

Board of Directors • Meeting Minutes

DATE: June 17, 2016

TIME: 7:30 a.m.

Attendance

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

STAFF: Warner, Adams, Barton, Capots, Kohr, Marsh, Mauck, McGuire, Olson, Sandoe, Sands, Wireback, and Zorbaugh.

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

BOARD OF DIRECTORS ABSENT: Gordon

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 April 22, 2016 as distributed.

Motion: J. Deerin

Seconded: M. Brubaker

Adopted: Unanimously

Public Comment

There was no public comment.

Staff Highlight

Bob Barton, Assistant Manager, FFLF discussed his role at LCSWMA.

Chief Executive Officer

Mr. Warner reported on the following:

- LCSWMA is concluding its search for a new Chief Financial Officer to fill a vacant position. Interviews have concluded and an offer will be made to the top candidate.
- There will be an Executive Session for Litigation related to the Frey Farm Landfill Vertical Expansion project.

Action Items

1. RESOLUTION 2016-5

A Resolution Authorizing and Directing the Chief Executive Officer of the Authority to Execute all Necessary Documents to Intervene in and Defend the Commonwealth of Pennsylvania Department of Environmental Protection's Air Quality Plan Approval Issued to Perdue Agribusiness, LLC.

Motion by M. Brubaker and Seconded by B. Hammel to amend Resolution 2016-5 to include the following wording to the third paragraph: "which was signed on May 5, 2016".

The third paragraph now states, WHEREAS, operation of the Perdue Facility is dependent upon an air quality plan approval which was signed on May 5, 2016 issued by the Commonwealth of Pennsylvania Department of Environmental Protection (the "Plan Approval").

Chairperson Ulrich asked for a motion to approve Resolution 2016-5.

Motion: M. Brubaker

Seconded: K. Weibel

Adopted: Unanimously

2. RESOLUTION 2016-6

A Resolution Authorizing and Directing the Chief Executive Officer of the Authority to Execute all Necessary Documents to Implement the Perdue Agribusiness, LLC Real Estate Option Agreement and to Execute the Equipment and Facilities Agreement and the Utilities Agreement with Perdue Agribusiness, LLC.

Chairperson Ulrich asked for a motion to approve Resolution 2016-6.

Motion: S. Dzurik

Seconded: M. Brubaker

Adopted: Unanimously

Finance

Mr. Warner reported on the following:

- The net surplus for May exceeded budget. YTD, the net surplus stands at \$3.2M.
- Tipping Revenue was below budget due to lower than budgeted Refuse Revenue. Energy Revenue was below budget for the month as low wholesale electric prices continued into May.
- Overall site expenses and administrative expenses were below budget.
- Waste deliveries have been very strong for the year.
- Metal market sales prices increased from \$28 per ton in April to \$90 per ton in May.

Action Items

1. SUMMARY OF DISBURSEMENTS

Chairperson Ulrich asked for a motion to approve the disbursements for April 2016 and May 2016 totaling \$12,252,760.

Motion: L. Houck

Seconded: J. Musser

Adopted: Unanimously

Chief Operating Officer

Mr. Zorbaugh reported on the following:

- All LCSWMA facilities operated well, with all sites experiencing very busy customer traffic and the associated inbound tons. Staff continues site improvement and maintenance projects scheduled for the summer months. Seasonal staffing has been added to help manage work volumes at all facilities.

FACILITIES

- The Lancaster WTE facility ran very well with all three units achieving 100% availability.
- The Transfer Station continued to see record or near record inbound tons delivered.
- Frey Farm Landfill staff prepared the site and assisted with conducting the Spring Wind Tours.

Landfill staff also placed an extensive amount of intermediate cover and hydro-seeding.

- SRMC staff constructed an additional waste storage bunker within the TMA building to more efficiently manage deliveries. The SRMC availability improved from the previous two months, as the units operated 92% of the time. There was 170 hours of unscheduled down time, the vast majority was related to mechanical problems with two of the three plant feed water pumps.

CAPITAL PROJECTS

- Paving work was completed on the 1.5 mile Lancaster County section of the Northwest Lancaster County River Trail.
- Parking upgrades were completed at the Prescott Street trailhead on the Northwest Lancaster County River Trail in Conoy Township.
- The Frey Farm Landfill outbound scale replacement finished and opened to traffic on June 20th.

ENVIRONMENTAL COMPLIANCE

- PADEP completed site inspections at all LCSWMA facilities. All facilities were found to be operating well within regulatory guidelines.
- Staff completed Annual Operating Reports for all facilities and submitted to PADEP.

Chief Business Development Officer

Mr. Adams reported on the following:

SERVICE AGREEMENT NEGOTIATIONS

- LCSWMA and Covanta continue negotiations for the terms of new service agreements for Covanta to operate both the Lancaster WTE and SRMC beyond the expiration of those agreements on December 31, 2017. The current focus of the negotiations is the allocation of capital expenditures to be invested in the facilities over the term of the next service agreements.

PERDUE

- Perdue received their air permit from PADEP on May 5, 2016 to construct and operate the soybean oil extraction facility. A citizen's group has since filed an appeal of the permit. The appeal will be heard by the PA Environmental Hearing Board (EHB), which has jurisdiction to govern final decisions of PADEP. The EHB appeal process typically takes 12 plus months.
- Perdue intends to move forward with construction despite the appeal, therefore LCSWMA and Perdue have updated the Utilities and Equipment & Facilities agreements.

SRMC COOLING TOWER REPLACEMENT

- LCSWMA, HDR and Covanta continue to prepare for replacement of the SRMC cooling tower in May 2017. A procurement package for the cooling tower was released by Covanta and proposals were received from four vendors. After vetting the proposals with the vendors, EvapTech submitted the lowest cost proposal.

