

# **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

## **APRIL 2025 AGENDA PACKET CONTENTS**

1. Agenda for the April 23, 2025, Regular Commission Meeting
2. Draft Minutes of the March 26, 2025, Regular Commission Meeting
3. FY'26 Draft O&M and CIP Budgets
4. Memo from the Finance Manager on the Preliminary COSA – Revenue Requirements and Rate Structure
5. Memo from the Finance Manager on Meter Installation Fees and Hourly Labor Rate
6. FY'25 Third Quarter Management Report
7. General Manager's Monthly Report
8. 2024 Consumer Confidence Report
9. Press Release on Sanitary Sewer Smoke Testing and Manhole Inspections Set for April 21
10. Press Release on PSD's Recertification as an Audubon Cooperative Sanctuary
11. Letter from S.C. State Representative Weston Newton to Chairman Frank Turano – FYI
12. Charts, Graphs and Water Quality Report



# Agenda



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www.hhpsd.com

### **AGENDA**

Hilton Head Public Service District Commission

9 a.m.

April 23, 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 March 26, 2025, Regular Meeting
- VI. FY '26 Draft Operations & Maintenance and Capital Improvement Program Budgets
- VII. FY '26 Cost of Service Analysis and Rates Recommendation (Action)
- VIII. FY '25 3<sup>rd</sup> Quarter Management Report
- IX. General Manager's Monthly Report
- X. FY '25 General Manager Evaluation
- XI. Adjournment

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



# Draft Minutes

# HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT

21 OAK PARK DRIVE – POST OFFICE BOX 21264  
HILTON HEAD ISLAND, SOUTH CAROLINA 29925  
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## MINUTES COMMISSION MEETING MARCH 26, 2025

**I. The meeting was called to order by Chairman Frank Turano at 9:05 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

Present by request:

Mr. Pete Nardi	General Manager
Mr. Bill Davis	Operations Manager
Ms. Amy Graybill	Finance Manager
Mrs. Connie Whitehead	Commission Recording Secretary

Visitors

None

Absent:

Mr. Michael Marks	Commissioner
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**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 February 26, 2025, Commission Meeting**

Action

- Mr. Bell moved to adopt the minutes of the February 26, 2025, meeting as presented. Mrs. Soltys seconded. The motion passed unanimously.

**VI. FY'25 Financial Audit Engagement Letter**

Key Discussion Points

- Mrs. Emily Sobczak of Greene Finney Cauley, LLP presented the FY'25 audit engagement and commissioner communication letters and discussed the audit process.

Action

- Mr. Bell moved to accept the audit engagement letter. Mr. Paterno seconded. The motion passed unanimously.

**VII. Old House Creek Subdivision**

Key Discussion Points

- Due to failing septic systems, the POA Board of Old House Creek Subdivision has reached out to the PSD to request a project to provide sanitary sewer service to the remainder of the subdivision that did not receive low-pressure sewer service during the PSD's first sewer project for Old House Creek in 2010.
- A project to serve those remaining 26 parcels was put out to bid in 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).
- The low responsible bidder was Malphrus Utilities at \$996,215.80. Due to the price of the project, staff recommends that only the forcemain construction be accepted.
- Staff recommends the Board accept the low responsible bid of \$372,561.54 from Malphrus Utilities for Division A of the Old House Creek Sewer Project, and that the Commission authorize the GM 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.

Action

- Mr. Cutrer moved to adopt staff's recommendation to accept the low responsible bid of \$372,561.54 from Malphrus Utilities for Division A of the Old House Creek Sewer Project, and that the Commission authorize the GM 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. Mrs. Soltys seconded. The motion passed unanimously.

## **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.

## **IX. New Business**

### Key Discussion Points

- In January, the Board voted to reschedule the June 2025 Board meeting from Wednesday, June 25, to Tuesday, June 17. Mrs. Soltys was not present for that vote and informed the Board that she has a conflict on the new date. She requested a later start time. The Board tabled that discussion and will revisit it closer to June.
- Mr. Cutrer reminded the Board that the 3<sup>rd</sup> Quarter FY'25 Management Report, GM Annual Highlights Memo, and Commissioner comment form will be circulated in April. The GM evaluation is scheduled to be conducted in May.

## **X. Adjournment**

### Action

- Mr. Paterno moved to adjourn the meeting. Mr. Bell seconded. The meeting adjourned at 10:04 a.m.



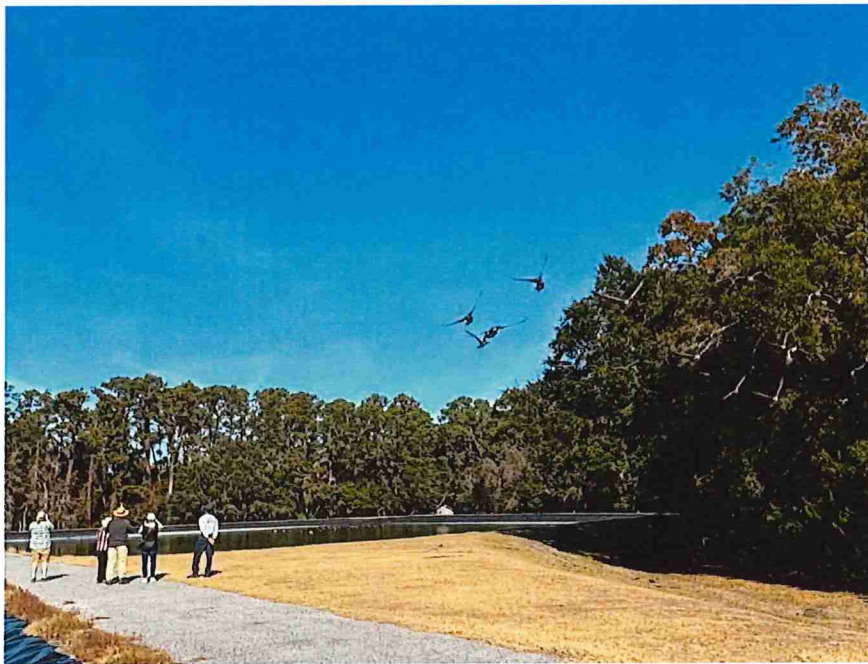
**FY'26 Draft O&M  
&  
CIP Budgets**



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## FY'26 Budget



Prepared by the Finance Department

April 2025

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## FY'26 Budget

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Prepared by the Finance Department

April 2025

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On the cover: Hilton Head PSD's Recycled Water Plant on Oak Park Drive is part of the Audubon Society of Hilton Head's annual Christmas Bird Count project. Our recycled water lagoons are frequented by a variety of waterfowl, including bufflehead and lesser scaup ducks, which are a particular treat for birders. The presence of waterfowl on the recycled water lagoons is an indicator of the quality of the water.

## **Executive Summary**

### *A. Letter of Transmittal*

The Hilton Head PSD staff is pleased to present to the PSD Commissioners the fiscal year 2026 (FY'26) Operating & Maintenance (O&M) Budget and the FY'26 Capital Improvement Plan (CIP). Staff believes the budgets are consistent with the Commission's budget directives and strategic planning efforts.

Fiscal year 2026 is poised to be another busy year tackling large grant funded capital projects as well as routine ongoing capital rehabilitation. It also appears to be another year of facing inflationary and supply chain uncertainties. Long lead times on equipment and parts continue to stretch out the timeline for large and small projects. In some cases, inventory and parts can take upwards of a year to arrive after an initial order is placed. This scarcity continues to fuel upward price momentum and bring a level of uncertainty to our ability to execute our capital projects. Additionally, it was unknown at the time of budget preparation what ultimate effects tariffs might have on the PSD's expenditures. Some suppliers have already sent notices about potential unspecified increases related to tariffs. At this time, the budget does not incorporate the effects of tariffs as there was not enough information to make a projection of the impact.

The operating and maintenance side of the District's operations have also continued to be affected by inflationary pressures. In FY'25, the District saw significant, inflationary increases in health insurance, its wholesale purchased water expense, and its electricity expense. This FY'26 budget provides for current, known higher inflationary increases as well as anticipating additional inflationary increases at a lower level during the next year, generally in the 3-4% range. During FY' 26, the District expects to see another 20%+ increase in its purchased water expense, insurance increases ranging from 5%-30%, and additional biosolids increases.

Home prices have remained extremely high in the District's service area and the District continues to see new growth and redevelopment projects, often at high price points. The elevated housing market has continued to put a strain on workforce housing which was already limited. When combined with growth in the neighboring Bluffton area as well as overall inflationary strain, there continues to be increasing stress on Hilton Head Island businesses to attract and retain a workforce. This budget includes the addition of a new billet, a merit increase pool, and a one-time inflationary retention payment to enable the PSD to remain competitive in attracting and retaining employees to serve our growing customer base with exceptional customer service.

The PSD successfully applied for a \$10 million South Carolina Infrastructure Investment Program (SCIIP) grant to expand its Reserve Osmosis (RO) treatment plant capacity and build a second Aquifer Storage and Recovery (ASR) well. The District believes these projects will significantly meet its future water supply for the near term while providing additional resiliency and improving water quality. The initial expected local matching funds for both projects was estimated at \$7 million by the District's engineers at the time of grant application in 2022. In an example of the inflationary construction bidding environment, the final construction bids on these projects came in requiring a \$20 million match to complete the projects. The match is being funded by a \$20.4 million General Obligation (GO) bond issuance and a \$2.6 million SC State Revolving Fund (SRF) engineering only GO loan which were finalized during FY 2025. These GO debt issuances



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FY'26 Budget

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will also be used for the matching funds needed to supplement a \$1,000,000 allocation from Beaufort County of its American Rescue Plan Act (ARPA) infrastructure funding to replace and upgrade the Leg O Mutton (LOM) booster pump station and to contribute towards an emergency generator at the RO plant. The \$2.3 million LOM project is anticipated to be finalized during the summer of 2025 and the RO generator will be completed with the SCIP RO plant expansion.

Additionally, in December 2024, the District successfully applied for a \$1.5 million State Grant from the SC Rural Infrastructure Authority (RIA) to replace all three of the screw pumps at its Wastewater Treatment Plant (WWTP) which have reached the end of their useful lives. This project is currently estimated at \$4.5 million and the 2024 GO bond proceeds will also be used to fund the remaining match. Staff estimates that all of these grant projects will wrap up in the spring of 2027 and currently anticipates that the District will need to fund an additional \$1 million in its 2027 budget to finalize these projects after applying all grant funds, all 2024 GO bond proceeds, and any interest earned on the bond proceeds. That estimate is subject to change after bids are received for the Screw Pump Replacement project and would also be affected by any change orders or changes in the interest income environment.

The District has also been informed that the South Carolina Department of Transportation (SCDOT) US 278 Hilton Head Island bridge replacement project may commence during the upcoming fiscal year. This project is expected to require the relocation of the District's 24" purchased water transmission pipeline that is buried in the vicinity of the bridges to Hilton Head Island. Under the current SC Utility Relocation Act, the District expects that up to 4.5% of the original construction bid amount of the transportation project will be reimbursable to the District and Broad Creek PSD, who are joint owners of the pipeline. However, the final project budget is unknown at this time as well as the overall cost of the relocation. The District may have to incur engineering costs up front during FY'26 and then request reimbursement from the SCDOT for those costs. If 4.5% does not cover the entire project cost, the District has received a commitment from Beaufort County of \$6.5 million towards the project. Additionally, Beaufort County and the Town of Hilton Head have committed that this project will receive top priority for any other available project reserve funds to cover any remaining shortage. Due to the uncertainty surrounding the project, it has not been included in this budget. The project may also impact other smaller water and sewer mains in the area which may not be covered by the relocation act or Beaufort County. If funds need to be expended up front and then await reimbursement, or are not reimbursable under the act or Beaufort County, the District plans to use its cash reserves to cover the timing lag and/or shortage. Even if all costs related to this project are ultimately fully reimbursed by the SCDOT and Beaufort County, this project will require a significant amount of District staff time to administer.

As with all asset intensive operations, routine asset management is an ongoing endeavor for the District which becomes more essential and challenging each year as our infrastructure, property, plant, and equipment totaling over \$160,000,000 ages. This budget proposes a cash funded CIP of \$9.85 million. When the grant funded projects discussed above are removed, the proposed ongoing CIP budget comes to \$3.35 million. Additionally, District staff has identified several larger projects it would like to consider funding by a debt issuance or with any additional grant opportunities that may arise over the next five years.

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In line with the District's policy of fiscal conservatism, revenues are projected at levels that do not rely on significant additional customer growth. Weather is one major factor that the District cannot predict nor plan for. Cool, rainy weather will generally negatively affect the District's revenues while warm, dry weather will often have the opposite effect. Consumption levels for the FY'26 budget are based on the previous 12 months' consumption with a moderate allowance for customer growth. Expenditures are projected at levels that aim to ensure effective operation of our crucial water and sewer operations while maintaining our current service levels.

The FY'26 operating and capital budgets seek to conservatively project our revenue and expenditure needs for the upcoming year considering the continued volatile and inflationary environment while minimizing rate increases to our customers. All of these unknowns have led to a need for greater flexibility as the District analyzes and adapts to changing environments and opportunities. Longer lead times, price volatility, and a difficult labor market have made it necessary to ensure the District is financially positioned to meet these challenges in the upcoming year and beyond.

## ***B. Organization Information***

Hilton Head PSD is a special purpose district created by the South Carolina General Assembly in 1969 to provide water and sewer services to Hilton Head Island. The PSD serves more than 19,700 customer accounts in the north- and mid-island areas of Hilton Head Island where many of the Island's full-time residents reside. The PSD can provide a maximum water demand of 12.5 million gallons a day (mgd) and experiences an average demand of 7 mgd which is provided through its Reverse Osmosis (RO) water treatment plant, Upper Floridan wells, Aquifer Storage and Recovery (ASR) well, and wholesale water which is purchased from Beaufort Jasper Water & Sewer Authority (BJWSA). In addition to its RO plant, ASR, and Upper Floridan wells, the PSD maintains over 260 miles of water distribution mains, 220 miles of sewer collection mains, 5 elevated storage tanks, 3 ground-level storage tanks, 1,500 hydrants, 126 sewer lift stations, 13,700 customer water meters, 500 customer Low Pressure Sewer (LPS) systems, and a 6.4 mgd tertiary-treatment, return activated sludge (RAS) recycled water wastewater treatment plant.

## ***C. Commission Directives***

The Hilton Head Public Service District Commission has directed staff to create O&M budgets and a CIP for FY'26. The following general standards are used in budget preparation:

1. General Rate Review – Rates, charges and fees underwent a comprehensive Cost of Service Analysis (COSA) as part of the FY'26 budgeting process to ensure rates are sufficient to provide revenues to meet the District's FY'26 operating expenses and debt coverage ratios.
2. Operating and Maintenance Budget – As defined in the District's Finance Policies, operating expenses excluding depreciation will not exceed operating revenues.
3. Efficiency – Continued efforts to improve District efficiency and employee productivity.



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**HiltonHeadPSD**  
FY'26 Budget

4. Staff Compensation – Is to be adequate compensation for responsibilities, recognize individual productivity and be competitive with the labor market.
5. Customer Service - Maintain or improve current Operations and Customer Service levels.
6. Adequate Cash Flow – Maintain a positive cash flow and resources to meet anticipated events and increase overall cash reserves.

**C. Condensed Schedule of Revenue, Expenses and Changes in Net Position, CIP Expenditures, and Cash Flow Projections**

	FY'26 Budget	FY'25 Projected	Variance (FY'25 Proj. to FY'26 Budget)		FY'25 Budget
			Increase (Decrease)	% Change	
Total Operating Revenue	\$ 17,063,300	\$ 16,071,600	\$ 991,700	6.2%	\$ 16,055,400
Total Operating Expenses with Depreciation	20,030,400	18,831,900	1,198,500	6.4%	18,627,900
<b>Change in Net Position from Operations</b>	<b>(2,967,100)</b>	<b>(2,760,300)</b>	<b>(206,800)</b>	<b>7.5%</b>	<b>(2,572,500)</b>
Total Non-Operating Revenue	5,053,400	5,290,200	(236,800)	-4.5%	4,233,200
Total Non-Operating Expenses	1,038,000	1,140,400	(102,400)	-9.0%	515,400
<b>Non-Operating Income/Expenses - Net</b>	<b>4,015,400</b>	<b>4,149,800</b>	<b>(134,400)</b>	<b>-3.2%</b>	<b>3,717,800</b>
Increase / Decrease in Net Position before Capital Contributions	1,048,300	1,389,500	(341,200)	-24.6%	1,145,300
Total Capital Contributions	6,770,000	6,211,700	558,300	9.0%	7,820,000
<b>Change in Net Position</b>	<b>\$ 7,818,300</b>	<b>\$ 7,601,200</b>	<b>\$ 217,100</b>	<b>2.9%</b>	<b>\$ 8,965,300</b>
<b>Total CIP Budget Cash Flow</b>	<b>(9,850,000)</b>	<b>(10,970,000)</b>	<b>1,120,000</b>	<b>-10.2%</b>	<b>(11,295,000)</b>
Add: Non Cash Depreciation Expense	5,550,000	5,422,500	127,500	2.4%	5,250,000
Less: Existing Debt Service Payments	(4,689,100)	(4,268,600)	(420,500)	9.9%	(3,853,000)
Add: Prior Year 2024A SRF GO Reimbursements		2,100,000			1,975,200
Other Debt Related Adjustments	993,000	1,125,900	(132,900)	-11.8%	515,400
FFA Assessments, net	413,000	162,000	251,000	154.9%	132,000
Total Non-CIP Other Cash Flow Adjustments	2,266,900	4,541,800			4,019,600
<b>Project. Change in Cash Flow before GO Debt changes</b>	<b>\$ 235,200</b>	<b>\$ 1,173,000</b>	<b>\$ (937,800)</b>	<b>-79.9%</b>	<b>\$ 1,689,900</b>
Less: Restricted Bond Interest Income	(327,000)	(536,700)			
Estimated Change in GO Restricted Cash	66,800	(118,200)			
<b>Projected Change in Unrestricted Cash Flow</b>	<b>\$ (25,000)</b>	<b>\$ 518,100</b>			<b>\$ 1,689,900</b>



## *D. Budget Highlights*

The FY'26 Budget highlights are:

1. Operating Revenues are budgeted at \$17,063,300 which is a \$991,700 or 6.2% increase from FY'25 projections. This increase is the result of proposed water and sewer rate increases and a small growth projection.
2. Operating Expenses are budgeted at \$20,030,400 which is a \$1,198,500 or 6.4% increase from FY'25 projections. Some key highlights include:
  - The staff level is budgeted at 44, which is an increase from the FY 25 budgeted level of 43.5. To address the challenging job market which has been intensified by the lack of workforce housing in our area, the budget includes a 4% merit pool as well as a one-time inflationary retention payment of \$2,000 per employee. Additionally, the State Health Plan enacted a 12.3% employer rate increase as of January 2025 and anticipates enacting another 3.9% employer rate increase in January 2026.
  - The District is in the final selection process for an asset management software package; the FY 2026 budget includes an allowance for one-time software implementation fees as well as ongoing maintenance fees.
  - Inflationary increases are anticipated in most areas with more significant increases anticipated in the following areas:
    - Purchased water is expected to significantly increase again in fiscal year 2026. The most current estimate of the increase at the time of budget preparation was 21%. However, it was noted that the final increase could be even higher.
    - The District has been notified that property, equipment, and business interruption insurance premiums will increase by 5%; tort insurance premiums will increase by 10%; automobile comprehensive and collision premiums will increase by 15%; and automobile liability insurance premiums will increase by 30%.
    - The District's electricity provider enacted a 6% rate increase effective January 2025.
    - The District was notified of additional forthcoming increases in its biosolids disposal rates but an estimate of the amount of the increase was not available at the time of budget preparation.
3. Non-Operating Revenues are budgeted at \$5,053,400 which is a \$236,800 or 4.5% decrease from FY'25 projections. This category primarily includes the District's GO Debt and Operations property tax levies as well as gains on asset sales, rental income, and tower lease income. The decrease to projections is primarily related to conservatively estimating interest income at 3.25%, which is lower than the 4.4% that the District is currently receiving. This ensures that the District does not overly rely on an unpredictable revenue

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FY'26 Budget

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source to fund its operations should market conditions deteriorate in the upcoming year. It also accounts for declining investible balances as the District spends down its GO bond proceeds. The decrease in interest income was partially offset by an increase in GO Debt property taxes to accommodate the debt service on the new 2024 GO debt issuances.

4. Non-Operating Expenses are budgeted at \$1,038,000 which is a \$102,400 or 9.0% decrease from FY'25 projections. This category relates to debt service and is based on current debt schedules and an anticipated FY'26 Front Foot Assessment (FFA) loan issuance.
5. Capital Contributions include capacity fee payments, capital grant income, and other capital contributions. The capacity fees are budgeted conservatively. The District does not budget in anticipation of any large development projects as the timing on these is often tenuous and unpredictable; until the fees are paid, there is no guarantee any anticipated project will occur as planned. The current year projections include the \$1 million BC ARPA allocation which is projected to be used in the current year on the Leg O Mutton Booster Pump and RO Generator projects in accordance with the terms of the allocation. The SCIIP Grant revenue is projected at \$5 million or 50% completion in the current year and 50% in the upcoming budget year. There may be timing differences as to when these funds are actually earned based on how quickly the construction contracts are able to progress on the projects. The 2026 budget also includes the \$1.5 million RIA State Grant for the Screw Pump replacement project. As noted previously, this budget does not attempt to project the SCDOT Bridge relocation project, but the project is anticipated to be recorded as a capital project with the offsetting reimbursements from the Beaufort County and the SCDOT reported in this line item. If any reimbursable funds are expended in the upcoming year, this is where they will be recorded.
6. Change in Net Position – The overall change in net position for FY'26 is budgeted at \$7,818,300 versus a projection of \$7,601,200 and a prior year budget of \$8,965,300. The large decrease to the prior year budget is mostly related to budgeting the SCDOT bridge project in FY 2025 which did not progress during 2025 as planned. As previously noted, this is not being budgeted in FY 2026 due to the continued uncertainty about the project timeline and the anticipated availability of reimbursement, which is expected to offset the majority, if not all, expenditures.
7. CIP Budget Cash Flow – The CIP budgeted cash flow for FY'26 is \$9,850,000 which is a \$1,120,000 or 10.2% decrease from the projected CIP cash flow of \$10,970,000. The FY'25 projected CIP cash flow is lower than the FY'25 budgeted CIP cash flow due to the carryover of FY'24 CIP projects less the \$1.5 million budgeted for the SCDOT bridge project which did not move forward in FY 2025. This budget anticipates that any budgeted CIP projects that are not completed at FY'25 year-end will be carried over into FY'26 for completion. This carryover is expected to be significant as District staff was notified when procuring several of the larger projects that lead times may extend past June 30, 2026.

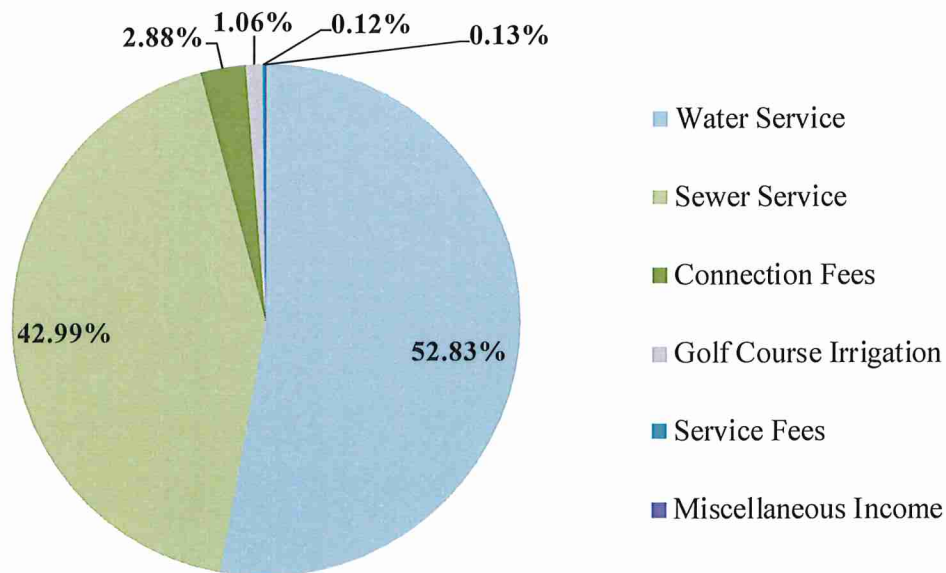


8. System Debt – Total anticipated FY'26 debt payments of \$4,689,100 consist of \$3,688,200 of principal and \$1,000,900 of interest (Interest expense is calculated on an accrual basis).
  
9. Unrestricted Cash Flow is projected to decrease approximately \$25,000 as a result of this budget after adjusting for restricted GO debt related items. The District is anticipating that the current FY'25 will result in an increase in unrestricted cash of approximately \$518,100 which will offset the projected FY'26 decrease. While the \$518,100 projected increase for FY 2025 is less than the \$1,689,900 budgeted increase, this is mainly related to timing of CIP project completion. The District carried forward \$1,175,000 of its FY'24 CIP into FY'25 for completion. It is likely that a similar large portion of FY'25 projects will also be carried forward into FY'26 due to continued long lead times.

**E. Operating Revenues**

The FY'26 budgeted operating revenues are listed below:

Operating Revenues	FY 2026	% Total
Water Service	\$ 9,014,900	52.83%
Sewer Service	7,334,900	42.99%
Connection Fees	490,800	2.88%
Golf Course Irrigation	180,300	1.06%
Service Fees	20,100	0.12%
Miscellaneous Income	22,300	0.13%
<b>Total Operating Revenues</b>	<b>\$ 17,063,300</b>	<b>100%</b>



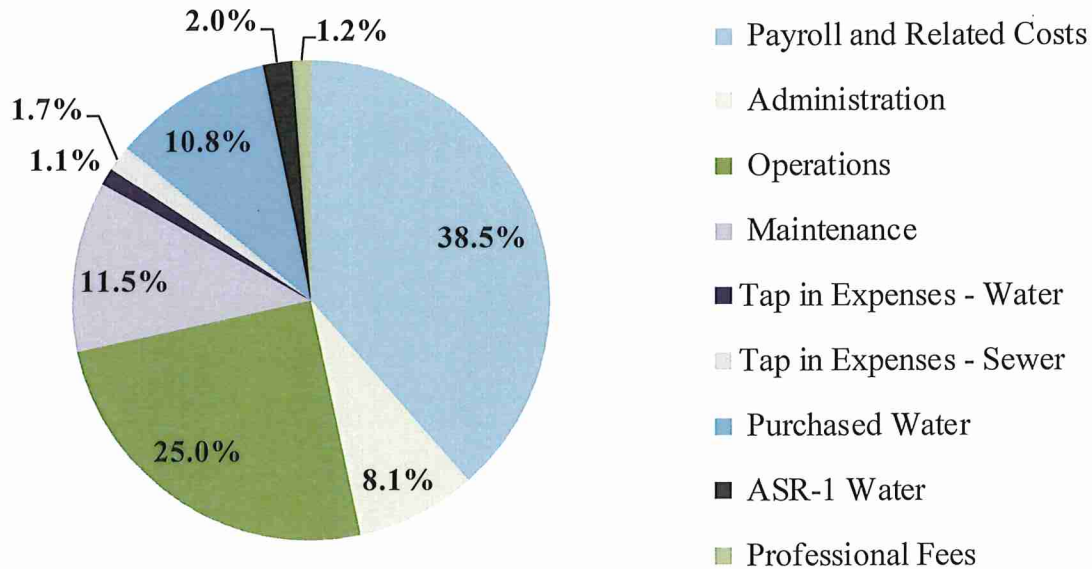
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**F. Operating Expenses**

The FY'26 operating expenses excluding depreciation are listed below:

Total Operating Expenses before Depreciation	FY 2026	% Total
Payroll and Related Costs	\$ 5,577,700	38.5%
Administration	1,176,600	8.1%
Operations	3,613,500	25.0%
Maintenance	1,665,900	11.5%
Tap in Expenses - Water	165,000	1.1%
Tap in Expenses - Sewer	252,000	1.7%
Purchased Water	1,562,200	10.8%
ASR-1 Water	290,500	2.0%
Professional Fees	177,000	1.2%
<b>Total Operating Expenses before Depreciation</b>	<b>\$ 14,480,400</b>	<b>100%</b>



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**HiltonHeadPSD**  
FY'26 Budget

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**G. Debt Service Coverage**

Bond covenants require that the District maintain and collect rates and charges that together with income are reasonably expected to yield annual net earnings equal to at least the sum of one hundred twenty percent (120%) of annual principal and interest requirements for all revenue bonds outstanding. As shown in the following table, the District's FY'26 budget is in compliance with the necessary requirement and estimated at 243%.

