

MEMORANDUM

TO: Authority Board of Directors

FROM: William A. Rabbia, Executive Director

DATE: June 7, 2018

RE: Meeting Notice & Tentative Agenda - Monday, June 18, 2018 - 4:30 PM

1. Pledge of Allegiance
2. Approval of May 14, 2018 Authority Minutes
3. Public Comment Period
4. Utica Audit
5. 2018 Budget Transfers - Resolution
6. GASB 75 - Resolution
7. Approval of Professional Services Agreement with BST - Resolution
8. Updates:
 - Cell 7 Construction
 - Recycling Market Update
 - Oswego County Intermunicipal Agreement
 - Source Separated Organics Project - General Outreach/Permit Submittal
9. Motion to go into Executive Session to discuss pending litigation.

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Barbara Freeman

Jodi M. Tuttle
Authority Board Secretary

DRAFT

AUTHORITY MEETING MINUTES
May 14, 2018

Board Members Present: Vice Chairman Vincent Bono, Treasurer Harry Hertline, Neil Angell, James D’Onofrio, James Franco, Barbara Freeman, Nancy Novak and Jim Williams

Board Members Absent: Chairman Ken Long and Robert Roberts

Authority Staff Present: William Rabbia, Jodi Tuttle, Joseph Artessa, Jim Biamonte, Pat Lisandrelli, Andrew Opperman and Jamie Tuttle

Others Present: Authority Counsel Kevin Martin

Vice Chairman Bono called the May 14, 2018 Authority Board meeting to order at 4:33 PM and opened with the Pledge of Allegiance.

A motion was made by Mr. Williams, seconded by Ms. Freeman and passed to approve the March 19, 2018 Authority Minutes.

There were no speakers for public comment period.

Comptroller Joseph Artessa provided an overview of the Authority’s First Quarter Financial Report for the period ending March 31, 2018. Mr. Artessa said that Authority operations have generated an operating surplus for the first three months of \$602,734. This is an increase of approximately \$57,413 from 2017 first quarter results. The Authority generated \$4,823,743 of revenues (22.35% of budget) for the first three months of 2018, in comparison to \$4,701,922 (25.06% of budget) for the first quarter in 2017. Tipping fee revenue increased \$226,035 from first quarter 2017. Tonnages increased by 19.65% over prior year first quarter. Sale of recyclables decreased by \$223,656 or 52.71% from 2017 first quarter. Out of County recyclables processing revenues increased by \$2,793; Contaminated soil revenue increased \$304,348 from first quarter 2017. The 2018 first quarter expenses were \$4,275,739 (19.8% of budget), in comparison to \$4,147,932 (22.1% of budget). Overall expenses are conforming with 2018 budget assumptions. Fuel costs for first quarter increased with an average price paid at about \$2.39 per gallon. Utility costs have increased \$14,000 due to increased heating needs/weather and additional material processing, in comparison to 2017. Total assets decreased by \$642,270 from first quarter 2017. This is the result of 2017 activity, 2018 first quarter activity and early defeasance of the 2007 bond issue. Retained earnings increased to \$54,569,816 as a result of the 2017 final audit report and 2018 first quarter results. Authority investment in capital assets increased \$1,000,000 in comparison to 2017. Overall 2018 revenues have increased by \$179,797. Overall 2018 expenses have increased by \$122,383. Changes in net assets was \$602,734. Mr. Artessa compared waste class tonnages received for the first quarter 2018 (75,005 actual) compared to first quarter 2017 (62,690 actual). The income statement, which includes all Authority and local governments’ [City of Utica and Villages of Ilion, Frankfort, Mohawk, Herkimer and Dolgeville] revenues and expenses, was also reviewed.

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Discussion ensued. A list of line items included under miscellaneous income was requested and will be forwarded to the Board.

Executive Director William Rabbia said that Resolution No. 10 would re-approve a five-year professional services agreement with Environmental Capital, LLC. Mr. Rabbia stated that the current agreement will expire at the end of May. The Authority has utilized Environmental Capital since the formation of the Authority for services related to financial advisory and facility financing. Currently, the Authority primarily utilizes Environmental Capital for carbon credit sales services and the annual continuing disclosure submission, which is required as part of the Authority's continuing disclosure agreement related to the Series 2011 revenue bonds.

