

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

MARCH 2025 AGENDA PACKET CONTENTS

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2. Draft Minutes of the February 26, 2025, Regular Commission Meeting
3. Memo from the Finance Manager on the FY'25 Audit Engagement Letter
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5. Commissioner Communication Letter
6. Memo from the GM on the Old House Creek LPS Project Bid Acceptance and Construction Contract Approval
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9. Proposed Old House Creek LPS Construction Contract
10. General Manager's Monthly Report
11. SC Environmental Conference Presentation
12. Project SAFE Donor Appeal
13. Article from *The Hilton Head Sun* Entitled "Funding for Hilton Head drinking water pipeline saved" – FYI
14. Charts, Graphs and Water Quality Report



Agenda

HILTON HEAD PUBLIC SERVICE DISTRICT

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www.hhpsd.com

AGENDA

Hilton Head Public Service District Commission
9 a.m.
March 26, 2025
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 February 26, 2025, Regular Meeting
- VI. FY '25 Financial Audit Engagement Letter (Action)
- VII. Old House Creek Low-Pressure Sewer Bid Acceptance (Action)
- VIII. Old House Creek Low-Pressure Sewer Project Construction Contract (Action)
- IX. General Manager's Monthly Report
- X. Adjournment



Draft Minutes

EST. NOV. 1969

SOUTH CAROLINA

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 FEBRUARY 26, 2025

I. The meeting was called to order by Chairman Frank Turano at 9:03 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
Mr. Bill Davis	Operations Manager
Ms. Amy Graybill	Finance Manager
Mrs. Heather Bragg	Bragg Media
Ms. Connie Whitehead	Commission Recording Secretary

Visitors

None

III. Pledge of Allegiance

The Pledge of Allegiance was led by Mr. Frank Turano.

IV. Public Comment on Non-Agenda Items

None

V. Adoption of Draft Minutes of the January 22, 2025, Commission Meeting

Action

- Mr. Bell moved to adopt the minutes of the January 22, 2025, meeting as presented. Mr. Abdul-Malik seconded. The motion passed unanimously.

VI. Screw Pump Replacement Engineering Services Contract Approval

Key Discussion Points

- Mr. Nardi presented the engineering services contract with W.K. Dickson for the wastewater treatment plant screw pumps replacement and recommended the Board authorize approval in an amount not to exceed \$366,000.

Action

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

VII. FY'25 2nd Quarter Financial Report

Key Discussion Points

- Ms. Graybill presented the FY'25 2nd Quarter Financial Report. A copy is included in the agenda packet.

VIII. General Manager's Monthly Report

Key Discussion Points

- Mr. Nardi presented the General Manager's Monthly Report. A copy is included in the agenda packet.
- The Board agreed that Commissioners and/or the General Manager may discuss with the Town and County ways to generate additional funding for the pipeline relocation project.
- The groundbreaking ceremony for the new RO Well 4 will be held at the old Hilton Head Island Welcome Center site at 100 William Hilton Parkway on March 4th at 11 a.m. Attendees should park in the Crazy Crab parking lot.

IX. PSD Marketing Report and Water Efficiency Outreach Workshop

Key Discussion Points

- Mrs. Heather Bragg of Bragg Media gave an overview of the PSD's marketing and water efficiency outreach efforts.

X. Adjournment

Action

- Mr. Bell moved to adjourn the meeting. Mr. Paterno seconded. The meeting adjourned at 11:37 a.m.



**FY'25 Audit
Engagement Letter**



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

To: Commissioners
Pete Nardi, General Manager

From: Amy Graybill, Finance Manager

Subject: FY 2025 Audit Engagement Letter

Date: March 26, 2025

Background

Greene Finney Cauley LLP completed the fiscal year (FY) 2024 audit and presented their findings at the October 2024 Commission meeting. Staff submitted the ACFR to GFOA, prior to December 31, 2024. Staff believes the District will achieve the Certificate of Achievement for Excellence in Financial Reporting; results are generally provided in May/June. The FY 2024 audit was the third year of a three-year proposal presented to the Commission in January 2022 which also included a two-year extension option. During FY 2025, the District spent more than \$750,000 in federal funding on its SCIIP Grant and Beaufort County ARPA allocation projects. As such, the District will be required to fulfill additional audit requirements and obtain a Single Audit in accordance with Governmental Auditing Standards for FY 2025. Greene Finney Cauley LLP is a South Carolina based CPA firm that has a governmental auditing practice qualified to provide Single Audit services.

Discussion

Attached for your review is a FY 2025 audit engagement letter and a FY 2025 Commissioner communication letter, which highlights several key points regarding the proposed engagement, from Greene Finney Cauley LLP. Each of the items listed below are discussed in detail within the attached engagement letter. Staff anticipates that Greene Finney Cauley LLP would make a report to the Commission in October/November 2025 on their findings.

- Audit Scope and Objectives
- Auditor Responsibilities for the Audit of the Financial Statements
- Audit Procedure – Internal Controls
- Audit Procedure – Compliance
- Responsibilities of Management for the Financial Statements and Single Audit
- Other Services
- Responsibilities of Management for the Financial Statements
- Engagement Administration, Fees and Other
- Reporting

The fee listed in the engagement letter is the \$27,100 quoted from the FY 2022 proposal plus the additional \$6,000 expected to be necessary to provide the additional Single Audit services.

Recommendation:

Given the increased audit requirements related to federal funding expected for FY 2025, staff recommends continuing with Greene Finney Cauley LLP who is qualified to perform governmental Single Audit services and has familiarity with the District. Staff recommends exercising the first of the two-year extension options by executing the attached engagement letter to engage Greene Finney Cauley LLP to complete the annual financial audit and Single Audit for the fiscal year ending June 30, 2025.

Attachments: Audit Engagement Letter, and Commissioner Communication Letter



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

March 10, 2025

Hilton Head No. 1 Public Service District
21 Oak Park Drive
Hilton Head Island, SC 29926

We are pleased to confirm our understanding of the services we are to provide the Hilton Head No. 1 Public Service District (the "District") for the year ended June 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of the District, including the disclosures, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2025. Accounting standards generally accepted in the United States of America ("GAAP") provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A"), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America ("GAAS"). These limited procedures will consist principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis.
2. Pension plan schedules.

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

1. Budgetary Comparison Schedule.
2. Notes to Budgetary Comparison Schedule.
3. Summary Schedule of Debt.
4. Schedule of Bond & Note Principal and Interest Payments
5. Schedule of Expenditures of Federal Awards.

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MAULDIN, SC	CHARLESTON, SC	ANDERSON, SC
864.232.5204	843.735.5805	864.225.8713

In connection with our audit of the basic financial statements, we will read the following other information that is included in the Annual Comprehensive Financial Report and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If based on our work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

1. Introductory section.
2. Statistical section.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

Auditor Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of your accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will

also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories (if any), and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement.

Audit Procedures—Internal Controls

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for the compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedules of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review at the beginning of the audit.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree

to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

The District hereby promises that it will make every diligent effort to maintain proper books and records that accurately reflect its business activities, that it will be completely truthful with Greene Finney Cauley, LLP ("GFC") and that GFC may rely upon both oral and written statements and responses to questions. The District further promises to immediately advise GFC if it becomes aware of any inaccuracy in its record-keeping or dishonesty in any of its business dealings, including its statements to GFC. The District acknowledges that the promises are the cornerstone of its relationship with GFC, are made to induce GFC to accept this audit engagement, and that GFC would not accept this audit engagement without such promises.

Other Services

We will also provide general accounting assistance ("nonaudit services") in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the nonaudit services in accordance with applicable professional standards. The other services are limited to the nonaudit services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with nonaudit services and that you have reviewed and approved the nonaudit services (i.e. financial statements and related notes, schedule of expenditures of federal awards and related notes, etc.) prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of GFC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal or state agency, or its designee, providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of GFC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a federal or state agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin interim audit work in May 2025 and our year-end audit work in August 2025. We expect to issue our report before October 31, 2025. Emily Sobczak is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be \$33,100 (including \$6,000 for the testing of one major program as part of the single audit), plus any additional costs associated with (a) implementing Governmental Accounting Standards Board Statement No. 101 "*Compensated Absences*", and (b) testing of additional major programs. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you in advance and arrive at a new fee estimate before we incur the additional costs. Any services that you may require outside of those related to the audit discussed above will be billed at our hourly standard rate of Partners, \$250 per hour; Managers, \$175 per hour; Supervisors, \$125 per hour; Senior Staff, \$100 per hour; Staff, \$85 per hour. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Commissioners of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor’s report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Auditor’s Expectations of Management

Our fee is based upon certain expectations that we have of work that will be completed by the District, which is included in our interim and year-end client assistance packages.

Conclusion

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2023 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Hilton Head No. 1 Public Service District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of Hilton Head No. 1 Public Service District.

Signature: _____
Title: General Manager

Signature: _____
Title: Board of Commissioners - Chair

Date: _____

Date: _____

BROWN CPA, LLC

Report on the Firm's System of Quality Control

July 20, 2023

To the Partners of Greene Finney Cauley, LLP and the
Peer Review Committee of the Peer Review Alliance

I have reviewed the system of quality control for the accounting and auditing practice of Greene Finney Cauley, LLP (the firm) in effect for the year ended May 31, 2023. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of my peer review, I considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of my procedures.

Opinion

In my opinion the system of quality control for the accounting and auditing practice of Greene Finney Cauley, LLP in effect for the year ended May 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Greene Finney Cauley, LLP has received a peer review rating of *pass*.

BROWN CPA, LLC

BROWN CPA, L.L.C.

By Matthew Brown, CPA

www.browncpallc.com | P.O. Box 3288 | Irmo, SC 29063 | 803-315-3029

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS



Page 1 of 1



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

March 10, 2025

To the Commissioners
Hilton Head No. 1 Public Service District
21 Oak Park Drive
Hilton Head Island, SC 29926

We are engaged to audit the financial statements of the Hilton Head No. 1 Public Service District (“District”) for the year ended June 30, 2025. Professional standards require that we provide you with the following information related to our audit. Please feel free to contact us, as we would also be glad to meet with you to discuss this information.

Our Responsibility under U.S. Generally Accepted Auditing Standards, Government Auditing Standards, and Uniform Guidance

As stated in our engagement letter dated March 10, 2025, our responsibility, as described by professional standards, is to an express opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the District’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the District’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (“OMB”) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District’s compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the District’s compliance with those requirements.

Required Supplementary Information

Generally accepted accounting principles provide for certain required supplementary information (“RSI”) to supplement the basic financial statements. Our responsibility with respect to management’s discussions and analysis and the pension plan schedules, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

Supplementary Information

We have been engaged to report on the budgetary comparison schedule, summary schedule of debt, schedule of bond and note principal and interest payments and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

We have not been engaged to report on the introductory section or statistical section, which accompany the financial statements, but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including the system of internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risk of material misstatement as part of our audit planning:

- 1) Management override of controls

We expect to begin our interim audit work in May 2025 and our year-end audit work in August 2025. We expect to issue our report by October 31, 2025. Emily Sobczak is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Commissioners and management of Hilton Head No. 1 Public Service District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Certified Public Accountants



Old House Creek LPS



(843) 681-5525

Hhpsd.com

To: All Commissioners
From: Pete Nardi, General Manager
Re: Old House Creek Low-Pressure Sewer (LPS) Project Bid Acceptance and Construction Contract Approval

March 18, 2025

Dear Commissioners:

As we have discussed at prior meetings, the POA Board of Old House Creek Subdivision has requested the PSD perform a project to provide sanitary service to the remainder of the subdivision that did not receive low-pressure sewer (LPS) service during our first sewer project for Old House in 2010.

Discussion:

Several properties in Old House Creek have reported to the PSD that they have failing septic systems. A project is planned to serve 26 parcels with LPS. The project was put out to bid under two divisions of work: "A. Low Pressure Sewer Forcemain" (the construction of the LPS collector main to serve the affected parcels), and "B. Pump Station and Service Line" (the installation of the LPS unit and service laterals for each parcel). Construction bids were opened on Feb. 27. There were two bidders. The bid summary is attached. The low-responsible bidder was Malphrus Utilities at \$996,215.80. Due to the cost of the project, staff is proposing that only the forcemain construction (Division A.) be accepted, in an amount totaling \$372,561.54.

Staff's understanding is that the initial number of sewer connections resulting from the project will be five or six. As a result, staff is requesting that the Old House Creek POA Board send the PSD a letter authorizing the commencement of the forcemain construction (Division A.). Accordingly, staff is recommending that the Commission authorize the General Manager to enter into the construction contract pending the PSD's receipt of the commencement letter. The engineer's recommendation of award letter and the construction contract are attached.

Recommendation:

- 1.) Staff recommends the Commission accept the low-responsible bid of \$372,561.54 from Malphrus Utilities for Division A. of the Old House Creek LPS Project.
- 2.) Staff recommends the Commission authorize the General Manager to enter into a contract for construction of Division A. pending the PSD's receipt of a letter from the Old House Creek POA Board authorizing commencement of construction.

As always, please do not hesitate to contact me with any questions.

Best regards,

J. P. Nardi

Pete Nardi
General Manager
Hilton Head PSD
(843) 305-0638
pnardi@hhpsd.com

OLD HOUSE CREEK LPS
 DETAILED BID SUMMARY
 02/27/25

ITEM	DESCRIPTION	EST. QTY	UNITS	BRW Construction Group		Malphrus Utilities	
				Unit Cost	Extended Price	Unit Cost	Extended Price
A. Low Pressure Sewer Forcemain							
1	Project Mobilization	1	LS	\$264,431.00	\$ 264,431.00	\$ 35,420.87	\$ 35,420.87
2	2" LPS Forcemain by Directional Bore	1870	LF	\$ 67.52	\$ 126,262.40	\$ 40.64	\$ 75,996.80
3	LPS Junction Box/Flushing Connection	1	EA	\$ 16,875.00	\$ 16,875.00	\$ 6,656.83	\$ 6,656.83
4	LPS End Flushing Connection	2	EA	\$ 8,884.50	\$ 17,769.00	\$ 5,712.10	\$ 11,424.20
5	Connect 2" LPS to Existing LPS Forcemain	1	LS	\$ 10,708.00	\$ 10,708.00	\$ 9,047.55	\$ 9,047.55
6	1 1/4" LPS Service to Property Line include Curb Stop and Check Valve at Property Line	26	LF	\$ 3,252.69	\$ 84,569.94	\$ 3,700.37	\$ 96,209.62
7	Erosion Control/Stabilization (seeding, sodding, erosion control mat, silt fence, sediment tube, etc.) for Sewer Installation	1	LS	\$ 6,541.00	\$ 6,541.00	\$137,805.67	\$ 137,805.67
A. Low Pressure Sewer Forcemain							
B. Pump Station & Service Line							
8	E-one Duplex Station Installed (include electrical, instrumentation, control panel, etc)	26	EA	\$ 9,618.04	\$ 250,069.04	\$ 12,443.89	\$ 323,541.14
9	1 1/4" Pump Discharge Forcemain from Tie-in @ Property Line to New E-one Station	4280	LF	\$ 24.49	\$ 104,817.20	\$ 38.50	\$ 164,780.00
10	Locate Septic Tank and Abandon in Place	26	EA	\$ 5,171.23	\$ 134,451.98	\$ 1,568.30	\$ 40,775.80
11	Sewer Connection from Existing Plumbing to E-one Station	26	EA	\$ 1,244.58	\$ 32,359.08	\$ 3,636.82	\$ 94,557.32
B. Pump Station & Service Line							
Unit Prices							
12	Open Cut & Patch Asphalt per SCDOT Regulations	0	SF	\$ 50.00		\$ 56.92	
13	2" LPS Forcemain by Trenching in Lieu of Directional Bore	0	LF	\$ 70.00		\$ 40.64	
Total Bid A + B				\$ 1,048,853.64		\$ 996,215.80	

Highlighted cells denote math errors in the Contractor's Bid. The Engineer has made corrections based on the Item's Unit Cost provided by the Contractor multiplied by the estimated quantity. The corrected Bid Total = \$1,048,853.64.



