

**Policies & Procurement Committee
June 12, 2008, Meeting**

Draft Minutes

Members Present: Raymond O'Brien, Committee Chairman
Theodore Martland, Vice-Chairman
Michael Jarjura (present beginning 10:05 a.m.)
Linda Savitsky

CRRRA Staff Present: Tom Kirk, President
Dave Bodendorf, Senior Environmental Engineer
Jeffrey Duvall, Manager of Budgets and Forecasting
Peter Egan, Director of Environmental Affairs
Laurie Hunt, Director of Legal Services
Rich Quelle, Senior Engineer (present until 10:12 a.m.)
Mike Tracey, Director of Operations
Moira Kenney, Secretary to the Board/Paralegal

Chairman O'Brien called the meeting to order at 9:35 a.m. and noted that a quorum was present.

Chairman O'Brien requested that everyone stand for the Pledge of Allegiance whereupon the Pledge was recited. Noting that there were no members of the public present for comment, Chairman O'Brien stated that the regular meeting would commence.

1. **APPROVAL OF MINUTES OF THE MAY 15, 2008, POLICIES & PROCUREMENT COMMITTEE MEETING**

Chairman O'Brien requested a motion to accept the minutes of the May 15, 2008, Policies & Procurement Committee meeting. The motion was made by Director Savitsky and seconded by Vice-Chairman Martland.

The minutes were approved unanimously by roll call.

2. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING ASH LOADOUT BUILDING AND SITE MODIFICATIONS AT THE MID-CONNECTICUT RESOURCE RECOVERY FACILITY**

Chairman O'Brien requested a motion on the above-referenced item. Director Savitsky made the following motion:

RESOLVED: That the President is hereby authorized to execute an agreement with Merritt Contractors, Inc. to implement modifications to the Ash Load Out Building and the Site at the Resource Recovery Facility (RFF), substantially as presented and discussed at this meeting.

The motion was seconded by Vice-Chairman Martland.

Mr. Tracey explained the consulting piece of this resolution was approved by the full Board in February. He explained management has since moved forward with the design engineering work on that project and completed it in the appropriate timeline. Mr. Tracey said two bids had been received both of which are tabulated in the report. Mr. Tracey said the job is necessary due to the anticipated long haul ash disposal required after the Hartford landfill closes.

Mr. Tracey explained the current building, which is the receptacle for the ash on the back end of the burn process, is not big enough to handle the larger ash vehicles which will be required to haul the ash as a result of the closing of the Hartford landfill. He said in addition there will be a new truck scale at the power block facility that will be used to support the long haul ash trucking operation.

Mr. Tracey explained due to the complexity of the job the construction will stop CRRA from being able to shut down any of the ash operations. He said the construction will take place in four phases; demolition of the first half of the building, construction on the first half of the building, demolition of the second half of the building, and finally construction on the second half of the building.

Mr. Tracey said management is comfortable with the low bidder who is also the contractor currently working at the WPF. He explained the contractor is familiar with CRRA's operations as he has performed difficult phase construction projects in the past.

Director Martland asked Mr. Tracey what the budget for the project was. Mr. Tracey replied the capital budget had \$1.82 million allotted for the project. He explained during the design, the detailed estimate for the job came out at \$1.99 million and the bid came in at a little over \$2 million.

Director Savitsky stated this was very good estimating on management's part. Director Martland asked if Mr. Tracey had any idea why the spread between the two bidders was so wide. Mr. Tracey replied that he feels the wide spread is due to the fact that one contractor is familiar with CRRA's operations.

Director Savitsky asked if the contractor had any history of overruns or excessive change orders. Mr. Tracey replied that the answer was no.

Chairman O'Brien said that he was not in agreement with Director Savitsky's statement as the actual costs for the project were 16% higher than the initial estimate. Mr. Tracey said Chairman O'Brien was incorrect. He explained the estimate was based on preliminary conceptual design work, which was completed in December. He said the detailed design work was not completed until May and the estimate to support the detailed design work was \$1.99 million. Mr. Tracey said the estimate that was performed based on the conceptual estimate was \$1.82 million. He said all of the capital jobs are estimated prior to the design.

Chairman O'Brien said he is concerned regarding the possibility that other projects will not be completed because more money than originally estimated is going to be spent on this project. Chairman O'Brien said the facility modifications for the power block facility were originally budgeted at \$3,085,000 and that \$1.8 million of that was budgeted for the ash load out, leaving \$1.2 million. He

explained after approval there is only \$900,000 left for the remainder of the work, which was initially budgeted at over \$1.2 million. He asked what jobs will be postponed and/or canceled as a result of the shortage.

