

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**FOUR HUNDRED TWENTY-SEVENTH**

**DEC. 22, 2011**

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thurs. Dec. 22, 2011, in the Board Room at 100 Constitution Plaza, Hartford, CT 06103. Those present were:

Directors: Louis J. Auletta, Jr.  
Ryan Bingham  
David Damer  
Timothy Griswold (present by telephone)  
Dot Kelly (present by telephone)  
Theodore Martland  
Scott Slifka  
Donald Stein  
Steve Edwards, Bridgeport Project Ad-Hoc  
Robert Painter, Mid-Connecticut Project Ad-Hoc  
Mark Tillinger, Bridgeport Project Ad-Hoc  
Steven Wawruck, Mid-Connecticut Project Ad-Hoc

Present from CRRA in Hartford:

Tom Kirk, President  
Jim Bolduc, Chief Financial Officer  
Jeff Duvall, Director of Budgets and Forecasting  
Peter Egan, Director of Environmental Affairs and Development  
Laurie Hunt, Director of Legal Service  
Jim Perreras, Government Relations Liaison  
Rich Quelle, Senior Engineer  
Paul Nonnenmacher, Director of Public Affairs  
Virginia Raymond, Senior Operations Analyst  
Moirra Benacquista, Board Secretary/Paralegal  
Marianne Carcio, Executive Assistant

Others present: Peter Boucher, Esq., Halloran & Sage; Susan Hemenway, BRRFOC; Rick McCarthy, Environmental Capital; John Pizzimenti, USA Hauling; Tom Ritter, Esq., Brown Rudnick; Dan Mara, Esq., Sandler & Mara; Cheryl Thibeault, Covanta; Jerry Tyminski, SCRRRA.

**VOTE TO MAKE DIRECTOR DAMER TEMPORARY CHAIR**

Director Stein made a motion to elect Director Damer as temporary Chairman of the CRRA Board meeting. Director Martland seconded the motion.

The motion previously made and seconded was approved by roll call. Director Auletta, Director Bingham, Director Damer, Director Edwards, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Stein, Director Slifka, and Director Tillinger voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Donald Stein	X		
Scott Slifka	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Mark Tillinger, Bridgeport	X		
Bob Painter, Mid-Ct	X		

Director Damer called the meeting to order at 9:35 a.m. and said a quorum was present.

**PUBLIC PORTION**

Director Damer said 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.

As there were no members of the public present wishing to speak, Director Damer proceeded with the meeting agenda.

**APPROVAL OF THE MINUTES OF THE NOV. 17, 2011, REGULAR BOARD MEETING**

Director Damer requested a motion to approve the minutes of the Nov. 17, 2011, Regular Board Meeting. Director Slifka made a motion to approve the minutes, which was seconded by Director Bingham.

The motion previously made and seconded was approved as amended and discussed by roll call. Director Auletta, Director Bingham, Director Damer, Director Edwards, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Stein, and Director Tillinger voted yes. Director Slifka abstained as he was not present at the meeting.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Donald Stein	X		
Scott Slifka			X
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Mark Tillinger, Bridgeport	X		
Bob Painter, Mid-Ct	X		

**FINANCE COMMITTEE**

**RESOLUTION REGARDING APPROVAL OF THE AUTHORITY OPERATING BUDGET**

Director Damer requested a motion on the above referenced item. The motion was made by Director Martland and seconded by Director Stein.

**RESOLVED:** That the fiscal year 2013 Authority Operating and Capital Budgets be approved substantially in the form as presented and discussed at this meeting.

Mr. Bolduc said the Authority budget contains the administrative and overhead budget activity. He said this budget needs to be passed before management brings the remaining budgets forward to the Board for approval. Mr. Bolduc said there are some dollars which come out of the overhead which are allocated back to specific budgets, for example, the Mid-Conn landfill, the property division, recycling, etc. He said essentially these are dollars which are not directly attributable to a specific project and/or division.

Mr. Bolduc said the summary on pg. 7 shows an increase of .4% between the proposed FY'13 budget and the FY'12 prior year budget. He said the summary contains the details of how management arrives at the budget and how the \$4.3 million formula is allocated for various projects and activities. Mr. Bolduc said there is a new line at the bottom, under the revenue allocation, for CSWS which is the second period of the new Mid-Conn project. He said when the bonds run out on Nov. 15 there will be a stub budget period.

Director Stein said personal expenses, communications services, meetings, and training changed significantly from FY'11 – FY'12. He asked why those changes were made, and whether it was appropriate to keep that level of spending going into FY'13.

Mr. Bolduc said allocations are not a science but an art. He said every year management goes through a process by which it reviews where staff time is spent, especially on pay roll. Mr. Bolduc said over the last three to four years there were some major events which occurred. He said in 2008/2009

CRRA was closing the Bridgeport Project which generated a lot of internal effort to that project. Mr. Bolduc said in 2011 CRRA went through the same process with the Wallingford project. He said in preparation for these activities management meets with the department heads and supervisors to look at where personnel are spending time. Mr. Bolduc said every year these types of changes are made to try and align costs.

