

**REPORT OF BUDGET WORKSHOP
HORRY COUNTY SOLID WASTE AUTHORITY, INC.
March 11, 2015**

The Horry County Solid Waste Authority, Inc. held a Budget Workshop on Wednesday, March 11, 2015, at 9:00 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: Rev. James H. Cokley, Chairman; M. Lance Thompson, Vice Chairman; J. Michael Campbell, Secretary; W. Norfleet Jones, Treasurer; and Board Members Pam J. Creech, Dan P. Gray and John R. Long, II

Steve Gosnell, Director of Horry County Infrastructure and Regulation attended the workshop. There were no members of the media in attendance.

The following individuals were also in attendance: Danny Knight, Executive Director; Mike Bessant, Assistant Executive Director; Esther Murphy, Director; Jan Bitting, Director; Bill Hilling, Director and other staff to include Rodney Cannon, Lane Faircloth, Nannette Powell, Stephanie Todd, Cecil Terry and Susie Wofford.

CALL TO ORDER

Chairman Cokley called the workshop to order and rendered the invocation.

PLEDGE OF ALLEGIANCE

Chairman Cokley led the group in the Pledge of Allegiance.

Chairman Cokley thanked the Board for attending the workshop and turned the meeting over to Mr. Knight. Mr. Knight informed the Board the budget has been a challenge and he thanked staff for their diligence in working on the budget. He explained for the upcoming year the characterization study will help determine the waste stream in Horry County and whether to regulate and/or restrict incoming material to a diversion program. Mr. Knight stated the first phase of the Piggyback expansion will start. He indicated the East Hill project had been completed. Mr. Knight stated the permit for the food compost was received. He explained the upcoming year would be interesting with ongoing projects and he thanked staff again for their hard work now and in the future. He wanted the Board to ask questions and wanted everyone to have a clear understanding about this upcoming budget process. Mr. Knight explained that over the last five years, expenditures and jobs had been cut from the budget. He stated the SWA would have a balanced budget this year.

Mrs. Bitting commented she wanted to answer some of the questions the Board had asked of her at the pre- budget workshop. She stated a question about the worker's compensation insurance and how it is calculated was asked by Mr. Thompson. Mrs. Bitting explained each position has a classification code and based on that code, that employee's salary and the experience modifier, workers compensation is calculated. An additional 20% is then added to that figure for precaution. She stated the lower the experience modifier the lower the cost. She indicated the SWA had a lower experience modifier due to the safety programs in place. Mr. Thompson asked if budget was modified once staff knew what the actual figures would be. Mrs. Bitting replied the figure was based on the previous year. Mr. Knight asked Mrs. Bitting

about the refund for the current year, and Mrs. Bitting stated approximately \$12,000 was credited to the different departments.

Mrs. Bitting explained the retiree insurance or Other Post-Employment Benefits (OPEB). She commented the SWA pays the following amounts for retiree insurance: at least 10 years of service and the SWA pays 50% of the premium and for 20 years of service pays 75% of the premium. Regarding Horry County Government, she informed the group that retiree's with 15-29 years of service will have 50% of the premium paid by the County and those with over 30 years of service will have 75% of their premium paid by the County. However, when the retiree reaches Medicare age a stipend was given. Retirees who worked 15-29 years received \$75.00 and retirees who worked 30 plus years only receive \$150.00 toward a supplemental premium. Ms. Creech replied she would like to see the SWA's policy mirror Horry County and the newly hired employees receive no assistance with their retiree premiums.

Mrs. Bitting stated the SWA does not have the same sick and vacation benefits as the County. She informed the group that each employee accrued 8 hours of sick time monthly which was equivalent to 12 days per year. Mrs. Bitting indicated that vacation was based on an employee's years of employment. She stated newly hired employees received two-weeks per year up to 5 years and after 5 years gained one-day up to 15 years. Mrs. Bitting explained vacation time increased in five year increments at 10 years employees received 3 weeks' vacation, 15 years received 4 weeks' vacation. She stated the maximum sick time accrued is 720 hours and for vacation the maximum accrued is 360 hours. Mrs. Bitting indicated the SWA holiday schedule was not the same as the County's. She stated the County has 12 holidays and the SWA has 7 holidays and received 5 personal holidays. Mr. Thompson commented vacation and sick time should be separate and everyone should be able to take a vacation. Mrs. Bitting stated that employees were required to take 5 days' vacation. She commented with the implementation of the sick and a safety bonus the SWA does not have a problem with vacation and sick being abused. Ms. Creech commented employees benefit from having a vacation. Mr. Campbell said employees should be required to take vacation time with no carry over into the next year. Mr. Knight stated that staff needed direction to change the policy. Chairman Cokley indicated a motion was needed to review the sick and vacation policy.

