

NAME OF COMMITTEE: Governmental Services & Administration Committee

DATE: March 1, 2011

TIME: 5:30 PM

PLACE: Legislative Chambers, 6th Floor
County Office Building
244 Fair Street
Kingston, New York

LEGISLATORS PRESENT: Chairman Kevin A. Roberts, Deputy Chairman Hector Rodriguez, Legislators Carl Belfiglio, Dean Fabiano (arr. 6:02 PM), Kenneth Ronk, Michael Madsen and Robert Parete

LEGISLATORS ABSENT: None

OTHERS PRESENT: Legislative Chairman Frederick J. Wadnola
Legislator Paul Hansut
Legislator Peter Loughran
Legislator James Maloney
Legislator Laura Petit
Legislator Michael Sweeney
Kenneth D. Gilligan, Esq., Counsel to the Legislature
Elliott Auerbach, Ulster County Comptroller
Laura Walls, UC Deputy Comptroller
Donald Quesnell, Comptroller's Office
Tim Rose, Acting Executive Director, UCRRA
Tim DeGraff, Controller, UCRRA
Dennis Helm, UCRRA Board Member
Victor J. Melville, LWV-Observer Corp
William Kemble, Reporter, Daily Freeman
Hugh Reynolds, Reporter, Ulster Publishing
Karen L. Binder, Clerk of the Legislature, Recording

1. Chairman Roberts called the meeting to order at 5:34 PM

2. Ulster County Comptroller Elliott Auerbach

"Thank you for calling this special committee meeting and for the opportunity to discuss our latest report on the UCRRA. This report is constructed from audited financial statements and documents available through the FOIL process or on the web. Using official records, the reports paint a picture of what is - a picture of the financial state of affairs for the UCRRA, a future which if nothing is done, is not promising.

I trust that you have all read the report and it is not my intention to review it with you in detail but to help you understand the questions it raises in the hopes of leading you to commitments to improve performance, transparency and public service.

As has been well publicized, there are many, many concerns and complaints about past operations, finances and politics at the agency. We have certainly heard a good deal of conjecture that the trouble financial picture portrayed by the public record is no accident of mismanagement. It has been conjectured that dismantling the agency has been the objective of recent years and by so doing granting the private sector carte blanche to all Ulster County's solid waste. We have seen no hard evidence of such a subterfuge. We found no public policy discussion to support that claim.

Our work focuses on the finances, yet we know the financial landscape is formed from operational, financial and political decisions. Getting to the bottom of those decisions is certainly an intrigue but one our office has not explored and defer that opportunity to whichever agency finds merit in it.

Nor is it in the best interests of the UCRRA or the County to pursue the intrigue, especially if, as has been the experience to date, it side tracks everyone from focusing on the success of this Agency. If such conjecture were to "have legs" so to speak, the continued efforts of so many in pursuing the intrigue would have the net result of transforming the conjecture into history.

It is time to begin anew here. There is a new, credentialed executive director, a talented and committed controller and staff that, it is obvious from the deep concerns they have shared, are willing and want to help the Agency succeed.

But there is no time to waste. Commitments to ensure the Agency fulfills its mission and strives toward self-sufficiency are needed by everyone. The politics must stop and work must begin.

Toward that end, I am going to offer a few suggestions:

1. I invite you - the Legislature and the Board of Directors - to join me in requesting the NYS Comptroller to conduct an audit of the Agency's books.
2. Empower the staff to do what they came to the UCRRA to do.
3. Establish appropriate oversight roles between the Board of Directors and the County. When the bodies duplicate efforts, the effectiveness of the oversight diminishes and micro-management results.
4. A "Do Over" - Immediately depoliticize the Board and the Legislative Committee and commit to an open and transparent process of selecting individuals to provide oversight on the basis of their interest, credentials and experience.

The commitments and leadership it would require to follow these suggestions is significant but the choice is yours. Comptrollers don't get to make those decisions, they simply report on the facts.

Thank you for your time. Like you, we remain committed to protecting the interests of the people of Ulster County and are happy to answer any questions you may have about the report."

Copies of the following were distributed: (attached)

- The Future of the Ulster County Resource Recovery - Planning for Success or Failure? - Issued February 24, 2011
- Study of UCRRA by Cashin/Cahill (April 1999)
- Net Service Fees \$32 million and counting Ulster County's Stake in Resource Recovery

Chairman Roberts invited any comments or questions from committee members to the Comptroller and the representation of the UCRRA.

Legislator Belfiglio asked how the Comptroller approached his study? Was it from a distance and did it include visiting the Agency's master plan?

Tim Rose stated that the Solid Waste Management Plan was being revised. The revised plan will be ready within a week or so - the 20 year plan was written in 1991. Solid Waste Management is an issue for the County and the NYSDEC also wants to know the County's intentions.

