

WATER AND SEWER COMMITTEE MINUTES
Thursday, December 22, 2016, 8:30 AM
Sullivan's Island Town Hall

1. Call to Order & Freedom of Information Requirements

The Freedom of Information Requirements having been met, the meeting was called to order at 8:35 AM. Those present were Committee Members Mark Howard, Bachman Smith and Susan Middaugh (Chair), Staff Members Greg Gress, Jason Blanton, and Andy Benke, one Island Residents and one members of the press.

2. The Minutes for W&S Committee meeting on November 16, 2016, were approved on a motion by Bachman Smith, second by Mark Howard, with a unanimous 3/0 vote.

3. Rate Study and consideration of Residential Equivalency Units for Basic Facility Charges.

The W&S Chair, Susan Middaugh read a brief statement of the Purpose of the Rate-Study, the Problems to be addressed in the study, and the Goals to be achieved by addressing these Problems (see Attached).

The Committee discussed in detail the data for three options, and various combinations of these options, for Multifamily Residential Properties and Non-residential Properties. The focus of this discussion continues to be how best to distribute and balance the W&S charges between the Basic Facility Charge that covers fixed costs such as administration and bond payments and the Usage Charges that vary with the property owner's month-to-month water and sewer usage.

Good progress was made. Additional data are requested and discussion will continue at the next W&S Committee meeting.

4. Update on

a. I & I: Susan Middaugh reported that I&I for the month of November was 63%; that is, 63% of the wastewater treated at the WWTP was infiltrated groundwater. This means that for every 1 gallon of wastewater there were almost 2 gallons of groundwater leaking into the sewer pipelines. Greg Gress confirmed that this was typical. (Specifically, of the total of 14.4 Million gallons received at the WWTP, 5.3 M was sewage and 9.1 M was I&I.)

b. Funding for Poe Ave sewer line replacement: This item was postponed until the W&S Committee meeting on 1-26-2016. The project will be delayed until funding can be determined and additional W&S personnel can be hired to fill a current vacancy.

5. Communications / Additional Items from WWTF Manager, Greg Gress:

- a. One W&S worker has resigned and this open position will be advertised. A second employee is out on sick leave. This leaves the WWTP short-handed. As a result, the Poe Project that was planned to be carried out in-house starting in January is being postponed.
 - b. The old fence at the Water Utility Site at Sta. 17 and Middle St. has been removed and temporary fencing put in place. The company hired to remove the trees along the old fence line has to return to remove the stumps before the new fencing can be installed.
- 6. The next W&S Committee meetings:** Two W&S Committee meetings are scheduled in January: Thursday, 1-12-2017, at 8:30 AM and Thursday, 1-26-2017, at 8:30 AM, at Sullivan's Island Town Hall.
- 7. The meeting adjourned** at 10:30 AM on a motion by Bachman Smith, second by Mark Howard, and a vote of 3/0.

Pending Items (to be considered in future meetings)

- a. CWS contract revisions – in progress
- b. Private Sewer Lateral Policy for I&I Reduction – in progress
- c. W&S billing software replacement - in progress
- d. Development of a Cost Recovery Program
- e. Pre-Disaster Mitigation Grant for submersible pumps
- f. ASR: Aquifer Storage and Recovery

ATTACHMENT to Minutes of 12-22-2016 W&S Committee Meeting

The Purpose of the eight-year Rate Study is to:

1. **Address longstanding PROBLEMS with the current W&S rate structure.**
2. **Achieve sound financial management GOALS.**

PROBLEMS:

1. Currently, a single monthly Basic Facility Charge is billed for every property whether it is Single Family Residential, Multifamily with 2 to 20 dwelling units or a Non-residential Property (restaurant, office, church, National Park, school)
2. The current mechanism that is intended to insure that properties having a greater W&S demand pay a higher Basic Facility Charge (by increasing the Basic Facility Charge with increasing meter size of .63", 1", 2", 3") does not work as intended. The smallest meter size is used by 95% of properties, including most properties with high W&S demand.

3. As a result, a disproportionate share of W&S revenue comes from Usage compared to Basic Facility Charges. This imbalance leads to undesirable volatility in revenue. As an example, revenue will vary greatly for a business with high W&S usage when it is in operation versus closed for several months for renovation. Yet the cost of maintaining the W&S infrastructure that is needed by that business during full operation remains the same.
4. Also as a result, there is inequitable sharing of common, system-wide fixed expenses that are allocated to the Basic Facility Charge for administration, infrastructure maintenance and capital improvements. At present Multifamily properties pay a single Basic Facility Charge that is the same – or only marginally higher – than single family residential properties. For example, properties with 4 or 5 apartments now pay the same \$49.97 per month as single family properties and a 20-unit apartment building pays only \$28 per month more (\$78 or \$3.90 per apartment).

GOALS:

1. The primary goal is to keep annual increases in W&S rates to a stable minimum - at the COLA and inflation percentage - while providing quality service to Island residents and being responsible stewards of the infrastructure that is needed to do so. The following sub-goals are intended to further this primary goal.
2. Improve the balance between revenue generated by the Basic Facility Charge versus Usage to reduce revenue volatility and improve revenue stability.
3. Improve the equitable sharing of common, system-wide fixed expenses by multifamily and non-residential properties in a manner that is fair to all and does not impose an undue burden. Allocate revenues from increased Basic Facility Charges to funding for long-needed infrastructure improvements: Poe Avenue Project, I&I Phase 2, Engineering study for FEMA application for Submersible Pumps, WWTF.