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Department of Environmental Facilities

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2010 Budget Presentation – Department of Environmental Facilities

The Mission of the Westchester County Department of Environmental Facilities is to protect and supply water, provide wastewater collection and treatment, and provide proper solid waste reduction and recycling, in order to protect the health, safety, and welfare of the public and the environment.

The 2010 Budget supports the following:

- 7 Wastewater Treatment Plants; 42 Pump Stations; 13 Sanitary Sewer Districts
- 194 miles of Trunk Sewers and Force mains
- Water Districts #1 and #3
- Solid Waste Transfer Stations; Material Recovery Facility
- Treat 57 billion gallons of wastewater per year
- Supply 10 billion gallons of drinking water per year
- Dispose/Recycle 485,000 Tons per year Municipal and Privately collected Solid Waste
- Recycle 289,000 tons in 2008 of Recycled Waste – Organics, Paper, Commingled and miscellaneous recyclable materials

The 2010 Department of Environmental Facilities Budget consists of the Sewer Division, the Refuse Division and the Water Districts.

Division of Solid Waste
Wastewater Treatment
Water agency

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Sewer Division

The Sewer Division is made up of the actual individual Sanitary Sewer Taxing Districts and consists of two types of expenses. The first is for Capital Expenses, including debt service and debt related expenses, which are allocated directly to the District in which the expenses are incurred. The second is for operations and maintenance expenses which are now consolidated into one fund and allocated out to the 13 Sewer Districts based on the fully equalized value (FEV) of each District. As the total FEV of the individual Districts changes as compared to the total FEV County wide, the percentage of the consolidated District Expenses allocated to that District changes as well. The total increase of all of the individual Taxing Districts combined in expenses (the Sewer Division) is \$1.33M in 2010 as compared to 2009. This is an increase of 1.25%. The total expense of the Consolidated Operations and Maintenance in the 2010 Proposed Budget is \$85.47M. This is an increase of \$2.29M (2.75% inc). This increase is mostly due to the increases in NYS Retirement costs (obj: 1650) and Employee Health Benefit costs (obj: 1680) as outlined below:

2009 Adopted Total Consolidated Expenses (60_ENV):	83,177,580
2010 Adopted Total Consolidated Expenses (60_ENV):	85,472,332
Increase	<u>2,294,752</u>
Increase in Health Benefits Expense (object: 1680)	2,130,601
Increase in NYS Retirement Expense (object: 1650)	585,474
Increase	<u>2,716,075</u>

Object: 1010 – Annual Regular: The 2010 Increase in salaries is \$255K. This includes the increase in salaries for CSEA employees. It also includes a reduction for the 5 day furlough for all Department employees.

Object: 1400 – Overtime: Among other things, overtime expenses are necessary to maintain coverage during storms, to cover for vacancies and for employee absences. Includes the same salary adjustment as mentioned in 1010. Also included is a provision for additional overtime in certain areas due to the 5 day furlough listed above. There are certain functions of the Department that operate 24 hours a day and absences are covered with overtime.

Object: 1650 – Retirement Expense: Increase of \$585K due largely to the increased percentage that is expected to be paid to the NYS Retirement system in 2010.

Object: 1680 – Employee Health Benefit Expense: Increase of \$2.1M. Westchester County is self insured and as seen in the County Operating Budget, the increase in the funding for Employee Health Benefit Expense is significant in 2010.

Object: 2300/2400 – Equipment: Includes items such as pumps, motors, grounds maintenance equipment, replacement engine parts, a utility vehicle for use on Plant grounds and four replacement vehicles.

Object: 3090 - Chemicals: A 10% Increase in price (per gallon, etc.) was added for most chemicals in the 2010 Budget. The Department has seen the price of some chemicals increase significantly in the past few years. This is expected to cover any expected increases in 2010 in the account for both costs and utilization - to treat any additional flows or for any new initiatives (additional odor control or to reduce the sludge volume, etc). Chemicals are used in the wastewater treatment plants primarily for disinfection of the effluent, in odor control processes and to enhance solids handling processes.

Object: 3180 – Water Service: Reflects a 15% increase in the rate charged. This matches the

rate increase in the Water Districts as imposed by the NYC Water Board.

Object: 3200 - Utilities: This expense is necessary for the wastewater treatment process at both the Treatment Plants and Pump Stations. The majority of the expense is for electricity, but it also includes heating fuel oil and natural gas. A portion of the large increases that were expected in 2009 have either been delayed or never materialized.

Object: 3240 – General Supplies: This includes any supplies necessary to operate the Treatment Plants and Pump Stations. Some examples are smaller pumps that are not included in the equipment account and any parts that are needed. The desire to perform more preventive maintenance than in the past may lead to an increase in expense in this account in the short run, but should save on more costly repairs down the road.

