

HILTON HEAD PUBLIC SERVICE DISTRICT

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

MARCH 2026 AGENDA PACKET CONTENTS

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16. State of the Water Industry 2025 Executive Summary
17. Article from *The Post and Courier* Entitled “For more than 60 years, this humble canal has helped transform the southern Lowcountry”
18. Charts, Graphs and Water Quality Report



Agenda

HILTON HEAD PUBLIC SERVICE DISTRICT

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AGENDA

Hilton Head Public Service District Commission
9 a.m.
March 25, 2026
PSD Community Room
21 Oak Park Drive, Hilton Head Island, SC 29926

- I. Call to Order & Freedom of Information Act Announcement
- II. Pledge of Allegiance
- III. Roll Call of Commissioners
- IV. Public Comment on Non-Agenda Items
- V. Adoption of Draft Minutes of February 25, 2025, Regular Meeting
- VI. Coastal Community Development Corporation Participation
- VII. FY '26 Financial Audit Engagement Letter (Action)
- VIII. FY '27 Rates, Fees and Millage Discussion
- IX. Future Planning: Water Independence, Wastewater Processing/Recycling, Staffing
- X. General Manager's Monthly Report
- XI. Executive Session:
 - A. Under S.C. Code 30-4-70 (a) (2) ("Discussion of negotiations incident to proposed contractual arrangements...")
 - i. Purchased Water Agreement
 - ii. Advanced Metering Infrastructure
- XII. Possible Action by Commission Concerning Matters Discussed in Executive Session
- XIII. Adjournment

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



Draft Minutes

EST. NOV. 1969

SOUTH CAROLINA

HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT

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

MINUTES COMMISSION MEETING FEBRUARY 25, 2026

I. The meeting was called to order by Chairman Frank Turano at 1:02 p.m.

II. Those in attendance were:

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

Present by request:

Mr. Pete Nardi	General Manager
Mr. Bill Davis	Operations Manager
Ms. Amy Graybill	Finance Manager
Mr. Alan Wolf	Coastal Community Development Corp
Mr. Dave Wetmore	Coastal Community Development Corp
Ms. Amy Vitner (Via Zoom)	First Tryon Advisors
Mrs. Connie Whitehead	Commission Recording Secretary

Absent:

Visitors

Ms. Verna Arnette	BJWSA General Manager
Mr. Jimmy Baker	Former BJWSA Commissioner

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 January 28, 2026, Commission Meeting

Key Discussion Points

- The Call to Order was revised to reflect the meeting was called to order by Vice-chairman Jerry Cutrer.
- In Section VI, Approval of the Revenue Bonds, the minutes were revised to reflect that the motion to accept the 10-year term proposed by Huntington Bank passed 4-2, with Mr. Cutrer and Mrs. Soltys opposed.

Action

- Mr. Cutrer moved to adopt the minutes of the January 28, 2025, meeting as amended. Mr. Paterno seconded. The motion passed unanimously.

VI. Coastal Community Development Corporation Presentation

Key Discussion Points

- Mr. Alan Wolf gave an overview of the Coastal Community Development Corporation's current workforce housing project.
- The CCDC is pursuing partnerships with local entities, including the PSD. Some proposed ideas for PSD partnerships are:
 - Infrastructure-related investment at Nightingale Commons
 - Bucks for a Better Island
 - Grants/donations to secure housing opportunities to live and work on Hilton Head Island.

VII. FY'26 2nd Quarter Financial Report

Key Discussion Points

- Ms. Graybill presented the FY'26 2nd Quarter Financial Report. A copy is included in the agenda packet.

VIII. Financial Ratio Benchmark Anaysis

Key Discussion Points

- Mrs. Amy Vitner of First Tryon Advisors presented PSD's Financial Ratio Benchmarking Analysis. A copy of the presentation is included in the agenda packet.

IX. S.C. Critical Infrastructure Cybersecurity Program MOA

Key Discussion Points

- Mr. Nardi presented for board consideration the S.C. Critical Infrastructure Cybersecurity Program Memorandum of Agreement.
- The program, founded by the S.C. Law Enforcement Division (SLED), has developed both threat intelligence and training opportunities and is seeking participating organizations. The program provides situational awareness, access to expert assessments, and enhances threat response capabilities.
- Staff recommends the Board authorize the general manager to sign the agreement.

Action

- Mr. Bell moved to authorize the GM to execute the memorandum of understanding. Mr. Abdul-Malik seconded. The motion passed unanimously.

X. 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.
- Mr. Nardi reminded the Board that Statements of Economic Interests are due March 30 at noon.

XI. Adjournment

Action

- Mr. Bell moved to adjourn the meeting. Mr. Marks seconded. The motion passed unanimously. The meeting adjourned at 2:37 p.m.



**Coastal Community
Development Corporation**

EST. NOV. 1969

SOUTH CAROLINA



(843) 681-5525
Hhpsd.com

To: All Commissioners
From: Pete Nardi, General Manager
Re: Coastal Community Development Corporation Presentation

March 12, 2026

Dear Commissioners:

In February, Alan Wolf and David Wetmore from the non-profit Coastal Community Development Corporation (CCDC) Board of Directors presented to the Commission regarding the CCDC's efforts on local workforce housing, including and potential partnership opportunities. The Commission subsequently instructed staff to bring back recommendations for potential partnership with CCDC.

Discussion:

As discussed at the February meeting, there are two avenues of participation: (i) direct financial assistance, and/or (ii) water/sewer infrastructure-based assistance.

Staff views direct financial support as the most feasible method of partnership. This would take the form of an annual contribution from the PSD in exchange for PSD staff receiving a right-of-first-refusal to lease CCDC units. The contribution would be treated as a "sponsorship" by the PSD and funded in its Operations & Maintenance budget, likely via the "Special Functions" line item. It is important to bear in mind that because the PSD adopts an annual budget, it cannot commit these sponsorship funds on a multi-year basis. Instead, it will fund the sponsorship on a year-to-year basis such that future funding obligations are subject to funding by the Commission in future budget cycles. Staff's initial view is to provide an initial \$5,000.00-sponsorship in exchange for the right-of-first refusal on at least one unit's lease to be used by a qualifying member of PSD staff.

The CCDC floated the idea of the PSD somehow partnering via the water/sewer infrastructure that will be necessary for new CCDC projects. This option is more challenging, and risks violating the PSD's revenue bond covenants, which prohibit it from providing free service, duty to maintain proper and appropriate rates, and obligation to use PSD facilities and services at reasonable cost and value. Additionally, precedence with the front-foot assessment program makes it difficult for the PSD to discount infrastructure or construction related fees for selective projects. Nonetheless, staff is willing to further investigate this option if directed to do so by the Commission, and will look for ways to legally and validly make such arrangements.

Recommendation:

Staff recommends the PSD provide an initial \$5,000.00 sponsorship to the CCDC in exchange for a right of first refusal on at least one unit lease for Fiscal Year '26, and include an additional \$5,000.00 in the draft FY '27 budget for consideration of continuing the sponsorship during the coming fiscal year.

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

Best regards,

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

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



**FY'26 Audit
Engagement Letter**



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

To: Commissioners
Pete Nardi, General Manager

From: Amy Graybill, Finance Manager

Subject: FY 2026 Audit Engagement Letter

Date: March 25, 2026

Background

Greene Finney Cauley LLP completed the fiscal year (FY) 2025 audit and presented their findings at the November 2025 Commission meeting. Staff submitted the Annual Comprehensive Financial Report (ACFR) to the Government Finance Officers Association (GFOA) and the required Single Audit to the Federal Clearing House, prior to December 31, 2025. Staff believes the District will achieve the Certificate of Achievement for Excellence in Financial Reporting; results are generally provided in May/June. The FY 2025 audit was the fourth year of a five-year proposal (including extension options) presented to the Commission in January 2022. During FY 2026, the District spent more than \$750,000 in federal funding on its SCIIP Grant projects. As such, the District will again be required to fulfill additional audit requirements and obtain a Single Audit in accordance with Governmental Auditing Standards for FY 2026. Greene Finney Cauley LLP is a South Carolina based CPA firm that has a governmental auditing practice qualified to provide Single Audit services.

Discussion

Attached for your review is a FY 2026 audit engagement letter and a FY 2026 Commissioner communication letter, which highlights several key points regarding the proposed engagement, from Greene Finney Cauley LLP. Each of the items listed below are discussed in detail within the attached engagement letter. Staff anticipates that Greene Finney Cauley LLP would make a report to the Commission in October/November 2026 on their findings.

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

The fee listed in the engagement letter is the \$27,900 quoted from the FY 2022 proposal plus the additional \$6,500 expected to be necessary to provide the additional Single Audit services.

Recommendation:

Given the increased audit requirements related to federal funding expected for FY 2026, staff recommends continuing with Greene Finney Cauley LLP, which is qualified to perform governmental Single Audit services and has familiarity with the District. Staff recommends exercising the second of the two-year extension options by executing the attached engagement letter to engage Greene Finney Cauley LLP to complete the annual financial audit and Single Audit for the fiscal year ending June 30, 2026.

Attachments: Audit Engagement Letter, and Commissioner Communication Letter



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

March 2, 2026

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

We are pleased to confirm our understanding of the services we are to provide the Hilton Head No. 1 Public Service District (the "District") for the year ended June 30, 2026.

Audit Scope and Objectives

We will audit the financial statements of the District, including the disclosures, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2026. Accounting standards generally accepted in the United States of America ("GAAP") provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A"), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America ("GAAS"). These limited procedures will consist principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

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

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

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

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

1. Introductory section.
2. Statistical section.

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

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

Auditor Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Audit Procedures—Internal Controls

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

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

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

Audit Procedures—Compliance

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

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

Responsibilities of Management for the Financial Statements and Single Audit

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

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

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

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

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

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

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

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

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

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

Other Services

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

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

Engagement Administration, Fees, and Other

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

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

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

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

We expect to begin interim audit work in May 2026 and our year-end audit work in August 2026. We expect to issue our report before October 31, 2026. Emily Sobczak is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be \$34,400 (including \$6,500 for the testing of one major program as part of the single audit), plus any additional costs associated with (a) implementing Governmental Accounting Standards Board Statement No. 103 "*Financial Reporting Model Improvements*", and (b) testing of additional major programs. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you in advance and arrive at a new fee estimate before we incur the additional costs. Any services that you may require outside of those related to the audit discussed above will be billed at our hourly standard rate of Partners, \$325 per hour; Managers, \$250 per hour; Supervisors, \$175 per hour; Senior Staff, \$125 per hour; Staff, \$100 per hour. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

Reporting

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

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

Auditor’s Expectations of Management

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

Conclusion

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

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

Very truly yours,

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Certified Public Accountants

RESPONSE:

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

Signature: _____

Title: General Manager

Date: _____

Signature: _____

Title: Board of Commissioners - Chair

Date: _____

BROWN CPA, LLC

Report on the Firm's System of Quality Control

July 20, 2023

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

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

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

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

Opinion

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

BROWN CPA, LLC

BROWN CPA, L.L.C.

By Matthew Brown, CPA

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

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS



Page 1 of 1



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

March 2, 2026

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

We are engaged to audit the financial statements of the Hilton Head No. 1 Public Service District (“District”) for the year ended June 30, 2026. Professional standards require that we provide you with the following information related to our audit. Please feel free to contact us, as we would also be glad to meet with you to discuss this information.

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

As stated in our engagement letter dated March 2, 2026, our responsibility, as described by professional standards, is to an express opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

Required Supplementary Information

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

GREENEFINNEYCAULEY.CPA • INFO@GREENEFINNEYCAULEY.CPA

MAULDIN, SC
864.232.5204

CHARLESTON, SC
843.735.5805

ANDERSON, SC
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Supplementary Information

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

Other Information

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

Planned Scope and Timing of the Audit

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

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

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

- 1) Management override of controls

We expect to begin our interim audit work in May 2026 and our year-end audit work in August 2026. We expect to issue our report by October 31, 2026. Emily Sobczak is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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

Very truly yours,

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Certified Public Accountants



**FY'27 Rates, Fees and
Millage Discussion**



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

To: Commissioners
Pete Nardi, General Manager

From: Amy Graybill, Finance Manager

Subject: FY 2027 Budget Rate Discussion

Date: March 25, 2026

In preparation for the FY 2027 budget and cost of service presentation in April, staff would like to discuss the District's current rate structure as well as seek feedback on rate options to be provided in the cost-of-service analysis of the upcoming budget.

Current Rate Structure

Currently, the District employs a base rate and inclining block tier structure for its residential and commercial water and irrigation customers. Historically, the commercial tiers were higher than residential tiers. The District underwent a rate study in 2018 which recommended that residential and commercial tiers be brought together as there was no justification for commercial tiers to be higher. This recommendation was completed in prior fiscal years.

Single-Commercial Rate Structure

During the cost-of-service process in recent years, staff has compared the District's tiers against neighboring utility tiers and has noted that the District's tiers are narrower than neighboring utilities. In line with this and in consideration of the Commission's desire to encourage conservation, staff has recommended widening the tiers by placing higher increases on higher tiers in recent years. Exhibit A, attached, compares Fiscal Year 2026 rates with our neighboring utilities. While this makes sense for residential customers, continuing down this path may not be appropriate for commercial customers whose water use is driven by their business purposes. All of the District's neighboring utilities only have one uniform rate for their commercial customers. For Commission discussion purposes only, staff has created a multi-year plan (Exhibit B attached) that would increase the higher residential tiers to encourage conservation while flattening the commercial rates into a single tier.

Consideration of Hotels, Timeshares, and Long-Term Care Facilities

The changes in Exhibit B require ensuring appropriate classification occurs between residential and commercial customers. Of particular note are hotels, timeshares, and long-term care facilities. This particular customer group's consumption primarily mimics residential-household usage, but the water is being used for a *commercial* purpose. The District has historically classified this group

under the residential tier structure. However, the group’s consumption is not primarily irrigation-driven and thereby does not lend itself to conservation-based price signals (i.e., inclining block rate structure that discourages inefficient irrigation). Many utilities in the U.S. that use an inclining-block residential rate structure and a single-tier commercial rate structure, classify this particular group of customers as commercial. The same consideration needs to be given to irrigation meters for this group of customers. Historically, the District has classified irrigation meters for any non-single-family residences (including multi-unit apartment complexes and HOAs) as commercial.

The flattening of the commercial tiers discussed in Exhibit B would begin in FY 2028. No action is needed at the March Commission meeting. Staff would like to discuss this plan with the Commission, including whether to include this rate-structure change as part of an overall rate study conducted by a third party. Staff estimates that a rate study could cost between \$20,000 to \$120,000 depending upon the firm selected and the complexity of the study. This expense would need to be built into the upcoming FY 2027 budget.

FY 2027 Water and Sewer Budget Rate Options

Staff has begun preparation of the FY 2027 budget and is currently expecting several significant expense increases, coupled with revenue decreases as consumption has been consistently down from the prior year. While this revenue decline may be related to weather patterns, it is also possible that the inclining block price tier increases that the District has adopted in recent years to encourage efficiency have begun impacting customers’ consumption and thereby District revenues. The District may continue to see consumption decline if it continues to enact additional conservation-based rate increases.

Below is a high-level review of some of the currently expected ongoing operating increases and one-time capital needs for FY 2027:

Operating Expense Category	Current Estimate	Estimated Ongoing Impact
Property Insurance	IRF Estimates 10% +	\$ 30,000
Property Insurance	Updated Appraisals - 10% +	30,000
Automobile Insurance	IRF Estimates 40%	17,000
Biosolids	Jan 2026 Increase 7 - 9%	50,000
RO Chemicals	Going from 4-6 MGD in Nov 2026	150,000
RO Fuel and Power	Going from 4-6 MGD in Nov 2026	230,000
RO Maintenance	38% Filter Price Inc, Going from 4-6 MGD	40,000
		<u>\$ 547,000</u>

One Time Anticipated Capital Expenses to Complete Grant/Debt Projects	
Additional cash funding needed to complete grant/debt projects	\$ 1,300,000
Water needed to build bubble for ASR #2	<u>290,000</u>
	\$ 1,590,000

In addition to these particularly large, expected increases, the District continues to see across-the-board inflationary increases in a 3-5% range. Furthermore, if fuel prices become elevated, this often trickles down into a separate fuel surcharge component of inflationary increases to many of the District's expenses. That could raise inflationary increases even higher than 5%.

The District's understanding is that other local utilities are experiencing similar expense pressures and are planning for 8 – 12% increases. Staff will continue to refine and hone budget estimates, and has prepared a preliminary estimate of the cost-of-service rate increase options to be presented at the April 2026 meeting, attached as Exhibit C. It is likely that none of these options will result in a neutral-to-positive cash flow result for FY 2027, due to one-time capital expenses occurring in FY 2027.

Staff is seeking input on any scenarios the Commission would like to consider (for example, a more aggressive scenario that *does* result in a neutral-to-positive cash flow result for the FY 2027 budget).

FY 2027 Other Rate Adjustment Items

In addition to water and sewer rates, staff has several other areas it would like to recommend for adjustments in FY 2027.

Operations Millage

The District levies two types of millage on taxable parcels in its service area: debt-service millage to fund repayment of general obligation bonds issued for capital projects; and operations millage to fund routine water/wastewater/recycled water operations. Staff recommends the Commission consider increasing operations millage in FY 2027. The District's legal counsel will be attending the meeting to provide background on why the District has kept its operations millage rate at 3.0 mills. In general, millage increases are limited to increases in inflation and population growth. For FY 2026, this was 4.36% for Beaufort County. FY 2027 figures are expected to be released soon but are not expected to vary significantly from FY 2026. This would only allow an increase of 0.1 in the operations millage, to 3.1 mills, which would represent approximately \$48,000. Staff currently expects that the debt-service millage rate, which is based entirely on the District's related debt service requirements, will be *reduced* from 4.8 in FY 2026 to 4.6 in FY 2027 due to increases in the value of a mill. Overall millage would still be *reduced* from 7.8 to 7.7 even if an additional 0.1 mills of operating millage were levied.

