

**REPORT OF BUDGET WORKSHOP
HORRY COUNTY SOLID WASTE AUTHORITY, INC.
March 12, 2019**

The Horry County Solid Waste Authority, Inc. held a Budget Workshop on Tuesday, March 12, 2019, at 1:00 P.M., at the Authority's Administrative Office, 1886 Highway 90, Conway, South Carolina. In accordance with the Freedom of Information Act, notices setting forth the date, time, and place of the meeting were mailed to the news media.

Present were the following Board Members: Michael H. Hughes, Chairman; Bo Ives, Vice Chairman; Pam J. Creech, Treasurer; J. Michael Campbell, Secretary and Board Members Samuel T. Johnson, Jr. and Carl H. Schwartzkopf. Board Member W. Norfleet Jones was absent due to prior engagement.

Steve Gosnell, Director of Horry County Infrastructure and Regulation attended the workshop. There were no members of the media in attendance.

The following individuals were also in attendance: Danny Knight, Executive Director; Esther Murphy, Director; Jan Bitting, Mike Bessant; Director and other staff to include Rodney Cannon, Cindy Keith, Wayne Martin, Nannette Powell, Richie Stetter, Cecil Terry, Stephanie Todd and Susie Wofford.

CALL TO ORDER

Chairman Hughes called the meeting to order and rendered the invocation.

PLEDGE OF ALLEGIANCE

Mr. Ives led the group in the Pledge of Allegiance.

APPROVAL OF AGENDA

Chairman Hughes asked for any revisions to the Agenda as contained in the Agenda Packet; however, there were none.

Ms. Creech moved to approve the Agenda. There was a second by Mr. Campbell and the Motion was carried.

Mrs. Bitting stated that Mrs. Powell wanted the Board to know that any member who received an email from the Ethic Commission to please disregard because all SWA Board Members were in compliance.

FY2020-2021 BUDGET DISCUSSION

TIPPING FEES AND REVENUE PROJECTIONS - FISCAL YEARS 2020 & 2021

Mrs. Bitting began with a brief overview of the Operating Budget and reminded the Board the SWA prepares a two (2) year operating budget and a five (5) year capital budget. She reviewed with the Board the Summary of Revenues and advised the Board of the following changes for FY20:

- Tipping Fees – Mrs. Bitting remarked that a 2.8% increase in tipping fee revenue was being proposed. She commented that a total tipping fee revenue was \$14,188,000.
- Recyclable Material Sales – Mrs. Bitting stated there as a 52.7% decrease in recyclable material sales due to the cancellation of the Charleston County material.

- Interest Earnings – Mrs. Bitting indicated a 14.3% increase was budgeted for interest earnings due to the improved rate of return currently being seen on investments.
- Waste Tire Rebate – Mrs. Bitting stated this revenue was based on funding received from the State to assist with cost related to disposal of waste tires. She stated there was a 9% increase in the Waste Tire Rebate.
- Miscellaneous Container Rental – Mrs. Bitting stated a 52% increase was being budgeted for container rental. She reminded the group this increase was due to Myrtle Beach Recycling going out of business and the purchase of containers from Waste Industries.
- Landfill Gas Revenues – Mrs. Bitting stated a 26.7% increase was budgeted for landfill gas revenue. She stated this was due to the recent landfill gas upgrade and the anticipation of more gas being captured.
- C&D Recycling – Mrs. Bitting indicated a 27.3% increase was being budgeted for C&D Recycling. She commented that the facility is accepting more material and staff was encouraging more customers to use the facility.
- E-Waste Processing Fee – Mrs. Bitting reminded the Board that this was a passthrough account and it only covers the cost to process and recycle electronic waste. She indicated a decrease in tonnage and in the cost to process the material was being proposed.
- The Store – Mrs. Bitting stated there was no changes budgeted for The Store.

Mrs. Bitting stated that revenue decreased 11.3%. She said this was due to the loss of recycle sales from the Charleston County material. She stated MSW in FY2019 was projected to be 260,000 tons. This was increased to 265,000 for FY2020. Mrs. Bitting stated an increase was being proposed for Mixed Construction (C&D) tonnage from 110,000 tons in FY19 to 115,000 tons for FY20. She indicated there was a decrease in Yard Waste tonnage from FY19 of 35,000 tons to 32,000 tons for FY20.

