



Connecticut DEEP Resource Rediscovery RFP

Public Meeting Presentation

September 28, 2017

Covanta Has Been A Long-Standing Member of Numerous Communities in the State of Connecticut



Covanta Connecticut by the Numbers

30	Towns under contract today
30+	Years of experience
70	# of employees
550,000	Tons of materials managed annually
15,000	Tons of metals recycled annually
3	Materials management facilities owned and operated (all OSHA VPP)



Covanta's Partnership with Mystic Aquarium



Educational tour of Covanta Preston



COVANTA
Powering Today. Protecting Tomorrow.



Prescription Drug Drop Box (Bristol Police Dept.)



Boys and Girls Club of Bristol STEM

Covanta's Proposal Provides a Viable Long Term Solution for the Connecticut Solid Waste System

Key Elements

1. Decentralize materials management

- Maintain existing MIRA owned transfer stations (Essex, Torrington, Watertown)
- Convert the Hartford MRF into a transfer station and close the Mid-Conn RRF

2. Recover organics to increase diversion rates

- Two options: Curbside SSO as the base case; mixed-MSW MRF as an alternative
- Continue existing practice to source segregate recyclables

3. Minimal risks in execution

- Covanta is a proven operator in the State
- Minor permitting requirements; no financing contingency

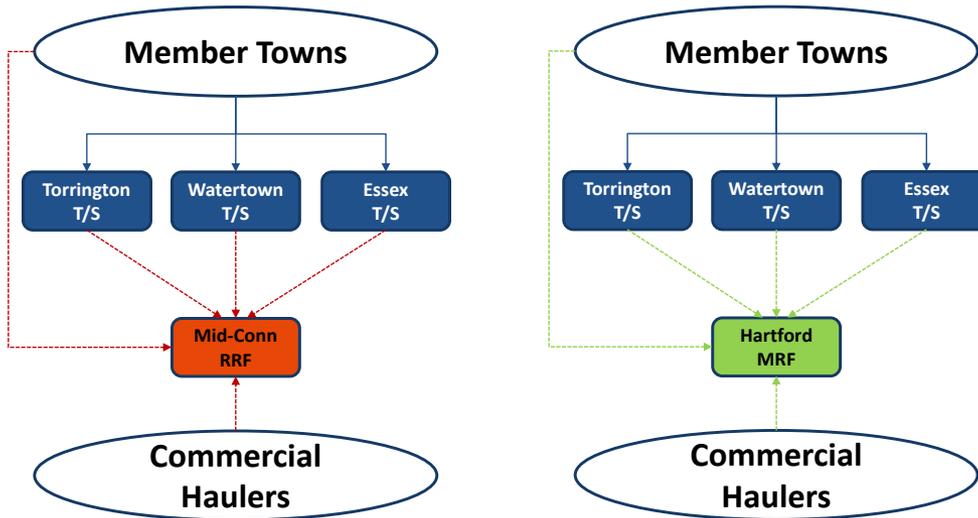
4. Provide long-term certainty

- 30 year commitment
- Flexibility to respond to changes in MSW volumes

If Selected, Covanta Would be Ready to Perform Under Contract as Early as July 1, 2019

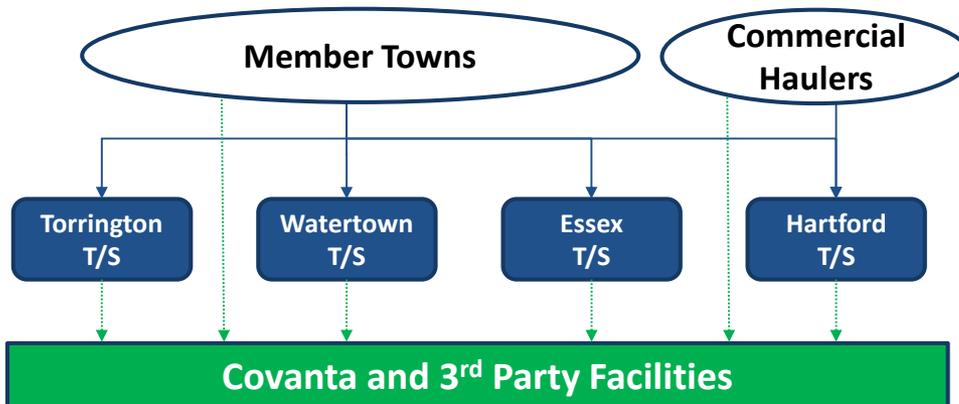
Overview of Covanta's Decentralized Approach

Materials Flow: Today



- **Member towns and haulers can go direct to save on transfer costs**
 - Decision will vary by town / hauler
- **Not reliant on a single facility for materials management**
 - Reduces risk of systemic disruptions in the event of an outage
 - Significantly reduces daily truck traffic going into the City of Hartford by 40 to 50% from ~300 today

