

Policies & Procurement Committee
Dec. 8, 2011
Draft Minutes

Members Present: Dave Damer, Committee Chairman
Dot Kelly
Donald Stein

CRRA Staff Present: Tom Kirk, President
Dave Bodendorf
Peter Egan, Director of Environmental Affairs
Laurie Hunt, Director of Legal Services
Paul Nonnenmacher, Director of Public Affairs
Jim Perris, Government Relations Liaison
Moira Benacquista, Secretary to the Board/Paralegal

Others present: John Pizzimenti of USA Hauling.

Chairman Damer called the meeting to order at 11:06 a.m. and noted that a quorum was present.

Chairman Damer noted there were no members of the public present which cared to speak during public comment, and so the regular meeting would commence.

1. **APPROVAL OF MINUTES OF THE NOV. 3, 2011, POLICIES & PROCUREMENT COMMITTEE MEETING**

Chairman Damer requested a motion to accept the minutes of the Nov. 3, 2011, Policies & Procurement Committee meeting. The motion to approve the minutes was made by Director Kelly and seconded by Director Stein.

The motion to approve the minutes as amended and discussed was approved by roll call. Director Stein abstained as he was not present at the last meeting.

2. **RESOLUTION REGARDING MUNICIPAL GOVERNMENT LIAISON SERVICES AGREEMENT**

Chairman Damer requested a motion on the above referenced item. The motion to approve was made by Director Kelly and seconded by Director Stein.

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 1, 2012, through October 31, 2012, substantially as presented and discussed at this meeting.

Director Damer said this item was discussed at the last Board meeting. He said a letter from the Office of State Ethics in response to questions asked by management concerning this issue is included in the package. Ms. Hunt explained that questions were raised at the last Board meeting about CRRA's

ability to retain a firm which also employs lobbyists, based on the statutory prohibition of quasi-public agencies' retaining a lobbyist. She said although CRRA has been using law firms which also employ lobbyists for legal services, management sought a response to questions concerning the municipal liaison services. Ms. Hunt said two separate questions were posed to the Office of State Ethics: could CRRA retain a firm for legal services; and could CRRA retain a firm for municipal liaison services which also provides lobbying services to others, although not to CRRA. She said the Office of State Ethics answered both in the affirmative.

Chairman Damer said the response from the Office of State Ethics also says that CRRA can employ an individual within that firm which may have other clients that he or she may lobby for. He said that person, acting as a municipal liaison for CRRA, is within the boundaries of the rules. Chairman Damer said CRRA's contracts with a municipal liaison clearly state that they are to do no lobbying or solicit on CRRA's behalf. He said he is not aware of any complaints about CRRA's use of a municipal liaison in the past.

Director Stein said he feels there is some confusion concerning the roles of the Director of Public Affairs, the Government Relations Liaison, and the legislative process in terms of those positions recommending that municipal officials contact their legislators in an adverse position to certain activities. He said the prior legislative session he saw Mr. Nonnenmacher at the capital for hours on end and he feels what he witnessed were lobbying activities. Director Stein said there are two CRRA staff members who participate in municipal outreach to encourage activities which are clearly within the municipal liaison and public relations realm. Director Stein said he has never seen an individual from Brown Rudnick at any of the meetings he has attended.

Chairman Damer said it is his understanding that any of the CRRA Board members and employees can lobby on behalf of CRRA. Mr. Kirk replied yes. Chairman Damer said CRRA cannot hire a consultant lobbyist from the outside. Mr. Kirk agreed. Chairman Damer said he believes that is the intent of the legislation. Director Stein said if that is the case he does not see the need for outside counsel in addition to the internal positions. He said he is a member of the Litchfield Hills Council of Elected Officials (hereinafter referred to as "LHCEO") which he does not believe that Brown Rudnick has done any outreach to.

Chairman Damer said the public relations contracts and the municipal liaisons contracts are very clear that lobbying activities on behalf of CRRA is strictly prohibited. He said the Board and management must be vigilant to ensure that line is not crossed.

Director Stein said the article in *The Connecticut Mirror* concerning the ethics question contained an email from Mr. Nonnenmacher to Brown Rudnick. He asked if advice related to lobbying activities relates to the lobbying preclusion. Mr. Nonnenmacher said he would not characterize that email as a request for advice concerning lobbying. Mr. Kirk asked Ms. Hunt to confirm advice from a consultant is not lobbying by that consultant.

