

REPORT OF BUDGET WORKSHOP
HORRY COUNTY SOLID WASTE AUTHORITY, INC.
April 12, 2016

The Horry County Solid Waste Authority, Inc. held a Budget Workshop on Tuesday, April 12, 2016, at 2:00 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: M. Lance Thompson, Chairman; Pam J. Creech, Vice Chairman; J. Michael Campbell, Secretary; W. Norfleet Jones, Treasurer; and Board Members Sanford C. Graves, Dan P. Gray and John R. Long, II

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; Mike Bessant, Director; Jan Bitting, Director; Bill Hilling, Director; Esther Murphy, Director and other staff to include Cecil Terry, Peggy Crawford, Nannette Powell, Stephanie Todd, Susie Wofford and Richie Stetter.

FY2016-2017 BUDGET DISCUSSION

Chairman Thompson thanked the Board for attending the workshop and turned the meeting over to Mrs. Bitting. Mrs. Bitting began by reviewing the budget process and the budget document which consisted of three areas: the Fund 4 Budget (SWA operating budget), the Fund 6 budget (the Unincorporated Collection System budget) and the Capital Budget (equipment purchases exceeding \$5,000). She stated in preparing the budget, staff met with several members of County Council and Horry County staff members to discuss a possible tipping fee increase. Mrs. Bitting stated the recommendation received from the County was to not budget a tipping fee increase. She said they recommended not funding future landfill construction for one year and to use those funds to budget for a fee study and to balance the budget. Mrs. Bitting stated the FY2017 was prepared based on these recommendations from the County. Mrs. Bitting stated the FY2018 budget includes a \$4.00 per ton tipping fee increase for MSW. She explained that the additional funds would go to the future landfill construction account in order to make up the shortage from not funding the account in FY2017.

Mr. Thompson asked what amount of funding would be designated to the landfill construction account with the \$4.00 tipping fee increase. Mrs. Bitting stated the amount would be \$1,020,000. She indicated it is estimated the account would be \$720,000 short for FY2017 if not funded and reminded the Board that the account is already running behind by an additional \$2.25 per ton. Mrs. Bitting stated the tipping fee increase would make up what was not funded in FY2017; however, it would not completely make up the shortage in the account.

Mr. Gray clarified that the \$1,020,000 equated to the additional funds generated by the tipping fee increase, but did not include the funding that would be normally designated to the account in FY2018. Mrs. Bitting stated that was correct and indicated the amount that would normally be designated to the account would be \$734,000. Mr. Gray commented the engineer also

recommended an additional amount of funding be set aside for landfill construction and asked Mrs. Bitting what the amount was. Mrs. Bitting stated she did not have the figures for just landfill construction, but indicated the engineer recommended an additional \$2.25 per ton be designated for the closure, post-closure and construction accounts combined. Mr. Gray asked, if the SWA accepted the engineer's recommendation, what would be the total amount of funding needed for the accounts. Mrs. Bitting stated it would be an additional \$738,000 for FY2017, based on MSW and C&D tonnage. To clarify, Mr. Gray stated that meant at the onset of FY2018, the account would be short \$734,000 due to it not being funded in FY2017 and would be short an additional \$738,000 due to the account not being funded at the level recommended by the engineer. Mrs. Bitting stated that was correct. Mr. Gray remarked he understood staff had been given clear direction from County Council on how they wanted the SWA to proceed; however, he recommended that they be informed of these figures and commented the SWA would be facing another problem of even greater proportion next year.

Mrs. Creech asked if County Council was informed of these figures when staff met with them regarding a tipping fee increase. Mrs. Bitting indicated staff did inform County Council of the figures.

