

**Policies & Procurement Committee  
Jan. 14, 2010, Meeting**

**Draft Minutes**

Members Present: Raymond O'Brien, Committee Chairman  
Theodore Martland, Vice-Chairman  
Dave Damer

CRRA Staff Present: Tom Kirk, President  
Peter Egan, Director of Environmental Affairs  
Laurie Hunt, Director of Legal Services  
Virginia Raymond, Senior Operations Analyst  
Christopher Shepard, Environmental Engineer  
Moira Kenney, Secretary to the Board/Paralegal

Members of the Public: John Pizzimenti of USA Hauling.

Chairman O'Brien called the meeting to order at 9:30 a.m. and noted that a quorum was present.

Chairman O'Brien requested that everyone stand for the Pledge of Allegiance whereupon the Pledge was recited. Noting that there were no members of the public present which cared to comment during public comment, Chairman O'Brien stated that the regular meeting would commence.

**1. APPROVAL OF MINUTES OF THE DEC. 3, 2009, POLICIES & PROCUREMENT COMMITTEE MEETING**

Chairman O'Brien requested a motion to accept the minutes of the Dec. 3, 2009, Policies & Procurement Committee meeting. The motion to approve the minutes was made by Director Damer and seconded by Vice-Chairman Martland.

The minutes were approved unanimously by roll call.

**2. REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING SIGNATORY AUTHORITY FOR HAZARDOUS WASTE MANAGEMENT REPORTS AND OTHER APPLICABLE INFORMATION**

Chairman O'Brien requested a motion on the above-referenced item. Vice-Chairman Martland made the motion, which was seconded by Director Damer.

**RESOLVED:** Pursuant to Conn. Gen. Stat. Section 22a-277(c) the board hereby authorizes the President to delegate to David M. Bodendorf, Senior Environmental Engineer, and Christopher R. Shepard, Environmental Engineer, as duly authorized representatives of the Authority, the authority to sign permit-required reports and other applicable information submitted by CRRA to the Connecticut Department of Environmental Protection, in connection with hazardous waste management and permitting programs, substantially as presented and discussed at this meeting. This delegation of authority, in the President's

opinion, would be appropriate for the prompt and orderly transaction of the business of the Authority.

Director Damer asked how many reports which staff has authority to sign off on go out to the Connecticut Department of Environmental Protection, (hereinafter referred to as the "CT DEP") and if those reports also require approval from upper management.

Mr. Kirk said that any reports which are approved by staff within the Environmental Department must also be approved by the Director of Environmental Affairs, Mr. Egan, before being sent to the CT DEP.

Vice-Chairman Martland said that he has heard that lay-offs (especially those in senior positions) at the CT DEP may result in a greater length of time passing before these reports are received and reviewed.

Director Damer said that his question concerning the quality of these reports and level of signatory sign-off responsibilities relates to Vice-Chairman Martland's concerns. He asked if the reports are from totaled up monthly numbers or have some type of observations and reviews which Mr. Egan should also review prior to its release to the CT DEP.

Chairman O'Brien said that Mr. Egan's approval does not release Mr. Kirk from his ultimate responsibility as the chief local representative.

Mr. Shepard said that he monitors the ground water monitoring reports which involve data and some interpretation of the data which then goes into those reports. He said that his department has also submitted ecological risk assessment reports for the Shelton landfill. Mr. Shepard said that he oversaw the contractor and the work and reviewed the reports and that both the data and interpretation were discussed with Mr. Egan who ultimately signed off on the certification for those reports.

Mr. Shepard said the regulation under 40 CFR 270.11(b) is specific to reports and other information. He said that anything regarding applications or additional hazardous waste activities management may be pursuing would have to be signed off on by Mr. Kirk. Mr. Shepard said that there are two sets of signatory authorizations; one for applications for anything new, and the second for reports which are operational in nature.

Director Damer said that he agrees with this resolution and has always felt that the staff closest to developing these reports should be as involved in the preparation as possible. He said that he wants to be sure that legal documents have a second level of review.

Mr. Shepard said that he would consider the first level of review to be preformed by the consultant. He said by the time the draft reaches him the consultant's project manager has reviewed it, followed by Mr. Shepards' review and commentary prior to the documents' finalization.

Chairman O'Brien asked if these consultants are Licensed Environmental Professionals. Mr. Shepard said that the answer is currently yes. He explained the consultants are under a three year monitoring contract.

