

DUTCHESS COUNTY RESOURCE RECOVERY AGENCY SEPTEMBER 17TH, 2009 – MEETING MINUTES

A meeting of the Dutchess County Resource Recovery Agency convened at 5:00 p.m. at the offices of the Agency located at 96 Sand Dock Road, Poughkeepsie, New York. Those present included W. Conners, Chairman, C. Chale, Vice Chairman, D. Nestler, Treasurer; Board Members, T. E. LeGrand, E. Mills and R. Stephen Lynch; Agency Staff, W. J. Calogero, D. Walsh, and C. Tamney; J. Nelson, Agency Counsel; D. Leibnitz, HDR; R. Akeley, Acting Commissioner of Solid Waste Management; J. Loeb, Drake Loeb Heller Kennedy Gogerty Gaba & Rodd; M. Cahill, Germano & Cahill; and H. Arnold, Gerhardt, LLC.

1. **Regular Session** – W. Conners called the meeting to order at 5:08 pm.
2. **Minutes** – W. Conners presented the minutes of the August 20th, 2009 Board Meeting. A motion to approve the minutes was made by T. E. LeGrand, seconded by E. Mills and unanimously approved.
3. **Operating Report – D. Walsh**

D. Walsh informed the Board that the month of August brought in 12,627 tons of waste. The budget for the month was 13,350 tons. We are under budget for the month by 723 tons and the year-to-date total figure increases to 3,089 tons under budget. We do remain 5,378 tons ahead of last year. The electricity generated to Central Hudson was 3,937,350 kwh that resulted in revenue dollars of \$236,241.00.

D. Walsh presented the MRF Tonnage and Revenues worksheet. The incoming volume at the MRF declined for August, especially commingled. Hudson Baylor continues to transport commingled over from their Newburgh facility to help keep production running. There was close to \$10,000.00 in tipping fees revenue. Fiber continues to be more in demand, particularly cardboard, and is shown on the revenue sharing totals. The fiber market continues to edge a few dollars higher now in September compared to levels in August.

4. Clean Air Update – D. Leibnitz

D. Leibnitz reported that the new Facility Operations Manager is Jack McCarthy. Jack McCarthy was the Operations Manager at Covanta's Union County New Jersey facility. He will be splitting his time between both facilities during his transition period that will end in October. He will then become full time at Dutchess.

The siding repair by J.M. Groom of New Jersey was completed last week. All intermediate steel members were replaced in accordance with the original drawings. Areas having constantly wet insulation, that may have caused the original corrosion situation, have not been reinsulated.

On September 6th and 7th the facility had an arc fault between the coils and the internal temperature sensor of the main step-up transformer in MCC-1. When the failed temperature sensor was removed, the transformer was able to function and the facility came back on line. Covanta is presently preparing to replace the transformer.

The scheduled outage began. Unit No. 1 went down at midnight on Tuesday, 9/15/09. The unit was cold and outage work commenced at 6:00 am, Wednesday morning, 9/16/09. Work is presently progressing on the traveling grates. Unit No. 2 was taken offline at 4:00 am, 9/17/09, due to the superheater safety valves that lifted and would not reseat properly. This problem was corrected and the units started warming up again at noon. Unit No. 2 will be taken out of service on Friday to begin its outage work. The superheater assembly intended to be replaced in Unit No. 2 during this outage was damaged in shipping. The work will not be performed until November. The facility is expected to be fully online September 24, 2009.

Fairway Testing will be performing the weld inspections for the stacks. The tipping floor resurfacing work is in progress. The entire west side load-out area has been stripped of its concrete and rebar to a depth of approximately ten inches. Workers are presently doweling into the saw-cut edge of the excavation.

