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Chester County Solid Waste Authority

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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 Planning Commission of Upper Uwchlan Township.



PETER J. MARROLETTI
Member
Retired BFI Manager

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



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.



WILLIAM H. SHIRK
Member
Semi-Retired Data Processing Consultant

A resident of Caernarvon Township, Bill Shirk is now SR Systems Analyst at IBC and is past president of Red Rose and is president of Caernarvon Historical Society.



DANTE W. RENZULLI JR.
Secretary
Attorney at Law

A resident of West Goshen Township, Mr. Renzulli serves on the board of the West Whiteland Fire Company.



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.

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)

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

Earl L. Graham Jr., Operations Supervisor

Dawn E. Nichols, Operations Asst.

MAINTENANCE & REPAIRS

Thomas M. Barbarish, Mechanic

Barry J. Wertz, Utility Worker

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

I take this opportunity to provide our customers—the municipalities and citizens of Chester County, with this brief statement of our position. All is well! We do not hold any sub-prime or alt-A mortgages. We own no stock or mutual funds that lost 50 percent of their value. We did however oversee the environmentally sound disposal of about 300,000 tons of municipal solid waste, construction and demolition waste, and residual waste. We also distributed over \$2 million in fees and in-kind services to our host communities, the County of Chester and local municipalities who participated in the household hazardous waste and electronics recycling programs.

As we begin fiscal year 2009, Lanchester begins the task of gaining approval from the Pennsylvania Department of Environmental Resources for an expansion of our disposal capacity. To gain a permit requires several years, and with our need to begin construction at least one year before our capacity is exhausted, we need to begin cell construction in 2012.

I would like to thank the employees and staff of the Chester County Solid Waste Authority for their diligence and dedicated service. The landfill is a model for environmentally sound operation, and nowhere is this more evident than in the monthly inspections by the Department of Environmental Resource. The Board and all citizens of Chester County appreciate your efforts.

Bob Schoenberger Ph.D., P.E., BCEE



LETTER FROM THE EXECUTIVE DIRECTOR

The year 2008 was the end of one chapter and the beginning of another for Chester County Solid Waste Authority. The last of the currently permitted liner systems was installed in Landfill Cell D2 during 2008. This cell will start accepting waste in the beginning of 2009 and is expected to be filled in the beginning of 2014.

Knowing that in the beginning of 2009 there would be five years of space left in the Lanchester Landfill we started working with consultants to provide more disposal capacity for Chester County. In 2007 the Chester County Commissioners approved the Chester County Municipal Waste Management Plan Revisions. This Plan designated the Lanchester Landfill as the Primary Disposal Facility for 49 municipalities in northern Chester County. The County is depending upon the Lanchester Landfill to provide disposal capacity for its residents through at least 2017. The next chapter starts with an application to the Pennsylvania Department of Environmental Protection (PADEP) in early 2009 to provide an additional 10 years of disposal capacity for Chester County.

We plan to continue to work with our Host Townships and neighbors to continue to operate in a cost effective and environmentally sensitive manner. We plan to continue to utilize some of the innovative engineering and management techniques that have worked well in the past and incorporate new ideas where they make sense.

We were very pleased that we were able to keep our Scenic Overlook open on its normal schedule with a new entrance road for 2008. We plan to keep the Scenic Overlook open at its present location for a couple of more years before relocating it to a new location on the west side of the Area C Landfill. We added real time data from the wind turbine on our web page in 2008. This is a homeowner sized turbine that demonstrates its performance in one of the best locations in the area.

The annual events we have sponsored for the last few years received increased attendance in 2008. We had a leaf compost give away in the early spring followed by an electronics recycling and document shredding event in the late spring. Our Open House in the early fall had great weather and over 1,500 attendees.

We expanded our landfill gas collection system early in the year. Granger Energy (our landfill gas partner) had a very busy year bringing their 1.6 MW generator into daily operation. They are also the landfill gas developer at the neighboring Conestoga Landfill and they constructed a seven mile pipeline to tie into their existing pipeline from the Lanchester Landfill. This has allowed them to add customers and fully supply existing customer's needs for energy. Granger Energy plans to add a second 1.6 MW generator at Lanchester in 2009. The Granger Energy's project of tying two landfills together with pipelines is believed to be the first in the world. The United States Environmental Protection Agency named their expanded system Landfill Gas Project of the year for 2008.

