

MINUTES OF THE BOARD OF DIRECTORS MEETING SEPTEMBER 16, 2011

The Board of Directors of the Lancaster County Solid Waste Management Authority met on **Friday, September 16, 2011 at 7:30 a.m.**, at the Authority office, 1299 Harrisburg Pike, Lancaster, PA.

Chairperson Gordon requested a moment of silence. The pledge to the flag followed.

ATTENDANCE

Board Members present were: Chairperson Gordon, Ebel, Hammel, Houck, Kassees, Musser, Ulrich, and Weibel. Absent was Rosier. Staff present were: Warner, Adams, Forster, Norris, Olson, Sandoe, Wilhelm, Wireback, Zorbaugh, and Ramsden-Herr. Also present were: Solicitor Alex Henderson III, Hartman, Underhill & Brubaker; Dave Nowotarski and Kevin Connor, Covanta; and citizens as listed on the attached sign-in sheet.

APPROVAL OF THE MINUTES

Mr. Gordon asked about additions or corrections to the minutes of the July 22, 2011 meeting. **Mr. Ulrich** moved the minutes be approved as distributed. **Mr. Ebel** seconded. **Mr. Gordon** called a vote; the motion passed unanimously.

PUBLIC COMMENT

There were no comments from the public.

CHIEF EXECUTIVE OFFICER – **Mr. Warner** reported on the following:

- **SWANA WASTECON®** – The annual WASTECON® event, in Nashville this year, was very successful for SWANA. On Wednesday, September 7 the Keystone SWANA Annual/PWIA meeting was held and there were quite a few attendees for that event as well, which was also very successful for SWANA.

Mr. Gordon noted that many of the Board members had the opportunity to attend WASTECON® and witness **Mr. Warner's** official election to President of SWANA's International Board. LCSWMA's Board is very proud of **Mr. Warner's** accomplishments with SWANA and LCSWMA.

Mr. Warner added that it is impossible to measure the benefit that has been brought to LCSWMA by being involved with SWANA. Not just through technical sessions, but being able to get to know other managers from coast-to-coast and the issues they go through and how they've handled them.

- **Possible Harrisburg RRF (HRRF) Acquisition** – Officially, Harrisburg's City Council has continued to reject any plan that would diffuse the debt. There are all types of reasons for this, but there are four council members who oppose the plan and what is seen as the City taking too much of the burden. The State has been preparing for months to somehow take over the financial responsibilities of the City and implement the plan for them. A bill recently passed the House that is being reworked and may pass a constitutional challenge. It is safe to say there is likely to be a bill active in the House and Senate within two weeks, upon their return to session in September. LCSWMA is still very engaged. On Monday, September 12, Covanta representatives, Chuck Zwally (Council for Dauphin County), and **Mr. Warner** met with Governor Corbett in Philadelphia. The meeting went extremely well. The message for the Governor was that there is a unified team between LCSWMA, Covanta, and the County of Dauphin ready to come in and execute the transaction. The work has been done, short of signing any documents, for the major conditions that would allow LCSWMA to own the asset. Part of the business model allowing the price to purchase the HRRF to be increased to \$124 million included getting money for the capital improvements from elsewhere and not use the cash flow from the facility. Half of the \$16 million that would be needed would come from the State and this has been authorized. The other critical component that the state can provide is cooperation from the Department Of General Services to work with LCSWMA in setting up the Commonwealth to be the long-term purchaser of the electrical output of the plant. This way, LCSWMA will have a contract with fixed prices with escalators to take into our financing so there is a buyer and all that is needed will be the megawatts to come up with the amount of revenue that is guaranteed. DGS has been extremely positive. **Mr. Adams** will be meeting with them again in the coming weeks. This looks very favorable because the Governor's office has been requesting that DGS cooperate, within reason, to purchase the electricity under a long-term deal. LCSWMA continues to participate in this discussion and has begun drafting an Agreement to sell the electricity. As far as actual negotiations with the Harrisburg Authority, there is a team doing due diligence (Hartman Underhill and Brubaker, HDR, ARM, Trout Ebersole and Groff, etc.) and all are working gathering documents, looking at permits, receivables, assessing the plant (HDR is inspecting boiler #2). But, there has been no sit-down meeting yet with the Harrisburg Authority to explain to them why LCSWMA thinks the HRRF is worth \$124 million. It is expected to occur soon, but it may be a moot point if the Harrisburg Authority is no longer in a position to sell the facility.

