

A Report of the Operations and Planning Committee Meeting May 30, 2019

A meeting of the Operations and Planning Committee was held on Thursday, May 30,, 2019, 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 was Committee Chairman Michael Campbell and Committee Members Michael Hughes and Norfleet Jones.

The following were also in attendance: Danny Knight, Executive Director; Jan Bitting, Director; Mike Bessant, Director; Esther Murphy, Director; and staff members Stephanie Todd, Richie Stetter, and Cindy Keith.

Mr. Campbell called the meeting to order and rendered the invocation. Mr. Hughes led the group in the Pledge of Allegiance.

Committee Chairman Campbell asked for any revisions to the Agenda as contained in the Meeting Packet.

Mr. Jones moved to approve the Agenda as presented. There was a second by Mr. Hughes and the Motion was carried.

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Mr. Campbell explained that the committee was meeting to discuss the purchase of two bulldozers and a steel wheeled compactor. Mr. Campbell then turned the meeting over to Mr. Bessant. Mr. Bessant stated that the SWA sent out a Request for Proposal for a certified rebuilt tier 3 steel wheeled compactor. Mr. Bessant said that manufacturers now produce new tier 4 compactors which use a technology that still seems to have some glitches to work out. Mr. Bessant explained that "certified rebuilt" means that the compactor has been stripped down to the chassis, updates are installed, the motors are typically overhauled, any part at least fifty percent worn is replaced, the unit is repainted, and it looks and runs like a new piece of machinery. Mr. Bessant remarked that Blanchard did not bid because they have no cores to rebuild their tier 3 units. Mr. Bessant explained that Tri-County Equipment purchased Al-Jon's parts inventory when Al-Jon went out of business three or four years ago. Mr. Bessant commented that the SWA usually keeps a compactor until it has approximately 10,000 hours on it, but that the Al-Jon the SWA owns has 14,000 hours on it and is still running well. Mr. Bessant remarked that the dealer who took over Al-Jon (C&C Equipment) bid on the compactor, but it is actually being rebuilt by Tri-County

Equipment. Mr. Hughes asked who would service the compactor since it was being purchased from the Al-Jon dealer but built by Tri-County Equipment. Mr. Bessant replied that the equipment would be serviced internally, but Tri-County would supply the parts. Mr. Stetter indicated that a landfill compaction study was done a year or two ago and although the Al-Jon that the SWA currently owns had 12,000 hours on it and worn wheels, its compaction rate was within 5% of the Caterpillar 836K it was being compared to. Mr. Stetter remarked that he thought the Al-Jon would have done as well if not better than the Caterpillar if it had new wheels. Mr. Stetter explained that should the new compactor need repair, it will be easy to fix because it doesn't have any bells or whistles. Mr. Stetter indicated he had negotiated a rebuilt compactor which will have a new motor with a 5 year 10,000 hour warranty, a 3 year 6,000 hour drive train warranty, and no charge for freight on repair parts. Mr. Stetter stated that he has no reservations about the purchase decision, and it saves a lot of money. Mr. Bessant reiterated his confidence in the purchase decision. Mr. Stetter explained that the Al-Jon dealer agreed to store \$50,000.00 in parts at the SWA and that Al-Jon would periodically send a representative to do an inventory to record the parts used. Mr. Jones asked what the difference in price is for a rebuilt compactor versus a new compactor. Mr. Bessant replied that the last compactor purchased by the SWA was 1.2M, a rebuilt compactor with all new components is \$771,000.00, a certified rebuilt compactor with a rebuilt engine is approximately \$626,000.00, and the negotiated price for the proposed compactor with a new engine and extra warranties is approximately \$650,000.00. Mr. Bessant stated that there is \$650,000.00 in the FY20 budget allocated for this compactor. Mr. Stetter said that the SWA plans to keep the proposed Al-Jon over its 10,000 hour, 3 year estimated useful life. Mr. Knight remarked how fortunate it was that the SWA opted to keep its older Al-Jon on site because it is still being used. Mr. Knight commented that most compactors and bulldozers in Horry County probably don't run as many hours a day as the SWA's equipment runs and what a necessity it is for the equipment to be running. Mr. Knight stated how difficult it is to get companies to come to repair equipment. Mr. Knight commented that it's fortunate that Mr. Stetter has a good relationship with the Al-Jon dealer since they can instruct him by phone on how to repair the equipment using the parts stored on-site. Mr. Bessant explained that in the event there were engine problems, the engine would be warrantied and repaired by the local Caterpillar dealer. Mr. Stetter stated that although Al-Jon's name has been on the equipment for years, Tri-County manufactured it, so the SWA is not dealing with a new, unproven company.