Leachate is the liquid collected at the bottom of a landfill cell after it has found its way through waste. We collect leachate in two storage tanks along Churchtown Road. After we collect the leachate we decide if we will treat the leachate for discharge, truck it to another treatment plant or recirculate it back into the landfill. The two tanks have reached the end of their useful life and we will begin replacing them in 2008 and plan to finish the project in 2009.

We look forward to working with the Host Townships, neighbors and the PADEP on planning the next phase of operations at the Lanchester Landfill.

Bob Watts



2008

A YEAR IN REVIEW

CELL D2 EXPANSION

The new Cell D2 ties-in the area between the closed Area C and Area B landfill units. The new 8.2-acre site will accept waste in May of 2009 using the latest technology in liner construction



consisting of a double liner system. The Authority awarded the contract for construction to the Harnden Group of Mechanicsburg, PA with support from Geosyntec Engineering and ARM Group. The cost to construct the new cell was \$2,700,000. It is projected to reach full capacity in 2013.

LANDFILL GAS PIPELINE

Granger Energy of Lansing, MI Lanchester's landfill gas recovery operator that supplies commercial quality gas to area businesses will expand its supply system. When complete, Granger will be able to add new customers with its increased capacity by adding a pipeline to the Conestoga Landfill. The laying of pipe was started in 2007 and land was cleared through 2008. The project will have a ribbon cutting in May of 2009. All construction and costs associated with the project are the responsibility of Granger.

TONNAGES — 2002 TO 2008

The amount of solid waste disposed of or processed at Lanchester has been stable over the last seven years, with the remainder of the decade projected to follow this trend.



TIPPING FEES 2002 TO 2008

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



Throughout the year, the Chester County Solid Waste Authority holds special events, open houses, and tours for area residents, schools and civic groups. Guided bus tours are available at the facility's open houses or can be arranged for either individuals or groups.

2008—A YEAR IN REVIEW

(continued)

RECYCLING

Lanchester's recycling efforts are focused on complimenting and assisting the county's efforts to incorporate environmentally friendly and socially responsible practices. The Authority's mission is



to reduce the waste stream by redirecting collected material and to make this as user-friendly as possible. The Authority has once again expanded the recycling program to include the items listed at right. Unacceptable items are also listed.



Acceptable Materials (Free):

- Aluminum Beverage Cans
- Clean Foil and Pie Plates
- Antifreeze
- Cardboard
- Cell Phones
- Four-Foot Long Fluorescent Bulbs
- Glass Bottles and Jars
- Liquid Cooking Oil
- Metal Caps and Lids
- Metal Food and Beverage Cans
- Empty Aerosol Cans
- Mixed Paper
- Mixed Scrap Metal
- Newspapers
- Plastic #1 through 7 Containers, no Styrofoam
- Plastic Bags, Agricultural #4 Film and Supersacks
- Styrofoam
- Used Oil
- Used Oil Filters
- Rechargeable Batteries
- White Goods

Acceptable Materials (Fee):

- Computers
- Appliances Containing Freon

Unacceptable Materials:

- Latex (Water-Based Paint)
- Explosives
- Ammunition
- Radioactive Waste
- Tires
- Infectious Waste
- Unidentified Waste

A LOOK AHEAD

2009

CLOSURE AND CAPPING OF AREA C AND D1

The Area C Overfill unit and D1 cell has been the primary disposal area at Lanchester since 1997. Area C on the western slope encompassing 6 acres of Cell D1 has reached final permitted capacity. The Authority awarded the contract to complete this important project to H & K Group. The final cover system consisted of a 40 mil textured HDPE geo-membrane; drainage composite and final cover soils. The project was completed in 2008 at a cost of \$2,700,000.



LEACHATE STORAGE TANKS

The two leachate storage tanks that house collected leachate from the landfill will be replaced. The tanks are close to meeting their designed life. The Authority awarded construction of the new tanks to Eastern Environmental Contractors. The tanks will be made of glass fused to steel which is an



upgrade of the existing tanks and have a capacity of 883,000 gallons each. Construction of the first tank will be completed in January 2009 and the second one in May of 2009. The total cost of the project is budgeted for \$1,600,000.

