

**MINUTES OF PRE-BUDGET WORKSHOP  
HORRY COUNTY SOLID WASTE AUTHORITY, INC.  
February 12, 2013**

The Horry County Solid Waste Authority, Inc. held a Pre-Budget Workshop on Tuesday, February 12, 2013, 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 news media.

Present were the following Board Members: Danny J. Hardee, Chairman; James H. Cokley, Vice Chairman; Basem E. Hilal, Secretary; M. Lance Thompson, Board Treasurer; and Board Members J. Michael Campbell, Dan P. Gray and John R. Long, II.

Ex Officio Members Steve Gosnell and Bill Graham were in attendance. There were no members of the media in attendance.

The following individuals were also in attendance: Danny Knight, Executive Director; Esther Murphy, Director; Donna Crump, Director; Bill Hilling, Director and other staff to include Rodney Cannon, Jan Bitting, Mike Bessant, and Nannette Powell.

**CALL TO ORDER**

Chairman Hardee called the pre-budget workshop to order and asked Rev. Cokley to render the invocation. Following the invocation, Mr. Hilal led the group in the Pledge of Allegiance. He then asked Mr. Knight to begin the presentation.

Mr. Knight stated he believed holding a pre-budget workshop would be a useful way to begin the 2014-2015 budget process. He commented that the workshop would be informal and that staff was seeking input from the Board.

**REVIEW OF BUDGET PROCESS**

Mrs. Bitting began the presentation with a review of the budget process. She explained to the Board that each year staff develops a five-year capital budget, which includes equipment and/or projects which exceed \$5,000. Mrs. Bitting stated the capital budget requests are compared and coordinated with the equipment replacement listing to ensure equipment is being replaced as scheduled and new items are being incorporated onto the list. Mrs. Bitting stated once the capital budget is completed, the funding source is identified. The next step in the process is the development of the operating budget. Mrs. Bitting indicated each department prepares a two-year operating budget, utilizing information from the previous fiscal year and the initial six-months of the current fiscal year. Mr. Thompson inquired as to how personnel costs were determined. Mrs. Bitting indicated staff utilizes the current number of positions and current salary levels in determining personnel costs.

Mrs. Bitting explained to the group that normally each division is given a revenue projection number to utilize when developing their budget; however, due to the current economic situation and the uncertainty of flow control, these revenue figures have not yet been determined. She commented that staff has been asked to maintain their operating expenses for FY2014 at the same level as FY2013. Mr. Gray asked about staff's expectations for revenue in FY2013. Mrs. Bitting stated Mrs. Crump would provide a review of the FY2013

revenue later in the meeting; however, regarding FY2014-2015, revenue projections have not yet been determined because staff is still analyzing the current fiscal year and due to the uncertainty regarding flow control. Mr. Gray said that would imply that if flow control by ordinance goes away, there would be a significant change in the revenue. Mrs. Bitting replied that could be possible and restated that due to the current economic situation and the uncertainty of flow control, staff has been asked to maintain their operating expenses for FY2014. Mr. Gray stated he believed staff was taking a conservative approach, which is what should occur. He noted that it is not necessarily a given, in his view, that if flow control goes away there would be a significant decrease in revenue on account of that alone. Mr. Gray stated he believed we would find that flow control as an ordinance will have very little effect on SWA revenue. Mr. Knight commented that he hoped Mr. Gray was correct. Mr. Knight commented that staff believes if flow control goes away the SWA will lose one or two companies and a significant amount of tonnage. He indicated staff would again this year prepare a cut list of those items which would be cut if the SWA loses income. He advised the group that the national trend shows a reduction in waste disposal across the country. Mr. Knight stated, concerning income, staff was taking the position that the very best that can be expected is income will remain consistent with FY2013 revenue projections. He commented that the worst scenario would take into account the revenue lost due to flow control going away. Mr. Knight stated the budget year will end in the black. Mr. Knight stated staff is looking to the Board for direction on how they would like staff to proceed. Mr. Gray commented that the national trend regarding the reduction in waste disposal is in part due to recycling becoming an accepted practice which is impacting private and public landfills. Mr. Gray stated this is separate and distinct from flow control and indicated this would occur with or without flow control. Mr. Gray commented that the nearest wet landfill to the SWA is 100 miles away which means the SWA has a virtual de facto monopoly today, just as it was before flow control was put into place. Mr. Gray indicated that the SWA has a very well run, state-of-the-art MRF, a state-of-the-art C&D facility, is well funded, has no debt, pays no taxes, has a lot of experience and has the full faith and credit of the County behind it. He stated the SWA is one of the strongest and well positioned companies anywhere in the State of South Carolina and indicated he did not believe there was a need to conjure up a chicken little, sky is going to fall, boogey-man is coming attitude if flow control is abolished. Mr. Gray stated the SWA has flow control whether it is with an ordinance or without. Mr. Gray commented for the purposes of budgeting, he believed staff was moving in the right direction by taking a wait and see approach. In addition, Mr. Gray concurred with Mr. Knight's suggestion of having a cut list, but indicated his cut list would be entirely different than the one presented in the past. Mr. Gray said he believed there were some significant expenditures that do not have anything to do with running a good trash company. Mr. Gray stated he believed there was a challenge with regard to spending instead of being overly concerned with future revenue.

