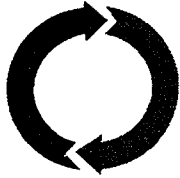


**CRRA**  
**BOARD MEETING**  
**April 23, 2009**



**CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY**

**100 Constitution Plaza • Hartford • Connecticut • 06103 • Telephone (860)757-7700  
Fax (860)757-7745**

## **MEMORANDUM**

**TO:** CRRA Board of Directors  
**FROM:** Moira Kenney, Secretary to the Board/Paralegal  
**DATE:** April 17, 2009  
**RE:** Notice of Meeting

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There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors held on Thursday, April 23, 2009, at 9:30 a.m. The meeting will be held in the Board Room of 100 Constitution Plaza, Hartford, Connecticut. The meeting will also be available to the public via video conference at the 1410 Honeyspot Road ext. Board Room, Second Floor, Stratford, CT.

Please notify this office of your attendance at (860) 757-7787 at your earliest convenience.

**TAB 1**

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**FOUR HUNDRED AND FORTY-FIFTH      MARCH 26, 2009**

A Regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, March 26, 2009, at 100 Constitution Plaza, Hartford, Connecticut. Those present were:

Chairman Michael Pace

Directors:     David B. Damer  
                  Alan Desmarais  
                  Michael Jarjura (present beginning 11:23 a.m.)  
                  Mark Lauretti (present beginning 10:32 a.m.)  
                  Timothy Griswold  
                  Theodore Martland  
                  James Miron (present by telephone)  
                  Raymond O'Brien  
                  Linda Savitsky  
                  Steve Edwards, Bridgeport Project Ad-Hoc  
                  Warren Howe, Wallingford Project Ad-Hoc  
                  Geno Zandri, Wallingford Project Ad-Hoc

Present from CRRRA management:

Tom Kirk, President  
Jim Bolduc, Chief Financial Officer  
Peter Egan, Director of Environmental Affairs & Development  
Laurie Hunt, Director of Legal Services  
Paul Nonnenmacher, Director of Public Affairs (present by telephone)  
Mike Tracey, Director of Operations  
Lisa Bremmer, Executive Assistant  
Moirra Kenney, Secretary to the Board/Paralegal

Also present were: John Pizzimenti of USA Hauling & Recycling; Jim Sandler of Sandler and Mara; Cheryl Thibeault of Covanta; and Jerry Tyminski of SCRRA.

Chairman Pace called the meeting to order at 9:47 a.m. and noted that there was a quorum.

**PLEDGE OF ALLEGIANCE**

Chairman Pace requested that everyone stand for the Pledge of Allegiance, whereupon the Pledge of Allegiance was recited.

**APPROVAL OF THE MINUTES OF THE FEBRUARY 26, 2009, REGULAR BOARD MEETING**

Chairman Pace requested a motion to approve the minutes of the February 26, 2009, Regular Board Meeting. Vice-Chairman O'Brien made a motion to approve the minutes, which was seconded by Director Savitsky.

The minutes were approved as amended and discussed by roll call.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Warren C, Howe, Jr., Wallingford	X		
Geno Zandri, Wallingford	X		

**PUBLIC PORTION**

Chairman Pace said that the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes.

With no comments from the public, Chairman Pace stated that the regular meeting would commence.

**FINANCE COMMITTEE UPDATE**

Director Savitsky said that the Finance Committee had met the prior week and had spent a considerable amount of time discussing renewal of the risk property and public officials' insurance. She said the Committee members were in agreement that CRRA's broker, Aon Risk Services, did a good job in presenting the information. Director Savitsky said that Ms. Martin's risk management report was excellent.

Chairman Pace said that the Committee has come to an agreement that any efforts to send items by e-mail to reduce paper consumption would be undertaken. He asked that the Directors let Ms. Kenney know how they would prefer to receive communications and information.

### **RESOLUTION REGARDING RENEWAL OF ALL RISK PROPERTY INSURANCE**

Chairman Pace requested a motion to approve the above referenced motion. Director Savitsky made the motion.

**RESOLVED:** That CRRA's Public Officials and Employment Practices Liability insurance be purchased from ACE with a \$10,000,000 limit and up to \$10,000,000 in defense costs outside the limit, and a \$250,000 retention for the period 4/1/09 – 4/1/10 for a premium of \$228,139.

The motion was seconded by Director Desmarais.

Mr. Bolduc said that management approaches the Finance Committee twice a year with insurance renewals. He explained consolidation of the renewals is not possible due to the market. Mr. Bolduc said CRRA's broker is AON Risk Services which works diligently to attract the market to CRRA's business. Mr. Bolduc said there were different responses to CRRA's business and that unfortunately several companies declined for varied reasons. Mr. Bolduc said that there is a surplus in the budget of about \$10,000 concerning the bids received and that the premiums came in at roughly \$228,000. He explained the major change this year is that the defense limits are going up from the current \$5 million to \$10 million.

Mr. Bolduc said the policy fees were about the same as the prior year. He said the markets are very challenging for a variety of reasons. He said that both Ms. Martin and Aon put in a significant amount of work through their approaches. Mr. Bolduc said that Ace continues to be the carrier on the coverage; he noted they fall in the ratings guidelines with an A-rating.

Vice-Chairman O'Brien clarified that defense costs are not going up; he explained the coverage for defense costs are going up. He said that Ms. Martin and Aon did an excellent job putting the information together and that there are several excellent tables and charts contained within the risk management report.

Director Savitsky said that she sits on the State Insurance and Risk Management Board. She explained that Board has held detailed discussion on AIG and XL. Director Savitsky said these issues were raised with Aon who assured the Finance Committee it is employing a stringent vetting process and is dedicated to monitoring the financial stability of these companies. Director Savitsky said that AON has continually proven that it offers valuable services to CRRA.

Director Damer asked why the services start April 1<sup>st</sup> rather than the beginning of the fiscal year. Mr. Bolduc explained that management has made an effort to adjust the services' start time to meet our fiscal calendar but unfortunately CRRA is driven by the carrier's cycles.

Director Griswold asked whether the loss of the Bridgeport Project is reducing insurance costs. Mr. Bolduc said concerning public officials insurance our experience does not necessarily concern the Bridgeport Project but reflects on issues concerning the Mid-Connecticut Project. Director Desmarais said that the insurance costs may not drop that much concerning the public officials' insurance but that CRRA should see some reduction in the future as insurance relates to properties. Mr. Kirk said that is an underwriting evaluation. He explained that Ms. Martin lays out very clearly what is left to insure. Mr. Kirk said he would argue that CRRA's risk exposure pertaining to the new contracts for the Bridgeport Project is less. He said management hopes that those reductions will become evident in the future.

The motion previously made and seconded was approved unanimously by roll call.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			

**RESOLUTION REGARDING THE PURCHASE OF ALL RISK PROPERTY INSURANCE FOR THE PERIOD 4/1/09 – 4/1/10**

Chairman Pace requested a motion to approve the above referenced motion. Director Martland made the motion, which was seconded by Vice-Chairman O'Brien.

**RESOLVED:** That CRRA's \$359 million All Risk Property Insurance be purchased for a premium of \$640,000 (including terrorism) from the following insurers with their quota shares as indicated: Zurich 32% (Rated A); Starr Tech 28% (Rated A); Arch 25% (Rated A) and Swiss Re 15% (Rated A), and

**FURTHER RESOLVED:** That CRRA procure loss-control engineering services for the Mid-Connecticut facilities (WPF, PBF, EGF and Jets) and jurisdictional inspections for all required locations from XL for a price of \$14,000.

Director Savitsky said that there are two components to the property insurance. She explained that the Board is being asked to retain XL for engineering services which is a very specialized service. Director Savitsky explained that CRRA's Senior Engineer, Rich Quelle, was present at the Finance Committee meeting to provide detailed information concerning management's review of XL's response.

Mr. Bolduc said this resolution concerns overall property coverage. He explained the limits and liability are being held at roughly \$359 million. He explained AIG was once CRRA's primary carrier until there were problems several years ago. Mr. Bolduc said at that time management was considering the option of self insurance until Aon was able to find several interested carriers to provide coverage.

Mr. Bolduc said the current proposal is at a premium of \$654,000 for coverage without engineering. He said the current proposal includes terrorism coverage which was previously two separate items. Mr. Bolduc said that after a lengthy process Aon was able to negotiate a 5% increase which he stated he felt was very good in the current market. He said that represents roughly a \$22,000 surplus over the projected budget.

Mr. Bolduc said there are some minor changes from CRRA's current carriers. He said Zurich, Starr Tech, Arch and Swiss Re are in the group and that XL is no longer included primarily because their bid came in significantly higher and management was not able to get them to agree to the overall coverage premiums the other organizations offered.

Mr. Bolduc explained the coverage was being divided by the percentage each carrier indicated they would be willing to cover. He said that all four carrier are rated A and said the percentages are Zurich 32%; Starr Tech 28%; Arch 25% and Swiss Re 15%.

Mr. Bolduc said that the limits are the same and that four carriers built on the number which tied the engineering to their property insurance. Mr. Bolduc said that XL offered stand-alone business and along with Starr Tech was the second lowest bidder out of four. Mr. Bolduc said Mr. Quelle performed the engineering review and stated that he and the in-house engineering were pleased with XL. Mr. Bolduc said there is a \$3,500 difference between XL and Starr Tech; however the Finance Committee undertook a detailed discussion concerning XL's advantage over Starr Tech. He said there had been an agreement that next year's proposal will provide more detailed specification concerning the engineering inspection requirements.

Vice-Chairman O'Brien said that the 15% increase in the premium does not note that terrorism coverage is now contained in the base premium, a \$3,700 item which was carried separately the prior year. He said the total including engineering and terrorism is a 5% increase.

Director Martland said for the record that the Finance Committee had discussed AIG's troubles. He said due to AIG's difficulties it has been bidding very aggressively in an effort to retain business. Director Martland said a company able to tolerate more risk could secure AIG's reduced services however; for a quasi-public this would not be advantageous. Director



Martland said that other companies have said that AIG's reduced rates have made the market more competitive.

Director Savitsky said that discussion at the State Board had touched on the fact that there are several new companies in the insurance market which are offering extremely low rates in an effort to take advantage of the business. She explained it has been to the State's advantage to look into those smaller new companies.

The motion previously made and seconded was approved unanimously by roll call.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			

**RESOLUTION REGARDING THE ESTABLISHMENT OF BRIDGEPORT POST-PROJECT RESERVE**

Chairman Pace requested a motion to approve the above referenced motion. Vice-Chairman O'Brien made the motion, which was seconded by Director Martland.

**WHEREAS**, The Authority is in the process of completing its Post Project Financial Audit; and

**WHEREAS**, The Authority has initially projected remaining Project liabilities that exist following the Bridgeport Project closure; and

**WHEREAS**, The Authority has preformed an initial analysis of its Bridgeport Project potential future risk liabilities and has determined additional funds be appropriated for potential future risk expenditure;

**Now, Therefore it is Resolved**, a Post-Project Reserve be established to retain necessary funds to meet residual Bridgeport Project expenses, with the level of funding to be determined in conjunction with the audit currently in progress and

**FURTHER RESOLVED**, a Risk Fund Reserve be established to retain anticipated funds needed to cover outstanding post-Bridgeport Project risk associated with claims and litigation with the level of funding to be determined in conjunction with the audit currently in progress

Mr. Bolduc said that management is going through the closing process on both the Bridgeport and Wallingford Projects. He said closing involves accounting and finance related activities such as creating a final balance sheet, reconciliations of accounts payable and accounts receivable, cash, review of the trustee accounts, and final payments of the reserve accounts.

Mr. Bolduc said the Bridgeport Project is at the full closure stage because their MSAs expired in December of 2008. He explained financial auditors are undertaking reviews and reserves need to be created for any outstanding litigations and legal issues. He said the funds must be put aside for instances such as an outstanding claim at the Milford transfer station.

Mr. Bolduc said those reviews are being completed in order for management to address concerns with the Bridgeport Project. He explained this is also taking place with the Wallingford Project; however its MSAs are not expiring until a year from June 2010. Mr. Bolduc said in that case there are significant reserves which are governed by legal documents. He said a summary of what is available will be provided along with a review of what needs to be set aside for reserves all of which will come to the Finance Committee and the full Board just as Bridgeport's documents will.

Mr. Bolduc said the Wallingford Project also has a tip fee stabilization fund which by contract can not be addressed until post June 30, 2010. He said that presentation will take place in the next month for the Wallingford Policy Board, the Finance Committee and the CRRA Board.

Mr. Bolduc said the resolution on the table seeks to approve management's establishment of two reserves; one a post-project reserve for dollars to pay remaining legal cost and remaining engineering cost, and transfer stations. He said, for example, there is remaining work at the Shelton landfill which will not be completed in the next months. He said money in the reserves will be earmarked so that the project knows clearly what the money is for and as those items are disposed of any residual amounts will go back to the towns.

Mr. Bolduc said that the risk fund is associated with items such as litigation and insurance claims. He said those items will all be clearly identified prior to approval by the Board and will be placed in a separate account.

Chairman Pace asked Director Miron and Director Edwards whether they had any commentary. Director Miron asked whether the reserves are necessary and whether the funds were available. Mr. Kirk said yes in order to assure that the funds are there to meet any liabilities these funds are being established and will be populated as necessary and all remaining money

will then be distributed to the towns. Mr. Kirk said the amount set aside for the reserves of Bridgeport will be modest as management has well identified the costs.

Director Miron asked how much of the reserve is allocated out of the tipping fee. Director Edwards explained the funds for the reserve are from monies that have already been collected. He explained the balance sheet of the Bridgeport Project contains \$3.2 million in fees collected. He said some of those fees will be distributed out over the next six months to a year to two years based on the pending lawsuit and the Waterbury Landfill. Director Edwards said this enables some of those funds to be used for unknown items going forward. Director Edwards said the Project's agenda is to distribute as much of the remaining \$3.2 million as possible back to the Project.

Director Miron asked whether the amount to be put into this fund, as well as how much money goes back to the Project, comes before the Board first. Mr. Bolduc said he will return to the Finance Committee and then to the full Board with a more detailed breakdown prior to putting any funds in the reserve. Director Desmarais asked whether the Board approves what is spent; Mr. Kirk said the answer is yes.

Director Martland asked whether CRRA informs the Project member towns how much money will be placed in the funds ahead of time. Mr. Kirk that management is moving as quickly as possible; however, an auditor's examination must take place prior to any action. Mr. Bolduc said that there is a Board policy which determines distribution of surplus funds and that a resolution will be needed for designation of a surplus.

