

Board of Directors • Meeting Minutes

DATE: April 21, 2017

TIME: 7:30 a.m.

Attendance

BOARD OF DIRECTORS: Brubaker, Deerin, Dzurik, Gordon, Houck, Musser, Rettew, Ulrich, and Weibel.

STAFF: Adams, Baker, Clabaugh, Fetterolf, Graham Sr., Henderson (Legal Counsel), Lane, Marsh, Morrison, Olson, Ortega, Paton, Roberts, Sandoe, Warner, Wireback, and Zorbaugh.

ALSO PRESENT: Carol Roland with Trout Ebersole and Groff, Jim Klecko with Covanta, and citizens as listed on the attached sign-in sheet.

Opening

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

Approval of Minutes

Chairperson Dzurik asked for any additions or corrections to the meeting minutes. Being none, a motion was requested to approve the Minutes of February 17, 2017 as distributed.

Motion: M. Brubaker

Seconded: L. Houck

Adopted: Unanimously

Public Comment

There was no public comment.

Presentation

Ms. Carol Roland, from Trout Ebersole and Groff, reviewed the Audited Financial Statements for the Year Ended December 31, 2016.

Action Items

1. ACCEPTANCE OF AUDITED 2016 FINANCIAL STATEMENTS

Chairperson Dzurik asked for a motion to accept the Audited Financial Statements for the Year Ended December 31, 2016 as presented.

Motion: M. Brubaker

Seconded: K. Weibel

Adopted: Unanimously

Staff Highlight

Bill Graham Sr., SRMC Assistant Manager, discussed his role at LCSWMA.

Chief Executive Officer

Mr. Warner reported on the following:

- Business is off to a very strong start for the year. Tipping and electric were a little unusual for March, however, April is trending well.
- Very good progress is being made on all major projects.
- Slideshow of photos from International Solid Waste Association's Energy Recovery Working Group meeting were presented, where Mr. Warner toured a new waste to energy facility in Copenhagen, Denmark.

Chief Financial Officer

Mr. Lane reported on the following:

- LCSWMA's March performance was favorable, exceeding budget by \$394k, while absorbing the impact of a winter storm event that closed operations on March 14th. Storm impact was the primary driver in tipping revenues falling short of plan for the month. Reversing a pattern of higher tip fee volumes offsetting lower energy values, March energy revenues exceeded budget by \$182k.
- March expenses finished 6% lower than budgeted, with more than half of the favorability stemming from the change in accounting for payroll expenses.
- Through Q1, LCSWMA's actual capital expenditures totaled \$3.6M, which is \$300k behind 2017's Q1 Capital Spending Plan. To date, capital expenditures were financed through operating cash flows. LCSWMA expects to utilize Capital Reserve Funds in Q2 as capital expenditures will exceed operating cash flows.

Action Items

2. BOARD ACTION NO. 2: SUMMARY OF DISBURSEMENTS

Chairperson Dzurik asked for a motion to approve the disbursements for February 2017, totaling \$8,227,041.41 and March 2017, totaling \$8,200,426.30

Motion: R.E. Gordon

Seconded: J. Deerin

Adopted: Unanimously

Chief Operating Officer

Mr. Zorbaugh reported on the following:

- All facilities were impacted in March by a significant snow event. LCSWMA closed all facilities on March 14th, in the interest of employee and customer safety and in consultation with the waste hauling community who cancelled collections that same day.
- Plant performance at the SRMC was in-line with historic averages, with boiler availability of 83.8%. The first quarter of this year realized average boiler availability of 90%, which is a very strong number, and 4% ahead of the first quarter of 2016.
- Plant boiler availability at the Lancaster Waste-to-Energy Facility was outstanding at 99.2% for the month, as well as YTD at 98.4%. This figure exceeded 2016 first quarter performance by 6%.

Beginning April 4th - April 7th, the plant was in a scheduled black plant condition. The event allowed for modifications to the steam lines to accommodate the future tie-in with the Perdue Facility later this year. While the plant was shut down, Covanta also completed maintenance work within the switchyard and made upgrades to the plant computer control system.

