

REPORT OF FINANCE & ADMINISTRATION COMMITTEE MEETING

August 20, 2015

A meeting of the Finance & Administration Committee was held on Thursday, August 20, 2015 at 11:00 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 Pam Creech and Committee Members Sanford Graves and Lance Thompson. Also in attendance was Board Member Dan Gray. Also in attendance were Executive Director Danny Knight, Assistant Executive Director Mike Bessant, Directors Jan Bitting and Bill Hilling, Deputy Director Rodney Cannon and staff members Nannette Powell and Susie Wofford. There were no members of the media in attendance.

Ms. Creech called the meeting to order and Mr. Thompson rendered the invocation and Mr. Graves led the group in the Pledge of Allegiance.

Ms. Creech turned the meeting over to Mrs. Bitting.

Employee Benefits

Mrs. Bitting reviewed the worksheet that was included in the Committee Packet that was titled "Options for Employee Benefit Changes," which addressed the following items:

A. Mandatory take 40 hours vacation per year increases to mandatory take 80 hours vacation per year.

Effects: Estimated additional cost: \$122,000

One (1) additional Disposal Division employee needed: \$51,000

Two (2) full time or four (4) part time UCS employees needed - \$71,000

Mrs. Bitting indicated that additional personnel would be needed to cover the additional required time off. Ms. Creech asked about the duties of a Disposal Division employee. Mrs. Bitting stated that it was an employee that actually works on/at the landfill in one of that division's departments. Ms. Creech wanted clarification that the amount stated above include benefits. Mrs. Bitting confirmed that statement. Mrs. Bitting also explained that the UCS amount listed was an average of two full time and/or four part time employees. Ms. Creech inquired as to what the liability would be for employees to take the additional 40 hours vacation. Mrs. Bitting stated that it would be an additional cost of \$42,000 per year for employees that did not take 80 hours last year.

Mr. Knight stated if the SWA used day laborers for the help needed the SWA would not have to pay for any fringe benefits. Mrs. Bitting agreed. Mr. Knight stated that the SWA was building a good base of those types of employees.

Mr. Graves asked about the rate vacation time was earned. Mrs. Bitting stated that it varies according to the employee's longevity at the SWA. She advised that new hires receive two weeks a year. After an employee has been employed five (5) years, he/she earns an additional one day per year up to fifteen years, which would be four weeks per year, the maximum anyone can earn. Mr. Graves stated that for new employees there would be no carryover. Mrs. Bitting indicated that was a true statement.

B. Maximum vacation buyback per year of 80 hours
Effects: Estimated cost savings: \$40,000

Mrs. Bitting stated that the SWA does not currently have any restrictions on the Vacation Buy Back Policy, with the exception that the employee must have already taken 40 hours of vacation and keep 80 hours on the book.

C. Holiday Pay from 1.50 times regular pay to 1.00 times regular pay
Effects: Estimated cost savings: \$7,300

Mrs. Bitting explained that the cost savings is low because normally the managers and supervisors usually try to give the employees another day off.

D. Reinstate Sick Time Incentive to pay back 50% unused sick time over the maximum accrual
Effects: Estimated additional cost: \$8,700

Mrs. Bitting commented this is currently in the SWA policy, but the SWA has not been utilizing this incentive for a few years as a cost savings.

E. Increase health insurance cap from 5% to 7%
Effects: Estimated cost savings: \$12,000

Mrs. Bitting explained that the SWA has a cap program whereby staff reviews employees' wages twice a year and based on an employee's salary they do not pay more than 5% of their gross wages towards health insurance. She said by raising the cap the SWA would still have employees that qualified. Ms. Creech commented that with the rising cost of health insurance this program was a good idea.

