

**Policies & Procurement Committee**  
**Nov. 3, 2011**  
**Draft Minutes**

Members Present: Dave Damer, Committee Chairman (present by telephone)  
Dot Kelly (present by telephone)

CRRA Staff Present: Tom Kirk, President  
Peter Egan, Director of Environmental Affairs  
Laurie Hunt, Director of Legal Services  
Paul Nonnenmacher, Director of Public Affairs  
Virginia Raymond, Senior Operations Analyst  
Chris Shepard, Environmental Engineer (present by telephone)  
Moirra Benacquista, Secretary to the Board/Paralegal

Chairman Damer called the meeting to order at 9:37 a.m. and noted that a quorum was present.

Chairman Damer noted there were no members of the public present which cared to speak during public comment, and so the regular meeting would commence.

1. **APPROVAL OF MINUTES OF THE OCT. 17, 2011, POLICIES & PROCUREMENT COMMITTEE MEETING**

Chairman Damer requested a motion to accept the minutes of the Oct. 17, 2011, Policies & Procurement Committee meeting. The motion to approve the minutes was made by Director Kelly and seconded by Chairman Damer.

The motion to approve the minutes as amended and discussed was approved by roll call.

2. **RESOLUTION REGARDING CONTRACT WITH THE CONNECTICUT DEEP FOR REIMBURSEMENT OF COSTS ASSOCIATED WITH ANNUAL STACK TESTING AT THE MID-CONNECTICUT RRF FOR CALENDAR YEARS 2012**

Chairman Damer requested a motion on the above referenced item. The motion to approve was made by Director Kelly and seconded by Chairman Damer.

**RESOLVED:** That the President is hereby authorized to enter into a contract with the Connecticut Department of Energy & Environmental Protection for reimbursement of costs associated with the annual stack testing at the Mid-Connecticut RRF for calendar year 2012, substantially as discussed and presented at this meeting.

Chairman Damer said that the Connecticut Department of Energy & Environmental Protection (hereinafter referred to as the "CT DEEP") charges \$1.50 per ton for every ton of trash delivered to a trash-to-energy plant, part of which comes back to CRRA as a reimbursement for stack testing.

Mr. Egan said this was a one-year contract, and in the past the contracts were typically for two years. He said the stack testing is scheduled for the second week of May 2012. Mr. Egan said CRRA has a three-year contract for about \$50,000 per year with CK Environmental to perform stack testing.

Mr. Kirk said CRRA has continued to pay the \$1.50-per-ton solid waste assessment to the CT DEEP with some hesitancy as CRRA is not required by statutes to pay taxes or fees. He said as of November 16, 2012, this will no longer be a budgeted revenue item, an issue which will need to be resolved with the CT DEEP or the Department of Revenue Services. Chairman Damer asked whether this issue has been brought to the CT DEEP's attention. Mr. Kirk replied yes.

Chairman Damer asked how the \$1.50 tax was authorized initially. Mr. Kirk said it is clearly a valid fee for operators of waste-to-energy plants. He said it is CRRA's position that the statutes make it clear that CRRA is not responsible for fees, taxes, assessments, etc. by other governments. Mr. Kirk said the Department of Revenue Services feels this tax is appropriate as Mr. Kirk's predecessor agreed to pay it, and wrote a letter supporting that action.

Mr. Kirk said management does not find that past behavior compelling or legal. He said management feels a discussion concerning this matter should take place. Chairman Damer said he would think the member towns would agree with management's perspective.

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

3. **RESOLUTION REGARDING THREE-YEAR PUBLIC RELATIONS SERVICES AGREEMENTS**

Chairman Damer requested a motion on the above referenced item. The motion was made by Director Kelly and seconded by Chairman Damer.

**RESOLVED:** That the President is hereby authorized to execute, deliver, and perform on behalf of this Authority, Public Relations Services Agreements as were substantially set forth in the Request for Qualifications dated September 26, 2011, for a period of three years commencing on January 1, 2012, and terminating on December 31, 2014, with the firms listed below. All firms will provide services "on call."

Strategic Persuasion Group LLC

Connecticut Economic Resource Center, Inc.