Golf Course Recycled Water Irrigation

The District sells recycled water to eight (8) golf course customers for their irrigation. These sales are governed by individual contracts with each course. There are two classes of golf customers: customers who purchase non-pressurized water and those who purchase pressurized water that requires additional electricity expense on the District's part (i.e., some courses have their own ability to pump recycled water from the District's Oak Park Drive facility, and some need the District to pump recycled water to them). Pressurized recycled water is sold at a slightly higher rate than non-pressurized.

The golf courses represent an important discharge capacity partner of the District's wastewater treatment program. As such, recycled water may be sent to the courses at no cost to them because

the District is using the courses' recycled-water storage systems for our discharge purposes. This practice often occurs during wet-weather periods and/or prior to significant wet-weather events in order to create capacity in the District's own recycled water storage lagoons and avoid overburdening the recycled water wetlands. No golf course is required to pay for recycled water that it did not require for its own operations. During FY 2026, staff developed an updated cost of service analysis for these accounts and is planning to recommend the Commission consider a 13% increase in the recycled-water rates as follows:

	Current	Proposed	%
	FY 2026	FY 2027	Inc
Non-pressurized Rate	0.61	0.69	13%
Pressurized Rate	0.91	1.03	13%

The increase is expected to result in approximately \$20,000 in additional revenue. However, it is important to note that golf revenue is particularly variable from year to year depending on weather patterns and the operating practices of the various golf courses.

Developer Plan Review

The District is interested in discussing adoption of a new developer plan review fee during FY 2026. The District spends time and professional fees (engineering) in evaluating new developer project plans. There is currently no specific fee to cover the cost of the District's plan review. While projects can vary in complexity, staff estimates that a typical developer project review takes a minimum of 2-3 hours of staff time. Staff recommends the Commission consider adopting a \$350 minimum fee that is charged for all developer plan reviews. Additionally, staff recommends the Commission consider reserving the District's right to charge a \$135 hourly fee for any project review that requires more than three (3) hours of staff time or requires engineering consulting services. The District considers any project involving more than five (5) new units to be a "developer" project that would be subject to this fee. It is difficult to estimate the revenue impact of this fee as it would depend on the number and type of developer project requests in any given year.

Reconnect Fee

The District currently charges \$35 to reconnect a customer who has been turned off for non-payment or at the request of the customer. Staff is recommending the Commission consider increasing this fee to \$70 to capture staff time more fully in administering turn-offs. This increase is expected to result in around \$5,000 of additional revenue unless it reduces the number of turn-offs.

No action is needed on any of these items at the March Commission meeting. They are presented for discussion purposes only and would be included as an action item to adopt the fees/increases at next month's budget meeting based upon the Commission's guidance.

Exhibit A

Fiscal Year 2026 Monthly Rate Tables

Water & Irr Base Rate per Unit:	HHPSD	BJWSA	BCPSD		SIPSD	
Residential Customers	18.25	12.69	-		19.77	
Commercial Customers	22.50	17.98	-		59.36	
Residential Water						
Usage Rates per 1,000 Gallons:						
Block 1 - 0 to 10,000 Gal	1.69	4.97	0 - 21,000 Gal	3.04	0 to 6,000 Gal	1.76
Block 2 - 10,001 to 20,000 Gal	2.37	4.97	21,001 to 36,000	6.30	6001 to 12,000 Gal	3.99
Block 3 - 20,001 to 30,000 Gal	3.04	4.97	36,001 to 100,000	14.52	12,001 to 20,000 Gal	5.59
Block 4 - All Over 30,000 Gal	4.06	4.97	Over 100,000	32.54	Over 20,000	7.68
Commercial Water & Irrigation						
			Water			
Usage Rates per 1,000 Gallons:						
			Only			
Block 1 - 0 to 10,000 Gal	1.69	4.97		3.96		3.99
Block 2 - 10,001 to 20,000 Gal	2.37	4.97		3.96		3.99
Block 3 - 20,001 to 30,000 Gal	3.04	4.97		3.96		3.99
Block 4 - All Over 30,000 Gal	4.06	4.97		3.96		3.99
Residential Irrigation Only Meter						
			Commerical			
Usage Rates per 1,000 Gallons:						
			Rate Also			
Block 1 - 0 to 10,000 Gal	2.37	6.60	0 - 21,000 Gal	3.04	0 to 6,000 Gal	1.76
Block 2 - 10,001 to 20,000 Gal	2.37	6.60	21,001 to 36,000	6.30	6001 to 12,000 Gal	3.99
Block 3 - 20,001 to 30,000 Gal	3.04	6.60	36,001 to 100,000	14.52	12,001 to 20,000 Gal	5.59
Block 4 - All Over 30,000 Gal	4.06	6.60	Over 100,000	32.54	Over 20,000	7.68
Sewer Base Monthly Rate per Unit:						
Residential Customers	20.25	18.51		47.96		19.44
Commercial Customers	20.25	22.84		69.29		58.32
Residential & Commercial Sewer						
Usage Rates per 1,000 Gals:						
	2.85	7.94		-		2.62
Residential Sewer Cap	Capped at 10,000	Capped at 10,000	N/A			Capped at 12,000
Max Res Sewer Bill with Cap	48.75	97.91		47.96		50.88
Commercial	No Cap	No Cap, \$10.71 Usage Rate		4.81/1,000 over 50,000		No Cap, Restaurant Rate - 5.25

* The table above reflects an average residential and commercial customer, the other utilities have some additional specific customer classes. Their rate tables are attached for further information.

Appendix A

Beaufort-Jasper Water & Sewer Rates Effective July 1, 2025

WATER			
Commercial Irrigation	Minimum	\$17.98	Basic Facilities Charge
	Usage	\$6.60	
Commercial Water	Minimum	\$17.98	Basic Facilities Charge
	Usage	\$4.97	
Residential Irrigation	Minimum	\$12.69	Basic Facilities Charge
	Usage	\$6.60	
Residential Water	Minimum	\$12.69	Basic Facilities Charge
	Usage	\$4.97	
Raw Water	Fixed O&M Charge	\$6,556.50	per Month
Commercial Contract	Usage	\$0.16	per Thousand gallons
Reverse Osmosis	Fixed O&M Charge	\$6,027.75	per Month
Commercial Contract	Usage	\$4.96	per Thousand gallons
Return Water	Fixed O&M Charge	\$3,587.04	per Month
Commercial Contract	Usage	\$0.07	per Thousand gallons
Wholesale	Military	\$4.24	per Thousand gallons
	Warsaw, Eutis & Oaks (Area A2)	\$3.98	per Thousand gallons
	Harbor Island (Area A3)	\$3.98	per Thousand gallons
	Callawassie Island (Area B1)	\$3.98	per Thousand gallons
	Moss Creek (Area B2)	\$3.97	per Thousand gallons
	Hilton Head PSD (Area B3)	\$3.35	per Thousand gallons

SEWER				
Commercial	Minimum	\$22.84	Basic Facilities Charge	
	Usage	\$10.71		per Thousand gallons
Bulk Commercial	Minimum	\$22.84	Basic Facilities Charge	
	Usage	\$7.93		per Thousand gallons
Residential	Minimum	\$18.51	Basic Facilities Charge	
	Usage	\$7.94		per Thousand gallons
	Maximum per month	\$97.91		Residential Maximum
Reclaimed Water	Fixed O&M Charge:			
	NOB Golf Course Irrigation	\$486.45	per Month	
	SOB Golf Course Irrigation	\$550.96	per Month	
	SOB Residential/Commercial Irrigation	\$2,115.00	per Month	
	Usage	\$0.26	per Thousand gallons	

Capital Contribution/Capacity Fees		
Effective March 1, 2025	Pmt at Precon	Payment at Meters *
Residential Water per REU	\$1,639.00	\$1,113.00
Residential Sewer per REU	\$5,362.00	\$3,638.00
Commercial Water per gpd (minimum 300 gpd)	\$4.10	\$2.78
Commercial Sewer per gpd (minimum 200 gpd)	\$17.87	\$12.13

Effective July 1, 2025	Pmt at Precon	Payment at Meters *
Residential Water per REU	\$1,639.00	\$1,461.00
Residential Sewer per REU	\$5,362.00	\$5,138.00
Commercial Water per gpd (minimum 300 gpd)	\$4.10	\$3.65
Commercial Sewer per gpd (minimum 200 gpd)	\$17.87	\$17.13

Effective July 1, 2026	Pmt at Precon	Payment at Meters *
Residential Water per REU	\$1,639.00	\$1,801.00
Residential Sewer per REU	\$5,362.00	\$6,221.00
Commercial Water per gpd (minimum 300 gpd)	\$4.10	\$4.50
Commercial Sewer per gpd (minimum 200 gpd)	\$17.87	\$20.74

* Payment amount applies if the balance is paid within 24 months of the initial payment.

Appendix A

Beaufort-Jasper Water & Sewer Authority

Ancillary Charges

Effective Date July 1, 2025

Charge Type	Charge	Charge Description
1 Administrative Charges		
New Account Service Charge	\$40.00	For administrative costs of establishing new water and sewer accounts
Transfer Account Service Charge	\$25.00	For administrative costs of transferring water and sewer
Same Day Service	\$100.00	Applies to new service or same day transfer
Returned payment fee	\$35.00	For handling fees and charges associated with the return of a payment from a financial institution, etc.
Late payment penalty	1.50%	Monthly penalty applied to all retail account balances five (5) days after the due date
Delinquent account fee	\$50.00	Applied to all retail accounts 30 days after the due date, prior to service termination
After Hours Service Call	\$100.00	Trip charge related to after hours service calls
Trip Fee	\$30.00	Trip charge related to delinquent account
2 Equipment Use Fee (8-hour day, ½ day minimum)		
Air Compressor w/ Attachments	\$31.69	Per Hour (Minimum 4 hour charge)
Arrow Board	\$5.71	Per Hour (Minimum 4 hour charge)
Boom Truck	\$55.94	Per Hour (Minimum 4 hour charge)
Portable Light Unit	\$9.67	Per Hour (Minimum 4 hour charge)
Portable Trailer Mounted Pump	\$36.73	Per Hour (Minimum 4 hour charge)
Front End Loader	\$62.21	Per Hour (Minimum 4 hour charge)
Small Trackhoe (Hydraulic Mini-Excavator)	\$48.97	Per Hour (Minimum 4 hour charge)
Trackhoe (Large Excavator)	\$100.52	Per Hour (Minimum 4 hour charge)
Standby Generators		
100kw, 120/240/208, 1/3	\$56.70	Per Hour (Minimum 4 hour charge)
80kw, 110/220, 1/3	\$56.70	Per Hour (Minimum 4 hour charge)
4000w, 110/220, 1	\$4.86	Per Hour (Minimum 4 hour charge)
5000w, 110/220, 1	\$4.86	Per Hour (Minimum 4 hour charge)
2200w, 110/220, 1	\$4.86	Per Hour (Minimum 4 hour charge)
Tanker Charge	\$450.00	Plus Operations hourly Labor Charge
Dump Truck	\$117.13	Per Hour (Minimum 4 hour charge)
Sewer Jet Truck	\$61.16	Per Hour (Minimum 4 hour charge)
Sewer Vac Truck	\$97.76	Per Hour (Minimum 4 hour charge)
Utility Service Truck	\$146.36	Per Hour (Minimum 4 hour charge)
3 Fire Lines, private		Monthly charge for fire line availability
Less than or equal to 4"	\$5.00	Fire line only
6"	\$8.00	Fire line for sprinkler or per hydrant
8"	\$10.00	Fire line for sprinkler or per hydrant
10"	\$12.00	Fire line for sprinkler or per hydrant
> or = 12"	\$15.00	Fire line for sprinkler or per hydrant
4 Lab Analysis Fees		For laboratory analysis performed under contract to wholesale customers (see attached Lab Analysis Fees worksheet)
	\$700.00	Wastewater PFAS samples if taken by BJWSA
5 Meter Fees		
Meter Tampering	\$150.00	For unauthorized meter tampering (i.e., turn-on, etc.)
Reset Fee	\$100.00	Reset meter
Meter Damage	\$150.00	Plus actual material cost, plus 30%

Highlight denotes a new or modified charge.

Appendix A

Beaufort-Jasper Water & Sewer Authority

Ancillary Charges

Effective Date July 1, 2025

Charge Type	Charge	Charge Description
6 Mobilization Charges		Assessed to contractor, etc., responsible for the mobilization
On pipes < 12"	\$500.00	Plus actual costs, plus 30%
On pipes > or = 12"	\$1,000.00	Plus actual costs, plus 30%
7 Operations Labor Charge for work incurred due to outside agencies (i.e., contractors, etc.)	\$40.00	Per hour
8 Project Development Fees		
Water/Sewer Availability Letter:		REU-Residential Equivalent Unit/CEU-Commercial
Individual Parcels & Multiple REUs	\$0.00	Included in plan review
Plan Review (relieved for resubmits)		All plans resubmitted for review are charged ½ of original plan review
< 10 REU (Residential Equivalent Units)	\$1,250.00	
10 - 50 REU	\$2,000.00	
51 - 150 REU	\$4,000.00	
> 150 REU	\$5,000.00	
Residential Construction Inspection per REU	\$120.00	
Commercial Construction Inspection per GPD	\$0.50	
Testing		Fee for inspector to witness a pressure test for sewer or water. Failed test will require additional fee.
< 10 REU or M no PS	\$400.00	
10 - 50 REU w/PS	\$1,500.00	
51 - 150 REU	\$2,500.00	
> 150 REU or RegPS or spine for development	\$3,000.00	
Record Drawing Conversion to GIS		
< 50 REU	\$500.00	
> 50 REU	\$1,500.00	
Legal Documents		
Blanket Easement Recording	\$1,000.00	Each
Specific Easement Recording	\$600.00	Each
Pump Station Site Recording	\$1,000.00	Each
Using "Non-BJWSA Standard" Documents	N/A	Not allowed
9 Security Deposits		
Residential Security Deposit	\$150.00	Equivalent to average 2-month residential bill
Commercial Security Deposit (water)		Refundable upon account closing; additional irrigation meter deposit not required if a water deposit is on hand
¾"	\$150.00	One month's typical bill at 7kgal/month, escalated according to equivalent meter size
1"	\$150.00	
1-1/2"	\$150.00	
2"	\$175.00	
3"	\$345.00	
4"	\$550.00	
6"	\$1,100.00	
8"	\$1,760.00	
10"	\$2,530.00	
12"	\$8,250.00	
Commercial Security Deposit (water AND sewer)		1.5 times the single water deposit fee
¾"	\$150.00	
1"	\$150.00	

Highlight denotes a new or modified charge.

Appendix A

Beaufort-Jasper Water & Sewer Authority

Ancillary Charges

Effective Date July 1, 2025

Charge Type	Charge	Charge Description
Commercial Security Deposit (water AND sewer) continued		1.5 times the single water deposit fee
1-1/2"	\$150.00	
2"	\$265.00	
3"	\$515.00	
4"	\$825.00	
6"	\$1,650.00	
8"	\$2,640.00	
10"	\$3,795.00	
12"	\$12,375.00	
10 Hydrants Meters		
Deposit - 5/8" Meter	\$1,000.00	Refundable - Deposit forfeited if meter not returned.
Deposit - 1" Meter	\$1,500.00	Refundable - Deposit forfeited if meter not returned.
Deposit - 2" Meter	\$3,000.00	Refundable - Deposit forfeited if meter not returned
Fine - 5/8" Meter	\$1,000.00	Fine for Construction Meter non return
Fine - 1" Meter	\$1,500.00	Fine for Construction Meter non return
Fine - 2" Meter	\$3,000.00	Fine for Hydrant Meter non return
Setup/breakdown	\$100/\$100	
Base charge	\$18.00	Per month
Usage	\$4.12	Per kgal
Hydrant flow test	\$150.00	
Tanker		
Deposit - 5/8" Meter	\$1,000.00	Refundable - Deposit forfeited if meter not returned
Deposit - 2" Meter	\$3,000.00	Refundable - Deposit forfeited if meter not returned
Setup/breakdown	\$75/\$75	
Base charge	\$18.00	Per month
Usage	\$4.12	Per kgal
11 Wastewater Program Fees		
Septage Tipping Fee	\$95.00	Per kgal
Septic Truck Clean-out Fee	\$300.00	Per kgal
Septage		
500 gallon ticket	\$57.00	each
1000 gallon ticket	\$100.00	each
Port-a-let		
500 gallon ticket	\$37.00	each
1000 gallon ticket	\$60.00	each
Grinder Maintenance Fee		
Commerical	\$44.00	Per month
Residential	\$30.00	Per month
Sludge Handling		
Dewatering	\$500.00	Per dry ton
Pretreatment Permits		
Application	\$400.00	
Annual Admin. & Inspection		
Non-Significant Discharge	\$300.00	
Significant Discharge	\$2,500.00	
Extra Strength Surcharges		
BOD > 250 mg/L	\$0.95	Per lb.
TSS > 250mg/L	\$1.00	Per lb.
Ammonia > 100 mg/L	\$2.00	Per lb.
Oil and Grease > 100 mg/L	\$1.00	Per lb.
Disconnect (Cut Off) Fee for Sewer Only	\$500.00	For costs to terminate sewer service

Highlight denotes a new or modified charge.

Appendix A

Beaufort-Jasper Water & Sewer Authority

Ancillary Charges

Effective Date July 1, 2025

12	Water Theft		Theft of meter equipment or bypassing meter
	First Offense	\$250.00	Plus estimated water loss @ 1.5 times current volumetric rate
	Second Offense & each offense thereafter	\$500.00	Charges pressed, plus estimated water loss at 1.5 times rate
13	BJWSA GIS Portal		Access to the Authority's GIS Portal
	Annual fee for up to 5 users	\$3,600.00	Additional access can be purchased for another 5 users at the same rate.

