

**ULSTER COUNTY RESOURCE RECOVERY AGENCY
FINANCE COMMITTEE MEETING MINUTES
JULY 22, 2024**

The Finance Committee of the Ulster County Resource Recovery Agency held a Committee Meeting on July 22, 2024.

The proceedings were convened at 6:00 PM. The meeting was held at the Agency's Main Office, 999 Flatbush Road, Kingston, NY.

ROLL CALL

Chairman of the Finance Committee, Regis Obijiski, took roll call:

Board Members

Chairman Regis Obijiski – Present
Member David Gilmour – Present
Member Donna Egan –Present (Remote – Non-Voting)

Staff

Executive Director Marc Rider – Present
Director of Finance and Administration Tim DeGraff – Present
Ken Gilligan, Agency Counsel – Absent
Karen Veronica Sheard (DeFio), Agency Counsel – Present

From the public: No members of the public were present.

PLEDGE OF ALLEGIANCE

Chairman Regis Obijiski lead the Committee and attendees in the Pledge of Allegiance.

PUBLIC COMMENT

Chairman Obijiski acknowledged that no members of the public were present and that there was no public comment.

AGENDA

The Board agreed to be provided an update from Executive Director Marc Rider with respect to RFPS for disposal received by the Agency under "New Business" prior to the agenda item "2025 Budget".

David Gilmour made a motion to accept the Agenda, and it was seconded by Regis Obijiski. The motion was passed with 2 in favor, 0 opposed. (Donna Egan participating remotely and unable to vote).

APPROVAL OF MINUTES

Regis Obijiski presented the Minutes of the Finance Committee of April 15, 2024, indicating that the minutes were long as the Committee had discussed Agency investments and policy.

David Gilmour made a motion to accept the Minutes of the Finance Committee of April 15, 2024, as written, and the motion was seconded by Regis Obijiski. The motion was passed with 2 in favor, 0 opposed. (Donna Egan participating remotely and unable to vote).

COMMUNICATIONS and ANNOUNCEMENTS

Chairman Regis Obijiski stated that there were no communications or announcements unless someone had something they wanted to offer. No one shared any communications or announcements.

GENERAL REPORTS**OLD (UNFINISHED BUSINESS)****NEW BUSINESS**

Chairman Obijiski stated that the Committee had asked Tim DeGraff to start with kicking off the 2025 Budget, but before doing so provided that the Committee would first like to hear from Marc Rider, Executive Director with respect to the response received from the Agency's RFP for disposal.

Update by Marc Rider, Executive Director on responses to RFP for disposal (only)

Mr. Rider indicated that in June he had put out a RFP, allowing interested companies 4 weeks to provide a response and that all responses were due back to the Agency by July 17, 2024. The Agency received responses from four companies, on or before the deadline: (1) Casella Waste Systems, (2) Seneca Meadows Landfill, (3) Chautauqua County, and (4) Waste Management.

Mr. Rider provided that pursuant to the Agency's current contract with Seneca Meadows (which is set to expire) the Agency is paying \$29.36 per ton just for disposal, which totals approximately \$5,000,000 a year.

The price proposals received for disposal only in response to the RFP were as follows:

- (1) Casella Waste Systems - \$50 per ton
- (2) Seneca Meadows Landfill - \$49 per ton
- (3) Chautauqua County - \$35.12 per ton
- (4) Waste Management - \$45 per ton

Each of the companies have roughly a 5% increase per year, except Chautauqua County. Chautauqua County agreed to keep the \$35.12 per ton for the term of the contract. The way the RFP was set up, especially not knowing the permit requirements at Seneca was, with an initial term of two years, with the option to renew the contract for three, individual one-year terms by

mutual agreement of the Parties (allowing for a potential 5- year agreement). However, it is important to note that approximately \$5 per ton must be added to Chautauqua County's price proposal because we provide gas, and it is about \$5 a ton difference when distance is considered. They are about 363 miles compared to 241 miles at Seneca Meadows.

There are a lot of issues; we are in the process of reviewing. This is an RFP not a bid, so we are not required to take the lowest bidder. Also, we are going out to the transportation companies next week.

