

A Report to the State from the

# Connecticut Resources Recovery Authority

February 2005



**CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY**



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## To the people of Connecticut:

A number of years ago, an insurance company used this catch phrase in its advertising: “the future is now.” After two and a half years of hard work, we can say the same thing for the new, reconstituted Connecticut Resources Recovery Authority, because we truly have the agency re-energized, solidified and rebuilt on a firmer foundation, allowing us to begin focusing our energies on the future.

After all, planning for the future was why CRRA was created in 1973. The Legislature and Gov. Thomas Meskill recognized that Connecticut needed a public entity to make sure the state had environmentally sound, cost-effective means of managing the state’s waste. In the next 20 years, four waste-to-energy projects serving about two-thirds of the state formed under CRRA’s auspices. Then, in 2001, after many years of successful operations, came the Enron debacle, which prompted the Legislature to pass a sweeping reform of CRRA.

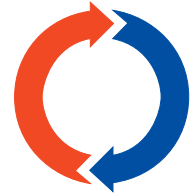
That reform worked.

A new Board of Directors was created, and that new Board scrutinized every aspect of CRRA’s finances and operations, looking for ways to do things better. The new Board hired a new management team, professionals with years of experience in the fields of waste-to-energy, public utilities, engineering and the environmental sciences.

Our first job was to stabilize the finances of the Mid-Connecticut Project, which suffered the impact of the Enron bankruptcy. (None of the other projects was financially affected.) With the help of a state loan – which we are repaying with interest – as well as new management focused on performance and accountability and an aggressive cost-cutting program, we kept the Project afloat. In the meantime, with the assistance of the Office of the Attorney



Communication with member cities and towns is of the utmost importance to the new CRRA. Here, Chairman Michael A. Pace addresses municipal leaders at CRRA’s inaugural Annual Meeting.



General, we aggressively pursued a number of legal remedies. This month we expect those efforts to begin bearing fruit when we receive a check for \$111.2 million – half the money lost by the Mid-Connecticut Project in the Enron bankruptcy.

That money means the Mid-Connecticut Project's finances are stable. In fact, management is recommending the project's tip fee remain at its current level in the upcoming fiscal year. And with Mid-Conn stabilized, CRRA has been able to focus its energies on developing new long-term solutions for managing the state's solid waste. We see a bright, exciting future for the new CRRA. But before we talk more about the future, we must take one last look back at an extremely successful 2004.

At the top of our list of accomplishments is the resolution of our bankruptcy claim against Enron. In July, following a two-year effort, the bankruptcy court awarded us a claim worth \$82.7 million in cash and stock in the company to be formed from the remnants of Enron. We immediately received inquiries from financial institutions who told us our claim was an asset that had value in the financial markets. In

August, we auctioned the claim, and the winning bid, from Deutsche Bank Securities, totaled \$111.2 million. This sale of our bankruptcy claim has several advantages:

- We get a 30-percent premium for the claim, equal to \$28.5 million.
- We get the cash now, rather than having it paid out over months or even years as normally happens in bankruptcy proceedings.
- We are paid entirely in cash, removing the element of risk inherent in owning stock.



CRRA is continuing its efforts to take electronics out of the waste stream. In 2004 we collected more than 310,000 pounds of unwanted devices for recycling.



That settlement is at the top of a long list of achievements in the past year:

#### **Customer Service**

- Our Operations Manager-Customer Care began working with our member cities and towns to improve customer service by resolving problems and developing future options.
- We signed three-year disposal

agreements with haulers and began holding quarterly meetings with them to improve service and relationships.

- We took over operations of the scales at our Mid-Connecticut Project transfer stations, giving us control of our “cash registers” and reducing wait times for haulers, as well as giving us more direct contact with our customers.
- We began providing monthly minimum commitment reports to member cities and towns in all four projects to assist them in managing their commitments and waste operations.
- In consultation with the Town of East Hartford, we implemented new procedures for reducing odor complaints from the Hartford waste processing facility. We created a reminder post card featuring our odor complaint hotline (1-800-472-8630) and distributed it widely in that community.

### **Operational Improvements**

- Working with Wheelabrator, operator of the Bridgeport plant, we developed a diversion plan to



A new exhibit at The Children’s Garbage Museum in Stratford helps young children understand how CRRRA turns their garbage into electricity.



shorten wait times for Bridgeport Project cities and towns.

- We installed an emergency backup generator at our Shelton landfill, ensuring uninterrupted operation of the landfill gas collection system.

- We added the Town of Southbury to our “direct haul” program, in which waste is delivered directly to our plant, rather than being brought to a transfer station. Our three direct-haul arrangements save the Mid-Connecticut Project about \$125,000



CRRA is working to protect our environment. Here, members of the Hartford Audubon Society participate in the Hartford Area Christmas Bird Count at the Hartford landfill.

in transportation costs and improve service for participating towns.

- We deployed a new scale/enforcement team at our Wallingford and Mid-Connecticut projects, keeping non-member waste from entering the system as member waste which, in turn, saved member towns for being billed for that waste.
- We negotiated and implemented an agreement to divert waste to the Windsor/Bloomfield landfill during periods of peak generation when more waste is being delivered than our plants can process, reducing the need to send excess waste to out-of-state facilities, saving time and money.
- We improved the management and acquisition of cover soil used at the Hartford landfill, resulting in cost savings of \$160,000 a year and bringing in \$390,000 in new revenues.

#### **Environmental Responsibility**

- We conducted nine household electronics recycling collections, removing more than 310,000 pounds of hazardous materials from the waste stream.
- We passed the half-way point of our extensive environmental remediation project at CRRA’s



South Meadows property in Hartford. The project is expected to take four years and cost \$26 million.

