

Memorandum

To: Mayor Elinor Carbone, City Council & Water Pollution Control Authority

CC: Carol Anderson
Paul Kundzins

From: Ray Drew, DPW

Date: 2/12/2020

Re: MIRA – CSWS Redevelopment Project

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1. Presentation/discussion/vote by City Council authorizing the Mayor to Execute a “Non-Binding Informational Statement of Interest” between the City of Torrington and MIRA



200 CORPORATE PLACE Suite 202 • Rocky Hill • CONNECTICUT • 06067 • TELEPHONE (860) 757-7700
FAX (860) 757-7740

January 27, 2020

The Honorable Elinor Carbone
Mayor, City of Torrington
140 Main Street
Torrington, CT 06790

Dear Mayor Carbone:

As you know, MIRA has been directed by the CT legislature to redevelop the South Meadows waste-to-energy (WTE) and recycling facilities. These facilities provide approximately one-third of Connecticut's recycling and municipal solid waste (MSW) disposal. Both facilities require extensive refurbishment to maintain the publicly owned and operated, environmentally preferred disposal options for another 30 years. Simply stated, we depend on these facilities for in-state processing and disposal of solid waste and waste diversion.

The redevelopment of the WTE, consisting of a comprehensive renovation, update and overhaul of the facility, together with redevelopment of the recycling facility to include more advanced and efficient recycling processing equipment, is projected to have an aggregate, all-in cost of \$330 million. This is substantially less than the costs for construction of a new waste-to-energy facility of similar capacity, and provides for a more modern and efficient technology. In addition, the redevelopment plan provides for the later addition of a state-of-the-art, mechanical/biological waste system which will further advance the State's solid waste management diversion goals.⁵¹

MIRA now must determine the next steps for the project, whether new Municipal Services Agreements are feasible and if a full agreement can be developed with Sacyr Rooney Recovery Team, which was selected by the CT DEEP as the preferred redeveloper. To move forward, MIRA would like to understand whether you, our customer, would support this redevelopment based upon certain terms that are necessary to support and bond the project. Fundamentally, MIRA is seeking to gauge your interest in participating in this project.

While MIRA is gauging municipal interest in continuation and redevelopment of the South Meadows project, MIRA also intends to pursue, with the legislature, various potential supplemental revenue streams to reduce the proposed tip fee, which, absent this support, shows a very substantial increase when compared to today's fee. MIRA certainly recognizes the necessity to deliver a project that is economically viable, price competitive, and consistent with the State's goals of providing in-State disposal options satisfactory to its municipal customers.

⁵¹ Further information about the Project is found at MIRA's website at: <http://www.ctmira.org/wp-content/uploads/2020/01/CSWS-Redevelopment2nd-final-1-8-20-Read-Only.pdf>

Therefore, we would greatly appreciate a minute of your time to complete the attached form and return it to MIRA as a **non-binding "Statement of Interest" on or before February 28, 2020.** If you have any questions, I would be pleased to explain further and meet with you, and/or other of your municipal officials at your convenience.

Thank you for your attention to this important Public initiative.

Sincerely,

A handwritten signature in blue ink that reads "Thomas D. Kirk". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

Thomas D. Kirk
President and CEO

Non-Binding Informational Statement of Interest

1. Tip Fee of \$145/ton MSW. Beginning in FY 2025, a maximum tip fee would be set at \$145.00/ton. This fee provides for a \$0/ton recycling fee and a single uniform MSW tipping fee regardless of the town's preferred disposal location (transfer stations or WTE facility). A tipping fee which includes the cost of recycling and the "socialized" costs of transfer station and/or direct haul are consistent with MIRA's present project operations. For planning purposes, this approach is assumed to continue in the redeveloped project. The MSW tip fee would be adjusted annually based upon a COLA or a change in law (if any) or other exceptional MIRA-assumed risk (not covered by insurance). It may also be adjusted downward based upon the actual cost established in an annual budget and to assure the operation is nonprofit and priced at the net cost of service. However, a force majeure event could cause an increase in the tip fee for a given year or period of time.

Conceptual agreement with these terms and potential interest in project participation? Yes _____ No _____

If no, what terms would be satisfactory?

