

MINUTES OF THE BOARD OF DIRECTORS MEETING

JULY 22, 2011

The Board of Directors of the Lancaster County Solid Waste Management Authority met on **Friday, July 22, 2011 at 7:55 a.m.**, at the Reiber House, 3049 River Road, Conestoga, 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, Barton, Eshbach, Forster, Norris, Olson, Wilhelm, Zorbaugh, and Mauck. Also present were: Solicitor Alex Henderson III, Hartman, Underhill & Brubaker; Jim Klecko 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 May 20, 2011 meeting. **Ms. Weibel** moved the minutes be approved as distributed. **Ms. Hammel** 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:

The operating results were very positive for the first half of the year. After the meeting, the Board will have the opportunity to see many of the ongoing projects, such as the Soil Borrow Project and the new Baseball Field.

- ***Possible Harrisburg RRF Acquisition*** – This project has kept LCSWMA very busy. Recently, LCSWMA met with Trout, Ebersole and Groff and discussed expectations on a large list of what will need to be reviewed by them such as Harrisburg's Accounts Receivable, all types of other accounts, agreements, such as consultants, etc. Harrisburg's business, as it relates to solid waste, will take some time to figure out as they are an entity that also manages water and sewer assets, although they do budget separately for the waste operations. Trout, Ebersole and Groff's due diligence will take an estimated 4 to 6 weeks. LCSWMA also met with ARM who will start looking into some different aspects. Though at this stage LCSWMA does not anticipate acquiring the land where the ash is currently located, LCSWMA plans to lease about 56 acres and all information

about existing in-place ash will need to be evaluated to determine if there are opportunities to continue filling ash on that site. The characteristics of the ash will be needed as well; ARM is working on this. HDR will also perform some internal work with the hardware at the HRRF. Each of these three companies will work on due diligence from different aspects. They have not been given the "go ahead" yet. The Non-Disclosure and Due Diligence Agreement was put together as a late development and it is ready as soon as a decision is made to sell the HRRF to LCSWMA. The Harrisburg Authority is ready to go. The Harrisburg City Council rejected the Act 47 plan. The Act 47 Team is no longer there to consult with the City. The Mayor now has to come up with a plan in the next 14 days, and the City Council will need to approve it. LCSWMA feels confident that any plan will involve selling the HRRF. The debt for the City is \$310 million. There can be no plan to pay off the debt by increasing efficiency. The City's annual budget is similar to LCSWMA's, at around \$50 million. The main part of the plan was to sell HRRF to LCSWMA and do a long-term lease or sale of the parking garages. None of the Council members or the Mayor opposes the sale of the HRRF to LCSWMA, but they do oppose the lease or sale of the parking garages. The next step is to enter into acquisition negotiations with the Harrisburg Authority. This was already done with the County and that is how the \$124 million offer was determined. The Harrisburg Authority is not pleased that the County negotiated a sale price for their asset. The County did this to attempt to enhance the value and to try to develop a plan with the debt guarantor in Act 47. I hope that when negotiations progress with the Harrisburg Authority, they will also conclude that the \$124 million is a fair offer. The entire extra value, the additional \$79 million (difference between \$45 and \$124 million), is due to the guarantees from the City of Harrisburg and/or guarantees and contributions from the Commonwealth of PA that are not quite in place yet. LCSWMA's offer is contingent on these factors. One of the things that adds value is the electricity purchase. LCSWMA is meeting with the Secretary of the Department of General Services, which purchases all of the goods and services for the Commonwealth. Some general agreement will likely come from this meeting that the State will purchase all of the electrical output of the Harrisburg plant. There is a proposal drafted that will be given to them to help lock in the electric revenue component of the valuation. The next six months are going to be even busier while working on the due diligence and managing negotiations for this project. The Harrisburg Authority has indicated to the City that it is willing to sell the asset as part of the Mayor's plan. An Executive Session has been scheduled to discuss some other details.

Mr. Gordon asked if LCSWMA has begun to discuss the financial aspects of this project.

