

**Montgomery-Otsego-Schoharie Solid Waste Management
Authority
Finance Committee Meeting**

Date: April 5, 2005

Location: Howes Cave Administrative Complex

Members Present

Meredith McNeil
William Strevy
Olga Podmajersky
Meredith McNeil
James Powers

Members Absent

Edward Wesnofske

Others Present

Gilbert Chichester
Melissa Morlang
Marijeanne Broadwell
Darryl Purinton, CPA MC.
Shane Walters, Chair, MC SWC

1. Opening

Chairman McNeil opened the meeting at 10:09 a.m.

2. Minutes of Prior Meeting

Olga Podmajersky motioned to accept the minutes of the prior meeting of November 11, 2004 as written. William Strevy seconded the motion. The minutes were unanimously approved on voice call.

3. Customer Accounts

At 10:11 am, William Strevy motioned for the Committee to enter into executive session to discuss the customer accounts. The motion was seconded by Olga Podmajersky and unanimously approved.

At 10:15 am, Olga Podmajersky motioned for the Committee to come out of executive session. The motion was seconded by William Strevy unanimously approved.

4. Outside Waste Agreements

Melissa Morlang explained that when a Company becomes a new customer they receive an application packet that includes an outside waste agreement. So as to maintain current information and be sure all customers receive updated policies and procedures the Authority had changed from a one-time application to an annual application, which includes the outside waste agreement.

Mr. Chichester explained that a number of entities have not signed the renewal agreement. The concern is now raised as to whether the Authority wishes to continue to have the agreements and if so how does the Authority enforce the agreements.

Ms. Morlang stated that the issue arose when a customer with an Outside Waste Agreement questioned whether they wanted to sign the agreement because they are not currently bringing all their GAT waste to MOSA.

Mr. Chichester explained that there is a chance that MOSA could lose the outside waste being delivered by these customers if MOSA chooses to enforce the agreement. Currently there are customers with Outside Waste Agreements taking Montgomery County waste to Fulton County.

Ms. Podmajersky stated that there is a policing problem in each of the Counties. Ms. Podmajersky requested information on who the customers are, the quantity of outside waste being delivered by these customers, which customers are suspected of not delivering GAT waste to MOSA, and which customers did not sign the renewal agreement. She also requested that the information be presented showing which sites the customers are using.

Ms. Morlang stated that information on customers delivering outside waste to MOSA and their tonnage is included in the monthly Board financial package. Additional information will be developed for the committees consideration.

James Powers stated that if a customer does not sign the contract, then they should be charged the full rate for disposal. Ms. Morlang stated that this could cause MOSA to lose the outside waste being delivered by these customers as well as their GAT waste.

Mr. Chichester put forth the option of the Authority entering into contracts with customers delivering outside waste as opposed to agreements. The Authority could move to allowing the delivery of outside waste only if a contract is in place. Ms. Morlang suggested that MOSA could require a minimum tonnage for agreements and therefore focus on the larger quantity customers.

Ms. Morlang stated that the Authority would need to investigate and document customer's business in order to enforce the contracts. Mr. McNeil stated that this could be costly for MOSA.

Mr. Chichester stated that having the agreements but not enforcing them is equivalent to saying that it is okay for customers to take the GAT waste elsewhere. He questioned what the Authority would go after when a customer is found to be in violation, would it be the dollar value of the inside waste not delivered. This would be in effect enforcing flow control on only the haulers delivering outside waste, not across the board.

Ms. Morlang pointed out that the revenue from outside waste has been used to offset the tip fee. Administration felt that this was a sensitive issue, therefore they did not immediately enforce the procedures. Mr. McNeil suggested that MOSA could set a rate for all waste regardless of

where the waste originates. Ms. Morlang stated that MOSA has set the rates to encourage delivery of outside waste.

Municipalities could give consideration when writing a contract for a C&D project to specify that the material be delivered to MOSA. Mr. Strevy stated that when a municipality goes out for bids there is not always a level playing field. One contractor may bid the project to deliver the material to MOSA while another contractor may bid the project to be delivered elsewhere.

Mr. Strevy stated that if they are going to make a change, they need to consider what the potential losses might be. He stated the question is how does MOSA handle this issue and still continue to receive outside waste.

Mr. McNeil requested that Management obtain feedback from legal council on this topic, with regards to what the legal ramifications might be. Mr. Chichester stated that he would speak to counsel on her perception relative to enforcing the contracts.