What I have started to do this week is to reach out to these four companies and allow them to submit a final and best offer, have a conversation with each of them and let them know where we are at. If things don't change, we may have to throw these all out and open it up to PA landfills we really didn't send to. I got the responses, we put everything on BidNet. I sent them to the six landfills that I could tell had capacity in NYS. Really five responded, because Greenridge is also Waste Management. They put in \$45 per ton for their High Acres site, but they said they would take up to 15,000 tons at Greenridge for \$70 per ton. Greenridge is in Saratoga County approximately an hour away.

I'm going to offer all four companies an opportunity to give us a final and best offer and we will go out on the bid for the transportation companies just to see where we are at, but I just felt like even though this is early in this process and nothing is for certain its relevant to this Committee because if we were to go with for example, Waste Management, the 2nd lowest cost and comparable distance being only 20 miles further so that we could get the trucks back in a day, we anticipate a 30% increase on the transportation side, so we would be looking at going from \$115 per ton – on a tipping fee that would be significantly higher. I don't want to throw projections out there prematurely.

Mr. Rider also shared a conversation he recently had with a consultant who was gathering numbers for another county and wanted to see our contract with Seneca Meadows. I let them know and they said, "That's a great number!" And I replied well, we are out for RFP, and we don't expect it to stay the same. But we were expecting an increase. His response was "I would expect it to be in the \$60 range". That is what he has seen elsewhere.

Board Questions, Comments and Responses to Update 2025 Budget and Capital Improvement Plan and Reserve Policy

David Gilmour: I feel like it becomes urgent that you provide a lot of alternative strategies. In the past you have presented strategies like whether to withdraw, go shorter term, bid multiple vendors, or go with different contract provisions. So, it will be critical to have write-ups of alternative options.

Marc Rider: Once we have both the disposal and transportation at the same time, I will be able to do that and when we come back and see what the lowest and best offers can be. We will also have staff do some research to see if there are other landfills out there that would be willing to accept our capacity.

Donna Egan: Why did it not go out to the PA landfills?

Marc Rider: It went to BidNet, so it went everywhere. It was not specifically sent to the PA landfills because we were not anticipating this increase and it's a big change operationally because you can only send 20-ton trucks to PA (pursuant to PA DOT regulations), so we would go from 39-ton trucks to 20-ton trucks which would double the number of trucks we have on the road. This would increase our transportation costs. On top of that, there would be some scale requirements with [radiation] readers and other things that we do not have to have, but if you send your waste out of state you do. The Agency has sent waste to PA in the past so I will ask Tim DeGraff to speak about prior history.

Tim DeGraff: You covered most of it, it's an operational nightmare from the standpoint of doubling the number of trucks. But you also have tough DOT across the lines in PA, for instance radiation detectors that would have to be installed on the scales, so you are changing the game extensively.

Donna Egan: Currently, we don't scan for radiation?

Marc Rider: That is a DEC requirement only if you export waste out of the state. At least for now. The next time we renew our permit (two years) radiation scanning will be required at transfer stations as it is in the new regulations. It's more about the operational piece with the 20-ton trucks.

Tim DeGraff: It's been tough for the companies to get drivers as it is, it's been going on for several years now.

Donna Egan: What is the distance?

Tim DeGraff: It is 110-120 miles to Keystone, PA using the most direct routes. Seneca Meadows is 241 miles away.

Donna Egan: It's half the distance. I just wouldn't exclude anyone.

Why are we not required to accept the low bidder?

Marc Rider: A request for proposal is a request for professional services containing multiple components not just price. So, all components are evaluated and rated; it doesn't come down just to cost when determining the best proposal.

Donna Egan: I wonder if we could just reach out to the PA landfills before you do your best and finals, just so we have the numbers.

Marc Rider: We can do both simultaneously. I've already reached out to two of the companies today asking for the best and final proposals, but it doesn't hurt to also research the pricing with PA landfills as well. After my conversations with the companies requesting best and final, they will either lower their numbers or they won't. They will be aware that we may in the best interests of the Agency reject all proposals.

David Gilmour: What are we talking about for magnitude of cost with the equipment?

Tim DeGraff: In my opinion this is a nightmare scenario. In terms of this Agency and its financial ...

David Gilmour: It's mostly rolling stuff ...