Mr. Duvall said he was under the impression the facility modifications reserve has enough funds to handle all scheduled jobs. He explained the prior controller had made adjustments to handle some of the work and that there should be sufficient funds for all scheduled jobs.

Chairman O'Brien said \$3,085,000 was budgeted in the first project listed which is now coming in at \$150,000 over that budgeted amount, which reduces the amount which can be spent on the other projects listed. Chairman O'Brien asked Mr. Tracey to provide a list of any projects which would be deferred or require special approval as a result of this overspending.

Director Savitsky asked if there is a list of projects by priority which need to be accomplished in the next 12 months. Mr. Tracey replied there are many item projects, and although they are not listed in order of importance, that this project is a priority. The Committee acknowledged the importance of this particular project. Mr. Tracey explained he has a detailed list of the projects listed in the budget, which he will provide for Chairman O'Brien prior to the next Board Meeting.

Chairman O'Brien stated he felt the write up was well done.

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

3. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING WPF IMPROVEMENTS FOR PLATFORMS, CATWALKS, STAIRS, LADDERS, AND LANDINGS AT THE MID-CONNECTICUT PROJECT**

Chairman O'Brien requested a motion on the above-referenced item. Vice-Chairman Martland made the following motion:

RESOLVED: That the President is hereby authorized to execute an agreement with Gardner Construction & Industrial Services, Inc. to implement improvements for Platforms, Catwalks, Stairs, Ladders and Landings at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

The motion was seconded by Director Savitsky.

Mr. Tracey explained over the last few years management has performed many improvements on the actual processing equipment at the waste processing facility. He said work has been done on the specific hardware supporting the processing equipment. Mr. Tracey explained WPF improvements are to provide better access to the equipment for the maintenance staff and to address safety issues surrounding access to the equipment.

Mr. Tracey said that 11 different locations within the facility have been targeted for these types of improvements. Director Martland asked if the some of the improvements are OSHA requirements. Mr. Tracey replied that the answer is yes and that the improvements will take OSHA requirements into account. Director Martland asked Mr. Tracey why the spread between the bids received is so wide. Mr. Tracey replied that the contractor with the lower bid has experience with both CRRA and MDC

and is very familiar with the environment. Mr. Quelle added that some of the higher work groups are union employees while the lower bidder is not.

Chairman O'Brien said the write-up was well written and came in under budget.

Director Savitsky said that budgeting is an art and not a science and that the Committee relies on management to use the best information available at the time to create budgets.

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

4. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING EMERGENCY PROCUREMENT-EMERGENCY REPAIRS FOR A 1250 HP MOTOR AT THE WASTE PROCESSING FACILITY**

Chairman O'Brien requested a motion on the above-referenced item. Director Savitsky made the following motion:

RESOLVED: That the Authority Board of Directors ratifies the Emergency purchase as substantially presented and discussed at this meeting.

The motion was seconded by Vice-Chairman Martland.

Mr. Quelle said that about a year ago the Board approved an upgrade of the secondary shredder motor (which is essentially the bottle neck from the WPF) from 1000 HP to a 1250 HP motor. He said the project was extremely successful and allowed for record production rates for nearly eight months straight. He explained about 2 months ago one of the 1250 HP motors electrically grounded and was temporarily replaced with an older 1000 HP motor.

Mr. Quelle said that normally such a repair is preformed by MDC. He said when the motors were built they came with a 2 year guarantee. He explained as a result the grounded motor was sent to the producers (American Rotor Corps). Mr. Quelle explained the producer determined this was not a warrantee issue and was a direct result of the air lancing cleaning process preformed by MDC. Mr. Quelle said small debris was injected into the windings by the cleaning process which eventually cut a hole into the insulation and grounded the motor. He said the warrantee will be maintained and American Rotor Corps will still perform the repair.

Mr. Quelle said that typically MDC would perform the repair and would go out to bid for the work. Mr. Quelle said that because of MDC's procurement process it will not single source the motor and because this is a custom built motor it needs to stay with American Rotor Corps. He said he gave MDC about four weeks to figure out if they can approve the work but they will not approve the repair. Mr. Quelle said the motor is sitting at the shop and due to the approach of the high temperature months the 1000 HP motor's performance will drop. He explained the remaining spare models will also be upgraded to 1250 HP.

