

Beaufort County Stormwater Management Utility Board (SWMU Board)
Meeting Minutes

May 20, 2015 at 2:00 p.m. in Beaufort Industrial Village Building #3 Conference Room

Board Members

Present	Absent
Allyn Schneider	
Don Smith	
William Bruggeman	
Marc Feinberg	
Larry Meisner	
Patrick Mitchell	
James Fargher	

Ex-Officio Members

Present	Absent
Andy Kinghorn	
Jeremy Ritchie	
Scott Liggett	
Van Willis	

Beaufort County Staff

Eric Larson
Eddie Bellamy
Carolyn Wallace
Kevin Pitts
Patricia Wilson
Colin Kinton

Visitors

Jennifer Fitts, Raftelis Financial Consultants, Inc.
Tony Maglione, ATM
Cynthia Bensch, County Council

1. Meeting called to order – Don Smith

- A. Agenda – The board members consented to add (6B) under New Business. The agenda was approved with this change.
- B. April 29, 2015 Minutes - Approved.

2. Introductions – Completed.

3. Public Comment(s) – None.

4. Reports – (Mr. Eric Larson and Mr. Eddie Bellamy provided a written report and Mr. Alan Eisenman provided a copy of the April financials and they were attached to the agenda and can be accessed at <http://www.bcgov.net/departments/Administrative/beaufort-county-council/boards-and-commissions/council-appointed/board-list/stormwater-management-utility-board/agendas/2015/052015.pdf>)

A. Utility Update – Eric Larson

Meeting with Hilton Head Island Airport staff and Town of Hilton Head Island staff - Mr. Larson discussed a meeting with Hilton Head Island Airport explaining how applying Best Management Practices (BMP) measures can provide a stormwater utility fee credit.

County Staff Review Team - When asked about the 10 projects reviewed, Mr. Larson stated all projects were private development and volume is increasing. He also mentioned that the county has an informal agreement with the City of Beaufort to review projects which the county is trying to formalize.

B. Municipal Separate Storm Sewer System (MS4 Update) – Eric Larson

MS4 Permit Application – Mr. Jeremy Ritchie talked to Jill Stewart with DHEC and she said the permits have not been reviewed, but she expects to review the permits in the next couple weeks. This will possibly push the July 1, 2015 deadline back.

MS4 Staffing - The County is advertising and accepting applications for a MS4 Coordinator Position until the end of June. The MS4 Coordinator will handle MS4 permits, update ordinances and procedures, communicate between departments and direct MS4 day to day operations.

C. Monitoring Update – Eric Larson

Shell Point Area- Staff are adding additional monitoring stations to try and isolate the source of fecal coliform which is traveling into the impaired Battery Creek location. Kevin Pitts responded to a question of station locations by pointing out outfalls by Picket Fences, one next to the Latter Day Saints Church, and one where Savannah Highway meets Parris Island Gateway.

Beaufort County Pond Conference – Beaufort Soil and Water Conservation District is coordinating a pond conference to mimic the Charleston Pond Conference. The focus will be operation and maintenance and education on implementing procedures. The tentative date is Thursday, October 22, 2015.

D. Stormwater Implementation Committee (SWIC) Report – Eric Larson

The majority of the SWIC meeting focused on the rate study which Applied Technology Management (ATM) will present a preliminary view of today. The committee finalized the Request for Qualifications (RFQ) to be advertised on May 22, 2015 for a consultant to help update the Stormwater Management Plan.

E. Stormwater Related Projects – Eric Larson

US 278 Retrofit Ponds – The spoil site is the future Buckwalter Complex soccer fields. The live oaks that are being cleared for the fields are perfect for a restoration of the Mayflower II which Mystic Seaport Shipyard has contracted to do for Plymouth Plantation. Staff is in the process of working out an agreement.

Okatie West / SC 170 – The utility filed for an EPA Section 319 Grant to build a pond on the property. The updated Okatie Watershed Plan has been posted to the Stormwater Department's Website for public viewing.