2. A 30-year agreement. A 30-year commitment of waste, with no opt out provisions, is necessary to support public bonding by MIRA. (This

is the same term and condition agreed to by 70 municipalities when the original Mid Connecticut WTE project was developed in 1988.)

Conceptual agreement with these terms and potential interest in project participation? Yes _____ No _____

If no, why not?

Any other comments or questions:

Town/City of _____

By: _____

Title: _____

Printed name: _____

Date: _____

Return to: Materials Innovation and Recycling Authority
200 Corporate Place, Suite 202
Rocky Hill, CT 06067
ATT: Thomas D. Kirk



CSWS Redevelopment Presentation to Municipalities

Welcome to MIRA's Presentation the Municipalities January 8 2020

MIRA Management

Tom Kirk	President/CEO
Mark Daley	Chief Financial Officer
Peter Egan	Director of Operations
Laurie Hunt	General Counsel

MIRA Board of Directors

Don Stein, Chairman, First Selectman, Barkhamsted
Dick Barlow, Vice Chair, Former First Selectman, Canton
John Adams, Former First Selectman, Granby
Edward Bailey, First Selectman, Middlefield
Carl Fortuna, First Selectman, Old Saybrook
Jim Hayden, First Selectman, East Granby
Dr. Robert Painter, Former City Council Member, Hartford
Scott Shanley, Town Manager, Manchester
Pat Widlitz, Former CT State Representative and Chair of Finance, Revenue and Bonding
Luke Bronin, (CSWS Ad Hoc) Mayor, Hartford
Tom Swarr (CSWS Ad Hoc) Engineer, Environmental Manager, Lecturer

Why are we here today?

- **To inform and prepare municipalities for the changes in MIRA's Connecticut Solid Waste System**
 - **Specifically we will:**
 - Review Connecticut's waste policy and infrastructure status.
 - Review the new project proposal resulting from the legislatively directed solicitation process (PA 14-94).
 - Review the State and regional waste disposal market: the status, challenges and alternatives available to municipalities.
 - Review potential paths to a viable project...and legislative actions that may be necessary to implement them.
 - Solicit municipal participation and commitment in this new long term project.

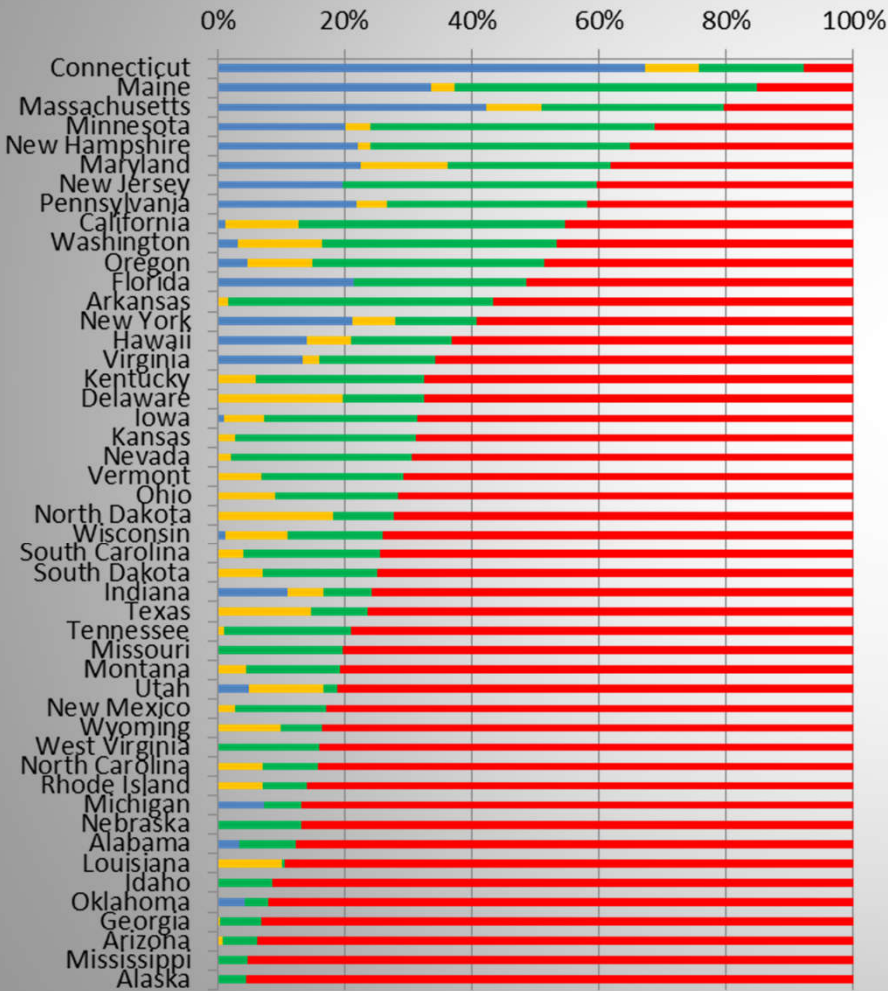
Connecticut Solid Waste System (CSWS):