FY2017-2018 REVENUE REVIEW

Mrs. Bitting generally reviewed the Summary of Revenues and each revenue source. Regarding the "Transfer Designated Construction & Development" revenue source, Mrs. Bitting indicated for FY2016, \$469,812 was budgeted to be transferred from the designated Construction & Development account in order to balance the budget. She stated once funding is removed from the Construction & Development account is not replaced unless there is a surplus of revenue. She indicated, to date, no funding has been transferred out of this account and stated staff is hopeful it may not be necessary. Mr. Gray stated there was no funding slated to be transferred from a designated account to the operating budget for FY2017. Mrs. Bitting indicated that was correct. Ms. Creech commented on the increase in the E-Waste Processing Fee revenue. Mrs. Bitting stated this was due to an increase in the amount to process electronic waste, which was now at \$650 per ton. Mr. Knight reminded the Board that this was a pass through revenue whereby those entities participating in the e-waste program pay the full cost of disposal. General discussion followed regarding the existing e-waste regulation and the cost to process the material. Mr. Bessant commented that the SWA does charge those participating in the e-waste program a \$30 per ton processing fee to prepare the material for shipment; however, he was unsure as to whether this amount was covering all processing costs. Mr. Campbell commented the County is required to accept and dispose of e-waste. Mr. Bessant indicated the County was not required to accept e-waste for disposal. Ms. Creech asked why the processing amount did not cover the costs. Mr. Bessant explained as the program has grown, so have the cost. Mr. Bessant stated when the program was originally initiated the SWA did not have to pay for supplies, whereby now there is a cost for supplies. Ms. Creech stated staff needed to review these costs to ensure the SWA is breaking even.

FY2017-2018 EXPENDITURE REVIEW

Mrs. Bitting reviewed with the Board the Summary of Budgeted Personnel and indicated there were no changes in budgeted personnel with the exception of unfunded positions. She stated during FY2016, three of the five unfunded positions were funded and placed in the Material Recycling Facility budget due to the contract with Charleston County. She stated once the contract has ended, these three positions will once again be unfunded. In addition, Mrs. Bitting indicated there was an increase in the number of part-time employees in Fund 6.

Mr. Gray asked if the three positions currently being funded are being charged to Charleston County or if those costs were being absorbed by the SWA. Mrs. Bitting said she had recently changed how she is breaking out the Charleston County expenses and indicated these positions are built into the overall costs of the MRF operations. She stated staff does not break down the expenses by line item but commented the cost are determined based on the per ton operating costs and the amount of tonnage brought in by Charleston County.

Ms. Creech asked about the value of the unfunded positions. Mrs. Bitting stated it depended on the position. She stated these are tradesworker positions, therefore the value would be estimated at \$41,000 per position. Mr. Knight commented that as of today, the MRF was in the black \$53,000 year-to-date.

Mrs. Bitting then began the review of departmental budgets and indicated all departments had increases attributed to personnel cost. i.e., salaries (step plan), FICA, health insurance and worker's compensation. Regarding the step plan, Mr. Thompson asked what the overall impact was to the budget. Mrs. Bitting stated since the step plan was based on 3% of the starting salary, the amount was the same each year. She said she would get that figure for the Board.

GENERAL ADMINISTRATION

Mrs. Bitting reviewed the General Administration budget. She commented that there were virtually no changes made to the Board of Directors department budget for FY2017 and said the FY2017 budget was \$60,515, as compared to \$60,226 for FY2016. Mrs. Bitting stated the Administration Department budget included one (1) unfunded Recyclables Market Clerk position. She informed the Board that there was an overall increase to the consulting and miscellaneous services line item. Mrs. Bitting explained that there was a decrease in FY2017 to reflect the completion of the waste composition study; however there was a \$150,000 increase budgeted for a fee study.

Ms. Creech asked for clarification on the fee study. Mrs. Bitting indicated this was the fee study recommended by County Council Chairman Lazarus to determine the need for a tipping fee increase. Ms. Creech stated she believed the SWA knew enough about the fees and commented that she would not vote to include a \$150,000 fee study in the budget when staff knew that information. Mr. Campbell and Mr. Thompson concurred. Mr. Thompson indicated he believed the justification for a tipping fee increase was the fact that there has not been an increase in a number of years. Mr. Thompson again expressed his agreement with Ms. Creech's statement and indicated he believed \$150,000 was not money that needed to be spent determining whether to increase fees. He commented the amount of the increase may be up for debate; however, philosophically increasing the tipping fee should be understandable.

Mr. Knight stated staff needed direction from the Board on whether or not to leave the \$150,000 budgeted for the study. Ms. Creech stated it would be her choice to not include it in the budget. She stated she believed staff could provide the requested information without this expense. Mr. Thompson stated staff has the tipping fee information for the counties surrounding Horry County and believed staff could perform the analysis. He stated he would rather save the \$150,000 and possibly increase the tipping fee by \$3-\$3.50 per ton. Mr. Thompson commented that as much as the SWA is struggling with the budget, he had a difficult time agreeing to a \$150,000 rate study. Mr. Thompson said the SWA may be required to perform this study; however, he believed planning to perform such a study may be

fiscally irresponsible.