Chairman O'Brien asked if these consultants have a special responsibility to the CT DEP over and above the normal consultant. Mr. Shepard said that is not the case with these monitoring reports. He said the fact that they are Licensed Environmental Professionals means that they are in tune with what the CT DEP requires for remediation of sites and for monitoring requirements.

The motion was approved unanimously by roll call.

**3. RESOLUTION REGARDING ADDITIONAL PROJECTED LEGAL EXPENDITURES**

Chairman O'Brien requested a motion on the above-referenced item. Director Damer made the motion, which was seconded by Vice-Chairman Martland.

**WHEREAS**, the Attorney General has entered into a Professional Services Agreement with the law firm of Pepe & Hazard LLP for the prosecution of the Enron Global litigation, pursuant to which Agreement, the Authority pays the out-of-pocket expenses of such litigation; and

**WHEREAS**, the Board of Directors has previously authorized a certain amount for payment of such projected expenses during fiscal year 2010; and

**WHEREAS**, CRRA expects to incur additional legal expenses in connection with this matter;

**NOW THEREFORE, it is RESOLVED:** That the following additional amount be authorized for payment of legal expenses to be incurred through June 30, 2010:

<u>Firm:</u>	<u>Amount:</u>
Pepe & Hazard	\$35,000?

**Further RESOLVED:** That the President be authorized to expend up to \$35,000 from the Post Litigation Reserve Account for payment of legal expenses incurred in the remaining months of fiscal year 2010 in connection with the Enron Global litigation continuing under the aegis of the Attorney General.

Ms. Hunt said that the question mark following the \$35,000 was a typo and will be removed prior to the submittal of this resolution to the full Board for approval.

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

**4. INFORMATIONAL SECTION**

Ms. Hunt said that the Finance Department has recently discovered that the reports on vendors which have exceeded \$50,000 on cumulative contracts (which are distributed monthly) have been inaccurate for some period of time. She said that program was not pulling everything it should have been.

Mr. Kirk said that management, with the assistance of the forensic audit, has discovered although CRRA was properly reporting each exceedence of over \$50,000 as required, after the

excedence was reported it would then drop off of the list and was not being recorded in the following month. He said CRRA was meeting the letter of the procedure to notice these occurrences however the excedence then dropped off the list until there was an additional expenditure.

Mr. Kirk said it was his understanding that any additional expenditures prompted the system to put the overage back on the list because it continued to be over \$50,000 for that particular line item. He said that this problem was extremely difficult to find. Mr. Kirk said it has since been identified and has been corrected. He said that Ms. Hunt was distributing a correct report from FY'09 which is attached as "Exhibit A" and a corrected report from FY'10 which is attached as "Exhibit B".

Director Damer asked management to investigate further to determine that this error did not mean another \$50,000 of cumulative overage had to collect before it was back on the list.

Chairman O'Brien said that it was his understanding when the contracts expire and CRRA enters new contracts with the same vendor that triggers the monitoring again. He said that he does not have time to review these report in full at the moment and looks forward to seeing them at the next meeting. Chairman O'Brien asked that it be noted for the record that the report for the last fiscal year has been updated and asked that they be appended to the minutes.

Mr. Kirk said that the report issues were not detected until late last week and were unable to be included in the package for that reason. He said that Mr. Bolduc can answer any further questions at the Finance Committee meeting.

Director Damer asked specifically about the amounts associated with HRP. Mr. Kirk said that Mr. Bolduc will be able to address his questions.

Chairman O'Brien asked that the report for the last fiscal year be included as an update in the supplemental Board package. Mr. Kirk said that he would also address this issue in his President's report.

Chairman O'Brien asked how Mr. Kirk can justify the \$600.00 cost for a dj for the CRRA Holiday party. Mr. Kirk said that the budget for the Holiday Party is rewarded to the employee committee. He said that the management group does not mange that committee' choices and he did not know if they went out to bid for the dj, he said he knows they did a lot of checking, but probably not for price. Mr. Kirk said it is remarkable but that is the going rate for dj.

Ms. Kenney said that the dj price was extremely low and had been looked into by the employee committee.

Chairman O'Brien asked what the subscription to the *BNA Environmental Reporter* is. Mr. Egan said the *Reporter* is one very thorough issue a week which summarizes and communicates new rules, proposed rules, and enforcement activities that involve air, solid waste, hazardous waste, remediation, and superfund greenhouse gas matters. He noted that a twenty minute read keeps management abreast of current events and issues concerning the Environmental Protection Agencies' activities.

Director Damer said that the subscription for the *BNA Environmental Reporter* has always been expensive and necessary to have. Vice-Chairman Martland said that these types of periodicals are good and keep the staff up to date.

