

MINUTES OF THE BOARD OF DIRECTORS MEETING

MARCH 11, 2011

The Board of Directors of the Lancaster County Solid Waste Management Authority met on **Friday, March 11, 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, Marsh, Norris, Olson, Sandoe, Wilhelm, Wireback, Zorbaugh, and Ramsden-Herr. Also present were: Solicitor Alex Henderson III, Hartman, Underhill & Brubaker, Kevin Connor, Covanta; Krista Showers and Carol Roland, Trout Ebersole and Groff; and citizens as listed on the attached sign-in sheet.

***Mr. Gordon** noted that the Board held an Executive Session on Wednesday, March 9, 2011 to discuss a real estate matter.*

APPROVAL OF THE MINUTES

Mr. Gordon asked about additions or corrections to the minutes of the February 18, 2011 meeting. **Mr. Ebel** moved the minutes be approved as distributed. **Mr. Kassees** seconded. **Mr. Gordon** called a vote; the motion passed unanimously.

PUBLIC COMMENT

There was no one from the public present.

Mr. Warner noted that LCSWMA has received recognition for some terrific work that the Authority and staff have been doing.

Mr. Zorbaugh introduced **Ms. Wireback**, LCSWMA's Human Resources/Insurances Manager, who has been working diligently to develop Authority wellness programs.

Ms. Wireback detailed the Lighten Up Lancaster Well Workplace award for 2011 that was presented to LCSWMA. To qualify for this award, companies must document Senior Management support for wellness initiatives, have a wellness representative, and offer at least two healthy weight management initiatives throughout the year. Then,

the program must also meet criteria for creating a supportive environment, such as having water readily available to employees, or offering incentives to participate in the wellness programs. At least ten of the twenty criteria must be met to qualify. This is the second year LCSWMA has met all of the requirements to receive the award. LCSWMA was one out of seventeen companies to receive this award.

Mr. Adams introduced **Ms. Marsh**, LCSWMA's Special Projects Coordinator, to discuss an award received from the Lancaster County Planning Commission.

Ms. Marsh stated that, in October 2010, an application was submitted to the Envision Lancaster County Leadership Awards Program for the Wind Project. This program is sponsored by the Lancaster County Board of Commissioners and the Lancaster County Planning Commission to give recognition to projects in the community that exemplify smart-growth planning attributes. There are five categories under which a project can be recognized, including: Infrastructure, Sustainable Growth, Community Design and Place-Making, Community Capacity, and Heritage Resources. LCSWMA's Wind Project was one of four projects recognized under this program and was given an award under the Infrastructure category. It is significant because, even though the importance of the Wind Project has been recognized internally at the Authority, through this award LCSWMA received recognition countywide. The Wind Project is not only important to LCSWMA and the partners involved in the project, but also to the County as a whole. It is the first commercial Wind Project in Southcentral Pennsylvania and it says something about Lancaster County being a community that puts emphasis on innovation and sustainable growth. **Ms. Marsh** commended **Mr. Warner**, all the managers, and staff that worked so hard to implement this project.

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

- **RESOLUTION 2011-2: RRF CAPACITY OPTION** – This is an option for RRF Capacity that is different from what was identified previously. This has been reviewed in Executive Session numerous times. Staff is recommending that the Board adopt Resolution 2011-2, which would authorize LCSWMA to offer to enter into a negotiation to purchase the Harrisburg Resource Recovery Facility (HRRF) for \$45 million. **Mr. Henderson** will go over the Memorandum of Understanding (MOU) and will read the Resolution verbatim.

Mr. Gordon noted that the Resolution has been added to the packets for each Board member.

Mr. Henderson commented that he had had the opportunity to speak with all the Board members about the MOU and everyone has had the opportunity to review it and ask questions. After these preliminary remarks, there will be an opportunity to ask more questions. The MOU is not a Purchase Agreement. It is not an Agreement to purchase the HRRF or even an offer to purchase the HRRF. This document states that LCSWMA would like to enter into a process to determine if agreements can be developed to integrate the HRRF into the Lancaster County system. It is really a document that outlines what the process might be to reach an agreement. This is done because this type of transaction involves a great deal of time, resources, and effort on both sides, but

particularly for LCSWMA. It makes sense to have some understanding that the overall parameters are in the ballpark before embarking on this lengthy process.

