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

Commissioner Vancini was in attendance as were Tommy West and Carmella Montgomery of Hawthorne Services and Chris Houghton of Louis Berger.

The minutes of the October 17, 2018 meeting were approved as submitted.

The financial report for October was reviewed. Ms. Montgomery reported that net income for the month was a loss of $8,595, however net income for the year to date is $39,578. Adjusting for Bond principal and capital expenditures shows a reduction in cash of $75,673 for the year and is not expected to improve before the year end. She noted that some Hawthorne expenses had to be accrued for October because Hawthorne’s invoice had not been received in time for this meeting. She further noted that an additional $7,939 had been received from FEMA for hurricane Irma expenses and included in Miscellaneous Income.

Mr. West reported that wastewater plant performance had been good for October with all permit parameters met. Wastewater flows for the month averaged 335,000 gallons per day, and the average for the year of 397,000 gallons per day. He further reported that SIUC delivered 24,198,027 gallons of water for the month of October and 232,312,129 gallons for the year. This accounted for 89.53% of the water received from St. John’s for the month and 92.87% for the year. He also reviewed work orders completed during the month.

Under Old Business, the Commission discussed the proposed budget for 2019. Mr. West has discussed the question of capitalizing painting of the water tanks and wastewater basins with the Auditor, and also investigated recommendations from AWWA and other similar organizations. The Commission indicated support for capitalizing such expenses given their long life (approximately 10 years) and estimated costs, with consent of our Auditor.

The Commission discussed concern and options for recovering from the estimated reduction in cash reserves for 2019 and following years. It was determined that rate
increases for both water and wastewater were needed. In an effort to minimize the
impact to customers, it was proposed that the increase be implemented over two years.
Several options were considered, with the final decision to increase water base rate by
4%, which will result in water bills averaging 2% overall, but will vary depending by
customer usage, and increasing sewer rates by 6%. Because both increases are to the
base rates, the overall increase will be $2.80 per month or approximately 3.9%. With a
similar increase in 2020, SIUC will still be substantially less than other area water and
sewer rates.

Upon a motion by Vancini, second by Morawski, the proposed budget for 2019 was
approved.

Upon a motion by Vancini, second by Morawski, the proposed rate increases for 2019 of
4% for water base fee and 6% for sewer base fee were approved.

Under New Business Mr. West indicated he had been invited to participate in a meeting
with Kiawah Island Utility, Inc. and St. Johns Fire District to discuss fire hydrant fees.
Commissioners indicated support for Mr. West to attend to learn what arrangements
were being considered.

Mr. Houghton updated the Commission regarding ongoing discussions with The Beach
Company, developers of Kiawah River Plantation (KRP) for contract management of
KRP’s wastewater utility. At this point, Louis Berger had not committed to any
arrangement, but were willing to enter some arrangement that allowed for support from
Hawthorne service employees working at SIUC to assist KRP for emergency purposes
as long as it didn’t impact SIUC operations. There was no objection from the
Commission, although some legal review of the situation would be needed before any
arrangement was approved.

Mr. West informed the Commission of the need to replace a wastewater sampler before
the end of this fiscal year. He estimated the cost to be approximately $12,000 and felt it
could be accommodated within the 2018 budget.

Upon a motion by Vancini, second by Morawski, the proposed replacement of the
sampler for approximately $12,000 was approved.

There being no further business, upon a motion by Vancini, second by Morawski, the
meeting adjourned at 11:15 am. The next regular meeting of the Commission is
scheduled for December 19, 2018 at 9:30 AM.

Date: December 13, 2018

Town Clerk