LOWCOUNTRY

ENGINEERING CONSULTANTS, LLC
PO Box 770 • Port Royal, SC 29935

February 28, 2025

Mr. Pete Nardi
General Manager
Hilton Head Public Service District
21 Oak Park Drive
Hilton Head, SC 29925

RE: Recommendation of Award
Old House Creek LPS
LEC No. HH2501

Dear Mr. Nardi:

Bids for the Old House Creek LPS Project were received by the Hilton Head Public Service District at 10:00 AM on February 27, 2025. Two bids were submitted for the project as follows:

Contractor	Bid Section A	Bid Section B	Bid Section A + B
BRW Construction Group, LLC	\$527,156.34	\$521,697.30	\$1,048,853.64
Malphrus Utilities, LLC	\$372,561.54	\$623,654.26	\$996,215.80

We understand that after careful consideration, the District has decided to proceed with completion of Bid Section A only. We therefore recommend awarding the project to Malphrus Utilities, LLC for a total contract price of \$372,561.54. Attached are the Certified Bid Tabulation and Detailed Bid Summary.

If you have any questions or require any additional information, please contact this office.

Sincerely,

Phil B. Waters, P.E.
Principal
Lowcountry Engineering Consultants, LLC

Beaufort, South Carolina • Telephone 843.524.1213
email: pbwaters@lowcountryengineer.com



OLD HOUSE CREEK LPS

Hilton Head Public Service District

Town of Hilton Head Island, South Carolina

Prepared By:

**Lowcountry Engineering Consultants, LLC
Beaufort, South Carolina**

February 2025

**OLD HOUSE CREEK LPS
LEC PROJECT # HH2501**

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Supplementary Conditions
Special Provisions
Hilton Head PSD Personal Protective Equipment (PPE) Requirements

GENERAL REQUIREMENTS

DIVISION 01 – GENERAL REQUIREMENTS

01110 SUMMARY OF WORK
01320 CONSTRUCTION PROGRESS DOCUMENTATION
01330 SUBMITTAL PROCEDURES
01420 SOURCES FOR REFERENCE PUBLICATIONS
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01575 TEMPORARY ENVIRONMENTAL CONTROLS
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02921 SEEDING

ADVERTISEMENT FOR BIDS

Hilton Head Public Service District
21 Oak Park Drive
Hilton Head Island, SC 29925

Separate sealed BIDS for the construction of the "Old House Creek LPS", Project will be received by the Hilton Head Public Service District at 21 Oak Park Drive, Hilton Head Island, South Carolina 29925 until 10:00 a.m., Thursday, February 27th, 2025.

The Project consists of installation of the following LPS (Low Pressure Sewer) System components along within the Old House Creek Subdivision in the Town of Hilton Head Island, South Carolina:

- Install 1,708 LF of 2" Forcemain by Directional Bore
- Install 1 Junction Box/Flushing Connections
- Install 2 End Flushing Connections
- Install 26 Residential Eone Pump Stations
- Install 4,280 LF of 1¼ " Forcemain by Directional Bore to Pump Stations
- Connect New 2" Forcemain to Existing 2" Forcemain
- Coordination with Hilton Head Public Service District Staff and Homeowners

Copies of the CONTRACT DOCUMENTS may be obtained from the office of Lowcountry Engineering Consultants, LLC by calling the office at (843) 524-1213 or by email pbwaters@lowcountryengineer.com.

INFORMATION FOR BIDDERS

BIDS will be received by the Hilton Head Public Service District (herein called the "OWNER"), at 21 Oak Park Drive, Hilton Head Island, South Carolina 29925 until 10:00 a.m. EDT, on Thursday, February 27th, 2025.

Each BID must be submitted in a sealed envelope addressed to the Hilton Head Public Service District, 21 Oak Park Drive, Hilton Head Island, South Carolina 29925. Each sealed envelope containing a BID must be plainly marked on the outside as BID for Old House Creek LPS, and the envelope should bear on the outside the name of the BIDDER, his address, his license number, if applicable, and the name of the Project for which the BID is submitted. If forwarded by mail, the sealed envelope containing the BID must be enclosed in another envelope addressed to OWNER. All BIDS must be made on the required BID form. All blank spaces for BID prices must be filled in, in ink or typewritten, and the BID form must be fully completed and executed when submitted. Only one copy of the BID form is required.

The OWNER may waive any informalities or minor defects or reject any and all BIDS. Any BID may be withdrawn prior to the above scheduled time for the opening of BIDS or authorized postponement thereof. Any BID received after the time and date specified shall not be considered. No BIDDER may withdraw a BID within 60 days after the actual date of the opening thereof. Should there be reasons why the contract cannot be awarded within the specified period; the time may be extended by mutual agreement between the OWNER and BIDDER.

BIDDERS must satisfy themselves of the accuracy of the estimated quantities in the BID Schedule by examination of the site and a review of the drawings and specifications including ADDENDA. After BIDS have been submitted, the BIDDER shall not assert that there was a misunderstanding concerning the quantities of WORK or of the nature of the WORK to be done.

The OWNER shall provide to BIDDERS prior to BIDDING, all information which is pertinent to, and delineates and describes, the land owned and rights-of-way acquired or to be acquired.

The CONTRACT DOCUMENTS contain the provisions required for the construction of the PROJECT. Information obtained from an officer, agent, or employee of the OWNER or any other person shall not affect the risks or obligations assumed by the CONTRACTOR or relieve him from fulfilling any of the conditions of the contract.

Each BID must be accompanied by a BID Bond payable to the OWNER for five percent of the total amount of the BID. As soon as the BID prices have been compared, the OWNER will return the bonds of all except the three lowest responsible BIDDERS. When the Agreement is executed, the bonds of the two remaining successful BIDDERS will be returned. The BID BOND of the successful BIDDER will be retained until the Payment BOND and Performance BOND have been executed and approved, after which it will be returned. A certified check may be used in lieu of a BID BOND.

A Performance BOND and Payment BOND, each in the amount of 100 percent of the CONTRACT PRICE, with a corporate surety approved by the OWNER, will be required for the faithful performance of the contract.

Attorneys-in-fact who sign BID BONDS or Payment BONDS and Performance BONDS must file with each BOND a certified and effective dated copy of their power of attorney.

The party to whom the Contract is awarded will be required to execute the Agreement and obtain the Performance BOND and Payment BOND within ten (10) calendar days from the date when the NOTICE OF AWARD is delivered to the BIDDER. The NOTICE OF AWARD shall be accompanied by the necessary Agreement and BOND forms. In case of failure of the BIDDER to execute the Agreement, the OWNER may at his option consider the BIDDER in

default, in which case the BID BOND accompanying the proposal shall become the property of the OWNER.

The OWNER within ten (10) days of receipt of acceptable Performance BOND, Payment BOND and Agreement signed by the party to whom the Agreement was awarded shall sign the Agreement and return to such party an executed duplicate of the Agreement. Should the OWNER not execute the Agreement within such period, the BIDDER may, by WRITTEN NOTICE, withdraw his signed Agreement. Such Notice of Withdrawal shall be effective upon receipt of the Notice by the OWNER.

The NOTICE TO PROCEED shall be issued within ten (10) days of the execution of the Agreement by the OWNER. Should there be reasons why the NOTICE TO PROCEED cannot be issued within such period, the time may be extended if mutually agreed upon, the CONTRACTOR may terminate the Agreement without further liability on the part of either party.

The OWNER may make such investigations as he deems necessary to determine the ability of the BIDDER to perform the WORK, and the BIDDER shall furnish to the OWNER all such information and data for this purpose as the OWNER may request. The OWNER reserves the right to reject any BID if the evidence submitted by, or investigation of, such BIDDER fails to satisfy the OWNER that such BIDDER is properly qualified to carry out the obligations of the Agreement and to complete the WORK contemplated therein.

A conditional or qualified BID will not be accepted.

Award may be made to the lowest responsible BIDDER.

All applicable laws, ordinances, and the rules and regulations of all authorities having jurisdiction over construction of the PROJECT shall apply to the Contract throughout.

Each BIDDER is responsible for inspecting the site and for reading and being thoroughly familiar with the CONTRACT DOCUMENTS. The failure or omission of any BIDDER to do any of the foregoing shall in no way relieve any BIDDER from any obligation in respect to his BID.

Further, the BIDDER agrees to abide by the requirements under Executive Order No. 11246, as amended, including specifically the provisions of the Equal Opportunity Clause set forth in the SUPPLEMENTAL GENERAL CONDITIONS.

The low BIDDER must supply the names and addresses of major material suppliers and subcontractors when requested to do so by the OWNER.

The ENGINEER is:

Lowcountry Engineering Consultants, LLC
PO Box 770
Town of Port Royal, South Carolina 29935

The PROJECT MANAGER is:

Phil B. Waters, P.E.
Phone (843) 524-1213
pbwaters@lowcountryengineer.com

BID

Proposal of Malphrus Utilities LLC (hereinafter called the "BIDDER"), organized and existing under the laws of the State of South Carolina doing business as Malphrus Utilities LLC*.

To the Hilton Head Public Service District (hereinafter called "OWNER").

In compliance with your Advertisement for Bids, the BIDDER hereby proposes to perform all Work for the construction of the Old House Creek LPS in strict accordance with the CONTRACT DOCUMENTS, within the time set forth therein, and at the prices stated below.

By submission of this BID, each BIDDER certifies, and in the case of a joint BID each party thereto certifies as to his own organization, that this BID has been arrived at independently, without consultation, communication, or agreement as to any matter relating to this BID with any other BIDDER or with any competitor.

BIDDER hereby agrees to commence WORK under this Contract on or before a date to be specified in the NOTICE TO PROCEED and to fully complete the PROJECT within 180 consecutive calendar days thereafter. BIDDER further agrees to pay as liquidated damages the sum of \$500.00 each consecutive calendar day thereafter as provided in Section 15 of the General Conditions.

BIDDER acknowledges the receipt of the following ADDENDUM:

*Insert "a corporation", "a partnership", or "an individual" as applicable.

The above unit prices shall include all labor, materials, bailing, shoring, dewatering, removal, replacement, overhead, profit, insurance, etc., to cover the finished work of the several kinds called for.

The Bidder declares that he understands that the quantities shown in the Proposal are subject to adjustment by either increase or decrease and that should the quantities of any of the items of the work be increased, the undersigned proposed to do the additional work at the unit prices stated herein, and should the quantities be decreased, he also understands that payment will be made on actual quantities at the unit price bid, and will make no claim for anticipated profits for any decrease in the quantities and that actual quantities will be determined upon completion of the work, at which time adjustment will be made to the contract amount by direct increase or decrease.

Respectfully submitted,

Malphrus Utilities LLC
Contractor Name

49 Hazard Creek Rd.
Address Ridgeland, SC 29936

Duane Melton
Signature

Project Estimator
Title

CLG 109852
License Number

2-27-25
Date

Seal if bid is from a corporation

Attest: [Signature]

BID BOND

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned
Malphrus Utilities, LLC as Principal, and SiriusPoint America Insurance Company as Surety, are hereby
held and firmly bound unto Hilton Head Public Service District as Owner in the penal sum of
Five Percent of Amount Bid (5% of Bid) for the payment of which, well and truly to be made, we hereby
jointly and severally bind ourselves, successor and assigns.

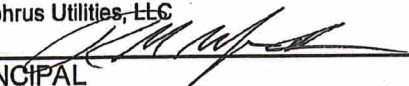
Signed, this 27th day of February, 2025. The condition of the above obligation
is such that whereas the Principal has submitted to Hilton Head Public Service District a certain
Bid, attached hereto and hereby made a part thereof to enter into a contract in writing, for the Old House Creek
LPS, Hilton Head
Island, SC

NOW THEREFORE,

- (a) If said Bid shall be rejected, or in the alternate.
- (b) If said Bid shall be accepted and the Principal shall execute and deliver a contract in the Form of Contract attached hereto (properly completed in accordance with said Bid) and shall furnish a bond for his faithful performance of said Contract, and for the payment of all persons performing labor or furnishing materials in connection therewith, and shall in all other respects perform the Agreement created by the acceptance of said Bid. Then this obligation shall be void, otherwise the same shall remain in force and effect; it being expressly understood and agreed that the liability of the Surety for any and all claims hereunder shall, in no event, exceed the penal amount of this obligation as herein stated.

The Surety, for value received, hereby stipulates and agrees: that the obligations of said Surety and its bond shall be in no way impaired or affected by any extension of the time within which the Owner may accept such Bid; and said Surety does hereby waive notice of any such extension.

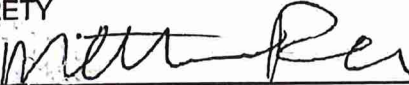
IN WITNESS WHEREOF, the Principal and the Surety have hereunto set their hands and seals, and such of them as are corporations have caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers, the day and year first set forth above.

Malphrus Utilities, LLC


PRINCIPAL (L.S.)

SiriusPoint America Insurance Company

SURETY

BY: 

Matthew Rose, Attorney-in-Fact

IMPORTANT: Surety companies executing bonds must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state where the Project is located.

**POWER OF ATTORNEY
SIRIUSPOINT AMERICA INSURANCE COMPANY
NEW YORK**

CATCHA01_0523

KNOW ALL MEN BY THESE PRESENTS: That SiriusPoint America Insurance Company (the "Company"), a New York corporation, having its principal office in the City of New York, pursuant to the following Resolution, which was adopted on August 27, 2024 by Unanimous Written Consent of the Board of the Directors of the Company, to wit:

RESOLVED, that the President, Senior Vice President, Chief Financial Officer, Secretary or the Assistant Secretary is hereby authorized to execute Powers of Attorney appointing as attorneys-in-fact selected employees of certain surety companies who shall have the power for and on behalf of the Company to execute and affix the seal of the Company to surety contracts as co-surety. Such authority can be executed by use of facsimile signature.