Beaufort-Jasper Water & Sewer Authority

Tap Fees and Related Charges

Effective Date July 1, 2025

	Charge Type	Charge	Charge Description
1	Sewer Inspection Fee		
	First inspection	\$100.00	
	Reinspection fee	\$100.00	
2	Sewer Tap Fees		
	4" or Larger Sewer Connection	Actual Cost	Sewer lateral needs to be installed from the main to the property line
3	System Connections		
	10" and smaller	\$400.00	
	>12"	\$1,300.00	
4	Water Tap Fees		
	¾" Model 25 Meter + Box Assembly – 25 GPM Maximum	\$900.00	New meter fees including box. (Typically 15 business days)
	¾" Model 25 Meter – 25 GPM Maximum	\$385.00	New Meter fees (Box installed per new DPPM)
	1" Model 70 Meter + Box Assembly – 70 GPM Maximum	\$1,200.00	New meter fees including box. (Typically 15 business days)
	1" Model 70 Meter – 70 GPM Maximum	\$620.00	New Meter fees (Box installed per new DPPM)
	>= 1-1/2" – Contact BJWSA for GPM	Actual Cost	Setup within 15 business days
	Meter Expedited Installation Fee	\$2,000.00	Meter installation within 5 business days (contingent upon available supplies)
5	Physical Sewer Tap Locate Fee	Actual Cost	Cost to locate sewer tap if contractor cannot locate
6	Backflow Non-Compliance Fee		
	Initial backflow inspection fee	\$100.00	
	Backflow Reinspection Fee	\$100.00	Fee associated with reinspecting a failed backflow
	Recurring monthly fee for Backflow not in compliance	\$300.00	Fee for backflows not in compliance that cannot be turned off (example: dialysis centers, schools, apartment buildings)
7	Minimum Construction Fee	\$200.00	Fee associated with relocating meters, or water and sewer field operations service repair activities.
8	Grease Trap Compliance Fee	\$400.00	Fee associated with waterwater and pretreatment
	Reinspection Fee	\$100.00	
	Recurring monthly fee if not in compliance	\$200.00	

Highlight denotes a new or modified charge.

Appenedix A

Beaufort-Jasper Water & Sewer Authority
 Lab Analysis Fees
 Effective Date July 1, 2025

Parameter	Method Reference	Qty	Matrix	Charge
pH-Lab	EPA 150.1	1	Aqueous	\$10.00
Turbidity	SM 2130B	1	Aqueous	\$10.00
Conductivity-Lab	SM 2510B	1	Aqueous	\$10.00
Total Residual Chlorine-Lab	SM 4500CLG	1	Aqueous	\$10.00
Free Residual Chlorine-Lab	SM 4500CLG	1	Aqueous	\$10.00
Total Coliform/E. Coli	SM 9223B	1	Aqueous	\$30.00
Fecal Coliform	SM 9221C E	1	Aqueous	\$50.00
Heterotrophic Bacteria	SM 9215B	1	Aqueous	\$50.00
Enterococci	Enterolert	1	Aqueous	\$50.00
Alkalinity	SM 2320B	1	Aqueous	\$30.00
Calcium-Hardness	SM 3500CAD	1	Aqueous	\$30.00
Fluoride	SM 4500F-C	1	Aqueous	\$35.00
Chloride	SM 4500CL-B	1	Aqueous	\$40.00
Total Phosphorous	SM 4500 PE	1	Aqueous	\$30.00
Orthophosphate	EPA 365.2	1	Aqueous	\$30.00
Ammonia	SM 4500NH3F	1	Aqueous	\$75.00
Nitrite	SM 4500-NO2	1	Aqueous	\$75.00
Nitrate	SM4500-NO3 / EPA 9210A	1	Aqueous	\$75.00
Biochemical Oxygen Demand	SM 5210B	1	Aqueous	\$150.00
Total Organic Carbon	SM 5310B	1	Aqueous	\$40.00
Total Suspended Solids	SM 2540D	1	Aqueous	\$35.00
Total Dissolve Solids	SM 2540C	1	Aqueous	\$35.00
Additional Service:				
Sample Pick-up		Per day		\$75.00
Terms and Additional Information:				
Based on business days after sample receipt.				
Weekends and holidays excluded unless prior approval from Laboratory Manager.				
BJWSA sampling containers will be provided with appropriate preservatives.				

Highlight denotes a new or modified charge.

Appendix A
Broad Creek PSD FY 2026 Rates

BROAD CREEK PUBLIC SERVICE DISTRICT

RATES AND FEES EFFECTIVE JULY 1, 2025

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 THURSDAY, JUNE 12, 2025 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	\$ 3.04
	21,001 to 36,000 gallons	\$ 6.30
	36,001 to 100,000 gallons	\$14.52
	Over 100,000 gallons	\$32.34
b.	<u>Sewer (base charge per month per customer)</u>	<u>Flat Rate</u>
		\$47.96
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	\$ 3.96
b.	<u>Sewer (base charge per Regime unit)</u>	<u>Flat Rate</u>
		\$47.96

Appendix A
Broad Creek PSD FY 2026 Rates

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

1.	<u>Single Family Residential – TRU</u>	
a.	<u>Water</u> First 21,000 gallons 21,001 to 36,000 gallons 36,001 to 100,000 gallons Over 100,000 gallons	<u>Per 1,000 gallons of water used</u> \$ 3.04 \$ 6.30 \$14.52 \$32.34
b.	<u>Sewer</u> <u>TRU Fee</u>	<u>Flat Rate plus Volume</u> \$47.96 per residential unit \$33.31 (under 4 baths); or \$66.63 (4 or more baths) plus \$4.81 per 1,000 over 25,000 gallons water used
2.	<u>Regime –TRU</u>	
a.	<u>Water</u> Single Tier	<u>Per 1,000 gallons of water used</u> \$ 3.96
b.	<u>Sewer</u> <u>TRU Fee</u>	<u>Flat Rate</u> \$47.96 per Regime unit plus \$13.33 per unit within Regime
3.	<u>Hotel/Timeshare</u>	
a.	<u>Water</u> Single Tier	<u>Per 1,000 gallons of water used</u> \$ 3.96
b.	<u>Sewer</u> <u>TRU Fee</u>	<u>Flat Rate</u> \$47.96 per hotel room/timeshare unit \$13.33 per hotel room/timeshare unit
4.	<u>Business; Retail: Restaurant</u>	
a.	<u>Water</u> Single Tier	<u>Per 1,000 gallons of water used</u> \$ 3.96
b.	<u>Sewer</u>	<u>Flat Rate plus volume</u> \$69.29 per meter (account) plus \$4.81 per 1,000 gallons over 50,000 gallons water usage
5.	<u>Irrigation</u>	
a.	<u>Water</u> Single Tier	<u>Flat Rate plus volume</u> \$19.99 per meter (account) plus \$3.96 per 1,000 gallons of water used
6.	<u>Recycled Water</u>	\$1.54/1,000 gallons

Appendix A
Broad Creek PSD FY 2026 Rates

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>
1"	\$2,440	\$6,055	\$2,000	4" or less -- \$430
2"	\$7,800	\$19,385	\$3,100	6" or more - \$1,720
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
 Backflow Violation and Reconnect Fee \$500.00

Appendix A
 Broad Creek PSD FY 2026 Rates
 Addendum A
 TO JULY 1, 2025 RATE SCHEDULE

	<u>REGIME – NON-TRU</u>	<u>UNITS</u>		<u>REGIME - TRU</u>	<u>UNITS</u>
	Newport Villas	66		Abbingtion	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>
					2012

- 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 A

South Island PSD FY 2026 Rates

CURRENT RATES

WATER RATES

Monthly Base Charges	
Single Family Residential	\$19.77
Multi-Family Residential	\$19.77
Commercial & Restaurant ¹	\$59.36
Hotel/Motel Room ¹	\$12.32
Irrigation (separate meter)	\$19.77
Reclaimed Water	\$19.77

Monthly Volumetric Charges (per 1,000 gallons)	
Tier 1 Rate (0-6,000) ²	\$1.76
Tier 2 Rate (6,001-12,000) ²	\$3.99
Tier 3 Rate (12,001-20,000) ²	\$5.59
Tier 4 Rate (above 20,000) ²	\$7.68
Commercial & Restaurant	\$3.99
Reclaimed Water	\$1.70

SEWER RATES

Monthly Base Charges	
Single Family Residential	\$19.44
Multi-Family Residential	\$19.44
Commercial & Restaurant ¹	\$58.32
Hotel/Motel Room ¹	\$12.15

Monthly Volumetric Charges (per 1,000 gallons)	
Standard Sewer Rate ^{2,3}	\$2.62
Restaurant Sewer Rate	\$5.25

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

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

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

Appendix A

South Island PSD FY 2026 Rates

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 ¹	\$1,300
2" Meter ¹	\$1,700

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

² 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.

³ 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 ¹	\$700 per unit
Multi-Family ¹	\$700 per unit
Commercial ¹	\$1,000 per unit
Restaurant	\$2,000

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

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

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

Appendix A

South Island PSD FY 2026 Rates

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	\$150.00
After hour Reconnect	\$275.00
Meter Removal	\$150.00
After hour scheduled Shutdown	\$500.00 for first 2 hours & \$275/hr after

*minimum fee subject to increase upon inspection

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

*\$4.19 per month

(https://sipsd.icnd-cdn.com/files/Misc%20Fees%203.4.2025.pdf_5AEB5DB9-5B98-484E-8E2C0491B513F43D)

Exhibit C

Fiscal Year 2027 Preliminary Cost of Service Scenarios

Monthly		Scenario	%	Scenario	%	Scenario	%
Water & Irrigation Base Rate/Unit:	Current	1	Inc	2	Inc	3	Inc
Residential Customers	18.25	18.75	3%	19.25	5%	19.75	8%
Commercial Customers	22.50	23.00	2%	23.50	4%	24.00	7%
Usage Rates per 1,000 Gallons:							
Block 1 - 0 to 10,000 Gal	1.69	1.88	11%	1.88	11%	1.88	11%
Block 2 - 10,001 to 20,000 Gal	2.37	2.52	6%	2.52	6%	2.52	6%
Block 3 - 20,001 to 30,000 Gal	3.04	3.33	10%	3.33	10%	3.33	10%
Block 4 - All Over 30,000 Gal	4.06	4.44	9%	4.44	9%	4.44	9%
Commercial Water & Irrigation							
Usage Rates per 1,000 Gallons:							
Block 1 - 0 to 10,000 Gal	1.69	1.88	11%	1.88	11%	1.88	11%
Block 2 - 10,001 to 20,000 Gal	2.37	2.52	6%	2.52	6%	2.52	6%
Block 3 - 20,001 to 30,000 Gal	3.04	3.33	10%	3.33	10%	3.33	10%
Block 4 - All Over 30,000 Gal	4.06	4.44	9%	4.44	9%	4.44	9%
Residential Irrigation							
Usage Rates per 1,000 Gallons:							
Block 1 - 0 to 10,000 Gal	2.37	2.52	6%	2.52	6%	2.52	6%
Block 2 - 10,001 to 20,000 Gal	2.37	2.52	6%	2.52	6%	2.52	6%
Block 3 - 20,001 to 30,000 Gal	3.04	3.33	10%	3.33	10%	3.33	10%
Block 4 - All Over 30,000 Gal	4.06	4.44	9%	4.44	9%	4.44	9%
Sewer Base Rate/Unit:							
Residential Customers	20.25	20.75	2%	21.25	5%	21.75	7%
Commercial Customers	20.25	20.75	2%	21.25	5%	21.75	7%
Residential & Commercial Sewer							
Usage Rates per 1,000 Gallons:	2.85	3.16	11%	3.16	11%	3.16	11%
Residential sewer usage is capped at 10,000 gallons per month.							
There is no cap on commercial sewer usage.							
Monthly Residential Bill at:							
5,000 Gallons	\$ 61.20	\$ 64.70	6%	\$ 65.70	7%	\$ 66.70	9%
10,000 Gallons	\$ 83.90	\$ 89.90	7%	\$ 90.90	8%	\$ 91.90	10%
20,000 Gallons	\$ 107.60	\$ 115.10	7%	\$ 116.10	8%	\$ 117.10	9%
30,000 Gallons	\$ 138.00	\$ 148.40	8%	\$ 149.40	8%	\$ 150.40	9%
50,000 Gallons	\$ 219.20	\$ 237.20	8%	\$ 238.20	9%	\$ 239.20	9%
100,000 Gallons	\$ 422.20	\$ 459.20	9%	\$ 460.20	9%	\$ 461.20	9%
Monthly Commercial Bill at:							
5,000 Gallons	\$ 65.45	\$ 68.95	5%	\$ 69.95	7%	\$ 70.95	8%
10,000 Gallons	\$ 88.15	\$ 94.15	7%	\$ 95.15	8%	\$ 96.15	9%
20,000 Gallons	\$ 140.35	\$ 150.95	8%	\$ 151.95	8%	\$ 152.95	9%
30,000 Gallons	\$ 199.25	\$ 215.85	8%	\$ 216.85	9%	\$ 217.85	9%
50,000 Gallons	\$ 337.45	\$ 367.85	9%	\$ 368.85	9%	\$ 369.85	10%
100,000 Gallons	\$ 682.95	\$ 747.85	10%	\$ 748.85	10%	\$ 749.85	10%
Anticipated Total Water Revenue	\$ 8,890,000	\$ 9,445,000	6%	\$ 9,565,000	8%	\$ 9,685,000	9%
Anticipated Total Sewer Revenue	\$ 7,465,000	\$ 7,911,500	6%	\$ 8,020,000	7%	\$ 8,130,000	9%



Future Planning

EST. NOV. 1969

SOUTH CAROLINA

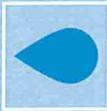


Presented by

Pete Nardi, General Manager
Hilton Head PSD

SHAPING THE FUTURE OF HILTON HEAD PSD

AGENDA



Support water independence and recycled water resiliency



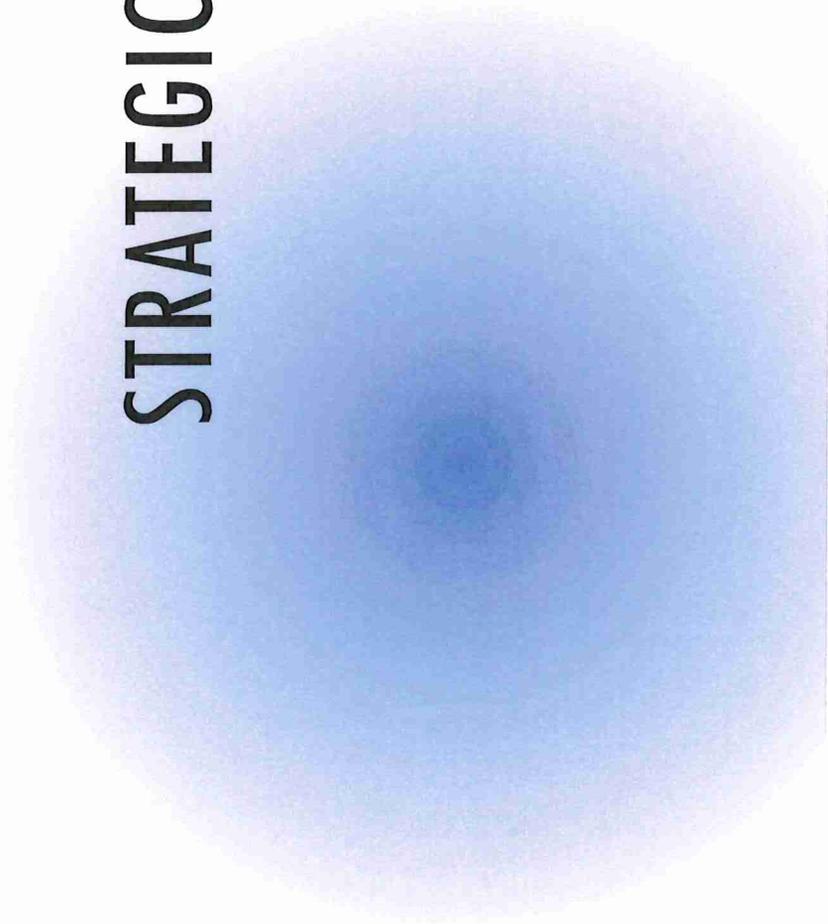
Ensure staffing alignment with growth, technology, and regulatory expectations



Prepare the PSD for the next 10–20 years of service excellence



STRATEGIC DRIVERS



Aging infrastructure/facilities requiring modernization
Water supply vulnerability/cost and need for independence
Workforce development and specialized expertise
Emerging wastewater technologies (expanded reuse options)
System growth/redevelopment and increased service demand
Regulatory compliance pressures on water quality, recycled water, sustainability, and reporting

**FOCUSING
ON
THE NEXT
10-20 YEARS**



Achieve **greater water independence**
through diversified sources, and island
interconnection



Expand **wastewater recycling and reuse**
to support sustainability



Maintain a **resilient, cross-trained**
workforce



Keep modernizing operations through
data, automation, CMMS, and GIS
integration



Keep honing leadership capacity and
succession planning



WATER INDEPENDENCE

WATER INDEPENDENCE: STRATEGIC PRIORITIES

Expand	Increase	Strengthen	Invest in	Develop
Expand alternative water sources (High-Recovery RO, Mini RO, Interconnections)	Increase storage and distribution resiliency (ASR, Booster Stations)	Strengthen partnerships for regional water security (long-term purchased water agreement; islandwide interconnectivity)	Invest in monitoring, leak detection, and conservation technologies (i.e. AMI system, Non-Revenue Water programs)	Develop long-term capital improvement plan aligned with independence goals (source + supply development + improvements)

FOCUS AREAS

Start with the science:

- Monitoring impact of brackish groundwater Reverse Osmosis expansion
- Understand aquifer capacities and long-term viabilities via modeling

Via introduction of new treatment technologies:

- Recover more of what we're already producing
- Restore previously-shuttered sources

Work on island interconnectivity:

- Plan based on 2026 study
- Regionalization grant opportunities

WASTEWATER PROCESSING/RECYCLING

RECYCLED WATER EXPANSION: STRATEGIC PRIORITIES

Continue Recycled Water Plant Modernization:

- Influent Analysis to Help Guide Plant Ops + Respond Quickly to Upsets
- Digestion and Dewatering Enhancements + Redundancy

Prepare for future regulatory challenges (PFAS mcl on sludge)

Evaluate advanced treatment technologies (Membrane treatment) for **potential expansion of recycled water discharge/distribution:**

- **Indirect Potable Recharge**
- **Saltwater Intrusion Barrier**

Explore nutrient recovery and biosolids optimization

Explore energy efficiency and on-site generation opportunities

Integrate wastewater planning with water independence strategy (see above, Indirect Potable Recharge; Saltwater Intrusion Barrier)

