

**RESOLUTION REGARDING THE APPROVAL OF
THE FISCAL YEAR 2014 CONNECTICUT SOLID WASTE SYSTEM
OPERATING AND CAPITAL BUDGETS AND TIP FEES**

WHEREAS, the Connecticut Resources Recovery Authority (the “Authority”) is required by the Municipal Service Agreement (the “MSA”) with the Connecticut Solid Waste System (CSWS”) towns to submit the next succeeding fiscal year budget on a timely basis (i.e., on or before the last day of February before the beginning of the next fiscal year); and

WHEREAS, The Authority anticipates the State of Connecticut will purchase a portion of the Authority’s power production at approximately \$0.065 per kilowatt hour and the Authority will sell the remaining power in the real time market and/or sell it to various municipalities; and

WHEREAS, on September 27, 2012 the Board of Directors approved a Resolution to Pay the City of Hartford (the “City”) Payment in Lieu of Taxes (“PILOT”) based on a prescribed methodology to calculate the actual payment and the Authority now wishes to change the methodology; and

WHEREAS, on October 25, 2012 the Board of Directors resolved to reimburse all borrowings from the Hartford Landfill Post-Closure Reserve and now wishes to defer repayment until such time the Authority can monetize its assets and/or no sooner than July 1, 2013 when the Authority provides the State of Connecticut \$30,000,000 from the Authority’s Landfill Post-Closure Reserves for Ellington, Shelton, Hartford, Waterbury, and Wallingford and the State legally assumes responsibility for these landfills for all liabilities and operating expenses; and

WHEREAS, the Authority has not reserved for risk exposures and certain liabilities for the CSWS and now wishes to reserve funds for these; and

NOW THEREFORE, it is

RESOLVED: That the proposed Fiscal Year 2014 CSWS budgets be adopted in the form presented and discussed at this meeting; and

FURTHER RESOLVED: That the following tip fees be adopted for the Fiscal Year 2014 operating budgets; and

WASTE STREAM	TIP FEES
Base Disposal Fee/Tier 1 Short-Term (per ton)	\$63.00
Tier 1 Long-Term/Tier 3 (per ton)	\$61.00
Tier 2 (per ton)	\$65.00
Spot Waste (per ton)	Market Rate
Bulky Waste (per ton)	\$85.00
Ferrous (per ton)	Market Rate
Mattress/Box Springs Surcharge (per unit)	\$30.00
Recycling; Single or Dual Stream (per ton)	No Charge

FURTHER RESOLVED: That the President is hereby authorized to approve the use of funds from the necessary funds and reserves to pay for costs and fees incurred during Fiscal Year 2014 in accordance with the operating and capital budgets adopted pursuant hereto, as presented and discussed at this meeting, provided that all purchases of goods and services shall comply with the requirements of the Authority's Procurement Policies and Procedures; and

FURTHER RESOLVED: That the portion of this Board of Directors' September 27, 2012 Resolution Regarding the New PILOT Agreement with the City of Hartford which prescribed the manner in which the amount of PILOT would be calculated each year is hereby rescinded, and that the President is authorized to negotiate a payment schedule with the City for a new PILOT which is reflected in the Fiscal Year 2014 Budget at \$2.2 million; and

FURTHER RESOLVED: That the section of this Board of Directors' October 25, 2012 Resolved regarding Approval of FY 13 CSWS Budget Modifications and Use of Hartford Landfill Post Closure Reserve which mandates repayment in Fiscal Year 2014 of the Hartford Landfill Post-Closure borrowings is hereby rescinded, and repayment of such borrowings shall be deferred until the earlier of 1) the date on which the Authority can monetize its assets or 2) the date, no sooner than July 1, 2013, on when the Authority provides the State of Connecticut a total of \$30,000,000 from the Authority's Landfill Post-Closure Reserves for Ellington, Shelton, Hartford, Waterbury, and Wallingford including the trust funds for which DEEP is the beneficiary and the State legally assumes all responsibility for these landfills for all liabilities and operating expenses; and

FURTHER RESOLVED: That the Authority establish a Severance Reserve and contribute \$430,000 in Fiscal Year 2014; and