Does hereby nominate, constitute and appoint:

Beverly B Ivey, Brett Branton, Della B. Case, Matthew Rose, Scott Pelin, Tyler Turnbull, Michele Miller

Its true and lawful agent and attorney-in-fact, to make, execute, seal and deliver for and on its behalf, and its act and deed any and all bonds, contracts, agreements of indemnity and other undertakings in suretyship (NOT INCLUDING bonds without a fixed penalty or financial guarantee) and to bind the Company thereby as fully and to the same extent as of same were signed by the duly authorized officers of the Company, provided, however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

\$62,687,000 single bond limit

All acts of said attorneys-in-fact pursuant to the authorities herein given are hereby ratified and confirmed. The President, Senior Vice President, Chief Financial Officer, Secretary or Assistant Secretary may from time to time and at any time remove such appointee and remove the power given to him or her.

The execution of such bonds or undertakings in pursuance of these presents, within one year of the date of these present, shall be binding under said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in New York, New York, in their own proper persons.

IN WITNESS WHEREOF, SiriusPoint America Insurance Company has caused its corporate seal to be hereunto affixed and these presents to be signed by its President this tenth day of October, 2024.

SiriusPoint America Insurance Company

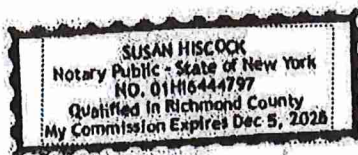


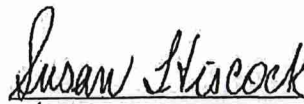

Paul Mihulka
President

State of New York
County of New York

On this tenth day of October 2024, before me a Notary Public of the State of New York, in and for the County of New York, duly commissioned and qualified, came Paul Mihulka, President, of SiriusPoint America Insurance Company, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said that he is the officer of the said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Company, referred to in the preceding instrument is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal.




Notary Public
My Commission expires Dec. 5, 2026

STATE OF New York
COUNTY OF New York

I, Paul Mihulka, President of SiriusPoint America Insurance Company, a New York corporation, do hereby certify that the above and foregoing is a full, true and correct copy of Power of Attorney, is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the Seal of said Company, on the 27th day of February, 2025




Paul Mihulka
President

AGREEMENT

THIS AGREEMENT, made this ____ day of _____, 2025, by and between Hilton Head Public Service District, hereinafter called "OWNER" and Malphrus Utilities, LLC doing business as a corporation, hereinafter called "CONTRACTOR".

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

1. The CONTRACTOR will commence and complete the construction of Old House Creek LPS.
2. The CONTRACTOR will furnish all of the material, supplies, tools, equipment, labor and other services necessary for the construction and completion of the PROJECT described herein.
3. The CONTRACTOR will commence the Work required by the CONTRACT DOCUMENTS within ten (10) calendar days after the date of the NOTICE TO PROCEED and will complete the same within 180 consecutive calendar days unless the period for completion is extended otherwise by the CONTRACT DOCUMENTS.
4. The CONTRACTOR agrees to perform all of the WORK described in the CONTRACT DOCUMENTS for the sum of \$ 372,561.54 or as shown on the NEGOTIATED BID Schedule.
5. The term "CONTRACT DOCUMENTS" means and includes the following:
 - A) ADVERTISEMENT FOR BIDS
 - B) INFORMATION FOR BIDDERS
 - C) BID
 - D) BID BOND
 - E) AGREEMENT
 - F) PAYMENT BOND
 - G) PERFORMANCE BOND

- H) NOTICE OF AWARD
- I) NOTICE TO PROCEED
- J) CHANGE ORDER
- K) GENERAL CONDITIONS
- L) SPECIAL PROVISIONS
- M) DRAWINGS Prepared and Issued By: Lowcountry Engineering Consultants, LLC, PO Box 770, Town of Port Royal, South Carolina dated January 2025.
- O) SPECIFICATIONS Prepared and Issued By: Lowcountry Engineering Consultants, LLC, PO Box 770, Town of Port Royal, South Carolina dated February 2025.
- P) ADDENDA: _____

- 6. The OWNER will pay to the CONTRACTOR in the manner and at such time 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 three (3) copies each of which shall be deemed an original on the date first above written.

Hilton Head Public Service District
OWNER

(SEAL)

BY

NAME

TITLE

ATTEST

NAME

TITLE

CONTRACTOR

(SEAL)

BY

NAME

ADDRESS

ATTEST

NAME

TITLE

PAYMENT BOND

KNOW ALL MEN BY THESE PRESENTS: that

NAME OF CONTRACTOR

ADDRESS OF CONTRACTOR

a corporation, hereinafter called Principal, and

NAME OF SURETY

ADDRESS OF SURETY

hereinafter called Surety, are held and firmly bound unto

Hilton Head Public Service District
NAME OF OWNER

21 Oak Park Drive, Hilton Head Island, SC 29925
ADDRESS OF OWNER

hereinafter called OWNER, in the penal sum of _____ Dollars (\$_____.00), in lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, successors, and assigns, jointly and severally, by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal entered into a certain contract with the OWNER, dated the ____ day of _____, 2025, a copy of which is hereto attached and made a part hereof for the construction of:

NOW, THEREFORE, if the Principal shall promptly make payment to all persons, firms, SUBCONTRACTORS, and corporations furnishing materials for or performing labor in the prosecution of the WORK provided for in such contract, and any authorized extension of modification thereof, including all amounts due for materials, lubricants, oil, gasoline, coal and coke, repairs on machinery, equipment and tools, consumed or used in connection with the construction of such WORK, and all insurance premiums on said WORK, and for all labor, performed in such WORK whether by SUBCONTRACTOR or otherwise, then this obligation shall be void; otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition of terms of the contract or to the WORK to be performed thereunder or the SPECIFICATIONS accompanying the same shall in any ways affect its obligations on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that no final settlement between the OWNER and the CONTRACTOR shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

IN WITNESS WHEREOF, this instrument is executed in _____ () counterparts, each one of which shall be deemed an original, this the ____ day of _____, 2025.

ATTEST:

PRINCIPAL

(PRINCIPAL) SECRETARY

BY _____(S)

(SEAL)

(ADDRESS)

(WITNESS AS TO PRINCIPAL)

(ADDRESS)

SURETY

ATTEST:

BY: _____
Attorney-In-Fact

(SURETY) SECRETARY

(ADDRESS)

(SEAL)

(WITNESS AS TO SURETY)

(ADDRESS)

NOTE: Date of Bond must not be prior to date of Contract. If CONTRACTOR is Partnership, all partners should execute BOND.

IMPORTANT: Surety companies executing bonds must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the State where the PROJECT is located.

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS: that

NAME OF CONTRACTOR

ADDRESS OF CONTRACTOR

a corporation, hereinafter called Principal, and

NAME OF SURETY

ADDRESS OF SURETY

hereinafter called Surety, are held and firmly bound unto

Hilton Head Public Service District
NAME OF OWNER

21 Oak Park Drive, Hilton Head Island, SC 29925
ADDRESS OF OWNER

hereinafter called OWNER, in the penal sum of _____ Dollars

(\$_____.00), in lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, successors, and assigns, jointly and severally, by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal entered into a certain contract with the OWNER, dated the _____ day of _____, 2025, a copy of which is hereto attached and made a part hereof for the construction of:

NOW, THEREFORE, if the Principal shall well, truly, and faithfully perform its duties, all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term thereof, and any extensions thereof which may be granted by the OWNER, with or without notice to the Surety and during the one year guaranty period, and if he shall satisfy all claims and demands incurred under such contract, and shall fully indemnify and save harmless the OWNER from all costs and damages which it may suffer by reason of failure to do so, and shall reimburse and repay the OWNER all outlay and expense which the OWNER may incur in making good any default, then this obligation shall be void; otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition of terms of the contract or to the WORK to be performed thereunder or the specifications accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the specifications.

PROVIDED, FURTHER, that no final settlement between the OWNER and the CONTRACTOR shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

IN WITNESS WHEREOF, this instrument is executed in _____ () counterparts, each one of which shall be deemed an original, this the ____ day of _____, 2025.

ATTEST:

PRINCIPAL

(PRINCIPAL) SECRETARY

BY _____(S)

(SEAL)

(ADDRESS)

(WITNESS AS TO PRINCIPAL)

(ADDRESS)

SURETY

ATTEST:

BY: _____
Attorney-In-Fact

(SURETY) SECRETARY

(ADDRESS)

(SEAL)

(WITNESS AS TO SURETY)

(ADDRESS)

NOTE: Date of BOND must not be prior to date of Contract. If CONTRACTOR is Partnership, all partners should execute BOND.

IMPORTANT: Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the State where the PROJECT is located.

NOTICE OF AWARD

TO: Malphrus Utilities, LLC
49 Hazard Creek Rd.
Ridgeland, SC 29936

DATE: _____

PROJECT: Old House Creek LPS

The OWNER has considered the BID submitted by you for the above described WORK in response to its Advertisement for Bids dated _____ and Information for BIDDERS.

You are hereby notified that your BID has been accepted for items in the amount of _____. You are required by the Information for BIDDERS to execute the Agreement and furnish the required CONTRACTOR's Performance BOND, Payment BOND and certificates of insurance within ten (10) calendar days from the date of this Notice to you.

If you fail to execute said Agreement and to furnish said BONDS within ten (10) days from the date of this Notice, said OWNER will be entitled to consider all your rights arising out of the OWNER'S acceptance of your BID as abandoned and as a forfeiture of your BID BOND. The OWNER will be entitled to such other rights as may be granted by law.

You are required to return an acknowledged copy of this NOTICE OF AWARD to the OWNER.

Dated this _____ day of _____.

Hilton Head Public Service District
Owner

By: _____
Lowcountry Engineering Consultants, LLC

Title: Project Manager

ACCEPTANCE OF NOTICE

Receipt of the above NOTICE OF AWARD is hereby acknowledged by:

_____, this the ____ day of _____, 2025.

By: _____

Title: _____

NOTICE TO PROCEED

TO: Malphrus Utilities, LLC
49 Hazard Creek Rd.
Ridgeland, SC 29936

DATE: _____

PROJECT: Old House Creek LPS

You are hereby notified to commence WORK in accordance with the Agreement dated on or before _____, 2025 and you are to complete the WORK within 180 consecutive calendar days. The date of completion for the **Old House Creek LPS** project is _____, 2025.

Hilton Head Public Service District
Owner

By: _____
Lowcountry Engineering Consultants, LLC

Title: Project Manager

ACCEPTANCE OF NOTICE

Receipt of the above NOTICE TO PROCEED is hereby acknowledged by:

_____, this the ____ day of _____, 2025.

By: _____

Title: _____

CHANGE ORDER

Order No.: _____

Date: _____

Agreement Date: _____

NAME OF PROJECT: **Old House Creek LPS**

OWNER: **Hilton Head Public Service District**

CONTRACTOR: Malphrus Utilities, LLC

The following changes are hereby made to the CONTRACT DOCUMENTS:

Justification:

Change to CONTRACT PRICE:

Original CONTRACT PRICE: \$ _____

Current CONTRACT PRICE adjusted by previous CHANGE ORDER \$ _____

The CONTRACT PRICE due to this CHANGE ORDER will be (increased)(decreased)
by: \$ _____

The new CONTRACT PRICE including this CHANGE ORDER will be \$ _____

Change to CONTRACT TIME:

The Original CONTRACT TIME:

The CONTRACT TIME will be (increased)(decreased) by _____ calendar days.

The date for completion of all WORK will be _____ (Date).

To be effective this Order must be approved by the Federal agency if it changes the scope or objective of the PROJECT, or if it will increase the budgeted amounts of Federal funds needed to complete the PROJECT, or as may otherwise be required by the SUPPLEMENTAL GENERAL CONDITIONS.

Requested by: _____

Recommended by: _____
Lowcountry Engineering Consultants, LLC

Approved by: _____
Hilton Head Public Service District



GM Monthly Report



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

March 17, 2025

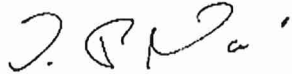
Dear Commissioners, please see below the following updates:

- We have completed Aquifer Storage & Recovery (ASR) recharge for the year, with 252.250 million gallons recharged. We are experiencing retail demand of approximately 5 mgd.
- S.C. Infrastructure Investment Program (SCIIP) Projects Update:
 - **RO Plant Expansion**
 - Finalizing shop drawings.
 - Preparing for equipment delivery/storage at plant.
 - Mobilization moved up to July 2025.
 - **RO Well #4, ASR Well #2, and Transmission Mains**
 - Well drilling sequencing established. In total, five wells will be drilled for these projects: RO Well #4 Production Well; RO Well #4 Middle Floridan Aquifer (MFA) Monitoring Well; ASR Well #2; ASR Well #2 MFA Monitoring Well; and ASR #2 Upper Floridan Aquifer Monitoring Well. The monitoring wells are smaller diameter wells.
 - Drilling kicked off on March 17 with RO Well #4 MFA Monitoring Well.
 - **Leg O’Mutton Water Booster Station**
 - Site prep and electrical are underway.
 - Booster Station delivery and install is imminent.
- **Pipeline Relocation:**
 - In addition to the 4.5% of the bridge project construction bids, and \$6.5 million allocation from Beaufort County, the County and Town passed joint resolution stating that the pipeline relocation would also be the top priority for use of project reserve funds. The pipeline relocation alone currently has a preliminary estimate of \$15.2 million. We also will face relocation of local utilities in the project area between the terminus of the new bridge and the Spanish Wells Road traffic light.
- We earned the S.C. Department of Environmental Services’ Facility Excellence Awards for both our Recycled Water Plant and our sanitary sewer collection system. A news release was sent. Big congrats to the plant and collections teams on their great work!
- Pete Nardi and Bill Young, from W.K. Dickson, gave a presentation on the PSD’s RO and ASR projects at the 2025 S.C. Environmental Conference. We have also been asked to give the presentation at North Carolina’s statewide water conference in April. A copy of the presentation is attached.
- “Connect Now” postcards are being mailed to all accounts that could connect to sewer but have not done so yet.
- An appeal letter for Project SAFE donations is being included in all bill statements. See attached.

- The consultants working on the recommendations for our new purchased water agreement with Beaufort-Jasper Water & Sewer Authority are planning to present their model to staff during the last week of this month, with a goal of board discussions at the respective April board meetings.
- H.3656, the bill that would allow septic systems and irrigation wells to be installed regardless of the availability of public water and sewer, appears on track to languish in committee, per our Water Utility Council lobbyist.

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". The signature is written in a cursive, slightly slanted style.

