

REPORT OF FINANCE & ADMINISTRATION COMMITTEE MEETING

September 14, 2016

A meeting of the Finance & Administration Committee was held on Wednesday, September 14, 2016 at 3:00 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 were Committee Chairman Sanford Graves and Committee Members Dan Gray and Lance Thompson. Also in attendance were Board Chairman Pam Creech, Executive Director Danny Knight, and Directors Jan Bitting, Mike Bessant and Esther Murphy and staff members Nannette Powell, Cecil Terry and Susie Wofford were also in attendance. There were no members of the media in attendance.

Mr. Graves called the meeting to order and Mr. Thompson rendered the invocation. Mr. Gray led the group in the Pledge of Allegiance. Mr. Graves then turned the meeting over to Mrs. Bitting.

Charleston Update

Mrs. Bitting began the Charleston update by reviewing the MRF analysis sheet. She advised the Committee Members that the MRF was fortunate to have another good month in sales. Mrs. Bitting stated prices were up and she gave a breakdown on some of the commodity pricing this month compared to last month. She said cardboard-domestic pricing was up 22%, cardboard export pricing was up 17% and newspaper-export pricing had an increase of 18%. She advised that 400 more tons were sold in August than in July. Mrs. Bitting indicated that the average price for commodities was \$169.27 in August. She informed the Committee Members this was the highest monthly amount so far in the Charleston agreement.

Mrs. Bitting stated that the incoming tonnage from Charleston was up 200 tons from the previous month. Unfortunately, she advised the group that the reject rate remains high and said staff is working on sending back to Charleston as many rejects as possible. Mrs. Bitting reviewed the "Revenue Due To/From Charleston" section of the report and pointed out the cost share has a credit due to the contract stating the SWA must pay Charleston a percentage back of anything over the base market value of \$165 per ton. However, she said with the rejects disposal and reject pulls the total amount due from Charleston for the month of August is \$9337.07 Mrs. Bitting stated total MRF revenue for the month of August was \$480,643.35 and the MRF expenses being \$374,728.10 which is a difference of \$105,915.25 revenue over expenses.

Mrs. Bitting reviewed the year-to-date figures, and stated MRF revenue was \$833,790.67 and MRF expenses were \$595,983.53 which is revenue over expenses of \$237,807.14.

Mr. Thompson stated these numbers were along the lines of what the SWA expected when it entered into the contract with Charleston. Mrs. Bitting confirmed the MRF was moving in the right direction, definitely with the increase in prices. She stated that Mr. Bessant mentioned that the prices have decreased in September. Mr. Bessant advised that prices had dropped \$10 per ton so far in September, but, looking at forecasting models prices are expected to go back up in October.

Mr. Gray advised that a big part of the SWA getting to the original projection was Mr. Knight telling Charleston the SWA was not going to pay transportation cost.

Fair Labor Standards Act

Mrs. Bitting began by informing the Committee that this update was mainly for informational purposes. She stated that the US Department of Labor has issued a revision to the white-collar exemptions under the Fair Labor Standard Act.

Mrs. Bitting briefly discussed that the salary level required for exemption has increased from \$23,660 annually to \$47,476. She stated the change will go into effect December 1, 2016. Mrs. Bitting indicated that the SWA has three (3) positions (five (5) staff members) that will be affected; two (2) recycling coordinators, two (2) supervisors at the MRF, and one (1) supervisor in the UCS department.

Mrs. Bitting explained the two options that the SWA has is to raise those positions to the new salary level or make the individuals non-exempt employees that would qualify them for overtime. She stated that staff has been discussing what is in the best interest of the SWA. Mrs. Bitting indicated all of the positions utilize extra time. She advised that as far as the recycling coordinators, changes would have to be made and there is a possibility that the number of events they attend may have to be reduced, including some Saturday and evening events.

Mrs. Bitting advised the group staff has to take into consideration cell phone time. A non-exempt employee which answers a phone after hours has to be compensated for that time.

Mr. Thompson inquired as to how far below the minimum are the three positions. Mrs. Bitting responded it was a large amount. Mr. Bessant stated the MRF positions were approximately \$15,000 below the minimum.

General discussion was held on how this change has affected everyone in all types of businesses.

Mr. Graves asked if there was any hope that the SWA could be exempt from this situation. Mrs. Bitting stated the SWA is not exempt. Mr. Graves also asked if mechanisms were in place to track hours worked. Mrs. Bitting explained that the SWA was in the process of getting a new time management system that will be beneficial for this process.

Mr. Graves inquired if positions are re-classified is there a “look back” clause stating that employee could acknowledge the SWA owes them overtime for a length of time. Mrs. Bitting stated not that she was aware of.

Mr. Gray asked if one of the options available to the employers is that an employee cannot work over 30 hours per week and additional employees could be hired. A brief discussion was held on this option.

Mr. Thompson inquired if the SWA was adhering to the December 1, 2016 date. Mrs. Bitting responded that staff planned to have everything in place before or by that date.

Mrs. Bitting recommended the next Committee Meeting be held on Wednesday, October 19, 2016 at 3:00 P.M. She went on to ask if Wednesday, November 16, 2016 @ 3:00 would be okay. The Committee agreed on both dates.

There being no further business to come before the Committee, the meeting was adjourned at 3:35 P.M.