Coursey & Company

Duby McDowell Communications, LLC

Mr. Nonnenmacher said these agreements come before the Board every three years. He said there is no dollar value attached to the agreements, which allows management to put together a stable of expertise beyond that which CRRA has internally for issues such as advertising and other significant public relations efforts. Mr. Nonnenmacher said he is very judicious in his use of these services and stays within budget.

Chairman Damer said if any of the individual agreements exceed \$50,000 Mr. Nonnenmacher would be required to get the Board's approval. He noted that Mr. Nonnenmacher was doubling his stable this year. Mr. Nonnenmacher said CRRA has had three firms under contract for the last three

years. He said one of the incumbents did not apply this year. Mr. Nonnenmacher said every firm which applied had something to offer CRRA.

Mr. Kirk noted it is not uncommon for possible conflicts to develop with these firms, which makes the wider variety of choice advantageous in that way as well. He said several of these responders were recommended by other consultants and firms which CRRA works with.

Director Kelly asked whether CRRA's public relations crosses the line into lobbying. She asked for a more detailed description of the services these firms will provide for CRRA. Mr. Nonnenmacher said public relations services in particular, by nature of being public, make it doubly incumbent on CRRA to ensure that no lines are crossed or even approached. He said he is very careful about what types of work these firms do and noted that they are made well aware of the restrictions under which CRRA operates.

Mr. Nonnenmacher provided a background on each of the firms. He said Strategic Persuasion Group LLC is a sole practitioner by the name of Bill Neagus who CRRA has worked with for years. Mr. Nonnenmacher said Mr. Neagus has extensive experience in Not In My Back Yard (hereinafter referred to as "NIMBY") issues. He said Mr. Neagus assisted CRRA with the Franklin ash landfill initiative.

Mr. Nonnenmacher said the Connecticut Economic Resource Center, Inc. is working on several projects for CRRA related to marketing of the Trash Museum. He explained the firm is currently researching the most appropriate pricing to be utilized at the museum as CRRA recognizes the need to generate revenue.

Mr. Nonnenmacher said Coursey & Company also has a strong background with NIMBY issues. He said the principal, Chuck Coursey, is someone management was interested in hiring six years ago; however, at the time he was a member of the West Hartford Town Council which presented a conflict of interest for CRRA. Mr. Nonnenmacher said Mr. Coursey's experience and background in NIMBY and other political aspects will be valuable to CRRA in the future.

Mr. Nonnenmacher said Duby McDowell Communications, LLC has done media training for CRRA. He said Ms. McDowell was the state capitol bureau chief for WFSB television for a number of years until she left the news business and started her own firm. Mr. Nonnenmacher said Ms. McDowell will provide CRRA with expertise in politically-charged matters and further media training

Director Kelly asked for an explanation of what CRRA is allowed to be involved in concerning lobbying. Mr. Nonnenmacher said CRRA cannot hire someone to talk to Legislators with regard to Legislation on CRRA's behalf, or to lobby the executive branch. Director Kelly asked whether CRRA can hire someone to write papers to tee up certain issues. Mr. Nonnenmacher said generally speaking that is acceptable. He said anything that is written is either written by CRRA or receives CRRA's prior approval. Mr. Nonnenmacher said one of these firms' employees is a lobbyist and understands completely what is acceptable. He said the same firm recently received a letter from the Office of State Ethics providing it with the acceptable guidelines between lobbying and public relations.

Mr. Kirk said Director Slifka raised this issue when the Municipal Government Liaison Services contract was brought to the Board a year early. He said the resolution of that contract is that CRRA does not currently have a valid contract for a liaison, an issue which will be brought to the

Board in November. Mr. Kirk said CRRA received a letter from the Office of State Ethics in response to CRRA's request to clarify the issue. He said the letter contains exactly what CRRA had anticipated. Mr. Kirk said management's primary concern was an issue raised by a disappointed bidder for the early RFP for municipal liaison. He explained the disappointed bidder asked whether it is appropriate for CRRA to hire a firm which employs lobbyists. Mr. Nonnenmacher noted for the record that the disappointed bidder proposed a fee that was in fact \$30,000 higher per year than the firm CRRA selected.

