



## **OCRRA's Vision**

*By 2010, OCRRA will be recognized as a world leader in local waste disposal and recycling solutions making our community one of the best places to live and work.*

## **OCRRA's Mission**

*OCRRA provides to the community a solid waste solution that is environmentally sound, highly efficient, safe and innovative, by utilizing the optimal mix of waste reduction, recycling, and disposal.*

## **OCRRA's Core Values**

- Integrity and Honesty
- Environmental Stewardship
- Fiscal Responsibility
- Excellence in Services
  - Customer Service
  - Public Participation
  - Community Relations

# **2009 ANNUAL BUDGET SUMMARY**



# **OCRRA**

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*Executive Director*

### A Message from the Executive Director

*"It's the economy stupid."* The last time we heard that phrase was when the first President Bush was running for re-election. And almost three decades ago those tough recessionary times were reflected in significant disposal tonnage reductions. At that time, other local factors acted on the waste stream (tipping fee increases and the implementation of recycling), but the tonnage note from the 1990 era recession was a severe dip. We know that as disposable income decreases so do disposables. The local economy has kept some distance from the regional down spikes elsewhere. For 2009, OCRRA is forecasting only moderate tonnage reductions from the 2007 actual figures. Trash tipping fee revenues are forecast to be \$20,398,000 or about 52 percent of OCRRA's Budget.

OCRRA's budget forecasting is also confronted with energy volatility that is off the charts. Energy revenues are \$14,460,000 or about 37 percent of OCRRA's revenues. While a few years ago some predicted sub-six-cent-per-kilowatt-hour revenues, recently, electric markets have been very strong. Wholesale prices are running around seven cents per kilowatt-hour, with peak prices hitting eight to twelve cents frequently in July. Energy prices currently are both up and very volatile. Who among us predicted the rapid increase in oil and natural gas prices observed in 2008? And, who can hazard a concrete estimate of where those prices will be next summer? The same difficulty exists for electricity. Should the economy truly go into a steep recession, prices may fall back to historic levels below six cents. Should natural gas prices stay high, and oil price hikes not generate a full-on recession, than electric revenues will likely remain well above six cents in 2009.

At the time of this budget development the prices for commodities were also soaring. For OCRRA, that means approximately one million dollars of ferrous metal revenue projections. Not that long ago, we were paying to get rid of ferrous from the Waste-To-Energy Plant. In mid-2008, markets were paying over \$300 per ton for the same material. Indeed, markets were so strong that citizens removed metal from disposal waste streams themselves at an unusually high rate. This scrapping is occurring upstream of our operations. So, as prices rose, we observed a reduction in ferrous tonnage received at least at the transfer stations.

Here are some facts we do know, and a few related assumptions in the 2009 Budget:

- Oil prices are now \$118 per barrel (8/6/08). Future prices for December 2010 are trading at \$116. Natural Gas pricing is \$8.635 per million BTUs (8/6/08). Natural Gas Futures are trading at \$9.855 for January 2009 and \$9.125 for April 2009. — Therefore, the markets suggest steady diesel prices and slightly higher natural gas prices next year. This should equate to slightly higher unit electric prices in 2009 compared to 2008.
- Scrap metal prices have increased by upwards of 35% in the last year, even as national demand has softened by 5%. Currently, Buffalo #2 bundles are trading at \$480 per ton. Pittsburgh scrap is trading today at \$599 per ton. One year ago, it was trading at \$284 per ton. — Therefore, in the 2009 Budget, we are forecasting ferrous prices near today's record prices, but we are forecasting metal tonnages to be down in 2009 due to scrapping upstream of OCRRA operations.

For 2008, we are forecasting almost \$2,000,000 in additional unbudgeted energy revenues. This minor windfall presented OCRRA with an opportunity to reduce fees for C&D and minor fees (appliances, tires, etc.) throughout the fall of 2008. Those fee reductions all get passed back quickly to the general public; OCRRA's gain became a benefit to the community.

While we have faith in the budget forecasts we have developed, there is real volatility in the Budget. A three percent drop in trash tonnage equates to about one million dollars of revenue contraction. An eleven percent reduction in tonnage would eliminate almost the entire surplus in the proposed 2009 Budget.