	<b>FY'25 Projected</b>	<b>FY'26 Budget</b>
Net Income (loss) before capital contributions per Financial Statements	\$ 1,389,500	\$ 1,048,300
Capacity Fees	211,700	270,000
Add: Depreciation	5,422,500	5,550,000
Amortization	209,200	-
Bond Issuance Cost	175,200	45,000
Interest Expense (Bonds)	752,700	993,000
Assessments - Debt Service	212,000	218,000
Less: Property Taxes – GO Debt Service	<u>(1,835,000)</u>	<u>(2,177,000)</u>
Net Earnings Available for Debt Service	6,537,800	5,947,300
Debt Service on Revenue Bonds	2,468,300	2,445,200
<b>Coverage of Debt Service by Net Earnings</b>	<b>265%</b>	<b>243%</b>
<b>Debt Coverage without Capacity Fees</b>	<b>256%</b>	<b>232%</b>

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**HiltonHeadPSD**  
FY'26 Budget

## H. Bond Debt Service

As of June 30, 2025, the District's total future debt service requirement is projected to be approximately \$49,403,000 including the estimated \$873,000 of additional Front Foot Assessment debt that is expected to be added during FY'26. The District completes a FFA debt issuance every three years as a part of its sewer connection financing program. For FY'26, the projected principal payments total \$3,688,202 while the projected interest payments are \$1,000,866 including the anticipated new FFA debt.

<b>Fiscal Year 2026 Debt Service</b>				
<u>Revenue Debt</u>	<u>Interest</u>	<u>Principal</u>	<u>Total P&amp;I</u>	<u>Revenue Source</u>
Series SRF 2014 B	15,881	145,466	161,347	User Fees
Series 2017A	7,111	34,822	41,933	FFA
Series 2020 B	121,424	2,085,000	2,206,424	User Fees/ FFA
Series 2023 FFA	8,529	17,000	25,529	FFA
<i>New Debt - Series 2026 FFA</i>	<i>10,000</i>	<i>-</i>	<i>10,000</i>	<i>FFA</i>
<b>Revenue Sub Total</b>	<b>162,945</b>	<b>2,282,288</b>	<b>2,445,233</b>	
<u>General Obligation Debt</u>				
Series 2020 GO Bonds	40,312	1,300,000	1,340,312	GO Funded
Series 2024B GO Bonds	744,600	-	744,600	GO Funded
Series 2024A GO SRF	53,009	105,914	158,923	GO Funded
<b>General Obligation Sub Total</b>	<b>837,921</b>	<b>1,405,914</b>	<b>2,243,835</b>	
<b>Total Principal &amp; Interest</b>	<b>\$ 1,000,866</b>	<b>\$ 3,688,202</b>	<b>\$ 4,689,068</b>	

<b>Future Debt Service as of June 30, 2025</b>				
<u>Revenue Debt</u>	<u>Interest</u>	<u>Principal</u>	<u>Total P&amp;I</u>	<u>Interest Rates</u>
Series SRF 2014 B	91,920	1,642,562	1,734,482	1.00%
Series 2017 A	29,197	264,333	293,529	2.69%
Series 2020 B	355,378	10,035,000	10,390,378	1.21%
Series 2023 FFA	49,765	205,528	255,294	4.15%
<i>New Debt - Series 2026 FFA</i>	<i>198,073</i>	<i>675,000</i>	<i>873,073</i>	<i>4.00%</i>
<b>Revenue Sub Total</b>	<b>724,333</b>	<b>12,822,423</b>	<b>13,546,756</b>	
<u>General Obligation Debt</u>				
Series 2020 GO Bonds	71,500	3,225,000	3,296,500	1.25%
Series 2024B GO Bonds	9,021,048	20,400,000	29,421,048	3.65%
Series 2024A GO SRF	574,942	2,563,795	3,138,737	2.10%
<b>General Obligation Sub Total</b>	<b>9,667,490</b>	<b>26,188,795</b>	<b>35,856,285</b>	
<b>Total Debt</b>	<b>\$ 10,391,822</b>	<b>\$ 39,011,218</b>	<b>\$ 49,403,040</b>	

\*\* FFA = Front Foot Assessment debt is repaid by affected properties on annual property tax bills.



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**Future Annual Debt Service Payments:**

Fiscal Year	Annual Debt Service Requirements		
	Revenue	GO	Total
2026	2,445,233	2,243,835	4,689,069
2027	2,501,927	2,282,586	4,784,513
2028	2,506,457	1,823,648	4,330,105
2029	2,225,623	1,831,004	4,056,627
2030	2,152,875	1,831,694	3,984,569
2031	300,732	1,832,106	2,132,838
2032	300,732	1,833,205	2,133,937
2033	258,799	1,833,916	2,092,716
2034	258,800	1,834,204	2,093,005
2035	258,799	1,835,032	2,093,832
2036	192,934	1,836,327	2,029,261
2037	71,923	1,837,016	1,908,939
2038	71,923	1,837,063	1,908,986
2039	-	1,838,430	1,838,430
2040	-	1,839,009	1,839,009
2041	-	1,840,763	1,840,763
2042	-	1,841,583	1,841,583
2043	-	1,842,431	1,842,431
2044	-	1,843,236	1,843,236
2045	-	119,192	119,192
	<b><u>\$13,546,756</u></b>	<b><u>\$35,856,285</u></b>	<b><u>\$49,403,040</u></b>

**Revenue Debt:**

**Series 2014 SRF** – On July 26, 2014, the District executed a loan with the South Carolina State Revolving Loan Fund (SRF) in the amount of \$2,925,430 at an interest rate of 1% per annum. The proceeds of this loan were used to pay the costs of constructing the Automated Metering Infrastructure project. Principal and interest of \$40,336.78 are payable quarterly beginning April 1, 2015 through January 1, 2036.

**Series 2017A Revenue Bond** - On August 25, 2017, the District issued \$515,000 of Series 2017A revenue bonds for purposes of funding sewer connections in certain previously unserved areas of the District. The bonds are an obligation of the District, bear interest at the rate of 2.69% per annum and are payable in annual principal and semi-annual interest payments of \$41,932.75 starting June 2018 through June 2032. This bond may be redeemed in whole after June 1, 2025. If interest rates fall below the level of this bond, staff may recommend redemption of this debt. The bonds are payable from revenues derived from operations of the District’s systems and are secured by a lien upon these revenues and the collection of annual assessments by the Beaufort County Treasurer to the owners in the areas that were connected over a 20-year period.

**Series 2020B Revenue Bonds** - On November 2, 2020, the District issued \$14,926,000 of Series 2020B revenue bonds for purposes of refunding the District's 2014 FFA, 2015A, 2015B, 2017B SRF, and 2020 FFA revenue bonds. The bonds are an obligation of the District and bear interest at the rate of 1.25% per annum. These bonds are due in semi-annual interest payments due beginning June 2021 and annual principal payments starting June 2022 through June 2030. The bonds are payable from revenues derived from operations of the District's systems and are secured by a lien upon these revenues and the collection of annual assessments to the owners in the areas that were connected over a 20-year period which will be collected by the Beaufort County Treasurer. The original purpose of the refunded bonds are as follows:

- 2014 FFA: Funding sewer connections in previously unserved areas.
- 2015A: Refunded previous bond issues used for the construction of the BJWSA Segment 3 wholesale water pipeline and backbone system, acquisition of utility systems, and front foot assessment bonds.
- 2015B: Refunded previous bond issues used for wastewater treatment plant expansions and upgrades, sewer lift stations, and front foot assessment bonds.
- 2017B SRF: Construction of new sewer lift stations.
- 2020 FFA: Funding sewer connections in previously unserved areas.

**Series 2023A Revenue Bond** - On February 26, 2023, the District issued \$235,000 of Series 2023A revenue bonds for purposes of funding sewer connections in certain previously unserved areas of the District. The bonds are an obligation of the District, bear interest at the rate of 4.15% per annum and are payable in annual principal and interest payments of \$26,529.36 starting June 2025 through June 2035. This bond may be redeemed in whole at any time. If interest rates fall below the level of this bond, staff may recommend redemption of this debt. The bonds are payable from revenues derived from operations of the District's systems and are secured by a lien upon these revenues and the collection of annual assessments to the owners in the areas that were connected over a 20-year period which will be collected by the Beaufort County Treasurer.

**General Obligation Debt:**

**Series 2020** - On November 2, 2020, the District issued \$9,910,000 of Series 2020 general obligation bonds for purposes of refunding the District's 2007, 2007 SRF, 2007 SIRF, 2009, 2010, and 2014 SRF general obligation bonds. The bonds bear interest at a rate of 1.26% per annum. These bonds are due in semi-annual interest payments due beginning May 2021 and annual principal payments starting May 2021 through May 2028. The original purpose of the refunded bonds are as follows:

- 2007: Constructing new water wells and the reverse osmosis plant.
- 2007 SRF: Constructing the new reverse osmosis plant.
- 2007 SIRF: Constructing new water wells.



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- 2009: Constructing new water wells and the reverse osmosis plant.
- 2010: Constructing the new aquifer storage and recovery well.
- 2014 SRF: Expanding the reverse osmosis plant, the Bluffton flyover water line relocation, and constructing the Windmill Harbor booster pump station.

**Series 2024A SRF GO** - On August 30, 2024, the District executed a loan with the South Carolina State Revolving Loan Fund (SRF) in the amount of \$2,589,929 at an interest rate of 2.1% per annum. The proceeds of this loan were used to pay engineering costs associated with the RO Water Treatment Plant Expansion from 4 MGD to 6 MGD, the construction of a second ASR, and the addition of the Leg O' Mutton booster pump station. Principal and interest of \$39,730.86 are payable quarterly beginning May 1, 2025 through February 1, 2045.

**Series 2024B GO Debt** – On November 5, 2024, the District issued \$20,400,000 of Series 2024B general obligation bonds for purposes of expanding the RO Water Treatment Plant from 4 MGD to 6 MGD, constructing a second ASR, adding the Leg O' Mutton booster pump station, replacement of all three screw pumps at the District's WWTP, and to defray the costs of other system improvements. The bonds bear interest at a rate of 3.65% per annum. These bonds are due in semi-annual interest payments due beginning May 2025 and annual principal payments starting May 2028 through May 2044.

**Proposed Revenue Debt:**

**Series 2026A Revenue Bonds** – The District issues revenue bonds every three years to reimburse itself for FFA sewer connection costs accumulated during that period. The last issuance occurred in February 2023; another will be needed in February 2026. For the purposes of the above table and the budget projections, an estimated total issuance amount of \$675,000 (which includes Old House Creek), a useful life of 12 years, and a projected interest rate of 4.0% has been used. Customers may continue to elect to finance their connections as a FFA through the remainder of 2025 and the Old House Creek project has not been officially accepted so this amount could be materially different depending on customer demand.

***I. Capital Improvement Plan (CIP)***

The CIP for FY'26 is divided into separate categories for ease of explanation. The categories are not ranked according to importance. Non-recurring, non-routine projects have been ranked in priority order. As a part of asset management planning, the projects in the FY'26 column have been identified which staff believes should be completed within the next 12 months. The Commission is only approving the FY'26 projects as a part of this budget. Years 2027 through 2030 are provided as a high-level guide of expected projects in upcoming years to aid in evaluation of the District's long-term financial position.

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Cash and Grant funded FY'26 projects total \$9,850,000 as follows:

<u>FY'26 CIP Rate/Cash Funded Projects</u>	
Wastewater Treatment Plant	\$ 740,000
Collection System	1,120,000
Distribution System	7,470,000
Facility & Equipment	520,000
<b>Total Rate Funded CIP Projects</b>	<b>\$ 9,850,000</b>

The FY'26 CIP plan also shows potential projects for which the District might seek debt financing or pursue any additional grant opportunities that come available during the upcoming five years.

## *J. Cash Flow, Operating Reserve Targets & Five-Year Projections*

Projected FY'25 overall cash flow is anticipated to increase by \$15,441,800 which is mainly related to the 2024 GO debt issuances; unrestricted cash flow is projected to increase \$518,100 from \$13,876,300 to \$14,394,400 when factoring in changes in the GO debt restricted cash. The FY'26 budget projects an overall cash decrease of \$9,764,800 which is also mainly related to the spend down of the 2024 GO debt issuance; unrestricted cash for FY'26 is projected to decrease by \$25,000 to \$14,369,400 as a result of this budget. The estimated changes in restricted GO cash are mainly related to the timing of the debt funded projects and may change significantly if the projects move faster or slower than anticipated.

This budget also includes an analysis of the unrestricted cash balance projected by this budget in relation to the District's Financial Policy regarding Unreserved and Reserved Funds. The projected unrestricted cash balance represents 362 days cash on hand which approximates the upper emergency reserve target of 12 months cash on hand. Further funding this unrestricted reserve in future years would represent progress towards the capital reserve target which would allow the District to fund larger capital projects on a cash basis instead of necessitating debt issuances.

A five-year projection based on FY'26 rates with no consideration of future rate increases and moderate growth projections shows the PSD remaining well over its 120 days cash on hand minimum and its 120% debt coverage requirement. The Commission is only approving the FY'26 budget at this time. Projections for years 2027 through 2030 are only provided to show a high-level review of the District's current expected long term financial position at currently proposed rates. Additionally, several larger CIP projects are listed in the cash CIP projections for years 2027 through 2030 which may be included as a part of a future debt issuance or grant opportunity instead of funded through cash.

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**HiltonHeadPSD**  
FY'26 Budget

## Statement of Revenues, Expenses, and Changes in Net Position FY'26 Operating & Maintenance Budget

	FY'26 Budget	FY'25 Projected	Variance (FY'25 Project. to FY'26 Budget)		FY'25 Budget
			Increase (Decrease)	% Change	
<b>TOTAL OPERATING REVENUES</b>					
Water Service	\$ 9,014,900	\$ 8,629,800	385,100	4.5%	\$ 8,618,900
Sewer Service	7,334,900	6,716,800	618,100	9.2%	6,700,700
Water Tap In Fees	220,800	226,900	(6,100)	-2.7%	187,800
Sewer Connection Fees	270,000	274,500	(4,500)	-1.6%	315,600
Golf Course Irrigation	180,300	181,800	(1,500)	-0.8%	185,000
Service Fees	20,100	19,900	200	1.0%	20,100
Miscellaneous Income	22,300	21,900	400	1.8%	27,300
<b>Total Operating Revenue</b>	<b>17,063,300</b>	<b>16,071,600</b>	<b>991,700</b>	<b>6.2%</b>	<b>16,055,400</b>
<b>OPERATING EXPENSES</b>					
<b>Payroll and Related Expenses</b>					
Salaries	3,739,200	3,450,000	289,200	8.4%	3,501,600
Commission Honorarium	81,000	80,100	900	1.1%	81,000
FICA	284,700	264,700	20,000	7.6%	271,000
Group Insurance	661,400	603,300	58,100	9.6%	652,800
Retirement	640,700	602,800	37,900	6.3%	615,500
Workman's Comp	45,300	44,200	1,100	2.5%	47,400
Training/Continuing Education	85,500	82,500	3,000	3.6%	78,000
Uniforms	39,900	38,900	1,000	2.6%	38,100
<b>Total Payroll and Related Expenses</b>	<b>5,577,700</b>	<b>5,166,500</b>	<b>411,200</b>	<b>8.0%</b>	<b>5,285,400</b>
<b>Administration</b>					
Bad Debts	12,600	12,100	500	4.1%	15,000
Bank/Bond Administration Fees	147,300	142,700	4,600	3.2%	138,000
Billing and Accounting	49,200	47,000	2,200	4.7%	53,700
Communications	153,300	150,200	3,100	2.1%	152,400
Dues and Subscriptions	22,200	21,100	1,100	5.2%	21,800
Insurance Other than Group or Vehicle	289,500	272,400	17,100	6.3%	284,700
License and Permits	69,800	63,700	6,100	9.6%	70,500
Office Supplies	28,500	27,600	900	3.3%	28,200
Computer Software and Supplies	180,000	138,000	42,000	30.4%	148,200
Personnel Support	30,000	29,300	700	2.4%	28,800
Postage	77,400	75,400	2,000	2.7%	78,000
Public Education	34,800	33,500	1,300	3.9%	35,700
Recruitment and Advertising	5,100	4,400	700	15.9%	12,000
Special Functions	25,000	24,200	800	3.3%	25,000
Utilities	51,900	49,400	2,500	5.1%	51,600
<b>Total Administration</b>	<b>1,176,600</b>	<b>1,091,000</b>	<b>85,600</b>	<b>7.8%</b>	<b>1,143,600</b>



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**HiltonHeadPSD**  
FY'26 Budget

	FY'26 Budget	FY'25 Projected	Variance (FY'25 Project. to FY'26 Budget)		FY'25 Budget
			Increase (Decrease)	% Change	
<b>Operations</b>					
Biosolids Disposal	507,000	483,600	23,400	4.8%	504,000
Operations Chemicals	1,206,800	1,168,100	38,700	3.3%	1,168,300
Lab Chemicals and Supplies	26,700	25,700	1,000	3.9%	31,100
Fuel, Power and Utility	1,555,600	1,485,100	70,500	4.7%	1,421,900
Other Supplies and Materials	21,600	21,000	600	2.9%	23,700
Quality Analysis	24,300	23,600	700	3.0%	18,000
Safety	40,500	39,400	1,100	2.8%	30,000
SCADA Communications (Alarms)	36,600	35,400	1,200	3.4%	43,200
Tools and Small Equipment	38,700	37,600	1,100	2.9%	35,300
Vehicle Fuel	88,500	85,900	2,600	3.0%	95,400
Vehicles Insurance	33,600	25,400	8,200	32.3%	26,000
Vehicle Maintenance	33,600	32,600	1,000	3.1%	30,000
<b>Total Operations</b>	<b>3,613,500</b>	<b>3,463,400</b>	<b>150,100</b>	<b>4.3%</b>	<b>3,426,900</b>
<b>Maintenance</b>					
ASR Maintenance	7,200	7,000	200	2.9%	4,800
Biosolids Maintenance	6,900	6,600	300	4.5%	4,800
Meter Device Maintenance	20,100	19,100	1,000	5.2%	20,100
Effluent System Maintenance	28,200	24,600	3,600	14.6%	32,400
Equipment Maintenance	41,100	39,200	1,900	4.8%	39,000
Facilities Maintenance	106,800	101,200	5,600	5.5%	105,600
Generator Maintenance	24,000	23,000	1,000	4.3%	24,600
Operations Grounds Maintenance	68,700	66,600	2,100	3.2%	69,900
Hydrant Maintenance	62,100	60,100	2,000	3.3%	79,200
Lift Station Maintenance	417,600	406,300	11,300	2.8%	400,500
Plant Maintenance - WWTP	97,200	112,500	(15,300)	-13.6%	76,500
RO Maintenance	102,300	96,700	5,600	5.8%	102,000
SCADA Maintenance	27,000	25,900	1,100	4.2%	34,200
Water System Maintenance	168,000	146,200	21,800	14.9%	168,000
Sewer System Maintenance	225,000	201,100	23,900	11.9%	225,000
Tower & Tank Maintenance	167,700	162,900	4,800	2.9%	164,100
Well Maintenance	96,000	27,200	68,800	252.9%	45,000
<b>Total Maintenance</b>	<b>1,665,900</b>	<b>1,526,200</b>	<b>139,700</b>	<b>9.2%</b>	<b>1,595,700</b>
<b>Tap in and Connection Expenses</b>					
Water Tap In Expenses	165,000	143,400	21,600	15.1%	141,000
Sewer Connection Expenses	252,000	253,100	(1,100)	-0.4%	297,600
<b>Total Connection Expenses</b>	<b>417,000</b>	<b>396,500</b>	<b>20,500</b>	<b>5.2%</b>	<b>438,600</b>
<b>Water Expenses</b>					
Purchased Water	1,562,200	1,335,200	227,000	17.0%	987,900
ASR Water	290,500	282,000	8,500	3.0%	285,300
<b>Total Water Expenses</b>	<b>1,852,700</b>	<b>1,617,200</b>	<b>235,500</b>	<b>14.6%</b>	<b>1,273,200</b>



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**HiltonHeadPSD**  
**FY'26 Budget**

	FY'26 Budget	FY'25 Projected	Variance (FY'25 Project. to FY'26 Budget)		FY'25 Budget
			Increase (Decrease)	% Change	
<b>Professional Fees</b>					
Professional Fees - Accounting	36,000	27,700	8,300	30.0%	30,600
Professional Fees - Engineering	81,000	37,500	43,500	116.0%	75,000
Professional Fees - Legal	36,000	27,800	8,200	29.5%	38,700
Professional Fees - Other	24,000	55,600	(31,600)	-56.8%	70,200
<b>Total Professional Fees</b>	<b>177,000</b>	<b>148,600</b>	<b>28,400</b>	<b>19.1%</b>	<b>214,500</b>
<b>Total Operating Expenses before Depreciation</b>	<b>14,480,400</b>	<b>13,409,400</b>	<b>1,071,000</b>	<b>8.0%</b>	<b>13,377,900</b>
<b>Operating Income before Depreciation</b>	<b>2,582,900</b>	<b>2,662,200</b>	<b>(79,300)</b>	<b>-3.0%</b>	<b>2,677,500</b>
Depreciation	5,550,000	5,422,500	127,500	2.4%	5,250,000
<b>Total Operating Expenses with Depreciation</b>	<b>20,030,400</b>	<b>18,831,900</b>	<b>1,198,500</b>	<b>6.4%</b>	<b>18,627,900</b>
<b>Change in Net Position from Operations</b>	<b>(2,967,100)</b>	<b>(2,760,300)</b>	<b>(206,800)</b>	<b>7.5%</b>	<b>(2,572,500)</b>
<b>Non-Operating Revenue</b>					
Property Taxes - GO Bond Levy	2,177,000	1,835,000	342,000	18.6%	1,763,100
Property Taxes - Operations Levy	1,361,000	1,340,800	20,200	1.5%	1,290,000
Gain on Disposition of Assets	15,000	23,300	(8,300)	-35.6%	15,000
Interest Income	717,000	1,299,700	(582,700)	-44.8%	390,000
Interest Income - Assessments	43,600	56,600	(13,000)	-23.0%	49,500
Rental Income	89,400	88,500	900	1.0%	88,400
Tower Lease Income	615,900	615,200	700	0.1%	605,100
Tower Lease Interest Income	34,500	31,100	3,400	10.9%	32,100
<b>Total Non-Operating Revenue</b>	<b>5,053,400</b>	<b>5,290,200</b>	<b>(236,800)</b>	<b>-4.5%</b>	<b>4,233,200</b>
<b>Non-Operating Expenses</b>					
Interest Expense - Vehicles	-	3,300	(3,300)	-100.0%	3,600
Interest Expense - Bonds	993,000	752,700	240,300	31.9%	260,100
Bond Defeasance Amortization	-	209,200	(209,200)	-100.0%	209,200
Bond Issuance Cost	45,000	175,200	(130,200)	-74.3%	42,500
<b>Total Non-Operating Expenses</b>	<b>1,038,000</b>	<b>1,140,400</b>	<b>(102,400)</b>	<b>-9.0%</b>	<b>515,400</b>
<b>Non-Operating Income/Expenses - Net</b>	<b>4,015,400</b>	<b>4,149,800</b>	<b>(134,400)</b>	<b>-3.2%</b>	<b>3,717,800</b>
<b>Increase / Decrease in Net Position</b>					
<b>before Capital Contributions</b>	<b>1,048,300</b>	<b>1,389,500</b>	<b>(341,200)</b>	<b>-24.6%</b>	<b>1,145,300</b>
<b>Capital Contributions</b>					
Sewer Capacity Fees	156,000	141,100	14,900	10.6%	156,000
Water Capacity Fees	114,000	70,600	43,400	61.5%	114,000
Capital Grant Income	6,500,000	6,000,000	500,000	8.3%	6,000,000
Capital Contributions	-	-	-	0.0%	1,550,000
<b>Total Capital Contributions</b>	<b>6,770,000</b>	<b>6,211,700</b>	<b>558,300</b>	<b>9.0%</b>	<b>7,820,000</b>
<b>Change in Net Position</b>	<b>\$ 7,818,300</b>	<b>\$ 7,601,200</b>	<b>\$ 217,100</b>	<b>2.9%</b>	<b>\$ 8,965,300</b>

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**HiltonHeadPSD**  
FY'26 Budget

## Operating Revenues

	Proposed		Variance		FY'25 Budget
	FY'26 Draft Budget	FY'25 Projected 8+4	Increase (Decrease)	% Change	
<b>TOTAL OPERATING REVENUES</b>					
1 Water Service	\$ 9,014,900	\$ 8,629,800	385,100	4.5%	\$8,618,900
2 Sewer Service	7,334,900	6,716,800	618,100	9.2%	6,700,700
3 Water Tap In Fees	220,800	226,900	(6,100)	-2.7%	187,800
4 Sewer Connection Fees	270,000	274,500	(4,500)	-1.6%	315,600
5 Golf Course Irrigation	180,300	181,800	(1,500)	-0.8%	185,000
6 Service Fees	20,100	19,900	200	1.0%	20,100
7 Miscellaneous Income	22,300	21,900	400	1.8%	27,300
<b>Total Operating Revenue</b>	<b>17,063,300</b>	<b>16,071,600</b>	<b>991,700</b>	<b>6.2%</b>	<b>16,055,400</b>

Operating revenues consist of water services, sewer services, connection fees, service fees, golf course irrigation, and miscellaneous income. The total operating revenues are budgeted at \$17,063,300. This budget includes the following volumetric rate, meter set fee, and hourly labor rate increases:

<b>Residential Water</b>	2025	2026	<b>Residential &amp; Commercial Sewer</b>	2025	2026
<b>Rates per 1,000 Gallons:</b>	Current	Revised Rate	<b>Rates per 1,000 Gallons:</b>	Current	Revised Rate
Block 1 - 0 to 10,000 Gal	1.58	1.69	Residential sewer usage is capped at	2.31	2.85
Block 2 - 10,001 to 20,000 Gal	2.24	2.37	10,000 gallons per month. There is		
Block 3 - 20,001 to 30,000 Gal	2.79	3.04	no cap on commercial sewer usage.		
Block 4 - All Over 30,000 Gal	3.72	4.06	<b>Meter Install Fees</b>	2025	2026
<b>Residential Irrigation</b>	2025	2026	<b>(Existing Service Line)</b>	Current	Revised Rate
<b>Rates per 1,000 Gallons:</b>	Current	Revised Rate	3/4" Meter	1,180.00	1,360.00
Block 1 - 0 to 10,000 Gal	2.24	2.37	1" Meter	1,500.00	1,840.00
Block 2 - 10,001 to 20,000 Gal	2.24	2.37	2" Meter and Backflow	3,440.00	4,110.00
Block 3 - 20,001 to 30,000 Gal	2.79	3.04	Any other size	Time & Materials	
Block 4 - All Over 30,000 Gal	3.72	4.06	<b>Meter Install Fees</b>	2025	2026
<b>Commercial Water &amp; Irrigation</b>	2025	2026	<b>(No Existing Service Line)*</b>	Current	Revised Rate
<b>Rates per 1,000 Gallons:</b>	Current	Revised Rate	3/4" Meter	1,390.00	1,620.00
Block 1 - 0 to 10,000 Gal	1.69	1.69	1" Meter	1,710.00	2,100.00
Block 2 - 10,001 to 20,000 Gal	2.24	2.37	Any other size	Time & Materials	
Block 3 - 20,001 to 30,000 Gal	2.79	3.04	* Greater of fee listed or Time & Materials		
Block 4 - All Over 30,000 Gal	3.72	4.06	<b>Hourly Labor Rate</b>	2025	2026
			for time and materials and for work	Current	Revised Rate
			performed for outside agencies	65.00	75.00

Major/selected variances are as follows:

1. Water Service revenues are based on the above rate changes, current customer counts, the rolling 12 months billed consumption as of February 2026 of approximately 1.970 billion gallons, and a growth component of 0.75%. This consumption estimate is one of the most variable estimates in this budget document. Weather patterns can greatly affect consumption due to irrigation demand. A particularly cool, rainy year could lead to the PSD missing budgeted numbers while a very dry, hot year could lead to us exceeding the numbers.

## Operating Revenues (continued)

2. Sewer Service revenues are based on the above rate changes, current customer counts, the rolling 12 months billed consumption as of February 2026 of approximately 1.095 billion gallons, and a growth component of 0.75%. While this number is also subject to fluctuation, it is not as negatively impacted by usage since irrigation-only customers are not charged sewer and residential customer usage is capped at 10,000 gallons a month.
3. Water Tap In Fees are budgeted at 120 connections at an estimated average tap in fee. Water tap in fees are partially offset by Water Tap In Expenses; the residual is estimated District employee labor cost recovery.
4. Sewer Connection Fees are budgeted at 120 connections at an estimated average connection cost and are offset by Sewer Connection Expenses less the \$150 connection fee.
5. Golf Course Irrigation is budgeted conservatively at its five-year average. While this revenue can be weather dependent, it is also dependent upon the operations of a small number of customers and, as such, can be highly variable depending on their management and operating practices.
6. Service Fees are budgeted at \$20,100 which is approximately the same level as the FY'25 projection. The customer service team continues to regularly communicate with non-payers to keep penalties down. This line item also contains miscellaneous fees such as reconnection fees, hydrant meter set fees, backflow inspection fees, and returned payment fees.
7. Miscellaneous Income is budgeted at \$22,300 and consists mostly of capital credits from the District's electricity provider.