Director Stein said he is very sensitive to lobbying issues and to spending additional funds in addition to the efforts by Mr. Nonnenmacher, the municipal government liaison position, and the public reactions firms employed by CRRA. He said these outside fees are at a cost to the customer and if there is not an absolute mandate for the need to spend the \$70,000 on the municipal government liaison service it does not seem necessary. Director Stein asked what the benefit is to CRRA and the member towns.

Mr. Nonnenmacher said this is probably the third or fourth time this contract has come before the Board in some form since 2009. He said the email which was contained in *The Connecticut Mirror* story was produced by CRRA in response to a Freedom of Information Act Request which was generated by a disappointed bidder for the municipal liaison services bid. Director Kelly said this contract is the first which she recalled voting on which provides a per diem monthly amount. She said there is a tremendous value in utilizing experts however; this rather loose description of Brown Rudnick's services concerns her.

Chairman Damer asked Mr. Kirk for a description of Brown Rudnick's services. Mr. Kirk said as far as he knows this is the only retainer arrangement that CRRA has and is unusual in that regard and was done for the mutual benefit of both parties. He said there are two projects in particular which he would like to mention in terms of Brown Rudnick's services. Mr. Kirk said the negotiation with the City of Hartford over the closure and post-closure of the Hartford landfill, and with it the adoption of a three to one from the four to one slope on the Southeast side (which was very beneficial to the project), is the first. He said management utilized Mr. Ritter's services extensively during the two year negotiations with the City of Hartford. Mr. Kirk noted the CRRA Mid-Ct Project benefitted with \$8 million in bonding as a result of those effects.

Mr. Kirk said the second project in which Brown Rudnick, or more specifically Mr. Ritter's services were utilized, was the NIMBY issues concerning the Franklin landfill. He said Mr. Ritter was instrumental in helping CRRA prepare and present a proposal to the town and the surrounding towns. Mr. Kirk said although CRRA was ultimately not able to move forward with building the Franklin Landfill, management was very pleased with CRRA's perception by Franklin and the surrounding towns.

Mr. Kirk said Mr. Ritter is a significant benefit in the greater Hartford community environmental issues CRRA deals with. He said there is active environmental justice activity. Mr. Kirk said Mr. Ritter has many contacts in the community and his specific help with the environmental justice community was valuable. He said on a year-to-year basis he is confident that CRRA benefitted from the monthly fee for Brown Rudnick's services.

Chairman Damer asked whether Mr. Ritter had a role in the MSA process CRRA is working on. Mr. Kirk replied that so far Mr. Ritter's services have not been extensively utilized in this capacity. He said his benefit is with the greater Hartford towns. Mr. Kirk said Mr. Ritter was instrumental in communications with the MDC when CRRA was having difficulties which would have likely been far more expensive from a legal perspective without his assistance.

Mr. Nonnenmacher said placing a dollar value on Mr. Ritter's services is very difficult. He said it is easier to note items Mr. Ritter has prevented from happening to CRRA. He said, for example, the Hartford landfill discussions with the Hartford Environmental Justice Network could have been fatal to CRRA. Mr. Nonnenmacher said Mr. Ritter has prevented several things from hurting CRRA which are clearly worth the investment.

Mr. Kirk said if the contract is not continued it does not keep CRRA from utilizing Mr. Ritter as he is employed with Brown Rudnick, with which CRRA already has an hourly rate agreement.

Chairman Damer said it is his personal preference to continue with the Brown Rudnick contract. Director Kelly said it is not clear to her what service Mr. Ritter is providing. She said CRRA needs to be with the environmental justice network as CRRA has a plant in this community. Mr. Nonnenmacher said CRRA has been able to build relationships with the Environmental Justice Network using the credibility that Mr. Ritter has in the Hartford community.

Mr. Kirk suggested having Mr. Ritter present at the next Board meeting for questions and to provide a description of the services he provides for CRRA. Director Stein agreed. He said he is satisfied with the work management has done to answer the ethics question as long as management is very cautious in directing Mr. Ritter's activities and due diligence is exercised.

AMENDMENT TO THE MOTION TO MOVE THE RESOLUTION WITHOUT RECOMMENDATION TO THE FULL BOARD FOR DISCUSSION

Chairman Damer said this resolution will be moved forward to the full Board without recommendation, in order for further discussion with Mr. Ritter present.

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

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

Chairman Damer requested a motion on the above referenced item. The motion was made by Director Kelly 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.

