

**REPORT OF PRE-BUDGET WORKSHOP  
HORRY COUNTY SOLID WASTE AUTHORITY, INC.  
December 17, 2019**

The Horry County Solid Waste Authority, Inc. held a Pre-Budget Workshop on Tuesday, December 17, 2019, at 10:00 A.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: Michael H. Hughes, Chairman; Bo Ives, Vice Chairman; J. Michael Campbell, Secretary; Pam J. Creech, Treasurer; and Board Members Samuel T. Johnson, Jr., W. Norfleet Jones and Carl H. Schwartzkopf.

Vance Moore of Garrett and Moore attended the pre-budget workshop. There were no members of the media in attendance.

The following individuals were also in attendance: Danny Knight, Executive Director; Jan Bitting, Director; Mike Bessant; and other staff to include Victoria Johnson, Nannette Powell, Cecil Terry, Stephanie Todd and Susie Wofford.

**CALL TO ORDER**

Chairman Hughes called the meeting to order and asked Mr. Jones to render the invocation.

**PLEDGE OF ALLEGIANCE**

Mr. Schwartzkopf led the group in the Pledge of Allegiance.

**APPROVAL OF AGENDA**

Chairman Hughes asked for any revisions to the Agenda as contained in the Agenda Packet; however, there were none.

**Mr. Schwartzkopf moved to approve the Agenda. There was a second by Ms. Creech and the Motion was carried.**

**YEAR-TO-DATE FINANCIAL REPORT**

Mrs. Bitting began with a brief overview of the SWA's year-to-date financial report through November 2019. She reviewed with the Board the Summary of Revenues.

- **Revenues** – Mrs. Bitting remarked that year-to-date revenue was \$11,107,641.77 a 44.10% of budget.
- **Expenses** – Mrs. Bitting stated that year-to-date expenses were \$9,721,571.18 which were 38.60% below budget.
- **Net Income** – Mrs. Bitting indicated net income was \$1,386,890.59 year-to-date.
- **C&D Processing Facility** – Mrs. Bitting indicated that the facility year-to-date revenue was \$165,829.24 and expenses year-to-date were \$299,995.04 which was a deficit of (\$134,165.80).
- **Materials Recycling Facility (MRF) & Collection and Hauling** – Mrs. Bitting stated that year-to-date revenue was \$927,298.96 and expenses year-to-date were \$1,618,399.14 which was a deficit of (\$691,100.17). Mrs. Bitting reminded the Board that the deficits were covered by the increase in the tipping fees. She commented that this would continue until the market prices increased.

- **Designated Accounts** – Mrs. Bitting stated that in the Designated Accounts the current fund balance of the equipment replacement account was \$5,086,934. She indicated that the budgeted expense was \$5,065,000 and year-to-date expense \$1,502,767. Mrs. Bitting remarked that the balance did not reflect the recent quarterly transfer. She informed the Board that Machinex and Blanchard were paid from this account.
- **Development & Construction Account** – Mrs. Bitting stated that the development and construction account fund balance was \$1,350,965 and the budgeted expense was \$1,575,900 and year-to-date was \$849,402. She indicated that any major construction projects such as the scale house upgrade was taken from this account.

Mr. Knight commented that the SWA was looking at a tipping fee increase directed toward the recycling programs. He stated the MRF facility did not charge tipping fees but if the tipping fee increased at the landfill then all of Horry County would be paying for recycling. Mr. Knight commented that staff was looking for direction from the Board.

Chairman Hughes commented that the Board needed to review the tipping fee increase and the increase of incoming material at the recycling centers.

**Update of Designated Accounts for Landfill Construction, Closure and Post Closure** – Mr. Vance Moore stated that the Class 3 landfill has 27 acres that are permitted, open and active. He informed the group that this site would require a cap system for closure. He stated that the Class 2 landfill has 78 acres that would also require this cap system for closure. Mr. Moore explained that both have the same capping system which would have a synthetic liner and cap system for closure on a total of 112 acres.

Mr. Moore went on to explain the closure process and the soil and materials needed. He stated that the cost would be over \$31 Million or \$279,178 per acre. He indicated this was comparable state-wide with other synthetic cap systems. Mr. Moore stated he was comparing the SWA cost per acre with the other facilities in the state and the SWA's was the highest. Mr. Moore indicated that SC DHEC approved the cost estimate.

**Post Closure** – Mr. Moore explained that post closure was the monitoring and maintaining of the landfill after it was closed. He commented that services such as mowing of the grass, annual monitoring of the ground water wells and monitoring of the leachate system were necessary for the next 30 years. Mr. Moore stated this cost estimate has a 10% contingency built in because of the unknown factors. He indicated that these estimates would be higher if grass was used and not the synthetic material that is like astro-turf. Mr. Moore commented if the synthetic material was used the cost would be much lower.

Chairman Hughes asked what would the landfill look like if the synthetic material was used. Mr. Moore described the material and said it was a plastic polypropylene material that has UV inhibitors that keeps the material from breaking down. He explained this material was used in construction and mining but recently used in landfills.

