

**MONTGOMERY-OTSEGO-SCHOHARIE SOLID WASTE MANAGEMENT
AUTHORITY
BOARD MEETING #3**

DATE: April 21, 2005

LOCATION: Howes Cave Administrative Complex

Members Present

Charles Buck
Meredith McNeil
Olga Podmajersky
James Powers
William Strevy
Edward Wesnofske

Members Absent

Raymond Halgas
Donald Lindberg

Others Present

Gilbert Chichester
Melissa Morlang
Robin Loske
Marijeanne Broadwell
Press
Public

1. **Opening**

Chairman Wesnofske opened the meeting at 9:35 a.m.

2. **Adoption of Agenda**

Meredith McNeil motioned, seconded by James Powers, to adopt the Agenda. Charles Buck motioned to amend, seconded by Meredith McNeil, to remove Resolution Number 7 from the Agenda. The motion was unanimously approved on voice call. On voice call the Agenda as amended was unanimously approved.

3. **Privilege of Floor**

Chairman Wesnofske offered privilege of the floor. No one came forth.

4. **Minutes of Prior Meeting**

Olga Podmajersky motioned to accept the minutes of the prior meeting of March 24, 2005 as written. William Strevy seconded the motion. The minutes were unanimously approved on voice call.

5. **Reports**

Chairman

Chairman Wesnofske stated that he had nothing to report at this time.

Executive Director Report

Mr. Chichester reported that all the Board committees, except the Personnel Committee, met since the last Board meeting. A considerable amount of time has been spent relating to Committee issues.

Mr. Chichester reported that he is also dealing with issues relative to the Eastern and Central Landfills.

Other matters are reflected in the Resolutions on the Agenda.

2004 Annual Report

Ms. Morlang stated that the 2004 Annual Report, which was on the table, was prepared similar to the 2003 Annual Report. The Report contains all the requirements under the Disclosure Agreement Continuing. The report was widely distributed to state, county, and town officials.

Ms. Podmajersky noted that there was a couple of paragraphs under the Planning Section, which she felt could raise some questions and indicated that they could have been worded differently. She stated that she was surprised to find these last three paragraphs and that she was not told that there was modifications to her report.

Mr. Chichester stated that he was responsible for writing the three paragraphs and stated that Ms. Podmajersky had indicated to him that he should make modifications if he felt it was appropriate. Ms. Podmajersky stated that she had made that statement about the 2003 Annual Report but not the 2004 Annual Report. She felt that the paragraphs should have been put in another section of the report because they do not relate to long range planning.

Ms. Morlang asked that the members, after having a chance to read the report, bring any questions or comments forward at the next meeting.

Financial Report

Ms. Morlang reported on the March Financial Report as follows:

1. Page 3 – Bond Account Analysis: Under the “Investments” column there is one change, which relates to a CD in the amount of \$100,594.90. The report states it was due on March 1st when actually it should be April 1st.
2. Page 15 – GAT: Each County is projected to be over their GAT at this time. There has been an increase in flow of waste compared to last year. Outside waste has increased due to haulers coming in from Greene and Delaware Counties.

Ms. Podmajersky pointed out that the Winner Circle in Fonda, which burned in March, was not reported under C&D Deliveries on page 17 of the report. Ms. Morlang responded that if the waste from a project weighs less than 100 tons it is not shown on the report.

Mr. Wesnofske stated that it was noted in the past that the majority of the waste from the Amsterdam and Western Transfer Stations was being split between the Ontario and Chaffee Landfills. When looking at the report it is overwhelming what it is going to the Chaffee Landfill. Ms. Morlang stated that was the pattern from last year. About 33% of the waste is currently going to the Chaffee Landfill. Mr. Wesnofske pointed out that most of the Montgomery County waste was going to the Waste Management Landfill.