Director Edwards said there is a separate fund for post-closure of Shelton which will carry on for 20 years and will be self-funded. He said the reserve is a short term fund that he hopes will not last more than a few years. Director Edwards said that the funds for the Waterbury landfill should be handled in the reserve and the Shelton landfill funds will stand alone.

Vice-Chairman O'Brien said that is highly unlikely that clear direction on the distribution of surplus from the Bridgeport project will take place as early as June. He said this is the first time that CRRA has been through a project closing and that there are many items out of that \$3.2 million that are already encumbered although they have not been spent.

Director Desmarais asked whether the Board will approve specific expenditures. Mr. Bolduc said the expenditures will follow the policies and procedures. Director Desmarais said that this is a two part process. He said the first part is to identify the process that CRRA is going to use, that it is going to create this reserve. He said the second piece of this will be the funding. Director Desmarais said this action should be used as a vehicle to let the member towns know what the time frame is. He said that a letter should be attached detailing what the reserve is along with a general idea of management's plan to fund the reserve.

Director Savitsky said that there was some disconnect in the Bridgeport Project concerning the public works directors and the CEOs. She said this is an excellent opportunity to communicate directly with the CEOs that there is no way to predict when and how much of the funds will be returned to the Project.

Director Edwards said that part of the Bridgeport group is still involved in a smaller reconfiguration of the group but those who are not involved may be out of the loop of communication. He said the April meeting for closure of the SWAB Project will hopefully be attended by all SWAB towns.

The motion previously made and seconded was approved unanimously by roll call.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			

**RESOLUTION REGARDING REQUEST FOR SERVICES FOR SINGLE-STREAM RECYCLING MARKETING AND PUBLIC RELATIONS CAMPAIGN**

Chairman Pace requested a motion to approve the above referenced motion. Vice-Chairman O'Brien made the motion, which was seconded by Director Desmarais.

**RESOLVED:** That the President is hereby authorized to approve a Request for Services with Pita Communications LLC for services associated with CRRA's single-stream recycling marketing and public relations campaign substantially as presented and discussed at this meeting.

Vice-Chairman O'Brien said this money is in CRRA's budget and was planned on. He said it is an important project.

Mr. Kirk noted that Director Miron had asked that the Committees be kept informed concerning the radio buys.

Director Damer asked whether there is a chance of confusion for the communities of the Mid-Conn Project member towns as to who is in single-stream and those outside of the Mid-Conn project that are not. Mr. Kirk said that single-stream conversion is occurring and the

message is good and valid for everyone and there are other programs not run by CRRA which perform single-stream. Mr. Kirk said that he would be delighted if citizens that are not involved in single-stream programs encouraged their towns to consider the possibility. Mr. Kirk said CRRA is available for assistance if other towns become interested.

Director Damer asked whether there are communities which do not have the option of single-stream. Mr. Kirk said management will try to minimize that possibility by encouraging listeners to go to web sites of their towns where single-stream is available.

Chairman Pace said that the radio buys will have to be carefully examined and considered.

Director Savitsky said the campaign offers an excellent opportunity to communicate with the member towns. She said CRRA needs to be sure that the member towns have the most updated information available to place on their Web sites or wherever this information should be directed.

Director Lauretti said that these issues are better served through the municipalities and not through CRRA. He said if the municipalities have an e-mail address then there is access to a lot of media which is not costly and offers many ways to reach the public. Director Lauretti said he believes the municipalities will be more effective at reaching the member towns.

Director Martland said that single-stream is beneficial to the multi-family homes but may not be good for a smaller town like Woodbury.

Director Miron said that he feels that single-stream recycling is an opportunity for CRRA to improve its image. He said as a Board member he has heard how CRRA is perceived. He said from his perspective you will never excite people with the topic of solid waste. He explained recycling is something that people can get excited about.

Director Miron said that Waste Management does a great job with its public relations efforts and how it positions itself. He said he believes if CRRA wants to remake its image it must do so as a leader through recycling. Director Miron said the State of Connecticut has done a bad job of it and that his community has done a bad job as well which is why Stratford has offered to be a pilot program for single-stream. Director Miron said he does think that municipalities should take responsibility but he believes it is really incumbent on CRRA to be the leader on recycling and this is a good opportunity to do so.

Director Lauretti said there is nothing wrong with CRRA being the leader in recycling but on the other hand he would suggest it not be done on his nickel.

Vice-Chairman O'Brien said that he would support putting more emphasis on recycling itself. He said that his town is not a part of CRRA but at least one of the carters in his town is doing single-stream presently. He said recycling is what CRRA should be trying to emphasize. Vice-Chairman O'Brien said that he has requested and wants to be sure that a database exists to evaluate success of the program in order to make this comparison. He suggested using the total recycling tons and the ratio of recycling tons to trash as a measurement of success.

Mr. Kirk said that CRRA has the data for its member towns, but the CT DEP has less than adequate results for non-member towns.

Director Griswold said that he thinks the single-stream discussion is good. He said that his town however, is not prepared to go to single-stream. He explained if this news hits the media in April and he receives calls from his constituents his town will not be prepared. Director Griswold said there should be a discussion between CRRA and the 70 member towns to better prepare. He said the media approach should be the third and final step as he suspects many of the towns are not prepared for single-stream.

Mr. Kirk said that 43 towns are currently involved in single-stream which is a large portion of the service towns which are ready and offering single-stream now. He said CRRA is still accepting dual stream deliveries for towns which are not prepared to convert. Mr. Kirk said this program is geared toward the generator to try to bring recyclable numbers up. He said every place where single-stream has been implemented has resulted in double digit increases in volume, even in towns where only half of the town is involved.

Chairman Pace said his town has subscription and its own transfer station where recyclables are taken. He said the public wants to and still separates their recyclables and that companies then come in and do subscription services in single stream. He said it is a matter of collection and Old Saybrook is not pushing the issue.

Director Griswold said the member towns should be notified prior to the single-stream program being implemented. Chairman Pace agreed.

Director Damer said one of CRRA's primary responsibilities is to implement the Solid Waste Management Plan which contains aggressive goals for recycling. He said he believes that single-stream recycling is one of the best methods to continue to increase that. Director Damer said that he supports any method to advertise and encourage people to increase recycling; however, management must be careful in how the program is tailored.

Director Savitsky said there is a meeting of the Mid-Connecticut Project Municipal Advisory Committee (hereinafter referred to as "MAC") in the month of April which presents an excellent opportunity to communicate with the member towns. She suggested tabling the motion until after that meeting.

Chairman Pace said that he feels the Board can move forward with this. He said Director Griswold's suggestion that a tour be offered showing the recycling center is an excellent idea. He said the CRRA Board has an obligation to increase recycling because of the CT DEP's Solid Waste Management Plan and that this is a Board ruled by policy.

Director Lauretti said that he agrees but spending money on radio ads may not be the correct tactic.

Mr. Kirk said that he agrees with Director Griswold and that the member towns should be informed by CRRA prior to any spending so that those member towns are prepared. He said management will work with the MAC to accomplish that goal.

Vice-Chairman O'Brien said that he agrees that the public relations campaign should be presented before the MAC. He said the recycling part is an important part of the message and that the financial advantage to operating a single steam recycling program should also be presented to the MAC. He said he would like to see this resolution pass however the advertising can be held off until the MAC can meet. Vice-Chairman O'Brien said that he had suggested that the entire \$90,000 may not need to be spent as there are currently deals to be had in radio advertising.

Director Lauretti said that in his view CRRA's biggest challenge with this approach is with the chief elected officials and politicians and not the public at large. He said this money is targeted to the consumer public and will not improve CRRA's image but will convey a message concerning recycling. He said the bigger challenge is the communication with the chief elected officials that CRRA serves and said that trying to get them together is very difficult.

Chairman Pace said CRRA has an obligation to lead on the recycling forefront. He said CRRA will try to educate the towns as much as possible in an effort to get them on board.

Director Edwards said that he would rather this campaign be held off for a month in order to avoid confusion during the impending negotiations with the Southwest towns.

Director Savitsky said that she is leaning towards delaying the campaign efforts until CRRA receives customer feedback. She said she is questioning whether radio advertising is the smartest way to target CRRA's audience. She said she is not in favor of supporting this until there is a clear identification of the needs of the CRRA member towns. She said it may be determined that radio is not the most effective method of communication.

Mr. Kirk said that radio advertising is not the only outreach done by CRRA. He explained Pita Communications (CRRA's consultant for Public Relations) is recommending using radio advertising to reach its member towns. He explained this is one of the steps CRRA is taking and that postponing it for a month is at the Board's discretion. Mr. Kirk said also to some extent perhaps the expert opinion of Pita Communication should not be micro-managed.

Director Lauretti said if CRRA is trying to implement the system to a municipality, as Chairman Pace said, the municipality is in the lead. He said he did not understand the point of the need for communication. He said if he was implementing the system in Shelton his residents would know.

Director Martland said that people from all over the state will be hearing this message and that he agrees with Mr. Kirk.

Director Savitsky asked what would happen if this resolution was delayed by a month. Mr. Kirk said the advertising would be delayed for a month. She said in a 30-day delay the concerns of Director Edwards and Director Griswold may be addressed. Mr. Kirk said the RFS expires June 30, 2009, and would need to be undertaken in the next few months or it would be subject to re-bidding at substantial cost and difficulty. Director Savitsky asked if CRRA has the ability to extend a contract end date. Ms. Hunt said the answer is no.

Director Griswold said it is his personal interest that all 70 member towns are contacted specifically in order to avoid a town being unprepared.

Director Miron said if this issue is tabled that Pita Communications should address the Board with a better presentation of the efforts to increase recycling in the Mid-Connecticut towns. He explained the radio spot is not just to advertise to those communities for single-stream recycling, but also to position and brand CRRA as a recycling leader and to increase recycling in the Mid-Conn towns. He said some of those radio ads may actually creep into the Bridgeport project area. He asked what CRRA has done to accomplish the goal of the Solid Waste Management Plan to increase recycling.

Director Desmarais said that CRRA's obligation is to implement the Solid Waste Management Plan and that the Directors had all raised valid points. He said that CRRA should communicate with the project member towns before taking action. He said that should not stop CRRA from moving forward. Director Desmarais said it can't hurt to reach citizens as well as chief elected officials and that CRRA has positioned itself well.

Director Lauretti said that he agrees but the issue is the spending of the towns' money when there are many vehicles with which to accomplish that at a lower cost.

Mr. Kirk said that this campaign is to encourage recycling and serves as a means to brand CRRA as a leader in recycling.

Chairman Pace said that CRRA has to educate the public on the goals of the Solid Waste Management Plan.

The motion previously made and seconded did not pass. Chairman Pace, Vice-Chairman O'Brien, Director Damer, Director Desmarais, and Director Miron voted yes. Director Griswold, Director Lauretti, Director Martland and Director Savitsky voted no.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold		X	
Mark Lauretti		X	
James Miron	X		
Theodore Martland		X	
Raymond O'Brien	X		
Linda Savitsky		X	
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			



After the vote Vice-Chairman O'Brien requested that the item be brought before the Board in April.

**RESOLUTION REGARDING THE PURCHASE OF THREE HIGH SPEED RUBBER ROLL UP DOORS FOR THE MID CONNECTICUT WASTE PROCESSING FACILITY**

Chairman Pace requested a motion to approve the above referenced motion. Vice-Chairman O'Brien made the motion, which was seconded by Director Savitsky.

**RESOLVED:** That the President is hereby authorized to execute an agreement for three (3) New M & I High Speed Rubber Roll-up Doors from BODE Equipment Company for use at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

Vice-Chairman O'Brien said that this resolution was discussed and recommended by the Policies & Procurement Committee. He said a good presentation and financial analysis were provided. Vice-Chairman O'Brien said there were four rubber doors left and only three were being replaced as the last door is rarely used and does not need to be replaced. Vice-Chairman O'Brien said the funds for this resolution have already been budgeted.

The motion previously made and seconded was approved unanimously by roll call.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold	X		
Mark Lauretti	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			

**RESOLUTION REGARDING AUTHORIZATION FOR PAYMENT OF PROJECTED  
ADDITIONAL LEGAL EXPENSES**

Chairman Pace requested a motion to approve the above referenced motion. Vice-Chairman O'Brien made the motion, which was seconded by Director Damer.

**WHEREAS**, CRRA has entered into Legal Service Agreements with various law firms to perform legal services; and

**WHEREAS**, the Board of Directors has previously authorized certain amounts for payment of fiscal year 2009 projected legal fees; and

**WHEREAS**, CRRA expects to incur unanticipated legal expenses in connection with Mid-Connecticut Project matters;

**NOW THEREFORE, it is RESOLVED:** That the following additional amount be authorized for payment of legal fees and costs to be incurred through June 30, 2009:

<u>Firm:</u>	<u>Amount:</u>
Kainen, Escalera & McHale	\$175,000

Vice-Chairman O'Brien said it was at the recommendation of CRRA's Director of Legal Services to retain Kainen, Escalera & McHale to assist with this potential litigation.

Director Savitsky asked if these funds are strictly for the actuary services or for the legal services. Mr. Kirk said the answer is both.

The motion previously made and seconded was unanimously by roll call.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold	X		
Mark Lauretti	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			

**RESOLUTION REGARDING REQUEST FOR SERVICES FOR PROFESSIONAL CONSULTING ENGINEERING SERVICES FOR THE MID-CONNECTICUT RESOURCES RECOVERY FACILITIES**

Chairman Pace requested a motion to approve the above referenced motion. Vice-Chairman O'Brien made the motion, which was seconded by Director Savitsky.

**RESOLVED:** The President is authorized to execute the Request for Services with Dvirka and Bartilucci Consulting Engineers for professional consulting services associated with the operation and maintenance of the Mid-Connecticut Resources Recovery facilities.

Mr. Kirk said the resolution was vetted at the Policies & Procurement Committee. He explained this is part of CRRA's plan to consider post-2012 uses and opportunities for projects and assets. He said management desires the services on an as-needed basis at a rate determined by an RFS.

Chairman Pace asked where Dvirka & Bartilucci are located and if it has any other contracts with entities in the State of Connecticut. Mr. Tracey said it is located in New Jersey. Mr. Kirk said it has only had contracts with CRRA.

Director Martland asked what this firm's specialty is. Mr. Kirk said Dvirka is a solid waste management expert.

The motion previously made and seconded was unanimously by roll call.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			

### **ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE**

Director Damer said that the Human Resources Committee is going to try to change its meeting time and would have done so sooner if he had not been out of State the prior month for the birth of his grandson.

Director Damer said the Committee has held a lengthy discussion regarding the issue of merit increases for the CRRA employees.

### **MOTION TO ADD AN ITEM TO THE AGENDA CONCERNING FY'09 MERIT INCREASES**

Chairman Pace requested a motion to approve the above referenced motion. Director Damer made the motion to add a discussion item concerning merit increases to the agenda.

