

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

**Date:** March 12, 2007

**Location:** Howes Cave Administrative Complex

**Members Present**

Meredith McNeil  
Olga Podmajersky  
Martha Clarvoe

**Members Absent**

**Others Present**

Gilbert Chichester  
Joan Bent  
Edward Wesnofske  
William Strevy

**1. Opening**

Chairman McNeil opened the meeting at 10:00a.m.

**2. Minutes of Prior Meeting**

After inviting any motion to amend the minutes of the September 14, 2006 meeting of the Finance Committee and receiving none, the Chairman declared the minutes as accepted.

**3. Impact of tipping fee increase upon Montgomery County Villages and the City of Amsterdam.**

The committee requested Mr. Chichester to review the response received from the Montgomery County Villages relative to the perceived impact of the increase in the Authority's tipping fee on 1/1/07. Copies of the responses are attached hereto.

Mr. Chichester also presented and reviewed a spreadsheet he had prepared based upon the historic deliveries of waste from all the Montgomery County Villages for the year 2006. This attached document shows the potential impact to the Villages resulting from the \$16 rise in tipping fees.

Mr. McNeil raised the issue of fairness and equity throughout the MOSA System. He felt that MOSA giving money to the Villages was questionable. He indicated that MOSA has a relationship with the Counties through the Service Agreement. If the Authority does anything, it should be doing it with the Counties and they can decide what they want to do internally.

Mr. Wesnofske agreed with Mr. McNeil. He added that by relating to any entity other than the Counties that the Authority would be inviting requests from everyone and anyone.

He felt the whole situation demonstrates the depth of the problem, i.e. the lack of communication and coordination between Montgomery County and the municipalities

within. He pointed out that Montgomery County has a lot of individual municipal collection arrangements, which is not the case in Otsego or Schoharie. He felt there was dire need for an element of planning, coordination and integration of the solid waste system.

He pointed out that the Authority is the Planning Unit and is in the best position to refine the system from a regional basis. MOSA is also required to prepare numerous reports to multiple parties, which ties to the planning and coordination role.

He felt that the Authority's resources would be better spent refining the system and effecting better communication than simply sending money to the Counties or their related municipalities.

He indicated that if funding was sent to the Counties, that it should be done in a manner that it would bring about a different thought process. The resources should be contingent upon the Counties assisting the municipalities within to comply with the terms of the Service Agreement and assist with the planning process. If the funds are sent to the Counties it needs to place the burden on the Counties, relative to their adhering to the terms of the Service Agreement, as opposed to the Authority being expected to undertake the Counties responsibility relative to waste flowing to Authority Facilities.

Mr. Wesnofske indicated that he felt there have always been issues of compliance. He pointed out that Otsego County also has issues with Waste Recovery, Inc. collecting waste within the County and not bringing it to Authority Facilities. This situation is exacerbated by the fact that the County has a contractual relationship with Waste Recovery, Inc. for recycling services.

Mr. Wesnofske reiterated the need to attach any stipulations to any funding flowing to the Counties relative to compliance and good regional planning.

Martha Clarvoe made the point that the tip fee is based upon the waste flow. If all the waste is directed to Authority Facilities, the overall tip fee would likely be lower. She also asked if the Villages don't have contingency funds.

Olga Podmajersky indicated that the Villages were strapped due to the flooding last summer.

Mr. McNeil pointed out that FEMA covered most of those costs. He did not feel that the use of the flood as an excuse does not have validity.

Mr. Strevy ask Mr. McNeil as to what plan he had. Mr. McNeil indicated that he did not have a plan. He raised the point that Donald Lindberg, Chairman of the Otsego County Board of Representatives was also pressuring the Authority to refund the subsidy payments made by the County for waste delivered beyond the Guaranteed Annual Tonnage (GAT). He wondered if the Authority was to facilitate this refund, if those funds could be used to soften the blow of the increased tip fee. The Counties could funnel funds to the Villages and Towns to soften the impact to the next budget cycle.

Mr. McNeil indicated that the consultants had been hired, GBB, and that the outcome would be reported in May or June of 2007. This would give a much better perspective on the Authority's needs and thus the need for maintaining reserve funds to address infrastructure and program needs. Mr. McNeil pointed out that everyone knows that the Authority has real needs to address and that care needs to be exercised with the handling of fund in hand.

Mr. McNeil indicated that returning subsidy money would help but it is not a "pure" solution although it does stay clean of channeling funds to the Towns and Villages.

Olga Podmajersky agreed that it was best to stick to working with the Counties. However, she felt it important to separate the repayment of subsidy funds from relating to the Village plight caused by the \$16 per ton increase in the tipping fees.

She did not know what to do. She believed there must be some solution.

Mr. McNeil pointed out the clearly, if funds went to the Towns and Village, it was circumventing the County and not speaking to their lack of responsiveness.

Ms. Podmajersky asked if the Authority could just give out money to the Counties.