- We completed the final stages of our closure of the Wallingford landfill and expect closure certification from the Connecticut Department of Environmental Protection early this year.

#### **Outreach and Education**

- We held our first Annual Meeting for member cities and towns and met with councils of governments and regional planning agencies across Connecticut.
- We introduced a new exhibit explaining the waste-to-energy process to children at our Garbage Museum in Stratford.
- Almost 41,000 people from 112 Connecticut cities and towns, 15 other states and the District of Columbia and eight foreign countries participated in programs at our Hartford and Stratford education centers, where they learned about protecting our environment by recycling and the use of sound solid waste disposal methods.

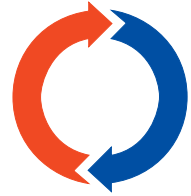
#### **Financial Gains**

- We signed an agreement for the Bridgeport Project to accept waste from the City of Stamford, providing added revenues for the Bridgeport Project. CRRA's bid of \$72 per ton was \$6 per ton lower than the lowest qualified private-sector bid, showing the importance of having publicly-owned waste disposal alternatives.
- Taking advantage of increased commodity prices, we signed a new paper purchase agreement for recyclables collected at our Mid-Connecticut Project, resulting in \$1.8 million in increased revenues.
- We reduced the size of CRRA's vehicle fleet, saving \$37,000 in insurance costs and reducing potential liability.
- We completed the replacement of contractors at the four Mid-Connecticut Project transfer stations, saving about \$2.4 million per year as a result.
- We revisited standard contractual requirements to expand competition and reduce costs.
- We relocated our headquarters to new space at 100 Constitution Plaza, saving \$850,000 over the remaining years of our lease.

#### **Future Planning**

- We continued our strategic planning process to develop business models other than the project-based arrangements presently existing. The Bridgeport Project expires in 2008, the Wallingford Project in 2010, the Mid-Connecticut Project in 2012 and the Southeast Project in 2015.
- We worked on future options studies for towns served by our Wallingford and Bridgeport projects.
- We launched a comprehensive study of the entire state to identify prospective sites on which we could build one or more landfills. Connecticut desperately needs publicly-owned landfill space to receive ash produced at waste-to-energy plants and material that cannot be burned to generate electricity.
- We began providing technical assistance to the Department of Environmental Protection as DEP started updating the state solid waste management plan, a document that will guide us in planning for the next 10 to 20 years.

That last section – “Future Planning” – is the most exciting. Just 24 months ago, people wondered



whether the agency would survive another year. Now, here we are, talking about the future in terms of decades instead of months and seeing beyond the horizons of our current waste-to-energy projects. That is a tribute to the hard work and dedication of our Board and employees. These men and women showed great faith in the organization and one another and recognized the importance of the work they do every day – making environmentally sound disposal options available to the cities, towns and people of Connecticut – and that work will continue.

We do know that Connecticut needs more disposal capacity. The state currently generates as much as 500,000 tons more waste than can be processed inside its borders, and we are looking at ways to manage that excess as well:

- **Project renewal.** CRRA will provide opportunities for all Connecticut cities and towns to participate in existing projects. Alternately, we will provide aggregation opportunities to allow towns to cooperatively insure optimum disposal pricing and insure a robust market for disposal is preserved here in Connecticut.
- **Development of new capacity.** Already we're looking for one or more new landfill sites. We must also be ready to consider expanding an existing waste-to-energy facility or building an additional plant.
- **Expanded recycling.** Connecticut's recycling rates have softened in recent years and unredeemed deposit beverage containers wind up in the trash. While we may not be able to completely recycle our way out of the need to export waste, recycling makes good sense and should be maximized.
- **Out-of-state disposal options.** Landfill space in other states is plentiful, but getting it there requires large transfer stations where waste and ash are loaded onto truck trailers, rail cars or even barges. Two factors could make out-of-state options less viable. First, fuel and other transportation costs could soar. Second, states could decide that their landfill space should be reserved for their own waste and take action to prevent importation.

Rest assured that we are hard at work evaluating these and other options. As always, we will keep you informed of our progress. You can always find out the latest news about CRRA by visiting our newly re-engineered Web site at <http://www.crra.org> . And if you have any questions, comments, concerns or suggestions, please call us at (860) 757-7700.

We thank you for your support of our efforts and look forward to working with you well into the future.

Respectfully submitted,

Michael A. Pace  
Chairman

Thomas D. Kirk  
President



# CRRA Board of Directors

## Chairman: Michael A. Pace

Appointed by the Governor:

Michael A. Pace, First Selectman, Town of Old Saybrook  
Benson R. Cohn, East Windsor  
Edna M. Karanian, Wetherfield

Appointed by the Senate President Pro Tempore:

Stephen T. Cassano, Mayor, Town of Manchester  
James Francis, West Hartford

Appointed by the Speaker of the House:

Michael J. Jarjura, Mayor, City of Waterbury  
Andrew M. Sullivan Jr., Glastonbury

Appointed by the Senate Minority Leader:

Mark A. R. Cooper, First Selectman, Town of Southbury  
Theodore H. Martland, Woodbury

Appointed by the House Minority Leader:

Mark A. Lauretti, Mayor, City of Shelton  
Raymond J. O'Brien, New Milford

Ad Hoc members appointed by the Governor:

Sherwood Lovejoy, Public Works Director, Town of Monroe  
Timothy G. Griswold, First Selectman, Town of Old Lyme  
Veronica Airey-Wilson, Deputy Mayor, City of Hartford

(as of 2/1/2005)