

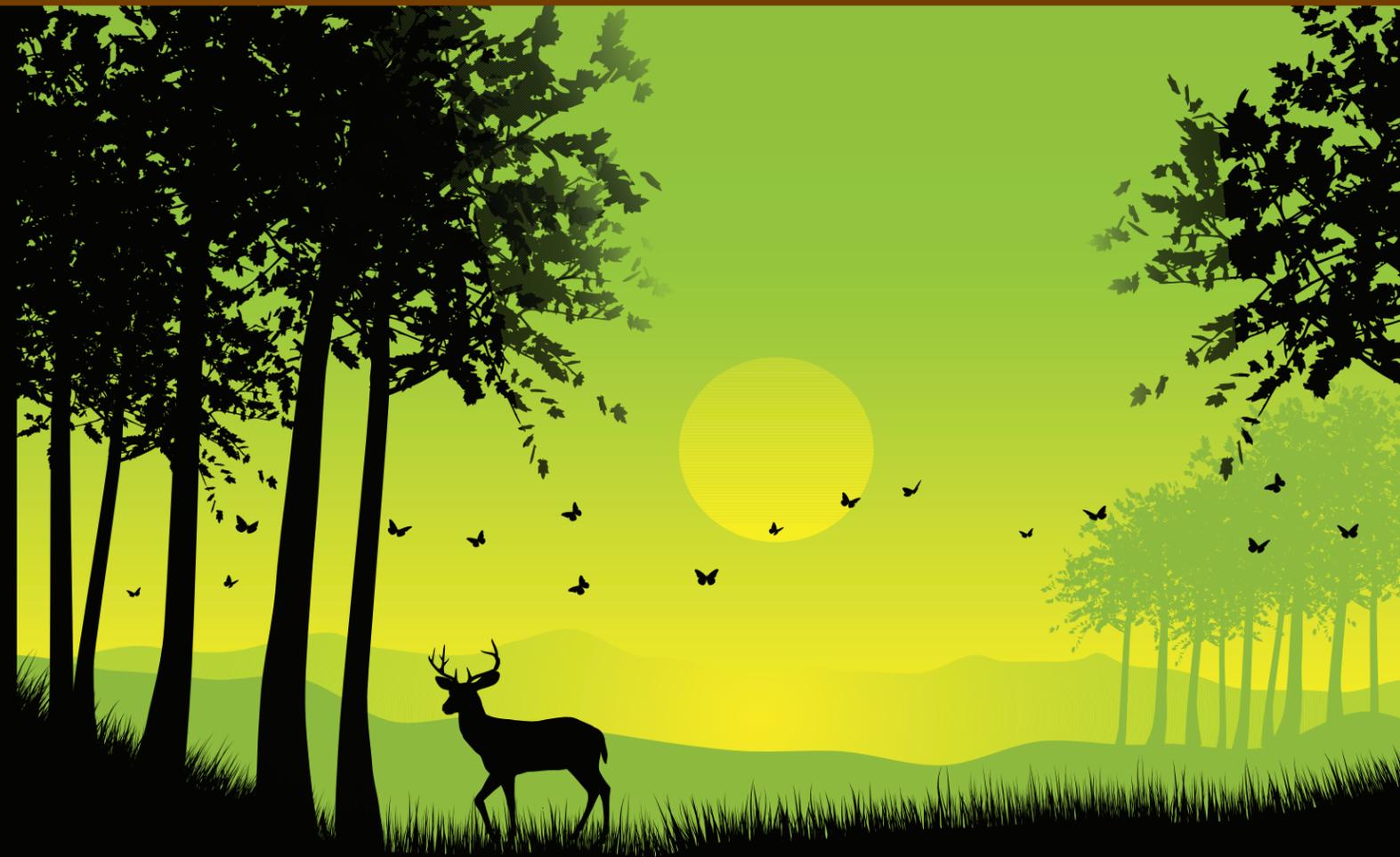


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**Chester County
Solid Waste Authority**

Annual Report 2010



Printed on Partially Recycled Paper

About The Authority And Its Members

The Chester County Solid Waste Authority was established by the Chester County Commissioners in August 1984. That same year, the CCSWA became the owner and operator of the Lanchester Landfill in Honey Brook, PA.

The Authority is comprised of volunteer Chester County business persons and one representative from Caernarvon Township, Lancaster County. All members of the Authority serve without compensation or benefits.