Mr. Kirk said CRRA is prohibited from employing lobbyists, which in layman's terms, influences legislation and the Executive branch. He said the Office of State Ethics clarified that CRRA's liaison cannot enlist others to lobby for CRRA. Mr. Kirk said management is comfortable that the Office of State Ethics has provided assurance that CRRA is avoiding the lobbying line.

Director Damer asked whether the stricture against lobbying for CRRA is at the state legislature, executive and administrative level. Mr. Kirk replied yes. Director Damer asked whether CRRA can lobby the CT DEEP. Mr. Kirk replied yes. He said CRRA can lobby, but can't hire anyone to lobby on its behalf. Director Damer said if it is within the organization, for example the Board or management CRRA can lobby. Mr. Kirk replied yes.

Mr. Kirk said management will put together a comprehensive package of material for the Board to review prior to discussing this issue. Director Kelly asked where management is with filling the government relations position. Mr. Kirk said management is cautiously optimistic a candidate will be selected shortly. He said it is a very important position given CRRA's ambitious agenda this session. Chairman Damer said CRRA is already behind in the legislative process. He asked that the letter from the Office of State Ethics be distributed to the Committee.

Ms. Hunt said the concern raised by the disappointed bidder was that CRRA had hired Brown Rudnick, although the statutes stipulate that CRRA cannot hire a lobbyist. She said the Office of State Ethics clarified that CRRA cannot hire a lobbyist to work on its behalf.

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

4. **RESOLUTION REGARDING NERC ELECTRIC RELIABILITY STANDARDS COMPLIANCE SUPPORT SERVICES AGREEMENT**

Chairman Damer requested a motion on the above referenced item. The motion to approve was made by Director Kelly and seconded by Chairman Damer.

**RESOLVED:** That the President is hereby authorized to increase, in the amount of \$8,000, the contract with SAIC Energy, Environmental & Infrastructures, LLC for professional services supporting CRRA's compliance activities associated with the NERC Bulk Electric Reliability Standards, substantially as presented and discussed at this meeting.

Chairman Damer asked whether this item is coming to the Board (as it is under \$50,000) because it is a unique non-bid item. Mr. Egan replied yes. He said management engaged a consulting firm, R.W. Beck, several years ago to help CRRA to understand and come into compliance with new electric power provider reliability standards governed by the North American Electric Reliability Corporation (hereinafter referred to as "NERC").

Mr. Egan said CRRA had a three-year engineering services agreement with R.W. Beck. He said R.W. Beck developed a written manual for CRRA and conducted training to ensure CRRA was working correctly and as required with Covanta to ensure compliance with the standards which govern electricity.

Mr. Egan said due to an administrative oversight R.W. Beck failed to bid in for the last three-year engineering contract cycle. He said because of its history of providing NERC support to CRRA R.W. Beck was engaged as a contractor with special capabilities. Mr. Egan said that was done again this fiscal year when some additional work popped up which will require spending more than \$10,000.

Director Kelly asked what R.W. Beck does for CRRA. Ms. Raymond said that R.W. Beck essentially provides a check and balance on the work CRRA does in a huge regulatory program with which CRRA needs to comply. She compared it to environmental law as there are somewhere in the neighborhood of 150 standards covering 300 or more requirements and is a hugely complex area which covers bulk electric assets in Canada and the United States.

Ms. Raymond said R.W. Beck's initial job was to review the standards to determine which apply to CRRA, a process which took almost two years. She said subsequent to this CRRA entered a period of understanding the nine standards encompassing 17 requirements which CRRA is required to comply with for both the jets and the Mid-Connecticut facility. Ms. Raymond said under those requirements there are tests, reporting requirements, scheduled on-site or off-site audits, etc. each year.

Ms. Raymond said Mr. Quelle, Senior Engineer, prepares the actual submittals to the Northeast Power Coordinating Council (hereinafter referred to as "NPCC"), the enforcement arm of NERC, during the course of the year. She said R.W. Beck reviews the submittals for edits and changes which may have come up in the regulations that CRRA may not have been aware of.

