

**MINUTES OF THE BOARD OF DIRECTORS OF THE  
SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA**

**March 22, 2017**

The Regular Meeting of the Board of Directors of the Southeastern Public Service Authority (SPSA) was held at 9:30 a.m. in the Regional Board Room at the Regional Building, 723 Woodlake Drive, Chesapeake, Virginia. The following members were in attendance or as noted:

Mr. Marley Woodall	(CH)	Mr. Eric Martin <i>absent</i>	(CH)
Mr. Everett Williams	(FR)	Mr. H. Taylor Williams *9:36	(FR)
Mr. Roy Chesson	(IW)	Mr. Randy Keaton	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Ms. Cheran Cordell**12:28	(PO)
Mr. Mark Hodges	(SH)	Mr. Michael Johnson	(SH)
Mr. David Arnold	(SU)	Mr. Patrick Roberts	(SU)
Mr. William Sorrentino	(VB)	Mr. John Barnes	(VB)

\* Indicates Late Arrival

\*\* Indicates Early Departure

(CH) Chesapeake; (FR) Franklin; (IW) Isle of Wight; (NO) Norfolk; (PO) Portsmouth, (SH) Southampton County; (SU) Suffolk; (VB) Virginia Beach

Others present at the meeting included the Alternate Ex-Officio Members, Mr. Steve Jenkins (CH), Mr. Randy Martin (FR), Mr. Mark Popovich (IW), Mr. Harvey Howard (NO), Ms. Erin Trimyer (PO), Mr. Eric Nielsen (SU), Mr. Phil Davenport (VB), and the following SPSA executives Mr. Rowland (Bucky) Taylor, Executive Director, Ms. Liesl R. DeVary, Deputy Executive Director and Treasurer, and Mrs. Blanche Christian, Administrative Coordinator and Secretary, Trey Huelsberg, General Counsel, and staff from SPSA and the Hampton Roads Planning District Commission.

The meeting was then called to order by Chairman Woodall followed by the invocation by Mr. Everett Williams, the Pledge of Allegiance, and Roll Call. A quorum was present.

**PUBLIC COMMENT PERIOD**

Mr. Geduldig-Yatrofsky from PortsmouthCityWatch.org, made the following comments: "Good morning; at last month's meeting there was discussion about the RePower delays. There was little small mention in public session about some considerations relative to the continuation of the contract, although you did have the option under its provisions to terminate it, and the fact that you did not choose to exercise that option is not what bothers me. What bothers me is the thumb on the scale of certain political individuals, the governor and Senator Cosgrove from Chesapeake, who had intervened in the deliberations or who had expressed their opinions. Now, since a substantial number of the members of this board are gubernatorial appointees, as somebody pointed out in the course of the meeting, the voice of the governor rings rather loudly in all of their ears. To me, what

should be the overriding consideration in terms of moving forward with the contract is whether it makes sense and whether it serves the best interests of the residents of this region who are served by this body, and the governor is entitled to his opinion, Senator Cosgrove is entitled to his opinion, but they should not outweigh the best interests of the public you serve. So I'm concerned that in the ongoing discussions, you keep in mind who the primary clients are, and I make no judgment at this point as to whether the RePower contract will best serve my interests because relevant information is being discussed out of my sight and out of my hearing. I don't want to prejudge based on inadequate information, but I believe you have a responsibility to bring that information into the public arena so that we can all assess the quality of the job that you're doing as our representatives. Thank you very much.”

**1. INFORMAL ITEMS: DISCUSSION ONLY**

**A. MONTHLY REPORTS ON WTE OPERATIONS**

Mr. Rob Johnson began his report on the operational stats for Wheelabrator Portsmouth for the month of February. The total waste received by SPSA was 31,662 tons and 52,171 tons of waste was delivered to the RDF facility. The total tons processed were 51,073 tons and 12,621 tons of ash was sent to the regional landfill. The total electricity sold to the grid was 18,354 megawatts and 55,087 K-pounds of steam was sold to the Navy. The overall availability for the month was 92% and the overall generator availability was 97%. There were no environmental incidents for the period, but we did one minor incident involving an eye irritant. Boiler 3 had a scheduled outage. The major work included super heater replacement, major grate overhaul, SDA inspection and replacement of all the 1760 bags in the baghouse. Turbine generator #2 had a scheduled outage to inspect and clean the condenser, inspect and clean L.O. and air coolers. Additional work included instrument calibrations and electrical PM's

As requested at the last month's meeting, we did have an opportunity to meet with SPSA staff and discuss the wait times at the RDF. We talked about improvement opportunities and limitations that both sides have as far as operational issues. We agreed on some key performance measures as far as the wait times, and then improvement opportunities in two of those that I kind of wanted to talk about today. One of them was a sequencing of the trucks. At our other facilities the waste is brought onto the floor by two different vehicles. One would be a walk and pull trailer, SPSA trailer, one would be route truck, something like a rear packer that does direct delivery to the facility. We've had success at our other facility with matching these styles together. Essentially we would form two lines and bring a platoon, of SPSA trailers and walking trailers together as a group and then move through a volume of the route trucks we think by doing that we can move the floor along more efficiently and help reduce some of those wait times. The other thing that I observed by spending some time on the tipping floor was the safety of the citizens. I provided a letter to the Board asking them to review the request of removing citizens from having access to the RDF tipping

Toney Saunders commented since our meeting the time and communication between RDF has improved, efforts are being made.

