

2005 ANNUAL BUDGET SUMMARY



OCRRA

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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.

OCRRA Board of Directors

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A. T. Rhoads
Executive Director

A Message from the Executive Director

In late 2003, the Onondaga County Resource Recovery Agency (OCRRA) concluded a favorable and comprehensive restructuring package that reduced both debt service and service agreements related to the waste-to-energy operations. The restructuring reduced expenses by over eight million dollars annually and ended the Agency's four-year reliance on the use of reserves to balance its Budget.

In using 13.5 million dollars in reserve funds to meet basic operational requirements from 2000 through 2003, we were obliged to defer some worthy projects. Safety and environmental standards were never compromised, but investments in efficiency and effectiveness of operations suffered from the operational shortfalls. One of the central themes of this Budget is to fund those deferred projects.

OCRRA is a non-profit Public Benefit Corporation. It operates almost exclusively on the revenues derived from trash disposal and energy sales directly related to converting trash into electricity. No county, local or state taxes support OCRRA. Along with the volunteer Board of Directors, our team of co-workers takes great pride in OCRRA's ability to provide award-winning environmental programs at a very reasonable cost. Although solid waste programs are often overlooked in the daily competition for public attention, any service interruption in solid waste handling or disposal can rapidly grow into a serious health, safety, or public services disaster. OCRRA's 2005 Budget carefully funds a complex but affordable system to manage the community's solid waste efficiently, safely and in a cost-effective and environmentally sound manner.

The 2005 Budget contains no changes in staffing levels even as we anticipate growth in special environmental programs and modest growth in the amount of trash handled. Together with its Waste-to-Energy operating partner, OCRRA handles over two million pounds of trash every business day. It takes a dedicated staff and specialized equipment to safely handle this volume of material, especially with the weather challenges in Central New York. The 2005 Budget provides the funding to support these activities without the drain on our reserves.

In OCRRA's Recycling Unit, the 2005 Budget includes additional funding for increased public education through the Agency Newsletter. This Newsletter, like all of OCRRA's public education programs, is a cost-effective vehicle designed to deliver long-term environmental benefits. Increased funding is included for our computer and television recycling programs. OCRRA operates two very popular yard-waste compost sites; for 2005, there are sizeable investments budgeted for site improvements and equipment maintenance at these sites.

The 2005 Budget reflects our continuing commitment to facility maintenance, vehicle maintenance, and equipment repairs at the Transfer Stations. Equally important to fund are basic operational expenses for diesel fuel, property, casualty, and health insurance premiums that continue to outpace typical inflation rates. In spite of significant growth in these costs and the typical inflationary pressure on our remaining expenses, OCRRA will be maintaining its service fees in 2005 at the same level as in 2004.

This Budget document also provides a Five-Year Capital Plan. OCRRA expects to expend over one million dollars on capital replacement in 2005. Aging transfer trailers need to be replaced, and an old front-end loader

simply cannot be operated efficiently any longer. The tools necessary to meet our responsibility to safely handle the endless waste stream must be both reliable and available.

In addition to reliability and efficiency, the Capital Plan is geared towards improving customer service. Ongoing efforts to customize service at the two transfer stations are paying off. The Ley Creek Transfer Station is now handling more large customer traffic in faster turnaround times. This is in part due to great service by OCRRA's work team at the site; but it is also the product of moving the smaller type household and occasional-user traffic to OCRRA's Rock Cut Road Transfer Station. At Rock Cut Road, we are better able to manage the needs of these small users. Separating the diverse customer types also improves safety for everyone. At Rock Cut Road, we plan to improve the customer exit ramp to continue the transformation of customer service.

The 2005 Budget also funds OCRRA's continued investment in dozens of sound environmental solutions. For example, removing mercury from the waste stream clearly benefits everyone tremendously. OCRRA's household hazardous waste days have been expanded to three times per year. Our battery collection program is improved with collection kiosks throughout the community and in a month-long battery collection drive. Investment in computer and television recycling grows in 2005 and we will again operate our mercury thermometer exchange program to replace old toxic mercury thermometers with mercury-free replacements. These efforts to keep mercury and other potentially harmful materials out of the waste stream are continuing to pay off in measurable form. OCRRA proudly intends to continue to invest deeply in these sound environmental solutions.