# DRAFT

**HiltonHeadPSD**  
FY'26 Budget

## Payroll and Related Expenses

	Proposed		Variance		FY'25 Budget
	FY'26 Draft Budget	FY'25 Projected 8+4	Increase (Decrease)	% Change	
<b>Payroll</b>					
1 Salaries	3,739,200	3,450,000	289,200	8.4%	3,501,600
2 Commission Honorarium	81,000	80,100	900	1.1%	81,000
3 FICA	284,700	264,700	20,000	7.6%	271,000
4 Group Insurance	661,400	603,300	58,100	9.6%	652,800
5 Retirement	640,700	602,800	37,900	6.3%	615,500
6 Workman's Comp	45,300	44,200	1,100	2.5%	47,400
7 Training/Continuing Education	85,500	82,500	3,000	3.6%	78,000
8 Uniforms	39,900	38,900	1,000	2.6%	38,100
<b>Total Payroll</b>	<b>5,577,700</b>	<b>5,166,500</b>	<b>411,200</b>	<b>8.0%</b>	<b>5,285,400</b>

### *Line Item Definitions – Payroll and Related Expenses*

#### Payroll and Related Expenses

- |                                  |  |
|----------------------------------|--|
| 1. Salaries                      | Salaries, on-call, overtime, and goal payments for district employees as well as any payments for any temporary employee contract labor.                         |
| 2. Honorarium                    | Stipends paid to the commissioners.  |
| 3. FICA                          | FICA/Medicare is calculated at 7.65% of total projected salaries and Commission honorariums.   |
| 4. Group Insurance               | State Health Plan which includes a 12.3% employer rate increase effective January 2025 and an anticipated 3.9% employer rate increase effective January 2026.    |
| 5. Retirement                    | Retirement is calculated at 18.41% of total projected retirement eligible salaries.  |
| 6. Workman's Comp                | Based on expected premiums calculated by the state based on the prior calendar year's salary and claims.   |
| 7. Training/Continuing Education | Continuing education for entire staff (Seminars, Operator/ Technician Exams, GFOA, SEDA, WEF, AWWA, etc.) including travel, meals, lodging and associated costs. |
| 8. Uniforms                      | Shirts, pants, shorts, jackets, and caps.  |

## Proposed FY'26 Budget Variance Summary

### *Payroll and Related Costs:*

The budgeted FY'26 staffing level is 44 full time employees (FTEs) which is an increase of 0.5 FTEs from the FY'25 budgeted staffing level of 43.5 FTEs (which accommodated the mid fiscal year retirement of our Customer Service Supervisor). At the time of budget preparation, the current staff level is 42 FTEs. The District is planning to fill positions in the areas of operations field services. Given the current tight labor market and lack of workforce housing in the District's service area, staff believes it is important to budget in a way that allows staff to be flexible to attract and retain talent in this competitive and changing employment market. Given this, this budget only anticipates minimal vacancy allowances to allow the District to reach this full level should opportunities arise. Only including minimal vacancy allowances also shows what the projected level of staffing is anticipated to cost going forward. There may be savings to budget in this area should recruitment take time. The District staff always endeavors to take the appropriate time to select candidates that fit with the District's needs when hiring employees as opposed to simply filling a position within a given time frame. Board compensation is also included in this category. The total budget for payroll and related costs is \$5,577,700 reflecting a \$411,200 increase compared to the FY'25 projections. Selected/major variances are as follows:

1. Salaries for the FY'26 budget are \$3,739,200. This is a \$289,200 increase compared to the FY'25 projection of \$3,450,000 and a \$237,600 increase compared to the FY'25 budget. For FY'26, there is a proposed 4.0% merit pool available for increases. Staff is not guaranteed to receive a salary rate adjustment; salary rate adjustments are merit based and are determined on an individual basis. In consideration of the continued elevated housing market, tight labor market, and continued inflationary environment, this budget also contains a one-time inflationary retention payment to all District Employees of \$2,000. One-time payments are not subject to the SC retirement system (SCRS) contributions, thereby allowing employees to take home a greater percentage of this type of payment. The salaries line item also includes anticipated overtime and on call compensation which can vary based on customer after hour calls and disaster related events.
3. & 5. FICA and Retirement are based upon the Salaries line item with FICA due at 7.65% of wages and retirement at 18.41% of wages. The SCRS has not indicated that there will be any increase to the required employer contribution rate for FY 2026.
4. Group insurance for the FY'26 budget is \$661,400. This is a \$58,100 increase compared to the FY'25 projection of \$603,300. The SC Public Employee Benefit Authority enacted a 12.3% employer rate increase in January 2025 and the District has been notified of an additional anticipated 3.9% employer rate increase that is expected beginning January 2026.

# DRAFT

**HiltonHeadPSD**  
FY'26 Budget

## Administration Expenses

	Proposed		Variance		FY'25 Budget
	FY'26 Draft Budget	FY'25 Projected 8+4	Increase (Decrease)	% Change	
<b>Administration</b>					
9 Bad Debts	12,600	12,100	500	4.1%	15,000
10 Bank/Bond Administration Fees	147,300	142,700	4,600	3.2%	138,000
11 Billing and Accounting	49,200	47,000	2,200	4.7%	53,700
12 Communications	153,300	150,200	3,100	2.1%	152,400
13 Dues and Subscriptions	22,200	21,100	1,100	5.2%	21,800
14 Insurance Other than Group or Vehicle	289,500	272,400	17,100	6.3%	284,700
15 License and Permits	69,800	63,700	6,100	9.6%	70,500
16 Office Supplies	28,500	27,600	900	3.3%	28,200
17 Computer Software and Supplies	180,000	138,000	42,000	30.4%	148,200
18 Personnel Support	30,000	29,300	700	2.4%	28,800
19 Postage	77,400	75,400	2,000	2.7%	78,000
20 Public Education	34,800	33,500	1,300	3.9%	35,700
21 Recruitment and Advertising	5,100	4,400	700	15.9%	12,000
22 Special Functions	25,000	24,200	800	3.3%	25,000
23 Utilities	51,900	49,400	2,500	5.1%	51,600
<b>Total Administration</b>	<b>1,176,600</b>	<b>1,091,000</b>	<b>85,600</b>	<b>7.8%</b>	<b>1,143,600</b>

### *Line Item Definitions – Administration Expenses*

- |   |   |
|---|---|
| 9. Bad Debts                              | Write off of un-collectible receivables.  |
| 10. Bank/Bond Administration Fees         | Monthly fees for credit card processing and maintaining operating and trust accounts.   |
| 11. Billing and Accounting                | Monthly fees associated with producing customer statements, lockbox processing fees, e-box processing fees, and printing forms.             |
| 12. Communications                        | Telephone lines, answering service, cell phones, tablets, radios, cable, internet, etc.   |
| 13. Dues and Subscriptions                | Yearly dues for professional industry organizations (i.e. AWWA, GFOA, SCRWA, WEASC, WEF, etc.).   |
| 14. Insurance Other than Group or Vehicle | General Tort Liability, Building and Property, Surety Bond, Data Processing, Cyber Insurance, Inland Marine, Business Interruption.         |
| 15. Licenses and Permits                  | SC DHEC Fees, Lab License, Property Tax Fees, Staff License renewals.   |
| 16. Office Supplies                       | Includes all office supplies needed for administrative operations such as pens, paper, ink, and minor furniture such as chair replacements. |



## *Line Item Definitions – Administration Expenses (continued)*

- |                                    |   |
|------------------------------------|---|
| 17. Computer Software and Supplies | Software and hardware upgrades, annual accounting/AMI/GIS software maintenance fees, computer supplies, computer repairs, etc.  |
| 18. Personnel Support              | Annual health screening, flu shots, DOT physicals, kitchen supplies, community room supplies, etc. as well as meals, lodging, personal vehicle mileage reimbursement using Federal guidance, and miscellaneous expenses to attend meetings other than training and continuing education; i.e. meetings with SCDES, etc. |
| 19. Postage                        | Postage for mailing monthly statements and customer communications, shipping charges, postage meter lease and supplies.   |
| 20. Public Education               | Customer newsletters and outreach, public notices, emergency notices, annual report, etc.   |
| 21. Recruitment and Advertising    | Costs such as newspaper and online advertising, travel and per diems for replacement of vacant positions and legal noticing.  |
| 22. Special Functions              | Special events, staff meetings, commission meetings and reimbursable expenses, costs of Commission elections as required by state law, and community support.   |
| 23. Utilities                      | Electricity, water, sewer, for the Administration building.   |

## **Proposed FY'26 Budget Variance Summary**

### *Administration Expense:*

This category covers those items necessary to handle the administration of the day-to-day operations. Such items as insurance other than group health insurance, computer software, utilities, public education, billing and accounting are included. The total budget for administration is \$1,176,600 reflecting a \$85,600 increase compared to the FY'25 projections. Major/selected variances are as follows:

## **Proposed FY'26 Budget Variance Summary (Continued)**

### *Administration Expense (continued):*

14. Insurance other than group or vehicle is budgeted at \$289,500 for FY'26 which is a \$17,100 increase from the FY'25 projections. The SC insurance reserve fund (IRF) anticipates a 5% increase in property, equipment, and business interruption insurance premiums and a 10% increase tort insurance premiums.
  
17. Computer software and supplies is budgeted at \$180,000 which is a \$42,000 increase from the FY'25 projections. This includes an allowance for annual software maintenance fees and one-time initial implementation and training for a new asset management software package. The District's asset management specialist is in the final stages of software selection and anticipates implementing the new software package in FY 2026.

# DRAFT

**HiltonHeadPSD**  
FY'26 Budget

## Operations Expenses

	Proposed		Variance		FY'25 Budget
	FY'26 Draft Budget	FY'25 Projected 8+4	Increase (Decrease)	% Change	
<b>Operations</b>					
24 Biosolids Disposal	507,000	483,600	23,400	4.8%	504,000
25 Operations Chemicals	1,206,800	1,168,100	38,700	3.3%	1,168,300
26 Lab Chemicals and Supplies	26,700	25,700	1,000	3.9%	31,100
27 Fuel, Power and Utility	1,555,600	1,485,100	70,500	4.7%	1,421,900
28 Other Supplies and Materials	21,600	21,000	600	2.9%	23,700
29 Quality Analysis	24,300	23,600	700	3.0%	18,000
30 Safety	40,500	39,400	1,100	2.8%	30,000
31 SCADA Communications (Alarms)	36,600	35,400	1,200	3.4%	43,200
32 Tools and Small Equipment	38,700	37,600	1,100	2.9%	35,300
33 Vehicle Fuel	88,500	85,900	2,600	3.0%	95,400
34 Vehicles Insurance	33,600	25,400	8,200	32.3%	26,000
35 Vehicle Maintenance	33,600	32,600	1,000	3.1%	30,000
<b>Total Operations</b>	<b>3,613,500</b>	<b>3,463,400</b>	<b>150,100</b>	<b>4.3%</b>	<b>3,426,900</b>

### *Line Item Definitions – Operations Expenses*

- |                                   |  |
|-----------------------------------|--|
| 24. Biosolids Disposal            | Hauling and disposal of sludge.  |
| 25. Operations Chemicals          | Sodium hypochlorite, granular chlorine, ammonia, re-agent pillows, lime, sulfur dioxide, polymers, degreasers.   |
| 26. Lab Chemicals and Supplies    | Chemicals and supplies, such as beakers, stirrers, sample bottles, culture cups, colored buffers, chemical standards for quality analysis use, forceps, filters, rubber gloves, etc., necessary for laboratory operations and water quality testing.   |
| 27. Fuel, Power and Utility       | Electricity, diesel, propane, and water for treatment plants, wells, lift stations, RO Plant, ASR, etc.  |
| 28. Other Supplies and Materials  | Miscellaneous operating expense items such as batteries, marking paint, tape, cleaner, etc.  |
| 29. Quality Analysis              | Quality analysis testing.  |
| 30. Safety                        | Mandatory staff meetings on topics such as forklift safety, lock-out/tag-out safety, driver safety, etc. Also, sanitation products, personal protection equipment (PPE) such as safety glasses, vests, boots, gloves, etc. and worksite safety equipment such as traffic cones, barricades, flashers, etc. |
| 31. SCADA Communications (Alarms) | Monthly cost of network service for SCADA (Supervisory Control and Data Acquisitions System) communications equipment.   |

## *Line Item Definitions – Operations Expenses (continued)*

- |                               |  |
|-------------------------------|--|
| 32. Tools and Small Equipment | Shovels, water meter pit pumps, flags, locator probes, manhole pullers, PVC pipe saws, miscellaneous hand tools (wrenches, screw drivers, pliers, etc.) and miscellaneous power tools (cordless drills, cut-off saws, rechargeable flashlights, etc.) under \$5,000.00.              |
| 33. Fuel – Vehicles           | Gasoline and diesel fuel for PSD's fleet of vehicles.  |
| 34. Insurance – Vehicles      | Liability, collision and comprehensive insurance for fleet vehicles.   |
| 35. Vehicle Maintenance       | Repairs to fleet vehicles such as oil changes, brakes, tires, batteries, windshield wipers, tire rotation, belts, fuel filters, alternators, water pumps, wheel alignment, major tune-ups, diesel injectors, engine and transmission repairs as well as vehicle management expenses. |

## **Proposed FY'26 Budget Variance Summary**

This category covers the direct costs of operating the water distribution system, sewage collection system, wastewater treatment plant, and vehicle fleet. Such items as bio-solids disposal, chemicals, power, and lab support are included. The total budget for operations is \$3,613,500 reflecting a \$150,100 increase compared to the FY'25 projections. Major/selected variances include:

25. Biosolids disposal is budgeted at \$507,000 for FY'26 which is a \$23,400 increase from the FY'25 projection of \$483,600 to allow for continued anticipated landfill rate increases.
26. Operations chemicals are budgeted at \$1,206,800 for FY'26. This is a \$38,700 increase from the FY'25 projection of \$1,168,100. While inflation on chemicals slowed from the double-digit levels seen in prior years, chemical costs have continued to see smaller inflationary increases.
27. Fuel, power, and utility are budgeted at \$1,555,600 for FY'26 which is a \$70,500 increase from FY'25 projections of \$1,485,100 and incorporates the anticipated effects of the approximately 6.0% rate increase enacted by Palmetto Electric Cooperative (PEC) effective January 2025. At the time of budget preparation, PEC did not have an estimate of whether there would be a further rate increase during the upcoming 2026 fiscal year. As this is such a large expense for the District, a rate increase here could significantly increase this line item should another increase be enacted during the upcoming fiscal year.



# DRAFT

**HiltonHeadPSD**  
FY'26 Budget

**Operations Expense (continued):**

34. Vehicle Insurance is budgeted at \$33,600 which is an \$8,200 or 32.3% increase from the FY'25 projection of \$25,400. The SC Insurance Reserve fund notified the District of a 15% automobile comprehensive and collision premiums increase and a 30% automobile liability insurance premiums increase. Additionally, the budget allows for insurance on an additional fleet vehicle to accommodate the additional operational staff member budgeted.

### Maintenance Expenses

	Proposed	FY'25 Projected 8+4	Variance		FY'25 Budget
	FY'26 Draft Budget		Increase (Decrease)	% Change	
<b>Maintenance</b>					
36 ASR Maintenance	7,200	7,000	200	2.9%	4,800
37 Biosolids Maintenance	6,900	6,600	300	4.5%	4,800
38 Meter Device Maintenance	20,100	19,100	1,000	5.2%	20,100
39 Effluent System Maintenance	28,200	24,600	3,600	14.6%	32,400
40 Equipment Maintenance	41,100	39,200	1,900	4.8%	39,000
41 Facilities Maintenance	106,800	101,200	5,600	5.5%	105,600
42 Generator Maintenance	24,000	23,000	1,000	4.3%	24,600
43 Hydrant Maintenance	62,100	60,100	2,000	3.3%	79,200
44 Operations Grounds Maintenance	68,700	66,600	2,100	3.2%	69,900
45 Lift Station Maintenance	417,600	406,300	11,300	2.8%	400,500
46 Plant Maintenance - WWTP	97,200	112,500	(15,300)	-13.6%	76,500
47 RO Maintenance	102,300	96,700	5,600	5.8%	102,000
48 SCADA Maintenance	27,000	25,900	1,100	4.2%	34,200
49 Water System Maintenance	168,000	146,200	21,800	14.9%	168,000
50 Sewer System Maintenance	225,000	201,100	23,900	11.9%	225,000
51 Tower & Tank Maintenance	167,700	162,900	4,800	2.9%	164,100
52 Well Maintenance	96,000	27,200	68,800	252.9%	45,000
<b>Total Maintenance</b>	<b>1,665,900</b>	<b>1,526,200</b>	<b>139,700</b>	<b>9.2%</b>	<b>1,595,700</b>

### *Line Item Definitions –Maintenance Expenses*

- |                                 |  |
|---------------------------------|--|
| 36. ASR Maintenance             | Repairs and preventative maintenance for the ASR wells.  |
| 37. Biosolids Maintenance       | Repairs and preventative maintenance for the centrifuge, conveyor system, polymer system, and motor control system.  |
| 38. Meter Device Maintenance    | Repair and/or replacement of meter boxes/lids, touch readers, smartpoints, damaged meters, base stations and antennas.   |
| 39. Effluent System Maintenance | Repairs and preventative maintenance to the effluent system.   |
| 40. Equipment Maintenance       | Repairs and preventative maintenance for operation equipment such as forklifts, bush hogs, sewer cleaning machines, leak detection equipment, lateral and main cameras, etc. |

## *Line Item Definitions – Maintenance Expenses (continued)*

- |                                      |   |
|--------------------------------------|---|
| 41. Facilities Maintenance           | Administrative building landscaping services, pest control, air conditioner service, dumpster disposal, janitorial supplies and services, and building repairs and maintenance.   |
| 42. Generator Maintenance            | Repairs and preventative maintenance to the administration building, WWTP, wells, and lift station emergency generators.  |
| 43. Hydrant Maintenance              | Repairs, testing, and preventative maintenance for hydrants.  |
| 44. Operations - Grounds Maintenance | Contracted landscaping services at lift stations, wells, RO plant, WWTP, etc.   |
| 45. Lift Station Maintenance         | Trouble shooting, repairs, and preventative maintenance at lift stations (pumps, electrical, float switches, etc.) and customer LPS systems.  |
| 46. Plant Maintenance - WWTP         | Repairs and preventative maintenance on filter blowers, digester blowers, aeration blowers, equalization basin blowers, screw pumps, WWTP buildings, etc.   |
| 47. RO Maintenance                   | Repairs and preventative maintenance at the RO facility and wells.  |
| 48. SCADA Maintenance                | Repairs, replacements, and maintenance of SCADA system including level indicators, radios, & antennas.  |
| 49. Water System Maintenance         | Material, such as pipe, flanges, repair sleeves and clamps and contracted services to effect repairs to broken water lines including sod replacement, road and driveway repairs, and replacing asphalt.   |
| 50. Sewer System Maintenance         | Material, such as pipe, flanges, repair sleeves and clamps and contracted services to effect repairs to broken sewer lines including sod replacement, road and driveway repairs, and replacing asphalt. Also includes sewer cleaning and camera work. |
| 51. Tower & Tank Maintenance         | Contracted maintenance for water towers at Union Cemetery, Pembroke, Seabrook, Marshland, and Wild Horse roads and ground storage tanks at Leg O Mutton, Ashmore, and Northpointe Circle.   |
| 52. Well Maintenance                 | Materials and services to repair chlorinators, thermal valves, pumps, motors, and meters. Also includes infrared and vibration analysis.  |

## Proposed FY'26 Budget Variance Summary

### *Maintenance:*

This category covers preventative maintenance and emergency repairs to water and sewer mains, ASR wells, RO system, generators, pump stations, wells, elevated water tanks, ground storage tanks and the wastewater treatment plant that do not meet the District's property, plant, and equipment capitalization policy. Items greater than \$5,000 which extend the useful life of the asset are capitalized and included in the CIP budget. The total FY'26 budget is \$1,665,900 reflecting a \$139,700 increase compared to the FY'25 projections.

**Note:** Many of the maintenance expense items can fluctuate significantly from year to year making them difficult to estimate. Depending on line item specific factors, budgeted amounts have been estimated utilizing future expectations and/or incremental budgeting (Using a previous period's budget or actual performance as a basis with incremental amounts adjusted for the new budget period). This area should also be considered in conjunction with the System Rehab line items on the CIP budget as that is where repairs and replacements that meet the District's capitalization threshold (i.e. are over \$5,000 and extend the useful life of an asset) are reported.

Major/selected variances include:

39. Plant Maintenance is budgeted at \$97,200 for FY'26 which is a decrease of \$15,300 from FY'25 projections. Discussions with operations management and a review of five-year history indicate that this is a reasonable budget amount for this line item.
49. Water System Maintenance is budgeted at \$168,000 for FY'26 which is a \$21,800 increase from the FY'25 projection of \$146,200. Discussions with operations management and a review of five-year history indicate that this is a reasonable budget amount for this line item.
50. Sewer System Maintenance is budgeted at \$225,000 for FY'26 which is a \$23,900 increase from the FY'25 projection of \$201,100. Discussions with operations management and a review of five-year history indicate that this is a reasonable budget amount for this line item.
52. Well Maintenance is budgeted at \$96,000 for FY'26 which is a \$68,800 increase from the FY'25 projection of \$27,200. This includes an allowance to begin the process of capping off and demolishing some of the District's well sites and housing that have been affected by saltwater intrusion and which management believes will not be returned to service at a future date.



## Tap in and Water Expenses

	<u>Proposed</u>	<u>FY'25</u>	<u>Variance</u>	<u>%</u>	<u>FY'25</u>
	<u>Draft Budget</u>	<u>Projected 8+4</u>	<u>Increase</u>	<u>Change</u>	<u>Budget</u>
			<u>(Decrease)</u>		
<b>Tap in and Connection Expenses</b>					
53 Water Tap In Expenses	165,000	143,400	21,600	15.1%	141,000
54 Sewer Connection Expenses	252,000	253,100	(1,100)	-0.4%	297,600
<b>Total Connection Expenses</b>	<b>417,000</b>	<b>396,500</b>	<b>20,500</b>	<b>5.2%</b>	<b>438,600</b>
<b>Water Expenses</b>					
55 Purchased Water	1,562,200	1,335,200	227,000	17.0%	987,900
56 ASR Water	290,500	282,000	8,500	3.0%	285,300
<b>Total Water Expenses</b>	<b>1,852,700</b>	<b>1,617,200</b>	<b>235,500</b>	<b>14.6%</b>	<b>1,273,200</b>

### *Line Item Definitions – Tap in and Water Expenses*

- |                                 |  |
|---------------------------------|--|
| 53. Tap-in Expenses - Water     | Water meters, meter boxes, tapping saddles, brass ball valves, curb stop and corporation stop, brass and cut-off valves. These materials expenses are offset by Water Tap In Fees. |
| 54. Connection Expenses – Sewer | Expenses associated with sewer connections which are offset by Sewer Connection Fees.  |
| 55. Purchased Water             | Water that is purchased from BJWSA.  |
| 56. ASR Water                   | Water withdrawn from the ASR well valued at the off-peak rate from BJWSA.  |

## Proposed FY'26 Budget Variance Summary

### *Tap in and Water Expenses:*

- 53/54. Tap in/connection expenses are budgeted based on a conservative estimate of new connections. They are offset by connection/inspection fee revenue. The difference between water tap in revenues and expenses is related to staff labor. The difference between sewer connection revenues and expenses are sewer connection fees.
- 55/56. Purchased Water / ASR Water – Purchased Water expense has been budgeted at \$1,562,200, a \$227,000 increase from FY'25 projections. ASR water has been budgeted at \$290,500, an \$8,500 increase from FY'25 projections.

## Proposed FY'26 Budget Variance Summary

### *Tap in and Water Expenses: (continued)*

55/56. Water Expenses for FY'26 consist of two line items: Purchased Water Expense and ASR Water Expense. Purchased water expense consists of water that is purchased from BJWSA and not used to fill the ASR. ASR water expense is for water that has been drawn out of the ASR well for sale to customers. Purchased water can also be affected by periods of down time at the RO Plant or Wells.

The current wholesale rate charged by BJWSA is \$2.71 per thousand gallons of water purchased during peak periods. BJWSA has notified the PSD that its cost of service model shows that a significant rate increase is necessary to fully cover the cost of providing water to the District. At the time of budget preparation, a rate of slightly higher than \$3.27 was the best available estimate that could be provided. This budget anticipates a 22% increase which would equate to a wholesale rate of \$3.30. Should the actual increase be higher, the District could exceed the budget in this area.

Additionally, the PSD had unanticipated downtime at its RO Plant during the first half of FY 2025 due to emergency repairs which resulted in 55 million gallons more water purchased than the previous year. Staff anticipates that there will be some downtime at the RO Plant during FY 2026 due to the SCIP RO Expansion project and has left 30 million gallons of the 55 extra gallons used in FY 2025 in the budget to accommodate this. The actual amount of downtime is unknown and will depend on how the project progresses, which could result in this line item coming in higher or lower than budgeted.

The off-peak rate for FY'25 (generally October through February) is \$1.10 cents per 1,000 gallons of water purchased in excess of contracted requirements. The off-peak rate is currently adjusted annually based on the July Consumer Price Index and BJWSA will provide 60 days' notice of their intent to adjust the rates. ASR Water is valued at the off-peak rate and a 3.0% increase has been anticipated as a part of this budget which estimates the new off-peak rate at \$1.13. Staff is currently working with a rate consultant and BJWSA to discuss changes to its peak and off-peak rates and contract terms. While there have been discussions about changes to the methodology of calculating the off-peak rate, there was not enough information at the time of budget preparation to incorporate any potential changes.

# DRAFT

**HiltonHeadPSD**  
FY'26 Budget

## Professional Fees and Depreciation Expense

	Proposed FY'26 <u>Draft Budget</u>	FY'25 Projected 8+4	<u>Variance</u> Increase (Decrease)	%	FY'25 <u>Budget</u>
				<u>Change</u>	
<b>Professional Fees</b>					
57 Professional Fees - Accounting	36,000	27,700	8,300	30.0%	30,600
58 Professional Fees - Engineering	81,000	37,500	43,500	116.0%	75,000
59 Professional Fees - Legal	36,000	27,800	8,200	29.5%	38,700
60 Professional Fees - Other	24,000	55,600	(31,600)	-56.8%	70,200
<b>Total Professional Fees</b>	<u>177,000</u>	<u>148,600</u>	<u>28,400</u>	19.1%	<u>214,500</u>
<b>Total Operating Expenses</b>	<u>14,480,400</u>	<u>13,409,400</u>	<u>1,071,000</u>	8.0%	<u>13,377,900</u>
<b>Operating Income before Depreciation</b>	<u>2,582,900</u>	<u>2,662,200</u>	<u>(79,300)</u>	-3.0%	<u>2,677,500</u>
61 Depreciation	5,550,000	5,422,500	127,500	2.4%	5,250,000
<b>Total Operating Expenses with Depreciation</b>	<u>20,030,400</u>	<u>18,831,900</u>	<u>1,198,500</u>	6.4%	<u>18,627,900</u>
<b>Change in Net Assets from Operations</b>	<u>(2,967,100)</u>	<u>(2,760,300)</u>	<u>(206,800)</u>	7.5%	<u>(2,572,500)</u>

### *Line Item Definitions – Professional Fees and Depreciation*

57. Professional Fees - Accounting	Annual audit and financial consultant fees.
58. Professional Fees - Engineering	Professional engineering services.
59. Professional Fees - Legal	General counsel/labor law/contract issues.
60. Professional Fees - Other	Various miscellaneous studies and consulting.
61. Depreciation	An allocation of the useful life of capital purchases.

### **Proposed FY'26 Budget Variance Summary**

***Professional Fees:***

This category covers fees paid to professionals for legal, accounting, engineering, and other consulting assistance in the operation and administration of the District. The total FY'26 budget of \$177,000 reflects a \$28,400 increase compared to the FY'25 projections. Major/selected variances include:



## Proposed FY'26 Budget Variance Summary

### *Professional Fees (continued):*

57. Professional fees accounting is budgeted at expected annual audit and financial consulting needs which includes an increase for FY'26 due to the need for a single audit related to spending over \$750,000 of federal funds under the SCIIP Grant and BC ARPA allocations in FY'25.
58. Professional fees engineering is budgeted at \$81,000 for FY'26 in anticipation of continued developer work, capital project studies, and other miscellaneous consulting needs.
59. Professional fees legal is budgeted at \$36,000 in consideration of SCIIP, ARPA, SCDOT, other infrastructure funding, and/or future water supply legal needs.
60. Professional fees other is budgeted at \$24,000 which is lower than FY'25 projections. The FY'25 projection includes the rate consulting study with BJWSA on purchased water rates and assistance with the application for the SC RIA State Grant. FY'26 includes an allowance for miscellaneous items such as additional rate consulting and assistance with any new grant opportunities that might come available.

