

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: SOLID WASTE & RECYCLING

DATE: AUGUST 21, 2007

Committee Members Present:

Supervisors Tessier  
Belden  
Champagne  
Mason  
Stec

Committee Members Absent:

Supervisors Monroe  
Merlino

Others Present:

Representing Department of Public Works  
(DPW):

William Lamy, Superintendent  
Jeffrey Tennyson, Deputy  
Superintendent, Engineering  
Brian Humphrey, Deputy Superintendent,  
Highways & Bridges  
Judy Johnson, Fiscal Manager  
Stephen Lynch, Intercounty Solid Waste Coordi-  
nator  
Hal Payne, Commissioner of Administrative &  
Fiscal Services  
JoAnn McKinstry, Deputy Commissioner of  
Administrative & Fiscal Services  
Joan Sady, Clerk, Board of Supervisors  
Supervisors Caimano, Budget Officer  
VanNess  
Gabriels  
Katy Goodman, Secretary to the Clerk

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In the absence of Mr. Monroe, Chairman of the Solid Waste & Recycling Committee, Mr. Tessier, Vice-chairman of the Committee, called the Solid Waste & Recycling Committee meeting to order at 12:05 p.m.

Motion was made by Mr. Belden, seconded by Mr. Champagne and carried unanimously to approve the minutes of the previous meeting, subject to correction by the Clerk.

Privilege of the floor was extended to William Lamy, Superintendent of the Department of Public Works (DPW). Copies of the DPW's proposed 2008 Budget package which included the Solid Waste Management Division's Budget (Budget Code CL8160) had been distributed to the Committee members prior to the meeting. A copy of the Solid Waste Management Division's Budget package is on file with the minutes.

Mr. Lamy referred the Committee members to Page B of the Budget which he pointed out was a summary of the proposed 2008 Solid Waste Management Budget. He apprised as a result of discussions with Hal Payne, Commissioner of Administrative and Fiscal Services, and Mr. Monroe, the Committee Chairman, they had used the figure of \$3,327,500 for the proposed 2008 Budget which was the identical figure for the 2007 Budget appropriation. Mr. Lamy explained

that was done with the understanding that Stephen Lynch, Intercounty Solid Waste Coordinator, would attend this meeting to provide more accurate information on what could be expected on the projected costs and revenues relative to the Burn Plant for the 2008 Solid Waste Management Budget.

Mr. Lamy noted the Committee members did not have a sheet that showed there were costs in the Budget for contracts for the disposal of solid waste from the Airport, Parks and Recreation, for the Adopt-a-Highway Program, for battery disposal and for DEC (Department of Environmental Conservation). He apprised there was reimbursement for DEC's costs and noted those were insignificant amounts that were included in the total Budget. He stated he would defer to Mr. Lynch for the figures on the Burn Plant.

Privilege of the floor was extended to Mr. Lynch, and he distributed copies of a handout entitled, "Intercounty Solid Waste Coordinating Committee Projected Service Fees - 2006 & 2007". He referred the Committee members to Page 1 of the handout which outlined a Service Fee Sensitivity Analysis for the Burn Plant. He explained in previous years the process to determine the projected service fees was done in September and October; however, he said, under the contract with Wheelabrator (owner/operator of the Plant) they were required to provide the Intercounty Solid Waste Coordinating Committee the projected costs for the next year by the end of August.

Mr. Lynch noted Mr. Monroe and Mr. Tessier represented Warren County on the Intercounty Solid Waste Coordinating Committee and Robert Banks and John LaPointe represented Washington County. The consulting engineers and he also provided input on the projected figures, he added. Then, Mr. Lynch said, the figures were revised in September and the Burn Plant's Budget was approved by the Intercounty Committee and the Warren-Washington Counties Industrial Development Agency (IDA) for filing at the State Controller's Office on October 1st.

Mr. Lynch advised in response to Mr. Payne's request, Wheelabrator had been able to provide the first cut of the preliminary figures and they had not been edited by anyone. However; he said, the figures would still provide an idea of what direction the total costs would take. Mr. Lynch noted any changes in the figures between now and October 1st would be insignificant.

Mr. Lynch apprised the figure shown on Page 1 for the 2007 base projection was the actual figure for the first six months of the year through July. He stated there were many changing pieces relative to the Burn Plant, such as the amounts of the in-County waste and the out-of-County waste that came in, the total amount of waste received, the amount the electricity (generated by the Plant) was sold for, any unscheduled down time, and the costs of supplemental fuels and natural gas. Therefore, he concluded, the projection for the six months included many pieces. Mr. Lynch apprised his best estimate for the 2007 base projection was \$3,288,153 for Warren County's payment and \$1,544,157 for Washington County's payment for a total of \$4,832,309. He acknowledged the figure was slightly lower than they had originally planned and he was not sure what the County had budgeted for its Solid Waste Budget. Mr. Caimano apprised the

County's figure was \$3,327,500.

