

MID-CONNECTICUT SINGLE STREAM RECYCLING PROJECT

Review of Third Amendment to IPC
Operating Agreement To Install &
Operate Single Stream Processing
Equipment

CRRA Board of Directors
Thursday, April, 24, 2008

Purpose of Adding Single Stream

- Increase recycling participation and diversion rates in accordance with State Solid Waste Management Plan (retrofit maintains capability to allow dual stream deliveries)
- Increase recycling per ton revenues & commodity revenue share
- Increase recycling rebates for member towns
- Decrease MSW export & diversion costs
- Decrease cost of MSW disposal for member towns
- Decreases hauling costs
- Competitors installing single stream to meet market demand

Measuring Success

- Baseline comparison (FY 08) of current recycling tons delivered per town to tons delivered post single stream implementation
- Baseline comparison of current MSW deliveries per town to deliveries from towns utilizing single stream method
- Baseline comparison of revenues pre to post single stream
- Baseline comparison of MSW export and diversion costs from Mid-CT WPF using FY 08 to post single stream
- Baseline comparison of weight per load delivered to facility and number of vehicle trips per week

Comparison of Existing Contract to Proposed 3rd Amendment Terms

- Existing Contract w/ FCR – August, 2005 through December 31, 2015 (10 years) with 6-month prior notice
CRRA has right to terminate agreement on January 1, 2012 provided CRRA pay an unrecovered investment payment.
- Proposed - July 1, 2008 through January 1, 2019
(New compensation terms will take effect once the Facility's retrofit has reached substantial completion estimated to be on or about November, 2008)
- Both include Option to Extend an Additional Five Years
- CRRA capitalizes Retrofit to obtain higher per ton revenue payments

Comparison of Existing Contract to Proposed 3rd Amendment Terms

- Current total contract revenue - \$45.00
Dual Stream per ton payment - \$29.06
plus commodity revenue share
- New total contract revenue - \$36.46
Single Stream per ton payment - \$17.15
Dual Stream per ton payment - \$22.50
Plus commodity revenue share

Comparison of Existing Contract to Proposed 3rd Amendment Terms

- Increasing volumes delivered via single stream increases recycling revenues surpassing current contract revenues by 2nd year of new contract (model assumes 50% increase in tons delivered with 90% conversion to single stream by 5th year)
- Total Recyclable Tons Delivered

Current contract - 787,046

Proposed contract - 1,108,721

Comparison of Existing Contract to Proposed 3rd Amendment Terms

- Delta between CRRA funding \$3 mill retrofit rather than FCR funding
 - \$6 million over contract term ($\$11.15 \times 20\%$ of project tonnage for each year of the contract)

Increased Recycling Reduces Mid-CT Project Costs and Increases Revenues

- Increased recycling tonnage avoids \$15.2 million in diversion and export costs
- Projected increase in volume of recycling generates additional \$5.3 million in revenue

Single Stream Benefits to Municipalities and Haulers

- Increased Recycling Rebates to member towns
- Decreased MSW tonnage due to increased recycling saves Mid-CT Project cities, towns and haulers more than \$26 million

Mid-CT Single Stream Proposal

	<u>Total 2009-2018</u>		<u>Difference</u>		<u>Town/Hauler Tip Fee Saving</u>		<u>Net Present Value⁽¹⁾</u>	
	Life of contract	Net Present Value	Life of contract	Net Present Value	Life of contract	Net Present Value	MSW & Rev. Savings	MSW & Equipment
Current Contract	\$39,345,237	\$27,917,341	Base	Base	Base	Base	Base	Base
Single Stream	\$44,720,581	\$31,414,417	\$5,375,344	\$3,497,076	\$26,386,496	\$17,918,437	\$21,415,513	\$18,415,513
Equipment Investment	\$3,000,000	\$3,000,000						
Project Benefit From Additional MSW Recycled	<u>Reduced Diversion/Exports</u>							
	\$15,208,883	\$10,327,988						

Calendar Year

	09	10	11	12	13	14	15	16	17	18	19
Tons	75,227	75,980	76,740	77,507	78,282	79,065	79,855	80,654	81,461	82,275	83,098
Current Contract	\$3,267,078	\$3,297,546	\$3,380,589	\$3,447,362	\$3,515,798	\$3,585,944	\$3,657,849	\$3,713,089	\$3,769,258	\$3,826,374	\$3,884,350

Calendar Year

	09	10	11	12	13	14	15	16	17	18	19
Tons	85,154	92,681	100,874	109,792	117,071	118,241	119,424	120,618	121,824	123,042	124,273
Single Stream	\$3,192,719	\$3,387,258	\$3,635,211	\$3,890,279	\$4,109,934	\$4,208,393	\$4,309,569	\$4,383,103	\$4,457,984	\$4,534,239	\$4,611,892

⁽¹⁾ NPV is based on a discount rate of 6%.

⁽²⁾ Single stream town conversion is assumed over a five year period with a total conversion of 95% of current households.

⁽³⁾ The conversion year reflects a 50% increase in tonnage based on data from converted municipalities such as Cherry Hill, NJ; Boston, MA; Chula Vista CA; Portland, ME and from pilot programs such as Bristol, CT. All of these municipalities have increase