DR. ROBERT J. SCHOENBERGER
Chairman
Semi-Retired, Environmental Consultant

A resident of Upper Uwchlan Township, Dr. Schoenberger serves on the Township Planning Commission. A former Chairman of the Pennsylvania Governor's Solid Waste Advisory Committee; he has 45 years experience in the solid waste industry.



WILLIAM H. SHIRK
Member
Semi-Retired Data Processing Consultant

A resident of Caernarvon Township, Bill Shirk is currently providing data processing consulting services for Judge Tech Services at AmeriHealth Administrators.



RAMSEY G. DILIBERO
Vice Chairman
Retired President of BFI International

A resident of West Nantmeal Township, Mr. DiLibero was inducted into the Environmental Hall of Fame in recognition of his 30 years of service to the industry.



VINCENT CAROSELLA
Member
Attorney at Law

A resident of West Vincent Township, Mr. Carosella has many years of experience in the solid waste industry. He is the President of the law firm of Armstrong & Carosella, P.C. based in West Chester, PA.



PETER W. KNIPE
Treasurer
Chief Financial Officer STV Group, Inc., an international consulting engineering architectural company

A resident of North Coventry.



CARMEN BATTAVIO
Member
Owner of Battavio Plumbing, Heating and Air Conditioning

A resident of East Goshen Township, Mr. Battavio has served on the Board of Supervisors for the past 16 years and is a life member of the Goshen Fire Company.



PETER J. MARROLETTI
Secretary
Retired BFI Manager

A resident of Charlestown Township, Mr. Marroletti has 28 years experience in the solid waste industry.

The Staff At Lanchester

EXECUTIVE

Robert A. Watts, Executive Director

BUSINESS/ADMINISTRATION

James M. Gorney, Business Manager

David B. Lozenski, Assistant Business Manager-Finance

Peggy Cunius, Accounts Payable/ Administrative Assistant

Michael J. Smale, Weighmaster

Barbara Skiles, Weighmaster (part-time)

Jim Jennings, Weighmaster (part-time)

Jeffrey Watts, Weighmaster (part-time)

ENGINEERING & COMPLIANCE

ENGINEERING

Owen R. Esterly, P.E., Facility Engineer

COMPLIANCE

Teresa A. Devine, Compliance Officer

Sharon Andrien, Maintenance Worker

WATER MANAGEMENT

Gary Laird, Manager of Water Operations

Henry Palmer, Water Operations Assistant

RECYCLING

Nancy Fromnick, County Recycling Coordinator

Irene Perry, Administrative Assistant

OPERATIONS

Gerald A. Myer, Superintendent

(Retired in June 2010)

Earl L. Graham Jr., Operations Manager

Dawn E. Nichols, Operations/ Wildlife/Livestock Manager

Ed Carlson

Lead Operator

MAINTENANCE & REPAIRS

Thomas M. Barbarish, Mechanic

LANDFILL OPERATIONS

George E. Carlson, Operator

Steve Dunn, Operator

Robert Hollenbaugh, Operator

Randy G. Savage, Operator

Jacob A. Houck, Operator

Carlos Alicea, Utility Worker

Bill Bramm, Operator

Tom Kostingo, Operator

Letter From The Chairman

This past year saw a continuation of waste volume decline—a duration that has now reached three years, and as a consequence, extra financial pressure is exerted on the operations of Lanchester Landfill. While the waste decline has not been as precipitous for Lanchester as was experienced in other locales, nevertheless the decline directly mirrors diminished U.S. domestic economic activity and this decline is observed across the entire waste industry.

Waste generation is a dynamic statistic, and one appropriate benchmark for Lanchester is remaining life of Area D. The result of the three-year decline moves the estimated final fill date to early 2014, or an extension of about one year from the predicted date of closure in 2007 when the application for Area E was submitted. This additional time is a welcome buffer because of the complex construction and lengthy time needed to prepare Area E to receive waste. Area E finally received final permit approval in early 2011, and construction is expected to commence in fall 2011 or spring 2012.

In June of 2010 Dante Renzulli, Secretary and a board member of the Chester County Solid Waste Authority for 15 years, retired, and Carmen Battavio was appointed

by the Chester County Commissioners to replace him. Also in June, Jerry Myer, Operations Manager, retired after working 35 years at Lanchester for both the Authority and Mr. Lew Frame, the previous owner of the landfill. The Authority thanks both Dante and Jerry for their long dedicated years of service.

