

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

Date: May 19, 2008

Location: Howes Cave Administrative Complex

Members Present

Meredith McNeil
Martha Clarvoe
John Thayer

Members Absent

Others Present

Gilbert Chichester
Barbara Corrigan
Olga Podmajersky
Edward Wesnofske

1. Opening -

Chairman McNeil opened the meeting at 1:55 p.m.

2. Minutes of Prior Meeting -

The minutes of the September 27, 2007, 2007 and December 27, 2007 meetings of the Finance Committee were received and reviewed by the committee.

3. 2008 Budget Amendments -

Barbara Corrigan distributed reports of budget transfers that she felt needed attention at the upcoming meeting of the Governing Board.

She explained that the long list of transfers, which followed the same pattern s the budget report at the end of the monthly financial report, were to facilitate the restructuring of the budget so as to be able to better reflect the various cost centers in our operations.

The second list of transfers reflected the need to move funds between accounts so as to facilitate ongoing operations as of April 30, 2008. The third report listed the transfers of less than \$1,000 for 2008 that do not require a resolution, but are listed on the monthly financial report.

Ms. Corrigan pointed out that the landfill repairs and maintenance was a new account set up in the Buildings and Grounds Department, which will be moved to the Landfill Department.

Meredith McNeil felt that it was important to have the real costs for landfill maintenance broken out.

Mr. Wesnofske pointed out that the engineers needed to review these costs so as to accurately

document the maintenance of the landfills. He felt that all the items were not clearly documented. Additionally, he pointed out that the depreciations of the leachate trucks needs to be reflected and reviewed.

Ms. Corrigan pointed out that the reorganization process was ongoing and that she will likely be back with future adjustments.

John Thayer moved to recommend the adjustments to the full board. The motion was seconded by Martha Clarvoe. The motion was unanimously adopted.

4. Funding for Increased T & D Costs -

Barbara Corrigan reported that the fuel index had gone above the \$4.50 mark and thus the fuel "Over Charge" had kicked in for the T & D contract. For the Week of May 12 – 17 the increase in cost amounted to @12,378.34. She distributed an handout showing the projected cost if the fuel prices stayed between \$4.50 and \$4.99 for the remainder of the year.

Ms. Podmajersky pointed out that the report assumed that the fuel prices would not go above \$4.99 for the remainder of the year and further assumed that the price would not drop below the \$4.50 point.

Mr. Wesnofske proposed that there be formal discussions with Mr. Riccelli. He suggested that the Board needs to become more acclimated to the market as the Authority moved toward the next contract.

The question was raised as to the use of biodiesel. It was pointed out that biodiesel requires more kerosene in the winter and is a maintenance issue relative to seals in engines.

The question was raises as to where the funds would come from for the increased costs.

Mr. Wesnofske indicated that for any rate decrease, a 30 day notice is required to the Trustee.

There was much speculation as to the current market conditions and where it might go.

Ms. Podmajersky pointed out that both Casella and Waste Management report less tonnage being received in 2008.

It was speculated that the savings from the decrease in deliveries may mitigate some of the increase in cost.

Mr. Wesnofske felt that no change should be made immediately but that the market should be observed for a month.

Ms. Podmajersky expressed concern about the village and city budgets that have been put in place for 2008-2009.

Barbara Corrigan indicated that observation should continue for the short term as well as for the long term.

John Thayer indicated that anyone working on a budget should be researching increased costs on anything dependent on transportation / fuel.

The question was raised as to how to fund the increase in cost. Should the tipping fee be increased or should the Rate Stabilization Fund be tapped?

It was suggested that the added cost be split between an increase in tipping fee and the Rate Stabilization Fund.

Meredith McNeil indicated that MOSA should absorb the added cost until July 1, 2008.

John Thayer indicated agreement with that feeling that 2 – 3 months of history would be helpful in the decision making process.

It was noted that MOSA should give notice of a rate increase on or about June 1st with the increase taking effect on July 1, 2008.

The committee discussed the availability of reserve funds. It was pointed out that part of the Rate Stabilization Fund is allocated for post closure liabilities for the Eastern Landfill. It was pointed out that these costs for post closure could be paid out of other reserve funds in 2014.

Olga Podmajersky spoke to the Debt Service Reserve Fund and its availability.

Olga Podmajersky spoke to the fact that some municipalities were buying the fuel on state contract and providing an established amount per trip to the hauler. It was pointed out that the Authority's legal counsel advised against such an arrangement.

Martha Clarvoe indicated that need to educate the public to decrease the tons to be transported.

John Thayer pointed out that there is a cost for programs to promote reduce, reuse and recycle.

Meredith McNeil indicated that based upon discussions with his waste hauler, he anticipated that their rates would be going up to cover their added cost as well as the increase in tip fee.

Martha Clarvoe moved that a recommendation be made to the board for a tip fee increased as of July 1st by \$3 and the remainder of the cost being covered with rate stabilization. This was seconded by John Thayer.

5. Accounting Software --

Barbara Corrigan presented the Accounting System Upgrade Capital Project to the committee.

She explained that there were issues between the scale software and the accounting software due to the versions of programs in place. The most current version of MAS 90 could not be installed to operate with the old system and there were issues with being able to access historical financial data unless the Small Business Accounting Software was used.

With the new scale software coming forward on July 1st, she explained the need to be able to move on upgrading the accounting software.

Ms. Corrigan explained that she had researched four packages and is recommending the MAS 90 Small Business Version.

Mr. Wesnofske raised some questions relative to the report writing capabilities. Ms Corrigan responded

Ms. Corrigan responded to Ms. Podmajersky's questions as to how the scale system and accounting system interface.

Martha Clarvoe moved that the committee recommend the purchase of the Small Business Version of MAS 90. This was seconded by John Thayer and approved unanimously.

6. Purchasing Policies --

It was reported that management was working on updating the purchasing and related policies and that they would be brought to the committee in the near future.

7. Montgomery County Request for Reduced Shortfall Subsidy --

Previous shortfall situations were discussed by the committee. This included the use of the marginal gain from outside waste. It was pointed out that \$200,000 of these funds were used as revenue for the 2008 budget and that the funds could not be used in any other way.

It was pointed out that Schoharie County had paid \$32 per ton for over 2000 tons of waste delivered above their GAT that was already credited to Montgomery County along with other funds credited from Otsego County's overage.

Mr. Wesnofske spoke to the need for fairness and equity.

Ms. Podmajersky raised question to the fact that MOSA did not pay back the amount of subsidy paid by the counties on waste delivered above the GAT in 2007.

Mr. Wesnofske pointed out that it was being used toward the aggregate shortfall for 2008.

Ms Podmajersky felt the GAT was unfair since Montgomery County clean-ups were reflected in their GAT while the other Counties did not have clean-ups.

Mr. Wesnofske pointed out that the clean-ups are credited toward the GAT.

Meredith McNeil expressed the feeling that there was little choice but to hold firm on the billing after reviewing the opinion issued by Christine Chale, General Counsel.

Mr. Wesnofske indicated that the Service Agreement was very specific. He felt that an answer needed to be formulated if there was to be no adjustment.

The committee agreed to forward the issue for consideration by the whole board.

8. Other Business --

The committee generally discussed Capital Budget items. Mr. Chichester indicated that the needs had been identified but estimates needed to be acquired.

9. Closing

The meeting ended at 5:05 p.m.

Respectfully Submitted,

Gilbert L. Chichester
Executive Director