Mr. Henderson noted that there are several court cases that are currently ongoing. In review, the Harrisburg Authority is a municipal authority like LCSWMA in that it owns the plant and owes all the money. The City of Harrisburg has guaranteed the vast majority of the debt as the first guarantor and the County of Dauphin has guaranteed a portion of the debt as second guarantor. Those are the primary players. The City entered the Act 47 Program that asked for State assistance to develop a plan to alleviate the debt. The plan called for a sale of the HRRF to LCSWMA. The Mayor approved the plan, but the Council rejected it. In the meantime, the bondholders have sued the City requesting all tax revenues be used towards its debt. The other suit is against the Harrisburg Authority

asking for a Receiver to be appointed for the HRRF to take over control. In September (next week), there will be two days of hearings on the Receivership. If the court orders the mandamus on the tax revenues, the City has the ability to appeal without filing a bond, which they probably will. It is doubtful that an order will be seen requiring the City to pay its tax revenue to the bondholders in the immediate future. It may happen, but would likely be months down the road. The City is prevented from filing bankruptcy until next summer by State action.

The second piece of litigation, which has a hearing scheduled in October, is on the appointment of a Receiver for the Harrisburg Authority. Since the Harrisburg Authority is a municipal authority, they cannot file bankruptcy. If a Receiver is appointed, the Harrisburg Authority will have to post a bond. It is conceivable that, in October, a Receiver could be appointed for the Harrisburg Authority. The Receiver would not have the authority to sell the asset to LCSWMA or anyone else, but they would have the authority to operate the facility. The bondholders would proceed with their actions against the Harrisburg Authority and they would have the ability to sell. If a Receiver is appointed next month, LCSWMA will continue negotiations with the Receiver as opposed to the Harrisburg Authority. This scenario may actually simplify the situation.

Mr. Houck asked if the reason the Harrisburg Authority cannot sell the HRRF is because of the guarantee from the City, and the County must agree with the sale.

Mr. Henderson replied that if someone would offer the Harrisburg Authority \$310 million and pay off all the debt, they could sell it. But, aside from that, they would need the bondholders or the City or County to agree because there will be some amount of debt that is stranded.

Mr. Houck asked if the Council is objecting to the sale because of the City residents' loss of money that will be needed to make up the rest of the debt.

Mr. Henderson responded that the Council expressed that they believe the City residents are being asked to bear the entire burden, and the Council thinks the bondholders should relinquish some of their principal. Of course, the bondholders have the guarantee of the City and County and insurance company and are not likely to waive any of their principal.

Mr. Warner added that LCSWMA just needs to continue to maintain its position as the legitimate, willing purchaser of that asset, no matter what direction things take. There is still a mysterious other party, deemed as legitimate by the Harrisburg Authority. No one knows who it is, however, it is doubtful that they are actually legitimate as an acquirer given all the conditions. So far they have not spoken to the County, they're not involved in discussions with the State, and so forth.

Mr. Henderson noted that it is possible that the Harrisburg Authority, when it sent out the Request for Letters of Intent, entertained the unknown purchaser only to discover after all is said and done that they were not legitimate and the Harrisburg Authority can then prove to PADEP that it did all it could to find other qualified, interested purchasers and there were none except LCSWMA.

Mr. Gordon asked if a State Board takeover is still likely.

Mr. Henderson explained that the State can take over if it wants to, but the PA constitution creates provisions for how mayors, councils, etc. can and cannot be removed. It isn't as easy as the state legislature passing a statute and taking over the city. There would be a very strong constitutional challenge to Senator Piccola's bill, but some state emergency statutes and the like could be used to develop a bill out of the House to combine with the Senate bill that might work. It will take time and the likely result would be that a Receiver will be appointed for the Harrisburg Authority and the facility would operate under Receivership until the process is complete and the State would take over the City which will take months or even longer.

Ms. Weibel asked if the two suits will affect the expectation of having progress made by the end of 2011.

Mr. Henderson replied that if the Receivership is granted, it is possible that LCSWMA would have some interim arrangement before the end of the year. The bottom line is that LCSWMA is the only interested party doing what is needed and talking to the people who have the resources. It is not time wasted.