Chairman O'Brien asked if any of the legal services have been resolved, particularly the Dainty Rubbish issue. Ms. Hunt said that draft settlement agreements are being drafted and the end is close. Mr. Kirk said that CRRA has reached an agreement with the court assisted remediation process however the agreement has not been drawn up yet.

Vice-Chairman Martland asked if management has an idea of when the Texas area based judge will make a decision. Mr. Kirk said that she has taken longer with this decision than average however her average is measured in years and not months. He said that it is very frustrating in terms of the budget because management needs to know if there is any money to lower the tip fees in the last couple of years.

5. **ADDITION OF MOTION TO THE AGENDA CONCERNING THE JET TURBINE FACILITY AT THE SOUTH MEADOWS SITE**

Chairman O'Brien requested a motion to add an item to the agenda concerning installation of a fuel tank for the jet turbine facility at the South Meadows site.

Vice-Chairman Martland made the motion to add an item to the agenda, which was seconded by Director Damer.

The motion to add an item to the agenda was approved unanimously.

6. **RESOLUTION REGARDING ENGINEERING SUPPORT ASSOCIATED WITH INSTALLATION OF A FUEL TANK FOR THE JET TURBINE FACILITY AT THE SOUTH MEADOWS SITE**

Chairman O'Brien requested a motion on the above-referenced item. Director Damer made the motion, which was seconded by Vice-Chairman Martland.

**RESOLVED:** That the President is hereby authorized to enter into a contract with TRC Environmental Corporation to provide engineering support associated with the installation of a new fuel tank at the South Meadows Jet Turbine Facility, substantially as discussed and presented at this meeting.

Mr. Egan apologized for the late distribution of this resolution. He explained that management needed several days to assemble the information which had been discussed late the prior week. Mr. Egan said that management had supplied the Board with information detailing the jet fuel tank with some corrosion problems which needs to be replaced. He said the Board had authorized \$1.2 million to be allocated for that purpose at the September Board meeting.

Mr. Egan said that at the time management had received an estimate for \$1.2 million from its operator NGS to handle replacement of that tank. He said that subsequent to September NGS had backed away from managing the contracting for replacement of the existing tank with a new tank. Mr. Egan said that instead CRRA's management would handle the oversight on that project.

Director Damer asked Mr. Egan to elaborate as to why NGS had backed away from the project. Mr. Egan explained that he believed the project was too onerous and large for NGS. Director Damer asked if NGS felt that this project was out of their capabilities. Mr. Egan said that was correct. Mr. Kirk said that although NGS had initially convinced management that this project was within their capabilities it was subsequently not comfortable with the project.

Director Damer asked if the project would have been done at a substantial initial cost and was not included in NGS's contract price. Mr. Kirk said that was correct. Mr. Egan said that NGS's contract did not cover management of this project. Director Damer asked that those facts be added to the resolution for clarity.

Mr. Egan said that this resolution utilizes TRC Environmental which has a lot of familiarity with the site. He said that TRC is capable of providing engineering support to CRRA and noted that the write-up summarized the activities TRC will perform. Mr. Egan said that TRC has provided a not-to-exceed estimate which is still being refined. He said the estimate will be less than the \$ 129,000 and will include; geotechnical testing and reporting services associated with the footprint the tank is placed on, engineering and structural design for the tank, slab and containment design, and fabrication design as well as support for management in bidding this work and for the local and state permits.

Mr. Egan said that TRC had done a preliminary cost estimate under a small RFS to develop a cost estimate as management was not comfortable with NGS's cost estimate. He said that TRC has done a detailed estimate and has come close to NGS's estimate. Mr. Egan said that with a 10% contingency TRC's estimate came in at around \$1.4 million in comparison to the \$1.2 million estimate from NGS which includes engineering services and oversight for when the actual construction job begins.

Mr. Egan said that management had TRC perform an additional preliminary estimate for demolition cost for the existing tank. He said that CRRA is not obligated to do this demolition and the current cost estimate is \$395,000 which includes the value of the scrap steel. Mr. Egan said the immediate focus is on construction of the new tank installed in order to transfer the fuel to the new tank. He said that the engineers' report produced in August recommends that the tank be replaced within 24 months, a project management wishes to accomplish this construction year.

Vice-Chairman Martland asked what chime corrosion is. Mr. Egan explained that the chime is the seam at the base of the tank where the base meets the side wall. Vice-Chairman Martland asked why the chime can't be replaced. Mr. Kirk said that management had initially asked for a repair estimate and was informed by its engineers that it is not repairable.