OCRRA's volunteer Board of Directors, together with all the employees are working hard to provide great programs and great service to our community. I am most pleased that we are able to present a balanced budget that protects the environment with no fee increases.

A. J. Rhoads
Executive Director, OCRRA

Fiscal Management and the Budget

How does the 2005 Budget continue OCRRA's investment in its employees, its infrastructure, its customer service and its award winning programs without increasing its fees?

Agency management, the Board of Directors and all of the OCRRA employees work together to increase our efficiency while actively managing costs. OCRRA is a self-supporting organization dedicated to providing Onondaga County residents with a comprehensive, environmentally friendly and cost-effective solution for solid waste needs. From its all-volunteer Board to its dedicated public servants, OCRRA is one of the few governmental entities whose fees have actually declined over the years.

OCRRA continues to operate within a balanced budget and without sky-rocketing fees. The Government Finance Officers Association recently presented the Agency with its Distinguished Budget Presentation Award for the ninth consecutive year. The Agency continues its long-standing tradition of making its audited financial statements available on our web site in order to assure our County residents that there are no "hidden" costs or fees associated with OCRRA.

OCRRA's fifteen member Board of Directors consists entirely of volunteers who receive no compensation for their services. The Board members are appointed by various municipalities and incorporate a wide spectrum of talents and philosophies. They devote considerable time throughout the year to the Agency and are united in their dedication to both the public good and the environment.

Our nationally recognized, award winning recycling programs remain one of the cornerstones of our success. While vacationing outside Onondaga County, it is likely that your recycling options, as well as free hazardous household waste disposal, battery disposal, customer friendly drop-off sites, and a host of other services will be reduced or disappear entirely.

The 2005 Budget also continues a tradition of sound fiscal management and prudent use of Agency resources. OCRRA's financial statements are independently audited and published annually. This, combined with internal audits has resulted in the Agency receiving a clean audit opinion for each year of its existence. Our Budget, summarized in this document, is balanced and requires no increase in fees or use of Agency reserves.

The 2005 Budget was carefully prepared by Agency staff, management, and the Board of Directors before being adopted in October 2004.

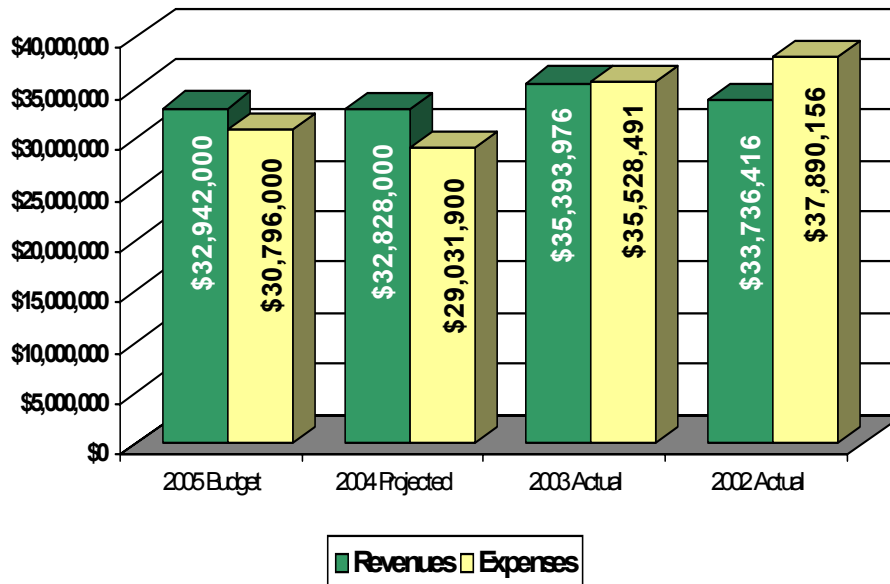
This 2005 Budget Summary is prepared for your review, OCRRA appreciates your review of this document and we actively solicit your comments and suggestions for improving it.

