

OCRRA

Serving our community, our families and our future

Our Mission Statement

The Onondaga County Resource Recovery Agency is supported by an experienced team of employees, integrating their diverse skills to manage our community's solid waste system in an efficient, safe, environmentally sound and cost-effective manner.

2003 ANNUAL BUDGET SUMMARY



OCRRA

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Onondaga County
Resource Recovery Agency
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A Message from the OCRRA Board

This 2003 Budget Summary reflects the OCRRA Board's responsibilities, goals and estimates revenues and expenses required to continue providing the community with a complete range of environmentally safe, efficient and economical solid waste services. Upon identifying necessary expenses, we examined the revenues and funding sources necessary to provide those services and determined a revenue shortfall of \$4.8 million would result. This 2003 Budget of \$37,659,540 is \$460,460 or 1.2% less than the 2002 Budget.

The 2003 shortfall stems from the need to set a market based tipping fee below our base case breakeven budget of \$70/ton for municipal solid waste (MSW). By setting tipping fee rates of \$58/ton for Contracted Haulers, we experience a revenue shortfall that must come from Agency reserves to balance a budget for year 2003. By using reserves for operations funding in 2000, 2001, 2002, and now in 2003 we will have forfeited about \$13.5 million that could have been utilized to reduce our long-term debt in addition to losing about \$800,000 in investment revenue.

2003 will be one of our most challenging budget years since OCRRA began operations in 1990. We looked forward to debt restructuring in 2002 to put OCRRA in a revenue and expense neutral position. The bankruptcy of the Waste-to-Energy operator and correlating Rating Agency actions drastically darkened that horizon. Efforts are now focused to restore stability, restructure the debt, or potentially restructure the entire Waste-to-Energy Project.

OCRRA Board of Directors

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New Concerns and Challenges on the Horizon

The last budget message (FY2002) outlined the potential for loss of waste in our System unless the Agency offered a competitive tipping fee. We are pleased to again report that the second year of the 5-Year Agreements has worked well and has secured the delivery of municipal solid waste in 2002.

Market area disposal dynamics continue to require OCRRA to offer a competitive rate to retain system waste. The \$58/ton tip fee for 2003 is a double edge sword. We have a contract that allows us to retain tonnage levels. On the other hand, the Agency must again use a portion of its reserves to maintain a balanced budget. There are obvious risks with this unsustainable approach. Reserve usage to support operations is not sustainable beyond 2007.

Depleting reserves strains our ability to reduce long-term debt and produce benefits of lower tipping fees for future years. Continued dependence on use of reserves weakens the overall OCRRA financial structure. Continued reserve draws cannot be sustained long term and the end horizon is now only a handful of years away. Each year we use reserves, we forfeit lowered tip fees for our municipal partners. Total reserves depleted through 2003 will be \$13.5 million.

Debt restructuring opportunities have been stalled by the bankruptcy of the Waste-to-Energy operator, Covanta Energy Corp. Due to the bankruptcy a number of restructuring options are in study. But the process is extremely complicated.

Municipal partnering in resolving the system dynamics is crucial in order to continue to provide our community with a host of proper solutions to protect public health and the environment. A secure source of revenues must be provided to continue such a program. OCRRA is not a division or branch of county government. No county or local taxes fund OCRRA but OCRRA cannot go it alone. Recent court decisions on flow control open the door for action by Onondaga County.

OCRRA was never designed to be competitive with the market but to provide the community with a wide array of positive environmental solutions. Our original project documents in 1992 forecast tipping fees almost twice that of our current break even tipping fee. We have cut our expenses across the board for all items under our direct control. Restructuring opportunities are started but may be most difficult to conclude.

OCRRA's Community Related Services

As a public authority, OCRRA is charged with managing a complex solid waste system. In that role, we provide various services to our community, which are supported by this Budget. These Services include the following;

Recycling

- Administer and support Local Law 12, The Source Separation Law, by recycling more than 600,000 tons through mandatory and voluntary recycling with a 98% participation rate
- Work with haulers, residents, businesses, participating municipalities and apartments to collect 16 mandatory items and provide bins and pails
- Research market opportunities for additional recycling
- Promote public education and awareness
- Handle 50,000 hotline calls and speak to 12,000 students annually
- Operate two compost sites for mulch and compost
- Sponsor Household Hazardous Waste days, serving thousands of households
- Sponsor battery collection programs year round
- Visit apartment complexes to promote recycling
- Assist over 1,500 businesses annually in the community, addressing their waste and recycling needs

Transfer Operations

- Properly dispose of WTE ash residue at a permitted landfill
- Provide a facility to accept and process construction debris
- Provide a disposal site for residents wishing to dispose of their own trash and recyclables

Waste-to-Energy

- Complimenting economic growth with adequate trash disposal capacity
- Provide an environmentally safe process to dispose of waste generated in the county
- Convert garbage into electricity reducing our dependence on fossil fuels and foreign oil

WEB Site: www.ocrra.org

Our Goals for 2005

Financial Goals

Improving OCRRA's economic structure remains a vital ingredient to providing a sound solid waste management system by:

1. Reducing costs through improved efficiency, management of operations, and restructuring the waste-to-energy project.
2. Establishing the groundwork for a debt restructuring.
3. Restoring our project bond ratings to investment grade. Covanta bankruptcy caused sudden uncontrollable impacts on OCRRA's debt. Recovery from the Covanta bankruptcy impacts is critical and most difficult.
4. Finding a project structure to affirm reliability and "business as usual" performance through various financial and economic downturns.

