

Policies & Procurement Committee
Sept. 13, 2012
Special Meeting Draft Minutes

Members Present: Board Chairman Stein (present by telephone until 11:40 a.m.)
Committee Chairman Damer
John Adams
Bob Painter

CRRA Staff Present: Tom Kirk, President
Dave Bodendorf, Senior Environmental Engineer
Peter Egan, Director of Environmental Affairs & Operations
Thomas Gaffey, Director of Recycling & Enforcement
Roger Guzowski, Contracts & Procurement Manager
Laurie Hunt, Director of Legal Services
Paul Nonnenmacher, Director of Public Affairs
Moira Benacquista, HR Specialist/Board Administrator

Others present: John Pizzimenti of USA Hauling.

Committee Chairman Damer called the meeting to order at 10:35 a.m. and noted that a quorum was present.

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

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

Committee Chairman Damer requested a motion to accept the minutes of the July 12, 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. Chairman Stein abstained.

2. REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING USE OF THE HARTFORD LANDFILL CLOSURE RESERVE

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.

WHEREAS, the Authority is responsible for the expenditures associated with the closure of the bulky waste and ash residue areas and the thirty years of monitoring and maintenance of the Hartford Landfill; and

WHEREAS, at its August 31, 2003 meeting, the Authority's Board of Directors established the Hartford Landfill Closure Reserve to fund all expenses associated with the landfill's closure activities ; and

WHEREAS, at its May 31, 2012 meeting, the Authority's Board of Directors approved the President to enter into the Standard Contract associated with Connecticut Light and Power's RFP for the purchase and sale of Connecticut Class 1 Renewable Energy Credits from low or zero emission projects; and

WHEREAS, the Authority submitted a bid in response to the RFP for Class 1 Renewable Energy Credits that will be generated by CRRA's proposed solar landfill cap and will help offset the expenses associated with the Harford Landfill; and

WHEREAS, the Authority was selected as a winning bidder and signed and submitted the Standard Contract to CL&P; and

WHEREAS, the Standard Contract with Connecticut Light and Power has certain costs associated with it, including the requirement that the Authority post a financial guaranty in the amount of \$34,166, refundable upon completion of the solar landfill capping project; and

WHEREAS: the Hartford Landfill Closure Reserve has sufficient funds for these activities. now, therefore, be it:

RESOLVED: that the Board of Directors approves the use of the Hartford Landfill Closure Reserve for expenses associated with the Standard Contract for the zero emissions renewable energy credit program of the Connecticut Light and Power Company.

Mr. Kirk said this is a minor step in a process which has been well vetted by the Board in the past. He explained this resolution authorizes the movement of money from the reserves to implement the landfill closure solar project. Mr. Bodendorf said the Board approved a resolution authorizing management to bid into the ZREC program and for Mr. Kirk to sign the contract. He said CRRA was placed on a waitlist after the initial analysis of the bids by Connecticut Light and Power (hereinafter referred to as "CL&P"). Mr. Bodendorf said since that time there were some contracts which were not signed and as a result monies became available for stand-by bidders. He said CRRA was notified in late August that it had been selected as a winning bidder.

Mr. Bodendorf said part of CRRA's obligation for signing that contract is to provide \$34,166 in financial guaranty as performance assurance. He explained upon completion of the solar landfill capping project the money will be returned to CRRA. Committee Chairman Damer asked if this resolution is coming to the Committee because the funds are part of the landfill closure reserve. Mr. Egan replied yes. He said moving funds from a reserve requires Board approval.

Mr. Kirk said through the efforts of management CRRA ended up in the best possible place in terms of pricing as it was essentially the last bid chosen.

Committee Chairman Damer asked the price of a Class 1 Renewable Energy Credit ("REC"). Mr. Bodendorf replied the price is \$110.00 per megawatt-hour based on the number of projected RECs

a year. He said that the project would generate about 1,500 RECs, which equates to about \$165,000 of income to CRRA a year.

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

3. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING COVER-SOIL DELIVERY AGREEMENT**

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 President is hereby authorized to enter into an agreement with LaRosa Construction Company, 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 Post-Closure Reserve.

Chairman Stein noted this seems very similar to previous resolutions brought before the Board. Mr. Kirk said CRRA takes cover soil as it becomes available and as it meets CRRA's need for cover and contour. He said although there have been many resolutions in the past the soil has come from many different vendors with some variance in price. Chairman Stein asked whether each resolution is a separate transaction. Mr. Kirk said that was correct.

Mr. Bodendorf said the Board has already approved an agreement to accept soil from the City of Hartford and for the President to contract with the City of Hartford. He said subsequently the City of Hartford selected a contractor which it would like to contract directly with CRRA. Mr. Bodendorf said for this reason management is seeking approval to enter into a contract with LaRosa Construction Company for the City of Hartford's sediment removal job.

