

REPORT OF FINANCE & ADMINISTRATION COMMITTEE MEETING

May 17, 2016

A meeting of the Finance & Administration Committee was held on Tuesday, May 17, 2016 at 3:00 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 Pam Creech and Committee Members Sanford Graves and Lance Thompson. Also in attendance were Board Members Mike Campbell and Dan Gray. Executive Director Danny Knight, Directors Mike Bessant, Jan Bitting, Bill Hilling and Esther Murphy and staff members Rodney Cannon, Nannette Powell, Richie Stetter and Susie Wofford were in attendance. There were no members of the media in attendance.

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

Charleston Update

Mrs. Bitting began the Charleston update by reviewing the summary page contained in the Committee Packet. She reminded the Committee the MRF was down for several days during the month of April. Mrs. Bitting indicated the average price of commodities was \$146.17 per ton which is up from last month \$125.36 per ton.

Mr. Thompson inquired about the total number of days the MRF was off line. Mr. Bessant replied that it was a total of four days. Ms. Creech added that was four days with two shifts per day so it could be looked at like eight days of being down.

Mrs. Bitting pointed out the tonnage sold was also down. In March the MRF sold 2994 tons compared to 2391 tons sold in April. She also commented that the total incoming tonnage for the month of April was 3790 tons down from 4842 tons in March. Mrs. Bitting advised the difference in incoming tonnage was due to Charleston tonnage; the SWA tonnage was approximately the same as last month. The MRF held off receiving some Charleston tonnage while the system was down.

Mrs. Bitting indicated the revenue due from Charleston was down due to the cost share having no amount. This is due from the commodity prices being above the \$135.00 per ton amount stated in the contract. She also mentioned that the rejects and rejects pulls were down.

Mrs. Bitting said total MRF revenue for the month of April was \$351,763.26 which is \$28,247.56 over MRF expenses of \$323,515.70. Mrs. Bitting stated year-to-date

numbers show the MRF is \$81,425.74 to the good. She shared with the Committee that she hoped the positive trend would continue in pricing and the number of processed tons.

Mr. Thompson advised that he had heard an estimate that if the MRF had not been down for four days that anticipated MRF revenue would have been up an additional \$50,000.00. Mr. Bessant acknowledged that was correct and said the MRF would have been able to sell approximately 700 more tons.

Mrs. Bitting referred to the "MRF Summary FY2016" page in the packet. She pointed out that where staff breaks out the SWA expenses versus the Charleston County expenses, one change was made was the cost to process that changed to \$85.35. This changed equated to \$130,894 for SWA expenses and \$192,621 for Charleston expenses. Mrs. Bitting reminded the Committee these figures were estimates and was based on incoming tonnage.

Mr. Graves asked Mrs. Bitting if the SWA did not operate the MRF where would all the material go. Mrs. Bitting replied that it would all be put in the landfill.

Mrs. Bitting stated Mr. Knight and Mr. Bessant would discuss with the Committee about some necessary upgrades to the MRF system. She informed them that staff had been in contact with CP Manufacturing and to remember the system was approximately eight to ten years old and anything that deals with technology changes and advances.

Mr. Knight indicated that the MRF has been a challenge. He informed the Committee staff requested a CP Manufacturing technician to come and spend a couple of days assisting staff. Mr. Knight advised that as a result of this visit and many discussions with CP, it was determined that the system at the MRF needed an upgrade. He stated that staff did have a recommendation and funds were available for the project.

Mr. Bessant advised the Committee that the system was mainly a computer system and was installed almost 10 years ago. Mr. Bessant explained when the system went down staff realized that CP Manufacturing technicians could only talk with MRF personnel during weekdays because the system was not updated. CP technicians could not do any weekend work due to the fact that they had to be physically near a telephone line to connect to the system. Mr. Bessant went on to explain if the system had been updated staff would have been able to have needed technical support because the CP technicians could have connected through an iPad wherever they were located.