Sheldon Ditch Instability Issue – Mr. Larson met with the property owner and submitted a written proposed solution and is waiting for a response.

Turtle Lane Paving on Lady's Island – The utility is working with the engineering department to design a solution for a known stormwater dirt road problem. The utility will supply the upgrade which includes larger pipes and fittings for the growing watershed area. This project is still in the design phase.

F. Professional Contracts Report – Eric Larson

Utility Rate Study – Will be discussed under New Business.

Stormwater Management Plan (Master Plan) Update – RFQ will be advertised May 22, 2015.

Statements of Qualifications will be received through July 2, 2015. SWIC will meet in July through August to make a selection recommendation to present to the Stormwater Management Utility Board, County Council and the Municipalities.

G. Regional Coordination - Eric Larson

Sea Level Rise and Future Planning – The Sea Level Rise report is in its final draft form. The utility is getting ready to present the report to administration. The utility has been contacted by another researcher interested in how local infrastructure will respond to sea level rise. Mr. Larson responded that the utility would be willing to work with this study.

Battery Creek Pond Funded by an EPA 319 Grant – Andy Kinghorn questioned the permit and grant status. Mr. Larson replied that the permit had been issued. The start date may be moved back,

depending on the grant status. Mr. Larson believes an extension will be issued if deadlines are not met.

May River Watershed Action Plan – Mr. Jeremy Ritchie said the Town of Bluffton had a kick off meeting on the Pine Ridge (not Pine Grove) Project.

H. Financial Report – Eric Larson

Mr. Larson briefly reviewed the April financials provided in the agenda and stated that the utility is under budget for the year and that expenses are down compared to last year. Revenue from fee collections are ahead of last year.

I. Maintenance Projects Report – Eddie Bellamy

Mr. Bellamy addressed the cleaning of the catch basin at Beaufort Industrial Village Building one. Cleaning crews were dumping wax water into the catch basin. Kevin Pitts (Stormwater Inspector) was concerned about the wax stripper which is highly caustic with a PH of 13. He devised a bilge pump to clean out the basin according to standards. This illicit discharge was discovered as a result of Mr. Pitts working with Laura Lee Rose (Clemson Extension) to convert a landscaped island into a rain garden.

5. Unfinished Business – None

6. New Business –

A. Preliminary Rate Study Results – Tony Maglione, ATM and Jennifer Fitts, Raftelis Financial Consultants, Inc., provided a handout and a PowerPoint Presentation to accompany their report. (Please see attachment). Mr. Tony Maglione discussed the six options for the rate structure model. The first option is similar to the current rate structure, but it incorporates updated source data. The second option is similar to the first option but it incorporates debt financing. The third option would include a modified rate structure using an existing impervious area charge, eliminate current run-off factor and add gross area charge based on total land area of customer parcel, continue simplified residential rates, continue application of agricultural use policy, administrative costs would be allocated per account, a minimum charge would be added to all accounts, and continue Pay-As-You-Go capital funding. The fourth option is similar to the third option, but administrative costs are allocated per ERU (Equivalent Rate Unit), and a new minimum charge is included. The fifth option is the same as the fourth option, but administrative costs are allocated per account and it incorporates debt financing. The sixth option is the same as option five, but administrative costs are allocated per ERU (Equivalent Rate Unit). Mr. Maglione also discussed an optional method for reallocating costs from one jurisdiction to another which would be prefunded through the rate structure model.

Mr. Eddie Bellamy pointed out that terminology used should be agreed upon by all jurisdictions. He also expressed difficulties the county has acquiring easements for desired maintenance projects which should also be considered. Don Smith questioned how gross area and impervious surface would be assessed. Jennifer Fitts replied that the gross run off factors assume an imperviousness which adds a transparency element to assign a cost. Mr. Marc Feinberg questioned scheduling concerns in order for the county to implement rate changes. In response to Andy Kinghorn's question about the number of options to be chosen, Mr. Maglione said that one option would be chosen because multiple rate models would result in a huge burden on administrative staff. Mr. Larson cleared up scheduling issues by stating that the municipalities had to submit rate changes to the county by August 15, 2015 per the IGA (Inter Governmental Agreement). Schedules will have to be shifted in order to give recommendations to the Natural Resources Committee meeting on July 20, 2015 and a first reading by County Council on July 22, 2015.