Mr. Campbell stated staff has basically performed a fee study with the work they have performed in the last twelve months. Mr. Gray commented that the study may be something that is needed politically to justify a fee increase. For clarification, Mrs. Bitting asked if it was the Board's desire to remove the \$150,000 slated for a fee study from the budget.

Ms. Creech moved to remove from the FY2017 draft budget the \$150,000 slated for a fee study. There was a second by Mr. Campbell.

Mr. Long inquired as to whether the request to perform a fee study was made by County Council. Mrs. Bitting stated the request was made by three members of County Council at a meeting to discuss the possible tipping fee increase. Mr. Long stated he agreed that the study would be a waste of money, but believed it would happen if County Council wanted it done. Ms. Creech commented that the entire Council did not agree to the fee study. She commented that the SWA Board is not supposed to be a political body and should make decisions based on how best to run the SWA. Ms. Creech stated that in the event County Council decides not to approve the SWA budget because the fee study was not included, she said that was their choice. She stated she was not here to make political decisions. Mr. Gray recommended returning to the three council members requesting the fee study and asking if they would reconsider their original request as opposed to the SWA just turning it down. Mr. Gray suggested perhaps informing them it was the general consensus of the Board not to perform the study as opposed to just an absolute no. Mr. Thompson stated the draft budget is to be presented to the Infrastructure & Regulation (I&R) Committee next week, therefore he was unsure if there was time to act on Mr. Gray's suggestion. Mr. Thompson commented that he did not want the Board's position to come across as being disrespectful to County Council. He stated he did not want to anticipate what the full Committee might do, but preferred to make the decision based on what the Board believes what is in the best interest of the SWA. Mr. Thompson commented if the SWA is instructed to move in a different direction he would not be offended by that and stated it would not be taken as if the SWA was being disrespected. Mr. Thompson again commented that the SWA is struggling with the budget and indicated the \$150,000 could be saved and used elsewhere. He commented he preferred to move forward and stated if the Board needs to reconsider the decision based on Council's reaction then the Board would do whatever is necessary after that fact. Mrs. Creech agreed with Mr. Thompson's comments and stated she believed the three council members are reasonable and may want the Board to come back and inform them on the status of the budget. She stated she believed they expected the Board's recommendation on the budget and once they have that information their decision may be different as well. Mr. Gray stated he understood everyone's position but stated he would be voting no based on the reasons he expressed earlier. Mr. Long stated he agreed with Mr. Thompson's reasoning.

There being no further discussion, the Motion was carried with Mr. Gray voting in opposition.

Mr. Thompson stated he believed the SWA could explain and express the reasoning for the concern about spending the money wisely and balancing the budget the best way possible. Mr. Knight reminded the Board that in the event a different direction is requested by the I&R Committee, staff would have time to amend the budget prior to the Board meeting. Mr. Thompson asked if staff had a recommendation on reallocating the funds in the event Council

agreed not to perform the fee study. Mrs. Bitting indicated the recommendation would be to place the funding into the future landfill construction account.

Mr. Gray inquired about the remaining funds in the consulting and miscellaneous line item and asked if it was for lobbying. Mrs. Bitting stated \$50,000 was for lobbying and indicated the remaining was for work performed by the engineer on financial assurance. Mr. Gray asked if there would be any other payments made to the lobbyist for non-lobbying services. Mrs. Bitting indicated the Board approved \$50,000 for lobbying. Mr. Gray again asked if there would be any other charges for any other services. Mrs. Bitting and Mr. Knight commented the amount approved by the Board was \$50,000. Mr. Campbell commented that was the cap for lobbying services. Mr. Gray indicated he was not concerned with the amount or the cap but wanted to clarify if the lobbyist would be paid any additional funds for non-lobbying services. Mr. Gray clarified, based on Mrs. Bitting and Mr. Knight's response the most the lobbyist would be paid is \$50,000. Mrs. Bitting stated that was correct because there was a cap. However, Mr. Campbell stated, the Board could contract with the lobbyist to perform other task with additional costs if the Board voted to do so. Mrs. Bitting said that was correct and Mr. Knight stated the Board would have to approve that.

Mrs. Bitting then reviewed the Finance Department budget and informed the Board that one (1) of the Clerk II positions had been moved to the Landfill Department, in that the duties for this position dealt more with the Landfill Department. She said this would equate to a decrease in personnel services in the Finance Department and an increase in the Landfill Department. Mrs. Bitting then discussed the increase in merchant fees and indicated the SWA is recouping these cost through customer fees. General discussion followed regarding the bad debt line item.