Mr. Bolduc said a second change was made three years ago to the budget process. He said historically it was CRRA's practice for revenue and administration to be allocated out from a large administrative budget. Mr. Bolduc explained the fallacy in that process was that it was not an administrative cost, for example, scale and enforcement was 100% to the Mid-Conn Project. He said management made an effort to put the numbers where they belonged in terms of a more accurate picture. Mr. Bolduc said it did not distort the number significantly as Mid-Conn overall was still 85% of the total cost. He said management wanted to be sure it moved toward specific project charges and allocated only what was left.

Mr. Bolduc said historically formulas at CRRA were based solely on labor. He said management now uses a weighted average utilizing such items as; assets, revenues, the various activities where the labor is charged, and recycling activities to come up with a weighted allocation which diminishes the margin for error.

Mr. Bolduc said the debt administration shows a decline in the budget for the costs of two prior office moves. He said the first move from Allyn Street was amortized and the second move occurred when CRRA moved down from the 17<sup>th</sup> and 18<sup>th</sup> floor of the building it currently occupies to the 5<sup>th</sup> and 6<sup>th</sup> floors, for a total overall savings of approximately \$800,000. He explained there were costs associated with these moves, such as the build out of the space. Mr. Bolduc said CRRA borrowed those funds from the Authority fund, and as it has now paid those funds back there is a decline.

Mr. Bolduc said there is very little capital dollars in the budget. Mr. Bolduc said CRRA is basically on a cash budget. He said CRRA does not use encumbrances, but does use cash reserves. Mr. Bolduc said the capital expenditures focus on items like the computers and servers, and additional items are described on pg. 6. He said CRRA has a few vehicles which are pooled for employee usage. Mr. Bolduc said heavy equipment is also a Mid-Conn Project related cost. Mr. Bolduc said the other types of costs are not directly related to projects, such as the legal budget which deals with corporate type activities as opposed to projects.

Director Stein asked why there is a large jump in the benefits administration costs from FY'11 – FY'12 as well as another substantial jump this year. Mr. Bolduc explained the benefits administration budget was recently approved by the Board. He said a couple of years ago the contracts used to have what insurance carriers call soft savings, the commissions to the purchasing process with the carriers. Mr. Bolduc said CRRA elected to phase that out and move to a fixed fee to avoid any perception of a broker endorsing products for a commission. He said it is now a specific line item.

Director Stein said the employee benefits, benefits administration, and other benefits went from \$287,011 to \$434,000 last year, then to \$490,000 this year. Mr. Bolduc said those increases are partly due to the re-allocation process, employee selection mix and numbers participants. He said FY'11 is actual and needs to be budget normalized before a trend can be seen.

Director Stein said CRRA's personnel expenses went down in that same period. He said usually benefits are a percentage of the payroll. He said typically industry benefits are 25-35% of the payroll costs. Director Stein said the payroll went down and the benefits increased. Mr. Bolduc acknowledged benefit costs have been increasing but benefits costs are also a function of the number of plan participants and not solely based on employee head count. Director Stein said if CRRA's headcount is down insurance costs should reflect some of that. Mr. Bolduc said the problem with comparing FY'11 to those years is that there are other activities which go into developing the budget. He said he would provide the Board with actual historical numbers on a company wide basis which would show the trends on a consistent basis.

Director Damer asked if allocations for the employee benefits, benefits administration, and the other benefits are proportioned as they should be in relation to payroll. He said the payroll end related matters dropped between FY'11 and FY'12 and are back up for FY'13 and yet the total of those last three lines actually increased as the payroll attributed to this budget. Mr. Bolduc said that data would be covered in the analysis historical trend.

Director Stein said the other major question he had concerned page 12. He said the communications line went from \$27,000 in FY'11 to \$179,000 in FY'12 and then stays flat the next year. Director Stein asked if this was an allocation issue. Mr. Bolduc said there were two drivers. He said in the past under other consulting services the municipal government liaison contract was 100% charged to Mid-Conn, however in reviewing this cost management determined it should not be charged solely to that cost center.

Director Stein asked about the communication services. Mr. Bolduc said funds were placed in this line item at the request of the Board in an effort to improve public relations.

Director Damer asked how many personnel CRRA is down. Mr. Bolduc said the total overall reduction is about 15%. He said CRRA is down to 53 people from a high of around 63 a few years ago.

Director Tillinger said in order for the Board to adequately understand the pieces of the overall budget they need to look at the pieces in context as a whole in order to look at big trends in cost increase, revenue increase, etc. He said secondly because there is an allocation methodology going on, it would be good for the Board to understand some of the big drivers. Director Tillinger said if the Board could look at the big macro drivers such as head count numbers, or tons, there are probably five or six big drivers. He said the overall CRRA administrative budget is essentially flat with a \$17,000-\$18,000 budget increase year over year.

