

A Ways and Means Committee meeting of the James Island Public Service District (JIPSD) Commission was held at 6:30 pm on March 11, 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; Paul Cantrell, Ronald Ladson, Susan Milliken and Kathy Woolsey. Inez BrownCrouch was absent due to illness and Brenda Grant was out of town.

Also present: Lawrence Flynn, Bond Attorney; Tim Muller, District Attorney; Dave Schaeffer, District Manager; Tamara Robinson, Assistant District Manager; Joanne Tucker, Administration Manager; Tom Glick, Fire Chief; Steve Aden, Director of Fleet Services; Mack Willison, Wastewater Services; Ed Kilcullen, Director of Finance; Walter Desmond, Director of Solid Waste Services and Shawn Engleman, Deputy Fire Chief of Administration and JIPSD Safety.

Chair Clifford called the meeting to order at 6:30 pm, and led the invocation, followed by 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. Solid Waste Automated Side Loader Update – Walter Desmond, Director of Solid Waste
 - A letter of intent was issued to Amick Equipment on March 2022 for a second side loader to arrive in June of 2023. Due to production issues, it is scheduled to arrive June 2024. On June 5, 2023, we issued another letter of intent to purchase a third side loader and then found out the production was 6 -7 months behind schedule. Solid Waste would like to rescind the letter that was sent out June 5, 2023, for the third truck. Solid Waste would like to issue a letter of intent to Joe Johnson Equipment in order to purchase the third truck.
4. Proposed Harbor View Road Force Main Project Intergovernmental Agreement with Charleston Water System – Lawrence Flynn, Pope Flynn LLC
 - There were no real showstoppers on the Intergovernmental Agreement. It is the hope to bond out in April.
 - There was \$23K worth of easements purchased for this project.
 - To answer the question How soon will this project start? SRF is waiting for the agreement to proceed.
 - This project will be funded exclusively by the revenues of the sewer system.
 - There is no debt limit like on the GO side. Debt is secured by the revenues. We can borrow as much money as the bank is willing to lend. Thresholds have to be met by way of coverage which means rates have to be at a level sufficient to earn the net profits of the system.
 - For example, if you have a \$5 million a year system gross revenue and it costs \$3.8 million to operate, the net profit will be \$1.2 million.
 - Under our master bond resolution, we are required to maintain 1.2 times coverage ratio.
 - \$1.2 million of net profit: the debt service bonds would exceed \$1 million and maintain our debt coverage ratio. If it falls below that, we are contractually required to raise rates sufficiently to be able to continue to maintain our 1.2 ratio.
 - We will borrow based on the project bid. Right now, it is close to \$8.8 million.

5. FY25 Draft Budget Resolution and Available Millage Report – Lawrence Flynn, Pope Flynn LLC
- Taxes: Fire and Solid Waste services operate out of the General Fund. The millage that you levy that goes on the property tax bill is paid by all the residents and commercial businesses in the service territory to pay for these services (Fire and Solid Waste). Separately, you also run the sewer side. You think of them as two separate financing sides. You have the governmental and proprietary. The proprietary is the business function of the government body which is the sewer side of the operation supported exclusively by the revenues of the system. When we adopt the budget, state law only speaks to the idea of adopting a budget for the General Fund. You can't operate a sewer system without that, so this resolution covers the General Fund budget and the millage that you levy in support of your General Fund operation for Fire and Solid Waste. Also, the debt service millage that you additionally levy to pay for the debt on the GO Bonds that you issued. Separately, we have a budget for the sewer system that is supported by the rates of the utility—so the rates get reviewed on an annual basis—Wildan and Finance. We have some expectation of what the millage should be, based on growth and inflation.
 - On the tax side, no one wants to levy taxes. We are limited by how much we can raise operating taxes year after year and that is subject to state law. There are some parameters in place. When you levy operating taxes, you are subject to and limited by the ability to levy property taxes by Act 388. As an elected board, you can set your own independent millage, but the levy of your operating millage, not your debt millage, is exclusively controlled by you but is also subject to state law. State law says you can only raise your operating millage by two factors year over year: CPI and Population in your area. We currently follow County standards. In 2013, the Legislature passed a 4-year lookback on CPI and Population.
 - The Commission was given a millage table and Lawrence gave an explanation. Based on the table, we can go up 6.74 mils which is 63.44 mils. Last year was 56.7 mils. The current proposed FY25 budget is 61.7 mils. We would not be maxing out the millage so as to account for inflation.
 - Debt Service is maintained separately and is not subject to ACT 388—it is exempt. Taxes are levied to pay the General Obligation bonds. These are secured by the Full Faith and Credit Taxing Power of the District.
 - Rates: There was an explanation for the CWS rate increase. We have to make sure we have their wholesale rates to keep our budget in line. CWS had a 72% increase, and we requested a 15% increase each year for five years as we have to pass this along to our customers. This information was sent us after our initial rate study presentation with Daryll Parker. Daryll has gone back to work these new numbers into the rate model / increases.
 - Why the increase? Upgrades to Plum Island—they need more capacity and funding for the Redundant Force Main
 - We are looking at about a 9.5% increase every year for the next 5 years.
 - The language in section 11 will need to be adjusted due to the CWS increases and may adopt a 5-year increase.
 - There will be FY24 Budget Amendment that is necessary to fund the initial down payment for the fire truck. The money was not currently set aside in the existing FY24 budget. In the April meeting there will be a proposal to amend the FY24 Budget prior to 6/30/24 to appropriate money out of the fund balance and there will be no direct affect on taxes, just reducing the Fund

Balance to make the initial down payment for new fire truck that is about 4 – 5 years in the construction cycle. We put the initial deposit down to reduce the cost.

6. FY25 Draft Budget Presentation – Ed Kilcullen, Director of Finance
 - Ed presented the draft presentation and discussion followed.
7. FY25 Draft Budget Narrative – Dave Schaeffer, District Manager
 - Thanked the Commission for allowing him to serve as the District Manager since November 2020
 - Strongest accomplishments: strategic plan, improving relations with other local agencies, finding funding sources for multiple infrastructure projects.
 - Will continue to help Tamara over the next few weeks and asked the Commission to support Tamara and the Leadership Team.
 - The Commission thanked Dave for his service.
8. Update from the District Manager Search Team
 - There was a search team meeting on Thursday, March 7, 2024
 - The District Manager job description has been revised and sent to Tim Muller for review.
 - It will be posted once the final approval from legal.
 - An RFP will be finalized and posted for recruiters.
 - This is going to be hybrid approach to get applicants.
 - A mailbox has been set up for the applications and each application must have a cover letter.
9. Chair Clifford adjourned the meeting at 7:45 p.m. (Motion made by Commissioner Woolsey and seconded by Chair Clifford. Motion carried unanimously.)



Ronald Ladson, Secretary
RL/JHT