Mrs. Bitting explained the summary of budgeted personnel prior to the Charleston County contract. She indicated that in FY2015 prior to Charleston County the SWA had 56 full time employees with five unfunded positions. Mrs. Bitting stated for FY20 staff is proposing 58 full time employees with three unfunded positions. She stated the SWA added a recycling driver due to the increase in cardboard containers from Myrtle Beach Recycling and Waste Industries. Mrs. Bitting indicated that another recycling driver was added because of the possibility of the SWA having a food waste collection program. She stated another position for a tradesworker for Household Hazardous Waste was added in the FY19 budget.

Mr. Ives asked if the SWA had lost three Heavy Equipment Operators. Mrs. Bitting commented with the Salary Step Plan last year the job classification/title was changed and now they are called Recycling Drivers. Ms. Creech commented that she was glad to see personnel budgeted for the food waste collection. She wanted to make sure if the food waste collection stopped for Horry County the SWA could start. Ms. Creech asked Mrs. Bitting was funding included to purchase equipment for the food waste collection. Mrs. Bitting indicated that funding was included to purchase equipment and a truck for the program.

FY2019-2020 EXPENDITURE REVIEW

Mrs. Bitting began the review of the departmental budgets and indicated all divisions, with the exception of the Disposal Division, had increases attributed to personnel cost i.e., salaries 3%

merit increase, annual bonuses, 20% increase for health insurance, 20% increase for worker's compensation insurance, 1% increase in retirement for employers mandated by the State retirement system and a 25% increase for tort and liability.

BOARD OF DIRECTORS

Mrs. Bitting indicated that overall the Board of Directors budget had increased .09%, which was primarily due to retirement and tort insurance. She stated that membership and dues increased because the Board was attending more conferences and seminars. Mrs. Bitting stated the Board of Directors budget for FY20 was \$90,318.

ADMINISTRATION DIVISION

Mrs. Bitting indicated that the Administration Division includes the Executive Director, Human Resources Manager, Recyclables Marketing Clerk and Custodian/Grounds Keeper. Mrs. Bitting stated the Director of Recycling Services and Special Programs was eliminated and the Recycling Marketing Clerk is an unfunded position. She indicated a decrease in salaries of 26% due to the elimination of one position and the other position was unfunded. Mrs. Bitting stated in the Consulting and Miscellaneous account a waste study is budgeted for FY19; however, funding is included in the FY20 budget in case it is not completed in FY19. She indicated there was a decrease of \$24,500 in FY20 in Building Maintenance & Repair account as the Administrative Building needed some repairs with the doors needing to be painted and gutters on the building needing repair in FY19. Mr. Ives asked how is Small Equipment defined. Mrs. Bitting stated Small Equipment/Non Capitalized is any equipment under \$5,000. Mr. Campbell asked about the sound system in the multipurpose room. Mrs. Bitting indicated that Mrs. Murphy was in the process of receiving quotes to do some major upgrades on the sound system in the multipurpose room. She stated that overall the proposed Administration Division budget was \$1,046,109, a decrease of 13.6% for FY20.

FINANCE DIVISION

Mrs. Bitting stated that the Finance Division includes the Director of Finance, Deputy Director of Finance (which is an Unfunded position), Accounting Supervisor, Accountant, Accounting Clerk, and three (3) Clerk II. She indicated the Finance Division had no significant increases or decreases this fiscal year. Mrs. Bitting stated that overall the Finance Division's budget was \$614,937, which represents an increase of 3.2% for FY20.

NON-DEPARTMENTAL BUDGET SUMMARY

Mrs. Bitting reviewed the Summary of Expenditures under the Non-Departmental section. She also stated there was an increase in the Horry County Community Waste Disposal Fee due to the estimated tonnage increases of 2.73% for FY20. Mrs. Bitting indicated that in FY2019 the SWA was able to transfer \$1,210,000 into the Designated Funds; however, the SWA will not be able to transfer to designated funds in FY20 due to the loss of revenue from is budgeted for the Charleston material. Mrs. Bitting stated \$150,000 is budgeted for the Recycling Grant account. Mrs. Bitting indicated a new line item for the HGTC Mechanic Program has been developed with \$5,000 allocated for the next five years. She commented that Mr. Knight and staff were working to recruit mechanics for the SWA. Mrs. Bitting indicated that SWA Support Services increased 3%. Mrs. Bitting stated that overall the Non-Departmental budget was \$1,826,969 which is a decrease of 38.9% for FY20.