Tim DeGraff: It's going to affect that type of stuff, because our tipping fees still need to pay for that whether it is through ... we need to pay for that through the tipping fee or whether we ultimately go out to bond and it's our debt service payments that is still going to affect the tipping fee down the road. It's not like these costs are going to drop. We are not going to bond for like a 2-year bond, the payback is going to be 10-15 years depending on what we are going to put in that type of issuance. And prices, whether it is a 2-year deal or 5-year deal, are not going

down, so this is going to be an ongoing problem. To have this start out as either a \$16 or \$20 just disposal increase is a nightmare scenario.

It is too soon to know how this will affect the tipping fee because although we knew disposal was going to increase, an increase of \$38 or \$39 was estimated for the first year, now to have that essentially doubled...And I don't know where transport is coming in.

We have \$13 a ton coming off the books for debt service, but we have other costs that are increasing too.

Marc Rider: And we want to have some money for a debt service program for future capital improvement.

Donna Egan: I don't know why the tonnage is different (limited to 20 tons) in PA. I'd like to confirm that as a fact.

Marc Rider: We did not stop any of the PA landfills from bidding. We put it up on BidNet which is where we post all our RFPs and bids and most of the companies are signed up to receive notices for this type of RFPs and bids. If Keystone wanted to bid on this, they could have bid.

David Gilmour: We could also take the affirmative approach and contact those PA entities?

Marc Rider: We can't extend it. We would have to throw out the current RFP and restart, which doesn't even guarantee that we would lock in the current prices, it could go up.

More discussion was had relating to PA DOT weight requirements, the difference between a Bid (procurement for general goods and services) and RFP (relates to professional services).

Regis Obijiski: We are looking for a clarification why PA DOT would have a different standard than NY.

Regis Obijiski: The bigger question is the statement that Tim raised which is this is just an enormous cost, and we can try and ferret out the best cost to benefit us but by and large it is going to be a cluster. It's a lot of money.

Discussion of indebtedness as it relates to the Agency's overall financial obligation and how this price increase affects everything.

Marc Rider: As we look forward and look at making improvements, we are going to have to take on some debt service to meet some of the demands we are looking at. I think Tim's point was we are starting with a higher tipping fee than we had expected on top of that we have maintenance and repairs and other things for new buildings like a diversion building or other ...

David Gilmour: That's why we do a capital plan before we do our budget.

Tim DeGraff: This was supposed to be the year that we essentially had \$13 a ton expense coming off the books of debt service and it just got destroyed already.

David Gilmour: This is an operating factor; we have a capital policy coming off the books.

Tim DeGraff: It's not just an operating factor our Transportation and Disposal represents about 65% of our budget and now it is going to go up even higher.

David Gilmour: Our capital should be determined first; I do agree that like planned equipment should be decided and then go into the budget and we do our budgeting around the capital plan.

We can put aside what we were paying for capital as a capital reserve and leverage for other capital investments. It's a capital policy, so I would assert that we have capital reserves and a capital policy and that we need to figure out a full cost for operations and capital needs so if we must budget even a larger increment, we must budget realistically and there is going to be political consequences of our budgeting. Maybe we should be the committee that meets on this, maybe we should think about meeting every week in August and really starting to hammer through capital plan and budget including this topic.

Regis Obijiski: Operations, I mean the money available to save for capital expenditures that we are planning for are now going to business-as-usual operations.

Tim DeGraff: Just to survive.

Regis Obijiski: Forget about allocating or saving reserves.

Tim DeGraff: If we are charging \$130 a ton and it costs us \$110, we only have \$20 a ton profit margin to pay for everything else. Including capital or debt service-related stuff. That's why I say it's a nightmare scenario. Because we were just going to get some relief after 30 years.

Members comment that they understand and agree.

Marc Rider: But I do believe we have to be careful that we are not eating all of the \$13 a ton coming off. Whatever the new disposal and transportation costs are, they are our new operational costs. Whatever method we agree to that is our real increase, we can try to offset some of it because we have debt service coming off, but then I think we are shorting ourselves down in the long terms as far as what we would use that debt service money for. That's basically us taking a little bit of our piggy bank and spreading it out to offset the true costs of doing business.

