

DUTCHESS COUNTY RESOURCE RECOVERY AGENCY DECEMBER 16th, 2010 – MEETING MINUTES

(amended 1/20/11)

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 E. Mills, Vice Chairman; R. Mosca, Secretary; D. Nestler, Treasurer; Board Members, T. E. LeGrand, R. Stephen Lynch and E. Kinkade; Agency Staff, W. J. Calogero, D. Walsh and C. Tamney; Agency Counsel, J. Nelson; D. Leibnitz, HDR; B. Connolly, Covanta Hudson Valley Renewable Energy LLC; N. Souto and L. Leavitt, Vassar College.

- 1. Regular Session** – Vice Chairman E. Mills called the meeting to order at 5:12 pm.
- 2. Minutes** – Vice Chairman E. Mills presented the minutes of the November 18th, 2010 Board Meeting. On Page 3, under Committee Reports, E. Kinkade requested to add that he had spoken to a representative of D’Arcangelo who said that his firm could respond to an RFP within 2-3 days and that they and other firms in the area do auditing work for similar agencies and bidding on the job. Also, to insert that the Committee was split 2-1 in recommending Sedore to continue and do the audit for the close of business ending December 31, 2010. On Page 5, fourth line down, J. Nelson requested to add the words “towards quorum” to the end of the sentence that reads, “their presence by telephone would not count”. A motion to approve the November 18th, 2010 minutes as amended was made by T. E. LeGrand, seconded by R. Mosca and unanimously approved.

Vice Chairman E. Mills presented the minutes of the December 2nd, 2010 Special Board Meeting. A motion to approve the December 2nd, 2010 Special Board Meeting Minutes was made by T. E. LeGrand, seconded by D. Nestler and unanimously approved.

- 3. Operating Report** - D. Walsh informed the Board that the monthly budget set for November’s incoming tonnage was 12,652 tons and the Facility received 13,428 tons, which is 776 tons over budget. The year-to-date tonnage total remains ahead of the budget by 5,276 tons. With one more month remaining, it appears that the yearly tonnage budget set for 147,000 tons will certainly be met. The total electricity generated for November was 4,288,510 kwh for a total revenue of \$257,310.60.

November incoming recyclables at the MRF increased slightly for November, 551 tons from 510 tons in October which brought the tipping fee revenues up to \$6,545.00 and market sharing sales up to \$14,160.09. However, the overall volume for the year will end low as it doesn’t appear as if the Facility will reach 8,000 tons for the year.

The 2010 Household Hazardous Waste Days brought in a grand total of 959 participants and collected 16,112 gallons of chemical waste, 100,775 pounds of electronic waste, and 527 pounds of fluorescent bulbs. Vice Chairman E. Mills and members of the Board agreed that this information needs to be posted on the Agency’s website.

- 4. Engineer Report** – D. Leibnitz informed the Board that the availabilities on Unit Nos. 1 and 2 were 91.8 and 91.5 percent respectively. Turbine generator availability was 97.1 percent. The downtime on Unit No. 1 was caused by two leaks in the steam generating tube bank and one leak in the economizer. Covanta plans to replace one-third of the generating bank tubes and one-half of the economizer tubes during the Spring outage in March 2011. The downtime on Unit No. 2 was caused by a weld failure on a boiler external pipe that caused a major in-plant steam leak. Post repair examination showed that the failure was due to a poor root-pass weld made about twenty three years ago. The unit was also down for the repair of a waterwall tube leak. The turbine was taken down for 9 ½ hours by Central Hudson while they were testing relays at the main switchyard.

The pit remains full and at the time of inspection today contained approximately 3000 to 3200 tons of MSW along with the Facility producing 112,000 pph of steam and generating 11.2 MW of power.

The Part 360 Permit renewal application is due the end of March 2011 and the Title V Permit renewal application is due January 28, 2011. HDR has been in discussions with NYS Department of Environmental Conservation regarding guidelines for reporting greenhouse gas emissions to determine how it will be applied to the Title V Permit renewal.