F. Retiree health insurance at Medicare age going from a percentage of the premium being paid by SWA to \$75 or \$150 stipend paid
Effects: Estimated cost savings: \$17,000

Mrs. Bitting explained that currently the policy is set up based on the years of service the SWA paid 50% or 75% of the health insurance premium for the retiree. The change would be that at age 65 or Medicare age that the SWA would pay \$75 or \$150 stipend based on years of service and not pay any amount on the premium. Mr. Graves inquired if that was how the County was doing their retirees benefits. Mrs. Bitting acknowledged the County was utilizing the stipend policy.

Mrs. Bitting went on to explain that when staff was going through this process they wanted to ensure the SWA benefits were in line with the County's and that staff felt comfortable with the outcome. She commented the County does offer vacation and sick time to their part time employees which the SWA does not. That is definitely a savings for the SWA. The County does not require any mandatory time off.

Ms. Creech stated the SWA does not have as many holidays off as the County. Mrs. Bitting advised that when staff was doing research on holiday pay, there are not many municipalities that require employees to work on holidays; most are closed on holidays. She stated the landfill is closed only three days each year: New Year's Day, Thanksgiving Day, and Christmas Day.

Mrs. Bitting advised these were the employee benefit change options staff recommended and stated staff was seeking direction from the Committee on what options they would like to see implemented. She commented staff would prepare any changes to the personnel policy to present at the next Committee meeting and then to the Board.

Mr. Thompson asked if staff knew, out of the 21 full-time Disposal Division employees, how many took one week versus two weeks' vacation. Mrs. Bitting advised that 10 employees took more than 40 hours; however, three or four of those only took an extra day. Mr. Thompson stated that he was just concerned about layering on cost. Mrs. Bitting explained how stretched the landfill employees are due to employees being out that are injured and employees that work on Saturday are required to take a day off that next week. She advised the group the landfill currently has to use part time day laborers to cover hours.

Mr. Knight advised the Committee that staff would not be asking the Board to increase the budget by \$51,000. He said staff has overtime built in and the part time day laborers program. Mr. Knight indicated staff would manage the cost in the existing budget.

Ms. Creech inquired if the SWA had budgeted the monies to cover these programs that are being discussed. Mrs. Bitting replied no and explained the SWA is not required to set aside money for the compensated absences. She commented that is a liability that the SWA records every year and it changes every year. Mrs. Bitting remarked that the thought process for the compensated absences is the only time you will pay is when employees leave along and along and stated the only time the SWA would pay a lump sum is if the SWA closes its doors.

Mr. Graves indicated that new employees would not be able to accrue anything for quite some time if the Board passes the mandatory 80 hours. He stated that the new employees had nothing to look forward to. Mr. Graves then requested clarification on how the SWA sick leave is handled. Mrs. Bitting advised that all employees accrue 8 hours per month and can accrue up to 720 hours.

Mr. Thompson stated when this subject first came up it was an effort to become more efficient and save money but to also get an understanding of the moral of the employees and the ability to hire quality people. He asked Mrs. Bitting how these changes would impact the moral and hiring procedure. Mrs. Bitting advised that Mr. Hilling had mentioned in a previous meeting the difficulty of finding qualified people. She stated that the SWA pay scale is fair; however, it has always been the benefits that were the greatest selling point. Mrs. Bitting indicated what the

SWA currently offers is fair and said some of the options presented at the meeting today are also fair. When it comes to hiring new employees, Mrs. Bitting said it will make it difficult because they would not be allowed to accrue any time. She acknowledged that the SWA was already having difficulties finding good qualified employees. Mrs. Bitting stated that employees are concerned about what is happening in these meetings and she believed it's just what people become accustomed to. She indicated that she believed the Board wants to look out for the best interest of the employees and the employees understand that.

Mr. Knight advised the Committee that these are staff recommendations for their choosing.

Mr. Thompson indicated that not having vacation time to carry over was brought up by him because he felt like it needed to be used just so the employees can recharge. Mr. Thompson felt like psychologically it makes for a better employee if they have time away from work.