Ms. Raymond said CRRA became subject to an additional assignment or requirement outside the scope of the normal upkeep work called a culture-of-compliance survey. She said it consists of a host of questions with regard to CRRA's structure, how the compliance program is set up with CRRA's organizations, and provides evidence of how seriously CRRA as an organization takes the NERC compliance mission.

Chairman Damer said the request is sort of a self-compliance audit. Ms. Raymond agreed. She said part of the survey forced CRRA to focus on internal compliance structure. Ms. Raymond said the request had a very short deadline and management requested that SAIC (formerly R.W. Beck) assist with compiling and submitting the survey.

Director Kelly asked how much SAIC charged for this work. Ms. Raymond replied that it was essentially \$8,000 for the RFS work. Mr. Kirk noted that this work is outside CRRA's skill set. He said CRRA is not capable of keeping up with this and does not have the megawatts to justify a full-time team. Director Kelly said having a quality specialist review what CRRA is about to submit is appropriate.

Mr. Egan said Mr. Quelle and Ms. Raymond will be attending a two-day conference in Boston on NERC reliability standards. He said this will be very helpful to CRRA and also ensures the regulators understand how seriously CRRA takes this matter.

Mr. Egan said after this fiscal year CRRA will likely turn to NEAS for NERC reliability and expertise support. He said NAES has an arm, similar to how SAIC operates, with consulting and this service will likely be rolled into the service provided by NEAS.

Director Kelly asked what NPCC is. Ms. Raymond explained it is an entity which is authorized to do the enforcement for NERC reliability standards; she said there are eight across the country. Ms. Raymond said there is FERC, the Federal Energy Regulatory Commission, followed by NERC, and finally the eight regional entities which enforce the standards. Chairman Damer said he can attest to the difficulty of this process. He said it concerns the interconnected system. Chairman Damer said NERC was founded after the blackout of 1963. He said he chaired its environmental committee for several years.

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

### **UPDATE ON JET FUEL TANK CONSTRUCTION PROJECT**

Mr. Shepard said the jet fuel tank construction has been completed. He said the fuel was transferred and the new tank was online effective July 25, 2011. Mr. Shepard said shortly thereafter CRRA's contractor TMC Services completed the demolition of the old tank number 6 in August.

Mr. Shepard said at this point CRRA is waiting for the final certificate of occupancy for the tank in coordination with the City of Hartford. Mr. Shepard said the original contract value, when it was awarded, was for approximately \$1.997 million and due to three change orders, the total contract price increased to \$2.015 million. Mr. Kirk said this was well within the budgeted amount for that project.

Chairman Damer asked whether any remediation issues came up during the dismantling of the old tank. Mr. Shepard said there was one issue. He said the tank did have lead-based paint on the outside and as a result the contractor had to lay down polyethylene sheeting to catch any chips, which were collected and shipped off-site for proper disposal.

Mr. Shepard said the old tank did not leak. He said the bedding sand beneath the tank was sampled and came back as being cleared for re-use on-site as fill material if need be. Mr. Kirk asked whether any of the contractors or engineers identified any concerns regarding the structural integrity of the tank as initial concerns on the chime prompted this process originally. Mr. Shepard said after the tank was cleaned out and the airspace was cleared TRC did go into the tank to document any issues. He said there was very little corrosion. Mr. Shepard said the foundation for the existing tank was constructed on sand bedding and the side walls and the floor plates along the side wall had settled about six inches from installation. He said the floor was a bit wavy and there was dimpling of the upper shelf, which was attributed to settlement over the decade.

Chairman Damer asked whether samples from the sand underlying the tank were taken. Mr. Shepard said those samples were taken and were clean. He said additional investigation of the top four feet of material meets industrial/commercial direct-exposure criteria as part of the South Meadows Remediation. Mr. Kirk asked whether that is a change order. Mr. Shepard replied that would likely result in a change order to the remediation project and would likely be at a cost of less than \$10,000.

Chairman Damer said a large piece of land has been freed up. Mr. Shepard agreed. He said the new tank has a secondary containment wall. Mr. Egan said about 10 acres was freed up which was otherwise encumbered in order to serve to contain any release from the 5 million-gallon tank in the past.