The monthly summary table of various performance characteristics was updated and at the request of the Board, HDR also prepared a summary table of the results of the most recent three years of the Annual Emissions Compliance Tests. The results from the testing of both units were presented with a comparison made to the permit limits. There was a typographical error on the nitrogen oxides emissions limit, listed as 1.7 where it should be 170. Overall, the Facility has been doing very well with its emissions. D. Leibnitz reported that Covanta has taken the position that they want to be way below the permit limits and have done that by utilizing more lime. This has resulted in increased costs for the Agency for both lime and ash disposal fees. However, he feels with some modifications to the existing Facility instrumentation, using a few more instruments, there could be just as good emission results. D. Leibnitz was asked to do a cost benefit analysis by February/March of 2011 and present this information to the Board for their evaluation.

- 5. Agency Financial Report** – C. Tamney presented the payables in the amount of \$1,448,970.77. T. E. LeGrand asked about the Verizon bill for \$958.00. C. Tamney replied that she spoke with the County Central Telephone Services Department about these charges. MCI, the long distance carrier on the bill, had erroneously billed the long distance calls for all departments at a higher rate. She was instructed to pay Verizon and a credit will follow.

The Germano and Cahill bill for \$24,295.45 was discussed. E. Kinkade asked how much the Agency has paid to date. To date, the Agency has paid \$29,424.63 to Germano and Cahill. E. Kinkade replied that according to the contract, there is a cap of \$38,000.00 for a completed report to go to the NYS Department of Environmental Conservation, which has recently been done and is where it stands right now. R. Stephen Lynch added, and that the report be edited to include the NYS Department of Environmental Conservation comments. It was further noted that the prior recommendation of the Finance Committee was to pay Germano and

Cahill a cap of \$38,000.00 when the report was finished. Discussion evolved over the Contract and the three elements of pricing. J. Nelson read the contract precisely but was uncertain as to how much work the consultants actually did with the NYS Department of Environmental Conservation. T. E. LeGrand remarked how there should not be any extra fees regardless of the amount of consulting work done with the NYS Department of Environmental Conservation. It is all part of devising the plan. Vice Chairman E. Mills asked about how much it would be if the Agency paid the consultants in full. It would be \$53,720.08. Vice Chairman E. Mills proposed three different options. First, to pay the full \$24,295.45 as billed; second, to pay the difference of the \$38,000.00 cap minus the \$29,424.63 paid to date that equates to \$8,575.37; and third, to not pay anything at all. The consensus of the Board was to pay the \$8,575.37. Vice Chairman E. Mills further proposed a motion to reduce the overall payables total by \$24,295.45 and to have a Resolution done to submit the payment of \$8,575.37 to Germano and Cahill. J. Nelson summarized the Board's discussion for a Resolution to read as, "The Executive Director is directed to attempt to get a clarification on the cap and to advise Germano and Cahill that there are board members who are of the opinion that the cap is \$48,000.00 but in the agreement on what the cap is has to await Board action. (The cap of \$48,000.00 is derived from the \$59,000.00 in the aggregate for all services and disbursements minus \$11,000.00 for financial analysis) Secondly, to be clear with Germano and Cahill that payment of this \$8,575.37 does not constitute an agreement that the cap issue has been closed. Thirdly, to clarify whether the Board believes that the payment of this \$38,000.00 closes out all work that has been done to date." A motion was made by D. Nestler, seconded by T. E. LeGrand to approve the payment for Germano and Cahill in the amount of \$8,575.37. T. E. LeGrand, R. Mosca D. Nestler, E. Kinkade, E. Mills, all in favor. R. Stephen Lynch opposed. Motion passed. W. Calogero was further asked to speak with Germano and Cahill to see if he can clarify and arrive to an understanding of the cap price.

Vice Chairman E. Mills commented on the Brinckerhoff & Neuville fee from last month and was presented with the appropriate paperwork on the summary of insurance review services with respect to the MRF, the Sand Dock Road Facility and the license haulers insurance.

Also mentioned on the payables was an expense of \$127.09. This expense was for charges incurred from a mandatory course taken by a Board Member. This expense also included mileage, lunch and parking. Since the expenses were not within the Agency's policy guidelines and the Agency reimbursement numbers are outdated coupled with the absence of receipts for the said charges, it was decided to table this issue until the proper amount of reimbursement can be determined.

A motion to approve the payables minus \$24,295.45 and \$127.09 for a revised total of \$1,424,548.23 was made by D. Nestler, seconded by R. Mosca. R. Stephen Lynch was opposed to approving any payments since he continues to feel that the Agency does not comply with its procurement rules for professional services. Roll Call Vote: T.E. LeGrand, R. Mosca, D. Nestler, E. Mills, all in favor. R. Stephen Lynch, E. Kinkade opposed. Motion passed.