The motion to add an item to the agenda was seconded by Vice-Chairman O'Brien.

The motion to add the item to the agenda was approved unanimously by roll call.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			

Director Damer said the budget passed for 2009 contained a cost-of-living increase (hereinafter referred to as "COLA") of approximately 2%, except for senior management, which was implemented July of 2008. He said it is also CRRA policy to implement merit increases in conjunction with the employee performance management and evaluation procedure as of January 1 of the calendar year. Director Damer said there is money in the budget for both the COLA and merit increases. He said the 2010 fiscal-year budget was also approved which included both COLA and merit increases.

Director Damer said the employees of CRRA have done outstanding work and that the Human Resources Committee is suggesting that the employees receive merit increases. He explained however, that the increases would be delayed from the normal start date of January 1, 2009, until April 1, 2009. Director Damer explained implementing the merit increase in April would represent an expenditure during FY'09 of \$20-25,000.

Chairman Pace said that he agreed that the CRRA employees have been working hard especially when considering the staff has been reduced by 12.5%. He said this is a non-mandatory reward on a merit basis. Mr. Kirk said that he and Mr. Bolduc have agreed to forgo any merit increases that would otherwise be awarded.

Chairman Pace said he believes there is justification for this merit raise. He said the dollar value on a three month basis is lower than it would be on a fiscal year basis.

Director Martland asked if MDC was asked to not give raises given the current economic climate. Mr. Kirk said that was correct MDC was asked to endeavor to reduce the 3.55% and 3.95% raises in the budget and that a reply had not been received.

Director Damer said the merit increase and COLA are budgeted for and are ordinarily done without being brought specifically to the Board. He said that under the circumstances the

Committee thought the Board should review this. He noted that the merit increases are normally done in January.

Director Savitsky said her concern is sending the wrong message in this economy especially when one considers CRRA has asked MDC to refrain from granting raises. She said this has been an extraordinary year and that the economic strife is a nation-wide issue; however she feels this is the wrong message at the wrong time.

Chairman Pace said that he feels this is the right message at the right time for employees within this organization which have helped with recent transitions. He said he has not seen any give-backs in the state and that a recent contract received from MDC contains a 4% increase. He said cost to the towns has been minimized and staff has been reduced by 12%. Chairman Pace said out of the 57 employees in CRRA this merit increase only represents a \$25,000 figure for the balance of FY'09 which is minimal with respect to the talent that is currently on the staff.

Director Lauretti asked if it would be fair to say that CRRA is currently accomplishing more with fewer employees. Chairman Pace said the answer is yes.

Vice-Chairman O'Brien said that the average salaries of CRRA's employees are necessary to determine whether or not a merit increase should be provided. He asked if this narrative applies only to the fourth quarter of the fiscal year. Chairman Pace said this was correct.

Chairman Pace said it was his initiative to bring the merit increases before the Board. He suggested that this matter be brought to the MAC meeting and be brought as a look-back at the next Board meeting.

After substantial discussion the Board agreed that although there is certainly exemplary work and effort by the CRRA employees they are not prepared to address merit raises at this point.

#### **MOTION TO TABLE MERIT INCREASE FOR FY'09**

Chairman Pace requested a motion to approve the above referenced motion. Director Damer made the motion to table, which was seconded by Vice-Chairman O'Brien.

The motion to table was approved unanimously by roll call.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			

**RESOLUTION REGARDING MARKET PROGRESSION ADJUSTMENT FOR THE DIRECTOR OF OPERATIONS**

Chairman Pace requested a motion to approve the above referenced motion. Director Damer made the motion.

**RESOLVED:** That the salary for the Director of Operations be adopted as presented and discussed by the Organizational Synergy & Human Resources Committee.

The motion was seconded by Vice-Chairman O'Brien.

Director Damer said that by policy CRRA employee salaries should fall within the approved salary ranges. He said that Mr. Tracey is currently out of the approved salary range and that the Human Resources Committee is recommending bringing that individual up slightly over the low point in the salary range.

Vice-Chairman O'Brien said that he was in support of this resolution as Mr. Tracey has done an excellent job with his relationship with the Policies & Procurement Committee. He said that he would like to remind the Board that as CRRA modifies its involvement in its projects a re-evaluation of what the ranges are for the position of Director of Operations will be needed moving forward.

Director Damer said the present salary range evaluation for the Director of Operations is 2011. Mr. Kirk said that evaluation can be moved up if necessary. Director Damer also pointed out that there was a typo and that the last evaluation was done in 2006.

The Board undertook discussion on how the range of the Director of Operations salary was set.

The motion previously made and seconded was approved by roll call. Director Damer voted no. Director Savitsky abstained.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Dave Damer		X	
Alan Desmarais	X		
Timothy Griswold	X		
Mark Lauretti	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
Linda Savitsky			X
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			

**MOTION TO SUSPEND THE RULES TO ADD A DISCUSSION ITEM CONCERNING A POSSIBLE INTERNSHIP**

Chairman Pace requested a motion to approve the above referenced motion. Director Damer made the motion to add a discussion item concerning the possibility of an internship through the University of Connecticut.

The motion to add an item to the agenda was seconded by Vice-Chairman O'Brien.

The motion to add the item to the agenda was approved unanimously by roll call.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Dave Damer	X		
Alan Desmarais	X		
Timothy Griswold	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Warren C, Howe, Jr., Wallingford			
Geno Zandri, Wallingford			



Mr. Kirk said that he provided the Board with the research he was able to do on the program as well as Director Desmarais e-mail which broached the topic initially as well as Director Savitsky's e-mail in support.

Mr. Kirk said this internship is part of the University of Connecticut's Public Policy Program where a student comes to work for CRRA for a modest cost for around nine months at fifteen hours a week. Mr. Kirk said that Director Desmarais was extremely supportive of this initiative.

Director Damer said that the funds do not go directly to the student but go directly to the program.

Mr. Kirk said that he had asked the program if the \$12,000 fee could be waived for CRRA and that a response has not yet been received. He said if the program is willing to offer the program for free CRRA will take advantage of it. Mr. Kirk said that management would love the extra help but has some concerns about eliminating 12% of the work force only to take on an intern. Chairman Pace agreed.

Director Desmarais excused himself from the discussion.

After some discussion it was agreed as the program is close to starting that this item will come back to the Board the following year for consideration.

### **CHAIRMAN'S REPORT**

Chairman Pace said that he has been concerned about CRRA's employees. He said he has been the Board Chairman for many years and that he had asked the employees to stay with CRRA while the newly configured Board navigated an overhaul of the company. He said the core of those staff members who stayed with CRRA are still present employees who have stayed dedicated.

Chairman Pace said that CRRA is now at the end of the initial contract for the project, and that other organizations are attempting to take that project over through political and other means. He explained the Board has a responsibility to the employees just as they have a responsibility to the State of the Connecticut. Chairman Pace said that in recognition of that value he composed a memo on behalf of himself and the CRRA Board detailing his appreciation to the CRRA employees.

Vice-Chairman O'Brien said that he agrees with the sentiments contained in the memo. Director Desmarais thanked Chairman Pace for providing such a memo to the employees. He said that the CRRA employees are valuable and have done an outstanding job. He noted that they are non-union and have presented a tremendous work effort on behalf of CRRA.

Chairman Pace said that in July or August he will ask Mr. Kirk to get the employees to interact one on one with the Board while discussions take place concerning the restructuring of CRRA. He said CRRA has an economic value to the state and the towns as well as a moral responsibility to the employees.

Director Jarjura suggested the Board retreat be attended by the CRRA employees.

## **PRESIDENT'S REPORT**

Mr. Kirk said he was asked by the Committee to fast-track a letter to the towns to appraise them of the legislative issues that CRRA is currently facing. He said he has prepared that letter and requires guidance from the Board concerning the scope of the letter. He said that letter would be addressed to the CEOs.

Mr. Kirk said that Senate Bill 3 (the Franklin landfill prohibition bill) was voted out of committee and that management is hopeful that it will go to another committee before being sent to the Senate. He said that management is optimistic that the legislature understands the damage that passing this bill would cause to the State and the Solid Waste Management Plan.

Mr. Kirk said Senate Bill 1058; the oversight bill titled "An Act Concerning Economic Development" intends to create an oversight committee for the Board of Directors and would prohibit spending more than \$3 million without the committee's permission. He explained that is at odds with the bond indentures and would essentially make all bonds callable in the opinion of CRRA's bond counsel. Mr. Kirk said the bill has been amended in committee to reflect that it cannot adversely affect the bonds.

Chairman Pace said that it is somewhat offensive that people put items in bills which are against the public interest and public officials would support this. Mr. Kirk said although additional oversight sounds harmless and beneficial it would hamper CRRA's responsibilities to Bond holders. Mr. Kirk said that Director Jarjura had testified in support of CRRA at the hearing.

Director Jarjura said that he had testified that the function of CRRA's Board of Directors is to provide the oversight this bill was supposedly supplying.

Mr. Kirk said that Bill 6350, the sales and use tax bill, would eliminate exemptions from sales and use tax. Mr. Kirk said that CRRA's facilities operate without sales and use tax which is an important pass-through that is provided to CRRA's contractors.

Mr. Kirk said that management was favorably impressed by the Committee raising of a bill that would provide the CT DEP authority to allow CRRA employees permission to enter permitted facilities for the purpose of inspection and contract compliance. He said this would have helped tremendously with diversion of town waste to other locations. However, he said that Bill 6550, the inspection bill, is dead and that the Bristol Project had testified against it. He said management hopes to get it attached to another bill and that he feels it is clear to the Legislature how important such a bill would be when considering the millions of dollars which are being lost because of CRRA's inability to enforce contractual agreements with haulers and other facilities.

Mr. Kirk thanked Director Martland for testifying and contacting the Waterbury-region municipalities about these bills.

Mr. Kirk said that concerning the Franklin landfill the CT DEP concurrence was reached on the particulars of the water test plan which was to determine whether or not the location is a municipally suitable water site. He explained a well will be drilled by early April with results shortly thereafter.

Mr. Kirk said that tonnage deliveries continue to be low at all four projects as a result of diversion. He said that Bridgeport towns which have not passed flow-control are seeing huge double digit diversions away from their plants. Mr. Kirk said towns with enforced flow control are seeing the required tons coming in.

Mr. Kirk said that Preston commercial is being diverted and Covanta is importing replacement tons. He said that Wallingford tons are being attracted away to other disposal facilities and that CRRA enforcement inspects and documents the diversion where they have access.

Mr. Kirk said that the Mid-Conn Project is also seeing significant diversion to volume reduction facilities and into Massachusetts. He explained CRRA has proceeded with one lawsuit and is preparing another to deal with these problems.

Director Lauretti asked how the Waterbury towns are being affected. Mr. Kirk said there is some diversion; however CRRA's enforcement is very involved in inspections at Waterbury. Mr. Tracey said that enforcement has been working to correct Waterbury issues and was successfully able to reverse the diversion to Bristol back to CRRA. He noted that CRRA is also actively involved in challenging Covanta and the BRRFOC concerning these issues.

Mr. Kirk said that CRRA is trying to meet the monumental Freedom of Information Act request from MDC. He said management had estimated that 60% of three members of the Finance Department's time will be spent for two solid months in order to compile the information requested by MDC. Chairman Pace said that the towns should know that CRRA is trying to cut costs but this request will be a significant cost in resources and time for CRRA.

Mr. Kirk said a much more focused Freedom of Information Act request has been submitted to MDC from CRRA. Mr. Bolduc said that CRRA can only charge for duplication and not labor and that boxes back from 20 years are being pulled out and sifted through. Vice-Chairman O'Brien said a number in dollars should be attached to any commentary to the Project-member towns concerning the cost and length of this request. He said that he had urged management to make its request similar to MDC's.

Chairman Pace said that CRRA is making every effort to reply and to reduce costs to its Project member towns.

### **EXECUTIVE SESSION**

Chairman Pace requested a motion to enter into Executive Session. The motion made by Vice-Chairman O'Brien and seconded by Director Damer was approved unanimously by roll call.

The Executive Session began at 12:26 p.m. and concluded at 12:44 p.m. Chairman Pace noted that no votes were taken in Executive Session.

The meeting was reconvened at 12:44 p.m., the door was opened, and the Board secretary and all members of the public (of which there were none) were invited back in for the continuation of public session.

**ADJOURNMENT**

Chairman Pace requested a motion to adjourn the meeting. The motion made by Vice-Chairman O'Brien and seconded by Director Martland was passed unanimously.

The meeting was adjourned at 12:45 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Moira Kenney", written over a horizontal line.

Moira Kenney  
Secretary to the Board/Paralegal

**TAB 2**

***RESOLUTION REGARDING DISTRIBUTION OF WALLINGFORD  
PROJECT RESERVES***

***WHEREAS***, at its April 2005 meeting, this Board established the Wallingford Future Use/Planning Reserve (the "Future Use Reserve") for the purpose of funding termination costs associated with the Wallingford Project (the "Project"), extension costs associated with the Project, or costs associated with developing a new strategy for the Project's member towns upon termination of the Project on June 30, 2010; and

***WHEREAS***, the Project member towns, consisting of the towns of Cheshire, Hamden, Meriden, North Haven, and Wallingford, Connecticut (collectively, the "Towns") have all executed new agreements with Covanta for post-Project municipal solid waste disposal services (the "New Agreements") which agreements commence July 1, 2010; and

***WHEREAS***, at its meeting on January 29, 2009, this Board authorized the creation of a Project Closure Reserve to cover costs associated with the closure/termination of the Project and also authorized the transfer of \$820,000 from the Future Use Reserve to the Project Closure Reserve; and

***WHEREAS***, the Authority, in light of the New Agreements and in consultation with the Wallingford Project Policy Board (the "Policy Board"), has determined that the purposes for which the Future Use Reserve was established in 2005 have either been concluded or adequate provision has been made for such purpose through the Project Closure Reserve; and

***WHEREAS***, the current balance in the Future Use Reserve is \$10,894,005, reflecting the transfer of \$820,000 to the Project Closure Reserve; and

***WHEREAS***, the Authority, in consultation with the Policy Board, has determined that \$190,000 is sufficient to pay certain invoices outstanding as of January 31, 2009, which sums are properly payable from the Future Use Reserve.

***NOW THEREFORE***, it is

***RESOLVED***: That \$10,704,005 be transferred from the Future Use Reserve to the Wallingford Project Operating Account, leaving a balance of \$190,000 in the Future Use Reserve; and it is

***FURTHER RESOLVED***: That the funds remaining in the Future Use Reserve be used to pay certain outstanding invoices totaling \$190,000, as agreed by the Authority and the Policy Board; and it is

***FURTHER RESOLVED***: That should any funds remain in the Future Use Reserve following payment of such invoices, such funds shall be transferred to the Project Operating Account; and it is

***FURTHER RESOLVED***: That upon disbursement of all funds in the Future Use Reserve, the Future Use Reserve fund shall be dissolved.

