

Not Yet
Approved

**WALLINGFORD REGIONAL SOLID WASTE PROJECT
POLICY BOARD**

**MINUTES FOR THE MEETING ON October 14, 2015
9:00 A.M.
WALLINGFORD TOWN HALL, ROOM 315**

A Meeting of the Policy Board of the Wallingford Regional Solid Waste Project was held at the Wallingford Town Hall on October 14, 2015. Present at the meeting were Mayor William Dickinson of Wallingford; Larry Kendzior, City Manager of Meriden; Dave Garretson, Director of Legislative and Constituent Services of Hamden; and Lynn Sadosky, Public Works Director of North Haven.

Others in attendance were: Doreen Zaback, Wallingford Regional Solid Waste Project Coordinator; Don Roe, Town of Wallingford; Joe Vitale and Mary Ruder of Covanta; Gina Amadon of Fabio Enterprises; and Kim Larochelle of Tony's Trucking.

The meeting was called to order at 9:06 a.m. by Larry Kendzior.

I. A motion was made by Mayor Dickinson and seconded by Lynn Sadosky to approve minutes from the following meetings: July 15, 2015 WRSWP Meeting; September 18, 2015 WRSWP Special Meeting and the September 23, 2015 WRSWP Special Meeting. The motion was unanimously approved.

II. Project Update

A. *Report on Waste Volumes and Plant Operations*

Mary Ruder referred to the tonnage report (Attachment 1) and reported that waste volumes are now down approximately 25% relative to this period last year; some of this is attributed to the fact that they are only taking in MSW from member towns, but most is due to commercial volumes being down.

B. *Enforcement Activities*

Ms. Ruder reported that Covanta had their 3rd party audit waste inspection recently and that went well; she stated that Doreen Zaback has the results from that inspection. Haulers have done a great job making sure that there are not excessive recyclables in the MSW.

C. *Environmental*

Nothing to report.

D. *Commercial Hauler Tip Fee*

Mr. Kendzior asked about where we are with the commercial hauler tip fee. Mr. Vitale responded that the fee is \$100/ton where it has been since Memorial Day and that Covanta evaluates on a monthly basis, but that is where it currently set. Mr. Kendzior said that he understood that the original impetus to raise the commercial tip fee was the issue with the Mid-Conn facility not running at capacity in the spring and that Hartford is back in full operation and so forth. Mr. Vitale said that was the initial cause of raising the tip fee, but they are still moving tons to Massachusetts and are still restricted in CT. Hartford was recently out again for four weeks with a boiler down and they are currently in a 15-day outage, so there really hasn't been much change in terms of outlets for Covanta in the state. Mr. Kendzior asked about the prognosis for the future. Mr. Vitale said the anticipation is that as volumes drop off in the winter, Covanta will see if they can attract tons and at what price they can attract them. The flip side is as capacity opens up in the winter, the tables tilt a bit and the haulers have some options for some very low tip fees. Then Covanta will evaluate what number they can get tons back at and still

not lose money. He said Covanta is still running as a loss at the Wallingford transfer station. So, as spot volume comes available in Hartford and haulers can get in for \$38 or \$45 dollars, obviously Covanta can't run at those rates so it doesn't make sense to lower that \$100 rate.

Mayor Dickinson said that from what Mr. Vitale had just said, it has nothing to do with the outage in Hartford. Mr. Vitale said it has to do with capacity – it started with the Hartford outage and in-state capacity. The evaluation was that Covanta was moving most or all of the waste to Southbridge or Chicopee, Mass. And as they went into September, Hartford had an outage and Bristol was down for 8 days and again for a few days last week. Covanta is trying to balance the cost of what they take a ton in at versus what the cost is to move it out. Mayor Dickinson asked if the following statement was true: "If both Bristol and Hartford were available and had capacity, then the commercial rate for Wallingford would come down." Joe Vitale said not necessarily. Mayor Dickinson said then he didn't think we could blame the Wallingford commercial tip fee on those factors. Joe Vitale said he was just giving the financial picture; it's a financial consideration. If we don't have capacity in-state, we won't lower the commercial tip fee if they can't make money. That was the reason for having the commercial rate, they were losing a lot of money as a WTE facility and they are losing a lot of money as a transfer station. Mayor Dickinson said basically as long as the Wallingford facility has enough member waste coming in, then Covanta doesn't need the commercial waste. Mr. Vitale said they do need commercial as commercial is a higher priced ton; he said for every residential ton they take in, they operate at a loss.

