ULSTER COUNTY RESOURCE RECOVERY AGENCY
FINANCE COMMITTEE MEETING MINUTES
OCTOBER 10, 2023 6:00PM TO 7:00PM

This Meeting was held at the New Paltz Community Center, 3 Veterans Drive, New Paltz, NY 12561

ROLL CALL

Board Members
Regis Obijiski, Present
James Gordon, Present
Donna Egan, Present

Agency Staff
Timothy DeGraff, Present

Pledge of Allegiance
(no flag was present in the room)

Public Comment
(no members from the public, although invited by way of posting, attended)

Agenda: Two administrative Matters
1. Charter for UCRRA Finance Committee
   A. The Finance committee constructed a Charter based on suggested model provided by NYS/Authorities Budget Office: https://www.abo.ny.gov/recommendedpractices/ModelFinanceCommitteeCharter.pdf
   B. UCRRA Finance Committee Charter DRAFT is attached to this missive in a WORD document for Board review and approval.
2. Members of the Finance Committee with Tim DeGraff reviewed a Proposed 2024 Budget that is mindful of suggestions given at the public hearing held on the Preliminary Budget on September 21, 2023; additionally, the Agency used more current information on revenues, expenses, potential impacts of tipping fees in relation to competitors, public perceptions, projected personnel costs related to salaries, benefits, insurance costs, etc.
   a. Tim DeGraff, UCRRA's Director of Finance & Administration, presented a Proposed Budget that he said will be more balanced than the Preliminary Budget that was the subject of the Budget Public Hearing on September 21.
   b. The major changes included:
      i. A reduction of tipping fees from $120/ton to $115/ton. The current fee is $110/ton.
      ii. A removal of compactors promised to three towns (Rochester, Hurley and Wawarsing) by the previous executive director. This issue drew criticism at the Budget Hearing that included unfair favoritism, the effect of which ripples through the Agency's resources as they are applied to all municipalities.
      iii. A postponement of purchasing a skid-steer to 2025 and the removal of a delivery dump truck.
iv. A removal of a diesel roll-off and a replacement with an EV roll-off for which UCRAA is eligible for grants. The EV unit’s net cost would cost less money than the diesel unit, and its energy-efficiency sets a good example to the community.

c. While the Proposed Budget’s revenues shaves $5/ton tipping fee from the Preliminary Budget’s $120/ton tipping fee increase, there is nearly a corresponding decrease in total agency expenses. The net operating income is $2,481,775 before factoring a newly reduced capital outlay and a debt service payment.

d. The Finance Committee observed that the Proposed Budget in current form is zero-based; namely, in order to achieve a $0.00 surplus/deficit, money is both transferred-in from a “contingency account,” and money is transferred-out into an “operating reserve account.” Although this shuffle is legal and demonstratable to an independent auditor, the Finance Committee asserted that this is less-than-transparent to both the committee and to the board. Here is our reasoning and recommendations:

i. It is desirable from a business perspective to generate a surplus.

ii. The agency has a modest surplus of about 17% of expenses. This surplus is used as a type of savings account to cover debt as well as unforeseen and higher-than-expected expenses. Municipalities, like the Agency, is governed by Government Accounting Standards Board which refers to such money as “fund balance” that has certain rules regarding its usage.

iii. The Office of NY State Comptroller (OSC) is the entity to which local government and authorities must report. OSC has in recent years declared that positive fund balances are desirable, and the amount of fund balance an entity retains should be “reasonable” according to the judgment of the entity’s board of directors.

iv. The surplus or deficit of any completed fiscal year is factored into the unused money accumulated from previous years. The Agency can refer to it as "fund balance" or "reserve balance" or "surplus" or some other name.

v. The uses of this money (e.g., pay down long-term debt, capital improvements/purchases, other current business of the Agency...) is usually recommended by the executive and reviewed/approved by the board.

vi. The obvious reason for this process the protection of the agency, decision-makers, and all Agency stakeholders from imprudent, costly judgments. Reserve balances should never be treated by the board, administration, or extended stakeholders as a “piggy bank” for pet projects. Anything outside the norms of regular Agency expenses should require close scrutiny and possibly a rigorous business plan.
vii. The finance committee recommends to the board that the Agency’s reserve balance should be transparent both on our audit presentation as well as the Agency’s budget.

e. The three members of the Finance Committee expressed concern that the Proposed Budget before us was at or close to a planned deficit which left almost no room for new initiatives.

i. Donna Egan suggested returning to the Preliminary Budget’s $120/ton tipping fees. James Gordon suggested $117/ton tipping fees. Both wanted to be able to consider a possible monetary participation in a county-level Re-Use Innovation Center (RIC).

ii. Regis Obijiski recommended that any such consideration to fund a new idea related to waste management would require a well-thought-out business plan prior to an allocation of Agency funds.

iii. An engaging discussion among the committee members and Tim DeGraff ensued, but our use of the room at the New Paltz Community Center expired, and another group was waiting for the space. No vote was taken on recommending a change in tipping fees as presented in the Proposed Budget by Tim DeGraff.

Adjournment
Motion to adjourn the October 10, 2023 Finance Committee Meeting was made by James Gordon and seconded by Donna Egan.

Vote: Ayes 3 Nays: 0 Absent: 0

Time: 7:00 PM

March 18, 2024

David Gilmour moved to approve the Minutes of October 10, 2023, Finance Committee Meeting, and it was seconded by Regis Obijiski. 2 in favor, 0 opposed. Donna Egan attended the meeting virtually and could not vote.

The minutes were approved by the Committee.

[Signatures]

Regis Obijiski, Chair