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Colonie Town Board Approves Operating Agreement Waste Connections, Inc. Named to Manage Landfill

Newtonville, N.Y. – The Colonie Town Board on July 28, 2011 voted to approve a landfill operating agreement that guarantees more than \$85 million to Town coffers and has the potential to generate more than \$100 million over 25 years.

The Town will continue to own the landfill, and the company will operate it.

When the contract with Waste Connections, Inc. is signed, the Town will receive a \$23 million upfront payment and guaranteed payments each year for the term of the contract.

According to Town Supervisor Paula A. Mahan, the Town's first priority will be to eliminate the landfill deficit and the general fund deficit.

"This agreement is a great opportunity for the Town. I am proud that in spite of challenging economic times, we have found a solution that will return the Town to firm economic footing," Mahan said.

The agreement caps annual curbside rate increases for Town residents who are customers of Waste Connections and for residents of the Village of Colonie and the Village of Menands. It also maintains current gate operations and other existing services for Town residents.

Waste Connections, Inc. was selected by the Town as the preferred proposer to operate the landfill following an extensive RFP process which began in June 2010.

"Waste Connections along with our employees working in the Capital Region look forward to a great partnership with the Town of Colonie," said Ron Mittelstaedt, Chairman and CEO of the company. "This agreement benefits the Town and their residents both short and long term not only financially, but by allowing Waste Connections to work within the Town and Villages as community partners," Mittelstaedt said.

"Our company philosophy has always been to support and enhance the communities we work in with both financial support and our own employees' commitments. And in an environmentally

responsible manner. We have committed to the Town to bring this relationship to the community through this agreement,” said Mittelstaedt.

Under terms of the agreement, Waste Connections will also make guaranteed annual payments to the Town of \$2.3 million annually for the first five years and \$1.1 million annually for the remainder of the contract.

In addition, the Town will continue to receive the revenue generated by its waste to energy operation. That revenue is valued at \$17.5 million over 25 years.

The agreement also stipulates that Waste Connections, Inc. will assume the more than \$20 million of landfill Closure and Post-Closure liability that looms on the horizon for Colonie taxpayers. Closure and Post-Closure costs are mandated by New York State as areas of the landfill are closed.

Waste Connections will also pay for all landfill capital improvements under the agreement.

“This agreement also allows us to reap the benefits of renewed capital investment, which the Town simply cannot afford. But capital investment is necessary to keep the landfill profitable in an increasingly competitive waste management environment,” Mahan said.

It has become increasingly difficult for landfills to remain profitable. Colonie’s landfill is permitted to take in 170,500 tons of Municipal Solid Waste per year (MSW), but in recent years volumes have dropped as low as 133,000 tons. In 2010 the landfill’s MSW total was 143,500 tons.

The Town could also realize a lump sum payment of between \$2 million and \$10.8 million and royalty payments of \$6.00 per ton over current volume limits in the event landfill operations are expanded at some point in the future.

The agreement also contains provisions to protect the Town going forward. “I am confident that Waste Connections will be an excellent partner in operating our landfill. However, Colonie taxpayers should know that the interests of the Town are safeguarded by the agreement,” Mahan said.

Approval of the agreement by the Town Board culminated a process which began in June 2010, when it voted to establish a Landfill Exploratory Committee. The Board’s charges to the committee were to recommend the best options for eliminating long-term taxpayer liability and providing relief from landfill obligations in addition to looking at reasonable options for extending the landfill’s useful life.

By April, six providers submitted proposals as a result of the RFP process. Subsequently, the Town interviewed all preliminary respondents and completed preliminary negotiations, finally identifying Waste Connections, Inc. as the preferred proposer.

Among options the Landfill Exploratory Committee analyzed were maintaining the current operating model, selling the landfill, imposing flow control, and partnering with a professional operating firm.