

**Finance Committee  
Feb. 16, 2017  
Regular Draft Minutes**

Members Present:                   Committee Chairman Shanley  
  Jim Hayden  
  Andy Nunn (present via telephone)  
  Bob Painter

MIRA Staff Present:               Tom Kirk, President  
  Mark Daley, Chief Financial Officer  
  Jeffrey Duvall, Director of Budgets and Forecasting  
  Tom Gaffey, Director of Recycling and Enforcement  
  Roger Guzowski, Contract and Procurement Manager  
  Laurie Hunt, Director of Legal Services  
  Moirra Kenney, Assistant HR Manager/Board Administrator  
  Deepa Krishna, Manager of Accounting and Financial Reporting  
  Tina Mateo, Assistant Director of Budgets and Cash Management

Other Present:                       John Pizzimenti, USA Hauling

**PUBLIC COMMENT**

Committee Chairman Shanley called the meeting to order at 10:30 a.m. He said there were no members of the public who wished to comment and proceeded with the agenda.

**1.       Approval of the Minutes of the Jan. 19, 2016, Finance Committee Minutes**

Committee Chairman Shanley requested a motion to accept the minutes of the Jan. 19, 2016, Finance Committee meeting. The motion to approve the minutes was made by Director Hayden and seconded by Director Nunn.

The motion to approve the minutes was approved by roll call.

**2.       Discussion of Draft FY 2018 CSWS Operating and Capital Budget**

Chairman Shanley requested a motion on the above referenced item. The motion was made by Director Hayden and seconded by Director Nunn.

**RESOLVED:** That the Fiscal Year 2018 Materials Innovation and Recycling Authority Operating and Capital Budget attached hereto as Exhibit A (presentation form) and Exhibit B (budget line items) is hereby adopted as presented and discussed at this meeting; and

**FURTHER RESOLVED:** That the Board of Directors hereby authorizes the transfer of up to one million, eight hundred and eighty six thousand, five hundred and sixty four dollars (\$1,886,564) from the Property Division General Fund to the CSWS Tip Fee Stabilization Fund for the period July 1, 2017 through June 30, 2018. Such funds shall be drawn monthly, as part of the Authority's monthly flow of funds distribution, as necessary to supplement funds available within the CSWS Tip Fee Stabilization Fund for use in fully funding the FY 2018 CSWS Cost of Operation; and

**FURTHER RESOLVED:** That the Board of Directors hereby approves and establishes the following tip fees for FY 2018:

- Uniform Base Disposal Fee - for contracts substantially similar to Tier 1 Short Term Municipal Service Agreements and Waste Hauler Agreements expiring June 30, 2017 - \$70.00 per ton;
- Tier 1 Long term - \$68.00 per ton;
- Tier 2 - for contracts substantially similar to Tier 2 Municipal Service Agreements expiring June 30, 2017 - \$72.00 per ton;
- Tier 3 - \$68.00 per ton;
- Tier 4 - \$71.00 per ton;
- Recycling Deliveries – for the delivery of single stream recyclables by Non Participating municipalities to a transfer station - \$16.00 per ton.

Mr. Daley said last month the Finance Committee reviewed the first draft of this budget and noted the energy price and production assumptions were to aggressive. He said as a result management developed two additional scenarios which were considered by the full Board in January.

Mr. Daley said one scenario had a historic low price and a historic low production assumption and determined that in order to balance that budget a tip fee of \$76 would be required or an additional subsidy of \$3.1 million.

Mr. Daley said the second scenario represented the midpoint between the historic low and the original proposed budget which generally reflected FY'16 actual production. He said balancing this budget scenario would require a \$73 tip fee or an additional subsidy of \$1.5 million.

Mr. Daley said in addition management was asked to explore the possibility of averaging out the improvement fund requirements over a couple years. He said that would have required moving the turbine 6 outage to the fall of FY'19 and averaging the two years which would have provided a \$1.8 million reduction in the FY'18 budget with a corresponding increase in the FY'19 budget.

Mr. Daley said the feedback provided by the Board was that management should lower the energy price estimate, keep production at 347 million kilowatt hours and to not defer the turbine 6 outage. He said the second draft budget sets a price of 3.4 cents per kilowatt hour and balances the budget by reducing spending, increasing the subsidy provided by the Property Division General Fund to the \$1.9 million maximum estimated in October, and keeping the tip fee at the originally proposed \$70.00.

Mr. Daley reviewed the budget in detail with the Committee and reviewed the costs associated with the possibility of re-opening the Ellington Transfer Station. Director Painter requested that the resolution be modified to clarify that the subsidy from Property Division General Fund is a maximum of \$1.9 million for the full fiscal year. Mr. Daley stated those modifications would be made before the resolution went to the full Board.

The motion previously made and seconded was approved unanimously by roll call.

### **3. Discussion – Informational**

Mr. Daley reviewed the informational reports for the period ending December 31, 2016. He said MIRA's total personal services year to date are \$262,000 under budget, or 11%. He said the surplus is expected to hold. Mr. Daley said the total Authority budget is \$340,000 or 16% under budget. He said the Property Division had a \$157,000 surplus in the operating expense budget which allowed Property Division income to be 43% better than budget for the month of December. He said year to date the Property Division income is nearly \$1 million above budget.

Mr. Daley said CSWS continues to see an uptick in metal pricing which has now brought metal sales prices to within 9% of budget. Mr. Daley said deliveries to the recycling facility continue to be strong. He said that CSWS single stream recycling deliveries were 23% above budget for December and pricing on all categories of export are up and above budget.

Mr. Daley said overall recycling delivery revenue was 37% above budget and export revenue is 142% above budget for the month. He said the deadline for renewing the FCR contract for a year is approaching and May 1 is the trigger date to extend that contract and planning for this extension will begin shortly.

Mr. Daley said there are two energy hedges in place totaling 30 megawatt hours for CSWS. He said CSWS energy came within 5.9% of budget on price. Mr. Daley said that CSWS energy production was 8.4 million kilowatt hours or 29% under budget in December with the plant running at full capacity for 10 days out of 31 days in December. He said deliveries of MSW to the plant were 4,625 tons or 19% under budget as a result.

Mr. Daley said in terms of cash flow, \$203,000 passed through the tip fee stabilization fund over to CSWS to fund operations for December which required a \$660,000 short funding of the operating account. He said year to date distributions to the tip fee stabilization fund are just under \$2.5 million and the total amount contingently due back to the fund is \$14.5 million.

### **EXECUTIVE SESSION**

Committee Chairman Shanley requested a motion to go into Executive Session to discuss pending litigation and pending RFP responses.

The motion was made by Director Hayden and seconded by Director Painter. The motion was approved unanimously by roll call. Committee Chairman Shanley requested that the following people remain for the first portion of the Executive Session, in addition to the Committee members:

Peter Egan  
Laurie Hunt  
Mark Daley  
Tom Kirk

The Executive Session commenced at 12:07 p.m. and concluded at 12:39 p.m.

The meeting was reconvened at 12:39 p.m. The door was opened, and the Board Secretary and all members of the public (of which there were none) were invited back in for the continuation of public session.

**ADJOURNMENT**

Committee Chairman Shanley requested a motion to adjourn the meeting, which was made by Director Hayden and seconded by Director Painter.

The meeting was adjourned at 12:39 p.m.

Respectfully submitted,

Moira Kenney  
Assistant HR Manager /Board Administrator