

A regular meeting of the James Island Public Service District (JIPSD) Commission was held at 7:00 p.m. on April 22, 2024, at James Island Fire Station #1 located at 1108 Folly Road, James Island, South Carolina.

Present at the meeting were the following members: Marilyn Clifford, Chair, who presided; Inez BrownCrouch, Paul Cantrell, Brenda Grant, Ronald Ladson, Susan Milliken and Kathy Woolsey (by phone).

Also present were: Tim Muller, District Attorney; Tamara Robinson, Acting District Manager; Joanne Tucker, Administration Manager; Tom Glick, Fire Chief; Shawn Engleman, Deputy Fire Chief of Administration and JIPSD Safety; Brad Smiley, Deputy Fire Chief; Steve Aden, Director of Fleet Services; Kevin Lavaughn, Assistant Director of Wastewater Services; Ed Kilcullen, Director of Finance; Walter Desmond, Director of Solid Waste Services; Daryll Parker, Wildan Financial Services (ZOOM); Lawrence Flynn, Pope Flynn LLC (ZOOM), and Charleston County Officer Alexander McKinnon.

Chair Clifford called the meeting to order at 6:37 following the Public Hearing and led the invocation and the pledge to the flag of the United States of America.

1. The Freedom of Information Act Report – In compliance with the Freedom of Information Act, notice of this meeting and its agenda were provided to all news media and persons requesting notification.
2. The roll was called.
3. Oral and Written Petitions

Public Comment Rule 22: Purpose of Public Comment. Public comment is for the purpose of permitting the public to address the Commission; not to debate or berate the Commission or its employees. No person, including the Commissioners and any person having the floor, shall be permitted to enter into any discussion, either directly or through a member of the Commission during this period. No question shall be asked of a Commissioner or staff person for the purpose of eliciting a response during this portion of the meeting. All matters will be recorded, and the Commission will determine if the citizen shall receive a direct response at a later time.

- **Melissa Luby**, 1330 Whitehouse Boulevard, requested that the James Island Public Service District extend the contract with KT Properties to allow time for negotiations with the Town of James Island to purchase the commercial portion of the Dills Bluff property.
- **John Peters**, 1301 Hampshire Road, opposes the sale of the Dills Bluff property. He hopes that the James Island Public District and the Town of James Island will continue to work together. He states he wants what's best for the Town, the James Island Public Service District, the residents and for Kyle Taylor.

4. Consent Agenda

Chair Clifford moved to approve three sets of minutes—Ways and Means, February 12, 2024, a Special Meeting, February 12, 2024, and the Regular Commission Meeting, March 24, 2024; seconded by Commissioner BrownCrouch. Discussion followed. A roll call vote was taken, and the motion carried unanimously.

Staff Recommendations

5. Resolution No. 24-04 to amend the FY24 Budget—First and Final Reading

Chair Clifford made a motion to amend Resolution No. 24-04. This was to amend the FY24 Budget -- First and Final Reading, seconded by Commissioner BrownCrouch. Discussion followed. A roll call vote was taken, and the motion carried 5 to 2 as follows.

Commissioner Brown Crouch	Aye	
Commissioner Cantrell	Aye	
Commissioner Clifford	Aye	
Commissioner Grant		Nay
Commissioner Ladson	Aye	
Commissioner Milliken		Nay
Commissioner Woolsey	Aye	

6. Proposed Harbor View Road Force Main Project Intergovernmental Agreement with Charleston Water System

Chair Milliken made a motion to accept the proposed Harbor View Road Force Main Project Intergovernmental Agreement with Charleston Water System, seconded by Chair Clifford. Discussion followed. A roll call vote was taken, and the motion carried unanimously.

7. FY25 – FY29 Wastewater Utility Rate Study Update (*Information Only*)

Daryll Parker with Wildan presented an update on the rate study via Zoom. The goal of the rate study is full cost recovery—set rates that covers all expenditure needs. Daryll presented the rate study in February, yet there were still some unknowns. At that time, it undetermined what Charleston Water was going to do with the Wholesale Treatment Rate. They were looking at a 5-year incorporation of rates. We had a rate study done for 5 years in 2019, and an update was done around 2021 and a new rate study was just performed. There were no changes to the structure. In the study, a five-year financial plan is presented, which is consistent with other industries. Rates were set based on revenues and expenditures where revenues are as big, if not larger, than the expenditures. That is the methodology of the study and setting financial projections and rates.