An essential public asset

- **Provides one third of the state's MSW disposal.**
- **Single stream recyclables processing servicing up to 1/3 of the State.**
- **Publicly owned and operated, establishes a ceiling on MSW management costs statewide.**
- **51 Municipal customers contracted through 2027.**
- **CSWS facilities and infrastructure desperately require reinvestment or replacement to maintain reliability and sustainability of operations.**

- **Connecticut's Solid Waste Management policy**
 - **4 R's: Reduce, Reuse, Recycle, Recover:**
 - Provides for Trash to Energy as the preferred method of MSW disposal over landfills.
 - **State self sufficiency in waste disposal.**
 - No dependence on other states' infrastructure.
 - **Certification of Need: No surplus capacity to be developed.**
 - **Minimize transportation costs and impacts.**
 - **Environmental Justice prioritized.**

Columbia University
Earth Institute 2011



- Connecticut is the western hemisphere leader in Sustainable Solid Waste Management

Contractual & Statutory needs and wants for a waste system serving municipalities:

- Publicly owned, Net cost of operation fee structure, Non Profit.
- No Project ownership risk. Commitment to deliver town's waste only.
- Uniform disposal fee (same fee to all municipal customers whether delivering to MIRA transfer stations or the plant).
- Equitable redistribution of surplus project revenues, refunding to municipal customer towns of surplus operating revenues.
- No disposal fee for single stream recycling / potential for recycling rebate.
- Reliability..... Absolute guarantee and assurance of service... the waste will be gone.
- Public supervision/control with utilization of competitive private sector contractors.
- Eligibility for enforceable flow control of private hauler waste.
- Competitively priced with market alternatives.

- 4 original publicly sponsored MIRA/CRRA Waste to Energy projects, 3 have concluded:
 - Wallingford: Converted to private transfer station.
 - Bridgeport and Preston: Under private ownership and operation.
- Public Act 14-94 and other recent statutes:
 - Audited CRRA/MIRA financials and operations .
 - State swept reserve assets (\$30 mm) and assumed MIRA landfill responsibilities and liabilities.
 - Directed the preservation/continuation of the South Meadows publicly-owned and operated facility, specifically the Connecticut Solid Waste System (CSWS).
 - Mandated:
 - DEEP selection of a redevelopment partner via RFP.
 - MIRA as entity with redevelopment responsibility.

MIRA Facility Condition Report

MIRA facilities:

- Waste to Energy Facility:
 - 720,000 tons/year nominal capacity.
 - major capital renovation required
 - Reliability/capacity constrained, poor availability
 - Recycling Processing MRF:
 - 75,000 tons/year, major capital renovation required.
 - Jet Peaking Facility: (present source of supplemental revenue).
 - 160 MW: non renewable permit expires in 2023 (minimal salvage value).
 - Transfer stations: Watertown, Essex, Torrington, Ellington (standby).
 - Modest capital reinvestment required.
- **The Waste to Energy Facility is suffering poor availability and capacity utilization due to deferred maintenance and insufficient capital renewal and replacement.**
- Facility operation is not sustainable.**

- **Multi year DEEP RFP process selected [SACYR-ROONEY \(SRRT\)](#), European Developer partnered with U.S. Construction Firm**

Project Scope: Renovate and operate Trash to Energy and recycling facility and in the future, *if viable*, finance, build and operate additional diversion/recycling infrastructure.