Director Damer asked Director Stein if he is comfortable passing this item given the fact that the budget is proposed to increase so little. Director Stein said his overall concern is a lack of comfort if this budget is sized to the need for the activities which are taking place in the next year. He said he would rather see a 10-15% decrease if that is appropriate.

Director Tillinger said the drivers used to provide this analysis are probably limited to items such as headcount numbers, assumptions on salary increase percentages, and assumptions on benefit increases year over year. He said in addition there are some assumptions on cost differentials year to year, and some larger contractual line items like the communications expense. Director Tillinger said

laying out these drivers can provide the Board with information on how those individual line items are arrived at and how those numbers are achieved.

Director Edwards said in the Bridgeport Southwest Division when the project went from FY'11, it went from \$535,000 down to \$386,000 with a straight contract price of \$2.00 a ton, which is the revenue stream which comes into the Authority. Mr. Duvall said there is also a direct labor charge for the work the Operations department does for contract reviews and similar items. Director Edwards asked if the \$386,000 is from the revenue coming in from the project towns. Mr. Duvall said a piece of the \$2.05 for FY'11 is coming from the project towns and goes to the administrative line. He said part of the allocation was an administrative person who was moved from strictly a direct allocation budget this year to the direct line in the Southwest budget into the indirect line in the Authority.

Director Griswold said it is important to realize the merit and Cola increase of about 2% each are also drivers. He said it might be possible to show what total costs could have been had an allocation method not been employed. Director Damer said an overall break down showing the operating costs for CRRA, as well as the allocations of that overall amount to the various projects may be helpful. Mr. Bolduc said management will put together an analysis capturing all of the Boards' comments.

The motion previously made and seconded was approved by roll call. Director Auletta, Director Bingham, Director Damer, Director Griswold, Director Martland, Director Slifka, and Director Stein voted yes. Director Kelly abstained.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly			X
Ted Martland	X		
Donald Stein	X		
Scott Slifka	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

**RESOLUTION REGARDING APPROVAL OF THE RECYCLING DIVISION (SOUTH UNIT) BUDGET**

Director Damer requested a motion on the above referenced item. The motion was made by Director Martland and seconded by Director Slifka.

**RESOLVED:** That the fiscal year 2013 Recycling Division Operating Budget be adopted substantially in the form as presented and discussed at this meeting.

Mr. Bolduc said this particular budget is called the recycling division. He said management intended for the recycling operations in the old Bridgeport Project and recycling operations in the current Mid-Conn Project to be established in one recycling division. He said however, the Board is now looking at keeping the recycling activities in the Hartford area as part of the new Mid-Conn MSA's starting in November 2012. He said this budget is therefore only the recycling budget for the South Unit (the Stratford IPC). He said there is a contractual arrangement with those towns which will subsequently approve the budget.

Mr. Bolduc referred the Board to page 4. He said the budget in FY'11 is on a different contractual arrangement than FY'12 and FY'13 because the contract with FCR was renegotiated. Mr. Bolduc said the biggest driver was a different configuration of towns than in FY'12. He said FY'11 ran a surplus of about \$389,000. Mr. Bolduc said under FY'13 the third line down under revenue shows \$357,000 of that \$389,000 is being flowed in through as a revenue item, which is how the budget ends up balanced, the residual sits in a STIF account for SWEROC.

Mr. Bolduc reviewed several items of importance with the Board. He said balancing this budget under the current deteriorating recycling market is difficult. Mr. Bolduc said there is a benefit for the Project in bringing its recyclables to Mid-Conn. He explained this is because the Hartford contract has some stability due to a hedge initiative by FCR.

Mr. Bolduc said balancing this budget requires not only the revenue stream estimated from the commodities, but about 30% of the revenues are from the prior year surplus. Director Edwards said this was a very conservative budget. He said he would be surprised if SWEROC uses anywhere near the \$350,000. Director Edwards said the recycling market does fluctuate, however FCR has been very good at hedging the market.

Director Stein asked how long a use of a surplus like that is sustainable. Director Edwards said it is a year by year contract because the market is so fluid. Director Stein asked how much money was sitting in that account. Director Edwards replied that right now there was well over \$700,000 in the account and another \$300,000 was just added. He said he would be remiss to say there is anything long term in this picture as a possible capital investment and new contract are both being considered by the Project.

Mr. Kirk said there is also the possibility that SWEROC itself may disband if it falls beneath the required tons. He said despite significant transportation costs SWEROC did very well bringing its recycling to Hartford for processing. Mr. Kirk said there are some possible options for SWEROC to use a private processor down in Shelton. He said commodities sales have been down about 40% in the last two months and the participation of the towns are fluid and changing. Mr. Kirk noted private haulers have reportedly stopped offering rebates for recycling.