Mr. Warner replied that LCSWMA has met with Walter Kulakowski about having his company as a partner for underwriting, and with Wells Fargo who has a good, broad, public finance team in Philadelphia. Locally, I met with Janney Montgomery-Scott because they have very strong retail coverage in Pennsylvania. The first two parties are definitely interested and Janney will indicate their interest later. This is likely to be a very large debt issue of about a \$150 million. The plans are to finance \$120 million, then borrow another \$12 million for the 10% that must be put in the reserve account, bringing the cost to \$132. The cost of issuance is likely to be \$2.5 or \$3 million, bringing the total

to about \$135. Then there is the subordinated debt to pay off the Covanta loan; that principal will likely only be due in 20 or more years which could be another \$15 to \$20 million, putting the total debt at around \$150 million.

Mr. Gordon asked how this has impacted the engineering for the fourth unit at this point.

Mr. Warner responded that it has not impacted that potential project at all because that schedule has been set aside while all effort is ongoing with the possible Harrisburg RRF purchase. An acquisition of Harrisburg will put LCSWMA and waste disposal in Lancaster County in a terrific position for a long time. The main component of the purchase would not be because LCSWMA can do a better job than has been done by the Harrisburg Authority, it is because it has extra capacity that can be easily accessed via the Transfer Station as Lancaster County's capacity grows. At this time, the financial strength of our system is extremely strong and thus will remove the need to raise our rates.

Ms. Weibel asked if there is still work to be done at LCSWMA's RRF and at what point might that work be focused.

Mr. Warner replied that in the combined proforma, assuming LCSWMA owns the Harrisburg RRF, it anticipates borrowing \$20 million in 2014 or 2015 with a payback of only 10 years because it is not new construction. This will cover all the items needed to be upgraded, such as new cranes, control room reconfiguration, ash handling system, etc.

Mr. Houck asked what the approximate timetable is for delivering the financial side of the Harrisburg "package."

Mr. Warner replied that it depends on how quickly LCSWMA can negotiate the purchase. There is no way to control the speed with which they do business. The Harrisburg Authority has very responsible management and only has a Board of three people. They have been very transparent with their business. Covanta also helped clean up the previous situation at the HRRF, but not without its own struggles with the plant. It takes a lot of care, and money must be invested regularly to keep a RRF running as things begin to break. There is some disagreement between Covanta and the Harrisburg Authority regarding the service agreement that is causing the facility to become further distressed, which is another reason why it must be sold. LCSWMA plans to meet with Covanta after the potential purchase to set up a priority list, find out what needs to be done, and make the investments necessary for Covanta to get the plant operating better than it is currently.

Mr. Houck asked what Wally Kulakowski and Wells Fargo think about the market.

Mr. Warner replied that LCSWMA has an AA- rating with Standard and Poor's and everything will be done to ensure that this rating is maintained because having that rating will save LCSWMA millions of dollars. Some work will need to be done with Moody's, as it currently has LCSWMA's rating at A3, which is below the S&P's rating by four notches. There has been some thought of not asking Moody's to rate this. However, that will be determined later. The other issue is that this may be a taxable issue because it is not new construction. Most issues for LCSWMA are non-taxable. Hartman, Underhill, and Brubaker's office is looking into this issue. Every quarter point

right now is worth about \$4 – \$4.5 million in the proforma over 20 years. This has been modeled at 5¾%, which might be the taxable portion, but LCSWMA has been trying to be conservative. Rates are great right now; if LCSWMA can do 5¾%, it will pick up \$8 million and there will be a market for the Authority's bonds.

- ***Non-Disclosure and Due Diligence Agreement/Harrisburg Resource Recovery Facility*** – This was finalized late yesterday afternoon. **Mr. Henderson** will review the details.

Mr. Henderson described, in detail, the relative aspects of the Non-Disclosure and Due Diligence Agreement as drafted and provided to the Board. This document is a truncated version of the Memorandum of Understanding (MOU) that was previously distributed, without the deal points. On July 15, the Harrisburg Authority posted a notice that if there were other interested parties, interest should be indicated by August 5, 2011. There is no promise that a deal will proceed by entering into this Agreement. Staff recommends the Board approve the Non-Disclosure and Due Diligence Agreement as drafted so the Harrisburg Authority will receive the confidentiality it requested.

On motion by **Mr. Musser**, second by **Mr. Kassees** and unanimous vote, the Non-Disclosure and Due Diligence Agreement was approved by the Board.

CHIEF OPERATING OFFICER - Mr. Zorbaugh reported on the following:

Mr. Zorbaugh introduced Landfill Manager, Bob Eshbach, and Assistant Landfill Manager, Bob Barton.