5. Agency Financial Report – C. Tamney

C. Tamney presented the payables in the amount of \$1,254,370.23. T.E. LeGrand asked about the sales tax amount of \$261.02 on the pass through invoice. J. Nelson recalled how this issue had been discussed a few times. If Covanta were purchasing items, which are going to be incorporated into the physical plant, they would receive the Agency's sales tax exemption. It is when they purchase the smaller items, as the disposables that are used in their office and used only by them, is when this exemption does not apply. The Agency is obligated to pay the sales tax charges for these particular items under the operating contract. T.E. LeGrand asked about the Questex Media bill for \$525.00. C. Tamney replied that it is for the Official Board Markets catalog. Also questioned was Royal Carting's Var/August billing for \$3,522.75. C. Tamney replied that it is for the hauling of the unprocessed metal and for hauling the scrap metal and MRF containers when the Agency's driver was out on vacation. T.E. LeGrand asked about the number of ash loads that Royal Carting's bill was for \$106,893.83. W. Calogero replied that it was not known the exact number but it generally consists of an average of 55 loads per month and that the cost is for haul and disposal. Riccelli and Regional Waste make up the other half of ash haulage and disposal. C. Chale remarked about Germano & Cahill's \$59,400.00 invoice since the Board has not accepted their final report yet. W. Calogero replied that there was agreement set forth for partial payments but none were made during their efforts and this invoice is ninety percent of the total \$66,000.00 fee previously approved. Also questioned was Progressive Insurance invoice for \$13,686.00. E. Mills talked of how the Water and Wastewater Authority recently has decided to do an RFP for an insurance brokerage service rather than do an RFP for insurance coverage. The broker would analyze the Agency's needs and market the needs. R. Stephen Lynch stated that he has utilized the bulk purchasing capabilities of an operator with regard to insurance and ultimately cut his insurance costs in half. E. Mills mentioned that he did an in-house summary

on insurance coverages for the Agency last year and can forward a copy to review. It was further discussed and decided that it would be a good idea to see what the total cost of insurance the Agency pays and make a comparison to two or three other waste-to-energy facilities located in New York. Discussion ensued.

R. Stephen Lynch talked of the American Steel Processing invoice for \$11,414.60. The facility he is associated with in Hudson Falls also uses America Steel Processing and received \$13.00 per ton, approximately \$3,200.00, in August for their scrap metal. There needs to be a closer watch on the index prices. W. Calogero responded that we do not have that same agreement in place at this facility. The formula in the Agency's contract is not the same as Hudson Falls plus it has been overwritten by the amendments. T. E. LeGrand stated that we should get another opinion on the contract because there could be money due back to the Agency. He recommends Sedore's office do the calculations. This matter will be an issue for attorney-client session. E. Mills asked about the Central Hudson charges of \$4,790.82 and C. Tamney responded that it is for the substation hook-up charges.

A roll call was announced to vote on the payables. W. Conners, C. Chale, D. Nestler, E. Mills, and T.E. LeGrand all in favor. R. Stephen Lynch opposed. A motion to approve the payables for payment minus the Germano & Cahill invoice of \$59,400.00, for a total amount of \$1,194,970.23 was made by T.E. LeGrand, seconded by D. Nestler and majority approved.

6. Other Committee Reports

E. Mills reported that the Governance Committee met earlier in the week. A copy of the Governance Committee August 13, 2009 meeting minutes is provided in the folders for information purposes. The Governance Committee has drafted two policies, a Whistle Blower Policy and an Ethics Policy. Working drafts of those two policies have been circulated to various board members. He would appreciate comments back by October 1st. The County Water and Wastewater Authority is hosting an Authority Budget Office board member training session at their building on High Street in the City of Poughkeepsie at the end of October. T.E. LeGrand has signed up for this session. If anyone else is interested in attending, they should contact the Agency office. The Governance Committee will meet again in October.

C. Chale reported that the Finance Committee met in September. They began a review of the draft budget and have requested a number of additional back up items. Once those items are received, they will be bringing the discussion back to the Board in October. The next Finance Committee meeting is tentatively scheduled for October 6th; however, it has not yet been finalized.

7. Public Comment

There was no public comment.

A motion to move into Attorney-Client session at 5:59 pm was made by E. Mills, seconded by D. Nestler and unanimously approved.

Resumed regular session at 7:05 pm.

W. Conners introduced Michael Cahill of Germano & Cahill and Hans Arnold of Gerhardt, LLC, the consultants awarded the proposal to conduct a study on flow control and alternatives. The purpose of their study was to assess the advisability of re-implementing flow control in Dutchess County as a primary means of minimizing the County's financial support of the Resource Recovery Agency while assuring environmentally sound and low cost waste disposal service to Dutchess County residents.

Both M. Cahill and H. Arnold gave a briefing from their comprehensive Flow Control and Solid Waste Management Alternatives Report. H. Arnold summarized their major findings.

