

BROAD CREEK PUBLIC SERVICE DISTRICT
P.O. Box 5878
Hilton Head Island, South Carolina 29938
(843) 785-7582

Dear Broad Creek PSD Customer:

Effective October 1, 2004, the Broad Creek Public Service District Commission put into effect a new rate category for properties that are on the **short-term rental market ...defined as any property rented during the year for periods less than six months** (i.e. multiple periods of 1 week or more). This type of property is considered to be in the “transient rental” business, **whether or not the property is listed or managed by a rental company**. Any property that is rented for a period of fourteen (14) days or less in any one year is **not** considered to be a Short Term Rental. A long term rental property is rented to one tenant with a lease agreement for a period of six months or more. Long Term and Non-rental residential property rates remain unchanged. The reasons for implementing this new rate category of “transient rental” was fully explored in public hearings and other open sessions held by the Commission over several months prior to its effective date of October 1, 2004.

Practical considerations:

Broad Creek PSD provides the highest level, “state-of-the-art” treatment of household waste. The system was, however, designed for a residential community – a design that anticipated 2-3 bedroom homes with 2 baths occupied by 2-4 residents -- “average” conditions.

Additionally our original system was designed to handle larger-than-average loads because of the possibility of additional hotel and commercial properties being built, a possibility that has become a reality. What was not anticipated were the waste loads we experience during peak vacation periods; loads created by high occupancy of an increasing number of rental units -- condominiums and homes of increasingly large size.

When an electric company experiences demand beyond capacity, it can reduce the amount of power delivered (“brown out”) until demand no longer exceeds supply. A waste treatment facility, however, does not have that luxury. Sinks must drain and toilets must flush. Excess untreated sewage cannot be dumped onto the landscape or into surrounding waters.

Faced with the practical and legal necessity of accepting and treating whatever loads are put on the system, we must now plan for the expansion of our infrastructure to handle loads far in excess of what would be produced by the typical residential community, loads created primarily by the growth in the number and occupancy of transient rentals. In addition to the required expansion, higher load factors also lead to higher maintenance and more frequent replacement of pumping station equipment.

Philosophical considerations:

From the beginning, hotels, restaurants and other commercial properties have paid a higher rate for wastewater handling than residential property. The commercial rate is based on the number of rooms, restaurant seats, and other factors.

Government authorities and other utilities traditionally make a distinction between “residential” service and “commercial” service. For example, residential telephone and electric rates are lower than commercial rates. Commercial vehicle license plates cost more, etc. This is justified because of inherently higher demands placed upon systems by commercial use. It also reflects the ability of commercial establishments to pass these costs on to their customers.

While the physical structure of vacation rental condominiums and homes is the same as other residences, the “use” is different. Rental properties are “commercial” by nature. Their owners expect the property to

generate revenue. They write off operating expenses, upkeep, maintenance and utilities from their income taxes as a business expense. Beaufort County bills rental property owners for taxes on furnishings and other personal property. These, in sum and substance, represent the costs of doing business as a commercial enterprise.

The Commission, therefore, reached the conclusion that a fair and equitable method of covering the additional loads and costs generated by transient rentals was to create a new user-charge category for transient rental properties.

Therefore:

Effective October 1, 2004, all transient rental properties with two or three bathrooms will be charged an additional \$20.00 per month; those with four or more bathrooms will be charged an additional \$70 per month. A one-bathroom unit will have NO change in rate. A half-bath will be considered as one bathroom.

Note to owners of rental units within multi-family units (condominiums) whose water/sewer bills are paid by the regime: We will bill the additional amount directly to you on a quarterly basis in advance as a separate invoice. You may also elect to pay semi-annually or annually. Although it will be billed to you separately, the charge is an integral part of your water and sewer bill and thus represents a lien on the property.

Any property for which a completed report form is not returned will be treated and billed as a transient rental property at the highest rate. Please be advised that any false statement made by the property owner in the enclosed Residential Property Report is subject to a fine of not more than Five Hundred (\$500.00) Dollars in accordance with the Regulations of the Broad Creek Public Service District.

This notice has been sent to all property owners in our district. Our district includes Palmetto Dunes, Shelter Cove and Yacht Cove.

Thank you for your attention to this matter,

Sincerely,

Russell M. Hildebrand
General Manager

BROAD CREEK PUBLIC SERVICE DISTRICT
P.O. Box 5878, Hilton Head Island, SC 29938
(843) 785-7582 (office); (843) 785-8196 (fax)

RESIDENTIAL PROPERTY REPORT

The Water and Sewer Rates of the Broad Creek Public Service District ("District") effective October 1, 2004 distinguish between Residential Units as either being "Non-Rental" or "Rental". A Rental Residential Unit falls under the Transient Facilities classification if rented on a short-term basis. "Short Term" means rental for periods of less than a six (6) month term (usually by lease) but more than fourteen (14) days in any given year. Please see our rates for "Supplemental Sewer Charge for Transient Rental Units" as published on our website at www.bcpsd.com.

Failure to file this Report in a timely fashion will result in the District's classification of the property as a Transient Facility

1. Property Location: (Includes properties in _____
Palmetto Dunes, Shelter Cove and Yacht Cove) _____
2. **Is the property described above rented at any time during the year?** ___ Yes ___ No.
3. **If rented, what is the rental period?** _____ **Six months or more by lease (Long Term)** _____ **Less than six months (Short Term).**

(N.B. Incidental rental of a Residential Unit for fourteen (14) days or less in any one year is not considered to be Short Term Rental.)

A. If the property is not rented, or if it is rented only on a long-term basis or for two weeks or less per year, no additional information is needed. Please sign at the bottom and return this form in the enclosed envelope.

- OR -

B. If the property is rented on a short-term basis, please complete the following information:

4. **Please indicate the number of bathrooms in the rental property. (Note: a ½ - bath equals one (1) bathroom for this purpose.)** _____ **Bathroom(s)**

Change of Use. If the use of the property referenced above changes at any time during the year, the owner(s) is required to notify the District and file a new Residential Property Report.

Change of Ownership. If the property referenced above is transferred at any time during the year, the new owner shall be required to notify the District and file a new Residential Property Report.

The undersigned certifies that the above information is true and correct and authorizes the delivery of this report to the District. The undersigned acknowledges that any false statement contained in this report is subject to A FINE OF NOT MORE THAN FIVE HUNDRED (\$500.00) DOLLARS in accordance with the Regulations of the Broad Creek Public Service District. All information may be verified using any available method of determining rental activity.

PRINT OWNER (S) NAME & PERMANENT/MAILING ADDRESS:

Signature: _____

Telephone: _____ **Date:** _____

Email Address: _____