Mr. Egan said that an analysis was done concerning this replacement. He said that the cost of replacing the old tank with a smaller tank is less than the cost of repairing the tank. Mr. Egan said that the replacement tank will be installed on a new location adjacent to the existing tank and that there is geotechnical analysis to analyze what is necessary to support the tank and design engineering associated with designing this tank.

Mr. Kirk said that another driver for replacing the old tank is the secondary containment for the original tank is essentially the entire site which is a terribly inefficient use of the space. He said that

the new tank, which will likely be 1 million gallons instead of 3 million gallons, will have secondary containment in the immediate vicinity of the tank.

Chairman O'Brien asked that it be noted in the write-up that taking this jet tank out of service would cause a substantial loss of contracts and subsequent money for CRRA. He said that TRC has almost a half a million worth of contracts in 2009 through the RFS procedure. Chairman O'Brien said that he would like Laurie to be sure that this does not skirt the legislation regarding competitive process for presentation to the full Board.

Chairman O'Brien said that a justification for choosing TRC over other eligible competitors as well as a comparison of those rates should also be included in the resolution.

Mr. Egan said that because the three year engineering service agreement ends June 30, 2010, CRRA can't contract for the full amount which is listed here. He explained approximately \$78,000 will be expended in 2010 and management will come back in June for the additional \$51,000.

Vice-Chairman Martland asked what the probability is that there will be some contamination in the ground under the tank when it is removed. Mr. Egan replied that probability is high he said it is likely that the bedding under the old tank has oil in it. He explained when tanks were constructed 50 years ago protection of the metal was done by saturating the bed with sand. He said that there will be some contamination which will need to be removed.

Director Damer asked if the estimate included the coverage of contamination. Mr. Egan said that 1,000 tons worth of petroleum based contaminant is included in the demolition estimate. Director Damer asked regarding the permit application if TRC had factored in the siting council review as it was not listed in the write-up. Mr. Egan said that the siting council review had been factored in.

Director Damer asked if the siting council review will be asked to provide a ruling that there is no significant environmental impact. Mr. Egan said that NGS is taking the lead on that application as they are the operator. Director Damer asked if that will be billed separately. Mr. Egan said that he expected that management will ask NGS to provide for that cost. He said that this is a very routine matter and noted that NGS has spoken to someone associated with the siting council. Director Damer said the siting council may have some specific requirements as they go beyond the technical reviews of the CT DEP.

Chairman O'Brien asked if he is correct in saying that there is no new money involved with this resolution. Mr. Egan said that there is no new money in engaging the engineer. He said that management will come back to the Board for another \$2-3 hundred thousand to bring the original estimate from \$1.2 to \$1.4-1.5 when they receive a more refined estimate. He said that the NGS estimate was based on a 750,000 gallon tank whereas management is now planning to install a 500,000 gallon tank. Mr. Egan said that in discussions with the Regional Connecticut Valley Electrical Organization has determined that a 500,000 gallon is adequate to provide the necessary fuel for these jets to perform their Black Start capability.

Chairman O'Brien asked how many hours the jets can run. Mr. Egan replied 24 hours which is adequate for these jets to perform their task to bring up other facilities. He said that is 24 hours of fuel if all 8 jets are running at full capacity and in a 24 hour period they would be brought up more slowly and the fuel would last longer.

Chairman O'Brien asked Mr. Kirk to look into whether a larger tank capacity would help CRRA's sale price.

Mr. Kirk said that management is planning to employ a contractor to investigate the sale of the jets as a key asset. He said that one of the key questions is how CRRA can optimize the sale of the jets. Mr. Kirk said that so far the answer concerning whether the jets are more valuable with increased capacity is no. He explained that is because one does not make money by burning fuel but by having the jets on site however that is a question potential buyers need to evaluate.

Mr. Egan said that the value the jets provide is in the capacity which is provided and replacing the existing tank with a smaller tank will not change the value significantly as the value is that they are there and available to provide peak capacity.

Chairman O'Brien asked if there is rail capacity to deliver fuel. Mr. Egan replied not that is active. He said that NGS is contractually responsible to fill the tank. Chairman O'Brien said that he is considering although CRRA is looking at peak capacity mostly in the summer, it can still occur in the winter when getting trucks in may be problematic, he added that a rail car can carry a considerably larger amount of fuel.

Director Damer said that he would be surprised if the market values a large tank versus a smaller tank. He said that he believes that the value is not in running but being able to run during short periods of time when called for on extraordinary events. He said he would think the smallest tank that management believes CRRA can use to cover its needs to show the operators of the electric system to take the contracts that CRRA has is valuable.

