

CSWS TRANSITION COMMITTEE OF THE MIRA DISSOLUTION AUTHORITY

MINUTES OF NOVEMBER 2, 2023 MEETING

ATTACHMENT 1

A Special Meeting of the CSWS Transition Committee of the MIRA Dissolution Authority Board of Directors was held in person and via Zoom on Thursday, November 2, 2023. Present in person or via audio or video conferencing were:

Appointed Directors:

Committee Chairman Carl Fortuna
Joseph DeNicola
Bill Beccaro

Appointed Members:

Frank Dellaripa

Present from MIRA Dissolution Authority (“MDA”):

Mark Daley, President & CFO
Cheryl Kaminsky, Comptroller via Zoom
Roger Guzowski, Supply Chain Manager

Others Present via Zoom:

Ann Catino, Halloran & Sage
Don Stein, First Selectman of Barkhamsted
Elinor Carbone, Mayor of Torrington
Raymond Drew, Torrington Public Works Director
Linda Orr, Torrington Recycling Coordinator
Robert Phillips, Executive Director of the Northwest Hills COG
Todd Arcelaschi, Administrator of RRDD1
Brian Bartram, Manager of the Salisbury/Sharon Transfer Station

The meeting was recorded via Zoom conferencing and is posted on the Authority’s website at <https://www.ctmira.org/mira-dissolution-authority-csws-transition-committee>’.

1. Call to Order, Chair’s Welcome, Roll Call & Confirmation of Quorum, Agenda 1

Chairman Fortuna called the meeting officially to order at 11:02 a.m. and asked Mr. Daley to call the roll. Chairman Fortuna and Director DeNicola were present, which represents a quorum. Member Dellaripa was also present.

2. Request for Public Comment, Agenda Item 2

Chairman Fortuna asked if there was any member of the public who wished to comment. No member of the public requested to comment.

3. Review and approve Minutes of the October 11, 2023 meeting, Agenda Item 3, (Attachment 1)

Chairman Fortuna made a motion to approve the minutes seconded by Director DeNicola. The motion passed unanimously.

4. Additional Discuss Threshold Issues for the Transfer of CSWS Operations - Agenda Item 4, (Attachment 2)

Chairman Fortuna asked Director DeNicola for any update on the DEEP grant process. Director DeNicola provided a brief update including that DEEP wanted to conclude the process in the next couple of weeks. He reiterated that DEEP has an application from the Essex area towns through their Council of Governments (COG) but do not have an application from the Torrington area communities. Director DeNicola stated that DEEP is exploring the possibility of another applicant reaching out to the Torrington area communities for the purpose of adding those towns. He further stated that reopening the grant process is not possible at this stage.

Chairman Fortuna asked whether other regional waste authorities had applied for a grant. Director DeNicola responded that there are nine applicants most of which are COGs and other entities and some of the COGs have existing waste authorities such as the Capitol Region COG. Director DeNicola emphasized that forming waste authorities will be a lengthy process including cost analysis and a legal process of what requirements will be put in place and actions that an authority can take. Director DeNicola said the entire process of forming waste authorities will take at least one year and possibly longer. He does not believe that there will be regional authorities operating next summer that can absorb the Authority's operations.

Chairman Fortuna agreed that forming authorities is not a simple or quick process but there may be existing authorities that can add towns that are currently with the MIRA DA. Director DeNicola responded that the option off adding towns to existing authorities would be a much quicker process.

Director Beccaro joined the meeting via Zoom.

Mr. Stein stated that the Northwest area town officials have had a high level conversation on forming an authority but are really in a quandary on how to proceed since there is no disposal facility in Connecticut that has capacity available for the tons from the Northwest towns.

Mr. Daley recapped the presentation he gave at the meeting held on October 11, 2023 including a review of P.A. 23-170 that requires the Authority to transfer current operations. Mr. Daley explained the annual tons currently received and transferred at the

Essex and Torrington facilities. He also stated that all of the Municipal Services Agreements (MSA's) with the towns and all Authority operating contracts at both the Essex and Torrington transfer station expire on June 30, 2027. Mr. Daley emphasized that transfer of current Authority operations to a new entity does not appear realistic on July 1 of 2024. He said that transferring operations on July 1, 2025 may be possible if standing entities are up and running and all the parties are very focused on important milestones including the next wave of contracts that will have to be assigned or executed. Mr. Daley further stated that management anticipates a holistic transition where the regions would accept assignment of all the current vendor operation and maintenance contracts at the Torrington and Essex transfer stations as well as the municipal service agreements, disposal contracts and the recycling contract through June 30, 2027.

Mr. Bartram commented that he believes that it is crucial to maintain the regional transfer station in Torrington for the benefit of the Northwest towns. Mr. Daley agreed with Mr. Bartram and reiterated the preference for transferring the Authority transfer stations to municipal or regional authorities since a public entity retains the ability to flow control the waste and recycling to the facilities that are under contract.