- 30 year term FIRM tipping fee subject only to COLA and change in law adjustments.
- \$4 mm PILOT to Hartford.
- Utilization of existing infrastructure.
- \$330 mm capital investment by MIRA, diversion facility investment (if executed), by SRRT.
- Assured reliability and 85% capacity for 30 years.
- Projected fee for municipal customers:
 - \$145/ton MSW
 - \$0/ton recycling

Project Benefits to the Municipal Customers and State

- 30 years of reliable, assured cost of service disposal, in a publicly owned, environmentally preferred facility.
- Participation in enhanced diversion (mechanical and biological treatments to increase waste diversion , if developed).
- No full faith and credit risk beyond waste delivery.
- No put or pay delivery minimum to discourage recycling nor reduction .
 - Municipal customer only commits to cause delivery of waste generated inside its border.
- Uniform disposal fee for all municipal customers.
- Zero tipping fee recycling.
- Surplus revenues returned to participating towns.

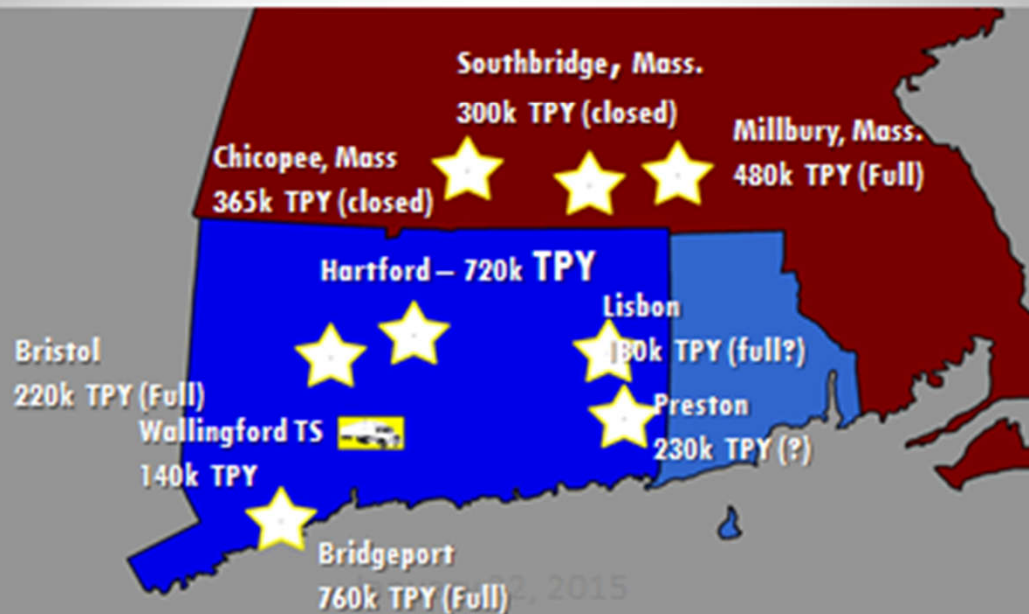
Why such a high tipping fee?

- \$330 million capital for repair/renovation (~\$20/ton msw)
- Operations and performance risk is with the contractor.
- Price includes transfer and transportation (~\$12/ton msw).
- Price includes \$0/ton single stream recycling (~\$4/ton msw).
- Price includes \$4 mm host fee (~\$7/ton msw).
- RDF technology is more costly than Mass Burn technology.
- No publicly owned ash residue landfill (~\$10/ton msw).
- Power prices are projected to remain historically low for the 30 year term.

Northeast waste disposal market and alternative disposal options are few and costly.

- Connecticut has no:
 - Significant in-state Waste-to-Energy capacity available.
 - MSW landfills in the State.
- The NY and Southern NE region similarly has NO available capacity.
- The ONLY alternative to continued use of WTE in central Connecticut is large scale export to western and southern states.

