

**REPORT OF BUDGET WORKSHOP
HORRY COUNTY SOLID WASTE AUTHORITY, INC.
March 18, 2025**

The Horry County Solid Waste Authority, Inc. held a Budget Workshop on Tuesday, March 18, 2025, 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 media.

Present were the following Board Members: Robert J. Kemp, Chairman; Pam J. Creech, Vice Chairman; W. Norfleet Jones, Secretary; Amos C. Berry, Sr., Treasurer and Board Members Wayne Fox and Dr. Albert G. Hayward. Board Member Samuel T. Johnson, Jr. was not in attendance.

Environmental Liaison Bo Ives, Horry County Director of Finance Jamie Norman and Horry County Budget Analyst Victoria Worley attended the workshop. There were no members of the media in attendance.

The following individuals were also in attendance: Danny Knight, Executive Director, Ed Marr, Assistant Executive Director; Jan Bitting; Director, Stephanie Todd; Director; Esther Murphy, Director, Richie Stetter, Director and other staff to include Monica Collier, Cindy Keith, Katherine Bell, Jamie Suggs, Cole Cox, Chris Calhoun, and Trina Cooke.

CALL TO ORDER

Chairman Kemp called the meeting to order and asked Mr. Berry to render the invocation.

PLEDGE OF ALLEGIANCE

Chairman Kemp asked Ms. Creech to lead the group in the Pledge of Allegiance.

FY2026 BUDGET DISCUSSION

Chairman Kemp stated this was the second Budget Workshop held on the Fiscal Year 2026 Budget. He asked Mr. Knight to proceed.

Mr. Knight advised the group that many questions had been received subsequent to the first Budget Workshop. He indicated staff responded to several questions via email, but he believed it would be best to hold a second workshop to answer any other questions or concerns. Mr. Knight said staff would follow the Board's lead regarding the format of the workshop and said staff was prepared to go page by page or to answer specific questions.

Chairman Kemp asked if the Board had any specific questions regarding the budget. Ms. Creech stated she did not have any questions but did have some things that interested and concerned her on different levels.

Ms. Creech commented that she was looking at the amount of the COLA (Cost-of-Living Adjustment) increase and did some research on what the COLA was. She also looked at the merit increase which was related to the step plan. Ms. Creech said she was observing how the COLA and merit was added on top of different things. She asked if the merit increase was still determined based on an employee's starting salary. Mrs. Bitting stated that was the case;

however, as a part of the FY2026 budget, it was being recommended that this be changed whereby the merit would be based on an employee's current salary. Mrs. Bitting explained that with the current merit calculations, a person who has been employed with the SWA 30 years received the exact same merit increase as someone who has only been employed a year. She said there was no benefit reflecting an employee's longevity with the current step plan. Mrs. Bitting stated there was no reward for those who have been employed with the SWA for a long period of time when basing the merit on 3% of the minimum starting salary.

Mr. Jones asked what percentage of employees received an annual merit increase. Mrs. Bitting conferred with Mrs. Bell and stated approximately 90% of employees receive a merit increase annually. She explained that the merit increase was based on an employee's annual evaluation and stated if an employee received a rating of two (2) or less in any category, they do not receive a merit increase. Mr. Jones replied the SWA has a lot of good employees, to which Mrs. Bitting concurred.

Ms. Creech stated until the Board knew what the difference in cost would be in calculating the merit increase based on actual salaries, she would not be agreeable to the change. She indicated the way merit increases are currently being calculated was done for a reason. Ms. Creech said SWA employees were good and she had no problem with them or with them getting a raise. She commented the figures would have to be sustainable. Ms. Creech remarked if the SWA gave a 4% COLA and a 3% merit increase, based on an employee with a \$100,000 salary, the employee's bonus would be \$7,000. She stated if the \$1,250 bonus was added to that, the employee would receive a raise of \$8,250.

Ms. Creech then commented on the benefits and the 20% increase in health insurance. Mrs. Bitting explained that vacant positions are budgeted at the highest level for health insurance to ensure sufficient funding was available when the position was filled. Mrs. Bitting stated staff utilized the same method of budgeting with regard to salaries for vacant positions. She indicated the largest change in the cost of insurance this year was due to the amount of vacant positions.

Mrs. Bitting advised the Board that all of the SWA personnel costs are well under budget for the current fiscal year. She indicated she did not recall a year when personnel costs were over budget. Mrs. Bitting concurred with Ms. Creech's comment regarding an employee's salary increasing with the 4% COLA and the 3% merit increase, but stated the employee bonus did not factor into an employee's salary. Ms. Creech commented that it was something the SWA would have to pay.

