. Research and evaluate new customer-focused areas of interest and value-added services utilizing best available technologies where economically feasible.

4.4 Management Tactics:

- 48) We have implemented a new online customer usage portal, which is free of charge to customers. The portal offers a single sign-on for customers to both pay their bills and monitor their consumption online and provides the PSD another means of providing updates and announcements to customers.
- 4.5. Review and/or develop policies detailing positions on various customer service issues, such as water leaks, remediation of water issues, etc.

4.5 Management Tactics:

- 49) The FY '24 budget process resulted in implementation of revised sewer connection and backflow prevention inspection fees to reflect current costs incurred by the PSD.
- 4.6. Celebrate District and Staff accomplishments.

4.6 Management Tactics:

- 50) News releases, bill insert announcements, and social media posts sent on: GFOA Financial Reporting Award; Water Quality Laboratory once again being recognized as a Laboratory of Excellence as part of its annual certification by the S.C. DHEC; marking a decade of ASR well operations; new Commission voting districts map adoption.
- 51) Employee Recognition Program recognized nine team members in 3rd Qtr. based on customer, coworker, and supervisor input.

5. Goal No. 5 – Financial Responsibility: Conduct all District activity in a fiscally responsible manner.

5.1. Ensure fair, adequate, sufficient, and equitable rates, fees and charges through cost-of-service rate methodology.

5.1 Management Tactics:

52) Working with Beaufort-Jasper Water & Sewer Authority and Broad Creek PSD on a revised wholesale water agreement that would have significant, beneficial impacts for all parties going forward.

New: Pete Nardi and Verna Arnette of BJWSA met this quarter to discuss a method for drafting a new wholesale water agreement during FY '25. A meeting among the GMs of the PSDs and BJWSA is set for July to discuss the new agreement.

53) **New:** FY '25 rate adjustments were based on cost-of-service analysis.

5.2. Plan and use debt prudently.

5.2 Management Tactics:

54) Beaufort County Council gave unanimous authorization for the PSD to issue up to \$23 million in general obligation debt related to the local match for our SCIIP projects as well as potential capital project needs.

55) The S.C. Drinking Water State Revolving Fund has approved our use of SRF funds for \$2.5 million in our engineering costs related to our SCIIP/ARPA projects.

56) **New:** The PSD had \$14.4 million in projects for our Recycled Water Plant (WWTP) placed on the S.C. Clean Water (wastewater) State Revolving Fund (SRF) FY '25 Intended Use Plan. This is the first step necessary to be approved for a low-interest loan through the SRF. The projects include replacement of screw pumps, construction of a new influent screen as backup, warehouse and garage replacement, and onsite sodium hypochlorite generation system. Our projects ranked 12th out of 22 utilities/municipalities placed on the list, which totals approximately \$520 million in estimated project costs. Attached is the full FY '25 Intended Use Plan.

5.3. Identify and implement opportunities to reduce operating costs, without sacrificing high-quality products and services.

5.3 Management Tactics:

57) We actively monitor non-revenue water to reduce water production costs. Non-revenue water is currently in an acceptable 10-15% range.

58) **New:** Our FY '25 budget includes a program to monitor nitrate and ammonia in our WWTP aeration basins to aid in our adjustment of our aeration to save energy costs.

59) Construction of an onsite liquid chlorine production system at our Wastewater Treatment Plant is a project included in our list of potential projects to be funded using our upcoming General Obligation borrowing.

5.4. Identify and develop opportunities that enhance the District's revenue and improve its cash flow.

5.4 Management Tactics:

- 60) We are carrying out our ongoing meter changeout program, which is a key tactic to ensure that the PSD is capturing consumption and generating accurate bills.
- 61) We are lowering our bad debt expense via pro-active communications with delinquent payers.
- 62) We are reducing the number of and dollar amount of leak adjustments by proactively communicating with customers.
- 63) We are participating in the S.C. Local Government Investing Pool, which is an investment mechanism authorized by the General Assembly to provide local governments an opportunity to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions.

5.5. Review internal controls and policies regularly to ensure security of District assets and the integrity of District reports. Conform to the state and federal mandates regarding annual audits.

5.5 Management Tactics:

- 64) Appropriate internal controls are in place and routinely reviewed.

5.6. Monitor and report on operating ratios, goals, and benchmarks to maintain/improve performance and maintain a high credit rating.

5.6 Management Tactics:

- 65) Quarterly financial reporting provides ratios/benchmarks update.
- 66) **New:** PSD earned 14th-straight GFOA award for Excellence in Financial Reporting for our FY '23 Annual Comprehensive Financial Report.
- 67) A favorable report on PSD benchmarks, including comparison to several other coastal utilities, was presented by our financial advisor, Amy Vitner of First Tryon, at the September Commission meeting.

5.7. Develop and manage business and operational plans and prepare budgets that support those plans.

5.7 Management Tactics:

- 68) **New:** Our FY '25 budget included consumption rate increases in the upper tiers to send a price signal to promote water efficiency among customers.
- 69) Asset management planning is informing annual Operating & Maintenance and Capital Improvement Program budgets.

6. Goal No. 6 – Organizational Excellence and Leadership: Achieve organizational excellence and leadership.

6.1. Promote, monitor, and support safety in all workplaces and activities.

6.1 Management Tactics:

- 70) Routine safety training is in place. Longtime PSD safety instructor Bob “Safety Bob” Stinnett leads monthly courses and supervisors provide regular in-field discussions and “tailgate talks.”
- 71) CPR/AED training provided for all PSD staff free of charge from Hilton Head Fire Rescue.
- 72) **New:** Active shooter response training led by former law enforcement officers is set for August.
- 73) **New:** The Beaufort County Sheriff’s Office conducted a free assessment of PSD Oak Park Drive campus physical security and is preparing an actionable report.
- 74) A free flu shot clinic was provided to team members and spouses via Burke’s Main Street Pharmacy.
- 75) PSD Workers’ Compensation coverage provided by the S.C. State Accident Fund, which continues to provide premium based on PSD incident history. We have had two (non-OSHA reportable) workplace injuries in FY ‘24 to date.

6.2. Attract and retain a professional, diverse, motivated, customer-oriented staff, at a level consistent with meeting the District’s goals, while considering novel approaches to recruitment.