FURTHER RESOLVED: That the Authority establish a Legal Reserve and contribute \$500,000 in Fiscal Year 2014; and

FURTHER RESOLVED: That the Authority establish a CSWS Risk Reserve and contribute \$250,000 in Fiscal Year 2014; and

FURTHER RESOLVED: That \$8,109,000 be contributed to the Capital Expenditure Reserve in Fiscal Year 2014; and

FURTHER RESOLVED: That the President be allowed to add funds to the CSWS Capital Expenditures Reserve or the CSWS Operating Fund for working capital in an amount to be determined from Fiscal 2013 operating funds should they be available. The exact amount (s) to be reported to the Board of Directors.

CRRA - CONNECTICUT SOLID WASTE SYSTEM (CSWS)

	DETAILS	PROPOSED FY14
TIP FEES		
MSW	Tier 1 Short-term (A)	\$ 63.00
	Tier 1 Long-term / Tier 3 (A)	\$ 61.00
	Tier 2 (A)	\$ 65.00
	Contract Tip Fee	(B)
	Municipal Bulky Waste	\$ 85.00
	Spot	(C)
Other	Mattresses/Box Spring Surcharge (per unit)	\$ 30.00
	Ferrous Residue (Inbound)	\$ 45.00
ASSUMPTIONS		
POWER		
	kwh/ton of RDF Produced	612
	State Purchases	200,000,000
	Real Time Market	217,000,000
	Total kwh Sold	417,000,000
	Weighted Average Rate Per kwh (D)	\$ 0.0461
	State Rate	\$ 0.0650
	Capacity Payment	\$ 1,340,000
	Renewable Energy Credits (REC) II	\$ 200,000
DELIVERIES		
MSW	Municipalities	382,000
	Hauler	60,000
	Total Municipal and Hauler Deliveries	442,000
	Contract	175,000
	Municipal Bulky Waste	2,000
	Spot	91,000
	<i>Total</i>	<u>710,000</u>
	Other (Spot)	10,000
	Ferrous Residue (Inbound)	10,000
	Recycling Residue	8,600
	<i>Total</i>	<u>18,600</u>
Mattresses/Box Spring	Mattress/Box Spring (number of unit)	300

(A) Rates set during the annual budget process; reflects transfer station, transportation and disposal costs.

(B) Actual rate based on negotiated contract.

(C) Actual rates based on current market condition.

(D) Rates specified by contract by real time day ahead market.

CRRA - CONNECTICUT SOLID WASTE SYSTEM (CSWS)

ASSUMPTIONS

	DETAILS	PROPOSED FY14
<u>RECYCLING OPERATIONS</u>		
Tip Fees	Single Stream Acceptable Recyclables	None
	Dual Stream Acceptable Recyclables	None
	Recycling Delivery Credit per Ton	\$ 10.00
Delivery/Processing	Dual Stream Acceptable Recyclables (tons)	1,500
	Single Stream Acceptable Recyclables (tons)	<u>40,000</u>
	Total	41,500
Recycling Sales	Container Per Ton Sales Revenue	\$ 21.00
	Paper Per Ton Sales Revenue	\$ 11.00
	Single Stream Acceptable Recyclables per Ton	\$ 17.00
	Dual Stream Acceptable Recyclables per Ton	\$ 17.05
Residue	Residue Rate - Containers & Paper	7.00%
<u>FACILITY OPERATIONS</u>		
Tons Processed	Total MSW Processed	701,000
	RDF Produced	681,000
Residue Rates	Ash Rate (Per Ton of RDF)	26.1%
	Ash Rate (Per Ton of MSW)	25.4%
	Process Residue Rate (Per Ton of MSW)	0.0%
	Ferrous Metals Rate (Outbound) (Per Ton of MSW)	3.0%
	Ferrous Residue Rate (Inbound) (Per Ton of MSW)	1.1%
	Non-processible Waste - Out-of-State	1.0%
Other	Ferrous Residue Revenue (per ton price)	\$ 75.00
	Ferrous Metals including post combustion (Outbound)	23,000
<u>MUNICIPAL PAYMENTS</u>		
Fees	Essex TS Host Benefit (per ton)	\$ 0.56
	Torrington TS Host Benefit (per ton)	\$ 0.56
	Watertown TS Host Benefit (per ton)	\$ 0.56
	Hartford Host Benefit (per ton)	\$ 0.56
Deliveries (Tons/Loads)	Essex TS Host Benefit	62,000
	Torrington TS Host Benefit	58,000
	Watertown TS Host Benefit	95,000
	Hartford Host Benefit	701,000