Committee Reports

Finance Committee

Meredith McNeil reported that the Finance Committee met on April 5th and reviewed the following:

- Outside Waste Agreements – after a lengthy discussion on outside waste deliveries a motion was made by James Powers and seconded by William Strevy recommending that the Authority enforce the Outside Waste Agreements. If the customer does not sign the renewal agreement they do not receive the lower rate.

Mr. McNeil referred to a memo that was sent to the Board members, which was prepared by Mr. Chichester relative to the Outside Waste Agreements. The attachments to the memo provided information on haulers who are delivering outside waste but are not delivering all inside waste as stipulated by the Outside Waste Agreement along with a copy of the current Outside Waste Agreement.

Ms. Podmajersky pointed out that the Authority's Attorney is recommending that the Agreement be changed to remove the statement referring to the inside waste requirement because the Authority has no legal standing relative to enforcement of flow control. Ms. Podmajersky wanted to know how that differed from the contract with Riccelli where Waste Management and Casella have to deliver all inside waste, which is a form of flow control.

Mr. Chichester responded that the contract with Riccelli follows the same framework relative to enforcement. It is a weak form of flow control but if Waste Management and Casella decided not to deliver all the inside waste there is not much the Authority can do to enforce it.

Mr. Chichester pointed out that there is also language in the contract relating to Otsego County and Casella. If there is a substantial change in the County subsidy Casella does not have to honor that portion of the contract. Ms. Podmajersky stated she was surprised that it was put in the contract if it cannot be enforced. Mr. Chichester responded that it was put in the contract to send a message in support of the Counties and to make a point with the haulers.

Discussion followed on the difficulties of enforcing the Outside Waste Agreement and the policing issues relative to haulers declaring inside waste as outside waste to get a reduced rate on the inside waste.

Ms. Podmajersky asked what Mr. Chichester recommended relative to the Outside Waste Agreement. Mr. Chichester recommended that the Agreement be changed as suggested by the Authority's attorney. There is not a sample agreement to present. Mr. Chichester suggested the new agreement might stipulate that the hauler delivering outside waste has to give the specific site where the material came from.

Mr. McNeil motioned to authorize the Executive Director to proceed with drafting a new Outside Waste Agreement with the help of the Authority's attorney. The motion was seconded by James Powers and unanimously approved on voice call.

- Transportation and Disposal Contract – Mr. McNeil stated that the Finance Committee had a lengthy discussion on the Transportation and Disposal Agreement as outlined in the minutes of the meeting. The decision was that the Executive Director was authorized to seek advice from the Authority's legal counsel relative to exercising the current option of extending the agreement and the legality of going out with an RFP, which dictates the landfills to be included.

Mr. Strevy asked why an optional year was not negotiated through the current contract rather than now having to renegotiate the whole contract. Mr. Chichester responded that time was a factor. There was pressure to get the agreement in place. At that time the parties involved did not want to go any further with it.

Mr. Wesnofske stated that the landfills do not want a long-term commitment relative to selling their disposal capacity because they want the flexibility of the market. He pointed out that the Authority is not the negotiator. The transporter is really the negotiator.

Mr. Buck thought the Authority would come under scrutiny if it goes out with an RFP. He pointed out that if the waste from Montgomery County goes to Waste Management landfill and Schoharie and Otsego Counties waste goes to a Casella landfill it would be considered a form of flow control.

It was decided that any further discussion relative to the T&D contract should be discussed in executive session.

- **OTS Site Modifications** – Mr. McNeil reported that the Committee discussed modifications to the Oneonta Transfer Station. The Committee directed management to proceed with placing pads for the staging of trailers, and to obtain further information relative to homeowner options.
- **Rental Agreement for Recycling Building** – The committee reviewed the rental agreement with Otsego County for the use of the recycling building. It was pointed out that there have been no adjustments to the rental rate since the original contract was executed in 1999. A motion was made and approved to leave the rental rate the same for 2005.
- **Montgomery County Proposal** – The Committee discussed Montgomery County's proposal to have the member counties take over the Authority's debt and purchasing assets, etc. Mr. McNeil reported that at that time Schoharie County had not met as a Board to take action on the issue. The Committee felt there was no sense in further discussion until Schoharie County addressed the issue. The Schoharie County Board met on April 15th and after reviewing the matter decided that they are not interested in pursuing the proposal.