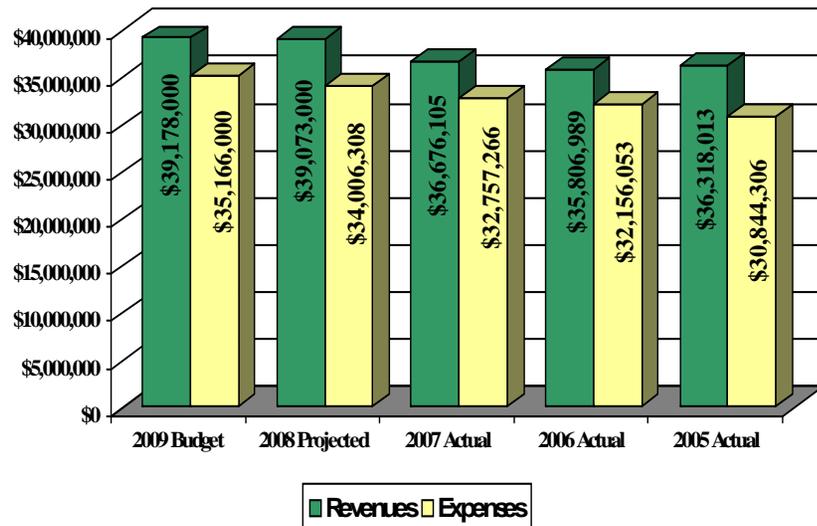
*A. T. Rhoads, Executive Director, OCRRA*

## Budget Comparison

Major components of the 2009 Budget compared to the 2008 Budget are as follows:

Expense/Revenue Component	2009 Budget	2008 Budget	Budget Inc / (Dec)
Tipping Fee Revenues	\$ 21,078,000	\$ 20,591,000	2.4 %
Electricity Revenues	\$ 14,460,000	\$ 11,955,000	21.0 %
Recovered Materials	\$ 2,475,000	\$ 1,260,000	96.4 %
Other Revenues	\$ 488,000	\$ 454,000	7.5 %
Investment Income	\$ 677,000	\$ 1,570,000	(56.9) %
<b>Total Revenues</b>	<b>\$ 39,178,000</b>	<b>\$ 35,830,000</b>	<b>9.3 %</b>
Waste-to-Energy Operations	\$ 13,763,000	\$ 13,151,000	4.7 %
Operating Expenses	\$ 7,114,000	\$ 6,817,000	4.4 %
Personal/Fringes	\$ 4,719,000	\$ 4,476,000	5.4 %
Debt Service Expense	\$ 9,570,000	\$ 9,449,000	1.28 %
<b>Operations Total</b>	<b>\$ 35,166,000</b>	<b>\$ 33,893,000</b>	<b>3.8 %</b>
<b>Result of Operations</b>			
<i>Contingent Debt</i>	\$ 2,742,740	\$ 568,260	382.7 %
<i>Net Asset Replacement</i>	\$ 1,269,260	\$ 1,369,740	(7.3) %
<b>Total</b>	<b>\$ 39,178,000</b>	<b>\$ 35,830,000</b>	<b>9.3 %</b>

**Comparison of Agency Revenues and Expenditures**



## Capital Needs for 2009

OCRRA's 2008 Capital Budget for Transfer Operations and, Recycling lists potential expenditures of \$1,873,000. This includes all of the identified OCRRA capital programs that are scheduled to be implemented within the system during 2009.

