

**MINUTES OF BUDGET WORKSHOP
HORRY COUNTY SOLID WASTE AUTHORITY, INC.
April 5, 2013**

The Horry County Solid Waste Authority, Inc. held a Budget Workshop on Friday, April 5, 2013, at 8:00 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: Danny J. Hardee, Chairman; James H. Cokley, Vice Chairman; Basem E. Hilal, Secretary; M. Lance Thompson, Board Treasurer; and Board Members J. Michael Campbell and Dan P. Gray. Board Member John R. Long, II was absent.

Ex Officio Member Steve Gosnell was in attendance; however, Ex Officio Member Bill Graham was absent. South Carolina House of Representative Member Kevin Hardee, South Carolina House of Representative Member Mike Ryhal and Mr. Bo Ives also attended the meeting. Mr. Brad Dickerson of the Sun News represented 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, Cecil Terry, Joe Hyman and Nannette Powell.

CALL TO ORDER

Chairman Hardee called the budget workshop to order and then rendered the invocation. Following the invocation, Mr. Hilal led the group in the Pledge of Allegiance. Chairman Hardee thanked House Members Hardee and Ryhal as well as Messer's Gosnell and Ives for attending the meeting. He then asked Mr. Knight to proceed with the workshop.

Mr. Knight thanked everyone for attending the workshop and encouraged everyone to ask questions. He commented that the Fiscal Year 2014 budget would have less revenue than in the past and indicated the budget would include the new incentive program that was approved by the Board at the March 28, 2013, Board Workshop. In addition, Mr. Knight commented, the budget included projections on how much revenue the SWA would lose, as well as a "cut sheet" in the event the County's flow control ordinance is overturned. Mr. Knight indicated the cut sheet is dependent upon the loss of flow control, how much tonnage leaves the county, and the market prices of recyclables. He stated if recyclable prices rise, there might not be a need to cut as much. Mr. Knight said the revenues and expenditures must balance one another and stated staff would be presenting a balanced budget. He informed the Board that once they have reviewed and offered comments/recommendations on the document, staff would then present it to the County's I&R Committee and eventually the full Council. Mr. Gray asked if this would be the last time the Board would view and comment on the draft budget. Mr. Knight indicated it would not be their last chance to review the budget and indicated the Board would have several more opportunities to review the budget. Mr. Gray asked if any votes would be taken today and Mr. Knight indicated no votes would be necessary unless the Board wanted to make major changes to programs or a major change in philosophy. Mrs. Crump commented the draft budget would have to go through a public hearing and the final document is usually approved at the May Board Meeting. Mrs. Bitting distributed a copy of the proposed budget calendar. Mr. Knight commented there would be

several opportunities to review the budget before July. He thanked Mrs. Crump and her staff for putting together the draft document and then asked her to begin the presentation.

PRESENTATION - FY2014-2015 DRAFT OPERATING & CAPITAL BUDGETS

Mrs. Crump distributed a revised copy of the FY2014-2015 Draft Budget document due to some discrepancies in the FY2013 figures.

Mrs. Crump reviewed with the Board three (3) changes staff was recommending regarding the designated funding for closure, post-closure and landfill construction. She indicated the SWA has always designated a portion of the MSW and C&D tipping fees toward future closure, post-closure and landfill construction costs. She stated staff was not recommending deviating from this philosophy in that it has proven to be very beneficial to the SWA and the citizens. Mrs. Crump reminded the group that each year SWA staff and engineers review and determine the costs associated with these projects and then adjust the figures to account for inflation. She stated staff is suggesting that the SWA utilize a flat line approach, whereby a specific amount would be designated to the closure, post-closure and landfill construction accounts each year. Mrs. Crump indicated this approach would assist in the budgeting and planning for these accounts.

Mrs. Crump informed the group that when the accounts were originally developed, the interest associated with these funds was not transferred into these accounts. She stated the second change being recommended by staff was that the interest earned through these accounts be allotted to these accounts.