Director Damer said that he is concerned that going forward with this contract may mean that CRRA has precluded any of the other issues which are being investigated, such as the potential sale of the facility. Mr. Kirk said that management had hoped to be able to sell the tank as is with a caveat that the tank has to be out of service by August. He said that management has since determined that the calendar will not permit this and the risk in replacing the tank will not cost money, in fact it may add value to the sale price as it is taking the risk out of a potential buyers portfolio and absorbing it internally.

Mr. Kirk said that management has since found the highest value of these machines is in place here as capacity.

Director Damer asked if management has concluded that a potential buyer will not want to convert these tanks to gas. Mr. Kirk said that this is still an open question. He said the capital involved in moving the gas and the actual performance is so inefficient from an energy standpoint that it is unlikely to be used for gas. He said that the value is in capacity and Black Start capabilities.

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

7. **DISCUSSION CONCERNING THE SECONDARY SHREDDER MOTORS AT THE WASTE PROCESSING FACILITY**



Mr. Kirk said that the Board had authorized management to upgrade the motors at the waste processing facility from 1,000 horsepower to 1250 horsepower. He said capacity increased dramatically which MDC took credit for, forgetting that CRRA had increased hardware capacity by 25%.

Mr. Kirk said there was also the advantage of three spare motors on the shelf. He said in November 2009 a failure of one motor took place and was temporarily replaced by Senior Engineer Mr. Quelle to save money on a repair. Mr. Kirk said that unfortunately in December there were two more failures of that spare and the existing 1250 horsepower motor. He said that they were near catastrophic failures one motor having to be rewound the other with cracks in the shaft.

Mr. Kirk said that unfortunately on January 8, 2010, there was another failure of the motor with no available spare. He said fortunately partial repairs of one of the earlier failed motors were nearly done and only a day of processing was lost on that one line. Mr. Kirk said that this was unexpected as there are so many spares motors which demonstrates the importance of having spares available.

Mr. Kirk said that the motor with the cracked shaft was repaired by temporary welding. He explained it was discovered that during the unloading process MDC dropped the motor off of the truck which landed on its shaft and then proceeded to install the motor without telling CRRA about the drop. He said that when vibration analysis was routinely done management noticed the axial vibration on the thrust bearing and called the vendor to receive a warranty repair for the bad thrust bearing at which point MDC disclosed that they had in fact dropped the motor. Mr. Kirk said that dropping motors can happen and is understandable but the fact that the motor had been dropped should have been disclosed.

Mr. Kirk said that the cracked shaft motor was quickly repaired and put back into service and in the mean time Mr. Quelle worked out a deal with Detroit Resources Recovery to let CRRA borrow a 500 horsepower shredder motor in exchange for the use of one of CRRA's 1,000 horsepower motor. He said that in the meantime the repairs for the other motors are being done.

Mr. Kirk said that management has some concerns regarding the retrofit of the 1250 horsepower motors because they do not seem to be holding up as they should. He said the engineering is still being looked into to find out why these motors are failing and so drastically.

Chairman O'Brien said that he was concerned as management had indicated earlier that they had an idea as to why there was initial difficulties with these motors and had indicated to the Board that they had since addressed those issues. Mr. Kirk said that management is still committed to the 1250 horsepower motors and will return to the Board after further investigation and also looking into the possibility of changing vendors.

A discussion on the possible reasons for the motor failure was undertaken.

## **8. EXECUTIVE SESSION**

Chairman O'Brien requested a motion to enter into Executive Session to discuss pending litigation, trade secrets, personnel matters, and feasibility estimates and evaluations. The motion made by Vice-Chairman Martland and seconded by Director Damer was approved unanimously. Chairman

O'Brien requested that the following people remain for the Executive Session, in addition to the Committee members:

Tom Kirk  
Laurie Hunt, Esq.  
Virginia Raymond

The Executive Session commenced at 10:37 a.m. and concluded at 11:26 a.m. Chairman O'Brien noted that no votes were taken.

The meeting was reconvened at 11:27 a.m., the door was opened, and the Board secretary and all members of the public were invited back in for the continuation of public session.

### **ADJOURNMENT**

Chairman O'Brien requested a motion to adjourn the meeting. The motion made by Vice-Chairman Martland and seconded by Director Damer was approved unanimously by roll call.

The meeting was adjourned at 11:27 a.m.

Respectfully submitted,

Moira Kenney  
Secretary to the Board/Paralegal