Mr. Kirk provided some background information concerning this resolution. He said originally the plant was designed with 1,000-horsepower motors. Mr. Kirk said the age of those motors makes them difficult to repair. He said the 1,250-horsepower size motors are probably the single most important change management has made to the plant to increase productivity and the tons per hour processed at the plant. Mr. Kirk said although this was a wonderful improvement in the effectiveness of the facility, the reliability of the rebuilt 1,000-horsepower frame has proved difficult. He said this new 1,250-horsepower motor will provide CRRA with a more reliable and effective foundation for the 80-ton-an-hour processing.

Mr. Quelle said CRRA is using the old units, which have been around for over 20 years, as spares. He said those spares cannot be brought to the 1,250-horsepower level without premature failure. Mr. Quelle said the failure rate has been a little over a year, and they have been detrimental failures (which cost over \$100,000 - \$120,000 to refurbish the motor). He said production was in the 80-to-90-tons-per-hour range and is now 90-to-100 tons per hour. Mr. Quelle said that rate is a key component with the new Mid-Connecticut contractor and the shift scheduling CRRA is expecting to run. He said the plant will go from three processing shifts down to two so having a reliable motor to keep the hours of production going is critical. Mr. Quelle said although there are three spare motors he

does not see them as being reliable going forward. Mr. Quelle said the WEG motor is a custom order from Brazil. He said CRRA has to wait for a production slot as it is a custom design.

Mr. Kirk asked whether there is any value in selling the old spares. Mr. Quelle said it is not likely as they have been modified extensively over the years. He said he can certainly look into that. Chairman Damer said getting a discount for buying two motors at once is excellent and he believes that these are good motors. He said putting in a second motor so there are two which are fully operational is an excellent idea; however he is confident in the quality of these motors to the extent he is not sure if we in fact need three, especially with two of the converted 1,250-horsepower as spares.

Mr. Quelle said although the spares are rated as converted 1,250 horsepower, he had to de-rate them almost back to 1,000 horsepower to make them viable because they had been rebuilt so substantially. He said essentially there are three spare 1,000-horsepower and only one real 1,250-horsepower motor. Chairman Damer asked what would happen if one of the new 1,250-horsepower motors failed for some reason. Mr. Quelle said the older spares would be used and the processing rate on that line may drop 10-to-15 tons per hour.

Director Stein asked what the lead time for the new motors is. Mr. Quelle replied about eight months. Chairman Damer asked if one of the new 1,250-horsepower motors needed a rewind if it would have to go back to Brazil. Mr. Quelle said no. He said it would be taken care of by the manufacturer representative in Massachusetts. Chairman Damer asked how long it takes for the turnaround time for the repair. Mr. Quelle replied six to eight weeks. Mr. Kirk said there have been up to two month waits for repairs in the past.

Mr. Quelle said when the older-design motors are running they are operating full out to get to the production level needed. He said the 1,250-horsepower motor has push and room and the load factor is not running as high. Chairman Damer said he is convinced that these are excellent motors and two should be running at all times, however, he is not sure if there is a need for a third motor for a spare.

Mr. Kirk asked Mr. Quelle whether it is necessary to have an additional 1,250-horsepower motor as a spare. Mr. Quelle said the other spares can be used. Director Kelly asked what Mr. Quelle's best estimate is on when the spares will stop working. Mr. Quelle said it has been a little over a year. He said the problem with the spare is a lot of the failures are sudden and quick and there are no precursors. Mr. Quelle said there is 24 hours of down time when the spares are swapped out. Mr. Kirk said there is a risk in losing the discount CRRA would be getting for buying two motors at once. Mr. Quelle said in addition the motors are custom and the price could increase in the future due to several factors. He said pricing has been excellent and he was unable to find any other companies which even provide these motors.

Director Stein said he agreed with Chairman Damer that he would recommend one of these spares be used as back up. He said although the quantity discount may be lost if data shows that another motor is needed CRRA can continue to operate until the other spare comes in. Chairman Damer asked how long it takes to swap out the spares. Mr. Quelle said one shift, or about eight hours.

Director Stein asked what management is doing to monitor these motors. Mr. Quelle said there is a monthly vibration test. He said the motors are fed from the power coming into the WPF at 4,160 volts, and there is a motor protectant device on the circuit breaker feeding the power. He said the

operator in the control room watches bearing temperatures, standard temperatures in the motor, and the amperage load on the motor as it is operated. Mr. Quelle explained it has been set up automatically to take itself out if that amperage load increases. He said that is indicative of saving the motor from detrimental failure.

FRIENDLY AMENDMENT

Director Kelly made a friendly amendment to change the resolution to “one new 1,250-horsepower secondary shredder motor”.