Mr. McNeil pointed that one positive aspect of the situation is that the Counties and the Authority are thinking about what will happen in 2014. One down side that came out of the proposal is the general perception that the Authority finances are in jeopardy. Mr. McNeil tried to stress the point that this is not the case.

Mr. Strevy stated that Otsego County sent a letter stating they were not interested in the proposal but would like to keep the lines of communication open and asked Mr. McNeil how Schoharie County felt. Mr. McNeil responded that he felt that Schoharie County would be sending the same message.

Mr. Wesnofske stated that from verbal vibrations he has picked up and what he has read in the newspapers a lot of emphasis has been put on reducing the tipping fee as if that is going to get the waste into system. Mr. Wesnofske stated that is not the case because as long as the hauler makes money on the landfill he is going to be able to sacrifice his transfer station costs by going some place else in order to get the waste into his landfill.

Ms. Podmajersky pointed out that the Counties have not deleted their subsidies even though the waste has been flowing back into the system.

Mr. Buck pointed out that the big companies buy landfills but do not buy tip walls and trucks.

Resolution Number 6 Acknowledging Receipt of the Financial Audit for 2004 and Directing Its Proper Distribution} Sponsored by Meredith McNeil – Seconded by James Powers

Ms. Podmajersky commented that there was a typographical error on page 9 relative to the operating income. On page 17 it is mentioned that Montgomery and Otsego Counties subsidize. It does not mention that Schoharie County subsidizes. She felt that it should be noted in the report somewhere that Schoharie County does subsidize its haulers. Ms. Morlang responded that it is a Continuing Disclosure requirement, which is reported in the Annual Report on page 48. She pointed out that it is not appropriate to disclose in the Financial Audit because it is not considered a related party transaction. Ms. Podmajersky stated that on page 18 under "Other" there should be a note about the recycling done at Schoharie Transfer Station. She felt this should be expanded upon in the Audit. Ms. Morlang responded that there is a whole section on recycling in the Annual Report. She pointed out that it is not a requirement that it be included in the Financial Statements.

Ms. Podmajersky asked why the Auditors were not at the meeting to present the Audit. She was under the impression that the Authority paid to have them present to give the report. Mr. Chichester stated that the Auditors offered to be at the meeting but when Mr. Chichester asked the members at the last Board meeting if they wanted the Auditors present it was indicated that it was not necessary.

Ms. Morlang stated that if it is the consensus of the Board to have the Auditors available at the next meeting to discuss the report she would arrange it.

Mr. Wesnofske stated he feels comfortable with both prior and existing presentation of the Audit and the other information that stands underneath it. He indicated that if Ms. Podmajersky had questions, she might contact the Auditors by phone and if there are questions that she felt that the Board should hear then the Auditors could be asked to attend the next meeting. Ms. Podmajersky pointed out that this audit implemented GASB 34, which resulted in quite a few changes and was surprised that someone from the Auditor's office was not present to explain it.

Ms. Morlang responded that she felt that when she presented the Financial Statements she highlighted those changes. She was very extensively involved in the Financial Statements preparation and felt that she was qualified to answer questions or get answers for the Board.

Ms. Podmajersky stated that there is still the error on page 9. Ms. Morlang stated that the Auditors were aware of the error. Ms. Podmajersky stated that she would not accept the Audit without the error being fixed. Mr. Wesnofske pointed out that the Auditors were not going to reprint the whole audit for one typographical error. Ms. Podmajersky asked who receives a copy of the Audit. Mr. Wesnofske responded that it goes to representatives of the State of New York, county officials and the Authority Board. Ms. Podmajersky stated that it was an Audit and that it should be corrected. Mr. Morlang

stated that she could check with the Auditors to see if it could be corrected. Mr. Buck asked what Ms. Podmajersky wanted to have changed. She explained that on page 9 there is no heading to explain what a certain set of numbers are. Mr. Chichester stated that there is not an error per say because the numbers are not wrong. Ms. Podmajersky pointed out that the way it was presented it looks like the number is associated with the cash flows provided by operating activities when in fact it should be the operating income. Ms. Morlang agreed that the amount of \$1,305,800 is the operating income.