Regional MSW Disposal Capacity

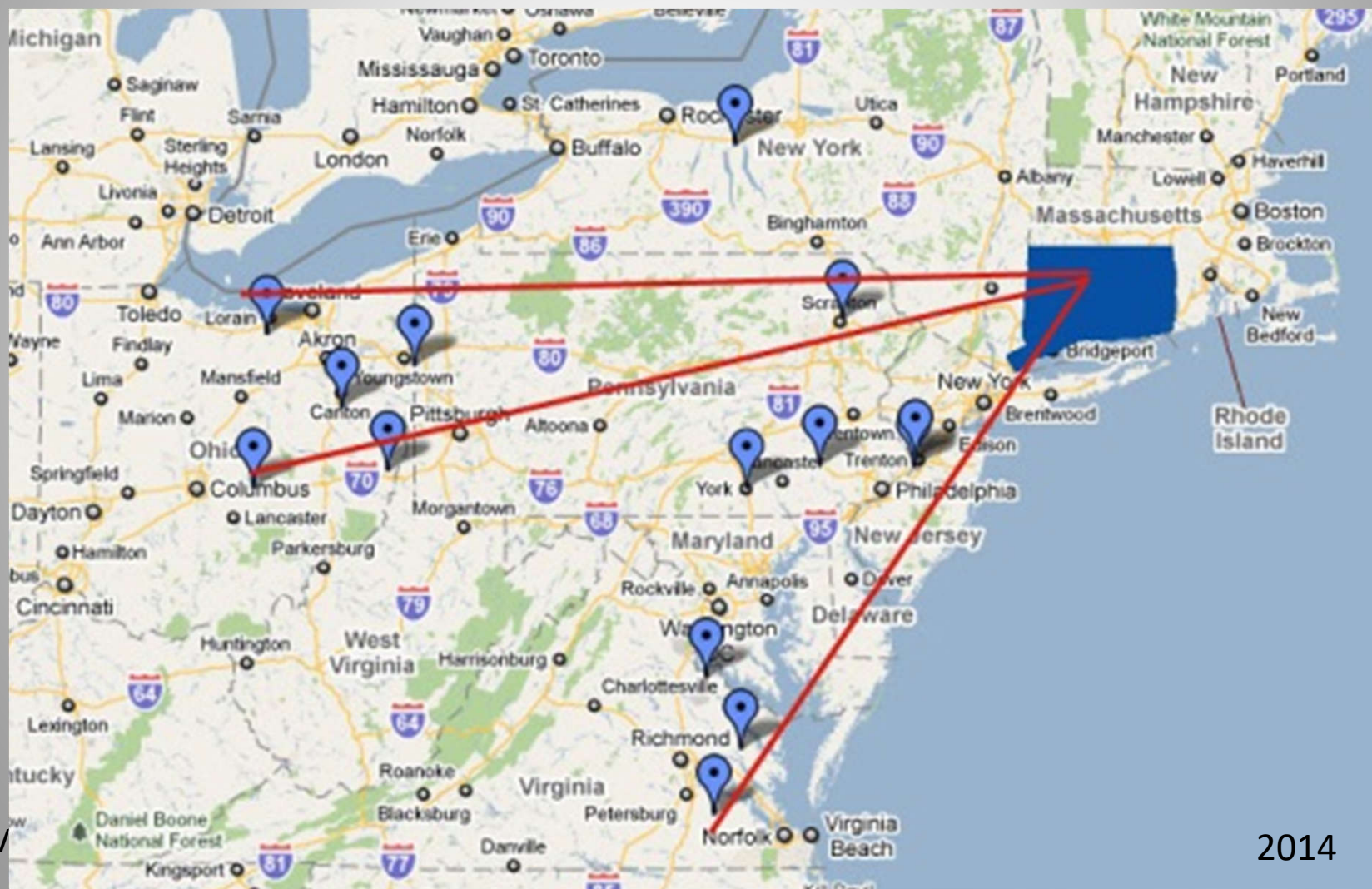


Project Challenges

Market Options, Relative Costs and Prices:

- Tipping fees at \$145/ton exceeds market and are understood to be unacceptable to municipal customers.
- Costs and prices for various disposal options depend upon many variables including :
 - distance, fuel price, road taxes, state DOT regs and weight limits, rail access, landfill fees, taxes, energy price, and more.
- Historically MIRA has established the market ceiling on state disposal fee prices.
- The future market for disposal will likely be governed by the cost of transport to western and southern mega landfills.
 - E.g. The cost for a 1000 ton per day, 5 year firm commitment of waste disposal capacity, transported to an EPA certified, Subtitle D landfill via truck or train FOB central CT is estimated to be \$85 to \$95/ton (2023).

