



Board of Directors • Meeting Minutes

DATE: February 19, 2016

TIME: 7:30 a.m.

Attendance

BOARD OF DIRECTORS: Dzurik, Gordon, Hammel, Musser, Ulrich, and Weibel.

STAFF: Warner, Adams, Clabaugh, Kohr, Marsh, Mauck, McGuire, Olson, Pruden, Sandoe, Saylor, Vollmer, Wireback, and Zorbaugh.

ALSO PRESENT: Solicitor Alex Henderson and Associate Brandon Harter with Nikolaus & Hohenadel LLP, Jim Klecko with Covanta, and citizens as listed on the attached sign-in sheet.

BOARD OF DIRECTORS ABSENT: Brubaker, Deerin, and Houck.

Opening

Chairperson Ulrich requested a moment of silence followed by the pledge to the flag.

Approval of Minutes

Chairperson Ulrich asked for any additions or corrections to the meeting minutes. Being none, a motion was requested to approve the Minutes of December 18, 2015 as distributed.

Motion: J. Musser

Seconded: B. Hammel

Adopted: Unanimously

Public Comment

There was no public comment.

Staff Highlight

Cathy Clabaugh, Accounting Supervisor, discussed her role at LCSWMA.

Chief Executive Officer

Mr. Warner reported on the following:

- Explained the new Board of Directors meeting format and the materials presented.
- US Supreme Court – EPA Clean Power Plan: implementation of the Plan has been halted, based on opposition. Impact to LCSWMA will not be huge, but will mostly effect the fossil fuel industry.
- Overall business climate update: strongest start for the first six weeks of the year, and strongest in all business areas including budget and tons. Poor electric sales will put a drag on budget throughout the year.
- There will be an Executive Session for Litigation regarding Frey Farm Vertical Expansion.

Action Items

1. GRANT AWARD TO LANCASTER CHAMBER OF COMMERCE & INDUSTRY

Chairperson Ulrich asked for a motion to award a \$100,000 grant towards the Lancaster Chamber of Commerce & Industry relocation project.

Motion: R. E. Gordon**Seconded:** S. Dzurik**Adopted:** Unanimously**Chief Operating Officer**

Mr. Zorbaugh reported on the following:

- Provided a wrap up of 2015:
 - Total System Tons (includes internal ash to Frey Farm Landfill): 1,107,922 tons
 - Total System Inbound Transactions: 206,615 transactions
 - Lancaster WTE Tons of Waste Processed: 403,420 tons
 - Lancaster WTE Megawatt Hours Produced: 221,580 MW/h
 - Lancaster WTE Kilowatt Hour Per Ton: 550 kW/h
 - SRMC Tons of Waste Processed: 283,752 tons
 - SRMC WTE Megawatt Hours Produced: 115,534 MW/h
 - SRMC Kilowatt Hour Per Ton: 407.6 kW/h
 - Frey Farm Landfill Total Inbound Tons: 405,339 tons

FACILITIES

- All facilities operated well in January and remained very busy with waste tons. Impact of winter storm on facility operations resulted in all facilities closed on Saturday, January 23rd. Significant facility staff time was spent on snow clearing operations after a record 26" snow fall event. Provided over 20 hours of snow removal assistance to Manor Township Public Works during the storm.
- Covanta Lancaster completed a scheduled 10 day maintenance outage on Unit #1. The outage extended 109 hours beyond schedule as the snow event caused a few delays.
- The SRMC experienced significant unscheduled downtime for the month totaling 120 hours as a result of a tube leak and multiple equipment failures.

CAPITAL PROJECTS

- Staff continued to work closely with ARM Group to develop construction drawings for the Frey Farm Landfill Vertical Expansion project.
- Working closely with Covanta on ash handling/management system modifications at both WTE and SRMC facilities.
- Prepared bid document for the Frey Farm Landfill Truck Scale Replacement Project using PennBid, an electronic document and bid management program.

ENVIRONMENTAL COMPLIANCE

- DEP conducted facility inspections at WTE, SRMC and the Frey Farm Landfill with all facilities found to be in compliance with regulatory requirements and facility permits.
- An external audit of LCSWMA's Environmental Management System for ISO 14001 certification was completed. The audit found outstanding compliance with the ISO standard and the auditor was very complimentary of the operation and appearance of the facilities.

Action Items

1. FINAL CONTRACT CHANGE ORDERS FOR THE ADMINISTRATION BUILDING LUNCHROOM CONSTRUCTION PROJECT

Chairperson Ulrich asked for a motion to award the Final Contract Change Orders, summarized in three contracts for a difference in contract actual cost of \$3,651.97 (+2.4% increase).