Director Martland asked what the advantage is in having SWEROC versus signing the towns up individually. Mr. Kirk said there is not an advantage to CRRA either way. He said there is an advantage to SWEROC in combining their recyclables together and sharing fixed costs for a transfer station. Mr. Kirk said now that the project boundaries have fallen at Bridgeport the commodities volume advantage can be made by rolling them into Mid-Conn. Director Edwards said the real advantage for SWEROC is the long term contract with FCR through Mid-Conn as it is very favorable. He said three months ago

private contractors were offering deals and rebates to municipalities for their recyclables, which have since started to fall apart while FCR continues to provide stability.

Director Damer asked management to explain the bullet which states recycling sales are going to be higher in FY'12 due to an increase in per ton revenue share. Mr. Kirk said the contract with FCR allows for CRRA to get flat revenue on a per ton basis, plus a piece of what they get over a certain threshold. He said if prices drop to that threshold CRRA gets nothing. Director Edwards said that tonnage should increase as the competitive market increases.

Director Stein asked why there is a disproportionate increase in administrative expenses versus direct expenses. Mr. Duvall said the biggest piece in the direct expenses was a scale house operator in the budget which management took from the budget in FY'12 as they had elected not to have a CRRA employee at this point because it is a year to year contract. He said as a result the direct expenses are dropping however, when the payroll allocation was done the operations department did up its allocation of time.

Mr. Duvall said although initially anticipated to be simple, more time beyond what management originally anticipated is being spent, which is also being reflected into the indirect expense. He said the allocation indirect expense has assets both current and non-current, tonnage, and the amount of time the employees are spending on that project, all of which drive that number.

The motion previously made and seconded was approved by roll call. Director Auletta, Director Bingham, Director Damer, Director Edwards, Director Griswold, Director Kelly, Director Martland, Director Slifka, and Director Stein, and Director Tillinger voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Donald Stein	X		
Scott Slifka	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Mark Tillinger, Bridgeport	X		
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

**POLICIES & PROCUREMENT COMMITTEE**

Director Damer introduced the new Government Relations Liaison, Mr. Jim Perras, to the Board. He said Mr. Perras came to CRRA after 11 years with the State Democrats Office.



**RESOLUTION REGARDING EXTENSION OF MUNICIPAL GOVERNMENT LIAISON SERVICES AGREEMENT**

Director Damer requested a motion on the above referenced item. The motion was made by Director Stein and seconded by Director Martland.

**RESOLVED:** That the President is hereby authorized to exercise the Authority's option to extend an agreement for municipal government liaison services with Brown Rudnick, LLP for the period from January 2, 2012, through October 31, 2012, substantially as presented and discussed at this meeting.

Director Damer said this resolution concerns non-lobbying activities, however there has been much discussion by the Board about what lobbying and non-lobbying are and what CRRA is constrained from doing. He said CRRA is allowed to do lobbying. Director Damer said this Board can and should lobby administratively and legislatively for things which CRRA collectively and individually feels is important. He said CRRA can hire people to lobby both in and outside of the organization. Director Damer said CRRA is constrained from hiring an outside contract lobbyist to lobby on its behalf. He said some of the confusion has come from that prohibition. Director Damer said the question of what a government liaison representative does has also been broached; he noted that Mr. Ritter is present to answer any of the Board's questions.

Director Stein said this is the only contract CRRA has which involves a retainer rather than a cash oriented hourly rate as compared to the other public relations services CRRA uses. Director Damer said the question of whether CRRA could hire a person who is a known lobbyist or works for a lobbying firm, or does lobbying for that firm for the municipal government liaison services agreement has also been broached. He said CRRA had received confirmation from the State Ethics Office stating that is perfectly acceptable to do, as long as that line is not crossed.

Mr. Kirk said presently CRRA is in the third year of a three year contract with Mr. Ritter. He said based on the concerns of the Board management has not exercised the third year extension. Mr. Kirk said management is recommending renewing the third year of the contract. He said management bid this contract out again, in error, with another year left on the agreement. Mr. Kirk said that RFP was thrown out after the results were in. He said if the Board was so inclined another RFP will go out in the future if management recommends continuing with these services.

Mr. Kirk said this contract is unusual in the regard that it is a retainer arrangement and most of CRRA's consultants work on an hourly basis and are in a stable. He said management is able to utilize the consultant's services whenever needed.

Mr. Kirk said the position is important, especially over the next few years as CRRA transitions to a new business model in terms of keeping the member towns as customers, as opposed to project members. Mr. Kirk said Mr. Ritter has worked for CRRA for six years and his presence was particularly valuable in recent years. He said the most prevalent issues included the Hartford Landfill negotiations and closure as well as issues regarding the Environmental Justice Hartford region. He said most of CRRA's problems from a municipal standpoint tended to be in the central Hartford area, in addition to issues in the Bridgeport region and the satellite regions, where Mr. Ritter has assisted as well.