James Powers motioned that the Committee recommend to the Board that MOSA enforce the outside waste agreements, if a customer does not sign the renewal, they do not receive the lower rate. The motion was seconded by William Strevy and unanimously approved.

5. T&D Agreement

Mr. Chichester explained that MOSA's transportation and disposal contract with Riccelli Enterprises contains five one year options beginning in 2006. The current contracts with the additional landfills end this year. Richard Riccelli has sent letters to each of the additional landfills requesting their rates through 2010.

The MOSA contract with Riccelli Enterprises does not allow for rate increases relative to fuel surcharges. The contract only allows Riccelli Enterprises to request a rate adjustment for uncontrollable circumstances during the years 2007 through 2010.

Mr. Strevy questioned if MOSA were to take the option in 2006, could the additional landfill contracts be renegotiated. Mr. Chichester explained that it is unclear at this point whether the additional landfills will continue their contracts. If they do not, all the waste will go back to the Hyland landfill.

Ms. Podmajersky stated that the additional landfill contracts were established to benefit Riccelli Enterprises because they were having issues using the Hyland facility. She questioned whether Riccelli continues to have the problems with the Hyland facility. Mr. Chichester stated that he has not heard of any problems lately.

Ms. Podmajersky stated that she has always felt that MOSA should have had two separate contracts for T&D because of the two major haulers. She suggested that MOSA go out to bid requesting bids that split the T&D between Montgomery County and grouping Otsego and

Schoharie Counties, as well as all three counties T&D. Mr. Chichester stated that they could request this but they can not control how the bids come back.

Ms. Podmajersky stated that MOSA could request two contracts one for the use of a Casella landfill for Otsego and Schoharie County, and one contract for the use of a Waste Management landfill for the Montgomery County waste. She stated that she never would have agreed to a contract to have all the waste go to one landfill. Ms. Morlang questioned why Casella or Waste Management would place a bid for only part of the waste if they could bid for all of the waste.

Ms. Podmajersky stated that if Casella gets the contract then Montgomery County will have a problem, if Waste Management gets the contract then Otsego County will have a problem. Mr. Powers stated that he understood Ms. Podmajersky's desire for MOSA to not enter into a contract that will hurt one county or the other.

Mr. Strevy stated that if MOSA goes out to bid, it is likely that the bids will come back higher than the current contract option given all the economic factors.

Mr. Chichester stated that if MOSA were to tell Riccelli Enterprises that they wish to exercise the one year option, depending on Riccelli to renew the contracts with the additional landfills, Riccelli could delay the process so as to not allow MOSA enough time to go out to bid if needed.

Ms. Morlang stated that if MOSA wants the cheapest rate, then they should exercise the option, but then they risk loosing the other landfills. Riccelli most likely has secured the rates with the Hyland facility but the other facilities could raise their rates. If the other facilities raise their rates, Riccelli would probably go back to the Hyland landfill. MOSA will only pay the rate set in the contract. Mr. Chichester stated that the cheapest rate is not always the best bid.

Mr. Chichester stated that in writing the RFP to require the waste go to a Casella and a Waste Management landfill, MOSA would be excluding part of the market. Mr. Chichester stated that he would speak to MOSA's legal counsel regarding the current contract option and MOSA going out with an RFP. MOSA would need to check on the legality of specifying these two entities.

Mr. Chichester stated that if MOSA goes out with the RFP, they could receive a bid from another entity such as Seneca Meadows for all of the waste, but MOSA would not want that bid because it is not a Casella or Waste Management facility. Ms. Podmajersky stated that she is not saying that she is requiring that MOSA only use a Waste Management and Casella landfill, just that she does not want MOSA to use only one landfill.

Ms. Podmajersky stated that MOSA had conversations in the past with DANC however transportation was a concern. She indicated that it was a shame MOSA could not work with DANC. Ms. Morlang stated that DANC would like a secured waste flow prior to entering into an agreement with MOSA. Flow control would need to be adopted by the MOSA counties and the counties represented by DANC.

Mr. Chichester stated that he had a conversation with an official from DANC. DANC had worked with their participating counties to agree upon accepting outside waste at a reduced rate. DANC presented the rate to Casella who currently collects waste from neighboring areas as well as within the DANC service area, and they rejected it. Casella rejected the rate because they would still need to pay the inside rate of \$41. The outside rate was slightly lower than what MOSA is currently paying for disposal. Casella would like to gain control over DANC.