Mrs. Bitting continued with her review of the budget process and indicated that once the departments have completed their operating budgets, a preliminary budget is prepared and once again reviewed by staff. She stated the next step is the development of a draft budget which is presented to the Board at the budget workshop. Mrs. Bitting stated following the budget workshop and the completion of any budget revisions, a public hearing is held and the budget is presented to the County's I&R Committee. Mrs. Bitting stated the process is completed with final review and approval of the budget by the Board. She stated staff is looking forward to the Board's input today as we begin the process.

### FY2014-2015 BUDGET CALENDAR

Mrs. Bitting reviewed with the group a draft calendar for the FY2014-2015 budget process and asked the Board to compare their schedules with the draft calendar in order that staff could move ahead with finalizing the calendar dates. Discussion ensued with regard to the date for the budget workshop.

### FY2013 REVENUE & EXPENDITURE PROJECTIONS

Mrs. Crump then began with a review of FY2013 revenue and expenditure projections. Regarding FY2013 revenue projections, Mrs. Crump discussed the chart below.

SOURCE	FY2012 ACTUAL	FY2013 BUDGET	FY2013 ACTUAL 6 MONTHS	% CHANGE 6 MONTHS	FY2013 PROJECTIONS
Tipping Fees	\$9,777,291	\$9,760,453	\$5,049,896		\$10,070,458
Recyclables	3,346,767	3,000,000	1,391,946	(17.53%)	2,862,679
Interest	156,921	200,000	53,722	(38.34%)	107,444
Tire Rebate	102,824	82,000	26,796	12.58%	107,184
Containers	249,311	250,000	125,707	.68%	251,414
Landfill Gas	107,733	125,000	59,890	6.23%	119,780
C&D Recycling	9,014	300,000	61,037		122,075
E-Waste	29,445	35,000	147,745		200,000
The Store	48,401	50,441	32,583		65,167
<b>GRAND TOTAL</b>	<b>\$13,827,707</b>	<b>\$13,802,894</b>	<b>\$6,949,322</b>		<b>\$13,906,201</b>

Mrs. Crump advised the Board that when determining the revenue projections, staff reviews and compares the first six months of the current fiscal year to the first six months of the

previous year to establish the current trend. She generally discussed each of the revenue sources as follows:

**Tippling Fees** – Mrs. Crump indicated there has been about a 2% reduction in solid waste revenue and a 2% increase in C&D revenue. Mr. Long asked if this has been the trend for the past couple of years. Mrs. Crump stated it has been for the last year.

**Recyclables** – Mrs. Crump stated revenue for the sale of recyclables is currently down approximately 17.5% as compared to this time last year. She advised the Board that at the time revenue projections were being developed last year, market prices for recyclables were much higher than they are currently. Mrs. Crump stated staff does not anticipate reaching the projected FY2013 revenue.

**Interest Income** – Mrs. Crump commented that interest income is currently 38% below budget projections.

**Tire Rebate** – Mrs. Crump explained that the tire rebate funding is directly related to the \$2.00 disposal fee charged to consumers for each tire purchased. She stated this revenue is up some; however, it does fluctuate and is hard to project.

**Container Rentals** – Mrs. Crump indicated that the container rental revenue has been the most constant revenue stream for the past 4-5 years. She stated the SWA recycling programs routinely gain and lose customers. Mr. Gray asked if this revenue was for the rental of cardboard containers. Mrs. Crump concurred and indicated there are also some recycling roll-off rentals included in this figure.

**Landfill Gas** – Mrs. Crump stated landfill gas revenue was down last year; however, it is currently at about 50% of budget. Mr. Gray asked if the SWA was gaining revenue or losing revenue in capturing the methane gas. Mrs. Crump stated the SWA is not currently gaining revenue through the landfill gas program.

**C&D Recycling** – Mrs. Crump stated staff projected \$300,000 in C&D recycling revenue for FY2013 and are anticipating ending the year with \$120,000 in revenue. She commented this is a new program and stated since the projections were made last budget year prices for both cardboard and scrap metal have decreased tremendously.

**E-Waste** – Mrs. Crump advised the Board that the SWA maintains \$32 per ton of the revenue generated through the processing of e-waste to cover cost associated with palletizing, shrink wrapping and labor in preparing the material for shipment. She indicated the remaining funds are used to cover the cost to recycle the material with the state vendor. Mrs. Crump advised the group that staff has made one adjustment on the cost per ton based on the actual charges and has reduced the cost from \$800 per ton to \$400 per ton. She indicated the county and municipalities have received a credit for the first quarter of FY2013.

