

Board of Directors • Meeting Minutes

DATE: April 19th, 2019

TIME: 7:30 a.m.

Attendance

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

STAFF: Adams, Henderson (Legal Counsel), Capots, Gambler, Kaufmann, Kohr, Manning, Marsh, Mathason, McGuire, Morrison, Munster, Roberts, Sandoe, Saylor, Wireback, Youngs, and Zorbaugh.

ALSO PRESENT: David Sharp with Covanta, and citizens as listed on the attached sign-in sheet.

BOARD OF DIRECTORS ABSENT: Musser

Opening

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

Approval of Minutes

Chairperson Deerin asked for any additions or corrections to the meeting minutes. Mr. Gordon mentioned that Chairperson Deerin was missing from the present Board members. Noting that correction be made, a motion was requested to approve the minutes of February 15th, 2019.

Motion: M. Brubaker

Seconded: K. Weibel

Adopted: Unanimously

Public Comment

None

Presentation

Ms. Carol Roland, from Trout Ebersole and Groff, reviewed the Audited Financial Statements for the Year Ended December 31, 2018.

Action Items

2. BOARD ACTION NO. 2: ACCEPTANCE OF AUDITED 2018 FINANCIAL STATEMENTS

Chairperson Deerin asked for a motion to accept the audited Financial Statements for the Year Ended December 31, 2018 as presented.

Motion: M. Brubaker

Seconded: R.E. Gordon

Adopted: Unanimously

Chief Executive Officer

Mr. Zorbaugh reported on the following:

- It has been a busy but productive first quarter. We ended the quarter with our financial performance significantly exceeding budget.
- Significant progress has been made on several capital projects, and we are now moving into implementation phases.

- Made some key hires with critical positions as well as reassignment of responsibilities among the Executive Team.
- Our community initiatives continue to be robust, particularly with recycling education.
- Formally introduced Dan Youngs as the authority's new CFO.

Chief Financial Officer

Mr. Youngs reported on the following:

- Tonnes were down just slightly vs. budget; however, our Revenue exceeded budget by \$23K. Strong tipping revenue offset shortfalls in energy and other revenue sources that were experienced in the month.
- Operating and Administrative expenses were under budget largely due to vacant positions and reduced dependence on outside waste hauling. Net surplus for the month was \$1.3M and we completed the first quarter with a net surplus of \$3.5M which exceeded budget by \$545K.
- Reserve balance at the end of March totaled \$29.8M.
- Our outstanding debt totaled \$116M and the Net Trade AR was \$9M. The Finance team is continually working to reduce account balances past due.

Action Items

3. BOARD ACTION NO. 3: MOTION TO APPROVE DISBURSEMENTS FOR FEBRUARY AND MARCH

Chairperson Deerin asked for a motion to approve the disbursements for February and March totaling \$13,123,074.

Motion: M. Brubaker

Seconded: S. Dzurik

Adopted: Unanimously

Chief Operating Officer

Mr. Adams reported on the following:

- Contract refuse continues to increase as we saw the Lancaster system grow 1.6% (Q1 2019 vs. Q1 2018). The budget is 3% growth for the entire year, with Q2 & Q3 typically higher growth quarters than Q1.
- We are getting into the annual Waste-to-Energy facility outages; however, operating times have been positive.
- We have fully implemented automated transactions at the Transfer Station in Lancaster. RFID tags have been deployed to approximately 300 customer vehicles, which use a terminal adjacent to the scale to assist drivers with automated transactions. The timing of implementation coincides with the seasonal uptick in customer traffic. The automated transaction system has helped greatly to reduce queuing near the entrance of the facility.
- Bob Eshbach, current Frey Farm Landfill Manager, is retiring in August after 31 years. We have begun the recruiting efforts to get a new facility manager in place well before his last day.
- Inashco has encountered issues that have extended the original estimate for commissioning time and delayed the commercial operation date. Inashco replaced the facility manager with an

experienced manager from their Connecticut facility and concurrently brought in management-level staff from two of their Netherlands facilities to get commissioning back on track.

- A summary of the 2018 Recycling Rate:
 - 254,533 tons recycled
 - Lancaster County achieved a recycling rate of 42.2% vs. 43.9% in 2017
 - HHW served 69,214 customers and collected 1,281 tons of material (decreased 1.1% vs. 2017)
 - Recycling rate has decreased, and we will likely continue to see this trend in coming years

Action Items

4. BOARD ACTION NO. 4: AWARD OF CONTRACT FOR THE TRANSFER STATION COMPLEX TIPPING FLOOR REPAIR PROJECT

Chairperson Deerin asked for a motion to approve the contract for the transfer station complex tipping floor repair project in the amount of \$348,600.