OPERATIONS DIVISION

Mr. Bessant began with a review of the Environmental Management Department and stated there was only one significant change that Mrs. Todd would address. Mrs. Todd advised the Board that there was a \$15,400 increase in Engineering costs due to environmental testing done by Garrett & Moore and Carlson Environmental Consultants such as, the semi-annual ground water testing, storm water pollution prevention, special waste implementation analysis plan, storm water evaluation plan.

Mr. Bessant stated the Landfill Department had an increase in salaries which was primarily due to the transfer of his position to the Operations Division and the transfer of the accountant position from the MRF division. Mr. Bessant stated there was an increase in Water & Sewer primarily due to the leachate sampling which utilizes a great deal of water. Mr. Bessant stated there was an increase in Contractual Services – Waste Tires which is due to the increase in waste tire tonnage. He said the Landfill Department proposed budget is \$5,730,984, which is a 6.4% increase from FY19.

In the Yard Waste Department, Mr. Bessant stated that tires were needed for the equipment in the Yard Waste Department. There were no significant changes in the Construction & Demolition budget for FY20. The Construction & Demolition Department FY20 budget is \$1,480,656 which is a 3.9% increase from FY19. The Yard Waste Department FY20 budget is \$622,014 which is a 10.2% increase from FY19.

Mr. Bessant indicated in the C&D Recycling Department there was an increase in Fuel & Lubricants. He stated there was also an increase in the number of laborers working on the sort line to handle the additional tonnage. Mr. Bessant indicated that there was an increase in tipping fees which was due to the amount of rejects coming from the facility to the landfill. The Construction & Demolition Recycling proposed budget for FY20 was \$851,801, which is a 8.5% increase from the FY19 budget.

Mr. Bessant reviewed the Material Recycling Facility (MRF) budget. Mr. Ives commented that Salaries had decreased. Mr. Bessant pointed out that two positions were moved and two employees left before the Charleston Contract ended; therefore, those positions were not filled. Mr. Bessant stated that funding for Operations and Contractual services was down \$1.6 Million. Mr. Bessant indicated Contractual Services – Temporary Labor decreased from \$2.2 Million to \$770,000. Mr. Bessant indicated Fuel & Lubricants had also decreased. He commented that the MRF was previously operating 21 hours a day and was now only operating 10 hours a day.

Mr. Bessant then reviewed the Collections & Hauling Department budget. He indicated the Collection & Hauling Department budget included additional personnel for the food waste composting collection system and included equipment. Mr. Bessant stated that Small Capital increased due to the installation of cameras in the trucks. Mr. Ives asked how much of the food waste collection would the SWA take on. He indicated he had spoken with the food waste representatives and asked how could the SWA help improve their system. Mr. Bessant stated the company suggesting a decrease in the tipping fees from \$25.00 per ton to \$10.00 per ton. Ms. Creech asked how much would it cost the SWA to start its own food waste collection program. Mr. Bessant stated the cost for the SWA to begin a food waste composting program would be \$120,000. Mr. Bessant indicated the company was bringing in a 1,000 tons a year and

pay \$25,000 in tipping fees per year. He commented the SWA would take a \$15,000 reduction in tipping fees to allow them to grow their market. Mr. Bessant stated it would be the Board 's decision whether to wait one year and allow the company to grow or to start food waste collection immediately.

Chairman Hughes suggested giving the company time to expand their market and to develop and increase their customer base. He asked if the SWA would be competing for the school's market. Mr. Bessant commented the SWA did not compete with the private sector or industry for business. Chairman Hughes stated he would like to see them stay in business and find a market. Mr. Knight commented that the SWA could develop an incentive program and have reduced tipping fees but any new businesses would have to be reviewed. Mr. Ives expressed his hope that the hauler would reduce the collection fees for the schools if they received a tipping fee decrease. Mr. Bessant stated the pickup of food waste was minimal and said the main expense incurred was the driver and fuel. Mr. Knight remarked that he wanted to see billing statements from the company to see how their customers were charged. Mr. Knight commented he wanted the company to stay in business and SWA may add an incentive program to make the program work.

