

**Not Yet  
Approved**

**WALLINGFORD REGIONAL SOLID WASTE PROJECT  
POLICY BOARD MINUTES  
FOR THE SPECIAL MEETING  
JUNE 4, 2015  
3:00 P.M.  
WALLINGFORD TOWN HALL, ROOM 315**

A Special Meeting of the Policy Board of the Wallingford Regional Solid Waste Project was held at the Wallingford Town Hall on June 4, 2015. Present at the meeting were Mayor William Dickinson of Wallingford; Michael Milone, Town Manager of Cheshire; Larry Kendzior, City Manager of Meriden; Pam Roach, Solid Waste and Recycling Coordinator of Hamden; and Michael Freda, First Selectman of North Haven.

Others in attendance were: Doreen Zaback, Wallingford Regional Solid Waste Project Coordinator; Mark Bobman, BRRFOC; Tom Lyons, Joe Vitale and Mary Ruder of Covanta; Frank Gagliardo and Lee Sawyer of CT DEEP; Bonnie Wallinger and A.J. Wallinger of A.J. Trucking; Kim Larochelle and Richard Pulcinella of Tony's Trucking; Keith from All Waste; Art Carraro of Artic Trucking; and Peter Mesturini of Fabio Enterprises.

The meeting was called to order at 3:07 p.m. by Chairman Milone.

**I. Discussion Regarding Changes to the Commercial Tip Fee at the Covanta Wallingford Transfer Station.**

Chair Milone had Policy Board members, CT DEEP staff and Covanta introduce themselves. Chair Milone opened with a statement saying that the Policy Board didn't have any control over the commercial tip fee, but nonetheless, they have the responsibility to folks in their respective towns not just haulers but all the businesses that are affected by the increases in tip fee, so the Policy Board has a series of questions they want to ask both CT DEEP and Covanta; then they will open up the meeting to the public for questions.

Mr. Milone said we have seen two increases to the commercial tip fee in the last two months, first from \$70.30 to \$79.75/ton with a one week notice to haulers, then on May 21 to \$100/ton with a 5 day notice. So we have seen about a 43% increase in a couple of months. Chair Milone asked what the trigger was for each of these increases and is there something happening statewide or with Covanta that would explain the sudden and precipitous increases. Joe Vitale answered that it is a statewide issue; initially when Covanta transitioned to a transfer station they anticipated most of the tons from the Wallingford facility would be internalized at their SECONN (Preston) facility, Lisbon, or Bridgeport. One thing that changed this year was that all the WTE facilities actually took their scheduled outages not in the winter months, but in the spring creating a problem for the state with the increasing volume of material typical of spring months. In addition, Bridgeport and Mid-Conn had outages that extended longer than expected. Mid-Conn's outage started in April and continues as we speak. One of their turbines has been out since April and continues to be out. The Mid-Conn facility is different than Covanta's where Covanta is still able to burn MSW and dump generated steam with an operational turbine, but that can't happen at Mid-Conn. So this means that Mid-Conn is operating at less than half capacity and is sending much of their MSW to the Preston WTE facility. MIRA (formerly CRRR) is able to do this because they have an Allotment Agreement with SCRRRA (solid waste authority that sends member waste to Preston facility). MIRA is delivering 140 to 200 tons/day to Preston, eliminating the capacity that was available for WRSWP MSW. This has required Covanta to send MSW out of state, generating additional transportation and disposal costs. The short notice on the second commercial tip fee increase is a result of this; the reality is Covanta has been eating this loss for a period of time, and they have no assurances when Mid-Conn will be back on line. Mr. Vitale

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added that Covanta had anticipated the transition to the transfer station as happening in January not April, so there have been additional disposal costs associated with that. Those two economic factors have been drivers of the two commercial tip fee increases.

