

**NOT YET
APPROVED**

**WALLINGFORD RESOURCE RECOVERY PROJECT
POLICY BOARD**

**Minutes of a Special Policy Board Meeting held on January 12, 2009
at North Haven Town Hall**

A Special Meeting of the Policy Board of the Wallingford Resource Recovery Project was held at the North Haven Town Hall on January 12, 2009. Present at the meeting were William W. Dickinson, Jr., Mayor of Wallingford; Larry Kendzior, City Manager of Meriden; Michael Milone, Town Manager of Cheshire; Janet McCarty, First Selectman of North Haven; and Pam Roach, Recycling Coordinator for Town of Hamden representing Craig Henrici.

Others in attendance were Michael Betz, Hamden Finance Director; Patti-Lynn Ryan, Cheshire Finance Director; Don Roe, Wallingford Program Planner; Doreen Zaback, Policy Board Project Coordinator; and Jim Bolduc, Jeff Duvall and Tina Mateo of CRRA.

Larry Kendzior, Chair called the meeting to order at 1:05 p.m.

1. REVIEW OF DRAFT FY2010 PROJECT BUDGET

A copy of the draft budget is shown in Attachment 1. Mr. Bolduc began the discussion by stating that electric revenue is going down due to the nature of the contract. The rate will now be at market; CRRA used an electric rate based on the day-ahead market of ISO New England in preparation of the budget.

Within the General Administration expenditures, a new line item has been created called the Project Closure Reserve Contribution. CRRA has proposed that \$1,000,000 be contributed to this reserve, which will cover billings after the project is closed. Such billings could include rent and labor (\$220,000), separations costs (\$400,000) and legal fees (\$380,000) (see Attachment 2). Michael Milone suggested that perhaps money be transferred from the Future Use Reserve to fund the Project Closure Reserve.

There was discussion of the balances in the reserve accounts. CRRA indicated balances in three non-trustee accounts as of October 31, 2008 were as follows:

Future Use Fund	\$11.1 million
Tip Fee Stabilization Fund	\$16.0 million
Operating Fund	\$16.8 million

Mr. Milone asked about the increase in salaries and allocation and the new method of calculating these costs. Mr. Bolduc stated that CRRA is looking at the gross amount of cost and will normalize costs over a number of years (see

Attachment 3). He indicated that CRRA patterned the method after a model that had been used at the DPUC for utility rate-making.

Mr. Milone asked what is being charged for spot waste. He added that in last year's budget documents, one draft indicated a \$70/ton rate and another indicated a \$60/ton rate. CRRA stated they would check on that.

Mayor Dickinson asked if any items were being rejected from capital expenditures. Mr. Bolduc answered he didn't think anything was being rejected, but would check with Mike Tracey, the Director of Operations.

Mr. Kendzior asked about the projected interest rate. Mr. Bolduc indicated a 2% rate was used. Mr. Kendzior followed that he would expect more than \$300,000 in interest income. Mr. Duvall said that some of the interest earned goes right back into the reserve accounts and isn't reflected as interest income.

Mr. Kendzior asked about the use of the Tip Fee Stabilization Fund to the extent that was shown on the proposed budget. Mr. Bolduc said it was being used to offset the decrease in electric revenue. Mr. Milone said he was concerned about the proposed tip fee, that we will have a big drop in FY2010, then an increase in the following year. Mayor Dickinson mentioned that a \$48.50 tip fee will cause problems with non-member waste coming into the plant. Mr. Bolduc said CRRA approached this from a net cost of operation basis. Mayor Dickinson added that this is the first time in 19 years that CRRA has had this opinion. Mr. Bolduc responded the budget is always cost based, including the option to fund reserves as determined by the Board. Also, the historical tip fee included reserves in anticipation of a much higher post-project market rate than the \$65 finally negotiated. Mr. Kendzior said it was the strong feeling of the five towns that we keep the tip fee at \$60.00. CRRA agreed to keep the tip fee at \$60, but will lower the expected tonnage to 153,000 tons and will change the spot waste rate to market rate. The resolution will be changed accordingly.

Mr. Kendzior asked about the legal costs of \$325,000. Mr. Bolduc agreed that the budget was rich and would discuss it with the legal department.

2. ADJOURNMENT

The Meeting was adjourned at 2:30 p.m.

Doreen Zaback
January 15, 2009