Mr. Warner added that if the Receiver takes over for the Harrisburg Authority, they will need someone to manage the facility. All the governmental parties would likely recommend that LCSWMA be the chosen entity. Every conceivable base of support and implementation is being covered in advance of having anything signed so when the time comes, it gets done expeditiously.

Mr. Musser asked for clarification on who would be chosen as a Receiver.

Mr. Henderson responded that it is unknown who it would be, but it is typically someone who has the legal authority to act on behalf of the Harrisburg Authority, such as a lawyer or the like, but not an expert like an operating entity such as Covanta.

Mr. Kassees asked what would happen if the Harrisburg Authority just continued to operate and did not sell the facility.

Mr. Warner replied that with so much money owed, over \$300 million, none of it being paid, and the bondholders requiring payment, they won't be able to continue operating without selling.

Mr. Ebel asked if the way the deal has been structured with money that goes back to the City of Harrisburg, if the City would then have some funds to help pay off what they don't get in money directly from the sale.

Mr. Warner responded that \$310 million is owed and LCSWMA offered \$124 million. The plan was to sell the HRRF and lease the parking garages for 25 years, giving them about \$250 million. This leaves another \$60 million that different arrangements will have to be made.

Mr. Ebel asked if the tipping fees that will be substantially reduced for the residents of the City would cause the City to take some of that to relieve the debt load.

Mr. Henderson noted that the City could do that. But, the amount of stranded debt left under "the plan" would only be about \$26 million. The difference between \$200 per ton and \$50 per ton could cover that.

Mr. Ebel replied that they should make that part of the plan.

Mr. Warner added that it has been discussed along with a \$50 tax increase that would be offset by the tipping fee decrease, etc.

- **Wind Tour** – **Mr. Warner** noted that there is a tour of the Wind Turbines in conjunction with PPL tomorrow, Saturday, September 17. There were 120 spaces available and all space was filled within a day of advertising.
- **Flood Debris** – The performance of the managers and staff at all facilities has been outstanding in dealing with the flood debris that has been coming in from all over the County. They have done everything to make facilities and customer service remain at the same high levels despite the burden of the traffic increase and thousands of tons of debris brought in because of the flooding. Everyone has done a remarkable job in every way possible.
- **Resolution 2011-7: Amending the By-Laws of the Authority** – **Mr. Henderson** described, in detail, the relative aspects of the Resolution amending the by-laws. It was prudent to take a more formal action to identify the Chief Executive Officer and the Chief Operating Officer for signing documents with the fairly large transactions and deals expected to occur in the near future. The by-laws provide for a notice of the Resolution, if anyone is uncomfortable voting now and would like to wait until October's meeting, that is acceptable. If not, it is recommended that the Board make a motion to include a waiver of the ten-day advanced notice proceeding.

On motion by **Ms. Weibel**, second by **Mr. Musser** and unanimous vote, Resolution 2011-7: Amending the By-Laws of the Authority was approved by the Board. The Board also approved waiving the ten-day advanced notice.

CHIEF OPERATING OFFICER – **Mr. Zorbaugh** reported on the following:

- **Accounting/Administration** – August was a very positive month. Tipping fee revenue significantly exceeded budget for the month and over \$685,000 was contributed to the reserves, which was \$200,000 above budgeted contributions. Through August, the Authority has contributed \$3.6 million to the reserves, which is just under \$1.2 million above budgeted contributions. A lot of staff time has been devoted to preparing the 2012 budget and five-year plan. This work will continue for the next few weeks.
- **Facility Operations** – There were two events dealt with at the end of August. The first was Hurricane Irene and, although a lot of rain came with that storm, the facilities remained relatively unscathed. There was no erosion damage at the landfill or operational issues. Tropical Storm Lee brought a lot of rain into the County and LCSWMA facilities continued to receive waste on those days of heavy rain and floods. No roads were passable on Thursday afternoon to transfer waste to the Resource Recovery Facility or the Landfill. Thankfully, because of the remodeled Transfer Station and its large enclosed tipping floor, LCSWMA was able to store about 1,400 tons of waste on Thursday afternoon. Friday morning, many roads were still closed, but there were alternate routes that were passable to the RRF to transfer