Pete Nardi
General Manager



FIGHTING SALT AND WEATHERING STORMS: NEW PROJECTS BUILD RESILIENCE FOR HILTON HEAD PSD'S DRINKING WATER SYSTEM

**Pete Nardi | Hilton Head PSD
Bill Young, PE | WK Dickson, an Ardurra company**

March 11, 2025



HILTON HEAD PUBLIC SERVICE DISTRICT

Created
1969

Water and
Wastewater

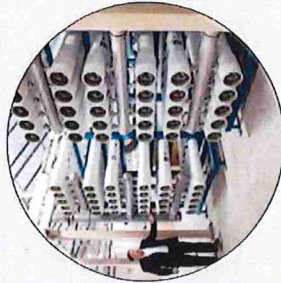
25,500
customers

2.5M
annual
visitors

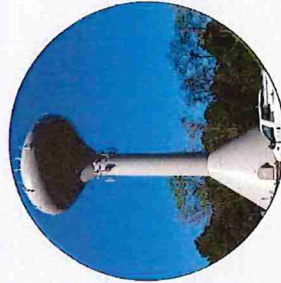




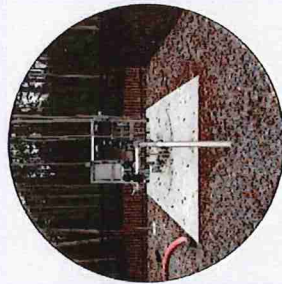
**Water
Production**



**Water
Treatment**



**Water
Distribution**



**Sanitary Sewer
Collection**



**Wastewater
Treatment**



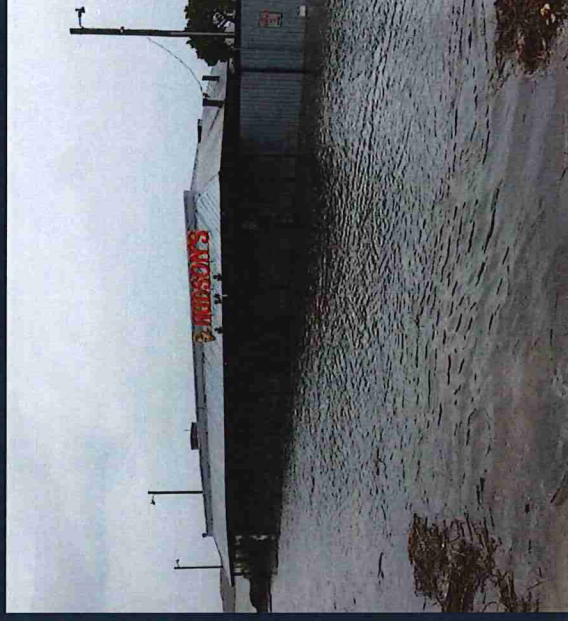
**Recycled Water
Distribution**

HILTON HEAD WATER SUPPLY CONCERNS

Hurricane
Recovery

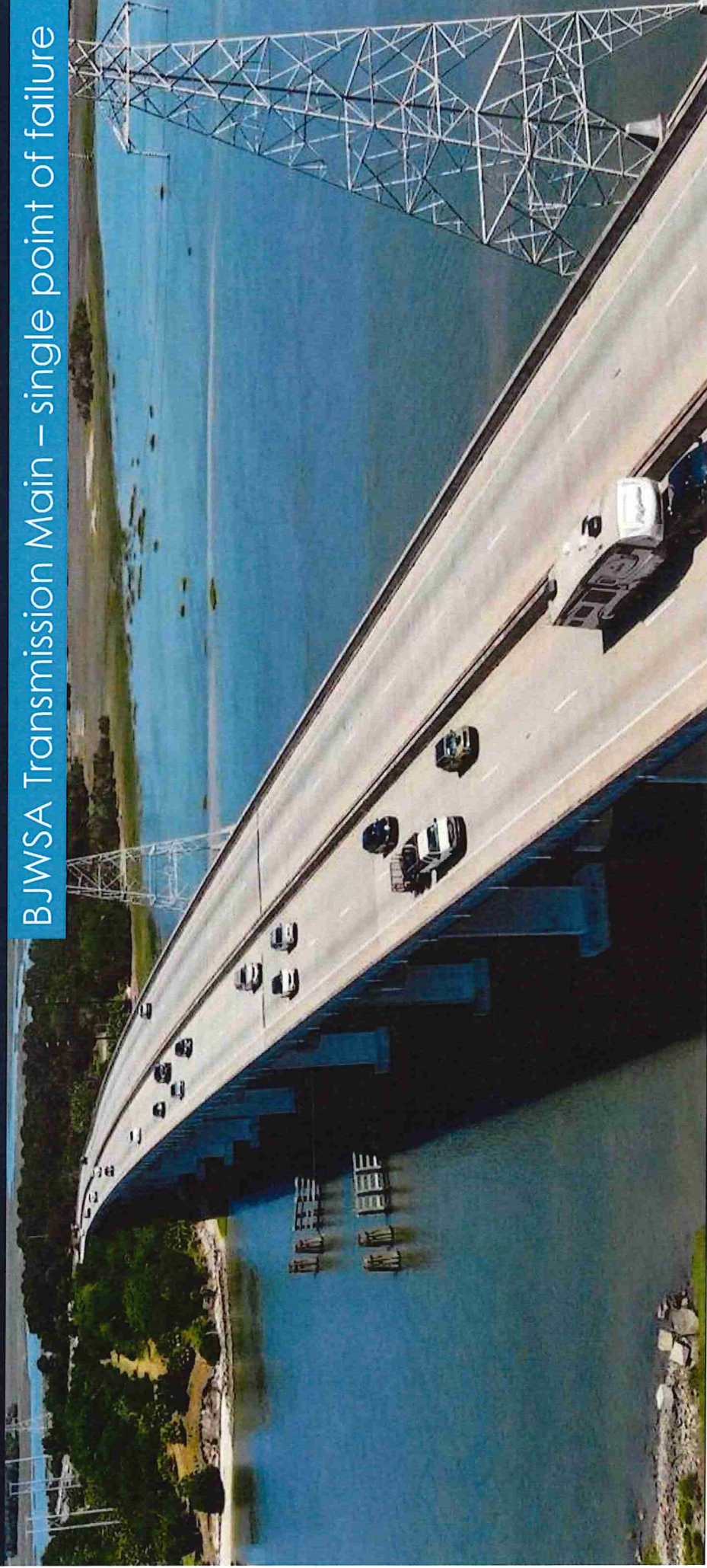
Transmission
Main Failure
(4.0 mgd at risk)

Saltwater Intrusion
(2.5 mgd at risk)



NATURAL DISASTERS

BJWSA Transmission Main – single point of failure



FLORIDAN AQUIFER SYSTEM

Confined layer, limestone aquifer system, one of the largest in the world | Beaufort County to Everglades

The “Upper Floridan” is fresh | 150-ft. deep

- HHPSD has lost 10 of 14 Upper Floridan wells since 2000, primarily to saltwater intrusion

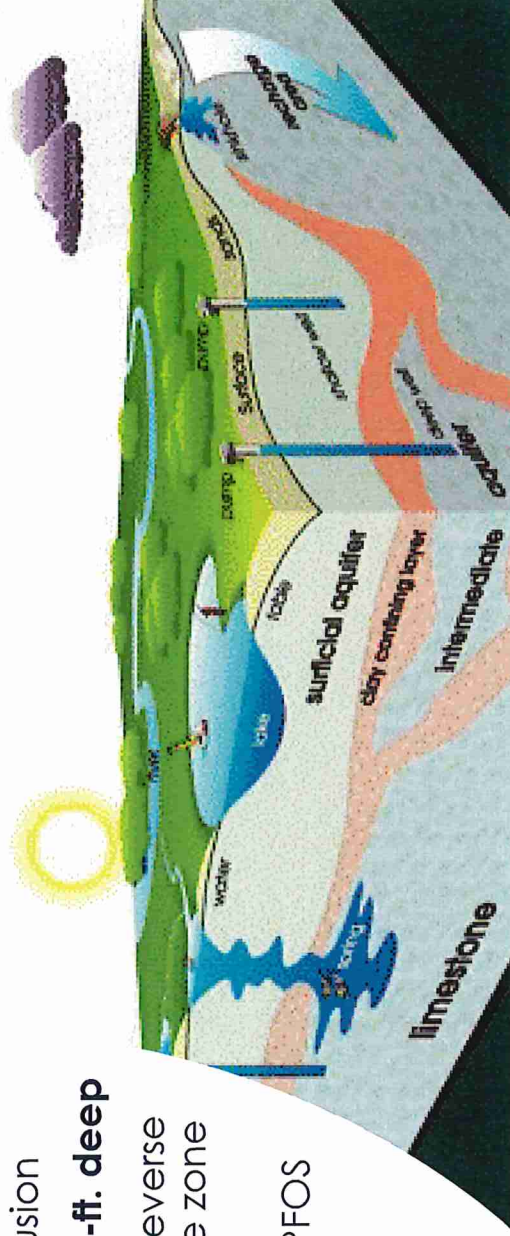
The “Middle Floridan” is brackish | 600-ft. deep

- This is the source water for HHPSD’s Reverse Osmosis (RO) facility, and the storage zone for the ASR facility

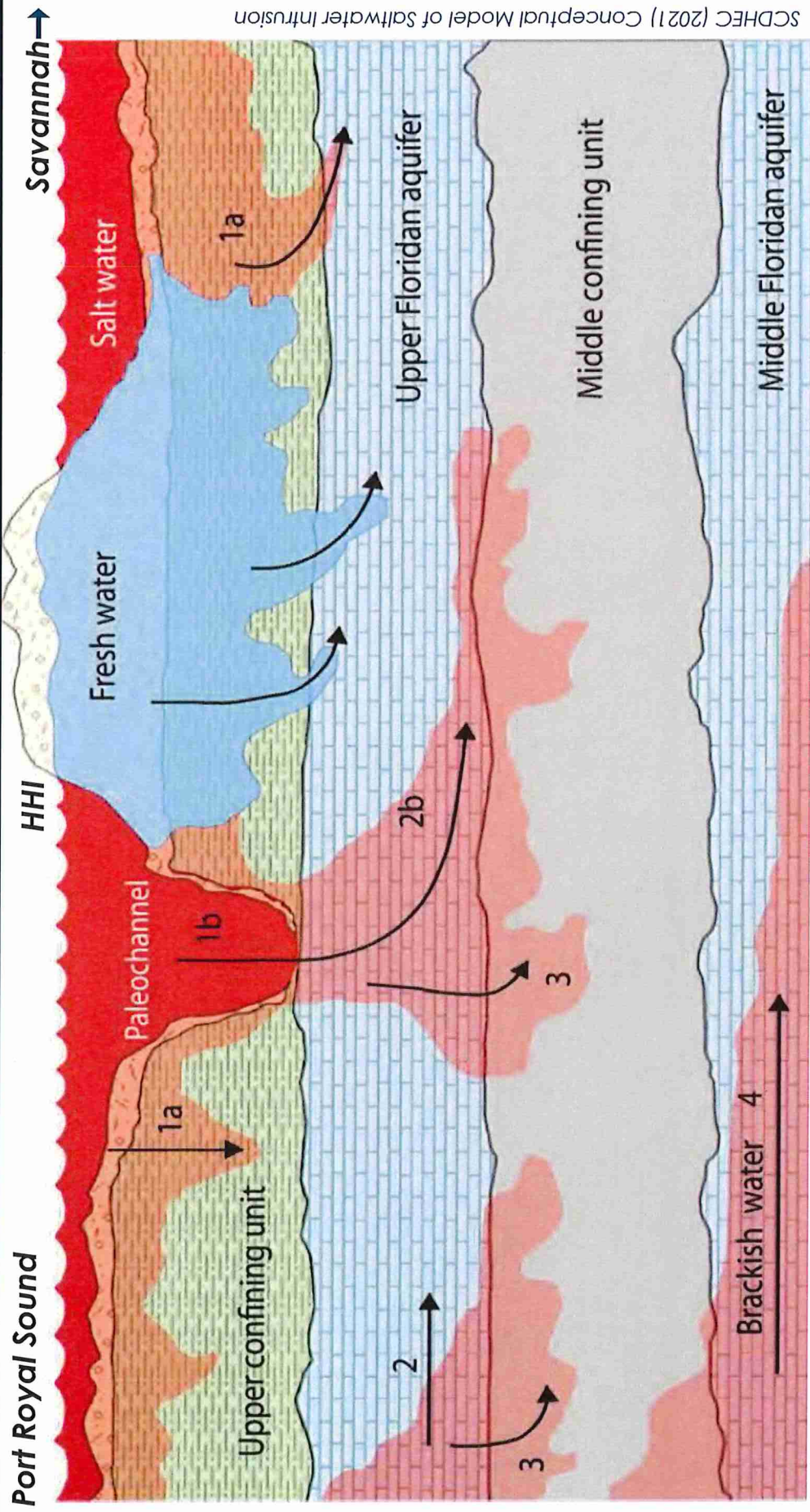
Ongoing monitoring shows zero PFAS/PFOs in Upper and Middle Floridan



Hilton Head PSD “Fire Station” Upper Floridan Well Site



SALTWATER INTRUSION



WATER DEMAND



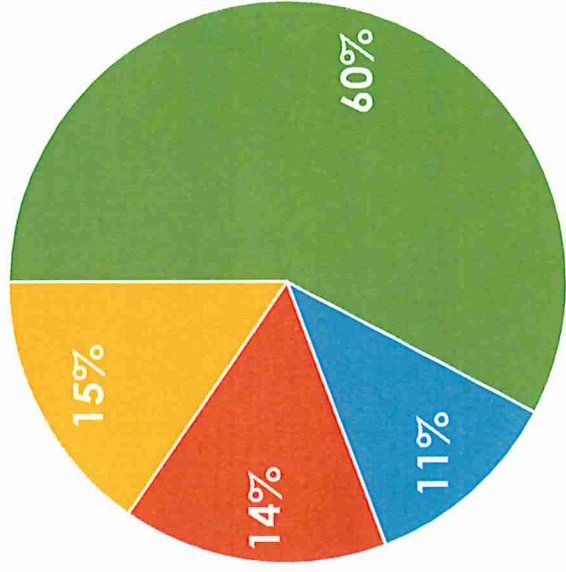
5 to 6 mgd (million gallons per day)
Average daily demand

10 to 11 mgd
Peak day demand

Approx. 2 billion gallons
Total annual water demand

HILTON HEAD PSD WATER SUPPLIES

More than 75% of HHPSD's water is sourced from the island's own groundwater on annual average



- Reverse Osmosis Facility
- Wholesale Purchased Water
- Freshwater Wells
- Aquifer Storage & Recovery