Motion: J. Musser **Seconded:** K. Weibel **Adopted:** Unanimously

2. PURCHASE OF AN ALL-TERRAIN VEHICLE

Chairperson Ulrich asked for a motion to approve the purchase of a John Deere Gator 855D from Deer Country Farm & Lawn, Inc. through the PA COSTARS contract for the purchase price of \$19,854.53.

Motion: S. Dzurik **Seconded:** B. Hammel **Adopted:** Unanimously

3. PURCHASE OF TWO (2) COMMERCIAL FRONT DECK MOWERS

Chairperson Ulrich asked for a motion to approve the purchase of two (2) commercial mowers to Deer Country Farm & Lawn, Inc. for the purchase price of \$66,588.73.

Motion: K. Weibel **Seconded:** B. Hammel **Adopted:** Unanimously

Chief Financial Officer

Mr. Pruden reported on the following:

- Summarized 2015 Year-End:
 - System Tipping Fee Revenue – 2015 Actual was \$59.5M
 - System Energy Revenue – 2015 Actual \$18.4M
 - System Expenses – 2015 Actual was \$60.4M
 - 2015 CAPEX – 2015 Actual CAPEX Spend \$11.3M and 2015 CAPEX Budget \$9.3M
 - Unrestricted Reserves - \$33.7M
- Summarized January 2016:
 - System Tipping Revenue – 2016 Actual \$4,328,628 k
 - System Energy Revenue – 2016 Actual \$1,440,340 k
 - Other Revenue – 2016 Actual \$162,241.0 k
 - System Operating Expenses – 2016 Actual \$4,967,465 k
- The net surplus for January exceeded budget. In spite of adverse weather conditions during the month, tonnage was up significantly relative to both the budget and prior year. Refuse tonnage exceeded budget, better than expected volumes in spite of challenges encountered with adverse weather late in the month of January.

- C/D tonnage exceeded budget by 58% helped by various demolition projects.
- Residual waste stream business continues to be strong as tonnage and revenue exceeded budget.
- Electric revenue was short of budget by 7.3%.

Action Items

1. SUMMARY OF DISBURSEMENTS

Chairperson Ulrich asked for a motion to approve the disbursements for December 2015 and January 2016 totaling \$13,052,491.

Motion: J. Musser

Seconded: B. Hammel

Adopted: Unanimously

Chief Business Development Officer

Mr. Adams reported on the following:

ASH PROCESSING:

- Provided update on the ash processing project, including: an overview of the project, selection of Inashco as project partner, reviewing the business case, decision to locate at the former Frey Dairy Farm property, next steps, and potential timeline. Staff anticipates presenting the project to the Board for their approval in April 2016.

Action Items

1. BIODGRADABLE YARD WASTE BAGS

Chairperson Ulrich asked for a motion to approve entering into a contract with Dano Enterprises, Inc. for the purchase of 494,000 Kraft bags at a total cost of \$158,208.00.

Motion: K. Weibel

Seconded: R. E. Gordon

Adopted: Unanimously

Director of Business Solutions

Ms. Marsh reported on the following:

- Overview of LCSWMA's Energy Program – electric sales and wholesale market regulations, Renewable Energy Credits (RECs), capacity, large utility contracts (natural gas), and CNG retail. Represents \$17.5M or 22% of LCSWMA revenue.
- January 31, 2016 was the expiration of long-term Power Purchase Agreement with MetEd; Lancaster WTE became 100% market based electric sales into PJM. Transition went very smoothly.
- PJM Wholesale Electric Pricing (\$/MWh) – month of February significantly below expectations and is expected to result in a budget shortfall of over \$1M by month end.
- Impacts on Wholesale Market – February 2016 warmer than average temperatures and low natural gas prices. Gas powered generation is up 16% YTD vs. 2015 in PJM grid.

Deputy Chief of Human Resources

Ms. Wireback reported on the following:

- Organizational Planning Update – May 2015, initiated work with Hay Group and December 2015, completed first phase of organizational design with formation of new Executive Team.
- Innovation Planning – provided overview of the work done by the Executive Team to establish an Innovation Committee to develop, review, plan and execute new sources for value creation.

Citizens Advisory Committee

Tentative meeting dates set for April and November 2016.

Adjournment

Chairperson Ulrich asked for a motion to adjourn the meeting at 10:10 a.m.

Motion: J. Musser

Seconded: R. E. Gordon

Adopted: Unanimously

APPROVED BY THE BOARD OF DIRECTORS OF THE LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY THIS 22nd DAY OF APRIL, 2016.



John K. Musser, Secretary