Regarding the Non-Department accounts, Mrs. Bitting reminded the Board that the Horry County Community Waste Disposal Fee was the \$2.25 per ton fee the SWA pays to Horry County Government on incoming MSW and C&D tonnage, which equates to \$738,000 for FY2017. Mrs. Bitting also discussed the Rate Stabilization/Contingency Funds line item which equates to the difference between projected expenditures and revenues. Mrs. Bitting explained this is an emergency fund and is the only funding available operationally that could be pulled from for unanticipated expenses during the year. For FY2017, the budgeted amount is \$224,663. Mr. Thompson asked if there was any historical data on how much of this funding has been used in the past. Mrs. Bitting indicated that a small amount of the funding is utilized annually, but said she would prepare a historical summary of usage of these funds.

DISPOSAL

Mr. Hilling began with a review of the Environmental Management Department budget. He advised the Board there was a \$25,000 increase in the monitoring and testing line item due to landfill emissions testing which is required every five years, with FY2017 being a fifth year.

Mr. Hilling explained in the Landfill Department there was an increase in electricity and heating from \$65,000 in FY2016 to \$108,000 in FY2017. Mr. Hilling stated due to the significant rain events this year, the Landfill Department has been required to constantly run two (2) electric pumps in the borrow pits. He indicated the increase would ensure the account does not run into the negative in the future. Mr. Hilling stated the line item for water and sewer had decreased from \$50,000 in FY2016 to \$35,000 in FY2017, due to reduced sewer costs. Mr. Hilling stated the consulting and miscellaneous account had been reduced from

\$20,000 to \$15,000 for FY2017, in that staff anticipates lower costs next year. Mr. Hilling discussed the addition of \$80,000 to the FY2017 budget for contractual services for concrete crushing. He indicated there are currently two very large concrete piles onsite and staff estimates the cost to crush the material to be \$80,000. Mr. Hilling estimated the cost to purchase the same amount of crushed concrete would be \$350,000 to \$400,000, which does not include the cost to transport it to the landfill. Mr. Hilling stated the SWA has not crushed concrete in about seven (7) years. Mr. Hilling informed the Board of the \$5,000 increase to the contractual services for laborers line item. He indicated the landfill is not receiving as much inmate labor as in the past and will need to supplement with paid laborers. Mr. Hilling advised the group that the budget included \$25,000 for contractual hauling services to cover the cost associated with hauling shingles to a recycler. He explained the SWA is currently not being charged for the hauling of the shingles; however, the current shingle vendor is unsure as to how much longer they will be able to accept shingles and other vendors may not cover the cost of transportation. Mr. Hilling stated there was a \$10,000 decrease in the equipment maintenance account for the leachate system, due to the installation of six (6) new pumps. Mr. Hilling stated there was a significant increase in the sustainment contracts line item, which covers total maintenance and repair (TM&R) contracts for equipment. He indicated \$125,558 is budgeted for FY2017, as compared to \$89,558 for FY2016. Mr. Hilling explained the increase is due to the purchase of several new pieces of equipment.

Regarding the increase in electricity and heating, Mr. Thompson commented the rain events this fiscal year were historic and inquired if the funding would decrease in the event there are no historical rain events in FY2017. Mr. Hilling stated the amount could decrease, but expressed his concern that with such a tight budget, if there was another rain event, there may not be funding to cover these costs.

Mr. Hilling then discussed the Yard Waste Department and indicated there was a \$50,000 increase budgeted for equipment maintenance due to the need to maintain the current 2008 grinder. He explained the equipment is not scheduled for replacement until FY2019. Mr. Gray inquired about costs associated with the food waste composting program. Mr. Hilling stated approximately \$15,000 was expended for the microorganisms and there was no additional equipment purchased for the program due to budget constraints. He informed the group that the initial batch of "enhanced compost" had been sent off to the US Composting Council for testing and staff anticipated receiving the results soon. Mr. Hilling stated approximately 6-7 tons of food waste was brought in weekly, and commented that staff had recently met with the current hauler to discuss their efforts in increasing the amount of food waste being collected/disposed of. Mrs. Creech expressed her appreciation to staff for operating the program with existing equipment.