Mr. Lynch spoke on the differences in the figures. He stated the charges for the pre-restructuring and refinancing of the Burn Plant did not appear on the chart. Mr. Lynch pointed out the chart showed the total charges for the two Counties for 2007 and 2008 were \$4.8 million and \$5.2 million, respectively. He noted that compared to previous years' costs of \$6 and \$7 million, the figures showed the costs to the two Counties had been substantially reduced. Mr. Lynch commented although that was good, they would still like to reduce the costs further.

Mr. Lynch stated there were some key assumptions relative to the \$4.8 million for the remainder of 2007 and the figure for all of 2008. He explained the prices for the electric sales were set by a floor and a formula and according to the contract, if the formula was less than \$.6 cents/kwh (kilowatt hour) the Counties would get that price. Mr. Lynch explained the formula was based on how much Niagara Mohawk paid for electricity elsewhere and if that price was higher, the Counties would get that price. He advised up until about a year ago the Counties always got the floor price. However, Mr. Lynch explained, since Hurricane Katrina and some other situations that had occurred they had started to receive more than the \$.6 cents per/kwh and the average price this year had been about \$7.6 cents/kwh through July. He apprised that had resulted in several hundred thousand dollars more in revenues from the sale of the electricity than they had anticipated. However, Mr. Lynch stated, the bad news was that when the price went above \$7.6 cents/kwh it made it very difficult to predict the revenues because the price depended on conditions such as the price of gas, the weather and what was taking place in the Middle East, etc.

Mr. Lynch stated, however, there was a downside to the situation at the Burn Plant. He advised that for the past year the percentage of the waste from within the two Counties had declined. Although, Mr. Lynch noted, Wheelabrator had done a fairly good job of keeping the total throughput at the Plant up in the 165,000 ton range and it was 169,000 tons last year. However, Mr. Lynch continued, because there was never enough waste from the two Counties to fill the Plant to capacity they had to obtain more waste from other Counties which resulted in competition with other facilities for the waste and that lowered the average tip fees at the Plant. He noted the in-County tip fees were \$69/ton for both Counties and most of the waste from the two Counties did go to the Plant. However, Mr. Lynch stated, the lower tip fees reduced the revenues. He reported that so far this year the totals had been a wash and the excess earnings on the electricity were within \$100,000 or so of the lost revenues. He commented the Base Projections for the two Counties were surprisingly close considering that two of the assumptions they were based on were quite different.

Mr. Lynch advised that each month the IDA and the Intercounty Committee discussed what they were doing to try to combat the decline of the in-County waste. He advised they could adopt a flow control law that would mandate that the in-County waste would go to the Plant because that was now allowed by the Supreme Court. In addition, he said, they constantly negotiated with the haulers who they knew did not take their waste to the Plant and they had just contracted with one

that collected in Washington County. Mr. Lynch noted they were also working with the BFI firm which collected most of the commercial waste in Warren County which they hauled to the Hiram Hollow facility.

Next, Mr. Lynch spoke on the 2008 Base Projection. He explained there were other aspects of the costs for the Plant which were the fixed costs of \$7 million per year for the debt service and \$10 million for O & M (Operations & Maintenance) A & B that were fixed by the contract with Wheelabrator. Mr. Lynch explained those were pass through costs and they included the cost of natural gas and disposal of the ash from the Plant. He advised under the restructured contract with Wheelabrator, the company was required to submit Request for Proposals (RFPs) for the passthrough costs in order to obtain the best prices. However, he added, those costs changed based on situations that were beyond the Counties' control.

Mr. Lynch explained part of the analysis was the waste basis wherein the proposed shortfall of the in-County waste was allocated between the two Counties based on the quantity of tons they each delivered to the Plant from June to June of the previous year. He apprised the percentage changed beginning in January. Mr. Lynch reported in 2007 the allocation was .6801 percent for Warren County and .3199 percent for Washington County. He apprised beginning in January Warren County's percentage would increase to .6782 and Washington County's would increase to .3217. Mr. Lynch remarked the relationship in the tonnage had been remarkably stable between the two Counties.

Mr. Caimano apprised the total proposed 2008 projection of \$3,559,396, as compared to the 2007 appropriation of \$3,288,153, reflected an increase of \$2,712,43, or seven percent. Therefore, he stated, the aforementioned 2008 Solid Waste Budget request of \$3,327,500 would be too low. Mr. Lynch pointed out the increase was 8.2 percent.

