

Policies & Procurement Committee
May 17, 2012
Special Meeting Draft Minutes

Members Present: Chairman Stein
Committee Chairman Damer
Dot Kelly

CRRA Staff Present: Tom Kirk, President
Dave Bodendorf, Senior Environmental Engineer
Peter Egan, Director of Environmental Affairs
Laurie Hunt, Director of Legal Services
Tom Gaffey, Director of Enforcement and Recycling
Roger Guzowski, Contracts and Procurement Manager
Paul Nonnenmacher, Director of Public Affairs
Moira Benacquista, Secretary to the Board/Paralegal

Others present: John Pizzimenti of USA Hauling.

Committee Chairman Damer called the meeting to order at 9:00 a.m. and noted that a quorum was present.

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

1. **APPROVAL OF MINUTES OF THE APR. 12, 2012, POLICIES & PROCUREMENT COMMITTEE MEETING**

Committee Chairman Damer requested a motion to accept the minutes of the Apr. 12, 2012, Policies & Procurement Committee meeting. The motion to approve the minutes was made by Chairman Stein and seconded by Director Kelly.

The motion to approve the minutes was approved unanimously by roll call.

2. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING COOPERATIVE SERVICES AGREEMENT BETWEEN CRRA AND THE USDA ANIMAL AND PLANT HEALTH INSPECTION SERVICES/WILDLIFE SERVICES AND BIRD CONTROL**

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

RESOLVED: That the President is hereby authorized to execute an agreement with the United States Department of Agriculture Animal and Plant Health inspection Services, for the control of nuisance birds at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

Committee Chairman Damer said this item is routine. He said although the contract is for less than \$50,000 it is coming to the Committee for approval because it is an exception to the competitive process. Mr. Kirk said this contract started when CRRA had serious concerns regarding birds at the landfill. He said bird control is still required due to the process residue load out area and the vector and public health issues pertaining to that area. Mr. Kirk said the USDA services are both effective and reasonable.

Chairman Stein asked what kinds of birds are controlled. Mr. Egan replied all birds including mostly nuisance birds. He said the USDA also takes care of minor issues with some mammals. He said the Mid-Connecticut WPF is close to an airport and the birds are a hazard and a threat to the airport and noted it is important for CRRA to take all steps necessary to minimize the number of birds which are flocking to this area.

Committee Chairman Damer noted that the report stated “one change that may have impacted bird behavior other than WS harassment program was the change in management from MDC to NAES. He said WS observed a change in practices and doors being closed until late afternoon, thus limiting food sources”. He said WS commented that NAES has been doing a better job in terms of its management practices to help control the bird population.

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

3. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING MID-CONNECTICUT PROJECT ON-CALL TRANSPORTATION AND DISPOSAL WORK**

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

RESOLVED: That the President is hereby authorized to execute agreements for Mid-Connecticut Project on-call municipal solid waste diversion transportation and disposal work with the following, substantially as presented and discussed at this meeting.

* CWPM, LLC

* Waste Management of Massachusetts, Inc.

Mr. Kirk said CRRA frequently has a need to balance its deliveries with capacity and occasionally make use of diversion of waste to the best priced facilities. He said this contract renews CRRA’s capability to utilize these two particular haul and disposal contractors. Mr. Kirk said flexibility, advance knowledge of the haul costs, and the ability to find the most cost effective disposal option is important for management.

Committee Chairman Damer asked for an explanation of the calculation for the final rate. Mr. Gaffey said these figures include disposal and transportation costs. Committee Chairman Damer asked for that to be clarified in the final summary. Mr. Gaffey said quantifying those figures is difficult. He explained when management calls and asks for a certain amount of tons to be diverted the disposal price is then set and can vary depending on what time of the year it is.

Chairman Stein asked if the amount of diverted tons will be reduced by the difficulty in receiving trash. Mr. Kirk said that figure is already much lower than it has been historically and that the number in the budget is very conservative.

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

4. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING THREE YEAR AGREEMENT FOR LANDSCAPE, MOWING, AND SNOWPLOWING SERVICE FOR SHELTON LANDFILL**

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

RESOLVED: That the President is hereby authorized to execute an agreement with Niro Landscape Contractors, Inc. to provide landscape, mowing, and snow plowing services at the Shelton Landfill, substantially as presented and discussed at this meeting.