STAFFING

Current PSD Team Demographics

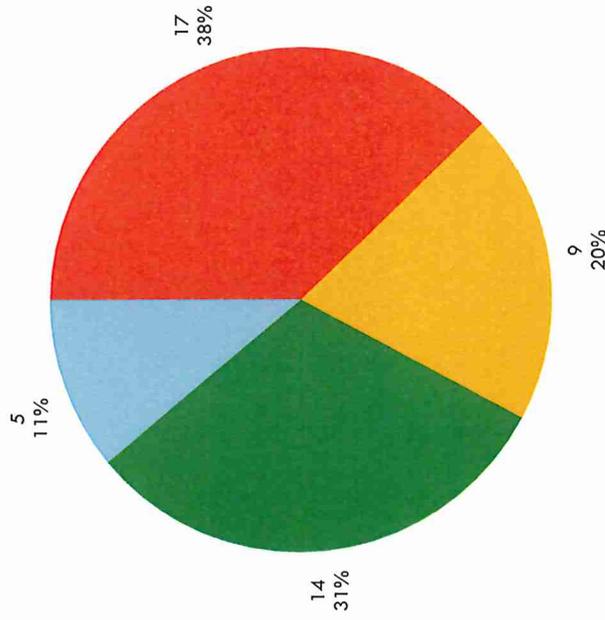
Median age of U.S. water workforce is 48 years old

33% of U.S. water operators eligible to retire within next 10 years

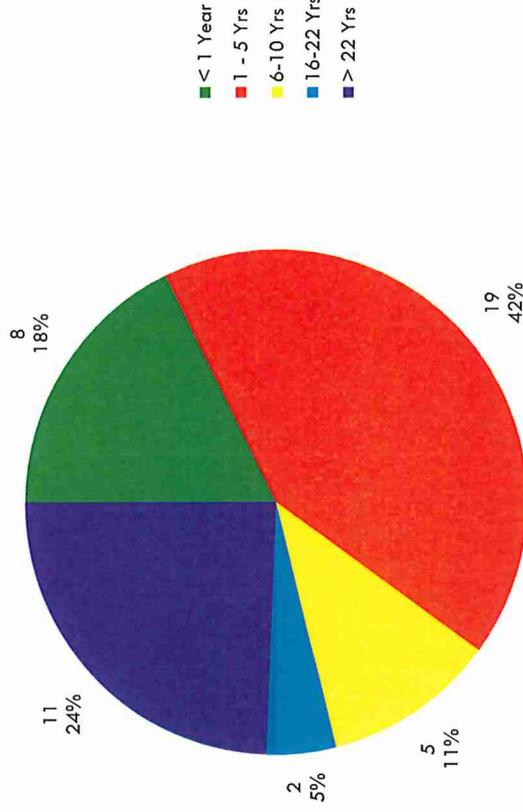
58% of PSD team is under 40 years old

60% of team has been with PSD less than 5 years

Age Ranges



Length of Service



STAFFING AND WORKFORCE DEVELOPMENT

Strengthen	Continue to place emphasis on technical expertise in treatment, distribution, and compliance
Implement	Implement CMMS and capitalize on data analytics capabilities for work order processing/workflow support
Build	Continue cross-training opportunities for operational resilience
Develop	Keep developing leadership pipeline for long-term continuity

APPRENTICING & CROSS-FUNCTIONAL WORK

Apprenticing at PSD:

- Multi-year program for water, wastewater, and collections roles
- Combines hands-on experience, technical education, and licensure
- Creates clear career pathways and progression

Cross-Functional Work:

- Customer & Developer Project Management
- Workforce Development
- Cybersecurity
- Capital Planning & Budgeting
- Resilience & Emergency Management

OPEN DISCUSSION + BLUE SKYING





GM Monthly Report



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

March 18, 2026

Dear Commissioners, please see below the following updates:

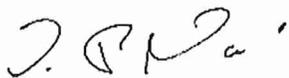
- We are experiencing current demand of approximately 5 million gallons a day (mgd). Aquifer Storage & Recovery (ASR) recharge was completed on March 14. Total recharge was 252 million gallons.
- S.C. Infrastructure Investment Program (SCIIP) Projects Update:
 - **RO Plant Expansion:**
 - Instrumentation/controls work on the new RO filter skids is ongoing.
 - Preliminary plant startup being planned for April.
 - Current RO Plant Expansion Project Finish Date: Nov. 2, 2026.
 - **RO Well #4:**
 - 24-hour pump test of the new well is pending. Stormwater abatement has been installed in preparation for the test.
 - Current RO Well #4 Finish Date: October 16, 2026.
 - **ASR Well #2:**
 - Production well drilling is underway.
 - Middle Floridan Aquifer monitoring well substantially complete.
 - Current ASR #2 Finish Date: Dec. 9, 2027.
- **Utility Relocation Extension:**
 - The Utility Relocation Provision (H.3768) passed unanimously out of full Senate Finance Committee on March 17 and now will be read across and placed on the Senate calendar. Senators even expressed support for removing the sunset provision altogether and making it permanent. At this point, the S.C. Department of Transportation (SCDOT) is not yet in favor of that, so it likely will not be an amendment to the bill. SCDOT expressed its support for the provision during the committee hearing. These are all very positive developments.
- **U.S. 278 Bridge Project Geotechnical Borings:**
 - A contractor for SCDOT has begun conducting geotechnical borings in Mackey and Skull creeks in the vicinity of the drinking water transmission pipeline at depths exceeding 150 feet. We are in constant contact with the barge/drill operator and have conducted preliminary meetings with SCDOT and their team.
- **Revised Front-Foot Assessment Schedule Due to Old House Creek Connections:**
 - The public hearing and adoption of the 2026 Front-Foot Assessment has been rescheduled to the June Commission meeting as a result of ongoing customer connections to the sanitary sewer system installed for Old House Creek. The new schedule allows more customers to finance their connections now, instead of waiting until 2029. At this time, we anticipate

completing 12 connections to the system in Old House Creek – one shy of half the parcels that received access from the project – prior to closing the assessment role in June.

- **On-Call Engineering Services RFQ and Building Chiller RFP:**
 - Staff has prepared the attached draft Request for Qualifications (RFQ) for On-Call Engineering Services, and draft Request for Proposals (RFP) for replacement of our chiller unit for the PSD Customer Service Center/Administration Building. The On-Call Engineering Services is not exclusive and may result in multiple agreements. The chiller unit RFP is to help inform FY '27 and beyond Capital Improvement Program (CIP) planning. Staff welcomes Commissioner input on the drafts. The documents will be placed on South Carolina Business Opportunities (SCBO) as well as sent directly to applicable firms. Staff will return results and recommendations to the Commission for review prior to entering into any agreements.
- **AWWA Technical Education Council Meeting:**
 - As chair of the AWWA's Water Conservation Division, I am a member of its Technical Education Council (TEC). The TEC its annual meeting this month at AWWA headquarters to discuss the focus of AWWA educational content. The association is revamping its delivery methods for educational content to meet newer generations' preferences, with a focus on e-learning, short videos, and handbooks. Please see attached 2025 State of the Water Industry executive summary, which is informing AWWA education and outreach initiatives.
- **Annual Worksite Health Screening:**
 - The Annual Worksite Health Screening for staff and spouses was held March 17 with 30 participants. The free screening represents the lab portion of an annual physical and is a significant savings for staff and spouses. Past screenings have caught health concerns that resulted in positive treatment outcomes. A big thanks to Connie for organizing!
- **Earth Day: Demonstration Garden Planting + Junior Leadership Visit**
 - In conjunction with Clemson Master Gardeners, the HHI Audubon Society, and the HHI Chamber's Environmental Affairs Committee, the PSD will plant a water-efficient/wildlife-friendly demonstration garden between our Recycled Water Plant fence and front parking lot on Earth Day, April 22. We will be hosting the HHI-Bluffton Junior Leadership Class that day as well. The students will participate in planting the garden and also will tour the Recycled Water Plant as part of their civic enrichment activities requirement. A big thanks to Sarah Hickman for organizing the garden planting! A ribbon cutting for the garden will be planned for **Saturday, May 30**, with the public invited!

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

All my best,



Pete Nardi
General Manager
Hilton Head PSD



POPE FLYNN
GROUP

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Columbia, SC 29201

MAIN 803 354.4900
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www.popeflynn.com

Hilton Head No. Public Service District, South Carolina
Waterworks and Sewer System Improvement Revenue Bond, Series 2026 (“**2026 Bond**”)
& Related Front Foot Assessments (“**FFAs**”)

Combined Financing Schedule

January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
28	29	30	31	1	2	3	1	2	3	4	5	6	7	1	2	3	4	5	6	7	29	30	31	1	2	3	4
4	5	6	7	8	9	10	8	9	10	11	12	13	14	8	9	10	11	12	13	14	5	6	7	8	9	10	11
11	12	13	14	15	16	17	15	16	17	18	19	20	21	15	16	17	18	19	20	21	12	13	14	15	16	17	18
18	19	20	21	22	23	24	22	23	24	25	26	27	28	22	23	24	25	26	27	28	19	20	21	22	23	24	25
25	26	27	28	29	30	31	22	23	24	25	26	27	28	29	30	31	1	2	3	4	26	27	28	29	30	1	2
May							June							July							August						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
20	27	28	29	30	1	2	31	1	2	3	4	5	6	28	29	30	1	2	3	4	26	27	28	29	30	31	1
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22
24	25	26	27	28	29	30	28	29	30	1	2	3	4	26	27	28	29	30	31	1	23	24	25	26	27	28	29
31	1	2	3	4	5	6	28	29	30	1	2	3	4	26	27	28	29	30	31	1	30	31	1	2	3	4	5
September							October							November							December						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
30	31	1	2	3	4	5	27	28	29	30	1	2	3	1	2	3	4	5	6	7	29	30	1	2	3	4	5
6	7	8	9	10	11	12	4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12
13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19
20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26
27	28	29	30	1	2	3	25	26	27	28	29	30	31	29	30	1	2	3	4	5	27	28	29	30	31	1	2

As of February 2026

Date	Transaction	Responsible Party
December 2025	Gather information related to persons who will be subject to assessments; deliver information to Bond Counsel	HH1
December 2025	Confirm bond amount; Submit RFP or negotiate purchase with Bank	BC
Wed. 1/28/2026	Adoption of Series Resolution authorizing the 2026 Bond	BC/HH1
Date	Transaction	Responsible Party
Wed.	Pre-closing/File Transcript for 2026 Bond	

2/25/2026		
Fri. 2/27/2026	Closing for 2026 Bond	BC/HH1/Purchaser
Wed. 4/1/26	Deadline to finalize Assessment Schedule	
Wed. 4/29/2026	Adoption of Imposition Resolution regarding imposition of FFAs (“Imposition Resolution”)	BC/HH1
Sun. 5/3/2026	Publication of the Imposition Resolution in <u>The Island Packet</u> (7 days later becomes effective)	BC
Sun. 5/10/2026	Imposition Resolution becomes effective	
Wed. 5/13/2026	Send Posters (notice of the Assessments) to Register of Deeds to be displayed in that office (w/in 30 days of publication)	BC
Wed. 5/27/2026	Adoption of Resolution authorizing the Assessment Roll and authorizing the public hearing	BC/HH1
Thurs. 5/28/2026	Assessment Roll made available for inspection at Commission’s offices	HH1
Monday. 6/1/2026	<ol style="list-style-type: none"> 1. Letters sent to affected property owners to provide notice of assessment, objection and public hearing 2. Notice of Public Hearing sent to <u>The Island Packet</u> 	BC/HH1
Thurs. 6/4/2026	Notice of Public Hearing published in <u>The Island Packet</u> (at least 10 days prior to date of hearing)	BC
Sun. 6/14/2026	Deadline for objections to Assessments.	PO
Wed. 6/17/2026	<ol style="list-style-type: none"> 1. Commission holds public hearing on Assessments and Capacity Fees; and 2. Adoption of Resolution approving the Assessment Roll 3. Assessment Roll filed with Treasurer, Auditor and ROD; and 4. Remove Posters 	BC/HH1
Fri. 6/19/2026	Mail written notice to aggrieved property owners of right to appeal assessment	BC/HH1
Tues. 7/1/2026	Appeal window closes	PO/HH1

Key:

BC Bond Counsel
 HH1 Hilton Head No. 1 Public Service District
 Purchaser Purchaser of 2026 Bond
 PO Property Owners/Assessed Owners



REQUEST FOR QUALIFICATIONS (RFQ)
On-Call Water and Wastewater Engineering Services
Hilton Head Public Service District (PSD)

1. INTRODUCTION

Hilton Head Public Service District (PSD) requests Statements of Qualifications (SOQs) from professional engineering firms to provide on-call water and wastewater engineering services. Work will be assigned via individual task orders; no minimum quantity of work is guaranteed.

PSD may select one or multiple firms based on qualifications, availability, performance, and fee competitiveness.

All questions must be submitted in writing to the contact listed below. The deadline for questions is **April XX, 2026**.

Statements are due to the contact listed below by **3 PM, on April XX, 2026**. Statements received after the stated time and date will be considered nonresponsive and rejected.

2. SCOPE OF SERVICES

Services may include:

- Review of proposed development projects on behalf of PSD, for recommendations related to system sizing and connections, compliance with PSD specifications, S.C. DES regulatory compliance related to the proposed development, and any project-related requirements of the developer by the PSD.
- Water distribution and wastewater collection system investigations, planning, and design.
- Rehabilitation, replacement, and upgrades to water and wastewater facilities.
- Master planning and hydraulic modeling of water and wastewater systems.
- Owner's representative services.
- Program and project management.
- Peer review of engineering designs.
- Procurement document preparation (RFQs, RFPs, IFBs).
- Preparation of plans, specifications, cost opinions, and bid documents.
- Bid-phase assistance and evaluation.
- Subcontracted services as needed to include but not limited to: surveying, structural, mechanical, electrical, instrumentation, and process control design.
- Environmental and soils investigations.
- All necessary permitting.
- Easement documents preparation.

- Grant and loan funding applications, and administration according to the funding agency's requirements
- Construction administration, inspection, record drawing review, contributed capital asset booking valuation, and close-out.

3. TASK ORDER PROCESS

PSD will issue written task orders. Consultants shall submit a scope, approach, staffing, schedule, deliverables, and fee (organized by task, subtask, and deliverable). Compensation may be lump sum or time-and-materials with a not-to-exceed amount. Any work related to changes in task orders, scope and/or fee will be addressed in writing and approved by the PSD in advance of work.

4. PERFORMANCE AND STANDARDS

Consultant shall comply with all laws and PSD standards; perform internal QA/QC; and ensure deliverables are complete, constructible, and suitable for permitting/bidding.

5. SOQ SUBMISSION REQUIREMENTS

Submissions are limited to thirty (30) single-sided letter size pages. All pages count with exception of front and back covers, TOC, and divider tabs.

Firms shall provide:

- Cover letter
- Firm qualifications and general applicable experience
- General approach to on-call services agreements with water and sewer utilities
- Team organization and key personnel
- Subcontractor list
- Five (5) similar water and sewer infrastructure project examples within the last five (5) years (client, scope, role, outcomes)
- Other required documents:

Non-Collusion Oath
 SC Illegal Immigration Act attestation
 EEO attestation
 Firm's professional license
 Firm's Business license
 Firm's insurance certificate
 Firm's hourly rate schedule

6. SELECTION CRITERIA

The PSD shall have the sole discretion in evaluating both the submission and the qualifications of the offerors. The PSD reserves the right to reject any and all Statements and is not bound to accept any submissions, if the acceptance is contrary to the best interest of the PSD. The PSD reserves the right to waive or modify any information, irregularity, or inconsistency in submissions received or request modification to submissions from any or all offerors during the review. The PSD may contact any customer of the vendor, whether or not included in the vendor's reference list, and use such information in the evaluation process. All proposals shall be evaluated using the same criteria and scoring process.

6. SPECIAL INSTRUCTIONS & TERMS

Questions must be submitted to PSD by the stated deadline. SOQs must be submitted electronically by the required date/time. The initial contract term will be for two (2) years with up to two (2) optional renewals of one (1) year each. Consultants must maintain required permits, licenses, and insurance. Consultants may submit any changes to the firm's hourly rate schedule at the time of the contract renewal.

Minimum insurance requirements include:

- General Liability: \$1,000,000
- Auto Liability: \$1,000,000
- Workers' Compensation: SC statutory + \$1,000,000 EL
- Professional Liability: \$1,000,000

7. GENERAL CONDITIONS

PSD may request additional information, reject submissions, request interviews, and contact references. All submissions become PSD property.

8. CONTACT INFORMATION

Hilton Head Public Service District

Bill Davis, Operations Manager

P.O. Box 21264, Hilton Head Island, SC 29925

bdavis@hhpsd.com

843-681-0535



REQUEST FOR PROPOSALS (RFP)

WWTP Building Reconfiguration & HVAC Efficiency Study

Hilton Head Public Service District (PSD)

Project Name: WWTP Building Reconfiguration & HVAC Efficiency Study

Date Issued: March XX, 2026

Proposals Due: April XX, 2026

1. Introduction & Project Background

Hilton Head Public Service District ("Utility") is requesting proposals from qualified engineering firms ("Consultant") to provide a feasibility study, conceptual design, and cost-benefit analysis for the reconfiguration of site buildings at its Wastewater Treatment Plant.

The Utility would like to evaluate demolishing a freestanding, unheated/uncooled corrugated metal garage and a warehouse building. The warehouse would be replaced by either a new, heated and cooled warehouse building designed as an extension of the existing 2-story administrative building or a new freestanding building. The Utility would like recommendations on including the garage as a part of the warehouse expansion versus replacing with a similar freestanding unheated/uncooled building. The Utility would also like recommendations on reconfiguring any other wastewater treatment plant buildings as a part of the expansion project.

The existing administrative building currently uses a chiller system for cooling (potable water cooled) and requires an evaluation of its long-term viability, efficiency, and alternative heating/cooling sources.

2. Project Scope of Work

The Consultant shall perform the following tasks:

Task A: Existing Conditions Assessment

- Document existing structural, electrical, and HVAC infrastructure in the administrative building.