Wholesale treatment cost is a big driver. Almost half of the PSD's operating expenses are based on wholesale treatment costs. That has a big impact on the PSD, and it has to be accounted for. Not only is it the wholesale treatment costs, but also, personnel costs and inflationary day to day costs. Debt service coverage must meet requirements as we must be at 1.5 times. Capital drives the study as well with multiple projects. The PSD is looking at \$31 million in projects over the next 5 years. There will be new debt over the next five years and that is factored in. The JIPSD can't not change the rates. "Doing nothing is really not an option." What can be done? Wildan can work with staff and develop the 5-year financial plan that is thought reasonable and doable. Based on a 5-year plan, the revenues need to be higher than the expenses every year. Our cash reserve target is at 365 days with 12 months of O&M of cash reserve on hand. Our debt service coverage should meet the target in our financial plan. The rate table was presented, and the typical customer's bill would increase between \$5 and \$6 per month based on variable usages. This 5-year plan is a yearly 7.5% increase. The O&M is going up due to the wholesale treatment rates increasing. This is driving most of the financials at the operating standpoint. In comparison to other utilities, the JIPSD is in line. Wildan did not look at Impact Fees the last time. State statutes give guidelines that we have to follow in order to increase these rates. These fees help pay for growth. They also help existing customers recover costs of

development that they won't have to pay—this money can go towards capital. Wildan and JIPSD must look at existing assets (replacement costs due less depreciation) --adjusting the existing assets to today's dollar with inflationary adjustments. CIPS are factored in and help facilitate growth...Future capital is at \$31 million. Wildan adjusts with various credits—debt service credits, grant funds and funds contributed by the developer (these are not incurred by the utility). The same methodology has been followed since the JIPSD has been charging impact fees. The calculation is as follows: Net number / 20,000 ERU's (4-inch capacity) at 6,000 gallons per month = \$1570.00 per ERU. Currently our impact fee is \$1210.00 per ERU and the projected fee is \$1570.00 per ERU, which is a \$360 increase. This is the max to justify based on calculations.

In conclusion, Capital Needs need a rate adjustment. These rates are to cover: the wholesale treatment cost increase, new debt to fund capital projects, maintain targeted financial metrics of coverage, fund balance days cash on hand, and impact fees to recover the capital costs with new development.

Much discussion followed with regards to the increasing of impact fees. All were reminded that Impact Fees can only be implemented by strict statutory guidelines. Lawrence Flynn also weighed in on the legal guidelines.

8. Professional Services Contract for Auditing Services.

Commissioner Milliken made a motion to approve the acceptance of the Professional Services Contract for Auditing Services – Love, Bailey and Associates, LLC. The term of the contract is for three years. The motion was seconded by Commissioner Brown Crouch. Discussion followed. A roll call vote was taken, and the motion carried unanimously.

9. Reschedule May 27, 2024, Regular Meeting to May 20, 2024, due to the Memorial Day Holiday.

Commissioner Clifford made a motion to reschedule the May 27, 2024 Regular Meeting to May 20, 2024 due to the Memorial Day Holiday. The motion was seconded by Commissioner BrownCrouch. A roll call vote was taken, and the motion carried unanimously.

10. Proposed updates to the FY25 Draft Budget and the FY25 Budget Resolution **(Information Only)**

Ed Kilcullen presented multiple updates. Discussion followed.

11. Proposed Updates to Resolution No. 23-05 Wastewater Collection System Use and Rate **(Information Only)** Possible Wastewater Committee Meeting to follow to discuss.

