

Policies & Procurement Committee
Nov. 4, 2010 Meeting
Draft Minutes

Members Present: Dave Damer, Committee Chairman (present by telephone)
Dot Kelly (present by telephone beginning 10:05 a.m.)
Nicholas H. Mullane (present by telephone)

CRRA Staff Present: Tom Kirk, President
Laurie Hunt, Director of Legal Services
Steve Yates, Air Compliance Manager
Moir Benacquista, Secretary to the Board/Paralegal

Members of the Public Present: Jonathan Murray of Murphy Road Recycling

Chairman Damer called the meeting to order at 9:36 a.m. and noted that a quorum was present.

Chairman Damer 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 speak during public comment, Chairman Damer stated that the regular meeting would commence.

1. **APPROVAL OF MINUTES OF THE OCT. 14, 2010, POLICIES & PROCUREMENT COMMITTEE MEETING**

Chairman Damer requested a motion to accept the minutes of the Oct. 14, 2010, Policies & Procurement Committee meeting. The motion to approve the minutes was made by Director Mullane and seconded by Chairman Damer.

The minutes were approved unanimously by roll call.

2. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING AN AMMEDEMENT TO THE AGREEMENT FOR PAYMENTS IN LIEU OF TAXES WITH THE CITY OF HARTFORD**

Chairman Damer requested a motion on the above-referenced item. Director Mullane made the motion, which was seconded by Chairman Damer.

RESOLVED: That the President is hereby authorized to execute a Second Amendment to Agreement for Payments in Lieiu of Taxes with the City of Hartford substantially as presented and discussed at this meeting.

Chairman Damer said the discussion in the write-up did not detail what CRRA's total bill will be in lieu of taxes, host fees to Hartford, or the amount of the increase. Mr. Kirk said the increase in lieu of taxes will be about \$106,000 due to this small parcel. He said statutorily CRRA is not obligated to pay taxes and this will be entered as a payment in lieu of taxes with the intent of notifying the City of Hartford at the conclusion of CRRA's agreements with the City in 2012. He said CRRA intends to include this and other parcels in a comprehensive discussion on host fee payments in lieu of taxes.

Chairman Damer asked approximately how much that total would be. Mr. Kirk said including the Hartford landfill it has historically been about \$5 million.

Director Mullane asked if CRRA will end up being tax exempt. Mr. Kirk replied the statute is very clear that CRRA is not to pay taxes. He said CRRA has raised the issue several times with the Department of Revenue and received push back. Mr. Kirk said management decided to address the issue with the City of Hartford at the end of the existing pilot agreements and MSA's. He said he would expect the Board's direction to management to effect and enforce the tax free status while recognizing an obligation to the host communities and the impact CRRA may have on their infrastructure.

Mr. Kirk said CRRA has paid a host community fee to transfer station communities which have a per ton host fee of 50 cents a ton. He said the fourth community of Essex is still in discussions with management.

Director Mullane asked what a comparison between the tax rate and the 50 cents per ton host fee would be. Mr. Kirk said if it were set to 50 cents a ton for the City of Hartford that would equal about \$400,000 a year. He said he is not sure if it would be a fair comparison to imply that the impact to the infrastructure of Hartford at South Meadows is similar to the impact of say Torrington or Watertown. Mr. Kirk said the \$5 million costs are much higher than would be warranted for a public facility.

Mr. Kirk said management is considering looking at what other state owned facilities pay to their host communities. He said it is typically less than one multiple of the appraised rate times the mill rate in that town, which is a defensible approach.

Chairman Damer said Hartford deserves some sort of host community fee. He asked if management knows what is negotiated to the Southwest, Southeast and Wallingford Projects. Mr. Kirk said being a private company those are higher numbers. Chairman Damer asked if they actually pay taxes. Mr. Kirk said the Wallingford amount is a payment in lieu of taxes which was negotiated with all five communities and was contingent upon a put or pay disposal contract from five municipalities.

Mr. Kirk said he is expecting Hartford to address this issue when they can. He said he has given indication to the representative of the Mayor's office, Ms. Cruz-Aponte that management is ready to discuss the host fee at their convenience however he does not expect it to be addressed until mid-year.

Mr. Kirk said this fiscal year, to better educate customers the invoices to the towns now have a line item broken out which indicates what the taxes/pilot fee number is, which at Mid-CT is about \$7.00 out of that \$69.00 tip fee.

Chairman Damer suggested when this comes to the full Board that management includes the information about what this will add to the present pilot program amount.

The motion was approved unanimously by roll call.

3. **DISCUSSION – POLLUTION CONTROL TECHNOLOGIES FOR THE SOUTH MEADOWS JET TURBINE FACILITY**

A discussion was held regarding the report on Jet's pollution control options. Mr. Yates said both the natural gas and the number two fuel oil are less expensive than the kerosene on a BTU basis. Mr. Kirk said this is a different kind of situation as CRRA has been asked to do this evaluation by the CT DEP. He said he expects the CT DEP will examine the cost and look at the research. He said their actions will likely require CRRA to reconsider economics and may involve changes which ISO New England may find objectionable. Mr. Kirk said this may be out of CRRA's hands as ISO may have authority above CRRA.