The schedule is laid out in the MOU on page 4 of the document. The encouraged execution date for the MOU is April 15, 2011. This MOU was designed to be signed by the owner of the facility, which is the Harrisburg Authority, but also the entities that direct the waste flow control and have guaranteed the Harrisburg Authority's debt, which are Dauphin County and the City of Harrisburg. Covanta will also need to sign the MOU, if executed, as they are the current operator and have a long-term contract with the facility. If the MOU can be executed by mid-April, a six-week due diligence process will be set up to review additional information before final agreements can be put in place. There will be another three-week process to finalize the agreements. If the schedule would be implemented as laid-out in the MOU, closing could be possible on August 31, 2011. One of the binding parts of the MOU is that we proceed on this schedule and do our best to accomplish it. The MOU outlines discuss, in great detail, the \$45 million purchase price.

Mr. Henderson read Resolution 2011-2 in its entirety.

On motion by **Ms. Weibel**, second by **Mr. Houck** and unanimous vote, Resolution 2011-2: RRF Capacity Option was approved.

Mr. Gordon commended **Mr. Warner**, **Mr. Henderson**, and the entire team assembled to work on this project and remarked on the well-designed communications plan.

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

- **Accounting / Administrative** – The Authority met budget for the month of February. **Ms. Olson** will discuss the details. There were no contributions in February to the Restricted Reserves as no contributions were budgeted due to an anticipated negative net surplus. Through the first two months of 2011, despite a challenging beginning to the year with the cold winter weather, the Authority's net surplus is about \$160,000 above budget. Waste tonnages and associated revenues are expected to continue to improve.
- **Facility Operations** – All facilities operated well throughout the month. There were regulatory inspections by PADEP at the Frey Farm Landfill and Resource Recovery Facility. Both facilities were found to be operating well within regulatory parameters. LCSWMA took the opportunity in February, which is typically a slower month, to catch up on some staff training and complete projects that cannot be done during the busy season that will begin around the end of March.
- **Waste Stream Management** – Tonnages were below budgeted tons for the second consecutive month in 2011. Refuse deliveries were 1% under and C/D was 5% below budget. This is not surprising due to the weather in February. Residual waste tons, however, outperformed budget by 7% because of some small events that allowed LCSWMA to exceed budgeted revenues.

- **Safety** – LCSWMA continues to work without any lost-time accidents or accidents involving significant property damage. Employees have worked over 900 days without a lost-time accident. **Mr. Zorbaugh** gave credit to all staff that made this possible by paying attention to safety while working.

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

Ms. Olson introduced Carol Roland from Trout Ebersole and Groff who gave a report on the audit completion.

- **Audited 2010 Financial Statements** - **Ms. Roland** gave a brief overview of the 2010 Audit. **Ms. Roland** thanked LCSWMA for the opportunity to be of continued service and also thanked the management team of LCSWMA for all of their assistance and cooperation.

On motion by **Mr. Kassees**, second by **Mr. Ebel** and unanimous vote, the Audited 2010 Financial Statements were accepted.

Mr. Warner noted that this is the first time, in a long time, that there were no suggestions for improvements in the Management Letter.

Mr. Gordon asked if the audit was thicker than usual this year and why that might be.

Ms. Roland explained that because of the single audit that was required this year due to the receipt of the Wind Project grant, there are more footnotes required therefore adding additional pages to the document.

Mr. Gordon also thanked **Ms. Roland**, TEG, and the management staff for the fine work done on the Audit and for ensuring the information always has integrity and is reliable.

- **LCSWMA Preliminary Results – Actual vs. Budget** – February's comparison to budget shows tipping fees were below budget. The MSW deliveries were lower than budget, but were offset by the Residual Waste deliveries that were above budget. Two other items that contributed to the surplus in Revenue were the sale of CO₂ offsets on the CCAR, which had been budgeted for later in 2011. Sales of ferrous metal also contributed due to higher prices than budgeted. Total Expenses were below budget by 4%. Lower tonnages resulted in lower payroll at the sites and there were also reduced DEP fees and Covanta fees associated with these lower tonnages. These reduced expenses were offset a little by a disposal cost at the Household Hazardous Waste Facility that came in a bit higher than budgeted.
- **Approval of Disbursements** – On motion by **Mr. Kassees**, second by **Ms. Hammel** and unanimous vote, the Summary of Disbursements for February 2011 in the total amount of \$3,926,237.00 were approved.