B. Memo to Natural Resource Committee for Contract Renewal Request for Beaufort Soil and Water Conservation District – Eric Larson

Motion was approved to submit the memo to the Natural Resources Committee for review on June 1, 2015.

7. Public Comment(s) –Cynthia Bensch (County Council)

Ms. Bensch represents District 7 where the new highway 170 is being repaved and widened. Thomas and Hutton Engineering recommended that five pipes be installed at the intersection of Highway 170 and Bluffton Parkway. The decision was made to install only one pipe. Ms. Bensch disagrees with county council's decision to pay the construction company overseeing the project in light of the change to the original plans. She would like to know who is responsible for the change in the project. Eric Larson said that the Public Facilities Committee has jurisdiction over this road project.

8. Next Meeting Agenda – Approved with the following changes: ([Please see attachment](#))

The board approved scheduling the next board meeting for July 15, 2015. The board also dropped item number 4 (Reports) from the agenda and made adjustments accordingly.

9. Meeting Adjourned.

SWUB Meeting – Rate Study Update- May 20, 2015

Current ATM Scope of Services for Rate Studies

- **Rate Studies**
 - o Beaufort County, City of Beaufort, Town of Port Royal, Town of HHI and Town of Bluffton
 - o Incorporate current revenue requirements, future MS4 related expenses, and capital needs
 - o Accommodate current rate structure and evaluate alternate rate structures and other funding methods
 - o Allocate costs appropriately across jurisdictions and cost drivers
- **Impervious area source data update**
 - o Update impervious “foot print” of approximately 5,000 non-residential properties across all five jurisdictions using current aerial photography
- **Deliverables**
 - o A common financial planning and rate model that can be used by each jurisdiction to simulate various cost vs. income scenarios, for example:
 - Capital spending PAYGO vs. debt
 - Impact of increased operational costs on stormwater rates (e.g. MS4 costs)
 - o Updated data base file of all non-residential properties impervious & pervious areas
 - o Report for each jurisdiction with recommended rates developed using a single common to all financial planning and rate model

Costs of Service and Allocability

The proposed rate structures take into account a number of costs that vary by:

- who provides the service,
- who receives the service, and
- what drives the cost of the service (the existence of an account, impervious area or gross area).

An impervious and gross area rate structure allocates some cost to each of the two variables, in this case either allocating 80% or 90% of the variable costs to impervious area, and the remaining costs to gross area. The gross area units would include a declining block also, such that large properties had more units of gross area than small properties, but the increase in units of gross area as overall parcel size increased were blunted by the declining block.

This section describes the different elements of the jurisdictions’ and utility’s program costs and how they may be accommodated in the rate structures.

Jurisdictional Infrastructure O&M

Each of the five jurisdictions maintains its own stormwater drainage infrastructure and funds those costs from utility revenue. These costs are driven by impervious area and gross area in the jurisdiction, which contribute to stormwater runoff and nutrient loading. As such, the impervious and/or gross area component of the fee will include these costs. Revenue from this fee component would be returned to the service provider, the individual jurisdiction.

Jurisdiction Capital Projects

Each of the five jurisdictions has an independent capital plan, and can determine whether bond funding or pay as you go funding is appropriate. Capital financing has been “pay-as-you-go” for most jurisdictions. An alternative is for jurisdictions to borrow money (through revenue bonds or other means) to build capital projects and pay this back over time. This option is described in the definitions as debt.