CRRA - CONNECTICUT SOLID WASTE SYSTEM (CSWS)

ASSUMPTIONS

	DETAILS	PROPOSED FY14
WASTE TRANSPORT		
Fees	Essex per ton MSW	\$ 14.00
	Essex per ton Recyclables	\$ 21.00
	Torrington per ton MSW	\$ 12.62
	Torrington per ton Recyclables	\$ 22.95
	Watertown per ton MSW	\$ 14.00
	Watertown per ton Recyclables	\$ 21.00
	Sharon/Salisbury per ton MSW	\$ 5.62
	RRDD#1 per load MSW	\$ 105.00
	Ash to Other (blended rate per ton T&D)	\$ 61.81
	Non-processible Waste to Other (per ton T&D)	\$ 96.82
	South Central Disposal Diversion Fee (per ton)	\$ 59.00
	Southeast Project Disposal Diversion Fee (per ton)	\$ 75.50
Hauled Tons	Essex MSW	55,000
	Essex Recyclables	7,000
	Torrington MSW	50,000
	Torrington Recyclables	8,000
	Watertown MSW	90,000
	Watertown Recyclables	5,000
	Sharon/Salisbury MSW	2,800
	RRDD#1 per load MSW	200
MSW Byproduct Tons	Ash to Other	178,000
	Non-processible Waste to Other	1,775
MSW Diverted Tons	South Central Diversion	4,000
	Southeast Project Diversion	5,000
	<i>Subtotal</i>	<u>9,000</u>
MISCELLANEOUS		
	Inflation Estimate	2.20%
	Interest Rate	0.25%

CRRA - CONNECTICUT SOLID WASTE SYSTEM (CSWS)

REVENUE & EXPENDITURE SUMMARY

REVENUES

Account	Description	PROPOSED FY14
	Service Charges Solid Waste-Members	\$ 23,686,000
	Service Charges Solid Waste-Contracts	\$ 8,798,000
	Hauler	\$ 3,720,000
	Service Charges Solid Waste - Spot	\$ 3,635,000
	Metal Sales	\$ 1,725,000
	Municipal Bulky Waste & Mattresses/Box Spring	\$ 179,000
	Recycling Facility	\$ 1,287,000
	Electricity	\$ 24,552,000
	Interest Income	\$ 10,000
Total Revenues		\$ 67,592,000

EXPENDITURES

Account	Description	PROPOSED FY14
	Administrative Expenses	\$ 2,827,000
	Operational Expenses	\$ 13,095,000
	Assessment, Fees, Subsidies, & PILOTs	\$ 3,358,000
	Waste Transport	\$ 14,486,000
	Waste Processing Facility	\$ 12,230,000
	Power Block Facility	\$ 17,276,000
	Facility Contractor	\$ 1,167,000
	Transfer Stations	\$ 1,691,000
	Murphy Road Operations Center	\$ 175,000
	Recycling Facility	\$ 1,287,000
Total Expenditures		\$ 67,592,000
Balance		\$ -

n/a not applicable

CRRA - CONNECTICUT SOLID WASTE SYSTEM (CSWS)

