

MONTGOMERY-OTSEGO-SCHOHARIE
COUNTIES'

2010 SOLID WASTE REPORT

DRAFT

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REPORT OUTLINE

- 1. Background 1
- 2. MOSA Bonds Defeasance 2
- 3. Post-Closure Agreement 2
- 4. Allocation of MOSA Assets 3
- 5. Evaluation of Future Options 4
 - 5.1 Continuation with MOSA by All Counties 7
 - 5.2 Discontinuation with MOSA by All Counties 9
 - 5.3 Discontinuation with MOSA by One or Two Counties 12
- 6. Potential Mitigating Actions 13
- 7. Flow Control 14
- 8. New Service Agreement 18

1. Background

The original concept of the Montgomery-Otsego-Schoharie Counties' Solid Waste Management Authority [MOSA] was to create a regional entity that could build a comprehensive solid waste management system to serve the needs of the residents, businesses, industries, and institutions of the three Counties. MOSA was created to develop essential environmental management facilities and programs; to advance recycling and waste reduction; to capture economies of scale; to spread costs over a wider base; and to operate in a business-like fashion. The regional system was envisioned to include new recycling and disposal facilities with the Authority empowered to resolve the difficult public policy issues one step removed from the political firestorms that accompany nearly every solid waste facility siting process. Importantly, MOSA was originally intended to be a financially independent entity.

The evolution of MOSA has been far different than the original concept. The system of integrated solid waste management facilities has not been developed. There is no materials recovery facility to support recycling. Recycling has been, for the most part, returned to the Counties. There is no compost facility to support organics recovery. There is no household hazardous waste facility to reduce the disposal of toxics. There is no disposal facility. The Counties have remained the principal means of financing the Authority through tip fee subsidies and through the guaranteed annual tonnage [GAT] requirement and the GAT shortfall penalty payments. The only component of an integrated solid waste management system built by MOSA is the series of five (5) transfer stations used to consolidate waste for delivery to contract landfills. In summary, none of the original reasons for creating MOSA have been met.

Although the 1989 Service Agreement among the Counties and MOSA clearly sets forth that the Counties' primary responsibility was to insure the delivery of waste to the designated MOSA facilities, the costs incurred by MOSA and the associated rates charged by MOSA have been so high that the private market forces have pulled waste out of the MOSA facilities and into lower cost landfills. Even with tip fee subsidies and reversion of recycling programs to the Counties, MOSA costs and tip fees have

increased to a level that is significantly higher than the prevailing solid waste market in New York State. Even after the elimination of the debt service obligation, there is still a significant overhead expense for the MOSA system.

This condition, which evolved over the course of 20 years, led the Counties to examine what options they may have that would resolve the significant, ongoing problems. In 2009, Otsego County, Montgomery County, and Schoharie County retained Gerhardt to prepare a new Service Agreement that spells out the legal, financial and operating responsibilities of the Counties in the provision of solid waste management services and that defines the future relationship of the Counties with MOSA. This brief report is intended to recount actions taken in 2009; to evaluate options available to the Counties; and to provide a foundation for a new Service Agreement.

2. MOSA Bonds Defeasance

In 2009, Gerhardt identified the potential for MOSA to utilize its reserves to satisfy its entire outstanding debt obligation. Montgomery County, Otsego County, Schoharie County and the Authority agreed with this initiative and bond defeasance was completed on December 30, 2009, thereby allowing for a substantial (approximately \$20 per ton) reduction in the MOSA tip fee. This will help keep waste in the MOSA system and reduce the chance of a GAT penalty being imposed on the Counties.

3. Post-Closure Agreement

In order to utilize approximately \$9.6 million of MOSA reserves to defease the MOSA bonds, there had to be a means of insuring that the three (3) closed landfills [which had been transferred by Montgomery County and Otsego County to the Authority] continue to be properly monitored in compliance with State regulations.

