

Board of Directors • Meeting Minutes

DATE: May 15, 2020

TIME: 7:30 a.m.

Attendance

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

STAFF: Adams, Henderson (Legal Counsel), Marsh, Sandoe, Stenson Dabney, Wireback, Youngs, and Zorbaugh.

ALSO PRESENT: Dave Sharp from Covanta and Dr. Leslie Osborne.

BOARD OF DIRECTORS ABSENT: Dzurik and Musser

NOTE: LCSWMA is a life sustaining business under applicable Commonwealth of Pennsylvania actions and critical infrastructure under applicable federal guidance. This meeting of the Board of Directors was held at the offices of LCSWMA and all individuals attending in person observed appropriate social distancing. Other individuals attended electronically. All individuals attending the meeting could hear, and be heard by, all other attendees.

Opening

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

Approval of Minutes

Action Items

1. BOARD ACTION NO. 1: 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 17, 2020 as distributed.

Motion: L. Houck

Seconded: G. Rettew

Adopted: Unanimously

Public Comment

None

Chief Executive Officer

Mr. Zorbaugh provided an overview of the continued impact due to Covid-19. He noted LCSWMA workforce has remained healthy with no positive tests for the virus. He advised diligent health and safety measures have been implemented for employees and customers, and LCSWMA will follow the recommendation and guidance of Governor Wolf, PA Dept of Health and the CDC. He advised LCSWMA has formed a COVID Task Force/Committee comprised of both administrative and operations staff, as well as he and Dr. Sandoe are participants on the Lancaster County Economic Recovery Plan Task Force, an initiative of the Lancaster Chamber of Commerce and EDC.

Mr. Zorbaugh discussed the development of financial models for the impact of Covid-19 on LCSWMA's business. He reported a loss of \$900K for April, with a projected loss for May to range between \$750K to \$800K. He reported the continued curtailment of reduction of site operating hours, operating and non-core essential expenses, salary decreases, elimination of overtime and postponement of various Capital projects.

Mr. Zorbaugh commended the entire workforce for their outstanding efforts, service and dedication to the organization and the efficiency to which staff members have performed while working remotely .

Chief Financial Officer

Mr. Youngs provided a detailed report on monthly financials, including tonnage, revenues, expenses and the net position. He reported tipping revenue decreased by **\$-828K (-13.7%)** with waste volumes in refuse down 14.3% (**\$-344K**) compared to budget, C&D volumes saw significant drop due to the effects of COVID-19 and the shutdown of construction(**-\$419K**) and residual tonnage declined by 51% (**\$-145K**). He further detailed the analytics and per ton analysis and the Annual EBITDA. He presented an overview of the positive financial impact as a result of the reduction in operating, administrative and non-operating revenue & expenses. He discussed cash flow and past due accounts.

Mr. Youngs reported on the 2020 COVID impact and presented the revised YE2020 projection with comparison to the original 2020 budget. Lastly, he commended the IT team for their continued outstanding job supporting the organization's shift to remote workspaces.

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 \$6,862,844.81.

Motion: L. Houck

Seconded: G. Rettew

Adopted: Unanimously

Chief Operating Officer

Mr. Adams provided a report on the underperformance of all waste types and the tremendous decline of C/D revenue due to Covid-19. He reported low-dollar spot waste was brought into system to supplement for the decrease in contract refuse and to maintain full operations of the two waste-to-energy facilities. He reported LCSWMA reduced overtime pay for the month of April by approximately 90% (**-\$99K**) and the implementation of the current operating model has been working smoothly. He highlighted FFLF decreased waste volumes has allowed LCSWMA to delay Phase 1 of the vertical expansion until June and WTE & SRMC major ten (10) to twelve (12) day boiler outages have been rescheduled to the end of Q2 or Q3. Lastly, he reported a substantial increase in household refuse and recycling. He further noted the portion municipalities with collection contracts need to pay for has increased by an average of 20% (approximately \$10 per household) due to more refuse being generated at home.

Chief Business Development Officer

Ms. Marsh reported on the energy business, including grid pricing and hedges. She noted energy revenue in April fell short of budget by **-\$18K**. She reported the sale of TSC solar RECS for Energy Year 2019 resulted in a one-time gain of \$16K for April.

Ms. Marsh commended Covanta for the large scale clean out efforts of sludge material from the cooling tower in April to remediate the organic build up.

Ms. Marsh reported the targeted release of an RFP in Q2 2020 by a 3rd party to develop solar at SRMC has been placed on hold until further notice. Additionally, she reported inspections by PA DEP are being conducted virtually and by drive-through means to comply with health orders and social distancing requirements. She noted April inspections yielded positive results and no violations. She reported the spring inspection for Stage 1 Visual Landscape Plan (VLSP) planting has been scheduled and will be included in the annual report to PA DEP.

Chief Human Resources Officer

Ms. Wireback reported HR staff has continued their focus on educating employees on Covid-19 and implementing safe practices. Ms. Wireback reported on the collaboration with the IT Department on the implementation of the simplified automated phone systems which provides information on current announcements, facility locations and hours, direct access to frequently called departments and the ability to reach the Receptionist live during regular business hours. She further reported HR has been actively vetting a HR software system to implement in conjunction with the new ERP system with a projected goal for implementation in Q4.

Ms. Wireback advised a Covid Task Force was formed and is led by Jeff Munster. The task force's purpose is to share information as it relates to Covid-19 in the workplace, vet initiative and protocols, as well as provide suggestions to the Executive Team. The Task Force will support efforts of re-entry planning for the Administrative staff once the main office is reopened, in accordance with state guidelines.

Ms. Wireback reported Safety has surpassed 3.2M miles driven with no at-fault incidents, 1,267 days with no lost time injuries and no recordable incidents.

Chief Commercial Officer

Dr. Sandoe provided an update on the continuation of important capital projects, including the fire suppression upgrade project, Transfer Station Complex tipping floor, Frey Farm Landfill capping project and the Lancaster WTE Facility Admin Building renovation. Dr. Sandoe also provided details for the implementation of LCSWMA @Home initiative, which includes a Digital Learning Hub and Virtual Tour program.

Action Items

3 BOARD ACTION NO. 3: AWARD OF CONTRACT FOR FFLF CAP CONSTRUCTION PROJECT

Chairperson Deerin asked for a motion to award the contract for the Frey Farm Landfill 2020 Cap Construction Project to Harnden Group LLC of Harrisburg, PA in the amount of \$2,679,103.56.

Motion: J.S Ulrich

Seconded: G. Rettew

Adopted: Unanimously

4 BOARD ACTION NO. 4: APPROVE CHANGE ORDER NO. 1 TO HARNDEN GROUP LLC

Chairperson Deerin asked for a motion to approve Change Order No. 1 to the Frey Farm Landfill 2020 Cap Construction Project in the amount of \$-383,657.26.

Motion: L. Houck

Seconded: K. Weibel

Adopted: Unanimously

Adjournment

The Board Meeting adjourned at 9:02 a.m. It was noted that an Executive Session would be held after the meeting to discuss personnel and litigation, but no actions were taken during or after the Executive Session.

APPROVED BY THE BOARD OF DIRECTORS OF THE LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY THIS 19th DAY OF JUNE 2020.

A handwritten signature in blue ink, reading 'Km Weibel', is written over a horizontal line.

Karen M. Weibel, Secretary