

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

DATE: March 17, 2010
LOCATION: MOSA Administrative Complex, Howes Cave

Members Present:

David Parker
Olga Podmajersky (Chair)
Harold Vroman

Others Present:

Philip Skowfoe
Edward Wesnofske
Dennis Heaton
Barbara Corrigan

1. Opening

Chairman Podmajersky called the meeting to order at 11:08 a.m.

2. Minutes of Prior Meeting – February 8, 2010

Chairman Podmajersky asked if there were any comments on the February 8th minutes. Mr. Parker remarked that he thought the definition of the Post Closure Reserve Fund's usage should be clearer. Mr. Heaton noted that the definition is stated in the Post Closure Agreement. Ms. Corrigan advised the fund balance is not seen anywhere on MOSA's books; once an account is established and the money has been transferred into it, the Counties maintain control over the funds. The consensus of the Board members present was the definition of usage was clear.

Chairman Podmajersky asked for a motion to adopt the minutes; Mr. Parker so moved and Mr. Vroman seconded. On voice call, the minutes were adopted as written.

3. Approve Agenda

Chairman Podmajersky noted that an item should be added for discussion under "Reviewing new Guidelines and Procedures"; Expense and Reimbursement Policy.

Mr. Parker made a motion to approve the agenda as amended; Mr. Vroman seconded and on voice call, the agenda was adopted.

4. Review new Guidelines and Procedures

a. Asset Management Fund

Ms. Corrigan advised the changes made to the policy since it had been e-mailed; noting that number two under "Financing the Fund" had been added and was the same language as found in the same section of the Operating Reserve Fund.

Mr. Parker asked if it were her intent that the policy be open ended and of a broad perspective. If that is the case, then the policy is fine as written; if not, more clarification is needed such as the definition of what constitutes a minor or major project, as well as the frequency of funding.

Ms. Corrigan noted that historically the frequency of funding was driven by the Bond Indenture. As that is no longer the case, she suggested the Finance Committee meet quarterly to review and make decisions on contributions to the fund. Mr. Parker agreed to a regular quarterly review. Chairman Podmajersky noted that in the section "Record Keeping/Reporting" it states that reporting is submitted annually.

Mr. Wesnofske stated that the Authority is required by law to have a four year Capital Budget in place that must be filed with the State; it was started about three years ago, but has never been completed. He noted that a Capital Budget requires Board Approval, sets priorities and should be reviewed annually; this policy should be associated with the Capital Budget in some way if the plan is to use the fund for capital projects.

Chairman Podmajersky remarked that it is tied to the Capital Budget by the Project Listing. She noted that the purpose for setting up this fund was to replace the Buildings and Grounds Fund and the Equipment Replacement Fund.

After further discussion, it was decided to reword number 7 in "Operation of the Fund" to state "The Operations Committee will review the Project Listing, Capital Budget and Equipment Replacement and recommend current funding requirements based on priorities."

Mr. Wesnofske suggested the insertion of language defining "useful life" as follows: "Useful life will be based on IRS guidelines or MOSA staff experience." This will be added to Operation of the Fund, number five.

Chairman Podmajersky commented on the "Investments/Disbursements" section that states "The Director of Finance and Administration and Executive Director shall be authorized to fully operate the funds, including opening and closing fund accounts, investing and reinvesting monies of the fund, and act as signatories in connection therewith". She remarked that by Public Authorities Law, the Treasurer has that responsibility. She noted that the previous policy was worded the same but she was not comfortable with the phrase to "fully operate" the fund. Ms. Corrigan explained that currently, once the Board passes a resolution, she handles the disbursement. Mr. Wesnofske suggested adding language prior to that sentence that states, "Subject to the approval of the Board, or Board Policy". After some further discussion, it was decided to add this language.

Mr. Wesnofske suggested changes to the wording of the section "Financing the Fund" to include the date of the initial deposit and changing "shall make" to "made".

Chairman Podmajersky asked if there were any other comments or suggestions, as there were none, she asked for a motion to recommend the policy to the Board.

Mr. Vroman made a motion to recommend the policy as amended to the Board for consideration; Mr. Parker seconded and on voice call the motion carried.

b. Operating Reserve Fund

Chairman Podmajersky noted that the numbers did not add up under "Financing the Fund"; \$382,449 needs to be corrected to \$382,447. She remarked that "Subject to the approval of the Board, or Board Policy" should be added in the "Investment/Disbursement" section as it was in the Asset Management Fund. The last sentence of this section was also changed to read, "Disbursements or transfers from the fund shall only be made under authority of Resolution."

