

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

**Date:** September 14, 2006

**Location:** Howes Cave Administrative Complex

**Members Present**

Meredith McNeil  
William Strevy  
Olga Podmajersky  
Rudolph Laguna, Jr.

**Members Absent**

**Others Present**

Gilbert Chichester  
Edward Wesnofske  
Joan Bent  
Martha Clarvoe

**1. Opening**

Chairman McNeil opened the meeting at 10:11 a.m.

- 2. Review of Reserve Funds** -- Mr. McNeil indicated that he had asked Mr. Chichester to prepare a report relative to the current status of the reserve funds as compared to the capital needs of the Authority. He asked Mr. Chichester to review the report with the Committee.

Mr. Chichester reviewed the report, line by line, along with the related footnotes.

Mr. Strevy asked a question as to the uses allowed for Bond Redemption and Improvement Funds. Mr. Chichester reviewed the list of possibilities as enumerated in the Bond Indenture.

Mr. Wesnofske indicated that he had recently read an article that described a situation in Schenectady County where their landfill had to be dug up so as to be able to replace drainage pipes. The cost of the project will be approximately \$1.65 million. Mr. Wesnofske pointed out that such expenses could hit the Authority in that we are the owner of three landfills.

Ms. Podmajersky pointed out that the estimates shown in the report are not firm, particularly the cost for retrofitting the Oneonta Transfer Station. She also indicated that she had always envisioned the Operating Reserve Fund being used to fund the post closure costs for the landfills when it became available.

- 3. Guaranteed Annual Tonnage (GAT)** -- The chairman opened the floor for discussion of the "2007 Guaranteed Annual Tonnage Calculation".

Mr. Wesnofske indicated that he felt that there was solid waste leaking out of Otsego County along its western boundary. Mr. McNeil spoke to the same situation along Schoharie County's southern border. Mr. Chichester indicated that waste is lost from all three counties. Haulers also take waste out of Montgomery County.

Ms. Podmajersky indicated that the 1,100 tons of waste from Keymark and the 1,500 tons of waste proclaimed to be lost to BFI in Schenectady bothered her.

Mr. Wesnofske indicated that he felt that some of the lost waste may return with the high fuel costs in that it will cost haulers too much to take loads long distances to facilities outside the MOSA service area except possibly for the last load of the day.

Mr. McNeil indicated that he felt the numbers to be reasonable.

Ms. Podmajersky indicated that she was not happy with the inclusion of waste streams from Lane Construction in Fultonville and Collect in St. Johnsville. Lane Construction has closed and Collect has not been shipping direct to the landfills.

Mr. Chichester pointed out that a new firm had opened in the former Lane Construction facility and that Collect had been shipping material through Waste Management.

Ms. Podmajersky made a motion to adjust two municipalities in Montgomery County. She proposed to lower the tonnage in Fultonville from 900 tons to 805 tons and lower the tonnage from St. Johnsville from 2277 to 2078.

Mr. Strevy seconded the motion. With no further discussion, Ms. Podmajersky and Mr. Strevy voted in favor and Mr. Mc Neil and Mr. Laguna voted against. The motion failed.

Mr. Wesnofske made the observation that Ms. Podmajersky often made impressionistic observations and invariably the deliveries for the year in question exceeded the GAT established for that year.

Ms. Podmajersky indicated that she had studied the report carefully and made many notes and calculations on which she based her comments.

Mr. Laguna indicated that he found the GAT for Otsego to be reasonable. Mr. Wesnofske agreed. He indicated that the report represents what has come over the scales at MOSA facilities.

Mr. Strevy indicated that he questioned the ability of the Committee to resolve the GAT and budget. Mr. McNeil indicated that he had hoped that the Committee could come to an agreement and report it positively to the full board. Mr. Strevy indicated that the GAT was only one piece of the picture. It was recognized that the GAT is a component of the budget.

It was agreed that Ms. Podmajersky could bring her concerns before the full board for further consideration.

- 4. 2007 Operating Budget** – The Chairman asked Mr. Chichester to review the budget that had been presented. Mr. Chichester reviewed the format of the budget and the increases having the most impact. He pointed out that the Director of Finance and Administration position was not included in the budget but that funding for planning had been placed in the budget under the heading of Consultant/Study on page 13. The lump sum of \$188,962 for planning was intended for the board to make decisions and set priorities for the coming year. There are needs relative

to covering the responsibilities of the Director of Finance and Administration, Computer Consulting, Engineering, HR Consulting and general planning.

Mr. Strevy asked if the revenues had been maximized. Mr. Chichester indicated that he would have to check further on this given that Ms. Broadwell had estimated the revenues.

Mr. Wesnofske indicated that an increase in the bag rate had been discussed in 2005 but no change was made to this rate. He asked if the Committee wanted to further consider this.

Mr. Strevy inquired as to the inclusion of added revenue from the quantities of flood waste handled by the Authority facilities. This was discussed and it was pointed out that the excess from the year would be swept into the Rate Stabilization Fund at the end of the year. Mr. Strevy then pointed out that consideration could then be given to allocating more from the Rate Stabilization Fund toward the budget due to the added revenue from the flood waste. It was pointed out that the margin above the fixed costs attributable to flood waste was not that great.

Mr. Wesnofske brought the discussion back to the bag rate. He felt with the increase in transportation that this is a good time to reconsider an increase in the bag rate. Mr. Laguna agreed and felt that this would help hold the overall rate increase down.

Ms. Clarvoe asked why a greater burden should be placed on those who generally were cognizant of their waste generation and tried not to generate a lot of waste. Mr. Wesnofske indicated that there were a lot of points to be made. He pointed out that the small bag customer is an inefficient customer and special provisions need to be made to accommodate them as opposed to their using other options. It was pointed out that Ms. Podmajersky has indicated in the past that there should be more municipal collection and then the Authority would not have to make provision to accommodate the bag customers. An increase could serve as an incentive to reduce or remove the small user and the related costs.

Ms. Podmajersky pointed out, on page 3 of the budget document, the projected expenditures for 2006 for bag waste was \$400,772 as compared to the estimated revenue from bag waste of \$200,000. Mr. Chichester indicated that he would check on the amount of revenue anticipated for bag waste in 2006. The Committee requested that an estimate be made as to what additional revenue could be anticipated from a \$1 increase in the bag rate for 2007. Additionally, an estimate of increased revenue that would result from an increase in the minimum fee from the current \$12 to \$14 or \$15 was requested.

Mr. McNeil indicated that the \$99 tip fee should not be a shock to the members of the MOSA Board. He pointed out that the percentages shown on page 4 of the budget. Specifically he focused on the fact that 14.86% of the 18.35% overall increase in the rate is due to the increase in the T & D rate that resulted from a bidding process. He felt that the increase for other items in the budget was fairly flat when considering the overall increases in fuel, utilities and the negotiated labor contract.

Ms. Podmajersky asked about the high cost for operating the Schoharie Transfer Station. She wanted to know why it was as high as for the Oneonta Transfer Station. Mr. Chichester indicated that a floating person was funded at the Schoharie Transfer Station to accommodate miscellaneous needs throughout the Authority (mowing, plowing, site cleanup, etc.) as well as to help cover for the use of leave time.

Mr. Strevy asked about the funding for the OTS retrofit: is it going to come out of reserves? The budget did not reflect any additional bonding costs. It was indicated that this was yet to be determined.

It was pointed out that the OTS retrofit would be the subject of the Operations Committee scheduled for next week. Mr. Laguna indicated that the Otsego County Solid Waste Committee Chairman had asked if the project could be spread over multiple years.

Mr. Wesnofske raised the question of an increase in the rate for outside waste. It was recognized that an increase in the rate might well impact the deliveries. It was further pointed out that when budgeting, the anticipated revenue for the current year is included in the next year's budget. The outside waste revenue is not based on anticipated deliveries for the budget year.

Mr. Strevy inquired of the other members of the Committee if they were inclined to use funds from Rate Stabilization to reduce the tip fee. Mr. Wesnofske indicated that he felt that a \$1 to \$2 dollar per ton contribution from Rate Stabilization was reasonable. He also felt that with the big capital projects and the potential risks inherent in owning landfills and being in the solid waste business, the board needs to be aware and cautious with the utilization of the Rate Stabilization Fund.

Ms. Podmajersky asked about the feelings in Schoharie County. Mr. McNeil pointed out that he and Ms. Bent had attended two meetings of the Finance / Solid Waste Committee of the Schoharie County Board of Supervisors. Each time, the pending substantial increase in tip fee was discussed and there was no feedback other than the expected displeasure with a sharp increase but realizing that it was the best price put forth by the bidders.

Olga asked if Otsego County would continue to subsidize. Mr. Laguna indicated that the subject has not been discussed. The Counties will need to look at their options while realizing that without subsidization or some means of flow control, waste will leave the system and the Counties will be obligated to make up the shortfall.

Mr. Strevy indicated that he personally felt that the subsidy should be discontinued and flow control should be pursued. He indicated that the Montgomery County Board of Supervisors seems to continue to favor a subsidy.

Mr. Laguna indicated that Otsego County might need to look to revisit their districting plans.

Mr. Wesnofske indicated that the subsidization should be discontinued. He also supported governments role in the handling of waste to assure that disposal is done in an environmentally sensitive manner.

Mr. Wesnofske indicated that it would be positive for the Authority to become involved with community groups performing waste cleanup activities. It would create a positive image for the Authority. It was suggested that a policy be established to guide such activity prior to taking on any projects.

Mr. Wesnofske felt that there should be a budget appropriation to fund such activities.

Ms. Podmajersky asked about the wording in the Transportation and Disposal Contract with regard to Casella and Waste Management having to deliver the waste they collect in the service area.

5. **Audit Committee** – Mr. McNeil indicated that since the membership of the Audit Committee is different than the Finance Committee and due to the fact that there is another Committee scheduled to meet immediately following this Finance Committee meeting a meeting of the Audit Committee will need to be scheduled at a later date.

Mr. Strevy asked if it was appropriate for the Chairman of the Finance Committee/Treasurer to also chair the Audit Committee.

Mr. McNeil indicated that from what he had read, it was not an issue.

Mr. Wesnofske indicated that given that the question has come up internally, he felt that people making observation from outside the organization see it as a conflict.

Mr. Chichester is to check with the NYS Commission on Public Authority Reform.

6. **Other Business** – Mr. Chichester indicated that there might need to be some transfers as well as budget amendments at the next meeting of the Governing Board but that he had not had time to review the accounts to gather the necessary information.

## 7. **Closing**

Olga Podmajersky motioned to adjourn the meeting at 12:20 p.m. The motion was seconded by Rudolph Laguna and unanimously approved.

Respectfully Submitted,

Gilbert L. Chichester  
Executive Director