Chair Milone asked when Covanta had the first increase in March, they had a condition that they were reacting to and at that point did they not anticipate that this could continue and why did they do increases in two phases and so close together. Mr. Vitale said there were two different actions to two different problems. Mr. Vitale said there was supposed to be an advantage if they converted the Wallingford facility in January, but that didn't happen. He added that this conversion to a transfer station isn't really an economic plus to Covanta, they are just trying to lose less money than they have been. From January to when they actually became a full transfer station in April, there should have been an advantage to them where they thought they would have these tons at SECONN and Bristol, but then Covanta had to go out and replace those tons at low tip fees, as low as \$12/ton at SECONN. This resulted in a significant loss to the company. So the first price increase was based on recovering some of that loss. The second increase was purely on the outage at Mid-Conn and Covanta having to send waste out of state.

Chair Milone said since Covanta was negotiating with the Policy Board and saw that there was going to be a likely delay, couldn't they have anticipated that the first increase was going to be necessary instead of waiting the three months and realizing what they probably could have predicted earlier and given the haulers more notice. Mr. Vitale said that was fair, Covanta had reacted to their forecasts, but that was fair criticism. Mr. Milone said he understands they have the right to increase the fee, but at the same time, he would hope that some sort of reasonableness would prevail and there would be adequate notice. The notices given and the tip fee increases have been rather harsh. Mr. Milone said he was surprised because Covanta is a large organization and they run a lot of models and they are pretty predictable in what they do, but to only have seven days notice for such a large increase is harsh and hopes this doesn't continue to do this. Tom Lyons added that in the first increase probably more notice could have been given, but with regard to the second increase, nobody anticipated that MIRA/Mid-Conn would have such an extensive outage, which has been going on for 1.5 months. Chair Milone asked if there was a role CT DEEP could play to facilitate some resolution to what is happening. Frank Gagliardo said there may be, but said he would speak to the MIRA issue. Mr. Gagliardo said CT DEEP did hear from Peter Egan of MIRA this morning that the turbine is down and they are shipping loads to Preston. MIRA expects all three boilers and turbine to be up by June 8; there have been internal meetings at DEEP and at this point they are monitoring and at some point will evaluate. He added DEEP looked at their statutory authority and so far they believe this situation is just market driven and there's not much they can do from a statutory point, perhaps they can look at the permits and see what they can do from that standpoint, but there is not a lot they can do in terms of this current situation of the tip fee increase.

Mr. Milone said relative to maintenance and scheduled outages, can't DEEP have some influence over when those maintenances occur. Mr. Gagliardo said not at present, not the way the current permits are written; when permits come in for renewal, perhaps it could be addressed at that point. Mr. Milone asked if DEEP could informally create some kind of cooperation among the plants so overlapping scheduled outages occur. Mr. Gagliardo agreed with that. Joe Vitale said that Covanta, Wheelabrator and MIRA have had conversations to coordinate outages next year. Mr. Vitale stressed that this is not an isolated Wallingford issue, this is a problem throughout the state. Mr. Gagliardo said the planned outages used to occur in the winter when waste volumes were low, so if they occur in the spring that creates more problems due to higher amounts of waste generated. Mr. Vitale said that MIRA has provided them with their planned outages for 2016 and Covanta is taking this into

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consideration with their outage schedule. Mr. Vitale said this year, the facilities had hoped to take advantage of spiked winter electric rates, so they delayed outages. However, the rates never spiked this year.

Chair Milone asked about the start of Mid-Conn. Mr. Gagliardo said they plan to start next week, but would still be sending six loads a day to Preston for a while. Mr. Vitale said that it would be 4 to 6 weeks before they can get back to normal volumes and once again internalize the MSW, but his is purely a guess. Mr. Milone asked about the statement in tip fee increase notification letter sent to Doreen Zaback that Covanta would revisit the increase when conditions warrant, so what does that mean. Does it mean that when conditions normalize that they will revisit the commercial tip fee and there is a likelihood the fee will be reduced. Mr. Vitale said it will be revisited. At some point in time Covanta hopes to internalize those tons and economic factors will swing the other way and they could change their rates, but he has no timetable when that might happen. Mr. Lyons said that internalize the tons means that Covanta is able to use their own WTE facilities to handle the WRSWP MSW.