DAUPHIN COUNTY WASTE DELIVERIES

- LCSWMA began receiving waste at the SRMC from Swatara Township and Highspire Borough.

The waste from these two Dauphin County municipalities was previously delivered to the York County Resource Recovery Facility since the facility began commercial operation in 1989. Upon expiration of the contracts to that facility, both municipalities were required by the Dauphin County Municipal Solid Waste Plan to deliver their waste to the SRMC.

Director of Business Solutions

Ms. Marsh reported on the following:

Introduced and provided some background on Justin Capots, Business and Energy Analyst.

ELECTRIC REVENUE

- Low natural gas prices, coupled with mild weather, continued to strain the wholesale electric market throughout the month of May. Electric revenue for the Lancaster WTE was \$171K short of budget for the month, with an average price of \$20 MWh vs. budgeted \$29MWh.

CAPACITY 2019/2020

- PJM's Base Residual Capacity Auction (BRA) cleared for the 2019/2020 delivery year (June 1, 2019 – May 31, 2020). The clearing prices for this year's auction were 31% lower than last year's BRA, coming in at \$100 MW/day for Capacity Performance and \$80 MW/day for Base Capacity. The net impact on LCSWMA will be a reduction in annual capacity revenues of approximately \$433K for the 2019/2020 delivery year as compared to prior years.

RENEWABLE ENERGY CREDITS (RECs) & FLY ASH PROCESSING

- As part of an annual facilities recertification process, the NJ Board of Public Utilities (NJ BPU) required all waste-to-energy facilities selling RECs into the NJ market to submit a timeline for compliance to keep fly ash separate from bottom ash until after metals have been recovered for recycling (this practice is not currently done at SRMC or Lancaster WTE). As previously reported, staff submitted recertification packages in January, and received approval from NJ BPU in April. Based on the approved recertification, LCSWMA is scheduled to complete ash handling upgrades at Lancaster WTE in July 2017 and SRMC in February 2018.

Action Items

1. RESOLUTION 2016-3

A Resolution Authorizing and Approving the Chief Executive Officer to Negotiate and Execute Short-Term Agreements for the Sale of Surplus Electric Power on a Sale-For-Resale Basis.

Chairperson Ulrich asked for a motion to approve Resolution 2016-3.

Motion: B. Hammel

Seconded: J. Musser

Adopted: Unanimously

Deputy Chief of Human Resources

Ms. Wireback reported on the following:

WELLNESS

- LCSWMA was awarded the Platinum Well Workplace Award in the small business (under 250 employees) category. Awards were presented at the annual Health Summit in partnership with Lighten Up Lancaster, LiveWell Lancaster and the Tobacco Free Coalition.

ORGANIZATIONAL CHART REVIEW

- LCSWMA recently made some changes to the organizational structure. These include modifications to the Executive Team, Operations, Environmental Compliance, Capital Projects, Business Development, Community Relations, Finance, and Human Resources departments.

Action Items

1. RETIREMENT ELIGIBILITY AND BENEFITS

Chairperson Ulrich asked for a motion to approve the revisions to LCSWMA's retirement eligibility and benefit policy as detailed and to be effective July 1, 2016.

Motion: K. Weibel

Seconded: B. Hammel

Adopted: Unanimously

2. LIFE, AD&D, AND LONG TERM DISABILITY INSURANCE

Chairperson Ulrich asked for a motion to approve effective July 1, 2016, the renewal of Life and Accidental Death & Dismemberment insurance and Long Term Disability insurance with Reliance Standard. Staff is authorized to enter into all necessary agreements and take any and all appropriate action to implement all components of the Life, AD&D and LTD insurance plans effective July 1, 2016.

Motion: J. Musser

Seconded: M. Brubaker

Adopted: Unanimously

3. RESOLUTION 2016-4

A Resolution Authorizing and Approving Amendments to the Authority's 457 Deferred Compensation Plan and Pension Plan that will Permit Eligible Employees to Contribute up to the IRS Maximum Deferral Limit to the 457 Plan or the Pension Plan and will Automatically Enroll All New Eligible Employees into the Plans.

Chairperson Ulrich asked for a motion to approve Resolution 2016-4.

Motion: M. Brubaker

Seconded: K. Weibel

Adopted: Unanimously

Deputy Chief of Community Relations

Ms. Sandoe reported on the following:

PUBLIC RELATIONS

- On June 6, 2016, LCSWMA formally submitted to the Board of Supervisors for Manor Township a Petition requesting an amendment to the Zoning Ordinance and the Official Zoning Map. The final Petition submitted supports the Frey Farm Landfill Vertical Expansion project by allowing for an increase in the final height of the landfill to 832 feet above sea level, which Manor Township and PALE previously agreed to. The Petition also requests the rezoning of four parcels to Excavation and includes protections for Manor Township by limiting landfill expansion to existing parcel boundaries.

RECYCLING PROGRAM

- LCSWMA hosted ten (10) Recycling Coordinators from local municipalities for a comprehensive tour of the Transfer Station Complex, Household Hazardous Waste Facility, Lancaster Waste-to-Energy Facility, and Frey Farm Landfill.

Adjournment

The Board Meeting adjourned after the Executive Session to discuss Frey Farm Landfill Vertical Expansion litigation matters. No Board action was taken.

Chairperson Ulrich asked for a motion to adjourn the meeting at 9:50 a.m.

Motion: J. Deerin

Seconded: L. Houck

Adopted: Unanimously

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



John K. Musser, Secretary