

Board of Directors' Meeting Minutes

Date: September 18, 2015

Time: 7:30 a.m.

Meeting attended by: Board of Directors: Brubaker, Dzurik, Gordon, Houck, Musser, Ulrich, and Weibel. **Staff:** Warner, Adams, Clabaugh, Frymyer, Kohr, Marsh, McGuire, Norris, Olson, Pruden, Ramsden-Herr, Rutter, Sandoe, Saylor, Vollmer, Wilhelm, Wireback, and Zorbaugh. **Also present were:** Solicitor Alex Henderson and Associate Brandon Harter, Hartman, Underhill & Brubaker; Jim Klecko, Covanta; and citizens as listed on the attached sign-in sheet.

Board members absent: Hammel

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

APPROVAL OF THE MINUTES

Chairperson Ulrich asked for any additions or corrections to the meeting minutes. Being none, a motion was requested to approve the Minutes of August 21, 2015 as distributed.

Motion: L. Houck

Seconded: J. Musser

Adopted Unanimously

PUBLIC COMMENT

There was no public comment.

"BEHIND THE SCENES" STAFF MEMBER

Joseph Frymyer, Transfer Station Complex Superintendent, discussed his role at LCSWMA.

HARTMAN UNDERHILL AND BRUBAKER DISSOLUTION

Mr. Alex Henderson provided an overview of the partners of HUB dissolving the firm. **Mr. Henderson** plans to join a firm that is larger and can offer LCSWMA the resources necessary should LCSWMA choose to retain the new firm. Chairperson Ulrich will represent the Board at a meeting with the new firm's principals.

CHIEF EXECUTIVE OFFICER - Mr. Warner reported on the following:

- Financial outlook was positive in August. A surplus of \$1.9 million was realized, some of which was grant timing.
- There will be an Executive Session for personnel and potential litigation.

CHIEF OPERATING OFFICER - Mr. Zorbaugh reported on the following:

- Operations showed peak deliveries in August.
- All facilities had DEP site inspections and some hosted additional DEP representatives for training purposes. All facilities were found to be operating well within regulatory parameters.
- Six out of the nine new trailers are on the road with the new wraps. LCSWMA is seeing good payloads at 21 tons. The trailers are working great and are expected to pay for themselves over the course of the year.
- SRMC:
 - Boiler availability was just under 98% and output has improved for kWh/ton.
 - The TMA building is almost complete and operational plans are being reviewed and formalized. Once complete, it is expected to improve internal efficiencies and safety as well as customer experience and faster turn-around times.
 - It is anticipated that the TMA building, once complete will attract more C/D haulers to use the facility.
- Lancaster WTE:
 - Boiler availability at 98% and kWh/ton also showed positive improvement above Covanta's contract guarantee.
- FFLF:
 - Compaction was over 2,100 lbs/cu. yd., just slightly lower than the goal of 2,200 lbs/cu. yd., which is exceptional by industry standards.
- HHW:
 - A new, more efficient paint can crusher has greatly reduced labor associated with this task at the facility.
 - Year-to-date, 51,662 customers used the facility. August was the highest month so far, with 7,228 customers visiting the facility.

CHIEF FINANCIAL OFFICER – Mr. Pruden reported on the following:

- The net surplus for August exceeded budget. Year-to-date, LCSWMA continues to exceed budgeted net surplus expectations. The first portion of the RACP construction grant was received in August.
- Operating Expenses continue to be managed well and kept in line with the budget.
- Tipping Fee/Tonnage Revenue:
 - Residual tonnage exceeded budget.
 - C/D was down slightly in August. The SRMC is showing significant improvement.
 - A new flooring line for Armstrong brought in event business that also helped the residual revenue's performance.
- Metal recovery was good. Market pricing is still down and will result in a significant budget shortfall at the end of this year for our metal recovery revenue.

- Electric revenue was over budget for August.
- An excise tax refund related to CNG usage was received. The refund of \$0.50 per GGE is nearly equal to the Gasoline Gallon Equivalent (GGE) cost.
- Summary of Expenses shows all are being very well managed, relative to budget.
- The health insurance rebate, which was estimated to be about \$100,000 at the end of 2014, will actually be \$170,000.
- At the Lancaster WTE facility, LCSWMA increased the accrual for the annual fee adjustment (paid if Covanta performs beyond the guarantee).
- The unrestricted reserve balance is \$33.8 million, after a withdrawal of \$859,000 for the new Transfer Trailers.

ACTION ITEMS:

1. Summary of Disbursements

Chairperson Ulrich asked for a motion to approve the disbursements for August 2015 totaling \$9,036,785.