- ***Accounting / Administrative*** – The month of June was very successful financially for the Authority. LCSWMA contributed \$222,725 in excess of budgeted contributions to our reserves. The financial performance of the Authority for the first sixth months of the year has resulted in expenses under budget by \$591,151 and revenues exceeding budget by \$314,500. As a result, the Authority made contributions to reserves in the amount of \$2.2 million, which is \$879,225 above budgeted contributions.
- ***Capital Projects*** – Progress continues on Capital Projects, with progress on the soil borrow project accelerating with the favorable weather conditions.

Mr. Zorbaugh provided a summary chart of the Capital Projects through the first six months of this year and a forecast to the end of the year. The Capital Projects and Equipment Forecast Summary were reviewed.

- ***Facility Operations*** – During the month of June, all facilities operated well. There were two PADEP inspections at both the Waste-to-Energy facility and the Frey Farm Landfill during the month. Each facility was found to be operating well within regulatory requirements.

A PennDOT vehicle inspection at all facilities was held on June 6th and June 7th. The inspection had a “trash net” type focus. Inspectors were also at Modern Landfill, Conestoga Landfill and the Chester County Solid Waste Authority, all within the same day and all in the southcentral region.

An efficiency improvement project was completed at the Waste-to-Energy facility in the ash residue building by installing axle scales for the Authority's tri-axle trucks. As a result, there will be improved operating efficiency by maximizing payloads and improving round trip times. There should also be some reduced fuel and labor expenses.

- **Waste Stream Management** – In June, the County refuse tons exceeded budget by 3% and residual waste continued to be strong. The only negative is the continued weakness in the construction/demolition waste, underperforming budget by about 7%. Mid-way through the year, refuse has outperformed budget by about 1%. The residual waste deliveries have been very strong through the first half of the year, driven by unbudgeted and unplanned event business at the Waste-to-Energy facility and Frey Farm, such as product recalls and the Harrisburg ash deliveries. Again, the one negative is the construction/demolition waste which has continued to underperform at 10% below budgeted tons.

Mr. Warner added that the Harrisburg ash comes to us as part of a temporary arrangement. This ash had been going to Lanchester, however, Lanchester got a large dirt job that led to the ash coming to LCSWMA.

Mr. Zorbaugh noted that LCSWMA can use the ash in the new Cell 6B subcell during the time period that Lanchester cannot use it. It will save using thousands of cubic yards of soil for daily cover as the subcell is covered with its initial layer of waste.

Mr. Warner commented that about 280 tons per day are expected.

- **Safety** – At the end of June, staff had worked 1,000 consecutive days without a lost-time accident. The staff has put forth an outstanding effort to do their jobs safely. A cookout is planned for the near future.
- **Risk Assessment Performance** – Along with RAFFLES insurance, the Authority has looked at goals and performance over the past year. After review, the Authority improved its already good risk assessment score by 1% going from 95% to 96% out of 100%.
- **Tires and Tire Services** – The Authority solicits bids annually for the purchase of highway truck tires, retreads, and tire repair services. Bid documents were prepared for the various types of Tires and Tire Services required at all Authority Facilities. Bidders were provided with estimated annual quantities of tires purchased and repaired to assist them in their pricing. Bidders were requested to submit unit pricing for each item specified. Actual quantities of purchased and repaired tires will be awarded on an as needed basis. All pricing is fixed for the duration of the contract. Bids were advertised as legally required and mailed directly to four local tire service providers. Of the four providers, Service Tire Truck Center and H & F Tire Service, submitted bids for the Authority's Tires and Tire Services. Service Tire Truck Center was the lowest bidder at \$94,507.85. The bid pricing reflects a 26% increase from 2010 pricing as a result of significantly higher oil prices in 2011 compared to 2010. The Authority staff recommends the Board award the contract for the purchase of tires and tire repair services to Service Tire Truck Centers for \$94,507.85.

On motion by **Mr. Ebel**, second by **Mr. Kassees** and unanimous vote, the contract for Tire and Tire Services to Service Tire Truck Centers for \$94,507.85 was approved.