**The Store** – Mrs. Crump indicated \$50,000 in revenue had been projected for The Store for FY2013 and staff anticipated this would be met and/or exceeded.

Mrs. Crump stated staff is anticipating ending FY2013 about \$100,000 above projected revenue, but she again indicated this is a projection.

Mr. Knight informed the group that at the Recycling & Solid Waste Professionals meeting he attended this week the group was updated on the e-waste regulation and indicated the proposed changes would eliminate the fee charged to recycle the material; however, there would still be a need to have the material palletized and shrink-wrapped for transport.

Mrs. Crump then presented a review of FY2013 expenditures as shown in the chart below.

	<b>FY2012 YTD</b>	<b>FY2013 YTD</b>	<b>FY2013 BUDGET</b>	<b>% of TOTAL BUDGET</b>
G&A Division	\$651,315	\$683,775	\$818,006	41.80%
Landfill Division	3,482,451	3,523,566	3,947,736	44.63%
Recycling Division	1,426,061	1,647,678	1,564,451	52.66%
UCS	2,233,349	2,148,993	3,103,535	34.62%
Non-Departmental	306,973	310,171	546,034	28.40%
<b>GRAND TOTAL</b>	<b>\$8,100,148</b>	<b>\$8,314,184</b>	<b>\$9,979,761</b>	<b>41.68%</b>

Mrs. Crump discussed the expenditures and indicated the SWA will complete the budget year in the black. She advised the group that year-to-date expenditures are at 41.6% of budget and indicated most often a company would be at 50% of expenditures at the half way mark in the year. She generally reviewed the divisional expenditures and indicated the Recycling Division is the only division above 50% of budget, which staff believes is directly related to additional expenses in contract labor, rejects, etc. being incurred due to the Sonoco contract. Mrs. Crump reminded the Board that even though expenses are up at the MRF, revenue is up compared to where it would be based on the additional tonnage received through the Sonoco contract. She advised the group that staff would be looking into these additional expenses further during the budget process.

Mr. Gray asked about the reason for the increase in non-departmental expenses from FY2012 to FY2013. Mrs. Crump indicated she did not have that readily available but would get back to Mr. Gray with a response.

## BRIEF OVERVIEW OF SIGNIFICANT LINE ITEMS

- a. **Advertising** – Mrs. Murphy reviewed with the Board the SWA Advertising Program, which included an overview of television and print media and a detailed explanation of costs associated with FY2012. She advised the Board that the SWA’s mission statement and the goals and objectives indicate the public would be educated and informed of responsible waste management programs with an emphasis on source reduction, reuse, recycling and environmental awareness. In addition to educating and informing the public, Mrs. Murphy indicated advertising also ensured the public was aware of whom to contact with regard to their solid waste and recycling needs.

Mrs. Murphy advised the Board that the SWA is currently running four (4) commercials on several of the local television stations. She stated that on average 500 commercials run monthly and stated the FY2012 costs associated with television advertisements was \$74,130. In addition to these four commercials, Mrs. Murphy stated the SWA also runs special program commercials which promote the Talkin’ Trash campaign, Grinding of the Greens and the HTC Phone Book Recycling program. Concerning the Talkin’ Trash program, Mrs. Murphy explained that the \$83,500 cost for the program included the production of two (2) commercials, 18 winning school segments, 18 recycling tips, production of two (2) special 30-minute programs, 18 Dell computers and the Ripley’s Aquarium Field Trip admission for 600 attendees. She stated approximately 190 commercials are ran monthly in conjunction with the Talkin’ Trash campaign, of which 65% focus on Talkin’ Trash and 35% would relate to general recycling information.

Mrs. Murphy then generally reviewed the print media utilized during FY2012 and advised the group that all print advertisements are in conjunction with special event/program related events. She informed the group that during FY2012 print advertisements were ran for the following events/programs: Crushed Glass, Swampfest, America Recycles Day (ARD), Grinding of the Greens (GOG), Home Show, HTC/SWA Phonebook Recycling Program, Open House, Earth Day, Grow Workshop and the Socastee Heritage Festival. Mrs. Murphy stated the total cost to run these advertisements was \$36,746. Mrs. Murphy informed the group that during FY2012, the SWA was awarded grant funding for public education which equated to approximately \$8,000 in costs.

Mr. Gray asked who performs the creative work on the SWA’s advertisements. Mrs. Murphy indicated The Sellers Group performs the creative design and production of the advertisements. Mr. Gray asked if the television and advertising costs paid to the various media outlets was in addition to the costs paid to The Sellers Group. Mrs. Murphy reviewed the process of developing and placing an advertisement. She stated that in addition to creative design, development and production of the advertisements, The Sellers Group also places the advertisements with the media outlet. Therefore, she indicated, the overall costs shown in the presentation included all components of the advertisement, from development of the advertisement to it being ran on television or printed in the paper. Mr. Gray commented he just wanted to be clear that there are no other advertising/promotion costs in addition to The Sellers Group and that these payments are an all inclusive figure to include their creative charge as well as the placement of the ad on television or in the newspaper. Mrs. Murphy indicated this was correct in most instances. She indicated there are a very

few incidents when The Sellers Group may perform creative work for a project and other costs associated with the project are billed through another vendor. Mr. Gray asked, in terms of dollars, are these type incidents significant. Mrs. Murphy indicated they were not. Mr. Gray concluded that approximately 95-99% of the overall advertising costs were invoiced through The Sellers Group. Mrs. Murphy concurred.