Director Stein asked management to describe Mr. Ritter's duties in the coming year, and how they relate to the stable of public relations firms, and Mr. Nonnenmacher's responsibilities. Mr. Nonnenmacher said CRRA is entering a new business model. He said until now CRRA had long term contracts with the municipalities, some of which had gone on for as long as 27 years. He said CRRA is now offering towns a menu of options which includes contracts for as little as three years. Mr. Nonnenmacher said Mr. Ritter was heavily involved in developing the options offered to the member towns as well as in the outreach to those same communities. Mr. Nonnenmacher said Mr. Ritter has been instrumental in reminding local officials of impending deadlines. He said Mr. Ritter has been great counsel in the past and will continue to do so as CRRA looks to site future facilities.

Mr. Nonnenmacher said in recognition of the State Solid Waste Management plan CRRA has plans for future projects such as compost facilities. He said it is CRRA's job to provide such a facility and to work on removing organics from the waste stream in order to achieve the plan's aggressive recycling goals. Mr. Nonnenmacher said Mr. Ritter was instrumental in repairing CRRA management's relationship with its host community, Hartford, after the Enron debacle. He said Mr. Ritter was instrumental in arranging meetings with Hartford representatives and providing a natural background which in turn made CRRA's closure of the Hartford Landfill go smoothly. He said CRRA is still working on ongoing projects, and management would prefer to utilize Mr. Ritter in negotiating the host community benefits with the City of Hartford.

Mr. Ritter said he has been associated with CRRA in some fashion for the last twenty years. He said in terms of ethics there is nothing more important to him than ensuring his personal integrity is above reproach. Mr. Ritter said the question of whether he is a lobbyist and serves in a non-lobbying role has been clarified by the Ethics Committee.

Mr. Ritter said he has served CRRA in governance issues. He said he negotiated the original agreement with One Chane and later was heavily involved in strategy when CRRA and One Chane were involved in litigation. Mr. Ritter said he was able to change the courtroom venue and serve as a good witness given his institutional knowledge. He said he also spent a substantial amount of time on further strategy without billing or charging a retainer as he felt his contract with CRRA prevented him from adding on additional billable hours.

Mr. Ritter said he dealt with the allegations by Senator McKinney's office concerning the validity of certain CRRA Board of Director's appointments. He said calling the Attorney General's office is a typical issue he would deal with, in addition to his work addressing the permit issues on Murphy Rd. Mr. Ritter said he does not lobby but he does provide advice and input and looks forward to working on the host benefit negotiations in the future.

Mr. Ritter said it is inefficient for people in this profession to be paid hourly because his work can often benefit more than just CRRA and may involve another client as well. He said with his experience it may take him five minutes to accomplish a task another person may take almost a month to accomplish.

Mr. Kirk said looking forward management will have the opportunity to return to more of its original goals after Mid-Conn moves into the direction that many of the other projects have gone. He said Mr. Nonnenmacher, who has been heavily involved in MSA outreach to the towns, will be able to

focus back on the public sector issues such as citizens, recycling education improvements, development of composting facilities, and other non-municipal issues. Mr. Kirk said that shift will leave an opening in municipal outreach which will be filled by Mr. Perras and by CRRA's consultants.

Director Damer said there are going to be some critical issues in the coming year which CRRA will not be able to anticipate. He said a quick reaction to those issues is where Mr. Ritter's value lies. He said Mr. Ritter has the highest level of credibility and has great contacts with some of CRRA's most important communities. Director Damer said in the years he has been on the Board he feels CRRA has gotten its value out of the municipal liaison contract. Director Martland agreed. He said there are often issues which emerge at the last possible moment as in the Franklin Landfill opposition. Director Martland said similar actions were taken by MDC.

Director Slifka asked if this vote is symbolic as there is no requirement that management needs a certain number of votes in order to take action. Ms. Hunt said that management has not traditionally taken contract extensions to the Board. She said this was brought forward because several Board members posed questions and concerns. Mr. Kirk said management does not require eight affirmative votes to take action. He said a majority of votes would be sufficient to provide management with the direction needed.

Director Slifka said he agrees with the comments concerning Mr. Ritter. He said he does not feel that this resolution is unethical, and that he respects the decision of the Ethics Commission, and appreciates the lengthy discussion which was held on this subject matter. Director Slifka said in spite of this, he is still uncomfortable with the idea of hiring anyone based on the statutes. He said as a municipal official he felt the legislative solution to the Enron issues was a clear dividing line between CRRA and lobbyists. Director Slifka said despite the good intent he is still troubled by the fact that he does not think CRRA is living within the spirit of what the law intends. He said it is symbolic that CRRA is making an affirmative decision to not adhere to the spirit of this law.

