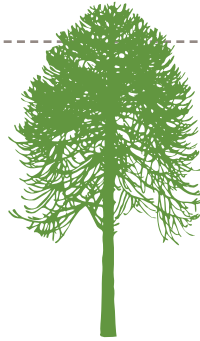


# To the people of CONNECTICUT:



2009 A REPORT TO THE STATE FROM CRRA



This is the sixth edition of "A Report to the State from CRRA," our annual report on the status of the Connecticut Resources Recovery Authority.

You'll notice that this edition is much different from what we've produced in past years. CRRA is always re-thinking all its processes and functions, and it became apparent that the vast amount of information on our Web site ([www.crra.org](http://www.crra.org)) — most of which was repeated or summarized in our previous editions — combined with our other numerous public communication initiatives lessened the need to produce the detailed pamphlet you have received in prior years.

**What will become apparent from reading this edition is that 2008 was a year of transition and transformation for CRRA:**

- > Bridgeport Project expired, so we renewed it under substantially improved terms and conditions;
- > Towns in our Wallingford Project, which expires in 2010, determined the future use of the plant and the destination of waste from those five towns;
- > Made the final deliveries of waste to the Hartford landfill; and
- > Introduced single-stream recycling to Connecticut.

Along the way, we faced the same economic pressures that everyone else is facing, pressures that will continue to impact us in 2009.

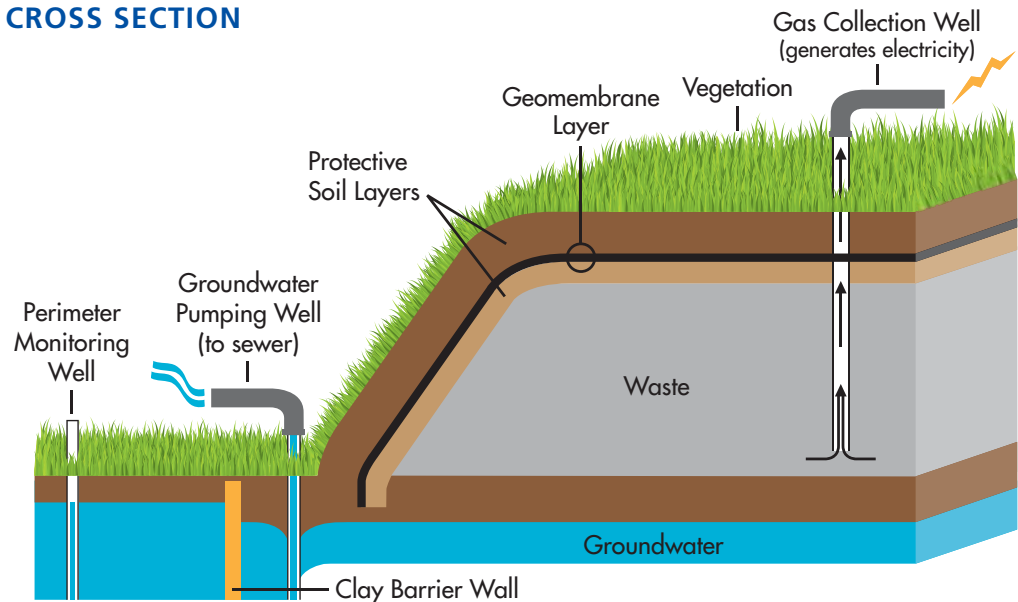
## Hartford Landfill Closing

The most noteworthy event happened on the final day of the year. The Hartford landfill had been in operation since 1940 and was a lightning rod for controversy for almost that long. In the 26 years we operated it, we installed a number of systems that protected the area's groundwater and the adjacent Connecticut River and captured landfill gases before they became odor problems or contributed to potential climate change. But the people of Hartford wanted us to close it, and with the final truckload of waste delivered at about 3:45 p.m. on December 31, 2008, we did.

Over the next two to three years, we will complete the installation of a \$27 million state-of-the-art

geosynthetic cap, which will make the landfill safe for passive recreation purposes such as walking trails and a wildlife preserve. Future uses will be determined by the landfill's owner, the City of Hartford. Once the cap is installed and the Connecticut Department of Environmental Protection certifies our closure, we will continue to monitor and maintain the landfill for at least 30 years at a cost of another \$17 million. Part of these costs will be paid with \$13 million from the State Bond Commission; we have received \$3 million and expect the remainder in the next couple of years. The rest is coming from reserves we accrued specifically for this purpose.