Motion: M. Brubaker **Seconded:** S. Dzurik **Adopted Unanimously**

2. New Unrestricted Investment Account

Chairperson Ulrich asked for a motion to approve the Corporate Resolution Certification from PNC Financial Services Group.

Motion: K. Weibel **Seconded:** M. Brubaker **Adopted Unanimously**

3. Approval of Annual Property/Boiler/Umbrella Insurance Renewals

Chairperson Ulrich asked for a motion to approve the renewals as listed for LCSWMA's property/boiler/umbrella insurances.

Motion: J. Musser **Seconded:** R. E. Gordon **Adopted Unanimously**

4. Approval of Changes/Additions to Employee Handbook

Chairperson Ulrich asked for a motion to approve the changes as listed on the issue paper.

Motion: K. Weibel **Seconded:** R. E. Gordon **Adopted Unanimously**

5. Annual Audit Engagement Agreement for the year ended December 31, 2015

Chairperson Ulrich asked for a motion to approve Trout, Ebersole, and Groff to perform the annual audit of the Authority for the year ended December 31, 2015.

Motion: J. Deerin **Seconded:** J. Musser **Adopted Unanimously**

CAPITAL PROJECTS – **Mr. Wilhelm** reported on the following:

- SRMC TMA Building Construction:
 - Work on the TMA building is nearly complete.
 - All concrete work is finished and the exterior brick is about 70% complete.

- Substantial completion date is September 30.
- FFLF:
 - The demo work is complete at the former former Frey Dairy property. There will be an extra cost. There are no final totals yet, but expected to be in the \$15k to \$20k range
- TSC:
 - A brief overview was given regarding the Administration Building Lunchroom Project
- Northwest Lancaster County River Trail:
 - Began placing stone on the Lancaster County section, which is the 1.5 mile stretch between Marietta and Columbia. Paving is tentatively scheduled for mid-October. LCSWMA will be paid \$450,000 by Lancaster County to build this section of trail.
 - LCSWMA is the acting project manager for Marietta to build the 2.6 mile segment through the Borough. Musser's excavating was the low bidder for the Chiques Creek bridge foundation and placement with a bid price of \$130k. The contract was awarded by Marietta Borough and work will begin in October. All work in Marietta will be paid by a DCNR grant.

ACTION ITEMS:

1. Resolution 2015-7: Purchase of 5 Chestnut Grove Road, Conestoga

Chairperson Ulrich asked for a motion to approve this property purchase.

Motion: S. Dzurik

Seconded: J. Deerin

Adopted Unanimously

TECHNICAL SERVICES – ***Mr. Norris*** reported on the following:

- File review occurred of all public comment for the DEP's approval of the FFLF Vertical Expansion.
- LASA's permit (five years) will be submitted for the March 2016 expiration.
- EMS – all routine for the month. No audits until the end of the year.
- All permit-related monitoring and reporting requirements scheduled for completion were finished in August.

BUSINESS DEVELOPMENT, PLANNING, AND RECYCLING – ***Mr. Adams*** reported on the following:

- Allentown Waste Stream:
 - LCSWMA is still involved in the RFP process to contract with Allentown to provide disposal for its MSW waste. LCSWMA submitted its questions and anticipates hearing back sometime in October.
- Energy:

- The Lancaster WTE energy revenue profile will be changing over the next three years after the power purchase agreement (PPA) with First Energy expires on January 31, 2016. Once the PPA expires, all energy production, after in-house use, will be sold into the grid at market rates. According to Gabel Associates, the model showing from February to the end of the year that the rate will decrease from \$56/mwh to \$36/mWh with First Energy. These are historic lows for electric sold into the grid.
- Slides were shown depicting the expected products that can be sold in addition to electric, such as capacity RECs and steam.
- The project delay with Perdue is costing \$2 million.
- SRMC Ash processing update:
 - Options are being explored for decreasing drying time prior to processing.
 - Ash will be sent to be retested from the SRMC and Lancaster WTE.
- Communications:
 - Lancaster City's Litter Letter Project was funded, in part, by LCSWMA, which combines the use of public art to help raise awareness about litter abatement and best waste management practices.
- Recycling:
 - A brief video showed how Penn Waste's new Single Stream recycling center operates and separates the materials.

CITIZENS ADVISORY COMMITTEE

The next CAC meeting is scheduled for November.

EXECUTIVE SESSION

An Executive Session was held to discuss personnel and potential litigation.

ADJOURNMENT

Chairperson Ulrich asked for a motion to adjourn the meeting at 10:00 a.m.

Motion: M. Brubaker

Seconded: L. Houck

Meeting Adjourned

APPROVED BY THE BOARD OF DIRECTORS OF THE LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY THIS 16th DAY OF OCTOBER, 2015.


John K. Musser, Secretary