

**Policies & Procurement Committee
January 10, 2008 Meeting**

Draft Minutes

Members Present: Raymond O'Brien, Committee Chairman
Theodore Martland, Vice-Chairman
James Miron (Present by telephone)
Linda Savitsky (Present by telephone)

CRRA Staff Present: Tom Kirk, President
Jeffrey Duvall, Senior Operations Analyst
Tom Gaffey, Enforcement/Recycling Director
Laurie Hunt, Director of Legal Services
Paul Nonnenmacher, Director of Public Affairs (Present by telephone)
Virginia Raymond, Senior Analyst
Mike Tracey, Director of Operations
Moirra Kenney, Secretary to the Board/Paralegal

Also present: Sean Duffy and Steven Gray of FCR, Inc.

Chairman O'Brien called the meeting to order at 9:35 a.m. and noted there was a quorum. Chairman O'Brien requested that everyone stand for the Pledge of Allegiance whereupon the Pledge was recited. Noting there were no members of the public present for comment, Chairman O'Brien stated the regular meeting would commence.

1. APPROVAL OF MINUTES OF THE NOVEMBER 8, 2007, COMMITTEE MEETING

Chairman O'Brien requested a motion to accept the minutes of the November 8, 2007, Policies & Procurement Committee meeting. The motion made by Vice-Chairman Martland was seconded by Director Savitsky.

The minutes were approved. Director Savitsky abstained.

2. APPROVAL OF MINUTES OF THE DECEMBER 13, 2007, COMMITTEE MEETING

Chairman O'Brien requested a motion to accept the minutes of the December 13, 2007 Policies & Procurement Committee meeting. The motion made by Vice-Chairman Martland was seconded by Director Savitsky.

The minutes were approved unanimously.

3. REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING THE STANDARD FORM MUNICIPAL SOLID WASTE DELIVERY AGREEMENT FOR THE BRIDGEPORT PROJECT

Chairman O'Brien requested a motion regarding the above-captioned item. Vice-Chairman Martland made the following motion:

RESOLVED: That the President is hereby authorized to execute an Agreement with Superior Waste Disposal, Inc. for delivery of Acceptable Waste to CRRA's Bridgeport Project substantially as presented and discussed at this meeting.

FURTHER RESOLVED: That said Agreement for calendar year 2008 includes municipal solid waste tip fee of \$67.00 per ton with an annual put-or-pay minimum commitment of 45,000 tons.

FURTHER RESOLVED: That said Agreement also allow delivery of an additional 14,500 tons above the minimum commitment at the same \$67.00 per ton tip fee during the term of the Agreement.

Director Savitsky seconded the motion.

Director Miron asked that the packages for the Polices & Procurement Committee be posted online. Mr. Kirk stated that from this point forward all packages will be posted online to ensure Committee members have access to the needed information. Director Miron stated that if the packages are posted online he no longer needs to receive hard copies.

Chairman O'Brien stated the write-up describing the tonnage budget is confusing and requested it be clarified before it is presented to the full Board. Mr. Gaffey stated he would make the requested changes. Chairman O'Brien asked if the SWAB Committee had seen the agreement. Mr. Kirk explained although the Committee had not yet reviewed the agreement they had strongly encouraged CRRA to pursue an alternate source of tonnage to replace the loss created by Stamford's withdrawal from the project. Mr. Kirk stated any tonnage brought in above the rate paid to Wheelabrator is a net benefit to the towns. Mr. Kirk stated CRRA would have liked to obtain the replacement tons with a higher price, but \$67.00 is still a positive variance to what CRRA pays for disposal. He stated the amount will have a positive impact on the tipping fee which will be much higher than historical in the last six months of the project. Chairman O'Brien asked if the agreement is approved by the Committee that SWAB be notified. Mr. Gaffey stated that he would take care of this at the next SWAB meeting on Wednesday, January 16, 2008.

Director Miron asked for some background information on the agreement. Mr. Kirk stated that Stamford had delivered a substantial amount of tonnage to the project under a spot agreement. He explained they were not a member of the SWAB project but CRRA took their tons on a three year deal with an option to extend. He stated Stamford had not opted to extend and their exit created capacity availability which Superior Waste Disposal was interested in filling. Mr. Kirk stated CRRA was successful in negotiating a contract for \$67.00 a ton which, although higher than the rate Stamford would have paid had they elected an extension, is still less than the town rate. Mr. Kirk stated the benefit to the towns is obvious as CRRA still makes a profit on the tons sold to Superior Waste Disposal. He explained Superior Waste had committed to a total of 46,000 tons and their agreement includes an option to deliver up to 14,500 additional tons at the same rate during the calendar year.