- **Purchase of a Hydroseeder** - The purchase of a hydroseeder was planned for in the 2011 Capital Equipment budget. This is a scheduled replacement for an existing eleven-year-old machine, which is experiencing corrosion damage from long-term use of seeding products inherent with its application. This machine is used extensively around the landfill to establish vegetation on areas that receive intermediate cover soil or places where vegetation was disturbed and needs to be reestablished to control erosion. Authority staff reviewed specifications for hydroseeders with manufacturers and developed specifications to meet Authority needs. The specifications call for the tank to be stainless steel, which should eliminate corrosion issues and considerably extend the life of the machine. The bid was advertised as required and mailed to two known manufacturers. One company, Wolbert & Master, Inc., submitted a bid. The bid price received was favorable when checked within the industry. Staff recommends the Board award the purchase of an Easy Lawn C125 model hydroseeder to Wolbert & Master, Inc. for \$44,500.00.

On motion by **Mr. Musser**, second by **Ms. Hammel** and unanimous vote, the purchase of a Hydroseeder for \$44,500.00 from Wolbert & Master, Inc. was approved.

- **Purchase of a Used Backhoe** – The purchase of a Backhoe was planned for in the 2011 Capital Equipment Budget. This is a scheduled replacement of a 10-year-old machine. Replacing this machine will fix maintenance costs and improve equipment reliability. Authority staff reviewed specifications for the Backhoe and determined that a used low hour machine would be appropriate for purchase. Staff met with several manufacturers to determine what makes and models, with low hours, were available on the used market that met the Authority's required specifications. Bids were advertised as required and mailed directly to three local dealers. Of the three local dealers, Cleveland Brothers Equipment was the only bidder to submit a bid for a used CAT 416E Backhoe for a net purchase price of \$27,765.00. Staff recommends the Board award the purchase of a used CAT 416E Backhoe, serial number OSHA0644, to Cleveland Brothers Equipment for the net purchase price of \$27,765.00

On motion by **Ms. Weibel**, second by **Mr. Ebel** and unanimous vote, the purchase of a used CAT 416E Backhoe for the net purchase price of \$27,765.00 from Cleveland Brothers Equipment was approved.

Mr. Gordon asked what the price of a new backhoe might be.

Mr. Zorbaugh replied that the price was around \$76,000 for a new model. This machine has less than 1,000 hours.

Mr. Musser asked how old the backhoe is.

Mr. Zorbaugh responded that it is a 2009 model.

Mr. Gordon congratulated **Mr. Zorbaugh** on his staff's accomplishment of reaching 1,000 hours worked without a lost-time accident or injury.

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

- **Actual vs. Budget** – Preliminary results show Total Revenue for June was \$5,171,640, which was above budget by \$286,069 (5.86%). Residual & Special

Waste was above budget due to the Harrisburg Ash deliveries at the Landfill. Electric Revenue was above budget due to better than expected boiler availability, and the planned June mini-outages were deferred until July. Total Operating and Support Expenses for June totaled \$3,419,163, which was above budget by \$53,996 (-1.6%). Operating Expenses were above budget by \$12,558 (-2.0%). Fuel Expense was above budget by \$21,000 due to higher prices than budgeted. Support Expenses were above budget by \$41,438 (-1.5%), and Administrative Services was higher than budget due to legal and contribution expenses.

- **Six Month Year-Over-Year Comparison** – Since this is the end of a calendar quarter, a six-month comparison to last year has been provided. Total Tipping Revenue was down by \$370,000 due to C&D deliveries being below last year by 7%, and Residual deliveries in 2010 included the Brickyard project. Energy Revenue was above last year due to higher boiler availability, and Recyclable Sales were higher due to higher metal prices in 2011.

Total expenses were above last year by \$733,000. Operating Expenses were higher due to fuel expenses, which were \$100,000 higher since the price is 95 cents a gallon higher than expected and the Frey Farm leachate treatment at LASA, which started in January 2011. Support Expenses are higher by \$490,000, the majority of which is related to the RRF plant with the Covanta Service Fee and the Annual Fee Adjustment.

The Authority allocated \$880,000 less in 2011 to the Reserve deposits as compared to 2011.

Mr. Warner clarified that the fees for leachate began in 2011, not the disposal. Leachate was previously swapped out equally for the LASA sludge. Now, LCSWMA pays LASA to treat its leachate and receives payment for disposal of LASA's sludge.