AREA E EXPANSION

The Authority completed the permit application with the State to build the Area E landfill cell in March of 2009.

Public meetings and hearing will be scheduled in 2009. The Area E Expansion, which is located on the south side of the property, is projected to begin taking in waste in 2013 and have a projected ten-year capacity. This will coincide with the time that Area D will be running out of capacity.



STATEMENT OF FINANCIAL CONDITION

CCSWA 2008 Sources of Revenues

2008 TONNAGE

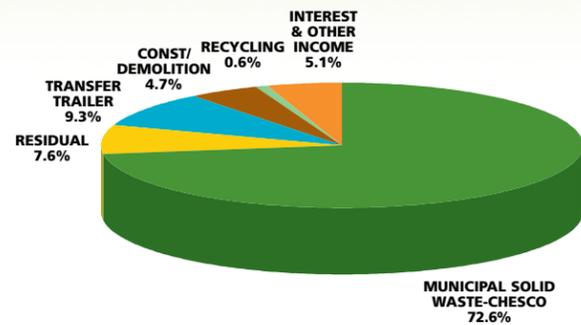
Municipal Solid Waste—CHESCO	233,132
Residual	24,175
Transfer Trailer	31,033
Construction/Demolition	16,165
Recycling	4,009
TOTAL ANNUAL TONNAGE	308,515

2008 RATE STRUCTURE (\$/TON)

Municipal Solid Waste—CHESCO	\$57.09
Residual	57.44
Transfer Trailer	55.01
Construction/Demolition	53.69
Recycling	28.63
WEIGHTED AVERAGE	\$56.36

2008 TIPPING REVENUES

Municipal Solid Waste—CHESCO	\$13,310,301
Residual	1,388,542
Transfer Trailer	1,707,010
Construction/Demolition	867,904
Recycling	114,797
GROSS OPERATING REVENUE	\$17,388,554



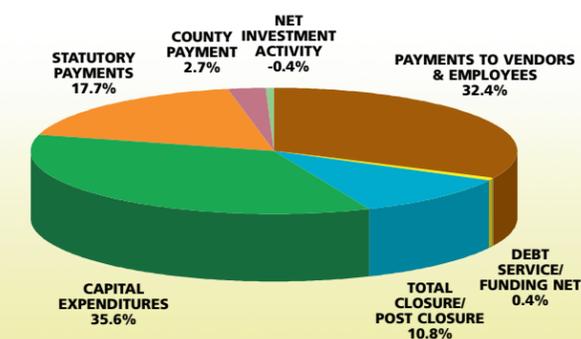
2008 OTHER SOURCES OF INCOME

Interest & Other Income	933,833
Working Capital & Other Income	724,654

Total Sources of Funds	\$19,047,041
Total Expenditures	18,528,406

NET CASH POSITION AT YEAR END 2007	\$ 518,635
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CCSWA 2008 Uses of Revenues



2008 Uses

Payments to Vendors & Employees	\$ 6,047,141
Debt Service/Funding Net	73,147
Total Closure/Post Closure	2,010,604
Capital Expenditures	6,661,367
Statutory Payments	3,317,508
County Payment	500,000
Net Investment Activity	(81,361)
TOTAL USES	\$18,528,406