David Gilmour: I wonder if this is the type of topic the Reform Committee could use their resources to provide some input on what they think we should do. It's a very critical scenario that comes before us so I would be interested in knowing – having them sort of informed. Do they know about this?

Marc Rider: No. This would not – they are done. They are finalizing their report and there isn't anybody in there that has done the day-to-day operations of a landfill or transfer station. There are others that we can ...

David Gilmour: I would maintain that it might be a good topic to share with that committee and other county stakeholders.

Marc Rider: These conversations will be had with Legislators and the County Executive's Office for sure,

Regis Obijiski: Just getting by let alone adding to what we are doing, there's nothing wrong with sharing that information but unless someone gives us operational money – that's what we are really talking about.

Marc Rider: It also shows the urgency of self-sufficiency.

Regis Obijiski: Exactly.

Continued discussions that operational costs will continue to increase.

David Gilmour: Until we have a report [of the Reform Committee], we don't know what it contains. Secondly, we must do some modeling in terms of our capital systems but also our whole methods of operations, and what we can do and how fast to divert and to minimize. It's an economic equation and I understand the political side of the equation but it's also like there will be a cost shift to the consumer. So, I do think we should model what will be the impact of consumers not only because they are alarmed by a price impact, but what will be their activity outcomes – how will their refuse generation and disposal practices change?

Continued discussions including systems changes and the effect of a raw political environment, acknowledging that these are real costs and increases. Remarks were shared regarding the possibility of a landfill and methods for diversion and source reduction in this county were discussed generally. The timing of implementing such alternate possibilities was acknowledged as a hurdle. It was agreed that while there is a sense of urgency, it will not provide relief with respect to the 2025 budget or operations.

Regis Obijiski: Worst case scenario and the biggest source of revenue is the tipping fee, so the tipping fee amount is probably going to be a scary number.

Marc Rider: We are at \$115 right now.

Regis Obijiski: This will not be resolved tonight, but I think we will have to say this is what we would have to reach for if we were to simply tread water.

Donna Egan: I'm concerned we are going to use the debt service to offset this increase that is real and then we don't have the capital to make other improvements. This must be passed on to the consumer.

Regis Obijiski: You are right, and it is a scenario we must face. So, I think we should come up with a number, based on a worse case scenario, what this would look like considering that we would need to have a capital plan to continue to work, because things must be maintained, we will need to do a capital development plan. So, putting all that together and looking at our biggest revenue stream, which is the tipping fee, the consumer will end up paying for all of this.

Marc Rider: What we can do for the Budget Workshop, we can give you scenarios where because by that time we will have the numbers for both disposal and transportation, if we don't offset with any of our potential savings from the debt servicing that will be coming off, this is what the tipping fee would have to be ... if we use 50% or we use 25% ... we can give you the different scenarios of what the tipping fee will have to be.

It was generally agreed that a few scenarios would be helpful.

David Gilmour: The Budget Workshop is the full board. When are we targeting that?

Tim DeGraff: Usually the beginning of August, before the August Board meeting.

David Gilmour: I feel it is a critical time for this committee to start meeting weekly to prepare for the Budget Workshop.

Donna Egan agreed.

Regis Obijiski: It's not just the meeting, we need to have the information

Tim DeGraff: The Budget is almost done, there are some line items I need to do and waiting on transportation and disposal to plug in. I usually go through what we want the tipping fee to be

and what happens if we do this ... we go through that at the Budget Workshop. It's not a complicated budget.

David Gilmour: I'm interested in capital policy and how we synchronize our capital expenditures and needs with our annual budget, so it would be nice for us to start setting capital reserve policy and thinking robustly about public health needs, systems changes and innovations, possible revenue streams ... there are ways we can start to budget for those changes ... get our capital systems aligned with our budgetary needs over long term.

Marc Rider: At the end of July, we will have this grant application wrapped up with the county and Tim DeGraff and Tim Weidemann are going to at that point start working on our five-year capital improvement plan. I'm using it as a model and have shared with all of you the County's Capital Improvement Program. I took out various sections I thought were important and gave you three types of plans.