On behalf of the Authority Board I extend our appreciation to the staff of the landfill for their diligence and professionalism throughout the year. The combined good efforts of the staff make Lanchester the best-operated facility in Pennsylvania, and for that reason, we are justly proud of their efforts.



Bob Schoenberger
Bob Schoenberger

Letter From The Executive Director

This year was highlighted by looking both to the past and to the future. One of the unique aspects of operating a landfill is that it is a long-term earth moving construction project that needs to operate year round no matter what the weather. The property that is now the Lanchester Landfill first had two mines. Mining for quartzite started in the 1930s followed by landfilling in the 1960s. Not long after the Lanchester Landfill became a regional operation, Jerry Myer started working here in 1975. Jerry's skills were recognized by the Authority and within the first year of their operation he became Superintendent. Jerry retired mid-year and his experience and long history at Lanchester are missed.

During 2010 the Chester County Municipal Waste plan was updated for another 10 years. Having an updated plan is a State requirement. The Lanchester Landfill is designated as one of the two Primary Disposal facilities that will handle the majority of the over 500,000 tons of municipal waste generated in Chester County each year. With less than four years of disposal capacity remaining, the Lanchester Landfill received a ten year expansion permit in early 2011. The next expansion

is called the Area E Landfill expansion and is planned to be constructed over the next several years. The Area E expansion will add almost 56 acres of new lined area, with about 42 of those acres to be constructed on top of older landfill units. Minimizing new area required was achieved by utilizing a reinforced earth wall similar to the last expansion at the Lanchester Landfill.

The Authority Board is exploring all options for future recycling and waste disposal for the Lanchester Service Area. Their overall objectives are to minimize the environmental impact of the waste that is generated and to do so as cost effectively as possible.



Bob Watts
Bob Watts

2010 | A Year In Review



Synthetic Grass Cover Demonstration

The Authority is planning to cap a portion of Area D3 with an impermeable synthetic grass cover system made by Agru as a demonstration project in 2011. The synthetic grass called "ClosureTurf™" allows rainfall to quickly penetrate through and drain directly into the drainage system below, avoiding erosion and maintaining stability. The Authority will be evaluating if the synthetic grass cover outperforms the currently approved final cap for application under solar panels.

Recycling Program Expanded

The Authority expanded the list of items accepted for recycling at Lanchester Landfill in 2010. With disposal space at landfills shrinking, the Authority is doing its part to be environmentally friendly by increasing the list of recyclables that are accepted. These programs also reduce the cost of waste hauling and disposal. Items newly added in 2010 were—mattresses, asphalt shingles and vinyl siding.



The Chester County Solid Waste Authority received a 2010 Pennsylvania Waste Watcher Award for its comprehensive education program, sponsorship of electronic and shredding events, household hazardous waste collection events and extensive list of items collected for recycling. From left to right: Terence Farrell, Chester County Commissioner; Carol Aichele, Chester County Commissioner; Bob Watts, Executive Director CCSWA and Kathi Cozzone, Chester County Commissioner.



Bob Watts, Executive Director (left) and Dawn Nichols (right) of the Lanchester Landfill accept its certification from the Wildlife at Work Program, a standing that exemplifies its commitment to improving wildlife habitat through the enrichment of pre-existing habitat and the establishment of new habitat. Greg Cekander, Vice-President (center) Environmental Management at Waste Management, will be chairman of the Board of the Wildlife Habitat Council in 2011.

Tipping Fees — 2005 to 2010

The amount charged to dispose of one ton of municipal solid waste at the Lanchester Landfill.



Retirements

Dante W. Renzulli, Jr., Board Member

Dante Renzulli, a valued member and friend to the Chester County Solid Waste Authority, retired from the Board June of 2010. Renzulli served since 1995 and most recently held the position of Secretary.

“Whatever his role, Dante took the position and task very seriously and with utmost diligence, care and concern for the landfill and the residents of the County,”

says Bob Schoenberger, Chairman of the Authority. According to all members, Renzulli has been a well-respected leader. All the members have nothing but accolades for his years of service on the board.



Gerald A. Myer, Superintendent

Lanchester’s long-time solid waste superintendent retired June of 2010 after a 35 year career overseeing



the County’s facility. Myer led the operation through a number of changes including replacing aging equipment, overseeing the landfill gas recovery project, recycling, and a significant extension of the landfill’s life expectancy.