6.2 Management Tactics:

- 76) Competitive compensation and benefits packages are funded in the FY ‘24 budget and included in the draft FY ‘25 budget.
- 77) PSD recruits in a variety of formats that include diversity-focused recruitment websites/listings.
- 78) Word-of-mouth and recommendations from existing team members continue to provide a key resource for recruitment, particularly at the local level.
- 79) We hired three Field Service Technicians, an IT/GIS Technician, a SCADA Technician, Asset Management Specialist, and (**New:**) Purchasing Manager in FY ‘24. We are actively recruiting an Advanced Metering Infrastructure Supervisor.
- 80) We participate in potential recruitment with a variety of partners, including our local schools and trade associations. We utilize word-of-mouth, social media, and traditional media in our recruitment advertising.

- 81) We have signed up as a participating utility in the S.C. Rural Water Association's brand new Pre-Apprenticeship Program, wherein our costs of adding an intern who is still in high school may be subsidized by the association and wherein the association may match interns with us.
- 82) **New:** We have signed up to participate in a new Workforce Collaborative effort by the S.C. AWWA/WEASC. The program is being modeled off Baywork program in San Francisco. The member utilities will pool resources (training, recruitment, referrals, etc.) to create a sustainable water/wastewater workforce for the state of South Carolina.
- 83) Multiple training programs and opportunities are in place utilizing trade associations, in-house resources, and independent study. **New:** Training examples this FY include: Water Quality Monitoring, Filter Backwash Optimization & Gas Detection; Membrane Treatment Principles; Essentials of Human Resources; Southeastern Desalting Association Introduction to Membrane Systems; WEASC Lab Workshop; MR Systems Basic Process Instrumentation Training; AWWA Corrosion Control Theory and Treatment Options; Water Environment Federation WEFTEC Conference; S.C. Water Quality Association Compliance Workshop; WEASC-SCAWWA Asset Management Workshop; S.C. Rural Water Association Office Pro Workshop; AWWA Non-Revenue Water Seminar; S.C. Environmental Conference; AWWA ACE; In-house operator certification exam prep.
- 84) **New:** S.C. Labor Licensing and Regulation operator licenses earned this fiscal year: "A" Water Distribution, "C" Water Distribution, "D" Distribution, "A" Collections, "C" Collections, "D" Wastewater Collections, "D" Water Treatment, "E" Water Treatment, and Backflow Certification.
- 85) The PSD should continue to add staff as necessary to work toward a generally accepted water/wastewater sector goal of a 400-to-1 customer-to-staff ratio. Current ratio is approximately 650-to-1.
- 86) PSD team-building sessions were held in March and April, using a new approach that incorporated site-based local Civil War and Reconstruction history, local ecology, and group problem-solving. It was very well received by the team.

6.3. Define and implement organizational succession planning.

6.3 Management Tactics:

- 87) Organizational structure, as well as training and educational opportunities, are in place to support departmental succession as needed.

6.4. Provide educational opportunities for Commissioners on board governance and the PSD's operations.

6.4 Management Tactic:

- 88) Clerk to Commission Connie Whitehead developed a hard-copy Commissioner Orientation Manual and it has been provided to the Commission.
- 89) An overview of PSD physical security tactics was provided to the Commission in executive session in January '24, per the Commission's request.

7. Goal No. 7 – Asset Management: Acquire, maintain, protect, and secure the District’s property, databases, plant and equipment assets (investment in the future).

7.1. Maintain and execute a system preventative maintenance program that minimizes the number, severity, and duration of loss of service incidents.

7.1 Management Tactics:

- 90) Water and wastewater systems’ preventative maintenance program is in place and utilizing Geographic Information Systems, particularly in the area of sewer lift station maintenance.
- 91) Appropriate staff level is a key tactic to minimize the number, severity, and duration of loss of service incidents, particularly due to a small amount of available contractors to assist in such situations.
- 92) **New:** The adopted FY ’25 budget supports a staff level appropriate to meet current system needs and help prepare for continued growth in the PSD customer base.

7.2. Prepare an asset inventory and 5-year replacement plans for the water/wastewater systems.

7.2 Management Tactics:

- 93) PSD asset inventory is up to date and serves as basis of S.C. Insurance Reserve Fund (IRF) policies covering utility assets. “Self-insurance” tactic (days cash on hand) review among staff and the Commission was part of the FY ’25 budget process and will be an ongoing consideration.
- 94) **New:** Replacements/enhancements funded in FY ’25 Capital Improvement Plan.
- 95) PSD Capital Improvement Plan is updated annually and prepared on a 5-year basis. The adopted FY ’25 budget includes a 5-year replacement plan and supports an appropriate annual capital improvement program.
- 96) Hired Asset Management Specialist in FY ’24 (April), to work on PSD asset hierarchy, CMMS selection and implementation, asset condition assessment program, and asset replacement planning.

7.3. Maintain a current comprehensive security infrastructure/disaster preparedness and recovery plan.

7.3 Management Tactics:

- 97) Emergency Response Plan is up to date and certified to U.S. EPA.
- 98) PSD has a key seat at the table for all Beaufort County and Town of Hilton Head Island multi-agency emergency planning activities. Our critical assets are listed for priority attention by the Town, County, and Palmetto Electric.

99) Pete Nardi continues to advocate on behalf of the island PSD utilities to have our teams be provided the same first-responder status for hurricane reentry purposes as other agencies receive.

7.4. Exercise oversight over new construction projects to ensure construction complies with District standards and appropriate documentation is provided. In addition, ensure that new construction is compatible with the existing system and service can be extended to nearby properties.

7.4 Management Tactics:

100) Our System Specifications for development have been updated and are in use. The specifications provide the PSD's standard requirements for utility infrastructure in order to assist developers in planning and construction.

101) Internal and external project management is in place on developer and PSD projects.

102) PSD-funded sewer extension projects addressing landlocked parcels.

7.5. Maintain adequate and comprehensive insurance coverage of District assets.

7.5 Management Tactics:

103) PSD is insured by the State of South Carolina Insurance Reserve Fund (IRF) at adequate levels. We annually review our insured assets and coverage and make modifications thereto.

104) Cybersecurity insurance has been added.

7.6. Maintain and protect confidential information through technology systems to ensure integrity of operations and information security.

7.6 Management Tactics:

105) Cybersecurity systems are in place on all business and operational systems.

106) Cybersecurity training is being implemented for all staff members.

107) An IT/GIS Technician working under supervision of IT/GIS Manager Ryan Lewis has been hired, in part to aid in our ongoing cybersecurity measures and programs.

7.7. Maintain physical security of property and equipment.

7.7 Management Tactics:

108) Extensive camera surveillance of PSD facilities is in place.

109) Alarm systems in place on key PSD facilities.

110) **New:** Beaufort County Sheriff's Office performed free assessment of PSD Oak Park Drive campus physical security and is preparing an actionable report.