- Evaluate the current wastewater treatment plant layout for potential improvements that could be achieved as part of an expansion/reconfiguration project.
- Evaluate the current water-cooled chiller system (age, condition, capacity, efficiency).
- Assess site constraints for the new building footprint, including utilities, geotechnical considerations, and layout.

Task B: Building Reconfiguration Conceptual Design

- Develop conceptual designs for the new warehouse as a 2-story extension of the current administrative building, the new garage building, and any other reconfiguration recommendations.
- Address building envelope requirements (insulation, HVAC load calculations for heating/cooling).
- Evaluate fire separation, building code compliance, and ADA accessibility.

Task C: HVAC Cost-Benefit & Feasibility Study

The Consultant shall analyze at least four (4) alternatives for heating/cooling the new warehouse extension and the existing administrative building:

1. **Alternative 1: Continued Potable Water Chiller Use.** Extending the current potable water-cooled chiller system to the new space to include any recommendations to reduce the amount of potable water required.
2. **Alternative 2: Recycled Water (Hybrid).** Retrofitting/modifying the existing chiller system to use onsite recycled water (effluent) instead of potable water.
3. **Alternative 3: All-Electric System.** Replacing the chiller with high-efficiency air-source heat pumps (ASHPs) or Variable Refrigerant Flow (VRF) systems.
4. **Alternative 4: Geo-Thermal System.** Replacing the chiller with a geothermal heating and cooling system.

The study must include a 20-year Life Cycle Cost Analysis (LCCA) for each alternative assuming the existing administrative building remains as is and for each alternative assuming the heated and cooled warehouse expansion project is undertaken considering:

- Capital investment (equipment, piping, construction).
- Annual operating costs (energy usage, sewer/water fees).
- Maintenance costs.

Task D: Recommendations & Cost Estimation

- Provide a written report with recommendations on the most cost-effective and sustainable option.
- Provide preliminary (AACE Class 4/5) cost estimates for the recommended design, including demolition, new construction, and HVAC installation.

3. Proposal Requirements

Proposals must include:

1. **Firm Profile & Qualifications:** Experience in WWTP, HVAC, and LCCA.
2. **Project Understanding:** A brief summary of the proposed approach.
3. **Key Personnel:** Resumes of the project manager and lead engineers.
4. **Scope and Schedule:** A detailed timeline for completion.
5. **Cost Proposal:** A "not-to-exceed" fee, broken down by task.

4. Selection Criteria

- Experience with WWTP facility improvements (30%)
- Expertise in HVAC energy efficiency and LCCA (30%)
- Understanding of water-cooled systems and recycled water applications (20%)
- Project schedule and cost (20%)

5. Timeline

- **RFP Issued:** March XX, 2026
- **Site Visit:** Please contact Pam Driskell below prior to April XX, 2026 if you would like to schedule a site visit.
- **Proposals Due:** April XX, 2026

6. Contact Information

Submit proposals (via email is preferred) and questions to:

Pam Driskell

Accounting Specialist – Inventory and Purchasing

pdriskell@hhpsd.com

843-681-0550

PO Box 21264, Hilton Head Island, SC 29926



STATE
of the
WATER
INDUSTRY

2025

EXECUTIVE SUMMARY



American Water Works
Association

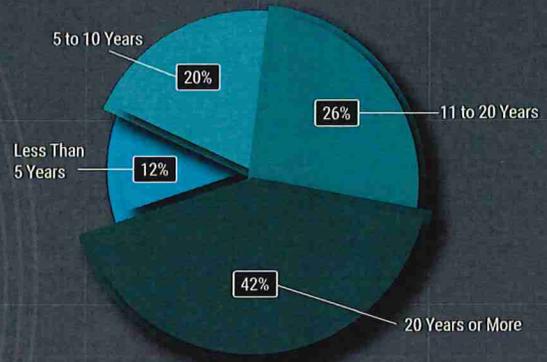
The American Water Works Association's annual *State of the Water Industry Report* provides valuable insights into the challenges and priorities facing the water sector.

A total of 3,575 water professionals participated in this year's survey, which was conducted from Sept. 23 to Nov. 1, 2024, just before the 2024 U.S. presidential election. The largest category of respondents (64%) represented water sector utilities, followed by those providing goods and services to the water sector (19%).

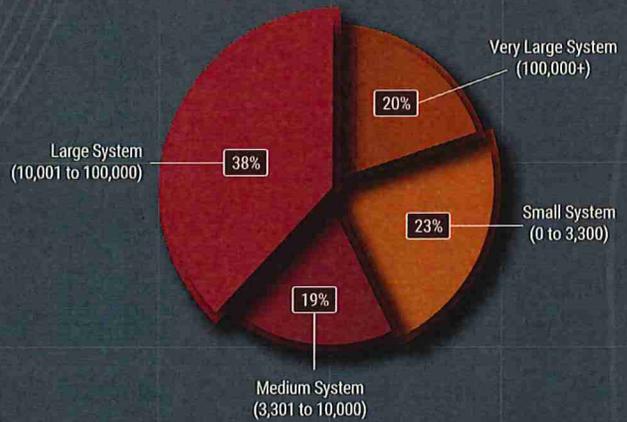
Against the backdrop of the SOTWI survey and report, AWWA's Water 2050 initiative is shaping a long-term vision of the future of water. Water 2050 seeks to create a future in which challenges like those identified in the SOTWI survey are addressed through five strategic priority areas:

- Sustainability and Resilience
- Equity, Access and Community Engagement
- Finance and Affordability
- Innovation and Circular Economy
- One Water Governance

Time in the Water Sector



Utility Respondent by Number of Connections



Utility Respondents by Job Category

CATEGORY	RESPONSES	PERCENT
• Operations and maintenance	722	35.0%
• Executive/operations officer/management	696	33.7%
• Engineering	233	11.3%
• Other	97	4.6%
• Scientific/research	70	3.4%
• Conservation/water resource management	53	2.6%
• Customer service	38	1.8%
• Planning—business/strategic/performance/process	29	1.4%
• Financial officer	26	1.3%
• Information technology, chief information officer, control system specialist	26	1.3%
• Communications	20	1.0%
• Human resources	19	0.9%
• Legal/legislative/regulatory	19	0.9%
• Finance/purchasing	10	0.5%
• Security/emergency preparedness	6	0.3%

Number of Participants Indicating Organization Type

TYPE	RESPONSES	PERCENT
• Drinking water utility	1,062	29.7%
• Combined water/wastewater utility	974	27.2%
• Consulting firm/consultant	429	12.0%
• Wastewater utility	193	5.4%
• Manufacturer (including products, representatives, distributors)	153	4.3%
• Non-utility government (municipal, provincial, federal, etc.)	140	3.9%
• Other	126	3.6%
• Regulatory authority/regulator	121	3.4%
• Technical services/contractor	87	2.4%
• University/educational institution	85	2.4%
• Retired	84	2.3%
• Nonprofit organization	56	1.6%
• Water wholesaler	37	1.0%
• Stormwater utility	15	0.4%
• Reuse/reclamation utility	13	0.4%

Capital improvement funding rises to top priority for water professionals

While recent months have been marked by political upheaval and dramatic transformations in government, survey respondents were relatively optimistic about the water sector at the time of the survey. An annual question about the health of the industry produced a score of 4.92, modestly above the 22-year average of 4.72. However, financing for capital improvements has emerged as the top challenge in 2025, overtaking last year's source water protection and previous years' infrastructure renewal and replacement.

These financial challenges are occurring against a backdrop of significant economic shifts in North America. Inflation is placing additional pressure on utility budgets, with increased materials and construction costs affecting infrastructure projects. While an influx of federal infrastructure funding has spurred on many critical projects, the water sector faces intense competition for these resources, and the availability and future direction of these funds remain uncertain.

Utilities of all sizes are struggling to secure funding for essential upgrades and new treatment technologies, with only 41% feeling very or fully able to cover costs through rates and fees. While access to capital has improved for some, 13% of utilities still report poor access, demonstrating persistent disparities.

Rate increases remain the most common funding method, utilized often or always by 44% of utilities. Looking ahead, investments in new treatment technologies and green solutions are expected to more than double in the next one to three years, indicating a growing focus on long-term sustainability.

Addressing this financial strain and ensuring financial sustainability for water systems will require exploring diverse funding sources, including rate adjustments, savings from operational efficiencies, and grants, while carefully balancing the need for infrastructure investment with affordability for customers.

Table 2. Frequency of Capital Funding Sources

	Never	Rarely	Sometimes	Often	Always	Don't Know/ No Opinion
Rate increases	2.7%	11.8%	36.1%	24.4%	20.0%	5.0%
Operational savings	5.1%	13.6%	36.0%	26.5%	11.2%	7.6%
Reserves	6.3%	15.7%	33.5%	24.2%	9.7%	10.6%
Grants	11.6%	18.5%	31.7%	24.0%	6.3%	7.9%
Bonds	15.7%	16.3%	26.5%	21.4%	8.2%	11.9%
State revolving funds	16.0%	19.1%	26.6%	20.6%	7.0%	10.7%
Other loans	23.8%	18.9%	26.4%	11.8%	2.4%	16.7%
Water Infrastructure Finance and Innovation Act (WIFIA)	35.2%	16.8%	17.5%	9.2%	2.4%	18.9%

Figure 1. State of the Water Industry, 2004–2025

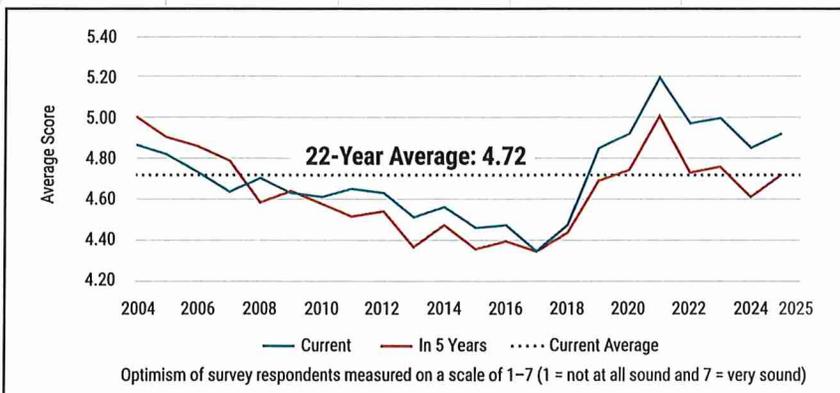


Table 1. Ranking of Issues Facing the Water Sector

1. Financing for capital improvements
2. Infrastructure renewal and replacement
3. Long-term drinking water supply availability
4. Public understanding of the value of water sector systems and services
5. Watershed/source water protection
6. Financial sustainability
7. Workforce issues
8. Cybersecurity issues
9. Groundwater management and overuse
10. Drought or periodic water shortages
11. Integrated water resource planning
12. Public acceptance of rate increases
13. Energy use/efficiency
14. Service affordability
15. Physical security issues
16. Climate-related impacts
17. Increasing and/or expanding regulatory requirements
18. Service equity and environmental justice

1 = most important



Charting a financially sustainable future

Within the Water 2050 Finance and Affordability strategic priority area, volunteer experts are identifying and sharing proven funding models, financing mechanisms, and pricing strategies that promote affordability while ensuring the long-term financial viability of water utilities.



“ **A water utility that cannot access capital for critical infrastructure improvements is simply not financially sustainable. The cost of providing water service is rising, as the compounding needs to replace aging pipes collides with investments required to meet new regulatory requirements. Inevitably, these expenses impact everyone who pays a water bill. In light of this conundrum, utilities need to be innovative in order to know where the dollars will come from.** ”

David LaFrance CEO AWWA

Kevin Ruck/shutterstock.com

Aging infrastructure a persistent challenge

The longstanding need for infrastructure renewal and replacement remains a critical challenge for the water sector, ranking as the second most pressing concern in the 2025 SOTWI survey. Many systems are reaching or exceeding their design lives, necessitating significant investments to ensure continued service and public health protection. Utilities are actively investing in asset renewal and rehabilitation, with 40% of them reporting currently funded projects. However, the sector faces ongoing challenges in balancing reactive repairs with proactive asset management to maintain system integrity and reliability.

Impact of natural hazards

Natural hazards, particularly drought and extreme weather events, continue to pose a threat to water infrastructure. The increasing frequency and severity of billion-dollar disaster events are a growing concern, exacerbating the strain on aging systems. While climate change is a factor, the fundamental challenge of aging infrastructure requires attention and investment to secure the long-term sustainability of water services.



Building sustainable and resilient water systems

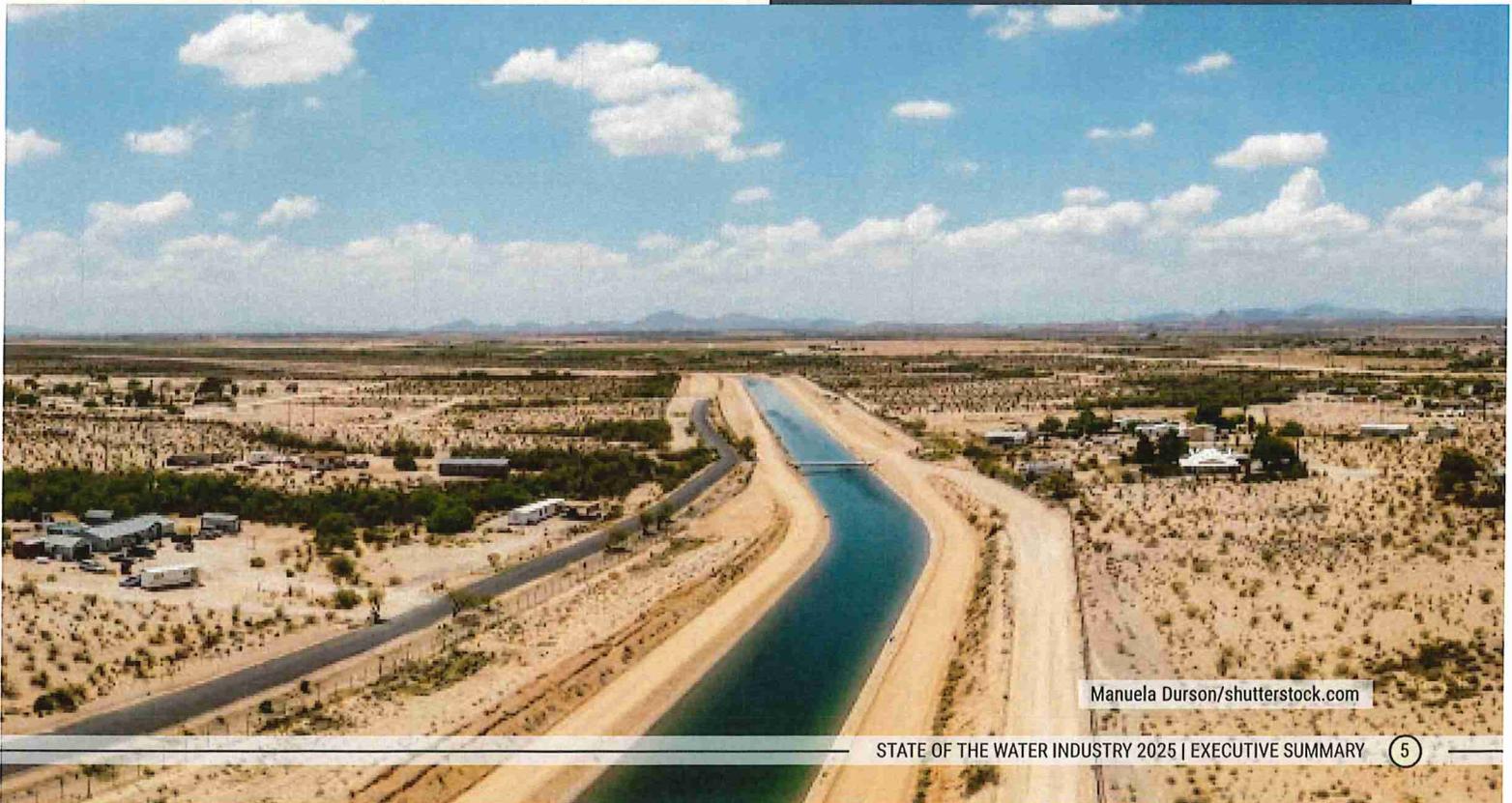
Water 2050's Sustainability and Resilience strategic priority focuses on building a water community that thrives amid change. Volunteer experts from within and outside the water community are exploring how to mitigate risk, promote sustainable systems, and integrate technology to support a resilient future for water resources.



Natural Hazard Concerns Vary by Region

Concerns about natural hazards vary across North America. In the eastern half of the continent, top concerns include extreme weather, precipitation patterns, and flooding. In the western half, drought, wildfires, and precipitation patterns are the primary concerns.

WEST	EAST
1. Droughts	1. Extreme Weather
2. Wildfires	2. Precipitation Patterns
3. Precipitation Patterns	3. Flooding
4. Extreme Weather	4. Droughts
5. Temperature Increases	5. Temperature Increases
6. Earthquakes/Hydraulic Fracturing	6. Earthquakes/Hydraulic Fracturing
7. Flooding	7. Wildfires
8. Sea Level Rise	8. Sea Level Rise



Manuela Durson/shutterstock.com

A woman with blonde hair, wearing a red blazer, stands in the foreground. Behind her is a wide river flowing through a valley. In the distance, there are rolling hills and mountains under a clear blue sky. The overall scene is bright and scenic.

**Heather
Collins**

Assistant Group Manager,
Water System Operations

Metropolitan Water District
of Southern California

“Drawing on my experience in water system operations, I see aging infrastructure as both a challenge and an opportunity. While many water systems across North America have exceeded their design lives, this is our moment to transition from reactive repairs to proactive asset management, rehabilitation, and replacement. By embracing innovative solutions and sustainable practices, we can ensure system integrity and reliability, even as we face increasing natural hazards and the pressures of climate change. Together, we must prioritize investment in resilient infrastructure to secure the future of water services for generations to come.”

Long-term water supply availability and source water protection

Long-term water supply availability and source water protection remain significant challenges for the water sector. Long-term drinking water supply availability is ranked as the third most pressing concern overall, and watershed/source water protection, although dropping from last year's top spot, is still a major issue, ranking fifth.