Executive Director Bob Watts said Jerry was able to balance daily and long-term needs with economic and environmental goals to the benefit of all.

2010 | A Year In Review *(continued)*

Area E Permit

The Area E Expansion, located on the south side of the property, received approval of its permit application from the Pennsylvania Department of Environmental Protection (PADEP) in early 2011. Area E will give Lanchester Landfill a ten-year capacity when it begins accepting waste in 2014. This will coincide with the time that Area D will be running out of capacity. The Authority is planning the demolition and site preparation phase of Area E in 2011.



Leachate Plant Process Improvements

In 2004, the Authority constructed a leachate treatment plant using a technology expanding UF/RO process. The plant continues to produce effluent that achieves equivalent drinking water standards, and in 2010, a \$71,500 disinfection unit was added to reduce operation cost by increasing throughput and extending the time interval between maintenance requirements. This plant modification increases throughput by more than 10 percent.

Wildlife at Work Certification

Lanchester Landfill has been a member of the Wildlife Habitat Council since 2009. The WHC is a nonprofit group of corporations, organizations, and individuals dedicated to restoring and enhancing wildlife habitat through enrichment of pre-existing habitat and establishing new ones. In November 2010, the Authority received the Wildlife at Work Certification from the Council in part due to their efforts to establish at the facility brush piles, nesting



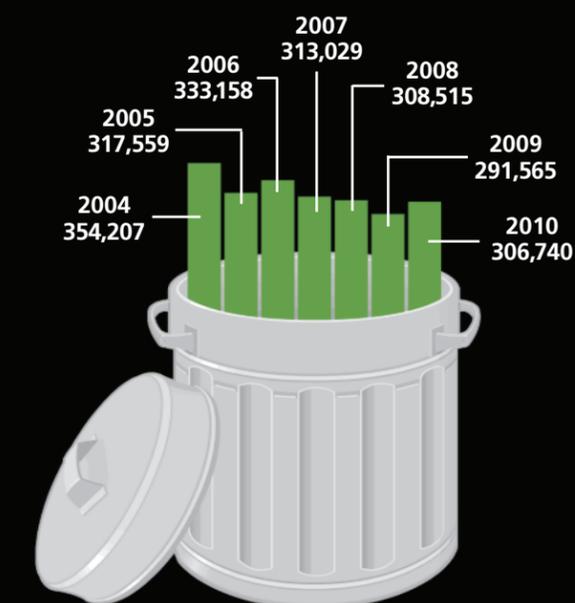
boxes, wildflowers as well as the completion of the first mile of trail. Sheep and goats continue to free range on the site year round and the Scenic Overlook with a 360° panoramic view which opened in 2001 continues to operate.

The Chester County Solid Waste Authority provides an essential public service to 49 Chester County communities, almost 400,000 residents, and hundreds of businesses throughout the county.

- | | |
|---------------------------|---------------------------|
| Atglen Borough | Schuylkill Township |
| Birmingham Township | South Coatesville Borough |
| Caln Township | South Coventry Township |
| Charlestown Township | Spring City Borough |
| City of Coatesville | Thornbury Township |
| Downingtown Borough | Tredyffrin Township |
| East Bradford Township | Upper Uwchlan Township |
| East Brandywine Township | Uwchlan Township |
| East Caln Township | Valley Township |
| East Coventry Township | Wallace Township |
| East Fallowfield Township | Warwick Township |
| East Goshen Township | West Bradford Township |
| East Nantmeal Township | West Brandywine Township |
| East Pikeland Township | West Caln Township |
| East Vincent Township | West Chester Borough |
| East Whiteland Township | West Fallowfield Township |
| Easttown Township | West Goshen Township |
| Elverson Borough | West Nantmeal Township |
| Honey Brook Borough | West Pikeland Township |
| Honey Brook Township | West Sadsbury Township |
| Malvern Borough | West Vincent Township |
| Modena Borough | West Whiteland Township |
| North Coventry Township | Westtown Township |
| Phoenixville Borough | Willistown Township |
| Sadsbury Township | |

Tonnages — 2004 to 2010

The amount of solid waste disposed of or processed at Lanchester has been relatively stable over the last seven years.