DRINKING WATER SYSTEM

Current Capacity: 12.5 MGD

2.5
MGD

Upper Floridan
(UF) Wells

4.0
MGD

Middle Floridan (MF) Wells and
Reverse Osmosis (RO) WTP

2.0
MGD

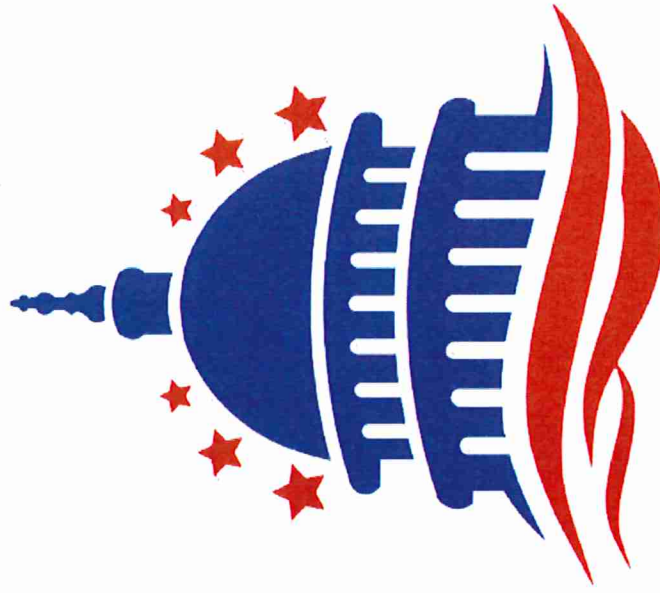
Acquifer Storage
Recovery (ASR)
Well No. 1

4.0
MGD

Beaufort-Jasper Water and Sewer
Authority (BJWSA) Wholesale

20 year Projected Maximum
Day Demand (MDD)

14 MGD



American Rescue Plan Act of 2021



\$10-Million Grant + **\$1 Million** Allocation
from Beaufort County

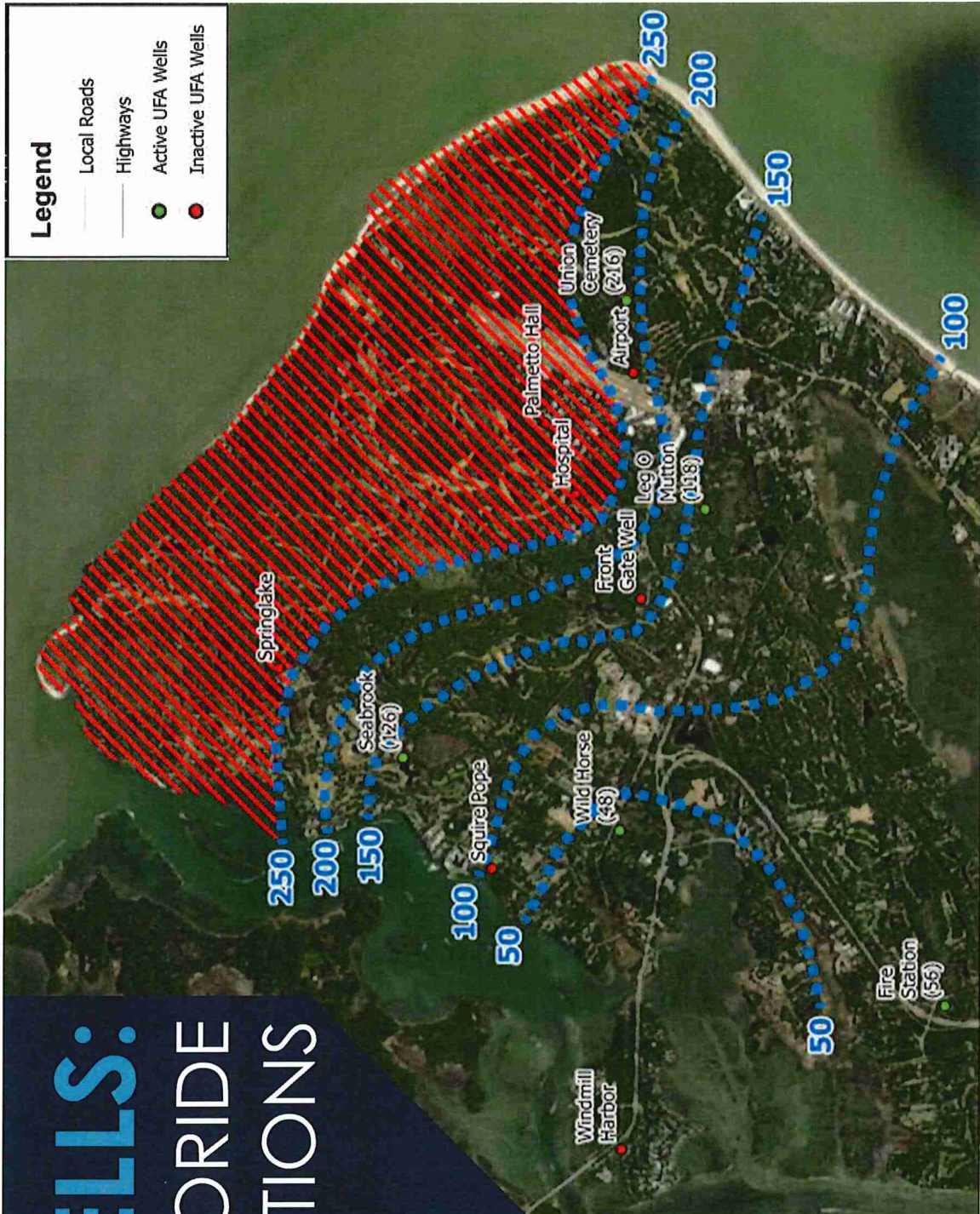
Expand RO Plant capacity from
4 mgd to 6 mgd (includes WTP expansion
and additional production well)

Construct **2nd ASR well**

Replace **booster pump station** in distribution
system

Add **emergency generator** at RO Plant

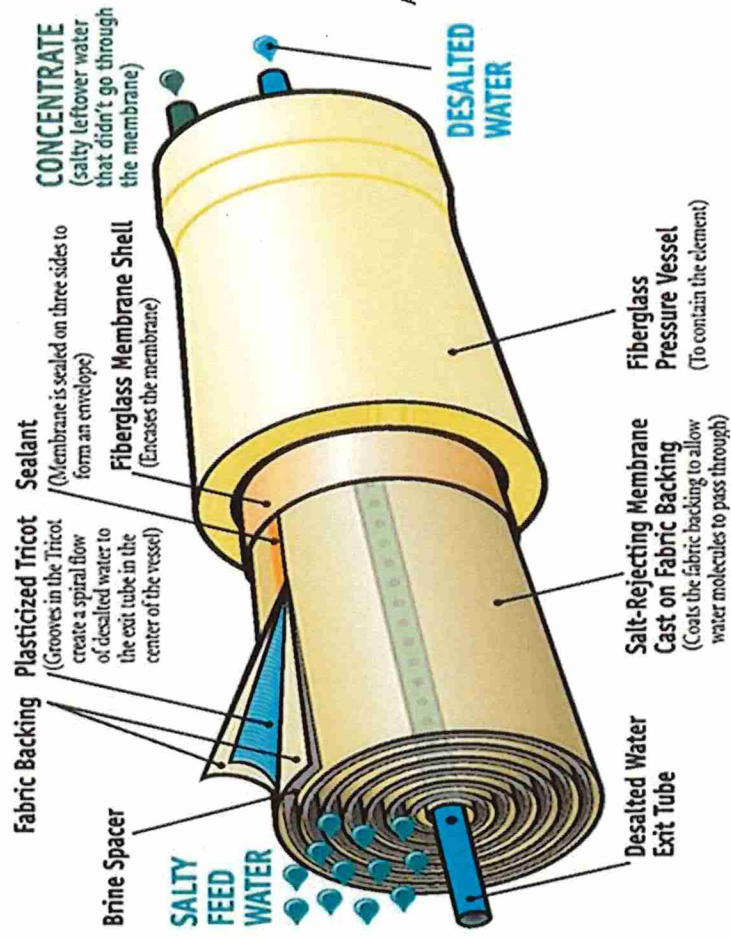
UFA WELLS: CHLORIDE CONCENTRATIONS



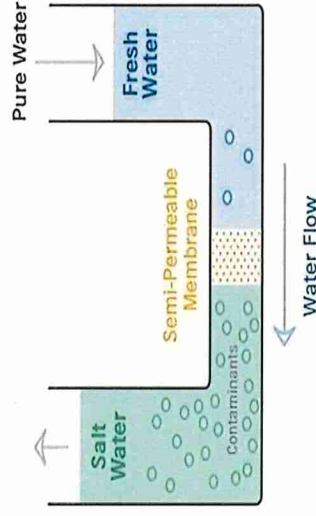
Nutter & Associates
June 2021

REVERSE OSMOSIS (RO)

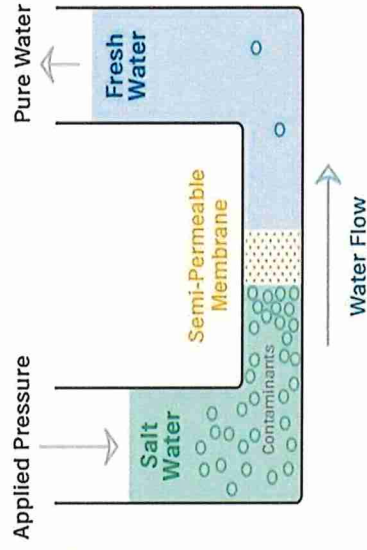
Reverse Osmosis Membrane Element inside a Pressure Vessel



Osmosis



Reverse Osmosis





RO WTP

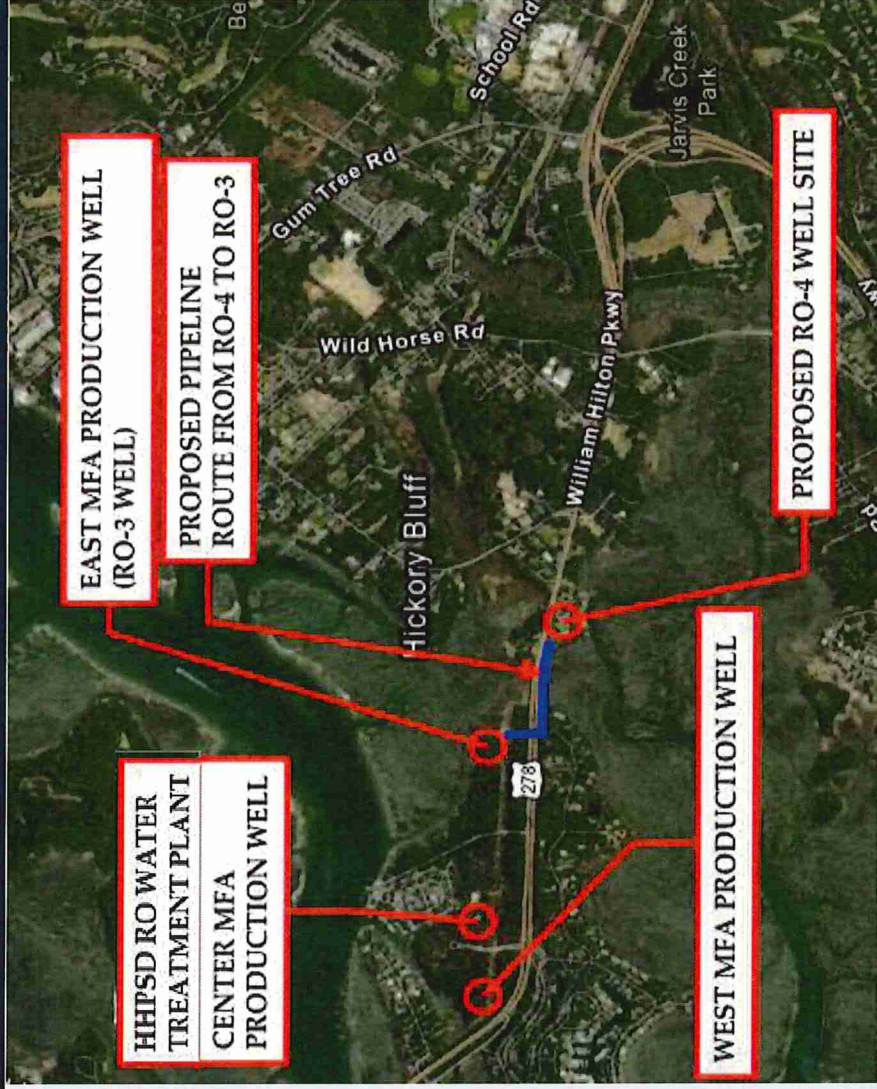
Membrane filtration of brackish groundwater (Middle Floridan)