Vice-Chairman Martland asked if the project was full. Mr. Kirk stated this contract brought the project to almost full capacity. Mr. Gaffey stated the enforcement team uncovered that a hauler was bringing in member waste on an incorrect New Haven code. Mr. Gaffey explained that CRRA and Wheelabrator have since corrected the problem which brought in a substantial amount of tons bringing the project over and above the amount lost by Stamford. Mr. Gaffey and Mr. Tracey were informed by the project manager at Wheelabrator the discovered tonnage would bring the plant to almost full capacity.

Chairman O'Brien stated he would like the SWAB Committee to be asked for any comments on the agreement. Mr. Kirk stated CRRA would attempt to secure a vote on a resolution by the Committee.

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

4. DISCUSSION

Mid Connecticut Project-Extension of the Ash Residue Transposition Services Agreement with Botticello, Inc.

Mid Connecticut Project-Extension of the City of Waterbury Non-Processible Waste Transportation Services Agreement with CWPM, LLC.

Mr. Tracey stated CRRA entered into a three year contract with Botticello, Inc. in 2005 which will terminate at the end of June 2008. Mr. Tracey explained the contract's end coincides with the closure of the Hartford landfill in December. He stated at the time the contract was entered into the closure date for the Hartford landfill was not available. Mr. Tracey stated that an additional six months of service from Botticello, Inc. will be needed to haul the ash from the power block facility up to the landfill. Mr. Tracey stated the possibility of extending the project for a six month period has been partially developed and a proposed rate has been discussed. Mr. Tracey stated the concept of extending the contract without going out to bid was being proposed to the Committee for discussion.

Ms. Raymond stated the City of Waterbury Services Agreement with CWPM, LLC, was facing the same issues as the ash residue agreement with Botticello, Inc. She stated CRRA had initially thought the landfill capacity might be exhausted by January 2008. Ms. Raymond explained because of this assumption CRRA made certain the contract contained a Termination for Convenience clause in the event the landfill was filled in order to get out of the agreement. She stated CRRA had not contemplated that the landfill would still have room. Ms. Raymond explained the contract commenced in July 2005 and expires in June 2008. Ms. Raymond asked the Committee for guidance and advice on moving forward with a six month agreement.

Chairman O'Brien asked what the value is for an extension needed to provide transportation from the power block facility to the Hartford landfill. Ms. Raymond stated CRRA presented Botticello, Inc., with a six-month agreement for the extension period, at a value of \$399,000. Mr. Tracey stated the value of the rate is currently \$278,000 and at that price six months would cost \$140,000. Mr. Kirk stated the current rate is extremely attractive because of diesel fuel prices. Ms. Raymond stated due to the rise in fuel prices that CRRA can probably get a better negotiated rate for that six month period than it would by going out to bid. She stated the

situation in Waterbury is similar as there are six months left which will require transportation services.

Ms. Hunt stated prior legal opinions from CRRA's general counsel indicates if there were no extension provisions built into the contract it would have to be bid under state statute unless it meets one of the Procurement Policies' exceptions. Mr. Kirk apologized to the Committee for the confusion. Vice-Chairman Martland stated if negotiations were possible for a better deal, and it was done privately, that the action was prudent. He stated even if the bidding is more costly it is the appropriate avenue to take. Director Savitsky asked that a procedure be put into effect to ensure this process is done correctly going forward. Director Miron expressed concern with the existing process and suggested market checks and/or an informal price check be used in the contracts.

There was substantial discussion by the Committee on a definitive process which ensures compliance with the statutes governing contractual and agreement situations going forward.

Director Savitsky asked that a term sheet in the hauler agreement be changed to reflect the correct date of the January Board meeting as the 24th. Mr. Gaffey stated he would fix that error.

Hartford Model City Recycling Program and inclusion of Single-Stream Recycling at the Mid-CT Project

Chairman O'Brien stated there are no specifications on when the evaluations of the baselines are due in the write-up provided. Mr. Dufy stated because the number is based on tonnage from the routes that he can have the information in as little as four business days. Chairman O'Brien stated that there is no minimum on the number of houses per day. Mr. Duffy stated a route the city has already earmarked is being used. Mr. Duffy stated the program set for the model city program is very specific in providing as much information individually and nationally as possible. Chairman O'Brien asked for an update at the end of the calendar year so information needed can be built into the Mid-Ct budget. Mr. Duffy stated he could certainly provide that information through a rolling forecast. Mr. Gaffey suggested the cost picture requested by Chairman O'Brien be included in the project report case study provided to CRRA at the conclusion of twelve months of operation. He stated there would be a separate report provided to CRRA in December 2008.

Chairman O'Brien asked if the amount directed to the CRRA education program is for the Hartford program. He stated if there were any surplus funds that the direction of such funds should be discussed. Vice-Chairman Martland agreed.

Mr. Duffy gave the Committee a presentation on single-stream recycling. He stated several benefits of single-stream recycling include higher participation rates and material volume, reduced injuries and on-the-job compensation rates and an optimized fleet utility and flexibility. Mr. Duffy stated that single-stream recycling increases recycling opportunities and creates a "buzz" about recycling as it has an overall improved environmental footprint. Mr. Duffy informed the Committee that the collection process is easier and safer with single-stream. He stated the automated trucks make work safer and more efficient for drivers. Mr. Duffy stated trucks used for single-stream are fully automated with increased compaction capabilities.