## HARTFORD LANDFILL CROSS SECTION



## Ash Landfill

Meanwhile, our Mid-Connecticut Project trash-to-energy facility is still producing ash and non-processible waste, and we're now faced with the increased cost of shipping and disposing that material to privately-owned landfills. We're trying to reduce those costs by building a publicly-owned ash landfill in Franklin. We are in the midst of a detailed scientific investigation of the site, one that we expect will confirm our belief that this is the best site for an ash landfill in Connecticut. We'll have the results of that investigation later this year. Developing and operating this ash landfill will reduce trash disposal fees by about \$8 per ton. Connecticut is committed to trash-to-energy, the best technology for disposal, so we need this ash landfill.

As you might expect, a small but vocal opposition has formed to oppose this proposal. We believe that if people rationally consider the facts and the science, they'll understand that our ash landfill will benefit the town for decades while protecting Franklin's environment. You can get all the facts about this important initiative at our dedicated Web site: [www.ctsafeashlandfill.com](http://www.ctsafeashlandfill.com).



## Single-Stream Recycling

Another environmentally beneficial initiative we launched in 2008 was our introduction of single-stream recycling to our Mid-Connecticut Project. CRRA invested \$3 million to allow us to accept single-stream recyclables — meaning the homeowner doesn't have to bother with separating paper and cardboard from cans and bottles — which has proved to increase recycling rates all over the country, even in communities that have not been good recyclers. The initial results in Connecticut have been remarkable. Through December, Hartford saw a 41 percent increase in recycling tonnages, thanks in large part to a single-stream pilot program in which we have partnered with the City and the National Recycling Partnership. Single-stream works. And in 2008 it paid an extra benefit: with commodity prices at all-time highs, we took in enough revenue from selling all that paper, plastic, cardboard and metal that we shared more than \$780,000 with the Mid-Connecticut Project towns that recycle with CRRA.

We have been trying to bring single-stream recycling to southwestern Connecticut, but our efforts have been complicated by an unusual set of circumstances. We had been trying since 2007 to sign towns to a new recycling contract under which our operator would have paid the costs of designing, building and operating a new single-stream processing center. Unfortunately, a handful of towns took what they felt was a better deal, and the remaining towns aren't able to deliver enough recyclables for a contractor to recover the necessary investment. When the commodities markets collapsed in the second half of 2008, our chances of signing any long-term contract vanished.



## CRRA's Museums

Part of the fallout from that situation could be the closing of our Garbage Museum in Stratford. The Museum has been funded by revenues from the sale of recyclables from the southwest towns and small charges to the solid waste disposal fee, but when our contracts expire June 30 so does the Museum's funding. We're scrambling to find new sources of support for the Museum. We would welcome your support.

The recycling and environmental education programs offered by the Garbage Museum and the Trash Museum in Hartford continue to be success stories. In 2008, for the third year in a row, participation topped the previous year's total, with more than 57,000 people learning how to take care of their planet simply by thinking before they throw something away. We expect to continue these programs beyond 2009.



We welcome  
your support

# Keeping the towns we serve and the people of Connecticut informed has always been a priority of CRRA



## Looking Ahead

CRRA itself will be changing to meet the challenges and opportunities that accompany our recent project changes. The original Bridgeport Project expired on December 31, 2008. We knew that seven of the Project's 19 towns were considering a variety of other solutions to their solid-waste needs. We responded by helping the towns focus on the best possible options and ultimately negotiated a renewal of the existing project agreement for the remaining 12 towns with terms and conditions that will enable them to dispose of their trash at a more reasonable price than they had been paying.

Our Wallingford Project expires in 2010, and after that CRRA will no longer be involved in the operation of the Wallingford trash-to-energy plant. Five of the Project towns signed contracts with the facility's operator who will own the facility after 2010. CRRA negotiated the sale of its option to purchase the facility to Covanta, the operator who will now deal directly with the five towns. Meanwhile, CRRA retains access to the full capacity of the facility at the lowest price offered by the owner and further negotiated an agreement to deliver up to

25,000 tons of trash per year at a favorable price, enabling us to sign up new towns or dispose of excess trash when our other plants are full.

We achieved another milestone in our Mid-Connecticut Project in February when we repaid the last of the money we borrowed from the State to help us get through the Enron bankruptcy. With our repaying that \$21.5-million loan in full, the Enron problem, originally a \$220 million liability, no longer has any direct impact on Mid-Connecticut Project finances.