**NOW THEREFORE, IT IS HEREBY**

**RESOLVED:** That \$26,674,579 of the Undesignated Balance in the Operating Account is adjudged by the Board of Directors to be surplus to the needs of the Authority to meet its contractual and other obligations and to provide for its operations or other business purposes relative to the Wallingford Project; and it is

**FURTHER RESOLVED:** That such \$26,674,579 shall be equitably distributed to the Towns based on the relative amounts of Acceptable Solid Waste delivered by each Town during the time period beginning July 1, 2003 and ending June 30, 2008, and distributed on a comparable dollar per ton basis for each municipality as follows:

<u>Municipality</u>	<u>Amount</u>
Cheshire	\$3,471,075.41
Hamden	\$6,010,093.69
Meriden	\$5,953,740.50
North Haven	\$4,036,327.71
Wallingford	\$7,203,341.69

and it is

**FURTHER RESOLVED:** That to the extent the foregoing resolutions constitute a use of surplus funds in a way other than as expressly specified in the Procedures, such alternative use is hereby approved, as permitted by Section 2 of the Procedures.

As regards the Future Use/Planning Reserve, management has performed a thorough review of cash needs for outstanding accounts payable and prior commitments (see Exhibit C) for analysis.

Based upon this analysis management would recommend transferring \$10,704,005 or 91.4% of the balance in the Future Use/Planning Reserve to the Operating Account.

The Operating Account follows the same process for declaration of surplus funds by CRRA's Board of Directors. Management performed a thorough review of cash needs for this account (see Exhibit D) and determined that \$26,674,574 or 91.4% of the combined 1/31/09 Operating Account balance of \$18,470,574 and \$10,704,005 to be transferred from the Future Use/Planning Reserve (total of \$29,174,579) is surplus and available for distribution.

Additionally, as the Tip Fee Stabilization Fund of \$16,101,904 at 1/31/09 is required to remain in the project until the MSA's expire, there is a secondary cash reserve should the need arise.

## II. *Distribution*

At the February 10, 2009 Wallingford Policy Board meeting the attached summary of historical tons was distributed (see Exhibit E). The utilization of





**PROCEDURES FOR THE USE OF SURPLUS FUNDS  
BOARD OF DIRECTORS POLICY AND PROCEDURE  
NUMBER 017**

**1. PROCEDURE**

- A. Subject to the requirements of Sections 22a-267(6) and 22a-275(g) of the Connecticut General Statutes, any unbudgeted surplus funds received from a particular project of the Connecticut Resources Recovery Authority (the "Authority") shall be utilized in accordance with any contract or agreement for use of such funds or it shall be appropriated to future budgets for that project in order to reduce the net cost of project operation, to minimize any service fees charged to towns utilizing the project, to reduce financing needs for capital projects or to augment the project's reserve accounts.
- B. Subject to the requirements of Sections 22a-267(6) and 22a-275(g) of the Connecticut General Statutes, at the conclusion of a project, after all expenses of the project are paid, all debt and interest are retired, and all collectible revenues have been received, any excess or surplus funds which remain shall be distributed in accordance with any contract or agreement for the use of such funds, or the Board of Directors for the Authority (the "Directors"), at their discretion, shall either equitably distribute such surplus funds among municipalities served by that project or shall utilize such funds in furtherance of the solid waste management policies of the State of Connecticut set forth in Section 22a-259 of the Connecticut General Statutes.
- C. Disposition of use of surplus funds shall require the approval of the Directors. The Authority's independent auditor shall certify to the Directors the amount of the surplus funds prior to the Directors' approval.

**2. MISCELLANEOUS**

Any deviation from the above procedure must be approved by a majority of the voting members of the Directors present at a scheduled meeting.

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Approved By: Board of Directors  
Bylaw Reference: Article VII  
Statutory Reference: CGS 1-121, 22a-265(15) and 22a-268a

P&P Number: BOD 017  
Effective Date: 11/20/90

*Exhibit A*

**CONNECTICUT RESOURCES RECOVERY AUTHORITY  
AGREED-UPON PROCEDURES  
AS OF JANUARY 31, 2009**

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SCHEDULE 1

**CONNECTICUT RESOURCES RECOVERY AUTHORITY  
SCHEDULE OF ALLOCATION OF CRRA'S  
SHORT TERM INVESTMENT FUND - WALLINGFORD PROJECT  
AS OF JANUARY 31, 2009**

	General Ledger Account No.	Balance as of January 31, 2009
<b>GENERAL FUND:</b>		
OPERATING FUND - UNRESTRICTED UNDESIG.	01-000-000-10201	\$ (21,256)
BENEFIT FUND - UNRESTRICTED DESIG.	01-000-000-10222	217,110
TOTAL GENERAL FUND		195,854
<b>MID-CONNECTICUT PROJECT:</b>		
OPERATING FUND - UNRESTRICTED UNDESIG.	41-000-000-10201	(2,412,755)
RISK FUND - UNRESTRICTED DESIG.	41-000-000-10221	7,231,017
FACILITY MODIFICATIONS FUND - UNRESTRICTED DESIG.	41-000-000-10223	1,597,322
ROLLING STOCK FUND - UNRESTRICTED DESIG.	41-000-000-10224	3,144,206
DEBT SERVICE STABILIZATION FUND - UNRESTRICTED DESIG.	41-000-000-10231	4,818,969
ASH DISPOSAL - UNRESTRICTED DESIG.	41-000-000-10232	2,150,002
LANDFILL DEVELOPMENT FUND - UNRESTRICTED DESIG.	41-000-000-10308	1,525,767
RECYCLING EDUCATION FUND - RESTRICTED RESERVE	41-000-000-12203	377,606
TOTAL MID-CONNECTICUT PROJECT		18,432,134
<b>JETS/ENERGY GENERATING FACILITY:</b>		
OPERATING FUND - UNRESTRICTED UNDESIG.	41-000-000-10202	3,614,400
SOUTH MEADOWS SITE REMEDIATION - UNRESTRICTED DESIG.	41-000-000-10228	144,651
ENERGY GENERATING FACILITY FUND - RESTRICTED RESERVE	41-000-000-12201	9,958,732
TOTAL JETS/ENERGY GENERATING FACILITY		13,717,783
<b>BRIDGEPORT PROJECT:</b>		
OPERATING FUND - UNRESTRICTED UNDESIG.	34-000-000-10201	1,926,948
SHELTON L/F FUTURE USE FUND - RESTRICTED RESERVE	34-000-000-12206	866,801
RECYCLING FUND - STRATFORD IPC - UNRESTRICTED DESIG.	34-000-000-10229	777,853
TOTAL BRIDGEPORT PROJECT		3,571,602
<b>WALLINGFORD PROJECT:</b>		
OPERATING FUND - UNRESTRICTED UNDESIG.	71-000-000-10201	18,470,574
RISK FUND - UNRESTRICTED DESIG.	71-000-000-10221	1,047,107
FUTURE USE FUND - UNRESTRICTED DESIG.	71-000-000-10230	11,714,005
TIP FEE STABILIZATION FUND - RESTRICTED RESERVE	71-000-000-12205	16,101,904
TOTAL WALLINGFORD PROJECT		47,333,590
<b>SOUTHEAST PROJECT:</b>		
OPERATING FUND - UNRESTRICTED UNDESIG.	11-000-000-10201	3,007,692
RISK FUND - UNRESTRICTED DESIG.	11-000-000-10221	251,972
MONTVILLE L/F POSTCLOSURE FUND - LIABILITY	11-000-000-12301	808,324
TOTAL SOUTHEAST PROJECT		4,067,988
	Reconciling Items:	15,553
<b>TOTAL STIF BALANCE - ALL PROJECTS (Account No. 1255563275)</b>		<b>\$ 87,334,504</b>

## Future Use/Planning Reserve

- I. The Future Use/Planning Reserve was established pursuant to resolutions of the Policy Board and the CRRA Board.
  - The Policy Board does not control the Reserve.
  - CRRA may only use the Reserve for the purposes set forth in the enabling resolutions.
  
- II. The Policy Board and the CRRA Board may, by resolution, dissolve the Reserve, transfer some of the funds to a different Reserve, etc., in which case, the remaining undesignated dollars would fall to the Operating Account. (See Operating Account.)
  
- III. CRRA will continue to control any funds remaining in the Reserve following the expiration of the Project, but may only use such funds for the purposes set forth in the enabling resolutions. When the purposes for which the Reserve was established are no longer relevant:
  - a. CRRA's auditor shall certify to the CRRA Board of Directors the amount of surplus funds.
  - b. The CRRA Board, by resolution, may declare that the funds are surplus and authorize the equitable distribution of such surplus to the Project municipalities.
  - c. Following such distribution, the municipalities determine the use of the funds.

Balance as of 1/31/09 is \$11,714,005.

**Summary of Wallingford Future Use/Planning Reserve**

Reserve Balance as of January 31, 2009	\$ 11,714,005
Transfer to Project Closure Reserve per Resolution dated January 29, 2009 (see Exhibit C-2)	(820,000)
Outstanding Future Use Invoices (see Exhibit C-3)	(190,000)
	<u>\$ 10,704,005</u>

**Outstanding Invoices to be Held Against Future Use Reserve**

Legal: \$ 187,767.50

Other Contingency: \$ 2,232.50

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**Total:** **\$ 190,000.00**

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**WALLINGFORD PROJECT  
FY04-FY08 Tonnage**

Status	Towns	Minimum Commit	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Total FY04-FY08	Percentage of Tonnage
Member	Cheshire	13,750	19,612	19,113	18,205	21,300	20,630	98,860	13%
Member	Hamden	34,500	29,847	33,668	36,268	36,032	35,359	171,174	23%
Member	Meriden	39,500	35,110	33,434	36,363	33,620	31,042	169,569	22%
Member	North Haven	13,500	28,155	25,631	22,466	20,304	18,403	114,959	15%
Member	Wallingford	23,750	38,418	41,021	43,042	41,462	41,216	205,159	27%
<b>Total</b>		<b>125,000</b>	<b>151,141</b>	<b>152,867</b>	<b>156,345</b>	<b>152,718</b>	<b>146,650</b>	<b>759,721</b>	<b>100%</b>

**TAB 3**



RESOLUTION AND SUPPORTING  
DOCUMENTATION TO BE E-MAILED ON MONDAY  
APRIL 20, 2009

**TAB 4**

**RESOLUTION REGARDING DELIVERY OF COVER SOILS  
TO THE HARTFORD LANDFILL**

**RESOLVED:** That the President is hereby authorized to enter into a contract with Earth Technology, Inc. for delivery of soil to be used as cover material at the Hartford Landfill, and as approved by the Connecticut Department of Environmental Protection, substantially as discussed and presented at this meeting.

# Connecticut Resources Recovery Authority

## Contract Summary for Contract entitled

### Special Waste Cover Soils Letter Agreement

Presented to the CRRRA Board on: April 23, 2009

Vendor/ Contractor(s): Earth Technology, Inc.

Effective date: March 27, 2009

Contract Type/Subject matter: Letter Agreement. Delivery of DEP approved soil to the Hartford Landfill to be used as cover material.

Facility (ies) Affected: Hartford Landfill

Original Contract: This is the original contract

Term: Through June 30, 2009

Contract Dollar Value: \$487,500  
(37,500 tons at \$13.00 per ton)  
This is a REVENUE Contract

Amendment(s): None

Term Extensions: Not applicable

Scope of Services: Delivery of DEP approved soil to the Hartford Landfill to be used as cover material. Soil generated by the Connecticut Department of Transportation.

Other Pertinent Provisions: None

# Connecticut Resources Recovery Authority Hartford Landfill Delivery of Cover Soil

*April 23, 2009*

## **Executive Summary**

CRRA has contracted with Earth Technology, Inc. to deliver approximately 37,500 tons of DEP approved soil generated in New Canaan, Connecticut to the Hartford Landfill for use as cover material.

In accordance with Section 5.11 (Market Driven Purchases and Sales) of CRRA's Procurement Policies and Procedures, this is to report to the CRRA Board of Directors that CRRA has entered into this market driven transaction, and to seek Board approval of the transaction.

## **Discussion**

The Solid Waste Operating Permit for the Hartford Landfill requires that all of the solid waste deposited at the landfill each day is to be covered with soil, or other approved material, at the end of the day. Historically, CRRA purchased virgin soil to be used for this purpose.

Although the landfill ceased accepting solid waste on December 31, 2008 and no longer needs soil for daily cover needs, CRRA continues to need soil to support landfill closure activities, and is still permitted to accept DEP approved soil to shape and grade the landfill surface in preparation for final closure.

During calendar year 2002 CRRA management began an initiative to identify sources of non-virgin soils, acceptable to DEP, that could be used to satisfy the requirement for the landfill's daily cover needs, and for which a delivery charge could be assessed to the generator or deliverer of the soil. CRRA staff contacted environmental remediation companies, and environmental and engineering consulting firms, to determine if there were sources of this soil that would be amenable for use as cover material. CRRA staff also contacted other landfills and soil treatment facilities to determine the disposal market price for this type of DEP approved soil.

In consultation with the Policy and Procurement Committee, CRRA staff developed a procedure to be used in negotiating prices for receipt of cover soil at the Hartford Landfill. In summary, CRRA staff developed a list of approximately 35 companies (consultants, remediation companies, etc.) that have advised CRRA that they have, or

may have, sources of non-virgin DEP approved soil amenable for use as cover material. CRRA staff periodically contact these companies to determine if they have quantities of such soil for shipment to the landfill. CRRA also regularly receives inquiries from firms that have potential sources of cover soil. CRRA has also communicated its need for these cover materials from time-to-time through such organizations as the Environmental Professionals of Connecticut (EPOC), and the Connecticut Department of Environmental Protection.

In response to a request by the Board of Directors in July 2005, CRRA management prepared a technical memorandum summarizing the procedure for reviewing and approving such soils for use as cover material at the landfill. This report was provided to the Board of Directors at its September 2005 meeting. This report describes the regulations, policies and procedures that govern the DEP approved soil management process in Connecticut; the basis for determining whether such DEP approved soils are suitable for acceptance at the Hartford landfill, and CRRA's procedures for reviewing and approving such soils for use as cover material at the landfill.

Based on quantity, soil composition, the estimated delivery time frame, receipt of CTDEP approval of the soil for use as cover material, and the Mid-Connecticut Project Permitting, Disposal and Billing Procedures, CRRA staff negotiate a delivery price with the generator or their representative.

