

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

DATE: August 11, 2010
LOCATION: MOSA Administrative Complex, Howes Cave

Members Present:

David Parker
Olga Podmajersky, Chair
Harold Vroman

Others Present:

Dennis Heaton
Barbara Corrigan
Jason Cooper

1. Opening

Chairman Podmajersky called the meeting to order at 10:12 a.m.

2. Approve Agenda

Chairman Podmajersky asked for a motion to approve the agenda. Mr. Vroman so moved, Mr. Parker seconded and on voice call the motion was unanimously approved.

3. Minutes of Prior Meeting – June 9, 2010

Chairman Podmajersky asked for a motion to approve the June 9, 2010 minutes. Mr. Parker so moved, Mr. Vroman seconded and on voice call the motion was unanimously approved.

4. T&D RFP review and discuss proposals

Chairman Podmajersky asked Mr. Heaton to report on the T&D RFP proposals.

Mr. Heaton noted the three main criteria used in the process of negotiation with the vendors as follows:

1. Can the vendor do the job? (Does the vendor have the appropriate permits, equipment, and other due diligence items?)
2. Pricing.
3. Ability to provide assurances that all waste will be kept within the MOSA system.

Mr. Heaton continued by reviewing a handout of the T&D Discussion Summary that listed each option (vendor) and comments for each. He noted that Options A, B, D and E were all close in their price ranking but that Option C was out of line with the other vendors and commented on each option as follows:

Option A

- ✓ Concern there may be lost waste.
- ✓ Vendor has not provided proof to substantiate their ability to mitigate waste loss.
- ✓ #3 in price ranking.
- ✓ Not the recommended vendor due to possibility of lost waste.

Option B

- ✓ Only offered services for three transfer stations, ATS, STS and WTS.
- ✓ Vendor has not provided proof to substantiate their ability to mitigate waste loss.
- ✓ #1 in price ranking.
- ✓ Not the recommended vendor due to possibility of lost waste.

Option C

- ✓ No waste loss anticipated.
- ✓ #5 in price ranking.
- ✓ Not the recommended vendor due to pricing.

Option D

- ✓ No waste loss anticipated.
- ✓ This vendor has indicated they have the relationships, experience and equipment necessary to fulfill the Authority's T&D needs.
- ✓ #2 in price ranking
- ✓ Recommended vendor.

Option E

- ✓ Vendor suggested splitting the contract in two in order to provide that waste stays within the MOSA system.
- ✓ #4 in price ranking.
- ✓ Not the recommended vendor due to pricing.

Chairman Podmajersky asked for a motion to go into Executive Session to discuss the continuing T&D negotiation company specifics. Mr. Parker so moved, Mr. Vroman seconded and on voice call Executive Session began at 10:18 a.m. At 10:48 a.m. Mr. Parker made a motion to come out of Executive Session, Mr. Vroman seconded and on voice call, Executive Session ended at 10:48 a.m.

Chairman Podmajersky suggested the subcontracts with the landfills be executed first and the hauling contract second, checking with counsel prior to doing anything. Discussion took place regarding the need for the chosen contractor to have verification of such status prior to development of subcontracts.

Mr. Heaton asked if he should work on lining up the contracts for the next Board meeting. Mr. Thayer responded that he did not believe there was enough time in between the meetings to get the contracts prepared.

Chairman Podmajersky asked if there was further discussion or questions on the subject, as there were none, she asked for a motion to recommend the Option D vendor to the Board. Mr. Parker so moved and Mr. Vroman seconded. On voice call the motion unanimously carried.

Discussion of Resolution No. 34, Selecting the Contractor of Choice for Transportation and Disposal Services, ensued ending with the recommendation to leave the chosen option/vendor name blank until the Board meeting.

5. Budget

Chairman Podmajersky asked Mr. Heaton to review the Budget Book handout.

Mr. Heaton began by noting that the Budget Book before the committee was a draft document with a goal to start the thinking process for next year's budget. The draft contains the following information:

Page 1 – 2011 Operating/Capital Budget Assumptions.

Page 2 – Summary of Cost Centers

Section 1 – Personnel Summary

Section 2 – Departments (a department by department summary of budget changes made showing increases and decreases)

Section 3 – Details (of every budget line)

Last Page – Potential Enhancements to the Baseline Budget

Mr. Heaton noted that the budget draft shows only operating costs, not T&D. Chairman Podmajersky remarked that tip fee operating costs were down about \$1.50 from 2010-2011.

Mr. Wesnofske asked if the numbers included Household Hazardous Waste (HHW) to the Counties. Ms. Corrigan responded that they did not. She noted the original 2010 budget without amendments had been used and the 2011 baseline assumption excluded HHW events. HHW options are included on the last page of the Budget Book under Potential Enhancements to the Baseline Budget.

Mr. Wesnofske noted that 7,000 tons of outside waste had been added and asked where that waste was expected to come from. Mr. Heaton responded he believed the waste would come from several haulers in the Amsterdam/Capital District area.

Chairman Podmajersky remarked that was a risk and stated we need to know reality. Mr. Heaton responded that there is a risk associated with both sides and if we don't take the initiative to increase outside waste deliveries, operational costs will increase.