Budget Comparison

Major components of the 2005 Budget compared to the 2004 Budget are as follows:

Expense/Revenue Component	2005 Budget	2004 Budget	Budget Inc / (Dec)
Tipping Fee Revenues	\$ 19,728,000	\$ 19,444,000	\$ 284,000
Electricity Revenues	\$ 11,947,000	\$ 11,850,000	\$ 97,000
Other Revenues	\$ 873,000	\$ 727,000	\$ 146,000
Investment Revenues	\$ 394,000	\$ 268,000	\$ 126,000
Total Revenues	\$ 32,942,000	\$ 32,289,000	\$ 653,000
Covanta Service Fee	\$ 11,345,000	\$ 11,323,100	\$ 21,900
Operating Expenses	\$ 9,994,000	\$ 9,795,250	\$ 198,750
Debt Service Expense	\$ 9,457,000	\$ 9,220,750	\$ 236,250
Operations Total	\$ 30,796,000	\$ 30,339,100	\$ 456,900
Result of Operations	\$ 2,146,000	\$ 1,949,900	\$ 196,100
<i>Contingent Debt</i>	<i>\$ 1,652,420</i>	<i>\$ 1,501,420</i>	<i>\$ 151,000</i>
<i>Net Asset Replacement</i>	<i>\$ 493,580</i>	<i>\$ 448,480</i>	<i>\$ 45,100</i>
Total	\$ 32,942,000	\$ 32,289,000	\$ 653,000

Comparison of Agency Revenues and Expenditures



Where Revenue Dollars Come From

OCRRA's 2005 anticipated revenues are produced from the following sources:

Revenue Projections	Amount	%
MSW Tipping Fees	\$ 17,060,000	52.0%
Electricity Sales (WTE)	\$ 11,947,000	36.3%
C&D Tipping Fees	\$ 2,668,000	8.0%
Other Revenues	\$ 873,000	2.6%
Investment Income	\$ 394,000	1.1%

Total Revenues	\$ 32,942,000	100%
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How Each Dollar Is Spent

OCRRA's 2005 anticipated expenses are allocated to the following needs:

Expense Projections	Amount	%
Waste-to-Energy	\$ 11,664,000	35.4%
Transfer Disposal Services	\$ 6,133,000	18.6%
Recycling and Waste Reduction	\$ 1,654,000	5.0%
Administration and Support	\$ 1,679,500	5.1%
Debt Service	\$ 9,457,000	28.7%
Professional Fees	\$ 108,500	0.3%
Operating Contingency	\$ 100,000	0.3%

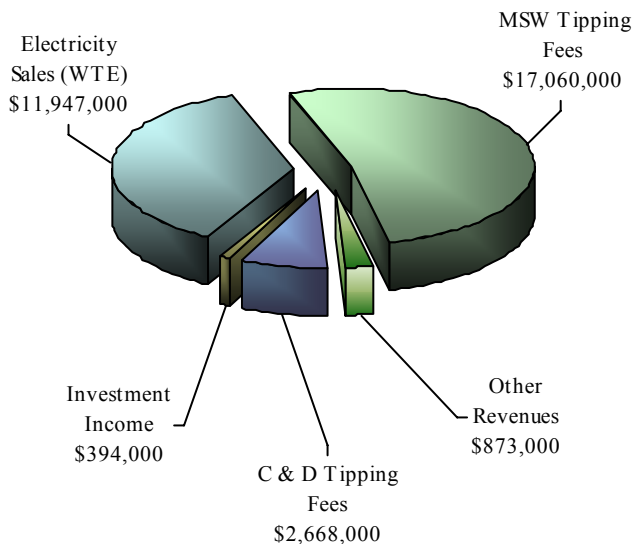
Operating Expenditures	\$ 30,796,000	93.4%
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Other	Amount	%
Contingent Debt Reduction	\$ 1,652,420	5.0%
Net Asset Replacement	\$ 493,580	1.5%

Grand Total	\$ 32,942,000	100%
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(rounded)

Sources of Agency 2005 Budget Revenues
\$32,942,000



2005 Expenses By Category
\$32,942,000