Ms. Weibel asked what type of waste is received from Chesapeake Waste Solutions (CWS).

Mr. Zorbaugh replied that CWS is a broker that brings different types of Supplemental Waste and is the second biggest customer of this type of waste.

CAPITAL PROJECTS – Mr. Wilhelm reported on the following:

- ***Soil Borrow Project*** – Abel continues demolition work on the old farm buildings. There is a lot of concrete from the building foundations that must be broken up. The concrete does not contain much rebar, thereby allowing much of the concrete to be reused. Abel will be bringing equipment to the site to crush the concrete for reuse as a base material for the haul roads. Abel is slightly behind schedule due to the weather in February, however, it is not a concern this early in the project.
- ***Manor Township Baseball Field*** – The topsoil has been stripped from the field where the new baseball field will be built in the Manor Township Park. The site grading was expected to begin this week, but there was too much rain. Site work is expected to continue as soon as possible next week.
- ***Transfer Station Repair Work*** – A push wall was built behind pit #3 to provide a safety barrier for personnel and equipment when working behind the opening. Floor repairs were also completed in front of pit #3. The original concrete surface was worn close to the reinforcing steel from use over the years. The repair work essentially built the floor back up to its original grade to protect the rebar from damage.
- ***Reiber House Complex Update*** – An ADA compliant sidewalk to the front door will be built over the summer. In addition, a series of flat stone steps will be benched into the slope next to the house to create an outdoor seating and viewing area. Some regrading of the site will be completed at the same time.

Mr. Ebel asked if there were any plans to plant around the Reiber House.

Mr. Wilhelm replied that there are no plans right now. However, it is possible that future work will include expanding the parking area and landscaping.

Mr. Warner added that on March 15, 2011, the Susquehanna Gateway Heritage Area (SGHA) Board of Directors will be holding a Board Meeting at the Reiber House. They also plan to visit the wind project.

TECHNICAL SERVICES - Mr. Norris reported on the following:

- ***Other Activities*** – DEP approval was received for two previous submissions, the construction certifications for the Frey Farm Landfill Phase 4 Capping/Cell 6 Construction Project and the Landfill Gas Monitoring Probes installed at Frey Farm. Work continues with the Open Space Committee and Applied Ecological Services (AES). The Draft Master Plan was received earlier this week. A final meeting is expected in early April to complete the document.

ENERGY ADMINISTRATION – Mr. Forster reported on the following:

- ***Kilowatt (kWh) Hours Generated*** - The new chart at the beginning of this report shows kilowatt hours (kWh) of electricity generated at the Authority's three renewable energy facilities, which are the Resource Recovery Facility, FFLF Wind Farm, and the Landfill Gas-to-Energy Plant. The table shows production for the

Resource Recovery Facility and the Landfill Gas-to-Energy Plant are both well ahead of 2010 production.

Mr. Warner asked Mr. Forster to review the “Equivalent Number of Homes Served” portion of the chart and how it is calculated.

Mr. Forster replied that the equivalent number of homes served is calculated by using the Energy Information Administration’s standard home usage of 10,000 to 12,000 kWh per year. This is then averaged for a usage of approximately 1,000 kWh per month. In February 2011, for example, there were 19,000,042 total kWh generated. By dividing that by the average home usage per month (1,000 kWh), the Equivalent Number of Homes Served is 19,000 for the month.

Mr. Warner added that if the Equivalent Number of Homes Served is 38,000 and that is multiplied by 6, the total is 228,000 housing units, which is about how many are in Lancaster County. This shows that LCSWMA generates enough renewable energy to power approximately 1 in 6 homes in Lancaster County.

Mr. Gordon asked to what the large increase from last year in Landfill Gas-to-Energy can be attributed.

Mr. Forster responded that it is likely due to the additional eleven wells that were added to Frey Farm in April 2010.