Mr. Duffy spoke at length regarding the economic savings provided by single-stream recycling. He explained the additional \$70 a ton cost for disposing of solid waste is eliminated with the increase in recycling. Mr. Duffy explained the collection vehicle costs, efficiency and staffing, household participation and collection methodology all positively impact the cost of collection.

Mr. Duffy informed the Committee the key to increasing household volume is in making the recycling process easier by utilizing larger and transportable bins, providing education and offering additional benefits such as Recyclebank. He stated household participation matters because increased numbers cut the drive time between homes in half, increase the number of stops a truck can perform in a day, and disposal costs decrease drastically for solid waste.

Mr. Duffy explained RecycleBank works by utilizing a barcode which is recorded by the recycling truck. The amount the home recycles is then translated into Recyclebank dollars that can be spent at over 100 participating stores. He stated RecycleBank drives up participation rates with the easy to use carts, simple instructions and great rewards. Chairman O'Brien asked that Mr. Duffy provide data on a baseline and the effect of single-stream recycling from a town utilizing an existing pilot program. Mr. Duffy explained there were examples in the presentation that he will cover in detail. Mr. Kirk stated FCR needs to be aware that Connecticut has an extremely high diversity among recycling rates in each town. The Committee discussed the recycling diversities at length.

Mr. Duffy explained key challenges of single-stream recycling to the Committee. He stated challenges include cross contamination of material, high volumes and slower processing rates. Mr. Duffy stated there are higher equipment, variable operating costs and maintenance costs as well. Mr. Duffy explained FCR turns obstacles and challenges into opportunities by using extra quality control systems, larger tip floors and advanced equipment to prevent problems in the separating screens.

Mr. Duffy explained that advances in equipment have come a long way in streamlining the recycling process. He reviewed the many positive changes cutting edge technology has offered sorting centers. Mr. Duffy stated converting Connecticut to single-stream involved several important steps.

There was substantial discussion by the Committee on the aspects of implementing the single-stream recycling pilot program for Hartford.

Director Miron stated he felt single-stream recycling was a great idea. He stated he would like to see if the up front cost versus the total cost of ownership makes sense economically. Chairman O'Brien stated he felt the Board should be presented with what the cost will be to continue the program beyond the twelve month period including any expansion. Director Savitsky stated the pilot has a long-term beneficial effect for everyone. She stated she would like to see the financial analysis and expressed some reservations regarding Hartford's ability to deliver.

Mr. Kirk stated at this point CRRA is not looking for anything but direction and comments. He stated CRRA anticipates returning to the Board for permission to pursue retro fit

of either (or both) the Stratford facility and the Hartford facility to accommodate single-stream as well as to plan an options for each participating town for the ability to convert to single-stream. Director Miron stated he welcomes the opportunity to have Stratford host the pilot program if Hartford is not interested.

Mr. Duffy added the industry is changing and cited a program in Auburn, Mass., which began with 4,000 a tons a month using dual stream. He stated after conversion to single-stream the tons went to 7,000-8,000 tons a month. Mr. Gaffey stated an 80% increase is needed in Hartford to get to the numbers proposed by FCR. Mr. Gaffey stated if the Committee is seeking any additional information to please contact him. Chairman O'Brien stated in addition to all of these benefits the city of Hartford will get a ton for ton offset on the tip fees being sent to the town. Vice-Chairman Martland stated he would like the state legislature to be made aware of CRRA's efforts.

5. INFORMATIONAL

Chairman O'Brien asked Ms. Hunt what was left on the RTC issue which was still incurring invoices. Ms. Hunt stated the issue had been settled and that a Butler building is still on site. She stated CRRA still has some administrative claims against RTC which CRRA hopes to trade in exchange for RTC to give up the claim. She stated at the moment the issue is still open because the bankruptcy hearings are still occurring.

6. EXECUTIVE SESSION

Chairman O'Brien requested a motion to suspend the rules to add an Executive Session to the agenda to discuss pending litigation with appropriate staff. The motion made by Vice-Chairman Martland and seconded by Director Savitsky was approved unanimously. Chairman O'Brien requested that the following people remain for the Executive Session, in addition to the Committee members:

Mr. Kirk
Laurie Hunt
Mr. Nonnenmacher

The Executive Session commenced at 11:18 a.m. and concluded at 11:35 a.m. Chairman O'Brien noted that no votes were taken.

7. ADJOURNMENT

With no other business to discuss, Chairman O'Brien requested a motion to adjourn the meeting. The motion made by Director Savitsky and seconded by Vice-Chairman Martland was passed unanimously.

The meeting was adjourned at 11:36 a.m.

Respectfully submitted,

Moira Kenney
Secretary to the Board/Paralegal