111) Security in place for field assets.

7.8. Utilize best available technologies were economically feasible.

7.8 Management Tactics:

112) Exploration of Computerized Maintenance Management Systems (CMMS) continues.

113) The addition of an IT/GIS Technician to our IT/GIS dept. will aid significantly in our ability to effectively manage a CMMS.

114) Advanced Metering Infrastructure in place.

115) Supervisory Control and Data Acquisition system enhancements are ongoing.

116) Geographic Information System enhancements are ongoing and utilizing field- and desktop-based updating.

117) Computerized water distribution model update completed.

8. Goal No. 8 – External Relations: Develop, expand and leverage the District's positive relationships with external organizations, utilities and governments.

8.1. Develop and expand cooperative and mutually beneficial relationships with the Town of Hilton Head, county, state, and federal elected representatives, local and state public service districts, public agencies and associations, the media and communities within the District.

8.1 Management Tactics:

118) The Town of Hilton Head Island's Comprehensive Plan, in its Environmental Sustainability Policy, has identified a Strategic Initiative to "Work with Public Service Districts (PSDs) on Long-Term Capital Projects," which includes assessing appropriate partnership opportunities with PSD facilities and capital projects to ensure future delivery of drinking water for residents. The Town has appointed a staff engineer to serve as a liaison for the PSDs to help carry out this initiative.

119) Hilton Head Town Council voted in 2022 in support of working with the PSD on development of our second Aquifer Storage & Recovery well on the Town-owned Ashmore Tract, as well as the expansion of our Reverse Osmosis Drinking Water Treatment Facility, which involves the Town-owned Old Welcome Center site and Jenkins Island Tract. Town staff and Town Council have been very supportive and helpful in addressing our need for easements on Town-owned property to complete our SCIP projects. Town Council approved the easements at its Oct. 17 meeting. **New:** We are awaiting Town Council approval of additional easements needed for our SCIP projects.

120) We are working with the Town on its project to develop workforce housing at its Northpoint property.

121) Town, State (Sen. Davis, Rep. Bradley), and Federal (Rep. Nancy Mace) officials all wrote letters of endorsement for the PSD's \$10-million ARPA application for water supply projects.

- 122) County Council unanimously supported the PSD's request for \$1 million from County ARPA allocation for RO Plant emergency generator and water booster station.
- 123) A memo was sent in April to State Sen. Tom Davis requesting \$1 million in local matching funds assistance for our SCIP projects, as well as up to \$11 million for capital wastewater projects.
- 124) **New:** We worked with U.S. Rep. Nancy Mace and U.S. Rep Joe Wilson to explore additional federal grant/loan programs for which PSD might be eligible. None were identified immediately but we have established communications with their offices.

8.2. Monitor and evaluate the impacts of federal, state and local legislation and regulations that impact the District's current and future operations.

8.2 Management Tactics:

- 125) PSD General Manager Pete Nardi has helped launch the new S.C. Chapter of WaterReuse Association to influence reuse water regulations/legislation.
- 126) We are monitoring legislation via our involvement in S.C. Water Utility Council and S.C. Water Quality Association. The S.C. General Assembly reconvened on Jan. 9.

New: While there was no passage of any legislation directly impacting the PSD in the completed session, two provisos (listed below) that were included in the final FY '24-25 state budget could have future implications for the PSD. The "Return to Work" proviso could set the table for retired employees to return to work without facing a cap of \$10,000 in State Retirement System earnings – if the proviso eventually becomes a new SRS rule. The Surface Water Study Comm. creation could eventually impact Savannah River withdrawal limitations.

108.16. (PEBA: PORS and SCRS Return to Work)

(B) For compensation earnings during the current fiscal year, the earnings limitation does not apply if a member of the South Carolina Retirement System has not been engaged to perform services for a participating employer in the system or any other system provided in Title 9 for compensation in any capacity, whether as an employee, independent contractor, leased employee, joint employee, or other classification of worker, for a period of at least twelve consecutive months subsequent to retirement. The exemption provided under this provision does not apply unless the member first certifies to the system that he satisfies the requirements for the exemption. If a member inaccurately certifies that he satisfies the requirements for the exemption provided in this provision, the member is responsible for reimbursing the system for any benefits wrongly paid to the member.

117.184. (GP: Surface Water Study Committee) (A) There is established for the current fiscal year the Surface Water Study Committee. The committee shall be comprised of seven members (of the House and Senate) ...

(C) The study committee shall study the current state of surface water in South Carolina. The study shall include information regarding available surface water, the number of permit holders and registered surface water withdrawers, use of the withdrawals, and recommendations to the General Assembly regarding any necessary additions or changes to current law to ensure sustainable surface water withdrawal practices and procedures. When making recommendations, the committee shall consider both the environmental and economic implications of the study.

(D) The study committee shall consult with the Department of Environmental Services, agricultural and farming organizations, manufacturing and business organizations, environmental organizations, other state agencies, and others that the committee may deem necessary to complete the work of the committee.

(E) By March 1, 2025, the study committee shall issue a report on its work and findings to the General Assembly.



GM Monthly Report



To: Hilton Head PSD Commission
From: Pete Nardi, General Manager
Re: PSD Updates

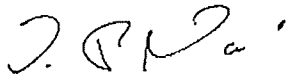
July 17, 2024

Dear Commissioners, please see below the following updates:

- We are experiencing demand of approx. 8 million gallons a day (mgd), which is normal for this time of year and prevailing weather conditions.
- S.C. Infrastructure Investment Program (SCIIP) Projects Update:
 - **RO Plant Expansion**
 - July 24 – Contract approval is on this month's board agenda.
 - A pre-construction meeting with the contractor is Aug. 8. Contractor notice to proceed is imminent.
 - **RO Well #4, ASR Well #2, and Transmission Mains**
 - Project was put out to bid on July 8. Bid opening is Aug. 8.
 - A pre-bid meeting for contractors was held on July 18.
 - Hilton Head Town Council slated to give first reading to additional easements needed at its July 23 meeting. Second and final reading would be Aug. 20.
 - Awaiting approval of second of two DOT encroachment permits; as well as S.C. Dept. of Environmental Services (formerly DHEC) construction permits.
 - **Leg O'Mutton Water Booster Station**
 - Pre-Construction Meeting with contractor was held July 18. Contractor notice to proceed is imminent.
- I met this month with the general managers of Beaufort-Jasper Water & Sewer Authority and Broad Creek PSD to discuss a new purchased water agreement. The identification of a third-party facilitator with experience in multi-party purchased water agreements and purchased water rates will be a next step.
- We will host a Clemson Extension Service "Carolina Yards" workshop in the Community Room from 1 to 3 p.m. on Aug. 15.
- I taped a "Talk of the Town" with WHHI-TV on July 16, promoting the "Carolina Yards" workshop and water efficiency during the hot summer months.
- Active shooter training for all PSD staff will take place Aug. 6-7.
- I have been invited to speak on water resources at The Cypress on Aug. 21. Former PSD Commissioner John Geisler, a new Cypress resident, requested the invite. Commission Vice Chair Jerry Cutrer, also a new Cypress resident, will join in the presentation.
- There have been two Commission candidate filings as of the date of this report: Jerry Cutrer in District 4, and Stuart Bell in District 2. Filing deadline is noon, Aug. 15.