Mr. Gray moved that the Finance and Administration Committee review the SWA sick and vacation policies and report back to the Board. There was a second by Mr. Long and the motion carried.

DISCUSSION FY2016-2017 BUDGET

Mrs. Bitting distributed a spreadsheet which tracked the increases and decreases in the projected FY2016 expenses by division. She indicated this was additional information charting the change in each department. Mr. Gray commented that discussion was held during the pre-budget workshop indicating the SWA had been notified in writing by Mr. Vance Moore about the need to increase allowances in closure and post closure due to the increase in construction cost. Mrs. Bitting stated she did not receive anything in writing from Mr. Moore but did discuss an increase in expense for FY2017 for closure and post closure.

Mrs. Bitting indicated in the summary of revenue there was an increase of \$4.00 per ton in tipping fees in yard waste material, as requested by the Board at the pre-budget workshop. She explained the tipping fee increased from \$14.00-\$18.00 per ton. Mrs. Bitting reminded the Board that, as discussed at the pre-budget workshop, it may be necessary to transfer funding from a designated account in order to balance the budget. She indicated a transfer of \$469,812 was needed from the general construction and development account to balance the budget. Mrs. Bitting explained the funds in this account were from transfers or overages in the cash and cash equivalent account. Mr. Gray asked if this was part of the over and above the 15% cash threshold that was transferred every quarter. Mrs. Bitting stated that was correct.

FY2016-2017 REVENUE REVIEW

Mrs. Bitting stated FY 2015 revenue for Fund 4 was \$13,188,400 and for FY2016 is \$13,541,412 which was a 2.7% increase in revenue. She indicated for Fund 6, which is the Unincorporated Collection System, FY2015 revenue was \$6,288,848 and FY2016 revenue is \$6,913,688. Mrs. Bitting stated the combined budgets for Fund 4 and Fund 6 for FY2015 was \$19,475,248 and for FY2016, \$20,455,100 which was an overall 5% increase in revenue. Ms. Creech asked if a 15% reserve was held for Fund 6. Mrs. Bitting replied no. She explained that Fund 6 was a pass through that the SWA managed the Convenience Centers for Horry County. Mr. Gray asked if \$3 Million in revenue was set aside in unrestricted funds. He asked Mrs. Bitting if the \$3 Million was kept in an unrestricted account. Mrs. Bitting informed Mr. Gray she utilizes a calculation sheet to determine that amount and stated she could meet and explain this to Mr. Gray at a later time.

FY2016-2017 EXPENDITURE REVIEW

Mrs. Bitting reviewed the summary of expenditures. She informed the Board there were no budgeted changes in personnel in Fund 4 or Fund 6. Mrs. Bitting stated there were currently five unfunded positions in the Fund 4 budget and stated these positions would remain unfunded for the next budget year. Mrs. Bitting then began the review of departmental budgets and indicated all departments had increases attributed to personnel cost. i.e., salaries (step plan), FICA, health insurance and worker's compensation.

GENERAL ADMINISTRATION DIVISION

Mrs. Bitting reviewed the General Administration Division budget and indicated the budget for FY2015 was \$961,989 and for FY2016 is \$1,068,630. She commented that the Board of Directors department budget for FY2015 was \$60,027 and for FY2016 is \$60,226, due to an increase to medical exams. Mrs. Bitting stated the Administration Department which increases which were attributed to personnel cost; salaries, step plan, FICA and worker's compensation. Mrs. Bitting explained legal fees increased due to staff consulting with Mrs. Brittain about contractual and policy issues. Consulting and miscellaneous services increased due to the waste composition study which would cost approximately \$50,000. Mr. Bessant stated legal services for the entire organization were charged to this department. Mr. Gray asked Mrs. Bitting for a breakdown of the Consulting and Miscellaneous line item. Mrs. Bitting explained the \$20,000 covered the cost of the financial assurance, which was required by DHEC. Mr. Gray asked about the \$80,000 budgeted in the past for the Sellers Group. Mr. Bessant informed Mr. Gray that Mrs. Murphy handled all the advertising and would review that later in the meeting. Mrs. Bitting stated an increase in small capital in the Administration Department was for gutters on the administration building. She informed the Board some projects may not be done if funds are not available. Mrs. Bitting stated overall there was an 11.1% increase in Administrative Department. Mrs. Bitting explained the Finance

Department's budget for FY2015 was \$556,724 and for FY2016 is \$594,341. She informed the group of the increases in personnel cost, FICA and health insurance. She again stated each division would have increases in personnel cost. Mrs. Bitting indicated sustainment contracts increased \$3,000 due to the new check writing software and online bill pay. Emailing of statements decreased the use of statements and tickets thus a 6.8% overall increase.