General discussion that comments and metrics will be heard and shared between members and staff. David Gilmour mentioned that ROI, benefits stream, possible revenues, (selling energy, renting space) should be determined for fiscal viability and benefits (public health and greenhouse gas mitigation), in addition to our normal revenues.

Regis Obijiski: We got bad news tonight and introduced the idea of pushing our thinking toward a couple of different perspectives regarding the use of the debt service relief, etc. We are lucky about this timing [having the debt service coming off the Agency books] – so we need to see what that looks like at the end for capital investment and doing business.

The committee agreed that no one is looking to neglect capital needs and that the numbers we are waiting on are necessary to make the necessary determinations.

Donna Egan: Regarding the grant, if we don't win it, will we still have money to execute an organics plan anyway?

Marc Rider: I think we will have to figure out if we are going to meet the goals of the County Executive to divert 100% of the food waste out of the stream to yes continue to do something. One of the things the County is in support of and one of the pieces of this grant is adding an educator and enforcement officer on food waste – two positions which would add \$1.50 to the tipping fee. If we get the grant, it will pay for the positions for 5 years. If we don't, we will have to discuss it, as we would be looking at another potential increase to the tipping fee. We have the menu of what we are going to offer the towns – in vessel composting, collecting and hauling, them collecting and us hauling, or other alternatives. We will have all the options. Whether the Agency wants to pick up the tab for the towns if the grant doesn't come through is something we need to discuss.

Regis Obijiski: And it depends on the level of laws that will be generated by this County, because they all cost money. And it costs the County money.

Source separation is most important – what we do in our households is most important. We can not get there on goodwill. At some point people will have to change their minds about how they dispose of their stuff – currently, it's put on the curb, and they don't worry about it. If the County wants to legislate having organic waste receptacles everywhere it is going to cost money.

Who is going to pick this up? Where is it going to go? What will town participation be? I don't mean just good will and principle. They are going to have to hire people, people have opposing ideas. There needs to be some teeth for this. And the teeth are legislation, but it will cost money. These are big decisions to be made.

A 5-minute recess was called at 6:50.

The meeting was resumed by Regis Obijiski at 7:04 and discussions continued.

Donna Egan: What I am worried about is we are not going to be funding our more progressive initiatives like construction and demolition recycling or organics recycling because of this upset condition with the tipping fee. I would advocate that this increase is a real increase and that's going to have to be passed on to the consumer and if we offset it significantly by the debt service reduction, we are just kicking the can down the lane, and it is going to be problematic. We must invest now and if it costs \$200 a ton there is no better way for our residents to start paying attention. The cost is real.

Regis Obijiski: This is an unpleasant surprise, but that does not mean it is the end of the world and the end of the world for the Agency. If waste management needs to change, and it does, what are the things that accelerate that change as being forced to do it. We are being forced into a situation of thinking very radically and we need to share that with the legislature, the administration of the County and the populus of this County. We are all in this together and it's going to kill us, so we need to change our habits. These kinds of things accelerate that change so it is a forced change instead of a principled persuasive change. I agree with you [Donna Egan].

Marc Rider: Donna, you mentioned some of the more progressive projects to me this shows we have more urgency needed; if we can come up with a good construction and demolition debris diversion program where we are getting the tipping fee in and not having to send that waste to a landfill but can make use of it elsewhere if that is possible this is bringing more urgency to that because we are still getting the tipping fee and we are still dealing with it in a way but maybe we can divert it out of the landfill and pay a reduced cost to recycle or do something else, that's the same with the reuse innovation center, if we are able to build a diversion building and get some other materials but it comes to us and comes through the scale and we are sending it out, but not to a landfill – we are sending it to a reuse center where it is being beneficially used then I think that is a win-win and shows that we are in a more urgent situation to get those projects done.

Donna Egan: But it all requires capital. We are expecting a budget in the next month or so and I worry that there will not be enough money in that budget to do what we need to do to make a change in this County.

Marc Rider: What I can say from attending the Reform Committee is that there will be a recommendation for a reuse innovations center, but the recommendation will come with a recommendation for County capital funding, so whether the Legislature picks that up and runs with it will be on them but we have stressed that this is not something that the Agency can just pick up on its own and the legislators on the Committee and the County officials, Mannajo Greene and others, felt strongly that they understand that this a County initiative and should come with County funding.