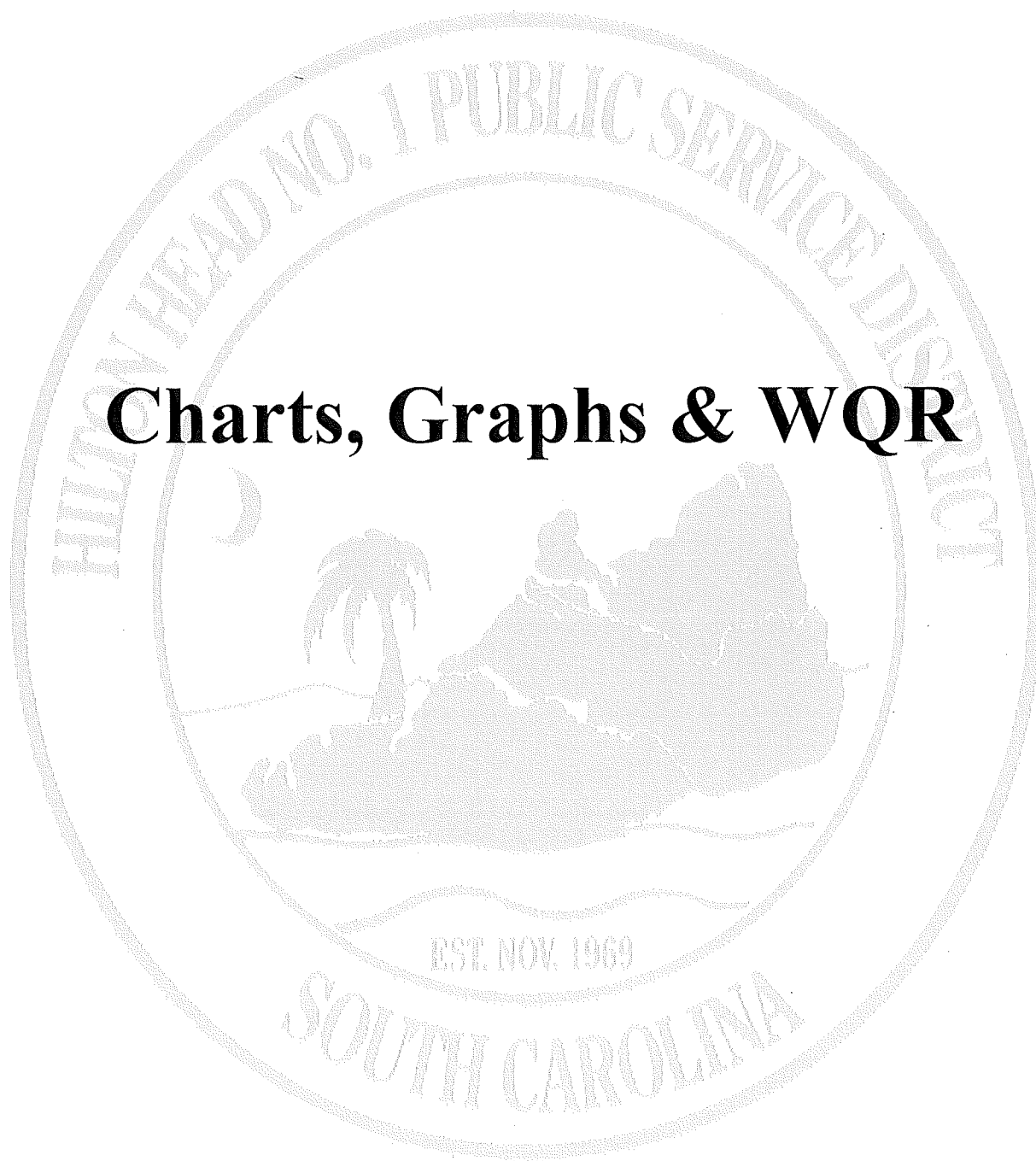
As always, please do not hesitate to contact me if you have any questions.

All my best,

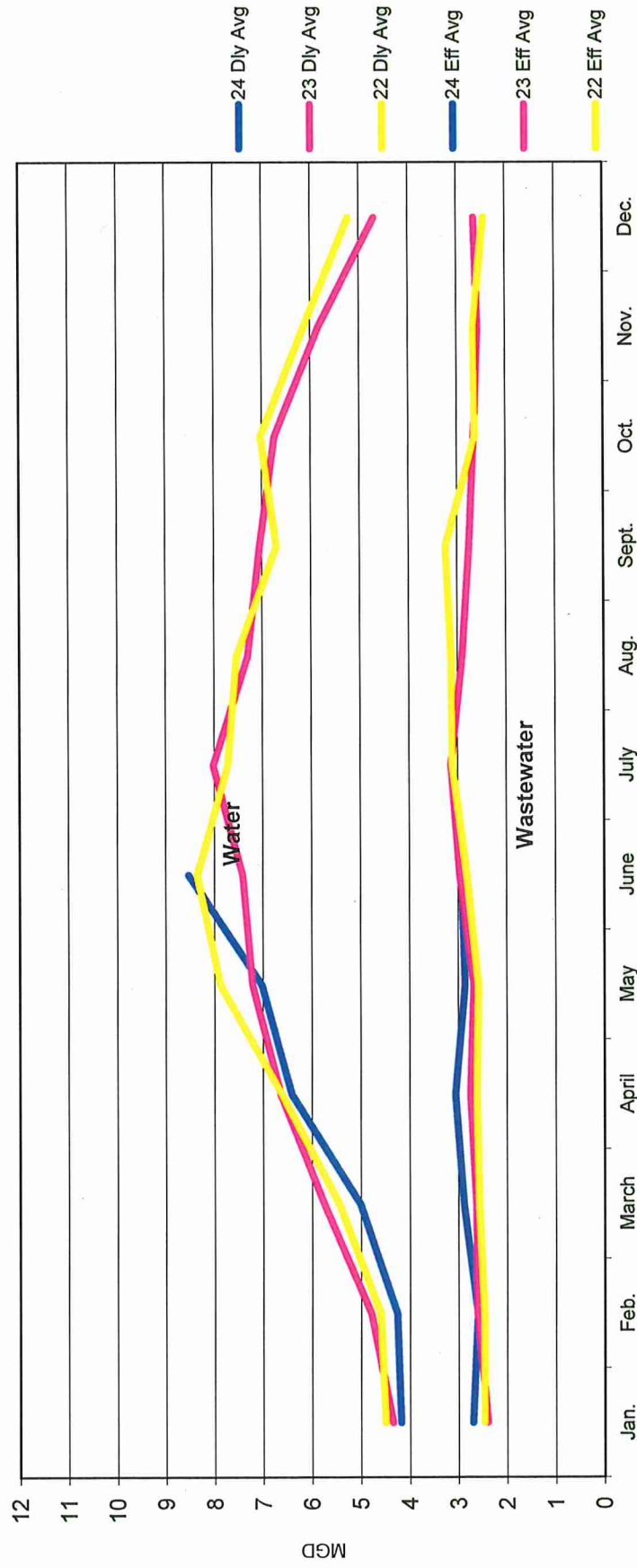
A handwritten signature in black ink, appearing to read 'P. Nardi'.