the waste and make room for more incoming waste at the Transfer Station. The Landfill was unreachable, however it was not necessary to deliver waste to that facility at the time. Facility staff, every facility manager, and all employees should be commended for pulling together and devoting effort where needed all week to have the waste hauled and provide uninterrupted service to residents, who desperately needed to get rid of waste from the flood, waste haulers, businesses and all LCSWMA customers. Everyone worked together far beyond expectations and did an outstanding job. There were approximately 4,100 additional tons of flood-related waste, such as wet carpet, furniture, mattresses, etc. On Saturday, September 10, it was expected to be very busy at all facilities. The hours were extended from 6:30 a.m. until 3:30 p.m. which is typically done on a Saturday after a holiday. There were 519 transactions on that day at the Transfer Station and over 1,200 tons were received. Typically, on a holiday Saturday, there may be 260 transactions and perhaps 600 tons delivered. Concentrated over about a four-hour period, an average of over 96 transactions per hour were received at the facility. During summer and spring hours, it seemed busy at 62 transactions per hour. On Monday, the waste flow continued at record levels with just over 1,800 tons and just under 600 transactions at the Transfer Station, which is an all-time high. A “normal” busy Monday averages about 1,300 tons and 340 transactions. It is anticipated that the coming weeks will be busy as well while people get cleaned up from the flood damage. The biggest impact on direct deliveries was at the Transfer Station as the severely impacted areas were Manheim, Ephrata, etc.

Mr. Gordon asked if there was anything the Board could do to help recognize and acknowledge the effort by LCSWMA employees.

Mr. Zorbaugh said that it will be discussed in the coming week to do something special to honor all the hard work done by everyone employed by LCSWMA.

Mr. Gordon added that the Board supports any special acknowledgement given for the extra effort by the staff at LCSWMA.

Mr. Zorbaugh noted that the Board’s support is appreciated greatly.

- **Waste Stream Management** – August was a strong month, in conjunction with the strong financial performance. All waste streams in August were above budget. Inbound tonnages were helped at the end of the month with the moisture from Hurricane Irene. Refuse deliveries were over budget by 5% for August, allowing LCSWMA to be on budget through the first eight months of the year. A 1.7% increase was budgeted over last year and we are on-target to meet that goal.

Mr. Warner added that the refuse on the system total shows that after eight months, the prediction of 199,617 tons of refuse is within 163 tons of budget. By following the trends carefully, predictability from a year ago has been very accurate.

Construction and demolition waste had a positive performance in August, however, year-to-date it still lags about 7% behind budget. There just isn’t much new construction and such happening in that sector. Residual performance was very strong and supported by some unbudgeted event business, such as continuation of Harrisburg ash deliveries and two new waste streams.

- **Safety** – Through August, staff continues to work without lost-time accidents or significant property damage and have worked 1,053 days safely. Even with the additional traffic and transactions, there were no incidents to report.

Mr. Musser asked if any special consideration was given to the people delivering flood damaged material.

Mr. Zorbaugh replied that the standard tipping rate was still charged, but LCSWMA was very liberal with charging the minimum fee to the many self-hauling homeowners.

FINANCE - **Ms. Olson** reported on the following:

- **Actual vs. Budget** – August comparison to budget shows tipping revenue above budget as all waste stream deliveries were coming in at about 11% higher than budgeted. Following the group's accuracy with tipping fees, they were pretty close with everything else in revenue. Total expenses were above budget by \$50,000 and the majority of the higher expenses in the operating section was due to the higher fuel expense because of higher prices than budgeted and parts expense for an unbudgeted repair of an ash truck. Support expenses were above budget due to Energy Administration being higher than budgeted due to chemicals needed at the RRF. Overall, \$200,000 more than budgeted was contributed to the reserves.
- **Approval of Disbursements** – Cash disbursements for August totaled \$5,376,305. July's disbursements totaled \$4,699,965. The total amount of disbursements for the two months requiring Board approval is \$10,076,270.

On motion by **Mr. Musser**, second by **Mr. Kassees** and unanimous vote, the Summary of Disbursements for July and August 2011 in the total amount of \$10,076,270 were approved.

- **Annual Audit for Year-Ended December 31, 2011** – Trout Ebersole and Groff performed the audit for 2010 and has submitted an engagement letter for the 2011 audit. The cost for the 2010 audit was \$45,565, which included some extra hours to review the new weighmaster system. The estimate for the 2011 audit is between \$41,600 and \$45,800. Staff recommends the Board approve Trout Ebersole and Groff to perform the annual audit for the Authority for the year-ended December 31, 2011.