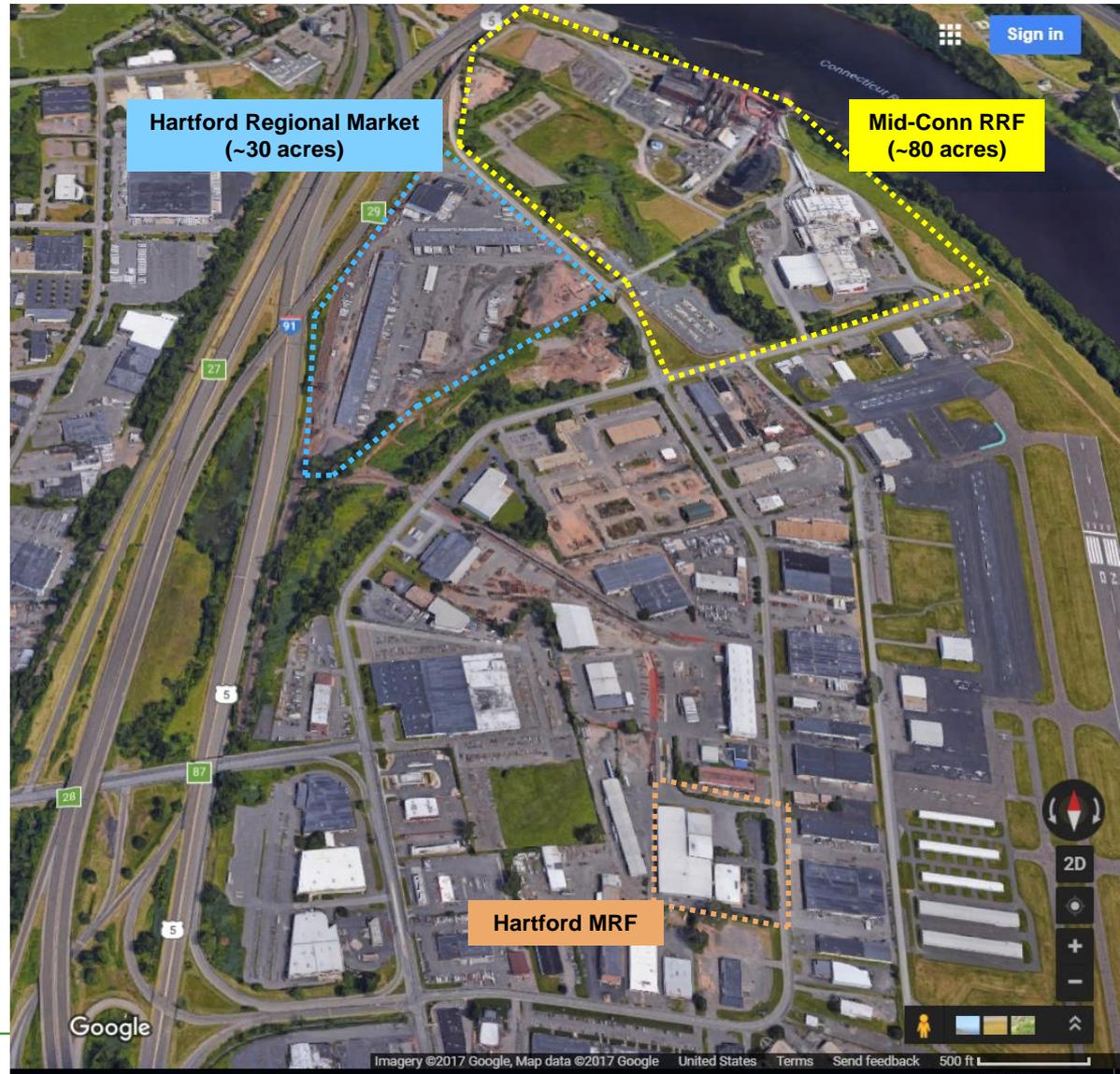
Materials Flow: Covanta's Proposal



- **"A la carte" pricing**
 - Reflects local market conditions at each transfer station
 - Recycling and disposal services can be procured separately

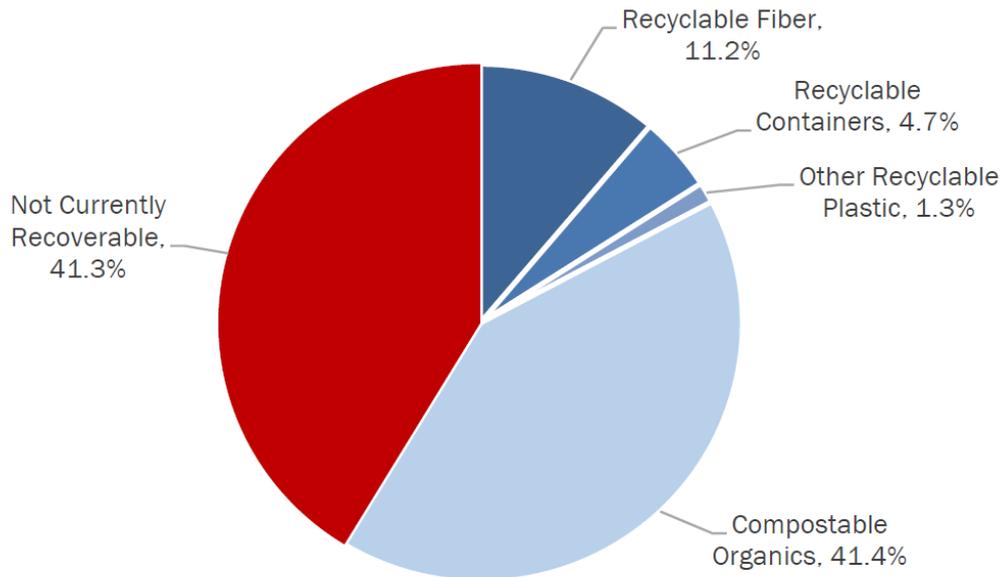
Closing the Mid-Conn RRF Paves the Way to Redevelop Hartford's Riverfront