Mr. Quelle said he will be able to prevent failure in the future by sealing the ducts and prohibiting air lancing around the motors.

Director Savitsky asked if the MDC created the problem. Mr. Quelle said this is correct. He said if MDC had only one response to a bid they can't move forward due to the restrictions in their procurement process. Director Savitsky asked if the difficulties management is facing in getting MDC to take ownership of this problem correlates to the budget issues CRRA and MDC are currently experiencing. Mr. Quelle replied the answer was no and explained the procurement process is most likely a result of the impending \$1.8 billion project MDC is facing. Mr. Tracey agreed and said that this problem has affected other aspects of work being undertaken between CRRA and MDC.

Chairman O'Brien said that the resolution did not give any indication that this resolution was an emergency. He asked that the write-up include there was a failure, the record production gained and maintained from the 1250 HP motor, that management attempted to use the warrantee, that the cause was found, and that action was taken to prevent a reoccurrence. Chairman O'Brien also asked that the back of the page for all emergency contracts contain first the definition 2.2.12 from the CRRA's Policies on Procedures and that the emergency definition is followed by the procurement piece. He asked that the fact that upgrades for the remaining 1000 HP motors are planned for and included in the 2009 budget also be included in the write-up.

Director Savitsky asked that the write-up also include the fact that this should be an MDC responsibility and that their procurement process is causing the difficulty.

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

5. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING EMERGENCY EPICOR AND E-PROCUREMENT UPGRADE CONTRACT**

Chairman O'Brien requested a motion on the above-referenced item. Vice-Chairman Martland made the following motion:

RESOLVED: That the Authority Board of Directors ratifies the Emergency purchase as substantially presented and discussed at this meeting.

The motion was seconded by Director Savitsky.

Chairman O'Brien requested that the second page of the resolution contain the definition 2.2.12 from CRRA's Policies on Procedures of an emergency definition, followed by the procurement piece.

Mr. Kirk said that CRRA has experienced some difficulty with their Epicor system. He explained the system was chosen for its smaller price tag and its compatibility with the existing accounting software as CRRA's size does not justify a more substantial system. Mr. Kirk explained a recent upgrade has resulted in some difficulties meshing with other software, specifically with the accounting purchasing system.

Mr. Kirk said that Mr. Bolduc is comfortable with newest upgrades and confident that the minor glitches will be ironed out with the vendor's assistance. Mr. Kirk said he feels that we are

growing closer to a working system, and acknowledged that management has had some frustration and difficulty with the system.

Director Savitsky asked Mr. Kirk if it would be pertinent to consider scrapping the entire system and starting over from scratch. She explained she was concerned that too much time and funds are being spent on a still problematic system. She asked how long CRRA has had Epicor and why it was purchased in the first place.

Mr. Kirk explained Epicor was purchased to replace the antiquated system CRRA had once used and although it is extremely sensitive it ensures that management stays within their budgeted confines and achieves the proper approval process for purchases. He said he feels satisfaction with the system will be achieved after the upgrades are completed.

Director Savitsky asked if Epicor is unique to CRRA's industry. Mr. Duvall said the reason the system was purchased on the procurement side was that it is used on the accounting side. He explained the goal was the integration of the two systems. Mr. Duvall explained the purchase order side of the system is sometimes difficult to use and that efforts to fix those glitches inevitably result in a problem on the accounting side.

Mr. Kirk said the goal of the system upgrade is to enter CRRA's budget numbers into the system so that funds spent on an item will be listed if there are sufficient funds available for that purchase. Director Savitsky asked what the training aspect of the resolution detailed. Mr. Duvall explained the training was done on-site. Chairman O'Brien asked that those figures be broken down with a better description of the specific training costs and travel times. He also asked that the recognition of the necessary start time be included.

Director Savitsky suggested that internal monitoring is preformed on the Epicor system in order to fully evaluate if the system upgrades are successful.

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

6. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING FINAL CAPPING AND CLOSURE OF THE CRRA WATERBURY BULKY WASTE LANDFILL**

Chairman O'Brien requested a motion on the above-referenced item. Director Jarjura made the following motion:

RESOLVED: That the President is hereby authorized to execute an agreement with Supreme Industries, Inc. to install a landfill cap over the CRRA Waterbury Bulky Waste Landfill, substantially as presented and discussed at this meeting.

The motion was seconded by Vice-Chairman Martland.

Mr. Egan said the Bridgeport project owns a 5 ½ acre landfill in South Waterbury. He said the

landfill needs to be closed according to CT DEP regulations. He said this resolution will approve the hiring of a construction contractor to perform the landfill closure in compliance with the governing rules and solid waste permit.