On motion by **Mr. Ulrich**, second by **Mr. Ebel** and unanimous vote, the Annual Audit for Year-Ended December 31, 2011 to be performed by Trout Ebersole and Groff was approved.

- **Property and Casualty Insurance Renewals** – The Property and Casualty Insurance is renewed in September. Proposals have been requested and received.

Ms. Wireback discussed the details of the proposals received for Property and Casualty Insurance Renewals. Murray Risk Management and Insurance was asked to market the three lines of coverage for LCSWMA. Murray evaluated the market and proposed renewing the Property Coverage and Public Officials/Employment Practices Liability with Chartis and changing the Umbrella

Coverage to Starr Indemnity and Liability Company. Property Coverage with Chartis increased values a total of 2.1% from \$196,200,000 to \$200,400,000. The renewal is \$271,000 versus the current expiring policy of \$258,665, which is a 4.7% increase. The Public Officials and Employment Practices is structured the same as the expiring policy and the renewal is \$14,242, which is a 5% decrease from 2010. The Umbrella coverage will have the same premium as 2010 by changing to Starr Indemnity & Liability Company, who is still an A&M “best” rating of “A” for the coverage. The Property Coverage increase is slightly offset by the decrease in the Public Officials. The total renewal premiums are \$349,932 compared with \$338,347 in 2010. This is an overall increase of 3.4% or \$11,585. Staff recommends the Property and Public Officials and Employment Practices Liability Insurances be renewed with Chartis and the Umbrella Coverage be placed with Starr Indemnity and Liability Company through Murray Risk Management & Insurance, in accordance with the renewal coverage terms listed.

Mr. Gordon asked if Murray helps LCSWMA evaluate the amount of business interruption that needs to be covered.

Ms. Wireback replied that LCSWMA performs an internal calculation that Murray reviews to ensure it is appropriate for the coverage. This year, it did go up slightly due to the cost of business interruption.

On motion by **Mr. Ulrich**, second by **Mr. Ebel** and unanimous vote, the insurance renewals, as detailed in the Issue Paper, through Murray Risk Management & Insurance are approved.

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

- ***Soil Borrow Project*** – Abel Construction had been making very good progress until the rain last week. The storm did not do too much damage to the site. All erosion control devices worked properly. The contractor brought in a separate crew to work on clean up and restoration. Abel’s regular crew was back to work full time on Monday, September 12. The job is still ahead of schedule. Restoring Parcel 5 is the first of two major milestones, with a completion date of December 31. The work in Parcel 5 is almost finished. Seeding is expected to begin in the next week and is anticipated to be completed about three months ahead of schedule. The final milestone is the project completion date, November 30, 2012, and it is expected to be met. To date, about 360,000 cubic yards of soil have been moved to the stockpile. As of the progress meeting this week, there still have been no change orders.
- ***Northwest River Trail*** – The first section of the trail in Conoy Township has been paved, which is a significant achievement. This section starts in Conoy Township, just below the Shock’s Mill Bridge, and extends south 1.4 miles to the River Park in East Donegal Township. Most of the trail was underwater last week, but there was no damage to the pavement. Staff is working closely with the team from David Miller Associates to complete the design for the walkway under Shock’s Mill Bridge. LCSWMA is also taking the lead in the negotiations with Norfolk Southern to resolve

several outstanding issues. There will be a more detailed summary once the issues are resolved.

- **Creswell Park Baseball Field** – The baseball field is finished and has been turned over to the Township. The first game to be played on the new field was scheduled for last Saturday, but was unfortunately rained out. The game has been rescheduled for Saturday, September 24. LCSWMA will have a presence at the dedication, and someone from LCSWMA's staff will be throwing out the first pitch.
- **HVAC Upgrade** – Worden and Shewell is the contractor for the HVAC upgrade. Significant progress has been made. All work is occurring at night to minimize disruption to the office staff. The spray foam insulation of the attic has been completed and the new duct work is being installed. They are dismantling the old units this week. New units will be installed as the older ones are taken offline. The completion date for this project is November 15. To date, there have been no change orders.
- **Contract for Harrisburg Pike Turn Lane Improvement Project** – The left turn lane from Harrisburg Pike into the Transfer Station Complex is badly deteriorated from the loaded trucks braking and turning into the facility. In order to make it safer and better for our customers, the turn lane will be improved by removing the damaged pavement and repaving. A bid package was issued and three bids were received. Warihay Construction of Manheim was the low bidder. The bid price is under staff's estimated cost of \$25,000. Staff recommends the Board award the contract for the Harrisburg Pike Turn Lane Improvement Project to Warihay Construction in the amount of \$19,221.

