

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

**Date:** June 15, 2009

**Location:** Howes Cave Administrative Complex

**Members Present**

Olga Podmajersky  
Martha Clarvoe  
Harold Vroman

**Members Absent**

**Others Present**

John Thayer  
Gilbert Chichester  
Barbara Corrigan  
Dennis Heaton

**1. Opening**

Ms. Podmajersky opened the meeting at 8:15 a.m.

**2. Minutes of Prior Meeting**

Ms. Podmajersky had a correction to the May 12, 2009 minutes on page 8, #10 where the numbers are given as dollars; they should be changed to reflect tons.

She then asked for a motion to approve the minutes; Ms. Clarvoe so moved and Mr. Vroman seconded. The minutes were accepted with the above mentioned change.

**3. Approve Agenda**

Ms. Podmajersky asked if anyone had anything to add to the agenda. Ms. Clarvoe asked if the memo from Mr. Wesnofske should be discussed under other business. Ms. Podmajersky said because it involved litigation it should be addressed in executive session and suggested adding it under item 6. She then asked for a motion to approve the agenda; Mr. Vroman so moved and Ms. Clarvoe seconded. The agenda was approved with the change.

**4. Possible Riccelli contract modification**

Ms. Corrigan explained the information in the graph, which represents the T&D costs based on the current contract and two fuel surcharge options for the same period of time. A copy of the graph containing her comments is attached to these minutes. The two fuel surcharge options are (1) for every \$.08 increase in fuel price the service fee would go up 1% and (2) for every \$.10 increase in fuel price the service fee would go up 1%.

Ms. Clarvoe asked if, in general, we did well. Mr. Chichester responded that we had.

Ms. Podmajersky asked why the 1% increase in the contract was for both transportation and disposal costs; she thought it should only be reflected in transportation. Mr. Chichester remarked that this is a point she might want to bring up with Mr. Riccelli when discussing possible modifications to the current contract.

Mr. Thayer asked Ms. Corrigan to run another graph separating out the transportation costs.

Ms. Podmajersky noted that total mileage and tonnage had slipped during the first part of the year. She stated that she had done some calculations and thinks that the price per ton is too high. She asked if the cost is figured on a one or two way trip and whether or not the trailers come back empty or full; she believes they come back full. Ms. Podmajersky stated that she finds the fuel pricing process complex and doesn't fully understand it.

Ms. Corrigan advised that transportation and disposal costs are combined together in the current contract; she could take an average of the disposal costs, remove it from the graph and reprint it. However, there is still a base rate.

Mr. Chichester advised that the method of calculating the fuel charge should be brought forth during discussions with Mr. Riccelli. He noted that Mr. Riccelli would have to agree to separate the transportation from disposal in the contract and to apply any surcharge only to the transportation portion of the contract.

Ms. Podmajersky remarked that she had gotten transportation numbers from several companies and they were lower than Riccelli's.

Mr. Thayer remarked that all companies (transportation companies) are different and so are their transportation costs; their equipment may be newer or older, they pay their drivers differently, they may or may not pay benefits, etc. He advised that you are never going to get a standard.

Mr. Chichester advised that it will all come out in the competitive bid process.

Ms. Podmajersky responded that she still thinks Riccelli's numbers are high.

Mr. Chichester noted that the information on the graph was to give the committee a point of discussion and an idea of what needs to be discussed when they meet with Mr. Riccelli. He went on to say that if Mr. Riccelli agrees to reduce numbers, he will probably want something in return. There is a question as to how far you can go before you need to go out to bid. This should be discussed with Authority counsel before proceeding with any changes.

Ms. Podmajersky questions what Mr. Riccelli's thoughts were and asked whether or not it would be worthwhile as disposal tonnages are down. Ms. Corrigan pointed out that Riccelli's subcontractors would need to be negotiated with as well. Mr. Chichester agreed that this was correct.

Mr. Thayer suggested having Mr. Riccelli come to a Finance Committee meeting first and then to the full board.

Mr. Chichester brought up the Sales and Fuel Excise Tax publication downloaded from the NYS Department of Taxation and Finance for discussion. He questioned whether the Authority wanted Riccelli to become an agent of the Authority and advised that currently, they are not an agent. Mr. Chichester advised that if Riccelli becomes an agent, they are like an arm of the Authority. It could have implications with respect to our responsibility for trailers he picks up; if something happens between pickup and delivery it will be our responsibility if he becomes an agent. Mr. Chichester remarked that other counties that do this may have affected a different relationship with their haulers. He advised that Authority counsel had previously advised against this type of relationship and he thought she should speak to this again.