Therefore, Gerhardt drafted, and the Counties and MOSA approved on December 10, 2009, a Post-Closure Agreement in which the Counties agreed to a municipal guarantee to fund all post-closure responsibilities.

The Post-Closure Agreement and corresponding defeasance of the MOSA bonds achieved not only a significant fiscal benefit for all users of the MOSA system, it also satisfied the principal purpose of the May 1, 1989 Service Agreement among the Counties and MOSA – a guarantee, effectively, by the Counties of the MOSA bonds. In that 1989 Agreement, the Counties insured that they would cover the debt service obligation for the MOSA bonds through a GAT mechanism including penalty payments for any tonnage shortfalls.

Although all debt service and bond obligations have been satisfied, the 1989 Agreement still financially obligates the Counties to cover MOSA's operating expenses.

4. Allocation of MOSA Assets

The evaluation by the Counties of alternatives for providing solid waste management services in the future, and the analysis of how such alternatives will define the relationship among the Counties and MOSA, must include consideration of MOSA's physical and fiscal assets. Whether or not now, or in the future, one or more of the Counties discontinues its membership in MOSA, it would be prudent to agree now on a plan for the allocation of these assets.

Since its creation in 1987, MOSA has acquired assets through transfers from the Counties, purchases using operating revenues, and purchases using bond proceeds. This obviously covers a wide-range of products, equipment, land, buildings, and fixtures. At this time, MOSA has not yet provided an inventory of its physical assets. Such an inventory will be necessary before the Counties can complete their evaluation, discuss it among themselves, and make the necessary decisions.

However, on a conceptual level it can be recognized that all equipment purchases and facility development by MOSA has been accomplished through the fees collected by MOSA for the delivery of waste or through GAT penalty payments. In both cases, either directly or indirectly, the citizens, businesses, industries, and institutions within the three

Counties have paid for these assets either through their payments to haulers or local municipalities for solid waste service, or through their County taxes or solid waste user fees. Also, the Counties have taken direct responsibility for the three (3) closed landfills which are technically assets, but which, in fact, represent a long-term liability and cost.

MOSA was created at the request of the Counties. The Authority is an agent of the Counties and has a solitary statutory charge to provide services to the Counties, for the benefit of the Counties. If, for whatever reason, MOSA is to cease operations, the assets of the Authority belong to the Counties. There would be no other logical entity to take over the Authority's assets (and liabilities) other than the Counties. This is also true for MOSA's fiscal assets. MOSA's reserves should be approximately \$2.5 million, based on the use of approximately \$9.6 million to defease the outstanding bonds.

Since nearly 100% of MOSA's revenue has come from fees on waste from the Counties, or from penalties assessed on the Counties, the most equitable approach would be to use the ratio of actual payments made by each of the Counties, including all GAT penalties, over the life of the Authority. That ratio could then be applied to the total MOSA assets value. An examination of MOSA's physical assets in each County could then identify if the MOSA assets in each County approximate the calculated share. Only after completing such an evaluation, will the Counties be able to fully consider the impacts of future options.

5. Evaluation of Future Options

As a starting point for evaluating options, the following from the adopted MOSA 2010 Budget [as amended to reflect the defeasance of the MOSA bonds], is provided.

2010 MOSA BUDGET SUMMARY	2010 BUDGET
APPROPRIATIONS	
Debt Service	\$0
Transportation and Disposal	\$6,238,240
Environmental Protection	\$ 71,676
Landfill	\$ 238,930
Maintenance Department	\$ 555,927
Finance and Administration	\$ 659,206
Transfer Stations	\$1,138,613
Total 2010 Budgeted Appropriations	\$8,902,592
REVENUES AND CONTRIBUTIONS	
Bag Waste and Minimum Fee Revenue	\$243,058
2009 Excess Revenue from Outside Wastes	\$53,107
Recycling Services	\$84,852
Other Surcharges and Fees	\$32,280
Rent at OTS for Recycling	\$20,160
Interest Earnings	\$40,000
Other	\$1,200
<i>Rate Stabilization Contribution - \$341,036 budget</i>	\$0
Total 2010 Budgeted Non-Tip Fee Revenues and Contributions	\$474,657
Revenue From Tip Fees	\$8,427,935
TOTAL REVENUE	\$8,902,592
Tip Fee Calculation $\\$8,427,935 \div 97,169 \text{ tons} = \\86.73 per ton	