Utilities are actively implementing water loss control programs (67.8%) and watershed/source water protection programs (57.1%). However, only 45% of utilities feel very or fully prepared to meet long-term water supply needs, a decrease from the previous year, when 55.3% of utility personnel reported that their utilities were very or fully prepared to meet long-term water supply needs.

With more than half of water utilities not fully prepared to meet long-term water supply needs, proactive source water protection is essential for safeguarding drinking water quality and reducing reliance on advanced and costly treatment. Utilities must also plan for drought management and explore diverse alternative water sources to build resilience and secure sustainable supplies for the future.

Percent of utilities that have fully implemented or are in the process of implementing plans and programs related to water resource management, including the following:

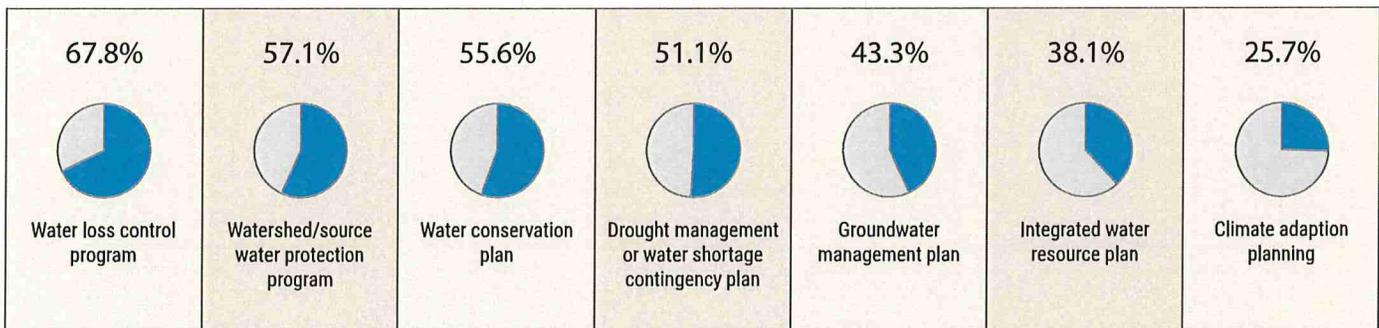
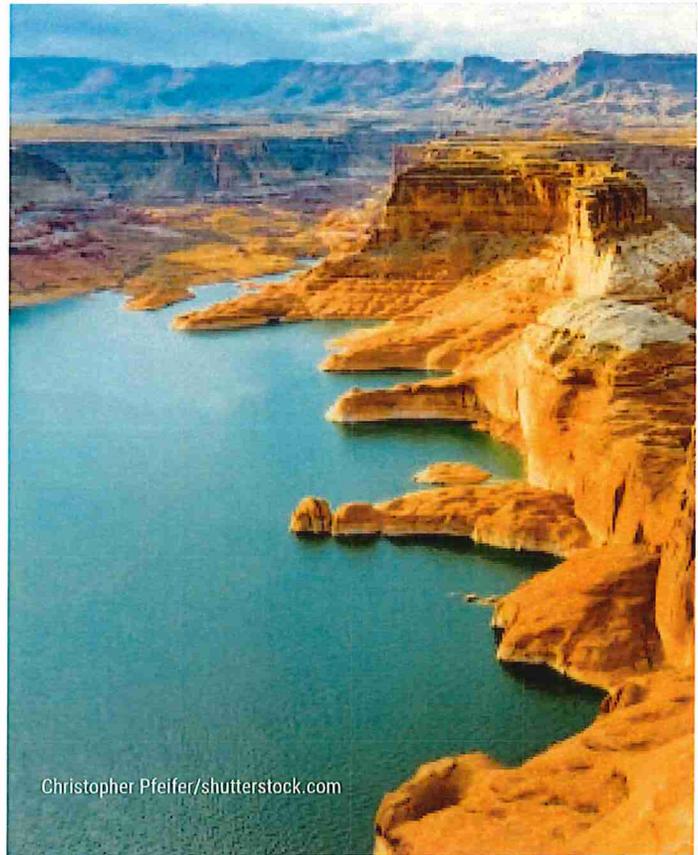
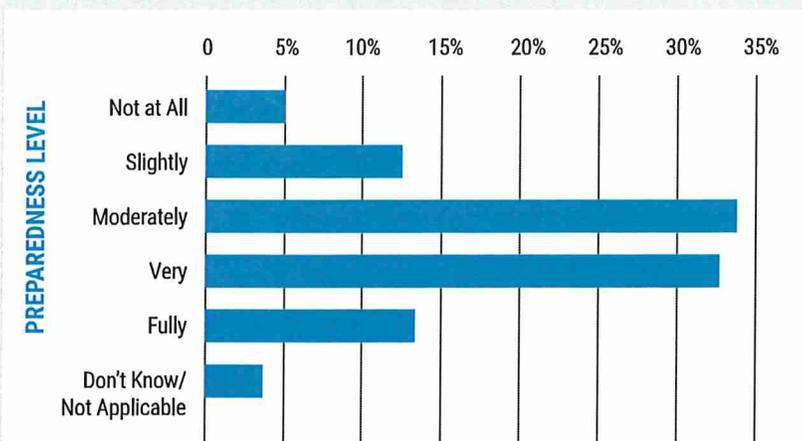
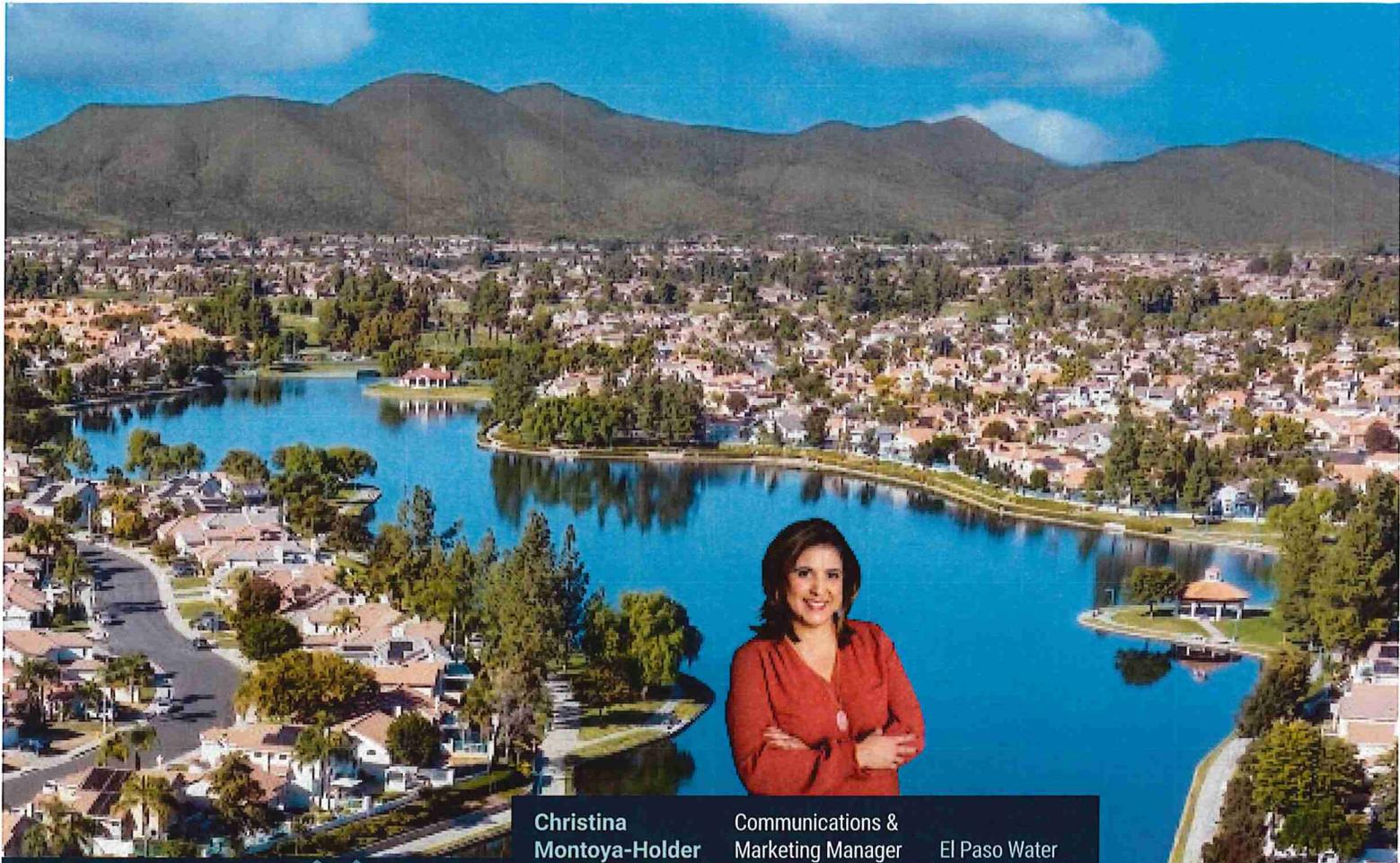


Figure 3. Ability to Meet Long-Term Water Needs



Scaling regional solutions

In the One Water Governance strategic priority area, Water 2050 visionaries are exploring and proposing regional solutions, encouraging a water community that shares water resources, expertise, and infrastructure for a more sustainable future.



Christina Montoya-Holder Communications & Marketing Manager El Paso Water

Gaining public trust doesn't happen overnight. Like any relationship, trust is built over time. It's important to talk to your customers and share information on a regular basis, not just when there is an emergency. Share information about your operations, rates, projects and your workforce – you have a great story to tell! We find that a variety of digital and in-person platforms works best to reach our customers and even more important, to engage with them. Whatever you do, understand that there is not a one-size fits all approach. Survey your customers and find out how they want to get news and be strategic and ongoing in your outreach.

Alan Crosthwaite/shutterstock.com

The value of public trust

Public understanding of the value of water systems and services is ranked fourth in this year's top 10 challenges. This issue has consistently appeared in the top 10 challenges in recent years, and it rose two positions from sixth in 2024. Building and maintaining public trust is requisite for securing funding and community support, and factors such as water quality, affordability, and customer service all influence public perception.

Customer communication plans are implemented or in progress, at 60.6% of utilities.

Survey respondents also highlighted the need for public education about water's value and the impact of regulations on fixed-income consumers.



When communicating with the public, the water sector faces a rapidly evolving media landscape. According to a 2024 report from Pew Research Center, social media is now a primary news source for many Americans, with 54% of U.S. adults reporting they at least sometimes get news from social media. This shift, along with the spread of misinformation and disinformation on some platforms, suggests the water sector must adapt its communication strategies to ensure accurate information reaches the public and trust is maintained.



Strengthening public trust in water services

Water 2050's Equity, Access, and Community Engagement strategic area is focused on a future in which there is strong public trust in water services. Experts in this strategic area are seeking a future with universal appreciation for the essential role of water in communities and a culture in which everyone feels a shared responsibility for the resource and systems.



Sundry Photography/shutterstock.com

“Source water protection is one of the biggest challenges facing the drinking water industry. It’s also one of our greatest opportunities for impact and improvement. The path forward lies in practical, proactive solutions like advancing land-use planning that prioritizes watershed health, investing in green infrastructure, and expanding community wide stewardship programs. Data-driven monitoring, stronger regulatory frameworks, and interagency partnerships are critical components of our efforts. We must treat source water protection not as a constraint, but as an opportunity for innovation and resilience. By incorporating watershed protection into utility planning, we secure not just water quality today, but future generations.”



Ben Thesing

Lead Natural Resource Specialist

Central Arkansas Water



Gigi Karmous-Edwards

CEO

Karmous-Edwards
Consulting, LLC

GenAI is advancing at lightning speed—and the global water sector must tap into its power. It offers a low-cost way to accelerate innovation across materials science, robotics, and digital transformation. By leveraging both structured and unstructured data, GenAI enables faster, smarter data-driven decisions. Used responsibly and with strong cybersecurity, it's a game-changer for tackling our toughest water challenges and future-proofing the industry.

A rapidly evolving technological landscape

With artificial intelligence (AI) and other cutting-edge technologies transforming every business sector, “investment in innovation” ranked high in importance among utility respondents. Just under half of utility personnel stated that they have defined an organizational need and expectations for innovation, and two-fifths reported having established strategic alignment of innovation to their organizational priorities.

Cybersecurity is also a top priority—ranked eighth in the top challenges—with 73% of SOTWI survey participants rating it as very to critically important. Cyberattacks are a growing threat to critical infrastructure sectors, including water and wastewater systems. However, 26% of small systems report having low to no ability to implement cybersecurity measures.

Service providers also highlight technology and data management as key areas for innovation. The water sector is exploring the potential of AI and data analytics to improve operations, though adoption is still in its early stages. Investing in a technology-savvy workforce is essential for the water sector’s future success.

Table 3. Looking Forward at Innovation in the Water Sector

1. Cybersecurity technologies
2. A technology-savvy workforce
3. Investment in innovation
4. Expanded data network technology
5. Advancements in material science
6. Fit-for-purpose treatment technologies
7. Artificial intelligence and machine learning
8. Augmented reality technologies
9. Robotics

1 = most important




American Water Works Association

Driving innovation

Water 2050’s Innovation and Circular Economy strategic area is prioritizing the adoption of innovative technologies and circular economy principles to create a more equitable, efficient, and resilient water future.

AWWA



Brent Alspach Vice President & Director of Applied Research Arcadis

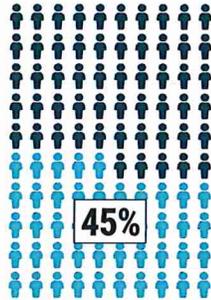
***Understandably – and appropriately** – emerging contaminants are a continual concern for water utilities, with numerous potential points of uncertainty, including occurrence, treatment efficacy, health effects, regulations, and customer communications. However, these same concerns have also historically served as powerful prompts for innovation. Driven by both market forces and public/private funding initiatives, research advancements seed the development of new processes and technologies, ultimately yielding effective, affordable solutions that result in progressively cleaner, safer drinking water for safeguarding public health.”*

Confronting contaminant concerns

Contaminants with high public policy profiles and media saliency, particularly per- and polyfluoroalkyl substances (PFAS), are top concerns in the water sector. There are now federal drinking water standards for some PFAS, and requirements for wastewater systems are developing. This regulatory pressure is affecting how utilities invest in treatment and how they diversify their sources of supply.

Nearly 45% of respondents indicated they were very to extremely concerned about PFAS.

Pathogens, microplastics, and more broadly nonpoint source pollution were also frequently observed concerns. Write-in responses included fluoride; pharmaceuticals; and heavy metals like lead, arsenic, and manganese.

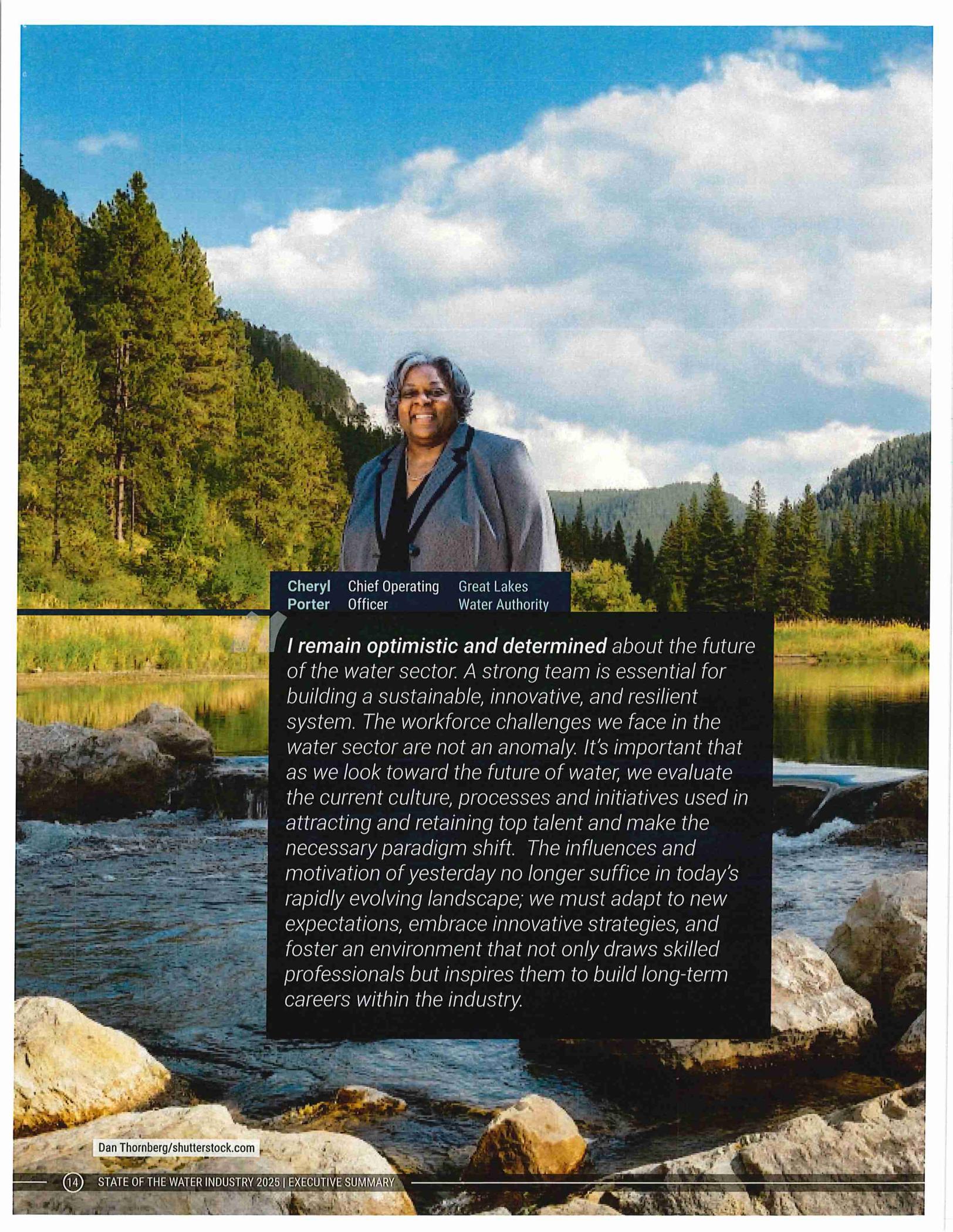


Recent and anticipated regulatory actions appear to have impacted survey results. Pathogens ranked second among water quality concerns and disinfection byproducts were sixth, perhaps owing to the Microbial and Disinfection Byproduct rulemaking due to be proposed this summer. *Legionella* proliferation in buildings and secondary disinfectant residual standards have been a recurring focus of rule development. Interestingly, lead and copper is not highly ranked this year as it was in 2024, perhaps due to steps water systems have taken to prepare service line inventories, review their corrosion control practices to comply with the Lead and Copper Rule Revisions, and prepare for the Lead and Copper Rule Improvements.