Pete Nardi
General Manager

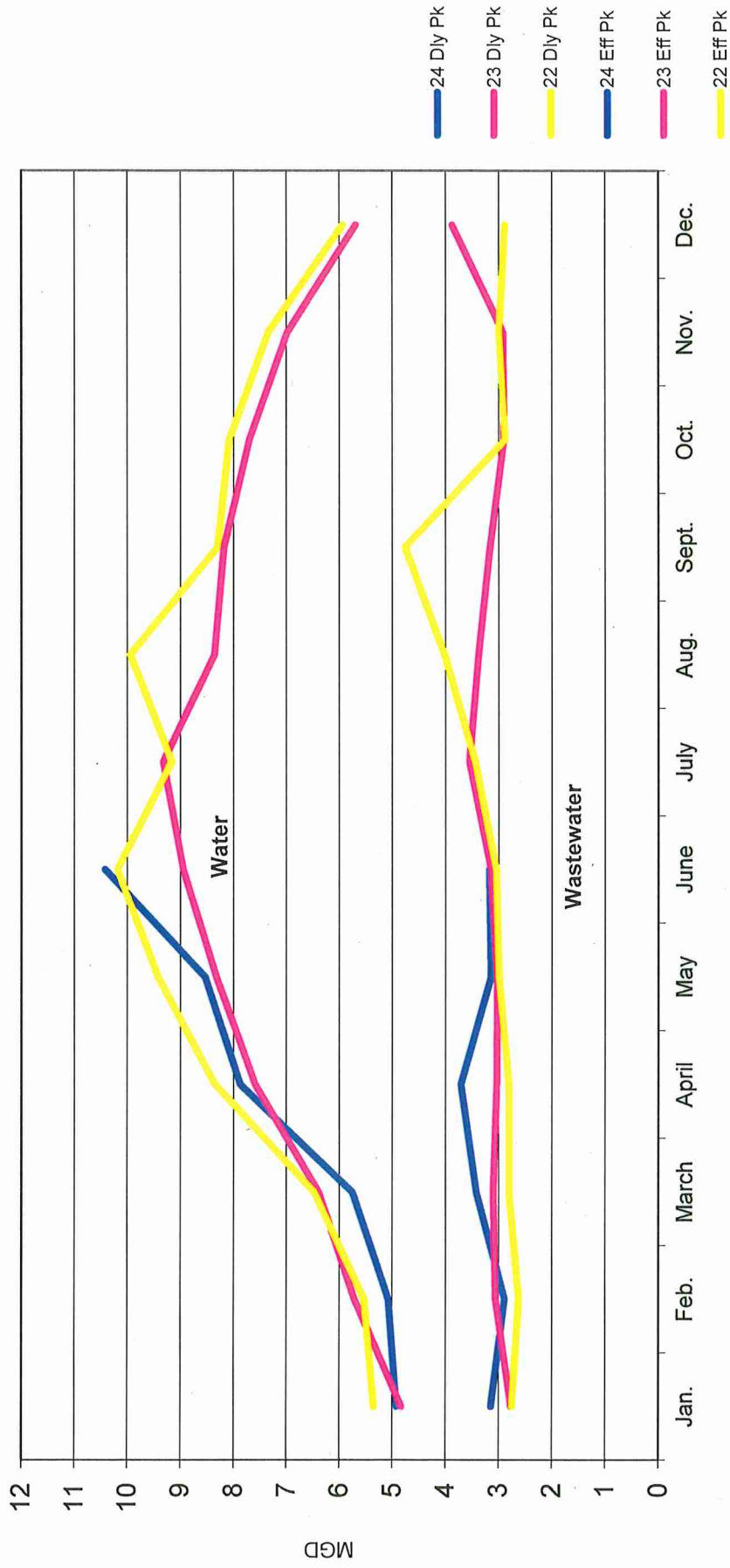
Charts, Graphs & WQR



Water and Wastewater Average Flows



Water and Wastewater Peak Flow





Jun-24
Monthly Water Quality Report

Water Supply		MG Per Month												% of Supply YTD	
Source		Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD	% of Supply YTD
Purchased		0.00	7.75	22.32	30.48	25.64	51.84							138.03	13.0%
RO Plant		107.87	95.01	117.34	115.26	114.23	118.77							668.48	63.0%
UFA Wells		20.12	21.59	15.06	24.71	24.65	34.48							140.61	13.0%
ASR Recovery		0.00	0.00	0.00	19.62	46.41	54.30							120.33	11.0%
Total		127.99	124.35	154.72	190.07	210.93	259.39							1067.45	100.0%