Mr. Wesnofske suggested that the Board put off consideration of the Resolution until the next Board meeting and in the mean time find out what the cost factor would be to correct and reprint the page in question. Ms. Podmajersky felt there should be no cost to fix the problem since it was an error of the Auditors.

Mr. McNeil asked if there was a time factor involved in distributing the report. Ms. Morlang responded that the Audit and Annual Report need to be distributed by the end of the month.

Mr. McNeil motioned to have the Auditors prepare a new page 9 to be distributed with the audit along with a letter explaining the corrected page. The motion was seconded by William Strevy and unanimously approved on voice call.

On voice call the Resolution was unanimously approved.

Planning Committee

James Power reported that the Planning Committee met on April 14th and discussed the following issues:

- Presentation to the Counties regarding the Authority's planning efforts.
- Montgomery County's proposal.
- Transportation and Disposal Agreement.
- Flow control.

Operations Committee

Mr. Wesnofske, in the absence of Mr. Lindberg, reported that the Operations Committee met on April 19th and discussed a variety of issues as follows:

- Report of Insurance Underwriter Regarding the Oneonta Transfer Station – The insurance underwriter inspected the Oneonta Transfer Station and recommended certain changes be made relative to the homeowner traffic flow.
- The evaluation of the qualifications of the two engineering firms, Dvirka and Bartilucci and Golder Associates was reviewed. No determination was made on either of the firms.

- Damage due to heavy rain in the beginning of April to the Eastern Landfill was discussed. A report from Barton and Loguidice indicated that the repairs would be in the range of \$200,000. There were six areas that were damaged on the face of the landfill. Most of the cost to repair the landfill will be covered under FEMA. The Committee authorized the Executive Director to proceed with the repairs to the landfill.
- Field staffing patterns relating to transfer station operations, equipment maintenance and building and grounds functions were reviewed. The Committee is giving further consideration to a coordinator's position for field operations. A part time Weigh Station Operator will be hired on a temporary full time basis as needed to help free up existing staff to help with the equipment maintenance and buildings and grounds activities. The possibility of using outside vendors to take care of mowing in Montgomery County and monitoring the Eastern Landfill was discussed.
- The preventative maintenance agreement with CAT was reviewed. Rates for this service are increasing. In order for the Authority to perform this function more personnel would be needed.
- The Committee reviewed the need and approved the purchase of a new Grapple Head for the ATS crane, a new computer for the Executive Director and brush hog to mow the landfills.
- The Committee approved declaring a 1983 Case Backhoe as surplus and sending it to the auction for disposal. This backhoe is located at Northern Transfer Station. The spare backhoe will be sent to the Northern Transfer Station.

Resolution Number 8 Authorizing Executive Director to Engage Engineers to Effect Landfill Repairs} Sponsored by Charles Buck – Seconded by James Powers

Mr. Chichester explained the damage that occurred at the Eastern Landfill and the engineer's recommendation for fixing it. The engineers have indicated that it can be done in-house. If the work was contracted out it could cost up to \$200,000. Mr. Chichester felt that staff could perform the work with the aid of a vendor who has the proper equipment and is familiar with the landfill. He indicated that the vendors were Killby Brothers and Nadeau. Mr. Nadeau will be presenting the Authority with an estimate for the job. Mr. Chichester expressed the need to move quickly on the project to prevent further damage.

Mr. Chichester stated that he had been in contact with FEMA and the Authority is line to receive funds for the damages. The Authority has to incur the initial cost and will be reimbursed by FEMA at the completion of the project.

