

# **REPORT OF FINANCE & ADMINISTRATION COMMITTEE MEETING**

**April 16, 2018**

A meeting of the Finance & Administration Committee was held on Monday, April 16, 2018 at 10:00 A.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 Member Bo Ives. Also in attendance were Executive Director Danny Knight, and Directors Jan Bitting, Esther Murphy, and Mike Bessant, Deputy Director Rodney Cannon and staff members Nannette Powell and Susie Wofford. Fred Richardson with Grand Strand Water Sewer & Authority (GSWSA) and Jeffrey Reynolds with Waste Industries, Inc. (WI) also attended the meeting. There were no members of the media in attendance.

Mr. Thompson called the meeting to order and acknowledged that Mr. Dan Gray was a member of this Committee and that he had passed away last week and to keep the Gray family in thoughts and prayers. Mr. Ives rendered the invocation and Mr. Thompson led the group in the Pledge of Allegiance.

**Mr. Ives moved to approve the Agenda as presented. There was a second by Mr. Thompson and the Motion was carried.**

## **Waste Industries OCC**

Mr. Bessant reminded the Committee Members that Myrtle Beach Recycling is no longer in the cardboard collection business. He advised that MB Recycling had an agreement with Waste Industries (WI) to service their OCC containers. Mr. Bessant stated that WI had approached staff about purchasing their OCC containers and setting up an agreement where the SWA would service their customers' containers. He advised staff had been in negotiations with WI and had an attorney to prepare a contractual agreement that is included in the Committee Packet. Mr. Bessant also stated that included in the packet was a worksheet on estimated tons, cost and revenue concerning this agreement.

Mr. Ives voiced his concern about the stability of the market and asked Mr. Bessant if he could see any positive change in the future. Mr. Bessant stated predicting market prices and stability of the markets are difficult. He stated staff had used an average price over the last twelve (12) months to calculate the projection in the packet.

Mr. Bessant commented the main focus was to keep the material out of the landfill and to save air space in the landfill.

Mr. Thompson inquired if the sales price had been agreed upon or if it was still in negotiations. Mr. Bessant advised WI had given staff a number but it had not been agreed upon.

Mr. Bessant stated that not only will SWA employees be generating new accounts, but WI personnel will also. He stated WI is currently offering only cardboard service and with the agreement WI could add commingle service to their list of services provided.

Mr. Knight reiterated the importance of saving landfill space and he recommended this agreement move forward and negotiate the bottom line. Mr. Ives stated with the SWA's core mission the Authority cannot afford to lose this opportunity.

Mr. Ives commented a breakeven would be good, but any type of profit would be great to help on the cost of routing. Mr. Bessant advised the Committee Members that Waste Industries would be billed for all the containers, therefore SWA personnel will not have to visit each location and get a service agreement signed.

**Mr. Ives moved to recommend to the full Board approval of staff's recommendation to enter into an agreement with Waste Industries on the purchase and service of OCC containers. There was a second by Mr. Thompson and the Motion was carried.**

#### **GSW&SA Property**

Mr. Knight advised GSWSA had requested to purchase property from the SWA. Mr. Knight stated due to the nature of the information to be presented, he recommended that the Committee Members go into Executive Session to discuss the arrangement.

**Mr. Ives made a Motion to go into Executive Session for the purpose of discussing a contractual agreement. Mr. Thompson gave a second, and the Motion was carried.**

The Board went into Executive Session at 10:10 A.M.

**At 10:25 A.M., Motion was made, seconded and carried that the Committee Members come out of Executive Session and back into open session**

**Mr. Thompson asked for the record to reflect that the Executive Session was held for the purpose of discussing a contractual agreement. He stated no votes or action was taken in the Executive Session.**

Mr. Thompson stated the Mr. Knight had presented a plan on the purchase of the land to GSWSA.

**Mr. Ives moved to recommend to the full Board approval of staff's recommendation to sell a parcel of land to GSW&SA with access to the property without a permanent easement. There was a second by Mr. Thompson and the Motion was carried.**

Mr. Richardson questioned the motion and stated GSW&SA plans were to put a permanent well on the property. Mr. Knight explained the motion and stated the Board did not want a permanent easement on the property. Mr. Richardson stated he understood and thanked everyone for their help.

### **MRF Update**

Mrs. Bitting began the Charleston update by reviewing the MRF analysis sheet. She indicated the average price for commodities had decreased in the month of March, with the average price in March being \$104.87 compared to February's average price of \$127.60

Mrs. Bitting advised the group that the total tonnage sold was down approximately 500 tons from the previous month's tonnage. She stated that Mr. Bessant holds material hoping the prices would increase. Ms. Bitting stated that in March the MRF sold 2079.8 tons and with the lower prices the revenue generated from material that was sold was \$218,118.36. She advised the amount was an approximate decrease of \$100,000 from February's amount.

Mrs. Bitting informed the Committee Members that the amount due from Charleston for the month of March was \$85,921.76 based on the cost share agreement.

Mrs. Bitting advised the total MRF revenue for March was \$304,040.12 and total MRF expenses were \$396,535.54. Therefore, expenses over revenue were \$92,495.42 for March. Mrs. Bitting stated that loss was on the SWA material, with Charleston paying the SWA back on the cost share they are covering a significant amount of the decrease. She informed the Committee Members that total year-to-date revenue for the MRF was \$3,687,801.16 and year-to-date expenses were \$3,157,686.21, which is a year-to-date profit of \$530,114.95.

Mr. Thompson asked Mr. Bessant how was the storage space at the MRF with him holding material. Mr. Bessant responded it was restricted. He advised staff had come up with an alternative plan to expand the electronics building. Mr. Bessant stated he planned to have some information to report at the May Board Meeting.

Mr. Bessant stated that prices have increased in April.

Mr. Knight commented every cost center does not make money, for example the Board does not make money neither does Public Education. He stated that these departments help with air space savings by increasing the life of the landfill. Mr. Knight advised the same principle applies to the MRF; it will not make money every day or every year.

There being no further business to come before the Committee, the meeting was adjourned at 10:36 A.M.