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

4. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING COVER-SOIL DELIVERY AGREEMENT**

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 President is hereby authorized to enter into an agreement with Empire Paving, 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. Bodendorf said this particular project is associated with the Connecticut Department of Transportation (hereinafter referred to as CT DOT) New Britain-to-Hartford busway project. He said the CT DOT and its contractor, Empire Paving, approached CRRA to dispose of the soil. Mr. Bodendorf said based on recent information concerning pricing for Massachusetts landfills (which are CRRA's chief competitors) management felt it was appropriate to increase the price to \$20 a ton, which the contractor accepted.

Committee Chairman Damer asked about the timing on this issue. Mr. Bodendorf explained this project has already commenced. Committee Chairman Damer asked how long the project was expected to take. Mr. Bodendorf said this project will go on for longer than the landfill is open. He said management will likely accept soil for as long as it is needed. Mr. Bodendorf said the contractor has asked CRRA to accept additional soils, but first the Connecticut Department of Environmental Protection and Energy (hereinafter referred to as "CT DEEP") must approve further tons before management considers accepting more soil.

Director Painter asked about the status of CRRA's solar-panel project. Mr. Bodendorf explained CRRA is in a holding pattern. He said the ZREC CRRA submitted sets a target date for completion of the solar project as October 1, 2013. Mr. Bodendorf said CRRA will bid construction this winter, with construction likely beginning around July 1, 2013, to be completed by October 1, 2013. He said CRRA is preparing the site in the meantime and is using the soil to grade the site and minimize the cost of the construction project.

Committee Chairman Damer asked whether CRRA has made a final choice of flexible cover solar collectors or rigid panels. Mr. Bodendorf said management anticipates soliciting bids for the flexible panels and the traditional rigid panels which will be placed on concrete ballasts with the intent of creating competition among the bidders.

Mr. Kirk asked whether the project must be connected to the power grid by the October 1, 2013, date. Mr. Bodendorf said that is when the ZREC contract starts, whether or not CRRA is generating at that time, and it lasts for 15 years beyond that. He said if CRRA misses the deadline by a month or two it would lose those months' revenue, but the bond would not be in any danger unless CRRA does not finish the project within 12 months of Oct. 1, 2013.

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

5. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING A LETTER AGREEMENT FOR THE SALE OF BALED OLD CORRUGATED CARDBOARD AND LOOSE CORRUGATED CARDBOARD AND OLD NEWSPAPER**

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.

WHEREAS: The municipalities that constitute the Southwest Regional Recycling Operating Committee deliver source separated baled and loose old cardboard and loose old newspaper to CRRA's Stratford Intermediate Processing Center and;

WHEREAS: Source separate cardboard and newspaper commodities garner higher revenues and avoid processing and transportation costs;

WHEREAS: CRRA is party to an Agreement for Operation, Maintenance and Transportation Services for the Stratford Intermediate Processing Center with City Carting, Inc. therefore;

RESOLVED: That the President is hereby authorized to execute a second Letter Agreement for the Acceptance of Baled and loose Old Corrugated Cardboard and loose Old Newspaper with City Caring, Inc.

Mr. Kirk said City Carting is CRRA's contractor for transferring and hauling the SWEROC towns' recyclables from the Stratford facility to Hartford. He said some of the material delivered to Stratford is not single-stream recyclables but is baled or loose paper and cardboard. Mr. Kirk said there is value in shipping such material directly to the mills. He said City Carting offered CRRA an attractive price to avoid the additional processing costs, which would allow CRRA to also save the cost of transporting the material to Hartford.

Committee Chairman Damer asked what percentage of the SWEROC towns' material comes in pre-baled. Mr. Gaffey said the Town of Fairfield is the only town which bales its cardboard, and after a month there is enough material to ship a full load to City Carting. Mr. Gaffey said Bridgeport, Westport and Milford have segregated drop-off centers. He said CRRA is better off selling the material directly to City Carting and cautioned the Committee that the market has been dropping.

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

6. DISCUSSION – PRESENTATION BY DIRECTOR PAINTER CONCERNING PILOT FOR HOST COMMUNITY

Committee Chairman Damer said this item had been discussed at length during the prior Board meeting. Mr. Kirk said it is management's intent to bring a resolution concerning CRRA's Payment in Lieu of Taxes ("PILOT") for the trash-to-energy plant to the City of Hartford to the Board meeting for discussion. He explained the intent of the agreement is for the plant to be treated as a taxpayer which would require an appraisal, a target PILOT being set at 70% of the appraised value, and a five-year period for adjusting the current host-community benefit to the new lower number.