Mr. Parker asked about the frequency of adding to the fund. Ms. Corrigan noted that deposits can be made at any time upon resolution of the Board; the policy currently states the fund is to be reviewed each year prior to the adoption of the budget. After some discussion on how often money should be added to the fund, periodically, quarterly or annually, it was the consensus of the members present not to make any changes to the stated frequency. Mr. Heaton noted that the Board could call for review of the fund at any time.

Mr. Wesnofske suggested changes to the wording of the section "Financing the Fund" to include the date

of the initial deposit and changing “shall make” to “made”, as had been done in the Asset Management Fund.

Chairman Podmajersky asked if there were any other comments or changes; as there were none, she asked for a motion to recommend the policy as amended to the Board.

Mr. Vroman so moved and Mr. Parker seconded; on voice call the motion carried.

c. Expense and Reimbursement Policy

Ms. Corrigan advised that the only changes to this policy are the updated GSA M&IE allowance for 2010 and the addition of a paragraph under “Mileage Reimbursement for Board Members”, which is based upon Resolution No. 58 of 2009 as follows:

“The Authority shall approve mileage reimbursement only from the members primary residence located in the County of Board membership appointment. Members are to submit claims for reimbursement no less frequently than quarterly.”

Chairman Podmajersky remarked that she believes this policy is liberal and suggested that the Governance Committee may want to take a look at it.

5. IT/Accountant Position

Chairman Podmajersky asked for a motion to go into Executive Session to discuss the IT/Accountant Position. Mr. Vroman so moved and Mr. Parker seconded; Executive Session began at 11:50 a.m.

Mr. Parker made a motion to come out of Executive Session at 12:02 p.m. and Mr. Vroman seconded.

Mr. Parker made a motion to recommend the IT/Accountant Position with the associated increase in salary to the Board; Mr. Vroman seconded and on voice call the motion carried.

6. Bag Waste Survey Update

Mr. Heaton reported on the survey results thus far, noting that customer receipts vs. the number of bags disposed of is being checked randomly by staff at the sites.

Mr. Parker asked if he had any preliminary data. Mr. Heaton responded that an estimated 10% of customers were found to be taking advantage of the system; however, it is early in the season and he would like to extend the survey for another month.

It was the consensus of the members present to extend the survey until the next Board meeting, scheduled for April 21st.

7. Summary of Budget Improvement Opportunities

Mr. Heaton advised that in recognition of the need to manage the budget more effectively and improve its status, as well as making funds available for programs such as Household Hazardous Waste events, he and Ms. Corrigan had worked up a Summary of Budget Improvement Opportunities. Review and discussion of the list follows:

1) Increased outgoing load density (review of Riccelli/MOSA agreement)

- ✓ Current contract calls for a 20 ton minimum load; 2009 minimum average was 26 tons/load.
- ✓ Riccelli has agreed to a \$40,000 credit off the December invoice if 2010 minimum load average stays at 26 tons/load.
- ✓ Riccelli has agreed to a \$100,000 credit off the December invoice if 2010 minimum load average increases to 28 tons/load.

Mr. Wesnofske commented that before entering into the agreement, it would need Board approval and suggested it also be run by counsel. Mr. Heaton noted that he had already discussed the agreement with counsel and understood that the Board would need to approve it.

Chairman Podmajersky asked if this agreement would change the current contract. Mr. Heaton stated that counsel had advised that it would not; if the 26 or 28 tons/load cannot be met, MOSA is still only responsible for a 20 ton/load minimum. He noted that this agreement gives MOSA the ability to offer a more efficient operation to Riccelli (heavier loads/less trips) and saves MOSA money as well.

Chairman Podmajersky asked about the impact of heavier loads on MOSA equipment. Mr. Heaton explained that in the past if a load was over the 20 ton minimum, staff had let it go; this is no longer the case. Since March 1st, the overall average is 28.7 tons/load, which has been accomplished without equipment abuse. He noted that materials like wood pallets and cardboard are being removed from loads, which allows for packing denser loads in the trailers and provides extra revenue from recycling.

Mr. Skowfoe inquired about the impact dollar wise of the \$4/ton reduction in the current T&D rate for all MOSA generated tonnage delivered to a Casella managed landfill. Mr. Heaton explained that this issue would be split out into a separate agreement and discussed later in the meeting.

Mr. Heaton explained the transfer station's goals in obtaining the 28 ton/load average and noted that staff was doing a good job. Mr. Wesnofske inquired about demo loads that could be light. Mr. Heaton advised these light loads are brought in and topped off when possible and some demo loads come in at 20 – 30 tons.