Director Martland said that he has been on this Board for ten years. He said one of the problems CRRA has faced in the past when dealing with the legislature is although as a Board member he can approach a particular issue on his own behalf, there are times when he does not have the background needed. Director Martland said it is very important when pursuing something in the best interest of CRRA to have the background that Mr. Ritter has, especially with the legislature and the municipal towns.

Director Painter said he believed much of the concern over this issue arose when there was some confusion on what specifically was meant by "lobbying". He said he was satisfied after the Ethics Commission noted "in no way does the contractor attempt, nor does management ask the contractor to attempt to solicit municipal officials to lobby the general assembly or executive branch on CRRA's behalf". He explained it is essential that CRRA has a person on board, like Mr. Ritter, to talk to the communities. Director Painter said CRRA needs someone active and alert who can react quickly and advise CRRA on how to better respond to its communities.

Director Kelly said CRRA needs to gather its resources to be more effective and to that note she is very pleased that Mr. Perras is on board towards CRRA's goal of being more effective in the future. She said she is in favor of continuing this relationship with Mr. Ritter because it is a good value.

Director Kelly recommended in the future that management figure out what this position can offer within the constraints of the law, as a good value to CRRA and how it can be managed in order to build up internal resources.

Director Damer said this vote is advisory in nature and non-binding. Ms. Hunt said the contact has already been executed.

The motion previously made and seconded was approved by roll call. Director Auletta, Director Bingham, Director Damer, Director Griswold, and Director Martland voted yes. Director Kelly abstained. Director Slifka and Director Stein voted no.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly			X
Ted Martland	X		
Donald Stein		X	
Scott Slifka		X	
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

**RESOLUTION REGARDING THE PURCHASE OF TWO SECONDARY SHREDDER 1250 HP MOTORS FOR THE MID-CONNECTICUT WASTE PROCESSING FACILITY**

Director Damer requested a motion on the above referenced item. The motion was made by Director Martland and seconded by Director Stein.

**RESOLVED:** That the President is hereby authorized to execute an agreement with Associated Electro-Mechanics Inc. to purchase two new 1250 horsepower secondary shredder motors to be located at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

Director Damer said this resolution was discussed at length at the Policies & Procurement Committee meeting. He said last year the Board voted to buy new shredder motors which are crucial in the process stream. Director Damer said management was having terrible availability and failures at a high rate, due mostly to the motors’ size. He said efforts to convert the 1,000 horsepower (hereinafter referred to as “hp”) motor to the 1250 hp motor on the same frame caused technical problems and further failures.

Director Damer said management found a new 1250 hp motor in 2010 to purchase. He said it was installed and has been running well. Director Damer said there are still issues with the older shredder motor on the other line. He said management has the upgraded 1250hp motor operating, two other converted 1250 hp motors in spare, and one other 1,000 hp motor (which was converted) in spare. He said the Committee was very supportive of purchasing one motor and passed the resolution to the Board this way because they were not sure whether or not the second motor should also be purchased at this time.

Director Damer noted there is a substantial savings for CRRA if they purchase two motors at once. Director Damer said his concern was the existing motor is running great and the reliability to date has been excellent, and he does not expect CRRA will need to spend an additional \$200,000 for another spare with two excellent running motors. He said the Committee asked management to look into the possible value of the extra motors in terms of scrap.

Mr. Kirk said the salvage value for the old motors is \$30,000 per motor. Mr. Egan said if CRRA bought two new motors CRRA would sell the two converted 1,000 hp motors for \$30,000 each and keep the old original motor. Mr. Kirk said if the Board directed management to buy only one new motor they would not sell both of the converted 1250 hp motors. Mr. Quelle said that was correct, he said the lead time on the new motors is six to eight months.

Mr. Egan said there are currently four motors available for service however, at any one time only two motors are used. Mr. Kirk said given the long period of time for replacement of a motor management is determined to have two spares available at all times as there have been break downs within a week of each other. He said even a rush job can lead to a four month wait for the repair which is an unacceptable risk to the towns.

Director Damer said the Board would be authorizing around \$380,000 to buy two new motors, two of which need to be dyno tested, one which would be installed, and two of the 1250 hp motors which would be salvaged. He said if CRRA bought only one motor they would be paying \$234,742 for the motor. He asked if there would be additional costs to dyno test that one as well. Mr. Quelle replied yes. He said another \$15,000 would be needed for dyno testing and installation for a total of about \$250,000.

Mr. Egan said if the Board is inclined to keep both of the old spares and not sell either one, if CRRA purchases two motors it is getting the second motor for 75% of the cost of the first motor, or \$176,000. He said there is another \$60,000 in savings with the two spares which means CRRA is really getting the second motor for about \$120,000.

Director Damer said he is inclined to buy the two new motors after management established the salvage value for the old spares.

Director Bingham said he is relating this resolution to the purchase of a fire apparatus in his municipality. He said he would never purchase a new fire truck for the municipality to use as back-up. He said he is more inclined to go with keeping one spare, and saving some money down the road. Director Bingham said if the new motor goes down and spares need to be replaced then another motor can be purchased.