The cost drivers for capital projects are similar to those for regular O&M, and are allocable to impervious and gross area within a jurisdiction. Debt service (in the case of bond funding) or cash contributions to capital projects are included in the impervious and/or gross area components of a fee. Revenue from this fee component would be returned to the service provider, the individual jurisdiction.

Countywide Infrastructure O&M

The County maintains some infrastructure within each of the four municipalities in addition to the unincorporated area. County-wide infrastructure maintenance costs have not been allocated to any ratepayers outside the unincorporated County to date. This option will allocate the costs for the County to maintain just the countywide drainage infrastructure across the entire rate base in all jurisdictions based on infrastructure miles per jurisdiction or another intra-jurisdictional allocation model.

The cost drivers for operation and maintenance of county infrastructure are similar to those for jurisdictional infrastructure. These costs may be recovered through an impervious and/or gross area fee component, the revenue from which supports County efforts. Revenue from this fee component would be returned to the service provider, the County.

Utility Administration

The County administers the cooperative utility for each of the five jurisdictions. Currently administrative fees are allocated across the impervious area rate base such that properties with a large number of SFUs of impervious area pay more in administrative fees than those with fewer SFUs.

Costs for this effort are more closely allocable to the number of parcels or accounts for which data must be maintained, customer service must be provided, etc. These costs may instead be recovered via a fixed charge component charged to all utility customers. Revenue from this fee component would be returned to the service provider, the County.

MS4 Compliance

Each jurisdiction will be subject to MS4 permit requirements beginning in late 2015. Some program elements are fulfilled by each individual jurisdiction while others are provided cooperatively. Any existing interlocal agreements will be revised as necessary if an alternate structure is chosen.

Individual Efforts

Other MS4 permit compliance activities will be done separately by each jurisdiction, and provided only to that jurisdiction. These costs are allocable to the impervious and/or gross area fee component and revenue from this fee component would be returned to the service provider, the individual jurisdiction.

Cooperative Efforts

Monitoring

The County may provide monitoring efforts in some jurisdictions (specifically North of the Broad). These costs would be driven by the number of accounts and would be included in the fixed charge component

of the fee, only in the jurisdictions where the County provides this monitoring service. Revenue from this fee component would be returned to the service provider, the County.

Public Education/Outreach

Currently, the jurisdictions participate in a cooperative public education & outreach scheme. Rather than implement separate agreements between each jurisdiction, this cost can be considered a per account cost and included in the fixed charge component of the fee, applicable to everyone in the County. Revenue from this fee component would be returned to the service provider, the County.

Elements of Six Rate Structure Options

Simplified residential rate: Charge one of a series of flat rates, based on SFUs, to different classes of residential properties. This is how residential rates work in the current rate structure.

Continued application of the agricultural use policy: Properties legally under certain agricultural uses have limits placed on their stormwater fees by state law. The rate structure options will continue to follow this approach.

Updated source data: The County is currently checking about 5,000 non-residential parcels for new or changed impervious area and editing the impervious area on these parcels if needed. The results of this update will be used in the model.

Minimum charge: A minimum charge is a rate structure feature whereby once the amount a property owes in annual stormwater fees is computed it is compared to the minimum charge and if less, the minimum charge is applied to the property. The minimum charge is set to reflect the minimum amount of demand a property can actually place on the jurisdiction providing service.

Partial tax funding: If any jurisdiction wishes to partially fund its stormwater program with tax revenues the model will allow for this mathematically.

Six Rate Structure Options to Model

Option #1

- Current rate structure with updated source data
- current approach for administrative fees based on impervious area units
- compliance with current rate ordinance
- pay-as-you-go capital financing

Option #2

- Current rate structure with updated source data
- current approach for administrative fees based on impervious area units
- compliance with current rate ordinance
- debt capital financing

Option #3

- Modified rate structure based on impervious and gross area
- continued use of simplified residential rates
- continued application of agricultural use policy

- County-wide administrative costs allocated to per-account basis
- County-wide infrastructure maintenance costs allocated to impervious and gross area based on infrastructure miles per jurisdiction or other intra-jurisdictional allocation model
- new minimum charge for all accounts
- pay-as-you-go capital financing