Mr. Gray asked Mrs. Crump if the term flat line meant these accounts would no longer be adjusted to reflect inflation and she indicated that was correct. Mr. Gray stated this would be somewhat offset by the transfer of the accrued interest into these accounts. Mrs. Crump indicated that was also correct. She stated staff would still recommend, if there were any extra funds, transfers into these accounts. Mr. Knight reminded the Board of the independent study performed regarding the closure, post-closure and landfill construction accounts which indicated these funds were short \$1.5 Million.

Mrs. Crump stated the third change being recommended was to consider partial closure projects as opposed to full closure projects. She indicated this would enable the SWA save money by avoiding the inflated cost of full closure project constructed in out years.

Mrs. Crump advised the Board that the FY2014 draft budget was predicated on these three recommended changes. Mr. Gray asked if the overall net affect of these changes would lower or increase what is normally set aside in these accounts. Mrs. Crump indicated this would lower what would be set aside and indicated the same amount would be set aside for both the MSW and C&D landfills. She commented that the rates would go from a little more than \$8 per ton to about \$6.25 per ton.

Mrs. Crump informed the Board for FY2014 staff has proposed an Operating Budget of \$19,680,131, of which, \$13,552,380 is related to Fund 04 (SWA) and \$6,127,751 is related to Fund 06, the Unincorporated Collection System. She stated the proposed FY2014 Operating Budget has decreased by 1.6%. General discussion ensued regarding the revenue projections and industry trends, which accounted for the decrease in the overall budget. Mr. Gray inquired about the funding for Fund 06. Mrs. Crump indicated the \$6,127,751 covered costs

associated with the management of the 24 recycling centers; however, it did not include the tipping fees or the SWA support services costs. Mr. Gosnell commented that the tipping fees were approximately \$1.9 Million. Representative Hardee asked about the millage rate for Fund 06. Mr. Gosnell replied the millage rate was about 5-6 and indicated there was not enough excess to constitute a millage rollback. He commented there was concern this year about the new expense to recycle e-waste; however, he did not believe there would be a need to increase the millage. Representative Hardee clarified that the Fund 06 millage covers the cost of the management of the County's 24 recycling centers and the associated tipping fees. Mr. Gosnell indicated that was correct.

Representative Ryhal asked about the budget trend of the last few years. Mrs. Crump indicated this was the first time there was a decrease in the proposed budget. She indicated the FY2013 budget had a minor increase due to a slight increase in MSW tonnage. Mr. Gray commented that the industry trend has shown a decrease in MSW tonnage and an increase in recycling tonnage.

SUMMARY OF REVENUES

Mrs. Crump reviewed the FY2014 Summary of Revenues and indicated that for FY2014 staff is not recommending any increase in tipping fees; however, staff is proposing an increase in the rates for compost and mulch, from \$15 per ton to \$20 per ton in order to cover the cost to produce these products. Mrs. Crump stated a 1.8% decrease in tipping fees was being projected, as well as a 50% decrease in C&D recycling revenue. Overall, she commented, this equated to a decrease of \$329,832 (1.6%) in projected revenues.

Mrs. Crump reviewed the FY2014 projected tipping fee revenue by category and generally explained the solid waste incentive, recycling incentive and the C&D recycling incentive. She indicated the recently approved solid waste incentive would be implemented on July 1st and would offer SWA customers a tiered rate based on the amount of recyclables they took to the MRF. Mr. Thompson asked if staff had received any additional comments regarding this incentive. Mr. Knight indicated very favorable comments had been received from several haulers. Mrs. Crump advised the group that since the passage of flow control, SWA customers have received \$275,000 in incentives, which would increase an additional \$325,000 in FY2014 with the new solid waste incentive.

SUMMARY OF EXPENDITURES

Mrs. Crump presented to the Board the FY2014 Summary of Expenditures and commented that this is a bare bones budget. She stated the SWA consist of three (3) divisions, General Administration, Disposal and Recycling Programs Division.

