

**Policies & Procurement Committee**  
**July 12, 2012**  
**Regular Meeting Draft Minutes**

Members Present:           Committee Chairman Damer  
                                  John Adams

CRRA Staff Present:       Tom Kirk, President  
                                  Peter Egan, Director of Environmental Affairs  
                                  Laurie Hunt, Director of Legal Services  
                                  Roger Guzowski, Contracts and Procurement Manager  
                                  Moirra Benacquista, Secretary to the Board/Paralegal

Others present: John Pizzimenti of USA Hauling.

Committee Chairman Damer called the meeting to order at 9:35 a.m. and noted that a quorum was present.

Committee Chairman Damer welcomed Director Adams to the Committee. He 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 JUNE 14, 2012, POLICIES & PROCUREMENT COMMITTEE MEETING**

Committee Chairman Damer requested a motion to accept the minutes of the June 14, 2012, Policies & Procurement Committee meeting. The motion to approve the minutes was made by Director Adams and seconded by Committee Chairman Damer.

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

**2.     REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING A TRANSFER STATION HOST COMMUNITY AGREEMENT AND LEASE AGREEMENT WITH THE TOWN OF ESSEX**

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

**RESOLVED:** That the President of CRRA is authorized to execute a Transfer Station Host Community Agreement with the Town of Essex, substantially as presented and discussed at this meeting, and

**FURTHER RESOLVED:** That the President of CRRA is authorized to execute an amendment to the Lease Agreement between CRRA and the Town of Essex for the Transfer Station real property, substantially as presented and discussed at this meeting.

Mr. Egan said there is new information concerning this matter relative to the previous discussion held at the May Board meeting. He said this motion is to seek Board approval for a host community benefit agreement with the Town of Essex where CRRA operates a solid waste transfer station.

Mr. Egan provided the Committee with background information on this matter. He said in 2006 CRRA's management brought a recommendation to the Board to make the host community benefit payments to the four transfer stations uniform. Mr. Egan explained historically the agreements for Ellington, Watertown, Torrington, and Essex was varied. He said the town of Essex did not receive a host community benefit with the exception of a small lease payment. He said in fact that lease payment was ignored by both Essex and CRRA (Essex never invoiced CRRA), and CRRA never made any payments from 1987 until the present.

Mr. Egan said in 2006 a uniform host community benefit agreement was brought to the towns in which CRRA operates transfer stations. He said property appraisals determined that 50 cents a ton was an adequate pilot in lieu of what the taxes would otherwise be. Mr. Egan said Essex did not attend the meeting in which the agreements were discussed. He said establishing this benefit was also driven by permit modifications at all four transfer stations which were proposed to increase tonnage as the existing permits at that time were issued in the late 80's when tonnage numbers were far less.

Mr. Egan said although CRRA submitted permit modifications in the late 90's the permits were not acted on by the Connecticut Department of Environmental Energy Department (hereinafter referred to as "CT DEEP") until 2006. He said both Watertown and Essex had issues with the modification which elevated the importance of resolving this issue.

Mr. Egan said between 2006 and 2009 Watertown, Ellington, and Torrington signed host community benefit agreements with CRRA. He said CRRA retroactively paid those towns beginning July 1, 2007. Mr. Egan said the Essex agreement was not finalized and became an issue again when the municipal service agreements were being addressed. He said at this point management began discussion with the new First Selectman of Essex, Mr. Needleman.

Mr. Egan said CRRA management proposed paying Essex 50 cents a ton retroactive to July 1, 2007, as the other three towns were paid. He said in return Essex will support CRRA's permit renewal and sign a fifteen year municipal service agreement with CRRA. Mr. Egan said Essex would like the host community agreement to be co-terminus with the MSA and as a result it will be for fifteen years.

Director Adams asked when the fifteen year agreements end. Mr. Egan replied they will run until the end of June. He said that is a fourteen year and seven and a half month agreement.

Mr. Egan said discussions with Essex have been ongoing since January. He said in addition to the host community agreement CRRA does not own the property in Essex and has never paid the very small lease payment for that property from 1987, which totals roughly \$32,000 today. Mr. Egan said management proposes to pay Essex the payment for the twenty years between 1987 and 2007 at which point the retroactive host community agreement would take over. He said when the lease is extended Essex will receive a substantially higher payment of \$15,000 a year which will be co-terminus with the MSA.