Mr. Parker asked if the agreement was for this year only; Mr. Heaton advised that it was.

2) Accountant Position

Mr. Heaton advised the position had been eliminated. Chairman Podmajersky asked about having this amount moved from Personnel to Contingency; Mr. Skowfoe agreed. Ms. Corrigan noted that this is an annual figure that includes fringe benefits so the entire amount is no longer available. Mr. Skowfoe remarked that the amount would be further reduced if the IT/Accountant position was approved at the Board meeting. Ms. Corrigan stated that she would calculate what the amount would be. Chairman Podmajersky asked if the other committee members agreed to move what is left to Contingency; Mr. Parker and Mr. Vroman both agreed.

3) Increased Casella Landfill Deliveries

Mr. Heaton explained the current agreement in which a certain amount of waste is to be delivered to Casella landfills. Chairman Podmajersky and Mr. Skowfoe remarked that they thought a certain amount

of waste was to be delivered to Waste Management landfills as well. Mr. Heaton reviewed the highlighted handout (a portion of the current agreement) and explained that all the waste from OTS and STS is to go to a Casella owned landfill as well as half of the waste from ATS and WTS. Beyond that, there is a gentleman's agreement with Waste Management that anything that comes from Waste Management will go to a Waste Management owned landfill; however, there is no 100% commitment. At this time, roughly 80% of MOSA waste goes to Casella landfills and 20% goes to Waste Management landfills. Waste Management's current deliveries are 10% of MOSA's waste. If the 10% difference was delivered to Casella landfills, MOSA would receive a credit of \$4/ton for these loads; about 10,000 tons per year.

Mr. Skowfoe asked if this had been discussed with Waste Management. Mr. Heaton advised that he had spoken with Peter Martin at Waste Management about it, but had not mentioned the amount Casella had offered. He noted that he doesn't want to burn any bridges, but is looking for opportunities for MOSA.

Chairman Podmajersky suggested talking with Waste Management again as she is concerned MOSA may lose deliveries from them in Montgomery County.

Mr. Heaton asked if the Finance Committee was supportive of pursuing these possibilities; increased load minimums and increased deliveries to Casella landfills. The consensus of the committee was to recommend pursuing the agreements to the Board.

4) Increased Metal Recycling

Mr. Heaton noted that he had recently directed the staff to begin removing metal from loads post delivery and prior to shipping out. This will result in increased metal revenue and decreased disposal costs.

Mr. Skowfoe asked what rate MOSA's current vendor is paying for metal; Mr. Heaton advised \$110/ton. Mr. Skowfoe suggested MOSA haul the metal itself. Mr. Heaton remarked that some boxes are being utilized for the clean wood program and he wanted to have extra boxes available for roll-off work. Mr. Skowfoe asked if repairs had been made to the boxes at WTS; Mr. Heaton replied that repairs were complete. Mr. Skowfoe inquired about the number of MOSA boxes available now; Mr. Heaton advised 14 or 16 boxes.

5) Clean Wood Recycling

Mr. Heaton defined "clean wood" as unstained, unpainted and untreated and noted that this program is the same as the metal recycling discussed earlier. He advised that 25 tons of clean wood had been removed from delivered loads over the past two weeks. Vendors are located in the Port of Albany, Glen Industrial Park and Amsterdam; he is searching for one in Otsego County as well. This will also result in increased recycling and avoidance of disposal costs. Mr. Skowfoe inquired about brush and tree trunks; Mr. Heaton noted that he has also found a market for tree trunks, which would be hauled separately from the clean wood.

Mr. Skowfoe remarked that roll-off trucks can pull hooked boxes with a chain. Mr. Heaton noted that hook trucks are better used for pulling hooked boxes. Mr. Skowfoe advised that the reason he mentioned it is that the Schoharie County recycling bid is coming up soon and thought MOSA may be interested in bidding.

Mr. Heaton noted that Otsego County's RFP for recycling came out yesterday and he would like to discuss it later in the meeting under "Other Business".

6) Roll-off Haul Services

Mr. Heaton noted that about \$4,000 worth of roll-off work has been completed so far this year with an estimate of \$10,000 for the year.

7) Part-time Transfer Station Operator

8) Part-time Weigh Station Operator

Mr. Heaton advised that these two positions have been filled and the new staff have begun training. These positions will reduce the need for overtime by full-time staff resulting in savings.

9) OTS Sanitary Facilities

Mr. Heaton advised the porta-john has been removed from OTS and explained the reason it was initially placed at the site. He noted that there was no longer an issue.

