



Connecticut Department of

**ENERGY &
ENVIRONMENTAL
PROTECTION**

Robert J. Klee, Commissioner

December 31, 2017

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 pleased to inform you that the Department of Energy and Environmental Protection (DEEP) has completed its review of Resource Rediscovery RFP submissions and has selected the Sacyr Rooney Recovery Team as the preferred proposer for the Connecticut Solid Waste System Project (CSWSP). In accordance with CGS 22a-268g, DEEP will direct the Materials Innovation and Recycling Authority (MIRA) to enter into an agreement with the Sacyr Rooney Recovery Team to develop a project consistent with the goals of the statute and the requirements of the Resource Rediscovery RFP.

The Sacyr Rooney Recovery Team is well-qualified to execute the project in partnership with MIRA. Sacyr brings experience in more than 20 countries, including the development, financing, and management of domestic and international waste facilities. Their partner Rooney Holdings, and its subsidiary Manhattan Construction Group, has extensive experience financing and building large-scale infrastructure projects.

The Sacyr Rooney concept has the potential to provide significant environmental and economic benefits to the State, as well as significant improvements in host community impacts compared with the present state.

The environmental benefits include the recovery of over 40 percent of incoming Municipal Solid Waste for beneficial uses by employing enhanced recycling, anaerobic digestion, and composting technologies. The remaining material will be combusted for the production of electricity in a refurbished power system. Taking into account expected diversion and the reduced throughput, the concept would reduce by approximately one-half the amount of waste currently combusted at the facility. The concept also helps maintain in-state waste management capacity rather than significantly increasing reliance on out-of-state landfilling, which is consistent with the state's statutory waste management hierarchy as well as the 2016 Comprehensive Materials Management Strategy (CMMS).

The economic benefits include the potential to stabilize tipping fees throughout the regional waste system, reigning in costs for residents and businesses. The Sacyr Rooney concept is projected to provide tipping fees that are lower than current MIRA contracted rates for many customers. Other benefits include the transformation of waste into valuable commodities, and the creation of new jobs.

For the City of Hartford, the Sacyr Rooney concept holds the potential for a higher host benefit payment, local hiring and purchasing, job training programs, a new education center, aesthetic improvements to the facility and site, remediation of existing contamination at a portion of the site, and increased public access to the riverfront. Upgrades to the power system and the significant reduction in combustion at the site will also reduce the potential for environmental and human health impacts for residents of Hartford and surrounding towns.

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We appreciate MIRA's consistent and invaluable role in consultation with our RFP review committee, and we are cognizant that though DEEP is selecting a project partner, the ultimate success of the project will hinge on the formation of a strong and enduring contractual relationship between MIRA and the developer. With that in mind, we intend to maximize the opportunity for MIRA to negotiate the best agreement possible for its towns, while establishing some checkpoints in the process to help ensure an outcome that is consistent with the legislation and the RFP. DEEP reserves the right to intervene in negotiations and utilize its statutory authority to direct an agreement, however our preference is that the parties will proceed to a mutually satisfactory agreement with as little intervention from DEEP as possible. It is also important to note that DEEP's participation in this process does not guarantee the issuance of all necessary environmental approvals – permit applications will be evaluated and permits will be issued through the customary processes.

As a first step, MIRA will enter into discussions with Sacyr Rooney to agree on a Term Sheet outlining the key issues to be addressed in the Comprehensive Development Agreement, and how the parties will work together to secure waste commitments over the next few months. It is anticipated that this Term Sheet will be used as the basis for such waste commitments. It is expected that the Term Sheet will be largely consistent with the contract terms provided in the RFP, although the parties may negotiate changes necessary to facilitate the project. Concurrently, Sacyr Rooney, in consultation with MIRA, will enter into discussions with the Mayor of the City of Hartford to establish a framework for a host benefit agreement (the terms of a final host benefit agreement will subsequently be included in the Comprehensive Development Agreement). Agreement on the Term Sheet should be achieved no later than March 1, 2018. Once agreement is reached on a Term Sheet, MIRA and Sacyr Rooney will negotiate a Comprehensive Development Agreement. This Comprehensive Agreement should be reached no later than August 31, 2018.

All parties will update DEEP regularly as to the progress of the negotiations. DEEP will work with the parties to assist in resolving any issues that may arise during negotiations. If MIRA and Sacyr Rooney are unable to reach agreement on the Term Sheet or the final Comprehensive Development Agreement by the dates specified above, DEEP may (a) provide additional time for further negotiations between the parties, (b) resolve any outstanding issues and direct MIRA to enter into any agreements necessary to execute the project, (c) terminate negotiations and invite Mustang Renewable Power Ventures¹ to refresh their proposal and initiate negotiations with MIRA, or (d) take other action necessary to comply with the statute.

In addition to transforming the CSWSP, this project will likely bring about changes to MIRA itself. DEEP requests that the Board work towards a clarification of organizational roles and structure to accommodate the envisioned public-private approach.

I would like to extend my sincere thanks to you and the MIRA Board, as well as acknowledge the dedication of MIRA management and staff throughout this process. I am optimistic that this process will result in a new and exciting chapter for Connecticut's materials management system.

DEEP staff will contact you in the coming days to coordinate a meeting to discuss next steps.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Klee", written over a light blue horizontal line.

Robert Klee
Commissioner

¹ DEEP has requested that Mustang Renewable Power Ventures, which the selection committee has determined is also well-qualified to develop a project that meets the RFP objectives, keep open their proposal during negotiations of a Term Sheet and a Comprehensive Development Agreement to provide an option in the event that negotiations between MIRA and Sacyr Rooney do not progress to DEEP's satisfaction.