

A Report of the Special Projects Committee Meeting

April 4, 2019

A meeting of the Special Projects Committee was held on Thursday, April 4, 2019, at 1:00 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 was Committee Chairman Carl Schwartzkopf and Committee Members Bo Ives and Norfleet Jones. Other Board Members in attendance were Sam Johnson and Michael Hughes. Elaine Gore and Ray Fontaine from the Horry County Council on Aging were also present.

The following were also in attendance: Danny Knight, Executive Director; Jan Bitting, Director; Mike Bessant, Director; and staff members Nannette Powell, Cindy Keith and Victoria Johnson.

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

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

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

The Store Discussion

Mr. Schwartzkopf expressed gratitude that Ms. Gore and Mr. Fontaine were in attendance to discuss the future of The Store and asked Mr. Knight to give a brief history of its establishment. Mr. Knight explained that the property that The Store currently occupies was previously a shelter home which had to relocate due to changing rules and regulations. Mr. Knight stated that this gave the SWA an opportunity to purchase the property. Mr. Knight explained that the Agenda Packet contained general and financial information about the Horry County Council on Aging which the Committee had asked be provided. Mr. Knight encouraged the Committee Members who had concerns about the Council on Aging to address them with Ms. Gore and Mr. Fontaine. Mr. Knight expressed his support for the Horry County Council on Aging and praised them for their work.

Mr. Ives asked about the management structure of the facilities in Texas and Michigan which The Store was modeled after. Mr. Knight indicated that the facility in Michigan was managed by Recycle Ann Arbor and that the proceeds from the facility were applied to operational costs and other sustainable programs which benefit the community. Mr. Knight explained that the Michigan facility also reclaimed wood and building material and he thought that this might be the direction

that The Store would like to take. Mr. Knight commented that The Store has done well. Mr. Knight stated that \$97,429.00 flowed through The Store last year which was comprised of the sale of many small items.

Mr. Knight indicated that the house on the Conway side of the property is irreparable and needs to be replaced. Mr. Knight explained that there is \$130,000.00 budgeted in FY2020 to replace the existing building with a pre-engineered metal storage building. Mr. Knight indicated that the Council on Aging has agreed to reimburse the SWA for the building over the span of the next ten to thirteen years from their share of The Store's profit. Mr. Knight stated that the SWA's Household Hazardous Waste Facility receives a lot of unopened paint that The Store could possibly sell if they had a place to store it. Mr. Knight indicated that if The Store had more room to store items that both the SWA and the Council on Aging would benefit.

Mr. Ives asked how the Council on Aging and the SWA derived the percentage of revenue that each agency receives. Mr. Knight explained that Ms. Creech had determined that the agencies would each cover their individual costs and then the SWA would receive 6.8% of the remaining funds. Mr. Ives asked if all expense incurred by the SWA on behalf of The Store such as ground maintenance were tracked. Ms. Bitting indicated that the expense was tracked. Mr. Ives asked if the County's Fund 06 covers the cost of delivering items from the recycling centers to The Store. Ms. Bitting confirmed Mr. Ives' statement.

Mr. Ives indicated that he would like to be able to report saved airspace related to diverting items from the landfill by The Store. Mr. Knight explained that it would be difficult to estimate saved airspace because donations come from many sources, not just what is dropped off at the recycling centers. Mr. Johnson asked if the areas at the recycling centers reserved for items going to The Store were identified. Mr. Knight explained that designated areas were identified at some of the recycling centers. Mr. Schwartzkopf expressed how impressive it was to visit The Store and see how much is not being landfilled. Mr. Hughes commented that seeing large items at The Store, such as bicycles and furniture, made it obvious that a large amount of material was being diverted from the landfill. Mr. Ives stated that he would like to see the diverted tonnage quantified in some way. Mr. Knight expressed that even less material would be taken to the landfill if The Store had more space to store items and keep them dry. Mr. Johnson asked the average price of items sold at The Store. Mr. Knight explained that pricing varies based on the item. Mr. Johnson stated that approximately 19,000 items had been sold based on existing revenue of \$97,000 and an average price of \$5.00 per item. Mr. Hughes asked if Vance Moore from the engineering firm Garrett and Moore could look at the volume of material at The Store and estimate saved airspace when he visits the landfill. General discussion followed regarding the necessity of quantifying the airspace saved by items diverted from the landfill to The Store. Mr. Jones expressed his agreement in the need to quantify airspace saved, but that The Store accomplished much more than saved airspace or revenue. Mr. Jones explained that intangible value was also created by the existence of The

