

Board of Directors • Meeting Minutes

DATE: May 17th, 2019

TIME: 7:30 a.m.

Attendance

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

STAFF: Adams, Capots, Henderson (Legal Counsel), Kaufmann, Kohr, Marsh, Morrison, Roberts, Sandoe, Saylor, Sultzbaugh, Wireback, Youngs, and Zorbaugh.

ALSO PRESENT: Dave Sharp from Covanta, and other citizens as listed.

BOARD OF DIRECTORS ABSENT: Dzurik, Rettew

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. Being none, a motion was requested to approve the Minutes of April 19th, 2019 as distributed.

Motion: R. E. Gordon

Seconded: J. Musser

Adopted: Unanimously

Public Comment

None

Chief Executive Officer

Mr. Zorbaugh reported on the following:

- Being halfway through the 2nd quarter we have been tracking very closely to budget with our waste volumes.
- Revenues are 0.5% over budget.
- We are starting to see a flattening trend in growth of municipal solid waste (refuse). This will be monitored over the next several months as we start the budget forecast process.
- Steam sales to Perdue have been higher than anticipated and we are seeing a positive trend in boiler availability at SRMC.
- Waste Expo was held in the beginning of May and Dr. Sandoe was invited to speak on a panel discussing the recycling crisis. Media coverage was high, and we are seeing some other waste authorities and communities following our lead.
- The administration building will undergo renovations beginning in the summer of this year, with the front third of the building being renovated first. This renovation comes 20 years after the previous renovations. The purpose is to enhance safety and privacy, as well as add more functional, usable space. This project will likely run about 3 months and there may be a need to shift a summer meeting to a different location during the construction.

Chief Financial Officer

Mr. Youngs reported on the following:

- The month of April finished very close to budget, both financial and in volume. Net surplus for the month was \$1.6M (\$89K above budget) with YTD showing \$632K.
- Upon award of the Reactive Power filing, a one-time adjustment was made in April to reconcile Q1 to realizable earnings, which resulted in a +\$73K surplus.
- The continued system wide trend of strong C/D deliveries is positively impacting our revenues (+\$54K).
- Operating expenses exceeded budget (-\$95K) largely due to expenses incurred due to SRMC outages and timing of expenses. Administrative expenses were under budget by \$125K for the month due to position vacancies and time of various expenses.
- Highlighted the entire accounting team for their tremendous efforts in handling the high volume of transactions.
- Total ending reserves showed \$30.9M. Net trade AR was \$8.48M which is down from March. Total adjusted past due balance improved by \$85,000 as compared to March.
- Several IT upgrades were completed in the first four months including network switch upgrades at all sites, 2-way radio upgrades with a digital repeater at Reesers Summit, and various server performance enhancements.

Action Items

2. BOARD ACTION NO. 2: MOTION TO APPROVE DISBURSEMENTS FOR APRIL

Chairperson Deerin asked for a motion to approve Disbursements for April in the amount of \$7,291,403.08.

Motion: M. Brubaker

Seconded: K. Weibel

Adopted: Unanimously

Chief Operating Officer

Mr. Adams reported on the following:

- The second inbound scale and use of RFID tags have made a measurable positive impact on our operations, including greatly reducing staff time that was spent in the past directing traffic at our entrance. Although transactions grew by 8%, average on-site time rose only 1%, from 8.6 minutes to 8.8 minutes. Staff is evaluating the addition of this RFID technology at the SRMC facility to expedite transactions.
- Inashco continues to make minor adjustments to their equipment to maximize recovery, which should be an ongoing process well after Commercial Operating Date (COD) is reached. The COD will occur June 1st. Financial security is in place as required by the loan agreement with Inashco, as they provided a parent guaranty and a \$500,000 letter of credit.
- Gersham, Brickner & Bratton (GBB) completed a final report detailing the data collected during their August 2018 and January 2019 waste sorts. This work entailed the sorting of 97 samples of C/D materials weighing a total of 70,000 pounds. The main take away of the report is

approximately 56% of the incoming material could be recycled or reused if it can be effectively sorted from the mixed waste stream.