Motion: J.S. Ulrich **Seconded:** L. Houck **Adopted:** Unanimously

5. BOARD ACTION NO. 5: PURCHASE OF TRANSFER TRAILERS

Chairperson Deerin asked for a motion to approve the purchase of eight transfer trailers in the amount of \$844,934.40.

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

6. BOARD ACTION NO. 6: PURCHASE OF A HIGH-SPEED OVERHEAD DOOR FOR HHW

Chairperson Deerin asked for a motion to approve the purchase of a high-speed overhead door for HHW in the amount of \$23,738.

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

Chief Business Development Officer

Ms. Marsh reported on the following:

- Combined energy revenues fell slightly below plan in March (-\$30k), with performance by the Lancaster WTE Facility helping to offset electric production shortfalls at the SRMC.
- Significant work continues on the reactive power filing. A technical call was held with FERC staff, Judge Dring and our team to review and clarify outstanding questions. We are still driving to hold the first settlement conference on April 29th, provided we receive FERC's first offer for settlement in advance of this date.
- Efforts continue to advance our Renewable Natural Gas (RNG) feasibility exploration. Additionally, LCSWMA met with EPP in March to discuss an amendment to the current landfill gas agreement that would transition our arrangement with EPP from a landfill gas-to-energy partnership to an RNG partnership.

Action Items

7. BOARD ACTION NO. 7: RENEWABLE NATURAL GAS (RNG) FEASIBILITY

Chairperson Deerin asked for a motion to ratify the UGI Engineering Service Agreement and the ARM Pressure Test Service Agreement.

Motion: R.E. Gordon

Seconded: S. Dzurik

Adopted: Unanimously

8. BOARD ACTION NO. 8: RESOLUTION 2019-6: SALE OF REAL ESTATE IN MANOR TOWNSHIP

Chairperson Deerin asked for a motion to approve the sale of 1295 Breneman Road, Conestoga, PA in the amount of \$250,000.

Motion: L. Houck

Seconded: R.E. Gordon

Adopted: Unanimously

Chief Human Resources Officer

Ms. Wireback reported on the following:

- In order to continue to meet the needs of our employees and strategic priorities, the HR Department has been reorganized. We've added the role of Talent Solutions Manager and promoted Lindsay McGuire to fill this role. Additionally, we have hired Bill Gambler as Safety Manager and Amanda Manning as HR Manager. Ms. Wireback introduced both Amanda Manning and Bill Gambler.
- We have had a very safe start to the year. Drivecam incidents also continue to decrease, which shows our training and initiatives are paying off.
- In 2017, we launched a project to update the lighting at the Transfer Station Complex as part of our continuous improvement and sustainability efforts. We partnered with Meadow Valley Electric to update the exterior fixtures and the majority of the interior's fixtures. Not only were we able to achieve better quality lighting for employee and customer safety, but we also realized the projected payback of less than 2.5 years. We are exploring the possibility of updating lighting at other locations to reap the same benefits.

Action Items

9. BOARD ACTION NO. 9: RESOLUTIONS 2019-7: PENSION ADMINISTRATIVE COMMITTEE

Chairperson Deerin asked for a motion to approve Resolution 2019-7.

Motion: J.S. Ulrich

Seconded: K. Weibel

Adopted: Unanimously

Chief Commercial Officer

Dr. Sandoe reported on the following:

- Recognized Nick Kohr and his staff for their management and leadership within capital projects, as well as Lynne Morrison for her efforts in overseeing our education outreach.
- Nicole DiGiorgio (Environmental Education Coordinator) and the Community Relations staff developed two education resources to support community outreach with recycling. The first is a "Recycling Toolkit" that Municipal Coordinators can borrow (for free) to use at local events. The second is a "recycling Lesson Plan" for teachers of 2nd-5th grade students. The lesson plan was reviewed and vetted by local educators and meets state learning requirements.

- The Citizens Advisory Committee meeting was held April 17th and three new members were introduced. The committee received a 2018 overview from Mr. Zorbaugh as well as updates on current projects. There was significant conversation and discussion with the group surrounding the Recycling initiative.

Action Items

10. BOARD ACTION NO. 10: CHANGE ORDER NO.3 TO KINSLEY CONSTRUCTION, INC. FOR THE FREY FARM LANDFILL VERTICAL EXPANSION PHASE 1 CONSTRUCTION PROJECT

Chairperson Deerin asked for a motion to approve Change Order No. 3 to Kinsley Construction, Inc. for the Frey Farm Landfill Vertical Expansion Phase 1 Construction Project in the amount of \$114,808.10.

Motion: L. Houck

Seconded: R.E. Gordon

Adopted: Unanimously

Adjournment

The Board Meeting adjourned at 10:39 a.m. following an Executive Session to discuss personnel, real estate and litigation. No action was taken.

APPROVED BY THE BOARD OF DIRECTORS OF THE LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY THIS 17th DAY OF MAY 2019.



Karen M. Weibel, Secretary