Mr. Jones commented that any sort of grass would have upkeep whether it was the sprinkler system or mowing there would be extra maintenance cost. Chairman Hughes asked Mr. Moore how much information did he have about this material. Mr. Knight commented that he and staff traveled to Berkley County to look at this material years ago but did not feel comfortable with the material at that time.

Mr. Schwartzkopf asked Mr. Moore about using the landfill after closure for a recreational use site. Mr. Ives also asked about the reuse of 200 acres that could help generate income to cover the maintenance cost. Mr. Moore commented that he would not recommend the property for any recreational use because of the methane wells which would still collect gas. He said he would keep the public off the property.

Mr. Moore stated that these estimates are in today's dollars and closure is many years in the future. He explained that he wanted to designate funding today so that when the landfill closed the SWA would have saved enough money to pay for the closure and upkeep. Mr. Moore stated that each year the cost would continually increase due to inflation.

Mr. Moore explained how the SWA was funding these accounts. He stated that based on compaction you have capacity until 2041. In year 2041, he stated the SWA would need \$39 Million for closure and post closure and based on 7,372,238 tons of capacity that comes to \$5.98 per ton. Mr. Moore explained that the \$39 Million included inflation so it is based on 2041 costs.

Mrs. Bitting stated that Mr. Moore estimated allocating \$5.98 per ton but the SWA was currently putting aside \$6.50 per ton to fund landfill closure, post closure and construction accounts. Mr. Moore commented that every year this is updated by using the best information for our prediction which are historical. He commented that inflation was unknown but this information is based on a 2% inflation rate.

Ms. Creech asked Mrs. Bitting about the \$7.00 increase in the tipping fees and asked if most of the funding was going to closure. Mrs. Bitting replied that yes, the funding was going to closure/post closure and landfill constructions accounts.

**Market Prices** – Mr. Bessant stated that market pricing would stay the same for next 18 months. He indicated that the overall commodity prices were at the bottom. Mr. Bessant explained that the MRF has had \$100,000 in monthly expenses due to labor cost and the loss of revenue from Charleston County. He commented the installation of the new machinery would cut labor cost about 20%. Mr. Bessant stated his workforce would decrease from 24 to 15 people.

Mr. Ives asked Mr. Bessant if he had vendors for other commodities. Mr. Bessant commented that he would not be obligated to a vendor if market prices started to rise. He indicated that the commodities tend to have an increase month to month in pricing. Mr. Bessant explained he could not capitalize on the increase in revenue if he was obligated to a specific vendor.

Ms. Creech asked Mr. Bessant if he received the email she forwarded to him about the commodities. Mr. Bessant replied that he and staff received the same emails. He commented that 90% of the buyers contact him about other commodity markets that was how staff found a market for five-gallon buckets. Mr. Bessant remarked that he and staff were always looking for other markets and networking.

**Equipment Replacement Fund/Construction and Development** – Mrs. Bitting informed the group that the SWA prepares a five-year capital budget each year. She stated the equipment replacement fund balance was \$5,305,644 as of June 30, 2019. Mrs. Bitting commented that each year this account is funded through depreciation and interest. She indicated that based on

the five-year capital budget expenditures this account would be in the negative. She stated at year end the SWA transferred \$1.2 Million into this account from the quarterly transfer. She explained that a tipping fee increase for the recycling programs would allow more funds to be transferred into the designated accounts that have a low balance.

Mrs. Bitting commented that the construction and development account only received funding from the quarterly transfers. She reminded the group that several projects at the SWA had been taken out of the budget due to a lack of funds, the entrance road at the landfill and the entrance road at the MRF were cut from the budget. Mrs. Bitting commented \$2 million was needed in this account.

Mrs. Bitting explained the quarterly transfer policy and stated when the SWA has revenue over expenses more than 15% of budgeted revenue that a transfer can be made. She stated that the transfer at year end was due to the MRF having the Charleston material for seven months last year that helped to cover the MRF expenses allowing for more fund availability for transfer.

Mr. Ives asked Mrs. Bitting to do an analysis of the benefits of Charleston County to the SWA during the contract duration. Mrs. Bitting replied she would look at that information. Mr. Ives commented that the Board wanted to know the impact Charleston County has on the SWA. Mrs. Bitting commented that market prices have been detrimental to the MRF.

**Transfer Station** – Mr. Moore indicated that if the SWA had a transfer station then they would need to determine what kind of material to transfer out construction and demolition, MSW or both. Mr. Moore commented that certain cost would be involved with the transfer station such as: cost for drivers, what of type truck, how many tons and what material to haul this would determine the size tipping floor and the size of the facility. He commented that the SWA would determine if the facility would be single stream, mixed construction or both. Mr. Moore stated he was trying to do a comparison. He explained a facility that took in around 400 tons per day would cost \$2 Million. Mr. Moore commented this cost would be in today's dollars.