Mr. Stein repeated his concern that there has been no progress in creating new in-state disposal capacity and stop shipping waste out of state. Mr. Daley agreed with that concern and he would be very surprised that the state will create additional in-state disposal capacity by 2027 when the Authority's current disposal contracts terminate. Mr. Daley said considering that concern, we may want to expand the terms of current disposal contracts beyond 2027 to ensure that capacity is still there all of the waste from the Torrington and Essex areas.

Mr. Stein asked if the Mayor or other officials from Torrington would care to comment. Mr. Drew stated that the City of Torrington's disposal contract has the same expiration date as the MIRA contracts on July 1, 2027. Mr. Drew said that the City would like to engage in the discussion of forming a regional authority. Mr. Arcelaschi commented that he is not sure that the smaller communities would have the financial interest in being part of a regional authority without the City of Torrington's involvement with their waste and recycling tons committed to a regional authority.

Chairman Fortuna asked if it made any sense to convene a meeting with the nine applicants. He questioned the sense of breaking up into a number of regional authorities since employing an executive director and assembling all the legal documents is tremendously expensive. Chairman Fortuna stated that is where MIRA has been so beneficial to the towns it serves. He agreed with Mr. Stein that the big issue is the need for more in-state capacity but it would take 10 years before a new facility could be up and running.

Director DeNicola stated that DEEP has pursued grouping the grant applicants and talking with them but have run into some obstacles. With regard to Mr. Stein's broader point on the need for more in-state capacity, Director DeNicola stated that one of the rationales for forming waste authorities is it's an important step to aggregate flow-controlled waste as the basis for new capacity.

Mr. Daley then reviewed all of the key operating and disposal contracts associated with the transfer stations and the options for termination or assignment with the consent of all parties. He also discussed means of conveyance of the transfer stations and key exposures in restructuring including early termination payments. Mr. Daley said that the optimum form of transferring the operations is for all of the operating and disposal contractual obligations to be assigned to the new entity at a cost that is less than what the Authority would otherwise provide as a subsidy to the annual tipping fee.

Next Steps - Agenda Item 5

Chairman Fortuna said that the most important next step is the DEEP grant. He questioned how the committee moves forward without the conclusion of the grant process. Mr. Daley agreed that the major next steps are the grant process and the specific entity being identified for the transfer of Authority operations.

Chairman Fortuna pointed that the Municipal Service Agreements are amended MSA's and reflect the result of new RFP's and ultimately operating and disposal contracts at a higher tip fee after a number of towns chose to leave MIRA for other disposal options. He reiterated that the towns in the Essex and Torrington areas were not able to get similar pricing that the Hartford areas towns that left MIRA received. Chairman Fortuna explained that those amended MSA's that the towns that remained with MIRA had signed, including tip fee stabilization subsidies, need to be honored.

Mr. Daley stated that the Finance Committee met yesterday and reviewed relevant state statutes that go back to CRRA and remained in place with MIRA and MIRA Dissolution Authority. He summarized those statutes that he said essentially require MIRA to partly use reserves or surplus revenues to reduce the cost of services for the municipal users or redistribute surplus revenues to the users. Mr. Daley explained that in one sense surplus revenues could be used to reduce the tip fee or used by simply cutting checks to towns. Mr. Daley stated that the Authority has not been doing the latter and Chairman Fortuna pointed out that the current towns are not interested in receiving checks but do want the tip fee subsidy to be honored. Mr. Daley concluded that he believes that Public Act 23-170 affirmed the use of tip fee subsidy as opposed to cutting checks to towns.

Mr. Bartram asked if any of those statutes still apply to the MIRA Dissolution Authority and will DAS be required to assume all of the Authority contractual obligations when they take over.

Mr. Daley responded that the underlying statutes remain and language was added that surplus revenues need to be used in support of Authority facilities. He said since the Authority's underlying statutes are repealed when DAS takes over, it remains a question as to what statutes will govern if the transfer of Authority facilities and contracts have not been completed at the time DAS assumes all Authority responsibilities.

Mr. Daley further commented on the misalignment of dates in PA 23-170 regarding the repeal of Authority statutes and when DAS takes over. Mr. Daley pointed out that the Act will need to be modified to align those dates.

Attorney Catino stated that existing statutes provide that the State of Connecticut has to honor all contracts that remain in effect upon the date of dissolution.

Chairman Fortuna stated that he would confer with Mr. Daley and Directors DeNicola and Beccaro regarding next steps and agenda items for the next meeting.

Director DeNicola commented that the Finance Committee requested what the amount would be for utilizing reserves for tip fee stabilization through 2027. He observed that to assess the use of remaining reserves one has to consider that there is a large element of administrative cost that are incorporated in the use of the reserves in providing services to the municipalities under current contracts. Director DeNicola emphasized the need to identify what the real savings would be if the current contracts were assigned back to the towns as essential to understanding the economic tradeoff in making those decisions. He further stated that the roles of this committee and the Finance Committee have a lot of overlap and he recommended CSWS Transition Committee members listen into the Finance Committee meetings.

There being no further discussion, Chairman Fortuna adjourned the meeting at 1:04 PM.