Even with the elimination of the debt service expense, other significant expenses remain. If one were to assume that MOSA's expenses, other than debt service, would remain the same and then consider what revenues can be relied upon, an estimate of the revenue necessary from tip fees can be made. [For this analysis, we believe it is prudent to eliminate anticipated revenue from the rate stabilization reserve because reliance on this reserve is not sustainable.] When that estimate is done, the revenue needed from tip fees is \$8,427,935 and the cost is \$86.73 per ton using MOSA's estimated annual tonnage.

This illustrates a key point in the overall analysis of MOSA's future.

MOSA's operating costs directly impact MOSA's viability to operate in the waste disposal market. Although transportation costs vary, depending on distance to the disposal facility, the current spot market for transfer and disposal from the MOSA region is as low as \$45 per ton [\$25 for transportation and \$20 for disposal]. However, this reflects an extremely low disposal cost, due to both the economic recession and the winter season. A more reasonable estimate of the current market for transfer and disposal is approximately \$55 per ton.

Obviously, there is a significant difference between the effective MOSA cost of \$86.73 per ton and the private market cost of \$55.00 per ton. Even though it is fully expected that MOSA will be able to negotiate a new transfer and disposal agreement with a lower cost than the current \$64.20 per ton, it will still be confronted with a significant disparity between their cost and the price offered in the open market. Based on experience with other public systems in Upstate New York, if a tip fee is more than \$10 over the market, significant waste loss is likely. Unless substantial changes are made, the private disposal market will continue to pull waste out of the MOSA system.

[It is also worth noting that other public systems also charge tip fees that are higher than the market for transfer and disposal, and they have not been subject to the same levels of waste loss. However, these other systems offer a wider array of services and

expenses which are included in the system tip fee and waste generators and haulers have seen value in those services and continue to use those public facilities.]

In looking at MOSA's expenses, the current transfer and disposal contract should be rectified in the next procurement and can be structured in the future to track more closely with the private market. It does not appear that the environmental protection, landfill, or maintenance expenses are out of line with the function and scale of MOSA's operations. However, the finance and administration expenses need to be examined to see if they can be reduced. The biggest cost center that is out of line with a simple transfer and disposal operation is the transfer stations. These costs are significant and higher than what a system the size and scope of MOSA can support. In order to approach a more competitive tip fee, major reductions in transfer stations' costs and reductions in other costs would be needed.

Outlined below are the major options, identified in the contract for services, which are available to the Counties for providing solid waste management services and for defining their future relationship with MOSA.

5.1 Continuation with MOSA

In many ways, continuation by the Counties with MOSA is the easiest course of action if the Counties are satisfied with a rudimentary waste transfer system. The basic infrastructure is in place and the Counties are use to the mode of operations. Also, some significant improvements were made in 2009. The annual debt service obligation was satisfied by defeasance of the MOSA bonds. The long-term obligations of the Counties to monitor, maintain, and remediate the three (3) closed landfills owned by MOSA has been established in the December 10, 2009 Post-Closure Agreement. The newly elected MOSA Chair and newly appointed executive director have stated their commitment to address the Counties' concerns, correct past problems, and chart a new path for MOSA in the future.

However, the fact remains that MOSA has no way to obtain revenue other than through the fees it charges and through payments from the Counties. If the Counties wish to continue with MOSA, one of the following must be done: 1) significant cuts must be made in overhead expenses, 2) subsidy payments in some form must continue, or 3) MOSA must develop a comprehensive integrated system that can be supported by flow control enacted by the Counties.