- The Revenue and Investment Summary Report indicates the balance in the reserves and the interest recorded by the Authority. The average duration for each account is shown in the last column. The Unrestricted Reserve Totals at the end of June were \$40,891,835 with 0.9% average interest rate for six months. The Restricted Reserves have a \$16,384,550 balance and an average 2.5% interest rate through June. Currently the bonds that are maturing are being invested for a short duration at about 1%.
- **Approval of Disbursements** – Cash disbursements for June totaled \$4,244,964. May's disbursements totaled \$4,058,160. The total amount of disbursements for the two months requiring Board approval is \$8,303,124.

On motion by **Mr. Kassees**, second by **Mr. Musser** and unanimous vote, the Summary of Disbursements for May and June 2011 in the total amount of \$8,303,124 were approved.

Mr. Musser thanked **Ms. Olson** for making her report so easy to follow and understand the financial details.

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

- **Soil Borrow Project** – Very good progress is being made on the Soil Borrow Project. The dry weather this summer has helped Abel Construction get back on schedule. Abel has been working very hard and is putting in a lot of extra effort to make up for lost time. Currently, about 5,000 cubic yards of soil are being moved every working day, which is a very impressive number. To date, approximately 170,000 cubic yards of soil have been excavated and placed on the stockpile. This will be seen while touring the facility after the meeting.
- **Northwest River Trail** – The first section of the trail in Conoy Township has been started. This is a significant milestone. The section currently being built begins in Conoy just below the Shock's Mill Bridge and extends south 1.4 miles to the River Park in East Donegal Township. The entire new trail has been excavated and stoned. Paving is scheduled to begin next week. Crews from Conoy and East Donegal are partnering together to provide the necessary equipment and labor to build the trail. The DCNR grant that was awarded to Conoy is paying for the materials. This segment of the trail should be finished in about three weeks, and will complete the approximately 2.75 mile trail system in East Donegal Township.

Mr. Warner added that Marietta is temporarily finished and the complete length is not paved yet.

Mr. Wilhelm clarified that the trail is partially paved up to Decatur Street, but does have a walking trail that runs the entire length.

Mr. Warner added that this section is expected to be paved in a few years after a flood mitigation project is finished in Marietta.

Mr. Ebel asked if pervious pavement can be used even if there may be some water issues.

Mr. Wilhelm replied that pervious pavement may cause a problem for maintenance since 95% of the trail is near the flood area.

- **Manor Township Baseball Field Move** – LCSWMA's work is finished for this project. Crews from Manor Township will be placing bases and grading the infield. The Authority continues to water the sod to make sure it stays in good condition. The Little League will be playing an all-star exhibition game later this summer to dedicate the field. The Board will be able to view this project during the tour today after the meeting.
- **HVAC System Upgrade** – The HVAC System Upgrade in the administrative office will be starting ahead of schedule. The contractor will be mobilizing and beginning work on August 8. Most of the work will be performed after hours and should be completed in about three months.
- **Shock's Mill Bridge Walkway Design Guaranty** – Lancaster County was able to secure grant funding in the amount of \$605,000 for the construction of the proposed walkway under Shock's Mill Bridge in Conoy Township, as was discussed in the May Board meeting. In order to be eligible to receive this grant, the stipulation was that the project had to be "shovel ready" by the end of 2011 and fully constructed in 2012. This is a tremendous opportunity that LCSWMA absolutely must use to its advantage. LCSWMA staff has taken the lead and fast-tracked the negotiations. The Authority met with representatives from David Miller/Associates, Inc. and negotiated

the contract terms. The estimated cost to complete the design and permit application is \$49,000. In order to be in position to receive the County grant, the design and permitting work must be completed this year. We may be able to be reimbursed for some or all of the cost through the previously awarded DCNR grant to Conoy Township. If the construction of the trail in Conoy comes in under the grant amount of \$570,000, any remaining funds can be used to offset the cost of the Shock's Mill walkway design work. Since Conoy is the grant holder, David Miller/Associates' consulting contract must be with Conoy in order to be eligible for grant funding. The design guaranty document, presented here for Board approval, states LCSWMA will pay for all costs associated with the design and permitting for the walkway under Shock's Mill Bridge. It is staff's recommendation the Board approve the Shock's Mill Bridge walkway design guaranty between LCSWMA and Conoy Township.