Chairman Kemp inquired if the figures included all the vacant positions to be filled in the next year. Mrs. Bitting indicated it did. General discussion ensued on the current number of vacancies in the budget.

Ms. Creech stated once the landfill closed and tipping fees were no longer being received, the SWA would still be obligated to pay employee benefits, such as health insurance. She remarked the SWA had to ensure funding for this was included in closure and post-closure because the SWA had promised employees this benefit. She commented that the SWA would have to care for the landfill for 30 years after it closed and during the 30 years it would still be paying for 150-200 employees' insurance until the end of their lifetime. She asked where would this

funding come from. Mrs. Bitting stated this liability was fully funded based on the Board's directions, but is not required by OPEB. With regard to the funding being set aside for closure and post-closure, Mrs. Bitting stated staff was reserving funding based on the engineers calculations and direction and indicated this funding has been reserved and was meeting all of the requirements.

Ms. Creech commented that it concerns her that the SWA has promised to pay employees insurance until they pass away. She commented with the growth of the county and the installation of new recycling centers, the employee base would continue to rise. She said in the last ten years of the life of the landfill, the SWA would have 18-20 year old employees whom the SWA has promised to pay their health insurance for their lifetime. Ms. Creech stated if this was promised to employees the SWA should pay it.

Ms. Creech remarked that it concerned her that the SWA compares itself to a municipality or county government, which she said was comparing apples to oranges. She stated the cities and county had the ability to raise taxes or fees each year to meet their obligations; however, the SWA does not.

Ms. Creech indicated the SWA would have to bond money for the first time which will include paying interest, which was another expense. She said new regulations concerning PFAS, purchasing land, etc. would be additional expenses. Ms. Creech reviewed the expenses and funding sources and indicated the SWA was just breaking even and was not setting aside funding for new regulations, PFAS, purchasing land, etc. She said to give raises to personnel would not make it better or worse, however, in giving these kinds of raises this year and in the years to come, the SWA could not keep raising rates as planned for FY2026. Ms. Creech said in the past the municipalities requested that if rates were increased, they preferred the rates to increase in small increments and that the funding not be used for personnel. She said these items concerned her about the budget.

Chairman Kemp remarked that the SWA did not control the future cost of benefits and stated once retired, the retirement program would cover an employee's retirement salary. He indicated the cost of the benefits would be determined based on how many people are employed. Chairman Kemp commented that he did not see the COLA or merit increases affecting this at all. Ms. Creech agreed that it did not, but said that was the only thing the SWA had any control over – the COLA and merit increases.

Chairman Kemp voiced his appreciation to Ms. Creech for her concern and requesting a breakdown of the information. He commented that in his perspective, when you have an elite group of people working for you, you should compensate them accordingly. Chairman Kemp stated the SWA has an elite group of people working and believed everyone agreed that the SWA was probably the best solid waste organization definitely in the Carolinas, probably on the east coast and maybe even in the country. He said it was staff that makes this possible.

Chairman Kemp indicated the budget included a 4% raise and for those employees performing extremely well an additional benefit, which he believed was worth it. Chairman Kemp stated if the SWA could not afford to give it, that was fine, however, he said, the SWA can afford to give it this year. He remarked the SWA may not be able to do so in the next year. Chairman

Kemp stated in his perspective, the SWA could afford to do so this year.

With regard to how the merit increase was calculated, Chairman Kemp commented that those employees who have been employed several years are of more benefit to the SWA than a new hire because of their knowledge and experience. He stated if you know more you get paid more. Chairman Kemp stated he believed it was fair to reward people who have learned the operations and have stayed with the SWA. He generally discussed the challenges faced with finding and retaining employees and the competition faced from private industry, municipalities, etc. Chairman Kemp stated he believed the SWA should be adequately paying employees and that it should be done so on an annual basis. He commented that during staff meetings employees are advised that bonuses are approved annually with no promise of it being available in the next year. Ms. Creech commented that she did not believe there was a year when employees did not receive anything. Mrs. Bitting responded that there have definitely been years when there was no increase and years when staff took salary cuts. Chairman Kemp reiterated that if the SWA could give increases it should.

Mr. Jones stated that Chairman Kemp was describing increases for longevity, not merit increases. He said longevity increases may give employees a reason to stay.