Mr. Egan said essentially this was bid out a few months ago and that CRRA held mandatory pre-bid meetings for prospective bidders. Mr. Egan explained that thermally treated residual soil from the Phoenix Soil LLC in Waterbury was contemplated for use in the 18 inch layer of low permeability soil. Mr. Egan explained due to the nature of this landfill (which is a small bulky landfill) that CRRA is not obligated to use synthetic material or plastic caps and that the landfill can be closed with an 18 inch layer of low permeability soil and 6 inches of topsoil after grading and contouring. Mr. Egan said management was recommending using Supreme Industries, Inc.

Mr. Egan said a week after publically bidding out this work that management was contacted by a gentleman named Larry DePillo, who voiced his opposition to the use of Phoenix soil in the landfill closure. Mr. Egan explained management met with Mr. DePillo to hear his objections and that he was accompanied by a State Senator, a State Representative, and several Aldermen. Mr. Egan said that management pointed out that the CT DEP had approved use of the Phoenix soil.

Mr. Egan explained there were two prices for each of the bids because management agreed to amend the bid to ask the contractors to provide an alternative price in the event that they provide their own soil. Mr. Egan explained Mr. DePillo is motivated by the possibility that this landfill may revert back to the City of Waterbury as a result of an old unsigned contract which may or may not be legally enforceable.

Mr. Egan explained there are several options concerning this matter. He said that the Bridgeport project can close the landfill without using the Phoenix soil, use the soil and face possible opposition from the town of Waterbury and possibly the CT DEP, or the project can possibly use an alternative source of soil from CT DOT which would be provided for free including any transportation charges.

Chairman O'Brien asked if Bridgeport had the ability to make a final decision regarding the bid choice. Chairman O'Brien asked that the balance of the reserves be included in the write-up as well as the amount of funds included in the reserve for the capping. Mr. Egan said that \$725,000 was budgeted in the reserve.

There was a substantial discussion by the Committee regarding the possible legal ramifications of utilizing the Phoenix soil for the closure of the landfill.

Director Jarjura said that he was under the impression that the City of Waterbury was not interested in owning the landfill post-closure.

Director Martland asked how the Bridgeport Project's Advisory Board responded to the proposal utilizing the Phoenix soil. Mr. Egan said that they were supportive of the use of the Phoenix soil as that option was cheaper.

Chairman O'Brien stated the closing of the landfill is an obligation where sufficient funds have been set aside.

AMENDMENT TO THE MOTION

Chairman O'Brien made an amendment to the motion that the recommendation given to the full Board contain the bid price and contract for two options. First, one with contractor supplied cover soil, and second, a reservation which allows for CRRA to provide alternative soils source.

Director Jarjura said that he considered this a friendly amendment.

Director Martland asked that if there is any legitimacy in the contract that may give ownership of the landfill post-closure to the City of Waterbury such that the landfill reverts back to Waterbury. Director Jarjura said that the City of Waterbury is investigating the possibility in depth.

APPROVAL OF THE AMENDED MOTION

The motion previously amended and discussed was seconded by Vice-Chairman Martland and approved by roll call. Director Martland abstained.

Chairman O'Brien said he preferred the first column in the table show the cover soil from Phoenix Soil LLC, and that the second one show a bid price for a contractor/CRRA supplied cover soil as the not to exceed bid price. He also asked that the status of the closure reserve be included as well as what other obligations are running. Chairman O'Brien asked that a note be placed somewhere in the resolution that the statement was approved by the Board with regards to the obligations to host-communities.

Mr. Bodendorf said there is another possible issue associated with this property. He explained there is a piece of property that CRRA had tried to purchase which held a drainage culvert that was washed out in 2006 along with the entire embankment. He explained management is communicating with the owner of this property (a railroad) to attempt to install a drainage pipe across the property for drainage.

Director Savitsky asked the resolution make clear that the option of receiving soil from CT DOT would be provided at no cost.

The Committee thanked Mr. Bodendorf for his research into finding an alternative source of soil for closure of the landfill.

7. ADDITIONAL MOTION

Chairman O'Brien requested a motion on the below-referenced item. Director Jarjura made the motion, which was seconded by Vice-Chairman Martland.