There was discussion regarding the contracts with the towns expiring. Chairman Roberts asked Tim Rose about work being done with the towns and other revenue sources. Chairman Roberts stated that the renewal process should be easier since the contracts have already been in place for so many years.

Legislator Belfiglio expressed concern not over the contracts expiring and being renewed but where the Legislative oversight is with the RRA. The towns will have to decide what they are going to do.

Comptroller Auerbach stated that financial stewardship doesn't seem to be in forefront but does exist - he feels other issues seem to be taking precedence. He encourages the Legislature to request an audit of the UCRRA by the NYS Comptroller's Office. As a taxpayer, he is paying approximately \$13 per month for trash and wonders what anyone will do if the UCRRA fails? He met with Ulster County District Attorney D. Holley Carnright and provided copies of his reports to him. If the District Attorney feels there is any criminality involved with the UCRRA, it is his job to ascertain this.

Kenneth Gilligan, Esq., asked the Comptroller if he gave the District Attorney anything other than his reports? No response.

There was discussion regarding tonnage going down, increases in fuel costs, the evolution of the RRA and the initial impact of the town landfills closing.

Tim Rose has met with all of the Town Supervisors except for Rosendale and the vast majority of them have indicated that they will be renewing their contracts with the UCRRA - they are pleased with the service.

Legislator Rodriguez to Tim Rose - Is there a risk of the Agency failing in the next few years. Tim Rose stated that he couldn't answer that question. Tim DeGraff offered that the UCRRA could experience problems if there is a significant drop in volume. The drop in tonnage is attributed to the recession. The change in volume is approximately 10 - 15%.

Legislator Rodriguez asked if the RRA has done anything recently to increase the volume? Tim Rose provided that they have been sending haulers to the New Paltz Transfer Station which can handle the volume and not interfere with the daily limits at Kingston.

Legislator Rodriguez to Tim DeGraff: What is the net service fee? Tim DeGraff stated: 2007 - 2.392, 2008 - 1.887, 2009 - 1.249 and 2010 - 1.398.

There was discussion about the revenues decreasing, the use of operating reserves and debt service excess reserves. Comptroller Auerbach commented that starting to invade revenues - one day they are gone and you ask how and why.

Kenneth Gilligan, Esq. to Comptroller Auerbach: Comptroller's reports indicate that the County is obligated for all debt. The Comptroller leaves the agreements in the hands of the attorneys. The UCRRA is responsible for repaying the NSF regardless of whether it is 38 million or 2 million - the County is responsible for making the RRA whole.

Chairman Roberts to Tim DeGraff: Do you see the reserves drying up? Tim DeGraff answered that if fuel costs go up - yes - if things stay the same - no.

Comptroller Auerbach encourages the Legislature to remove politics from the agency and work to remove and put to rest the undercurrent of criminal allegations surrounding the UCRRA.

Legislator Rodriguez initiated a discussion regarding privatizing. Would the RRA be involved with hauling and would it make sense to be involved financially? Tim DeGraff stated there are conflicting reports and this could be revisited. Comptroller Auerbach stated that the State Comptroller has a critical eye to look at things -

Tim Rose offered that he knows the Agency has worked in the past and wants the facility to be the best facility and the best fiscally run facility in the State. He is open to suggestions from anyone.

Chairman Roberts stated that he has complete confidence in Tim Rose.

Legislator Rodriguez mentioned that the committee should have another conversation with the RRA representatives regarding Flow Control. Chairman Roberts said that Flow Control is on the agenda for regular committee meeting scheduled for March 14, 2011.

Chairman Roberts stated that oversight of the UCRRA is tough. A new Joint Advisory Committee has been formed to look at viable solutions. He thanked Comptroller Auerbach for attending this meeting.

Legislator Hansut commented that the Legislature should reach out to the Attorney General's Office with all of the allegations. It is the responsibility of the Legislature to appoint members to the UCRRA Board and to take hits about *laissez faire* handling of the RRA is unfair.

Kenneth Gilligan, Esq., stated that the Attorney General's Office and the NYS Comptroller's Office will look at the reports issued by the County Comptroller.

Legislator Hansut supports bringing in the Attorney General and the State Comptroller to clear up any issues with the UCRRA. He commented about the allegations in the newspapers, ripping apart

members of the Legislature -- he expressed his sentiments about this kind of reporting and it being extremely unfair to decent people and their families.

Legislator Rodriguez requested that a draft resolution for the regular Committee meeting on March 14, 2011, to bring in the State Comptroller to audit the UCRRA. All in favor.

3. Motion to adjourn

Legislator Rodriguez motioned, seconded by Legislator Belfiglio to adjourn. All in favor.

Meeting adjourned at 6:29 PM.

Respectfully submitted,
Karen L. Binder, Clerk
Ulster County Legislature