Director Kelly said she is in favor of purchasing the two motors because the converted 1,250 hp motors are not working well. She said it is crunch time when a motor fails and it seems to her that this is an expense that CRRA eventually will need to spend.

Director Griswold asked why the dyno testing is necessary. Mr. Quelle replied that dyno testing is the only way to ensure that a purchased motor is the speed it is designed for. Director Edwards asked if the spec includes the dyno test. Mr. Quelle replied yes, but noted it is an additional \$6,000 per motor. Mr. Kirk said an argument could be made that it should be included in the list price. Mr. Quelle said it is not reflected in the purchase price because very few motor shops in New England can dyno test a 1,500 hp motor. He said that costs are kept separate because it is a variable which is not constant. Mr. Quelle said he would look into the particulars of the warranty.

The motion previously made and seconded was approved by roll call. Director Auletta, Director Bingham, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Slifka, Director Stein and Director Wawruck voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Donald Stein	X		
Scott Slifka	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

**DISCUSSION – POWER PURCHASE SOLICITATIONS**

Mr. Kirk said CRRA will not have a full plant in terms of garbage from the member towns. He said management does not feel there will be a problem filling the plant with garbage as there is plenty of waste out there. Mr. Kirk said it will not be contracted for by the time CRRA does the bid and the auction and noted management is not clear how much weight the bidders will place on this. Mr. Kirk noted the very disproportionate trend in pricing of wholesale power.

Mr. Kirk reiterated the importance of having all of the Board members participate in the Special Board meeting Jan. 19, 2011 at 3:15 p.m.

**ORGANIZATION SYNERGY & HUMAN RESOURCES COMMITTEE REPORT**

Director Griswold said the Committee met earlier that week to discuss the merit increase proposal which will be awarded in January. He said for the past two years the merit increase has been suspended. Director Griswold noted that the cost of living increase, which equals less than 2%, was also passed in July.

Director Griswold explained the Committee recommended a 2% merit increase effective in January 2012. He said senior management, which consists of Mr. Kirk, Mr. Bolduc, Mr. Egan, and Ms. Hunt, are outside of the standard merit and any increase for senior management will be considered at a future meeting.

Director Stein asked if the merit increase is across the board or if there is a merit evaluation with different raises based on performance reviews. Mr. Kirk said the latter. He said CRRA typically administers about half to 60% of the budgeted amount, which means 1% is a better target as a result of the performance management program utilized.

### **PRESIDENT'S REPORT**

Mr. Kirk said CRRA facilities have operated safely and without public health impacts or violations. He said financially the Mid-Conn Project for the period ending Oct. 30, 2011, is on target for its budgets, revenue and expenses, with a modest variance on direct labor and waste transport but nothing of any consequence.

Mr. Kirk said the Southeast Project is favorable despite unfavorable waste deliveries, largely due to its healthy electric contract. He said it has projected about a \$1.2 million surplus for the year. Mr. Kirk said the recycling division is favorable due to the FCR contract role. He said the Southeast continues with a reliable performance.

Mr. Kirk said operations at the Mid-Conn facility through-put have been favorable due to improvements at the facility from the beginnings of the capital expenditure program. He said all of the projects continue to see reduced tonnage due to the sluggish economy. Mr. Kirk said about 25 towns returned signed executed contracts to CRRA, which continue to come in slowly. He said managements' initial desire to have firm contracts for 80-90% of the plants' capacity was not successful and the impact on the power purchase agreement has yet to be seen. The power prices have been trending downward dramatically in past months with unfavorable impact on future revenue.

Mr. Kirk said concerning the transition, it has been very smooth to date. He said at the last minute 10 of the 33 employees which were transferring to NAES were attracted back to MDC, and he is not sure why. Mr. Kirk said that caused some difficulty to NAES, however they are responding well to the issue.

Mr. Kirk said management is trying to introduce the potential of an additional recycling processor in Shelton, CT for the SWEROC group. He said that processor would be a potential contractor for CRRA however; management would like to try several test loads in advance. Mr. Kirk said in order to perform those test loads CRRA would typically insist on a pollution liability insurance policy, which is very costly. He explained as CRRA can be assured of the treatment of the processing materials, and where the residue will be deposited, that management is recommending waiving the pollution liability

for this two load test. Mr. Kirk said if CRRA finds the contractor is worthy of additional consideration and CRRA ends up contracting with them the pollution liability insurance will be required. He asked the Board if they had any concerns with this waiver. Director Damer asked if CRRA will have someone observing this process. Mr. Kirk said that was certainly possible. Mr. Egan said this is residue which will come out of the separation of the paper and the containers and will go into a residue can and will go to the Bridgeport RRF. Mr. Egan said a CRRA staff member can be present the day the CRRA loads are brought in.