STATEMENT OF FINANCIAL CONDITION

Statements of Revenue, Expenses and Changes in Net Assets Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenue from landfill operations, net of statutory payments of \$3,317,508 and \$3,100,031 in 2008 and 2007, respectively	\$14,071,046	\$14,624,487
Operating expenses:		
Direct costs of landfill operations	4,509,488	5,314,062
Landfill site expenses	434,466	472,128
General and administrative expenses	1,552,497	1,361,673
Depletion of landfill site:		
Initial investment	2,138	2,328
Expansion cells	1,309,252	2,319,187
Amortization of intangible assets and deferred charges	11,380	12,076
Provision for closure and post closure costs	4,485,307	1,467,168
Total operating expenses	<u>12,304,528</u>	<u>10,948,622</u>
Operating income	<u>1,766,518</u>	<u>3,675,865</u>
Nonoperating revenue (expense):		
Investment income	926,798	1,348,958
Interest expense	(12,500)	(13,297)
Other income	106,018	201,267
Gain (loss) on disposal of fixed assets	(98,983)	7,500
Total nonoperating revenue	<u>921,333</u>	<u>1,544,428</u>
Increase in net assets before payments to County of Chester	2,687,851	5,220,293
Payments to County of Chester	<u>(500,000)</u>	<u>(500,000)</u>
Increase in net assets	2,187,851	4,720,293
Net assets:		
Beginning of year	34,065,980	29,345,687
End of year	<u>\$36,253,831</u>	<u>\$34,065,980</u>

SUMMARY OF FINANCIALS

	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 518,635	\$ 911,778
Accounts receivable, net of an allowance for uncollectible accounts of \$206,897 in 2008 and \$212,222 in 2007	1,214,355	1,378,801
Prepaid expenses	68,784	108,409
Unrestricted investments	10,064,670	9,628,590
Restricted cash and investments	515,342	405,689
Total current assets	<u>12,381,786</u>	<u>12,433,267</u>
Restricted cash and investments	20,993,898	19,266,723
Other Assets	1,449,954	394,309
Landfill site, net	12,365	14,503
Expansion cells construction, permitting, and preparation costs, net	8,280,319	6,187,553
Capital assets, net	9,349,573	8,860,865
Intangible assets, net	64,431	75,810
	<u>40,150,540</u>	<u>34,799,763</u>
Total assets	<u>\$52,532,326</u>	<u>\$47,233,030</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of estimated closure/post closure costs	\$ 515,342	\$ 405,689
Accounts and retainage payable	1,393,113	716,677
Commonwealth of Pennsylvania and other surcharges withheld	791,311	784,499
Accrued liabilities:		
Payroll and related taxes	8,916	18,622
Employee benefit plan	132,801	121,361
Other	64,408	52,000
Total current liabilities	2,905,891	2,098,848
Estimated closure/post closure costs	13,314,288	10,949,238
Mortgage payable	58,316	118,964
Total liabilities	<u>16,278,495</u>	<u>13,167,050</u>
Net assets:		
Invested in capital assets, net of related debt	17,912,899	15,414,076
Restricted	7,679,610	8,317,485
Unrestricted	10,661,322	10,334,419
Total net assets	<u>36,253,831</u>	<u>34,065,980</u>
Total liabilities and net assets	<u>\$52,532,326</u>	<u>\$47,233,030</u>

SUMMARY OF FINANCIALS

Condensed Summary of Assets and Liabilities December 31, 2008 and 2007

	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 518,635	\$ 911,778
Accounts receivable, net of an allowance for uncollectible accounts of \$206,897 in 2008 and \$212,222 in 2007	1,214,355	1,378,801
Unrestricted investments	10,064,670	9,628,590
Restricted cash and investments	515,342	405,689
Other current assets	68,784	108,409
Total current assets	<u>12,381,786</u>	<u>12,433,267</u>
Restricted investments	20,993,898	19,266,723
Capital, intangible, and other assets, net	19,156,642	15,533,040
	<u>40,150,540</u>	<u>34,799,763</u>
Total assets	<u>\$ 52,532,326</u>	<u>\$47,233,030</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of estimated closure/post closure costs	\$ 515,342	\$ 405,689
Other current liabilities	2,390,549	1,693,159
Total current liabilities	2,905,891	2,098,848
Estimated closure/post closure costs	13,314,288	10,949,238
Mortgage payable	58,316	118,964
Total liabilities	16,278,495	13,167,050
Total net assets	<u>36,253,831</u>	<u>34,065,980</u>
Total liabilities and net assets	<u>\$ 52,532,326</u>	<u>\$47,233,030</u>

Total assets at December 31, 2008 were \$52,532,326, an increase from \$47,233,030 in 2007. The increase of \$5,299,296 is primarily due to higher restricted and unrestricted cash and investments of \$2,272,908, and higher capital, intangible, and other assets of \$3,623,602; partially offset by a reduction of cash and cash equivalents of \$393,143.