Mr. Hilling explained in the Construction and Demolition Department the sustainment contracts line item had decreased from \$28,655 in FY2016 to \$0 in FY2017. He indicated the TM&R contract on the back-up compactor used on the C&D landfill had ended; therefore, the line item was zeroed out for FY2017. Mr. Hilling said staff would maintain the equipment in-house. Mr. Knight asked Mr. Hilling to explain the TM&R contract. Mr. Hilling stated the TM&R is similar to a bumper to bumper extended warranty on equipment.

Mr. Hilling stated in the Construction and Demolition Recycling Department the line item for tipping fees had increased from \$135,000 in FY2016 to \$160,000 in FY2017. He explained the increase was due to staff not budgeting enough in FY2016 to cover actual tipping fees and

the increased amount of material being handled at the facility. Mr. Hilling stated contractual services for laborers was also increased by \$5,000, in anticipation of a rate increase.

Mr. Hilling explained in the Maintenance Shop Department there was an increase in material and supplies of \$3,000. He stated the increase was necessary to ensure staff has the equipment needed to complete maintenance tasks.

PUBLIC EDUCATION AND CORPORATE AFFAIRS

Mrs. Murphy reviewed the Public Education Department budget and indicated there were just a few minor changes to the budget. She indicated there was a slight increase in the promotions and public relations line item due to increases in telephone book advertising and website hosting. Mrs. Murphy indicated there was an approximate \$3,000 increase in small capital due to upgrading computer equipment. Mrs. Murphy stated fuel and lubricants had been decreased from \$4,500 in FY2016 to \$3,900 in FY2017 due to decreased fuel prices. She indicated there was an overall increase of 2% in FY2017 as compared to FY2016.

Mrs. Murphy then discussed the Recycling and Corporate Affairs Department and reviewed budget decreases in the telephone and fax account as well as the small equipment account. She advised the Board there was an overall decrease of 1.7% in FY2017 budget as compared to FY2016.

RECYCLING SERVICES

Mr. Bessant reviewed the Material Recycling Facility (MRF) Department budget. He informed the Board the contractual services for laborers line item had increased from \$440,000 in FY2016 to \$2,184,000 in FY2017, which was due to utilizing additional temporary laborers for the contract with Charleston County. Mr. Bessant indicated there was an increase of \$250,000 in the contractual services for electronics due to increased disposal costs. Mr. Bessant stated there was a \$70,000 increase to equipment maintenance related to the increased use of the MRF equipment. Mrs. Creech asked if staff knew of any equipment that would increase productivity without costing millions of dollars. Mr. Bessant stated CP Manufacturing recently offered suggestions on how to make the processing line more productive and indicated staff had incorporated those that were cost effective. He indicated the only other equipment to possibly consider would be an optical sorter; however, it would entail significant costs. General discussion ensued regarding the challenges of utilizing temporary labor.

Mr. Gray asked Mr. Bessant to explain the reasoning for the \$70,000 increase in equipment maintenance. Mr. Bessant stated staff believes it is necessary to maintain the equipment in order to ensure its condition once the Charleston contract has ended. Mr. Gray stated he was still unsure as to whether the increase was related to the equipment wearing out faster or if the cost is related to addressing maintenance issues sooner than later. Mr. Bessant indicated the amount of material currently being processed through the system does have an impact on the increased budget. Mr. Knight stated he believed the increase was due to there being more material being processed through the system as well as performing preventative maintenance sooner. Discussion followed regarding best manner in which to handle contamination in the loads. Ms. Creech commented that across the board, plastic bag contamination was the worst problem. Mr. Gray asked if Charleston County had begun construction of their new facility. Mr. Knight commented it was his understanding that Charleston County Council had given staff approval to begin construction.

Mr. Bessant discussed the Collection and Hauling Department budget. He indicated there was a decrease of \$10,000 for container repairs. Mr. Bessant stated materials and supplies increased from \$2,500 for FY2016 to \$4,000 for FY2017 due to the purchase of additional carts for the office paper program. He commented there was a decrease in fuels and lubricants by \$5,000 due to lower fuel prices. Mr. Bessant explained there was an increase in depreciation due to the purchase of new equipment. Mr. Bessant stated there was an overall decrease of \$30,000 in FY2017 as compared to FY2016.

Regarding Mr. Thompson's question on the overall impact the step plan had on the budget, Mrs. Bitting indicated for FY2017, costs associated with the step plan equated to \$62,000 per year for Fund 4 and \$49,000 per year for Fund 6.