Option #4

- Modified rate structure based on impervious and gross area
- continued use of simplified residential rates
- continued application of agricultural use policy
- County-wide administrative costs allocated to impervious/gross area basis
- County-wide infrastructure maintenance costs allocated to impervious and gross area based on infrastructure miles per jurisdiction or other intra-jurisdictional allocation model
- new minimum charge for all accounts
- pay-as-you-go capital financing

Option #5

- Modified rate structure based on impervious and gross area
- continued use of simplified residential rates
- continued application of agricultural use policy
- County-wide administrative costs allocated to per-account basis
- County-wide infrastructure maintenance costs allocated to impervious and gross area based on infrastructure miles per jurisdiction or other intra-jurisdictional allocation model
- new minimum charge for all accounts
- debt capital financing

Option #6

- Modified rate structure based on impervious and gross area
- continued use of simplified residential rates
- continued application of agricultural use policy
- County-wide administrative costs allocated to impervious/gross area basis
- County-wide infrastructure maintenance costs allocated to impervious and gross area based on infrastructure miles per jurisdiction or other intra-jurisdictional allocation model
- new minimum charge for all accounts
- debt capital financing

Each Municipality to work with County to define:

- Primary Drainage Systems
- Amount of Primary Drainage Systems for County to maintain
- County to develop fixed cost for agreed upon Primary Drainage System maintenance
- Municipality to create an additional SW fee to reimburse County for Primary Drainage System maintenance
- Municipality can assess fee based on method of payment of final selected option

Tabularly, the six options can be described as below:

Modeled Rate Structure Option	Overall Rate Structure	Debt Financing for Some Capital	Partial Tax Funding	Method for Allocating Administrative Costs	Method for Allocating County-wide Infrastructure Maintenance Costs	Method for Re-allocating Costs from One Jurisdiction to another	Minimum Charge	Simplified Residential Rates
A	Impervious Area	No	Optional at Jurisdiction's Choice	Impervious Area SFU's	None	Optional at Jurisdiction's Choice	No	Yes
B	Impervious Area	Yes	Optional at Jurisdiction's Choice	Impervious Area SFU's	None	Optional at Jurisdiction's Choice	No	Yes
C	Impervious and Gross Area at 80/20 or 90/10	No	Optional at Jurisdiction's Choice	Per Account	Impervious and Gross Area	Optional at Jurisdiction's Choice	Yes	Yes
D	Impervious and Gross Area at 80/20 or 90/10	No	Optional at Jurisdiction's Choice	Impervious and Gross Area	Impervious and Gross Area	Optional at Jurisdiction's Choice	Yes	Yes
E	Impervious and Gross Area at 80/20 or 90/10	Yes	Optional at Jurisdiction's Choice	Per Account	Impervious and Gross Area	Optional at Jurisdiction's Choice	Yes	Yes
F	Impervious and Gross Area at 80/20 or 90/10	Yes	Optional at Jurisdiction's Choice	Impervious and Gross Area	Impervious and Gross Area	Optional at Jurisdiction's Choice	Yes	Yes

Financial Planning Tasks Update

Task 1: Rate Studies

- Prepare studies for Beaufort County, City of Beaufort, Town of Port Royal, Town of HHI and Town of Bluffton
- Incorporate current revenue requirements, future MS4 related expenses, and capital needs
- Accommodate current rate structure and evaluate alternate rate structures and other funding methods
- Allocate costs appropriately across jurisdictions and cost drivers

Task 2: Impervious area source data update

- Update impervious “foot print” of approximately 5,000 non-residential properties

Deliverables

- A common financial planning and rate model that can be used by each jurisdiction to simulate various cost vs. income scenarios
- Updated data base file of all non-residential properties impervious & pervious areas
- Report for each jurisdiction with recommended rates developed using a single common to all financial planning and rate model

Focus of Today's Presentation:

Rate Study Update:

- Six options for rate structure
- Date base update
- Potential maintenance option
- Key tasks to complete and schedule

Rate Structure Options to Model

(variables that are being reviewed)

- Overall rate structure: impervious area
- Overall rate structure: impervious plus gross land area charge
- Debt financing for capital vs. continued reliance on pay-as-you-go financing
- Partial program funding from taxes or entire program funding from fees?
- ERU vs. Customer Administrative Fee
- Option for funding County to do primary drainage infrastructure maintenance

Option #1 -

- Current rate structure
- Updated source data,
- Current approach for administrative fees based on impervious area units,
- Compliance with current rate ordinance,
- Pay-as-you-go capital financing

Option #2 -

- Current rate structure
- Updated source data,
- Current approach for administrative fees based on impervious area units
- Compliance with current rate ordinance,
- Debt capital financing

Option # - 3

- Modified current rate structure using existing impervious area charge
- Eliminate current run-off factor and add gross area charge based on total land area of customer parcel
- Continued use of simplified residential rates,
- Continued application of agricultural use policy,
- Administrative costs allocated to per account
- Add minimum charge for all accounts
- Pay-as-you-go capital financing,

Option # - 4

- Modified current rate structure using existing impervious area charge
- Eliminate current run-off factor and add gross area charge based on total land area of customer parcel
- Continued use of simplified residential rates,
- Continued application of agricultural use policy
- Administrative costs allocated to per ERU
- New minimum charge for all accounts
- Pay-as-you-go capital financing,

Option # - 5

- Modified current rate structure using existing impervious area charge
- Eliminate current run-off factor and add gross area charge based on total land area of customer parcel
- Continued use of simplified residential rates
- Continued application of agricultural use policy
- Administrative costs allocated to per account
- New minimum charge for all accounts
- Debt capital financing,

Option # - 6

- Modified current rate structure using existing impervious area charge
- Eliminate current run-off factor and add gross area charge based on total land area of customer parcel
- Continued use of simplified residential rates
- Continued application of agricultural use policy
- Administrative costs allocated to per ERU
- New minimum charge for all accounts
- Debt capital financing

Option for County Maintenance in Municipalities

Each Municipality can work with County to define:

- Primary Drainage Systems
- Amount of Primary Drainage Systems for County to maintain
- County to develop fixed cost for agreed upon Primary Drainage System maintenance
- Municipality to create an additional SW fee to reimburse County for Primary Drainage System maintenance
- Municipality can assess fee based on method of payment of final selected option

Next Steps

- Continue with impervious area update and program planning –
Completion date June 17, 2015
- Complete the financial planning model that supports evaluating the six options July 15, 2015 for County other will follow
- However, no recommendations until data update is completed
models are run for each entity
- Recommend rate structure option July 15, 2015



BEAUFORT COUNTY
STORMWATER MANAGEMENT UTILITY BOARD
AGENDA

July 15, 2015

1:30 p.m.

Beaufort Industrial Village, Building 3 Conference Room
104 Industrial Village Road, Beaufort
843.255.2805

In accordance with South Carolina Code of Laws, 1976, as amended, Section 30-4-80(d), all local media was duly notified of the time, date, place and agenda of this meeting.

1. CALL TO ORDER – 1:30 p.m.
 - A. Approval of Agenda
 - B. Approval of Minutes – May 20, 2015 ([backup](#))
2. INTRODUCTIONS
3. PUBLIC COMMENT
4. UNFINISHED BUSINESS – ([backup](#))
 - A. Rate Study Final Report – ATM and Eric Larson, P.E.
5. NEW BUSINESS
 - A. Stormwater Management Utility Budget – Eric Larson, P.E. ([backup](#))
 - B. Revised Ordinance Presentations - Eric Larson, P.E. ([backup](#))
6. PUBLIC COMMENT
7. NEXT MEETING AGENDA
 - A. August 26, 2015 ([backup](#))
8. ADJOURNMENT