General discussion was held regarding the Non-Departmental accounts and Mr. Gray commented that the SWA charges the County a 15% support services fee for managing the UCS system. Mrs. Crump indicated the SWA support services fee for the UCS system was about 2% of the Fund 06 budget, which equated to \$132,048 for FY2014. Mr. Knight indicated the Horry County Community Waste Disposal Fee was the \$2.25 per ton, which funds the County's Emergency 911 Program. Representative Hardee asked for an update on that program. Mr. Gosnell stated he believe there were still some areas that have not yet been tied into the system.

Mrs. Crump advised the Board that the proposed FY2014 budget contains:

- a) One (1) proposed new position, Recycling Marketing Clerk/Coordinator,

which will market recyclable materials, find new vendors, etc. Mr. Hilal asked if this would be a full time position. Mrs. Crump stated it would. Mr. Gray asked if this person would sell SWA materials. Mrs. Crump indicated that was correct. Mr. Knight commented that the job description has been prepared for the position. He stated if the position is approved, it will be advertised and if a qualified individual cannot be found at the proposed salary rate, staff will return to the Board to request an increase in the salary. Mr. Thompson commented that the position should be able to fund itself. Chairman Hardee agreed.

- b) One (1) reclassification of the Special Projects and Governmental Affairs Position to Assistant to the Executive Director.
- c) Each department reflects the step plan approved and implemented in FY2013.
- d) Each department includes a 4% increase in health insurance.
- e) Each department has funding for Training and Travel & Lodging to cover cost related to maintaining necessary job related certifications.

Mrs. Crump then reviewed the overall increases/decreases in expenditures and indicated the General Administration Division had an increase of 2.8%, the Disposal Division had a decrease of 1.8% and the Recycling Programs Division had an increase of 11.7%. She indicated the designated accounts were down 16.2%, which was due to the decrease in the amount being designated to the closure, post-closure and landfill construction accounts as well as the projected decrease in MSW tonnage. Mrs. Crump stated Non-Departmental accounts are down 14.6%, with the contingency funding being significantly lower than in previous years.

Mrs. Crump then reviewed and compared the expenditures in each department to the current budget and outlined significant changes in the FY 2014 operational budget of each division, which included the following:

Administration Division

Board of Directors Department

- \$5,000 decrease in Salaries
- Overall operating budget decrease of \$4,000

Administration Department

- \$59,000 increase in Salaries due to step plan, reclassification of Special Projects and Governmental Affairs Position to Assistant to the Executive Director, new Recycling Marketing Clerk/Coordinator position
- \$20,000 decrease in Legal Expenses
- \$50,000 decrease in Consulting & Miscellaneous
- Overall operating budget increase of \$36,700

Mr. Gray asked if the Administrative Department legal expenses line item included all legal expenses for the SWA or if each department had its own legal expense account. Mrs. Crump indicated all SWA legal expenses would be included in the Administrative Department legal expenses line item. However, Mrs. Crump stated, the consulting & miscellaneous line item could be found in multiple departments.

Mr. Gray asked if the \$170,000 listed under the consulting & miscellaneous line item reflected the full amount the SWA would be paying to lobbyist during FY2014. Mrs. Crump stated that \$150,000 of the \$170,000 was budgeted for projected lobbying costs and commented that the remaining amount was budgeted for other consulting items such as financial assurance. Mr. Knight indicated this was the only account that reflected Beam & Associates costs. Mr. Gray commented he was pleased to see a decrease in consulting.

Mrs. Crump briefly discussed the \$10,000 allocated for the Disposal Fee Participation program and reminded the Board this funding is utilized to waive tipping fees for certain community activities. She indicated staff would be recommending that this policy be revised to indicate that those receiving the waiver must recycle as much material as possible.

Mr. Ives commented that staff has made many cuts in order to lessen the affects of the additional position. Mrs. Crump indicated that was correct. Mr. Ives also thanked the Board for the Disposal Fee Participation program, which has benefited Keep Horry County Beautiful.