Environmental Goals

Processing and disposing of the County's solid waste safely and continuing support of the community's nationally recognized recycling programs remain our top priorities.

We will accomplish this as follows:

1. Continued efforts to remove household hazardous waste from the waste stream with twice-yearly collection days, ongoing recycling related public education, battery collection programs, yard waste composting, and education on waste minimization.
2. Strictly adhere to EPA and DEC standards with continuous emission monitoring, stack testing, and inspections of the WTE Facility.
3. Conduct tests on ash residue to ensure continued compliance with regulatory standards.
4. Inform the County Public Health Department of testing results and make data available to the public.
5. Benchmarking against others and implementing change where appropriate.

Communication Goals

Educating and communicating effectively with the public by:

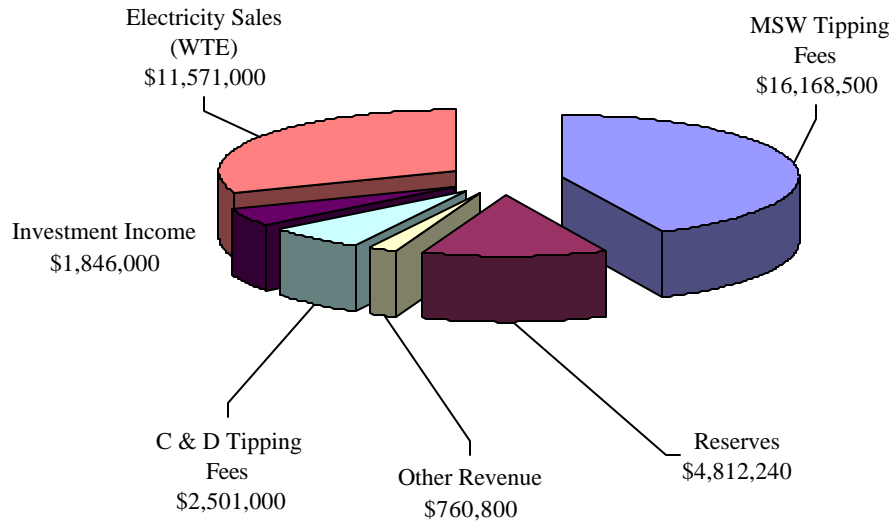
1. Constructively developing and discussing the positive economic and financial impacts achievable with restructuring opportunities to reduce costs.
2. Frequently meeting with county and municipal officials, citizen groups, and editorial boards/media to explain OCRRA's environmental mission.
3. Explaining all the options and risks associated with new opportunities with recent flow control court decisions.
4. Educating the public in recycling via media advertising, classroom training, and waste reviews at businesses. We will continue to keep reduction, reuse, and recycling first in our disposal decisions.
5. Publishing results of environmental data and working in harmony with local media and elected officials. We will work to preserve the public's trust in our activities.
6. Continuing to maintain recognition as an Agency respected for its sound fundamental operating procedures and practices.
7. Publishing results and reports to the entire community through the use of our Web Site: www.ocrra.org.

Where Revenue Dollars Come From

OCRRA's 2003 anticipated revenues are produced from the following sources:

<u>Revenue Projections</u>	<u>Amount</u>	<u>%</u>
MSW Tipping Fees	\$ 16,168,500	42.9%
Electricity Sales (WTE)	\$ 11,571,000	30.7%
C&D Tipping Fees	\$ 2,501,000	6.7%
Investment Income	\$ 1,846,000	4.9%
Other Revenue	\$ 760,800	2.0%
Reserves	\$ 4,812,240	12.8%
<u>Total Funding</u>	\$ 37,659,540	100.00%

2003 Sources of Agency Funding by Category
\$37,659,540



How Each Dollar Is Spent

OCRRA's 2003 anticipated expenses are allocated to the following needs:

<u>Expense Projections</u>	<u>Amount</u>	<u>%</u>
Debt Service	\$ 16,405,000	43.6%
Waste-to-Energy	\$ 12,442,200	33.0%
Transfer/Disposal Services	\$ 5,470,640	14.5%
Recycling and Waste Reduction	\$ 1,620,850	4.3%
Administration and Support	\$ 1,410,350	3.7%
Professional Fees	\$ 150,000	.4%
Operating Contingency	\$ 100,000	.3%
Property Maintenance	\$ 60,500	.2%
<u>Total Expenditures</u>	\$ 37,659,540	100.00%

2003 Sources of Agency Expenses By Category
\$37,659,540