Object: 4200 – Repairs and Maintenance: This account is used for any repairs needed in the Department. Generally, this is used for repairs done by an outside contractor as compared to general supplies which would be used for the purchase of the supplies when the work is done “in house”. Some of these repairs can be quite large due to the size and cost of the equipment being serviced. The Request is for an increase over the 2009 Adopted Budget of \$102K – 4.8%.

Object: 4280 – Insurance: As provided by Risk Management.

Object: 4310 – Non-recurring repairs: This includes a provision for the emergency repair of leaks and any other emergency work for Westchester County Wastewater Treatment Plants and Pumping Stations. The line break in North Yonkers that was ultimately charged to Capital because the expense involved was unusually large is an example of the type of unforeseen expense that would generally be funded here. In addition, many projects that are too big for Repairs and Maintenance, but too small for the Capital Budget are budgeted in this account. Among other things, these include door and window replacement projects, refurbishing a freight elevator at the Yonkers WWTP, an engine head rebuilding project and continuing an effluent plant water system upgrade at the Peekskill WWTP.

Object: 4380 – Contractual Services: Decrease of \$1.3M from the 2009 Adopted Budget. Most contracted expenses are charged to this account. These include maintenance contracts for generators, electric switchgear, hoists and cranes, boilers, instrumentation, and HVAC. Also included are sludge and grit removal contracts, the expense associated with digester and storage tank clean outs and a contract to work on engines at the Yonkers Plant. Part of the reason for the decrease in this account is the amount allocated for the septic tank reimbursement program. Instead of basing the expected expenditures on the data from an old census of septic systems in Sewer Districts, we now are forecasting the expense based on the actual expenses of the last year – the program began in September of 2008.

Object: 4937 – Contribution to the 6-N Fund: Decrease in 2010 Budget of \$1.3M. Per Budget Office, no funding necessary in 2010.

Object: 4999 – Indirect Charges: the expense associated with the allocation of countywide overhead costs. Calculations of the expense from the Finance Department

Debt Service – expenses as per Budget Office and Finance Department

Interdepartmental Charges: expenses either provided by the respective Departments to which the charge relates, the County Budget Department or trended forward based on current/past/expected expenses.

Object: 5365 – Services by Labs and Research: Increase in 2010 of \$387K. This increase being charged by the Department of Labs and Research is an attempt to more accurately reflect

the cost of providing the required tests to the various taxing districts in the County. If DEF were to be charged a discounted rate as compared to the true cost to provide this service, the County General fund would in effect be subsidizing the County Sewer Districts.

Refuse Division

The County Refuse Disposal District consists of 3 Transfer Stations, a waste-to-energy plant (RESCO) for Municipal Solid Waste, a recyclable materials recovery facility (MRF), an ashfill, a fleet of tractors, transfer trailers, recyclable containers and various equipment for organic yard waste processing and transport. Many programs continue in the area of recycling. These include Household Recycling Days and E-Waste Days that help to remove hazardous waste from the waste streams; mobile shredder events to protect identity theft; education through tours given at the MRF and at various Schools in the County, the vegetable oil collection and recycling program and the "Veggie Van" which runs on used vegetable oil. This division continues to look at new and innovative programs to recycle materials in an effort to reduce, recycle and reuse waste and improve the quality of life in the County.

The Tax Levy for 2010 in the Refuse Disposal District has increased 3.9% from the 2009 Adopted Budget. However, this tax levy is still 6.4% **lower** than the 2007 tax levy. The total expense in the Refuse Division in the 2010 Request is expected to decrease by \$14.9M. In recent years, the Cash to Capital account was used instead of selling bonds to fund various Capital Projects. This was done to keep the ad valorem tax as low as possible and also to find an effective way to utilize the fund balance that existed in the Refuse Disposal District. The only Project that is funded through the Cash to Capital account in 2010 is the Project to purchase heavy equipment in the District. Since much of this is for tractors and trailers, the useful life of these items would be less than the 20 year life on the bonds that the County normally opts for.

The contract between the Refuse Disposal District and Wheelabrator in regards to the waste-to-energy facility (Resco) ended in October of 2009. Going forward, the County becomes a customer of Resco and will pay \$71.50 per ton to dispose of MSW at the facility as compared to the old method in which both a base fee (obj: 5093) and an energy adjustment (obj: 5015) payment were paid to Resco.

Object: 1010 – Annual Regular: The 2010 Increase in salaries is \$77K. This includes the increase in salaries for CSEA employees. It also includes a reduction for the 5 day furlough for all Department employees.

Object: 1400 – Overtime: Overtime is necessary to provide coverage for vacancies, absences and emergencies. Overtime is also incurred for the new and expanded programs in recycling.

Object: 1650 – Retirement Expense: Increase of \$75K due largely to the increased percentage that is expected to be paid to the NYS Retirement system in 2010.

Object: 1680 – Employee Health Benefit Expense: Increase of \$213K. Westchester County is self insured and as seen in the County Operating Budget, the increase in Employee Health Benefit Expense is significant in 2010.

