

**MINUTES OF WORKSHOP  
HORRY COUNTY SOLID WASTE AUTHORITY, INC.  
March 28, 2013**

The Horry County Solid Waste Authority, Inc. held a Workshop on Thursday, March 28, 2013, at 3:00 P.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; Basem E. Hilal, Secretary; M. Lance Thompson, Board Treasurer; and Board Members J. Michael Campbell, Dan P. Gray and John R. Long, II. Rev. James H. Cokley, Vice Chairman was out of town.

Horry County Council Member James Frazier and Arrigo Carotti, Horry County Attorney attended the meeting. Also in attendance was Jimmy Parker from the City of Myrtle Beach, Vicki Leibers and Jim Whittenburg from Waste Management, John Bosch from Waste Industries and Norfleet Jones. There were no members of the media in attendance.

The following individuals were also in attendance: Danny Knight, Executive Director; Esther Murphy, Director; Donna Crump, Director; Bill Hilling, Director, Emma Ruth Brittain, SWA Staff Attorney and other staff to include Rodney Cannon, Jan Bitting, Mike Bessant, Kendra Hooks, Joe Hyman and Cecil Terry.

**CALL TO ORDER**

Chairman Hardee called the workshop to order and asked Mr. Long to render the invocation. Following the invocation, Mr. Hardee led the group in the Pledge of Allegiance. Chairman Hardee indicated the purpose of the workshop was to discuss a proposed new landfill incentive program for MSW with emphasis on a recycling credit based on the amount of recyclables that the contracted hauler delivered to the SWA's MRF. He then asked Mr. Bessant to begin the presentation.

**PRESENTATION**

**LONG TERM PLANNING PROPOSED NEW LANDFILL INCENTIVE**

Mr. Bessant thanked the Board for their attendance and indicated it was important for the SWA Board to meet and discuss the direction of long term planning. He indicated several options were mentioned at previous meetings and then reviewed the following options: franchising, disposal contracts, waste hauling and MSW Recycling incentive and disposal agreement. Mr. Bessant stated staff was recommending a new long term planning option the MSW Recycling Incentive program. He commented that he wanted everyone to feel comfortable with this option and ask the Board to ask as many questions as possible in order to better understand the project. Mr. Bessant indicated staff was seeking to negotiate with current customers meeting the requirements of the program and forge a positive relationship. The following options were presented:

**FRANCHISING**

Mr. Bessant discussed the possibility of a consulting firm coming to Horry County and analyzing the franchising option. He indicated this option would cost \$250,000. Mr. Campbell asked if the consulting firm would handle the bids, set-up and the zoning aspect of the

franchising for \$250,000. Mr. Bessant stated \$250,000 was for the entire process. He indicated franchising would require a bid and include the study for franchising, the division of zones, negotiation of contracts with haulers and set-up. He then explained how franchising would work in Horry County. Mr. Bessant said the County would be divided into zones, a company would bid on a zone and these zones could be commercial and residential zones on just one type of service. He stated the best price would receive the zone. Mr. Bessant acknowledged both Richland and Lexington Counties utilize this option. Mr. Thompson asked how this worked if HOA's/POA's were under contract. Mr. Bessant indicated the County would have to negotiate with the HOA's/POA's hauler to terminate the current contract or allow the contract to expire. Mr. Bessant stated that the current hauler may want to terminate the HOA's current contract since it would be less profitable for the hauler since they would not be in the area. He commented most HOA's have five year contracts and they would have to let the contracts expire if the hauler wanted to keep the contract so not to have contractual interference. Mr. Bessant stated one of the counties had a disposal franchising contract for the disposal of their waste.

### **Pros**

- Direct waste to a landfill under current state laws.
- During bid process the SWA could give a higher point value to haulers who voluntarily brought waste to the landfill.
- Denser routes can save citizens money because it is less expensive to service customers with a hauler in the area that they service.

### **Cons**

- Waste haulers would resist a franchise agreement because they would get less revenue than they are currently receiving.
- Contracts that haulers currently have could be impacted.

## **DISPOSAL CONTRACTS**

Mr. Bessant stated another option was disposal contracts. He explained with disposal contracts, the hauler would negotiate a contract for disposal of their waste and the hauler with higher volumes of waste received the lower the price to dispose of the waste. The attorney cost and reviewing of contracts would be the only cost to set up disposal contracts. Mr. Bessant indicated long term contracts are usually set at 5-10 years. He stated that some contracts would be from year-to-year. Mr. Bessant commented that each contract would be different because each company was different. Mr. Gray asked if by contract a hauler would bring their waste to the landfill. Mr. Bessant stated that was correct and said the contractor with the higher volumes of waste disposed of in the landfill receive the lower tipping fees.

### **Pros**

- Disposal contracts with haulers would allow haulers to negotiate cheaper tipping fees in return for disposal contracts.
- Could give the SWA the ability to plan long term.

### **Con**

- Reduce revenue for the SWA.