Mr. Bodendorf explained that the previous bidder did not want to bid on this job again. He said the landfill is steep and has difficult terrain. Mr. Bodendorf said four interested parties showed up for the pre-bid, however ultimately only two submitted bids. Committee Chairman Damer asked what the side slopes of the landfill are. Mr. Bodendorf replied that several slopes are two to one and both ash hills are terraced. He said the main slope is also two to one and contains thick and jungle like vegetation.

Mr. Bodendorf said Niro Landscape Contractors previously held a contract at the Hartford Landfill and management is confident in its work and experience level. Director Kelly asked if the location of Niro is an issue. Mr. Bodendorf said he believes that the contractor does work all over the state. He said there is a bi-weekly component to this contract for mowing the front of the site, a once a year mowing, and the snow plowing is as needed. Mr. Bodendorf said Niro will also be responsible for cutting monthly paths to the gas system wells.

Director Kelly asked if it makes sense to bifurcate this work in the future. Mr. Bodendorf said it would be uncommon for a small company to do that. He said a small typo on pg. three will be corrected. Committee Chairman Damer noted this funding comes out of the post-closure reserve and was included in the cost estimate.

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

5. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING DELIVERY OF COVER SOILS**

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

RESOLVED: That the President is hereby authorized to enter into an agreement with Manafort Brothers, Inc. for delivery of soil to be used as contouring and cover material at the Hartford Landfill, and as approved by the Connecticut Department of Energy & Environmental Protection, substantially as discussed and presented at this meeting.

FURTHER RESOLVED: That the revenue received from this contract will be deposited into the Hartford Landfill Closure Reserve.

Mr. Kirk said the modified closure plan for the Hartford landfill has allowed for additional capacity to accept tainted soils. He said hopefully by the end of the next construction season CRRA will have solar panels on the slope and the opportunity to fill in that space will have ended. Mr. Kirk said this is an excellent revenue source and the funds are placed into the closure reserve which helps to mitigate the minimal return earned by that reserve.

Mr. Bodendorf said this contract is for soil from the State of Connecticut Department of Transportation (hereinafter referred to as "CT DOT"). He said the CT DOT has potential future outlets which may provide a cheaper alternative but it is in their best interest to dispose of the soil immediately. Mr. Bodendorf said the CT DOT was provided with the same pricing as the City of Hartford.

Mr. Bodendorf said the approval of the solar closure plan added to the capacity at the landfill for soil. He said the site was resurveyed and found to have additional settlement which has allowed for additional soil capacity. Mr. Bodendorf said as a result management offered the CT DOT the same price offered to the City of Hartford in order to take advantage of the capacity. He said it is likely that the Board will see more of these contracts in the coming months due to the additional availability and hopefully some higher pricing will be obtained.

Mr. Kirk said CRRA's previous landfill contractor was paying hundreds of dollars a truckload for virgin soil and these contracts have saved CRRA millions of dollars. Chairman Stein asked if there is an absolute requirement for material. Mr. Bodendorf said he plans to oversubscribe CRRA for soil as the contracts provide for stopping at any time. He said the survey performed in December showed capacity for about 360,000 tons, 90,000 of which will be taken up by the City of Hartford's Project. He said other outlets may come into play and as a result CRRA is still looking for significant quantities of soil.

Director Kelly asked what the requirements for accepting the soil from the City of Hartford are. Mr. Bodendorf explained the soil is coming out of a flood control pond and needs to be able to pass a paint filter test before being accepted. He said the City understands that issue and noted that CRRA also has the ability to stockpile the material until needed. Mr. Bodendorf said that the City would assist CRRA in moving that material if it does need to be set aside for drying.

Committee Chairman Damer noted that the executive write-up from the next resolution (which also concerns the delivery of cover soils) was reversed with the current item on the table. Mr. Bodendorf said that would be corrected before presentation to the full Board.

Mr. Egan noted that CRRA requires a guarantee of payment by either a letter of credit or payment in advance. He said the deliveries are monitored and as the GOP is approached management shuts off the deliveries if payment is not received.

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

6. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING DELIVERY OF COVER SOILS**

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

RESOLVED: That the President is hereby authorized to enter into an agreement with RED Technologies, LLC for delivery of soil to be used as contouring and cover material at the Hartford Landfill, and as approved by the Connecticut Department of Energy & Environmental Protection, substantially as discussed and presented at this meeting.

FURTHER RESOLVED: That the revenue received from this contract will be deposited into the Hartford Landfill Closure Reserve.