Mrs. Murphy discussed the group other advertising, i.e., Town Planner calendar, radio advertisements, press releases, etc. that occurred during FY2012. She stated the total cost for other advertising was \$8,475.

Mrs. Murphy stated the total costs for advertising for FY2012, less any credits received for grants, advertising partnerships, etc., was \$205,958. In conclusion, Mrs. Murphy stated staff believes advertising positively affects recycling tonnage/rates, educates the public on the benefits of recycling and proper waste disposal, informs the public of the services and programs offered by the SWA and promotes and encourages the environmental awareness of the citizens of Horry County. Mrs. Murphy stated staff is looking for the Board's input, suggestions and/or recommendations regarding the SWA's advertising and promotion program.

Mr. Gray commented to Mrs. Murphy that her presentation was very well done.

- b. **Consulting** – Mr. Bessant discussed with the Board the consulting budget for FY2013. He indicated through the first six months of FY2013, approximately \$41,000 had been expended in consulting fees for various vendors to include Beam & Associates, Garrett & Moore, TRC, etc. Mr. Bessant stated that in 2009 staff advertised an RFP for a consulting firm and indicated Beam & Associates were the successful proposers. He stated that their five-year consulting contract included a clause pertaining to lobbying, at which time the SWA was unsure as to whether it would be necessary, but included it as a safeguard. Mr. Bessant advised the Board that Beam & Associates has performed work relating to the Piggyback Expansion project, assisted with obtaining information from DHEC on various matters, assisted with wetland issues, etc. as a part of their consulting contract. He indicated the cost for the consulting contract with Beam & Associates equated to \$50,000 annually.

Mr. Bessant then discussed the lobbying costs for FY2013. He indicated the Board voted to limit the total amount of lobbying expenditures with Beam & Associates to \$100,000, and indicated Board authorization would be required to increase the amount beyond \$100,000. Mr. Bessant indicated this amount has been reduced as compared to prior years. He stated one more year remained on the Beam & Associates contract. The contract will end on October 31, 2014. He indicated staff was seeking the Board's direction on how to proceed with preparing for next year's consulting budget. Mr. Bessant stated the lobbying and consulting budget in the Administrative Division was \$220,000 for FY2013, and believed expenditures would come in less than that amount.

Mr. Gray stated his information regarding the costs incurred this year was substantially different than the cost Mr. Bessant presented. Mr. Gray indicated that over the two year period that he reviewed, the SWA spent \$1.2 Million on engineering fees which had nothing to do with Beam or Art Braswell. Mr. Gray commented that Beam & Associate costs were \$850,000 and further stated that for the first six-months

of FY2013, Beam & Associate costs were \$50,000. Mr. Bessant inquired as to where Mr. Gray obtained his figures. Mr. Gray responded he obtained the figures from the check register. Mr. Bessant explained that Beam & Associates invoiced the SWA \$26,000 in June of last year and received payment in July; however, this \$26,000 was related to work performed in FY2012 and was charged back to FY2012. Mr. Gray indicated he understood how this occurs and accepted that explanation. However, Mr. Gray commented, he had asked for clarification on the \$850,000 and when he received the information, all but \$200,000 were for charges other than lobbying. Mr. Gray commented in FY2011, approximately \$80,000 was charged to the Piggyback project, \$38,000 charged to lobbying and \$73,000 was charged to governmental relations other than lobbying. Mr. Gray commented a similar classification was utilized to explain the \$850,000 in expenditures. Mr. Bessant stated he did not remember the amount being \$850,000. Mr. Gray again indicated he retrieved the figures from the check register. Mr. Bessant again explained that some of these charges may have crossed fiscal years and indicated there was an error on one of the check runs during that period of time. Mr. Gray stated he presented his request for clarification in November and concurred there was an error on the check register. Mr. Gray stated that he understood that you make the charges go away by calling it something other than lobbying. Mr. Gray commented that he requested a copy of the invoices in late November, has not received them and did not believe he was going to receive them. Mr. Gray stated he believed the SWA was spending too much money with Mr. Beam and asked why couldn't the SWA utilize the engineers or staff to discuss the Piggyback project with governmental officials. Mr. Gray stated there was a charge from Beam & Associates in 2012 in the amount of \$280,000 for government relations other than lobbying and asked for clarification. Mr. Bessant stated staff would be glad to meet with him and review the monthly invoices. Mr. Gray commented that Mr. Knight had extended an invitation for him to come out and review the invoices. Mr. Gray commented that in his opinion the SWA is misrepresenting things in order to reflect only a minor portion of the \$850,000 being charged to lobbying. Mr. Gray stated that engineers perform engineering work and indicated he had no problem with the engineering firms referenced. He expressed his concern about expending hundreds of thousands of dollars to a lobbying firm, which is classified in a manner that may never reach the established cap and indicated he would most likely change his vote regarding the \$100,000 lobbying cap. Mr. Gray stated the cap was well intended but virtually meant nothing because the expenditures would be classified as something other than lobbying. General discussion ensued pertaining to the contract with Beam & Associates and the breakdown of lobbying expenditures versus other charges. Mr. Bessant stated the consulting contract is for \$50,000 per year and the Board has capped the lobbying expenditures for this lobbying season to \$100,000. Mr. Bessant again stated there could be no lobbying expenditures exceeding \$100,000 without the Board's authorization. Mr. Bessant stated for FY2013, Beam & Associates expenditures could not exceed a total of \$150,000 without approval from the Board. Chairman Hardee concurred with Mr. Bessant's comments. Mr. Gray restated for clarification that Beam & Associates would not be paid any more than \$150,000 total regardless of the classification of the expenditures. Mr. Hardee indicated that was corrected and commented that for FY2013 the Board would have to approve any costs for Beam & Associates that exceeded \$100,000 for lobbying and \$50,000 for consulting. Mr. Knight again invited Mr. Gray to come out and review the invoices for Beam & Associates.