Regarding the Non-Department accounts, Mrs. Bitting explained the non-departmental health cost increased for retiree insurance which is funded through OPEB. She said the waste disposal fee increased because of the anticipated tonnage for MSW and Construction and Demolition increased and that fuel contingency was decreased \$100,000 due to the decline in fuel prices reducing the account to \$45,000. Mrs. Bitting indicated there was an overall 6.5% decrease. Mr. Gray asked about The Store expenses. Mrs. Bitting explained the SWA handled all of the deposits for The Store; therefore, the SWA has to record all of the expenses. Mr. Gray commented that the Council on Aging was very appreciative of the SWA. Ms. Creech asked Mrs. Bitting did she know the percentage of contribution the Council on Aging donated to Meals on Wheels. Mrs. Bitting indicated she did not but would get the information from the Store.

OPERATIONS AND PLANNING DIVISION

Mr. Hilling informed the Board on March 20, 2015, the Piggyback Expansion project would be advertised. He stated the pre-bid meeting would be held on April 1, 2015 at 10:00am. Mr. Hilling explained it would take 30-days to review the bids. Mr. Gray asked about the cost of the Piggyback expansion project. Mr. Hilling replied the cost would be \$13 Million. Mr. Hilling introduced Mrs. Stephanie Todd, the Property and Environmental Service Manger to explain the Environmental Management Department. Mrs. Todd stated the budget for FY2015 was \$636,791 and for FY2016 the budget is \$660,387. She explained the increases were in engineering for Garrett and Moore to update the storm-water permit, landfill gas and the air quality engineering plan. Mrs. Todd stated there were also increases to monitoring and the weekly and monthly testing of samples. She indicated the current landfill gas system needed new pumps. Mr. Gray asked if this included landfill construction. Mrs. Todd replied no.

Mr. Hilling explained in the Landfill Department there was an increase in contractual services for waste tires of \$15,000 and an increase in contractual laborers of \$5,000. Mr. Hilling indicated the landfill no longer received inmates from the jail and laborers were needed for litter control. Ms. Creech asked Mr. Hilling to keep a record of the tonnage of paper and litter picked up at the landfill. Mr. Hilling stated an increase of \$15,000 in leachate system repairs and maintenances was also being budgeted. He indicated the landfill currently had 8 pumps but needed 14 for the leachate system. Mr. Hilling commented there was an increase in sustainment contracts of \$13,100 to purchase a bull dozer and track hoe. Mr. Gray asked what were the contracts for. Mr. Hilling explained these were general maintenance service agreement contracts for the equipment. He explained the Yard Waste Department had a decrease with the installation of the electric chipper in the Construction and Demolition Facility which would reduce the time and hauling of wood back to yard waste and save about 23% of time and cost. He indicated there was increase in material and supplies of \$26,000 for the catalyst bugs for the food waste composting and an increase in small capital of \$5,000 for the purchase of 2-inch grinding screens. He explained large volume customers preferred the finer grade mulch. Mr. Hilling indicated there was an increase of \$3,000 in monitoring and testing supplies for the sampling of the food waste compost. He stated the increase in postage of \$2,800 is for the overnight shipping of samples for the food waste composting program.

Mrs. Todd gave a brief synopsis on food waste composting programs and samples of what type food waste would be composted. She discussed the stipulations required for the material as required by SC DHEC. Mr. Campbell asked about the fees to send the samples to the laboratory. There was discussion about the fees to send samples to the laboratory. Mr. Gray asked what the bugs looked like. Mrs. Todd explained the bugs were organisms that looked like gray powder. Ms. Creech commented on a study on the use of solar panels for the food waste composting and asked if staff could research this as an avenue to cut cost. Mrs. Todd replied she would research the use of solar panels.

Mr. Hilling explained in the Construction and Demolition Department there was a decrease in equipment maintenance of \$5,000 and an increase in sustainment contracts of \$28,655. Mr. Gray asked about the revenue for the Construction and Processing Facility. Mr. Hilling replied the information would be in the capital budget section.

Mr. Hilling stated in the Construction and Demolition Recycling Department there was an increase in electricity and heating of \$32,000 due to the purchase of the electric chipper. He stated equipment maintenance increased \$40,000 for general repair of the hammers and teeth of the equipment.

Mr. Hilling explained in the Maintenance Shop Department there was an increase in material and supplies of \$5,000. He stated the increase in small capital was for the purchase of a welder. Mrs. Bitting indicated total revenue for the Construction and Demolition facility was \$363,500 which included the tipping fee and material sold from the facility.