Store such as good will in the community and meals for seniors who may not otherwise have any other human contact. Mr. Jones suggested that the public should be informed about the positive impact that the partnership between the SWA and the Council on Aging creates. Mr. Schwartzkopf estimated that 90% of the people in Horry County don't know about the existence of The Store. Mr. Ives stated that The Store should be more aggressively promoted and marketed and that perhaps the 6.8% of profit from The Store that the SWA keeps should be used for marketing. Mr. Johnson said perhaps there should be more signage at the recycling centers regarding the opportunity to purchase items at The Store. Mr. Fontaine explained that the Council on Aging did have some signage around the community and normally The Store was promoted on their website which was under construction. Mr. Johnson and Mr. Schwartzkopf agreed that not having signage at the recycling centers was a missed opportunity for promoting The Store.

Mr. Ives stated that he was not interested in micromanaging daily operations of The Store, but would like to know how the Council on Aging estimates their operational expense, particularly staff coverage. Mr. Fontaine explained the necessity of having a full time employee and a part time employee to run The Store efficiently, although there is associated cost, such as tax expense. Mr. Fontaine expressed how fortunate he felt to have a partnership with the SWA. Mr. Knight explained that the SWA handles all of the money and reconciles the revenue and cost at the end of the year and the profit is split. Mr. Ives asked how the Council's Board felt about investing part of their revenue in a new storage facility. Mr. Fontaine explained that the Board realized that they should contribute their share and that the vote to do so was unanimous. Mr. Johnson asked how big the proposed building was. Mr. Knight responded that the building would be 100'x50'. General discussion ensued regarding the proposed size of the new building.

Mr. Ives asked if a policy existed to provide for the rotation of The Store's inventory. General discussion followed on the difficulty of providing a scheduled rotation. Mr. Knight pointed out how much storage space has been lost due to the deterioration of the existing buildings and referenced page 13 in the Agenda Packet which detailed the loss of 3308 square feet. Mr. Hughes indicated the necessity of having storage space, particularly if there was going to be an advertising campaign that would bring in more items to sell. Mr. Hughes explained that he had heard from several sources that people often drop off furniture and other items at The Store which would make it impossible to measure the tonnage of incoming material. Mr. Hughes said that he thought most people were just excited about the merchandise and the deals they received from shopping at The Store and that informing the public about saved airspace would not be beneficial.

Mr. Jones expressed that The Store has to sell the merchandise it receives, and doesn't get to choose what products are currently trending or popular, but that the unpredictability of the inventory is part of its appeal. Mr. Ives explained that he wants to be convinced that storage space is needed. Mr. Jones responded that getting items out of the rain and improving the appearance of the grounds is part of the impetus for storage space.

Mr. Johnson asked what was upstairs at The Store. Mr. Jones responded that it mostly consisted of space that has remained empty because someone fell down the stairs shortly after The Store opened. Mr. Johnson asked why the upstairs area could not be used for office space. Mr. Knight replied that the building could not be brought up to code to meet the requirements of The Americans With Disabilities Act. Mr. Fontaine commented that The Council on Aging mainly hires older people because their agency is focused on helping older people. Mr. Fontaine explained that the Workman's Compensation premium paid on behalf of The Store is among the highest amount that the Council pays.

Mr. Ives expressed his approval of the Memorandum of Understanding that exists between the SWA and the Council on Aging and his pleasure that the Council is willing to fund part of the new storage building. Mr. Ives commented the SWA's partnership with the Council on Aging was coincidental. Mr. Ives stated that the Council on Aging was chosen to partner with the SWA based on the model of the operation in Michigan. Mr. Ives asked if there should be a periodic bid process to ensure that other agencies do not have objectives that could be met by operating such a facility. Mr. Schwartzkopf answered that to quote a cliché, "If it ain't broke, don't fix it". Mr. Hughes commented that there would be no advantage to entering into the bid process since the same concerns that were being addressed now would still exist. Mr. Ives indicated that because the SWA is a steward and a public entity, they owe it to the public to do reasonable research of alternate partners. Mr. Jones remarked that he approves of the relationship that exists between the SWA and the Council on Aging and explained that long term relationships are positive and that there is no benefit derived from putting the partnership out for bid. Mr. Johnson commented that the community is supportive of the partnership because the money is being given back to the community. Mr. Hughes indicated that the partnership has existed since 2011 and he has never heard any complaints. Mr. Jones and Mr. Johnson agreed that they have not heard any negative feedback.