Chief Business Development Officer

Ms. Marsh reported on the following:

- Lancaster WTE exceeded budgeted MWh production by 15% (+2,191 MWh), largely due to the timing of the Unit 3 major outage being pushed into May to accommodate the advancement of SRMC Unit 3 major outage from May to April.
- Reactive power revenue was a notable driver in April's energy revenue surplus given the timing of our settlement with FERC and the recognition of the additional \$18.3K in monthly revenue we will receive through the first 4 months of the year based on our settled rate (\$340K annually vs. \$120K budgeted).
- Provided a high-level overview of the filing timeline and the beneficial outcomes of the FERC settlement.
- Settlement for 1295 Brenneman Road, which was approved by the Board last month under Resolution No. 2019-6 in the amount of \$250,000, was extended until through May at the buyers' request. Settlement is scheduled on May 23, 2019.

Chief Human Resources Officer

Ms. Wireback reported on the following:

- Our company meeting was held on April 24th and the theme was *Who are We*. There have been overwhelming positive remarks on the meeting, with some saying it was the "best one yet."
- We are approaching 2 million safe miles, which is a wonderful testament to our culture of safety.

Chief Commercial Officer

Dr. Sandoe reported on the following:

- In relation to the RNG project, pressure testing of the spare, 2-mile gas line at the Frey Farm Landfill was completed. The testing was positive showing the line was able to hold pressure at 90 psi for 16 hours.
- Work began on construction of the office and customer witness area additions to the residual warehouse space at the Lancaster WTE facility. This will allow for LCSWMA facility management to be located directly within LCSWMA's operating area, adjacent to the tip floor. The project is expected to take approximately five (5) weeks to complete.
- As part of the future Phase 2 construction for the Vertical Expansion (VE), a new office/maintenance building is required (the VE footprint will overlay the existing structure). Staff is working on drafting both the land development plan and designing the building/layout, the latter of which will be put before the board later this year for review and consideration of a project bid award.

- Staff completed a Crisis Communications Plan (CCP) for LCSWMA. A complete roll-out of the CCP and training with all staff will occur in June.
- Its been approximately 90 days since LCSWMA's new website launched. Since the launch we've seen a 30% increase in users (majority being mobile users), 15% increase in direct searches (re: finding desired content more quickly), and 33% in page views (re: users are viewing more content/pages).
- LCSWMA has been working with Manor Township to engage a consultant to conduct a feasibility study for connecting the Northwest Lancaster County River Trail and the Enola Low Grade Trail. Manor Township awarded the project to Environmental Planning and Design, and the feasibility study work is expected to begin in June and conclude by the end of the year.
- Throughout the month, staff participated in several community events that celebrated Earth Day (officially occurring on April 22nd each year), along with giving presentations to local community and civic groups. We used this opportunity to educate on proper recycling in Lancaster County.

Action Items

3. BOARD ACTION NO. 3: APPROVAL OF PHASE 1 FOR MUDDY CREEK TRANSFER STATION

Chairperson Deerin asked for a motion to award the contract for the Muddy Creek Phase 1 site Development Project to Construction Masters Services, LLC in the amount of \$43,791.10.

Motion: J. S. Ulrich

Seconded: M. Brubaker

Adopted: Unanimously

4. BOARD ACTION NO. 4: APPROVAL OF CONTRACT FOR INSTALLATION OF FFLF GAS WELLS

Chairperson Deerin asked for a motion to award the contract for the Frey Farm Landfill Gas System Expansion Project to Kinsley Construction in the amount of \$222,500.00

Motion: J. Musser

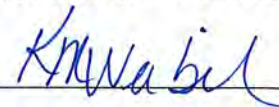
Seconded: K. Weibel

Adopted: Unanimously

Adjournment

The Board Meeting adjourned at 9:27 a.m. following an Executive Session to discuss litigation. No action was taken.

APPROVED BY THE BOARD OF DIRECTORS OF THE LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY THIS 21st DAY OF JUNE 2019.



Karen M. Weibel, Secretary