Resolution No. 10 was introduced by Mr. Angell, seconded by Mr. Hertline and passed approving a Professional Services Agreement with Environmental Capital, LLC.

Mr. Rabbia provided an update on the Regional Landfill Facility. Thus far, in 2018, the Authority has drilled 19 additional vertical wells and has installed 5 new horizontal wells. Vertical wells now total 90. Mr. Rabbia noted that the volume of gas flow is roughly 1,600 standard cubic feet per minute (scfm) and flaring beyond fueling the two engines, 400 scfm. The Authority will track and graph the data for 90 days and then submit the data to WM. WM will then advise the Authority if they are interested in installing an additional engine and would then have essentially one year to install. Mr. Rabbia said that the interconnect is already set for a third engine.

Mr. Rabbia updated the Board on Cell 7 construction and stated that Adhan Construction is already on-site and is servicing the equipment that was left at the Landfill over the winter. Adhan has started to remove vegetation and topsoil on the cell floor. Adhan began grading Cell 7 in 2017 and is close to completing final grading. The liner contract is scheduled to begin the week of June 4th.

Mr. Rabbia said that when NYS revised the Part 360 regulations, which became effective March 4, 2017, they gave every landfill and certain transfer stations a certain amount of time to become compliant with radiation detection monitoring. This essentially requires all incoming loads to landfills to drive through radiation detection monitors. Radiation detection equipment will be installed upstream of the Authority's scales so that all incoming loads, [Burrows' trailers from the two transfer stations, sludge and local waste] will be required to drive through the detection equipment before driving over the scales. Mr. Rabbia said that the equipment will measure incoming radiation compared to background on-site. The instruments will be calibrated to the site, employees will be trained to calibrate the equipment, they will be double-checked weekly and every six months a third party will come in and calibrate them. In communication with other facilities that have the radiation detectors, Mr. Rabbia stated that the detectors primarily go off because of medical tracers (90% from drivers that have had or are having radiation treatment). The Authority has produced a draft protocol that the DEC will have to approve. Mr. Rabbia and staff have met with the local haulers advising them that they will be notified in advance and explained the procedure.

Mr. Rabbia reported that that the Authority continues to work with RRT and Barton & Loguidice on the source separated organics (SSO) facility. The permit documents are nearly finalized and will be submitted to NYSDEC shortly. RRT is finalizing the final design drawings. Solid Waste Engineer Andy Opperman will work with RRT and B&L on submitting to the Department of State. RRT has completed the geotechnical and survey work. Authority staff has been doing outreach with the haulers and institutions that produce large quantities of cafeteria waste.

Mr. Rabbia provided a recycling update on China's National Sword initiative that started approximately one year ago in reaction to the poor quality of material they were receiving from some of the urban single stream facilities. China has since changed the specifications for scrap and recyclables going into the country and has set its specification for contamination to one-half of a percent.

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This initiative is now primarily affecting the Authority's newsprint and the fiber markets. Mr. Rabbia said that approximately 32% of the Authority's revenue comes from newspaper and 28% from cardboard. Mr. Rabbia said that the Authority's system is geared to deal with recycling revenue downturns, however, a significant drop in those numbers will significantly drop overall revenue. In 2018, the Authority budgeted \$2.6 million in recycling revenue but under current conditions, that is not likely. For 2017, the annual overall average revenue per ton was \$112.37; January through April 2018 it is down to \$84.30 per ton. The overall average revenue per ton for newspaper ton in 2017 was \$84.42; January through April 2018 it is down to \$24.93 with May pricing at \$12.50 per ton. The Authority gets \$12.50 per ton above the Buffalo high and the Buffalo high is currently at zero. The Authority has a five-year contract with WM Recycle America and has been in communication weekly with them. Recycle America pays the Authority above the index. In the past month or so, WM Recycle America has been \$30 FOB at the port in New Jersey. Newspaper is now mainly going to India and Vietnam. China was the largest demand on the globe for newsprint. OCC is a lot more stable because all of our OCC goes to Solvay New York. The papermill in Solvay, at the same time has been able to take advantage of this large supply in the marketplace. Messrs. Rabbia and Artessa did some projections and if everything were to stay at the same pricing as of May 14, 2018 at the \$12.50 per ton and lower occ number, the Authority would come in slightly under \$2 million for the year. Regarding plastics, plastics track with the petroleum market. When you pay more for gasoline or diesel, the revenue from plastics is driven up which will offset some of the loss on the fiber side. Mr. Rabbia indicated he would keep the Board updated.