12. March District Manager Report – Tamara Robinson, Acting District Manager

- Financials were distributed. If there are any questions, please contact Tamara
- Harbor View Force Main Capacity Upgrade Project Bid Opening is scheduled for Tuesday, April 23, 2024 at 2:00 pm in the Conference Room at Signal Point
- The Intergovernmental Meeting will be held Wednesday, April 25, 2024, at 7:00 pm at the Town of James Island
- Our annual Safety Event will be held on Thursday, May 9, at 11:00 am at the Edisto Shelter at the James Island County Park
- Adopt-a-Highway will be held Saturday, May 18, 2024
- The SPCD Leadership Conference will be held in Columbia, SC. Anyone interested in attending, please contact Tamara by the end of the week.

- Letter received from Kyle Michele (given to the Commission) – stated that he has completed the process in the House to submit a funding request for the sewer expansion project. Representative Hartnett is sponsoring our request for \$890,000. The House is expected to release its amended budget in about 2 weeks.
- Kevin LaVaughn gave an update on the current Wastewater projects:
 - ❖ Phase 5 – Pre-Con scheduled for May 2
 - ❖ In House Pump Station 17 Upgrade is permitted to start any day
 - ❖ Clark's Point Sewer Expansion is to go out for bid late May
 - ❖ Oak Point / Up on the Hill Sewer Expansion is in discussions
 - ❖ Harborview Road Force Main Bid Opening May 2, 2024

13. Committee and JIPSD Representative Reports – Chair Clifford provided information on a Job fair for high school graduates in the tri county area May 1, 2024, that is being put on by BCDCOG

14. Correspondence and/or Newspaper Articles – Congresswoman Nancy Mace letter congratulating Chief Glick and the Fire Department for the part they play in Fire Safe, South Carolina

15. Oral and Written Petitions

- **Brook Lyon, Mayor of James Island**, 669 Port Circle, stated that KT Properties is willing to let the Town purchase the commercial portion of the Dills Bluff property from the JIPSD. She asked that the James Island Public Service District extend KT Properties contract so that it would allow time for their attorneys to work out the details. She also wanted thank Fire Station #2 for the response to an unfortunate incident in the Lighthouse Point neighborhood last week.
- **Charles Wilson**, 1614 Grimball Road Extension, asked for an update on the easement at this property. Claimed he had been by the District twice and still does not have an answer on whether this easement issue will be addressed. He claimed nothing had come up as a solution and that the sewer easement was abandoned per the previous Wastewater Director.

16. Executive Session

Chair Clifford made a motion to enter into executive session. Commissioner BrownCrouch seconded the motion. A roll call vote was taken, and the motion carried unanimously.

Moved to Executive Session at 8:09 pm to receive legal advice associated with the following:

- Discussion of negotiations and/ or receipt of legal advice concerning purchase agreement for TMS# 425-12-00-298 and TMS# 425-12-00-185.
- Discussion of negotiations and/ or receipt of legal advice concerning lease agreement for TMS# 454-09-00-018
- Discussion of the District Manager search
- Request for 60-day extension for purchase agreement TMS# 425-12-00-298 and TMS# 425-12-00-185
- Lease Agreement with Dr. S Daniel Gardner, DMD, LLC for TMS# 454-09-00-018

(After Executive Session, the Commission shall return to open session and may take action on matters discussed in Executive Session)

17. Request for 60-day extension for purchase agreement for TMS# 425-12-00-298 and TMS# 425-12-00-185

Chair Clifford made a motion to approve a 60-day extension to KT Properties for purchase agreement for TMS# 425-12-00-298 and TMS# 425-12-00-185 to close July 19, 2024. Commissioner BrownCrouch seconded the motion. The motion carried unanimously.

18. Lease Agreement with Dr. S Daniel Gardner, DMD, LLC for TMS# 454-09-00-018.

Chair Clifford made a motion to approve the lease agreement with Dr. S Daniel Gardner, DMD, LLC for TMS# 454-09-00-018. Commissioner Cantrell seconded the motion. The motion carried unanimously.

19. Adjournment:

- Chair Clifford adjourned the meeting at 8:59pm (Chair Clifford made the motion and Commissioner BrownCrouch seconded. Roll call vote was unanimous.)



Ronald Ladson
Secretary
RL/JHT