10) Cardboard

Mr. Heaton advised that cardboard is also being pulled out of loads after delivery and recycled. This cardboard comes from appliance stores, etc. that have a large amount of cardboard boxes. This will result in increased revenue and decreased disposal costs through avoidance.

Mr. Heaton noted that the total estimated annual impact of these budget improvement opportunities is \$296,929 and if attained, could be used for such programs as Household Hazardous Waste events.

a. Household Hazardous Waste Discussion

Mr. Skowfoe asked if the grant for DEC funding had been submitted. Ms. Corrigan advised that the grant cannot be completed and sent in until a date for the event has been set. She noted that MOSA applied last year and did not receive the grant money. Mr. Wesnofske remarked that it sometimes takes years to receive reimbursement. [The DEC grant is due on the final business day of April, July, October or January. If not received on this day, the grant will not be considered until the next submission month.]

Mr. Parker remarked that the amount on the resolution was only \$75,000. Chairman Podmajersky suggested having a 50% reimbursement as in the past; she doesn't think \$25,000 for each County is enough to hold the events. Mr. Parker noted that the resolution was originally written per the traditional 50% reimbursement, but he was talked in to reducing the amount. Mr. Wesnofske noted that would bring the amount up to \$30,000 - \$32,000 per County, and reimbursement from the DEC may not be received for several years.

Chairman Podmajersky suggested further discussion at the Board meeting in April. She noted that she would be willing to set a date at that time. Mr. Heaton agreed, noting that he should have some preliminary impact figures by that time. He noted that if MOSA doesn't apply for the grant, it won't receive reimbursement.

Ms. Corrigan remarked that the resolution as it stands serves Otsego County well; however, Schoharie and Montgomery Counties don't have the infrastructure or history that Otsego County has with HHW events. She suggested that \$25,000 be given to Otsego County for its event and the \$25,000 for Montgomery and Schoharie Counties be brought together to allow MOSA to spend \$50,000 on a combined event to serve both Counties. This event could be held at either the Schoharie or Western transfer stations. Mr. Parker remarked that would be fine with him, but he couldn't speak for the other two Counties.

b. Electronics Waste Discussion

Mr. Heaton advised that he has begun working on making connections for an electronics waste recycling program and would advise on his progress in a few weeks. He believes there are opportunities out there for this type of recycling.

Mr. Parker asked if the Finance Committee was going to make recommendations to the Board on the budget improvement opportunities and HHW events. Chairman Podmajersky noted that based on Mr. Heaton's update on April 21st, she believed the Board could make decisions on the items.

Mr. Parker made a motion recommending the Board take action on the budget improvement opportunities and the HHW events; Mr. Vroman seconded and on voice call the motion carried.

Mr. Heaton asked if a motion was required allowing him to pursue the Riccelli Agreement. Mr. Wesnofske noted he had the consensus of the committee and didn't need a motion to continue working on it; however, he would need Board approval through a resolution to execute the agreement.

8. Other Business

a. Budget Transfer

Ms. Corrigan explained Resolution Number 19 Authorizing the Transfer of Budget funds to cover an Unemployment Rate change from 2.3% to 3.5%.

Chairman Podmajersky asked for a motion to recommend the resolution to the Board. Mr. Vroman so moved, Mr. Parker seconded and on voice call the motion carried.

b. Bresees

Mr. Heaton noted that a portion of the Bresees department store in Oneonta is being demolished and should help Otsego County meet its GAT as the job is estimated to be several thousand tons.

c. Financial Review

✓ Year to Date GAT Tonnages by County

Ms. Corrigan reviewed the Year to Date GAT Tonnages by County; noting that Schoharie County's numbers were low mainly due to Fred's Sanitation. She also noted that two buildings were recently demolished in Cobleskill and did not come to MOSA; the debris went out of the area in trailers.

Mr. Wesnofske remarked that he had seen Don Snow's Trucking (with a roll-off box) on the way down to the meeting and asked if Mr. Heaton knew of them. Mr. Heaton responded that he would check them out.

Mr. Heaton noted that Riccelli had brought in C&D from a roof replacement they provided roll-off service for and that a barn being taken down in Richmondville would be hauled to MOSA as well.

Mr. Parker inquired if the debris from the Worcester School Annex came to MOSA in January. Ms. Corrigan did not believe it had.

Mr. Parker and Mr. Wesnofske noted that the WRE deal with Otsego County died in committee.