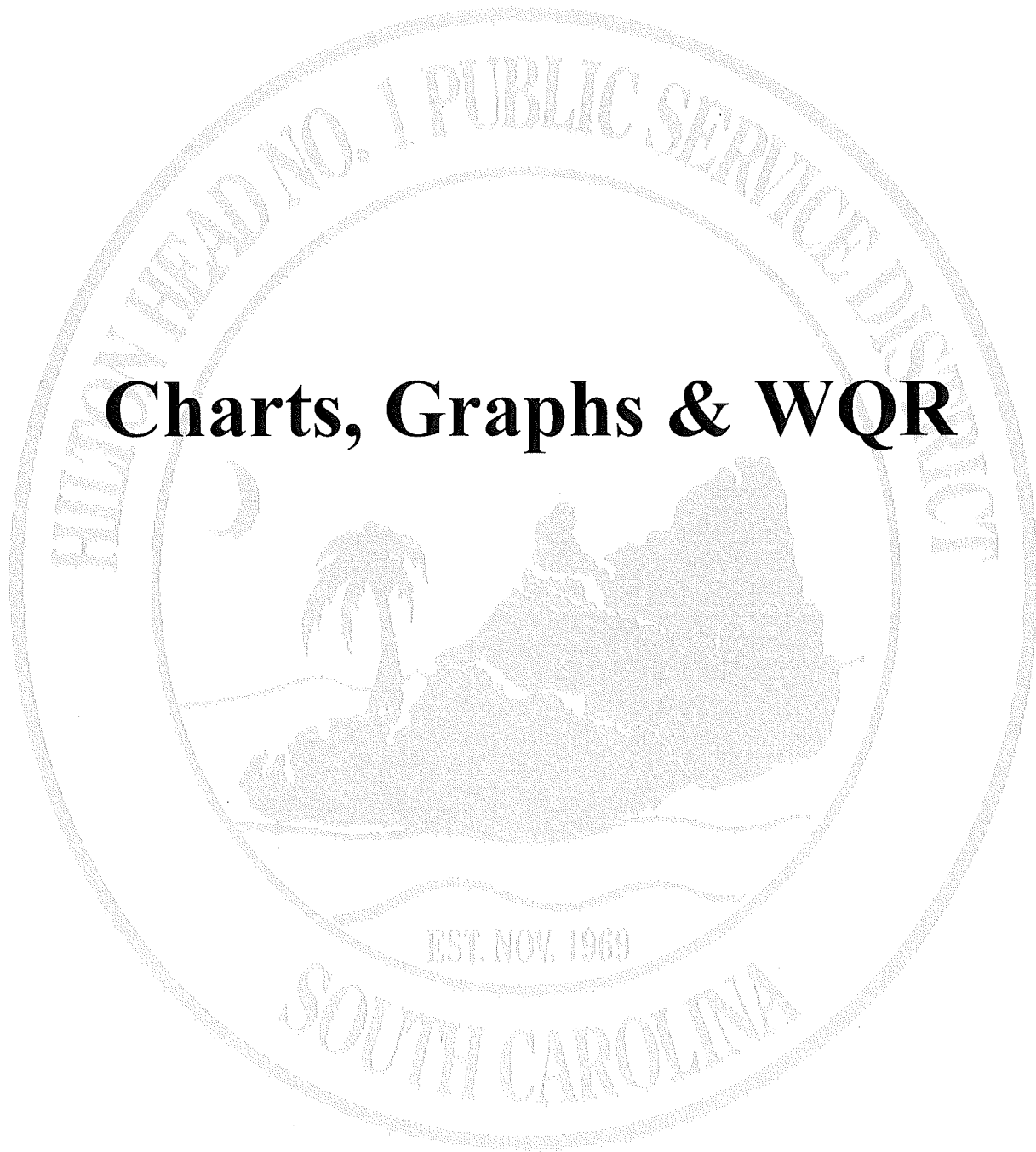
System-wide Water Quality Testing		Results by Month												In Compliance	In Compliance	In Compliance
Type of Test		Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.			
Bacteriological		PASS	PASS	PASS	PASS	PASS	PASS									
Chlorine (avg)		1.92	1.96	1.86	1.89	2.01	2.06									
Ph (avg)		N/A	N/A	N/A	N/A	N/A	N/A									
Disinfection By-products (DBPs) (qtrly.)																
Hardness (range)		11 - 121 (WINTER - NO WELLS)			14 - 260 (SUMMER - WELLS/ASR ON)			(WINTER)								

Supply-specific Water Quality Ranges for This Month				
Supply	Average Chlorine Residual	Within Acceptable Range? (Y/N)	Average Chloride Level (ppm)	Average Hardness (ppm)
BJWSA (supply)	1.87	Y		
RO Raw Water MFA Wells (range)	n/a	Y	149 - 462	100 - 224
Finished RO Water	2.73	Y		
Fire Station UFA	1.97	Y	63	138
Leg O' Mutton UFA	2.20	Y	97	204
Wild Horse UFA	1.67	Y	68	180
Seabrook UFA	1.85	Y	124	250
Union Cemetery UFA	1.90	Y		
ASR (recharge)	2.40	Y	42	46

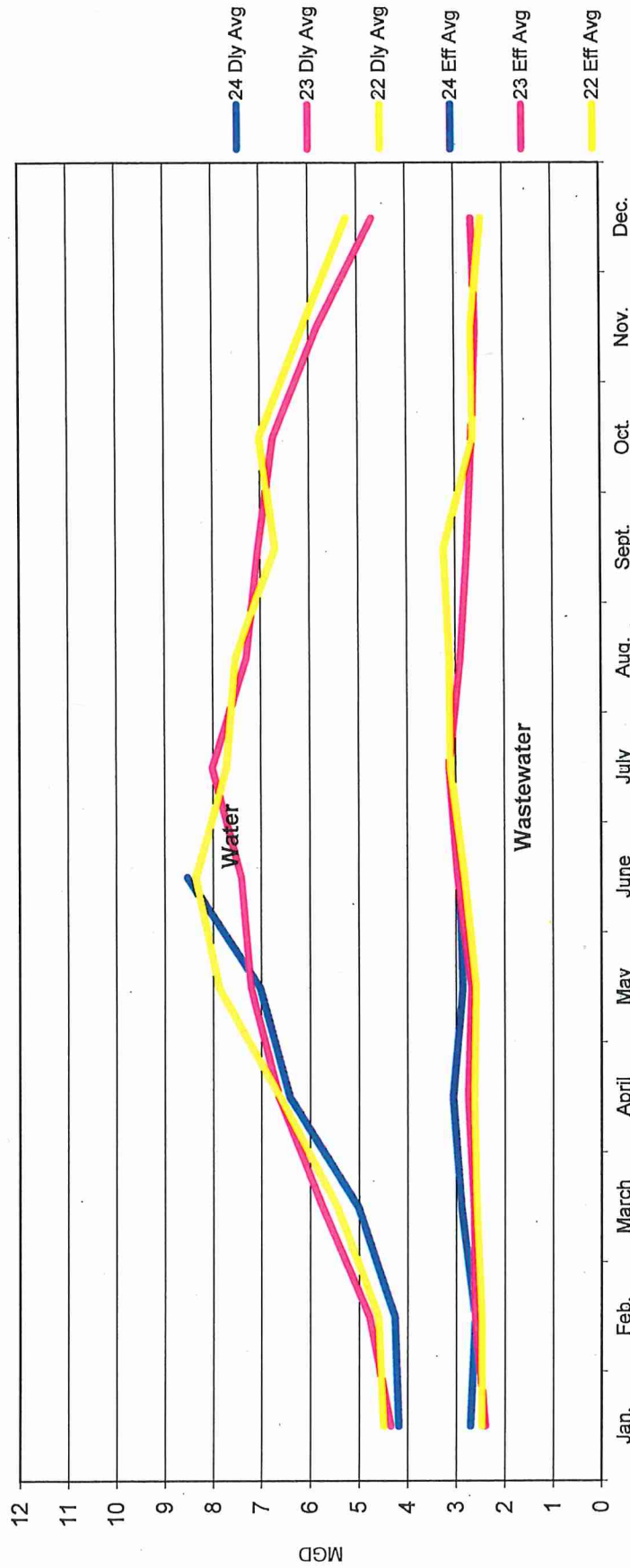
Type of Inquiry	Number of Inquiries	Resolved?	Comments
Low Pressure	22	y	
Customer break/leak	30	y	
PSD break/leak	16	y	
Water Outage	3	y	
Odor/Taste/Color	1	y	
Miscellaneous	93	y	
Sewer issues & Inspections	99	y	
Total	264		