Table 4. Ranked Water Quality Concerns

1. Per- and polyfluoroalkyl substances (PFAS)
 2. Pathogens
 3. Microplastics
 4. Nonpoint source pollution
 5. Lead and copper
 6. Disinfection byproducts
 7. Nutrient removal
 8. Cyanotoxins
- 1 = greatest concern





Cheryl Porter Chief Operating Officer Great Lakes Water Authority

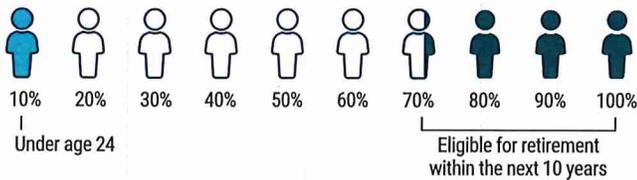
I remain optimistic and determined about the future of the water sector. A strong team is essential for building a sustainable, innovative, and resilient system. The workforce challenges we face in the water sector are not an anomaly. It's important that as we look toward the future of water, we evaluate the current culture, processes and initiatives used in attracting and retaining top talent and make the necessary paradigm shift. The influences and motivation of yesterday no longer suffice in today's rapidly evolving landscape; we must adapt to new expectations, embrace innovative strategies, and foster an environment that not only draws skilled professionals but inspires them to build long-term careers within the industry.

Dan Thornberg/shutterstock.com

Future of the water workforce

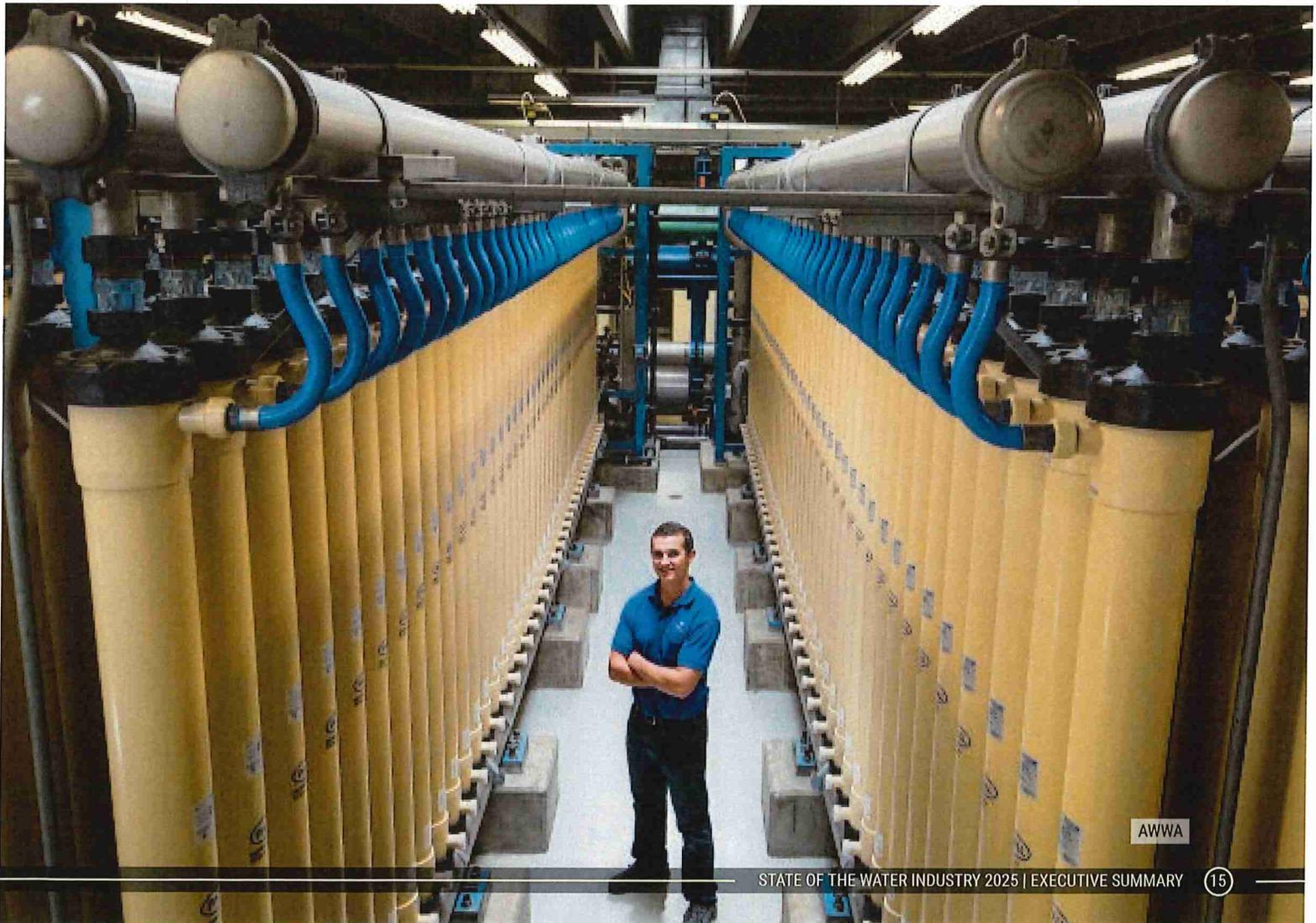
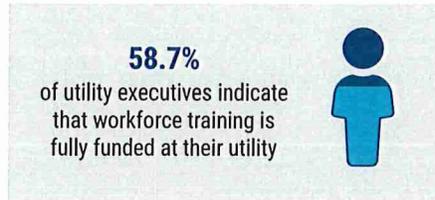
Building a sustainable and diverse workforce is essential for the future of the water sector. Utilities face critical challenges, including an aging workforce, recruitment difficulties, and the need for specialized skills.

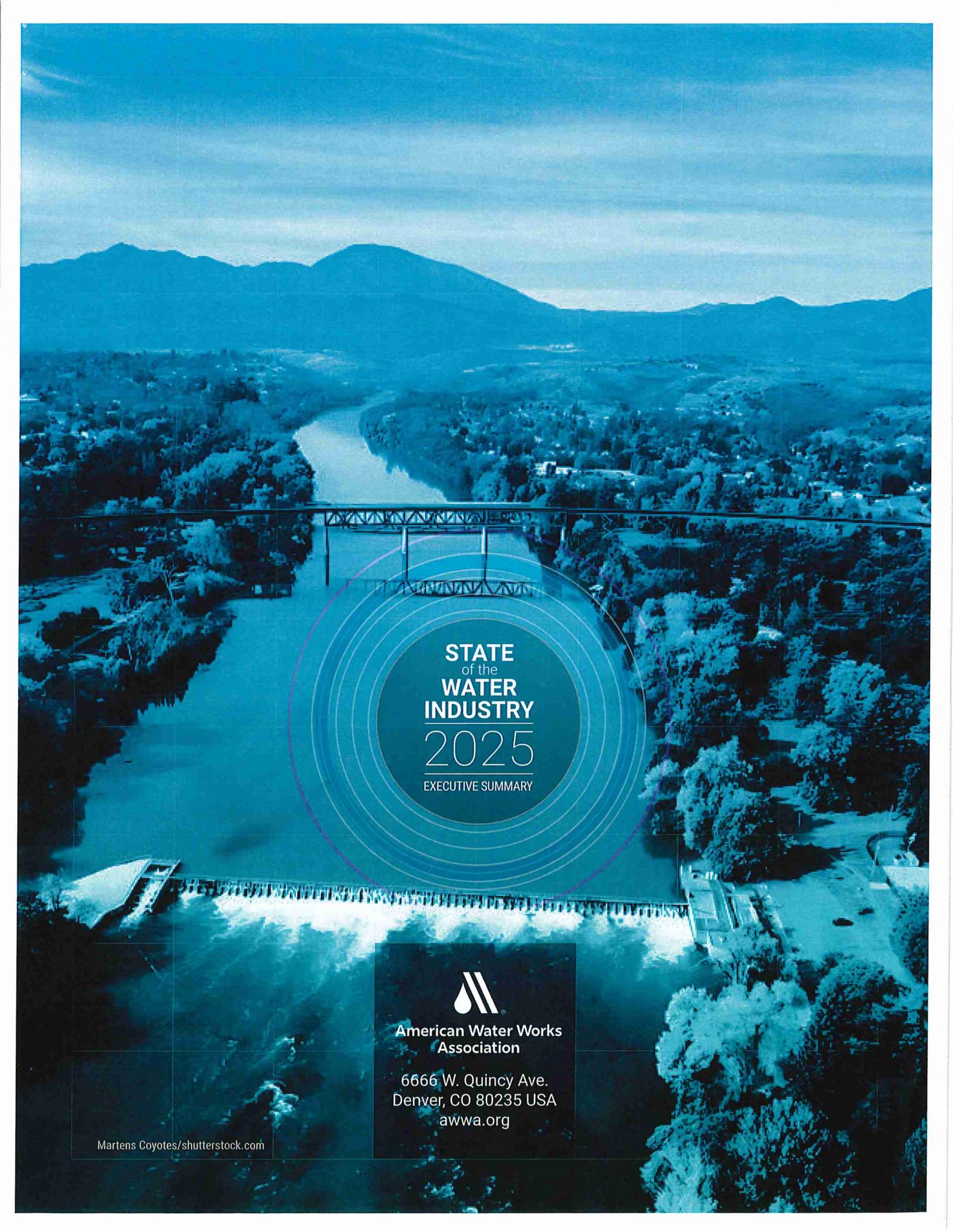
Workforce issues are a major concern, ranked 7 in the top 10 challenges this year in the SOTWI survey. The 2024 Interagency Water Workforce Working Group Report to Congress shows that the median age of the current workforce is 48 years old, which is slightly older than the national median across all occupations. Estimates indicate one-third of the U.S. water utility operators will be eligible for retirement within the next 10 years. Meanwhile, only 10% of the water workforce is under the age of 24. A skillset gap is growing, especially as the current water workforce retires and technology advances.



Open-ended responses also highlight concerns about an aging workforce, recruitment and retention difficulties, and the need for better compensation and training.

In response to these hurdles, utilities are placing more emphasis on retention and engagement of current talent.



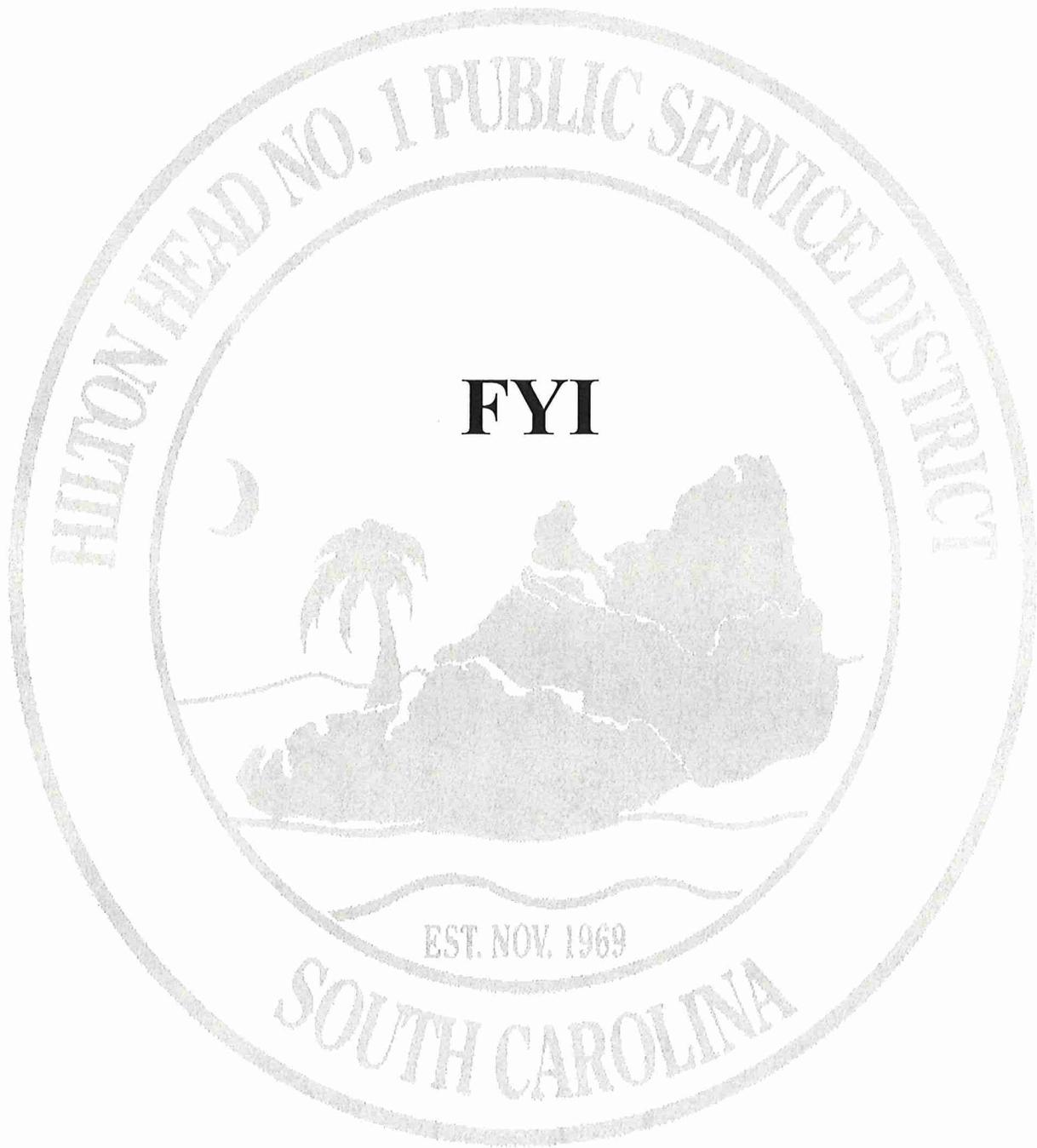


STATE
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**WATER
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2025
EXECUTIVE SUMMARY



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Association

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https://www.postandcourier.com/beaufort-county/news/bjwsa-canal-beaufort-jasper/article_21820e00-a412-4bac-a440-9a6677fdf3f4.html

For more than 60 years, this humble canal has helped transform the southern Lowcountry

BY TONY KUKULICH TKUKULICH@POSTANDCOURIER.COM

FEB 27, 2026



The start of the Beaufort-Jasper Water and Sewer Authority canal near Purrysburg, Feb. 11, 2026, The canal carries water from the Savannah River 18 miles to a water treatment plant in Okatie.

TONY KUKULICH/STAFF

OKATIE — Driving over the canal that supplies raw water to the **Beaufort-Jasper Water and Sewer Authority**, one could be forgiven for hardly taking note of its existence.

Barely 50 feet wide and 18 miles long, it is shallow enough in most places that an average sized person could cross without getting their hair wet.

“It’s not very wide. It’s not very deep. But it’s a lot of water,” said Darius Witte, pipeline supervisor with the authority.

Despite its humble appearance, anyone who pays close attention to such things will invariably say that without that mileslong ribbon of freshwater snaking its way from the **Savannah River**, the fortunes of **Beaufort** and **Jasper** counties would have gone a very different way.

“This area would not be what it is today without this canal,” said Verna Arnette, the authority’s general manager. “They wouldn’t have had the water.”

Water drawn from the mighty Savannah flows through the canal to water treatment plants in Purrysburg and Okatie, and then, ultimately, into homes, businesses, industrial sites and military bases. The authority’s service area is twice the size of New York City, BJWSA spokesperson Jeff La Rue noted.

“If they didn’t build that canal, this whole region — 750 square miles — would look totally different,” La Rue said. “It would look different in terms of the military presence, the resorts, the population. All of it would be totally different.”

The canal’s existence is oxymoronic. It’s a modern engineering marvel relying on technology employed by human beings for millennia. Had it not been built when it was, it almost certainly would have never come into being.





Water flows from the Savannah River to pumps that will lift it into the Beaufort-Jasper Water and Sewer Authority canal, seen Feb. 16, 2026. The canal will shuttle the water 18 miles to a water treatment plant in Okatie.

TONY KUKULICH/STAFF

“I can’t imagine building it today,” Arnette said.

The canal, which has never been granted a name, began operation in 1965 and was completed at a cost of \$5 million, an amount that equates to about \$52 million today. But, that simple calculation doesn’t account for the meteoric rise in land costs and a vastly different regulatory environment in place now.

“All these things have added to the cost. I couldn’t begin to estimate how long it would take to build today and how much it would cost,” said Michael Hansen, deputy general manager at BJWSA.

Even in the middle of the last century, getting it built was never sure thing.

Beaufort County in the 1950s

In the years following World War II, a growing problem in Beaufort County became impossible to ignore. Drinking water wells were becoming inundated with salt water. It

was a problem that surfaced as far back as the 1920s. While the the issue was concerning enough for the region's growing population, it was the Department of Defense who felt the pain most acutely.

Four military installations in the county — **Marine Corps Air Station Beaufort**, **Marine Corps Recruit Depot Parris Island**, **Naval Hospital Beaufort** and **military housing at Laurel Bay** — required a consistent source of fresh water to remain viable.

A document produced by the U.S. Department of the Navy in 1962 noted that of 90 wells dug on military installations and in nearby Beaufort and Port Royal over several decades, 40 had to be abandoned due to saltwater intrusion. The situation wasn't sustainable. A solution was needed posthaste.



Savannah River water flows from pumps that lift it into the Beaufort-Jasper Water and Sewer Authority canal near Purrysburg, seen Feb. 16, 2026. The canal will shuttle the water 18 miles to a water treatment plant in Okatie.