The motion to add an item to the agenda was seconded and approved unanimously by roll call

8. RESOLUTION REGARDING ENGINEERING AND ENVIRONMENTAL CONSULTING SERVICES TO SUPPORT DEVELOPMENT OF AN ASH RESIDUE LANDFILL

Chairman O'Brien requested a motion on the above-referenced item. Director Jarjura made the following motion:

RESOLVED: That the President is hereby authorized to enter into Request for Services with TRC Environmental Corporation, in fiscal year 2009, to provide engineering and environmental consulting support services associated with development of an ash residue landfill, substantially as discussed and presented at this meaning and

RESOLVED: That the President is hereby authorized to expend funds from the Landfill Development Reserve Account for such engineering and environmental consulting services in accordance with CRRA's Procurement Policies and Procedures.

Director Savitsky asked if there is an estimate of the cost of this piece of the project. Mr. Egan replied that there is a reserve account for the second phase and although management is not sure if there are sufficient funds for the third phase it is only presented for information at this point.

The Committee discussed the possible impact that current legislation may have on the development of the ash residue landfill.

Director Martland asked if there is a way to ensure that if the landfill is met with legislative opposition if the project can be stopped early within the development process. Mr. Egan replied that the development of the landfill can always be put to an immediate stop. Chairman O'Brien agreed and asked that the write-up include an ability to terminate and or temporarily stop at any time for any reasonable cause at any time without any obligation to the contractor.

Mr. Egan said that he would revise the write-up to include the fact that management can cease activities for any reason at any time regarding CRRA's contract with TRC.

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

9. STAFF DISCUSSION ON UPCOMING CONTRACT RECOMMENDATIONS TO BE BROUGHT TO THE POLICIES & PROCUREMENT COMMITTEE

Mr. Egan said that this discussion item is being broached to prepare the Committee for several large contracts whose development is impending. He said that one contract will be presented in July and involves the contract that will be awarded to ship out the process residue and the non-processible waste from the Hartford waste to the energy facility beginning on January 2009. He explained that pricing and three finalists have been selected and that once management has made a decision that choice will be recommended to the Board in July.

Mr. Egan said the ash transportation and disposal bids have been qualified and short listed. He said those chosen have been asked for pricing which will be received by June 3, 2008. Mr. Egan explained after reception these prices will be analyzed and brought to the Board either in August or September.

10. STAFF DISCUSSION ON STATUS OF THE SHELTON LANDFILL ENVIRONMENTAL LIABILITY TRANSFER

Mr. Egan said that three bids concerning the Shelton landfill environmental liability transfer have been received. He explained one bid did not provide security and was thrown out. Mr. Egan said the remaining two companies were interviewed and that the pricing for one is significantly higher than the other. Mr. Egan said management is currently working with the Executive Committee of the SWAB Board on focusing on the lower bidder.

Mr. Egan said the current bid price is less than the previously anticipated cost. He explained however there are several costs such as insurance, the provision of public walking trails, overseeing of the exit strategy contract, etc. which will need to be funded. He explained combined with the bid price this may necessitate additional funds from the 18 member towns as well as their consensus to sign an agreement detailing this payment.

Mr. Egan said that another possible problem is that an insurance policy may have to be purchased from AIG to cover the landfill liability. He said that the SWAB Board is considering these issues. The Committee discussed these potential issues at length.

INFORMATIONAL

Ms. Hunt informed the Committee that the hearing that was scheduled for Monday on the FY'09 budget was cancelled and will most likely not take place until July.

Mr. Kirk said the contract with Bridgeport is under review by the towns' lawyer. He explained the town has opted for an operating committee governing approach which has changed some of the language in the contract. He said the attorney, Mr. Lorimer, is currently reviewing the contract. Mr. Kirk said the MSA is a more critical piece and is currently under revision by Halloran & Sage.

11. EXECUTIVE SESSION

Chairman O'Brien requested a motion to enter into Executive Session to discuss pending litigation. The motion made by Director Jarjura and seconded by Director Savitsky was approved unanimously. Chairman O'Brien requested that the following people remain for the Executive Session, in addition to the Committee members:

Tom Kirk
Laurie Hunt, Esq.
Dave Bodendorf
Peter Egan

The Executive Session commenced at 11:31 a.m. and concluded at 11:55 a.m. Chairman O'Brien noted that no votes were taken.

12. **ADJOURNMENT**

Chairman O'Brien requested a motion to adjourn the meeting. The motion made by Director Savitsky and seconded by Vice-Chairman Martland was approved unanimously by roll call.

The meeting was adjourned at 11:55 a.m.

Respectfully submitted,

Moira Kenney
Secretary to the Board/Paralegal