Regis Obijiski: Our next step is to look at the impact of what we are talking about on our largest source of revenue, which is the tipping fee, see what that looks like and how we can apply those changes to a budget given the absence of the debt service we have been saddled with for the past years.

Marc Rider: I won't have transportation numbers for three weeks. We won't have the full picture until we have those numbers also.

Regis Obijiski: For now, is to look at a worst-case scenario.

Marc Rider: We can make those assumptions, but we projected disposal was going to increase by 30% and we were wrong. We could set a worst-case scenario where transportation increases by 30% which is what we believe, but it could exceed that, so even a worst-case scenario is just a projection until we have the necessary numbers.

Regis Obijiski: Tim, what do you think in terms of timing of coming up with a scenario?

Tim DeGraff: I think you need to be conservative and go as high as we possibly think it could go. Timing wise is fine. We can come up with the different scenarios the committee is looking for in time for the Budget Workshop.

David Gilmour suggested times and dates to meet to discuss and Regis Obijiski responded that he would like to see the projections as discussed, from Tim. Marc Rider reminded the committee that the Agency will not have numbers until the transportation responses are received in three weeks and that traditionally these types of discussions have occurred at the Workshop meeting.

Regis Obijiski: Do we need to set up a calendar?

Tim DeGraff: We need to see if Marc [Rider] hears anything back with respect to this first RFP [on disposal] and once we get out transport [RFP] we will have a better idea from a timing standpoint.

Marc Rider: We can get the transportation out mid-week, but then it is two weeks, minimum for responses.

Regis Obijiski: It is not productive to meet without the information.

David Gilmour suggested we push to the 12th and the 19th [of August for additional Finance Committee meetings] and conduct the Budget Workshop on the same day, but before the August Regular Board Meeting. It was agreed with respect to the Budget Workshop that the timing was consistent with how it had been conducted in previous years and that the Budget Hearing was held last year in October.

David Gilmour made a motion that meetings of the Finance Committee be held on the 12th and 19th of August. (The motion was not seconded or voted on at that time).

There was a discussion of timing of Board and other meetings. It was noted that the Budget Workshop is not a meeting open to the public and accordingly to provide more accessibility to members of the public to attend the Zero Waste Committee and Regular Board meetings that the Budget Workshop be held earliest in the evening with the other meetings following at the more accessible times.

The Committee discussed outreach to stakeholders to inform them of this looming issue (legislature, reform committee). It was noted that the meeting recording is available on our website to inform anyone who is interested.

David Gilmour made a motion that additional meetings of the Finance Committee be held on August 12th and 19th, 2024 at 6:15 p.m. and that on the 22nd of August 2024, meetings be held of the Budget Workshop at 5:00 p.m., Zero Waste Committee at 6:00 p.m. and the Regular Board Meeting at 7:00 p.m. Regis Obijiski seconded the Motion. The Committee voted with 2 in favor, 0 opposed. (Donna Egan participating remotely and unable to vote).

David Gilmour requested from Marc Rider, as Executive Director some of the bones of the Capital Plan by August 12th. Marc Rider agreed, adding that Tim DeGraff has begun compiling the requests from operations and the departments to put in the five-year Capital Plan, but any draft of the plan that we will be available to share with the Committee will be a very rough draft.

David Gilmour also requested that the topic of the Capital Improvement Plan and Reserve Policy be continued and added to the agenda of the next Finance Committee Meeting.

ADJOURN

A Motion to adjourn the meeting was made by David Gilmour at 7:25 p.m. The motion was seconded by Regis Obijiski and passed by a vote of 2 in favor, 0 opposed. (Donna Egan participating remotely and unable to vote).


October 10, 2024

Motion to approve the above summarized, transcribed and modified Minutes of the July 22, 2024, Finance Committee Meeting was made by David Gilmour, seconded by Regis Obijiski. 2 in favor, 0 opposed, 1 absent (Donna Egan participating remotely and unable to vote).

The Minutes were approved by the Board.

Summarized and transcribed by: Karen Veronica Sheard (DeFio), Agency Counsel.

Signatures:



Regis Obijiski, Chair



K.V. Sheard (DeFio), Secretary