Director Kelly said she would recommend purchasing two motors. She said the other motors were problematic, have caused issues, and will need repairs and rewinds. Director Kelly said she feels by not purchasing two motors CRRA is pushing off the inevitable. She said if there is a good third motor available to shift in, which can be monitored and run the line properly, that makes sense. She suggested selling off two of the other motors and monetizing the investment.

Chairman Damer asked Mr. Quelle if CRRA would keep any of the old motors if the two new motors were purchased. Mr. Quelle replied yes. He said he would keep the original 1,000-horsepower motor as it has performed better than the converted 1,250-horsepower motors. Director Stein asked what management would expect to get for the motors it would sell. Mr. Quelle said he does not know as the market is driven by demand.

Chairman Damer recommended management try to convince the Board that the extra motors can be sold and will bring in some money to put towards the cost of the second motor. Mr. Egan said he will leave the memo as is for the full Board and at the meeting the change can be made based on the information management gets together on the sale of the motors in the meantime.

WITHDRAWAL OF THE FRIENDLY AMENDMENT

Director Kelly withdrew the friendly amendment to change the resolution to one new 1,250-horsepower secondary shredder motor.

The Committee agreed the resolution would be approved as is and the discussion on how many motors should be purchased will be held at the Board level. The motion previously made and seconded was approved unanimously.

4. DISCUSSION – POWER PURCHASE AGREEMENT SOLICITATIONS

Mr. Egan said he wanted to advise this Committee on January 19, 2012, there will be a Special Board meeting as CRRA is going to auction the power from the waste-to-energy plant. He said management will receive bids in the morning and CRRA’s consultant and management will analyze the bids and put together an analysis with recommendations for the Board. Mr. Egan said the decision needs to be made that day so Mr. Kirk can execute a contract within 24 hours of the bid. Mr. Kirk said eight Directors are needed for this vote. Ms. Hunt said because the offers are open for a short period of time the meeting must be held that day and CRRA will require the entire Board to participate.

5. DISCUSSION ON SOLAR INITIATIVES

Mr. Egan said management is proceeding with the capping project at the Hartford landfill which will incorporate solar capping technology. He said as an outcome of the research in the past year CRRA has been approached by solar manufacturers and it has become apparent that there may be other pieces of property which may also have solar power installed in order to generate revenue.

Mr. Egan said management is looking into engaging TRC to help management write a Request for Proposals for other pieces of property, such as the Shelton landfill and the 12 acres of land CRRA owns in Waterbury adjacent to the Waterbury landfill. He said CRRA wants to know if there is potential revenue in this area and the only way to do that is to go out and solicit the market.

Mr. Egan said this would be done in one of two ways, a lease agreement where the property is leased long-term and a developer designs, builds and operates a project for which CRRA would receive a lease payment. He said the alternative is a power purchase agreement with a developer. Mr. Bodendorf said CRRA would buy the power at a reduced wholesale rate which would offset CRRA's usage it purchases at retail, and allow the plant to send more power out to the grid for sale.

Chairman Damer said one potential concern he may have is that this is not CRRA's core business.

Director Kelly asked for an update on the closure of the landfill and the Connecticut Department of Energy & Environmental Protection ("CT DEEP") approval for that. Mr. Bodendorf replied that management has had a meeting to discuss some comments on a permit application with the CT DEEP. He said there are no issues with CRRA's replies and shortly management will be submitting a written response to these questions at which time a fairly quick turnaround is expected. Mr. Bodendorf said in the meantime CRRA is working as if it is going to receive approval in order to be prepared to go out to bid.

INFORMATIONAL SECTION

Chairman Damer said the Informational Section had been reviewed and the Committee has no comments on its contents.

EXECUTIVE SESSION

Chairman Damer requested a motion to enter into Executive Session to discuss pending litigation, trade secrets, personnel matters, and feasibility estimates and evaluations. The motion made by Director Stein and seconded by Director Kelly was approved unanimously. Chairman Damer requested that the following people remain for the Executive Session, in addition to the Committee members:

Tom Kirk
Laurie Hunt, Esq.
Peter Egan

The Executive Session commenced at 12:20 p.m. and exited Executive Session at 1:30 p.m. Chairman Damer noted that no votes were taken.

The meeting was reconvened at 1:30 p.m., the door 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

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

The meeting was adjourned at 1:30 p.m.

Respectfully submitted,

Moira Benacquista
Secretary to the Board/Paralegal