Ms. Podmajersky questioned the amount of tax on fuel and the current cost of fuel. Mr. Chichester advised that sales tax is 8% but did not know the amount of the excise tax. He asked Ms. Corrigan what we pay for a gallon of fuel on the state contract; she responded that she would have to check. Mr. Chichester added that the cost is different depending on the location or region in which you purchase the fuel.

Ms. Podmajersky asked if the transportation was separated from the disposal part of the contract could they then become an agent.

Mr. Chichester responded that the publication indicates we are the principal and they are the agent. Ms. Podmajersky stated that this has been brought up before. Mr. Chichester agreed that it had been and at that time Ms. Chale had advised against entering into this type of relationship. Ms. Podmajersky asked who brought it up again; Mr. Chichester responded that Mr. Riccelli had brought it up in his meeting with the board.

Ms. Podmajersky asked if it was the consensus of the committee that we cannot do this; all agreed and it was decided to discuss it with Mr. Riccelli at the next meeting.

## **5. 2010 Budget**

Ms. Corrigan reviewed the *2010 Operating/Capital Budget Assumptions* hand out that is attached to these minutes, remarking that she was not comfortable with #2 (information required for PARIS reporting) and #3 (the tip fee will be based on the GAT waste only).

Ms. Podmajersky said you have to go back to #1 as well (assuming MOSA exists as it does currently, June 2009).

Mr. Chichester stated that the 2010 budget has to be based on some assumptions; we will base it on the 2009 budget assumptions unless otherwise directed, when in fact, there are some substantive differences. We are saying that this is the basis we are going to use unless you wish us to use other assumptions.

Ms. Podmajersky two major things are defeasance eliminating the GAT and whether or not the counties take over the transfer stations. Ms. Corrigan responded that defeasing the bonds is an easy change, you defease the bonds and the bonds go away; however, if you remove the GAT, how do you set the tip fee? You have to have a base from which to estimate and set the price.

Mr. Chichester responded that you can estimate a price; however, the question remains whether or not you will get that price.

Mr. Thayer remarked that the counties could agree to set up a buffer fund that expenses can be drawn from if tonnage is not delivered; this way you still can cover operating expenses even without the GAT. After the first year you will have historical data to use to establish the tip fee for the next year.

Ms. Corrigan responded that the buffer fund would possibly be used for only one of the county's shortfall, which would be unfair to the other two counties.

Ms. Podmajersky read #6 (on recycling efforts). She asked if this was because of manpower issues; Mr. Chichester and Ms. Corrigan advised that it was not and that this has always been the case.

Ms. Clarvoe remarked that she could understand why Montgomery County didn't have recycling goals but questioned why Schoharie and Otsego counties had never set recycling goals. She went on to say that if they had done so, they could have claimed that in their lack in tonnage. She further remarked that it was always in the Service Agreement and asked why didn't they ever do that? Ms. Podmajersky remarked that it was all three counties. Ms. Clarvoe said that she did not think Montgomery County had control of their recyclables and therefore couldn't set recycling goals. Ms. Podmajersky stated it was a good question and suggested Ms. Clarvoe ask her county. Ms. Clarvoe responded that she had and had not received an answer; not even recognition that she had asked the question.

Mr. Chichester remarked that he suspected it had to do with the fact that once you set a goal, you have to do ongoing things in order to accomplish that goal; it requires follow through. Ms. Clarvoe remarked that there were 14 sites for recycling within the county and that was a good goal. Mr. Chichester responded that they could have a goal of increasing recycling by 5% but then plans have to be created to make that happen; he remarked that was a question for Mr. Bliss.

Ms. Corrigan remarked that if they change their existing program, it would have to be discussed with MOSA before it could affect the GAT. Mr. Chichester agreed and pointed out that there would be education and enforcement issues to be addressed.

Ms. Clarvoe remarked that with a little effort, they could have raised their numbers and used it against their shortfall.

Mr. Chichester responded that the issue is in years past, you could have an increase in recycling and also have an increase in waste; that brings another dynamic; how do we quantify and how do we bring that forward – it is a complex process. Ms. Clarvoe agreed.

Mr. Chichester advised the committee that he had not yet received notice from DEC on the Household Hazardous Waste grant; Otsego County hasn't received word either. He stated that MOSA budgets for the Household Hazardous Waste days; however, it will have an impact this year as Ms. Corrigan advised that we also budget revenues from DEC.

Ms. Podmajersky asked what contractual expenses there were. Mr. Chichester responded they were fuel, insurance, supplies, legal, etc.

Ms. Podmajersky thinks the amount of \$100,000 for contingency is high.

Ms. Podmajersky wants the Personnel Committee to look into insurance benefits options.

Ms. Clarvoe asked if we can ignore the safety issue in regard to the tarping stations. Mr. Chichester advised it was addressed at the last Operations Committee meeting and will likely be discussed at the next board meeting. Ms. Clarvoe asked about the possibility of being fined by OSHA. Mr. Chichester responded that if an incident occurs there may be OSHA fines. Ms. Podmajersky remarked that Mr. Wesnofske had directed Mr. Chichester not to proceed with the tarping stations and that she should have received a copy of the memo; she further stated that it was discussed at length in the Operations Committee meeting.

Ms. Podmajersky asked if the proposed 2010 budget would be close to the 2009 budget; Ms. Corrigan advised that it was. Ms. Podmajersky said that her remarks to the Finance Committee are that cost cutting is necessary.

Mr. Chichester brought forward payroll assumptions (staffing costs) and remarked that there is already one position on the table for discussion at the next board meeting. He asked the committee if there were any other thoughts about staffing cuts.

Ms. Podmajersky stated she was not familiar with recent staffing changes or why they were necessary. Mr. Chichester responded that this listing reflects the number and type of staff positions per site; it does not reflect actual individuals. He further remarked that the stations' operating hours and the possibility of cutting those hours were discussed last year; this is just another piece of the budget. Ms. Podmajersky

remarked that she would need time to study this and should probably visit the transfer stations. Mr. Thayer asked if these are the current staffing numbers; Mr. Chichester responded that they were. Mr. Vroman asked to see the same sheet for last year. Ms. Corrigan advised that the numbers are the same as last year except for one floater position; which is not filled at this time.

Ms. Podmajersky asked what manpower is required for recycling at the Schoharie Transfer station. The other transfer stations only handle solid waste. Ms. Corrigan did a time study last year and found there is a minimal amount of time involved; for the most part, it is pulling out the trailers and switching them. Internally, it only takes about 10 minutes per month for the finance department to run reports that are generated automatically and checks that are added to the deposit. Ms. Corrigan advised that staff is using a new time sheet that will make it easier for her to pull out the time spent on various tasks such as recycling.

## **6. GAT**

### **a. Executive Session**

Ms. Podmajersky asked for a motion to go into executive session to discuss the 2008 GAT; Ms. Clarvoe so moved and Mr. Vroman seconded. Executive session began at 8:55 a.m. Motion to end executive session was made by Ms. Clarvoe and seconded by Mr. Vroman at 9:22 a.m.

Ms. Podmajersky advised that the outcome of the executive session was that she had made a motion to credit Montgomery County for 1,731 tons of waste for 2008 based on more accurate information on the BFI waste and Keymark sludge; the motion had been seconded by Mr. Vroman and Ms. Clarvoe had voted nay.

### **b. 2010 GAT**

Ms. Podmajersky advised that the 2010 GAT had been tabled at the last board meeting and the reason was to wait and get better information later in the year on the effect of the economy. She remarked that we should still wait awhile and factor in more realistic information.

Mr. Thayer said the latest report shows Otsego is 10% under its GAT and Schoharie is 21% under its GAT.

Ms. Corrigan advised that it is not down from last year, it is down from our estimate. She went on to explain that Schoharie's numbers are down mainly due to Fred's Sanitation numbers being down by ½ what they were in January. Ms. Podmajersky stated it is obvious that he is taking it outside of the county.

Ms. Corrigan advised that she had run a report of the top haulers and that Casella was number one; however, they have only gone up slightly since January while Fred's has gone down significantly. County Waste is also down but the other haulers look fine. She also reported that in Otsego County, Green Del is no longer operating in Otsego County. Ms. Podmajersky remarked that Mr. Parker had advised her that WRE is taking more out of the county as well and said it is a grim situation.

Ms. Corrigan reported that the projected shortfall payment is:

- Schoharie County – \$415,127
- Otsego County – \$423,380
- Montgomery County – \$296,856 (w/demolition)

Ms. Podmajersky mentioned that Mr. Parker called her on Saturday and advised that he was against the 2008 reduction for Montgomery County; however he would support 2009 reduction if it didn't affect the tip fee and the money came from rate stabilization.

Mr. Thayer asked if discussion could take place now on 2009 and asked Ms. Corrigan where the rate stabilization fund stands right now. Ms. Corrigan replied that it was approximately \$3million. Mr. Thayer then asked for an amount if there was a 10% reduction for the 2009 GAT; Ms. Corrigan replied approximately \$500,000.

Ms. Podmajersky said she had reviewed some numbers and so has the Montgomery County coordinator. With adjustment of BFI waste and Keymark sludge and looking at March, April and May deliveries compared with the GAT, we are under almost 10%. She feels that Montgomery County is getting most of its garbage and that the economy is responsible for the 10% loss in deliveries and stated if we reduce all three counties by 10%, the net for MOSA would be \$500,000. She then asked where the money is coming from. If there is no GAT, where does revenue come to run the Authority? Ms. Corrigan replied it could come from rate stabilization; however, it is not something we want to do all the time (rob from that account).

Ms. Podmajersky stated that if we defease we will need a lot of money to do so; what funds are available? Ms. Corrigan remarked that we have to look at what needs to be paid off, what needs to be set aside and what is left for the future. Ms. Podmajersky remarked that there are no quick solutions to the 2009 GAT; but she doesn't believe the counties should have GAT numbers higher than can be delivered and you also have the operating expenses.

Mr. Heaton stated he thinks the GAT is high because of the economic impact and you are going to penalize the counties for shortfalls on tonnage that wasn't generated in the first place. He suggested making a decision now and not at the end of the year.

Ms. Podmajersky responded that with the defeasance at the end of the year, there will be a new Service Agreement and no GAT penalty by the end of the year. However, there are still the operating expenses to be considered.

Mr. Chichester advised that some want to defease by November 1<sup>st</sup> and have a new Service Agreement in place at the end of this year.

Ms. Corrigan asked about the counties' response to the number they currently owe MOSA and what it will be at the end of the year when it is nearly double that number.

Ms. Podmajersky stated that she was concerned about cash flow and asked what the current situation was in regard to that. Ms. Corrigan responded that we are doing better now than in the beginning of the year; however, she is concerned that if all the reserves are taken how will we be expected to run. Ms. Podmajersky asked about projections; Ms. Corrigan said she is not sure about the end of the year but she has received payment from Otsego County for their shortfall, which is in the revenue account. She asked about the status of Montgomery County's payment.

Ms. Podmajersky said we have to do what's best for the Authority and the counties. Ms. Clarvoe responded that it is not what we are really supposed to be doing; stating that it is hard to separate, but we are supposed to be thinking about the Authority's best interest, not the counties.

Ms. Clarvoe asked who is working on the defeasance. Mr. Chichester responded that there is a meeting on Monday and that Ms. Chale and he were working on it.

**7. Budget Transfer**

Ms. Corrigan advised that Resolution 70 of 2008 was adopted in order to have the USDA perform pest control at the Oneonta Transfer station to handle the pigeon issue. The cost is \$1290 and needs to go through the operating budget from contingency to pest control. Mr. Vroman made the motion to recommend the transfer to the board; Ms. Clarvoe seconded and all were in favor.

**8. Other Business**

a. Ms. Podmajersky asked Mr. Chichester to speak to the defeasance meeting. He advised that he, Ms. Chale and representatives from all three counties will be meeting on Monday. Mr. Chichester and Ms. Chale are working on a presentation for the meeting with regard to the things that are factual, things that need to be addressed and things that need to be considered that relate to a time line point of view. Ms. Podmajersky asked if the board was invited. Mr. Chichester responded that the resolution indicated that he and Ms. Chale were to work with counties; it is not a meeting of the board. Mr. Thayer advised that representatives from all three counties will be there and there was no need for board members to attend.

b. Ms. Podmajersky passed out her suggestions for immediate actions and other actions in regard to cost cutting. She stated that she doesn't think staff should be reimbursed for expenses associated with meals, lodging, mileage, parking, highway tolls and training and membership fees unless authorized by the board. Ms. Clarvoe asked what this means; is it something you want to implement? She went on to say that currently, we reimburse people for these costs. Ms. Podmajersky gave an example that she doesn't think staff should be reimbursed for lunch when they go to a meeting at another transfer station. She went on to say that it is a list to get staff thinking about cost cutting. She also stated that electronic equipment assigned to individuals should be reviewed (Blackberrys and cell phones) and said she didn't know what a Blackberry was, but she didn't understand why it was necessary to have one in order to perform your work. Ms. Podmajersky stated that she is looking for overall cost cutting but not to effect operations or safety. She will recommend her suggestions to and discuss them further at a board meeting.

**9. Closing**

Ms. Clarvoe moved to adjourn the meeting and Mr. Vroman seconded. The meeting adjourned at 9:55 a.m.

Respectfully submitted,

Judith Beeler  
Confidential Secretary