On motion by **Mr. Ulrich**, second by **Mr. Ebel** and unanimous vote, the Shock's Mill Bridge Walkway Design Cost Guaranty was approved.

Mr. Ebel asked if there are any concerns about negotiations with Norfolk Southern.

Mr. Wilhelm replied that discussions are ongoing. All issues have been identified and LCSWMA feels confident it will be able to work through the issues.

- ***Resolution 2011-4: Authorizing the Acquisition of Real Estate in Marietta Borough known as 571 West Hazel Street and the Purchase of Property in Marietta for Northwest River Trail Future Parking Lot*** – This purchase relates to the Northwest River Trail as well. The property is a 0.23-acre vacant lot located at 571 West Hazel Street, close to the trail on the northern end of the Borough. The sale price of the parcel is \$27,300. There is a drawing showing the location included with the Resolution. All river trail partners agree that this property would be an ideal location for a parking lot and trailhead. DCNR has agreed to pay for 50% of the purchase price, as the Authority did with the Burkett property in Conoy Township; LCSWMA has offered to split the remaining cost after the DCNR grant with Marietta Borough. This arrangement worked very well before, enabling the municipality to acquire a valuable piece of property for 25% of the cost. In summary, LCSWMA will purchase the property for \$27,300, and then be reimbursed \$13,650 from DCNR, and \$6,825 from Marietta, resulting in a net cost to LCSWMA of \$6,825. It is staff's recommendation the Board adopt Resolution 2011-4 authorizing the acquisition and purchase of the property located at 571 West Hazel Street in Marietta for the Northwest River Trailhead and Parking Lot.

Mr. Henderson noted that the Issue Paper and Resolution 2011-4 for the acquisition and sale of the property can be combined into one motion.

On motion by **Mr. Ulrich**, second by **Mr. Ebel** and unanimous vote, Resolution 2011-4 authorizing the acquisition and purchase of the property located at 571 West Hazel Street in Marietta for the Northwest River Trailhead and Parking Lot was approved.

Mr. Gordon clarified that this property will then be conveyed to Marietta.

Mr. Musser asked if there is a bridge at this location.

Mr. Wilhelm replied that there is an underpass to the railroad.

Mr. Warner added that this is why parking is ideal in this area. It will be one of the main accesses to the trail. It is desirable to have access to the trail in areas where people do not have to walk on unauthorized overpasses owned by Norfolk Southern.

- **Resolution 2011-5: Authorizing the Sale of Real Estate in Manor Township known as 32 Chestnut Grove Road** – This property consists of a house, several outbuildings, and about 4.4 acres of land. It is located directly across from the former Star Rock Farm. It was purchased by LCSWMA as required by the PALE consent agreement in July of last year at a cost of \$228,000, and was immediately listed for sale. No offers were received for the first nine months after listing the property. In May, the Authority received our first and only offer to-date for \$190,500. It is staff's recommendation that the Board adopt Resolution 2011-5 authorizing the sale of property located at 32 Chestnut Grove Road, Conestoga, PA.

On motion by **Mr. Kassees**, second by **Mr. Musser** and unanimous vote, Resolution 2011-5 authorizing the sale of Real Estate in Manor Township at 32 Chestnut Grove Road was approved.

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

- **Permitting & Regulatory Compliance** – The Transfer Station storm water discharge permit renewal was received in June. The new permit is for a 5-year period, expiring on June 30, 2016. The 2010 Annual Operating Reports for the Resource Recovery Facility, Frey Farm Landfill and Transfer Station were submitted in June. These reports include information on tons received at the facility, reviews of operational items (for example, the results from groundwater monitoring, radiation monitoring, etc.) and administrative items such as insurance information and closure/post-closure bond amounts. As required by the Clean Air Act, the report quantifying landfill air emissions of non-methane organic compounds (NMOC's) was submitted to DEP. This report, submitted at 5-year intervals, supports the "voluntary" status of our landfill gas collection efforts as the NMOC emissions are less than the 50 megagram/year threshold that would require an active control system (flare, gensets, etc.).
- **Monitoring and Reporting** – All permit-related monitoring and reporting requirements scheduled for completion in June were completed.
- **Other Activities** – A preliminary estimate was made of our 2010 landfill greenhouse gas (GHG) tons generated in preparation for the September 30 deadline to file the first GHG report. As anticipated, approximately 130,000 tons of CO_{2e} were generated which exceeds the EPA "floor" of 75,000 tons, thus the September 30 reporting deadline is applicable. Environmental Management System (EMS) activities in June included an internal audit of the Transfer Station and the EMS System itself (while no "non-conformances" were found, six "observations" were noted that will be addressed and will serve to demonstrate continuing improvement to the EMS). Year-to-date, the in-place density is 2,734.4 pounds of waste per cubic yard of landfill capacity consumed, with soil use noted at 3.7% by volume; both values exceed the 2011 goals.

