

approved on  
9/30/15

RHODE ISLAND RESOURCE RECOVERY CORPORATION  
**Finance Subcommittee Meeting**  
Monday, June 8, 2015  
9:00 A.M.  
65 Shun Pike  
Johnston, Rhode Island 02919

In Attendance

- Jared Rhodes
- Jeanne Boyle
- Charles Lombardi
- Michael OConnell
- Dean Huff
- Chris Jocelyn
- Nancy Minson
- Mary Ellen Hall, M.E. Hall Court Reporting

The meeting was called to order at 9:06 A.M. followed by the Pledge of Allegiance.

Dean Huff reported that revenues will decrease by \$4.3 million or 8% in FY16 from the FY15 projected. The reduction is due to a combination of lower in-bound commercial and C&D volume estimates.

Utilities have increased by \$900,000 due to the electricity costs of running the LPTF. Contractual services are down \$4.25M due to a one-time operating transfer of the Central Avenue sewer to Johnston in FY15. The Closure/Post Closure will decrease by \$5M from FY15 due to very preliminary estimates of the costs of the new LPTF on the closure trust liability. Depletion for Phase VI will increase to approximately \$6.00 from \$1.00 once trash is accepted in that Phase. This depletion cost will have large ramifications in FY17 and forward when Phase V is closed and Phase VI is receiving 100% of the trash. Closure and Post Closure are budgeted with 819K inbound estimates.

We are projecting a small operating loss of \$300K, which is consistent with the prior year forecast. We believe this is manageable for FY16 and we are hopeful we will see relief in DEM regulations on excavated soils, which would in all likelihood cover this small deficit. However, these deficits will grow significantly as Phase VI becomes active.

The FY16 budget reflects the proposed transfer to the State of \$1.5M as proposed by the Governor's budget in non-operating revenue.

We project capital outlays of \$16.2M in FY16, primarily because the capital requirements are the construction of the Landfill's Phase VI estimated at \$12.2M.

Overall, RI Resource Recovery is confident in delivering this budget. We believe there is a reasonable balance of opportunity and risk with a large portion of the volume and revenues solidified after a thorough review of all costs.

Commissioner Rhodes questioned how much the 3% merit increase equates to. Huff responded about \$200,000. Rhodes commented that it causes him concern that we are projecting a shortfall of about \$300,000 and at the same time proposing potential raises. OConnell stated that if we would get the price increase from the municipalities we would be showing a profitable number. Huff also stated there are a number of ways we could offset the \$300,000, such as receiving soils that meet the clean test, and a price increase could easily accomplish that.

The FY16 Budget will be given to the full board on June 24<sup>th</sup> for approval.

The meeting adjourned at 9:50 A.M.