- c. **C&D Processing Facility** – Mr. Hilling presented an overview of the Construction & Demolition (C&D) Processing Facility which has been open for about seven (7) months. He advised the group that the process of developing the C&D processing facility began in the fall of 2010 with staff visiting C&D processing facilities in Florida and North Carolina. Mr. Hilling stated in April 2011, the SWA submitted the permit application for a solid waste processing facility to DHEC which was followed by several meetings in Columbia as well as several site visits by DHEC, inasmuch as it was the first application received in the state for this type facility. Mr. Hilling indicated that in October 2011, DHEC approved the permit application and issued the SWA with a Solid Waste Processing permit. He stated during this same time period, staff received RFP's for renovations to the SW-6 building and the processing equipment. Mr. Hilling stated construction on the facility began in January 2012 and was completed in four months. He indicated the equipment was received and installed in March and in April 2012 staff performed their initial training at the PasCon C&D Processing Facility in Columbia, SC. Mr. Hilling advised the group that prior to the official opening of the facility, a meeting was held with several waste haulers and customers of the SWA landfill to tour and explain the facility and the benefits customers would receive by utilizing the facility. Mr. Hilling stated several of the benefits to utilizing the facility include less wear and tear on equipment, shorter wait time to off-load C&D material and a \$5.00 per ton credit for those using C&D processing facility.

Mr. Hilling advised the group that the C&D Processing Facility officially opened on May 14, 2012, and offered a pictorial review of the facility. He generally discussed the expenditures incurred in constructing and equipping the facility which included depreciation for the building and dump pad, wheel loader used to push/move material, track hoe used to load material, trommel screen, roll-off containers and sort line. Mr. Hilling indicated the roll-off truck utilized by the facility was previously used in the Collection & Hauling department and stated the baler was an existing piece of equipment used for baling cardboard. He advised the Board that seven (7) temporary laborers are used on the sort line to separate the material coming across the line. Mr. Hilling indicated one other expenditure related to the C&D Processing Facility was the tipping fees paid to dispose of the rejects and anticipated the cost to dispose of rejects would equate to \$160,000 for FY2013. Mr. Gray asked for clarification that the C&D Processing Facility would be paying \$160,000 in tipping fees to dispose of rejects in the C&D landfill. Mr. Hilling indicated that was correct. Mr. Gray inquired as to whether funding was being double counted. Mrs. Crump stated that was a great question and indicated the funding was not being double counted. She indicated staff makes the appropriate monthly entries to ensure all accounts are accurately charged.

Mr. Hilling then discussed the revenues generated through the sale of material processed at the material. He advised the group that the initial plan called for removing cardboard, wood, plastic and metal from the C&D waste stream. However, he stated, once the facility opened, staff learned there were other commodities, such as PETE plastic, aluminum, concrete and dirt which could also be diverted from the C&D loads being processed at the facility. Mr. Hilling generally discussed the amount of material processed at the facility in FY2013, as follows:

<b>Material</b>	<b>Tonnage Recycled</b>
Cardboard	287.60
Wood Scraps	2,367.39
Scrap Plastic	72.20
PETE Plastic	10.97
Scrap Metal	179.36
Scrap Aluminum	3.86
Concrete	362.98
Dirt	779.63

Mr. Hilling reminded the group that the tipping fee for tonnage processed through the C&D Processing Facility is \$21.50 per ton. In addition to the revenue generated by the tipping fee, Mr. Hilling indicated of those items listed above, cardboard, wood scraps, scrap plastic, PETE plastic, scrap metal and scrap aluminum also generate revenue through the sale of the commodity. He stated even though the other commodities do not generate sale revenue, they do save landfill space. Mr. Hilling stated on average the C&D Processing Facility processes about 853 tons monthly and currently has a 63% recycling rate. Mr. Gray asked if the 63% includes concrete. Mr. Hilling stated the 63% includes the concrete processed at the C&D Processing Facility and not that concrete brought to the landfill as segregated loads. He commented that the 63% represents everything that was recycled through the C&D Processing Facility.