Mr. Kendzior asked if Covanta has met with any of the local haulers that do commercial- that it would seem to him that even with the rate being lower in Hartford, there has to be a delta with the added transportation cost, which maybe is something that makes sense for Covanta also. Mr. Vitale said absolutely, and when he knows that he has enough capacity in the state then we can have that conversation. He said this is a math problem, a dollars question. He could ask a hauler what is the highest number you would come back at; it will be dependent on their options. He said he has had some high level conversations with some of the big haulers with higher volumes, but they have other options. Some have interruptible contracts at Mid-Conn, where they pay around \$48-\$54 per ton and that capacity was for around 75,000 tons. So as volume opens up options open up. Covanta is at a point where there costs at Wallingford would not be low enough to attract additional tons; they are not going to take additional tons at a loss, it just doesn't make any sense for Covanta.

Mr. Kendzior asked when conditions would be right for Covanta to have the needed conversations with haulers. Mr. Vitale said they would have to be in a situation when the all CT tons were staying in the state, and then they would look at it, it's a financial consideration. They have costs at the facility; they have transportation costs, the potential local market reset. Mr. Kendzior asked if anyone else had any questions, possibly the haulers that were present at the meeting. Kim Larochelle wanted to remind people that they are the ones that kept this place going all along and they are still going there and it would be nice if they are the ones taken care of. Mr. Kendzior said he expected there was some number that makes sense between the transportation costs and such if all the waste is staying in the state, which it will probably happen if nobody has an outage. Mr. Vitale said that is the first consideration, the reason being is that is the cheapest. Once they are keeping all tons in the state then they can take another look and see how do we attract more tons and at what number can we attract more tons and still make money. Mr. Kendzior encouraged Covanta to have that conversation when it looks like it may lead to some success. He added that impact of the commercial rate is felt by all the communities and a lot of businesses in the communities, there is a ripple right through the local economy. Mr. Vitale said unfortunately, they haven't gotten into a state where they wouldn't be flipping the rates; there has still been much fluctuation in the market. Every month Covanta does an evaluation and tries to forecast three months out and it is still unclear where to forecast. Ms. Sadosky asked about launching a pilot

program, where they met with commercial haulers and find out where they are going. Mr. Vitale said he knew where they were going. Ms. Sadosky added could they pilot a program for a month where they dropped the commercial tip fee and see how many tons they get in and if that levels things out. Mr. Vitale said he wasn't sure what she was proposing, but there is a cost number that he will pin down that they need. He added that they haven't been able to do that because of all the down time at facilities; the plants are getting old and there has been lots of down time. Ms. Zaback added that looking at our tonnage reports, the commercial tonnage has been reduced from about 50% to 75% and there has to be some balancing point – because the rate is \$100 Covanta has lost some much tonnage, there has to be a lower tip fee where they could recover those tons and still be where they are now in terms of revenue. Mr. Vitale said there is a number. Ms. Zaback asked about entertaining that number; Mr. Vitale said it is not only his call, it is a financial consideration of what they budgeted. Mr. Vitale said that number probably won't attract commercial waste to the Wallingford plant. Don Roe said that they had two haulers at the meeting today that aren't exercising the option to go elsewhere and that Covanta, in theory, could enter into contractual arrangements with them individually, independent of setting an across-the-board lower tip fee for commercial waste. Mr. Vitale said they are coming to us, but it is a conversation with the haulers that are not coming to them that is needed, the ones that control most of the volume. It's just economic reality. Mr. Kendzior asked where the large haulers are going; where do they go when Hartford goes down. Ms. Ruder says they come back to Wallingford, which they use for convenience. Mayor Dickinson said if they are down 75% or 50% on commercial, then this works for Covanta, that they don't really need any more commercial. Mr. Vitale said at the right price, they could use more commercial. He said they haven't considered going to individual rates for commercial haulers. He said he has had high level conversations with the larger haulers and he can't get any of them to say they would come back for \$80/ton. Ms. Larochelle asked if they could come at \$80/ton. He said if he lowered her rate to \$80/ton, it would only increase the loss to Covanta.

Mr. Kendzior asked that this item be kept on the agenda for next meeting.

III. Legislative Overview

A. State

Doreen Zaback reported she expects there will be another try for tire and battery Product Stewardship legislation. She added that CT DEEP feels new outlets for scrap tire are needed even though the tire industry groups don't necessarily agree.

Ms. Zaback said there haven't been any reports on the mattress stewardship program that went into effect this year. There are about 50-60 towns that are signed up with this program. She reported that she had heard that some towns feel this has increased their labor at transfer stations since they need to load mattresses into containers in a certain way and do inspection of the mattresses. But, it still seems to be a popular program.

