



**Minutes of the Seabrook Island Utility Commission Regular Meeting
March 20, 2019
Town Hall**

The meeting was called to order by Chairman Morawski at 9:30 AM.

Commissioners Present: Vancini and Smith-Jones.

Others Present: Tommy West and Carmella Montgomery of Hawthorne Services, and Chris Houghton of Louis Berger.

The minutes of the February 20, 2019 meeting were approved as submitted.

FINANCIAL REPORT

- The financial report for February was reviewed. Ms. Montgomery reported that net income for the month was \$19,208, which includes \$10,681 reimbursement from FEMA.. Adjusting for Bond principal and capital expenditures still indicates a positive cash flow of \$19,286 . On a year-to-date basis, net income was \$10,217 and cash flow of \$15,616.
- Miss Montgomery submitted the Accounts Payable Check Register report listing all February payments totaling \$187,831.31.
Upon a motion by Vancini, second by Smith-Jones, the invoices were confirmed.
- Miss Montgomery reviewed current non-payments, pending disconnects, and potential write-offs.

OPERATIONS REPORT

- Mr. West reported that February wastewater plant performance was in compliance with all permit parameters. Wastewater flows for the month averaged 351,000 gallons per day, and the average for the past 12 months of 419,000 gallons per day. He further reported that SIUC delivered 9,942,420 gallons of water for the month compared to 13,599,514 gallons last year, likely reflecting the increased rainfall earlier this year. This

accounted for 88.11% of the water received from St. John's for the month compared to 97.01% last year. Mr. West also reviewed the more significant work orders completed during the month.

- Finally, Mr. West reported that the office building windows have been replaced, the office HVAC unit replaced , and the new trucks are on order.

OLD BUSINESS

- Mr. West reviewed the current status of the unpaid St. Johns Fire District invoice from 2018. Kiawah Island Utilities (KIU) have agreed to discontinue charging St. Johns Fire District for hydrant fees but will recover those costs through rates pending order from the Public Service Commission. Seabrook Island Utility (SIU), which is owned by the Town of Seabrook Island and not regulated by the Public Service Commission, is governed by its Bond Ordinance. Because the rate covenant of the Ordinance stipulates that SIU may not provide any free service, SIU is seeking guidance from its Bond Counsel regarding the unpaid balance.
- The AC3 proposal submitted by Mr. West last month was discussed, with Commissioners agreeing with the need to upgrade the current IT system. Because the Town had replaced their system with AC3 and were satisfied with its performance, Mr. West had sought the proposal from only AC3.

Upon a motion by Smith-Jones, second by Vancini, the AC3 proposal was approved pending positive recommendation from another business utilizing the AC3 system, and confirmation that the purchase was in compliance with the Town's Purchasing Ordinance.

- Ms Montgomery submitted a credit card agreement through South State Bank. The Commissioners reviewed the five card options and selected the Visa Business Real Rewards card.

Upon a motion by Smith-Jones, second by Vancini, the agreement with South State Bank for the Visa Business Real Rewards was approved.

NEW BUSINESS

- Chairman Morawski reviewed the current practice of allocating Administrative and General (A&G) expenses 50% each to Water and Sewer operations, and Management Fee 60% to Sewer and 40% to Water. As a result of the new Hawthorne Services contract, some costs previously included in the Management Fee are now directly included in Operations Expenses resulting in the Sewer Utility paying a greater portion of A&G. After considering different allocation methods, and the need recover costs fairly between customer classes, the Commissioners determined that all A&G expenses and Management Fees should be allocated 60% to Sewer and 40% to Water.

Upon a motion by Vancini, second by Smith-Jones, all A&G expenses and Management Fees shall be allocated 60% to Sewer and 40% to Water retroactive to the beginning of the current fiscal year.

- Mr. Houghton submitted the current Cash Disbursement Procedure for Commissioner review.

EXECUTIVE SESSION (to consider Contract Amendment)

Upon a motion by Smith-Jones, second by Vancini, the Commission voted to go into Executive Session.

ADJOURNMENT

There being no further business, upon a motion by Vancini, second by Smith-Jones, the meeting adjourned at 11:40 am.

The next regular meeting of the Commission is scheduled for April 17, 2019 at 9:30 am at Town Hall.

Date: April 17, 2019



Town Clerk