The Profit and Loss Statement was reviewed. E. Kinkade asked about the overtime expense and W. Calogero replied that it represents primarily two positions; coverage for the early

morning scale operating hours and coverage for the Household Hazardous Waste days. E. Kinkade asked about the maintenance service expense on the scale. W. Calogero responded that the Agency pays for the routine calibration and inspection of the scale and the operator pays for any repairs.

The Balance Sheet was reviewed. E. Kinkade asked about the retained earnings equity. C. Tamney explained the process of the \$357,000.00 found by the auditors that dated back to 2006 that represented testing work done at the Facility and how the charges had been taken out of expenses and put into receivables. She verified that the adjustment was made, along with the reduction to the net service fee.

There were no questions on the Accounts Receivable Aging Summary.

6. Resolution No. 705 – Local Solid Waste Management Plan – Referral to Department of Environmental Conservation

J. Nelson explained the process that has taken place for the Local Solid Waste Management Plan from its preparation, from its adoption of the LSWMP under SEQRA, from the Agency taking lead status under SEQRA, from the adoption of a negative declaration under SEQRA relating to the Draft LSWMP, to the acceptance of the LSWMP and its direction to forward the Plan to the Dutchess County Legislature. The proposed Resolution will authorize and direct the Executive Director to deliver the LSWMP to the NYS Department of Environmental Conservation for its review, comments and approval.

R. Stephen Lynch expressed how there is no deadline from the NYS Department of Environmental Conservation as long as the Planning Unit is working on a Plan. It is in his opinion that the Agency is not the right entity to do a County Plan since the Agency has a vested interest in the burn plant.

The Resolution was moved by T. E. LeGrand, seconded by R. Mosca.

Roll Call Vote: T. E. LeGrand, R. Mosca, D. Nestler, E. Mills, all in favor. R. Stephen Lynch, E. Kinkade opposed. Majority approved Resolution No. 705.

7. Committee Reports

Governance Committee: Vice Chairman E. Mills of the Governance Committee handed out a performance evaluation form issued by the State Authority Budget Office. The State Authority Budget Office requires the form to be filled out by all Board members. Vice Chairman E. Mills asked that this paperwork be returned back to him by January 20th, 2011.

Facilities/Recycling Committee: T. E. LeGrand of the Facilities/Recycling Committee spoke about Hudson Baylor's proposal to convert the Fulton Street MRF into a recyclable material transfer station. The existing equipment at the Facility is over two decades old and well beyond its useful life and the configuration of the building makes it impossible to process single stream material. The material delivered to the MRF has declined dramatically from 2007. The

plant is not viable in today's competitive recycling environment and there are too many cost effective options for the material to go to other locations within Dutchess or outside the County.

Hudson Baylor is constructing a new private regional single stream facility in Beacon. It will be a state-of-the-art facility with dedication to education and their goal is to bring recyclable material to the Beacon plant through recycling transfer facilities. Hudson Baylor is proposing changes to the present operating terms with the Agency as reducing the annual service fee, setting the scale pricing for all streams of incoming material and running the scale operations.

A discussion developed as to whether to go out for an RFP and R. Stephen Lynch suggested being very clear on what you want to achieve for this type of proposal; a transfer station that would accept single stream recyclables, an operator to operate at their own expense, etc. T. E. LeGrand along with the Committee was asked to continue to look into the concept of converting the MRF into a transfer station and the feasibility of administrating an RFP.

Audit Committee: R. Mosca of the Audit Committee spoke about how the majority vote from the last board meeting confirmed Sedore to finish up and do the December 31, 2010 Financial Statements. The Board requested an engagement letter from Sedore which has been received. The cost for their service has remained the same and the audit will be done according to governmental accounting standards. They have agreed to all items that were requested. It was agreed that there will be three RFPs done for the accounting services beginning January 1st, 2011 and that it will be developed by the Audit Committee. A motion was made by R. Mosca, seconded by T. E. LeGrand to authorize the Executive Director to execute the engagement letter with Sedore for the 2010 Audit Financial statements. R. Stephen Lynch stated that this is in violation of the Agency's Procurement Policy. Roll Call Vote: T. E. LeGrand, R. Mosca, D. Nestler, E. Mills, all in favor. R. Stephen Lynch, E. Kinkade opposed. Motion passed.