Mr. Kirk said there was some discussion concerning these terms and whether CRRA will have the capability to pay given the anticipated revenue problems in 2013. Director Painter said if the Hartford trash-to-energy plant became a transfer station this contract would be null and void. He said the City of Hartford recognizes the challenges before CRRA and CRRA recognizes the problems that the City of Hartford has. Director Painter said there are many citizens who feel the 90 acres surrounding the plant is a very attractive area to develop. He said it is appropriate to change the PILOT in accordance with the current economic situation.

Chairman Stein said this matter is important to the City of Hartford and should be taken seriously in the interest of keeping good relationships and also will help in ensuring the City of Hartford will sign a new municipal service agreement ("MSA") with CRRA. Director Painter said it has been his effort to separate the PILOT issue from Hartford's signing of a new MSA. He said he

plans on speaking at the public hearing on Monday to point out that the decision about the MSA must be made before the PILOT is finalized so they are chronologically separate issues.

7. DISCUSSION – CRRA’S MEMBERSHIP IN THE CONNECTICUT CONFERENCE OF MUNICIPALITIES

Mr. Kirk said this item is one that would not typically be brought to the Board. He said the Connecticut Conference of Municipalities (“CCM”) has always provided an effective method for CRRA to communicate with its customer towns. Mr. Kirk said the annual CCM Convention & Expo enables management to speak to the chief executives of many towns. Mr. Kirk said that CRRA intends to rejoin the CCM as an associate member in order to better communicate with CCM members.

Chairman Stein said he had participated in the Governor’s Modernizing Recycling Working Group meeting on Tuesday, which Director Adams also attended. He has been trying to get a meeting with the Deputy Commissioner of Energy & Environmental Protection and has also contacted the Governor’s representative, Liz Donahue. Chairman Stein said Ms. Donahue said CCM wrote to the CT DEEP and said CT DEEP is breaking the law, which is complicating issues concerning the short-term revenue fix for CRRA and its towns. He said he was surprised by the tone of the letter. Chairman Stein said he is meeting with CRRA Director Bingham, who is president of CCM, concerning this issue.

Chairman Stein said being a member of CCM allows CRRA a voice at the table. Committee Chairman Damer asked if all of the towns and cities in Connecticut are members. Mr. Kirk replied no. He said that some towns are member of COST (or the Connecticut Council of Small Towns), and some are members of both COST and CCM.

Director Adams said he had asked COST to take a position on a bill in the past and was told that was not something COST does. He said CRRA has been accused of being retaliatory in the past, which he feels is a culture that needs to be modified.

Mr. Nonnenmacher said in the spring management found out that CCM was very actively lobbying in support of a bill which CRRA felt was contrary to the best interest of CRRA and its towns. He said after management discussed whether to continue its associate membership in CCM management decided to get the Board’s input on joining CCM and hopefully open a channel of communication with CCM.

Mr. Nonnenmacher suggested that Director Bingham could set up a meeting for CRRA to establish a communication channel between CRRA and CCM. Director Adams said a clear and concise understanding of this policy will be more beneficial than a letter-writing campaign. He suggested having a discussion concerning these issues at the next meeting of the Mid-Connecticut Project Municipal Advisory Committee.

After discussion the Committee agreed that Mr. Kirk would address this item in his President’s report at the next Board meeting.

8. DISCUSSION – POTENTIAL AMENDMENT TO THE LEGAL SERVICES AGREEMENT WITH BROWN RUDNICK

Ms. Hunt said CRRA has a three-year legal services agreement with Brown Rudnick which includes services as CRRA's solid waste counsel. She said there is also a separate Municipal Government Liaison Services Agreement which is expiring in October 2012. Ms. Hunt said there was extensive discussion at the Board level concerning the need and costs for that agreement the last time that contract came up for renewal.

Ms. Hunt said management is suggesting not renewing the agreement and instead negotiating a lower rate with Brown Rudnick for solid waste counsel services under the existing legal services agreement. She said before taking action management was looking for input from the Committee and the Board.

Mr. Kirk said the Municipal Advisor scope of services would be met using other consultants and resources and through a legal services agreement via an amendment to lower the costs with one of the likely providers of services, Brown Rudnick. He said this is not a replacement for the agreement but that the scope of services and skill sets requirements for a municipal advisor will be met from several sources, without a unique contract. Mr. Kirk said CRRA anticipates saving a significant amount of money by going this way.

Director Adams asked whether the legal contracts are done through a quality-based selection process. Ms. Hunt replied yes. She explained that both a quality and price selection is done every three years through a request for qualifications. Ms. Hunt said interested firms submit qualifications and price lists for a number of different categories of services in the process. She said some portion of Mr. Nonnenmacher's budget, if necessary, would then be transferred to the legal budget to support those costs.

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 11:30 a.m. and ended at 11:53 a.m. Committee Chairman Damer noted that no votes were taken.

The meeting was reconvened at 11:53 a.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

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 11:53 a.m.

Respectfully submitted,

Moira Benacquista
HR Specialist/Board Administrator