In looking at potential cuts in expenses, a new transfer and disposal agreement should bring that cost down. However, that future MOSA contract price will continue to be pressured by the private disposal market. Other significant cuts in MOSA expenses would be critical to be as competitive as possible, and even then the private market may pull waste out of the system. MOSA is currently working to cut expenses which the Counties can evaluate as part of the decision making process. In the final analysis, the only place where substantial cuts can be made is with the transfer stations. If the Counties stay with MOSA, the system should be reduced to two (2) transfer stations.

If such expense cuts are not made and all three (3) Counties stay with MOSA, the Counties would need to provide a subsidy of some form. That could be done through the current GAT type arrangement, through an annual budget shortfall payment, through a hauler subsidy, or through some combination of such payments. Regardless of the form of the subsidy, the dollar amount necessary to subsidize the MOSA operation can be estimated as follows:

Effective MOSA Cost	\$86.73 per ton
Highest Rate Market Will Tolerate	\$65.00 per ton
Difference Requiring Subsidy	\$21.73 per ton

Therefore the following level of subsidy would be required from each County, based on the 2010 estimated total annual tonnage:

Montgomery (40,913 tons)	\$ 889,039
Otsego (38,871 tons)	\$ 844,667
Schoharie (17,385 tons)	\$ <u>377,776</u>
Total Annual Subsidy	\$ 2,111,482

Based on an assumption that MOSA would secure a new transfer and disposal agreement in 2011 for \$55 per ton, the following is an estimate of the subsidy required.

Effective MOSA Cost	\$77.53 per ton
Highest Rate Market Will Tolerate	\$65.00 per ton
Difference Requiring Subsidy	\$12.53 per ton

Montgomery (40,913 tons)	\$ 512,640
Otsego (38,871 tons)	\$ 487,054
Schoharie (17,385 tons)	\$ 217,834
Total Annual Subsidy	\$1,217,528

5.2 Discontinuation with MOSA by All Counties

The fact that MOSA has not met the original goals for creating the Authority has caused each of the Counties to question whether or not continuation with MOSA is in their best interest.

The first task facing the Counties would be securing a transfer and disposal agreement. In work done by Gerhardt for Otsego County in 2009, contacts to seventeen (17) neighboring and nearby public disposal facilities identified eleven (11) potentially willing to accept waste from Otsego County. It is reasonable to project that some combination

of those facilities could accommodate waste from the three (3) Counties. While no final cost can be determined until an inter-municipal agreement is negotiated, preliminary discussions indicate that the cost of disposal would be close to or at the cost in the private market. While one school of thought is that bigger waste volumes always command the lowest price, several of the neighboring public disposal facilities would actually prefer smaller volumes like those generated by the individual Counties. An arrangement with more than one disposal facility may also be possible and beneficial. It should be noted that any future transfer and disposal procurements should be done directly with the disposal facility owner as the prime contractor and the hauling as a subcontract, or as a separate contract. This will insure the best disposal price and will avoid having to deal with the disposal facility through the hauler.

If the Counties were to provide solid waste management services on their own, the cost to each of the Counties to provide the same level of solid waste management services as currently provided by MOSA, will be the cost of a new transfer and disposal agreement, plus the cost of operating the transfer station or stations used in the future, plus the post-closure monitoring and maintenance costs, plus the costs for regulatory compliance, reporting and planning. For the purpose of this analysis, the estimates reflect the transfer of the transfer stations from MOSA to each County at no charge. Based on current market conditions, operating expenses, and post-closure expenses, the following is an estimate for the Counties to provide solid waste management services on an independent basis:

Estimated New Transfer and Disposal	\$55 per ton
Post-Closure	\$ 3 per ton
Transfer Station Operations	\$11 per ton
Regulatory Compliance, Reporting, Planning	\$ 2 per ton
TOTAL	\$71 per ton
Highest Rate Market Will Tolerate	\$65 per ton
Difference Requiring Subsidy	\$ 6 per ton

No post-employment costs for MOSA employees have been identified.