Mr. Knight asked Ms. Gore to comment on the working relationship that the Council on Aging has with County Council and how the Council on Aging's Board is structured. Ms. Gore explained that some of the members serving on the Council on Aging's Board were previously Horry County Council members and the agency and its Board have an excellent relationship with the current County Council. Ms. Gore indicated that the Council on Aging has a big investment in the success of The Store. Ms. Gore explained that the Council on Aging had to front The Store's payroll expense during the first year of operation and did so without knowing if The Store would succeed. Ms. Gore commented on how pleased everyone has been with Sue Blanton, who operates The Store, and what a great asset she has been.

Ms. Gore explained that although other organizations might want to have an opportunity to operate The Store, not everyone has the financial resources to do so. Ms. Gore explained that many people

know about The Store through the Council's senior centers, and they contributed much of its \$97,000 income. Mr. Fontaine explained that three of the Council's Board Members are County Council appointees. Mr. Fontaine indicated that the budget for the Council on Aging has increased from \$384,000 in 1994 to its current budget of \$ 2.7 Million and this is in part due to their willingness to take chances and think outside of the box. Mr. Fontaine expressed how grateful he is to partner with Mr. Knight and to receive a part of county millage, which he stated is rare in the State of South Carolina. Ms. Gore stated that she has been with the Council on Aging for 32 years and that The Store has been a great success. Mr. Knight indicated that Meals on Wheels serves 320 seniors who are qualified for the program by the State. Mr. Knight stated that Mr. Bessant relayed to him that a member of his family received Meals on Wheels and that was the only human contact she would have for months at a time. Mr. Knight expressed how much the agency contributes to the community, how many people it impacts, and how impressed he is with its operation. Mr. Knight indicated that the Memorandum of Understanding could be written to state that as long as the SWA is partnered the Council on Aging in operating The Store, that the Council will be financially responsible for the new storage building. Mr. Fontaine said that the possibility of The Store's operation being put out for bid may change the Council's financial commitment and would have to be addressed with the Council's Board.

Mr. Schwartzkopf expressed his confidence in the ability of The Store to turn over inventory quickly. Mr. Schwartzkopf relayed the experience of several of his friends who had seen items at The Store they were interested in, went back to get them later in the day or week, and they were gone. Mr. Fontaine said that the saying, "One man's trash is another man's treasure", has become a slogan for The Store. Mr. Fontaine stated that although regular customers exist, there are still many people in other parts of the county who do not know about The Store.

Mr. Jones asked Mr. Fontaine and Ms. Gore to elaborate on an article written four or five years ago regarding rumors of budget cuts and lack of responsiveness of the Council on Aging to appear before Horry County Council. Mr. Fontaine explained that two days after he had heard about potential budget cuts from the Statehouse, he was contacted by a reporter regarding those cuts and his lack of attendance at County Council meetings. Mr. Fontaine expressed that he was misquoted and his words were taken out of context. Mr. Fontaine indicated that the reporter then contacted someone in the Statehouse who negated the rumored cuts and that the reporter had believed the Statehouse contact. Mr. Fontaine stated that the article had caused more controversy for his agency than had occurred in twenty five years. Mr. Jones explained that he understood and that the SWA had also had its share of unfair articles. Mr. Jones indicated that he had only addressed the article to get Mr. Fontaine's side of the story on record.

Mr. Ives asked where would the Council on Aging receive alternate funding if the SWA did not partner with them in operating The Store. Mr. Fontaine replied that it would have a substantial impact on the Meals on Wheels waiting list.

Mr. Schwartzkopf motioned to recommend approval of purchasing a storage building to the full Board and Mr. Jones seconded the Motion. The Motion was carried.

There being no further business the meeting was adjourned at 2:20 p.m.