Finance Department

- \$11,000 increase in Salaries due to step plan
- \$8,000 increase in Fringe Benefits
- Overall operating budget increase of \$13,000

Mr. Hilal inquired about the bad debt line item. Mrs. Crump indicated occasionally the SWA writes off receivable accounts, which have not been paid. She indicated the SWA writes off very little.

Non-Department

- \$18,983 increase in the Horry County Community Waste Disposal fee, due to projected tonnage increase
- \$186,000 decrease in Rate Stabilization Funds (contingency), due to decrease in overall budget
- \$2,500 increase in SWA Support Services for UCS
- Overall operating budget decrease of \$166,691

Mrs. Crump reminded the Board that the Rate Stabilization Funds could only be expended by approval of the Board of Directors. She stated the fuel contingency could only be used by approval of the Executive Director.

Disposal Division

Environmental Management Department

- \$3,900 increase in Salaries due to step plan
- \$4,300 increase in Fringe Benefits
- \$25,000 decrease in Household Hazardous Waste program
- \$15,000 decrease in Consulting & Miscellaneous
- \$25,000 decrease in Landfill Gas Maintenance
- \$8,400 increase in Small Equipment
- \$19,000 increase in Depreciation, due to transfer of equipment from Landfill Dept.
- Overall operating budget decrease of \$24,000

Mrs. Crump stated she was concerned about the decrease in the HHW program; however, this was one of the many items throughout the budget that was cut in order to balance the budget. She was hopeful that the new Recycling Marketing Clerk/Coordinator position would find an outlet for the paint, which would result in a significant savings in this area.

Landfill Department

- \$4,000 increase in Salaries due to step plan and the transfer of an employee to another department
- \$25,000 increase in Fringe Benefits
- \$15,000 decrease in Electricity & Heating
- \$5,000 decrease in Consulting & Miscellaneous
- \$15,000 decrease in Contractual Services, due to change in Waste Tire vendor
- \$11,000 increase in Contractual Services for Laborers used to clean/police Landfill
- \$15,000 decrease in Contractual Services for Mattresses, because this is being handled in-house
- \$10,000 increase in Contractual Services in Hauling, due to the potential of hauling wood chips
- \$13,000 increase in Equipment Maintenance
- \$15,000 increase in Materials & Supplies
- \$21,000 increase in Small Equipment, due to upgrades to County radio system
- \$30,000 increase in Alternate Daily Cover
- \$9,000 decrease in Fuels & Lubricants
- \$157,000 decrease in Landfill Closure Cost, due to decrease in tonnage and decrease in amount being transferred into the designated account
- \$91,000 decrease in Landfill Post-Closure Cost
- \$209,000 decrease in Depreciation for Landfill Replacement, due to decrease in tonnage and decrease in amount being transferred into the designated account
- Overall operating budget decrease of \$438,000

Regarding the designated accounts, Mr. Gray commented that staff was looking at future expenses differently in order to fund the new incentive program. Mrs. Crump indicated that was correct. He asked what the total savings was in the designated closure, post-closure and landfill construction accounts. She indicated it was about \$457,000.

Yard Waste Department

- \$7,300 increase in Salaries due to step plan and a personnel change
- \$70,000 decrease in Depreciation, due to some equipment being fully depreciated
- Overall operating budget decrease of \$45,000

Construction & Demolition Department

- \$3,400 decrease in Salaries due to the transfer of an employee to another department
- \$10,000 increase in Equipment Maintenance
- \$22,000 decrease in Fuel & Lubricants
- \$35,000 increase in Landfill Closure Cost, due to increase in tonnage and decrease in amount being transferred into the designated account
- \$17,000 increase in Landfill Post-Closure Cost, due to increase in tonnage and decrease in amount being transferred into the designated account
- \$9,000 increase in Depreciation for Landfill Replacement, due to increase in tonnage and decrease in amount being transferred into the designated account