The current system in Dutchess County actually evolved from 115 local landfills serving the County. In the early 1980's, Dutchess County made commitments to resource recovery and to the creation of the Agency and facility. In their report they have applied the US Environmental Protection Agency WARM model to illustrate the relative environmental impacts of the Dutchess system compared to a landfill based system and one where the Dutchess system would be improved and enhanced. That analysis through the WARM model confirms that Dutchess County has a superior solid waste management system in terms of environmental and energy impacts when compared to a system that relies completely on a landfill. They also found out by increasing the throughput at the waste-to-energy facility and increasing recycling at the County it can significantly improve the greenhouse gas impacts of the overall system. In the long term, by expanding to a 3rd train at the Resource Recovery Facility and converting to single stream at the Materials Recovery Facility the County can very significantly improve the environmental impacts and energy aspects of the system.

He spoke of the Resource Recovery Facility and how it is no doubt the cornerstone of the Dutchess County system. From reviewing the records the environmental performance is in compliance with the Clean Air amendments and is very excellent. The current infrastructure lacks capacity to manage all the waste generated by the County. The facility can only process sixty percent of the waste generated in the County. Although there is an extensive network of drop-off stations, eighty percent of the waste is collected privately. In the cost comparison of operations of other facilities they used a twin facility, the Town of Islip. The numbers they compiled in the report found that the cost of operations in Dutchess compared very favorably with the operation in Islip. They were also faced with the question regarding closure. With the original bonds that are coming up for maturity and also the bonds issued for the Clean Air Act upgrades, it would not be responsible to walk away. The Agency and the County still have the obligation to pay off all those bonds whether or not the facility was still running. Plus, there is the obligation to still pay the operator. The Agency cannot raise tip fees due to the availability of inexpensive long haul landfill operations for private haulers. The current condition requires the County net service fee of \$6.9 million. Also mentioned was how the Materials Recovery Facility is undersized, obsolete and lacking in recycling. However, it does not differ from a lot of places across New York State. Dutchess is limited with this facility along with the lack of flow control. He concluded that partial flow control is not feasible and is not their recommendation.

M. Cahill explained three basic principles used for their recommendations. Their primary principle was to “green” the system. They wanted to focus on how much in the waste stream can be effectively recycled and what should be the goals to maximize recycling. Secondly, they wanted to level the playing field between all generators and all taxpayers that support the system as well as all the haulers that work in the County that would be called upon to deliver waste to the system. Third, they wanted to take advantage of the environmental benefits that the waste-to-energy plant provides and try to optimize the recovery of energy and revenues derived from the energy and improve the efficiency of the facility both in the short and long term.

Their overall policy recommendation is to re-implement flow control as part of a coordinated plan to extend public waste and recycling service to all Dutchess County residents. Flow control is the tool that will allow the Agency and the County to direct waste to the public system and secure a reliable revenue stream that does not rely on a general fund subsidy.

The implementation of flow control should be accompanied by a comprehensive approach to improve recycling. By taking more tonnage out of the waste stream and into the recycling stream, you can capture the remaining waste and direct it to the waste-to-energy facility. He noted that the remaining balance that is left over could be accompanied ultimately by a third unit at the waste-to-energy facility. The current ten thousand tons per year that goes to the public MRF would increase by thirty to thirty five thousand tons per year. That could be accomplished primarily through a new MRF. The existing MRF would not work. The new single stream technology would allow the haulers in the County to collect recyclables more frequently with less effort and separation required by the homeowner. They recommend a comprehensive engineering study on the waste-to-energy facility to estimate the life expectancy of the major components and the investment that will be needed at the facility over the next twenty-five years to extend its useful life.

There is a transition required for taking control of the entire waste stream. It will require the Agency to manage a transfer operation to move the balance of the waste stream out of the County to some other disposal area until there could be a decision made as to if the plant could be expanded or not. In order to do that their recommendation would be to try to be convenient to the hauling community and the residents as possible. This would require the establishments of transfer stations in the both the north and south of the County. The first priority to direct waste under a flow control regime would be to the waste-to-energy facility but the balance of the waste stream should be managed by the County. One option for the northern tier would be an intermunicipal agreement with Ulster County and the southern and eastern tiers would require proposals for new transfer capabilities.