Mr. Bessant stated it cost \$15,000 to have a CP technician travel to the MRF in order to diagnose the problem. He commented had the system been updated that, same technician could have diagnosed the problem through the internet without the expense of physically traveling to the MRF. He went on to explain that if the Board approves staff proceeding with the recommended upgrade, it would allow CP to connect to the equipment from California, allow several parts to be updated and would decrease trouble shooting time due to obsolete parts not being in system.

Mr. Bessant indicated that the upgrade would definitely reduce down time he expressed his belief that in the future it may be challenging to obtain parts for repairs or technical support. Mr. Bessant advised if the Board allows staff to upgrade the system, should the system go down it would come up quicker. He stated that any down time is loss of revenue.

The estimate that CP Manufacturing presented staff was \$140,000. Staff discussed the proposal with CP and made some cuts and reduced the overall cost to approximately \$100,000. Mr. Bessant informed the Committee that Mrs. Bitting stated that funds were available in a contingency fund.

Discussion followed regarding the difficulties encountered when the system is down. Mr. Knight indicated this upgrade was not due to Charleston County materials, the system was just old. He informed the Committee any additional line or optical sorters could be added with this upgrade. Ms. Creech acknowledged that was wonderful because she had concerns if anything could be added in if the Board chose to do so in the future. Mr. Bessant stated that it was the latest technology and an upgrade probably would not be needed until an additional eight or ten more years.

Mr. Knight indicated that he had the authority to approve this upgrade; however, he wanted to make the Board aware of everything and what the money was being used for.

Mr. Bessant then went on to say it would take CP three weeks to get here perform the upgrade and the system would be down for four days. He indicated that he would prefer to schedule the upgrade to benefit the MRF's operation rather than for the system to go down again and be down a couple of weeks. Mr. Thompson asked what the repair cost was for CP. Mr. Bessant stated \$15,000.

Mr. Graves inquired if staff considered this an overhaul or an upgrade. Mr. Bessant replied an update to the current technology.

Mr. Stetter informed the Committee that the upgrade would be good for the SWA. He said it would simplify and streamline the system making it almost self-diagnostic.

Ms. Creech inquired about what kind of efficiencies this upgrade would give staff. Mr. Bessant stated that staff would be able to make adjustments from their desks without having to go in a certain room on the line and having to go back and forth up the stairs. The upgrade allows all adjustments to be made from a computer or iPad. Staff will now be able to get printed reports showing any discrepancies. This will help maintenance to be aware of any problem areas before an actual break down.

Mrs. Bitting informed Committee members that there were funds in the contingency fund for emergencies. She said this year SWA has \$186,000 budgeted for emergencies. She explained that it is the end of the year and she does not anticipate staff needing those funds for anything. Therefore, those funds are available with Mr. Knight's approval to

use. Mrs. Bitting advised that it is staff's recommendation to use those funds for the MRF system upgrade.

Mr. Thompson wanted to clarify again that this was not a usage situation related to Charleston and that it was an age situation and due to technology changing.

Further discussion was held on protecting the system in regard to surge protection, proper care of the system and preventive maintenance. Staff said warranty will be on parts for a year and training will be done to help MRF personnel maintain the system.

Mr. Thompson moved to recommend to the full Board staff's recommendation to update the MRF's system based on need. There was a second by Mr. Graves and the Motion was carried.

Budget Update

Mrs. Bitting reviewed the changes staff had made to the budget based on County Council's recommendation to include funds for a fee study. She advised the Committee that staff moved \$150,000 from the Construction and Development Landfill Fund and moved it to General Administration. Mrs. Bitting indicated there was no dollar amount change in the budget; funds were just moved from one line item to another.

Mrs. Bitting reminded the Committee a Public Hearing for the budget is scheduled for Monday, May 23, 2016 at 3:00 pm. The budget will then go to the Board at the meeting Tuesday afternoon for approval.

Mr. Thompson asked how many prices staff will get on the actual fee study. Mrs. Bitting replied that it would go out for a sealed bid and staff would send it out and advertise it like all of SWA's sealed bids. Mr. Knight stated that he had ideas to add to the study that might benefit staff in the future.

There being no further business to come before the Committee, the meeting was adjourned at 3:45 P.M.