Mr. Egan said when this matter was brought to the Board in March there was a misunderstanding with regards to another host payment which comes to Essex through the estuary towns. He said when Essex determined and learned that that payment would be ending after November they determined a lease payment for the land was required. Mr. Egan said the agreement before the Committee today was tabled by the CRRA Board while the lease matter was resolved. He explained Essex had wanted 50 cents a ton for a lease payment, which would total roughly \$31,000 a year. Mr. Egan said management was able to negotiate that down to \$15,000 which was determined to be reasonable and defensible when the value of the property is considered.

Director Adams asked what CRRA's obligations would be at the end of the fifteen year period if Essex was not interested in renewing the agreement. Mr. Egan said that has not been discussed. He said management did inquire if Essex is interested in selling the property; however, they declined. Mr. Egan said CRRA's activity takes place on four acres of a larger twenty acre property and is in the middle of Essex's public works activity areas and is not a discreet parcel.

Mr. Egan said management proposes executing the host community agreement in which case Essex will be paid 50 cents a ton retroactive to July of 2007. He said that has escalated to the point where CRRA now pays the towns 53.5 cents a ton and a payment of approximately \$158,000 will be paid for fiscal year 2008 – 2011. Mr. Egan said CRRA has budgeted paying Essex 53.5 cents a ton for the tons delivered in FY'12. He explained the lease payment due between 1987 and 2007 will be paid after which the lease will be amended to extend beyond October 2015 and the new lease payment will begin in FY 2013.

Mr. Egan said this issue has been under discussion for some time. Director Damer said that he is now comfortable with this agreement. Director Adams asked what the approximate value of the transfer station in Essex is. Mr. Egan said according to Essex's records the assessed value is around \$130,000. He said it is likely around \$150,000 for the appraised value.

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

3. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING RATIFICATION OF AN EMERGENCY PROCUREMENT CONTRACT**

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

**RESOLVED:** That the CRRA Board of Directors ratifies the Emergency Procurement as substantially presented and discussed at this meeting.

Mr. Egan said management has determined that this matter did not need to be managed as an emergency. He said in the event there is an activity which senior management determines should be undertaken immediately which would otherwise require Board approval there is a provision in CRRA's policies which allows for the President to make a decision to undertake making a purchase for a good or service. Mr. Egan said in the event that this is done after the purchase is made management then comes to the Board to ratify the decision at its next meeting.

Mr. Egan said this resolution details a change order to a purchase which was made in January. He said at that time CRRA required a new operator to prepare to operate the jet turbine facility. Mr. Egan said the existing operator had a remote terminal unit (which is a piece of hardware which allows for ISO New England to communicate with the asset remotely) which was located in Berlin, CT. He said when the operator exited at the end of May that contract and the ability for CRRA to use that unit went away. Mr. Egan said in the winter CRRA prepared for installation of a new unit. He said one of the activities was to use an ISO New England designated contactor to install and rig the telemetry for the unit, which was non-negotiable. He said under CRRA's procurement policies it was permissible to move forward without waiting for the next Board meeting to initiate the action in order to meet the May deadline.

Mr. Kirk said the emergency procurement was prompted by communications with the ISO contractor who reported that the typical wait for support time from AT&T would have pushed CRRA past the May date. He said as a result management felt it was prudent to start the clock immediately to ensure the unit would be there. Mr. Egan said that was done and at the switch point it was determined that there was an issue with the unit. He said the issue was that the unit did not acknowledge to ISO New England that the signal was received quickly enough and a contractor had to come back to resolve the issue at an additional expense of \$15,000. Committee Chairman Damer asked if there is any redress to AT&T for causing this issue. Mr. Egan replied no.

Mr. Egan said in the interim the unit in Berlin was used in accordance with the contingency plan. He said because this was greater than a \$10,000 expenditure it should be treated as an emergency when in fact the procurement policy allows for a change order up to \$50,000. Mr. Egan said this will not be brought to the Board. Ms. Hunt said the exceptions for the procurement policy are contained within the memo.

Director Adams said the bar set by this policy seems very high. Mr. Kirk said that is the case in many of the policies for two reasons. He said first as a result of the Enron issue, and the second is that the policy has not expanded with time. He said the \$50,000 limit was set in 1983 and inflation alone would have pushed that number to over \$250,000. Mr. Kirk said the restrictive limit affects how CRRA does business. He said to the extent CRRA can it allows its contractors to make purchases on its behalf due to the strict procurement policies CRRA adheres to.