Chairman Stein asked what management has budgeted for this revenue. Mr. Kirk said CRRA's long term planning contained zero revenue from this. He said CRRA's reserves are already properly sized to assume thirty year closure, monitoring, and maintenance of the landfill. Chairman Stein asked if the reserves are fully subscribed and CRRA is in financial difficulty can some of this money be placed in the overall operating budget.

Mr. Egan said management cannot provide an answer to that question today. He said the reason there is a further resolved in this resolution is so these funds can be placed in the closure reserve. Mr. Egan said the solar project has set back the closure process by a year which will add one year to the number of years that annual operation and maintenance will be required for the landfill. He said CRRA's cost estimates are examined every year and if more funds than needed are available that would be addressed in October when the reserves are reviewed.

Mr. Kirk said every October the reserves and assumptions are examined by the Board. He said at that point if the Board determines that CRRA is over surplus in a reserve it can certainly make adjustments. Chairman Stein asked for clarification on this matter and the costs of the solar project. Director Kelly said all this extra space is only due to the solar project and the change is due to the new capping.

Mr. Kirk said the scope of the solar project will be determined to some extent by the surplus which was created by the decision to install solar panels. He said how many acres of panels will be installed will be determined by a snapshot of what is left in the reserves.

Mr. Egan said there are two separate reserves, a thirty year post-closure reserve and a closure reserve. He said because this project is being extended out another year there is another year worth of operation and maintenance oversight required. Mr. Egan said the thirty year post-closure reserve kicks in after the Connecticut Department of Environmental and Energy Protection (hereinafter referred to as the "CT DEEP") certifies the closure of the landfill.

Mr. Egan said by doing the solar project and soliciting for this soil the project is being pushed off for a year however CRRA will be making more revenue for the operation and maintenance care. He said when the closure estimate was developed management intended to close the landfill with the traditional capping technology of a membrane covered by two feet of soil. Mr. Egan said management worked out an agreement with the City of Hartford and the CT DEEP to skip the two feet of soil and

place a membrane solar cap on the landfill. He said the money saved by not obtaining that soil cover would be used to fund that solar technology.

Committee Chairman Damer said the closure estimate should stay roughly about what it was before and the only change is the fact that the operation and maintenance will continue for an additional year. Mr. Egan said in addition the reserves have not been earning any funds with the current interest rate. Committee Chairman Damer said the Board may have the opportunity to bring some of the excess funds back into the operating account. Mr. Kirk cautioned that three years of anticipated interest and returns are not compounding in the reserve. Chairman Stein noted that construction costs are less than they were in years past which may assist in balancing these issues out.

Director Kelly said the other item for consideration is how much solar energy will be harnessed at the landfill. She said that is another place to consider moving any surplus funds in order to expand the solar possibilities.

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

7. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING PROPERTY APPRAISAL SERVICES**

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

RESOLVED: That the President is hereby authorized to enter into contracts with the following firms for Property Appraisal Services, substantially as discussed and presented at this meeting.

- * George E. Sancousy, P.E., LLC
- * MR Valuation Consulting, LLC
- * Vimini Associates

Mr. Egan said this resolution is for an initiative to identify a stable of appraisal companies similar to those used by CRRA for law and engineering firms. He said the current stable of experts expires in June and as a result management went out in the spring to solicit to have these firms on call in the event that CRRA requires appraisal services. Mr. Egan said CRRA also has the option to undertake an appraisal through a law firm, which is especially important considering the need for confidentiality.

Mr. Egan said unfortunately CB Richard Ellis did not bid in time through pure administrative oversight. He said despite their excellent work they missed the deadline. Mr. Egan said the current cycle is the first three year term as CRRA used to go through this process strictly using law firms. Chairman Stein asked why the hourly rates for the firms involved are not shown. Mr. Egan said that can certainly be added. Chairman Stein said it is appropriate for the Board to be able to see the hourly rates.

Director Kelly said the one drawback to using a stable is that it reduces the pressure on a firm to compete rate wise. Mr. Kirk said when possible management takes advantage of the ability to negotiate lower hourly rates. Mr. Guzowski said some of the appraisers had miscellaneous

administrative costs which do not compare across the Board. Mr. Egan said management will present that information as it was submitted.