As noted above, the current private market cost is estimated at \$55 per ton. Using the rule of thumb that the market will “tolerate” a fee in the range of \$10 over the market before a significant waste loss occurs, the Counties should expect to provide a subsidy of \$6 per ton as shown below.

Montgomery (40,913 tons)	\$245,478
Otsego (38,871 tons)	\$233,226
Schoharie (17,385 tons)	<u>\$104,310</u>
Total Annual Subsidy	\$583,014

Therefore, the level of subsidy for the Counties each operating their own independent systems compares favorably to the level of subsidy required for MOSA’s current costs as well as to the subsidy required based on a new MOSA transfer and disposal contract.

If the Counties decide to discontinue using MOSA, they could also withdraw from playing any part in the delivery of solid waste management services. This would require every homeowner, business, industry and institution within the Counties to make their own arrangements for service. Although there are a number of private haulers serving the Counties and the municipalities (cities, towns, villages) may still elect to provide some service, the lack of County solid waste systems will create confusion, inefficiencies, and duplication that will ultimately increase costs and very likely decrease the level of services, especially recycling. Without a County system, private companies will offer services representing the lowest cost and since recycling is a cost over and above the minimum necessary to dispose of waste, recycling service may be dropped in some cases. Under this option, there will be no check on the cost of waste disposal and the residents, businesses, and industries in the Counties would face significant risks from future price increase and environmental liability.

It is not recommended that the Counties discontinue the provision of solid waste management services at the County level.

5.3 Discontinuation with MOSA by One or Two Counties

If one or two of the Counties wish to withdraw from MOSA, it presents a significantly more complicated set of issues. Although an equitable distribution of MOSA assets can be achieved as recommended in Section 4, if one or two Counties stay and one or two Counties leave, the financial impact on the Counties that stay is difficult to assess. The concern is that a certain portion of the MOSA overhead is fixed and if one or more Counties leave, then the remaining County(s) will have to cover the remaining overhead. However, it is possible to get a general view of the fiscal implications for MOSA should one of the Counties withdraw through a straightforward analysis of revenues and expenditures as summarized in the table below. The table combines the transfer station revenues and expenses on an individual County basis and then calculates the shortfall which results from a County or Counties withdrawing from MOSA. The table uses the \$86.73 per ton calculated cost of the MOSA system which reflects defeasance of the MOSA bonds and subtracts the contribution from the rate stabilization fund. As explained in Section 5.1, an \$86.73 per ton MOSA tip fee would require subsidy from the Counties, however, the table below does not include such a subsidy. However, if one or more Counties left it would result in the shortfall noted in the table, which would have to be covered by the remaining Counties in addition to the type of subsidy identified in Section 5.1.

Also, the table below does not include additional cuts in expenses [beyond the elimination of the costs associated with the transfer stations taken over by an individual County] that could be made by MOSA if one or more of the Counties withdrew.

Potential MOSA Reconfiguration

	Otsego Schoharie	Montgomery Schoharie	Montgomery Otsego	Montgomery
REVENUE				
Tip Fees	\$4,879,084	\$5,056,185	\$6,979,667	\$3,548,384
Post-Closure	\$126,000	\$120,000	\$54,000	\$180,000
Total Revenue	\$5,005,084	\$5,176,185	\$7,633,667	\$3,728,384
EXPENSES				
Transfer Stations	\$4,420,528	\$4,480,647	\$5,852,529	\$2,956,324
Finance & Admin.	\$645,527	\$645,527	\$645,527	\$645,527
Env. Protection	\$71,676	\$71,676	\$71,676	\$71,676
Landfill	\$201,430	\$201,430	\$201,430	\$201,430
O&M	\$554,927	\$554,927	\$554,927	\$554,927
Total Expenses	\$5,894,088	\$5,954,207	\$7,326,089	\$4,429,884
SHORTFALL	(\$889,004)	(\$778,022)	(\$292,422)	(\$701,500)
Notes:				
1) Revenues calculated using MOSA 2010 GAT waste x calculated MOSA Cost \$86.73 per ton 2) Expenses taken from MOSA 2010 budget as amended 3) Post-Closure \$300,000 ÷ County share (Montgomery 42%; Otsego 40%; Schoharie 18%)				