TONY KUKULICH/STAFF

The concern led to the creation of the Beaufort-Jasper Water and Sewer Authority. The newly formed authority initially proposed drawing water from the Combahee River, which separates Beaufort and Colleton counties. The military squashed the idea, saying that the 12 million gallons of water the solution was expected to provide daily would be insufficient for area's long-term needs.

As it turned out, they were right. Today, the authority pumps out more than that on its slowest days. On its busiest days, it pushes nearly 30 million gallons into its pipelines.

"If they had gone to the ACE Basin, I would be surprised if Parris Island or the air station were still here. They wouldn't have have the water," La Rue said.

A different solution was needed.

"You start drawing larger and larger concentric circles, pretty soon you hit the Savannah River," La Rue said.

The parties involved agreed that the Savannah River was the key to the future, and a route for the canal was proposed. Newspaper accounts at the time noted an "agonizing" eight years of negotiation that it took to get the funding finalized, though by today's standards the project moved along at lightspeed.

The final puzzle piece fell into place when the Department of the Navy agreed to pay a \$2 million fee to connect its facilities to the new water infrastructure. The remaining \$3 million was raised through the issuance of a revenue bond.

Once construction started, the project moved along astonishingly quickly with about one mile of canal completed every month.

Besides being seriously motivated to get the canal built, the process was helped along by the fact that right-of-way easement negotiations were required with only a handful of landowners along the canal's entire length.



Land owned by the Okeetee Club abuts the Beaufort-Jasper Water and Sewer Authority canal near Ridgeland, Feb. 21, 2026.

TONY KUKULICH/STAFF

“I think there was three,” Arnette said.

The Okeetee Club, a private hunt club with tens of thousands of acres in Jasper County, owns a significant portion of the land that abuts the canal, said Charlie Stone, BJWSA's director of government affairs. It's one of only two landowners on the northern side of the canal to this day.

Building it and keeping it running

While sources vary widely on the topic, it's a safe bet to say that humans have constructed canals for 2,000 or 3,000 years, maybe longer. The Beaufort-Jasper canal

doesn't differ all that dramatically from any canal built in the earliest days of human civilization.

The canal was dug in a V-shape to a depth of about 10 feet from the surface, though the actual water depth is usually less than 5 feet.

"Some parts you can walk across, some parts you can't," said Derrick Washington, a BJWSA maintenance specialist, to laughs from the maintenance crew as though it were an oft-told joke.

That's about all there is to it.

"Sometimes simple just works," La Rue said.

Savannah River water is drawn into intakes and flows for about a mile to the only pumps on the canal. Just before reaching the pumps, the water enters a pair of 72-inch pipes and flows underneath a swamp with a reputation for harboring a lot of snakes.

Todd Jernigan, a field operations manager, recalled being surprised when he was issued a pair of snake boots when he started working for BJWSA.

"I was like, 'Am I really going to need these?'" he said. Coworkers assured that he would.

Pumps lift the water to the base of the main portion of the canal. From there, it's a hands-off journey through 18 miles of Jasper County to treatment plants in Purrysburg and Okatie powered only by gravity and a slope measuring between zero and 1.5 percent at its steepest angle.





Pumps lift water from the Savannah River into the Beaufort Jasper Water and Sewer Authority canal near Purrysburg, Feb. 16, 2026. The canal will shuttle the water 18 miles to a water treatment plant in Okatie.

TONY KUKULICH/STAFF

“We had to build the intake area up to get a starting elevation that would work,” said Brian Chemsak, BJWSA chief of wastewater and unofficial water authority historian.

A drop of water needs about 48 hours to complete the trip from the river to the Okatie plant.

Keeping the canal maintained is a daily effort. There is, Witte said, always work to be done.

A principal task is controlling the vegetation growing in and around the canal. To get at plants taking root in the bed of the canal, a chain is dragged along the bottom, uprooting whatever is there. Some years are more challenging than others when it comes to keeping the canal flowing freely.

“We’ve gone years with hardly any, and we’ve had years where we worked day and night pulling it out,” Witte said.

Another maintenance concern comes from a decidedly more scaly source.

“Gators will burrow a hole through the berms lining the canal. You’ll get sinkholes in the road. There’s been a couple of occasions where the whole road goes away,” Witte said.



Derrick Washington, Darius Witte and Todd Jernigan, all with the Beaufort Jasper Water and Sewer Authority, discuss maintaining the authority's canal near Purrysburg, Feb. 16, 2026.

TONY KUKULICH/STAFF

The presence of gators sunning themselves on the banks can slow down work schedules. A 14-foot gator, which work crews call Humpy, demands particular attention. Washington recalled Humpy hissing angrily at him when he inadvertently got too close while trying to clear pump screens.

“Have a good day. I’m going,” Washington called to Humpy as he retreated.

The screens could wait.

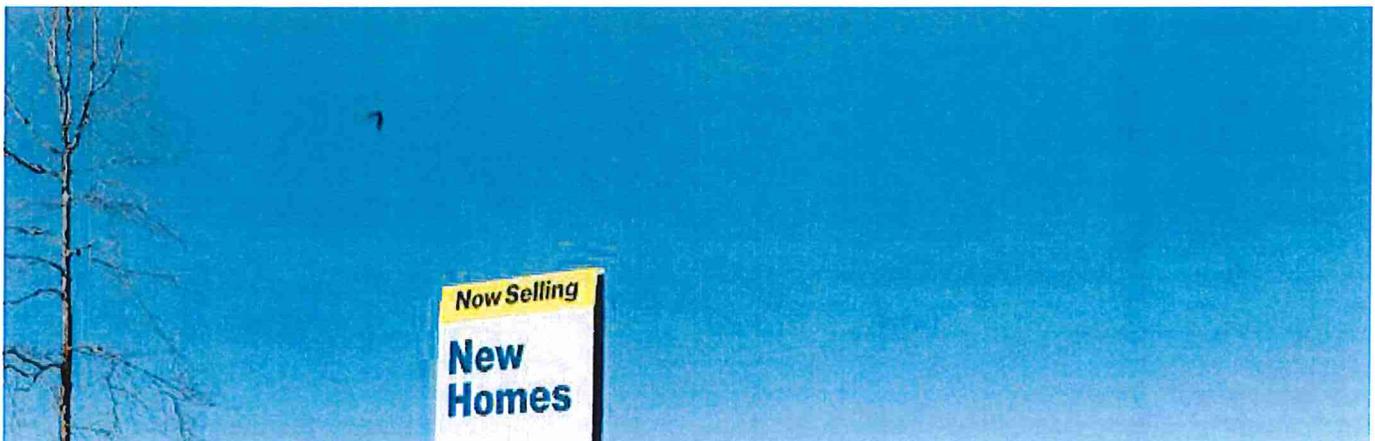
The future

The irony of having to obtain water from a source 18 miles away to serve a county that is nearly 50 percent water is not lost on the team responsible for that job.

“You look at a map and see all the blue, but it’s all salt water. You think we have this abundance of water, but we had to build an engineering marvel to get it here,” Hansen said.

Protecting the Savannah River as the source of water for the region was a prime concern for the canal planners. The Navy argued in the early 1960s that the sooner the project started drawing from the river, the sooner it would be able to influence industrial development in order to protect the water source. A single paper mill built upstream had the potential to jeopardize the entire plan.

“It is imperative that the river source be tapped before pollution impairs it,” officials wrote in 1962.





Residential development is underway just south of the Beaufort Jasper Water and Sewer Authority canal near Ridgeland, Feb. 22, 2026.

TONY KUKULICH/STAFF

More than 60 years later, protection of the water source and the canal remain priorities.

During a January meeting BJWSA held with its stakeholders, Kate Schaefer presented a map of the canal. Chief conservation officer for the Lowcountry Land Trust, Schaefer noted that the ends of the canal had been protected by recent land conservations purchases, but the land in between was unprotected.

“We should celebrate and thank these land owners along the water canal for being really great stewards and making sure that it’s buffered from development. But that’s not a guarantee without permanent protection,” Schaefer told The Post and Courier.

The canal is expected to serve the varied water needs of Beaufort and Jasper counties for as far into the future as anyone can reasonably predict. The authority is permitted to siphon 99 million gallons of water from the river per day, far beyond the current daily draw.

“The key to (the canal project) was planning ahead. That hasn’t stopped. We’re always looking ahead to see what the next thing is,” La Rue offered.

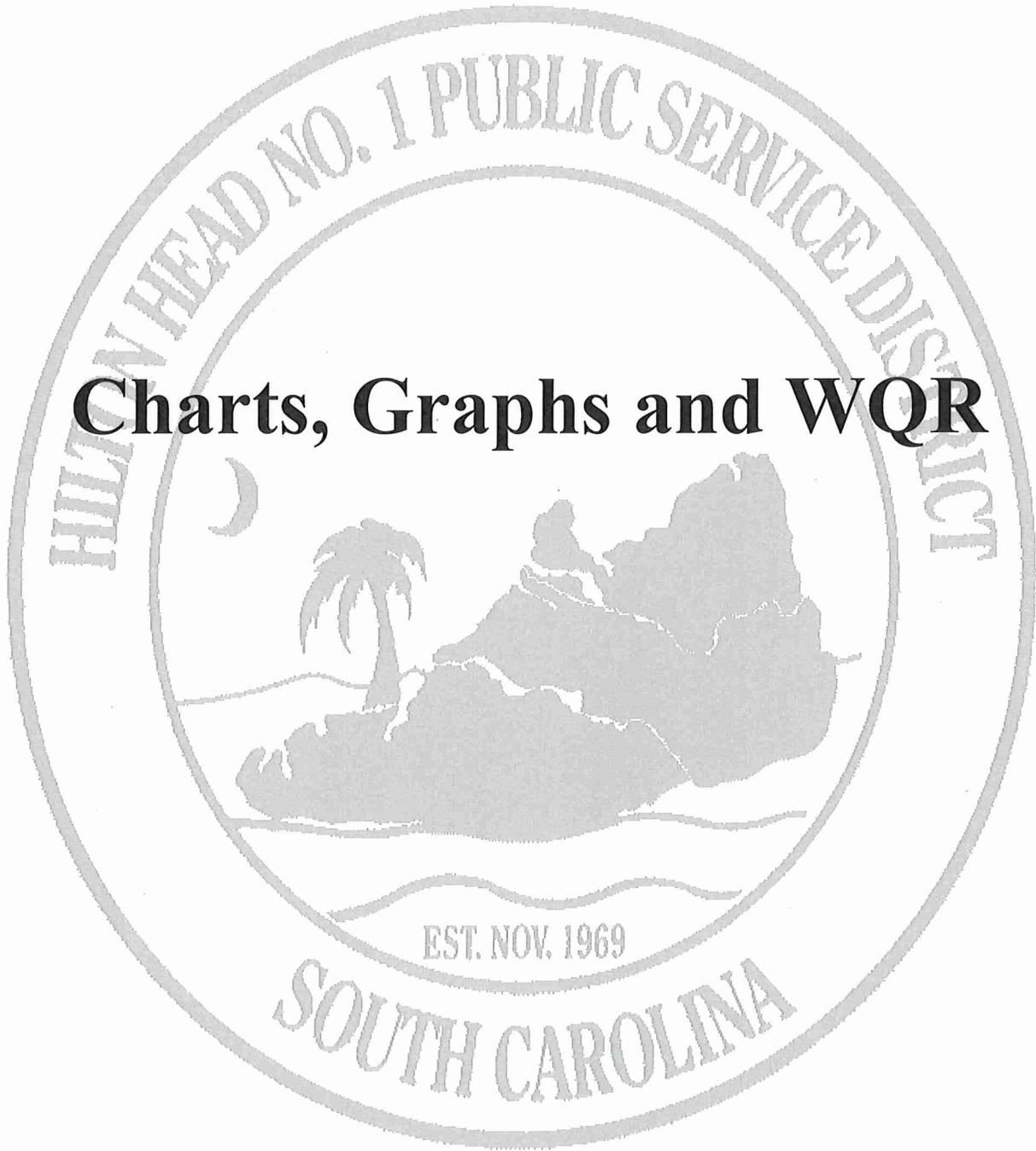
Among the next projects planned are a capacity expansion at the Purrysburg plant and a new wastewater treatment plant in Bluffton's New River neighborhood. One thing that won't be found in the authority's long-range plan is a new canal.

Reach Tony Kukulich at 843-709-8929.

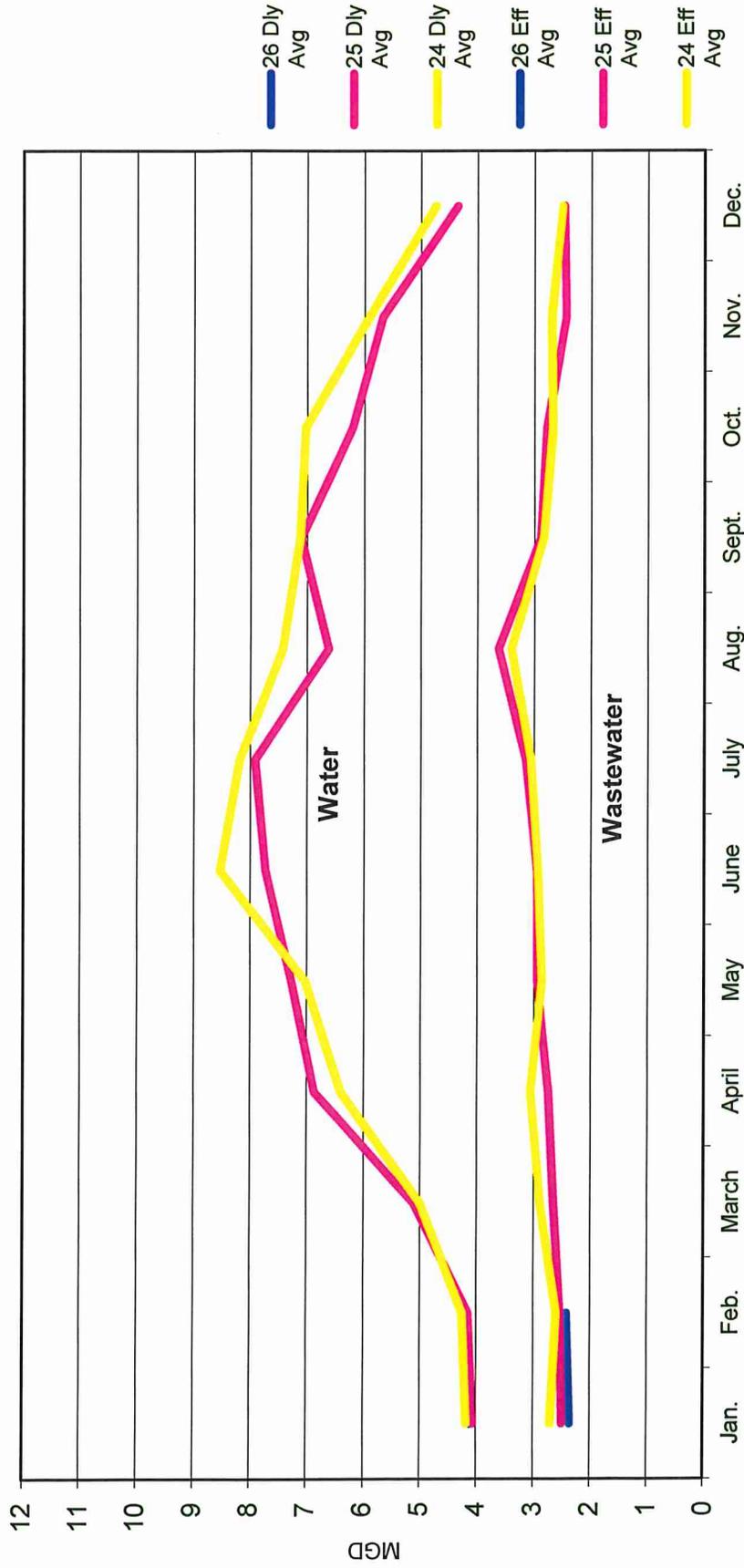
TONY KUKULICH

Tony Kukulich is an editor/reporter working in the Beaufort County bureau. Turning to journalism as a second career, he started as a photojournalist in the San Francisco Bay Area. After moving to Bluffton in 2021, he wrote for several area publications before joining The Post and Courier the following year.

Charts, Graphs and WQR



Water and Wastewater Average Flows



Water and Wastewater Peak Flow





Feb-26
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	0.00	2.42											2.42	1.0%
RO Plant	110.92	104.11											215.03	88.0%
UFA Wells	14.05	14.18											28.23	11.0%
ASR Recovery	0.00	0.00											0.00	
Total	124.97	120.71											245.68	100.0%

System-wide Water Quality Testing Type of Test	Results by Month												
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Bacteriological	PASS	PASS											
Chlorine (avg)	2.1	2.26											
Ph (avg)	N/A	N/A											
Disinfection By-products (DBPs) (qtrly.)	In Compliance			In Compliance			In Compliance			In Compliance			
Hardness (range)	11 - 121 (WINTER - NO WELLS)			14 - 260 (SUMMER - WELLS/ASR ON)			(WINTER)						

Supply-specific Water Quality Ranges for This Month					
Supply	Average Chlorine Residual	Within Acceptable Range? (Y/N)	Average Chloride Level (ppm)	Average Hardness (ppm)	
BJWSA (supply)	2.19	Y			
RO Raw Water MFA Wells (range)	n/a	Y	149 - 437	95 - 203	
Finished RO Water	2.39	Y			
Fire Station UFA	2.14	Y	62	136	
Leg O' Mutton UFA	2.63	Y	73	190	
Wild Horse UFA	2.22	Y	79	188	
Seabrook UFA	2.54	Y	135	257	
Union Cemetery UFA	1.84	Y			
ASR (recharged)	2.59	Y	81	127	

Customer Inquiries

Type of Inquiry	Number of Inquiries	Resolved?	Comments
Low Pressure	3	y	
Customer break/leak	44	y	
PSD break/leak	12	y	
Water Outage	19	y	
Odor/Taste/Color	3	y	
Miscellaneous	78	y	
Sewer issues & Inspections	29	y	
Total	188		