Mr. Chichester stated that he would seek advice from legal counsel relative to exercising the current option and the legality of going out with an RFP which dictates the landfills to be included.

6. OTS Site Modifications

Mr. Chichester stated that MOSA had met with proposers for the Oneonta Transfer Station modifications. However two situations currently exist at the Oneonta Transfer Station that need more immediate attention. Mr. Chichester distributed a map, which is attached hereto.

The parking area for the staging of trailers is not paved, and the ground is soft. This increases the risk of having a trailer tip over, which has occurred in the past. Management would like to have pads placed in the green highlighted area of the map for the purpose of staging trailers.

The areas of the map highlighted in pink addresses the insurance company's desire to keep homeowner traffic away from commercial traffic. The homeowner traffic would be diverted so that the waste disposal and recycling would be handled in the same area. Bagged waste would be deposited into a roll-off box.

Mr. Chichester stated that consideration was given to having homeowners go across the scales to pay for their waste and then diverting the traffic through the building, highlighted in pink, but this option could create a cueing problem. Traffic could back up while homeowners are stopped to deliver their material.

Consideration is also being given to not having the customers go across the scales. This option could have some cost to implementing. Mr. Chichester stated that the best way might be for MOSA to issue a magnetic card, a homeowner would pay in advance for their waste, and then they would swipe the card to deduct their delivery from their balance.

Ms. Podmajersky stated that staff would be needed to assist the homeowners.

The Finance Committee directed Management to proceed with placing pads for the staging of trailers, and to obtain further information relative to homeowner options.

7. OTS Rental Agreement for Recycling Building

Mr. Chichester stated that Management was preparing to bill Otsego County for the rent on the MRF building at the Oneonta Transfer Station. He questioned whether the Committee would like to keep the rate the same or make an adjustment.

Mr. Chichester explained that there is an issue relative to replacing the floor in the building. MOSA is responsible for any repairs due to normal wear and tear, while Otsego County is responsible for any damages. There are questions over whether the floor repairs are due to normal wear and tear relative to the activities for which the building was rented, or whether they are due to damage.

Mr. Chichester stated that currently any electricity used under the contract is paid for by MOSA and not billed to the County or the vendor. There have not been any adjustments to the rate since the original contract.

Ms. Morlang stated that the current rate was based on an assessment performed in March of 1999. There is a question as to whether the rate is still viable.

Mr. Chichester stated that the contract has been in place for eight years. MOSA is looking at making changes to the facility. The County has paid for all door repairs that have been performed. MOSA might consider keeping the rate the same until a determination has been made relative to future modifications of the facility.

Ms. Podmajersky questioned whether the floor would need to be repaired before the retrofit has been decided. She stated that she believes \$10,080 is inexpensive for the building.

James Powers motioned that the rent remains the same for 2005. The motion was seconded by William Strevy and was unanimously approved.

8. Montgomery County Proposal

Mr. McNeil stated that Montgomery County had met with representatives of each of the other two counties as well as presented their proposal to the full Governing Board. He questioned how the Finance Committee would like to proceed with regards to this proposal.

Ms. Podmajersky stated that she hoped the Finance Committee would see fit to have a study done relative to this concept. Mr. Strevy stated that he felt the proposal was a workable solution and if MOSA feels that it is not, he wishes they would point out why.

Mr. Powers stated that he did not understand why if this is the county's solution, and the county's need to adopt it, why is MOSA studying it. He stated that the proposal will likely be brought up at the Otsego County Board meeting the following day, but he does not believe it will receive any support. He has spoken with several people on the Otsego County Board and they have indicated they are not interested in supporting the proposal.

Mr. Powers stated that he does not believe MOSA should study the proposal if there is no support for it from all three counties.

Mr. Powers stated that he has always felt that the price for garbage should be set at the price for garbage. It always makes him nervous when people start talking about creative financing. Mr. Strevy stated that the proposal is not creative financing, if the County buys into the proposal, how the County handles their portion of the debt is where there could be creative financing. Mr. Strevy stated that if the County goes with a straight bond they would still save \$600,000.

Mr. Strevy stated that the term "smoke and mirrors" has come up quite a bit relative to the proposal, but he does not feel that it is smoke and mirrors unless the counties make it that way.

Ms. Podmajersky stated she could not imagine why anyone would not want the debt taken off the tip fee. Mr. McNeil stated that they are not going to make the debt disappear.