FUND 6 - UNINCORPORATED COLLECTION SYSTEM

Mrs. Murphy explained that the Unincorporated Collection System (UCS), or Fund 6, is the fund by which the SWA manages the convenience centers for Horry County. Mrs. Murphy stated, as indicated by Mrs. Bitting earlier, there was an increase in the number of part-time employees in the UCS. She explained the increase was primarily due to three reasons: 1) the Affordable Care Act which limits the number of hours a part-time employee can work; 2) recent changes to the SWA personnel policy which requires full-time employees to take an additional 24 hours of vacation time per year; and 3) the use of bulk waste compactors which require additional personnel to ensure proper usage of the containers. Mrs. Creech asked why the Affordable Care Act had any bearing on the number of part-time employees. Mrs. Bitting stated the Affordable Care Act requires that part-time employees not work more than 30 hours per week on average for a year and stated if they do, the SWA would be required to offer the part-time employees health insurance benefits.

Mrs. Murphy generally reviewed the budget changes to the UCS administrative and recycling center budgets. She indicated the UCS administrative budget had an overall decrease (almost \$12,000) in FY2017 as compared to FY2016.

Regarding the UCS recycling center budget, Mrs. Murphy reviewed budget increases related to the additional part-time employees as well as increased costs to the telephone and small equipment accounts due to the proposed installation of time clocks at the recycling centers.

Mrs. Murphy then reviewed the overall system costs for Fund 6. She advised the Board that effective July 1, 2016, the County would begin a new five-year hauling contract with Unlimited Sanitation, and indicated the per pull cost for all containers had increased. Mrs. Murphy indicated there was a decrease in the number of roll-off pulls primarily due to the use of bulk waste compactors instead of bulk waste roll-offs. Mrs. Murphy generally reviewed the land improvement costs and indicated these costs were related to the relocation of the McDowell Shortcut site, the addition of a site in the Carolina Forest/Postal Way area, and construction projects for the expansion of two existing convenience centers – Longs and the Lake Arrowhead Road Mini Center. Mr. Gray asked what the overall difference in cost was for the current and upcoming hauling contracts. Mrs. Murphy indicated it had increased and indicated she would get that information to Mr. Gray. Mr. Gray inquired as to whether the County conducted the bid process. Mrs. Murphy stated the County conducted the bid process and indicated SWA staff participated in the review and selection process. She stated three bids were received. Mr. Knight reminded the group that the tipping fee costs for Fund 6 were not included in these figures.

CAPITAL BUDGET-DISPOSAL AND RECYCLING OPERATIONS

Mrs. Bitting generally reviewed the Capital Budget with the group. She advised the group that the FY2017 Capital Budget contains several carry-over items and reminded the Board that staff carefully reviews these items to determine if equipment can be pushed out another year. Mrs. Bitting explained the funding sources and stated source "A" was the Equipment Replacement Fund, which would cover cost associated with replacing existing equipment. This fund equated to \$1.7 Million for FY2017. She indicated funding source "B" was related to the Closure Fund and indicated there was no funding budgeted there. Mrs. Bitting stated funding source "C" was the General Construction and Development fund, which funds infrastructure items and is where the \$469,812 was pulled to balance the FY2016 budget. She stated items to be funded with funding source "C" included the Green Sea property delineation, power to operate a three-phase leachate pump and a clean wood pad, equating to \$187,000 for FY2017. She explained source "D", was the Landfill Construction fund to cover the \$210,000 leachate/wastewater treatment facility, which has been included in the budget and carried over since 2006. She said funding source "E" was Unrestricted Cash Funds, which would include items that would be purchased only if funds were available.

Mrs. Bitting then generally discussed each of the designated accounts, which included an overview of the actual account balances as of June 30, 2015, the projected balance as of June 30, 2016 and annual projected balances through June 30, 2021. She specifically discussed the future Landfill Construction Fund and reminded the Board there was an anticipated short fall expected with regard to the construction of the Piggyback project, whereby there might be a need to transfer funds from the post closure fund to cover this account. Mrs. Bitting stated by not funding the account in FY2017 the deficit is anticipated to be \$271,709 at the end of FY2017. Mrs. Bitting also reviewed the future Construction & Development Fund and reminded the Board no funding goes into this account unless there are funds available for transfer. She indicated staff anticipates this fund being very low by the end of FY2017.

