

REPORT OF FINANCE & ADMINISTRATION COMMITTEE MEETING

April 12, 2017

A meeting of the Finance & Administration Committee was held on Wednesday, April 12, 2017 at 2:00 P.M. at the Authority's Administrative Office in 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 Committee Chairman Lance Thompson and Committee Members Dan Gray and Bo Ives. Also in attendance were Executive Director Danny Knight, and Directors Jan Bitting, Mike Bessant and Bill Hilling and staff members Nannette Powell, Cecil Terry and Susie Wofford. Board members Pam Creech and Mike Campbell also attended the meeting. There were no members of the media in attendance.

Mr. Thompson called the meeting to order and Mr. Ives rendered the invocation. Mr. Gray led the group in the Pledge of Allegiance. Mr. Thompson then turned the meeting over to Mrs. Bitting.

Charleston Update

Mrs. Bitting began the Charleston update by reviewing the MRF analysis sheet. She indicated the average price for commodities was up a significant amount in the month of March, with the average price in March being \$234.48 compared to February's average price of \$192.16. She advised the Committee Members that staff was not anticipating the higher price for the month of April.

Mrs. Bitting advised the group that the total tonnage sold was up approximately 200 tons compared to previous month's tonnage. She stated that in February the MRF sold 2506.09 tons and in March the total tons sold were 2714.62. Ms. Bitting informed the Committee that the revenue generated from material that was sold was \$636,531.03. She commented that Mr. Bessant had a goal of reaching \$500,000.00 and he exceeded that.

Mrs. Bitting commented the total incoming tonnage was up from the previous month; and said the largest increase was from Charleston. Charleston's incoming tons were up by approximately 600 tons.

Mrs. Bitting stated because of the commodity prices being well above the base market value price of \$165/ton the cost share to Charleston was \$55,329.88. Charleston is paying the SWA back for some of the rejects. Therefore, Mrs. Bitting informed the Committee members that the amount due to Charleston for the month of March was \$51,245.61.

Mrs. Bitting advised the total MRF revenue for March was \$585,285.42 and total MRF expenses were \$534,869.89. Therefore, revenue over expenses was \$50,415.53 for March. She explained

that expenses looked high for the month due to having five (5) weeks of P-card entries included in that total which included labor cost.

Mrs. Bitting informed the Committee Members that total year-to-date revenue for the MRF was \$3,948,137.92 and year-to-date expenses were \$3,310,621.97, which is a year-to-date profit of \$637,515.95.

Mr. Ives inquired about expenses the MRF has incurred and how they related to the Charleston County contract. He asked specifically about the dust clean up at MRF, Mr. Bessant advised that it had not been cleaned in some time and Charleston was not the reason it had to be done. Mr. Ives also asked about the impact the Charleston contract is having on the equipment and if the MRF was prematurely losing life on the equipment. Mr. Bessant responded that maintenance costs had increased but the life expectancy of the equipment has not changed.

Mr. Thompson asked if the number of rejects going out would be “caught up” by the end of the fiscal year. Mr. Bessant and Mrs. Bitting replied that it would be done by the end of the contract period.

Mr. Thompson questioned if staff had an idea on what the impact of the falling commodity prices would have on the MRF. He stated Mr. Bessant had said that the same amount of material was coming in; labor cost was the same just the price of the outgoing material was down. Mr. Bessant replied he has estimated that revenue will be down to \$300,000. He went on to explain how the China market was closed and how it affects the domestic market. Mr. Bessant also explained the problem that the MRF is having in getting the material sold and the volume of material that is currently at the MRF.

Mr. Gray stated his concerns in reference to the projected decrease in revenue and how it will impact the year-to-date profit. Mr. Bessant stated that it will depend on how the market does and when China opens back up.

Mrs. Bitting stated she had more information on the Charleston contract to be discussed. She stated that she and Mr. Bessant had been tasked to come up with options that would make changes to the contract that would not have an impact on the landfill or would not lose any revenue. Mrs. Bitting reviewed the worksheet that shows the figures since the beginning of the Charleston contract, August 2015 through March 2017. General discussion was held on the three options. Option A is a change to the cost share percentage, from the current 60/40 split to a 70/30 split. Option B is that all rejects would be sent back to Charleston. Option C is the BMV (Base Market Value) is changed where Charleston pays the SWA when the average market prices drops below \$150/ton.

Mr. Thompson requested that staff break down the first eleven months of the contract in the same format that was presented at the Committee meeting, showing what the SWA actually went through.

Mrs. Bitting reviewed the lost airspace plan and informed the Committee that staff is anticipating having all tonnage caught up quickly.

Mr. Gray moved to recommend to the full Board approval of staff's recommendation for Option B and Option C on the changes to the Charleston County contract. There was a second by Mr. Ives and the Motion was carried.

Mr. Ives inquired if the SWA had a voice in how the Horry County Treasurer invested the SWA funds. Mrs. Bitting replied that staff does not. Mr. Ives asked when was the last time the Treasurer had made a report to staff on the investments. Mrs. Bitting responded it had probably been a year and half to two years. Mr. Ives stated the SWA should be making sure the funds are being invested correctly and keeping the funds safe. He also asked Mrs. Bitting to schedule a presentation from the Treasurer to make sure paid professionals are involved and the Treasurer is not making the judgement on where the money is invested.

Mr. Thompson inquired about the Budget Retreat. Mrs. Bitting stated the presentation was well received and that County Council had a few minor questions and was complimentary to the fact the SWA had done everything that was asked of staff. She stated that the SWA had balanced the budget last year, had a rate study done and Council felt the \$7 per ton increase in MSW was fair. Mrs. Bitting acknowledged that budget was approved first reading and should go to second and third reading by the end of May.

There being no further business to come before the Committee, the meeting was adjourned at 2:50 P.M.