Ms. Zaback informed the Policy Board that the RFP for redevelopment of the Mid-Conn facility did come out last week. The RFP is fairly wide open in terms of redevelopment of the facility. Proposers are able to propose whatever technology they feel will do the job. CT DEEP is in charge of the RFP, with MIRA acting as an advisor. CT DEEP seems to be moving beyond WTE, but at the same time they have stated that they are contractually bound to the long-term tip fees they have with a number of municipalities. So, it is hard to see how an emerging technology will be able to handle the MSW at a tip fee of around \$65 in 2022. Mr. Vitale said that the RFP came out at around 500,000 tons, which is about 200,000 tons less than what they have capacity for now. Ms. Zaback added that there was an alternative higher capacity as well. Mr. Vitale said there was some push to not have the facility sited in Hartford, but they realize that probably won't happen. Joe Vitale said that from the conversations he has had, there isn't

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much hope that they will turn the waste into something new. So, he feels that the new facility will be WTE and will be bigger than 500,000 tons. Don Roe asked about the schedule. Ms. Zaback said they entire RFP process needs to be complete by 2017 and the facility is expected to be built by 2022. Mayor Dickinson asked about the funding for the facility. Ms. Zaback said they are looking for private funding.

B. Federal

Nothing to report.

IV. Solid Waste Management Best Practices/Emerging Trends

A. New Covanta Acquisitions – Industrial Material Management

Joe Vitale reported Covanta is going heavily into industrial waste management. They have recently obtained two acquisitions. They are moving to higher tip fee materials. They have also acquired an ash recycling facility in Pennsylvania.

V. Reserves

A. WRSWP Interlocal Reserve Update

Doreen Zaback reported the Reserve account balance is \$2,013,574.41.

VI. Project Coordinator Report

A. Discussion and Approval of 2016 Policy Board Meeting Schedule

Ms. Zaback referenced the draft 2016 Policy Board meeting schedule and was looking for approval of the schedule. **Mayor Dickinson motioned and Ms. Sadosky seconded the approval of the 2016 Policy Board Meeting schedule. The motion was unanimously approved.**

B. Organic Recycling Facilities Update

Ms. Zaback informed the group that it was announced that an organics recycling facility was recently permitted by CT DEEP in Bridgeport. She added that because of its location, it shouldn't impact any of the WRSWP towns. She added in the same press release, it was mentioned that there have been discussions of an organics recycling facility in North Haven, but there were no specifics reported. Ms. Zaback said that should a facility in North Haven be permitted, it would result in certain businesses having to source separate food waste and cause it to be delivered to that facility. Mr. Roe asked what types of businesses would be impacted. Ms. Zaback said it could impact grocery stores and food distributors or manufacturers. Mr. Vitale added that it would impact businesses generating more than 104 tons of food waste per year.

C. CT DEEP Waste Characterizations – Curbside MSW & Recycling Bins; C & D Waste

Ms. Zaback said that CT DEEP commissioned waste characterizations at certain WTE and C&D disposal facilities in the state. The reports are due next week. The purpose of the characterizations is to determine what is in the waste stream and they use this information to determine how to improve recycling of certain materials.

D. Municipal Grant Update – Recycling Rewards Grants applications due Feb. 1, 2016

Ms. Zaback reported that CT DEEP has a series of Recycling grants that are available to municipalities. One grant, the Recycling Rewards grant will have an annual due date of February 1. The amount of money awarded is based on population of the municipality and the rigor of your recycling policies/programs. Municipalities with a population between 10,000 and 24,999 may receive \$4,000 to \$14,400; municipalities with populations of 25,000 to 69,900 may receive \$5,000 to \$18,000. She added that Hamden applied for and received one of these grants last spring.

E. General Permit to Construct and Operate a Commercial Facility for the Management of Recyclable Materials and Certain Solid Wastes

Ms. Zaback reported that CT DEEP released this proposed permit this summer and that as she learned more about it, found that it would impact many small businesses in all our municipalities. She said that it could apply to businesses such as contractors, plumbers, electricians, etc. who do repairs at residential and commercial sites and then bring the waste back to their place of business. CT DEEP would now consider them a transfer station if they transport and store more than 10 cubic yards of waste at their site. These businesses will now be required to submit registration for the general permit. Ms. Zaback added that CBIA is not in favor of much of the proposed General Permit and is in negotiation with CT DEEP regarding this. CT DEEP will release comments once negotiations with CBIA are complete.

F. Local Market Average Reset Update

Ms. Zaback said the Policy Board needs to decide when/if they want to meet again, possibly with Covanta to discuss this issue. The Policy Board asked that I contact them with a couple of possible dates for a meeting. Ms. Laroche asked that she be informed of the meeting. Ms. Zaback said she would do that, but at this time didn't know if it would be a public meeting.

VII. Adjourn

The Meeting was adjourned at 9:53 a.m.

Doreen Zaback
October 15, 2015