Landfills with potential capacity



- To be competitive (at say \$95/ton tipping fee) the Project requires additional revenue.
- Possible options:
 - General Obligation Bond for the renovation and refurbishment of the publicly owned facility.
 - Power Purchase Agreement (PPA) to provide additional electric power revenue (\$0.11/kwh vs the current wholesale price of \$0.04/kwh*).
 - Creation of renewable energy credits (RECs, similar to solar and wind RECs*) applicable to publicly owned, non profit, Waste to Energy facilities serving municipalities.

Or, absent this revenue:

Statewide law and/or regulation restricting or taxing export of waste from Connecticut. (Raised market cost for all disposal to \$145/ton).

*(**\$0.77/person/month increased electric bill costs to residents**)

What's next

- MIRA will engage State government and propose alternative revenue options that would allow for the economic viability of the Project, specifically Facility renovation.
 - As this will require legislative action, municipal customer assistance with legislative representatives is welcomed
- Municipal Customers will receive a proposed Statement of Interest, which when executed commits the town to consider participation in the project provided certain terms and prices are guaranteed (expect this shortly).
 - This non binding town promise is necessary to confirm project viability and commence financing.
- Interested towns will receive a draft MSA detailing the specific terms and conditions of the new project for town review and comment (expect this in April-May).
- 3 Year renovation/construction commences in January 2021.
(There will be NO interruption to town disposal services during renovation.)

If the Project does not proceed:

- Presently served MIRA towns enjoy a Municipal Services Agreement (MSA) assuring disposal of their waste at the non-profit cost of service and zero fee recycling.
- MIRA is committed to maintaining service though the agreement term, either at the Hartford trash to energy facility or though waste export.
- **The MIRA municipal customers can be assured of continued uninterrupted service through the expiration of the municipal agreements in 2027.**

Summary

1. The environmentally progressive solid waste system in CT is at its end of life and needs to be renewed or replaced.
2. Alternatives to Waste to Energy are limited to distant landfills that incur environmental costs and reliability concerns.
3. Statutory process for facilities renovation is underway but needs State support (*supplemental revenue*) to be a viable project.
4. Municipalities can participate in this; 30 year, non profit, net cost of service project with the commitment of their waste.
5. Timing for towns' decision is mid 2020. We will be in touch to solicit nonbinding statement of interest.
6. Regardless of your decision, MIRA is committed to serve its contracted municipal customers through 2027.

Thank You

- We will be pleased to address your questions

This presentation is available at the MIRA website
www.CTMIRA.org

October 15, 2019

The Honorable Donald S. Stein, Chairman
Materials Innovations and Recycling Authority
200 Corporate Place
Suite 202
Rocky Hill, CT 06067

Dear Chairman Stein:

I am writing to inform you that the Department of Energy and Environmental Protection (DEEP) has closed the Request for Proposals (RFP) established through Section 22a-268g of the Connecticut General Statutes.

On December 31, 2017, consistent with the requirements of Section 22a-268g, the Department directed the Materials Innovation and Recycling Authority (MIRA) to enter into an agreement with the selected respondent, Sacyr Rooney Recovery Team (SRRT) for the redevelopment of the Connecticut Solid Waste System Project. MIRA and SRRT signed a Memorandum of Understanding in July 2019 in furtherance of the negotiation of a final agreement. Given that DEEP has fulfilled its responsibilities under Section 22a-268g, we recognize that it is MIRA's responsibility to reach an agreement with SRRT that is consistent with the requirements of the statute.

I look forward to hearing about the progress of negotiations.

Sincerely,



Katie S. Dykes
Commissioner

CC: Ann M. Catino, Halloran Sage
Kevin Moore, EFM Integrated Solutions
Brian Kirby, Sacyr