- Overall operating budget increase of \$44,000

Construction & Demolition Recycling Department

- \$5,300 increase in Salaries due to step plan
- \$9,700 increase in Fringe Benefits
- \$87,000 decrease in Tipping Fees – Rejects, due to decrease in amount of tonnage projected to be handled at factory
- \$5,000 increase in Contractual Services for Laborers
- \$27,000 increase in Small Capital for the purchase of additional containers
- \$8,000 decrease in Fuels & Lubricants
- \$33,000 increase in Depreciation
- Overall operating budget increase of \$5,400

Maintenance Shop Department

- \$3,200 increase in Salaries due to step plan
- \$11,000 decrease in Fuels & Lubricants
- Overall operating budget decrease of \$11,000

At 9:45 A.M. there was a break. The meeting resumed at 10:00 A.M.

Recycling Division

Public Education Department

- \$2,000 decrease in Salaries due to personnel changes
- \$4,000 decrease in Fringe Benefits
- \$12,000 decrease in Promotions & Public Relations, due to decrease in funding for promotional items for public events and transfer of portion to Administrative Dept
- Overall operating budget decrease of \$22,000

Corporate Affairs Department

- \$2,800 increase in Salaries due to step plan
- \$70,000 decrease in Promotions & Public Relations, due to elimination of all budgeted television advertisement excluding Talkin' Trash
- \$15,000 decrease in Small Capital
- Overall operating budget decrease of \$83,600

Mr. Gray asked if the \$70,000 decrease related to payments made to The Sellers Group. Mrs. Crump explained the \$70,000 decrease related to all budgeted television advertisements, excluding Talkin' Trash, which was placed through The Sellers Group. Chairman Hardee explained that the SWA did not advertise or promote the landfill, only recycling and recycling programs, such as Grinding of the Greens, phonebook recycling, general recycling, etc. Mr. Gray stated for the past several years the SWA has paid The Sellers Group \$200,000-\$250,000 annually and asked where would that be reflected. Mrs. Crump indicated those payments would be in this department. Mr. Gray commented that the advertising budget was moving in the right direction.

Material Recycling Facility (MRF) Department

- \$7,000 increase in Salaries due to step plan
- \$29,000 decrease in Electricity & Heating, due to efficiency of operations and the trend of the electricity usage

- \$20,000 increase in Tipping Fee Rejects, due to increase of tonnage with regard to Sonoco contract
- \$90,000 increase in Contractual Services for Laborers, due to the addition of four (4) contract laborers with regard to Sonoco contract
- \$77,000 increase in Contractual Services for Skilled Laborers, due to the addition of skilled (2) laborers with regard to Sonoco contract
- \$4,900 decrease in Contractual Services for Electronic Waste Labors, due to efficiency of operations
- \$70,000 increase in Contractual Services for Sonoco Contract, to cover expenses related to Sonoco's cost for commingle material
- \$150,000 in Contractual Services for Creative Recycling, to cover expenses related to recycling of electronic waste material
- \$14,000 decrease in Materials & Supplies, due to a decrease in the number of wire tie orders
- Overall operating budget increase of \$398,000, which is directly related to the Sonoco contract

Representative Ryhal asked about the current rate to dispose of electronic waste. Mrs. Crump indicated when the state contract began, there were no charges for the recycling of electronic waste. She indicated last May a fee structure was developed and based on tonnage figures, customers were initially charged a rate of \$800.00 per ton. Mrs. Crump stated after a review of the actual charges upon the completion of the first quarter billing, the rate was reduced to \$400.00 per ton and was again reduced after the second quarter billing to \$350.00 per ton. She commented that these savings are passed back to the customer.

Concerning the Sonoco contract, Mrs. Crump reminded the Board that even with the additional operational costs at the MRF, the Sonoco contract has generated approximately \$250,000 in net revenue.

Collection & Hauling Department

- \$40,000 increase in Salaries due to step plan and transfer of employee from Landfill Department
- \$5,000 decrease in Equipment Maintenance
- \$12,000 increase in Small Equipment, due to upgrades to County radio system
- \$10,000 increase in Tires
- \$5,000 increase in Depreciation
- Overall operating budget increase of \$75,000

Mrs. Crump stated the overall FY2014 Operating Budget for the SWA proposes a net decrease of \$250,514 or 1.8% decrease in budget.