Chairman Damer asked whether the jets should be part of CRRA's future. Mr. Kirk said the jets are a topic the Board will have to consider. He said their contribution to the system can be better quantified in the future. Mr. Kirk said this will come up in January and February as management will know and quantify the jets contribution to the fiscal year 2012 tip fee.

Director Kelly asked whether there are interested buyers in the jets. Mr. Kirk said not presently, although in the past they were worth significantly more money.

### **UPDATE ON STATUTES OF ELECTRIC POWER PURCHASE AGREEMENT RFQ**

Ms. Raymond said CRRA is following its normal procurement process for the electric power purchase agreement and has widely advertised this procurement. She said this is a two-phased procurement with an RFQ which will be followed by a RFB. Ms. Raymond said the deadline for submittal was October 21, 2011. She said CRRA has received Statements of Qualifications (SOQs) from a number of parties.

Ms. Raymond said this RFQ has an exploratory feature to it. She said this is the first time CRRA has been out to bid with the jets and because of that CRRA is asking the SOQ participant to look at two different business arrangements for management of the jets. Ms. Raymond said in business arrangement one the lead market participant would actually be CRRA's agent. She explained it would advise CRRA as to how to bid into the capacity market and the locational reserve market, but rather than take a share of the capacity or electric revenues, it would act as a consultant on a fee basis.

Ms. Raymond said in business arrangement two, which is more traditional; the company would serve as lead market participant with some revenue sharing on some of the products. She said between now and when the bid goes out in January CRRA will be interviewing the various participants and exploring the different business relationships. Ms. Raymond said a special Board meeting will be held to correlate with the auction in order to maximize and optimize pricing.

Director Kelly asked how the consultant has been during this process. Ms. Raymond responded that he has done well and management is pleased. She said the biggest obstacle is that over time there are fewer players in each field due to constant acquisitions and consolidations.

Mr. Kirk said management will be addressing the issue concerning CRRA's usage of a municipal government liaison at the November Board meeting. He said in addition the issue of CRRA's intervention in the Nutmeg Road Recycling permit appeal will be broached. Mr. Kirk said the Board authorized additional legal expenditures for that matter at its last meeting. He said Director Stein requested a more thorough examination of CRRA's position and the particulars of the issue.

Mr. Kirk said it is CRRA's responsibility to enforce and implement the solid waste management plan, which calls for the disposal of Connecticut solid waste according to a specified hierarchy. He said permitting MSW transfer stations across Connecticut for the stated purpose of exporting waste to out of state landfills is a clear violation of that plan, and additionally, would starve

the Mid-Connecticut facility (and possibly other in-state WTE facilities). Although new transfer stations would mean lower disposal prices in the short term, the resulting loss of in-state disposal capacity would quickly lead to higher prices and fewer options.

Mr. Kirk reported that Senator Fonfara has requested CRRA management to attend a meeting at his offices to explain our opposition to the permitting of new transfer stations. Mr. Kirk said he had requested that Directors Kelly, Stein and Damer join management in the yet-to-be-scheduled meeting.

Mr. Egan said management had advised the Committee in September that management intended to negotiate an operation and maintenance agreement with NAES under its existing contract with regard to the jet-turbine facility. He said after further examinations CRRA's general counsel exposed a concern that CRRA may be leaving itself open to accusations that the work was not bid out through a competitive bidding process if it were to be an added service to the existing NAES contract. He said as a result management decided to bid out operation and maintenance for the jets.

### **INFORMATIONAL SECTION**

Chairman Damer asked for a follow up on the question he had asked at the previous meeting concerning two purchase orders. Mr. Egan said there were two purchase orders for the same activity because one was cancelled and a new one was issued, however both still showed up on the report as two separate purchase orders with the same purchase order number.

### **ADJOURNMENT**

Chairman Damer requested a motion to adjourn the meeting. The motion made by Director Kelly and seconded by Chairman Damer was approved unanimously by roll call.

The meeting was adjourned at 11:00 a.m.

Respectfully submitted,

Moira Benacquista  
Secretary to the Board/Paralegal