Mr. Strevy asked if the problems with the methane gas could be taken care at same time as the other work. Mr. Chichester responded that most of the problems relative to the methane issue have been addressed. What issues are left would require a different type of vendor.

Mr. Strevy asked if anyone has addressed the issue of draining the leachate from the Eastern Landfill into a municipal system. Mr. Chichester responded that he has discussed the possibility with Ray Halgas relative to discharging the leachate into the City of Amsterdam's sewer system. Mr. Halgas has indicated that it would not be possible at this time because the City cannot take any more discharge until it corrects some issues with its system. Mr. Strevy asked if anyone has written a letter to City relative to the matter. Mr. Chichester stated that he has not written a letter.

Ms. Podmajersky stated that Mr. Halgas has indicated that until the State fixes Route 5S by the creek on the west end of Amsterdam nothing can be done. Mr. Strevy stated that the State is now working on the west end. Ms. Podmajersky felt the City should be made aware of the Authority's interest in discharging into their sewer system now while they are doing the work. Mr. Buck suggested finding out exactly what kind of work the State is performing in the area.

Ms. Podmajersky motioned to amend the Resolution to insert in the last "Resolve" clause that funds will be used from the Bond Redemption and Improvement Fund for the repairs to the Eastern Landfill. Mr. Strevy seconded the motion.

Ms. Morlang stated that the funds would have to be spent to fix the damages and then FEMA would reimburse the Authority. She suggested that the funds come from the Rate Stabilization Fund because funds can flow more easily in and out of the fund than the Bond Redemption and Improvement Fund. Ms. Podmajersky withdrew her motion.

Charles Buck motioned to amend the Resolution to insert in the last "Resolve" clause that funds be used from the Rate Stabilization Fund. Mr. McNeil seconded the motion and on voice call the motion was approved. The Resolution was unanimously adopted on voice call.

Resolution Number 9 Authorizing the Purchase of Rebuilt Grapple from the Equipment Replacement Fund} Sponsored by William Strevy – Seconded by James Powers

The Resolution authorized the Executive Director to acquire a rebuilt grapple and jaws from Crane Equipment for an approximate cost of \$7,400, after taking into consideration the trade-in for the existing grapple and the costs for transportation. Funds for the equipment will come from the Equipment Replacement Fund.

On voice call the Resolution was unanimously adopted.

Resolution Number 10 Authorizing the Purchase of a Laptop Computer with Peripherals from the Equipment Replacement Fund} Sponsored by Meredith McNeil – Seconded by Charles Buck

The Resolution authorized the Executive Director to upgrade the computer used to facilitate his responsibilities by way of state contract or other less costly means and to use funds from the Equipment Replacement Fund for the purchase.

On voice call the Resolution was unanimously approved.

Resolution Number 11 Declaring One (1) 1983 580D Case Backhoe as Surplus} Sponsored by Meredith McNeil – Seconded by William Strevy

The Resolution authorized the Executive Director to facilitate the sale of the 1983 580D Backhoe by way of an auction conducted by Ray Teitsworth to be held in Otsego County on June 11, 2005.

On voice call the Resolution was unanimously approved.

Personnel Committee

The Personnel Committee which was scheduled to meet immediately following the Board meeting was cancelled because Mr. Halgas was not present and Mr. Strevy could not stay due to a prior commitment.

7. Old Business

There was no old business discussed.

8. New Business

Ms. Podmajersky motioned to go into executive session to discuss the Transportation and Disposal Contract. The motion was seconded by William Strevy and approved with five members voting “aye” and one member (Powers) voting “nay”.

The executive session began at 11:25 a.m. and adjourned at 11:35 a.m.

9. Closing

Edward Wesnofske motioned to adjourn the meeting. The motion was seconded by William Strevy and was unanimously approved on voice call.

The meeting adjourned at 11:36 a.m.

Respectfully Submitted,

Robin Loske
Confidential Secretary