

**MONTGOMERY-OTSEGO-SCHOHARIE SOLID WASTE MANAGEMENT AUTHORITY  
FINANCE COMMITTEE MEETING**

**DATE:** July 20, 2009  
**LOCATION:** MOSA Administrative Complex, Howes Cave

**Members Present:**

Olga Podmajersky, Chair  
Martha Clarvoe  
Harold Vroman

**Members Absent:**

**Others Present:**

Philip Skowfoe  
Edward Wesnofske  
Gilbert Chichester  
Barbara Corrigan  
Dennis Heaton  
Jeri Murray  
Members of the Public

**1. Opening**

Chairman Podmajersky called the meeting to order at 4:02 p.m.

**2. Minutes of Prior Meeting**

Ms. Podmajersky asked if there were any comments or changes to the June 23, 2009 minutes; as there were none, she asked for a motion to approve the minutes. Ms. Clarvoe made the motion and Mr. Vroman seconded and on voice call the minutes were approved.

**3. Approve Agenda**

Ms. Podmajersky advised that two items had been added to the agenda, #7 regarding Resolution#37 Authorizing the Transfer of Budget Funds and #8 regarding Household Hazardous Waste events. As there were no objections to the agenda, she asked for a motion to approve the agenda; Ms. Clarvoe made the motion and Mr. Vroman seconded and on voice call the agenda was approved.

**4. Review of Delinquent Accounts**

Ms. Podmajersky suggested going into executive session to discuss the specifics of the delinquent accounts. Mr. Vroman made the motion and Ms. Clarvoe seconded; executive session began at 4:04 p.m.

At 4:17 p.m., Ms. Clarvoe made the motion to end executive session and Mr. Vroman seconded.

At 4:22 p.m., Ms. Podmajersky called the regular meeting to order.

**5. Review of Recycling Costs**

Ms. Corrigan reported on the current cost of recycling both paper and comingled as well as new calculations, which reflect the new costs of recycling these items. Recently, the price to recycle paper dropped from \$20.00 per ton to \$0.00 per ton. She advised that a time study was undertaken at the STS that reflected approximately 2 hours to tarp loads and clean out the recycling pits; adding this into her calculations gives the following new calculations:

- ✓ Current cost to the customer to recycle paper is \$39.50 per ton.
- ✓ New calculation is \$23.40 per ton – in light of this reduction; we would like to reduce the cost to the customer.
- ✓ Current cost to the customer to recycle comingled is \$50.00 per ton.
- ✓ New calculation is \$53.79 per ton – in light of this increase; we would like to increase the cost to the customer.

Ms. Podmajersky stated that she did not think the board needed to be involved in this decision and that the cost to the customer should go up or down as necessary dependant on the recycling costs for MOSA. She remarked that recyclables were supposed to be self-sustaining and that it didn't look like they were doing

well at the moment. Ms. Corrigan and Mr. Chichester responded that they were doing a little better than earlier in the year.

Ms. Clarvoe remarked that now we are paying nothing and get nothing for recyclables. Mr. Chichester responded that she was correct; Ms. Corrigan added except that we pay to transport them.

Ms. Corrigan advised that the change would be effective on August 1, 2009.

#### **6. Audit Preparation (NTS & Capitalized Expenses)**

Ms. Corrigan remarked that because of the upcoming defeasance she has been reviewing the fixed assets and asked the committee to review paragraph #4 on the second page of the *Warranty Deed with Lien Covenant* for the NTS property. She explained to the committee that if MOSA no longer uses the property for a transfer station, the owner has reserved the right of reacquisition of the property in the amount of \$10,930.00.

Currently, the NTS property is on MOSA's books as a fixed asset with a book value of \$281,354; however, due to the reversionary clause in the deed, this amount is not recoverable through disposition at fair market value. Ms. Corrigan read from the 2008 Financial Statement, page 14 of the notes, #6 Property and Equipment, first paragraph that states, "Except for those fixed assets that have reversionary clauses, management believes that the recorded net book value of the transfer stations is recoverable through related revenues or, if necessary, through disposition at fair market value." She reported that here is the possibility of recovering some of the value through related revenues which when calculated comes to approximately \$56,000; however, she is not comfortable with that. Therefore, the value should be changed next year to reflect the reacquisition amount of \$10,930.00. She remarked that this may also need to be reviewed by the Audit Committee.