Mrs. Bitting then reviewed the possible budget cuts hand-out given to the Board earlier in the meeting. She indicated the list included possible line items and projects that the Board could consider eliminating. Mrs. Bitting stressed it was the Board's decision whether or not they desired to discuss or consider the possibility of cutting any of the items listed. She indicated the decision had already been made to eliminate the fee study and place that funding in the future Landfill Construction Fund. She advised the group that the budget is balanced at this time; however, staff would make any changes the Board wanted to consider.

Mrs. Bitting stated the MSW Incentive, which was listed as a possible cut, began on July 1, 2013. She reminded the Board the MSW Incentive contracts were for five-year terms; however, the Board determines annually if the incentive will be funded. Mr. Gray indicated that fund was reduced last year. Mrs. Bitting indicated that was correct and stated the SWA did not receive any complaints about the reduction last year.

Ms. Creech asked about the \$244,000 contingency listed as a possible cut. Mrs. Bitting reminded the Board this was the Rate Stabilization/Contingency amount she described earlier as the emergency fund and indicated it would be one of the last cuts staff would recommend.

Mr. Gray asked for clarification on the Collection & Hauling Program cut listed. Mrs. Bitting explained in the event the Collection & Hauling Program was cut, there would be a reduction of \$945,794 to the operating budget. However, the SWA would lose approximately \$250,000

in annual container rental revenue, \$500,000 in OCC revenue and the landfill would lose approximately 25 days of airspace. Mr. Gray asked Mrs. Bitting for the same type breakdown on the C&D Recycling Facility program. Mrs. Bitting indicated she would prepare that information and forward it to the Board.

Mrs. Bitting asked if there were any other changes the Board wanted staff to consider prior to finalizing the draft budget and presenting it to the I&R Committee. Mr. Thompson and Ms. Creed both indicated they were not in favor of any changes that would reduce the amount of airspace being saved. Mr. Campbell concurred.

Mr. Thompson commented that when the yard waste tipping fees were increased last year, they went up a significant amount on a percentage basis. However, he said, looking at the total volume, he did not believe the increase significantly impacted customers. Mr. Thompson said he was concerned that a \$4 per ton increase to the MSW tipping fee, on a percentage basis, would significantly impact customers due to the volume of MSW. He remarked that if the rate study is not performed and there is a way to account for considering the tipping fee increase on a more gradual basis, it may be advantageous to consider that. Mrs. Bitting indicated staff would investigate that more upon receiving approval for an increase and would subsequently prepare a plan on how best to move forward.

Ms. Creech agreed and thanked staff for doing a great job. She commented that she is not in favor of raising taxes/fees; however, when it comes to having the funding in thirty years for closure and post closure, she believed, concerning those two funds, the SWA should not continue to run at a deficit. Ms. Creech indicated if the funds continue to run at a deficit every year, someone's children and grandchildren would have to pay a significant amount of money for closure, post closure and maintaining the landfill. She commented that the SWA should ensure that during the I&R Committee and budget meetings, Council is aware of how much funding is needed and that they are informed on everything they might need in order to make good decisions.

Regarding Mr. Gray's inquiry concerning the overall difference in cost of the current and upcoming UCS hauling contracts, Mrs. Murphy indicated that even though the per pull cost had increased for each type container, there was an overall decrease of approximately \$47,000 annually in the contract cost due to the reduction in the number of roll-off pulls. Mr. Gray asked for the total annual cost. She stated the FY2017 contract cost equated to \$2,620,450 annually as compared to \$2,667,552 annually for FY2016.

Chairman Thompson thanked staff for their hard work in a difficult environment and for closely scrutinizing the cost to ensure that the SWA has a balanced budget. He also thanked the Board for their conscientious consideration in providing guidance and leadership. Mr. Thompson indicated he believed it was a successful process and that staff has the direction on how to move forward.

MOTION TO ADJOURN

There being no further business to come before the Board, **Ms. Creech moved, seconded by Mr. Campbell to adjourn the meeting. The Motion was carried** and the Workshop was adjourned at 4:10 P.M.

Minutes approved on April 26, 2016.

HORRY COUNTY SOLID WASTE AUTHORITY, INC.

BY: _____(L. S.)
M. Lance Thompson, Chairman

ATTEST:

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

_____(L. S.)
Pam J. Creech

_____(L. S.)
Sanford C. Graves

_____(L. S.)
Dan P. Gray

_____(L. S.)
W. Norfleet Jones

_____(L. S.)
John R. Long, II