Discussion ensued. Mr. Belden queried how many years were left on the contract. Mr. Lynch responded the contract would run through 2011 and the debt service reserve fund would run through 2010. He recalled that last year he had projected the County's 2007 cost would be \$3.4 million and it was \$3.2 million which was lower. Mr. Lynch reminded the Committee members that the amount budgeted for 2007 was less than what was projected. He asked what the amount budgeted last year was; and Mr. Caimano replied it was \$3.375 million which was over by a few dollars.

Mr. Lynch commented if they wanted to be aggressive they could assume that the really high electric prices would continue through 2008 and that the trend of the waste going out of the Counties could be reversed. However, he stated, that would carry a greater risk that next year's budget would be \$300,000 under because those trends did not occur. Mr. Lynch remarked it was a judgement call; and Mr. Caimano noted they were fine in the 2007 Budget with the lower projection. Mr. Lynch stated if they wished to give him the number they wanted for the 2008 Budget he could justify it within a few hundred thousand dollars although that would still increase the risk of being under budgeted. Mr. Caimano noted the difference between the 2008 Budget

request and the base projection was approximately \$231,000+. Mr. Tessier recalled there was a year when the revenues increased by over a million dollars although it was a one-time increase. Mr. Lynch concurred. He explained they received a check for \$1 million in January 2006 and that was a true-up of the correct amount that Niagara Mohawk should have been paying for the electricity generated by the Plant. He explained as a result of that situation they had asked the utility company to adjust the price monthly and that was how it was currently handled.

Mr. Caimano recommended that the 2008 proposed Budget should be submitted as prepared by Mr. Lamy. Mr. Lynch concurred with the recommendation. Brief discussion ensued.

Mr. Lamy resumed his review of the proposed 2008 Solid Waste Management Budget. He referred the Committee members to Budget Worksheet Report number 38 of the Budget package and he spoke first on the .2's Equipment request. He explained the .260's object code - Other Equipment reflected the request to purchase the containers used to haul the waste from the Transfer Stations throughout the County to the Burn Plant. Mr. Lamy apprised the total request of \$60,000 was the same as the 2007 appropriations.

Next, Mr. Lamy stated under the .4's Contractual Expenses the total request of \$3,378,500 was also the same as the 2007 appropriations. He advised the \$45,000 request for the Repair/Maintenance of Equipment (.422 object code) was also the same as the 2007 appropriations. Mr. Lamy stated the allocation included both the cost for equipment repairs and the maintenance of the containers. He explained the repair and maintenance of the containers required full-time work by an employee of the Department.

Mr. Lamy referred the Committee members to Page 38 C (Requested Personnel Changes for 2008 form) of the Budget package. He stated he was looking for guidance on a personnel request and the proposed Budget included a request to fund a Recycling Coordinator position. Mr. Lamy advised the County's Solid Waste Management Plan (SWMP) stipulated that the DPW Superintendent was responsible for the County's recycling operation. Mr. Lamy stated the County had not been very active with a recycling program since it closed the Materials Recovery Facility (MRF). However, he advised, the (State) Department of Environmental Conservation (DEC) had contacted him to see how the County was fulfilling the SWMP relative to recycling. Mr. Lamy stated if DPW was not going to have a recycling operation he felt the SWMP should be amended accordingly and returned to DEC for its approval. However, he advised, if they were going to continue to handle the recycling process as it was now with the Towns and DPW was supposed to coordinate the County's operation, the Department could not handle that function with its present staff.

Mr. Belden noted he did not think all the Towns handled the paperwork DEC required to report the volume of recyclables they collected and shipped out. He expressed his concern that DEC would eventually force the County to establish a separate recycling operation.

Mr. Gabriels entered the meeting at 12:28 p.m.

Mr. Tessier stated the biggest problem with a recycling operation would be whether or not the County would be responsible for the private haulers who did not separate the recyclables from the waste that went to the Burn Plant. He commented he did not know how they would be able to control the private haulers relative to the recycling.

Mr. Caimano confirmed that he would agree with Mr. Belden's concerns that DEC would at some point force the issue. However, he stated, he would advise that a position not be created and that they should study the issue for a year. Mr. Lamy suggested at the least, the Committee members should discuss with the County Attorney what the SWMP obligated them to do. Perhaps, he added, the Plan could be amended. Mr. Caimano concurred the Committee should meet with the County Attorney at the beginning of next year to discuss the issue. Brief discussion followed.

Motion was made by Mr. Stec, seconded by Mr. Belden and carried unanimously to approve the Solid Waste Management Budget (CL8160), as presented, and to authorize the Committee Chairman to sign it and submit it to the Budget Officer.

Mr. VanNess left the meeting at 12:37 p.m.

General discussion ensued.

There being no further business to come before the Committee, on motion by Mr. Stec and seconded by Mr. Mason, Mr. Tessier adjourned the meeting at 12:40 p.m.

Respectfully submitted,

Katy Goodman, Secretary to the Clerk