RECYCLING AND CORPORATE AFFAIRS DIVISION

Mrs. Murphy stated the Public Education Department had an increase in personnel cost associated with the step plan, health insurance and FICA. She indicated there was an overall increase of 2.9% in FY2016 as compared to FY2015. Mr. Gray asked about the promotions and public relations expenses in the Public Education Department. Mrs. Murphy explained this funding was used for website hosting cost, phone book advertising and recycling giveaways.

Mrs. Murphy indicated the Recycling and Corporate Affairs Department has an increase of 4.00% which was primarily related to personnel costs associated with step plan, health insurance and FICA. She explained the promotions and public relations expenses in this department handled costs associated with advertising for the "Talkin Trash" program, and newspaper and television ads associated with the various recycling programs such as Grinding of the Greens and Earth Day. In addition, the budget included an increase in small equipment/non capital for the purchase of records management equipment.

Mrs. Murphy reviewed the Material Recycling Facility (MRF) Department budget and stated it had an overall decrease of 3.9% for FY2016 as compared to FY2015. She reminded the group that at the Pre-Budget Workshop she indicated with the cancellation of the Sonoco and Republic Services contracts staff eliminated one contract worker. Mrs. Murphy stated contractual services were decreased from \$160,000 to \$20,000 due to the loss of these contracts. She commented some funding would remain in the account to cover transportation costs if the MRF had the opportunity to receive out-of-county recyclables. Mrs. Murphy indicated there was an increase in small capital of \$2,750 for 2-way radios. She stated the increase in tires of \$3,000 was for the skid loader and forklift. Mrs. Murphy informed the

group the budget for the Materials Recycling Facility for FY2015 was \$2,036,139 and for FY2016 is \$1,959,060. Mr. Gray asked what was the total cost to run the MRF. Mrs. Murphy stated \$1.9 Million. Mr. Gray asked if the \$2 Million included the cost of the trucks bringing the material to the facility. Mrs. Murphy indicated the MRF budget was \$1.9 Million, which did not include the Collection and Hauling Department. Mr. Bessant commented the MRF was a diversion program the SWA pays for.

Mrs. Murphy explained the Collection and Hauling Department had an overall increase of 2.5% from FY2015 to FY2016. She indicated equipment maintenance and repairs increased \$5,000 for truck repairs. Mrs. Murphy stated there was a decrease of \$2,585 for container repairs. She commented there was decrease in fuels and lubricants by \$5,000 or 2% due to lower fuel prices. Mrs. Murphy explained there was an increase in depreciation due to the purchase of new equipment.

FUND 06 - UNINCORPORATED COLLECTION SYSTEM DIVISION

Mrs. Bitting explained that the Unincorporated Collection System, or Fund 6, is the fund by which the SWA manages the conveniences centers for Horry County. Mrs. Bitting stated the increases in expenses for FY2016 were due to construction projects for the expansion of two existing convenience centers – Longs and Lake Arrowhead, the relocation of the McDowell Shortcut site, and the addition of a site in the Racepath area. Mrs. Bitting indicated the budget for Fund 6 has been sent to Mr. Gosnell for review.

CAPITAL BUDGET-DISPOSAL AND RECYCLING OPERATIONS

Mrs. Bitting explained the capital budget funding sources outlined in the budget. She explained funding source “A” was the Equipment Replacement Fund which would cover cost associated with purchasing existing equipment. Mrs. Bitting stated funding source “C” was the General Construction and Development fund. She explained source “D”, was the Landfill Construction, which covered construction projects, such as the Piggyback Expansion project. She said funding source “E” was Undesignated Cash Funds. Items with this funding source would be purchased only if funds were available.

Ms. Creech asked how much timber was cut on the Green Sea property and how much revenue was received. Mr. Hilling replied \$55,000 was received and about 100 acres were timbered. Mr. Gray asked if the SWA had enough revenue for closure and post-closure. Mrs. Bitting stated in next year’s budget the SWA might have to increase the amount of funding allocated for closure and post closure. Mrs. Bitting informed the Board she needed approval to submit the budget to Horry County Council.

Mr. Thompson moved that staff submit the FY2016-FY2017 Budget to Horry County Council. There was a second by Mr. Campbell and the motion carried.

MOTION TO ADJOURN

There being no further business to come before the Board, **Mr. Gray moved, seconded by Mr. Jones to adjourn the meeting. The Motion was carried** and the Workshop was adjourned at 11:15 A.M.

Minutes approved on March 31, 2015.

HORRY COUNTY SOLID WASTE AUTHORITY, INC.

BY: _____(L. S.)
James H. Cokley, D. Min, Chairman

ATTEST:

_____(L. S.)
J. Michael Campbell, Secretary

_____(L. S.)
Pam J. Creech

_____(L. S.)
Dan P. Gray

_____(L. S.)
W. Norfleet Jones

_____(L. S.)
John R. Long, II

_____(L. S.)
M. Lance Thompson