However, the last remnant of that situation is, unfortunately, still with us in the form of a string of lawsuits filed against CRRA by a group of trial lawyers representing Mid-Connecticut Project towns. The original action, *New Hartford v. CRRA*, resulted in an award of \$35.8 million, \$8.9 million of which went to those lawyers. Our appeal of that ruling was heard by the Connecticut Supreme Court in October and, at this writing, we are still awaiting a ruling. Since then, the same group of lawyers sued us over the FY 2008 and FY 2009 Mid-Connecticut Project budgets, and we fully expect them to keep suing us every year. To the extent they are successful, the disposal fee paid by

Project towns will continue to reflect these legal costs and awards paid to the lawyers.

The original award depleted reserves we could have used to pay down Project debt,

which would have hastened the expiration of the Project and our releasing towns from their commitments to deliver waste to CRRA. The subsequent cases have already cost us hundreds of thousands of dollars in legal fees, and those legal fees come from Project revenues — the disposal fees paid by member cities and towns.

Regrettably, our Mid-Connecticut Project financial position now faces another significant threat. The contractor operating our Waste Processing Facility (WPF) is claiming that the Project towns are responsible for contractor costs — **after** the contract expires in December 2011 and the contractor is no longer providing services. That contractor — the Metropolitan District (MDC) — is claiming it is entitled to decades of severance pay, retirement benefits, health insurance and other items to which MDC employees may be entitled at the conclusion of their MDC employment.

MDC's latest estimate of what it claims the Project will owe is \$32.5 million. This amounts to over \$400,000 in employee termination costs for each of the 80 or so MDC positions in the facility. MDC has also informed us that figure may increase.

CRRA has, for more than 20 years, every month, fully paid each certified accurate invoice from MDC that necessarily included all costs, including overhead, as specified and required in the contract. No liability to CRRA or its member towns for contractor services should extend past the term of the contract. We do not believe MDC has a contractual right to require the 70 member towns of CRRA's Mid-Connecticut Project pay these extra costs.





Michael A. Pace



Thomas D. Kirk



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# One thing remains constant: our commitment to working in the best interests of the people of Connecticut

CRRA is in negotiations with MDC in order to resolve this dispute. If negotiations are unsuccessful, the dispute will be resolved by binding arbitration. CRRA has a strong case and expects to prevail in arbitration.

We are also concerned about a drop in trash deliveries to the Mid-Connecticut Project. While the recession has prompted a decrease in trash generation throughout the state, we're concerned that some haulers may be sending waste to other disposal facilities in violation of their contracts with CRRA. The fewer tons we take in, the more it costs per ton to cover the cost of operations, so this situation can cost you money. CRRA personnel monitor and enforce the requirements of the agreements and ensure, to the extent possible, compliance with the agreements. Towns that permit private haulers to operate in their towns are at greatest risk of diversion and contract exploitation. We will continue our efforts to ensure you and your citizens are not being abused by opportunistic violations of the contracts we all rely on to ensure least-cost disposal.

Keeping the towns we serve and the people of Connecticut informed has always been a priority of CRRA since our new Board and management team were assembled in 2002. CRRA representatives meet regularly with regional councils of governments and individually with mayors, first selectmen and town managers; speak to business organizations and service clubs; and make frequent appearances on radio and television stations across Connecticut. In 2008, we launched the Mid-Connecticut Project Municipal Advisory Committee as a new means of engaging the chief officials of our largest project.

Engaging the towns and people we serve will take on more importance as our original projects expire. CRRA is in a unique position to renew project agreements with favorable terms and conditions for its towns. The Mid-Connecticut Project expiration in December 2012 is such an opportunity. Towns should investigate all the trash and recycling options available to them and compare them to the net-cost options CRRA will provide. We expect that most towns will find the best value with CRRA.

2008 saw a number of major events in the history of CRRA, and while they marked some major transitions, one thing remains constant: our commitment to working in the best interests of the people of Connecticut; making sure we protect our environment with well-engineered, cost-effective trash disposal and recycling systems; and providing the cities and towns of Connecticut with effective, at-cost disposal, recycling and diversion options in an otherwise challenging market for services. That commitment means being responsive to the people we serve, so should you ever have any questions about CRRA, its operations or its services, please contact us at **860.757.7700**.

Sincerely,

MICHAEL A. PACE  
CHAIRMAN

THOMAS D. KIRK  
PRESIDENT