Last recommendation would be for the County to consider the use of a different funding mechanism to accommodate the need to pay the net service fee and possibly redirect it towards the reimbursement of costs that are environmentally related. Some of these costs could be the air pollution control system at the facility, upgrades to the turbine generator, upgrades to the MRF, the creation of a household hazardous waste facility at a new MRF, and other items that could be funded on a short-term or long-term basis. The idea of being at a “green fee” would pay for these items but could be funded, not through the general fund

taxation that is currently used to fund the net service fee, but through a user fee or possibly a benefit assessment that is based on the amount of waste that a property generates. Their report shows an example of how it could be done based upon three property classifications in terms of waste generation on a residential level; three classifications, single-family units, two-family and three-family units plus apartments and/or on the commercial side; small, medium, large and extra large units based upon the amount of tonnage a business or category land use generates on an annual basis. It would take some additional work and administration on the County's part to establish the correct property classifications and the right assessments.

E. Mills asked about the "green fee" and how it was mentioned that it would be a benefit assessment approach and if in fact the County Legislator would have to establish it and levy the fee or assessment. M. Cahill responded that the County Legislator would have to establish it and that this issue had been discussed extensively whether it would be a user fee or benefit assessment and the legal basis for doing it. They believe that it could be done at a County Law 226B. The question lies as to whether it would be defined as a benefit assessment or a user fee. It would go on the real estate property tax labeled as such. H. Arnold remarked on how they have recommended a capital budget where a fund would be reserved over a period of five years so that there would be no need to bond for construction of the recycling center, the replacement of the turbine, or construction of a household hazardous waste facility. R. Stephen Lynch asked if it would increase the total of the \$120 per ton cost. H. Arnold referred to Table 18 of the Report that lists all the environmental functions the Agency now does which could come under that "green fee" and how the reserve amount was included for those three capital projects. It was further clarified that any new reserves would be added to the \$120 per ton cost. C. Chale asked if any of these steps mentioned needed to be done before the updated Solid Waste Management Plan for the County is submitted. M. Cahill stated that it is not necessary or wise to do that and the County should wait until the state issues its own revised solid waste management plan before producing and submitting the local plan to the state. At this point it is unclear as to what the state will require. R. Akeley remarked that even though the DEC has not come out with a plan they do have a detailed outline of what they are expecting and are prepared to work with the County over the next year. It was emphasized to work on the plan; however, do not submit it until the state plan is done. Also asked was the report's recommendation for the establishment of enforcement officers. In the beginning vigorous enforcement is recommended with three officers. Of these, at least one should be retained as a full-time field officer following the initial six months of enforcement. The cost of enforcement personnel should be paid from the revenues gained from the delivery of a greater volume of waste. C. Chale asked about the benefits of having a larger recycling facility. H. Arnold remarked on single stream recycling. It has been proven to be a significant improvement in recycling. Besides being easier and convenient for homeowners, it also allows haulers to collect faster and reduce the number of trucks needed. With flow control they estimate recycling to increase to 45,000 tons per year. A new fully equipped single stream 50,000 square foot building would cost between twelve-thirteen million dollars. R. Stephen Lynch asked about ownership under this proposal. M. Cahill stated the safest way is to be municipally owned and financed. C. Chale asked if in their analysis does it show that long hauling would be cheaper. M. Cahill replied that long hauling by truck to a landfill is cheaper; however, the County committed to an environmentally superior way to handle the waste. The WARM model in the report indicates how much better it is.

R. Akeley spoke of the future. The future consists of more recycling and more composting. Dutchess County has an integrated system with an investment here now that is getting payback every year. Decisions have to be made. He feels clean air is worth maintaining and is worth paying a little extra for in order to have a better environment. He was very pleased with the report. It contains a considerable amount of data and is a good starting point in the planning process for the solid waste management plan. He accepts the comprehensive report from the consultants.

A motion from the Board to accept the report was made by D. Nestler. E. Mills amended the motion to include the approval of payment. An amended motion to accept the report for the purposes of studying its findings was made by E. Mills, seconded by D. Nestler. A roll call was announced. W. Conners, C. Chale, D. Nestler, E. Mills, R. Stephen Lynch all in favor. (T. E. LeGrand absent)

With no further business to discuss a motion to adjourn the meeting at 8:25 p.m. was made by D. Nestler, seconded by E. Mills and unanimously approved.

Respectfully submitted,

William J. Calogero
Executive Director