Mr. Wesnofske indicated that it seems that the whole situation at hand puts pressure on the representatives appointed by the Counties. By holding the GAT low, it appears that excess subsidization takes place and then there is a big check sent back to the Counties. This has amounted to hundreds of thousands of dollars per hear and he has opposed such actions.

It could appear to be a scam. He felt it was the wrong approach and that with the closer scrutiny by the Authority Budget Office through the new laws and regulations, it could be viewed to be paramount to money laundering.

Ms. Podmajersky indicated that she fights the GAT and feels that Montgomery County's GAT should be lower.

Ms. Podmajersky did not see how the Authority could just give money away to the Counties.

Ms. Clarvoe asked about all the Villages in Montgomery County and Otsego that had not filed any complaint.

Mr. Strevy indicated that the Counties budget for subsidizing the GAT. If they pay more in subsidy, this represents greater draw down of budget accounts and the repayment from the Authority goes to make the budget whole. The money thus goes into the General Fund.

Mr. Wesnofske indicated that it was changing the status of the use of the funds.

Mr. McNeil indicated that it would be fairest to reduce the tip fee to everyone for all three Counties. Then everyone gets treated the fairly.

Mr. Wesnofske indicated that to not necessarily be true. It depended upon who caused all their waste to actually be delivered to the Authority. He felt that all the revenue from the waste should be rolled over to hold the tip fee down. Giving away now reflects in higher tip fee next year.

Mr. Strevy indicated that the GAT overage is a hard number. He felt that the only thing that is not a hard number is the revenue from the flood waste. There are costs associated with the flood waste that need to be taken into consideration.

Mr. Wesnofske indicated that based upon the spreadsheet provided by Mr. Chichester, it would take \$44,000 cover the impact for the municipalities that responded.

Mr. Strevy felt that this amount should be given to the County with the information as to how it was developed. He felt there was an expectation, some hoped, that MOSA would respond to mitigate the impact to the Villages.

Mr. Wesnofske indicated that there was a lack of coordination between Montgomery and Otsego Counties and the Authority.

Olga Podmajersky agreed but felt that that was an issue for the future.

Mr. Chichester commented to the lack of support from the Counties. The Counties place expectation upon the Authority but they are not willing to hold up their end of the agreement. He felt that no funds should be sent to the Counties without some formal agreement or understanding in that there needs to be something clearly gained above and beyond what is currently a responsibility.

Martha Clarvoe observed that there is a lot of fragmentation and a lack of true joint planning and coordination. She felt the Authority should do what it can to correct the problem. She indicated that there needs to be formality so as to effect change.

As an example, it was pointed out that when the City of Amsterdam and Montgomery County has had issues in the past relative to subsidization that the City has either diverted its waste to out of Authority facilities or threatens to do so.

Olga indicated that she would give Montgomery and Otsego Counties one-half of the "profit" the Authority got from the flood waste. If the transportation and disposal costs are deducted from the \$83 tip fee for 2006, the "profit" would be \$32.75. The amount of flood waste from Montgomery County amounts to 4057 tons. The amount of flood waste from Otsego County was 1255 (This only represents what came to Authority Facilities. It is known that quantities of flood waste were shipped through other facilities.) Using these figures, the "profit" would be \$132,867 for Montgomery County and \$41,101 for Otsego County. There was no flood waste from Schoharie County.

Martha Clarvoe asked what guarantee there was that the Counties would pass the funding to the Villages.

Mr. McNeil indicated that the mere fact that the reporter present reports that any funding is being sent to the Counties for this purpose will assure that it reaches its destiny.

Mr. McNeil indicated that he would like to tie the flow of funds to something to assure that MOSA gets something in return. He felt there should be some requirement for the delivery of waste to MOSA and that all future municipal waste contracts require the same. Mr. McNeil felt that a lot of people, including government officials, don't understand the relationship between the Counties and the Authority and that the Counties put these relationships in place. He felt that steps should be taken to inform all of these dynamics.

Joan Bent felt that perhaps there should be no give back. She indicated a need to look at the overall financial position of MOSA in light of the needs of the system. She felt it should all be put in the study and communicating / facilitating the outcome of the study. She felt that no action should be taken at this time and the funding and commitment be part of the outcome of the GBB project.

Mr. McNeil indicated that he felt the Authority should not rush to give back any funds relating to the GAT or the GAT subsidy. He felt there are a lot of issues up in the air. The funds may be needed to proceed with the findings of the report.

When the Authority has reached the point that there is a clear direction and the Authority is in good fiscal condition, then steps can be taken to make adjustments in rates or fund other appropriate actions.

Mr. Wesnofske indicated that the current tip fee was based on the Board's best perspective on 2007. He was gun-shy of any midterm rate adjustments. He felt the Authority should give its best efforts to planning and dealing with the subsidization that has been and remains in place.

Mr. McNeil indicated that he was not advocating any mid-year corrections.