Recycling Educator Jamie Tuttle provided an update on the Authority's recycling education and social media campaigns which include the "Am I Recyclable?" web app and quick finder that highlight and address the top 10 items that are improperly recycled or disposed of; information on the Authority's EcoDrop facilities; and analytics from its social media marketing (Facebook). The social media campaign is targeted to the users in Oneida and Herkimer Counties to drive awareness of Authority services through new, creative material and increased website traffic. The campaign design includes household, holiday and EcoDrop themes. Ms. Tuttle stated that there are approximately 200,000 people on Facebook and Instagram and noted that over 25% of Authority website visits from February through April 2018 came from the Facebook campaign.

Ms. Tuttle reported on the Authority's annual Earth Day events held on April 21, 2018 at the Oneida-Herkimer Recycling Center. The NYSDEC partnered with the Authority to host the event. The Authority collected 10,890 pounds of shredded paper (compared to 5,340 pounds in 2017) and 140 pounds of pharmaceutical waste for proper disposal. The Authority sold 60 compost bins, 60 rain barrels and over 80 bags of compost. At this event, over 200 individuals toured the Recycling Center. DEC had an informational booth, held an awards ceremony for plastic film recycling challenge winners and 2018 Earth Day poster contest winners and their Lands and Forests division passed out free seedlings. Utica Zoomobile demonstrations, planting activities for children and appearances from "Woodsy Owl" and Utica Comets' mascot, "Audie".

Ms. Freeman commented on the letter from NYSDEC Regional Director Judy Drabicki, thanking the Authority for holding the Earth Day event and commended its employees on maintaining a positive, productive culture that has been in existence since she became acquainted with the Authority in the 90s. Ms. Freeman stated that a positive productive culture in an organization is a big deal and it does not happen automatically. She praised past and present management for creating such an environment.

At 5:54 PM a motion was made by Mr. Franco, seconded by Ms. Freeman and passed to go into executive session to discuss a contractual collection issue.

At 6:17 PM a motion was made by Mr. Angell, seconded by Mr. Williams and passed to come out of executive session.

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With no further business, a motion was made by Mr. Franco, seconded by Ms. Novak and passed to adjourn the meeting.

Respectfully submitted,

Jodi M. Tuttle
Authority Secretary

Preserving the environment through integrated recovery and disposal.

Introductory No.

Resolution No. 11

Introduced by:

Seconded by:

RE: 2018 BUDGET TRANSFERS

WHEREAS, the Authority Board, by Resolution No. 20 of 2017 adopted the 2018 Operating and Capital Budget; and

WHEREAS, it has been determined that budget transfers are needed for unanticipated expenses as indicated below; now, therefore, be it hereby

RESOLVED, that the following 2018 Budget Transfers are approved:

<u>From:</u>	900-8165	MRF- Contingency	\$ 15,889.00
	900-8175	RLF- Contingency	\$ 96,110.00
	601-8165	MRF- Salaries & Wages	\$ 15,000.00
	608-8186	HHW - Temporary Labor	\$ 5,000.00
<u>To:</u>	608-8165	MRF- Temporary Labor	\$131,999.00

Explanation: Sorter positions funded in salaries account but utilizing temp agency staff.