Object: 2300/2400 – Equipment: No equipment is being requested in 2010

Object: 3200 – Utilities: Like the Sewer Districts, the utilities in Refuse were expected to increase significantly in 2009. A portion of the large increases that were expected in 2009 have either been delayed or never materialized. The majority of the expense is for electricity.

Object: 3240 – General Supplies: 2009 Included \$100K for recycling bins for County facilities. All bins have now been purchased and Departments will be responsible for replacing those bins or buying additional ones when needed. 2010 Includes funding for Recycling Outreach items and any new and continued initiatives that come about in 2010 and also to provide for any promotional/giveaway/misc items.

Object: 3700 – Postage: In 2010, funding is included for a mailing to each household in Westchester for recycling items or for recycling related announcements, such as the new Household Recycling facilities and for all other postage as needed.

Object: 4200 – Repairs and Maintenance: For all repairs at the sites in the Refuse District. Mostly these occur at the transfer stations or at Sprout Brook.

Object: 4280 – Insurance: As provided by Risk Management.

Object: 4320 – Rental and Taxes (and obj: 5125): Peekskill Pilot payments and transfer station rents.

Object: 4380 – Contractual Services: Increase of \$25.1M. This account includes the City Carting Contract to operate various facilities and transport Waste from the transfer stations to Resco, the disposal of Organic Waste and various other expenses such as consultant contracts for assistance with RFP's as needed, software maintenance, graphic designs and major alterations to Transfer Stations and other sites as they arise. In 2010 the increase is for the expense for tipping fees that will be required for each ton of garbage brought to the facility. Under the old contract, this was charged to objects: 5015 and 5093.

Object: 4420 – Technical Services: This account includes permit fees paid to the NYS DEC, EFC Administrative costs and Department Studies for various items. Included in these studies are a contract to update the Solid Waste Management Plan for the Refuse District, preliminary work needed for any future Capital Projects, alternate disposal methods for MSW, and a contract to update or replace the Solid Waste Management system currently being used by the County at Transfer Stations and for billing purposes.

Object: 4450 – Cash to Capital: Decrease of \$7.3M. Includes \$1.2M for Heavy Equipment purchases: Project RD013 (Haulage Vehicles). All other Capital Projects will now be bonded instead of "cashed up".

Object: 4937 – Contribution to the 6-N Fund: Decrease in 2010 Budget of \$1M. Per Budget Office, no funding necessary in 2010.

Object: 4999 – Indirect Charges: the expense associated with the allocation of countywide overhead costs. Calculations of the expense from the Finance Department

Objects: 5015 Energy Adjustment and 5093 Base Fee payments: These were for payments to Resco under the old agreement for the disposal of Solid Waste. Going forward the related expenses will show in object: 4380 Contractual Services.

Debt Service – expenses as per Budget Office and Finance Department

Interdepartmental Charges: expenses either provided by the respective Departments to which the charge relates, the County Budget Department or trended forward based on current/past/expected expenses.

Object: 5365 – Services by Labs and Research: Increase in 2010 of \$81K. This increase being charged by the Department of Labs and Research is an attempt to more accurately reflect the

cost of providing the required tests to the various taxing districts in the County. If DEF were to be charged a discounted rate as compared to the true cost to provide this service, the County General fund would in effect be subsidizing the County Sewer Districts.

Services by DEF – reflects the allocation of DEF Admin staff to the other funds in the Department.

Water District

Water District #1 includes the Cities of Yonkers, Mount Vernon, and White Plains, the Village of Scarsdale and a small portion of New Castle. Water District #2 mostly serves the Town of Yorktown, but also includes Somers and Cortlandt. The facilities in Water District #2 are leased to the Northern Westchester Joint Water Works. Water District # 3 serves the Valhalla Campus at Grasslands. Water District #4 was created to serve the Town/City of Rye, the Village of Port Chester and the Village of Rye Brook which are currently serviced by United Water.

The Expenses in Water District #1 are decreasing by \$783K in 2010. This is due to the reduction in the cost of the chemical Orthophosphate which is required for corrosion control. Originally the contract to purchase Orthophosphate was \$2.87/gallon. Due to a worldwide shortage and an inability for many suppliers to even get the product, in the end of 2008 and into 2009, the cost skyrocketed to \$29/gallon. Since then the cost has returned to around \$5 per gallon, but will be bid again soon and there is no consensus on what will happen with this contract in the near future. Since the cost has come down, the Budgeted Expense for 2010 was decreased below what it was in 2009, but is still well above what had been experienced before the increases described above.

In addition, the water service account that was expected to increase by 15% in 2009, only increased by 2% due to the lag in expenses incurred by the NYC Water Board. Combined with a lower than expected utilization in 2009, the 2010 Budget is \$400K less than in 2009.