Mr. Hilling commented that more material is needed at the facility to improve the recycling rate. He advised the group that a bulk waste compactor from the North Myrtle Beach Recycling Center was recently brought to the facility for processing and indicated approximately 90% of the load was recycled. He indicated staff would continue to work with the Unincorporated Collection System on processing bulk waste compactors.

In addition to the commodities listed above, Mr. Hilling reminded the Board of the carpet and shingle recycling programs which are also diverting tonnage from the landfill. Mr. Hilling reminded the group that the carpet recycling program was reactivated about the same time as the opening of the C&D processing facility. He indicated approximately 213.51 tons of carpet has been diverted from the landfill and stated Horry County currently recycles the most carpet in the state. Mr. Hilling stated Wellman Plastics picks up the carpet, at no cost to the SWA, and uses it to produce car parts. Mr. Gray asked if Wellman Plastics was purchasing the carpet. Mr. Hilling indicated they were not; however, the SWA receives value through airspace savings. Mr. Long asked if staff has calculated the amount of landfill space saved in diverting a container load of material from the landfill and the value of the saved space. Mr. Hilling indicated he had calculated this based on the commodity and would gladly share this information at the next Board meeting. Chairman Hardee asked if it was worthwhile to separate the carpet by grade and market it to various vendors. Mr. Hilling commented that vendors usually purchase the household grade shag carpet as opposed to the commercial grade which is predominantly what is received by the SWA.

Regarding shingle recycling, Mr. Hilling reminded the Board that this program was reactivated in September 2011. He reminded the group that ST Wooten from Wilmington, NC picks up the shingles at no cost to the SWA and uses the material as a component of their asphalt manufacturing process. Mr. Campbell asked if ST Wooten purchases the material from the SWA and Mr. Hilling replied the SWA gives the shingles to them. Mr. Hilling stated approximately 10,874.56 tons of shingles have been diverted from the landfill and indicated this program has been very successful in saving landfill airspace.

Mr. Hilling indicated the C&D Processing Facility has generated \$129,849.89 in tipping fee revenue and \$74,369.83 in recyclables sale revenue for the first seven months of FY2013. Mr. Gray inquired about the cost for rejects during this time period. Mr. Hilling stated rejects disposal equated to about \$65,000 during the seven month period.

Concerning landfill space savings, Mr. Hilling advised the Board that the tonnage diverted through the C&D Processing Facility in FY2013 has saved approximately 13 days of landfill airspace. Mr. Hilling advised the Board that if you include all C&D tonnage diverted from the landfill, to include carpet and shingle recycling, the SWA has saved 52 days of C&D landfill airspace since 2011.

- d. **Closure/Post Closure** – Mrs. Crump presented an overview of closure and post closure designated accounts and how staff determines the amount of funding to be allocated to these funds. She informed the Board of a recently held meeting between SWA staff, Vance Moore and other staff from Garrett and Moore to thoroughly review and discuss all matters that affect the funding of these accounts. Mr. Gray asked when the meeting was held and Mrs. Crump indicated it was held about two weeks ago. Mrs. Crump reminded the Board that these estimated costs are based upon assumptions that could change. She stated this was the reason these figures are reviewed regularly and adjusted to ensure the SWA stays on course.

Mrs. Crump advised the group that many landfill facilities are planned to be constructed and operated in distinct phases. However, she stated, the SWA is not obligated to construct any future phase and could choose, or be forced to, shut down at anytime as long as a closure cap is constructed and post-closure care cost are covered for 30 years following closure. Mrs. Crump stated that in order to determine an adequate funding rate for the designated accounts, staff must complete the following steps:

1. **Understand which projects are to be funded by the designated account** – Mrs. Crump indicated the SWA has six projects that are currently being funded: the Saddle Closure (“Y” area), Piggyback Road, Piggyback Phase 1 construction, Piggyback Phase 2 construction, Closure and Post Closure.
2. **Estimate the remaining capacities associated with the projects to be funded by the designated accounts** – Mrs. Crump reviewed with the group the following chart which detailed the estimated waste capacity, and indicated the figures were based on July 2012 through the time the funds would be needed.