- **RRF Operations** – February electrical revenues missed budget by about \$13,000. February 2011 marked the first time in a few years where all units stayed online during the month of February. Typically, the waste flow drops off dramatically during the winter months. This year, there was a bit more waste in the beginning of February, which allowed Covanta to back the units down for about 10 days to conserve tonnage. Tonnages were a little low at times, but Covanta’s management of the waste made it possible to keep all the boilers operating until February 27, when the first scheduled boiler outage began. The Unit #3 outage began on February 27 and it was completed on schedule in about 10 days. The work was completed by midnight on March 9.
- **Energy Activities** – The wind turbines began producing electricity on January 3, 2011. However, the GE engineers spent much of January and some of February fine-tuning the system and running required tests. In addition, in February, the over-speed issue was addressed for Turbine #2. It is important that the units do not overspeed due to the damage that can be caused. This issue has been resolved and both turbines are working properly. Wind energy generation, for the first two months of 2011, totaled 1.3 million kWh of electricity. On a capacity basis, this is about 29% of capacity. The first nine days of March showed an improvement in generation to about 45% capacity.

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

- **Business Development** – LCSWMA is moving forward with proposals received from consultants regarding the fourth unit expansion work at the RRF. As there is no

guarantee yet for the outcome of purchasing the Harrisburg facility, it is necessary to continue moving forward to ensure that, in the event the purchase does not occur, the timing for the possible fourth unit expansion is still on track. Proposals have been received and interviews have been scheduled at the end of March for the three companies that submitted proposals. A recommendation will likely be made in April for the Board to approve a consultant if the project is to move forward.

Mr. Warner noted that, though LCSWMA plans to select a consultant, expenses for this project will not be incurred until the outcome on the Harrisburg offer is determined.

- **Rail Update** – Work continues on the waste-by-rail at the RRF.
- **Solar Project** – LCSWMA continues to explore opportunities for a possible solar project at the Transfer Station.
- **Perdue** – Discussions continue regarding the possible purchase of the tract of land next to the RRF for the construction of a soybean crushing facility. It is anticipated that there will be more detailed information regarding these projects at the April Board meeting.
- **Special Projects** – March 1 began the bird monitoring for mortality and migration in accordance with the voluntary agreement with the PA Game Commission. Both of these studies are going very well, as expected.
- **Communications** – Tours of the wind project and Reiber House will be scheduled in the late spring and early summer to display these projects to the community. LCSWMA is expecting to host an open house at the RRF over the summer.
- **Recycling** – Staff time was devoted to the annual reporting process. There is a lot that goes into this and it is very time consuming each year. This allows LCSWMA to provide PADEP with the most accurate data and it also allows LCSWMA to monitor recycling in Lancaster County as it is a key component of the Integrated System. This reporting will be finished in March and the final data will be provided at the April Board meeting.

Mr. Ebel asked if there are any records that can be shared from the avian mortality study.

Mr. Adams replied that nothing has been found thus far.

Mr. Warner noted that data may be provided, if available, upon request, but this study will not be added to the standard Board report data.

Mr. Gordon asked if the avian mortality study is done each year between March and December.

Mr. Adams responded that the mortality studies go on for two years as part of the PPL and PA Game Commission Cooperative Agreement.

Mr. Warner noted that, if the team finds a bird, there is much detail to document, such as time-lapsed video of decomposition, scavenging, etc. A kill must be described in detail as to how much of the bird is there and what condition it is in.

Mr. Warner also commented that one of the objectives for April is to have an option Agreement negotiated with Perdue for Board approval providing they agree to move ahead with LCSWMA's site.

CITIZENS ADVISORY COMMITTEE

The next CAC meeting will be held on Wednesday, April 13, 2011.

EXECUTIVE SESSION

There was no Executive Session held after this meeting. An Executive Session was held to discuss a real estate matter on March 9, 2011.

ADJOURNMENT

On motion by **Ms. Weibel**, second by **Mr. Kassees** and unanimous vote, the Board meeting adjourned at 8:20 a.m.

**APPROVED BY THE BOARD OF DIRECTORS OF THE LANCASTER COUNTY
SOLID WASTE MANAGEMENT AUTHORITY THIS 15 DAY OF APRIL 2011.**

Barbara B. Hammel
Secretary