Committee Chairman Damer asked if the strict procurement policies should be modernized and reviewed. Mr. Kirk said the policies should be revisited in the future. Director Adams said that he had misunderstood this item. He explained he had assumed this action was to approve the policy as it was dated July 12, 2012. Mr. Kirk explained that policy is included with all emergency procurements for review.

The Committee agreed to retract this motion and take no action as it does not require Committee or Board approval. Mr. Egan suggested that this item be addressed at the July Board meeting in the President's report for informational purposes only.

4. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING RATIFICATION OF AN EMERGENCY PROCUREMENT CONTRACT**

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

**RESOLVED:** That the CRRA Board of Directors ratifies the Emergency Procurement as substantially presented and discussed at this meeting.

Mr. Egan said this procedure was prompted by the opportunity to save CRRA \$70,000. He said the funds are in the budget and management had expected NAES to purchase the fuel. Mr. Egan said CRRA has a tax exemption which it passes through to its vendors. He said the companies which NAES received quotes from required NAES to pay the federal and state excise taxes on fuel. Committee Chairman Damer asked how the fuel purchase was done in the past. Mr. Egan said Select Energy was responsible for the fuel and CRRA received a royalty payment from Select Energy which was paying taxes on the fuel.

Committee Chairman Damer asked if CRRA plans to purchase the fuel directly in the future to avoid the additional costs incurred by taxes. Mr. Egan replied yes. He said he expects CRRA will only be purchasing fuel twice a year. Mr. Egan said he will seek advance approval to purchase fuel in the future. He said twenty four hours amounts to 384,000 gallons and CRRA has a 500,000 gallon tank. Mr. Egan said CRRA should keep 380,000 to 400,000 gallons in the tank at all times because of its Black Start commitment.

Mr. Egan said the money for the fuel was in a reserve account. He said after receiving the quotes from NAES and examining the projected taxes he found one of the quote providers was also on the State approved Department of Administrative Services list and does not charge public entities excise taxes. Mr. Egan said a decision was made at the management level to save CRRA \$70,000 by purchasing the fuel directly utilizing the emergency procurement policy.

Committee Chairman Damer said this action on management's part falls under the emergency procurement more because of an opportunity for savings and less to do with an actual emergency. Mr. Egan said that is true. He also said that CRRA's fuel inventory was at 297 gallons and it is important to refill the tank to achieve the 24 hour operating limit as a Black Start unit and for that reason it falls under an emergency.

After some discussion it was agreed that management would review this item to determine whether this provision took place under market driven necessity or an emergency procurement. Ms. Hunt said Board approval will be required either way however; the memo may be rewritten. Director Adams said future consideration should be given to Board approval of a policy to maintain twenty hours' worth of fuel in the tank. Mr. Egan said that he would draft such a memo to provide standing authority to maintain proper inventories.

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

**INFORMATIONAL – APPROVED AT JUNE 14, 2012 POLICIES & PROCUREMENT COMMITTEE MEETING**

Mr. Egan explained that the Informational items in this section do not require action. He said the items will be brought to the full Board and were provided as informational only. Ms. Hunt noted that these items would have gone to the Board had there been a June meeting. Director Adams asked if

work had begun on the new vehicle scale. Mr. Egan replied no. He said Board approval must be provided first.

Director Adams asked if the contractor would be evaluating whether the scale could be repaired and renovated prior to replacement. Mr. Egan replied no. He said the old scale will be repaired and replaced. Director Adams asked how long the process will take. Mr. Egan said it will need to be fabricated and replaced which should take about a week. Committee Chairman Damer noted that this subject had been discussed at length at the prior Policies & Procurement meeting and due to the location of the deterioration on the bottom of the scale a full replacement was required.

Committee Chairman Damer said Mr. Yates' contract is a continuation which allows for management to use his corporate knowledge. Mr. Egan said the rate provided to Mr. Yates is excellent. He said his historical knowledge is very valuable.

### **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 Director Adams and seconded by Committee Chairman Damer 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 10:27 a.m. and ended at 11:22 a.m. Committee Chairman Damer noted that no votes were taken.

The meeting was reconvened at 11:22 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.

### **ADJOURNMENT**

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

The meeting was adjourned at 11:22 a.m.

Respectfully submitted,

Moira Benacquista  
HR Specialist/Board Administrator