Mr. Jones asked what the percentage of turnover was. Mrs. Bitting stated she was unsure. Mrs. Bell stated the SWA does not have a high turnover rate. Mrs. Bitting stated the largest area of turnover and the hardest positions to fill have been with the mechanic positions. Mr. Jones suggested in lieu of across the board increases, allocating funding to the weakest area to potentially solve that issue first and then consider increases across the board. General discussion followed regarding the challenges faced in maintaining mechanics. Mr. Stetter explained that the challenge most departments face was that many people did not want to work on a landfill or around garbage. He indicated there are times when employees leave for more pay, however, many leave because they do not want to work at a landfill, which was different than most occupations. Mr. Knight remarked on the challenges many agencies face in maintaining employees who will leave a company for fifty-cents more an hour. He commented on the number of agencies that reclassify positions in order to stay competitive. Mr. Jones said that was what he was suggesting with regard to the mechanics, potentially reclassifying positions. Mr. Knight indicated that the mechanic positions had been reclassified several times. Discussion ensued on the best manner to address employee turnover. Mr. Jones said he understood raising salaries may not be the best solution because it could become a moving target. He asked what would it take to rectify the issue. Mr. Stetter indicated it was not always about the money and said many employees want to know they are appreciated by their employer. Mr. Stetter said, in his opinion, the 4% COLA would only help employees break even, not put them ahead. He commented on the current prices for everything from groceries to parts and said the COLA would help people maintain. Mr. Stetter said next year the SWA may not be able to do anything.

Mr. Stetter stated it was hard to find good people for all departments and stated the goal was to hire qualified people to properly operate and maintain equipment. Mrs. Bitting concurred with Mr. Stetter and stated money was not everything. She commented that the SWA offers great benefits, however, she stated it was difficult to remain competitive with private companies, in that they do not offer benefits to their employees. Mrs. Bitting stated it does not cost private

companies as much for personnel because they do not offer the benefits the SWA offers.

Mr. Knight inquired about the rate of pay for the highest mechanic position. Mrs. Bitting indicated it was approximately \$40 per hour. Mr. Berry stated that a private company would then offer a good employee \$41 per hour, which happens often.

Mr. Berry asked if funding was being allocated for future benefits. Mrs. Bitting stated it was and explained how the funding was calculated. She advised the Board that the SWA pays a portion of employees health insurance, up to Medicare age. Mrs. Bitting indicated once a retiree reaches Medicare age, the SWA does not pay their health insurance anymore but gives the employees a stipend. She stated all of these items are factored into the funding that was being set aside and indicated all costs are covered. Mrs. Bitting remarked that the SWA was in great shape with regard to taking care of employees for the future. Mr. Berry asked what would happen if funding was not available next year. Mrs. Bitting stated that employees know that pay increases are budgeted year-to-year and if no funding is available, no increases will be budgeted.

Mrs. Bitting reminded the Board that their engineers initially stated the SWA needed to increase tipping fees by \$4 per ton for closure, post-closure and construction, however, staff was able to limit the tipping fee increase to \$3 per ton because the SWA was on track financially. She stated staff asked the engineers if the SWA should still increase the tipping fee by \$4 per ton in order to allocate more to designated accounts, however, the engineers indicated it was not necessary. Mrs. Bitting again stated she was very comfortable with the budget and ensured the SWA was reserving the appropriate amount of funding.

Mr. Berry asked about the funding for post-closure. Mrs. Bitting replied funding for post-closure was currently being set aside for the future. She recapped for the Board the annual review process the engineers conduct to determine the amount of funding needed for these accounts and when the funding would be needed. Mrs. Bitting stated the engineers determine what portion of the tipping fee was required for closure, post-closure and construction. She advised the Board that, off the top, \$14 of every ton of MSW and C&D waste that comes to the landfill was set aside for closure, post-closure and construction, just as \$2.25 of every ton goes to Horry County for the Host Fee. Mr. Berry commented that there was no borrowing taking place to cover these costs. Mrs. Bitting concurred and stated there was no borrowing occurring for anything currently. She clarified that the only bonding the SWA was considering was for the construction of the three areas the Board had discussed with regard to future waste options. Mrs. Bitting stated in the past there were long stretches of time in between the construction of landfill cells, which allowed the SWA to put money aside for the construction of new cells and never having to borrow funding. She commented the future construction of cells would include mitigation and would have shorter periods of time between projects, which was the reason bonding was being considered. Mrs. Bitting stated the SWA could potentially borrow the funding from other reserve accounts in lieu of bonding, however, she did not believe the SWA wanted to deplete the other reserve accounts when bonding was available.