#### **WIP (Work in Process) Accounts**

Ms. Corrigan reviewed the WIP accounts hand out and explained that both items, Solid Waste Planning and the NTS Retrofit need to be written off as expenses. The accounts currently are on the books as assets; however, while they have value, they cannot be depreciated like some assets. Ms. Corrigan remarked that she would like to make the changes in July 2009.

Ms. Podmajersky suggested passing this on to the Audit Committee. Both Ms. Corrigan and Mr. Chichester responded that the transfer of funds falls under the Finance Committee.

Mr. Wesnofske asked if the previous study on exportation of waste was capitalized; Ms. Corrigan responded that she thought it had been and would check on it. Ms. Podmajersky questioned whether it was as she had not received a copy of it. Mr. Chichester advised that a fellow named Brown (Project Management Associates) did a study to evaluate the export options after the landfill closure and that he would provide her with a copy of the report; however, he was not sure if it was capitalized. Ms. Corrigan remarked that she believed it was the habit to capitalize such reports and that is why this was being capitalized. She stated that she would check the records to be sure. Mr. Wesnofske recommended that this type of item should be expensed.

Ms. Clarvoe asked what was meant by "expensed". Mr. Wesnofske explained that such items should be counted and written off the year they occur rather than having them go on and on, declining in value over a

number of years. Ms. Podmajersky agreed and saying it makes the books look better. Mr. Wesnofske went on to say the question is whether or not there is any practical utility to what GB&B did; it will not lead to any business or activity for the Authority, therefore, he believes it is an expense. Ms. Podmajersky agreed.

**7. Resolution #37 Authorizing the Transfer of Budget Funds**

Ms. Corrigan advised that the first line of Resolution #37 shows a transfer from Rate Stabilization to Planning for \$41,103.68 for the 2009 portion of the Solid Waste Planning expenses, which needs to be done in order to make the budget work out properly. She went on to explain the balance of the transfers on the resolution relate to equipment repairs and maintenance at the transfer stations and noted that some of the building issues were not anticipated and had been taken from "Equipment Repairs". Mr. Rothrock believes these transfers should cover the balance of the planned repairs for this year.

Ms. Podmajersky questioned whether anything had been budgeted for Planning. Ms. Corrigan did not think there had been. Mr. Chichester remarked that he thought it had been one of the assumptions. Ms. Podmajersky asked if this was the end of GBB costs. Mr. Chichester stated that he believes it is.

Ms. Podmajersky asked if there were more comments; as there were none, the committee will present it to the board.

**8. HHW(Household Hazardous Waste)**

Mr. Chichester advised that so far this year we have held one HHW event in Montgomery County and will have a second one at the Schoharie Transfer Station on Saturday, July 25<sup>th</sup>. He went on to say the situation is such that the State continues to be non-committal on whether or not they will reimburse us for 50% of the cost as usual. \$150,000 was budgeted for the HHW events figuring a \$60,000 reimbursement from DEC leaves \$90,000 to cover the events. Montgomery County's cost was \$24,000; Schoharie County's historical cost is \$15,000, which would leave \$51,000 available.

Mr. Chichester asked the committee to consider offering to assist Otsego County with the reimbursable expenses so there would be an event in each of the three counties. We would remain within budget if we held to these sums.

Ms. Clarvoe asked if the cost of the event in Otsego County was known. Mr. Chichester responded that he had spoken with Karen and Otsego County's historical cost is around \$48,000 of which a portion is non-reimbursable expense that typically is covered by the County itself. If DEC does not respond by month's end, the County will not hold the event.

After some discussion, Ms. Podmajersky remarked that she would support this action. Ms. Clarvoe stated that the County may not have the event if they have to pay for it. Ms. Corrigan remarked that the County typically pays for the non-reimbursable expenses and that MOSA would pay all the reimbursable expenses.

Jeri Murray stated there are usually two HHW events in Schoharie County. Mr. Chichester remarked that normally two events are scheduled in Montgomery and Schoharie Counties, but due to the question on reimbursement from DEC, we have to hold to just one event in each county. He went on to say that last year the second event in Schoharie County was poorly attended.

Ms. Corrigan stated that the DEC grant may still come, just later than normal.