<u>From:</u>	900-8175	RLF- Contingency	\$18,000.00
	900-8186	HHW - Contingency	\$ 8,804.00
<u>To:</u>	603-8165	MRF- Overtime	\$26,804.00

Explanation: To cover additional overtime costs at MRF

<u>From:</u>	900-8180	ETS - Contingency	\$ 5,362.00
<u>To:</u>	603-8180	ETS - Overtime	\$ 5,362.00

Explanation: To cover additional overtime costs at ETS

<u>From:</u>	900-8185	GWC - Contingency	\$ 3,380.00
	860-8185	GWC - Health Insurance	\$ 2,520.00
<u>To:</u>	603-8185	GWC- Overtime	\$ 5,900.00

Explanation: To cover additional overtime costs at GWC Facility

Adopted by the following vote:

AYES__ NAYS__

Dated:

Preserving the environment through integrated recovery and disposal.

Introductory No.

Resolution No. 12

Introduced by:

Seconded by:

RE: UPDATED APPROVAL OF DESIGNATED RESERVE FUND TO BE USED TOWARD THE AUTHORITY'S POST-EMPLOYMENT BENEFITS

WHEREAS, the Authority provides certain eligible employees with post-employment benefits; and

WHEREAS, the Authority was required to implement GASB 45 for the fiscal year ending December 31, 2009; and

WHEREAS, the Authority established an initial designated reserve for GASB 45 as per Resolution No. 25 of 2009; and

WHEREAS, GASB 45 has been amended and changes are now reflected in GASB 75, and GASB 75 is now in effect; and

WHEREAS, GASB 75 requires an actuarial valuation to measure and disclose the actuarial accrued liabilities and post-employment benefits; and

WHEREAS, the Finance Committee has reviewed the valuation report and the full report has been given to the Board; and

WHEREAS, the Authority Board intends to continue to pay actual expenses related to post-employment benefits on a pay-as-you-go basis; and

WHEREAS, the Authority Board, although not required to, intends to continue a reserve to pay this future liability; and

WHEREAS, the Authority Board will continue to track New York State's development of a GASB 75 trust mechanism for municipalities; and

WHEREAS, the Authority Board may consider depositing GASB 75 designated reserve funds into such trust when established; and

WHEREAS, all designated GASB 75 reserves shall only be used to pay post-employment benefits and any withdrawal will require Authority Board approval; and

WHEREAS, the City of Utica Solid Waste Fund employees eligible for the post-employment benefits will also share in the reserve; and

**Introductory No.
Resolution No. 12**

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WHEREAS, through approval of Resolution No. 25 of 2009 and subsequent budgets through 2017, the Authority Board allocated \$1,401,000 toward funding of this reserve; and

WHEREAS, the Board intends to now fully fund the designated reserve as of January 1, 2018, with the additional funding being designated from unrestricted Authority cash reserves; now, therefore be

RESOLVED, through approval of this resolution, the Board designates \$2,537,410 toward fully funding this reserve, as per GASB Statement No. 75 Annual Report as of January 1, 2018.

Adopted by the following vote:

AYES__ NAYS__

Dated:

Preserving the environment through integrated recovery and disposal.

Introductory No.

Resolution No. 13

Introduced by:

Seconded by:

RE: EXTENSION OF INDEPENDENT AUDITING PROFESSIONAL SERVICES AGREEMENT

WHEREAS, the Authority is required to complete an annual audit of its financial operation and such audit must be conducted by a qualified independent firm; and

WHEREAS, BST has served as the Authority's independent auditor since 1997; and

WHEREAS, the Audit and Finance Committees find that BST & Co. CPAs, LLP (BST) has extensive experience with the type of it required for a public benefit corporation, and their overall experience and qualifications are well-suited to the needs of the Authority; and

WHEREAS, the Authority's current agreement with BST for auditing services expires upon completion of the 2017 annual audits; and

WHEREAS, the Authority has determined that it would be in its best interest to hire the accounting firm of BST to audit the financial activity of the Authority's 2018 and 2019 fiscal years; and

WHEREAS, the Audit and Finance Committees have reviewed and recommend approving BST's proposal for a two-year extension of the agreement; now, therefore, be it hereby

RESOLVED, the Authority approves an extension of the current agreement with BST & Co. CPAs, LLP to provide the service as outlined in the attached proposal, including both the Authority audit and the City of Utica review, and at the prices indicated, and the Board directs the Executive Director and the Comptroller to execute such an agreement for services.

Adopted by the following votes:

AYES__ NAYS__

Dated: