

**ULSTER COUNTY RESOURCE RECOVERY AGENCY
FINANCE COMMITTEE MEETING MINUTES
August 12, 2024**

The Finance Committee of the Ulster County Resource Recovery Agency held a Committee Meeting on August 12, 2024.

The proceedings were convened at 6:20 PM. The meeting was held at the Agency's Main Office, 999 Flatbush Road, Kingston, NY.

ROLL CALL

Karen Sheard, Agency Counsel, 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

Board Members observing the meeting, but not participating included: Andrew Ghiorse and Jim Gordon.

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

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 July 22, 2024.

No action was taken with respect to the Minutes of the Finance Committee of July 22, 2024, and approval will be held until the August 19, 2024, meeting.

COMMUNICATIONS and ANNOUNCEMENTS

There were no communications or announcements.

GENERAL REPORTS

None.

OLD (UNFINISHED BUSINESS)

Regis Obijiski took the opportunity to summarize in broad terms the context of the July 22, 2024, meeting and to offer his generalized remarks. These remarks are intended to supplement the Minutes of the Finance Committee of August 12, 2024.

UCRRA's Context:

- Our Agency is at the beginning of our budget season at which we review our finances—projected revenues, routine daily business expenditures, long and short-term expenses;
- We should always consider our mission and vision in all our decisions. A few salient tenets are to:
 - protect public health and the environment;
 - promote sustainable materials management;
 - manage solid waste with a focus on resource conservation;
 - explore the viability of new and/or different practices and emerging technologies for reducing waste;
 - foster open communications with employees and the public;
 - establish environmental objectives and targets which can be measured and evaluated; and
 - Maintain the financial viability of the Agency's services.
- Opportunities and Threats
 - Sometimes opportunities present themselves after 30 years of hard work, like UCRRA finally climbing out of a 30-year long-term debt, allowing us to imagine improvements to our Agency's services.
 - Sometimes business threats show up unexpectedly, like the punishing, increases in 2025 disposal costs—landfill tipping fees and transportation.
 - Sometimes threats and opportunities imply each other, such as the Reform Committee's recommendation that UCRRA not to become a department of the County but continue as a public purpose corporation making its business decisions that benefit the public—a threat turned into an opportunity. And yet this very opportunity presents a potential threat to the public facing an unpopular increase in costs that may place UCRRA unfairly alongside a public utility that residents of Ulster County love to hate. We don't want to be referred to in that manner.
- We are facing exorbitant increases in disposal costs which include tipping fees and transportation costs. Currently, Seneca Meadows tipping fees are \$29.36 / ton
 - UCRRA's single largest source of revenue is our tipping fee. If we measure paying for our long-term debt, we often equate that value to a portion of our tipping fee. That value is \$13 out of the current \$115/ton and has supported payments on our long-term debt. After 30 years, all payments on that debt will be satisfied at the end of 2024. If our disposal tipping fee goes up by \$20 (the

Seneca Meadows number), that means we just blew away any savings from NOT having long term debt. How much money will we need to raise the UCRRA tipping fee just to break even, considering transportation increases on top of disposal tipping?

- Here's what we know so far from responses to UCRRA's RFP
 - Casella Waste Systems: \$50/ton, + 5%/yr. (220 miles) (* Reduced at Final and Best to \$48.75)
 - Seneca Meadows: \$49/ton, + 5%/yr. (241 miles) (Seneca Meadow's proposal beyond 2025 is limited by the contingency that their permit modification is approved in time to operate in 2026 or beyond).
 - Waste Management: \$45/ton, + 5%/yr (260 miles) – (Would accept 15,000 tons at Greenridge at \$70 a ton (100 miles))
 - Chautauqua County: \$35/ton, held for 5 yrs. (363 miles)
 - PA trucking to landfills would require twice the number of trucks due to DOT restrictions on size of trucks (20-ton loads vs. currently 39-ton loads). Keystone Landfill is 120 miles away.
 - Disposal (transportation and tipping fees) is currently 65% of our current budget, and now it is going up even higher. For example, tipping fees at Seneca Meadows is going up 68% ($\$49 - \$29 = \$20$; $\$20 / \$29 = 68\%$)
- Here's what we don't know: Final and best offers from other landfills and trucking companies.
- How will we arrive at solutions once we know our final disposal costs?
 - Tonight, we will start by examining the worst-case scenario of operational costs and applying 100% of savings from our paid-off long-term debt. Are we willing to apply all or some of these savings? What percentage (0% to 100%) will we pass to the public through haulers fees and MRDC charges. We know that applying 100% will leave UCRRA operated on the slimmest of margins.
 - At our July 22nd Finance Committee Meeting, participants said different things. The following are paraphrases, not quotes:
 - We need to realize that we are faced with a nightmare scenario of fundamental operational survival, and we must make our plans accordingly.
 - We should pass along 100% of the increases to the public, or else we will be barely treading water.
 - We should pass along a TBD portion of the increases to the public.
 - We should realize savings in operations and generate revenues through selling energy and renting space.
 - We should start this exercise with a capital plan that determines the scope of our reform initiatives.
 - We cannot ignore capital expenses, but disposal and transportation represent the lion's share--65% of the Agency's expenses, and it is about to get much higher.
 - We cannot fund by ourselves the initiatives we hoped for (e.g., zero waste, zero organic waste by 2030, C&D diversion, Re-Use efforts of any significant dimension).

NEW BUSINESS

It was noted that the Transportation RFP responses would be received by Wednesday, August 14th or Thursday, August 15th.

Other than Casella, no other landfills chose to modify their offer after being advised of a call for “final and best”. Casella reduced its pricing to \$48.75 a ton.

At the conclusion of the July 22, 2024, Finance Committee Meeting, Regis Obijiski had requested a “Worst Case Scenario Budget” using the information received by the meeting (transportation costs had to be assumed).

Worst Case - in simple terms the revenue is comprised of fuel surcharge revenue and tipping fee and expenses include transport and disposal. Using the Seneca Meadows response of \$49 a ton and estimating a 10% increase on transportation (increasing to a bit over \$4 a ton additional) and changing the debt service payment to capital reserves for purposes of this analysis. Using this data the tipping fee would amount to \$140 a ton, a \$25 ton increase.

The debt service relief is \$13 a ton, however, some of this relief will need to be allocated to collective bargaining and other cost increases. Accordingly, only \$10-11 will be available for allocation.

A discussion was had with respect to the potential reactions and responses to increase in the tipping fee for 2025.

It was suggested that UCRRA reach out to PA landfills, to exhaust all possible options. This information will be shared at the next committee meeting.

The committee discussed the feasibility of extending existing contracts for landfill/transportation. It appears there is no option to extend it as it relates to the expiring contract with Seneca Meadows. An extension of the transportation is premature until we know the proposal.

Once the transportation RFP responses are received, Marc Rider agreed that he and Tim DeGraff will outline the options.

Flow control of recycling and a future diversion building were discussed. It was noted that we are currently enforcing sourcing and will be doing more with the addition of Robert Friedlander. It was also noted that even when we separate different materials, it will not add to revenue unless there is a market for the material.

A question was posed concerning overtime, and it was understood by everyone that the cost of overtime is less than the cost of adding full-time employees. Also, we have two employment vacancies at current.

It was stressed that an investment in communication and strategies to provide more outreach to community and engagement would be beneficial.

Any plans for a diversion building or other reuse and innovation will not provide any benefit to the 2025 budget. Permit modifications take a year or so.

The committee agreed that the next meeting would be August 19, 2024, at 6:15 and the Transportation RFP responses and possible scenarios will be considered and discussed.

ADJOURN

A Motion to adjourn the meeting was made by David Gilmour and seconded by Regis Obijiski. The motion 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 and transcribed Minutes of the August 12, 2024, Finance Committee Meeting was made by David Gilmour, and seconded by Regis Obijiski. 2 in favor, 0 opposed, 0 absent. Donna Egan participated remotely and was unable to vote.

The Minutes were approved by the Board.

Transcribed by: Karen Veronica Sheard (DeFio), Agency Counsel.

Signatures:

X _____
Regis Obijiski, Chair

X _____
K.V. Sheard (DeFio), Secretary