Ms. Podmajersky, Ms. Clarvoe and Mr. Vroman all agreed to recommend the action to the board.

## 9. 2009 GAT

Ms. Podmajersky advised that there had been talk of reducing the 2009 GAT because of the current economic situation. She referred to the article she passed out at the last board meeting plus many other articles she had read that suggest solid waste deliveries are down anywhere from 11-18%. Ms. Podmajersky mentioned a recent article in the Times Union that said Albany was getting less money from their landfill and commented that everybody is feeling this.

Ms. Podmajersky continued, asking whether or not we want to reduce the 2009 GAT and if so, by what percentage.

Ms. Clarvoe advised that she had spoken with Dave Lupinski at Oneida Herkimer who advised that they were down 6-8% and he felt the average was 10%. Also, an article in the Waste Business Journal in June reported that New York was down 7.5% in solid waste deliveries.

Ms. Podmajersky stated that Dennis Heaton had done a study in Montgomery County and believes deliveries are down by at least 8.6%.

Ms. Clarvoe stated that she had hoped to get numbers from Terry Bliss on what he thought was being shipped out of Otsego County; however, she had not received that information.

Ms. Podmajersky asked if it was the consensus of the committee to work on reducing the GAT. Mr. Vroman responded affirmatively. Ms. Clarvoe asked what harm it would do if the GAT was reduced.

Mr. Wesnofske remarked that the GAT had already been reduced by 5% from the 2008 GAT. He suggested a 2-3% further reduction and getting numbers from surrounding counties like Fulton and Chenango to provide a context of measure of the drop off of solid waste. He questioned whether anyone had looked at the numbers from last year compared to this year's drop off in Amsterdam.

Ms. Corrigan responded that she had looked at the numbers but it is difficult to figure this out because Amsterdam had a recycling issue last year and was putting recyclables in the trash; she did not think it was a good model because their numbers were high last year.

Mr. Wesnofske suggested using 2007 numbers for comparison instead. He went on to say that he believes clearly commercial waste and C&D deliveries are significantly down and would support an adjustment of the 2009 budget if there was a proven context of measure. He stated that he didn't think pulling articles out of the air without proven reasons for the drop off in waste was a basis for deciding a reduction amount

Ms. Clarvoe asked if we would be checking with surrounding counties before making a decision. Ms. Podmajersky did not see the point of doing so because it is already known that waste is being redirected and resident users are way down; GAT numbers for June are down 8.6%.

Ms. Corrigan remarked that resident users in Amsterdam include small businesses as well. She went on to review a handout on current GAT projections and assumptions.

- ✓ Montgomery County
  - Waste Management deliveries very low – unsure if diverted or moved to County Waste. Ms. Podmajersky stated that last time it was down about 200 tons per month, she had asked Dennis Heaton to look into it and generation is down.
  - Hagaman does not come in; it is being diverted.
  - BFI piece – using Montgomery County estimate of 778 tons diverted
  - First two months of 2009 County Waste deliveries were diverted
- ✓ Otsego County
  - Diverted waste represents Green-Del's business, which was picked up by WRE in February and continues to be diverted; the estimate is equal to Green-Del's deliveries last year
  - WRE diversion continues from 2008
- ✓ Schoharie County
  - Fred's Sanitation deliveries down about 50%
  - Diverted waste calculated using the percentage estimates of overall county deliveries based on January
  - Diverted waste represents approximately 40 tons from County Waste that stopped in March
  - Jim's delivered 40 tons in January but no further deliveries since
  - Not on handout but Pete Bilby advised he will begin taking his deliveries out of the area. Year to date he brought in 1,000 tons.

Ms. Podmajersky stated that she believes the Montgomery County diversion estimate is good because we know the number from the commercial haulers. Mr. Wesnofske remarked that we don't know for sure if C&D jobs that take place are coming to MOSA or being diverted elsewhere. Ms. Podmajersky stated that she reads the papers and sees the big ones; she went on to say that Dennis should know whether this is happening or not in the City, but she does agree that these are estimates. Mr. Wesnofske remarked that it is the same in Otsego County nobody knows how much C&D waste is being taken out. He went on to say that he sees trucks on I-88 from Oneonta that he doesn't believe are coming to MOSA but are contracted to go elsewhere. Ms. Podmajersky stated that we pretty much know what is coming in and going out.