6. Potential Mitigating Actions

There are a limited number of actions available to the Counties and MOSA that could address long-standing issues with Authority operations and address some of the financial impacts facing the solid waste management system. Greater participation by the Counties in the MOSA budget process could produce a better understanding of system operations and costs and could help identify expense reductions. However, we do not believe that the MOSA State enabling statute would allow a requirement for the approval by the Counties of the annual MOSA operating budget and rates. Similarly, we do not believe the statute would allow for a requirement of prior approval by the Counties of any MOSA borrowing. However, with respect to borrowing in general and the issuance of bonds specifically, it is a standard requirement that the Counties be asked to affirm the validity of a service agreement that “backstops” any bonds. Essentially, prospective bond buyers require an assurance that the Counties will pay if there is a bond payment default [or late payment] by the Authority. This underscores the

importance of the terms of the service agreement. In any case, placing fundamental limits on Authority financial management may be attractive to the Counties, but it would beg the question of continuing the Authority versus establishing independent County solid waste departments.

Ideally, the Authority should be on an independent organization that raises all the revenue necessary to cover all its expenses.

7. Flow Control

Flow control is an informal term referring to laws that direct the delivery of waste generated in a given area to specific disposal facilities that are designated by the governmental entity. Flow control laws are typically applied to generators and haulers of solid waste. The law can direct part, or all, of the waste stream. Flow control is a management tool for local government that can provide several benefits. For a municipality that has elected to provide disposal or recycling service to its residents and businesses, and has invested capital in the construction and operation of solid waste facilities, flow control laws can insure that the proper material goes to each facility, that environmental risks are minimized, that recycling laws are enforced, and that the costs of the facilities can be recovered through fees charged according to the amount of waste delivered.

Such laws were common and their use was frequently relied upon by purchasers of municipal bonds for solid waste facilities, particularly where the primary source of repayment was the anticipated revenue from tipping fees. Local legislatures, in determining to build a new disposal facility with taxpayers' funds for taxpayers' waste, adopted laws directing local waste to the public facility so that sufficient revenues could be derived to operate the facility and repay the bonds.

Some flow control laws have been challenged by private landfill owners and haulers who said they suffered financial damage from the laws. In 1994, the United States Supreme Court, in *C & A Carbone v. Town of Clarkstown*, found that a flow control law

adopted by the Town of Clarkstown, New York, violated the commerce clause of the Constitution in that it favored the local private facility designated to receive the town's waste, and discriminated against facilities located in other states that were prohibited from competing with that facility. The *Carbone* decision prompted many similar challenges to flow control laws in other jurisdictions and many municipalities suspended their laws to avoid challenges.

One result of the loss of the ability to enforce flow control by municipalities was a loss of waste at municipal facilities. Private haulers and disposal companies developed the ability to haul waste long distances to landfills with low tip fees. Because most municipal waste systems provided recycling and other programs that did not necessarily generate revenue, municipal fees for the disposal of non-recyclable waste were frequently higher than fees charged for simple transport and disposal of waste to distant landfills. Local waste haulers, looking for the lowest price available, began diverting waste away from municipal facilities, in favor of other options. This occurred in many New York municipalities.

In 2007, the Supreme Court returned to the subject, upholding the flow control laws of Oneida and Herkimer Counties in *United Haulers Association v. Oneida-Herkimer Solid Waste Management Authority*. In *United Haulers*, the Court distinguished the laws and waste system presented to Oneida and Herkimer Counties from the situation presented in *Carbone*. The court ruled that flow control laws that benefit publicly-owned facilities, and bar all private facilities, regardless of their location, from access to local waste, do not discriminate against interstate commerce. The Court distinguished *Carbone* because Clarkstown's law favored a local private facility over other private competitors. Under *United Haulers*, flow control laws favoring public facilities are to be evaluated under a more lenient standard, balancing the public benefits of the laws against the incidental burdens they may impose on interstate commerce. Significantly, the Court found that revenue generated by the laws, with or without additional environmental and public health benefits, is a legitimate public benefit to weigh in the balance against burdens on interstate commerce.