Mr. Freda said that at one time, Covanta was bringing in MSW to the Wallingford plant at lower rates than what the member towns were paying because Covanta needed the waste; in the case of the commercial haulers, could there be a time that Covanta needs tonnage at the same time the commercial haulers are paying \$100/ton. Mr. Vitale said if economic conditions warrant that they need the tons and they need to change the rates to do so, then they change the rates. Mr. Freda asked if Covanta would change the rate for the commercial haulers to bring it down to the same reduced rate. Mayor Dickinson said there's not a spot rate for commercial MSW, the rate is the same for everyone. Mr. Vitale said haulers can go where the market is best. Mayor Dickinson clarified that the commercial waste can go to whatever is a reasonable destination at the best rate. Mr. Vitale clarified that the commercial waste is not under contract between Covanta and the haulers. Mayor Dickinson asked if any other facilities in the state have separate contracts with commercial haulers. Mr. Vitale said yes, Hartford has some contracts for 80,000 tons and they signed up two haulers, but these are interruptible contracts and the haulers can be turned off if need be. Mr. Milone asked if Covanta would ever do that – have fixed rates with commercial haulers. Mr. Vitale said he didn't know. Mayor Dickinson asked if Hartford was the only facility with those contracts. Mr. Vitale said he has one fixed commercial contract with a hauler in Preston. In Bristol, it is all municipal contract. Mr. Freda summarized the situation saying the fee is market driven, potentially could be temporary, and is he correct to say that commercial haulers have other options at this point. Mr. Vitale said that is correct. Mr. Freda added that so this means that haulers can shop around. Mayor Dickinson asked about the one fixed contract in Preston, was this for residential as well as commercial. Mr. Vitale said the contract is for the waste Covanta is responsible for at the Preston facility, not the SCRRRA member waste. Mayor Dickinson so that is a moveable rate to attract tonnage. Mr. Lyons said another thing that exacerbated the situation is the age of the Mid-Conn facility, that on the long-term, the facility needs to be replaced as it is 38 years old and this year it is the turbine and next year who knows what it will be. Mr. Freda said that he wanted to say that the municipalities have a contract with a fixed rate that increases according to an index every year. There have been times in the past when there has been spot pricing and when another municipality came at a lower tip fee, but that the member towns had to accept that, so he doesn't know what the solution is down the road, but could there be a contract for haulers in the future so they know what to expect. Mr. Milone said there has to be the willingness of the plant operator to do that, and in this case, there doesn't seem to be that sense. Mr. Vitale said this isn't the first time they discussed this issue, but everything is out of balance, and Covanta can't make long-term decisions. Mr. Gagliardo asked if anyone saw this coming, with the delay in scheduled winter outages. He added that when they had discussion with Covanta about the permit modification, this never came up. Joe Vitale said nobody anticipated this problem, not even MIRA.

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Mr. Freda said Covanta is passing along their costs, but perhaps they could consider providing a longer advanced notice in the future. Mr. Vitale said it's not something he has done in the past, he usually provides 30-days notice. Mr. Milone asked if this is the worst case, or could commercial haulers see the tip fee going beyond \$100/ton. Mr. Vitale said he doesn't have a crystal ball. Mr. Milone said so all this depends on the Mid-Conn plant – so the \$100/ton is making things work for Covanta. Mr. Vitale said that is correct.

Ms. Zaback asked if the facilities where our waste is now going, the landfills in Southbridge and Chicopee, are those facilities able to handle our waste or are they at risk of being overloaded. Mr. Vitale said this is not a problem. Mr. Gagliardo said the CT DEEP is concerned about MSW going to landfills, which this is not following their solid waste management plan. Mr. Milone said that while DEEP might not have statutory authority, they have to take notice of the situation and that is a reason they were invited to the meeting. Lee Sawyer said from a long-term planning situation, this speaks to the state-wide capacity and whatever the plan is for Mid-Conn and whether we need more capacity, and how much excess capacity is needed.

Mr. Milone asked Mr. Vitale to come back to the next Policy Board meeting on July 15 to give an update. Mayor Dickinson asked if there is excess capacity in Connecticut with all the plants operating. Mr. Sawyer and Mr. Gagliardo said yes, if they are all operating even with the Wallingford transition.