Mr. Heaton believes that larger amounts or heavier loads of commercial waste might be sent a further distance because it is more cost effective but that smaller loads are probably going to MOSA. He stated that speaking for Montgomery County only, C&D work is down, demolition work is down and there are only a couple of school projects going on this summer. Construction work overall is down.

Ms. Podmajersky suggested that while there is a different percentage for each of the three counties, she believes the GAT should be reduced by one number, 5%. Mr. Wesnofske remarked that the 2009 GAT was established at 5% less than the 2008 GAT. Mr. Skowfoe said that if the numbers are correct, they are still 5% under the 5% reduction from the 2008 GAT.

Ms. Podmajersky asked what the dollar impact would be. Ms. Corrigan responded that for a 5% reduction the amount would be \$222,618. Mr. Wesnofske noted that in making a budget adjustment an income loss would also have to be shown; he suggested it come from Rate Stabilization.

Ms. Podmajersky would like to recommend a 5% reduction to the board and that the \$222,618 would have to come from Rate Stabilization. She then asked the committee members if they agreed. Both Ms. Clarvoe and Mr. Vroman agreed; however, Ms. Clarvoe added that she agreed unless Ms. Corrigan can come up with different numbers with regard to the missing information on the chart on diverted waste. Ms. Podmajersky remarked that tons would then be added, making the average higher than 5%; Ms. Clarvoe agreed.

Ms. Podmajersky asked Mr. Wesnofske his opinion; he responded by saying he would probably oppose it at the board meeting. He felt there should be more data to substantiate the reduction.

Ms. Podmajersky suggested looking at it again in a couple months, in light of Ms. Clarvoe's comments, to see if the economic impact is more than the 5%.

Mr. Chichester remarked that the result would then be a recalculation of the GAT from January 1, 2009 and projecting it forward to see the impact of the action. Ms. Podmajersky asked if that meant having to redo each month's report. Ms. Clarvoe questioned the need to go backward and asked if it affects past history. Mr. Wesnofske responded that the calculation goes for the entire budget year and creates a big impact. Ms. Podmajersky stated that taking the money from Rate Stabilization covers MOSA's operations and then reduce the budget.

Mr. Chichester responded that each county is given a monthly GAT report and which shows them how they are doing with deliveries versus the estimated GAT. The numbers will now have to be revised back to January 1, 2009 through June 2009 and recalculated for a revised June report. Only then will the results be visible and you will know whether or not the 5% number is correct. Mr. Chichester added the recalculated June report will be run and be brought to the board meeting.

## **10. Other Business**

### **a. Review of Financials**

Ms. Corrigan reported on the monthly financials:

- ✓ Revenue account balance is \$1,322,310 at the end of June. Ms. Podmajersky commented that Montgomery County is having their finance meeting tomorrow and should be sending a check for \$800,000 soon. Also being added to the account will be the \$222,618 from Rate Stabilization for the GAT reduction.
- ✓ T&D owed is \$543,831.05. Ms. Podmajersky asked if this had to come out of the \$1.3 million; Ms. Corrigan replied that it did as it was owed for June and payroll will also be coming out of that number.
- ✓ Regular deliveries are down. Ms. Corrigan reviewed Waste Management's numbers. Mr. Wesnofske remarked that they are taking waste out of the area to a waste-to-energy plant. Ms. Podmajersky commented that we are only using two landfills currently, Ontario and High Acres.
- ✓ Reviewed transfers for the month.
- ✓ Money needed for equipment repairs was taken care of by budget transfers.

Mr. Wesnofske asked about the transfer station position to be filled; Ms. Corrigan and Mr. Chichester responded that the position was already in the budget.

Ms. Clarvoe commented that C&D had been up in all three counties in June. Mr. Chichester responded that several customers had increased numbers on C&D; Mike Wheelock, STP, Casella and Russ Smith are all up on C&D.

Ms. Podmajersky asked if there was any other business; as there was none, she asked for a motion to adjourn.

**11. Closing**

Ms. Podmajersky asked for a motion to adjourn. Mr. Vroman made the motion; Ms. Clarvoe seconded and on voice call the meeting was adjourned at 5:16 p.m.

Respectfully Submitted,

Judith Beeler,  
Confidential Secretary