Mr. McNeil stated that there has not been a Schoharie County Board meeting where this topic has come up. Montgomery County did meet with the Schoharie County Board Chairman and Finance Committee Chairman, but he has not had any communication with them regarding their interpretation of the proposal. The only perspective given from a Schoharie County official was the letter to the editor from the Treasurer, but that was one person's point of view and he does not have a vote on the proposal.

Mr. McNeil stated that there needs to be some communication at the County level. The Schoharie County Solid Waste Committee is a part of the Finance Committee. The next County Finance Committee meeting is on April 13, and he felt that the proposal will probably be discussed then.

Mr. McNeil agreed with Mr. Powers in that if the counties do not choose to support the proposal, then there is no point in MOSA studying the proposal. However if the counties do choose to look into the proposal, potentially an independent outside entity should be hired to look into the proposal and act as a facilitator. Mr. McNeil had concerns that without an outside facilitator they might lose focus.

Mr. McNeil stated that he had an opportunity to speak with the Schoharie County's personnel council, Roemer, Wallens, and Mineaux, who also handles MOSA, the City of Oneonta, and Montgomery County. He asked if counsel would be interested in sitting down with the three counties and MOSA if all parties were interested in discussing the proposal further. Counsel did express an interest. This entity has knowledge of all entities involved as well as they were a part of the creation of MOSA.

Mr. McNeil stated that no further discussion of the proposal should be held until there is feedback from the counties on their desires. If the counties do wish to pursue this, then they would need find out what the cost of the facilitator will be and how the cost will be covered. Mr. McNeil stated he did not engage the attorney, he only questioned if there was an interest.

Ms. Podmajersky stated that she liked the idea of hiring an outside entity if there is support from the counties. She stated that she believes the proposal would be good for MOSA but there needs to be cooperation from MOSA and the three counties. She stated that MOSA and the counties should sit down and figure out how to help all involved. She stated that she felt MOSA has an obligation to look at this option and ensure that all sides are presented objectively.

Mr. Chichester stated that he feels strongly that there needs to be an independent party involved in facilitating any discussions not just for this proposal but all options. It is important that direction is received from all parties whether it be for this proposal or any modification there of. The advantage of doing this is that some aspect of all parties are involved in the decision making. When you hire someone to come in and study the situation as was done with the Cashin/Cahill Report, then you are left with what is written on the paper, but no one else involved in the organization was involved in the thought process. When all parties gather around one table, everyone is involved, questions are asked, discussed, and resolved. Everyone gains from the knowledge gained and it is retained longer. Mr. Chichester stated that he feels very strongly that all parties must be involved, they can not just hire an outside entity to come in and write a report.

Darryl Purinton, CPA, Montgomery County, stated that he sees this as a different alternative to the ten year commitment MOSA was willing to enter into relative to the forward delivery agreement for a 3% interest rate. Interest rates are going up. MOSA already had a ten-year proposal on the table that was delayed, and he believes the delay was a wise decision. He stated this is just an alternative for the use of the same money. In the year 2014, MOSA will be in the same position.

Shane Walters, Chairman of the Montgomery County Solid Waste Committee stated that the letter to the editor from the Schoharie County Treasurer was printed prior to Montgomery County making their presentation to Schoharie County. Montgomery County only presented a five to six page Power Point presentation. For a County to jump to a conclusion that the proposal will never work based on the small presentation is short sighted. The intent was to go back to the counties with more information and numbers. They plan on going back and meeting with the county treasurers. Mr. Walters stated that Carl Higgins was quoted in the paper as saying he would not decide on the proposal until he had spoken with the County's financial advisor. He stated that he hopes the Otsego County Board would not jump over this step.

William Strevy motioned that the proposal remains in Committee until the Counties have voiced their commitment on the proposal. The motion was seconded by Olga Podmajersky and was unanimously approved.

9. Other Business

Mr. McNeil stated that several members on the Finance Committee are also on the Personnel Committee. They can not lose track of the fact that there are issues relative to Management contracts as well as long term health care for individuals in those positions. This could have a

financial impact. He stated that they did not need to discuss these topics at this moment but that they do have financial ramifications in that need attention.

10. Closing

William Strevy motioned to adjourn the meeting at 12:00 p.m. The motion was seconded by Olga Podmajersky and unanimously approved.

Respectfully Submitted,

Marijeanne Broadwell
Accountant