Mr. Wesnofske reiterated the projects that are underway –

- the retrofit of the Oneonta Transfer Station,
- tarping stations,
- Northern Transfer Station issues,
- The GBB planning
- Safety concerns and violations
- Poor drainage in parking lots

Mr. Strevy pointed out that no funds were taken out of the Rate Stabilization Fund for 2007.

Ms. Podmajersky indicated that all Counties should be included in any program whereby

funds are passed back to the Counties.

Ms. Bent indicated that Schoharie County did substantially increase the subsidy to allow for planning without causing significant disruption to the flow of waste.

Mr. Wesnofske spoke to his observation that too much of the current dynamics is driven by the inability of the Villages in Montgomery County to relate to the increase in the tipping fee. This has reflected badly on MOSA and has resulted in more pressure. He felt that a needs assessment is needed to relate to all the issues listed above and then some.

He felt that an alternate approach would be to simply use an amount from the flood waste to return to Montgomery and Otsego Counties. MOSA's costs should be determined including overtime.

Mr. McNeil indicated that there still remains the option that nothing is paid out.

Mr. Wesnofske brought the discussion back to the original question, that of the plight of the Villages in Montgomery County.

Mr. McNeil indicated that perhaps 50% of the \$174,000 be divided in some way. It could be split between two, three or no counties.

Mr. Wesnofske indicated that it should be paid out only to those responding in a timely fashion. The Villages paid \$16 per ton and the City of Amsterdam at \$6 per ton.

Mr. Strevy indicated that the City was not impacted by the flood.

Mr. Chichester indicated that municipalities and school districts have alternative that the Authority does not. They can and do issue tax anticipation notes or some other similar instrument to fund shortfalls given that they can back up the borrowing with tax revenues. The Authority is revenue based and has greater difficulty in borrowing money, especially without the backing of the Counties.

There was discussion around the concept of how to structure any action such that the Authority is guaranteed some action by the Counties, Cities and/or other local municipalities. It was pointed out that the Counties pledged to cooperate with the Authority in the Service Agreement. Given previous actions taken by the Counties or lack thereof (litigation, cut in subsidy, lack of flow control efforts), this is a difficult concept.

The question of what can MOSA do to enforce agreements was raised. The real question was whether MOSA should have to do anything. Yet here is another expectation of the Authority in spite of the lack of support for the Authority.

It was pointed out that the Authority must face audits. The intent of the Authority Budget

Office to audit Authorities was pointed out. The plight of the Rochester Water Authority was discussed.

The question was raised as to the legality of the Authority giving away money no matter what source it might be coming from, flood debris or GAT overage.

The Executive Director was directed to contact the Comptroller's office for an opinion. Additionally, direction was requested from the Authority Budget Office and the Authority's General Counsel.

In anticipation of feedback from the above sources, discussion continued relative to the amount of funds to be paid out. It was determined that if 50% of the "profit" from the flood waste is distributed in proportion to the GAT percentages, the payout would be roughly equivalent to \$1 per ton of waste annually handled by the Authority.

If legal, this was felt to be fair in that everyone got some benefit. Cooperation in administering the Service Agreement is expected; planning activities are to be taken on cooperatively.

Ms. Podmajersky indicated that she would rather see the amount of pay out be raised to \$1.50 per ton of GAT waste. The consensus was that this was not acceptable.

Mr. McNeil indicated that the arrangement agreed upon should be based on 2006 deliveries.

Olga Podmajersky made a motion to recommend to the Governing Board that the Authority give \$1 per ton of 2006 GAT waste back to the Counties contingent upon opinion of the Comptroller / Authority Budget Office / Authority General Counsel.

Martha Clarvoe seconded the motion.

The motion passed.

#### **4. Refund of Subsidy on GAT Overage**

Discussion moved to the return of the subsidy paid on the GAT overage to the Counties.

Olga Podmajersky moved to recommend that the Governing Board authorize the return of the "potential reimbursement" as shown on the "Overage Calculation" report distributed and made part of these minutes.

Mr. McNeil expressed his reluctance to return any money at this time. He would rather wait for the outcome of the GBB report.

Ms. Podmajersky indicated that if action were contingent on receiving the report, it would be quite a while. She felt immediate action was in order.

Mr. Strevy indicated that all the Counties could use the money.

Martha Clarvoe asked if the payout to the Counties is in the best interest of the overall Service Area served by the Authority and would help promote the purpose put forth in Public Authorities Law and MOSA's mission statement.

The motion died for the lack of a second.

Ms. Podmajersky indicated that she would make the motion to the full board at its next meeting.

#### **5. Next Board Meeting**

Chairman Wesnofske indicated that the next meeting of the Governing Board would be on March 22, 2007 at 10:00 a.m.

#### **6. Closing**

Ms. Podmajersky made the motion to adjourn. Mr. McNeil seconded the motion. All members were in favor. The meeting ended at about 1:45 p.m.

Respectfully Submitted,

Gilbert L. Chichester  
Executive Director