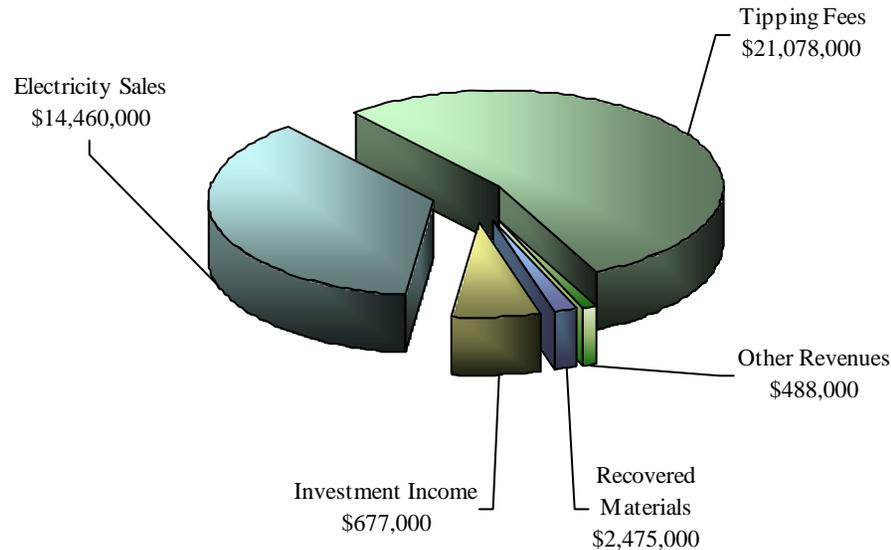
Unit/Program		
<b>Ley Creek Transfer Station:</b>		
Skid Steer Loader	\$	38,000
60' Bucket Lift	\$	40,000
New Scale House	\$	40,000
Replace Transfer Service Vehicles – Both Sites	\$	50,000
Backyard Restoration	\$	125,000
New Siding	\$	150,000
Completion of Roof Replacement	\$	165,000
New Compactor	\$	535,000
<b>Rock Cut Road Transfer Station:</b>		
New Tire Truck	\$	50,000
Repair Sprinkler System	\$	50,000
Radiant Heat Replacement	\$	60,000
Replace Roll-Off Truck	\$	130,000
New Hart-Top Trailers (3)	\$	180,000
<b>Transfer Total 2009</b>	<b>\$</b>	<b>1,613,000</b>
<b>Compost Sites</b>		
<i>Amboy Development:</i>		
Site Work	\$	10,000
Yellow Grease Collection & Transport	\$	10,000
Public Utility Connection	\$	15,000
Environmental Site Work	\$	20,000
Bio-diesel Production Equipment	\$	20,000
Skid Steer Loader	\$	35,000
R & D Compost Pilot	\$	60,000
Bio-diesel Production Facility	\$	60,000
Capital Contingency	\$	22,000
	\$	
<i>Jamesville:</i>		
Site Improvements	\$	8,000
<b>Recycling Total 2009</b>	<b>\$</b>	<b>260,000</b>
<b>OCRRA 2009 Grand Total</b>	<b>\$</b>	<b>1,873,000</b>

## Where Revenue Dollars Come From

OCRRA's 2009 anticipated revenues are produced from the following sources:

<u>Revenue Projections</u>	<u>Amount</u>	<u>%</u>
Tipping Fees	\$ 21,078,000	53.8 %
Electricity Sales (WTE)	\$ 14,460,000	36.9 %
C&D Tipping Fees	\$ 2,475,000	6.3 %
Other Revenues	\$ 488,000	1.2 %
Investment Income	\$ 677,000	1.7 %
<b>Total Revenues</b>	<b>\$ 39,178,000</b>	<b>100 %</b>

**Sources of Agency 2009 Budget Revenues**



## How Each Dollar Is Spent

OCRRA's 2009 anticipated expenses are allocated to the following needs:

<u>Expense Projections</u>	<u>Amount</u>	<u>%</u>
Waste-to-Energy	\$ 13,763,000	35.1 %
Transfer Operations	\$ 5,013,000	12.8 %
Recycling and Waste Reduction	\$ 1,458,000	3.7 %
Administration and Support	\$ 643,000	1.6 %
Personal Services	\$ 3,804,000	9.7 %
Fringe Benefits	\$ 915,000	2.3 %
Debt Service	\$ 9,570,000	24.4 %
<b>Operating Expenditures</b>	<b>\$ 35,166,000</b>	<b>89.8 %</b>
<i>Contingent Debt Reduction</i>	<i>\$ 2,742,740</i>	<i>7.0 %</i>
<i>Net Asset Replacement</i>	<i>\$ 1,269,260</i>	<i>3.2 %</i>
<i>Total Other Expense</i>		

**Grand Total**

**\$ 39,178,000**    **100.0%**  
(rounded)

**2009 Expenses By Category**