Mr. Norris added that he is tracking the Susquehanna River flows now that the dry season has begun. As of yesterday afternoon, Harrisburg river flows were about half of the typical average.

Mr. Warner asked **Mr. Norris** to extrapolate on why this is important.

Mr. Norris clarified that this is monitored because the Waste-to-Energy facility is required to provide make-up water into the Susquehanna River basin if the river flow goes below 3,000 cubic feet per second. By monitoring, the Authority will gain some lead-time to be sure water needed is pumped from the Cornwall Open Pit Mine as per an Agreement with Elizabethtown Area Water Authority. If a pumping event was required, the Elizabethtown Area Water Authority would probably already be pumping water into the river as their SRBC thresholds are lower than LCSWMA's. However, LCSWMA must be sure that its offset amount is put into the river.

Mr. Musser asked if the agreement with Elizabethtown Area Water Authority is permanent.

Mr. Norris replied that the agreement is covered regardless of who owns the Cornwall Open Pit Mine.

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

RRF Operations – Electric revenues for June were \$1,157,713, or \$140,713 better than budget, since the units operated the entire month without a problem, and Covanta opted to defer the June mini-outages until July. Electric revenues for the first six months of 2011 are 1% ahead of budget, and 2.9% better than last year. Average boiler availability for June was 100%, and the units have operated 91.5% of the time thus far in 2011, a 2% improvement over the first six months of last year. Results for the spring stack testing event, which took place from April 26 – May 5, 2011, were received, and were very good. Stack emissions of respirable particulates were 96.3% below permissible concentrations, while emissions of heavy metals such as cadmium, lead, and mercury were approximately 99% below the facility's Title V permit limits.

Mr. Warner asked **Mr. Forster** to provide the Board with the charts showing the stack emissions.

- **Energy Activities** – The FFLF wind turbines generated 320,553 kilowatt-hours (kWh) of electricity in June, which is a 3.7% decrease from May. The drop in performance can be attributed to the fact that the turbines operated at only 14% of capacity in June due to a lack of appreciable wind. To date, the turbines have generated over 3.6 million kWh of renewable energy. This is 18% lower than PPL's initial projections, and 26% of the turbines' maximum capacity. The Landfill Gas-to-Energy (LFGTE) Plant produced 1,680,057 kWh of energy in June, down 3.5% from May. The plant's combustion engines operated 98.8% of the time in June, and were taken off-line for brief periods throughout the month for periodic maintenance. In June, the LFGTE project generated 6,360 metric tons of carbon offsets, bringing the year-to-date total to 37,374 metric tons, or about 18% higher than for the same period last year. The average methane concentration in the landfill gas in June was approximately 45%.

Mr. Warner added that the original forecast from Turkey Hill was 7.7 million kWh for the year. Only six months have been completed so far, and output is at about 50%. There have been more outages than normal, especially in January. However, in about three months, it will probably pick back up as it gets windier.

Mr. Ebel asked if the gas production was coming from the new wells.

Mr. Forster confirmed that the data is from the new wells.

Mr. Warner added that one thing that can be expected to be seen before the end of the year is a new display for the lobby showing real time feedback on the electricity producing assets (electric, wind, solar, and landfill gas).

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

- ***TS Solar Project Update*** – A meeting was held with the installation contractor, Mercury Solar, and Manheim Township Zoning and Permitting Officials to go over the project prior to considering the required permits. Progress was made and work will continue on outstanding issues. The Board will be kept up-to-date.
- ***Special Projects*** – At previous meetings, the Master Plan was reviewed, which will guide post-borrow restoration efforts. Staff is now looking at submitting a grant application to match some of the costs of the restoration work to the soil borrow area.
- ***Communications*** – Discussions have been held relative to public tours of the Wind Project and the Reiber House. It has been decided that the tours will be held on Saturday, September 17th. Information will be available on the Authority's web site. The tour should be well received by the public.