### *Depreciation:*

This category covers depreciation of the District's water and sewer systems as well as buildings and support equipment. Although this is a non-cash item, it is an expense to the District. Staff has performed an analysis of depreciation expense including a review of expected additions and assets reaching the end of their depreciable lives. The total budgeted depreciation for FY'26 is \$5,550,000, which is an increase of \$127,500 from the FY'25 projections based on staff's projection of anticipated depreciation on capital additions.

# DRAFT

**HiltonHeadPSD**  
FY'26 Budget

## Non-Operating Revenue

Non-Operating Revenue	Proposed		Variance		FY'25 Budget
	FY'26 Draft Budget	FY'25 Projected 8+4	Increase (Decrease)	% Change	
62 Property Taxes - GO Bond Levy	2,177,000	1,835,000	342,000	18.6%	1,763,100
63 Property Taxes - Operations Levy	1,361,000	1,340,800	20,200	1.5%	1,290,000
64 Gain on Disposition of Assets	15,000	23,300	(8,300)	-35.6%	15,000
65 Interest Income	717,000	1,299,700	(582,700)	-44.8%	390,000
66 Interest Income - Assessments	43,600	56,600	(13,000)	-23.0%	49,500
67 Rental Income	89,400	88,500	900	1.0%	88,400
68 Tower Lease Income	615,900	615,200	700	0.1%	605,100
69 Tower Lease Interest Income	34,500	31,100	3,400	10.9%	32,100
<b>Total Non-Operating Revenue</b>	<b>5,053,400</b>	<b>5,290,200</b>	<b>(236,800)</b>	<b>-4.5%</b>	<b>4,233,200</b>

## Proposed FY'26 Budget Variance Summary

### *Non-Operating Revenue:*

62/63. The FY'25 assessed values of the District were estimated by the staff at \$446.9 million based on collections to date. The County had not provided an update of the estimated value at the time of budget preparation. Budgeted amounts were based on the prior year amount with a small growth component.

The General Obligation (GO) Debt Levy is estimated at \$2,177,000 for FY'26 to meet our general obligation debt payment requirements. This budget sets the GO Debt millage rate at 4.8 mills, which is an increase of 0.7 from the FY'25 millage rate of 4.1 mills to accommodate the new 2024 GO debt issuances. The Operations Levy is set at 3.0 mills, the same level as FY'25, and is estimated at \$1,361,000 for FY'26. These rates are calculated directly from the estimated values discussed above. Both the GO and Operations levies are collected annually via Beaufort County property tax bills.

64. Gain on Disposition of Assets is a conservative estimate related to the replacement of vehicles. The CIP budget includes an allowance for additional vehicles. Some vehicles may be used for new staff positions as opposed to replacing current vehicles. Additionally, if the timing of the purchase of vehicles is delayed, this line item would also be anticipated to be delayed.

# DRAFT

**HiltonHeadPSD**  
FY'26 Budget

65. Interest Income is based on balances of our operating and restricted accounts invested in interest bearing investments. Interest is estimated 3.25%. The District is currently earning in excess of 4.4% on its reserve funds. This is a particularly variable estimate. If rates continue at current levels, the District may earn significantly more revenue. If rates collapse, the District may earn significantly less income than budgeted.

Interest Income in both the current year and upcoming year also includes an estimate of the interest anticipated to be earned on the 2024 GO bond proceeds as they are spent down on the related capital projects. This interest income is removed from the change in unrestricted cash as this interest income is restricted to be spent on the capital projects related to the debt issuance.

66. Assessment Interest Receivable: Annual front foot assessments are billed and collected through Beaufort County property tax bills. These funds are collected to pay the District's front foot assessment revenue debt and are based on set amortization schedules.

67. Rental Income is collected from the Town of Hilton Head 911 Center located on the second floor of the District Administration Building and the Hilton Head Plantation POA Property Lease for the boat and RV storage lot (POA Property Lease is due an annual 3% increase each September).

68. Tower Lease Income is generated from the cellular companies that have leased space on the District's water towers. Projections for FY'26 are based on 3 cellular customers (AT&T, T-Mobile, Verizon) for a total of 14 leases which contain annual escalators ranging from 3.0% to 5.0%. During FY'23, Sprint cancelled one of their two leases due to the merger with T-Mobile. For the other Sprint site, T-Mobile has opted to cancel their lease with us which runs through 2026 and maintain the other Sprint lease. This will reduce the number of leases to 13 in the FY 2027 budget.

### Non-Operating Expenses

	Proposed		Variance		FY'25 Budget
	FY'26 Draft Budget	FY'25 Projected 8+4	Increase (Decrease)	% Change	
<b>Non-Operating Expenses</b>					
70 Interest Expense - Vehicles	-	3,300	(3,300)	-100.0%	3,600
71 Interest Expense - Bonds	993,000	752,700	240,300	31.9%	260,100
72 Bond Defeasance Amortization	-	209,200	(209,200)	-100.0%	209,200
73 Bond Issuance Cost	45,000	175,200	(130,200)	-74.3%	42,500
<b>Total Non-Operating Expenses</b>	<b>1,038,000</b>	<b>1,140,400</b>	<b>(102,400)</b>	<b>-9.0%</b>	<b>515,400</b>
<b>Non-Operating Income/Expenses - Net</b>	<b>4,015,400</b>	<b>4,149,800</b>	<b>(134,400)</b>	<b>-3.2%</b>	<b>3,717,800</b>
<b>Increase / Decrease in Net Assets before capital Contributions</b>	<b>1,048,300</b>	<b>1,389,500</b>	<b>(341,200)</b>	<b>-24.6%</b>	<b>1,145,300</b>



## Proposed FY'26 Budget Variance Summary

*Non-Operating Expenses:*

- 71. Interest Expense – Bonds is based on the District’s current debt schedules and the anticipated debt schedule for the planned 2026 FFA debt issuance.
- 72. Bond Defeasance Amortization was related to the District’s 2020C debt issuance which was fully paid off during FY’2025.
- 73. Bond Issuance Cost is the expected bond fees related to the planned 2026 FFA debt issuance.

## Summary of Capital Contributions

Capital Contributions	Proposed		Variance		FY'25 Budget
	FY'26 Draft Budget	FY'25 Projected 8+4	Increase (Decrease)	% Change	
74 Sewer Capacity Fees	156,000	141,100	14,900	10.6%	156,000
75 Water Capacity Fees	114,000	70,600	43,400	61.5%	114,000
76 Capital Grant Income	6,500,000	6,000,000	500,000	8.3%	6,000,000
77 Capital Contributions	-	-	-	0.0%	1,550,000
<b>Total Developer Contributions of Systems</b>	<b>6,770,000</b>	<b>6,211,700</b>	<b>558,300</b>	<b>9.0%</b>	<b>7,820,000</b>
<b>Change in Net Assets</b>	<b>\$ 7,818,300</b>	<b>\$ 7,601,200</b>	<b>\$ 217,100</b>	<b>2.9%</b>	<b>\$8,965,300</b>

## Proposed FY'26 Budget Variance Summary

*Developer Contribution of Systems:*

- 74/75. Water and Sewer Capacity Fees: These are payments received from new taps/ connections to the system. Sewer capacity fees are budgeted at \$156,000 and water capacity fees are budgeted at \$114,000 using a conservative estimate of new connections. The District does not budget in anticipation of any large developer capacity fee payments as the timing of these are often tenuous and there is no guarantee that any known potential development will materialize.
- 76. Capital Grant Income is budgeted at \$6,500,000. Staff estimates that 50%, or \$5,000,000 of the \$10,000,000 SCIP grant money will be earned during the upcoming fiscal year. Additionally, staff is anticipating that the \$1,500,000 SC RIA State Grant screw pump replacement project will be earned in the upcoming fiscal year. The timing on these may vary depending on how the projects progress. However, this is offset by a related CIP project in the CIP budget. Should more or less be earned than anticipated in each year, these will offset each other.

# DRAFT

HiltonHeadPSD  
FY'26 Budget

Acronyms	
AMI	Advanced Metering Infrastructure
ARPA	American Rescue Plan Act
ASR	Aquifer Storage and Recovery
BC ARPA	Beaufort County American Rescue Plan Act Allocation
BIC	Bond Issuance Costs
CCR	Consumer Confidence Report
CIP	Capital Improvement Plan
COSA	Cost of Service Analysis
FTE	Full-time Employee
FY	Fiscal Year
GO	General Obligation (Debt)
GFOA	Government Finance Officers Association
IRF	Insurance Reserve Fund
IVR	Integrated Voice Response System
IT	Information Technology
LGIP	Local Government Investment Pool
LOM	Leg O Mutton Booster Site/Well/GST
LPS	Low Pressure Sewer
O&M	Operation and Maintenance
RAS	Return Activated Sludge
RD	Revenue Debt
RF	Rate Funded
RO	Reverse Osmosis
SCADA	Supervisory Control and Data Acquisition System
SCDES	South Carolina Department of Environmental Services
SCIIP	South Carolina Infrastructure Investment Program
SC RIA	South Carolina Rural Infrastructure Authority
SRF	State Revolving Fund
SIRF	State Infrastructure Revolving Fund
TF	Town Funded
VFD	Variable Frequency Drive
WWTP	Wastewater Treatment Plant

# DRAFT

**HiltonHeadPSD**  
FY'26 Budget

## FY'26 Rate/Cash Funded Capital Improvement Plan Budget

CIP Projects			2026	2027	2028	2029	2030
<b>CIP Rate/Cash Funded Projects (Amounts in 000's)</b>		<b>Priority Ranking</b>					
<b>WWTP</b>							
Clarifier	Clarifier #2 replace sweeper arm/suction line	1	150.0				
Return Activated Sludge (RAS) Building	Electrical cabinet improvements.	2	85.0				
Filter Building Blowers	6 new actuator (air) valves	3	75.0				
Reuse Water System	Upgrades, improvements, etc. to the reuse water system including new flow meters, valves, piping, etc.	4	100.0	110.0	115.0	120.0	125.0
CROM Tank	Install isolation valve on CROM tank line	5	55.0				
Holding Ponds	Install 2 aerators in Pond #3	6	50.0				
System Rehab	Replace valves, actuators, motors, parts, etc.	*	225.0	250.0	275.0	300.0	350.0
Grit Removal Chamber	Sandblast and Coat Bridge #2			50.0			
Mobile Belt Press	Serves as a Backup to the Centrifuge				200.0	50.0	50.0
Centrifuge	Air conditioned structure to house centrifuge panel				250.0		
Sludge Building	Replace metal shed sludge handling building					900.0	
Warehouse/Garage	Build new warehouse building						2,400.0
<b>TOTAL WWTP</b>			<b>\$ 740.0</b>	<b>\$ 410.0</b>	<b>\$ 840.0</b>	<b>\$ 1,370.0</b>	<b>\$ 2,925.0</b>
<b>Wastewater Collection System</b>							
Gravity Main Line Refurbishment	Gravity sewer main line repairs and relining	1	400.0	400.0	400.0	450.0	450.0
Lift Stations - Rehab	Rehab and pumps	*	325.0	350.0	375.0	400.0	425.0
Lift Stations - Control Panels	Place control panels	*	105.0	110.0	115.0	120.0	125.0
District Funded MSP Projects	District Funded MSP Projects	*	-	25.0	25.0	25.0	25.0
LPS System	LPS Changeouts	*	65.0	70.0	75.0	80.0	85.0
System Rehab	Replace pipes, manholes, laterals, equipment as dictated by inspections	*	225.0	250.0	250.0	250.0	275.0
Royal James L/S	Install Screening Devices			175.0			
<b>TOTAL COLLECTION SYSTEM</b>			<b>\$ 1,120.0</b>	<b>\$ 1,380.0</b>	<b>\$ 1,240.0</b>	<b>\$ 1,325.0</b>	<b>\$ 1,385.0</b>
<b>Water Production/Distribution System</b>							
Water Line Replacement	Replace 12" Ribaut Island Road line	1	170.0				
Metering System	Changing out meters and base stations	*	600.0	625.0	650.0	675.0	700.0
Fire Hydrants	New and replacement hydrants	*		115.0	115.0	115.0	115.0
Grant Projects	Construction Costs from Grant Projects	R	6,500.0	1,000.0			
System Rehab	Replace VFDs, PLCs, valves, equipment, RO membranes etc.	*	200.0	210.0	220.0	230.0	240.0
RO Plant	Replace actuator on Booster Pump #3			40.0			
<b>TOTAL DISTRIBUTION SYSTEM</b>			<b>\$ 7,470.0</b>	<b>\$ 1,990.0</b>	<b>\$ 985.0</b>	<b>\$ 1,020.0</b>	<b>\$ 1,055.0</b>
<b>Facilities and Equipment</b>							
SCADA Improvements	Upgrade Processors at Wild Horse & Seabrook	1	50.0	95.0	95.0	115.0	120.0
SCADA Improvements	Upgrade PLC and Fiber at Marshland	2	30.0				
SCADA Improvements	Ashmore Upgrades	3	30.0				
Operations Equipment - Sewer	Camera to inspect gravity sewer lines	4	80.0				
Operations Equipment	Enclosed trailer for safety equipment	5	10.0				
Vehicles	Fleet replacements	6	260.0	260.0	260.0	275.0	275.0
Admin Building	Building Improvements, furniture, etc.	*	30.0	35.0	40.0	45.0	50.0
Technology	General computer equipment	*	30.0	35.0	40.0	45.0	50.0
Admin Building - AC	Admin Building Cooling Tower	7			300.0		
Excavator	Mini Excavator				75.0		
<b>TOTAL FACILITIES AND EQUIPMENT</b>			<b>\$ 520.0</b>	<b>\$ 425.0</b>	<b>\$ 810.0</b>	<b>\$ 480.0</b>	<b>\$ 495.0</b>
<b>TOTAL RATE/CASH FUNDED CIP PROJECTS</b>			<b>\$ 9,850.0</b>	<b>\$ 4,205.0</b>	<b>\$ 3,875.0</b>	<b>\$ 4,195.0</b>	<b>\$ 5,860.0</b>
* These are ongoing projects to be performed and completed on an as needed basis. As such, they have not been given a ranking.							
R These projects are funded by reimbursements from the SCIP Grant and RIA State Grant in FY 2026. FY 2027 is expected to need to be funded from cash.							



## FY'26 Rate Related CIP Projects Funded from User Fees

### Wastewater Treatment Plant

<b>Clarifier</b> .....	<b>\$150,000</b>
<ul style="list-style-type: none"> <li>• Replace sweeper arm and suction line of clarifier #2.</li> </ul>	
<b>RAS Pump Building</b> .....	<b>\$85,000</b>
<ul style="list-style-type: none"> <li>• Electrical cabinet improvements at the RAS pump building.</li> </ul>	
<b>Filter Building Blowers</b> .....	<b>\$75,000</b>
<ul style="list-style-type: none"> <li>• Replace 6 actuator (air) valves.</li> </ul>	
<b>Reuse Water System</b> .....	<b>\$100,000</b>
<ul style="list-style-type: none"> <li>• Replace flow meters, valves, and piping at Palmetto Hall, Cypress Conservancy, and Bear Creek.</li> </ul>	
<b>CROM Tank</b> .....	<b>\$55,000</b>
<ul style="list-style-type: none"> <li>• Install an isolation valve on the CROM tank line.</li> </ul>	
<b>Holding Ponds</b> .....	<b>\$50,000</b>
<ul style="list-style-type: none"> <li>• Replace 2 aerators in Holding Pond #3.</li> </ul>	
<b>System Rehab</b> .....	<b>\$225,000</b>
<ul style="list-style-type: none"> <li>• Replace valves, actuators, motors, parts, etc.</li> </ul>	
<b>Total Wastewater Treatment Plant</b> .....	<b>\$740,000</b>

WWTP (Amounts in 000's)	2026	2027	2028	2029	2030
Clarifier	150.0	-	-	-	-
Return Activated Sludge (RAS) Building	85.0	-	-	-	-
Filter Building Blowers	75.0	-	-	-	-
Reuse Water System	100.0	110.0	115.0	120.0	125.0
CROM Tank	55.0	-	-	-	-
Holding Ponds	50.0	-	-	-	-
System Rehab	225.0	250.0	275.0	300.0	350.0
Grit Removal Chamber	-	50.0	-	-	-
Mobile Belt Press	-	-	200.0	50.0	50.0
Centrifuge	-	-	250.0	-	-
Sludge Building	-	-	-	900.0	-
Warehouse/Garage	-	-	-	-	2,400.0
	<b>\$ 740.0</b>	<b>\$ 410.0</b>	<b>\$ 840.0</b>	<b>\$1,370.0</b>	<b>\$2,925.0</b>

# DRAFT

**HiltonHeadPSD**  
FY'26 Budget

**Wastewater Collection System**

- Gravity Main Line Refurbishment.....\$400,000**
  - Reline 26” and 30” metal pipe in Indigo Run.
  
- Lift Station Rehab .....\$325,000**
  - Major rehab and part replacements to PSD lift stations.
  
- Lift Station Control Panels .....\$105,000**
  - Lift Station control panel replacements.
  
- District Funded MSP Projects.....\$0**
  - This District anticipates carrying over enough from the FY’25 budget for this line item in FY’26 for continued funding of unserved MSP areas.
  
- LPS System.....\$65,000**
  - Change out customer LPS pumps.
  
- System Rehab.....\$225,000**
  - Replace equipment, pipes, manholes, laterals as dictated by inspections.
  
- Total Collection System .....\$1,120,000**

<b>Collection System (Amounts in 000's)</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Gravity Main Line Refurbishment	400.0	400.0	400.0	450.0	450.0
Lift Stations - Rehab	325.0	350.0	375.0	400.0	425.0
Lift Stations - Control Panels	105.0	110.0	115.0	120.0	125.0
District Funded MSP Projects	-	25.0	25.0	25.0	25.0
LPS System	65.0	70.0	75.0	80.0	85.0
System Rehab	225.0	250.0	250.0	250.0	275.0
Royal James L/S	-	175.0	-	-	-
	<b>\$ 1,120.0</b>	<b>\$1,380.0</b>	<b>\$1,240.0</b>	<b>\$1,325.0</b>	<b>\$1,385.0</b>

# DRAFT

**HiltonHeadPSD**  
FY'26 Budget

**Water Distribution System**

**Water Line Replacement.....\$170,000**

- Replace 12” Ribaut Island Road water line.

**Metering System.....\$600,000**

- Change out customer meters. The District has over 13,700 water meters which equates to over 900 change outs a year assuming a 15-year lifespan.

**Fire Hydrants .....\$0**

- New hydrants and hydrant repairs/replacements. The District anticipates carrying over enough from the FY’25 budget for this line item in FY’26

**Grant Projects .....\$6,500,000**

- This represents and is offset by Capital Grant Income on the Statement of Revenues, Expenses, and Changes in Net Position and estimates 50% of the \$10,000,000 SCIP Grant and 100% of the \$1,500,000 SC RIA State Grant for screw pump replacement.

**System Rehab .....\$200,000**

- Replace valves, pumps, piping, equipment, RO membranes, etc.

**Total Distribution System .....\$7,470,000**

<b>Distribution System (Amounts in 000's)</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Water Line Replacement	170.0	-	-	-	-
Metering System	600.0	625.0	650.0	675.0	700.0
Fire Hydrants	-	115.0	115.0	115.0	115.0
Grant Projects	6,500.0	1,000.0	-	-	-
System Rehab	200.0	210.0	220.0	230.0	240.0
RO Plant	-	40.0	-	-	-
	<b>\$ 7,470.0</b>	<b>\$1,990.0</b>	<b>\$ 985.0</b>	<b>\$1,020.0</b>	<b>\$1,055.0</b>



# DRAFT



**Hilton Head PSD**  
FY'26 Budget

**Facilities and Equipment**

- SCADA Improvements.....\$50,000**
  - Finalize the upgrade of the processors at Wild Horse & Seabrook sites.
- SCADA Improvements.....\$30,000**
  - Upgrade the PLC and Fiber at Marshland site.
- SCADA Improvements - Ashmore.....\$30,000**
  - Finalize the upgrade of SCADA systems at Ashmore site.
- Operations Equipment - Sewer.....\$80,000**
  - Camera to inspect gravity sewer lines.
- Operations Equipment.....\$10,000**
  - Enclosed trailer for safety equipment.
- Vehicles.....\$260,000**
  - Funding for three to five new fleet vehicles. Vehicle prices have risen dramatically during the past fiscal years and many governmental incentive programs have been reduced.
- Admin Building.....\$30,000**
  - General major repairs, furniture, and fixtures for the administrative building.
- Technology.....\$30,000**
  - General computer equipment.
- Total Facilities and Equipment.....\$520,000***

Facilities and Equipment (Amounts in 000's)	2026	2027	2028	2029	2030
SCADA Improvements	50.0	95.0	95.0	115.0	120.0
SCADA Improvements	30.0	-	-	-	-
SCADA Improvements	30.0	-	-	-	-
Operations Equipment - Sewer	80.0	-	-	-	-
Operations Equipment	10.0	-	-	-	-
Vehicles	260.0	260.0	260.0	275.0	275.0
Admin Building	30.0	35.0	40.0	45.0	50.0
Technology	30.0	35.0	40.0	45.0	50.0
Admin Building - AC	-	-	300.0	-	-
Excavator	-	-	75.0	-	-
	<b>\$ 520.0</b>	<b>\$ 425.0</b>	<b>\$ 810.0</b>	<b>\$ 480.0</b>	<b>\$ 495.0</b>

***Total FY'26 Rate/Cash Funded CIP Projects ..... \$9,850,000***

**NOTE: The District will also carry over any unfinished FY'25 CIP projects into FY'26 for completion.**

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**HiltonHeadPSD**  
FY'26 Budget

## Future Year Potential Debt or Grant Funded Projects

Staff has compiled the following list of larger projects that it may recommend financing with debt in years subsequent to FY'26. These projects would also be considered if any additional grant funding opportunities arise. The estimated project totals below are staff estimations only. The PSD would need to engage an engineer to provide a more accurate project total prior to commencing any of these projects. Some of these projects are also included on subsequent years of the Rate Funded CIP on the previous pages. If these were to be funded by other means, it would free up additional cash in those years.

CIP Projects - Potential WWTP Debt/Grant Projects (Amounts in 000's)		Est. Project Total
WWTP Warehouse & Garage	Replacement of Warehouse & Garage Buildings	\$ 2,400.0
WWTP Sludge Shed	Replace Sludge Building	900.0
WWTP UV Treatment System	Conversion to UV Filtration	1,500.0
WWTP Centrifuge	Purchase of Backup Centrifuge	1,500.0
Collections-Royal James Lift Station	Tank, Pump, and Site Upgrade	3,500.0
<b>TOTAL</b>		<b>\$ 9,800.0</b>

Additionally, the District also maintains the ability to purchase an additional 1.3 MG of capacity from BJWSA for \$2,015,000. If the District wanted to exercise this option, it would need to consider whether to fund that out of cash reserves or through another financing means.

These projects are not included in any of the cash flow projections and are provided for planning purposes only at this time. If staff were to consider it advantageous to move forward with any of these projects during FY'26, a separate financing plan would be brought forward to the Commission.

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## Cash Flow and Five-Year Projections

### Cash Flow

The table below shows a summary of FY'24 actual cash flow, FY'25 projected cash flow, and FY'26 budgeted cash flow. Total cash is currently projected to increase by approximately \$15,441,800 for FY'25 and decrease by approximately \$9,764,800 for FY'26 mainly due to the receipt and use of the 2024 GO Bond proceeds. The Debt Capital Improvement Projects line item, which factors into Restricted Cash on hand for Debt Service, estimates the spend down of these projects; if these projects progress quicker or slower than estimated, these figures could change significantly. Unrestricted cash is projected to increase by approximately \$518,100 in FY'25 and decrease by approximately \$25,000 in FY'26 after factoring out changes in the restricted GO cash.

	Actual FY 2024	Projected FY 2025	Budgeted FY 2026
<b>Preliminary Cash Flow Projections</b>			
Beginning Cash on Hand	\$ 14,589,300	\$ 16,205,300	\$ 31,647,100
(Projected) Change in Net Position	4,162,100	7,601,200	7,818,300
Less Financed Assessments Capacity and Tap Fees	(120,300)	(50,000)	(480,000)
Accrual Changes	50,400	-	-
Add Depreciation	5,215,500	5,422,500	5,550,000
Add Amortization / Bond Defeasance	325,500	209,200	-
Add Interest Expense	277,000	756,000	993,000
Add Assessment Collections	237,100	212,000	218,000
Less Use of Restricted Grant	-	(1,000,000)	-
Add Debt Proceeds	-	22,989,900	675,000
- Debt Payments including anticipated FY'26 FFA	(4,014,500)	(4,268,600)	(4,689,100)
- Debt Capital Improvement Projects	-	(5,460,400)	(10,000,000)
- Cash Capital Improvement Projects (transfer & additions)	(4,516,800)	(10,970,000)	(9,850,000)
(Projected) Cash on Hand	<u>\$ 16,205,300</u>	<u>\$ 31,647,100</u>	<u>\$ 21,882,300</u>
	Actual FY 2024	Projected FY 2025	Budgeted FY 2026
<b>Composition of Cash</b>			
Restricted Cash on hand for Debt Service	\$ 705,000	\$ 705,000	\$ 705,000
Restricted Cash on hand for Capital Grant/Debt Service	1,000,000	15,805,500	6,132,500
Restricted Cash on hand for Debt Service - GO Debt Levy	624,000	742,200	675,400
Unrestricted Cash	<u>13,876,300</u>	<u>14,394,400</u>	<u>14,369,400</u>
Total Cash on Hand	<u>\$ 16,205,300</u>	<u>\$ 31,647,100</u>	<u>\$ 21,882,300</u>
(Projected) Change related to Cash on Hand	<u>\$ 1,616,000</u>	<u>\$ 15,441,800</u>	<u>\$ (9,764,800)</u>

The actual FY'24 contains a line called accrual changes. The District uses the accrual method of accounting whereby revenues and expenses are recorded when earned or incurred rather than when paid. This line item reconciles the change in net position for accrual purposes to the cash received/paid. The FY'25 projection, FY'26 budget, and future year projections do not attempt to project these timing-related accrual differences. In particular, FY'25 CIP projects that are not completed by the fiscal year end, may be carried over into FY'26 for completion. The table above also does not attempt to project any cash flow related to debt financing of the infrastructure or future water supply projects shown on the previous page.



## *Cash Flow and Operating Reserve Targets*

The District's Financial Policy for Unreserved and Reserved Funds states that "the District shall maintain unrestricted cash reserves equal to at least four months of the total budgeted operating expenses, net of depreciation, for the current fiscal year as an operating reserve fund. These funds shall be available in the District's general bank operating cash account and operating reserve investment and/or cash accounts and used for the purpose of floating the District's operations throughout each applicable Fiscal Year, which currently runs from July 1 to June 30." The policy further states that "to prepare for emergencies or contingencies, the target balance of operating reserve funds is six months to one year of the total budgeted operating expenses, net of depreciation. To increase the District's ability to fund capital expenditures on a pay as you go basis, the District may also target one to two years of annual depreciation expense in this reserve."

The emergency and contingency portion of this policy anticipates maintaining appropriate cash levels to ensure the District is poised to mitigate potential risks, handle cash flow timing variances, and take advantage of potential opportunities that may arise. Some examples of items that might necessitate use of this reserve include:

- Economic or social conditions which negatively impact the District's revenue.
- Self-funding repairs and replacements to the District's underground assets which were dropped by the South Carolina Insurance Reserve Fund.
- Self-funding repairs and replacements to uninsured lower value assets such as fences where insurance premiums are prohibitively high.
- Recovering from natural disasters or other emergency situations. While the District may receive FEMA or insurance reimbursement for such items, it is often necessary to pay the expenses up front and await reimbursement which may take many months.
- Emergency repairs to District assets caused by wear and tear that are not covered by insurance. While the District aims to preventatively plan for and budget routine maintenance, with such a large volume of high valued assets there is always a risk of unanticipated failure. This is particularly true for underground assets which cannot be inspected as frequently as above ground assets.
- The availability of matching funding to apply for grant opportunities as well as the ability to pay grant or otherwise reimbursable expenses up front and await reimbursement.

Staff would recommend funding this emergency reserve at its upper target 12-month level first and then applying any remaining unrestricted cash to the capital portion of the reserve. Having a fully funded emergency reserve lowers the likelihood of needing a mid-year or large year over year rate increase due to unusual or emergency situations. It also increases the District's ability to take advantage of opportunities that require up-front cash flow.