CAPITAL IMPROVEMENT BUDGET

Mrs. Crump offered an overview of the proposed FY2014 Capital Improvement Budget, which equated to \$14,020,500. She offered a review of the funding sources for the Capital Improvement Budget. She explained that funding for capital budget items is primarily allocated through designated accounts and unrestricted cash as it is available.

Mrs. Crump offered an overview of the Equipment Replacement Fund, which equates to \$1,472,500 for FY2014. She explained that upon the purchase of a new piece of equipment,

staff determines the annual depreciation amount for the equipment based on an estimated salvage value and life expectancy of the equipment. Mrs. Crump stated the annual depreciation amount is allocated to the equipment replacement fund until such time as the piece of equipment is fully depreciated. Once the equipment has been fully depreciated, the equipment replacement fund will reflect the need to replace this equipment and purchase new equipment with the funding that has been set aside via depreciation. Mrs. Crump explained there are many occasions when a piece of equipment has been fully depreciated; however, staff determines the equipment is still useful, so the purchase of new equipment is postponed/pushed out. The funding to replace the equipment remains in the equipment replacement fund; however, no additional depreciation is allocated once the equipment has been fully depreciated. She stated the equipment replacement fund is funded solely through equipment depreciation. Mrs. Crump offered a detailed review of the proposed FY2014 listing of items staff has scheduled for replacement and/or new purchases. She reminded the Board that the replaced equipment is surplus and placed on Govdeals.com for sale.

Mrs. Crump then reviewed the remaining funding sources, which include:

- Allocation from Designated Closure Fund, \$8,700,000 – To be utilized for the closure of the saddle area and the closure of the back portion of the C&D landfill (33 acres).
- Allocation from Designated Landfill Construction Fund, \$2,310,000 – To be utilized to construct the Piggyback access road and to construct a leachate/wastewater treatment facility.
- Allocation from Designated Construction/Development Fund, \$1,225,000 – To be utilized for an addition to “The Store”, relocate the grinding area to Tract D, pave the concrete apron in front of the shop entrance, enclosure of the reject area at the MRF and the resealing of the tipping floor at the MRF.
- Allocation from Unrestricted Current Assets, \$313,000 – To be utilized for the purchase of several items, which will only be purchased if funding is available. These items include, but are not limited to, air conditioning units for the Administrative building, light towers, welders, recycling roll-off containers, etc. Mrs. Crump stated a priority list would be developed and these items would be purchased in a specific order of need.

Mr. Knight reminded the Board that if the SWA did not have the funding for these projects already collected and in designated accounts, the discussion would center on how to finance or bond these projects. He indicated once the landfills are closed they must be maintained for thirty (30) years. General discussion ensued regarding the construction of the next landfill cell and the closure and post-closure projects.

Mr. Gray inquired about the \$335,000 addition for The Store. Mrs. Crump explained staff was proposing to add a concrete pad and building/warehouse onto the back of the existing structure. She indicated that The Store is totally out of space and has no room for growth. Mr. Gray commented that this was a significant amount of money designated to something he believed needed more examination. He asked if the Board would have another opportunity to discuss this matter. Chairman Hardee and Mr. Knight indicated the Board would have another opportunity to discuss this matter. Mr. Hilal commented that the space is needed because the facility is over-crowded. Mr. Gray stated there are ten or more facilities in the County performing the same function and questioned whether or not the SWA should be in this business or if we should be cooperating with them. He commented that he was not on the Board when the decision was made to get into this type business and stated this was a feel

good project which already has \$400,000 to \$500,000 invested in it. Chairman Hardee commented that the SWA purchased the property prior to developing The Store. Mr. Gray indicated he did not want to take up too much time discussing this matter at this time but thought this matter should be discussed again. He stated he had heartburn about spending this much money on The Store and wanted the opportunity to discuss the matter again at another time. Mr. Bessant stated the majority of the materials coming to The Store are materials that would have been thrown away and not going to Goodwill. Mr. Gray indicated he understood Mr. Bessant's comment; however, he suggested the SWA go to the Salvation Army, Goodwill, Habitat for Humanity, etc. and find a different way to perform the same task without spending so much money. Mr. Gray again stated he would like to discuss this matter at another time to determine if the SWA could be working with other public and private agencies that are already performing these tasks in order to avoid spending anymore capital funding on this project.