Mr. Gordon asked how the tours are being communicated to the public for attendance.

Mr. Adams replied that there are several methods being used that include e-mail notifications to our e-mail database, announcements on LCSWMA's website, and advertisements in the local papers.

Mr. Warner added that advertisements would also be put in all the local merchandiser papers.

Board members received a copy of a very well written and illustrated article, entitled, "*Trash, Your Renewable Energy*", written by Kathryn Sandoe, Communications Manager for Net Zero Magazine.

Mr. Warner added that Michelle Marsh, Special Projects Coordinator, wrote an article that appeared in the July/August 2011 issue of MSW Management Magazine, entitled, "*Landfill Energy Farm*".

Mr. Kassees asked about the raptor migration study firm.

Mr. Adams responded that LCSWMA is assisting PPL in selecting a firm to perform the migration studies beginning August 15.

Mr. Warner noted that LCSWMA was required to do migration studies for one year, post-construction.

Mr. Kassees asked about the qualifications of the firms being considered.

Mr. Warner replied that the firm selected will have specific qualifications and will be a local firm. So far, there have been several firms exhibiting interest in doing the study.

- **Recycling** – The Professional Recyclers of Pennsylvania (PROP) conference, which draws about 300 attendees and 50 to 75 vendors, has chosen the Lancaster Convention Center for its 2012 conference. PROP was very pleased with the facilities and are looking forward to coming to Lancaster.
- **Single Stream Recyclables Processing Agreement** – LCSWMA receives approximately 1,000 tons per month of single stream recyclables from haulers and the residential drop-offs located at each facility. Haulers pay a tip fee of \$10 per ton. Residents can use the drop-off locations at no charge. The material is loaded into trailers owned/operated by a processor and delivered to the processor's recovery facility. The current contract, with Republic Services, to transfer and process single stream pays LCSWMA \$10 per ton and expires on August 31, 2011. The combination of the \$10 per ton tip fee and the payment by the processor of \$10 per ton produces \$20 per ton of LCSWMA's gross revenue. In June, we issued a Request for Proposals seeking qualified processors to transfer and process our material. On July 12, LCSWMA received proposals from five of the processors who received the Proposal. Waste Management Recycle America submitted the most beneficial proposal, which will pay LCSWMA \$40.30 per ton for single stream material. The proposed payment is considerably more than the current payment due to the processors enjoying much higher commodity values than in 2009 when proposals were last requested for this material. Therefore, the \$10 per ton tipping fee should be eliminated to reflect the increase in LCSWMA's per ton revenue. Staff recommends the Board of Directors award the contract to transfer and process single stream recyclables to Waste Management Recycle America for payment to LCSWMA of \$40.30 per ton and to eliminate the \$10 per ton tipping fee effective September 1, 2011.

Mr. Gordon asked if the decreased tipping fee would increase the volume.

Mr. Adams replied that he believes it will.

On motion by **Mr. Ebel**, second by **Mr. Musser** and unanimous vote, the Single Stream Processing Agreement was awarded to Waste Management Recycling America for payment to LCSWMA of \$40.30 per ton and eliminating the \$10 per ton tipping fee as of September 1, 2011 was approved.

Mr. Ebel asked about the article in Waste and Recycling News regarding Republic Services and Waste Management having recycling services at Modern Landfill.

Mr. Adams responded that this is correct. Waste Management has a location across the road from Modern.

Ms. Weibel asked if this is the same facility the CAC toured a few years ago.

Mr. Adams replied that it was the same one.

Ms. Weibel asked if the size of the company affected why there was such a price difference as shown on the Issue Paper.

Mr. Adams responded that it is based on volume that they take in, but more so due to the markets at this time.

Mr. Warner added that transportation costs are important as well.

CITIZENS ADVISORY COMMITTEE

The CAC has not met since the last meeting. The next meeting is scheduled for Wednesday, August 17, 2011.

EXECUTIVE SESSION

After a short recess, a brief Executive Session was held to discuss certain aspects of the potential HRRF purchase.

ADJOURNMENT

On motion by **Mr. Ebel**, second by **Ms. Weibel** 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 16th DAY OF SEPTEMBER 2011.**

Barbara B. Hammel, Secretary