- The Frey Farm Landfill Cell 6 capping project began in March, and Kinsley screened soil, stripped vegetation, installed gas collection, and placed the soil veneer layer.
- The ash handling conveyor modification project at the Lancaster Waste-to-Energy Facility progressed well, with mechanical tie-in completed during the April 4th-7th black plant event. Testing of the installed equipment occurred the week of April 10th, with the intent to switch over to the new conveyor configuration in late April.
- Modifications to the SRMC ash handling system began with preliminary work on creating a new access point in the ash handling building for loading out ash and metal during later phases of project construction.
- Progress continues with the SRMC cooling tower, as all tower infrastructure installation was completed, along with setting the pumps and installing the water circulation line. Electrical/mechanical and fire suppression components are being installed with the tie-in to the main plant scheduled to take place during the April 30th-May 22nd turbine outage.

Action Items

1. BOARD ACTION NO. 4: PURCHASE OF AN OVERHEAD DOOR

Chairperson Dzurik asked for a motion to approve the purchase of an overhead door for the purchase price of \$24,155.00.

Motion: M. Brubaker

Seconded: K. Weibel

Adopted: Unanimously

Chief Business Development Officer

Mr. Adams reported on the following:

- Contract refuse is up significantly, which grew 2.5% over Q1 2016. The change in contract refuse year over year is important as this waste accounts for \$42 million, or 53% of LCSWMA's annual revenue.
- Provided an overview of the TSC Solar project, which was installed in 2012. Additionally, an update was provided on the partnership with MP2, which currently owns the project. Due to deficient payments from MP2 for Q4 2016 and Q1 2017, LCSWMA plans to terminate the agreement and assume ownership of the project. LCSWMA will save about \$50k/year in electric costs through the project.

Director of Business Solutions

Ms. Marsh reported on the following:

- Regarding the integration of the Lancaster Waste-to-Energy Facility with the Perdue Soybean Processing Plant, Covanta received final bids and is currently vetting those. LCSWMA anticipates a final proposal from Covanta within the next week.
- LCSWMA hosted a CNG workshop at the TSC on March 29th. The workshop was held in partnership with the Eastern Pennsylvania Alliance for Clean Transportation (EP-ACT), which is an organization sponsored by the Department of Energy to promote the use of alternative fuel throughout eastern Pennsylvania.

Deputy Chief of Human Resources

Ms. Wireback reported on the following:

- LCSWMA began its wellness initiative 10 years ago and in 2011 a committee was formed. The program seeks to establish and deliver result-oriented wellness and safety programs designed to motivate and inspire a culture of healthy lifestyles for our employees and their families.
- The 2017 initiative is led by Lindsay McGuire, Kevin Weaver, and a team of champions. The first quarter participation was a record high of 76% (81 employees). Q1 results showed increased education (27% wellness score increase; 31% safety score increase), with the areas of highest impact/improvement in driving tips and the benefits of gratitude.

Deputy Chief of Community Relations

Ms. Sandoe reported on the following:

- Introduced Lynne Morrison as the new Community Impact Manager at LCSWMA.
- Introduced Barb Baker to review 2016 Recycling Program performance and HHW Facility performance.
- In Lancaster County, there are 44 curbside programs and 3 drop-off programs. 89% of county residents were served in 2016. The following materials saw an increase in tons collected: 1) single stream recycling, 2) commercial, institutional, and residential plastics, 3) commercial food waste, and 4) residential yard waste.
- 249,988 tons were recycled in 2016, which was up 14,969 tons from 2015. Lancaster County achieved a recycling rate of 44%, which is higher than the national average of 34.6%.
- The HHW Facility served 71,668 customers in 2016 and collected a total of 1,747 tons of material (2.6 million lbs., or 74.9%, of that were electronics).

Citizens Advisory Committee

- Held Spring meeting on April 19th with 11 members in attendance. An update was provided on all major LCSWMA projects. Next meeting is scheduled for November 15th.

Adjournment

The Board Meeting adjourned at 10:30 a.m. after the Executive Session to discuss a personnel issue, potential litigation, and a potential real estate acquisition. No Board action was taken.

APPROVED BY THE BOARD OF DIRECTORS OF THE LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY THIS 19th DAY OF May, 2017.

A handwritten signature in blue ink, reading "K. Weibel", is written over a horizontal line.

Karen M. Weibel, Secretary