EXPENDITURE DETAILS

Account	Recycling Delivery Credit	PROPOSED FY14
<u>ADMINISTRATIVE EXPENSES</u>		
Indirect Labor & Overhead - Administration		\$ 2,136,000
Direct Salaries/Labor & Benefits - Administration		\$ 691,000
	Subtotal	\$ 2,827,000
<u>OPERATIONAL EXPENSES</u>		
<u>DIRECT SALARIES / LABOR & BENEFITS - OPERATIONAL</u>		\$ 1,734,000
<u>ASSET PROTECTION & STATUTORY COMPLIANCE</u>		
Legal Notices		\$ 25,500
Fees/Licenses/Permits		\$ 1,000
Claims/Losses		\$ 50,000
Contribution to CSWS Risk Fund Reserve		\$ 250,000
Bad Debt Expense		\$ 500
Contribution to Legal Reserve		\$ 500,000
Legal		\$ 500,000
Operational Auditing		\$ 5,000
Insurance Expenditures		\$ 1,295,000
	Subtotal	\$ 2,627,000
<u>ENGINEERING, TECHNOLOGY, AND EQUIPMENT/FACILITY EXPENSES</u>		
Engineering & Technology Consulting Services		\$ 10,000
Computer Hardware		\$ 4,200
Computer Software		\$ 1,000
Operational Contingency		\$ 50,000
Contribution to CSWS Capital Expenditure Reserve		\$ 8,109,000
	Subtotal	\$ 8,174,000
<u>OTHER OPERATING EXPENSES</u>		
Postage & Delivery Fees		\$ 5,000
Printing Services		\$ 5,000
Office Supplies		\$ 5,000
Protect Clothing/Safety Equipment		\$ 5,300
Miscellaneous Services		\$ 5,000
Meetings & Training		\$ 3,500
Vehicle Repair/Maintenance		\$ 15,000
Fuel for Vehicles		\$ 18,000
Contribution to Severance Reserve		\$ 427,500
Temporary Agency Services		\$ 40,000
Financial Services		\$ 20,000
Bank Fees		\$ 10,000
	Subtotal	\$ 559,000
	Subtotal Operational Expenses	\$ 13,095,000

CRRA - CONNECTICUT SOLID WASTE SYSTEM (CSWS)

EXPENDITURE DETAILS

<u>Account</u>	<u>Description</u>	<u>PROPOSED FY14</u>
<u>ASSESSMENT, FEES, SUBSIDIES, & PILOTS</u>		
	City of Hartford PILOT	\$ 2,200,000
	Transfer Station Host Community Benefit Fees	\$ 136,000
	Solid Waste Assessment (Dioxin)	\$ 1,022,000
	Subtotal	\$ 3,358,000
<u>WASTE TRANSPORT</u>		
	Contract Operating Charges (excludes recycling transportation)	\$ 2,698,000
	Disposal Fees - Solid Waste (Bypass) (A)	\$ 614,000
	Ash Disposal	\$ 11,002,000
	Non-Processible Disposal Fees	\$ 172,000
	Subtotal	\$ 14,486,000

(A) Reflects transportation and disposal of diverted waste to out-of-state landfill and other in-state locations (e.g., Preston).

CRRA - CONNECTICUT SOLID WASTE SYSTEM (CSWS)

EXPENDITURE DETAILS

Account	Description	PROPOSED FY14
<u>WASTE PROCESSING FACILITY (WPF)</u>		
	Scale house Expenses	\$ 13,000
	Project Equipment Maintenance	\$ 7,000
	Fees/Licenses/Permits	\$ 7,500
	Contract Operating Charges	\$ 12,470,000
	Facility O&M Reduction	\$ (400,000)
	Other Operating Charges	\$ 73,900
	Engineering Consultants	\$ 51,000
	Environmental Testing	\$ 7,500
	Subtotal	\$ 12,230,000
<u>POWER BLOCK FACILITY (PBF)</u>		
	Fees/Licenses/Permits	\$ 455,500
	Contract Operating Charges	\$ 16,405,000
	Facility O&M Reduction	\$ (350,000)
	Engineering Consultants	\$ 15,500
	Environmental Testing	\$ 103,000
	Electricity	\$ 245,000
	Building Operations	\$ 17,000
	Other Utilities	\$ 385,000
	Subtotal	\$ 17,276,000
<u>FACILITY CONTRACTOR</u>		
	Operator Reimbursement - Insurance Premium	\$ 87,000
	Management Fee	\$ 838,000
	Engineering, accounting, and regulation expenses	\$ 241,000
<u>REVENUE & EXPENDITURE SUMMARY</u>		Subtotal \$ 1,167,000

CRRA - CONNECTICUT SOLID WASTE SYSTEM (CSWS)