Funding the capital portion of this policy would allow the District to plan to pay for larger capital projects out of cash instead of needing a debt issuance for larger projects. The list of potential wastewater treatment plant debt projects on page 43 would be examples of the types of larger projects that could be funded by cash if the capital portion of this reserve were fully funded.

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**HiltonHeadPSD**  
FY'26 Budget

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An analysis of the targets set by this policy and the anticipated unrestricted cash projected by this budget follow:

		Days	Balance Based
		Cash on	on FY'26
<b>Financial Policy Targets:</b>		<b>Hand</b>	<b>Budget</b>
Minimum Operating Reserve	4 Months	120	4,826,800
Lower Contingency Operating Reserve Target	6 Months	183	7,240,200
Upper Contingency Operating Reserve Target	12 Months	365	14,480,400
Lower Capital Operating Reserve Target	1 Year Depreciation	140	5,250,000
Upper Capital Operating Reserve Target	2 Years Depreciation	265	10,500,000
Combined Lower Contingency & Capital Target	6 Mo + 1 Year Deprec	322	12,490,200
Combined Upper Contingency & Capital Target	12 Mo + 2 Years Deprec	630	24,980,400
<i>Unrestricted Cash from Proposed FY'26 Operating Budget</i>		<b>362</b>	<b>14,369,400</b>
<i>Amount from the Proposed FY'26 Operating Budget Available for Capital if Contingency Reserve is set at Upper 12 Month Target</i>		<b>(3)</b>	<b>(111,000)</b>

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**HiltonHeadPSD**  
FY'26 Budget

## Cash Flow and Five-Year Projections

### *Five-Year Projections*

The table below provides a five-year projection of change in net position, cash flow, days cash on hand, and debt service. FY'25 and FY'26 are based on the current year projections and budget. Water and Sewer revenues for FY'26 – FY'29 are projected based on a 0.75% water and sewer customer growth rate; no additional rate increases are shown as a part of this projection. Other revenues and expenses are projected based on any known expectations and growth rates from 0-4% with most expense growth rates set at 2%. This projection is meant to be a high-level snapshot of the District's five-year financial position at current rates with current expectations only. Future year budgets and rates will be prepared and proposed based on the updated needs of the District at that time. This projection also does not include any impacts related to the potential debt or grant funded infrastructure or future water supply projects shown on page 43.

	Projected FY'25	Budget FY'26	Projection FY'27	Projection FY'28	Projection FY'29	Projection FY'30
Total Operating Revenue	\$ 16,071,600	\$ 17,063,300	\$ 17,159,900	\$ 17,258,000	\$ 17,357,100	\$ 17,456,400
Total Operating Expenses with Depreciation	18,831,900	20,030,400	20,390,400	20,761,200	21,143,200	21,536,800
<b>Change in Net Position from Operations</b>	<b>(2,760,300)</b>	<b>(2,967,100)</b>	<b>(3,230,500)</b>	<b>(3,503,200)</b>	<b>(3,786,100)</b>	<b>(4,080,400)</b>
Total Non-Operating Revenue	5,290,200	5,053,400	5,213,800	4,810,900	4,875,500	4,934,700
Total Non-Operating Expenses	1,140,400	1,038,000	971,000	921,400	868,500	803,700
<b>Non-Operating Income/Expenses - Net</b>	<b>4,149,800</b>	<b>4,015,400</b>	<b>4,242,800</b>	<b>3,889,500</b>	<b>4,007,000</b>	<b>4,131,000</b>
Increase in Net Position before Capital Contributions	1,389,500	1,048,300	1,012,300	386,300	220,900	50,600
Total Capital Contributions	6,211,700	6,770,000	270,000	270,000	270,000	270,000
<b>Change in Net Position</b>	<b>\$ 7,601,200</b>	<b>\$ 7,818,300</b>	<b>\$ 1,282,300</b>	<b>\$ 656,300</b>	<b>\$ 490,900</b>	<b>\$ 320,600</b>
<b>Total CIP Budget Cash Flow</b>	<b>(10,970,000)</b>	<b>(9,850,000)</b>	<b>(4,205,000)</b>	<b>(3,875,000)</b>	<b>(4,195,000)</b>	<b>(5,860,000)</b>
Add: Non Cash Depreciation Expense	5,422,500	5,550,000	5,550,000	5,550,000	5,550,000	5,550,000
Less: Debt Service Payments	(4,268,600)	(4,689,100)	(4,784,500)	(4,330,100)	(4,056,600)	(3,984,600)
Add: (Projected) Debt Proceeds	2,100,000	675,000				
Less: Restricted Bond Proceeds Interest	(536,700)	(327,000)				
Less: GO Cash Change	(118,200)	66,800				
Other Debt Related Adjustments	1,125,900	993,000	971,000	921,400	868,500	803,700
FFA Assessment, net	162,000	(262,000)	218,000	218,000	218,000	218,000
Total Non-CIP Other Cash Flow Adjustments	3,886,900	2,006,700	1,954,500	2,359,300	2,579,900	2,587,100
<b>Projected Change in Unrestricted Cash Flow</b>	<b>\$ 518,100</b>	<b>\$ (25,000)</b>	<b>\$ (968,200)</b>	<b>\$ (859,400)</b>	<b>\$ (1,124,200)</b>	<b>\$ (2,952,300)</b>
Projected Beginning Unrestricted Cash	13,876,300	14,394,400	14,369,400	13,401,200	12,541,800	11,417,600
<b>Projected Ending Unrestricted Cash</b>	<b>\$ 14,394,400</b>	<b>\$ 14,369,400</b>	<b>\$ 13,401,200</b>	<b>\$ 12,541,800</b>	<b>\$ 11,417,600</b>	<b>\$ 8,465,300</b>
<b>Projected Days Cash on Hand</b>	<b>392</b>	<b>362</b>	<b>330</b>	<b>301</b>	<b>267</b>	<b>193</b>
Projected Net Earnings Available for Debt Service	6,537,800	5,947,300	5,738,700	5,522,000	5,296,100	5,060,600
Parity Revenue Debt Service	2,468,300	2,445,200	2,501,900	2,506,500	2,225,600	2,152,900
<b>Projected Debt Coverage with Capacity Fees</b>	<b>265%</b>	<b>243%</b>	<b>229%</b>	<b>220%</b>	<b>238%</b>	<b>235%</b>
<b>Projected Debt Coverage without Capacity Fees</b>	<b>256%</b>	<b>232%</b>	<b>219%</b>	<b>210%</b>	<b>226%</b>	<b>223%</b>



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**HiltonHeadPSD**  
FY'26 Budget

## FY' 26 Schedule of Rates, Fees, and Deposits

<b><u>Water &amp; Irrigation Monthly Base Rate per Unit:</u></b>		<b><u>Sewer Base Monthly Rate per Unit:</u></b>	
Residential Customers	17.50	Residential Customers	19.50
Commercial Customers	22.50	Commercial Customers	19.50
<b><u>Residential Water</u></b>		<b><u>Residential &amp; Commercial Sewer</u></b>	
<b><u>Monthly Usage Rates per 1,000 Gallons:</u></b>		<b><u>Monthly Usage Rates per 1,000 Gallons:</u></b>	
Block 1 - 0 to 10,000 Gal	1.69	2.85	
Block 2 - 10,001 to 20,000 Gal	2.37	Residential sewer usage is capped at 10,000 gallons per month.	
Block 3 - 20,001 to 30,000 Gal	3.04	There is no cap on commercial sewer usage.	
Block 4 - All Over 30,000 Gal	4.06	<b><u>Reclaimed Golf Course Irrigation</u></b>	
<b><u>Commercial Water &amp; Irrigation</u></b>		Non-pressurized Usage Rate per 1,000 Gallons	
<b><u>Monthly Usage Rates per 1,000 Gallons:</u></b>		0.61	
Block 1 - 0 to 10,000 Gal	1.69	Pressurized Usage Rate per 1,000 Gallons	
Block 2 - 10,001 to 20,000 Gal	2.37	0.91	
Block 3 - 20,001 to 30,000 Gal	3.04	<b><u>Meter Install Fees (Existing Service Line)</u></b>	
Block 4 - All Over 30,000 Gal	4.06	3/4" Meter	1,360.00
		1" Meter	1,840.00
		2" Meter and Backflow	4,110.00
		Any other size	Time & Materials
<b><u>Residential Irrigation</u></b>		<b><u>Meter Install Fees (No Existing Service Line)</u></b>	
<b><u>Monthly Usage Rates per 1,000 Gallons:</u></b>		3/4" Meter	Greater of Time & Materials or \$1,620.00
Block 1 - 0 to 10,000 Gal	2.37	1" Meter	Greater of Time & Materials or \$2,100.00
Block 2 - 10,001 to 20,000 Gal	2.37	Any other size	Time & Materials
Block 3 - 20,001 to 30,000 Gal	3.04	<b><u>Sewer Lateral Installation Fees</u></b>	
Block 4 - All Over 30,000 Gal	4.06	Greater of \$1,200 or Time & Materials	
<b><u>Other Fees &amp; Charges</u></b>		<b><u>Capacity Fees (per unit):</u></b>	
Grease Trap Inspection Fee	100.00	Water Capacity (House)	2,400.00
Backflow Inspection Fee	175.00	Water Capacity (Mobile Home)	1,800.00
Sewer Connection Fee	150.00	Sewer Capacity	3,040.00
Hydrant Meter Set Fee	200.00	<b><u>Deposits:</u></b>	
Late Fees	Greater of \$5 or 2%	Residential Deposit	100.00
Returned Payment Fees	15.00	Contractor Deposit	100.00
Reconnection Fee	35.00	Commercial Deposit	200.00
Meter Tampering	50.00	<b><u>Hourly Labor Rate</u></b> for time and materials and for	
System/Meter Damage	Time & Materials	work performed for outside agencies	
		75.00	



**FY'26 COSA & Rates  
Recommendation**



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To: Board of Commissioners  
Pete Nardi – General Manager

From: Amy Graybill – Finance Manager

Subject: Preliminary Cost of Service Analysis (COSA) – Revenue Requirements and Rate Structure Review

Date: April 23, 2025

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## **Background**

The following document contains the preliminary COSA models for discussion.

## **Cost of Service Assumptions**

1. Water and Sewer revenues are based on the FY'26 draft budget which utilizes customer counts as of February 2025 and a growth rate of 0.75%. For FY'27 through FY'30, water and sewer customer growth is also projected at 0.75%.
2. Customer consumption levels for the FY'26 budget were based on the rolling 12 months of billed consumption as of February 2025 of approximately 1.970 billion gallons. For FY '27 through FY'30, the consumption is calculated to grow in accordance with the customer growth noted above.
3. These cost-of-service analyses do not attempt to predict consumption reductions that might occur as a result of increasing the upper tiers to encourage water efficiency. Staff has no basis to determine if or what amount of consumption reduction might occur as a result of the upper tier increases.
4. Preliminary FY'26 budget estimates were also utilized for the FY'27 through FY'30 other revenues and expenditures. Various growth rates between 0% - 4% were used based on the line-item history. Most expenses were projected to grow at 2%.
5. Revenue and expense line items that were not specifically related to water or sewer service were allocated on the basis of customer counts.



6. Depreciation is not used as it is a non-cash item. Instead, the rate funded Capital Improvement Plan (CIP) found at Appendix I is included for fiscal years 2026 through 2030. As with revenue and expenses, projects that were not specifically related to water or sewer were allocated on the basis of customer counts.
7. General obligation (GO) debt is paid by the GO property tax levy which is a part of non-operating revenues. The millage rate is set each year at an amount expected to cover the GO debt service. All GO debt projects were water related.
8. Rate related revenue debt principal and interest payments are allocated based on the actual revenue debt's relationship to water service or sewer service. Front Foot Assessment debt and related principal and interest collections have been allocated 100% to sewer for the purposes of this analysis.

### **Rates and Scenario Discussion**

In fiscal year 2018, Willdan Financial Services (Willdan) performed a rate study for the District. The District supports the Willdan concept of moving toward uniform water volumetric tier charges (eventual elimination of difference between residential and commercial water volume rates) using a phased approach. This plan was finalized except for the first residential tier which has been modestly increased but not to the full level of the first commercial tier. For FY'26, staff is recommending Scenario 2 which will finalize bringing the first residential tier in line with the first commercial tier. Additionally, to continue to encourage water efficiency, staff is recommending increasing the remaining upper tiers on an inclining basis (i.e. higher increases in the higher tiers). Copies of published rate structures for the closest three neighboring utilities have been attached as Appendix III for your reference; these would not include any rate increases scheduled to go into effect 07/01/2025. The increases to the upper tiers will bring the PSD's upper tiers more in line with other area utilities and encourage water conservation. In addition to these water tier changes, a sewer volumetric tier increase is being proposed to position the District to combat the intense inflation experienced over the past few years including increases in biosolids, chemicals, parts, construction, and the absorption of significant BJWSA wholesale rate increases.

Given the above, staff is presenting the following scenarios for Commission consideration. Please note that the Commission is only selecting an option for FY'26 at this time. FY'27 – 30 are presented to provide a high-level guide of the PSD's five-year financial picture based on the rates adopted for FY'26 and current expectations. While some of these future years show larger deficits, staff will be re-evaluating the current needs and proposed projects in each of the upcoming years as a part of future budgeting processes and may suggest rate adjustments or moving the timing of anticipated capital projects in those years as considered appropriate.

- **Scenario 1 –**

- *Increase 1<sup>st</sup> residential tier \$0.06/1,000 gallons from \$1.58 to \$1.64 to continue a slow migration towards the 1<sup>st</sup> commercial tier.*
- *Increase 2<sup>nd</sup> residential and commercial tier \$0.13/1,000 gallons from \$2.24 to \$2.37 (this increases this tier from 33% higher than the 1<sup>st</sup> commercial tier to 40% higher).*
- *Increase 3<sup>rd</sup> residential and commercial tier \$0.25/1,000 gallons from \$2.79 to \$3.04 (this increases this tier from 65% higher than the 1<sup>st</sup> commercial tier to 80% higher).*
- *Increase 4<sup>th</sup> residential and commercial tier \$0.34/1,000 gallons from \$3.72 to \$4.06 (this increases this tier from 120% higher than the 1<sup>st</sup> commercial tier to 140% higher).*
- *Increase the sewer volumetric rate \$0.24/1,000 gallons from \$2.31 to \$2.55.*

This option presents a budget which projects an unrestricted cash deficit of \$412,900.

- **Scenario 2 –**

- *Increase 1<sup>st</sup> residential tier \$0.11/1,000 gallons from \$1.58 to \$1.69 to complete the migration with the 1<sup>st</sup> commercial tier.*
- *Increase 2<sup>nd</sup> residential and commercial tier \$0.13/1,000 gallons from \$2.24 to \$2.37 (this increases this tier from 33% higher than the 1<sup>st</sup> commercial tier to 40% higher).*
- *Increase 3<sup>rd</sup> residential and commercial tier \$0.25/1,000 gallons from \$2.79 to \$3.04 (this increases this tier from 65% higher than the 1<sup>st</sup> commercial tier to 80% higher).*
- *Increase 4<sup>th</sup> residential and commercial tier \$0.34/1,000 gallons from \$3.72 to \$4.06 (this increases this tier from 120% higher than the 1<sup>st</sup> commercial tier to 140% higher).*
- *Increase the sewer volumetric rate \$0.54/1,000 gallons from \$2.31 to \$2.85.*

This option presents a projected deficit of \$25,000.

- **Scenario 3 –**

- *All of the volumetric increases from Scenario 2.*
- *Increases both the water and sewer monthly base rate per unit by \$0.75 except for water commercial which is unchanged to narrow the gap between the residential and commercial water base rate.*

This option presents a projected unrestricted cash surplus of \$288,700.

- **Scenario 4 – No change.**

This option presents the cost of service if no rate increases are implemented for FY'26 and shows a deficit of \$963,400. This is a reduction of \$550,500 from Scenario 1, \$938,400 from Scenario 2, and \$1,252,100 from Scenario 3.

Any deficits shown would be covered by cash on hand. Debt coverage remains well above the required 1.20 under all scenarios.

## **Recommendation**

**Staff is recommending Scenario 2 which includes inclining volumetric water tier increases per Appendix II, and increases the sewer volumetric rate \$0.54 per thousand gallons.** This option provides a close to break-even cash flow and encourages efficiency with higher increases in higher tiers.

The following pages contain the preliminary COSA models for review, a comparison of the proposed rate structures and monthly bills they would generate at different consumption levels, and the current published rate structures of the other three local public service districts.



**Scenario 1 – Inclining volumetric increases to tier blocks 2-4, increase 1st residential tier \$0.06 per 1,000 gallons, increase sewer volumetric tier \$0.24 per 1,000 gallons.**

This scenario includes inclining water volumetric increases as found in Appendix II. The sewer volumetric rate also increases from \$2.31 to \$2.55 per 1,000 gallons.

Category	2026	2027	2028	2029	2030
Water Operating Revenues	\$ 9,197,800	\$ 9,197,800	\$ 9,197,800	\$ 9,197,800	\$ 9,197,800
Sewer Operating Revenues	7,477,600	7,477,600	7,477,600	7,477,600	7,477,600
Total Operating Revenues	16,675,400	16,675,400	16,675,400	16,675,400	16,675,400
Water Operating Expenses excluding Depreciation	(7,384,500)	(7,565,400)	(7,751,700)	(7,943,500)	(8,140,900)
Sewer Operating Expenses excluding Depreciation	(7,095,900)	(7,275,000)	(7,459,500)	(7,649,700)	(7,845,800)
Total Operating Expenses excluding Depreciation	(14,480,400)	(14,840,400)	(15,211,200)	(15,593,200)	(15,986,700)
Water Non-Operating Revenues	3,972,600	4,115,700	3,695,200	3,741,800	3,782,700
Sewer Non-Operating Revenues	1,080,700	1,098,100	1,115,700	1,133,700	1,152,000
Total Non-Operating Revenues	5,053,300	5,213,800	4,810,900	4,875,500	4,934,700
Water Capacity Fees & Developer Contributions	6,614,000	114,000	114,000	114,000	114,000
Sewer Capacity Fees	156,000	156,000	156,000	156,000	156,000
Total Capacity Fees	6,770,000	270,000	270,000	270,000	270,000
Water GO Debt Service	(2,243,800)	(2,282,600)	(1,823,600)	(1,831,000)	(1,831,700)
Water Revenue Debt Service	(1,485,200)	(1,482,000)	(1,484,700)	(1,316,200)	(1,272,600)
Sewer Revenue Debt Service	(960,000)	(1,019,900)	(1,021,700)	(909,300)	(880,200)
Total Debt Service	(4,689,000)	(4,784,500)	(4,330,000)	(4,056,500)	(3,984,500)
Sewer FFA, net	368,000	218,000	218,000	218,000	218,000
Water Rate Funded CIP Projects	(7,700,900)	(2,213,000)	(1,410,000)	(1,271,800)	(1,314,700)
Sewer Rate Funded CIP Projects	(2,149,100)	(1,992,000)	(2,465,000)	(2,923,200)	(4,545,300)
Total CIP Projects	(9,850,000)	(4,205,000)	(3,875,000)	(4,195,000)	(5,860,000)
<b>Net Cost of Service before GO Debt Activity</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Total Water Cost of Service	970,000	(115,500)	537,000	691,100	534,600
Total Sewer Cost of Service	(1,122,700)	(1,337,200)	(1,978,900)	(2,496,900)	(4,267,700)
<b>Total Combined Cost of Service</b>	<b>\$ (152,700)</b>	<b>\$ (1,452,700)</b>	<b>\$ (1,441,900)</b>	<b>\$ (1,805,800)</b>	<b>\$ (3,733,100)</b>

Debt Coverage	2026	2027	2028	2029	2030
Net Earnings for Debt Coverage Ratio	\$ 5,559,400	\$ 5,254,200	\$ 4,939,500	\$ 4,614,700	\$ 4,279,700
Parity Revenue Debt Service	\$ 2,445,200	\$ 2,501,900	\$ 2,506,500	\$ 2,225,600	\$ 2,152,900
<b>Debt Coverage Ratio</b>	<b>227%</b>	<b>210%</b>	<b>197%</b>	<b>207%</b>	<b>199%</b>
<b>Debt Coverage Ratio without Capacity Fees</b>	<b>216%</b>	<b>199%</b>	<b>186%</b>	<b>195%</b>	<b>186%</b>

**Anticipated Unrestricted Cash Projection After GO Debt Activity**

Cost of Service Above	\$ (152,700)
Estimated Restricted Bond Interest Earned	(327,000)
Add: Estimated Change in GO Debt Service Fund	66,800
<b>Projected Change in Unrestricted Cash</b>	<b>\$ (412,900)</b>

**Scenario 2 – Inclining volumetric increases to tier blocks 2-4, increase 1st residential tier \$0.11 per 1,000 gallons, increase sewer volumetric tier \$0.54 per 1,000 gallons.**

The only change from Scenario 1 is a \$61,300 increase in the water cost of service and a \$326,600 increase in the sewer cost of service which is the staff projection of the additional revenue that would be generated by increasing the 1<sup>st</sup> residential volumetric and the sewer volumetric tier rates higher than the first scenario.

<b>Net Cost of Service before GO Debt Activity</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Total Water Cost of Service	1,031,300	(2,900)	701,200	907,600	803,200
Total Sewer Cost of Service	(796,100)	(965,300)	(1,560,600)	(2,031,800)	(3,755,500)
<b>Total Combined Cost of Service</b>	<b>\$ 235,200</b>	<b>\$ (968,200)</b>	<b>\$ (859,400)</b>	<b>\$ (1,124,200)</b>	<b>\$ (2,952,300)</b>

<b>Debt Coverage</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Net Earnings for Debt Coverage Ratio	\$ 5,947,300	\$ 5,738,700	\$ 5,522,000	\$ 5,296,300	\$ 5,060,500
Parity Revenue Debt Service	\$ 2,445,200	\$ 2,501,900	\$ 2,506,500	\$ 2,225,600	\$ 2,152,900
<b>Debt Coverage Ratio</b>	<b>243%</b>	<b>229%</b>	<b>220%</b>	<b>238%</b>	<b>235%</b>
<b>Debt Coverage Ratio without Capacity Fees</b>	<b>232%</b>	<b>219%</b>	<b>210%</b>	<b>226%</b>	<b>223%</b>

**Anticipated Unrestricted Cash Projection After GO Debt Activity**

Cost of Service Above	\$ 235,200
Estimated Restricted Bond Interest Earned	(327,000)
Add: Estimated Change in GO Debt Service Fund	66,800
<b>Projected Change in Unrestricted Cash</b>	<b>\$ (25,000)</b>

**Scenario 3 – Includes the volumetric increases from Scenario 2 as well as a \$0.75 base rate increase to both water and sewer except for commercial water.**

The only change from Scenario 2 is a \$147,600 increase in the water cost of service and a \$166,100 increase in the sewer cost of service which is the staff projection of the additional revenue that would be generated by increasing the monthly base rate by \$0.75.

<b>Net Cost of Service before GO Debt Activity</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Total Water Cost of Service	1,178,900	145,500	850,500	1,057,500	954,300
Total Sewer Cost of Service	(630,000)	(797,600)	(1,392,000)	(1,862,400)	(3,585,200)
<b>Total Combined Cost of Service</b>	<b>\$ 548,900</b>	<b>\$ (652,100)</b>	<b>\$ (541,500)</b>	<b>\$ (804,900)</b>	<b>\$ (2,630,900)</b>

<b>Debt Coverage</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Net Earnings for Debt Coverage Ratio	\$ 6,261,000	\$ 6,054,800	\$ 5,839,900	\$ 5,615,600	\$ 5,381,900
Parity Revenue Debt Service	\$ 2,445,200	\$ 2,501,900	\$ 2,506,500	\$ 2,225,600	\$ 2,152,900
<b>Debt Coverage Ratio</b>	<b>256%</b>	<b>242%</b>	<b>233%</b>	<b>252%</b>	<b>250%</b>
<b>Debt Coverage Ratio without Capacity Fees</b>	<b>245%</b>	<b>231%</b>	<b>222%</b>	<b>240%</b>	<b>237%</b>

**Anticipated Unrestricted Cash Projection After GO Debt Activity**

Cost of Service Above	\$ 548,900
Estimated Restricted Bond Interest Earned	(327,000)
Add: Estimated Change in GO Debt Service Fund	66,800
<b>Projected Change in Unrestricted Cash</b>	<b>\$ 288,700</b>

**Scenario 4 – Cost of Service with no water or sewer rate changes.**

This scenario shows staff’s projection of the cost of service if no water or sewer rate changes are enacted for FY’26. This shows a \$342,700 reduction of the water cost of service and a \$595,700 reduction of the sewer cost of service from Scenario 2 which represents staff’s projection of the additional revenue that will be generated by increasing the volumetric tiers to the level of scenario 2.

<b>Net Cost of Service before GO Debt Activity</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Total Water Cost of Service	688,600	(347,500)	354,700	558,800	452,800
Total Sewer Cost of Service	(1,391,800)	(1,564,700)	(2,164,500)	(2,640,300)	(4,368,500)
<b>Total Combined Cost of Service</b>	<b>\$ (703,200)</b>	<b>\$ (1,912,200)</b>	<b>\$ (1,809,800)</b>	<b>\$ (2,081,500)</b>	<b>\$ (3,915,700)</b>

<b>Debt Coverage</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Net Earnings for Debt Coverage Ratio	\$ 5,008,900	\$ 4,794,700	\$ 4,571,600	\$ 4,339,000	\$ 4,097,100
Parity Revenue Debt Service	\$ 2,445,200	\$ 2,501,900	\$ 2,506,500	\$ 2,225,600	\$ 2,152,900
<b>Debt Coverage Ratio</b>	<b>205%</b>	<b>192%</b>	<b>182%</b>	<b>195%</b>	<b>190%</b>
<b>Debt Coverage Ratio without Capacity Fees</b>	<b>194%</b>	<b>181%</b>	<b>172%</b>	<b>183%</b>	<b>178%</b>

**Anticipated Unrestricted Cash Projection After GO Debt Activity**

Cost of Service before FY’25 Debt Above	\$ (703,200)
Estimated Restricted Bond Interest Earned	(327,000)
Add: Estimated Change in GO Debt Service Fund	66,800
<b>Projected Change in Unrestricted Cash</b>	<b>\$ (963,400)</b>



## Appendix I Preliminary Rate Funded CIP Projects

CIP Projects			2026	2027	2028	2029	2030
<b>CIP Rate/Cash Funded Projects (Amounts in 000's)</b>		<b>Priority Ranking</b>					
<b>WWTP</b>							
Clarifier	Clarifier #2 replace sweeper arm/suction line	1	150.0				
Return Activated Sludge (RAS) Building	Electrical cabinet improvements.	2	85.0				
Filter Building Blowers	6 new actuator (air) valves	3	75.0				
Reuse Water System	Upgrades, improvements, etc. to the reuse water system including new flow meters, valves, piping, etc.	4	100.0	110.0	115.0	120.0	125.0
CROM Tank	Install isolation valve on CROM tank line	5	55.0				
Holding Ponds	Install 2 aerators in Pond #3	6	50.0				
System Rehab	Replace valves, actuators, motors, parts, etc.	*	225.0	250.0	275.0	300.0	350.0
Grit Removal Chamber	Sandblast and Coat Bridge #2			50.0			
Mobile Belt Press	Serves as a Backup to the Centrifuge				200.0	50.0	50.0
Centrifuge	Air conditioned structure to house centrifuge panel				250.0		
Sludge Building	Replace metal shed sludge handling building					900.0	
Warehouse/Carage	Build new warehouse building						2,400.0
<b>TOTAL WWTP</b>			<b>\$ 740.0</b>	<b>\$ 410.0</b>	<b>\$ 840.0</b>	<b>\$ 1,370.0</b>	<b>\$ 2,925.0</b>
<b>Wastewater Collection System</b>							
Gravity Main Line Refurbishment	Gravity sewer main line repairs and relining	1	400.0	400.0	400.0	450.0	450.0
Lift Stations - Rehab	Rehab and pumps	*	325.0	350.0	375.0	400.0	425.0
Lift Stations - Control Panels	Place control panels	*	105.0	110.0	115.0	120.0	125.0
District Funded MSP Projects	District Funded MSP Projects	*	-	25.0	25.0	25.0	25.0
LPS System	LPS Changeouts	*	65.0	70.0	75.0	80.0	85.0
System Rehab	Replace pipes, manholes, laterals, equipment as dictated by inspections	*	225.0	250.0	250.0	250.0	275.0
Royal James L/S	Install Screening Devices			175.0			
<b>TOTAL COLLECTION SYSTEM</b>			<b>\$ 1,120.0</b>	<b>\$ 1,380.0</b>	<b>\$ 1,240.0</b>	<b>\$ 1,325.0</b>	<b>\$ 1,385.0</b>
<b>Water Production/Distribution System</b>							
Water Line Replacement	Replace 12" Ribaut Island Road line	1	170.0				
Metering System	Changing out meters and base stations	*	600.0	625.0	650.0	675.0	700.0
Fire Hydrants	New and replacement hydrants	*		115.0	115.0	115.0	115.0
Grant Projects	Construction Costs from Grant Projects	R	6,500.0	1,000.0			
System Rehab	Replace VFDs, PLCs, valves, equipment, RO membranes etc.	*	200.0	210.0	220.0	230.0	240.0
RO Plant	Replace actuator on Booster Pump #3			40.0			
<b>TOTAL DISTRIBUTION SYSTEM</b>			<b>\$ 7,470.0</b>	<b>\$ 1,990.0</b>	<b>\$ 985.0</b>	<b>\$ 1,020.0</b>	<b>\$ 1,055.0</b>
<b>Facilities and Equipment</b>							
SCADA Improvements	Upgrade Processors at Wild Horse & Seabrook	1	50.0	95.0	95.0	115.0	120.0
SCADA Improvements	Upgrade PLC and Fiber at Marshland	2	30.0				
SCADA Improvements	Ashmore Upgrades	3	30.0				
Operations Equipment - Sewer	Camera to inspect gravity sewer lines	4	80.0				
Operations Equipment	Enclosed trailer for safety equipment	5	10.0				
Vehicles	Fleet replacements	6	260.0	260.0	260.0	275.0	275.0
Admin Building	Building Improvements, furniture, etc.	*	30.0	35.0	40.0	45.0	50.0
Technology	General computer equipment	*	30.0	35.0	40.0	45.0	50.0
Admin Building - AC	Admin Building Cooling Tower	7			300.0		
Excavator	Mini Excavator				75.0		
<b>TOTAL FACILITIES AND EQUIPMENT</b>			<b>\$ 520.0</b>	<b>\$ 425.0</b>	<b>\$ 810.0</b>	<b>\$ 480.0</b>	<b>\$ 495.0</b>
<b>TOTAL RATE/CASH FUNDED CIP PROJECTS</b>			<b>\$ 9,850.0</b>	<b>\$ 4,205.0</b>	<b>\$ 3,875.0</b>	<b>\$ 4,195.0</b>	<b>\$ 5,860.0</b>
* These are ongoing projects to be performed and completed on an as needed basis. As such, they have not been given a ranking.							
R These projects are funded by reimbursements from the SCIP Grant and RIA State Grant in FY 2026. FY 2027 is expected to need to be funded from cash.							