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

8. **NOTICE - INTENTION TO EXERCISE ONE-YEAR OPTION TO EXTEND METAL RECOVERY AND MARKETING SERVICES FOR THE MID-CONNECTICUT PROJECT**

Mr. Kirk said unfortunately there are very few outfits which provide this service and possess the necessary permits. Mr. Egan said two years ago management approached the Board with a resolution to employ this contractor as one with special capabilities. He said the Board provided direction to go back out and confirm there were no other firms out there which could provide this service. Mr. Egan said a substantial exploration in Massachusetts, New York, and New Jersey was undertaken by management to find a firm which was permitted for this waste and capable of this type of separation.

Mr. Egan said the conclusion was that this is the only contractor in New England which can provide this needed service, and management included that background information in the write-up. Committee Chairman Damer asked what was so unique about this contractor (in addition to their permit holdings). Mr. Egan explained they have vibratory screens, heavy equipment and ferrous magnets which serve to separate the metal from the trash. He said that CRRA takes back its trash on a back haul which then goes back into the RDF after being reprocessed. Committee Chairman Damer asked how this revenue stacks up against to straight metal revenue. Mr. Egan said he would provide that information at the Board meeting.

Committee Chairman Damer said this is a revenue contract which brought in close to \$2 million the year prior. Mr. Egan said this notice will be placed in the Supplemental Package for the Board.

9. **DISCUSSION CONCERNING AN UPDATE ON THE ESSEX HOST COMMUNITY AGREEMENT**

Mr. Egan said at this point in time he does not have anything new to report concerning the Essex Host Community Agreement as the First Selectman was out of the country the week prior. He said this item will likely be coming back to the Committee in the coming months. Mr. Egan said if there are no changes to the resolution the Committee has seen in the past, management will bring it directly to the Board, but any changes will first be brought directly to this Committee.

10. **DISCUSSION CONCERNING AN UPDATE ON THE HARTFORD LANDFILL CLOSURE SOLAR PROJECT**

Mr. Bodendorf provided the Committee with some background information concerning the solar project. He explained about a year ago management took a final fresh look at the remaining areas which needed to be closed at the landfill and considered whether or not there were any technologies which could be used to reduce closure costs. Mr. Bodendorf said that management found several new technologies which allow incorporation of solar into the closure. He said a permit modification with the CT DEEP was pursued last year and approval was provided in January 2012 to install a proprietary

project which incorporates flexible solar cells with an exposed membrane or another product which is more like an astro turf with a traditional cap beneath it where freestanding rigid solar panels ballasted on concrete pilings can be installed.

Mr. Bodendorf said the City of Hartford is in support of this initiative and the Mayor had provided a supportive letter. He said this initiative is one of the post-closure uses identified by the City of Hartford through a series of public meetings. Mr. Bodendorf said this initiative would be paid for and owned by CRRA and the closure budget can fund the exposed membrane cap along with some amount of solar. He said management estimates that at least one -half megawatt and more likely three quarters to one megawatt can be obtained.

Mr. Kirk asked what the conversion of acreage to megawatts is. Mr. Bodendorf said that depends on whether CRRA uses the flexible membrane or the rigid panels (which are more efficient). He said the rigid panels would likely take about 6 acres out of the 34 acres on top of the landfill of the closure project and the flexible would probably take twice that acreage and could make use of the steep slope.

Committee Chairman Damer asked if a combination of both technologies can be used. Mr. Bodendorf replied that would unnecessarily complicate the bid and create further installation issues. Committee Chairman Damer asked if management was planning on funding this through CRRA versus having a contractor come in, fund the project, and provide CRRA with revenue sharing. Mr. Bodendorf said at present management is committed to owning and funding the project itself. Chairman Stein asked if there was a financial advantage to using a contractor and if a financial analysis had been undertaken.

Mr. Bodendorf said a basic financial analysis for CRRA to own and fund the system has been completed; however the third party option has not been examined in detail. He said one of the issues is that typically with a power purchase agreement with a third party there is a large on site load which the landfill does not have. Mr. Bodendorf explained that a third party will not make money selling electricity to the landfill and would only make money from the Z-REC market which CRRA can also do.

Mr. Bodendorf said on May 1 the RFP for the first round of Z-REC was advertised and the bids are due June 12, 2012. He said one of the issues CRRA has identified is that the standard contract does not contain a non-discrimination, which CRRA requires. Mr. Bodendorf said there is a pre-bid meeting on Monday which he will be attending. He said management will contact CL&P directly to see if they would entertain adding this clause as they have in other contracts or go through the bid process and actually pose the questions.