EXPENDITURE DETAILS

Account	Description	PROPOSED FY14
<u>TRANSFER STATION - ELLINGTON</u>		
	Dormancy Expenses	\$ 20,500
	Fees/Licenses/Permits	\$ 2,500
	Subtotal	\$ 23,000
<u>TRANSFER STATION - ESSEX</u>		
	Scale house Expenses	\$ 14,600
	Project Equipment Maintenance	\$ 10,500
	Fees/Licenses/Permits	\$ 2,750
	Contract Operating Charges	\$ 520,000
	Engineering Consultants	\$ 11,000
	Environmental Testing	\$ 5,800
	Subtotal	\$ 565,000
<u>TRANSFER STATION - TORRINGTON</u>		
	Scale house Expenses	\$ 15,100
	Project Equipment Maintenance	\$ 10,500
	Fees/Licenses/Permits	\$ 2,750
	Contract Operating Charges	\$ 499,000
	Engineering Consultants	\$ 11,000
	Environmental Testing	\$ 4,650
	Subtotal	\$ 543,000
<u>TRANSFER STATION - WATERTOWN</u>		
	Scale house Expenses	\$ 12,400
	Project Equipment Maintenance	\$ 10,500
	Fees/Licenses/Permits	\$ 2,750
	Contract Operating Charges	\$ 520,000
	Engineering Consultants	\$ 11,000
	Environmental Testing	\$ 3,500
	Subtotal	\$ 560,000
<u>MURPHY ROAD OPERATIONS CENTER</u>		
	Use of	\$ 175,000
	Subtotal	\$ 175,000

CRRA - CONNECTICUT SOLID WASTE SYSTEM (CSWS)

REVENUE & EXPENDITURE SUMMARY

Account	Description	PROPOSED FY14
RECYCLING FACILITY (A)		
	REVENUES (B)(C)	<u>\$ 1,287,000</u>
	EXPENDITURES	
	Legal Notices	\$ 8,000
	Meetings & Training	\$ 2,000
	Project Equipment Maintenance	\$ 35,000
	Fees/Licenses/Permits	\$ 3,750
	Municipal Events	\$ 16,000
	Transportation Expense	\$ 436,000
	Recycling Delivery Rebate	\$ 415,000
	Engineering Consultants	\$ 12,000
	Environmental Testing	\$ 7,500
	Insurance and Overhead	\$ 35,000
	Direct Salaries/Labor & Benefits - Administration	\$ 47,000
	Direct Salaries/Labor & Benefits - Operational	<u>\$ 270,000</u>
	Total Expenditures	<u>\$ 1,287,000</u>
	Balance	<u><u>\$ -</u></u>

(A) Assumes termination and penalty payments on existing agreement.

(B) Assumes a new contract where revenues are net of operator cost and agent fees yielding \$1.278 million.

(C) Does not reflect approximately \$1.0 million for return of capital expenditures (e.g. depreciation) on equipment and facilities to permit infrastructure reinvestment at the end of useful life of asset.

Summary

On an annualized basis, CRRA requires approximately \$2.2 million in revenue to cover operating costs, \$10 per ton rebates, and capital recovery to break-even.

CSWS - CAPITAL PLAN

FY13 - FY14 Capital Improvement Plan (\$000's)

WASTE PROCESSING, POWER BLOCK, ROLLING STOCK, TRANSFER STATIONS

CSWS CAPITAL EXPENDITURES RESERVE	FY13 Adopted	FY14 Proposed
Reserve Balance as of November 16, 2012	\$ 4,500	\$ 2,000
Waste Processing Facility (WPF)	\$ 1,255	\$ 1,330
Power Block (PBF)	\$ 4,445	\$ 6,244
Rolling Stock (RS)	\$ -	\$ 500
Transfer Stations (TS)	\$ -	\$ 35
Undefined Reductions ^(a)	\$ (3,200)	\$ -
TOTAL WPF/PBF/RS/TS	\$ 2,500	\$ 8,109
Contributions to Capital Reserve	\$ -	\$ 8,109
Estimated Reserve Balance	\$ 2,000	\$ 2,000

^(a) \$3.2M in capital expenditures was eliminated in FY13 to reflect the elimination of concurring contribution to the CSWS Capital Expenditures Reserve.