On motion by **Mr. Ebel**, second by **Mr. Kassees** and unanimous vote, the Harrisburg Pike Turn Lane Improvement Project to Warihay Construction in the amount of \$19,221 was approved.

Mr. Ebel asked if this suggests that more base may be needed.

Mr. Wilhelm replied that the surface of the pavement is cracked and bubbled and in order to completely repair that, it would require a "full-depth" replacement, which is removing everything including the base and then putting that back. It would have been preferable to put concrete in, but representatives from PennDOT will not allow this just for the turn lane because a full-depth concrete base will cause different pavement settlement with uneven wearing when compared to the "hot-mix" in the outside travel lanes. All that is allowed at this time for the turn lane is to mill it and put a surface back, which will alleviate the problem for a few years.

Mr. Ebel asked if PennDOT was planning to fix the entire corridor of Harrisburg Pike.

Mr. Wilhelm responded that there are discussions, nothing in the plans so far, but the PennDOT representatives said the whole area would be done in the foreseeable future. This is another reason not to perform the expensive full-depth with concrete replacement at this time.

Mr. Ulrich noted that there was an article in the newspaper today about PennDOT's plans for the area.

- **Resolution 2011-6: Authorizing the Sale of Real Estate in Manor Township (101 Chestnut Grove Road, Conestoga)** – This property consists of a small house and one outbuilding on about 0.3 acres of land. It is located east of the Soil Borrow area Parcel 4 on Chestnut Grove Road. It was purchased as required by the PALE consent agreement in December of 2010 at a cost of \$138,000 and immediately listed for sale. The first and only offer was received in August, 2011. Staff recommends the Board approve Resolution 2011-6 authorizing the sale of the property at 101 Chestnut Grove Road, Conestoga, Manor Township for \$116,000.

On motion by **Mr. Musser**, second by **Mr. Kassees** and unanimous vote, Resolution 2011-6: Authorizing the Sale of Real Estate in Manor Township (101 Chestnut Grove Road, Conestoga) was approved by the Board.

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

- **Permitting & Regulatory Compliance** – There was a permitting meeting held with PADEP and ARM in September to review the work to date on the future Frey Farm vertical expansion. ARM presented the preliminary design concepts. Overall, PADEP was very pleased with the concepts and details so far. PADEP is also pleased with LCSWMA's initiatives and its planning efforts. The current timeline for the permitting process for the vertical expansion is to submit the permit application in mid-2013, allowing several years for PADEP to go through the process and act on a major permit modification. A Form 37 construction certification document package was submitted. This is required whenever changes are made to permitted facilities. Since the groundwater monitoring wells and landfill gas probes at the Creswell site were affected by the soil borrow stockpile, they needed to be moved. This work was completed as part of the construction contract. The construction certification documents were submitted so the permits are officially amended to show these changes. It is anticipated that the approval will be forthcoming in the next few months.
- **Monitoring and Reporting** – All permit-related monitoring and reporting requirements scheduled for completion in August were completed. The EMS activities included the semi-annual management review consisting of all the specific items of the ISO 14001 standard. This is a requirement of the standard to review each of the steps in the process. Various storm water pollution prevention plans were also worked on earlier in the month and some activity was initiated on the Authority-wide emergency preparedness plan. Also completed was the assembly and distribution of two Request for Proposals for the seed mix and the trees and shrubs associated with the Parcel 5 restorative work that is anticipated to begin next year. Bids are due in November to give the vendors as much time as possible to review the large quantities of materials needed. There are about 2,700 trees required, 800 shrubs, various grass mixes, etc. in this very extensive list. The bi-monthly volume topography survey was completed for August. Year-to-date, the in-place density is 2,455 pounds per cubic yard, which is an outstanding number. This is above the budgeted density target of 2,200. The year-to-date soil usage is also below the 2011 goal at 2.9% by volume. When the landfill was new, the range was

20-25% of the volume consumed by soil. The advent of alternative daily cover, and practices that have been implemented with tarps and the use of RRF ash, has helped keep the soil from taking up space that can be used for waste.