## Appendix II Consumption Rates & Monthly Bill Comparison

<b><u>Water &amp; Irrigation Monthly Base Rate per Unit:</u></b>	<b>Current</b>	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>
Residential Customers	17.50	17.50	17.50	18.25
Commercial Customers	22.50	22.50	22.50	22.50
<b><u>Monthly Usage Rates per 1,000 Gallons:</u></b>				
Block 1 - 0 to 10,000 Gal	1.58	1.64	1.69	1.69
Block 2 - 10,001 to 20,000 Gal	2.24	2.37	2.37	2.37
Block 3 - 20,001 to 30,000 Gal	2.79	3.04	3.04	3.04
Block 4 - All Over 30,000 Gal	3.72	4.06	4.06	4.06
<b>Commercial Water &amp; Irrigation</b>				
<b><u>Monthly Usage Rates per 1,000 Gallons:</u></b>				
Block 1 - 0 to 10,000 Gal	1.69	1.69	1.69	1.69
Block 2 - 10,001 to 20,000 Gal	2.24	2.37	2.37	2.37
Block 3 - 20,001 to 30,000 Gal	2.79	3.04	3.04	3.04
Block 4 - All Over 30,000 Gal	3.72	4.06	4.06	4.06
<b>Residential Irrigation</b>				
<b><u>Monthly Usage Rates per 1,000 Gallons:</u></b>				
Block 1 - 0 to 10,000 Gal	2.24	2.37	2.37	2.37
Block 2 - 10,001 to 20,000 Gal	2.24	2.37	2.37	2.37
Block 3 - 20,001 to 30,000 Gal	2.79	3.04	3.04	3.04
Block 4 - All Over 30,000 Gal	3.72	4.06	4.06	4.06
<b><u>Sewer Base Monthly Rate per Unit:</u></b>				
Residential Customers	19.50	19.50	19.50	20.25
Commercial Customers	19.50	19.50	19.50	20.25
<b>Residential &amp; Commercial Sewer</b>				
<b><u>Monthly Usage Rates per 1,000 Gallons:</u></b>	2.31	2.55	2.85	2.85
Residential sewer usage is capped at 10,000 gallons per month.				
There is no cap on commercial sewer usage.				
<b><u>Monthly Residential Bill at:</u></b>				
5,000 Gallons	\$ 56.45	\$ 57.95	\$ 59.70	\$ 61.20
10,000 Gallons	\$ 75.90	\$ 78.90	\$ 82.40	\$ 83.90
20,000 Gallons	\$ 98.30	\$ 102.60	\$ 106.10	\$ 107.60
30,000 Gallons	\$ 126.20	\$ 133.00	\$ 136.50	\$ 138.00
50,000 Gallons	\$ 200.60	\$ 214.20	\$ 217.70	\$ 219.20
100,000 Gallons	\$ 386.60	\$ 417.20	\$ 420.70	\$ 422.20
<b><u>Monthly Commercial Bill at:</u></b>				
5,000 Gallons	\$ 62.00	\$ 63.20	\$ 64.70	\$ 65.45
10,000 Gallons	\$ 82.00	\$ 84.40	\$ 87.40	\$ 88.15
20,000 Gallons	\$ 127.50	\$ 133.60	\$ 139.60	\$ 140.35
30,000 Gallons	\$ 178.50	\$ 189.50	\$ 198.50	\$ 199.25
50,000 Gallons	\$ 299.10	\$ 321.70	\$ 336.70	\$ 337.45
100,000 Gallons	\$ 600.60	\$ 652.20	\$ 682.20	\$ 682.95

# Appendix III

## Beaufort-Jasper Water & Sewer Rates Effective July 1, 2024

WATER			
Commercial Irrigation	Minimum	\$17.00	Basic Facilities Charge
	Usage	<b>\$6.24</b>	per Thousand gallons
Commercial Water	Minimum	\$17.00	Basic Facilities Charge
	Usage	<b>\$4.70</b>	per Thousand gallons
Residential Irrigation	Minimum	\$12.00	Basic Facilities Charge
	Usage	<b>\$6.24</b>	per Thousand gallons
Residential Water	Minimum	\$12.00	Basic Facilities Charge
	Usage	<b>\$4.70</b>	per Thousand gallons
Raw Water Commercial Contract	Fixed O&M Charge	\$6,200.00	per Month
	Usage	<b>\$0.15</b>	per Thousand gallons
Reverse Osmosis Commercial Contract	Fixed O&M Charge	\$5,700.00	per Month
	Usage	<b>\$4.69</b>	per Thousand gallons
Return Water Commercial Contract	Fixed O&M Charge	\$3,392.00	per Month
	Usage	<b>\$0.07</b>	per Thousand gallons
Wholesale	Military	<b>\$4.01</b>	per Thousand gallons
	Area A2	<b>\$3.76</b>	per Thousand gallons
	Area A3	<b>\$3.76</b>	per Thousand gallons
	Area B1	<b>\$3.76</b>	per Thousand gallons
	Area B2	<b>\$3.75</b>	per Thousand gallons
	Area B3	<b>\$2.71</b>	per Thousand gallons

SEWER			
Commercial	Minimum	\$21.60	Basic Facilities Charge
	Usage	<b>\$10.13</b>	per Thousand gallons
Bulk Commercial	Minimum	\$21.60	Basic Facilities Charge
	Usage	<b>\$7.50</b>	per Thousand gallons
Residential	Minimum	\$17.50	Basic Facilities Charge
	Usage	<b>\$7.51</b>	per Thousand gallons
	Maximum per month	<b>\$92.60</b>	Residential Maximum
Reclaimed Water	Fixed O&M Charge:		
	NOB Golf Course Irrigation	<b>\$460.00</b>	per Month
	SOB Golf Course Irrigation	<b>\$521.00</b>	per Month
	SOB Residential/Commercial Irrigation	<b>\$2,000.00</b>	per Month
	Usage	<b>\$0.25</b>	per Thousand gallons

Capital Contribution/Capacity Fees		
Effective July 1, 2023		
Residential Water per REU	\$1,994.00	July 1, 2023
Residential Sewer per REU	\$4,884.00	July 1, 2023
Commercial Water per gpd (minimum 300 gpd)	\$4.99	July 1, 2023
Commercial Sewer per gpd (minimum 200 gpd)	\$16.28	July 1, 2023



# Appendix III

## BROAD CREEK PUBLIC SERVICE DISTRICT

### RATES AND FEES EFFECTIVE JULY 1, 2024

PURSUANT TO ACT 1739 OF THE ACTS AND JOINT RESOLUTIONS OF THE GENERAL ASSEMBLY OF THE STATE OF SOUTH CAROLINA REGULAR SESSION OF 1973, THE FOLLOWING RATES AND FEES FOR BROAD CREEK PUBLIC SERVICE DISTRICT ARE PUBLISHED.

A PUBLIC HEARING WILL BE HELD ON FRIDAY, JUNE 14, 2024 AT 9:15 A.M. AT THE DISTRICT'S OFFICE LOCATED AT 3 MARINA SIDE DRIVE, HILTON HEAD ISLAND, SOUTH CAROLINA 29928. EACH AFFECTED PROPERTY OWNER SHALL HAVE THE RIGHT TO APPEAR AND MAKE A STATEMENT AT SAID MEETING.

COPIES OF THE EXISTING AND THESE PROPOSED RATES AND FEES OF THE DISTRICT ARE AVAILABLE ONLINE AT WWW.BCPSD.COM OR FROM THE DISTRICT'S OFFICES LOCATED AT 3 MARINA SIDE DRIVE, HILTON HEAD ISLAND, SOUTH CAROLINA AND MAY BE OBTAINED BY CALLING 843-785-7582.

#### I. INTRODUCTION/CUSTOMER CLASSES.

Rates are reflected below by Customer Classes. The District has, based upon historical data, allocated both revenue and expenses between the various Customer Classes both for water consumption and sewer collection and treatment. The Customer Classes within the District are:

##### A. RESIDENTIAL. This Class includes:

1. Single Family Residential
2. Regime\* / Apartment
3. Master Metered Home Owner Association ("HOA")

(\*Note: "Regime" means a horizontal property regime containing condominium units which is master metered)

##### B. COMMERCIAL. This Class includes:

1. Single Family Residence (TRU\*)
2. Regime (TRU)
3. Hotel/Time Share (TRU)
4. Business; Retail; Restaurant
5. Irrigation
6. Recycled Water

(\*Note: "TRU" means "Transient Rental Unit", i.e. a unit or Regime allowing rentals of less than six (6) months duration.)

Each Regime, apartment, or other multi-family project is a separate customer of the District. Addendum A attached to this Schedule includes a list of each Regime in each Class of Customers.

#### II. RATES.

##### A. RESIDENTIAL MONTHLY CHARGES (WATER AND SEWER).

1.	<u>Single Family Residential – Non TRU.</u>	
a.	<u>Water</u>	<u>Per 1,000 gallons of water used</u>
	First 21,000 gallons	\$ 2.76
	21,001 to 36,000 gallons	\$ 5.73
	36,001 to 100,000 gallons	\$13.20
	Over 100,000 gallons	\$29.40
b.	<u>Sewer</u> (base charge per month per customer)	<u>Flat Rate</u>
		\$43.60
2.	<u>Regime /Apartment – Non TRU, Master Metered HOA.</u>	
a.	<u>Water</u>	<u>Per 1,000 gallons of water used</u>
	Single Tier	\$ 3.60
b.	<u>Sewer</u> (base charge per Regime unit)	<u>Flat Rate</u>
		\$43.60

# Appendix III

**B. COMMERCIAL MONTHLY CHARGES (WATER AND SEWER; IRRIGATION; RECYCLED WATER).**

1.	<u>Single Family Residential – TRU</u>	
	a.	<u>Water</u> Per 1,000 gallons of water used First 21,000 gallons \$ 2.76 21,001 to 36,000 gallons \$ 5.73 36,001 to 100,000 gallons \$13.20 Over 100,000 gallons \$29.40
	b.	<u>Sewer</u> <u>TRU Fee</u> Flat Rate plus Volume \$43.60 per residential unit \$30.28 (under 4 baths); or \$60.57 (4 or more baths) plus \$4.37 per 1,000 over 25,000 gallons water used
2.	<u>Regime –TRU</u>	
	a.	<u>Water</u> Single Tier Per 1,000 gallons of water used \$ 3.60
	b.	<u>Sewer</u> <u>TRU Fee</u> Flat Rate \$43.60 per Regime unit plus \$12.12 per unit within Regime
3.	<u>Hotel/Timeshare</u>	
	a.	<u>Water</u> Single Tier Per 1,000 gallons of water used \$ 3.60
	b.	<u>Sewer</u> <u>TRU Fee</u> Flat Rate \$43.60 per hotel room/timeshare unit \$12.12 per hotel room/timeshare unit
4.	<u>Business; Retail: Restaurant</u>	
	a.	<u>Water</u> Single Tier Per 1,000 gallons of water used \$ 3.60
	b.	<u>Sewer</u> Flat Rate plus volume \$62.99 per meter (account) plus \$4.37 per 1,000 gallons over 50,000 gallons water usage
5.	<u>Irrigation</u>	
	a.	<u>Water</u> Single Tier Flat Rate plus volume \$18.17 per meter (account) plus \$3.60 per 1,000 gallons of water used
6.	<u>Recycled Water</u>	\$1.40/1,000 gallons

# Appendix III

**III. FEES.**

**A. WATER AND SEWER CONNECTION AND CAPACITY FEES BY METER SIZE  
(Residential and Commercial)**

Meter Size	Water Capacity Fee	Sewer Capacity Fee	Water Connection Fee*	Sewer Connection Fee*
5/8"	\$975	\$2,425	\$1,700	<u>Line Size</u>
3/4"	\$1,465	\$3,635	\$1,700	4" or less -- \$430
1"	\$2,440	\$6,055	\$2,000	6" or more - \$1,720
2"	\$7,800	\$19,385	\$3,100	
3"	\$14,625	\$36,345	\$4,500	
4"	\$24,375	\$60,575	\$5,300	
6"	\$48,750	\$121,150	\$10,400	
8"	\$78,000	\$193,835	\$12,500	

- NOTES:**
1. For connection fees, \* means "or cost, whichever is greater".
  2. For capacity fees – meter sizes larger than 2" are subject to further evaluation by District based on proposed usage and DHEC contributory loads.

**B. ANNUAL AVAILABILITY FEE ON UNIMPROVED PROPERTY**

Single Family Lots (water/sewer combined) \$300.00

**C. MISCELLANEOUS.**

Transfer Fee \$50.00 per change  
 NSF Check Return Charge \$25.00  
 Re-connection Fee for units disconnected for any reason \$140.00 per unit  
 Delinquency Notice for attaching cut-off notice to door \$30.00 per unit  
 Temporary Reconnection Fee \$100.00  
 Hydrant Flow Meter Rental \$100.00 plus \$3.60/1000 usage



# Appendix III

## Addendum A TO JULY 1, 2024 RATE SCHEDULE

<u>REGIME – NON-TRU</u>	<u>UNITS</u>	<u>REGIME - TRU</u>	<u>UNITS</u>
Newport Villas	66	Abbington	24
Somerset Condos	27	Anchorage	88
South Shore Commons	18	Barrington	111
Tradewinds	28	Beach Villas	17
Wyndemere	54	Captains Cove*	16
Yacht Cove Villas	<u>7</u>	Captains Walk*	84
	200	Captains Quarters	64
		Centre Court	36
		Fazio I & II	39
		Fazio III	19
		Hampton Place North**	45
		Hampton Place South**	45
		Harbourside I & II	72
		Hickory Cove	52
		Huntington	57
		Inverness	97
		Main Sail	56
		Moorings	48
		Ocean Cove	38
		Queens Grant I	54
		Queens Grant II	81
		Queens Grant III	54
		Queens Grant IV	54
		Queens Grant V	54
		St. Andrews	128
		Turnberry	100
		Villamare	160
		Water Oak	48
		Wendover Dunes	40
		Windsor Court N & S	94
		Windsor Place	94
		Yacht Club Villas	<u>43</u>
			<u>2012</u>

- Notes:**
1. The Townhomes at South Shore is a Regime with 18 units, each of which are separately metered and billed individually to Unit owners.
  2. The Peninsula in Shelter Cove is a non-condominium project with 17 units treated as a HOA project and is master metered.
  3. There are 5 Regimes which are 100% timeshare or fractional interest projects, i.e. Harbourside III; Harbour Pointe; Sunset Point; The Village at Palmetto Dunes; and Disney Vacation Club, all of which fall under the Hotel/TimeShare Customer designation.
  4. Chimney Cove is a non-condominium Apartment project with 52 units and is master metered.

**Notes:**

\*Captains Cove and Captains Walk are one HPR with two separate meters.

\*\*Hampton Place North and Hampton Place South are one HPR with two separate meters.

## Appendix III

### SOUTH ISLAND PUBLIC SERVICE DISTRICT CUSTOMER WATER RATES

#### WATER RATES

Monthly Base Charges	
Single Family Residential	\$17.65
Multi-Family Residential	\$17.65
Commercial & Restaurant <sup>1</sup>	\$53.00
Hotel/Motel Room <sup>1</sup>	\$11.00
Irrigation (separate meter)	\$17.65
Reclaimed Water	\$17.65

Monthly Volumetric Charges (per 1,000 gallons)	
Tier 1 Rate (0-6,000) <sup>2</sup>	\$1.57
Tire 2 Rate (6,001-12,000) <sup>2</sup>	\$3.56
Tier 3 Rate (12,001-20,000) <sup>2</sup>	\$4.99
Tier 4 Rate (above 20,000) <sup>2</sup>	\$6.86
Commercial & Restaurant	\$3.56
Reclaimed Water	\$1.52

#### SEWER RATES

Monthly Base Charges	
Single Family Residential	\$18.00
Multi-Family Residential	\$18.00
Commercial & Restaurant <sup>1</sup>	\$54.00
Hotel/Motel Room <sup>1</sup>	\$11.25

Monthly Volumetric Charges (per 1,000 gallons)	
Standard Sewer Rate <sup>2 3</sup>	\$2.43
Restaurant Sewer Rate	\$4.86

<sup>1</sup> Hotel and motel accounts are billed based on the number of rooms. Commercial and Restaurant accounts are billed based on number of units.

<sup>2</sup> Rates apply to single-family, multi-family, hotel/motel, and all non-commercial customer accounts.

<sup>3</sup> Single-family residential accounts are charged the standard sewer rate for the first 12,000 gallons of metered water use.

# Appendix III

## SOUTH ISLAND PUBLIC SERVICE DISTRICT NEW BUILD & CONSTRUCTION FEES

### WATER RATES

Water Tap Fees	
¾" Meter	\$1,150
1" Meter	\$1,250
1 ½" Meter <sup>1</sup>	\$1,300
2" Meter <sup>1</sup>	\$1,700

<sup>1</sup> Any meter 1 ½" or larger must include a customer-provided backflow prevention device and may incur additional charges.

<sup>2</sup> Each separate building, shop, or unit served by a master meter is considered a "unit" for hotels, motels, multi-family, and campgrounds. Additional \$500 per unit.

<sup>3</sup> Additional taps will be \$400 or more per tap, plus the water tap fee.

Fire Line System	
1" or 2"	\$1,100
3" or 4"	\$2,200
Over 4"	\$3,300
Hydrant Flow Test	\$130 per test

### SEWER RATES

Sewer Tap Fees	
Residential	\$1,000
Hotel or Campground <sup>1</sup>	\$700 per unit
Multi-Family <sup>1</sup>	\$700 per unit
Commercial <sup>1</sup>	\$1,000 per unit
Restaurant	\$2,000

<sup>1</sup> Per unit. Each separate building, shop, or unit served by a master meter is considered a "unit".

<sup>2</sup> There will be a \$6 per gallon fee for all expected sewage flows.

Sewer Impact Fees	
Residential	\$1,800
Restaurant	\$150 per seat



## Appendix III

### SOUTH ISLAND PUBLIC SERVICE DISTRICT CUSTOMER WATER RATES

#### ADDITIONAL FEES

Administrative Fees	
Late Fee	\$15.00
Non-payment/disconnect fee	\$75.00
New Account Fee	\$50.00
Seller Service Transfer Fee	\$25.00 *
Buyer Service Transfer Fee	\$25.00 *
Tenant Fee	\$25.00
Return Check Fee	\$35.00

\*Seller fee included in closing charges sent to attorney and buyer fee added to account to be paid with first bill.

Field Work Fees	
Tap/Cap Inspection & Reinspection	\$150.00
Scheduled Turn Off	\$150.00
Relocate Water/Sewer Line	\$150.00*
No access to meter	\$150.00
Non-compliance	\$100.00
After hour Reconnect	\$275.00

\*minimum fee subject to increase upon inspection

Backflow Fees	
Backflow Administration Fee	\$50.00*
Backflow Turn off	\$150.00

\*\$4.19 per month



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To: Board of Commissioners  
Pete Nardi – General Manager

From: Amy Graybill – Finance Manager

Subject: Meter Installation Fees and Hourly Labor Rate

Date: April 23, 2025

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**Background**

Staff has examined fee rates to ensure the District is recovering the appropriate costs.

**Discussion**

As part of the District’s Cost of Service Analysis (COSA) staff has reviewed fees and charges to ensure they are still relevant and provide sufficient revenue to cover their related expenses. Staff is proposing updates to meter installation fees and the hourly labor rate.

Meter installation fees are paid by the customer requesting the new meter service. Staff analysis of the materials and labor cost for performing these installations indicates these fees should be updated to reflect current installation costs.

**Meter Installation Fees and Hourly Labor Rate**

The following are the fees currently being charged for meter installations.

**A. Water Meter Installation Fee (Existing Service Line)**

i.	¾” Meter	\$1,180
ii.	1” Meter	\$1,500
iii.	2” Meter with Backflow	\$3,440
iv.	Any other size	Time/Materials

**B. Water Meter Installation Fee (No Existing Service Line)**

i.	¾” Meter	\$1,390
ii.	1” Meter	\$1,710
iii.	Any other size	Time/Material



**FY'25 Third Quarter  
Management Report**





## HILTON HEAD PUBLIC SERVICE DISTRICT STRATEGIC GOALS & OBJECTIVES Adopted: December 2024

3<sup>rd</sup> Qtr. Fiscal Year '25 Management Report:

("New:" indicates update for 3<sup>rd</sup> Qtr. Report)

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

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

#### 1.1 Management Tactics:

- 1) **New:** The PSD's 2024 Consumer Confidence Report is complete and awaiting S.C. Department of Environmental Services (DES) approval prior to dissemination. The PSD once again had zero water quality violations.
- 2) The PSD passed its annual S.C. DES inspection of the RO Plant.
- 3) The PSD passed its annual S.C. DES inspection of the Water Distribution System.
- 4) PSD water supply capacity is adequate and water quality is meeting or exceeding all current state and federal water quality standards, and all required reporting and monitoring is in compliance.
- 5) We are currently conducting water quality monitoring under the U.S. Environmental Protection Agency's Unregulated Contaminant Monitoring Rule 5 (aka "UCMR 5"). This is a national scientific monitoring program in which the EPA periodically requires sampling for potential contaminants in order to determine the potential for regulations in the future. **New:** UCMR 5 sampling conducted in March for PFAS at the intertie with Beaufort-Jasper Water & Sewer Authority detected one PFAS compound (PFBS) barely above the lowest possible detection limit out of the 30 PFAS compounds sampled. It also detected lithium in four Upper Floridan wells sampled (Fire Station, Leg O' Mutton, Seabrook, and Wild Horse). Our UCMR 5 monitoring will continue through June 2025.
- 6) The PSD Water Quality Laboratory in August was once again named a Laboratory of Excellence by the S.C. Department of Environmental Services (DES). A news release was sent.
- 7) The PSD completed its mandatory Lead Service Line Inventory ahead of the October deadline and submitted it to the S.C. DES. The PSD completed the inventory using a combination of building records research and field team inspections.
- 8) The PSD's membership in the peer-reviewed Partnership for Safe Water was recertified. This program requires the utility to document our programs and procedures related to the optimization of our water distribution system. Ourselves and Beaufort-Jasper Water & Sewer Authority are the only Partnership

members in Beaufort County. We have created a “Lead in Water” web page (<https://hhpsd.com/lead/>) invites customers to contact us to have their water tested, and provides other useful links on the topic.

1.2 Utilize best available technologies where economically feasible.

1.2 Management Tactics:

- 9) PSD supervisory control and data acquisition (SCADA) system upgrades and enhancements are continuous.
- 10) We have added real-time water distribution system pressure monitoring to our SCADA system. The program monitors pressure at multiple key locations throughout the system.
- 11) Ongoing cybersecurity programs and training are in place. A multi-part cybersecurity training and examination program was conducted with all staff during 2<sup>nd</sup> Qtr. FY '25.

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

1.3 Management Tactics:

- 12) Long range water supply planning updated in spring 2022, including future capital project options and updated hydrogeological modeling of aquifer conditions and expectations.

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

1.4 Management Tactics:

- 13) The PSD earned a national U.S. EPA 2024 WaterSense Excellence Award for Education and Outreach! This was the PSD’s third WaterSense Excellence Award. It was given in recognition of our outstanding customer communications on water efficiency throughout the year as well as our collaboration with Clemson Extension Service on sustainable landscaping education for residents. A news release was sent.
- 10) Multiple items in monthly e-newsletters and quarterly bill-insert newsletters provided information about water efficiency, including the island’s local irrigation ordinance and a new program by U.S. EPA WaterSense to encourage water-efficient swimming pool operations.
- 11) PSD hosted and promoted a Clemson University Extension Service public workshop on the “Carolina Yards & Neighborhoods” environmentally-sustainable, water-efficient landscape program in August.

1.5 Negotiate a new Purchased Water Agreement with Beaufort-Jasper Water & Sewer Authority.

1.5 Management Tactics:

- 14) PSD management team met with representatives from Raftelis to discuss the PSD’s goals for the new agreement with BJWSA. Raftelis also met with BJWSA management. **New:** Pete Nardi and BJWSA Verna Arnette met April 15 to discuss the status of the consultants’ report and the next step of bringing draft terms to the PSD Commission and BJWSA Board.

## 1.6 Manage construction and grant administration of the S.C. Infrastructure Improvement Program and American Rescue Plan Act Long Range Water Supply projects

### 1.6 Management Tactics:

#### 15) **New:** RO Plant Expansion Update:

- Project team is finalizing shop drawings in preparation for construction.
- Preparation for equipment delivery and storage at the RO Plant is underway.
- Project mobilization date has been moved back to August 2025 from July 2025 (initial mobilization was September 2025).
- PSD staff, general contractor Harper Construction, design engineers W.K. Dickson, and RO equipment provider Veolia held a workshop to review detailed plans for the plant expansion to ensure agreement on the plans, equipment selection, and construction sequencing.
- A construction schedule has been established. Significant milestone updates are:
  - Generator Finish in August 2026
  - Sodium Hypochlorite Bulk Storage Finish in January 2026
  - RO Skids Finish in August 2026
  - HVAC Finish in August 2026
- Grant and project budget updates will be provided in Quarterly Financial Reports to Commission.

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

- Drilling of RO Well #4 Middle Floridan Aquifer (MF) monitoring well is underway.
- Water quality sampling protocol has been established and monitoring well sampling underway.
- Site clearing and access road construction underway for ASR #2 project.
- A construction schedule has been established. Significant milestones are:
  - RO Well #4 Drilling Finish in July 2025
  - RO Well #4 Pipeline to RO Plant Finish in November 2025
  - RO Well #4 Finish in February 2026
  - ASR #2 Drilling Finish in April 2026
  - ASR #2 Pipeline to Water Distribution System Finish in May 2025
  - ASR #2 Finish in April 2027

#### 17) **New:** Leg O' Mutton Booster Station Update:

- Site preparation is underway, including concrete pad and electrical.
- Booster Station delivery is pending.
- Updated construction schedule:
  - Concrete work Finish in April.
  - Emergency Generator install Finish in April.
  - Booster Pump Station install Finish April.
  - Booster Pump Station startup in May.
  - Demolish existing high-service after Booster Pump Station is operational, Finish in June.

## 1.7 Manage the funding and relocation of the Hilton Head PSD-Broad Creek PSD treated drinking water pipeline, resulting from the U.S. 278 Corridor Project.