Based on this procedure, CRRA staff negotiated a price of \$13.00 per ton for 37,500 tons with Earth Technology, Inc. for soil generated by the Connecticut Department of Transportation (CONNDOT) at the CONNDOT New Canaan Maintenance Facility in New Canaan, Connecticut.

Based on prices negotiated with other generators of DEP approved soil during summer/fall 2008, based on the regulatory status of this material, and based on CRRA's quantity needs for cover material, CRRA staff believe that this price represents a satisfactory market price for such soil that is to be used as cover material, and that acceptance of this soil is in the best interest of the member communities of the CRRA Mid-Connecticut Project.

### **Financial Summary**

This will provide up to \$487,500 in revenues to the Mid-Connecticut project (37,500 tons at \$13.00 per ton).

**TAB 5**

**RESOLUTION REGARDING DELIVERY OF COVER SOILS  
TO THE HARTFORD LANDFILL**

**RESOLVED:** That the President is hereby authorized to enter into a contract with Earth Technology, Inc. for delivery of soil to be used as cover material at the Hartford Landfill, and as approved by the Connecticut Department of Environmental Protection, substantially as discussed and presented at this meeting.



# Connecticut Resources Recovery Authority

## Contract Summary for Contract entitled

### Special Waste Cover Soils Letter Agreement

Presented to the CRRRA Board on:	April 23, 2009
Vendor/ Contractor(s):	Earth Technology, Inc.
Effective date:	March 17, 2009
Contract Type/Subject matter:	Letter Agreement. Delivery of DEP approved soil to the Hartford Landfill to be used as cover material.
Facility (ies) Affected:	Hartford Landfill
Original Contract:	This is the original contract
Term:	Through June 30, 2009
Contract Dollar Value:	\$105,000 (3,000 tons at \$35.00 per ton) This is a REVENUE Contract
Amendment(s):	None
Term Extensions:	Not applicable
Scope of Services:	Delivery of DEP approved soil to the Hartford Landfill to be used as cover material. Soil generated by the City of Stamford.
Other Pertinent Provisions:	None

# Connecticut Resources Recovery Authority Hartford Landfill Delivery of Cover Soil

*April 23, 2009*

## **Executive Summary**

CRRA has contracted with Earth Technology, Inc. to deliver approximately 3,000 tons of DEP approved soil generated in Stamford, Connecticut to the Hartford Landfill for use as cover material.

In accordance with Section 5.11 (Market Driven Purchases and Sales) of CRRA's Procurement Policies and Procedures, this is to report to the CRRA Board of Directors that CRRA has entered into this market driven transaction, and to seek Board approval of the transaction.

## **Discussion**

The Solid Waste Operating Permit for the Hartford Landfill requires that all of the solid waste deposited at the landfill each day is to be covered with soil, or other approved material, at the end of the day. Historically, CRRA purchased virgin soil to be used for this purpose.

Although the landfill ceased accepting solid waste on December 31, 2008 and no longer needs soil for daily cover needs, CRRA continues to need soil to support landfill closure activities, and is still permitted to accept DEP approved soil to shape and grade the landfill surface in preparation for final closure.

During calendar year 2002 CRRA management began an initiative to identify sources of non-virgin soils, acceptable to DEP, that could be used to satisfy the requirement for the landfill's daily cover needs, and for which a delivery charge could be assessed to the generator or deliverer of the soil. CRRA staff contacted environmental remediation companies, and environmental and engineering consulting firms, to determine if there were sources of this soil that would be amenable for use as cover material. CRRA staff also contacted other landfills and soil treatment facilities to determine the disposal market price for this type of DEP approved soil.

In consultation with the Policy and Procurement Committee, CRRA staff developed a procedure to be used in negotiating prices for receipt of cover soil at the Hartford Landfill. In summary, CRRA staff developed a list of approximately 35 companies (consultants, remediation companies, etc.) that have advised CRRA that they have, or

may have, sources of non-virgin DEP approved soil amenable for use as cover material. CRRA staff periodically contact these companies to determine if they have quantities of such soil for shipment to the landfill. CRRA also regularly receives inquiries from firms that have potential sources of cover soil. CRRA has also communicated its need for these cover materials from time-to-time through such organizations as the Environmental Professionals of Connecticut (EPOC), and the Connecticut Department of Environmental Protection.

In response to a request by the Board of Directors in July 2005, CRRA management prepared a technical memorandum summarizing the procedure for reviewing and approving such soils for use as cover material at the landfill. This report was provided to the Board of Directors at its September 2005 meeting. This report describes the regulations, policies and procedures that govern the DEP approved soil management process in Connecticut; the basis for determining whether such DEP approved soils are suitable for acceptance at the Hartford landfill, and CRRA's procedures for reviewing and approving such soils for use as cover material at the landfill.

Based on quantity, soil composition, the estimated delivery time frame, receipt of CTDEP approval of the soil for use as cover material, and the Mid-Connecticut Project Permitting, Disposal and Billing Procedures, CRRA staff negotiate a delivery price with the generator or their representative.

Based on this procedure, CRRA staff negotiated a price of \$35.00 per ton for 3,000 tons with Earth Technology, Inc. for soil generated by the City of Stamford, and associated with the Stamford Urban Transitway Project in Stamford, Connecticut.

Based on prices negotiated with other generators of DEP approved soil during fall 2008, based on the regulatory status of this material, and based on CRRA's quantity needs for cover material, CRRA staff believe that this price represents a satisfactory market price for such soil that is to be used as cover material, and that acceptance of this soil is in the best interest of the member communities of the CRRA Mid-Connecticut Project.

### **Financial Summary**

This will provide up to \$105,000 in revenues to the Mid-Connecticut project (3,000 tons at \$35.00 per ton).

**TAB 6**

**RESOLUTION REGARDING DELIVERY OF COVER SOILS  
TO THE HARTFORD LANDFILL**

**RESOLVED:** That the President is hereby authorized to enter into a contract with Earth Technology, Inc. for delivery of soil to be used as cover material at the Hartford Landfill, and as approved by the Connecticut Department of Environmental Protection, substantially as discussed and presented at this meeting.

# Connecticut Resources Recovery Authority

## Contract Summary for Contract entitled

### Special Waste Cover Soils Letter Agreement

Presented to the CRRRA Board on: April 23, 2009

Vendor/ Contractor(s): Earth Technology, Inc.

Effective date: January 22, 2009

Contract Type/Subject matter: Letter Agreement. Delivery of DEP approved soil to the Hartford Landfill to be used as cover material.

Facility (ies) Affected: Hartford Landfill

Original Contract: This is the original contract

Term: Through June 30, 2009 (Soil deliveries were actually completed in March 2009)

Contract Dollar Value: \$65,000 (5,000 tons at \$13.00 per ton)  
This is a REVENUE Contract  
Actual Revenues were \$70,191.03.

Amendment(s): None

Term Extensions: Not applicable

Scope of Services: Delivery of DEP approved soil to the Hartford Landfill to be used as cover material. Soil generated by the Connecticut Department of Transportation.

Other Pertinent Provisions: None

# **Connecticut Resources Recovery Authority**

## **Hartford Landfill**

### **Delivery of Cover Soil**

*April 23, 2009*

#### **Executive Summary**

CRRA has contracted with Earth Technology, Inc. to deliver approximately 5,000 tons of DEP approved soil generated in South Windsor, Connecticut to the Hartford Landfill for use as cover material.

In accordance with Section 5.11 (Market Driven Purchases and Sales) of CRRA's Procurement Policies and Procedures, this is to report to the CRRA Board of Directors that CRRA has entered into this market driven transaction, and to seek Board approval of the transaction.

#### **Discussion**

The Solid Waste Operating Permit for the Hartford Landfill requires that all of the solid waste deposited at the landfill each day is to be covered with soil, or other approved material, at the end of the day. Historically, CRRA purchased virgin soil to be used for this purpose.

Although the landfill ceased accepting solid waste on December 31, 2008 and no longer needs soil for daily cover needs, CRRA continues to need soil to support landfill closure activities, and is still permitted to accept DEP approved soil to shape and grade the landfill surface in preparation for final closure.

During calendar year 2002 CRRA management began an initiative to identify sources of non-virgin soils, acceptable to DEP, that could be used to satisfy the requirement for the landfill's daily cover needs, and for which a delivery charge could be assessed to the generator or deliverer of the soil. CRRA staff contacted environmental remediation companies, and environmental and engineering consulting firms, to determine if there were sources of this soil that would be amenable for use as cover material. CRRA staff also contacted other landfills and soil treatment facilities to determine the disposal market price for this type of DEP approved soil.

In consultation with the Policy and Procurement Committee, CRRA staff developed a procedure to be used in negotiating prices for receipt of cover soil at the Hartford Landfill. In summary, CRRA staff developed a list of approximately 35 companies (consultants, remediation companies, etc.) that have advised CRRA that they have, or

may have, sources of non-virgin DEP approved soil amenable for use as cover material. CRRA staff periodically contact these companies to determine if they have quantities of such soil for shipment to the landfill. CRRA also regularly receives inquiries from firms that have potential sources of cover soil. CRRA has also communicated its need for these cover materials from time-to-time through such organizations as the Environmental Professionals of Connecticut (EPOC), and the Connecticut Department of Environmental Protection.

In response to a request by the Board of Directors in July 2005, CRRA management prepared a technical memorandum summarizing the procedure for reviewing and approving such soils for use as cover material at the landfill. This report was provided to the Board of Directors at its September 2005 meeting. This report describes the regulations, policies and procedures that govern the DEP approved soil management process in Connecticut; the basis for determining whether such DEP approved soils are suitable for acceptance at the Hartford landfill, and CRRA's procedures for reviewing and approving such soils for use as cover material at the landfill.

Based on quantity, soil composition, the estimated delivery time frame, receipt of CTDEP approval of the soil for use as cover material, and the Mid-Connecticut Project Permitting, Disposal and Billing Procedures, CRRA staff negotiate a delivery price with the generator or their representative.

Based on this procedure, CRRA staff negotiated a price of \$13.00 per ton for 5,000 tons with Earth Technology, Inc. for soil generated by the Connecticut Department of Transportation (CONNDOT) at a site in South Windsor, Connecticut.

Based on prices negotiated with other generators of DEP approved soil during fall 2008, based on the regulatory status of this material, and based on CRRA's quantity needs for cover material, CRRA staff believe that this price represents a satisfactory market price for such soil that is to be used as cover material, and that acceptance of this soil is in the best interest of the member communities of the CRRA Mid-Connecticut Project.

### **Financial Summary**

The CONNDOT project associated with this soil delivery agreement has been completed. CRRA received 5,399.31 tons of soil resulting in \$70,191.03 in revenues to the Mid-Connecticut project (5,399.31 tons at \$13.00 per ton).



**TAB 7**

**RESOLUTION REGARDING CONSULTING SERVICES AGREEMENT  
BETWEEN CONNECTICUT RESOURCES RECOVERY AUTHORITY  
AND NELS CONSULTING SERVICES INC.**

**RESOLVED:** That the President is hereby authorized to execute an agreement with the Nels Consulting Services Inc. for the analysis of air flow and air loss at the Mid-Connecticut Project Power Block Facility, substantially as presented and discussed at this meeting.

**Connecticut Resources Recovery Authority  
Contract Summary for Contract  
Entitled**

**SERVICE AGREEMENT BETWEEN CONNECTICUT RESOURCES RECOVERY  
AUTHORITY AND NELS CONSULTING SERVICES, INC.**

Presented to the CRRRA Board on: April 23, 2009

Vendor/ Contractor: Nels Consulting Services Inc.

Effective date: Upon Execution

Contract Type/Subject matter: Non-Competitive Process / Air flow consulting study and model construction of Power Block Facility

Facility Affected: Power Block Facility

Original Contract: N/A

Term: 6 months from Notice to Proceed

Contract Dollar Value: \$162,200

Amendment(s): Not Applicable

Term Extensions: Not Applicable

Scope of Services: Provide a 1/6 scale model of Power Block Facility that is capable of providing a detailed analysis of high velocity thermocouple temperatures, combustion gas profiles, air flows and furnace temperatures.

Other Pertinent Provisions: Nels Consulting Services, Inc is engaged as a contractor with a *special capability* pursuant to section 3.1.2.5 of CRRRA's Procurement Policies & Procedures; accordingly, this contract is awarded as an exception to the competitive process.

# **Connecticut Resources Recovery Authority Mid-Connecticut Project**

## **Comprehensive Air Flow Analysis and Modeling of Power Block Facility with Nels Consulting Services Inc.**

*April 23, 2009*

### **Executive Summary**

This is to request that the CRRA Board of Directors authorize the President to enter into an agreement with the Nels Consulting Services Inc. ("Nels") to perform work at the Mid Connecticut Power Block Facility ("PBF") to analyze air flow within the boiler stream, to construct a scale model of the air flow system and to test and analyze system conditions.

Nels was selected for the work as a contractor with special capability as authorized by Section 3.1.2.5 of CRRA's Procurement Policies & Procedures. Nels was the contractor that, in 1988, provided the original air flow analysis for the PBF. More recently, Nels has modeled and improved the combustion at the Detroit, Michigan and Honolulu, Hawaii waste-to-energy facilities that are sister facilities to the Mid-Connecticut Resource Recovery Facility. Finally, Nels is the only vendor in North America that provides these types of services for waste-to-energy facilities.

The primary objective of this analysis and model construction is to obtain an understanding of the losses in airflow within the boiler stream and create a plan to mitigate these losses. Achieving the appropriate airflow in the stream will allow for more efficient combustion and decrease the rate of corrosion of the boiler components. As a result of achieving a decreased corrosion rate, the PBF will be able to achieve a decreased downtime rate thus allowing for more consumption of fuel.

### **Discussion**

Over the past 6 years performance at the Mid-Connecticut Power Block Facility (PBF) has decreased significantly from the standpoint of primary side corrosion of pressure parts including: water walls, platen screen tubes, generator bank tubes and super heaters and all secondary side components. This accelerated corrosion has forced many additional unscheduled and scheduled outages in order to be able to repair leaks caused by the corrosion. The unscheduled PBF downtime for the period of January 2008 to April 2009 has far exceeded the scheduled downtime for the PBF, since January 2008 to the present time scheduled downtime has been 1545.75 hours while the unscheduled downtime has been 2002.0 hours. This downtime equates to each boiler being offline for approximately 45 days out of the given year. This excessive downtime has forced the

Waste Processing Facility to divert waste and decrease the amount of waste received at the facility resulting in processing less waste than the system is capable of. This decreased performance is attributed to the decreased primary and secondary side air flow capabilities the PBF is encountering. As a means to address the air flow and combustion side issues the recommendation is made to conduct a comprehensive and detailed engineering analysis of the primary and secondary air systems of the PBF boilers.