Statement Of Financial Condition

CCSWA 2010 Sources of Revenues

2010 TONNAGE

Municipal Solid Waste—CHESCO	227,039
Residual	21,022
Transfer Trailer	30,068
Construction/Demolition	25,120
Recycling	3,492
TOTAL ANNUAL TONNAGE	306,741

2010 RATE STRUCTURE (\$/TON)

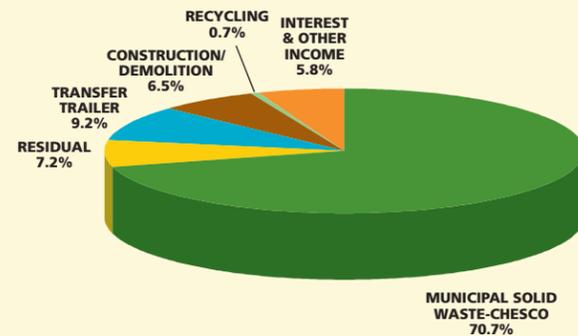
Municipal Solid Waste—CHESCO	\$56.24
Residual	61.59
Transfer Trailer	55.01
Construction/Demolition	46.83
Recycling	35.40

WEIGHTED AVERAGE \$55.48

2010 TIPPING REVENUES

Municipal Solid Waste—CHESCO	\$12,768,996
Residual	1,294,687
Transfer Trailer	1,654,109
Construction/Demolition	1,176,406
Recycling	123,619
GROSS OPERATING REVENUE	\$17,017,818

2010 Sources of Revenues



2010 OTHER SOURCES OF INCOME

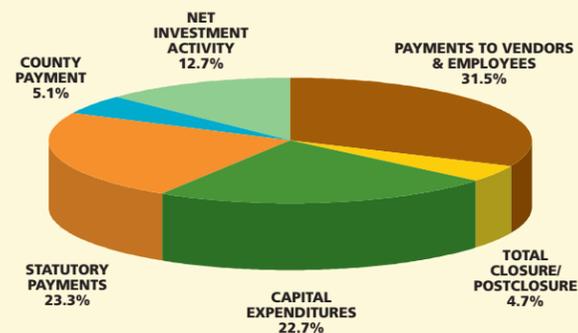
Interest & Other Income	1,040,415
Working Capital & Other	2,420,032

Total Sources of Funds \$20,478,265

Total Expenditures 15,801,503

NET CASH POSITION AT YEAR END 2010 \$ 4,676,762

CCSWA 2010 Uses of Revenues



2010 Uses

Payments to Vendors & Employees	\$ 4,982,212
Total Closure/Postclosure	741,732
Capital Expenditures	3,585,491
Statutory Payments	3,688,701
County Payment	800,000
Net Investment Activity	2,003,367
TOTAL USES	\$15,801,503

Statement Of Financial Condition

Statements of Revenue, Expenses and Changes in Net Assets Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenue from landfill operations, net of statutory payments of \$3,688,701 and \$3,177,206 in 2010 and 2009, respectively	<u>\$13,329,117</u>	<u>\$13,707,761</u>
Operating expenses:		
Direct costs of landfill operations	4,230,809	4,749,867
Landfill site expenses	593,249	508,533
General and administrative expenses	1,442,361	1,373,677
Depletion of landfill site:		
Initial investment	2,014	1,914
Expansion cells	1,276,486	1,277,453
Amortization of intangible assets and deferred charges	11,812	9,974
Provision for closure and postclosure costs	<u>1,336,039</u>	<u>1,921,070</u>
Total operating expenses	<u>8,892,770</u>	<u>9,842,488</u>
Operating income	<u>4,436,347</u>	<u>3,865,273</u>
Nonoperating revenue (expense):		
Investment income	122,021	531,848
Interest expense	(7,928)	(4,968)
Alternative cover soil income	1,188,215	—
Other income (expense), net	(169,099)	142,998
Gain (loss) on disposal of fixed assets	<u>(92,785)</u>	<u>4,000</u>
Total nonoperating revenue	<u>1,040,415</u>	<u>673,878</u>
Increase in net assets before payment to County of Chester	5,476,762	4,539,151
Payments to County of Chester	<u>(800,000)</u>	<u>(750,000)</u>
Increase in net assets	4,676,762	3,789,151
Net assets:		
Beginning of year	40,042,982	36,253,831
End of year	<u>\$44,719,744</u>	<u>\$40,042,982</u>