PUBLIC EDUCATION AND CORPORATE AFFAIRS DIVISION

Mrs. Murphy stated with the exception of the personnel costs changes mentioned by Mrs. Bitting, the Public Education and Recycling and Corporate Affairs Departments had minimal changes to the budgets. In the Public Education Department Mrs. Murphy stated the proposed budget was \$245,344, which represented an increase of 2.2% for FY20.

Regarding the Corporate Affairs Department, Mrs. Murphy indicated there were no major changes in the Corporate Affairs Department. She said the proposed FY20 budget was \$397,224, which is an increase of 2% for FY20.

FUND 06 - UNINCORPORATED COLLECTION SYSTEM DIVISION

Mrs. Bitting reminded the Board that the Unincorporated Collection System, or Fund 6, is the fund by which the SWA manages the convenience centers for Horry County. She stated staff completed the budget for Fund 6, which was subsequently sent to Mr. Gosnell for review and input.

Mrs. Bitting informed the group that Horry County Council would be discussing a possible 3% tax millage increase. Mr. Ives questioned the significant increase in Retirement funding in the Administrative Department for Fund 06. Mrs. Bitting indicated she would review this information to ensure it was accurate.

Mr. Ives asked Mrs. Murphy if there were any plans to perform any major improvements, similar to the upgrade to the McDowell Shortcut Center. Mrs. Murphy replied that there were no major facility improvements planned at this time. She informed the Board that each year staff requests funding to perform extensive repairs to existing centers, which are more critical than the overall rebuild of a center. Mrs. Murphy expressed staff's hope that the County would be able to resolve the funding issues regarding Fund 06 in order that needed repairs could be completed.

Mr. Knight asked Mrs. Murphy about the salary paid to site attendants. Mrs. Murphy replied that the starting salary for site attendants was \$9.70 per hour, which has not changed in several years. Mr. Knight commented that it was not much. Mr. Hughes agreed with Mr. Knight and stated the site attendants have a hard job but do a good job and always seem to have a smile on their face. Mrs. Bitting reminded the Board that site attendants did not receive any increase last year when the SWA performed the salary study. She said at the time when the SWA discuss this with the County, they did not have the funding in the budget to increase the salaries of the site attendants. Mr. Hughes asked if there would be any funding in the future for salary increases. Mr. Gosnell stated if County staff could get the Council to approve the 3 mil tax increase, it should afford enough funding to improve and/or add centers as well as increase salaries. Mr. Hughes commented there were several centers in need of site improvements. Mr. Knight asked when was the last time the County increased the millage for Fund 06. Mr. Gosnell indicated it has probably been 5-10 years. Mr. Gosnell stated if millage is not increased there will be a need to close or reduce hours at centers.

CAPITAL BUDGET/DESIGNATED FUNDS

Mrs. Bitting pointed out that in the Capital Improvement Budget funding was included for the construction of a Storage Building for The Store in the amount of \$130,000. She commented the Council on Aging agreed to reimburse the SWA \$10,000 a year. Mr. Ives asked if they could pay more. Mrs. Bitting indicated that was the amount that had been agreed upon, but staff would review that option. General discussion ensued regarding The Store, to include the demolition of a building and decreasing the amount of inventory through sales or giveaways.

Mrs. Bitting discussed the Equipment Replacement Fund and the need to increase funding. She said that staff has discussed purchasing recertified equipment verses new. Mrs. Bitting asked Mr. Bessant to explain the difference between a recertified compactor and a new compactor. General discussion ensued about other capital improvement expenditures.

Mrs. Bitting advised the Board that the budget figures have been provided to the County and they would be discussed at the County's Budget Retreat in April. She indicated the next step in the process would be to hold a public hearing on the budget and subsequently send it to the Board for consideration and approval.

MOTION TO ADJOURN

There being no further business to come before the Board, **Mr. Schwartzkopf moved, seconded by Mr. Campbell to adjourn the meeting. The Motion was carried** and the Workshop was adjourned at 2:50P.M.

Minutes approved on March 26, 2019.

HORRY COUNTY SOLID WASTE AUTHORITY, INC.

BY: _____ (L. S.)
Michael H. Hughes, Chairman

ATTEST:

_____(L. S.)
J. Michael Campbell, Secretary

_____(L. S.)
Pam J. Creech

_____(L. S.)
Bo Ives

_____(L. S.)
Samuel T. Johnson, Jr.

_____(L. S.)
W. Norfleet Jones

_____(L. S.)
Carl H. Schwartzkopf