FILL AREA	PERMITTED CAPACITY CY	PERMITTED CAPACITY TONS	TOTAL REMAINING CAPACITY TONS
East Hill	2,018,664	1,160,732	258,750
Saddle Area	480,000	276,000	276,000
Horizontal Exp	6,153,500	4,928,954	1,889,479
Piggyback Phs 1	3,270,000	2,619,270	2,619,270
Piggyback Phs 2	5,870,000	4,701,870	4,701,870
GRAND TOTAL	15,293,500	12,250,094	9,745,369

Mrs. Crump explained that the air utilization factor (AUF) or compaction rate is used to calculate the remaining airspace. She advised the Board that staff has determined there are no upcoming operational changes that would influence the estimated waste capacity for these areas.

- 3. Estimate the future annual waste to be disposed of at the SWA until closure** – Mrs. Crump indicated once the remaining capacity is determined it is then broken down into future annual waste projections. She commented that these projections can have the most significant effect on estimating the when these projects will occur, i.e., what year the project will begin and when the funding will be needed. Mrs. Crump stated the largest factor influencing this estimate is inflation. She indicated that the higher the annual projections, the lower the project costs; the lower the annual projections the higher the future project costs. Mrs. Crump advised the Board that, for this analysis, staff estimated the annual waste generation would increase about 1% for C&D and MSW each year. Mrs. Crump again stated these are projections and are influenced by a number of factors. She stated staff and the engineers review these projections regularly to ensure everything stays on track. She advised the group that diversion rates, regardless of the reason for the diversion, would highly influence these projections. Mrs. Crump informed the Board that, for purposes of these projections staff assumed a 50% C&D diversion rate, with this material either being diverted to the SWA C&D Recycling Facility or to another facility, as of 2014. Mr. Gray asked Mrs. Crump to clarify what she meant by “another facility”. Mrs. Crump stated this would mean that the flow control ordinance was abolished and tonnage was going elsewhere.

Mrs. Crump indicated staff and the engineers discussed events that could affect the MSW diversion rate and decided to leave it at zero for now with the understanding that in the event a transfer station was constructed in the Myrtle Beach area this could significantly alter the projections.

4. **Estimate the cost for each designated account project** – Mrs. Crump reviewed with the group the following chart which detailed the cost for each project.

FILL AREA	UNIT COSTS FY2012 \$'S	TOTAL COSTS FY2012	YEAR TO BE BUILT	FUTURE COSTS
Saddle Closure Area		\$ 1,000,000	2014	\$ 1,040,400
Piggyback Road		\$ 2,000,000	2014	\$ 2,080,800
Piggyback Phs 1		\$ 10,000,000	2017	\$ 11,040,808
Piggyback Phs 2		\$ 12,000,000	2025	\$ 15,523,280
Closure	\$ 235,000	\$ 32,430,000	2037	\$ 53,204,852
Post Closure	\$ 1,300	\$ 7,800,000	2037	\$ 12,796,727

Mrs. Crump indicated these costs are estimated and reviewed by the engineering firm annually. She stated several factors are utilized in calculating these estimates. These factors include the engineer's experience with similar projects, anticipated circumstances and estimated current costs. Mrs. Crump advised the group that these costs are provided in today's dollars and must be adjusted to future dollars based on the year the funds are anticipated to be needed. She indicated the adjustments would take into account changes pertaining to inflation; however, they are not adjusted due to change in conditions such as future availability of materials, i.e., soils. Mrs. Crump again reminded the Board that these figures are reviewed regularly to make necessary adjustments as needed.

In summary, Mrs. Crump stated as of June 30, 2012, the balance in the designated accounts for closure, post closure and landfill construction was \$25,183,083. She indicated the estimated remaining capacity to fund these designated accounts was 9,745,369 tons. Mrs. Crump stated staff is still in discussions with regard to the estimated cost per ton. She generally reviewed the manner in which the SWA has historically chosen to fund these accounts.

Mr. Hilal asked if there was a need to close the landfill tomorrow, would the SWA have the funding necessary to do so. Mrs. Crump replied that inasmuch as the SWA is collecting and designating these funds as the tonnage is disposed, the funding to close the facility would not be available because it would not have all been collected. However, she stated, there would be funding available in the construction account that could be used for closure, especially if the early closing meant there would be no future construction.

Mr. Gray asked what amount of the tipping fee for MSW and C&D is designated to these accounts. Mrs. Crump replied that for FY2013, \$8.11 of the MSW tipping fee and \$6.75 of the C&D tipping fee is being designated to these accounts. She reminded the group that these amounts change annually. Mr. Gray asked if these allocations are automatically transferred into the designated accounts. Mrs. Crump indicated that was correct and is addressed as a part of the budget process.

Mr. Gray asked about the timing of calling Mr. Moore regarding these calculations. Mrs. Crump indicated that she normally contacts Mr. Moore annually at the start of the budget process to discuss these figures.