The agreement with Nels would include the field testing of operating boiler parameters to assess the current operating characteristics of the three boilers at the PBF. The field test data would also be used in the set-up and optimization of an air flow model test program. The project would include three distinct phases: field measurements, model construction and testing and analysis of system conditions.

- Field Measurements – During this phase of the project, air flow measurements would be taken on the primary and secondary air systems while the system is online and operating. The measured flows would be compared to feedback received in the control room to determine instrument accuracy. In addition to air flow measurements, high velocity thermocouple temperature readings will be taken along with combustion gas profiles, which include oxygen and carbon monoxide (%O<sub>2</sub> and CO), to verify true operating conditions. These variables are extremely important to the process as CRRA has determined from prior engineering studies that these variables are the main contributors to the corrosion of all boiler components.
- Model Construction – A 1/6<sup>th</sup> scale air flow acrylic model will be constructed replicating the ductwork from the forced draft (FD) fan combustion air supply outlet to the air heater inlet and from the air heater outlet to the under grate air system. It will also include the over fire air (OFA) system, combustion chamber and convection section to the air heater gas side inlet. The combusted gas entering and exiting the pollution control equipment would also be modeled, starting at the air heater outlet. The model will also include the gas side air heater outlet to the scrubber dry absorber (SDA) inlet, the SDA itself, the fabric filter and associated ductwork including the Induced Draft (ID) fan inlet and outlet ductwork.

The model would be constructed from clear acrylic and would include the following:

- FD fan outlet ductwork;
- Air heater outlet ductwork;
- OFA fan outlet ductwork;
- 5 under grate combustion zones;
- Grate simulated by a perforated plate to provide the required pressure loss coefficient;
- Refuse Derived Fuel (RDF) feeders;
- Front and rear OFA systems;
- Tangential OFA system;

- Upper furnace including nose;
  - Screen tubes;
  - Super heater and boiler generating bank tubes;
  - Economizer Hopper;
  - Economizer;
  - Air heater flue gas inlet ductwork;
  - Tubular air heater simulation;
  - Steam coil air heater;
  - Air heater flue gas outlet ductwork;
  - SDA and associated ductwork;
  - 12 compartment fabric filter and associated ductwork;
  - ID fan inlet duct; and
  - ID fan outlet duct to stack.
- Test and Analysis of System Conditions – Having such an extensive model will provide to CRRA the ability to modify parameters within the model to be representative of live operating conditions. The ability to replicate these conditions will allow CRRA to better understand the costly corrosion and performance issues that have been plaguing the PBF for over six years. It is the intent of this project to study primary combustion and possible modification of the OFA systems and air restrictions inside the boiler. Improving any of these areas will not only yield a more efficient waste consumption with increased electrical generation, but also avoid potential costly shutdowns and waste diversions.

In addition to increased performance, this study and model will assist in the development of capital projects by identifying the issues and predicting the return on performance and investment by testing the proposed improvements on the model prior to implementation. This comprehensive analysis and model development will be a tool available for years to come as it can be easily modified to replicate new potential changes and the effects they will have on the facility. The comprehensive model will allow CRRA to properly and effectively use investment capital dollars with solid engineering justification and testing. This testing is a necessity as it lays the ground work for any air side repairs required at the PBF.

The current operator has provided proposals to address performance issues within the plant but has done so without providing any technical justification as to the viability of the project. For example, the operator has proposed the installation of a new over fire air system at a cost of \$650,000 per boiler. The proposals did not include any pre-installation testing or engineering justification. In addition to being able to provide solid engineering justification this analysis will allow the capability of increasing draft air flow and as a result increase boiler combustion efficiency. Having greater efficiency will allow the capability of burning process residue and other alternate fuel sources such as tire derived fuel.

Nels was the contractor that originally provided air flow analysis for the Mid-Connecticut Project in 1988. In more recent years, it has modeled and improved the combustion at the

Detroit, Michigan and Honolulu, Hawaii waste-to-energy facilities that are sister facilities to the Mid-Connecticut Resource Recovery Facility. The improvements at those facilities include higher new OFA systems that increase O2 within the boiler and hence decrease costly boiler corrosion.

**Financial Summary**

The project was not solicited through a public procurement process because of the unique nature of the task and the special capabilities of Nels. Not only has Nels provided the original air flow analysis at the facility, but it has continued to work on and improve facilities identical to the Mid-Connecticut Resource Recovery Facility. In addition, Nels is the only vendor in North America that provides these types of services for waste-to-energy facilities. Other vendors that provide this type of service are located in Germany and Japan.

This project will be implemented in 4 phases. The first phase, which is field testing, would be started immediately upon approval and be completed within two weeks at a cost of \$15,800. After completion of field testing phase two would begin; phase two would allow CRRA to review all the data gathered during phase one and make a determination on the viability of proceeding with the remainder of the proposed scope. The construction of the air flow model would begin phase three and will construct the primary side air structure at a cost of \$68,200. Phase one, two and three will be completed during fiscal year 2009. The funding for these activities has been allocated in the FY09 Operating Budget. Phase four will commence at beginning of FY10 and will include the final model construction, reporting and testing scenarios. Phase four will cost \$78,200 and is expected to be completed approximately 18 weeks from the start of initial testing. Funding for the final phase three is allocated in the FY10 Operating Budget.

Table 1: Project Schedule

<b>Phase</b>	<b>Description</b>	<b>Commence Date</b>	<b>Completion Date</b>	<b>Cost</b>
One	Field measurements & testing	Upon Approval	End of week 2	\$15,800
Two	Review of field measurements and testing	Start of week 3	End of week 5	N/A
Three	Construct primary side of model	Start of week 6	End of week 13	\$68,200
Four	Construct remainder of model, provide report, test scenarios	Start of week 14	End of week 21	\$78,200

**TAB 8**



RESOLUTION REGARDING THE PURCHASE OF TWO SPARE FREE  
TURBINES FOR THE MID-CONNECTICUT JET TURBINE FACILITY

**RESOLVED:** That the President is hereby authorized to execute an amendment to the existing agreement with Northeast Generation Services Company, Inc. to purchase two spare free turbines for the Mid-Connecticut Jet Turbine Facility, substantially as presented and discussed at this meeting.

**Connecticut Resources Recovery Authority  
Contract Summary for Contract  
Entitled**

**Purchase Two Spare Free Turbines for the Mid-Connecticut Jet Turbine Facility  
Agreement**

Presented to the CRRA Board on:	April 23, 2009
Vendor/ Contractor(s):	Northeast Generation Services Company, Inc.
Effective date:	Upon Execution
Contract Type/Subject matter:	Spare Part Supply
Facility (ies) Affected:	Mid-CT Jet Turbine Facility
Original Contract:	NA
Term:	120 days from Notice to Proceed
Contract Dollar Value:	\$2,204,200.00 (Estimate)
Amendment(s):	NA
Term Extensions:	N/A
Scope of Services:	Purchase of Two Spare Free Turbines for the Mid-Connecticut Jet Turbine Facility.
Security:	Existing Contract #014158-2
Other Pertinent Provisions:	None

# **Connecticut Resources Recovery Authority Mid-Connecticut Project-Purchase of Two Spare Free Turbines for the Jet Turbine Facility**

*April 23, 2009*

## **Executive Summary**

This is to request approval of the CRRA Board of Directors for the President to authorize the purchase of two spare free turbines at the Mid-Connecticut Jet Turbine Facility (“JTF”) that is operated and maintained by Northeast Generation Services (“NGS”) and Select Energy, Inc.

## **Discussion**

In 2000, CRRA purchased the JTF and the Electric Generating Facility (“EGF”) as a result of the contract buy down with CL&P. The CRRA Bond Trustee would not permit the Mid-Connecticut Project to accept the operating risk of the EGF and JTF. As a result, each facility had to operate on a stand-alone basis. The Operating and Maintenance (“O&M”) costs for both facilities are funded from the revenue generated by the JTF under the Power Purchase and Sales Agreement (“PSA”). Terms of the EGF O&M agreement with Covanta Energy and the revised (Sept. 2005) PSA with Select Energy for the JTF are through FY2012.

CRRA’s engineering consultant R. W. Beck, was tasked with evaluating the need for free turbines and to perform financial projections for CRRA’s JTF through the end of the existing 2012 contracts up until 2028. The new R. W. Beck report on the JTF was completed in November 2008. In this report, the consultant also reviewed its previous JTF report issued May 10, 2004. The consultant reviewed its previous recommendations in 2004 that addressed reasonable and prudent major maintenance and capital project reserve fund value to allot for foreseeable major maintenance to the end of the budget years, June 30, 2012. As a result of this review, the consultant concluded the following in the November 13, 2008 report:

- In 2004, R. W. Beck, conducted an operation and maintenance (O&M) review of the JTF. The resulting report, contained a projection of major O&M expenses. The projection did not include the purchase of free turbines. The analysis of whether or not to purchase spares for major unit components such as free turbines was considered beyond the scope of the 2004 assignment, and the absence of free turbines from our 2004 report should not be interpreted as being inconsistent with the CRRA’s current plans to purchase the turbines per R. W. Beck.

- In the R. W. Beck 2004 report, the consultant concurred with CRRA staff and vendor recommendations to front load major maintenance, spare parts procurement and component renewals, as much as possible. The report contained the following:

“The plant staff (NGS) has suggested to front load major maintenance, spare parts procurement and component renewals, as much as possible, in the years 2004 to 2007, when obsolete parts and renewal services are projected to be available at current market costs. Various vendors, with whom we spoke, state such plan has merit. This strategy would hedge against diminishing supplies, rising cost and extended Peaking Plant outages, as the Peaking Plant life is extended to 2012. This suggestion can increase Peaking Plant reliability expectations.

For the years 2008 through 2012, R. W. Beck suggests that budgets focus on procuring adequate quantities of needed spare parts to support continuing operation and allocating contingency amounts for possible high cost events that could include engine rebuilds, rewinding generator fields and unscheduled equipment failure.”

- The CRRA’s current plan to purchase free turbines is consistent with the approach suggested in the 2004 R. W. Beck report.

**The added benefits of purchasing spare free turbines are listed below:**

- Availability; these components are not manufactured any longer. With a Twin Pac configuration there are two different free turbines per unit. One is of a clockwise rotation the other is counterclockwise. (Two free turbines drive one generator). The components only become available to the market with the retirement of the equipment, re-powering or a catastrophic failure of the jet engines and the decision is made not to replace. **The clockwise version is comparatively more popular since single engine installations are more popular than twin pacs thus making the counter-clockwise free turbine much harder to replace due to its rarity.**
- Reduced planned maintenance durations; with spare free turbines. The installed free turbine can be removed for inspection and overhaul and the spare installed over a three day period. Without a spare the removal and overhaul process can take up to four weeks (last duration of #11B free turbine- Feb. 2006) or longer to obtain supporting overhaul services and to reinstall. This results in reduced revenue potential for both the CRRA and the PSA Contractor. Presently, the existing PSA contractor Select Energy views this circumstance as a revenue risk.
- With spare free turbines, an improved timely and consistent preventive maintenance program can be resumed on all of the free turbines without the uncertainty of spare parts, service provider availability and the consequential forced outage duration associated with this unavailability.

- Reduced forced outage durations with spare free turbines; if a catastrophic occurrence was to be experienced on the engine or free turbine, a three day outage would be required to install the spare engine and free turbine. Thus saving weeks or even months of down time while reducing the revenue risk to both CRRA and Select Energy.
- The quoted pricing is reasonable insurance of protecting the mutual (CRRA and Select) revenue stream in the event of a catastrophic failure. The units are forty + years old. Operation has been limited due to mission of the site (peaking service). With a spare, regular inspections and maintenance can be performed without impacting the grid or affecting unit availability and incurring revenue losses. This also could identify needs such that they can be dealt with on a normal schedule without impacting availability and revenues.

Presently, the FT4-9A Jet Twin Pacs (4 separate units) that are capable of producing a combined output of 148 MW/HRS operate less than 60 hours per year per unit. This is a benefit to CRRA as it has preserved the assets without effecting revenue, because CRRA's revenue from the JTF is based on a Capacity and Energy Reservation Rate ("CER rate") and a Variable Energy Rate along with a Black Start Credit.

R. W. Beck's November 13, 2008 report involved a detailed Independent Market Consultant Report that provides a market review, price projections, and market analysis of the Jets. In addition to the reporting of the price and revenue projections, the Independent Market Consultant Report includes a description of the ISO-NE Power Market, an overview of the National Power Market, and description of the Consultant's approach, modeling methodology, and principal assumptions. Highlighted in the report, the "Revenue Projection Balance after Capital Expenditures" for the JTF collectively is positive at \$2,273,000 in year 2010 and continues to increase up to \$9,907,000 in 2028.

R. W. Beck's November 13, 2008 report also estimated the value of used FT-4 Twin Pacs similar in age to those CRRA owns which would be approximately 30 percent of the purchase price (\$60,000,000) or \$18,000,000 for the four Twin Pac units. Provided the units were completely overhauled and had a spare set of free turbines the asset would be worth approximately 40 percent of the purchase price or \$24,000,000. This price could fluctuate greatly depending on the supply of used units in the fleet that are for sale and the demand for them in other countries where mobility, size and reliability make the FT-4 a sought after combustion turbine.

In early 2009, CRRA working with NGS and an independent consultant (PRA Engineering) also conducted a free turbine risk assessment that established the likelihood of a free turbine causing an extended outage of one of the four gas turbine twin-pacs at the JTF.

PRA Engineering determined that the overall system (JTF) had numerous single failure points which lead to the chance that a specific free turbine causes an outage where a spare would be needed to recover the system is less than one in 5000. However, the decision to purchase spare free turbines is meant to back-stop a failure at the JTF, not just one

particular twin-pac. Because there are eight free turbines at the JTF, the probability of a single twin-pac outage invoking the need for a spare free turbine is simply eight times the individual failure rate. Also, since the four twin-pac units are arranged side-by-side the possibility of consequential failure in adjacent units is real.

*“When considering the points above for all eight free turbines, there is less than a one in 24 chance of a free turbine outage as a result of 60 hours of operating time each year from March 2009 through June 2012. At 60 hours of operation per unit per year, the JTF should see one of its eight free turbines failing at least every 25 years”-PRA Engineering.*

Based on these odds there should be no cause for concern. Although, when CRRA and NGS looked back at the major maintenance (overhaul intervals) for the JTF’s free turbines there is concern that three of the eight free turbines are more than 85% through the 25 year window.

