



Town of Sullivan's Island, South Carolina
Special Water and Sewer Committee of Council
Meeting Minutes
Thursday, May 11, 2023

1. Call to Order & Freedom of Information Act Requirements:

The Water and Sewer Committee of Council met at 8:30 a.m. on May 11, 2023 at Town Hall, all requirements of the Freedom of Information Act having been satisfied. Present were Council Committee members Bachman Smith, IV (Chair), Scott Millimet, and Gary Visser. Staff members present were Water & Sewer Manager Greg Gress, Jason Blanton, Andy Benke, Joe Henderson, and Mary Poole. There were no members of the public and no members of the media present.

Chair Bachman Smith called the meeting to order at 8:32 a.m., and stated the press and public were duly notified pursuant to State Law.

2. Presentation from Raftelis re: Rate Study and Cost Recovery findings

Copies of the presentation were available to all committee members and are also available to the public on the Town's website with the minutes for this meeting. Joe Williams and Mihaela Coopersmith presented on behalf of Raftelis. They reviewed the project scope which included water and wastewater revenue sufficiency forecast, rate design alternatives, and development of cost recovery policy document. Since 2018, the REU (Residency Equivalent Usage) usage has decreased, with non-residential customer usage increasing overall. Mr. Williams clarified that the cost escalations are based on the inflation projections put out by the US Labor Board.

Mr. Williams reviewed the Capital Improvement Program (CIP) projects and provided some details on each line item. The department currently has low debt, which can help them create reserves for future projects. He also provided a model for potential new loans for large projects and reviewed Cost of Service (COS) rates. These rates are what determine the base water rate for users. Based on this year's results, the rate for a single family 6,000-gallon bill would go up 3.7% from last year's rate, which Raftelis considers very low comparatively. Other municipalities of similar size are increasing around 5% on average. He also provided forecasted rates for the next few years, as well as forecasted fund balances. There was also a graph comparing sample bills at different usage levels between FY 2023 and FY 2024.

Then Mr. Williams discussed the potential of future water capacity and provided an example of costs based on past purchases. The projected costs of purchasing an additional 250,000 gallons of water from CWS could potentially cost anywhere between \$660,000 to \$3,200,000. This project is not something that will need to be discussed until a few years from now, but he did give some theoretical options on how to do that. Mr. Gress estimated about 25% of the Town currently has an irrigation system. He further discussed funding alternatives and bill impacts and answered questions from the Committee. To conclude, Mr. Williams gave his final findings and recommendations.

Next Ms. Coopersmith discussed the cost recovery policy, which is a document to identify the Town's vision, mission, and objectives. This is used to create long-term financial stability and provides transparency. She reviewed each section of the manual's organization, beginning with the vision, mission, and values. She noted there are a few items that need to be finalized before the document can be completed and briefly discussed each one.

Chair Smith stated the cost recovery program is critical and would be a great resource for the Town. He is also in favor of adding a fourth tier, especially in terms of possibly enhancing conservation efforts. The Raftelis team then gave a more detailed explanation of the fund balance forecast at the request of Mr. Visser. Mr. Gress stated the contract with CWS is renewed every 15 years at the Town's discretion. There are currently disputes about the rates within the contract, which is why this study is important for the Town. Concerns brought up by Mr. Visser about water usage rates vs irrigation water rates will be discussed at a later meeting.

3. Adjourn

Motion was made by Mr. Visser, seconded by Mr. Millimet, to adjourn the Special Water and Sewer Committee meeting at 9:16 a.m., carried unanimously.

Respectfully Submitted,



Bridget Welch