Mrs. Crump stated the remaining portion of the document covered Fiscal Years 2015-2018. The Board was asked to review the remaining fiscal years in their own time and contact staff with any questions and/or concerns.

POTENTIAL LOSS OF FLOW CONTROL DISCUSSION

Mrs. Crump advised the Board that for the past two (2) years, the budget has included a proposed plan of action in the event the County's Flow Control Ordinance was overturned by the State Legislature. She indicated staff had prepared a summary of revenues and expenditures that reflected a loss of approximately 30% of the C&D waste stream due to the loss of flow control. Mrs. Crump explained this figure was determined and based upon SWA historical data of what occurred prior to the County adopting the Flow Control Ordinance. She indicated at that time 2-3 haulers transported their C&D material to landfills outside of Horry County. Mrs. Crump stated the 30% loss of the C&D waste stream equated to approximately 27,000 tons, equaling a loss of \$715,000 in tipping fee revenue. To this end, staff had developed and prioritized the following proposed "cut list" for the Board's review and consideration.

DEPARTMENT	ACCOUNT	AMOUNT	CUMULATIVE REDUCTION
Non-Departmental	Community Waste Fee	\$ 60,750	
C&D Department	Closure Costs	98,010	
C&D Department	Post Closure Costs	46,710	
C&D Department	Future Construction Costs	24,030	
C&D Department	Waste Diversion Costs	<u>6,750</u>	
		\$236,250	\$236,250
Administrative Department	Consulting & Miscellaneous	<u>\$100,000</u>	
		\$100,000	\$336,250
	Five (5) Positions	<u>\$225,000</u>	
		\$225,000	\$561,500
Environmental Mngmt Dept	HHW Program	\$50,000	
Public Info. Department	Promotions & PR – Talkin Trash	84,000	
Public Education Dept	Talkin Trash Prg Eliminated	15,000	
	Misc. Expense Assoc. with Cut	<u>5,000</u>	
	Positions	\$154,000	\$715,000

Mr. Gray indicated that the 30% loss was based on those 2-3 haulers, EZ Dump, Express Disposal and Lee Disposal, once again taking their material out of the county if the Flow Control Ordinance is overturned. Mrs. Crump indicated that was correct. Mr. Bessant stated the number of haulers taking material out of the county could be greater than 2-3 if smaller haulers disposed of their waste through EZ Dump. Mr. Bessant stated staff based the projected 30% loss of C&D tonnage on those haulers who transported their C&D waste out of the county prior to the Flow Control Ordinance being adopted. Mr. Gray suggested these haulers may not take all of their waste out of the county should the Flow Control Ordinance be overturned, in that, they are all bringing it to the SWA now. He stated that if flow control were overturned, the SWA would still be the lowest cost provider because of transportation. Mr. Gray indicated he did not believe a hauler would go out of the County because they would lose money.

Chairman Hardee commented that flow control developed as a means to protect the landfill from being purchased by a company that would increase the disposal rates in a manner that would hinder the ability to keep the landfill open. He stated the taxpayers would be in an uproar because taxes would have to be increased to continue to operate the landfill. Chairman Hardee agreed that it would cost a hauler more to transport the material outside of the County, however, he indicated that the larger haulers would do so in an effort to gain control of the landfill. Chairman Hardee stated flow control was the best insurance the County had to maintain the landfill for the citizens of Horry County. Mr. Gray indicated he did not agree with Chairman Hardee's comments. Chairman Hardee stated he had spoken with various individuals who have had this same scenario occur with their landfill. He stated this scenario has occurred on multiple occasions. Mr. Gray again stated he did not agree with Chairman Hardee's comments.