A key part of the *United Haulers Decision* is the Court's recognition of the integrated system which implements well founded public policies. Although flow control is a convenient and effective financing mechanism, in the case of Oneida-Herkimer, it was found to be rooted in much broader public objectives validated by the Court. The following are excerpts from the Supreme Court Decision:

"The ordinances give the Counties a convenient and effective way to finance their integrated package of waste disposal services. While "revenue generation is not a local interest that can justify discrimination against interstate commerce," Carbone, 511 U.S, at 393 (emphasis added), we think it is a cognizable benefit for purposes of the Pike test. At the same time, the ordinances are more than financing tools. They increase recycling in at least two ways, conferring significant health and environmental benefits upon the citizens of the Counties. First, they create enhanced incentives for recycling and proper disposal of other kinds of waste. Solid waste disposal is expensive in Oneida-Herkimer, but the Counties accept recyclables and many forms of hazardous waste for free, effectively encouraging their citizens to sort their own trash. Second, by requiring all waste to be deposited at Authority facilities, the Counties have markedly increased their ability to enforce recycling laws. If the haulers could take waste to any disposal site, achieving an equal level of enforcement would be much more costly, if not impossible. For these reasons, any arguable burden the ordinances impose on interstate commerce does not exceed their public benefits."

An integrated system is an essential precedent for the consideration of flow control and such a law should be considered only when it is based on a comprehensive planning process and plan. Care should be taken so that flow control is not misinterpreted as having the single purpose of trying to meet the minimum waste GAT established by MOSA. Although the United States Supreme Court established in *United Haulers* that *Oneida-Herkimer* legitimately used flow control as a finance mechanism, *Oneida-Herkimer* was financing a system which was built based on a comprehensive evaluation

of all reasonable options and based on public input and specific public policy decisions by elected officials. At this time, the MOSA system is not consistent with an Oneida-Herkimer type system. However, if MOSA is willing to engage in a comprehensive planning process with the Counties, a foundation for flow control in the future could be accomplished.

An important step in developing a comprehensive, integrated system would be documenting the quantity and character of waste generated in the three-County service area. Several Counties in New York State have developed a good data base of waste generation in their jurisdiction. The application of that data to Montgomery, Otsego and Schoharie Counties is shown below. While such an exercise can be helpful in beginning to get a handle on waste generation and it may be instructive in future GAT calculations [if a GAT requirement continues], the wide range of possible waste generation for the three counties [80,112 to 136,989 tons per year] indicates that more work is necessary to develop a narrower estimated range.

Estimated Waste Generation

	T/P/Y	MOS (1)	T/H/Y	MOS (2)
Fulton	.946	135,091	2.838	136,989
Madison	.561	80,112	1.544	88,758
Oneida-Herkimer	.604	86,252	1.531	88,011
Onondaga	.660	94,249	1.654	95,082
US-EPA	.843	120,382	2.100	120,721

Notes:

T/P/Y Tons per person per year

T/H/Y Tons per household per year

(1) Annual waste generation based on US Census 2008 estimated population of 142,802

(2) Annual waste generation based on US Census 2008 estimated households of 57,486

8. New Service Agreement

Based on the information and analysis provided in this report, Gerhardt has prepared a proposed new Service Agreement which is attached. Importantly, no final decisions have been made by the Counties. In part to illustrate how an arrangement would work if one of the Counties left MOSA, the Service Agreement has been prepared with Montgomery and Schoharie Counties staying in MOSA, and Otsego County leaving. This will inform the Counties of what's involved and assist them in reaching a final decision on how each wants to provide solid waste management services in the future. Then, the Service Agreement can be modified to fit the decision by each of the Counties.