Committee Chairman Damer asked what grant money is potentially available from the State and whether it makes a difference if CRRA or a third party owns the solar project. Mr. Bodendorf said there was some grant money available early on however the caveat is if the grant money is used CRRA cannot bid into the Z-REC program.

A discussion on the best and most cost efficient approach to this solar initiative was undertaken.

Mr. Egan said that the City of Hartford and CRRA management expect to share the revenues (after costs) from the solar system 50/50 as it does with the gas system. He addressed Chairman Stein's question regarding CRRA owning or leasing the solar project from a third party. Mr. Egan said as CRRA leases the landfill from the City of Hartford, it would have to be involved in that third party relationship. He added the cap and equipment will be CRRA's and management would be hesitant to give ownership to another party and complicate that relationship.

Chairman Stein suggested that a financial summary and revenue breakdown be provided to the Board when this matter is discussed further.

Director Kelly suggested net metering this project in order to appear more like a municipality. Mr. Kirk said CRRA's eligibility for net metering would be purely legislative. He said the City of Hartford may assist in this process.

EXECUTIVE SESSION

Committee 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 Chairman Stein and seconded by Director Kelly was approved unanimously. Committee 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 10:28 a.m. and ended at 10:50 a.m. Committee Chairman Damer noted that no votes were taken.

The meeting was reconvened at 10:50 a.m., the door was opened, and the Board secretary and all members of the public were invited back in for the continuation of public session

11. REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING FY'13 PROJECTED LEGAL EXPENDITURES

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

WHEREAS, CRRA has negotiated three-year Legal Services Agreements with various law firms for the provision of legal services from July 1, 2011 through June 30, 2014; and

WHEREAS, CRRA now seeks Board authorization for projected legal expenditures during the second year of the term of said Agreements;

NOW THEREFORE, it is RESOLVED: That the following amounts be authorized for projected legal fees to be incurred during fiscal year 2013:

<u>Firm:</u>	<u>Amount:</u>
Brown Rudnick	170,000
Cohn Birnbaum & Shea	65,000
Day Pitney	180,000
Halloran & Sage	1,560,000
Hinckley, Allen & Snyder	500,000
Kainen, Escalera & McHale	350,000
McCarter & English	80,000
McElroy, Deutsch, Mulvaney & Carpenter	85,000
Pullman & Comley	75,000
Sidley Austin	75,000
Willinger, Willinger & Bucci	50,000

Further RESOLVED: That the President be authorized to expend up to \$20,000 from the Landfill Development Fund Reserve Account for payment for legal fees incurred in fiscal year 2013 in connection with the Authority's suspension of its efforts to develop a new ash landfill in the State of Connecticut;

Further RESOLVED: That the President be authorized to expend up to \$60,000 from the Post Litigation Reserve Account for payment of legal expenses incurred in fiscal year 2013 in connection with the Enron Global litigation continuing under the aegis of the Attorney General; and

Further RESOLVED: That the President be authorized to expend up to \$25,000 from the Wallingford Post-Closure Reserve Account for payment of legal fees incurred in fiscal year 2013 in connection with continuing Wallingford Project obligations; and

Further RESOLVED: That the President be authorized to expend up to \$150,000 from the Mid-Conn Project Closure Reserve Account for payment of legal fees incurred in fiscal year 2013 in connection with continuing Mid-Connecticut Project obligations; and

Further RESOLVED: That the President be authorized to expend up to \$30,000 from the Hartford Landfill Closure Reserve Account for payment of legal fees incurred in fiscal year 2013 in connection with closure of the Hartford Landfill; and

Further RESOLVED: That the President be authorized to expend up to \$40,000 from the Risk Fund Reserve Account for payment of legal fees incurred in fiscal year 2013 in connection with Mid-Connecticut Project real estate matters; and

Further RESOLVED: That the President be authorized to expend up to \$1,150,000 from the Mid-Conn Litigation Reserve Account for payment of Mid-Connecticut Project litigation-related legal fees and expenses incurred in fiscal year 2013.

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

INFORMATIONAL

Committee Chairman Damer said the Informational Section had been thoroughly reviewed.

ADJOURNMENT

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

The meeting was adjourned at 10:53 a.m.

Respectfully submitted,

Moira Benacquista
Secretary to the Board/Paralegal