Mr. Creech stated that all of the options presented to the Committee are reasonable. Mr. Thompson agreed.

Mrs. Bitting stated it was preferred to implement these changes on January 1st due to payroll being on a calendar year. In addition, this would give retirees time to make changes. The Committee agreed.

Mr. Bessant advised that staff would make changes to the Personnel Policy and bring it back to the Committee for approval before forwarding it to the Board. Mrs. Bitting indicated that she would schedule another meeting before the September Board Meeting. Mr. Graves wanted to make sure any new employees would know they were being hired under the new changes.

Appeal Process Procurement Policy Changes

Ms. Bitting informed the Committee that at the July Board Meeting Chairman Thompson explained that the Appeals Committee was the only committee with the authority to make final decisions. He stated all other Committees take recommendations back to the full Board for approval.

Mrs. Bitting reviewed with the Committee the recommended changes that would bring the Appeals Committee in line with other committees. Discussion was held on the history of the Appeals Committee and its purpose. The group commented that two or three members should not make a decision for the entire Board. Mr. Gray indicated that he nor the other Appeals Committee members were not aware of the current policy.

Mr. Thompson also mentioned that the Procurement Policy states that the Chairman of the SWA's Board of Directors would be a member of the Appeals Committee. He stated that is no longer the case and that verbiage should be changed as well. The Committee agreed and suggested the wording state: "The Appeals Committee shall be made up of three (3) Board Members."

Mr. Graves made a motion to recommend to the full Board changes to the Procurement Policy regarding the Appeals Process. There was a second by Mr. Thompson and the Motion was carried.

Procurement – Local Preference

Mrs. Bitting stated that at the current time the SWA does not have any type of local preference in the Purchasing Policy. She indicated that some Board Members had asked her to do some research. Mrs. Bitting informed the Committee that she had contacted local municipalities about what type of local preference they had in their respective policies.

Mrs. Bitting reviewed her findings which she had consolidated on a worksheet presented in the Committee Packet titled “Local Preference”. Mrs. Bitting indicated that the majority she contacted had a Local Preference form that proposers filled out and submitted with their bids to be considered. Mrs. Bitting informed the Committee that if a local proposer is not the lowest bidder but within 5%, the local bidder has the option of submitting a new bid at the lower rate to be considered. If the local bidder chooses not to provide the lower bid, the SWA could go to the next Local Preference bidder and offer them the same option. If they choose not to submit a bid with the lower amount the SWA could go with the lowest bidder.

Mrs. Bitting stated there are other qualifications that need to be met, such as up to date business license, permits, etc. Mr. Thompson asked about the qualified bidders, and whether the SWA would have to go with someone just because they are local or if the SWA could make a choice based on the advice of the experts. Mr. Bessant explained if the SWA decided to go with local preference that a rating system would need to be used to determine the most qualified bidder.

Discussion was held on qualifications, what the SWA needs to include in RFPs and how different bids range from a piece of equipment to storm debris management. Environmental concerns need to be considered and addressed as well.

The Committee asked Mrs. Bitting to develop criteria and forward it to SWA Attorney Emma Ruth Brittain and Vance Moore in order to receive their input.

Mr. Bessant inquired about the percentage amount the Committee would be interested in. Mr. Thompson stated that he liked the County’s policy; however, they capped it \$10,000,000. He suggested the SWA’s policy could just state \$100,000 and above. Mr. Knight stated that the bigger the bid the more you’re going to lose. Mr. Graves advised that Dr. Lowenstein of Coastal Carolina University had written an article about the local preference, which he planned on reading before the next meeting. Several in attendance asked for that information so that they could read up on it as well. Mr. Graves acknowledged that he would forward the link.

Mrs. Bitting advised that she would put something together regarding the local preference and discuss with Mrs. Brittain and Mr. Moore before the next Committee meeting.

There being no further business to come before the Committee, the meeting was adjourned at 12:00 P.M.