Director Damer said under the discussion it states that storage of number two fuel oil would require a new tank. He asked if management is referring to another tank in addition to the one it is already building. Mr. Yates said if CRRA wants the ability to switch from kerosene to number two a separate storage tank for each one will be one required. Chairman Damer asked if CRRA could use number two instead of jet fuel. Mr. Yates said this question is being investigated as it appears that the kerosene tank is suitable for use for the number two fuel oil. Chairman Damer said management could suggest to the CT DEP that building the tank suitable for ultra-low sulfur instead of the kerosene will reduce the Nox and hopefully won't increase the CO, at a reasonable cost.

Chairman Damer said he wants to stay away from making recommendations to install high pressure water injection. He said the evaluation can show that may be the lowest capital costs of the feasible alternatives but certainly not the lowest overall. Chairman Damer said the write-up is missing an evaluation of how many pounds per day are emitted, tons per year, and how many dollars per ton are being expended. He said the CT DEP often examines how many dollars per ton are removed.

Mr. Yates said the CT DEP uses a price per ton reduction as a check. He said the report is to respond to a specific requirement of CRRA's trading order; he quoted the opening sentence for that requirement "Not more than nine months from the issuance of the trading order the respondent shall submit a control technology evaluation for the emission units described to reduce emissions of Nox to a bare minimum, a rate or concentration that complies with the applicable limits of section 22 as may be amended without using tendering otherwise requiring DERC's."

Mr. Yates said management was told at the meeting that CT DEP cannot inform management of the target for the Nox emission, but they want sources to meet it. He said OTC has put out a model rule which talks about 50 ppm but the CT DEP will not set a specific number and has requested that CRRA get as low as possible. Chairman Damer said the dollars per pound or per running hours emissions should be up front with the capital and operating costs supporting that information with no recommendation unless it is to say CRRA could do number two as it is the simplest and most straight forward and could be achieved quickly and would reduce Nox by a certain percent. Chairman Damer said some of these controls may trigger a new source review. Mr. Yates said this issue is also being considered.

Chairman Damer asked if management has seen any of the other reports for other entities with trading orders. Mr. Yates said the reports are due on January 26, 2011, and he has not seen any other reports. Chairman Damer suggested before management finalizes this report that they do a comparison of notes. Mr. Yates said that was an excellent idea. He said prior to the meeting there was a group which organized online, the turbine club, which he will revisit for information sharing.

Chairman Damer also suggested management have a conversation with Mike Holzman or TRC about how to best present this type of report as a technology review. Mr. Yates agreed. Chairman Damer said he would be happy to help with these conversations and to reach out to some of his CT DEP contacts. He said management will pursue those contacts as well.

Chairman Damer said concerning the natural gas on site, management does not know the size of the main and is assuming it's sufficient. Mr. Yates said that was correct. Chairman Damer asked if it is sufficient for one or more jets. Mr. Yates said he would look into that. Chairman Damer said it might be insufficient for all four twin packs but may be sufficient for some smaller number. Mr. Kirk said that management knows there is gas adjacent to the site which is sufficient for all four. Chairman Damer said budget numbers on those costs would be helpful. Management responded that those numbers are presently being developed.

4. INFORMATIONAL

Chairman Damer said that the informational section had been thoroughly reviewed.

Director Mullane asked if the yearly scale software maintenance agreement is third party proprietary computer software. Mr. Kirk replied yes. He said CRRA's scale service provider uses proprietary software. Director Mullane asked if this is a uniform scale used throughout the system. Mr. Kirk said yes, the software program operates the six scales which are tied into the accounting system. Director Mullane asked if somewhere in the future a computer technician could develop a replacement so CRRA does not have to be dependent on the provider.

Mr. Kirk said to the extent management can it tries to project the maintenance cost over the years for comparison. He said management is also reviewing the receiving and customer operations impacts with the intent of renovating or upgrading the hardware and software systems for customer receiving. He said it is an extensive project involving many different CRRA departments and will develop and update CRRA's strategic plan for improving customer service and customer interface.

Mr. Kirk said the Board had asked management if it is appropriate for CRRA to pay for the ash reuse study which the CT DEP is unable to fund. He said the CT DEP could not provide an exact amount of the expected cost however a similar study cost \$250,000. Mr. Kirk said management will procure better numbers after further investigation.

5. EXECUTIVE SESSION

Chairman Damer said there were no items to discuss in Executive Session.

ADJOURNMENT

Chairman Damer requested a motion to adjourn the meeting. The motion made by Director Kelly and seconded by Director Mullane was approved unanimously by roll call.

The meeting was adjourned at 10:12 a.m.

Respectfully submitted,

Moira Benacquista
Secretary to the Board/Paralegal