Pam Roach asked if Mid-Conn goes down again, is there enough capacity in the state. CT DEEP staff answered no, there is not enough capacity in the state for all its MSW if Mid-Conn is down. Mr. Milone added that Mid-Conn being down creates a ripple effect in the state. Joe Vitale said the difference here is that Mid-Conn hadn't done a turbine outage in seven years, and that turbine outages are big. With the Mid-Conn turbine outage is they can't blow steam, so they can't burn trash.

At this point, the public was allowed to ask questions. Bonnie Wallinger asked why the Wallingford facility transitioned to a transfer station. Tom Lyons said it was economics. Ms. Wallinger asked if the plant had been maintained properly. Mr. Lyons said yes it was, but because of the age of the plant, its small size and it was not economical to operate. Ms. Wallinger asked if the plan was to keep the Wallingford facility a transfer station. She further added that she also operates a transfer station and has had to close down this week because there was no place for to go; she said they have heard what the problems are, but what are the solutions. She said they have sent letters to their customers explaining they have to raise rates because Covanta raised their rates and gave no notice to haulers. Mr. Lyons said the main problem was Mid-Conn being down and that there is no other turbine like that one; there are no backup turbines to get parts from.

Lee Sawyer of CT DEEP spoke to the issuance of the RFP to modernize the Mid-Conn facility. There are two phases to the RFP, first there is a Request for Information (RFI) and then the RFP. There will be a draft of the RFP released for public comment in August. The full RFP process won't be complete until February 2017, then several years of development of a new facility. At this point we don't know if the state will pay for the modernization or if it will be funded by private developers. Mayor Dickinson asked if this modernized facility will be on the current site, or a new site and how does this interrupt MSW processing. Mr. Sawyer said at this point it involves addressing the current site, but said maintaining current services throughout the development is a goal of the RFP. Mayor Dickinson added that maintaining services is a key point for all to watch for in the RFP.

Rick Pulcinella asked CT DEEP staff why Mid-Conn can't just vent the steam, is it a permit or contract condition or some other issue. DEEP staff said they would look into that question. Mr. Pulcinella asked why the rate went so low to \$12, which created the \$100 rate and that Covanta should have been able to create some stability. Mr. Vitale said that the rate never went to \$12 at Wallingford, it did go that low at Preston. Mr. Pulcinella added that the big companies could bypass Wallingford and go to Preston to take advantage of the low rate and this is a problem. Mr. Vitale said that was a decision haulers make and we can't control commerce and that seasonal fluctuation occur. Mr. Gagliardo said he didn't believe CT DEEP could do anything about that. Mr. Lyons said the solution is to have a certain amount of reliable capacity in the state.

Keith from All Waste said there is a labor issue with trucks sitting 2-3 hours to tip because there is only one machine operator at Bristol moving MSW. Mr. Vitale said having two loaders at Bristol doesn't make sense. Mr. Gagliardo added that there are safety issues to consider with loaders and haulers on the tip floor.

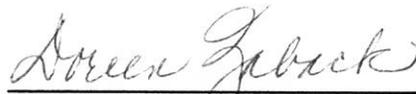
Peter Mesturini from Fabio asked if it would have been economical to run the Wallingford facility as a WTE plant at \$100/ton and how much higher might the tip fee go in the future. Covanta said no, it would not be economical to run as a WTE at \$100/ton.

Pam Roach said funding is going to be a problem with the Hartford plant going through modernization, and asked about DEEP getting funding to Covanta so that haulers don't have to pay so much. Mr. Freda said perhaps we can tighten up the communications so as to alleviate frustrations. Joe Vitale said he has actually spoken to some customers and yes, they can improve. Mr. Freda posed the idea of creating an advisory board representing haulers so there is a monthly or quarterly update for haulers. Mr. Milone said he wants to stay on this issue closely; we have a meeting in July and asked if DEEP and Covanta could attend to address these issues. It was asked if the meeting could be held at 3 p.m. on July 15 instead of 9 a.m. so that haulers could attend.

Mayor Dickinson asked CT DEEP to get an answer on the venting of the steam at the Mid-Conn facility.

## II. Adjourn

The Meeting was adjourned at 4:10 p.m.



Doreen Zaback  
Doreen Zaback  
June 11, 2015