Ms. Corrigan noted that during her first year with the Authority approximately 16,000 tons were delivered at a tip fee of \$77 per ton and as the outside waste tip fee increased over the years, the amount of outside waste delivered went down.

Chairman Podmajersky asked about the bag waste numbers. Mr. Heaton remarked that the bag waste numbers were actuals (totals from all transfer stations).

Chairman Podmajersky noted the rent of the Oneonta recycling building was down \$10,080. Mr. Heaton advised that the rent had never been reduced from \$20,160 to the \$10,080 amount that is actually collected from Otsego County for renting the building.

Mr. Heaton asked how the committee would like to proceed. Mr. Thayer noted that some Board members may want to review the draft line-by-line. Chairman Podmajersky suggested a separate meeting with staff for those Board members who would like a line-by-line review. Ms. Corrigan noted she would be happy to set up a meeting.

Mr. Parker noted a large difference in the maintenance budget. Ms. Corrigan advised that per the Annual Engineer's Report's (AER) budget, costs were moved around with \$34,000 coming out of maintenance personnel and going to the landfill cost center. She noted the same occurred with administration and it was simply a reallocation of cost/staff.

Mr. Parker remarked that \$70,000 had been earmarked for new equipment last year and asked where that showed on the budget. Ms. Corrigan advised that would be part of the capital budget not the operating budget and noted that the equipment replacement schedule had been redone last year. Mr. Rothrock has

advised management that his department has been through all the equipment and made all necessary repairs. Subsequently, equipment maintenance is being better managed.

Chairman Podmajersky suggested proceeding by sending out the draft Budget book to Board members not in attendance for review prior to next week's Board meeting, setting up a line-by-line meeting if necessary and approving the budget at a September Board meeting. She asked if there was further discussion on the Budget; none was brought forth.

6. GAT

Chairman Podmajersky asked Mr. Heaton to explain the 2011 GAT handout.

Mr. Heaton reviewed the contents of the document as follows:

- ✓ Actual deliveries are listed for the years 2007, 2008 and 2009.
- ✓ Adjustments have been made by removing large C&D project tonnages.
- ✓ Adjustments have been made for diverted waste tonnages.
- ✓ Market changes are listed for the same years.
- ✓ The three year average is noted at 109,481.
- ✓ 2011 GAT figured on 95% of the three year average at 104,007.

Ms. Corrigan noted that the market changes don't necessarily mean the hauler is diverting waste; however, we are not seeing it delivered somewhere else in the MOSA system by another hauler. Mr. Heaton noted that in Otsego County, WRE seems to be gaining market share. Ms. Corrigan advised that WRE also has all the colleges business.

Mr. Parker asked why the large projects were pulled out. Mr. Heaton responded they were pulled out because they are not considered part of the GAT. Ms. Corrigan advised that any project over 100 tons was pulled out of the numbers.

Mr. Wesnofske remarked that he believes smaller projects should be included in the GAT. Ms. Corrigan noted that projects under 100 tons had been included in the numbers.

Mr. Heaton noted that the 2009 GAT was set at 102,283, which had been reduced by 5 % to 97,169 during the year.

Mr. Parker inquired about July numbers. Mr. Heaton noted that the aggregate GAT had been met. Mr. Cooper advised that projected aggregate deliveries based on current year-to-date deliveries, is 99,353 tons. Mr. Parker noted that the Breeses building demolition project will put us over the top at well over 100,000 tons when it comes in later this year.

Mr. Heaton noted that in Montgomery County, waste was coming in to the MOSA system from Hagaman and most of the waste from Waste Management and County Waste was coming in as well. In Otsego County, all WRE waste was being diverted from the MOSA system. In Schoharie County, Fred's and Jim's waste is being diverted, County Waste's commercial and roll-off work is coming in and most of Waste Management's waste is coming into the MOSA system.

Chairman Podmajersky remarked that the 104,007 2011 GAT number would be a hard sell to some.

Mr. Heaton remarked that Montgomery County was already at 25,000 through July 31st. He noted that there is a difference between actual deliveries, hard, verifiable numbers, and the GAT, which is an estimated number. He went on to say that the amount of waste leaving the system is an estimate.

Chairman Podmajersky asked that the GAT document be mailed out with the draft Budget to the Board members not in attendance at the meeting so it could be reviewed prior to next week's Board meeting.

7. Other Business

a. Resolution #35 Authorizing the Execution of Amendment #1 to the Service Agreement with the member Counties of Montgomery, Otsego and Schoharie

Chairman Podmajersky read the resolution to the committee.

Mr. Heaton advised that all three member Counties had passed resolutions accepting the amendment and the next step was to authorize the Chairman or Executive Director to execute and deliver the amendment to the Counties for signature.

Mr. Wesnofske suggested amending the resolution to authorize only the Chairman to sign the agreement, as noted in the Authority's bylaws.

Mr. Parker made a motion to recommend the resolution to the full Board with the amended language, Mr. Vroman seconded and on voice call the motion unanimously carried.

8. Closing

Mr. Parker made a motion to adjourn the meeting, Mr. Vroman seconded and on voice call the meeting adjourned at 11:23 a.m.

Respectfully Submitted,

Judith Beeler,
Confidential Secretary