Ms. Creech asked who would be responsible for the liability of the transfer station. Mr. Moore explained that if the SWA had a transfer station or had to haul waste to another facility and the facility had a major clean up. He commented that the owner of the facility would declare bankruptcy and the government or superfund would take over and target the entities or the companies that had the ability to pay for the cleanup. Ms. Creech remarked that the SWA had already been in litigation about electronics recycling.

Mr. Knight stated the SWA was trying to be proactive and responsible stewards of this landfill. He indicated that 2041 was the target closure date. Mr. Knight reminded the group that liability and trash disposal go hand in hand.

Mr. Ives commented that the SWA has three mandates the first was that this landfill has to accept all of the MSW in Horry County; the second mandate was the SWA is public and must manage the SWA dollars and the third mandate that county residents need to be more respectful of the future costs and let people know that the SWA cannot take all of the garbage cheaply the residents are going to pay now for the future costs that we need to make people aware of the amount of garbage that is produced in Horry County.

Mr. Moore commented that the \$52.00 per ton tipping fee charged to a transfer station to dispose of waste from Horry County does not compare to what the SWA was currently charging at the gate. He stated that the SWA's \$36.00 per ton was a funding system this fee funds the recycling programs and all other services the SWA provided, so it was not an accurate comparison. Ms. Creech commented she was not in favor of a transfer station specifically for the liability issue. Mr. Moore asked the group if they had any questions.

Chairman Hughes said the SWA should look at other alternatives to pay for the recycling programs and that the landfill cannot continue to dispose of garbage for \$36.00 per ton. He commented that inflation and equipment cost have to be factored in and a fee increase was needed.

**Leachate Management System** – Mr. Moore indicated that the leachate system has an issue with being able to discharge adequate volumes. He explained the quantity of leachate was dependent upon different factors. Mr. Moore said one of the contributors being rainfall and the other was the actual breakdown of the waste. Mr. Moore explained that the larger the area was that is lined increased the amount of rainfall that will leach down through the decomposing waste and be collected into the leachate management system.

Mr. Moore stated this system was comprised of pipe work that collected the leachate and then pumped over to one of the two leachate storage tanks. He indicated it was then aerated and transferred over to the second tank. Mr. Moore commented the SWA discharged the leachate to Grand Strand Water & Sewer Authority under the guidelines of the permit. He stated that Grand Strand Water & Sewer (GSW&S) places limited via the permit on different parameters that they require the SWA to test for. Mr. Moore indicated a daily pH reading was taken and samples were collected weekly for ammonia, BOD, TSS and oil & grease. He commented that GSW&S did not want their system over saturated with elevated levels and needed to know how to best treat the liquid when it was in their system.

Mr. Moore explained with the landfill expanding the concern was that the SWA was limited to the two tanks for storage space. He stated in order to ensure that there was adequate storage space liquid must be able to be moved through the system and on to Grand Strand Water & Sewer. He indicted any restriction in the main line such as scaling reduced the number of gallons that can be discharged which cause the tanks to have to hold and store more volume.

Mr. Moore explained that Grand Strand Water & Sewer owns the force main that runs from the tanks out to Highway 90. He remarked that over time, scaling and the possibility of collapse has occurred in the line causing a continual discharge volume decrease. He stated that the SWA had two options. Mr. Moore explained the one option would to be to build additional tanks for leachate storage or to find the area in the line that was causing the obstruction. Mr. Ives asked if the system would erupt. He said if the line was replaced it may resolve the issue completely eliminating the restriction. Mr. Moore stated that he would not build additional storage capacity if a line replacement would fix the problem due to the elevated costs of the addition of storage capacity.

Mr. Bessant commented that staff was going to contact Grand Strand Water & Sewer to conduct a meeting to get an update on system upgrade that they may be planning for the near future. In addition, the SWA wanted to advise them of the landfill expansion and discuss the decline in discharge volume so that the two organizations can work together to come up with a solution.

Mr. Bessant stated over the years Grand Strand Water & Sewer has been a great partner to work with.

**Recommendation by the Board** – Mr. Knight asked the group how they felt about increasing the tipping fees to fund the designated accounts. Mr. Ives commented that he would rather raise tipping fees than lose any recycling programs. The Board concurred on the increasing of the tipping fees and not lose any of the recycling services.

**MOTION TO ADJOURN**

There being no further business to come before the Board, **Mr. Hughes moved, seconded by Mr. Johnson to adjourn the meeting. The Motion was carried** and the Pre-Budget Workshop was adjourned at 12:20P.M.

Minutes approved on January 28, 2020.

**HORRY COUNTY SOLID WASTE AUTHORITY, INC.**

BY: \_\_\_\_\_ (L. S.)

Michael H. Hughes, Chairman

ATTEST:

\_\_\_\_\_(L. S.)

J. Michael Campbell, Secretary

\_\_\_\_\_(L. S.)

Pam. J. Creech

\_\_\_\_\_(L. S.)

Bo Ives

\_\_\_\_\_(L. S.)

Samuel T. Johnson, Jr.

\_\_\_\_\_(L. S.)

W. Norfleet Jones

\_\_\_\_\_(L. S.)

Carl H. Schwartzkopf