#### **FY2014-2015 BUDGET INPUT/DIRECTION – BOARD OF DIRECTORS**

Mr. Knight indicated staff was now seeking direction from the Board on any specific items they would like staff to address during the FY2014-2015 budget process. Chairman Hardee stated staff has given the Board the foundation and direction they will be moving in as they prepare the upcoming budget. He asked the Board to advise staff of any requests, ideas, changes, etc. in order that staff can address these issues as they prepare the budget.

Mr. Gray stated if the state legislature dissolves flow control and the governor signs it into law, the SWA would not need to maintain the same type relationship with Mr. Beam as is the case now. He commented that, with regard to lobbying, Mr. Beam is there to fight for the SWA's right for flow control. Mr. Gray said if that is eliminated, Councilman Harold Worley has indicated the County would hire several lawyers to sue the state government. He asked if this would take the matter out of the hands of the SWA. Chairman Hardee indicated he hoped so. Mr. Gray asked Mr. Knight if he believed the County would look to the SWA to cover these expenses. Mr. Knight stated the County could ask the SWA to do so. Chairman Hardee advised the group that the SWA took direction from the County with regard to utilizing lobbyist to fight to defend the County's flow control ordinance. Mr. Knight commented that if the Senate passes the pending legislation next week and the governor subsequently signs it into law, lobbying would be over. Mr. Knight advised the Board that many of the other counties have begun to realize the effects the pending flow control legislation could have on their county programs. Mr. Knight commented that he believed the outcome of the Senate Subcommittee meeting being held tomorrow would be a good barometer on how this matter may end.

Mr. Knight again reminded the Board that as a part of the budget process staff would prepare a cut sheet to utilize in the event the flow control legislation is passed. He indicated the cut list would be based upon the SWA losing 30% of C&D tonnage. Mr. Knight commented that staff is unsure as to the amount of funding that might be lost; however, the cut list would be utilized to ensure the SWA stays within budget. Mr. Gray stated he believed that would be the appropriate and conservative approach to take. Mr. Gray commented that it was his opinion

that the passage of the flow control legislation would have some effect, but not a material effect, whereby school programs are affected. Mr. Knight commented that he did not believe staff has ever indicated school programs would be affected. Mr. Gray stated he heard comments made by Mr. Bessant on the news regarding potential cuts and believed it was very alarmist. Mr. Campbell asked Mr. Gray his opinion about the matter. Mr. Gray commented Senator Rankin and others were successful in holding the issue up in the Senate last year and stated this could occur again this year. General discussion ensued regarding flow control and what may occur in the state legislature.

Mr. Gray recommended that the amount of funding spent on advertising be cut in half. He stated the SWA will be known by the services provided and the excellence thereof. Mr. Gray indicated he did not think the amount of advertising expenditures was necessary or appropriate. Mr. Gray recommended that the SWA continue to carry out the Talkin' Trash program and those programs associated with educating school children in order that they can influence their parents and grow up to be recyclers. Mr. Gray stated he believed some of the advertisements were wasted money.

Mr. Knight asked where Mr. Gray would see the advertising savings going should the funding be cut in half. Mr. Gray stated he was not qualified to make that judgment. Chairman Hardee asked if Mr. Gray thought the saving should be passed along to the customers. Mr. Gray indicated he would be 100% in favor of that option and inquired as to the need to spend this amount of funding on advertising and lobbyist.

Mr. Bessant stated he was in need of knowing what upcoming conferences the Board would be planning to attend in that he was in the process of preparing the budget. The Board asked staff to prepare a listing of upcoming conferences for their information and use. Mr. Knight reminded the group about the Senate Subcommittee meeting being held on February 13, 2013, and indicated Mr. Gray, Mr. Campbell, Mr. Bessant and himself would be attending. He asked any others who desired to attend to see him after the meeting.

Chairman Hardee asked the Board to submit any other recommendations, requests, etc. in writing to Mr. Knight by Tuesday, February 19, 2013.

Mr. Knight stated staff needed some direction regarding the date for the budget workshop. After much discussion, the date and time of the budget workshop was set for Friday, April 5, 2013 at 8:00A.M.

#### **MOTION TO ADJOURN**

There being no further business to come before the Board, **Mr. Hilal moved, seconded by Mr. Long to adjourn the meeting. The Motion was carried** and the Pre-Budget Workshop was adjourned at 4:55P.M.

Minutes approved on February 26, 2013.

HORRY COUNTY SOLID WASTE AUTHORITY, INC.

BY: \_\_\_\_\_(L. S.)  
Danny J. Hardee, Chairman

ATTEST:

\_\_\_\_\_(L. S.)  
Basem E. Hilal, Secretary

\_\_\_\_\_(L. S.)  
J. Michael Campbell

\_\_\_\_\_(L. S.)  
James H. Cokley

\_\_\_\_\_(L. S.)  
Dan P. Gray

\_\_\_\_\_(L. S.)  
John R. Long II

\_\_\_\_\_(L. S.)  
M. Lance Thompson