Due to multiple asset transfers of the JTF to various owners inside the Northeast Utilities (NU) umbrella (HELCO to CL&P to NGC/NGS to CRRA) since 1971 when the JTF were placed in service, keeping track on major maintenance work has been challenging. With each asset transfer, all records and data also moved. The last major sale of NGC/NGS to First Light Power, First Light was given most of the operating and maintenance history of the JTF from NU. The small entity of NGS that presently operates and maintains the existing JTF has tried to obtain old data and records from First Light Power with limited success. NGS was able to get information back to the mid 1980’s forward on all major equipment maintenance overhauls. The list below highlights the last known major overhaul on each of the eight JTF free turbines:

Twin Pac Units:	11A Free Turbine-	April 2000
	11B Free Turbine-	February 2006
	12A Free Turbine-	July 1998
	12B Free Turbine-	January 1987
	13A Free Turbine-	Data not available due to asset transfer
	13B Free Turbine-	Data not available due to asset transfer
	14A Free Turbine-	September 2003
	14B Free Turbine-	Data not available due to asset transfer

The three free turbines whose last known overhaul date is “Data not available due to asset transfer” have been operating at least 22 years without a major teardown and inspection.

CRRA receives a capacity and energy reservation (CER) monthly payment based on the capacity availability for on-call service. The CER is determined twice a year by testing all units and determining how much potential capacity is available for service. The CER is then multiplied by the monthly market rate and a payment is rendered. These payments are based on demand and are not smoothed throughout the year so if CRRA were to be

downgraded during the spring and summer months, more of the CER payments are at risk. As an example, the August 2008 payment per twin pack was \$388,000. If a twin pack fails and a spare is not on hand, Northeast Utilities ("NU") will typically retest. However, having the failed unit serviced and returned in time for a retest will be costly and may not be possible. NU would then downgrade the CER and the concurring payments until the next test. In addition to the lost CER revenue, CRRA would lose the income from the sale of energy which can be as high as \$50.00/MWhr.

Another potential major expenditure is the ongoing maintenance of these units. CRRA is obligated to maintain the Facility and should be performing routine service on the twin packs. However performing this maintenance poses a problem. To properly service the oldest units, a rebuild is required. Such a rebuild could take several weeks to perform at regular time and material. If a unit were to fail at this moment, CRRA would be forced to have the unit repaired on an emergency basis (providing the unit is repairable and completely destroyed) which would involve overtime labor and rushed material fabrication or purchase. If a unit were to fail, the cost to repair the unit could increase by as much as 30-40% and the lead time (dependant on repair scope and parts availability) could be as long as four to eight weeks. CRRA's insurance loss coverage presently has a deductible per event of the first \$250,000.00 and a business interruption coverage that commences after 45 days.

Finally, future power contracts and O&M contractors for the JTF could look for a premium if they were held to an availability target (existing contract with NGS contains performance adjustments). The possession of spare free turbines could ensure reasonable availability target achievement.

### **Financial Summary**

Locating obsolete equipment like the free turbines that CRRA desires to purchase is done through a secondary or after market suppliers. CRRA's O&M contractor, Northeast Generation Services is well suited to locate this type of equipment due to their extensive experience and contacts within the supply chain of jet turbine service and equipment suppliers.

It is very likely that a free turbine might fail between now and 2012, if such a failure were to occur in the peak months the potential revenue loss to CRRA would be \$388,000 per month. Past failures have taken as long as 12 weeks to repair. The loss given here is just to CRRA and does not include the loss that Select Energy would incur. In addition if a spare set of free turbines were purchased and the 4 twin packs were fully rebuilt the JTF asset would increase by approximately \$6,000,000 thus bringing the asset value to \$24,000,000. The cost of purchasing the free turbines is offset by the increase in the resale asset value.

CRRA's estimated cost based on NGS's inquires into purchasing two spare free turbines is \$2,060,000.00. NGS's management fee for the purchase of the free turbines is 7% of the purchase price, an additional \$144,200.00 for a total of \$2,204,200.00.

The project will be funded from the JTF and EGF Reserve as planned for in the FY2009 Mid-Connecticut budgets.



**TAB 9**

**RESOLUTION REGARDING THE FOURTH AMENDMENT TO  
THE AGREEMENT WITH CASELLA WASTE SYSTEMS, INC.  
AND FCR, LLC. FOR DESIGN, UPGRADE, RETROFIT AND  
OPERATION/MAINTENANCE SERVICES FOR THE REGIONAL  
RECYCLING CENTER FOR THE MID-CONNECTICUT PROJECT**

**WHEREAS:** Global recycling markets experienced unprecedented reductions in commodity pricing beginning in October 2008 and continuing into calendar year 2009 that has resulted in significant negative impacts on revenues realized by recycling facility operators and;

**WHEREAS:** The Operating Agreement between CRRA and FCR, LLC provides CRRA with very favorable per ton rebate revenues for all recyclables delivered to the Mid-Connecticut Regional Recycling Center and receipt of 50% of all commodity sales revenue and;

**WHEREAS:** CRRA and FCR, LLC have had a very successful long-term partnership including retrofitting the Recycling Center in 2006 and again in 2008 when Single Stream technology was added to the facility and has proven to significantly raise participation and recycling rates in the member municipalities and;

**WHEREAS:** FCR, LLC has requested temporary financial relief by reducing the per ton rebate payments to CRRA until commodity market pricing returns to more reasonable levels and;

**WHEREAS:** FCR, LLC has agreed to increase CRRA's share of commodity sales revenue and substantially increase the guaranteed per ton rebate payment for all recyclables delivered well beyond current contract requirements once commingled containers reach an average commodity revenue benchmark of \$80 per ton and;

**WHEREAS:** the municipalities of the Mid-Connecticut Project will continue to benefit from a very favorable contract and increased recycling opportunities therefore;

**RESOLVED:** That the President is hereby authorized to execute a fourth amendment to the agreement with Casella Waste Systems, Inc. and FCR, Inc. for the design, upgrade, retrofit and operation/maintenance services for the Mid-Connecticut Regional Recycling Center modify the per ton rebate and commodity revenue sharing payments substantially as presented at this meeting.

# Connecticut Resources Recovery Authority

## Contract Summary for Fourth Amendment to Mid-Connecticut Regional Recycling Center Agreement entitled

### Fourth Amendment To Agreement For Design, Upgrade, Retrofit, And Operation/Maintenance Services For The Mid-Connecticut Regional Recycling Facility Between Casella Waste Systems, Inc./FCR Redemption, LLC and CRRA

Presented to the CRRA Board on: April 23, 2009

Vendor/ Contractor(s): Casella Waste Systems, Inc. & FCR Redemption, Inc.

Effective date: March 1, 2009

Contract Type/Subject matter: Fourth Amendment to Agreement to Design, Upgrade, Retrofit, and Operate/Maintain the Mid-Connecticut Regional Recycling Facility to enable implementation of City of Hartford single stream recycling pilot project

Facility (ies) Affected: Mid-CT Project Regional Recycling Facility

Term: July 1, 2008 through October 2, 2018

Term Extensions: One 5-year option to extend

Contract Dollar Value:

Current (Dual Stream)	\$22.50 per ton rebate
Current (Single Stream)	\$17.17 per ton rebate
<b>Proposed (Dual Stream)</b>	<b>\$13.05 per ton rebate</b>
<b>Proposed (Single Stream)</b>	<b>\$13.00 per ton rebate</b>

Current commodity revenue split CRRA 50%  
FCR 50%

**Proposed commodity revenue split CRRA 62.5%  
FCR 37.5%**

**Proposed Rebate Increase Triggered by Commingled Revenue**

**When Average Commingled Commodity Revenue increases to \$80 per ton rebate increases as follows:**

**Dual Stream – \$25.70 per ton**  
**Single Stream – \$20.25 per ton**

**Commodity revenue sharing reverts back to 50/50 split**

Scope of Services:

unchanged

Other Contract Terms:

All other terms and conditions under the current Agreement remain in effect.

# **Connecticut Resources Recovery Authority Mid-Connecticut Regional Recycling Center**

## **Fourth Amendment to Agreement with Casella Waste Systems, Inc, and FCR Redemption, LLC to Design, Upgrade, Retrofit, and Operate/Maintain the Mid-Connecticut Regional Recycling Center**

*April 23, 2009*

### **EXECUTIVE SUMMARY**

This Fourth Amendment provides financial relief to the operator of the Mid-CT Regional Recycling Center (RRC) in the aftermath of unprecedented reduction in commodity market pricing by reducing the guaranteed per ton rebate payments to CRRA. In exchange, CRRA is guaranteed more upside when commodity market prices rise and the guaranteed per ton rebates increase beyond current contract amounts when the average commodity revenue (ACR) for commingled containers reaches \$80 per ton. CRRA's financial analysis and model point to other positives including positive cash flow to CRRA during year 2 and an overall repayment to CRRA of all lost revenue during year three.

The amendment revises both per ton payments to CRRA for all recyclables delivered and revenue from commodity sales. Under the current depressed market conditions the vendor per ton payments to CRRA from the current contract for dual stream rate at \$22.50 would reduce to \$13.05 and the current single stream rate would reduce from \$17.15 to \$13.00. However, the current contract's 50/50 commodity revenue sharing would be adjusted in favor of CRRA with the Authority receiving 62.5% and FCR receiving 37.5%.

As mentioned above, CRRA's financial model indicates that once the ACR for commingled containers reaches \$80 per ton, the per ton payments for single and dual stream deliveries exceed current contract amounts. Once that market benchmark is achieved, dual stream deliveries will garner \$25.70 per ton payments and single stream per ton payments increase to \$20.25. At that point, commodity revenue sharing would revert back to the current 50/50 split.

The risk in approving this amendment is that CRRA will lose guaranteed revenue in the current contract of about \$382,000 in year one but we will begin recouping it in year two and recover all revenues we would have realized under the current contract in year three. There is additional upside when the commingled ACR hits about \$90, CRRA will gain about \$60,000 in revenue above and beyond what we receive in the current contract. That could potentially be an approximate revenue increase of \$720,000 over our current contract.

CRRA's current Mid-Connecticut recycling facility operating contract is backed by FCR's parent company Casella Waste Systems, Inc. Casella's stock price fell from \$14.49 to a low of \$0.53. Their stock price to date has risen to \$1.70. FCR has been particularly hard hit by the global meltdown in recycling markets including mill closures, reduced market capacity and the greater than 80% sales price decline across all commodity grades.

Hence, FCR is now charging for single stream processing in all operating locations and recently have been awarded a two-year operating contract through a public bid process providing FCR with a tip fee close to \$40 per ton. Other Connecticut and Massachusetts recycling facilities are charging tip fees from the mid \$30's up to \$60 per ton. By comparison, CRRA's contract with FCR is exceptional.

While CRRA is under no obligation to modify our current contract, management is keenly aware of the significant negative impact of commodity pricing to FCR's revenues. Considering the market realities and that FCR has been an excellent operator and true partner at both our Mid-CT and Stratford facilities, management recommends this amendment in order to help FCR with short-term relief and allow CRRA to enjoy the benefits of the upside when markets return to more reasonable levels.

## **MARKET IMPACT BACKGROUND**

Six months after the historic and unprecedented nosedive in commodity pricing stunned the recycling markets, pricing has generally stabilized. The low generation month of February seems to have temporarily swung the demand balance in favor of the suppliers. Demand for material is now barely exceeding supply so we have seen a slight uptick in pricing and reliable movement of materials across most grades.

When pricing is benchmarked against the market pricing from the beginning of the year, it appears to be a very positive trend. Unfortunately, most of the dramatic improvements on a percentage basis are due to moderate changes in very low prices and predominately reflect how low prices had dropped rather than how great prices have become.

As you can see from the table below, when pricing in mid-March is compared to pricing six months ago, it is apparent we have a long way to go to get back to historically relevant pricing levels.

<b>% Change in Commodity Prices</b>	<b>Sept. to Mar.</b>	<b>YTD from Jan.</b>
ONP#8--New England	-73.33%	33.33%
OCC#11-- New England	-69.57%	40.00%
ONP#8—Chicago	-73.33%	33.33%
OCC#11—Chicago	-52.94%	100.00%
ONP#8--New York	-76.47%	33.33%
OCC#11-- New York	-69.57%	40.00%
ONP#8—Southeast	-79.41%	40.00%
OCC#11—Southeast	-59.09%	125.00%
Tin/Ferrous	-81.58%	59.09%
PET	-48.85%	42.86%
Natural HDPE	-58.62%	12.50%
Pigmented HDPE	-58.82%	40.00%

### **Fiber Markets**

The newspaper industry continues its march to bankruptcy or conversion to online circulation in the face of a rapidly dwindling market and advertising revenue. Douglas A. McIntyre, a journalist with 24/7 Wall St. wrote last week, *“Over the last few weeks, the newspaper industry has entered a new period of decline. The parent of the papers in Philadelphia declared bankruptcy as did the Journal Register chain. The Rocky Mountain News closed and the Seattle Post-Intelligencer, owned by Hearst, began publishing exclusively online this week. Hearst has said it will also close The San Francisco Chronicle if it cannot make massive cuts at the paper ...it is possible that eight of the fifty largest daily newspapers in the United States could cease publication in the next eighteen months.”* It is uncertain how quickly or drastically the contraction in circulation will impact the economics and operations in the industry but it is clearly an issue worth closely tracking.

In an effort to maintain the supply/demand balance, major domestic pulp and paper companies continue to take down time in their large mills. 2009 may prove to be a year of record downtime in the industry. After a January and February where almost every major mill took significant downtime, 1-2 week shutdowns have recently taken place or have been announced by many paper consumers. The good news is all of the product we are producing is finding a home at market prices or better so it is clear that the industry is getting better (at least temporarily) at managing the supply/demand balance.

### **Overseas Markets**

The last edition of the *FCR Pricing Update* noted, “In the last couple of days, we are seeing a slight uptick in demand and price for exported newspaper, cardboard and PET. At this time, it appears to be driven primarily by speculators who are betting that the depressed commodity pricing is unsustainable.” Unfortunately, FRC’s hunch about speculation appears to be correct. Pricing has leveled off for ONP and has drifted downwards slightly for exported OCC and PET since the end of January.

On March 11, 2009, the New York Times published an article titled, "China's Big Recycling Market is Sagging". The article states the "multibillion-dollar recycling industry has gone into a nosedive because of the global economic crisis and a concomitant fall in commodity prices. Western dealers say they are grappling with mounting stockpiles whose value in many cases continues to sink. To make matters worse, Chinese importers have been demanding to renegotiate contracts drastically downward. In some cases, they are refusing to accept shipments they already have a contractual obligation to take."

### **Plastics and Metals**

The price of oil has risen sharply since the first of the year and plastics pricing are following along but are increasing at a much slower pace than oil. The market for metals (Ferrous and Aluminum) has improved slightly due to positive consumption forecasts from the projected stimulus spend but the industry is still well off the high prices it was able to command for both grades last summer.