## **WASTE HAULING SERVICES**

Mr. Bessant indicated in order for the Solid Waste Authority to get into the waste hauling business, trucks and containers would have to be purchased. He stated the hiring of new

employees such as drivers, route managers and salespersons would be necessary in order for the SWA to compete with the private industry for the waste stream. Mr. Bessant indicated the SWA's sales team would have to market aggressively to capture a substantial market share. He stated start up for just residential service would be \$750,000 not including additional cost for labor or any other miscellaneous items. Mr. Bessant stated \$750,000 would cover the cost of two (2) trucks and containers not the total cost to provide service to all homes in Horry County. He explained that one (1) one-arm bandit truck for residential pickup would cost \$270,000 you must purchase two (2) in case of vehicle breakdown. Mr. Bessant commented roll-out carts cost \$65.00 each which equates to \$30,000 for every 500 homes. He indicated that each route truck could service approximately 2500 to 3000 homes a week. Mr. Gray asked if the \$750,000 would pick up all the trash in Horry County. Mr. Bessant stated it would not. He said that would only purchase the first fleet of trucks for startup garbage collection. Mr. Gray commented if the collection was extended to countywide collection, you would need more trucks. Mr. Bessant acknowledged that was correct. He stated private haulers have long term contracts with their customers and the SWA would have to wait until the contracts expired before negotiating for that service. Mr. Bessant explained the private industry was very competitive and it would be years before the SWA could build a strong customer base. He stated at the present this was not a good option but is still an option that is still available to the SWA.

**Pros**

- Would provide long term waste stream to support the landfill.

**Cons**

- Compete against private haulers for waste service.
- Would take years to build disposal volume.
- Private hauler would resist the SWA for providing waste hauling servicing.

**MSW RECYCLING INCENTIVE AND DISPOSAL AGREEMENT**

Mr. Bessant explained by utilizing this option the SWA could continue to expand on existing incentive programs now in place, encourage, increase recycling and reduce waste being disposed in the landfill. He generally explained the MSW recycling incentive and disposal agreement and stated in order to offer the incentive to private haulers; they would need to sign a long term agreement. He indicated this would cost the SWA up to \$325,000 a year and could possibly increase the amount of recyclables coming to the MRF. Mr. Thompson asked for clarification on how the incentive would work. Mr. Bessant stated the incentive credit would be given based on the amount of recyclables that the contracted hauler delivered to the SWA's MRF as detailed in the chart below.

<b>Recycling Incentive Rate Chart</b>	
Tons of Recyclables	Incentive Rate
7501 & above	\$2.00
1351-7500	\$1.75
851-1350	\$1.65
451-850	\$1.50
351-450	\$1.00
251-350	\$.75
25-250	\$.50

He indicated the amount of recyclables brought to the MRF would determine the incentive amount received on their MSW tonnage brought to the SWA's landfill. He and staff believed that this could encourage and possibly increase recycling in Horry County and therefore be in line with the SWA mission statement. Mr. Bessant indicated the incentive will be calculated on a quarterly basis using the actual amount of recyclables received at the MRF from within Horry County during the three (3) months preceding each calendar quarter multiplied by four (4) to obtain an average annual tonnage. Every quarter an adjustment would be given based on the recyclables taken to the MRF. Mr. Bessant stated the more a hauler recycles the less money paid for garbage disposal. Mr. Long asked if the incentive would negatively affect competition and how it would affect smaller private haulers. Mr. Bessant stated higher volumes of recyclables collected would generate a higher incentive rate for the incentive rate and stated the smaller companies had lower volumes of material both recyclable and MSW. Staff was recommending a ten year agreement but noted this was a draft and could be amended after reviewed by the customer. He indicated he and staff were looking for the Board's approval and direction on which way to proceed with this new incentive program.

**Pros**

- The SWA would be able to plan long term while increasing recycling in the County.

**Cons**

- The SWA would lose revenue it currently uses for programs.

Chairman Hardee asked for any comments from the audience. Mr. Parker stated it was a very positive option. Mr. Whittenburg asked about the scale which the incentive was based on and if the incentive was given only if you had a signed agreement. Mr. Bessant stated that was correct. He stated it would require a signed agreement and the delivering of recyclable material to the MRF in order to receive the incentive. He indicated he knew the exact tonnage of material brought in by each hauler to landfill and adjusted the scale based on those figures so as to give each customer the ability to increase their respective incentive amount. Mr. Whittenburg asked if the incentive was only to promote OCC. Mr. Bessant indicated this was for all recyclable materials. Mr. Bessant asked for the Board recommendation on the MSW recycling incentive and disposal agreements.

**Mr. Long moved to accept staff's recommendation that the Board of Directors authorize the Board Chairman and Executive Director to proceed with the development of the Recycling Incentive and Disposal Agreements including the authorization to negotiate and execute those agreements with any private industry entity or governmental entity. There was a second by Mr. Hilal and the Motion was carried.**

**MOTION TO ADJOURN**

There being no further business to come before the Board, **Mr. Long moved, seconded by Mr. Hilal to adjourn the meeting. The Motion was carried** and the Workshop was adjourned at 3:45 P.M.

Minutes approved on April 23, 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