## **MATTRESS DISCUSSION**

Mr. Kirk referred to a two page write-up which was distributed to the Board concerning mattress legislation. He said the write-up is essentially pending legislation which management, the Board, and the MAC Committee support. Mr. Kirk said CRRA and the City of Hartford took a lead in seeding this initiative. He said the mattress industry is not behind this initiative however, CRRA, in conjunction with the City of Hartford, feels this is appropriate legislation and hopes the legislature will be in favor as well.

Mr. Kirk said the initiative is essentially extended producer responsibility legislation. He said there is legislation which has been composed by the Committee which basically calls on the manufactures on a pro-rated basis to fund a bank of money to help deal with mattress disposal costs. Director Slifka said he recently had a conversation with a representative of the mattress industry. He said Alberta, Canada had recently passed legislation which requires everyone who makes toys and other items with plastics to do so something similar. Director Slifka said he had heard that the City of Hartford's problem has been the illegal dumping of mattresses. He said with mattresses it is very difficult to equate the solution to other product disposal because of the difficulty in transportation. Director Slifka said he is in favor of the concept of this proposal however, it sounds like the pool of money solution may not work because people cannot move the mattress to a drop-off location.

Mr. Egan said that is a good point. He said the legislation is still in draft form and CRRA management is going to review the draft before agreeing to support the bill to ensure that the legislation is written in a way to benefit the municipalities. Mr. Egan said this initiative is not just the City of Hartford's efforts, but a number of municipalities which weighed in and supported some sort of producer responsibility legislation in the State of Connecticut through a working group. He said it was then vetted by the MAC Committee, and then the full CRRA Board. He said the CRRA Board voted to contribute \$20,000 to a \$40,000 initiative to evaluate and assess this matter across the country, while primarily focusing on Connecticut, including drafting this legislation template. Mr. Egan said the bottom line goal is to take costs associated with mattress management which are currently borne by the municipalities and place those costs on the producers and distributors. He said a year ago management had input from other towns which discussed stray orphan mattress disposal costs. He said the intent is to take that cost upstream to the producers.

Director Slifka said he understands that. He said with other products which are collected for disposal they are small and can be put aside until the collection day. Director Slifka said mattresses are often disposed of out of necessity, he said in this case trucks would still be needed to pick up the mattresses. Mr. Egan said this legislation is still in very rough form but the cost of hauling may or may



not be covered by this legislation. Director Slifka said this may be a test case, to see if similar legislation will be passed throughout the country. He cautioned management to address the true problem here.

Director Damer said disposing of mattresses is not easy or cheap. He said to the extent that part of the problem is solved, at a minimum it would reduce the amount of mattress which wind up discarded in the woods and on the streets. Director Painter said 50% of mattress content is recoverable steel (which has value) which compacters can reduce into a small cube. He said Hartford is envisioning not only a way to get rid of mattresses, but to also have someone else pay for it in addition to establishing a facility in this region where the mattresses can be dealt with, along with producing jobs and reducing the trucking distance.

Mr. Kirk said the hope is to eventually get the manufacturers on board, similar to the support the producers have provided in electronics recycling collections. He said the City of Hartford's interest also includes the possibility of having a vendor build a plant here to grind the mattresses up, providing they can be assured of the revenue necessary, which would come from the producer responsibility fee. Mr. Kirk said at this point management will continue to work closely with this group in an effort to achieve workable legislation. He said this is not in CRRA's proposed legislative agenda but he expects CRRA to be very supportive and to speak in favor of it, if it is raised in this session.

### **EXECUTIVE SESSION**

Director Damer requested a motion to enter into Executive Session to discuss pending litigation, trade secrets, personnel matters, security matters, pending RFP's, and feasibility estimates and evaluations with appropriate staff. The motion, made by Director Martland and seconded by Director Slifka, was approved unanimously. Director Damer asked the following people to join the Directors in the Executive Session at 12:05 p.m.:

Tom Kirk  
Jim Bolduc  
Laurie Hunt  
Paul Nonnenmacher  
Jim Perras  
Peter Boucher, Esq.  
Rick McCarthy  
Tom Ritter, Esq.

At 12:15 p.m. Mr. Nonnenmacher and Mr. Perras exited the Executive Session.

The motion to move into Executive Session previously made and seconded was approved unanimously by roll call. Director Bingham, Director Damer, Director Griswold, Director Kelly, Director Martland, and Director Stein and voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

The Executive Session began at 12:05 p.m. and concluded at 1:00 p.m. Director Damer noted that no votes were taken in Executive Session.

The meeting was reconvened at 1:00 p.m., the door to the Board room 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**

Director Damer requested a motion to adjourn the meeting. The motion to adjourn was made by Director Martland and seconded by Director Griswold and was approved unanimously.

There being no other business to discuss, the meeting adjourned at 1:00 p.m.

Respectfully Submitted,

Moira Benacquista  
Board Secretary/Paralegal