Mr. Gordon asked about the expected response from the Request for Proposals for the trees and shrubs.

Mr. Norris replied that there has been a varied response from unqualified vendors, but it is expected that when the actual bids come in, there may be three or four qualified companies that can offer a proposal.

Ms. Weibel asked if there was a local company that may be able to supply the large amount of trees that is needed.

Mr. Norris responded that it will most likely be an interactive working relationship with a local company because there are some species that are not grown here in the quantity that will be needed.

Mr. Gordon asked how long the work is expected to take.

Mr. Norris replied that the work is highly weather dependent and there is a lot of site preparation work that will need to be done. It is anticipated to begin in April 2012, but it is doubtful it will be completed until the fall growing season begins again. Work will cease over the heat of the summer months.

ENERGY ADMINISTRATION – **Mr. Forster** reported on the following:

- ***Energy Activities*** – 2011 continues to be a good year for renewable energy generation at LCSWMA facilities. Resource Recovery is up by 3.3%, primarily due to improved boiler availability. The 19% improvement in the landfill gas-to-energy plant is due to the additional wells.
- ***RRF Operations*** – Despite the fact that there were two minor boiler outages during August because of some tube leaks, the electric revenues were excellent at about \$1,111,000, which is \$16,500 ahead of budget. Year-to-date revenues are well ahead of budget by almost \$100,000 and even better when compared to 2010. This is due to the year-to-date boiler availability at about 92.4%, which is 2% ahead of 2010.
- ***Weather Events*** – Covanta did an outstanding job during Hurricane Irene and Tropical Storm Lee. The operators performed an excellent job in monitoring the progress of the storm and worked closely with the Met-Ed dispatchers. The facility was dispatched to “minimum” generation which reduces the output when requested. The reduced generation was only done for 11 hours over the weekend. Waste coming in from Tropical Storm Lee was extremely wet, and propane was needed on Thursday and Friday to maintain the boiler temperatures and ensure proper burnout. On Saturday and Sunday the propane was no longer needed.

Mr. Gordon asked if the excessive moisture makes it much harder to keep the temperatures up.

Mr. Forster replied that pushing the wet waste onto the burning fire does tend to put it out, but the operators can make adjustments for airflow and minimize the amount of waste going in, so that combustion can be maintained.

- **Wind Turbines** – The wind production in August was good at about 50% more than July. It is still running at about 20% below what PPL had anticipated through the first eight months, however, July, August, and September are the low wind-producing months of the year and this number should begin to increase through the end of the year.
- **Landfill Gas-to-Energy Plant** – The year has been good so far, although production in August was slightly low, but not significantly. On Thursday, September 15, 2011, LCSWMA representatives met with Ms. Tina Sentner, a consultant for the company that does the verification of the landfill gas-to-energy carbon offsets. One of the stipulations of CAR is that the verifier must make an annual visit to the site. PPL operators showed Ms. Sentner all the instrumentation. **Mr. Norris** provided her with lots of data and it is anticipated that this verification process can be wrapped up in about two or three weeks. The meeting went very well.

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

- **TS Solar Project Update** – Due to some design issues, the two truck ports that were scheduled to be in front of the small vehicle building and next to the scale house will be removed from the plan. The design issue is that Mercury Solar was unable to get a fully-cantilevered design, which means there would have to be posts in between some of the parking spaces. The designs are generally done for drive-through areas where the trucks can see the posts well. For LCSWMA's trucks needing to back in, it is unsafe for the drivers to have to navigate through the obstacles of the posts. At this point, the truck ports will be left off the plans for the project. The two car ports are still in the plan. The major change with dropping the truck ports is that there is less project cost overall. LCSWMA's loan is now \$2.4 - \$2.5 million to MP² Capital, as the project owner, instead of the original \$3 million for the plan that included the truck ports. The less solar output helps with the SREC market, which is pretty poor at this point. While there are some concerns, MP² is able to hedge the SRECs through the Power Purchase Agreement and also by selling them for a period of up to five years until their ownership is likely to end. The project is moving forward as planned. There will be a higher percentage of rooftop panels than were planned, so there will be less construction and less steel costs. The two car port structures are still planned for the HHW lot. There was an issue with zoning from Manheim Township. In Manheim Township, solar projects are put under residential zoning requirements. **Mr. Adams, Mr. Wilhelm**, Hartman Underhill and Brubaker, and Mercury Solar met with the zoning hearing board for Manheim Township to request a variance. The project was very well received and they were impressed with the project and are looking forward to seeing it completed. The variance was given and Mercury Solar is in the process of getting all necessary permit documents. These will be