Other Water Quality Notes for This Month
06/10/2024 - Changed cartridge filters

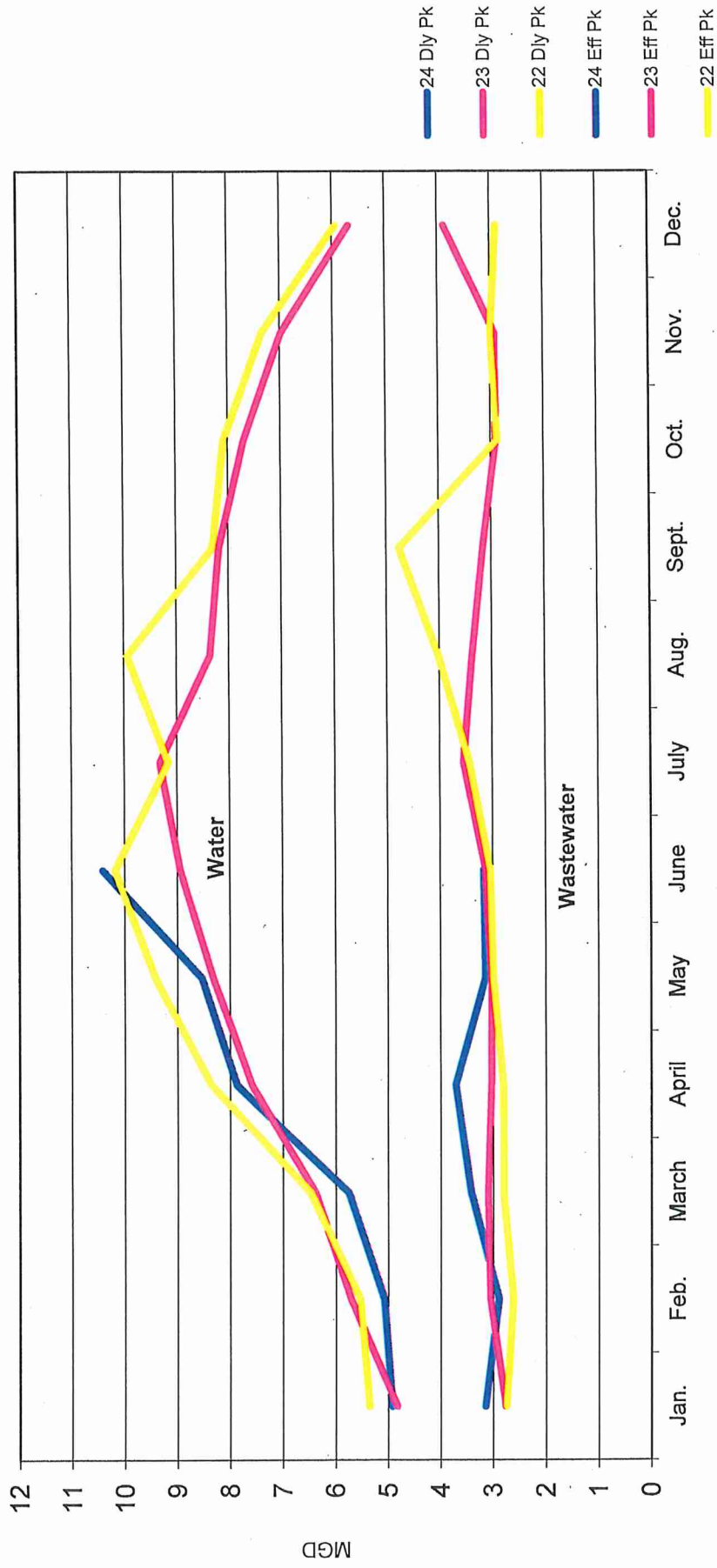
Charts, Graphs & WQR



Water and Wastewater Average Flows



Water and Wastewater Peak Flow





Jun-24
Monthly Water Quality Report

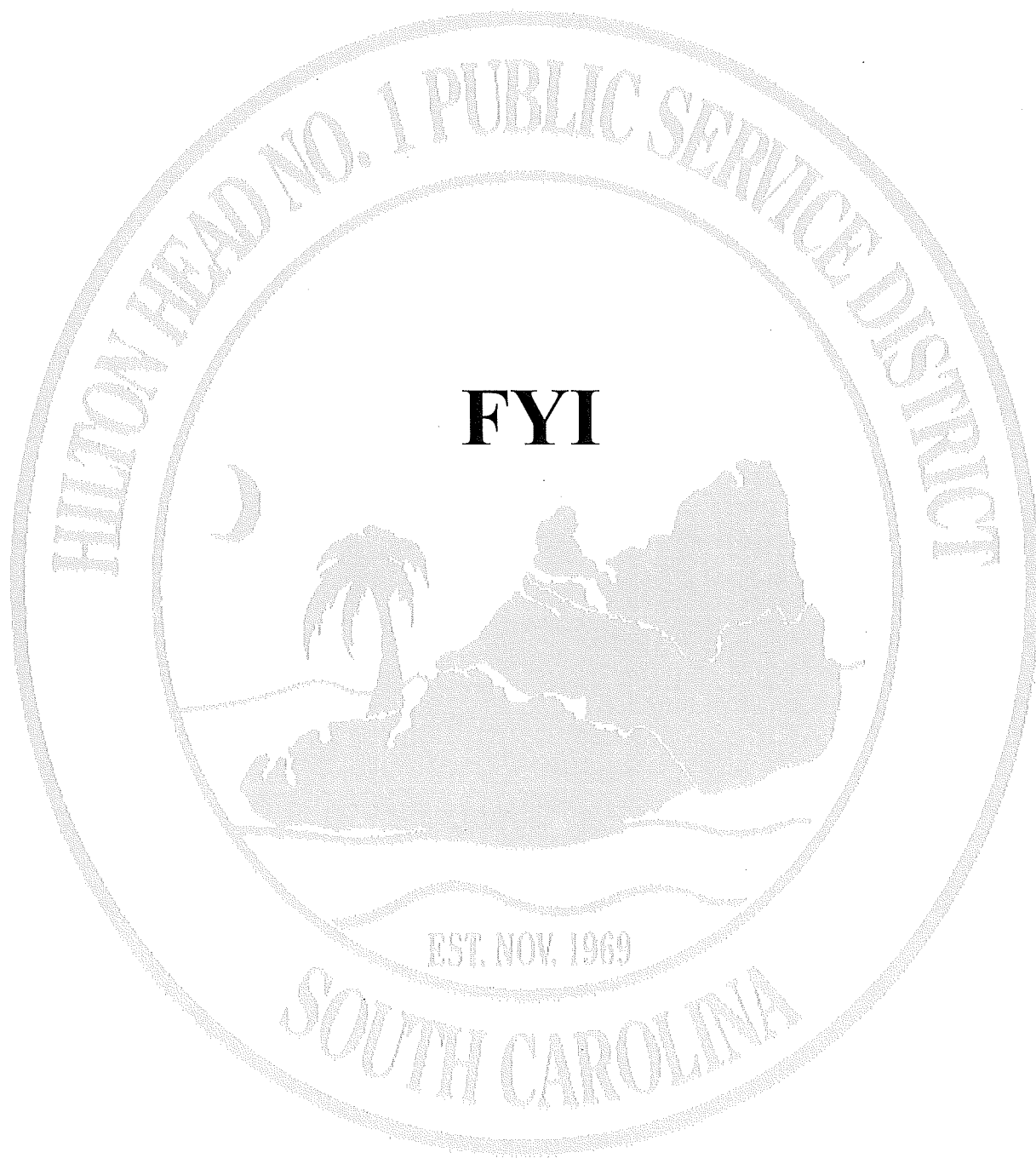
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UFA Wells		20.12	21.59	15.06	24.71	24.65	34.48							140.61	13.0%
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Type of Test		Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.			
Bacteriological		PASS	PASS	PASS	PASS	PASS	PASS									
Chlorine (avg)		1.92	1.96	1.86	1.89	2.01	2.06									
Ph (avg)		N/A	N/A	N/A	N/A	N/A	N/A									
Disinfection By-products (DBPs) (qtrly.)																
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Finished RO Water	2.73	Y		
Fire Station UFA	1.97	Y	63	138
Leg O' Mutton UFA	2.20	Y	97	204
Wild Horse UFA	1.67	Y	68	180
Seabrook UFA	1.85	Y	124	250
Union Cemetery UFA	1.90	Y		
ASR (recharge)	2.40	Y	42	46

Type of Inquiry	Number of Inquiries	Resolved?	Comments
Low Pressure	22	y	
Customer break/leak	30	y	
PSD break/leak	16	y	
Water Outage	3	y	
Odor/Taste/Color	1	y	
Miscellaneous	93	y	
Sewer issues & Inspections	99	y	
Total	264		

Other Water Quality Notes for This Month
06/10/2024 - Changed cartridge filters





TO: Hilton Head PSD Board of Commissioners
FROM: Jerry Cutrer
SUBJECT: Evaluation of FY2024 GM Review Process
DATE: July 19, 2024

Section 1 of the Hilton Head PSD By-Laws summarizes the powers and duties of the Commission. The first item listed is to "Employ a General Manager and monitor that person's performance". In carrying out this responsibility, the Commission has followed a multi-step process:

- Adoption of a set of Goals for measuring the GM's performance
- Setting a timetable for completing the review process
- Adoption of a format for Commissioner input and comments
- Action by Executive Committee
 - Review of each Commissioner's input and comments
 - Review of GM's Third Quarter Management Report and FY Highlights Report