4 mgd production

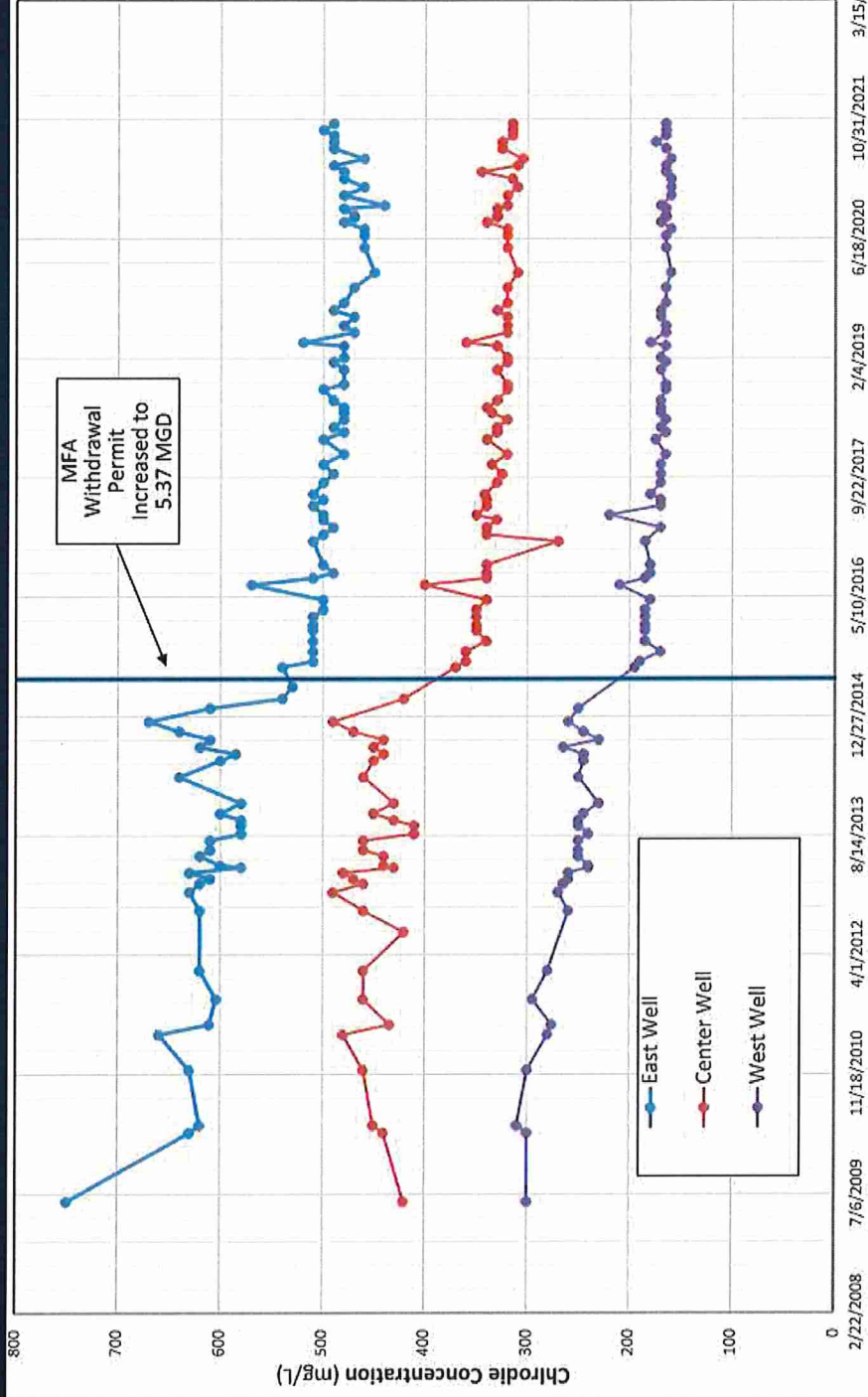
Expanding to 6 mgd



PLANNED IMPROVEMENTS: MFA WELLS AND RO WTP

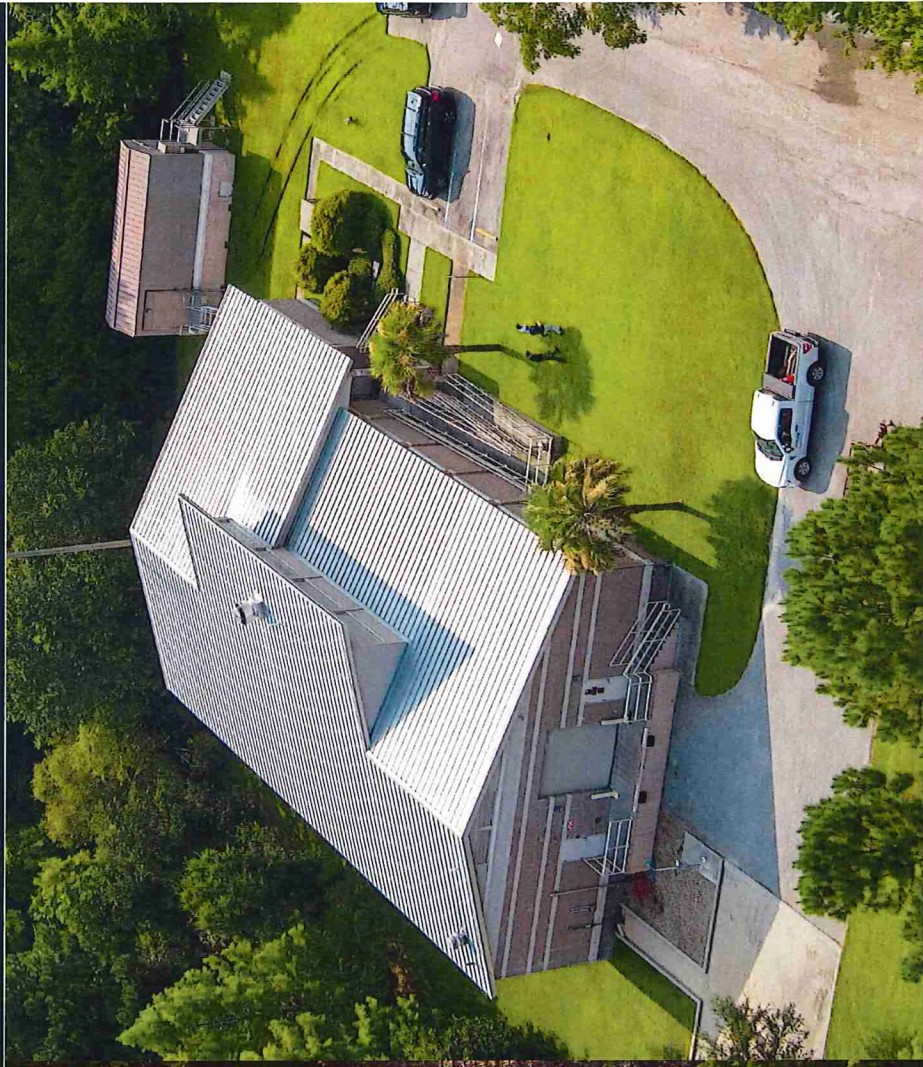
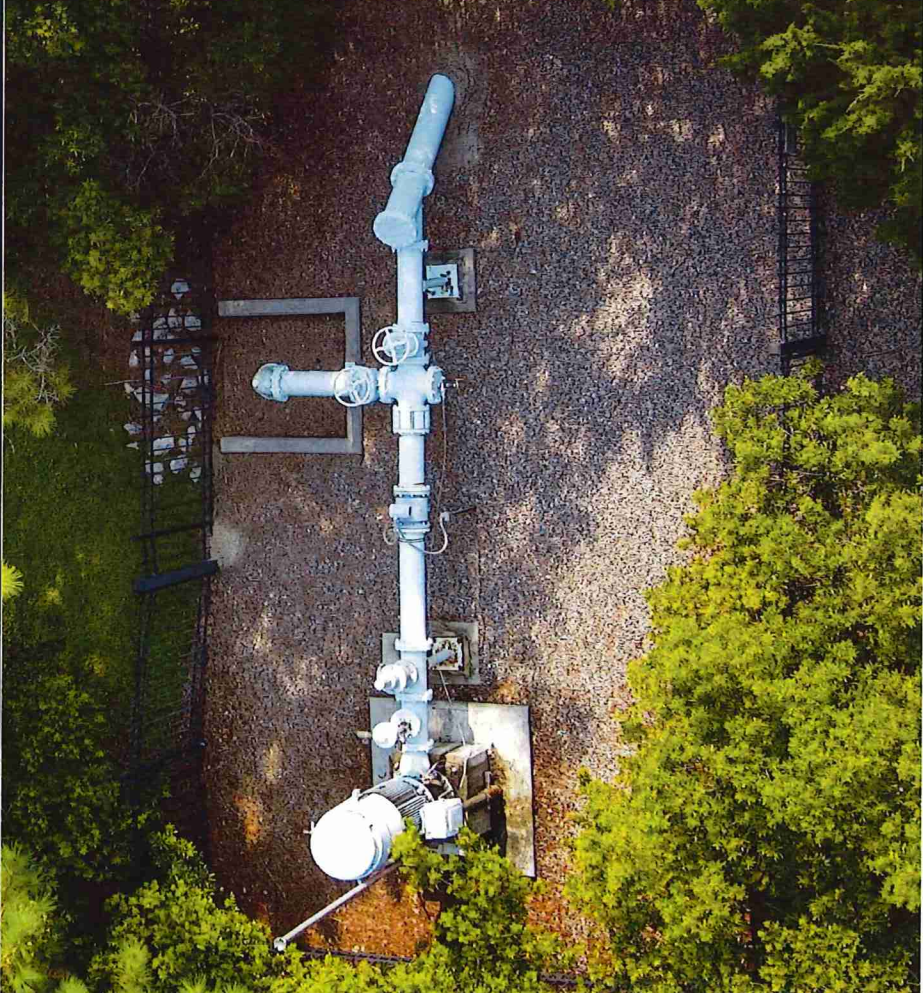


PLANNED IMPROVEMENTS: MFA WELLS AND RO WTP

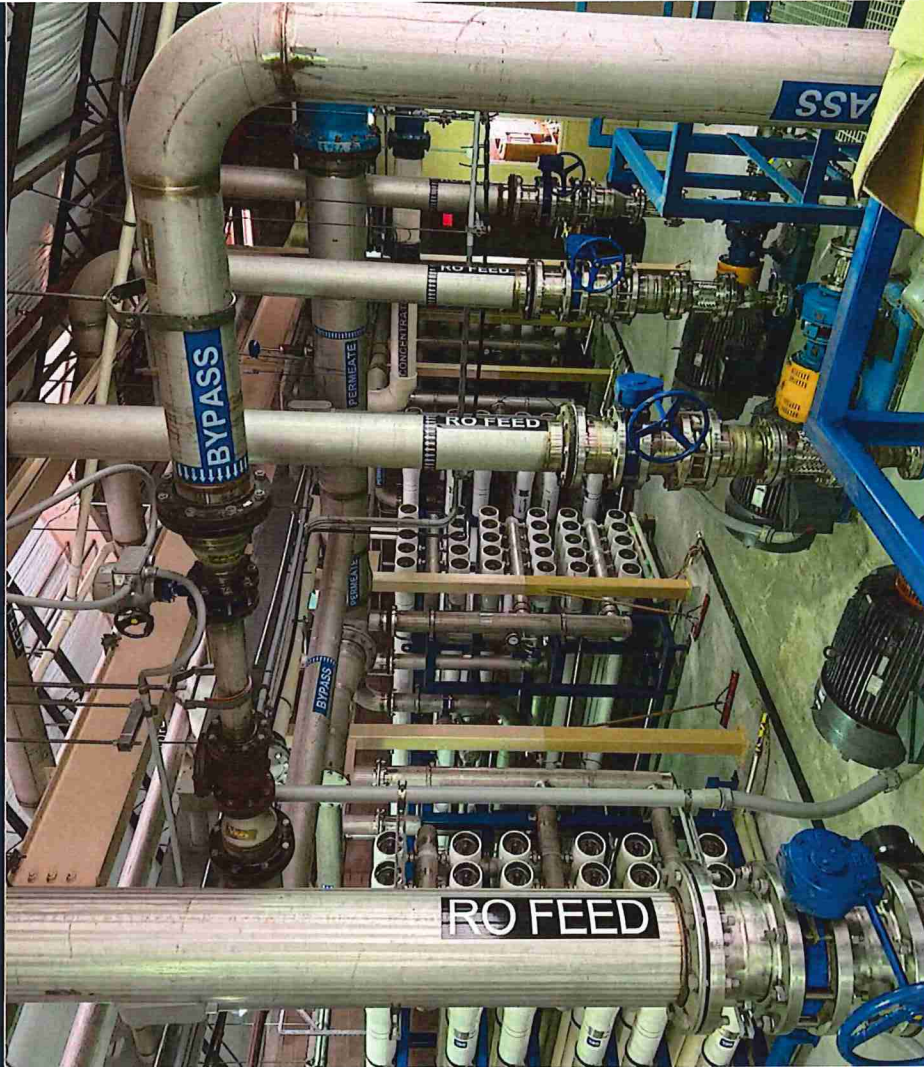
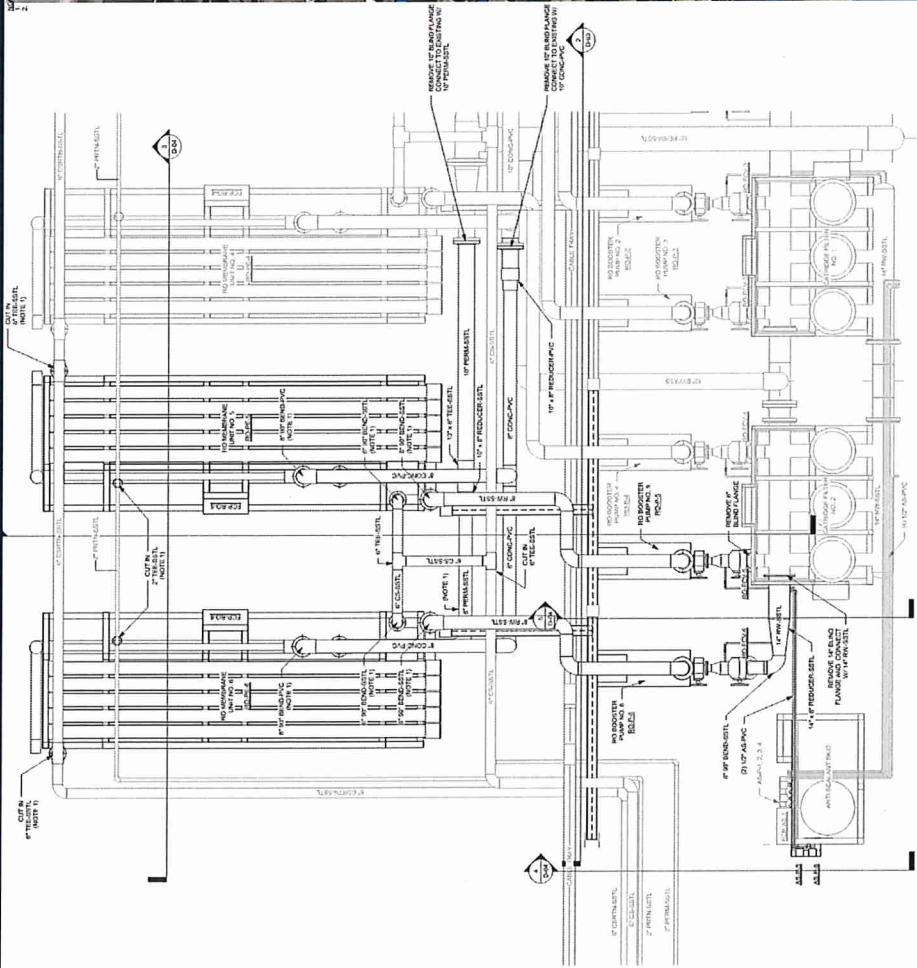


Nutter & Associates

CENTER MFA WELL AND RO WTP



RO WTP EXPANSION TO 6 MGD

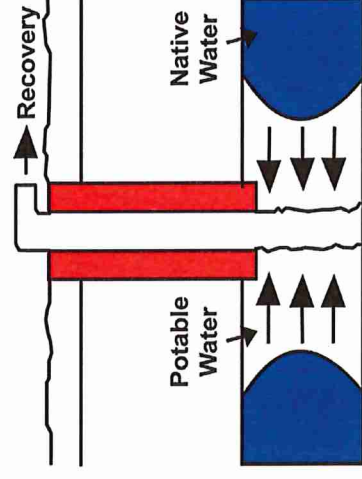
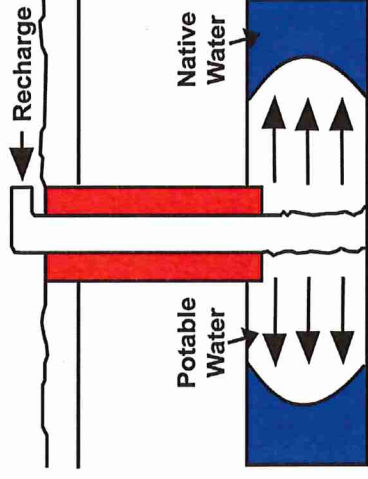


AQUIFER STORAGE AND RECOVERY (ASR) FACILITY

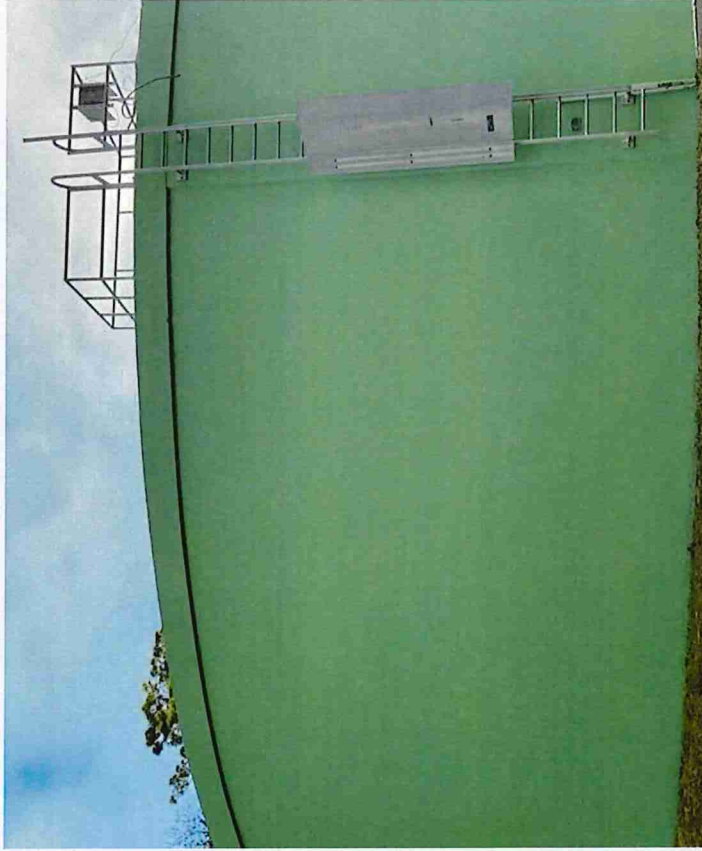


HHPSD's ASR Facility at Royal James
UNESCO Managed Aquifer Recharge
Worldwide Example

- **260 mg** bubble of treated water underground
- Stores drinking water from October to March at **2-mgd** “recharge” rate
- **Re-treats/distributes at 2-mgd** from April to September (“recovery”)
- Meet **peak demands**
- Key for **disaster response**
- “**Off-peak**” rate program for purchased water



STORAGE COMPARISON

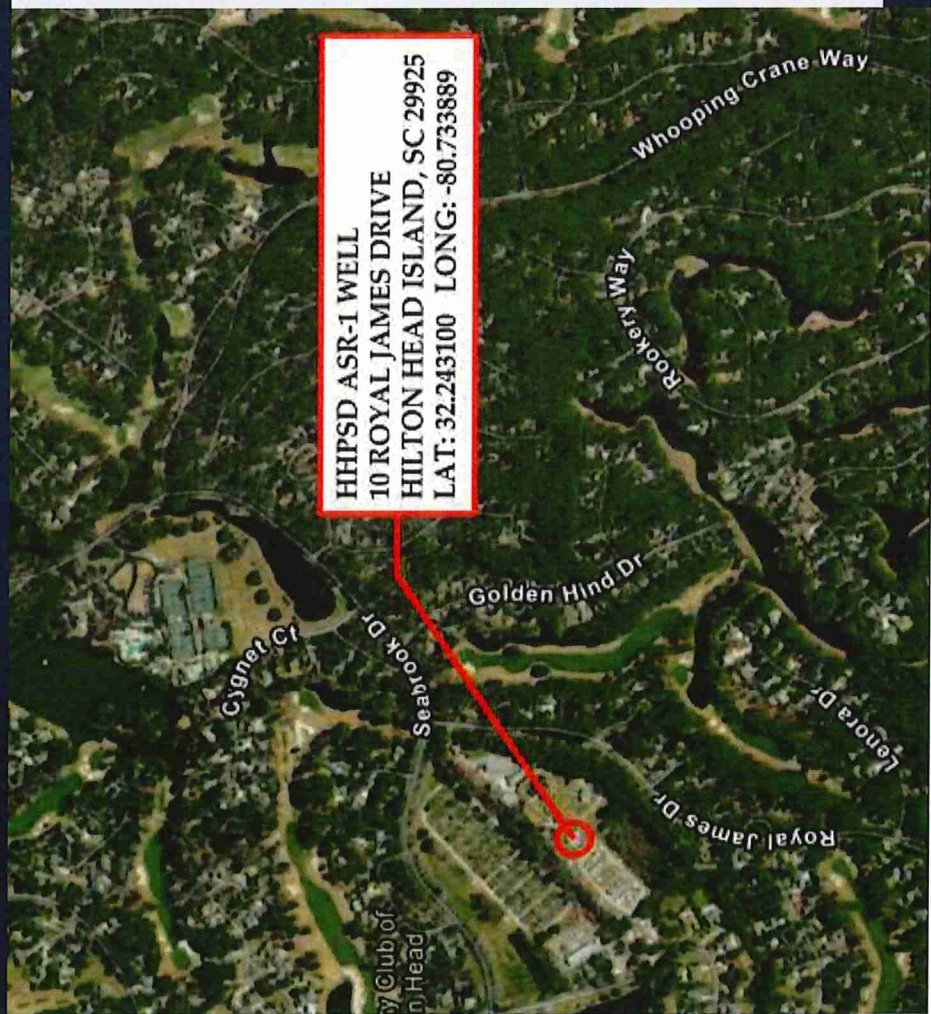


Leg O' Mutton Ground Storage Tank = 2 mg



ASR Facility = 260 mg

PLANNED IMPROVEMENTS: ASR WELL NO. 2



FUTURE PROJECTED DRINKING WATER CAPACITY

Future Projected Capacity: 16.5 MGD

2.5 MGD
Upper Floridan (UF) Wells

6.0 MGD
Reverse Osmosis (RO) WTP

4.0 MGD
Acquirer Storage Recovery (ASR) Well No. 1 and 2

4.0 MGD
Beaufort-Jasper Water and Sewer Authority (BJWSA) Wholesale

20 year Projected Maximum Day Demand (MDD)
14 MGD

Broad Creek PSD Interconnect (Emergency)
Planned ASR Well: 2 MGD



CONSTRUCTION COSTS

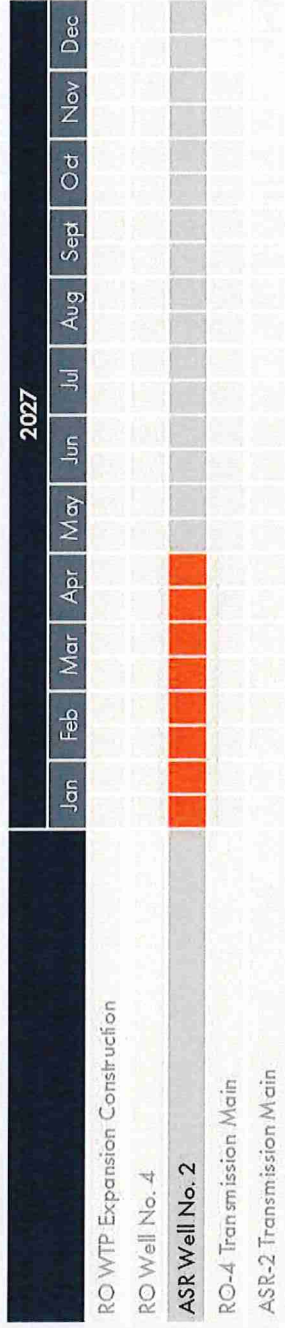
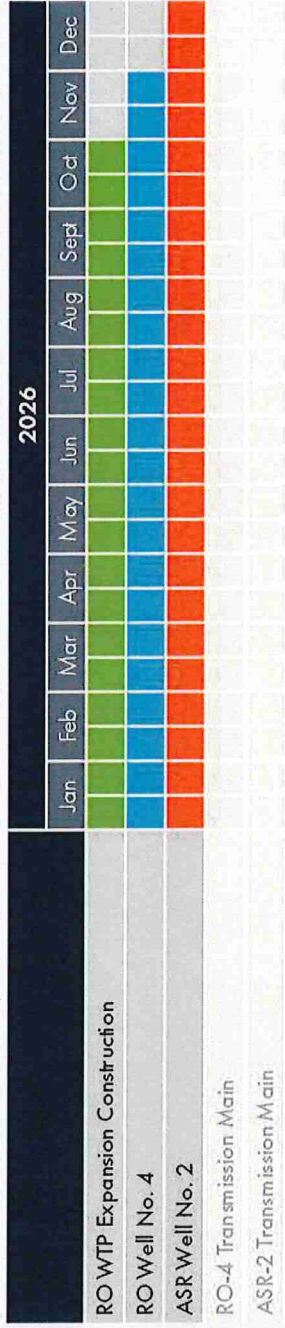
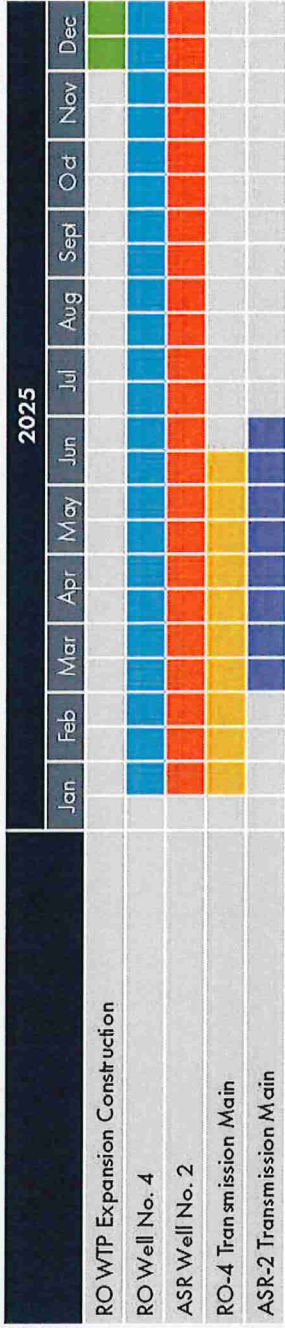
¹ Partially Funded by \$10M SC Infrastructure Investment Program Grant and \$1M ARPA Grant from Beaufort County.

PROJECTS ¹	CONSTRUCTION BID
RO WTP Expansion to 6 mgd	\$10,523,000
RO Well No. 4	\$4,750,406
2,170 LF 12" Transmission Main (RO-4)	\$1,106,967
ASR Well No. 2	\$8,275,940
650 LF 12" Transmission Main (ASR-2)	\$820,452
Total	\$25,476,765

CONSTRUCTION SCHEDULES

RO WTP Expansion
NTP: November 2024

**Wells and
Transmission Main**
NTP: December 2024



THANK YOU!



 **Pete Nardi**

 **843.681.0525**

 **pnardi@hhpsd.com**

 **hhpsd.com**



 **Bill Young, PE**

 **843.416.5560**

 **byoung@ardurra.com**

 **ardurra.com**



MARCH 1, 2025

Re: Urgent Project SAFE Donor Appeal

Dear Valued PSD Customer:

The Community Foundation of the Lowcountry's Project SAFE (Sewer Access for Everyone) Fund continues to be a critical program helping to meet Hilton Head Island's housing needs, particularly for our workforce and for our Historic Gullah-Geechee Neighborhoods. The Foundation's three-year campaign for SAFE in 2016-2019 raised \$3 million and connected 250 homes to the public sewer system operated by the Hilton Head Public Service District (PSD). Today, 96% of PSD customers are connected to the public sewer system, versus 83% nationally. Such tremendous success is the direct result of your generous support. SAFE was recognized by the U.S. Department of Housing and Urban Development in 2017 as an outstanding national example of public-philanthropic partnerships.

Project SAFE was launched in 1999. It has played a vital role in connecting hundreds of income-qualified homeowners in the Historic Neighborhoods to the public sewer system, ending their reliance on failing septic systems that posed a public health and environmental threat. Now Project SAFE is helping to provide the workforce housing that is so urgently needed on Hilton Head Island. More than a third of the homes connected to the sewer system as a result of the 2016-19 Project SAFE campaign were new units added to the lots on which they were built. These units have become the homes of our younger island families who are living and working here.

The demand for Project SAFE's assistance has led to yet another watershed moment for the fund. The current pace of qualified grant connections will see Project SAFE's resources significantly depleted in 2025. The need for Project SAFE will continue for years to come, particularly as it serves as a vital component of the island's overall workforce housing effort. This new moment for Project SAFE will see the support it receives benefiting public health, environmental protection, and workforce housing.

Donations to Project SAFE are tax deductible. We are hopeful that you will support Project SAFE, and our islander families, with a donation to the fund.

Checks can be made out to:
Project SAFE

Mailing Address:
Community Foundation of the Lowcountry
P.O. Box 23019
Hilton Head Island, SC 29925

Or, scan this QR code to go directly to the Project SAFE
online donation page at www.cf-lowcountry.org





The Hilton Head Sun

March 5, 2025 • Volume 28, Issue 3 • Complimentary • HiltonHeadSun.com

Funding for Hilton Head drinking water pipeline saved

BY KINGSTON RHODES
Contributor

Funding for a 5,000-foot long, two-foot-wide drinking water pipeline buried deep beneath the Intracoastal Waterway almost got lost in the shuffle as Beaufort County Council, Hilton Head Island Town Council, and SC Senator Tom Davis scrambled to find and allocate funding solutions to construct the new 278 Bridge Corridor Project from the mainland to Hilton Head over the past eight weeks.

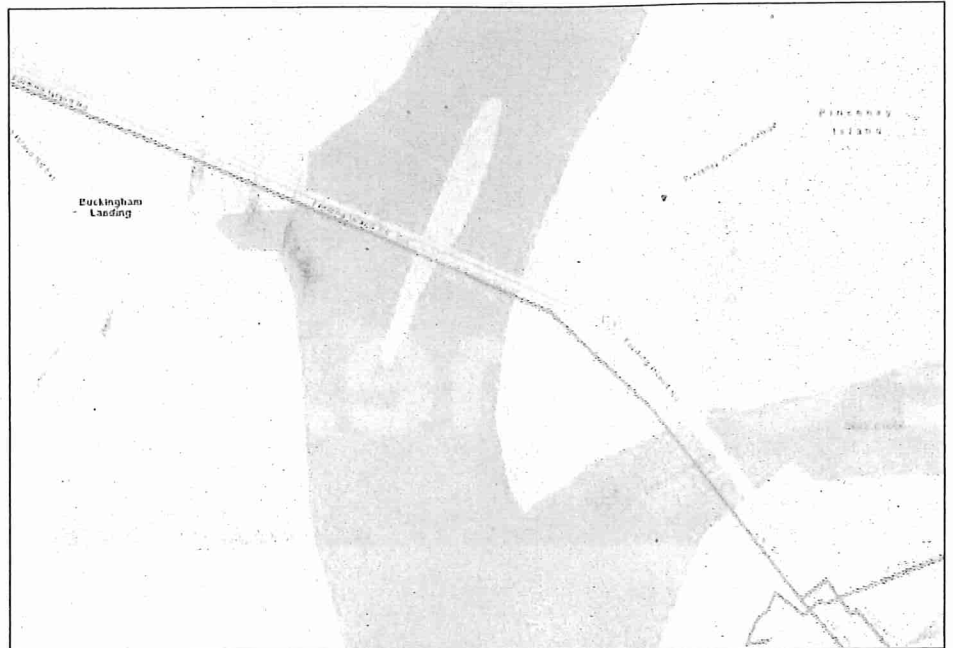
Fortunately, Melinda Tunner, the newly elected council representative for Ward 6, which is home to the Hilton Head Public Service District, had been keeping tabs on the underwater lifeline, which had almost been overlooked yet serves more than 22,000 customers and nearly two-thirds of the island.

Pete Nardi, General Manager for the public service district, said Tunner had questioned him back in 2024 about the pipeline before her election and wanted to learn more about the sources of the island's water supply.

"Now she has become our champion," said Nardi. "She and County Councilman Larry McElyn have helped us raise awareness of this important issue, and their efforts will hopefully keep us from increasing customer rates."

Knowing the construction of a new pipeline would likely be a fixed cost of somewhere between \$15 and \$20 million and that the pipeline was required to be completed prior to the actual bridge construction, Tunner saw the writing on the wall.

Nardi and PSD Commissioner Frank



The pipeline begins on the mainland at a meter box near the causeway, extending beneath Mackay Creek before surfacing at Pinckney Island. It then continues underground beneath Skull Creek, emerging at the island's water distribution center. Plans suggest relocating the pipeline further south to avoid interference with the new bridge's pilings.

Turano realized that the State's allocation of 4.5% would never be able to cover the fixed pipeline cost if the overall bridge project was going to be reduced in price by more than \$100 million. And as a result, a sizable gap could be left for the public to pay.

At the January 9 Town Council Workshop, Tunner introduced the dilemma with a soft-spoken query. "In addition, I have a question about the underwater pipeline that is critical to our drinking water and the reimbursement model that must be considered with the reduced

scope of the bridge project."

As she courteously unfolded the implications of the overlooked pipeline cost, a ripple of surprise and dismay swept through the chamber, which included both town and county council members as well as Senator Davis.

Town Councilwoman Patsy Brison later noted, "It was a bombshell."

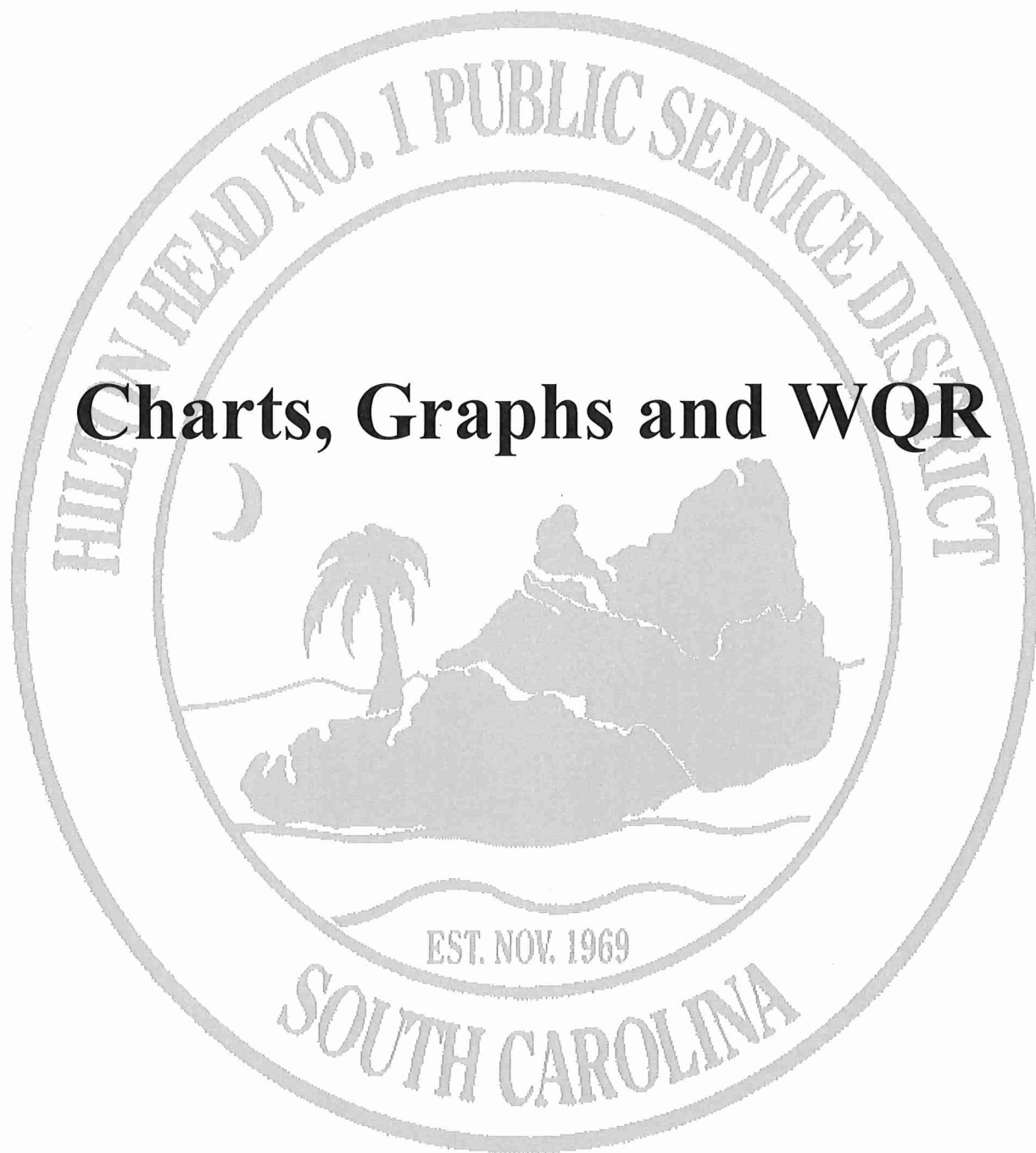
Thankfully, since then, Hilton Head Mayor Alan Perry has expressed hope that the PSD will be made whole through various means, and its ratepayers will not be taking on the burden.

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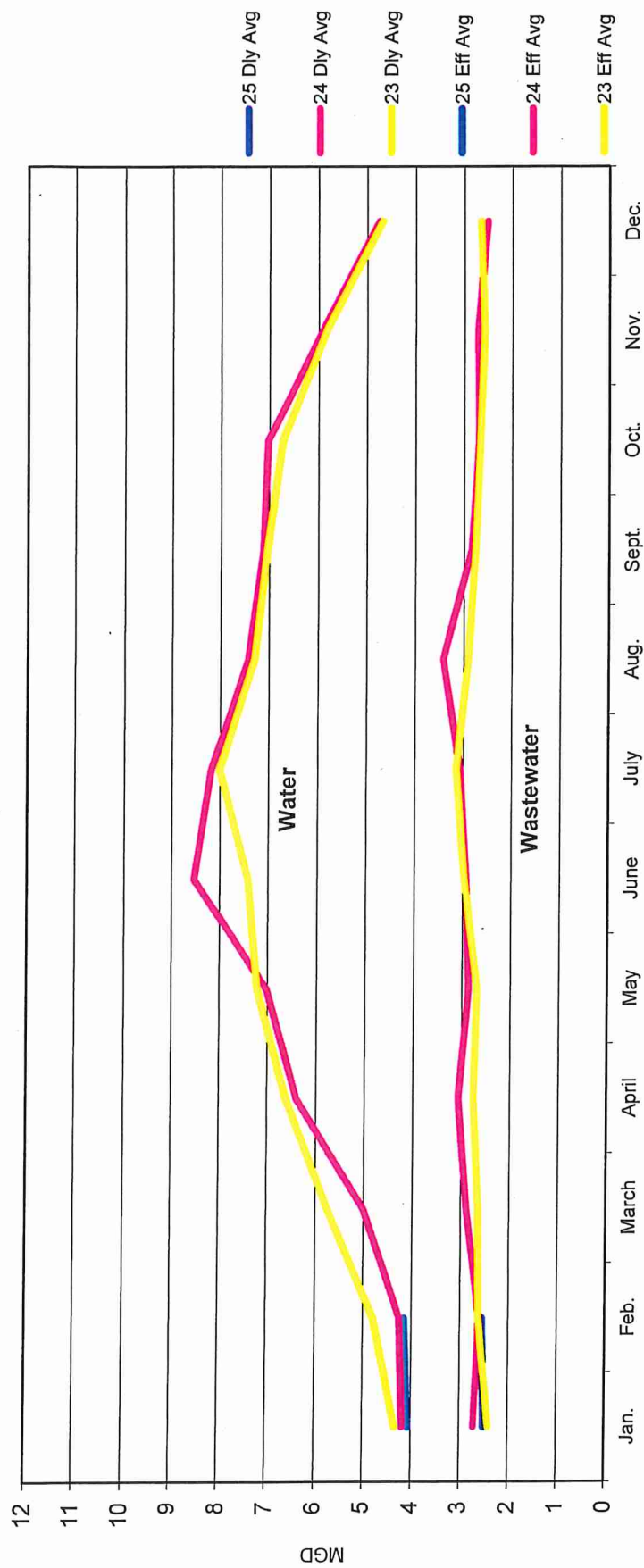
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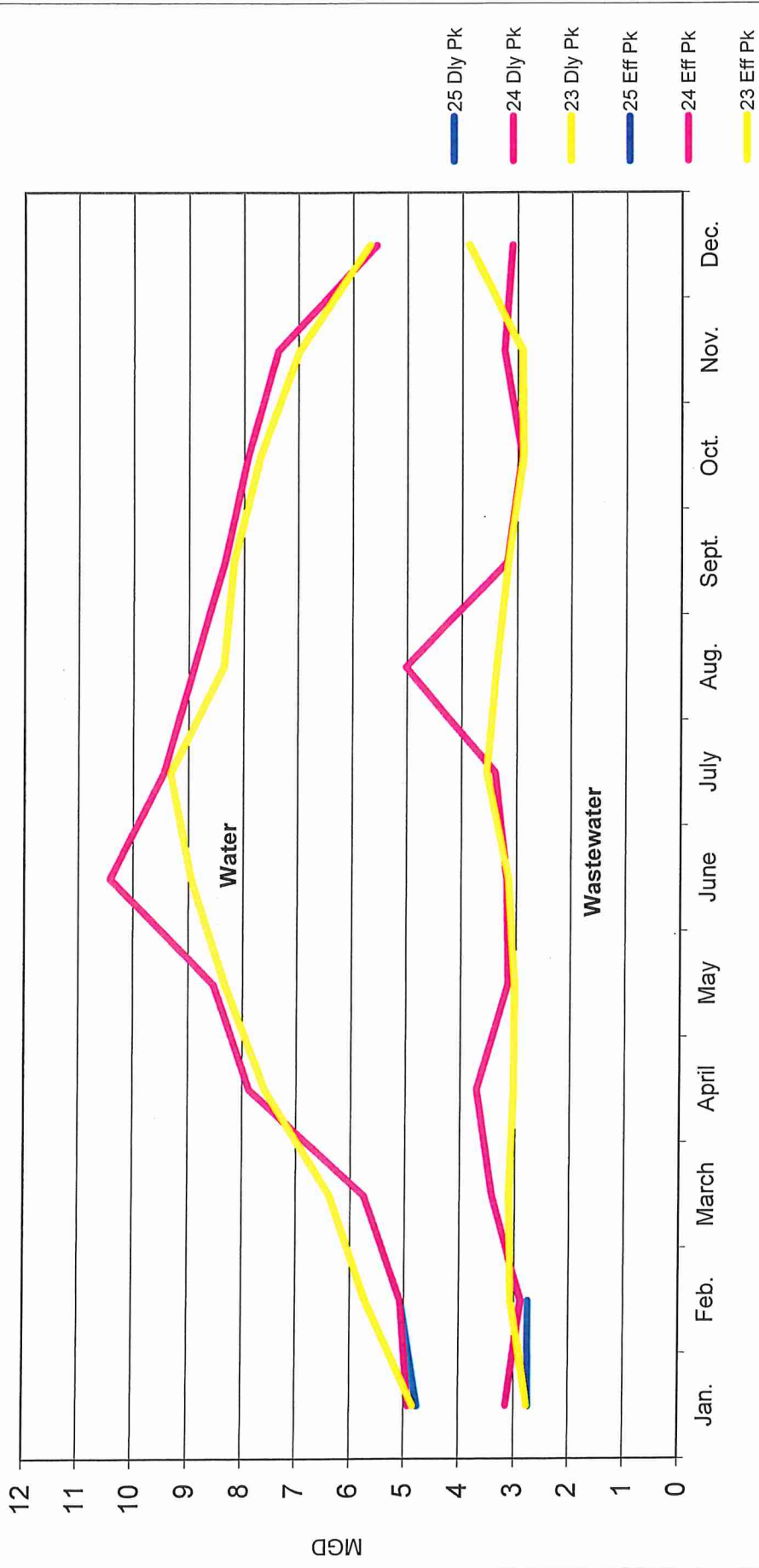
Charts, Graphs and WQR



Water and Wastewater Average Flows



Water and Wastewater Peak Flow





Feb-25
Monthly Water Quality Report

Source	MG Per Month												% of Supply YTD	
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.		YTD
Purchased	4.25	3.46											7.71	3.0%
RO Plant	119.26	107.59											226.85	83.0%
UFA Wells	18.28	20.24											38.52	14.0%
ASR Recovery	0.00	0.00											0.00	
Total	141.79	131.29											273.08	100.0%

System-wide Water Quality Testing

Type of Test	Results by Month												
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Bacteriological	PASS	PASS											
Chlorine (avg)	2.2	2.39											
Ph (avg)	N/A	N/A											
Disinfection By-products (DBPs) (qtrly.)	In Compliance			In Compliance			In Compliance			In Compliance			
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)	2.21	Y			
RO Raw Water MFA Wells (range)	n/a	Y	160 - 470	102 - 205	
Finished RO Water	2.30	Y			
Fire Station UFA	2.10	Y	64	138	
Leg O' Mutton UFA	2.64	Y	120	225	
Wild Horse UFA	2.16	Y	72	185	
Seabrook UFA	2.60	Y	149	268	
Union Cemetery UFA	1.90	Y			
ASR (recharge)	2.42	Y	69	102	

Customer Inquiries

Type of Inquiry	Number of Inquiries	Resolved?	Comments
Low Pressure	11	y	
Customer break/leak	20	y	
PSD break/leak	19	y	
Water Outage	2	y	
Odor/Taste/Color	3	y	
Miscellaneous	104	y	
Sewer issues & Inspections	76	y	
Total	235		

Other Water Quality Notes for This Month
 2/10/2025 - Changed cartridge filters