submitted in the next few weeks and construction will start in October after permits are in order.

- **Perdue** – It is anticipated that an option agreement will be executed in the next few days. The project has moved extremely slow over the past few months, however, once the \$8.75 million grant was approved by the state for Perdue, a lot of activity is expected in the next few months, with permitting, selecting their general contractor, and land development. It is expected there will be a lot to report in the next few Board meetings.
- **Harrisburg Resource Recovery Facility** – All due diligence is going well and is expected to be completed by mid-November at the latest.
- **Special Projects** – Applied Video Technology (AVT) has begun work on a renewable energy display to be installed in the lobby of the office. This display will give live generation data from all the renewable energy projects, such as the Waste-to-Energy plan, Landfil gas, solar, and wind. Visitor will be able to view the screen and see live energy generation. This project is expected to be finished around the end of October or November.
- **Communications** – **Ms. Sandoe** will provide a presentation for LCSWMA rebranding.
- **Recycling** – As an update to the municipal collection contracts that LCSWMA provides technical assistance for, the municipalities last year were doing very well as costs were down due to fuel. This year, it is the opposite issue and the haulers seem to be benefitting more from the collection contracts. About three or four years ago, all the model collection contracts were redeveloped. One of the issues at that time was that once fuel costs began increasing drastically, a few months or a year into the contract, one party or the other felt they weren't getting a fair price. With the new contracts, an adjustment is made at the end of each year to the collection costs depending where fuel costs are. This year's contracts show that the system is working well. There is only one contract going out for bid this year, where there are usually five or six. This is due to each party in the contract, hauler and municipality, getting a fair share of the fuel volatility situation. This also saves the municipalities and haulers a lot of time and is an equitable solution to the previous situation with fuel volatility.

Mr. Gordon asked if the contracts take the risk of fuel away from the haulers.

Mr. Adams replied that it will cover them for a large majority of fuel increases. If fuel would rise to a ridiculous amount like \$20 per gallon, it wouldn't help, but for now the small annual swings are covered. Haulers felt they weren't making enough to cover fuel costs in the past and seeing now that most contracts are being extended, it shows that the costs are now being covered.

- **Presentation: LCSWMA Corporate and Sub-Brand Logos** – **Ms. Katie Sandoe**, LCSWMA's Communications Manager, presented the conceptual design of the new corporate and sub-brand logos for LCSWMA. **Ms. Sandoe** also discussed the new design for LCSWMA's website and expects to launch the new site in the coming weeks.

The Board gave **Ms. Sandoe** very positive feedback on the presentation as well as the new website design.

CITIZENS ADVISORY COMMITTEE

Mr. Warner noted that the CAC met on Wednesday, August 17, 2011. The meeting was not well-attended and there was no quorum. A guest from Mountville suggested LCSWMA provide a shredding service for the public to shred private documents. LCSWMA doesn't have the ability to do this currently due to traffic situations, etc. There is a company that already provides this service in Lancaster. His comments will be taken into consideration.

Ms. Weibel added that police departments sometimes do this as a fundraiser.

Mr. Warner agreed it is a good suggestion, but it is not realistic at this time for LCSWMA's facility.

EXECUTIVE SESSION

After a short recess, a brief Executive Session was held to discuss a real estate matter.

ADJOURNMENT

On motion by **Mr. Musser**, second by **Mr. Kassees** and unanimous vote, the Board meeting adjourned at 9:45 a.m.

**APPROVED BY THE BOARD OF DIRECTORS OF THE LANCASTER COUNTY
SOLID WASTE MANAGEMENT AUTHORITY THIS 21st DAY OF OCTOBER 2011.**

Barbara B. Hammel, Secretary