Ms. Creech commented that the SWA was using the tonnage increase and the interest income increase to cover the increase in personnel services. She stated the tipping fee increase would cover contracts and construction, however, she did not see any reference to mitigation, land

purchases, expansion, etc. Mrs. Bitting advised Ms. Creech that funding for those items was included under construction and stated staff was setting aside \$5.2 Million for future landfill construction, mitigation, engineering and anything else associated with the construction of those cells. Mrs. Bitting stated in FY2025 \$3.2 Million was set aside and staff has budgeted \$5.2 Million to be set aside in FY2026. Ms. Creech stated the SWA would still have to bond the project. Mrs. Bitting replied in the future the SWA would need a bond, but not for FY2026.

Mr. Knight commented on the meeting in 2017 when discussion was held with the municipalities regarding tipping fee increases. He indicated the SWA increased the tipping fee \$7 per ton that year and he recalled the municipalities requesting that in the future the tipping fee be raised in small increments. He commented that in 2017 the SWA was not facing the construction of three landfill cells as was the case now. Mr. Knight stated he did not understand how someone could remark that they did not want the tipping fee to cover salaries, when tipping fees were basically how the SWA generates revenue.

Chairman Kemp asked if the budget would be presented at the next Board Meeting. Mrs. Bitting replied it would be presented at the April Board Meeting. She stated the budget had been sent to the County and said they would hold their Budget Workshop on April 10, 2025. Mrs. Bitting indicated the staff usually brings the budget to the Board after the County has had its workshop.

Mr. Fox remarked that basically everybody was going to receive a 7% raise. Mrs. Bitting stated employees would be eligible for that. Mr. Fox commented at 90%, almost all of them would be eligible. Mr. Marr stated all employees would receive the COLA. Mr. Fox remarked the COLA would break everyone even with inflation and Mr. Marr concurred. Mr. Fox said the 3% would bring employees above that and staff concurred. Mrs. Bitting stated that employees received a 7% COLA in FY2025.

Mr. Fox inquired about the tenure of SWA employees and asked if most stayed at the SWA. Mr. Marr stated that most turnover was due to retirement, with the exception of the maintenance shop. He remarked that the SWA has been fortunate in the fact that many do not come on board and then leave. Mr. Fox stated everyone speaks about the private industry, which may pay more but does not offer any benefits. Discussion ensued about some younger workers only being concerned about the pay and not the benefits. Staff indicated that was an area that management often educates younger employees about the value of a benefit package. Mr. Fox stated maybe the SWA should consider cutting their benefits and giving them more money. Ms. Creech concurred and stated private industry does not give any benefits. She said maybe if the SWA cut 20% of benefits and gave employees a little more money, the SWA would be better off. Mr. Fox stated he was blessed to work at Horry County and retire from there. Mrs. Bitting concurred and commented that she believed the reason the SWA was able to retain so many employees was because many understand and appreciate the benefits. Mr. Knight commented on how benefits are budgeted and indicated they are only utilized for their budgeted purpose.

Mr. Knight stated staff was seeking direction from the Board on how to proceed. Mrs. Bitting stated staff desired everyone to have a good understanding of the budget and feel comfortable with what was presented. She said staff as a whole worked hard on the budget and felt good

about what was presented. Mrs. Bitting reiterated she wanted everyone to walk away comfortable and confident with the budget. She advised the Board if they had any questions to please contact her and staff would go through the budget and explain any part of it.

Chairman Kemp stated, since there were no further comments from the Board, the budget would be presented as is to the County. Mr. Fox asked what the County was budgeting for raises. Ms. Norman indicated the County was currently working on that.

Chairman Kemp asked if staff was clear. Mr. Knight indicated staff could make changes to the budget or maintain it as presented. Chairman Kemp asked if any Board Member wanted to change the budget. Ms. Creech stated if it were up to her she would; however, there were other Board Members who do not seem to have a problem with it, which was up to them. She stated whether she voted for the budget or not would be her decision and theirs would be up to them.

Mr. Ives asked to speak; however, his request was denied.

MOTION TO ADJOURN

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

Minutes approved on March 25, 2025.

HORRY COUNTY SOLID WASTE AUTHORITY, INC.

BY: _____ (L. S.)
Robert J. Kemp, Chairman

ATTEST:

W. Norfleet Jones, Secretary

Amos C. Berry, Sr.

Pam J. Creech

Wayne Fox

Albert G. Hayward

Samuel T. Johnson, Jr.