 - Develop a recommendation for GM's evaluation and compensation package
 - Develop a draft evaluation letter to GM
 - Distribute evaluation and compensation package recommendations to full Commission
- Full Commission (in Executive Session)
 - Review and comment on Executive Committee recommendations and draft GM evaluation letter
 - Approve a final GM compensation package
 - Approve final form of GM evaluation letter
- Commission Chairman and Vice Chairman meet with GM to review evaluation letter and compensation package

During FY 2024, the Commission updated the PSD's Strategic Goals and Objectives and voted to use those Goals and Objectives as the basis for evaluating the GM's performance. The Commission also committed to evaluate the process after the fiscal year end for any appropriate changes to the process. This evaluation will take place in Executive Session at the August 28, 2024 Commission meeting.

Attached is a draft FY 2025 GM Evaluation Timetable for consideration by the Commission.

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**HILTON HEAD PUBLIC SERVICE DISTRICT
GM EVALUATION TIMETABLE
FY 2025
7/19/2024 DRAFT**

Step	Event	Date
1	Review FY 2024 evaluation process and confirm continued use of Strategic Goals and Objectives as basis for GM evaluation	8/28/2024
2	Review and adopt updated Strategic Goals & Objectives	TBD *
3	Distribute GM's Third Quarter Management Report, GM's FY Highlights Report & form for Commissioner evaluation comments	4/23/2025
4	Due date for Commissioner submission of GM evaluation comments	5/7/2025
5	Executive Committee reviews Commissioner comments, GM's Achievement Report, and develops recommendation for GM evaluation and range of compensation package with draft GM evaluation letter	5/14/2025
6	Commission Executive Session to consider Executive committee recommendations and vote on evaluation letter and compensation package	5/28/2025
7	Chairman and Vice Chairman meet with GM to review evaluation	6/4/2025
Dates in BOLD (8/28/24, 4/23/25 and 5/28/25) are Board meeting dates.		