### **FINANCIAL SUMMARY**

FY 2009 Mid-Connecticut Project operating budget includes \$3.148 million and the FY 2010 adopted budget includes \$2.071 million in recycling sales revenue. This amendment reduces the FY 2009 revenue number by approximately \$127,333 and reduces the FY 2010 revenue number by approximately \$318,510.

### **Assumptions in Financial Model of CRRA-FCR Contract Modification**

- New contract modification is based on the ACR of commingled materials and the rate of payment back to CRRA of lost revenues escalates as market conditions improve
- Financial model based on 80,000 tons
- Cash Flow Analysis:
  - Year One (March 1 2009 – March 1, 2010 = (\$381,718)
  - Year Two (March 1 2010 – March 1, 2011 = \$52,722
  - Two Year Total = (\$328,996)
- Commingled ACR breakeven point where CRRA realizes positive cash flow is about \$80/ton which will occur during year two
- Based on current market pricing trends and utilizing regression analysis, the entire CRRA loss of revenue will be paid back in full during year 3

Based on the financial model, CRRA projects additional revenue when the commingled ACR hits about \$90. CRRA will then gain about \$60,000 in revenue above and beyond what we receive in the current contract. That could potentially be an approximate revenue increase of \$720,000 over our current contract.



**TAB 10**

*RECOMMENDED DRAFT RESOLUTION FOR CRRA BOARD OF DIRECTORS*

**RESOLUTION REGARDING REQUEST FOR SERVICES FOR  
SINGLE-STREAM RECYCLING MARKETING AND PUBLIC  
RELATIONS CAMPAIGN**

**RESOLVED:** That the President is hereby authorized to approve a Request for Services with Pita Communications LLC for services associated with CRRA's single-stream recycling marketing and public relations campaign substantially as presented and discussed at this meeting.

# **Connecticut Resources Recovery Authority**

## **Summary for RFS entitled Single-Stream Recycling Marketing & Public Relations Campaign**

Presented to the CRRA Board on: April 23, 2009

Vendor/contractor(s): Pita Communications LLC

Effective date: January 1, 2009

Contract type/subject matter: Public Relations Services Agreement

Contract term: January 1, 2009, through December 31, 2011

Contract number: 090116

Facility(ies) affected: Mid-Connecticut Project

RFS dollar value: \$90,000

RFS term: February 23, 2009, through June 30, 2009

Scope of services: Public relations, marketing and associated activities in support of CRRA's single-stream recycling initiative.

# Connecticut Resources Recovery Authority

## RFS for Single-Stream Recycling Marketing & Public Relations Campaign

April 23, 2009

### EXECUTIVE SUMMARY

For several years, Connecticut's recycling rate was stagnating. CRRA, as part of its statutory responsibility for implementing the state Solid Waste Management Plan (SWMP), which calls for significant increases in recycling and additional efforts to build public support for recycling, decided that single-stream recycling would help achieve those increased recycling rates, so in 2008 it invested \$3 million to convert its Mid-Connecticut Project recycling processing facility to accept single-stream deliveries.

The investment was made based on a business plan that showed single-stream would produce sufficient increases in recycling that the revenue from selling those recyclables would repay the investment. Recycling more would also decrease the need to export surplus trash, which drives up CRRA's costs and thus has an adverse impact on trash disposal fees, so this investment, if successful, would benefit both CRRA and its towns in a number of ways. It would also support another key element of the Solid Waste Management Plan – the need to control exports of trash.

CRRA management has been continuously communicating with the chief executives of Mid-Connecticut Project cities and towns about single-stream recycling since the conversion to single-stream was being evaluated by management in early 2008. A few examples:

- In January 2008, management spoke to the East Hartford Town Council about single-stream recycling and the benefits it would produce for that town.
- Single-stream was mentioned prominently in the last two editions of CRRA's annual report, "A Report to the State from CRRA," released in February 2008 and March 2009, and at CRRA's annual meetings on February 27, 2008, and March 4, 2009.
- Single-stream was the topic of management's presentation to the Litchfield Hills/Northwestern Connecticut Solid Waste and Recycling Committee on June 23, 2008.
- And when CRRA announced the introduction of single-stream recycling, it received two rounds of statewide coverage on radio, television and newspapers – first in July, again in November after towns had started switching to single-stream recycling.

In addition, single-stream has been discussed at meetings with and presentations to regional councils of governments, business and civic groups, as well as by management at CRRA's exhibits at the 2008 and 2009 annual conventions of the Connecticut Conference of Municipalities and the Connecticut Council of Small Towns.

Because single-stream recycling represents a major change from the more-familiar dual-stream system – in which the homeowner separates paper and cardboard from containers – it must be supported with a public education and awareness campaign to maximize its effectiveness and thus maximize CRRA's return on investment.

In recognition of the need for such campaigns, the CRRA Board of Directors appropriated \$160,000 to the Mid-Connecticut Project budget line entitled "Regional Recycling Marketing & Public Relations" in both FY 2009 and FY 2010. Through April 1, 2009, less than \$5,000 had been spent from this budget line, as management felt it prudent to gauge the pace at which single-stream was implemented before selecting its tactics accordingly.

Already, CRRA has received single-stream recycling deliveries from 59 of the 64 Mid-Connecticut Project towns that recycle with CRRA, though not each of those towns is entirely single-stream.

Many towns, including Manchester, Hartford, Goshen, Torrington, Granby, Harwinton and Avon, have asked CRRA to support the rollout of single-stream with a public-awareness campaign.

Normally, such a campaign would involve a combination of print and broadcast advertising. However, because of the uncertainty in the newspaper business – several weekly newspapers in which CRRA had been advertising recently closed, many others are on the brink of failure and readership is declining industry-wide – management decided to focus on broadcast advertising, specifically radio. Radio advertising is particularly attractive for this campaign for four reasons:

- The variety of radio stations in the Mid-Connecticut Project area blankets the full population and demographic range CRRA needs to reach for this purpose. The Mid-Connecticut Project serves 70 towns in five different media markets with a total population of about 1.3 million, yet even communities as small as Old Saybrook have their own local stations.
- Fewer and fewer people read newspapers, so news releases are less and less effective. Other "free" media, such as local-access cable and municipal Web sites, reach only those people who use the Internet and seek out local-access cable. Earned media, such as print and broadcast news coverage, is subject to the whims of the news cycle and, while valuable, cannot provide the frequency of paid media. Radio remains the one affordable medium that reaches everyone with the degree of frequency needed to be effective.
- The economic recession has hit radio advertising particularly hard, so broadcasters are offering deep discounts and other value-added features, meaning we can maximize our buying power. Normally, the amount of radio advertising needed to sufficiently cover this area would cost at least \$150,000, 66 percent more than the \$90,000 requested for this RFS.
- To purchase newspaper advertising in the various daily, weekly and monthly newspapers needed to reach this sprawling territory would drive up substantially the non-advertising costs of this campaign. Different publications have different mechanical requirements, meaning more varieties of the same ads would have to be created, and more companies would have to be contacted and negotiated with to place the advertising. Any 30-second spot can be aired on any radio station and, due to consolidation of the radio industry there are fewer companies with which to negotiate placement and pricing.

Pita Communications LLC, to whom CRRA awarded a three-year Public Relations Services Agreement after a Request for Qualifications (RFQ) process in 2008, will work with CRRA to develop two 30-second radio spots that will introduce single-stream recycling and explain its superiority to other forms of recycling.

Pita's media planner will select a menu of radio stations to achieve CRRA's audience goals and its media buyer will negotiate the purchasing of advertising. The advertising will air over a period of roughly four weeks in May and/or June.

Management has allocated \$90,000 for this campaign, or about seven cents per person in the targeted area. Again, a campaign that would effectively reach an area the size and breadth of the Mid-Connecticut Project would normally cost in excess of \$150,000, but CRRA can take advantage of radio companies' willingness to discount.

While different people listen to the radio at different times during the day, every effort will be made to place the majority of spots in morning and afternoon "drive time," those periods just before and after school and work when people are most closely paying attention to the information being broadcast.

Pita Communications developed the "Phillup D. Bag" campaign which was successful in increasing awareness of mixed-paper recycling and enhancing CRRA's public image. The campaign's effectiveness was recognized by the Connecticut chapters of the Public Relations Society of America which in 2008 awarded CRRA and Pita Communications their highest award, the Mercury Award.

Both 30-second spots will drive traffic to CRRA's Web site, which for two years has had a town-by-town recycling guide ([http://www.crra.org/pages/member\\_towns\\_recycling\\_table.htm#towns](http://www.crra.org/pages/member_towns_recycling_table.htm#towns)) that lists a telephone number with which residents can get more information about their particular localities.

The CRRA Web site's town-by-town recycling guide is being updated to indicate the towns in which single-stream recycling is already available.

Radio signals cannot be contained within a particular political boundary. However, because of the back-stop provided by the CRRA Web site, listeners will be able to find out quickly whether single-stream is available in their towns.

Stations selected for the campaign will be those that cover significant portions of the Mid-Connecticut Project territory. Because of radio-signal limitations – even WTIC-AM, which broadcasts on a clear channel, is difficult to receive in parts of the lower Connecticut River valley and northwestern Connecticut – and because of varied listening habits and programming preferences, a variety of stations must be purchased to make the campaign effective. This signal-coverage issue is not necessarily a clear disadvantage when compared to other mass media; for example, the *Boston Globe* is sold all over Connecticut even though Connecticut is far from its core coverage area, and since paid circulation is the basis of advertising rates, advertisers in the *Globe* are paying to reach readers who may never buy their products or services.

While the 30-second spots are the foundation of this campaign, "value-added features" typically offered by stations to entities purchasing blocks of advertising include featured appearances on interview programs, distribution of flyers at events where radio personalities are making in-person appearances and streaming advertisements on stations' Web sites (WTIC-AM's site, for example, receives over 110,000 unique visitors each month). With this expenditure, CRRA could expect to receive some amount of these or other "value-adds," though the specifics would be negotiated by Pita's media buyer.

While the purpose of both 30-second spots will be to introduce single-stream recycling and increase recycling in Mid-Connecticut Project towns, the spots will also enhance CRRA's public image with the tag line of "CRRA – Connecticut's recycling leader." While results concerning the impact on CRRA's image cannot be measured without scientific public-opinion polling, progress toward the main goal – increasing recycling – can be measured by total recycling tons received and the ratio of recycling tons to trash received from participating towns.

The campaign could also sway the decisions of those mayors or first selectmen who want to switch to single-stream recycling but might otherwise have a hard time justifying any capital expenditures that may be necessary in the current economic climate.

The campaign could also pay dividends in the General Assembly, which was considering legislation that would create a no-interest loan program for municipal recycling efforts and a grant program for municipalities to purchase recycling barrels. Increasing the public's interest in and desire for single-stream recycling could spur passage of that bill, which would enable more towns to participate.

The SWMP, which CRRA is charged with implementing, calls for increased education and outreach as a means of reaching the SWMP's recycling goals. Specifically, Page 4-2 of the SWMP calls for efforts to ***"build support for programs to engage citizens in actions needed to maximize waste reduction and recycling,"*** so this campaign will help CRRA carry out its statutory responsibility (CGS Sec. 22a-262 and Sec. 22a-264) for implementing the SWMP.

This is to request approval of the CRRA Board of Directors for the President to approve a Request for Services for this campaign. Because the value of this RFS passes the \$50,000 threshold set forth in Section 5.9 of CRRA's "Procurement Policies and Procedures" Board approval is required.

## **DISCUSSION**

CRRA's "Procurement Policies and Procedures" requires that under this contract any RFS, "together with all other change orders or similar amendments to such Contracts, exceeds \$50,000 over the original contract price, shall be prior authorized only by the two-thirds (2/3) vote of the full Board." The dollar value of this RFS is \$90,000.

Pita Communications LLC was one of three firms selected to receive Public Relations Services Agreements after CRRA issued a Request for Qualifications for firms to provide public relations, advertising and marketing services in 2008. This particular firm was chosen for its commendable work in developing and executing the award-winning "Phillup D. Bag" campaign which was successful in increasing awareness of mixed-paper recycling and enhancing CRRA's public image. This Agreement was approved by the Board on November 20, 2008.

The RFS under consideration by the Board was approved by the Policies & Procurement Committee at its meeting of March 5, 2009.

The RFS was considered by the Board at its meeting of March 23, 2009, but failed to draw enough affirmative votes for approval. During a lengthy discussion, a number of questions were raised. Here are those questions and answers to them:

- ***Will the campaign create confusion between Mid-Connecticut Project towns and non-Project towns?*** It is counterproductive to try to cram too much detail into a 30-second message (it takes two or three seconds just to say "Mid-Connecticut Project"). By driving people to the CRRA Web site, which has a town-by-town recycling guide, listeners can easily find out whether single-stream is available to them.
- ***Shouldn't this be publicized by local governments, who have access to lots of free media?*** Free media doesn't work in every town; for example, in today's political climate many citizens will simply tune out a politician whom they don't support. An increasing number of towns are poorly (if at

all) served by daily or weekly newspapers, and those who do read newspapers are fewer and fewer in number. Also, many smaller towns have taken down their Web sites as a result of last year's law requiring speedy posting of meeting minutes. A radio campaign such as this is the most effective – and most cost-effective – means of disseminating and, more importantly, reinforcing this message.

- ***What has CRRA done to inform municipalities of the single-stream conversion?*** As stated on the first page of this document, CRRA management has been continuously communicating with the chief executives of Mid-Connecticut Project cities and towns about single-stream recycling since the conversion to single-stream was being evaluated by management in early 2008. Further, according to minutes of the meeting, at the October 15, 2008, meeting of the Mid-Connecticut Project Municipal Advisory Committee, President Kirk reported:

*“... the Project has just completed a \$3 million retrofit to its recycling facility. (He encouraged all attendees to take a tour which will be provided at the conclusion of the meeting.) He said the renovation is focused on providing a single-stream alternative to the towns. He said the equipment acceptance is complete and the facility is up and running full speed. CRRA is maintaining its dual-stream capability, so towns now have the option of continuing dual-stream or moving to single-stream. President Kirk said CRRA is involved in a pilot program with the City of Hartford that has 4,500 homes and the single-stream pilot program has yielded a 100 percent increase in recycling. He said that is a very substantial increase so single-stream recycling should be a big financial benefit to the towns that convert.”*

At the request of Vice-Chairman Raymond J. O'Brien and Director James R. Miron, the RFS is being presented again for consideration.

### **Financial Summary**

Funds for this RFS are available in Mid-Connecticut Project budget line 41-001-506-52118 “Regional Recycling Marketing & Public Relations.”