Mr. Bessant explained that proposals were received from Flint Equipment and Blanchard Machinery for a low ground pressure 30,000 pound bulldozer. Mr. Bessant stated the amount budgeted for the bulldozer in FY20 is \$235,000.00. Mr. Bessant remarked that although both companies submitted bids, Flint Equipment's bid was disqualified because it did not contain the requested information or meet the equipment specifications requested by the SWA. Mr. Bessant stated that Blanchard Machinery's bid was for a Caterpillar D6K2 priced at \$258,000 less the \$78,350 trade-in value for the bulldozer the SWA currently owns making the total cost approximately \$179,000.00. Mr. Hughes asked if the bulldozers quoted were rebuilt. Mr. Bessant

replied that both bulldozers purchased would be new. Mr. Knight commented that the bulldozers are not having the emission problems that the compactors are having. Mr. Campbell explained that the EPA required manufacturers to produce tier 4 machinery to meet new emission control standards. Mr. Hughes asked if the bulldozer quoted was comparable to the one that the SWA currently owns. Mr. Bessant replied that the two are exactly alike. Mr. Bessant stated that the new bulldozer will replace the CAT 953K track loading bulldozer which is unable to work the side slopes, but that the CAT D6K2 can. Mr. Bessant said it was important to replace the 953K with a bulldozer capable of working on the slopes since having them covered is a DHEC requirement. Mr. Bessant stated that the older D6K2 will provide a back-up if the new bulldozer needs repair and the SWA won't need to rent a replacement as they have in the past. Mr. Knight commented that he agreed this was a good plan and that the older bulldozer will probably be moved to work on the Construction and Demolition site.

Mr. Bessant explained that both Blanchard and Flint responded to the Request for Proposal for the 50,000 pound bulldozer, and Flint's bid was disqualified for the same reasons their bid for the 30,000 pound bulldozer was disqualified. Mr. Bessant said that Blanchard submitted two bids; one for a Caterpillar D6 High Track bulldozer and one for a Caterpillar D6 High Track XE (electric) bulldozer. Mr. Bessant remarked that he had been skeptical of the electric bulldozer initially, but went to Georgetown to see it operate and was impressed. Mr. Bessant said that the D6XE was being used to clear stumps in Georgetown and it had been impressive to watch. Mr. Bessant stated that the operation in Georgetown had five D6 bulldozers and one D6XE and said they would happily replace all of the D6s with D6XEs. Mr. Bessant explained that because they operate at idle speed, the fuel savings would be approximately \$37,000 over the life of the bulldozer. Mr. Bessant remarked that the SWA usually replaces a bulldozer every 10,000 hours, but if the bearings in the generator are replaced and the motor is rebuilt if necessary, it is estimated to last 20,000 hours. Mr. Stetter explained that it would take \$6500.00 and two days to rebuild the generator and that the motor is estimated to last 20,000 hours, although it isn't under warranty that long. Mr. Stetter remarked that the generator and the motor could be replaced for less than \$100,000.00 and the bulldozer would be like a new piece of equipment. Mr. Bessant commented that he had called several landfills located throughout the United States and everyone he spoke with had positive things to say about the D6XE. Mr. Bessant said the FY20 approved budget for the bulldozer is \$515,000.00. Mr. Bessant explained that the D6 model's total life cycle cost would be \$523,000.00, including \$130,000.00 for the total maintenance and repair cost and a \$92,000.00 deduction for a guaranteed five year buy back. Mr. Bessant said that the D6XE's total life cycle cost would be \$502,000.00 including \$130,000.00 for the total maintenance and repair cost and deducting \$37,000.00 for fuel savings and \$103,000.00 for an eligible guaranteed buy back after five years, although he doesn't foresee trading it in five years. Mr. Bessant stated the cash outlay for the D6XE would be \$512,575.00. Mr. Stetter remarked that he thinks that the CATD6XE is so efficient it can do the work that currently takes two bulldozers during busy periods. General

discussion ensued regarding the efficiency of the proposed bulldozer. Mr. Stetter stated that a 9,000 hour bumper to bumper warranty is included in the sale price.

Mr. Knight asked Mr. Stetter to inform the Committee about how equipment idle time, location, and service necessity is recorded. Mr. Stetter said that the equipment records and sends issues like misuse, fuel problems and idle time to him. Mr. Stetter stated that the newer equipment requires that an operator log in to use it, so if an issue arises he can tell who was operating the equipment at that time. Mr. Bessant explained that the equipment is using operating hours when it is idling. Mr. Bessant said that means that the SWA is theoretically still making payments on equipment that has to be parked because it has no hours left. Mr. Bessant commented that he had met with the operators to ensure they turn equipment off during slow times like Saturdays when the equipment is idling and not working.

Mr. Knight stated that he wanted the Committee to know how the bid process works and what the process was for making these decisions. General discussion ensued regarding Caterpillar's dedication to fixing the emission problems. Mr. Hughes asked how long it would take to receive the equipment once a purchase order is issued. Mr. Bessant replied that the disqualified bidder has to be informed of the decision and has seven days to appeal. Mr. Bessant stated that it would take approximately four to five months after the equipment is ordered for it to be delivered.

There being no further business the meeting was adjourned at 10:55 A.M.