✓ Actual vs. Budget Report (budget summary)

Ms. Corrigan noted that 13% of the total GAT should have come in by this time; however, the revenue is short by 4.8%, which is nearly equal to the GAT shortage of 4.2%, showing that revenue is clearly following GAT numbers. She also noted that February was a short month with fewer deliveries but with the same payroll expenses.

✓ Statement of Revenues, Expenses and Changes in Net Assets

Ms. Corrigan remarked that Other Income Expense would hopefully become a positive number if the budget improvements are successful.

✓ Balance Sheet

Ms. Corrigan noted that total assets at the end of February were \$14,010,086. She pointed out that \$1 million would come out of the Operating Cash leaving approximately \$1.8 million once the Post Closure Account was set up.

✓ 2010 Reserve & Restricted Fund Payments (resolution tracking spreadsheet)

Ms. Corrigan advised that no distributions had been made to date in 2010.

d. T&D Discussion

Mr. Heaton advised that he and Ms. Corrigan had reviewed the T&D RFP line by line with Chris Chale. Adjustments are being made based upon her recommendations. He noted that the RFP has two options, Transportation & Disposal or Disposal Only through the end of the Service Agreement plus two two-year extensions. If a Disposal Only option is chosen, a Transportation Only RFP will have to be done down the road. He noted that most importantly, a contract for disposal costs is needed before the market changes. Mr. Heaton advised that he has included "Special Waste" in the RFP so as to cover the possibility of asbestos deliveries. The goal is to have the RFP ready for review by the Board at its next meeting on April 21st.

Transportation of recyclables will be obtained by a separate RFP because MOSA deals with several recycling vendors throughout the market. There was discussion about bringing plastics and glass to some local recyclers; however, Mr. Heaton noted that MOSA is not set up to separate comingled recyclables.

e. Otsego County Recycling RFP

Mr. Heaton advised the Otsego County Recycling RFP came out yesterday and a response to the RFP is due by April 13, 2010. He noted the RFP included a stipulation that all waste hauled by the contractor awarded the contract must come to a MOSA facility. He asked if MOSA is interested in responding to the RFP.

Mr. Parker asked if the RFP called for picking up at all Otsego County stations. Mr. Heaton advised that it included picking up at all the stations as well as MOSA's transfer stations in the County.

Mr. Wesnofske remarked that Otsego County had discussed the option of consolidating some of its convenience stations. Mr. Heaton advised he had recently met with and discussed the County's recycling needs with Terry Bliss. He noted the RFP had two options; give them the same type of services they have now or make a suggestion for another option.

Mr. Heaton advised what is needed to operate a recycling program are labor, trucks, compactors and boxes for the satellite sites. He noted that MOSA has the trucks and a certain amount of manpower (not all that would be necessary) and would provide the compactors. However, MOSA does not have the roll-off containers, which he suggested the County could provide, unless MOSA was interested in providing them for a fee.

Chairman Podmajersky asked for clarification on the type of service MOSA would be providing, hauling or overseeing boxes. Mr. Heaton advised that MOSA trucks and equipment would be used to pick up recyclables at all Otsego stations and deliver them to recycling facilities. Chairman Podmajersky remarked that she would need to see the exact numbers before she would be able to make a decision on pursuing the RFP. Mr. Heaton advised that he had been working on cost analysis and once completed would make it available to Board members.

Mr. Wesnofske, Mr. Parker and Mr. Skowfoe were all in favor of responding to the RFP pending Board approval and suggested asking Board Chairman, John Thayer, to call a Special Board Meeting to review the proposal. Mr. Heaton will contact Chairman Thayer to set up a Special Board Meeting prior to the three County meeting on Wednesday, March 24th and send out notice of the meeting once a time is set.

f. Annual Report

Mr. Heaton advised that the Annual Report was almost complete except for the Financial Reports from the auditors.

Mr. Wesnofske remarked that the Audit Committee should meet with the auditors to review the Financial Reports prior to publishing the Annual Report. Ms. Corrigan will contact the auditors to set up a meeting prior to the March 31st due date for the report.

g. Projections

Mr. Heaton advised the Financial Projections hand out is part of the Annual Report and contains estimated information based upon current and anticipated market conditions.

h. Three County Meeting

Mr. Heaton noted that the three County Meeting was being held at Otsego Manor in Cooperstown on Wednesday, March 24th at 5:00 p.m.

9. Closing

Mr. Parker made a motion to adjourn the meeting at 1:28 p.m.; Mr. Vroman seconded and on voice call the meeting adjourned.

Respectfully Submitted,
Judith Beeler, Confidential Secretary