- **Opportunity to revamp the City of Hartford's tax base**
- **Local and state resources can be reallocated to other projects/programs**
 - Accelerate development of Hartford waterfront
 - Support development of new waste diversion facilities in the State
 - Public education campaigns to improve diversion
- **Potential synergies when combined with Hartford Regional Market site**
 - 110+ acre site if combined
 - Rail access, and proximity to major freeways and regional airport



Recovering Organics is Key to Realizing a Step Change Improvement in Diversion

Recoverability of Disposed Waste in Existing Program



Source: 2015 Statewide Waste Characterization Study (CT-DEEP)

According to the 2015 study:

- *Many of the recyclable and compostable organic items would never be recovered or diverted because of contamination ... no processing line could economically separate and recover the item*
- *While the presence of compostable organics in disposed waste will entice many to push for aggressive diversion ... food waste and low grade papers may be more difficult to separate and recover... Mechanical and optical sorting capabilities are not able to achieve the level of accuracy of the manual sorting that occurred in the study.*

~75% of the disposed waste consists of compostable organics; diverting this material will bring the State towards its 60% diversion goal by 2024

Covanta Offers Two Options to Recover Organics

	Recovery by SSO	Recovery by Mixed-MSW MRF
Time to Implementation	<ul style="list-style-type: none"> • Short cycle • Requires agreement and coordination between town, hauler, and receiving facility • Typically constrained by funds to acquire wheeled carts, and open capacity at AD/composting facility 	<ul style="list-style-type: none"> • Long cycle • Requires solid waste permit (and potentially financing), in addition to 12 to 18 months of facility construction • Organics off-takers will also need to modify their permits
Effectiveness in Recovering Organics from MSW	<ul style="list-style-type: none"> • Generator dependent • Education and outreach required to maximize effectiveness • CT residents have shown strong discipline on minimizing residues in curbside recyclables 	<ul style="list-style-type: none"> • Equipment and operator dependent • Dependent on design and operations of the facility
Acceptability of Recovered Organics	<ul style="list-style-type: none"> • <u>Readily acceptable</u> by AD and composting facilities as SSO <u>without permit modifications</u> 	<ul style="list-style-type: none"> • AD and composting <u>facilities will need to modify their permits</u> to accept organics
Other	<ul style="list-style-type: none"> • Covanta to subsidize implementation cost • Encourages commercial generators to segregate organics; opportunity for haulers to add routes • Covanta currently running a pilot program with West Hartford • Teaming partners on off-take: Quantum Biopower and Anaergia 	<ul style="list-style-type: none"> • Higher cost to member towns and haulers • Could radically change how materials are managed and challenge the practice of source segregation • Teaming partners on equipment: Van Dyk and Anaergia

Covanta Will Contract Directly With Member Towns and Haulers

- **Covanta experienced working with towns and haulers throughout the State**
 - 30 towns in Connecticut are currently under contract
 - Long-standing relationship with commercial haulers of all sizes
 - Existing relationships with owners/operators of recycling and diversion facilities
- **Covanta has local, regional, and corporate resources to facilitate a seamless transition of services**
 - Covanta will leverage its back-office functions to reduce administrative costs that would otherwise be passed through to member towns and haulers
 - Covanta is experienced working with government agencies and community groups in the State
 - Limited permitting required; no financing contingency; minimal technology risk
- **Track record of executing long-term contracts with municipalities**
 - Single municipality: New York City and Boston
 - Multiple municipalities: Bristol communities, SCRRA

Status Quo for Connecticut Solid Waste System Not Viable

- **Mid-Conn RRF has provided the State with a central MSW disposal solution for the past 60+ years**
 - Covanta is very familiar with the RRF → operated the power block facility (until 2012)
 - As facility continues to age, it is becoming more costly to operate and maintain
- **According to MIRA, the actual (i.e., unsubsidized) Cost of Service has increased from ~\$50/ton in FY 2015 to ~\$101/ton (budgeted) for FY 2018**
 - Costs of service rising primarily due to: declining energy revenues and rising maintenance costs
 - Member towns pay ~\$70/ton after a ~\$30/ton subsidy
- **Mid-Conn RRF is in the midst of a multi-year \$50M capital plan**
 - Another \$15M will be required in FY19, unless its deferred
 - Capital plan does not go towards extending the life of the facility

The State Cannot Continue to Rely on the RRF as Its Long-Term Viability is Uncertain

Thank You