Mr. Bessant reminded the Board that the SWA developed the initial recycling incentive program in order to be more competitive with other C&D landfills. However, he stated, the landfills outside of Horry County could still charge a tipping fee that would be lower than the SWA's with the incentive.

Mr. Gray commented that this was staff's best estimate of what could happen and stated that in the event less tonnage was transported out of the County, there would not be a need to perform all of the proposed cuts. Mr. Knight indicated that there were many "ifs" in this proposal and commented that staff preferred not to have to make any cuts. Mr. Gray indicated he reviewed the cut list, which included five (5) jobs that would be eliminated. He stated he did not believe the loss would be this great. Mr. Gray commented that the same strengths that were in the Senate last year are still there, if not greater. He indicated it was his opinion that the odds that flow control would get through the Senate this year and be signed by the governor are no better than 50/50. Mr. Bessant commented that staff has to plan for this scenario. Mr. Gray stated he understood the need to plan; however, he did not believe the odds of flow control being successful this fiscal year were very great, if at all. He stated the

Association of Counties and other counties have strengthened the fight to keep flow control. Mr. Gray indicated if flow control is overturned, it would take the haulers sometime to determine what disposal option would be best suited for them. He stated some of their waste would continue to come to the SWA simply because of economics. Mr. Gray stated the SWA may be exaggerating things a little based on the fact of it occurring, the degree of it occurring and the timing of it occurring.

Representative Ryhal commented that his business background is primarily in utilities and stated they were regulated and deregulated. He stated everyone in attendance had an opinion that was formed based on his or her background and indicated there were people on both sides of every issue. Representative Ryhal said he believed it was his job to listen to both sides in order to determine what is the best outcome for everybody involved, which is never easy. He indicated he has found that most of the time you reach a middle ground that will work for everyone. Representative Ryhal stated he did not believe this issue would end that easily. He voiced his concern that things like this and what goes out in the press, because scare tactics are used rather than facts. Representative Ryhal commented on an article he read and was later asked if he would be a part of and he replied absolutely not, because of how it was presented. He stated he thought great care should be taken when discussing employee cuts and losses. Representative Ryhal commented that is very important to perform these analyses; however, right now there is nothing that says this will happen. He stated the SWA is a very large operation, which has been planning for years for various projects and the funding for them. Representative Ryhal commented that the SWA had a phenomenal group of people and indicated he was impressed with the level of detail presented by Mrs. Crump. However, he stated, at the end of the day we are trying to decide what is fair, what is right, what is reasonable. Representative Ryhal commented that the SWA has improved over the past several years and should determine how to move forward. He stated if flow control is overturned and businesses start to transport material out of the County, we should determine a way to make this work for everyone. Representative Ryhal commented that the SWA facilities are in his district and stated 38,000 residents are counting on us to do the right thing, which he believed was everyone's responsibility. He stated he was not looking at it in a manner to protect one business over another, but from the resident's point of view. Representative Ryhal indicated that in the event flow control is overturned it is everyone's responsibility to make sure haulers continue to use the SWA facilities because we are more competitive. He expressed his concern about the fear being discussed concerning losing jobs or haulers undercutting pricing to put the SWA out of business. Representative Ryhal indicated he did not foresee haulers undercutting pricing to put the SWA out of business; however, if he did find this occurring he would be the first to step in because that would not be fair business or in the best interest of the resident. Representative Ryhal stated he would not make his decision based on the speculation on what might happen. He recommended everyone taking a step back to determine how the SWA would survive in the event flow control is overturned.

MOTION TO ADJOURN

There being no further business to come before the Board, **Mr. Campbell moved, seconded by Mr. Hilal to adjourn the meeting. The Motion was carried** and the Regular Meeting was adjourned at 11:20 A.M.

Minutes approved on April 22, 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