Summary Of Financials

Balance Sheets

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 380,420	\$ 363,517
Accounts receivable, net of an allowance for uncollectible accounts of \$206,897 in 2010 and 2009, respectively	1,264,151	1,169,339
Prepaid expenses	154,222	134,545
Unrestricted investments	18,013,533	12,778,403
Restricted cash and investments	548,844	532,858
Total current assets	<u>20,361,170</u>	<u>14,978,662</u>
Restricted cash and investments	22,564,880	22,545,318
Other assets	2,609,972	2,241,890
Landfill site and expansion cells construction, permitting, and preparation costs, net	6,270,081	7,208,610
Capital assets, net	10,181,938	9,308,003
Intangible assets, net	42,645	54,457
	<u>41,669,516</u>	<u>41,358,278</u>
Total assets	<u>\$62,030,686</u>	<u>\$56,336,940</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of estimated closure/postclosure costs	\$ 548,844	\$ 532,858
Accounts and retainage payable	725,459	465,305
Commonwealth of Pennsylvania and other surcharges withheld	915,232	753,253
Accrued liabilities:		
Payroll and related taxes	23,289	15,674
Employee benefit plan	137,219	135,091
Other	56,890	65,889
Total current liabilities	<u>2,406,933</u>	<u>1,968,070</u>
Estimated closure/postclosure costs	14,904,009	14,325,888
Total liabilities	<u>17,310,942</u>	<u>16,293,958</u>
Net assets:		
Invested in capital assets	16,494,664	16,571,070
Restricted	7,660,871	8,219,430
Unrestricted	20,564,209	15,252,482
Total net assets	<u>44,719,744</u>	<u>40,042,982</u>
Total liabilities and net assets	<u>\$62,030,686</u>	<u>\$56,336,940</u>

Summary Of Financials

Statements of Cash Flows

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$13,396,284	\$13,726,036
Cash paid to vendors	(2,743,627)	(4,720,572)
Cash paid to employees	(2,238,585)	(1,911,301)
Net cash provided by operating activities	<u>8,414,072</u>	<u>7,094,163</u>
Cash flows from noncapital financing activity:		
Payments to County of Chester	(800,000)	(750,000)
Net cash used in noncapital financing activity	<u>(800,000)</u>	<u>(750,000)</u>
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	—	(58,316)
Interest payments on long-term debt	—	(4,969)
Capital expenditures	(3,585,491)	(6,352,634)
Proceeds from disposal of capital assets	125,800	—
Net cash used in capital and related financing activities	<u>(3,459,691)</u>	<u>(6,415,919)</u>
Cash flows from investing activities:		
Purchases of investments	(13,409,059)	(7,995,122)
Sale of investments	(14,263,000)	5,814,999
Investment expenses	(7,928)	—
Interest received on investments	138,238	518,191
Alternative cover soil income	1,188,215	—
Other	(169,099)	134,712
Net cash provided by (used in) investing activities	<u>(2,003,367)</u>	<u>(1,527,220)</u>
Net increase (decrease) in cash and cash equivalents	<u>(6,157,748)</u>	<u>(1,598,976)</u>
Cash and cash equivalents:		
Beginning of year:		
Cash and cash equivalents	363,517	518,635
Restricted cash	7,170,140	8,613,998
	<u>7,533,657</u>	<u>9,132,633</u>
Cash and cash equivalents at end of year:		
Cash and cash equivalents	\$ 380,420	\$ 363,517
Restricted cash	13,310,985	7,170,140
	<u>\$ 13,691,405</u>	<u>\$ 7,533,657</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,436,347	\$ 3,865,273
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for closure and postclosure costs	1,336,039	1,921,070
Depletion of landfill site	1,278,500	1,279,367
Depreciation of capital assets	1,784,918	1,886,514
Amortization of intangible assets	11,812	9,974
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(94,812)	45,016
Increase in prepaid expenses	(19,677)	(65,761)
Increase (decrease) in accounts payable and retainage payable	260,154	(927,808)
Increase in accrued liabilities	744	10,529
Increase (decrease) in surcharges withheld	161,979	(38,058)
Payments for closure and postclosure costs	(741,932)	(891,953)
Total adjustments	<u>3,977,725</u>	<u>3,228,890</u>
Net cash provided by operating activities	<u>\$ 8,414,072</u>	<u>\$ 7,094,163</u>