Vice Chairman E. Mills asked the Nominating Committee that consists of members T. E. LeGrand and D. Nestler to begin to work on making their recommendations for 2011.

8. **New Business** - W. Calogero spoke about providing a community service in partnership with Covanta from January 4-14, 2011 by sponsoring a coat drive that would benefit the VA Medical Center at Castle Point for veterans and their families in need. Collection boxes will be placed at the Agency office and scale house building for the collection of clean, reusable coats. Flyers will be placed at area businesses. Vice Chairman E. Mills requested that the final flyers be sent out to the board members.
9. **Public Comment** - N. Souto of Vassar College spoke about how she and L. Leavitt, who was also in attendance, came to this meeting to better understand the process of determining the future of solid waste management in Dutchess County. They have attended a few Legislature meetings, the public hearing for the Local Solid Waste Management Plan, and have submitted comments about the plan. Their vision is for an increase diversion of recycling and to phase out the incinerator. L. Leavitt specifically requested a copy of the Local Solid Waste Management Plan to continue to stay involved with the process. W. Calogero stated that all

the public comments were incorporated into the Plan and the Plan will be posted on the Agency's website after its release to the NYS Department of Environmental Conservation.

10. Old Business – Vice Chairman E. Mills talked about whether it would be more cost efficient to hire a part-time scale operator for the extended scale hours of operation rather than to pay overtime. W. Calogero contacted the County Personnel Dept. to get a better understanding of hours and benefits. He has not heard back yet. Vice Chairman E. Mills asked for a report to be put together indicating the costs associated with hiring a new part-time employee versus what it presently costs to cover the same expenditure in overtime.

The Authority Budget Office had a list of recommendations from their review in February which the Agency has been addressing. W. Calogero had sent the State Authority Budget Office an update in June on actions that the Agency has taken. The Board reviewed the list again beginning with the compliance issues. The terms for the Board were not something that the Agency could address. It would be the responsibility of the appointing authorities. Training, there is still one board member that needs to attend the state-approved training which the Agency staff will check on the next available training opportunity. There has been a Code of Ethics Policy established but no Salary and Compensation Policy yet in place. Vice Chairman E. Mills will look into which Committee would be most helpful for establishing this policy. Metals procurement was done with a new contract awarded and initiated in March.

T. E. LeGrand left the meeting at 7:20 pm.

The Board continued discussing the compliance issues, noting how the effectiveness of its internal control structure and procedures are to be looked over by the Audit Committee and as far as information to the public on the Agency website, W. Calogero replied that it is currently up-to-date and everything that has been required is posted.

The list of governance recommendations to the Agency was reviewed. Their suggestion to reevaluate the rates on tipping fees to cover the Agency's net operating costs was not feasible from their lack of understanding of how the industry works. The terms of the operating contract have been monitored to ensure that the appropriate amount of revenue generated is shared with the Agency all of which is done through the annual reconciliations. HDR is involved with the process. Meetings with Covanta have taken place with more forthcoming as the numbers from two years ago are still not finalized. Higher tipping fees for deliveries that occur outside the facility's designated hours of operation would not work; it would deter carters from coming in and be a loss of revenue for the Agency. R. Stephen Lynch commented that we should maximize our waste flow by charging incremental rates that just cover our variable costs and how a lot of these suggestions by the Authority Budget Office fall into this category. The local public utility does make payments for all revenues due from excess electricity generated now on a quarterly basis. It was originally on a yearly basis. They are unable to do it monthly. A written salary and compensation policy for staff and management will be established as soon as the appropriate committee is identified by the next board meeting along with a committee to do a vehicle use policy. Having valid contracts versus using purchase orders was discussed along with complying, revisiting and retooling the Agency Procurement Policy. Regarding the enforcement of licenses, the County is looking at possibly putting an extension on the current

licensed companies until a Solid Waste Commissioner is put in place. The use of Agency funds for expenditures such as meals and gifts has been eliminated. W. Calogero will put a credit card policy in place. Covanta is reviewing the sales tax pass through costs for items purchased. Various charters have addressed the powers and duties of the committees, and the annual budget has been submitted in a timely manner and is available online.

At 7:50 pm a motion to move into Executive Session to discuss the services and terms of a contract with a particular entity was made by E. Kinkade, seconded by R. Mosca and unanimously approved.

Resumed regular session at 8:28 pm and with no further business to discuss the meeting was adjourned.

Respectfully submitted,

William J. Calogero
Executive Director