### 1.7 Management Tactics:



- 18) **New:** PSD outreach efforts resulted in Beaufort County pledging \$6.5 million in local funding toward the pipeline relocation, as well as the County and Town of Hilton Head Island agreeing that the pipeline relocation will be the top priority for available project reserve funds.
- 19) **New:** High-level preliminary estimate of \$15.2 million received for pipeline relocation alone.
- 20) **New:** Pete Nardi conducted news media interviews with multiple outlets (print and TV) to raise awareness of the pipeline relocation and the need to remove the relocation funding burden from PSD customers' utility bills.
- 21) **New:** The SCDOT on April 14 informed the PSD that the project is "in somewhat of a holding pattern while waiting on the State Infrastructure Bank to approve the path forward." The DOT is evaluating alternatives to provide access to Pinckney Island as well as where to locate the new, three-lane bridge.
- 22) The SCDOT has begun locating PSD water and sewer infrastructure in the vicinity of the U.S. 278 Corridor Project. We have sent the SCDOT a set of requests to ensure to the safety of our pipeline during proposed geotechnical barge-based borings in the Mackey and Skull creeks. No response to the request to date.
- 23) Beaufort County has informed the PSD there could be a potential to jump-start the pipeline relocation using County funds pledged to the Corridor Project.

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

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

2.1 Management Tactics:

- 24) PSD currently has more than 96% of customers connected to the sewer system, versus a national percentage of 80% and versus BJWSA percentage of 60%.
- 25) Multiple programs and customer communications in place to facilitate customer conversions from septic to sewer, including our "Connect Now" customer communications campaign, PSD long-term low interest connection financing, Project SAFE sewer connection grants, and the Town of Hilton Head sewer connection grant program. **New:** Bill insert calling for Project SAFE (Sewer Access for Everyone) fund donations sent in March, and "Connect Now" postcard sent in April to all accounts that could connect but have not yet done so.
- 26) **New:** The Old House Creek subdivision low-pressure sewer (LPS) project design completed, low responsible bid accepted, and construction contract approved by Commission, pending request to proceed by the Old House Creek POA Board.

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

2.2 Management Tactics:

- 27) **New:** PSD Recycled Water Plant and Sanitary Sewer Collection System earned the Facility of Excellence Award from the S.C. DES, in acknowledgement of operational excellence and regulatory compliance.
- 28) We received a "Satisfactory" rating on our annual DES Sanitary Survey inspection of the Recycled Water Plant in March. Only "Satisfactory" or "Unsatisfactory" ratings are given.

2.3. Utilize best available technologies where economically feasible.

#### 2.3 Management Tactics:

- 29) **New:** We have begun the use of digital probes in the Recycled Water Plant aeration basins to monitor nitrate and ammonia levels in the wastewater that allow us to efficiently adjust treatment factors, such as proper oxygen levels, to help ensure regulatory compliance.
- 30) **New:** We are conducting a multi-neighborhood sanitary sewer smoke testing program to identify any breaks in the sewer system, uncapped cleanouts, and unauthorized connections, and to prevent stormwater infiltration into the sewer system. This has been a very successful program that benefits the system as well as customers.
- 31) We have initiated an engineering study necessary to complete replacement of our screw pumps in the Recycled Water Plant. We were awarded a \$1.5-million grant from the S.C. Rural Infrastructure Authority for our screw pump replacement project. The project has a preliminary estimated cost of \$4.4 million. We will initiate design during this fiscal year. **New:** Engineering contract approved to prepare bid package for screw pump replacement and assist with grant administration for this project.
- 32) **New:** We have held preliminary discussions with a firm that is interested in obtaining our dewatered sludge for use in an upcycled product that would create more water-efficient turf – thereby removing our need to landfill our sludge. The firm is planning to partner with BJWSA and would like to include us. Multiple factors are yet to be determined prior to considering implementation.
- 33) We have completed installation of a real-time monitoring system on the majority of our sewer lift stations. The system, called Streametric, provides an array of readings related to the pump operations of the lift stations (alarms, run times, starts/stops, motor amperage, etc.). It is a more comprehensive, technologically advanced, and cost-effective system than our prior system. The system is critical for effective sanitary sewer operations and to avoid sanitary sewer overflows at lift stations. We have added an asset-management component to Streametric that allows for digital updating of lift station maintenance activities and needs.
- 34) We have received a preliminary estimate for the installation of an Ultraviolet Light disinfection system for the Recycled Water Plant. This system would reduce or eliminate our use of liquid chlorine as a cost-control measure. **New:** The FY '26 budget anticipates a cost-benefit analysis of UV disinfection versus our current method.

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

#### 2.4 Management Tactics:

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

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



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

#### 3.1 Management Tactics:

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

3.2. Introduce sustainable environmental initiatives as appropriate.

#### 3.2 Management Tactics:

- 39) A key movement toward long-term sustainability of our water resources is the PSD's effort to continue to move away from our reliance on the freshwater Upper Floridan Aquifer and instead develop the brackish Middle Floridan aquifer and increase our use of Aquifer Storage & Recovery.
- 40) Pete Nardi is serving as a member of WateReusSC, our state's chapter of the national WateReuse Association. In August, WateReuseSC presented draft legislation to DES that would require the creation of recycled water regulations in our state, thereby expanding the recycled water toolbox for South Carolina. DES currently is performing an internal legal review of the legislation. A next step will be to identify General Assembly member(s) to introduce the legislation.
- 41) Our Recycled Water Plant has been re-certified as an Audubon Cooperative Sanctuary, which is a recognition of sustainable practices at our business. We are the only wastewater treatment plant in the United States with this designation. **New:** A site visit was conducted by Audubon in March to review our programs that qualify us for Sanctuary status. We passed all qualifications!

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

#### 3.3 Management Tactics:

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

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

#### 3.4 Management Tactics:

- 43) Our RO Plant expansion project includes increasing the liquid chlorine storage capacity at the plant to a 30-day supply.



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

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

4.1 Management Tactics:

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

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

46) 24-hour emergency hotline and Field Services on-call are in place.

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

4.2 Management Tactics:

47) Ongoing and extensive customer communications in place, including website, news releases, bill insert newsletters, social media on multiple platforms, and in-person presentations to groups, including:

**New (o.-x.):**

a. Pete Nardi appeared on WHHI-TV's "Talk of the Town" in July to promote the August 15<sup>th</sup> "Carolina Yards" customer workshop and water efficiency in the summer months.

b. The "Carolina Yards" workshop, led by Clemson Extension Service staff, was attended by approx. 30 people.

c. Jerry Cutrer and Pete Nardi gave a presentation on the Commission and PSD resources and services to more than 60 people at The Cypress on Aug. 21.

d. Summer 2024 bill insert newsletter mailed to all customer accounts.

e. Pete Nardi interviewed by Island Packet newspaper for a story about PFAS as it relates to local water sources.

f. News release sent in August on PSD Water Quality Laboratory earning "Laboratory of Excellence" recognition from S.C. DES.

g. PSD hosted students from Heritage Academy on Sept. 17 to tour the Recycled Water Plant and learn about PSD water resources.

h. Members of the HHI-Bluffton Leadership Class of 2024-25 toured the Recycled Water Plant and interviewed Pete Nardi on leadership on Oct. 2 as part of their required Community Enrichment Activities.

i. PSD earned 2024 EPA WaterSense Excellence Award for Education and Outreach. A news release was sent.

j. Pete Nardi spoke to the HHI-Bluffton Leadership Class of 2024-25 about local water resources on Oct. 9 as part of their annual Government Day.

k. PSD hosted a group of residents from The Cypress in October for a tour of our Recycled Water Plant and the RO Plant.

l. We held an information meeting with residents of Old House Creek about their pending low-pressure sewer project.

m. We hosted 80 middle school students from John Paul II Catholic School in Okatie for a tour of the Recycled Water Plant and RO Plant, and a presentation on water and wastewater treatment and sources.

- n. Pete Nardi appeared on WHHI-TV's "Talk of the Town" to give an update on our Water Supply & Resiliency Projects.
- o. Pete Nardi and Jerry Cutrer interviewed by WSAV-TV about the pipeline relocation.
- p. Pete Nardi interviewed by Island Packet about the pipeline relocation.
- q. Pete Nardi interviewed by Island Packet about saltwater intrusion and our long-term water supply projects.
- r. Pete Nardi appeared on WHHI-TV News about the RO Well #4 groundbreaking and our long-term water supply projects.
- s. Pete Nardi interviewed by Hilton Head Sun about pipeline relocation.
- v. Tim Ryan and Sarah Hickman represented the PSD during Career Days at Hilton Head Island High School and May River High School.
- w. Sarah Hickman discussed PSD water resources with students from Hilton Head IB Elementary School.

- 48) PSD Commissioners Stuart Bell (District 2); Patricia Flynn Soltys (Dist. 3); Jerry Cutrer (Dist. 4); and Andrew Paterno (Dist. 6) were each reelected to four-year terms during the November General Election.
- 49) PSD staff continue to be involved in array of industry-related volunteer activities that both enhance the PSD's reputation and provide knowledge transfer to/from our utility, including: **New:** 18 new Operator licenses have been earned so far in FY '25; training and conferences attended include: Certified Government Finance Officer; S.C. Assoc. of CPAs; WEFTEC '24; WaterSmart Innovations '24; WEASC Sea Island District; E-One Low-Pressure Sewer; WEASC Operator's Conference; SCAWWA Water Loss Control Workshop; WaterReuse SC-Water Research Foundation Recycled Water Communications Workshop; S.C. Rural Water Conference; S.C. Environmental Conference; S.C. AWWA Customer Service Workshop; Southeastern Desalting Association Conference.
- 50) **New:** Sarah Hickman volunteered to lead the judging the Operations Challenge at the 2025 S.C. Environmental Conference.
- 51) **New:** Pete Nardi co-presented on our SCIIP projects under the Resiliency technical sessions track at the 2025 S.C. Environmental Conference.
- 52) **New:** Pete Nardi has been nominated to serve as the Chair of the AWWA's national Water Conservation Division and as a member of the AWWA national Technical Education Council.
- 53) **New:** Pete Nardi gave a presentation on the PSD and a WWTP tour to the members of the Lowcountry Stormwater Partners, a group of local governments and stakeholders led by Clemson Extension Service, as part of a Partners meeting hosted by the PSD. The Partners are considering establishing a stormwater management/water-efficiency demonstration project at the PSD.

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

#### 4.3 Management Tactics:

- 54) A key tactic of this objective is achieved via the PSD hiring process, which places an emphasis on customer service aptitude and experience. Many current PSD team members have joined us from customer-facing roles in the local hospitality, health care, and residential and commercial maintenance industries.
- 55) Employee Recognition Program in place to recognize team members via customer, coworker, and supervisor input. Employee Recognition Program recognizes team members quarterly based on customer and co-worker feedback. **New:** Seven (7) team members received Employee Recognition during the 3<sup>rd</sup> qtr.: Lorie Chisolm, John Stewart, Jodi French, Anthony Pascetti, Doug Nice, J.P. Sarricolea, and Renee White.



56) **New:** We have developed new categories of employee recognition that incentivize workplace safety, efficiency in use of PSD resources, and professional licensure. We also have implemented recognition for years of service.

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

#### 4.4 Management Tactics:

57) **New:** A presentation was given to the Commission in January on the PSD's Advanced Metering Infrastructure (AMI) system and our Customer Portal for bill payment and consumption tracking and alerts.

58) **New:** A presentation on PSD Marketing and Water Efficiency Outreach was given to the Commission in February and led by our marketing consultant, Heather Bragg of Bragg Media.

4.5. Review and/or develop policies detailing positions on various customer service issues, such as water leaks, remediation of water issues, etc.

#### 4.5 Management Tactics:

59) Staff drafted and the Commission adopted in September an updated Drought Management Plan and Drought Response Regulation, using current guidance from the S.C. Climatology Office. This was the first update of the plan and regulation since 2003.

60) The FY '25 budget process resulted in implementation of revised sewer connection and backflow prevention inspection fees to reflect current costs incurred by the PSD.

4.6. Celebrate District and Staff accomplishments.

#### 4.6 Management Tactics:

61) News releases, bill insert announcements, and social media posts sent on: Water Quality Laboratory once again being recognized as a Laboratory of Excellence as part of its annual certification by the S.C. DHEC; PSD earning its third U.S. EPA WaterSense Excellence Award for Education and Outreach; Temporary Irrigation Cessation Request; Cold Weather and Your Water Service; Annual Chlorination & Line Flushing.

62) PSD partnered with Community Foundation of the Lowcountry to create a scholarship campaign in recognition of Customer Service Supervisor Vermell Scott, who retired in 2025.

63) A retirement celebration was held for Vermell Scott, whose last day with the District after 24 years in our Customer Service department was Dec. 31.

64) **New:** A ribbon-cutting ceremony was held with the Town of Hilton Head Island, Beaufort County Councilman Larry McElynn, and members of the project team for the RO Well #4 in February.

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

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

#### 5.1 Management Tactics:



65) FY '25 rate adjustments were based on cost-of-service analysis.

## 5.2. Plan and use debt prudently.

### 5.2 Management Tactics:

- 66) Beaufort County Council gave unanimous authorization for the PSD to issue up to \$23 million in general obligation debt related to the local match for our SCIP projects as well as potential capital project needs.
- 67) The S.C. Drinking Water State Revolving Fund has approved our use of SRF funds for \$2.5 million in our engineering costs related to our SCIP/ARPA projects.
- 68) The PSD had \$14.4 million in projects for our Recycled Water Plant (WWTP) placed on the S.C. Clean Water (wastewater) State Revolving Fund (SRF) FY '25 Intended Use Plan. This is the first step necessary to be approved for a low-interest loan through the SRF. The projects include replacement of screw pumps, construction of a new influent screen as backup, warehouse and garage replacement, and onsite sodium hypochlorite generation system. Our projects ranked 12th out of 22 utilities/municipalities placed on the list, which totals approximately \$520 million in estimated project costs. Attached is the full FY '25 Intended Use Plan.
- 69) The PSD obtained a 20-year, \$20.4-million tax exempt non-bank qualified general obligation bond (Series 2024B) at 3.65% interest from TD Bank to cover the local commitment necessary for our SCIP projects. The bond, which can be prepaid subject to a 2% prepayment penalty as early as May 2027, is set for closing on Nov. 5.
- 70) **New:** The PSD has worked with legal counsel and Beaufort County Councilman Larry McElynn on potential legislation that would allow the PSD to issue general obligation (GO) debt without first receiving County Council approval, as part of a statewide effort among special purpose districts with elected boards of Commissioners.

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

### 5.3 Management Tactics:

- 71) We actively monitor non-revenue water to reduce water production costs. Non-revenue water is currently in a 15-20% range. We are researching an array of potential causes of non-revenue water, including the necessity for any relative professional services and/or CIP projects in FY '26.
- 72) **New:** We have begun the use of digital probes in the aeration basins to monitor nitrate and ammonia levels to aid in our adjustment of our aeration to save energy costs.

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

### 5.4 Management Tactics:

- 73) We are carrying out our ongoing meter changeout program, which is a key tactic to ensure that the PSD is capturing consumption and generating accurate bills.
- 74) We are lowering our bad debt expense via pro-active communications with delinquent payers.
- 75) We are reducing the number of and dollar amount of leak adjustments by proactively communicating with customers.

76) We are participating in the S.C. Local Government Investing Pool, which is an investment mechanism authorized by the General Assembly to provide local governments an opportunity to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions.

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

5.5 Management Tactics:

77) Appropriate internal controls are in place and routinely reviewed.

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

5.6 Management Tactics:

78) Quarterly financial reporting provides ratios/benchmarks update.

79) **New:** The PSD earned its 15<sup>th</sup>-straight GFOA award for Excellence in Financial Reporting for our FY '24 Annual Comprehensive Financial Report.

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

5.7 Management Tactics:

80) Our FY '25 budget included consumption rate increases in the upper tiers to send a price signal to promote water efficiency among customers.

81) Asset management planning is informing annual Operating & Maintenance and Capital Improvement Program budgets.

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

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

6.1 Management Tactics:

82) Routine safety training is in place. Longtime PSD safety instructor Bob "Safety Bob" Stinnett leads monthly courses and supervisors provide regular in-field discussions and "tailgate talks."

83) CPR/AED training provided for all PSD staff free of charge from Hilton Head Fire Rescue.

84) Active shooter response training led by former law enforcement officers was held in October.

85) The Beaufort County Sheriff's Office conducted a free assessment of PSD Oak Park Drive campus physical security. Several security-related improvements have been implemented as a result of Sheriff's Office recommendations.

86) PSD Workers' Compensation coverage provided by the S.C. State Accident Fund, which continues to provide premium based on PSD incident history. We have had one (non-OSHA reportable) workplace injury in FY '25 to date.



87) **New:** We conducted our annual free employee health screening (the lab portion of an annual physical), with 34 employees/spouses participating.

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

#### 6.2 Management Tactics:

- 88) **New:** We hosted a senior from May River High School for a job shadowing experience with our IT/GIS Department. The student is interested in a career in the Computer Science field.
- 89) **New:** We hired an Accounting Specialist for Purchasing & Inventory, and an Advanced Metering Infrastructure (AMI) Supervisor.
- 90) **New:** We hired two Field Technicians directly from Hilton Head Island High School and Bluffton High School.
- 91) Competitive compensation and benefits packages are funded in the FY '25 budget and included in the draft FY '26 budget.
- 92) PSD recruits in a variety of formats that include diversity-focused recruitment websites/listings.
- 93) Word-of-mouth and recommendations from existing team members continue to provide a key resource for recruitment, particularly at the local level.
- 94) We participate in potential recruitment with a variety of partners, including our local schools and trade associations. We utilize word-of-mouth, social media, and traditional media in our recruitment advertising.
- 95) We have signed up as a participating utility in the S.C. Rural Water Association's brand new Pre-Apprenticeship Program, wherein our costs of adding an intern who is still in high school may be subsidized by the association and wherein the association may match interns with us.
- 96) We have signed up to participate in a new Workforce Collaborative effort by the S.C. AWWA/WEASC. The program is being modeled off Baywork program in San Francisco. The member utilities will pool resources (training, recruitment, referrals, etc.) to create a sustainable water/wastewater workforce for the state of South Carolina.
- 97) Multiple training programs and opportunities are in place utilizing trade associations, in-house resources, and independent study. **New:** Training examples this FY include: Biological Wastewater Treatment, Water Treatment, E-One Low-Pressure Sewer Pumps, Effectively Driving Change, and Email Habits and Non-Verbal Communication Skills, Financial Planning and Budgeting, Wastewater Collections; EPA Lead & Copper Rule Compliance; Essential Cybersecurity Awareness; Presentation & Public Speaking Skills.
- 98) **New:** S.C. Labor Licensing and Regulation operator licenses earned this fiscal year: "D" Water Distribution, "A" Wastewater Collections, "C" Wastewater Collections, "C" Water Treatment, "D" Water Treatment, "A" Biological Wastewater (2); "B" Biological Wastewater (4), "C" Biological Wastewater (2), "D" Biological Wastewater (2).
- 99) The PSD should continue to add staff as necessary to work toward a generally accepted water/wastewater sector goal of a 400-to-1 customer-to-staff ratio. Current ratio is approximately 600-to-1.
- 100) We met with the Career Development Directors of Hilton Head Island High School and May River High School to provide an overview of careers at the PSD, internship and job shadowing opportunities, and to discuss water/wastewater technician and operator training for the new vocational education wing at HHI H.S. Bluffton High School also is included in the career development opportunities with us.

6.3. Define and implement organizational succession planning.

#### 6.3 Management Tactics:



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

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

#### 6.4 Management Tactic:

102) **New:** Commission workshops held on: Advanced Metering Infrastructure and Customer Portal; PSD Marketing & Water Efficiency Outreach.

103) Clerk to Commission Connie Whitehead developed a hard-copy Commissioner Orientation Manual and it has been provided to the Commission.

104) Commission meeting agenda items included: Purchasing Policy Updates; Long-Term Financial Planning; Drought Management & Response; Purchased Water Agreements.

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

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

#### 7.1 Management Tactics:

105) **New:** We have completed documentation, photography, and condition assessment of more than 3,500 individual PSD assets, including all process sites (WWTP, Lift Stations, RO Plant, ASR, Wells).

106) **New:** PSD staff reviewed multiple Computerized Maintenance Management Systems (CMMS) and selected three finalists for demonstrations in March. A Pre-Implementation Planning effort now is underway to ensure the team members and cross-system functionality are in place to make implementation of our new CMMS successful. CMMS purchase is included in the draft FY '26 budget. A big thanks to PSD Asset Management Specialist Hal Hylton for leading this effort and for our interdepartmental team members who will work on CMMS implementation.

107) Water and wastewater systems' preventative maintenance program is in place and utilizing Geographic Information Systems, particularly in the area of sewer lift station maintenance.

108) Appropriate staff level is a key tactic to minimize the number, severity, and duration of loss of service incidents, particularly due to a small amount of available contractors to assist in such situations.

109) The adopted FY '25 budget supports a staff level appropriate to meet current system needs and help prepare for continued growth in the PSD customer base.

110) The entire PSD team in October engaged in Asset Management training sessions with Tacoma Zach of MentorAPM, a leading asset management/computerized maintenance management system provider. The sessions focused on the benefits of reliability-centered maintenance for product quality, sustainability, and safety. A big thanks to PSD Asset Management Specialist Hal Hylton for arranging this training.

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

#### 7.2 Management Tactics:

- 111) PSD asset inventory is up to date and serves as basis of S.C. Insurance Reserve Fund (IRF) policies covering utility assets. "Self-insurance" tactic (days cash on hand) review among staff and the Commission was part of the FY '25 budget process and will be an ongoing consideration.
- 112) Replacements/enhancements funded in FY '25 Capital Improvement Plan.
- 113) PSD Capital Improvement Plan is updated annually and prepared on a 5-year basis. The adopted FY '25 budget includes a 5-year replacement plan and supports an appropriate annual capital improvement program.

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

#### 7.3 Management Tactics:

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

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

#### 7.4 Management Tactics:

- 116) Our System Specifications for development have been updated and are in use. The specifications provide the PSD's standard requirements for utility infrastructure in order to assist developers in planning and construction.
- 117) Internal and external project management is in place on developer and PSD projects.

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

#### 7.5 Management Tactics:

- 118) PSD is insured by the State of South Carolina Insurance Reserve Fund (IRF) at adequate levels. We annually review our insured assets and coverage and make modifications thereto.
- 119) Cybersecurity insurance has been added.

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

#### 7.6 Management Tactics:

- 120) Cybersecurity systems are in place on all business and operational systems.
- 121) Cybersecurity training is being implemented for all staff members. A multi-part cybersecurity training and examination program was conducted with all staff during 2nd Qtr. FY '25

7.7. Maintain physical security of property and equipment.



### 7.7 Management Tactics:

- 122) Extensive camera surveillance of PSD facilities is in place.
- 123) Alarm systems in place on key PSD facilities.
- 124) Beaufort County Sheriff's Office performed free assessment of PSD Oak Park Drive campus physical security and PSD implemented multiple security enhancements based on Sheriff's Office review.
- 125) Security in place for field assets.

7.8. Utilize best available technologies were economically feasible.

### 7.8 Management Tactics:

- 126) Detailed asset inventory and naming system created for Recycled Water Plan Assets and Reverse Osmosis Plant Assets.
- 127) Detailed asset inventories and naming systems underway to plug into Computerized Maintenance Management Systems (CMMS) when selected.
- 128) Advanced Metering Infrastructure in place.
- 129) Supervisory Control and Data Acquisition system enhancements are ongoing.
- 130) Geographic Information System enhancements are ongoing and utilizing field- and desktop-based updating.
- 131) Computerized water distribution model update completed.

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

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

### 8.1 Management Tactics:

- 132) **New:** PSD Commission and staff joined Town of Hilton Head Council and staff, and Beaufort County Councilman Larry McElynn to celebrate a groundbreaking for the RO Well #4 project.
- 133) **New:** PSD worked with Beaufort County Council, HHI Town Council, and respective staffs, to secure local funding commitments and prioritization for our drinking water pipeline relocation for the U.S. 278 Corridor Project.
- 134) Town staff assisted the PSD in response to S.C. DOT plans for barge-based geotechnical boring in vicinity of PSD subaqueous drinking water pipeline in Mackay and Skull creeks.
- 135) Hilton Head Town Council voted in 2022 in support of working with the PSD on development of our second Aquifer Storage & Recovery well on the Town-owned Ashmore Tract, as well as the expansion of our Reverse Osmosis Drinking Water Treatment Facility, which involves the Town-owned Old Welcome Center site and Jenkins Island Tract. Town staff and Town Council have been very supportive and helpful in addressing our need for easements on Town-owned property to complete our SCIIP projects. Town Council approved the easements at its Oct. 17 meeting. Town Council unanimously approved during 1<sup>st</sup> Qtr. FY '25 all necessary easements for PSD SCIIP projects.



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

8.2 Management Tactics:

136) PSD General Manager Pete Nardi has helped launch the new S.C. Chapter of WaterReuse Association to influence reuse water regulations/legislation.

137) **New:** We are monitoring legislation via our involvement in S.C. Water Utility Council and S.C. Water Quality Association (SCWQA). Below are the 2025 S.C. General Assembly Pre-filed Bills we are monitoring, including commentary from the SCWQA:

H. 3768 Utility Relocation Sunset Provision – Would extend the sunset provision in the water and sewer utility relocation funding act from July 1, 2026, to July 1, 2031. Passed favorably out of House Education and Public Works Committee. This is expected to pass.

Governor's Executive Budget – Governor McMaster's budget request includes \$193.5M for additional income tax cuts down to 6%. It also includes \$13.7M to the Department of Environmental Services for "permitting reform" and \$240M for disaster relief. That program includes \$150M for a grant program administered by the South Carolina Emergency Management Division (SCEMD). The grant program "will allow local governments, public utilities, nonprofit, and charitable aid organizations to apply for disaster recovery funds – funds that were either denied by the federal government or did not meet federal FEMA thresholds." The full budget request can be viewed here: <https://www.governor.sc.gov/news/2025-01/governor-henry-mcmaster-announces-fiscal-year-2025-2026-executive-budget>

Signs at Outfalls – S 139 Would require NPDES permittees to post signs at outfalls (Devine – D) This is not a big deal and routinely required in almost every other state. We suggest the SCWQA take no position on this. The sign must be at least eighteen inches square and include the following information:

- (1) the words "Treated Wastewater" or "Cooling Water", as appropriate;
- (2) the name of the permittee and the facility;
- (3) the permit number;
- (4) a telephone number for the permittee; and
- (5) a telephone number for reporting to the department.

Development Impact Fees – H 3165 Would change development impact fee definition and applicability (Wooten – R). Generally, SCWQA thinks the changes this bill would implement are beneficial to local governments.

Definition of a public facility is revised to include vehicles with a cost less than \$100K. Previously, it was only vehicles with a cost greater than \$100K.

The definition of "system improvement costs" previously excluded (1) repair and O&M of existing or new capital improvements and (2) administrative/operating costs of the governmental entity. These costs would now be included in system improvement costs.

The development impact fee would no longer have to be based "on actual improvement costs or reasonable estimates of the costs, supported by sound engineering studies." This is beneficial and appears to have the effect of not requiring that engineers prepare these cost estimates.

An impact fee ordinance would no longer have to include a provision specifying the termination (sunset) of the fee. This makes sense and avoids forcing governmental entities to repeatedly re-adopt impact fee ordinances.

Excavation Projects – H 3571 Would add new sections on large projects in the Underground Facility Damage Prevention Act & Would limit excavator liability (Hiott – R and Majority Leader). This bill will likely pass. The bill generally cleans up certain provisions of the Underground Facility Damage Prevention Act, seeks to have the Act better accommodate Large Projects, and seeks to put teeth into violations of the Act by setting up a process by which the SC Attorney General can seek fines ranging from \$5K to \$25K per violation of the act.

Funding Assistance – H 3373 Directs the SC Rural Infrastructure Authority to provide staff support and assistance to the SC Water Quality Revolving Fund Authority (Hixon – R, W. Newton – R, Mitchell – R, and Yow – R). No position.

Septic Repair – H 3656 Would prohibit DES from denying well and septic tank repair or replacement regardless of availability of municipal water/sewer service (Ligon – R). It also allows irrigation wells to be drilled regardless of the availability of public water and without delineating allowable depths of the wells. SCWQA opposes this bill because it will undermine public utilities' ability to extend service to areas with failing wells/septic systems and will make it harder to serve growth. This bill is especially unwise given the challenges well-owners can face with emerging contaminants in their well water such as PFAS chemicals. **New:** The PSD sent a letter to the Beaufort County Legislative Delegation formally opposing this bill. It is opposed by multiple associations representing our state's water and the S.C. Municipal Association.

HOAs and Utility Billing – H 3425 Would prohibit Homeowners Associations from paying utility bills on behalf of homeowners (McDaniel – D) This bill would impose notice requirements on homeowner associations before they spend unbudgeted funds AND includes the following provision regarding utility service: "a homeowners association may not control the utilities of the homeowners and must transfer the control over the utility service to the homeowner." SCWQA reads this to preclude HOAs from paying utility bills for homes within the association. HOAs may have used control over public utility service as a way to ensure homeowners paid their HOA fees. SCWQA plans to stay out of this fight.

PFAS – H 3116 Would require the Department of Environmental Services to promulgate regulations prohibiting the discharge of PFAS at ANY contaminant level in any waterway or drinking water supply of the State (Bustos – R). The bill is unrealistic and will not go anywhere. It was likely introduced by request of a constituent (done as a courtesy but the legislator will not likely push for passage).



# **GM Monthly Report**





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

April 14, 2025

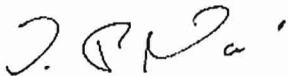
Dear Commissioners, please see below the following updates:

- We are experiencing demand of approximately 6.5 mgd.
- S.C. Infrastructure Investment Program (SCIIP) Projects Update:
  - **RO Plant Expansion**
    - Finalizing shop drawings.
    - Preparing for equipment delivery/storage at plant.
    - Mobilization moved back to August from July (initial was September).
  - **RO Well #4, ASR Well #2, and Transmission Mains**
    - RO #4 Monitoring Well construction is underway.
  - **Leg O'Mutton Water Booster Station**
    - Site prep completed.
    - Electrical completion pending.
    - Booster Station delivery and install is imminent.
- **WWTP Screw Pump Replacement Project:**
  - Kickoff meeting held April 2.
  - Bid package completion estimated for August.
  - Bid award estimated for October.
  - Construction Finish estimated for October 2026.
- **Pipeline Relocation:**
  - The SCDOT on April 14 informed us that the project is "in somewhat of a holding pattern while waiting on the State Infrastructure Bank to approve the path forward." The DOT is evaluating alternatives to provide access to Pinckney Island as well as where to locate the new, three-lane bridge.
- **Purchased Water Agreement:**
  - Pete Nardi and BJWSA Verna Arnette met April 15 to discuss the status of the consultants' report and the next step of bringing draft terms to the PSD Commission and BJWSA Board. My goal is to foster consensus between the two boards on the draft terms (i.e., length, preservation of off-peak rate, removal of minimum-take clause) and then proceed to the financial rate setting.
- The PSD once again earned the Certificate of Achievement for Excellence in Financial Reporting for its 2024 Annual Comprehensive Financial Report. A news release will be sent. A big congrats to Amy Graybill!
- The PSD's 2024 Consumer Confidence Report is complete and attached to this report. The PSD once again had zero water quality violations. A big congrats to Bill Davis and the Operations team!

- We are conducting sanitary sewer system smoke testing and manhole inspection in multiple neighborhoods in the Spanish Wells Road area on April 21. A news release has been sent.
- We passed a site inspection this month for our Audubon Certified Cooperative Sanctuary qualification. Many thanks to Connie Whitehead and Johnny Malphrus for their work on this program! A news release has been sent.
- We hosted the Lowcountry Stormwater Partners meeting this month and the group toured the Recycled Water Plant and the property, with an eye toward working with us on creating educational demonstration areas on the site to encourage water efficiency and related environmental benefits.

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

All my best,

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

Pete Nardi  
General Manager



**Hilton Head Public Service District**  
**South Carolina ID #0720006**  
**Water Quality Test Results**  
for the period of January 1 to December 31, 2024

This Annual Drinking Water Quality Report provides information on the quality of your drinking water. The United States Environmental Protection Agency (EPA) requires all drinking water suppliers to provide their customers with a water quality report on an annual basis. This report contains information on the source of your water, what it contains, and how it compares to standards set by regulatory agencies.

Este informe contiene información muy importante sobre el agua que usted bebe. Tradúzcalo ó hable con alguien que lo entienda bien.

Hilton Head PSD is governed by an elected Board of Commissioners. The PSD Commission typically meets on the fourth Wednesday of each month in the PSD Community Room at our Water Resource Center at 21 Oak Park Drive off Mathews Drive on Hilton Head Island.

If you have questions about this report or about the water provided to you by the PSD, please contact PSD Water Quality Laboratory Supervisor Sarah Hickman at (843) 681-5525 or [info@hhpsd.com](mailto:info@hhpsd.com).

### **Sources of Drinking Water**

Hilton Head PSD obtains approximately 60 percent of its water from three (3) groundwater wells in the brackish Middle Floridan Aquifer, which is treated in the PSD's Reverse Osmosis (RO) Drinking Water Treatment Facility. The remainder of the PSD's water is obtained via wholesale purchase of treated drinking water from the Beaufort-Jasper Water & Sewer Authority (BJWSA), and from groundwater wells in the freshwater Upper Floridan Aquifer.

The Safe Drinking Water Act Amendments of 1996 required DHEC to perform a source water assessment for all drinking water supplies in South Carolina. Learn more about the state's source water protection program at <https://des.sc.gov/programs/bureau-water/source-water-protection>. View Hilton Head PSD's Source Water Assessment at <https://hhpsd.com/publications/>.

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. These substances are called "contaminants."

### **Contaminants that may be present in source water include:**

- Microbial contaminants, such as viruses and bacteria, which may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- Inorganic contaminants, such as salts and metals, which can be naturally-occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.
- Pesticides and herbicides, which may come from a variety of sources such as agriculture, urban storm water runoff, and residential uses.



- Organic chemical contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also come from gas stations, urban storm water runoff, and septic systems.
- Radioactive contaminants, which can be naturally occurring or be the result of oil and gas production and mining activities.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the EPA’s Safe Drinking Water Hotline at (800) 426-4791.

In order to ensure that tap water is safe to drink, EPA and SC DHEC prescribe regulations which limit the amount of certain contaminants in water provided by public water systems. FDA regulations establish limits for contaminants in bottled water which must provide the same protection for public health.

### Message from the EPA

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (800-426-4791).

How to Interpret Our Data
<b>Units of Measurement</b>
<ul style="list-style-type: none"> <li>• <b>ppm (parts per million):</b> This is the same as milligrams per liter, or the equivalent of one penny out of ten thousand dollars.</li> <li>• <b>ppb (parts per billion):</b> This is the same as micrograms per liter, or the equivalent of one penny out of ten million dollars.</li> </ul>
<b>Water Quality Terms and Abbreviations</b>
<ul style="list-style-type: none"> <li>• <b>AL (Action Level):</b> The concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system shall follow.</li> <li>• <b>MCL (Maximum Contaminant Level):</b> The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technologies.</li> <li>• <b>MCLG (Maximum Contaminant Level Goal):</b> The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.</li> <li>• <b>MNR (Monitoring Not Required):</b> Monitoring is not required, but recommended.</li> <li>• <b>MRDL (Maximum Residual Disinfectant Level):</b> The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.</li> <li>• <b>MRDLG (Maximum Residual Disinfectant Level Goal):</b> The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of the disinfectants to control microbial contaminants.</li> <li>• <b>NTU (Nephelometric Turbidity Units):</b> A measure of water clarity.</li> <li>• <b>LRAA (Location Running Annual Average):</b> The average concentration at a particular location for four consecutive quarters.</li> <li>• <b>NA (Not Applicable):</b> Does not apply.</li> <li>• <b>ND (Not Detected):</b> Not detected.</li> <li>• <b>TT (Treatment Technique):</b> A required process intended to reduce the level of a contaminant in drinking water.</li> </ul>

## Regulated and Unregulated Water Quality Monitoring

Hilton Head PSD routinely monitors your drinking water according to federal and state laws. The data below shows monitoring results for the most recent testing period. All were below the regulatory limits.

Disinfectants & Disinfection By-Products						
Constituent	MCLG or MRDLG	MCL, TT or MRDL	Detect in Your Water	Sample Date	Violation	Typical Source
Chloramine	4 ppm	4 ppm	RAA = 2 Range = 1.56 – 2.06	2024	No	Water additive used to control microbes
Total Haloacetic Acids (HAAs)	NA	60 ppb	LRAA = 1.7 Range = ND – 23.5	2024	No	By-product of drinking water disinfection
Total Trihalomethanes (TTHMs)	NA	80 ppb	LRAA = 2.1 Range = 2.7 – 26.1	2024	No	By-product of drinking water disinfection
Inorganic						
Fluoride	4 ppm	4 ppm	Highest Level Detected = 0.38 Range = ND – 0.38	2024	No	Erosion of natural deposits; Water additive which promotes strong teeth; Discharge from fertilizer and aluminum factories
Nitrate	10 ppm	10 ppm	Highest Level Detected = 0.044 Range = ND – 0.044	2024	No	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits
Sodium	MNR	NA	Highest Level Detected = 37 Range = 18 – 37	2024	No	Erosion of natural deposits

Lead and Copper							
Constituent	MCLG	AL	Detect in Your Water	Sample Date	# Samples Exceeding AL	Exceeds AL?	Typical Source
Copper	1.3 ppm	1.3 ppm	90 <sup>th</sup> Percentile = 0.056 Range = 0.00099 – 0.13	2024	0	No	Corrosion of household plumbing systems; Erosion of natural deposits
Lead	0 ppb	15 ppb	90 <sup>th</sup> Percentile = 1.0 Range = 0 – 18	2024	0	No	

If present, lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Hilton Head PSD is responsible for providing high quality drinking water and removing lead pipes but cannot control the variety of materials used in plumbing components in your home. You share the responsibility for protecting yourself and your family from the lead in your home plumbing. You can take responsibility by identifying and removing lead materials within your home plumbing and taking steps to reduce your family's risk. Before drinking tap water, flush your pipes for several minutes by running your tap, taking a shower, doing laundry, or a load of dishes. You can also use a filter certified by an American National Standards Institute accredited certifier to reduce lead in drinking water. If you are concerned about lead in your water and wish to have your water tested, contact Hilton Head PSD at (843) 681-5525 or e-mail: [info@hhpsd.com](mailto:info@hhpsd.com). Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available at <http://www.epa.gov/safewater/lead>. Hilton Head PSD's service line inventory and lead tap sampling data are available for review at our office.



Unregulated Contaminants – Hilton Head PSD Groundwater Wells				
Constituent	Detect in Your Water (ppb)	Sample Date	Violation	Typical Source
Lithium	Average Level Detected = 10.1 Range = 9.69 – 10.6	2024	No	Lithium is a naturally occurring metal, has numerous commercial uses and is likely found in a variety of foods

Unregulated Contaminants – Wholesale Water (BJWSA)				
Constituent	Detect in Your Water (ppb)	Sample Date	Violation	Typical Source
PFBS	Average Level Detected = 4.25 Range = 4.2 – 4.3	2024	No	Discharge from manufacturing and industrial chemical facilities, use of certain consumer products, occupational exposures, and certain firefighting activities
PFOS	Average Level Detected = 5.15 Range = 5.1 – 5.2	2024	No	Discharge from manufacturing and industrial chemical facilities, use of certain consumer products, occupational exposures, and certain firefighting activities
PFOA	Average Level Detected = 4.9 Range = 4.7 – 5.1	2024	No	Discharge from manufacturing and industrial chemical facilities, use of certain consumer products, occupational exposures, and certain firefighting activities
PFPeA	Average Level Detected = 1.5 Range = ND – 3	2024	No	Discharge from manufacturing and industrial chemical facilities, use of certain consumer products, occupational exposures, and certain firefighting activities

Unregulated contaminants are those for which U.S. EPA has not established drinking water standards. The purpose of unregulated contaminant monitoring is to assist EPA in determining the occurrence of these contaminants in drinking water and whether future regulation is warranted. In 2024, Hilton Head PSD participated in the fifth round of Unregulated Contaminant Monitoring Rule (UCMR5). To view EPA’s national database of UCMR5 results and learn more, visit: <https://www.epa.gov/dwucmr/fifth-unregulated-contaminant-monitoring-rule-data-finder#data-finder>

**Regulated Water Quality Monitoring**  
**Beaufort-Jasper Water and Sewer Authority (BJWSA)**  
 South Carolina ID #0720003

Constituent	MCLG	MCL	Detect in Your Water	Sample Date	Violation	Typical Source
Turbidity	N/A	TT = 1 NTU	0.45 NTU	2024	No	Soil runoff
		TT = 95% of samples < 0.30 NTU	100%			

Organic						
Constituent	MCLG	MCL	Detect in Your Water	Sample Date	Violation	Typical Source
Total Organic Carbon	N/A	TT = 35% – 50% removal is required	43.6% – 72.2%	2024	No	Naturally present in the environment



# HILTON HEAD PUBLIC SERVICE DISTRICT

www.hhpsd.com

Contact: Pete Nardi  
Hilton Head PSD  
(843) 681-0525  
pnardi@hhpsd.com

FOR IMMEDIATE RELEASE

## **Sanitary sewer smoke testing and manhole inspections set for April 21**

**HILTON HEAD ISLAND, S.C. (April 11, 2025)** – Hilton Head Public Service District (PSD) will conduct smoke testing and manhole inspections of its sanitary sewer system on Monday, April 21, weather permitting. The work will occur in the Spanish Wells Road area between Miller Road and the Silver Moss neighborhood, including the following streets and neighborhoods:

- Bluebell Lane
- Oakview Road
- Freddie's Way
- Sam Frazier Retreat
- Sadie Common
- Muddy Creek Road
- Pink Sands
- Bryant Road
- Spanish Wells Cottages
- Timbercrest
- Silver Moss
- Tansyleaf

The testing is performed to identify any breaks in the sanitary sewer system, uncapped cleanouts, and unauthorized connections, and to prevent infiltration of stormwater into the sanitary sewer system. It is a best-practice of sewer system maintenance. The smoke used is odorless, non-toxic, non-flammable, and is not harmful to people, pets, or house plants. It does not create fire hazards and does not stain clothes, drapes, or furniture. Hilton Head Fire Rescue is notified of the testing.

About Hilton Head PSD:

The Hilton Head PSD is the water, sewer, and recycled water public utility that serves more than 25,000 customers in the north- and mid-island areas. For more information, visit [hhpsd.com](http://hhpsd.com)

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# HILTON HEAD PUBLIC SERVICE DISTRICT

www.hhpsd.com

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(843) 681-0525  
pnardi@hhpsd.com

FOR IMMEDIATE RELEASE

## Hilton Head PSD is Certified Audubon Cooperative Sanctuary

**HILTON HEAD ISLAND, S.C. (April 14, 2025)** – Hilton Head Public Service District (PSD) has once again been recognized as a Certified Audubon Cooperative Sanctuary by Audubon International. Audubon International recognized the PSD for its environmental quality, community outreach, enhancement of wildlife habitat, and minimization of its environmental footprint, including its Oak Park Drive site. “It is clear that the staff of Hilton Head PSD makes environmental initiatives a priority, both at the facility and within the community,” said Audubon International Cooperative Sanctuary Program Manager Scott Turner. The PSD has been a Certified Audubon Cooperative Sanctuary since 2018, one of the only public utilities in North America to earn such recognition.

Audubon International recognized the PSD for its efforts to assist customers in converting from septic systems to the PSD’s public sewer system, its internship and outreach efforts in local schools, and its energy efficiency practices. The PSD’s recycled water program, which annually recycles more than 1 billion gallons of highly-treated wastewater into beneficial recycled water for wetlands habitat nourishment and golf course irrigation, also was recognized by the Cooperative Sanctuary Program. Habitat for more than 25 species at the PSD’s Oak Park Drive site was noted by Audubon International in its review, including osprey, Canada geese, a variety of waterfowl that frequent the recycled water lagoons on the property, and a pollinator garden. Executive Assistant Connie Whitehead and Facilities Supervisor Johnny Malphrus lead the PSD’s Cooperative Sanctuary recertification effort.

“We are very proud to be a part of the Cooperative Sanctuary Program,” said PSD General Manager Pete Nardi. “We are currently looking for local partners to help us create educational demonstration areas here at Oak Park Drive, to encourage water efficiency and develop pollinator habitat. Please visit us and share your passion and ideas!”

About Hilton Head PSD:

The Hilton Head PSD is the water, sewer, and recycled water public utility that serves more than 25,000 customers in the north- and mid-island areas. For more information, visit [hhpsd.com](http://hhpsd.com)

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**REPRESENTATIVE WM. WESTON J. NEWTON**  
THE HOUSE OF REPRESENTATIVES  
STATE OF SOUTH CAROLINA  
District No. 120 - Beaufort and Jasper Counties

COMMITTEES:  
Judiciary  
Legislative Oversight, Chairman

LEGISLATIVE DELEGATION OFFICES:  
Beaufort: (843) 255-2260 Fax: (843) 255-9425  
Jasper: (843) 726-6019 Fax: (843) 726-5068

March 19, 2025

Mr. Frank Turano  
Chair  
Hilton Head PSD Commission  
21 Oak Park Drive  
Hilton Head Island, SC 29925

Dear Mr. Turano,

Thank you for your recent correspondence sharing your opposition to H.3656 (Wells & Septic Tanks) as introduced. As this bill is pending in the House Agriculture, Natural Resources and Environmental Affairs Committee, I have shared your correspondence with the committee for their consideration. Please do not hesitate to share your views in the future. It is an honor and privilege to represent the concerns of our community in the South Carolina House of Representatives.

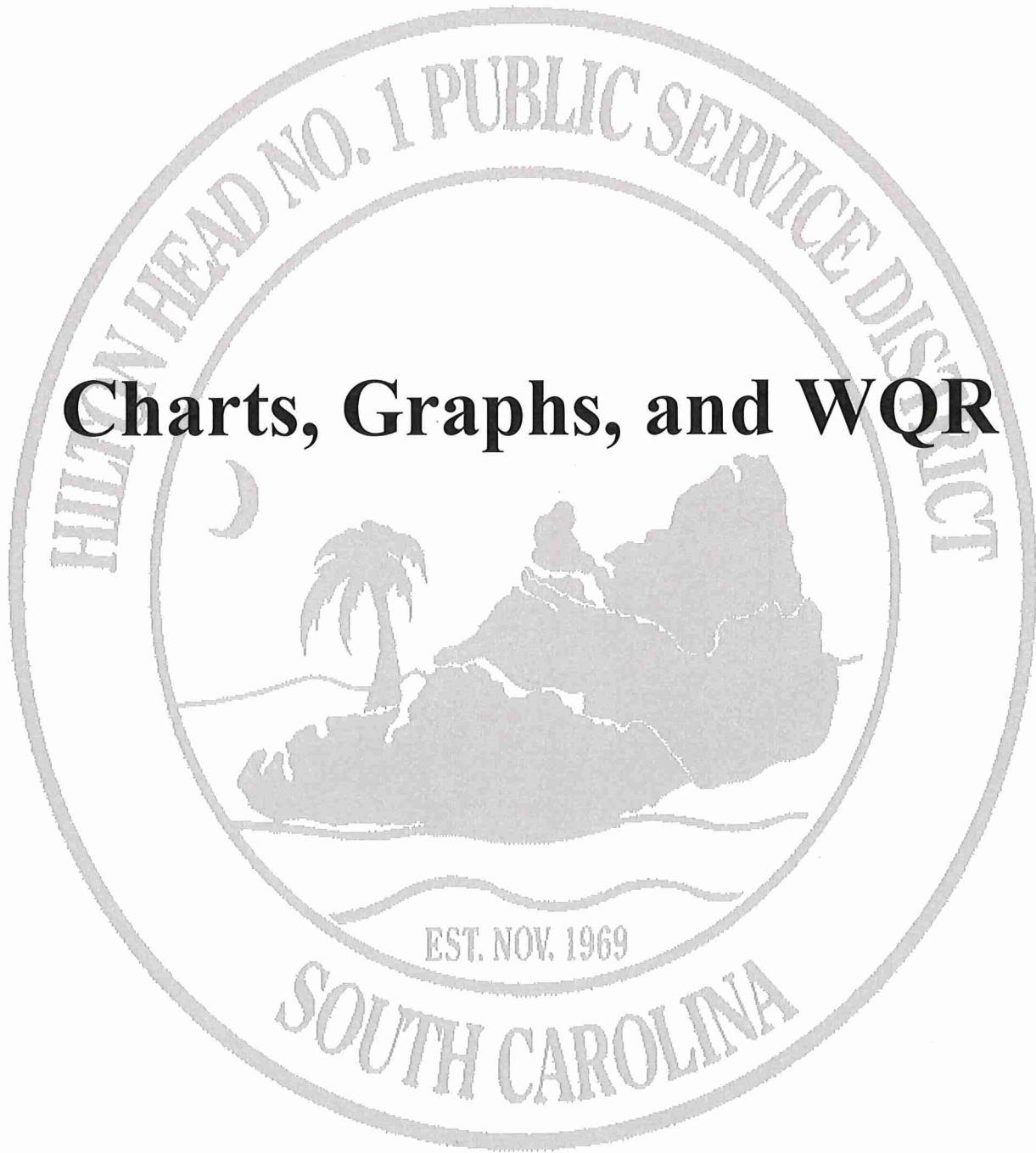
Sincerely,

A handwritten signature in black ink that reads "Wm. Weston J. Newton". The signature is written in a cursive style.

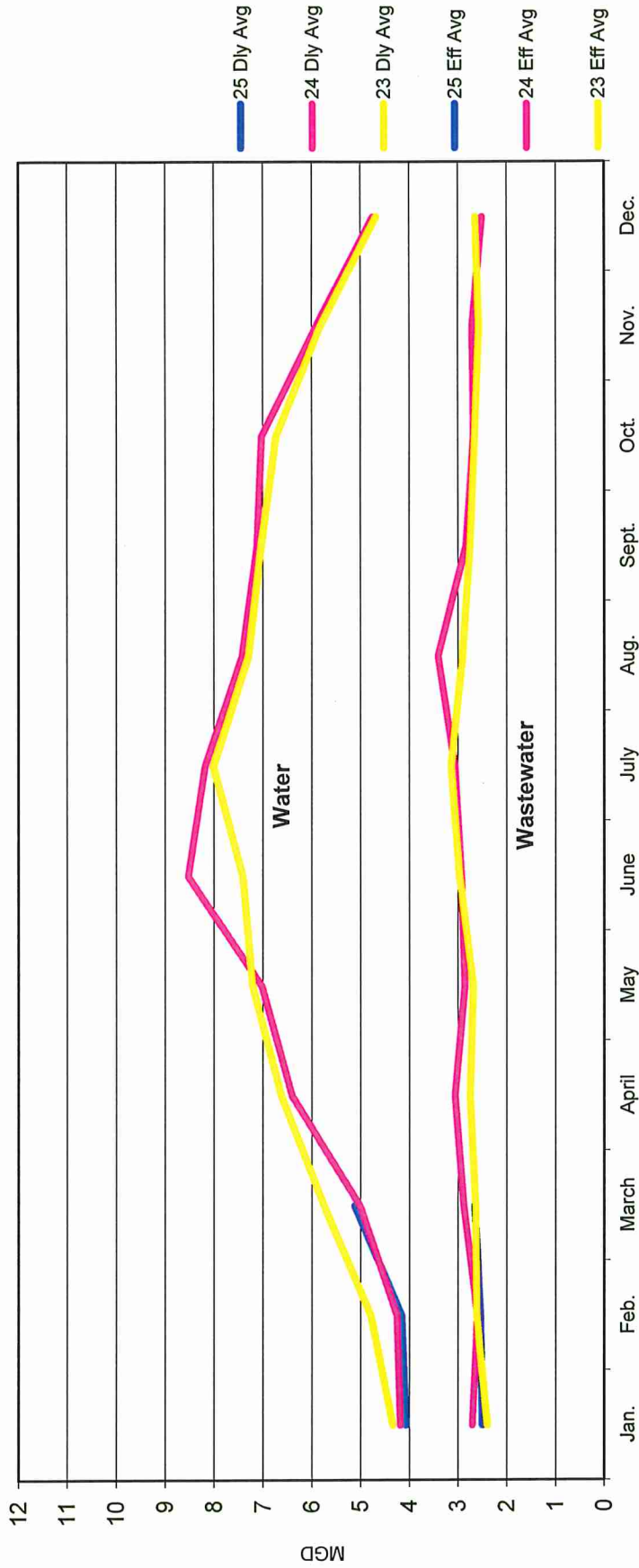
Wm. Weston J. Newton

Cc: House Agriculture, Natural Resources & Environmental Affairs Committee

# Charts, Graphs, and WQR

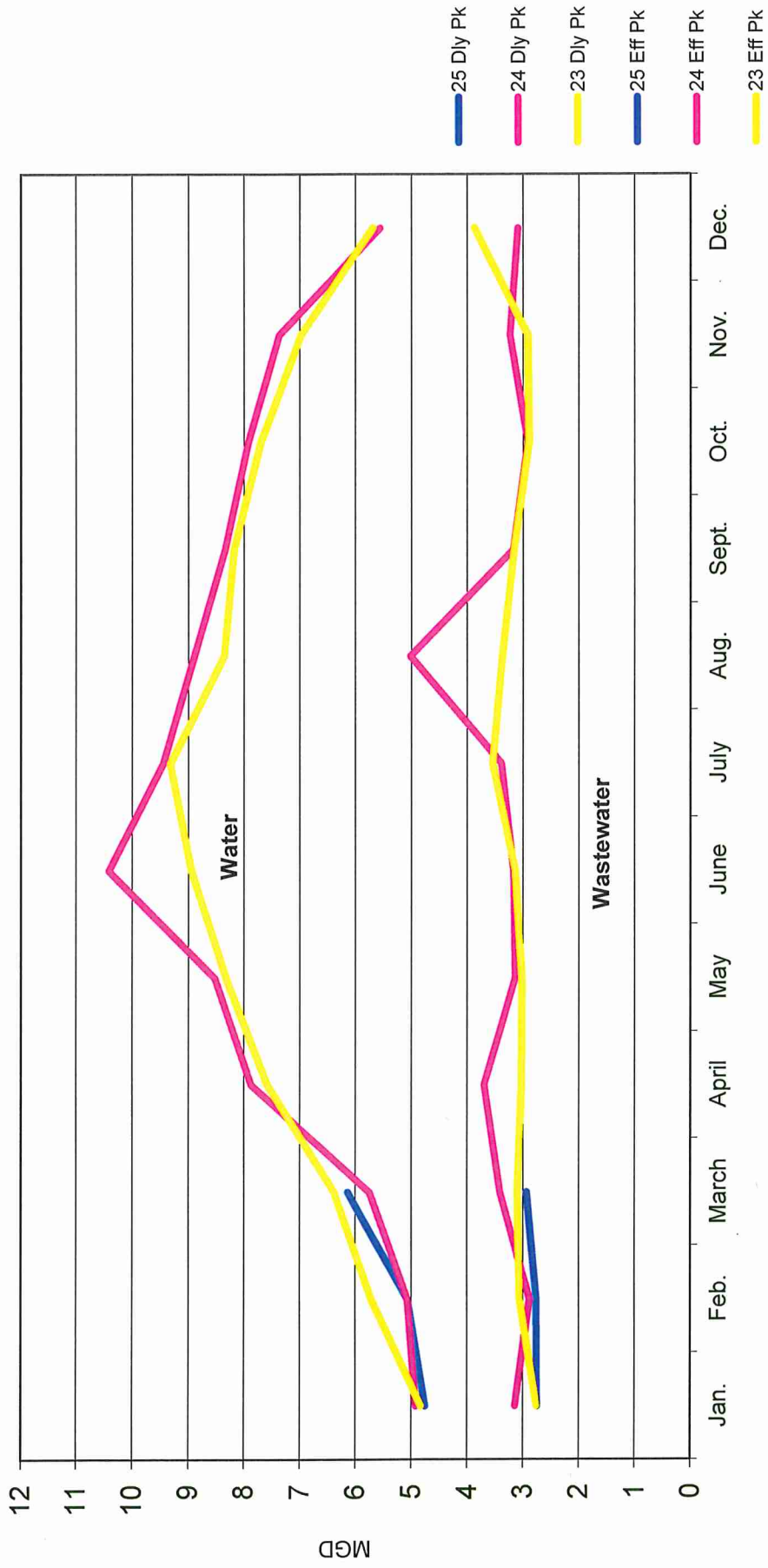


### Water and Wastewater Average Flows





### Water and Wastewater Peak Flow



Monthly Water Quality Report

Water Supply 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	29.75										37.46	8.0%
RO Plant	119.26	107.59	116.48										343.33	77.0%
UFA Wells	18.28	20.24	28.67										67.19	15.0%
ASR Recovery	0.00	0.00	0.00										0.00	
Total	141.79	131.29	174.90										447.98	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	PASS										
Chlorine (avg)	2.2	2.39	2.16										
Ph (avg)	N/A	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)						

## Customer Inquiries

Type of Inquiry	Number of Inquiries	Resolved?	Comments
Low Pressure	13	y	
Customer break/leak	23	y	
PSD break/leak	14	y	
Water Outage	1	y	
Odor/Taste/Color	8	y	
Miscellaneous	152	y	
Sewer issues & Inspections	106	y	
<b>Total</b>	<b>317</b>		

Other Water Quality Notes for This Month  
 3/06/2025 - Changed cartridge filters



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)	2.11	Y		
RO Raw Water MFA Wells (range)	n/a	Y	165 - 469	98 - 199
Finished RO Water	3.19	Y		
Fire Station UFA	1.91	Y	62	142
Leg O' Mutton UFA	2.68	Y	120	225
Wild Horse UFA	2.53	Y	74	186
Seabrook UFA	2.46	Y	145	268
Union Cemetery UFA	2.04	Y		
ASR (recharge)	2.20	Y	34	31