Mr. Taylor commented that we support the way in which he brings different trucks in as mentioned

in his first item. We did feel like it was important if there was any discussion that needed to be held with the board regarding the removal of citizens from the RDF floor. There has always been a safety issue at all transfer stations. Currently we do not allow citizens to use Oceana, and citizens are only allowed to use Norfolk transfer station on Saturday afternoons and Sunday afternoons and the city of Norfolk actually pays for those additional hours.

Mr. Rob Johnson commented that another thought is limitation of hours. Saturday is typically a shorter less busy day, during the midweek is our largest and highest volume of traffic.

Chairman Woodall (CH) commented that overtime has decreased after one meeting, continue to meet and come up with suggestions to improve those operations.

## B. EXECUTIVE DIRECTOR UPDATES

Mr. Taylor began his monthly report. There have been no odor complaints received at the landfill. The roof replacement on the landfill operations building has been completed. Jeff Murray of HDR will address the leachate project later in the agenda.

The GasBoy system update at the Landstown transfer station has been completed. The Isle of Wight GasBoy system upgrade is set to begin soon. Roll up door replacement at the Norfolk transfer station will be completed soon.

Suffolk has indicated that the applications for the CUP and rezoning for Cell VII will not be going to the Planning Commission until after DEQ has issued its correction plan for the unusual condition regarding leachate at the Regional Landfill. We did receive a Notice of Violation from DEQ, and they've asked for a second meeting with the SPSA staff. It is anticipated that DEQ will issue the plan by the end of April.

A copy of the monthly report for RePower South has been included in the agenda. They have received the initial draft terms and are now negotiating the offtake and should have an offtake agreement close to its final stages with execution by mid-April.

Mr. Keifer (NO) asked in regards to the Suffolk permit, are there major issues remaining here that are causing this continual delay? Mr. Roberts (SU) responded that the leachate issue is a major issue of concern for Suffolk, and it should be a major issue of concern for SPSA.

Mr. Keifer (NO) stated that I have some questions that I've given to Bucky, but I'd like to get some answers by the next meeting. They are as follows:

1. The SPSA landfill is permitted by DEQ. A) What does the permit say about leachate levels in the landfill and what record keeping and reporting is required? B) How frequently does SPSA report to DEQ on the landfill and what has been reported in the past five years regarding the leachate collection and monitoring system? C) When has DEQ inspected the landfill and did those inspections identify any issues with the leachate collection and monitoring system?
2. SPSA has an engineering consultant evaluate its operations each year, including the landfill.

What have those reports said the leachate collection and monitoring system is and were any problems identified?

3. When did HRSD change the quantity of allowable discharge from the landfill, what correspondence occurred between SPSA and HRSD and what analysis was done on the adequacy of the discharge limits?

4. With respect to the landfill, A) When was the last record or recollection of employees of when the leachate monitoring system was operating? Were leachate levels recorded in the past? B) Is there any record of notification of problems or requests for repairs to the leachate monitoring system? C) There are two landfill cells with multiple pump locations. Where were the monitoring devices and is it correct that all have failed?

5. Please describe the certifications and training required for SPSA staff who manage the landfill, and are there any unmet requirements?

Mr. Sorrentino (VB) commented that I would like to have more information from the Executive Director of items that are critical to the operation of our landfill in our monthly report. He suggested that we develop a list of critical information requirements that can be shared with the Board on a monthly basis, and then the board will have a better understanding and appreciation that we're doing the right thing.

#### C. CHAIRMAN'S COMMENTS

Chairman Woodall (CH) asked Mr. Taylor, Mr. Sorrentino and Mr. McCoy to work together in getting a list of critical information requirements and reporting it back to the Board.

## 2. ACTION AGENDA

### A. MINUTES OF BOARD MEETING

Chairman Woodall (CH) moved to the action agenda. The minutes of the February 22, 2017 SPSA Board of Directors meeting have been distributed and he asked if there were any additions or changes.

**Mr. Everett Williams (FR) moved, seconded by Mr. Broad (NO) that the February 22, 2017, Board minutes be approved as presented. The vote of the motion was unanimous.**

### B. FINANCIAL MATTERS

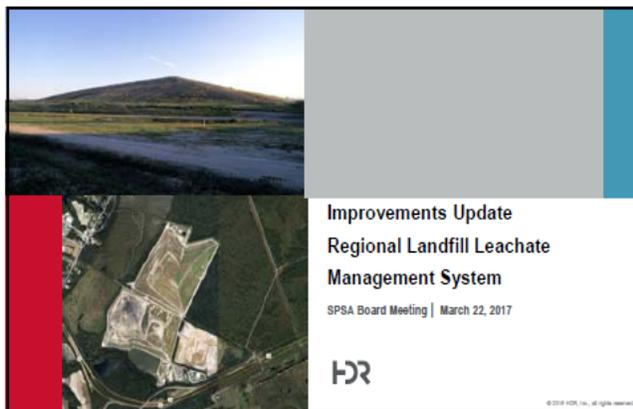
Ms. DeVary began by stating that for the month ending February 28, 2017, total revenues exceeded total expenses by approximately \$2.9 million as compared to a shortfall of approximately \$1.5 million in the previous year. Tipping fees reflect a 14% increase or approximately \$3.2 million as compared to this time last year, and the increase is due to the end of the Ash and Residue Agreement. Municipal waste tonnages are up less than 1%, or about 956 tons as compared to last year. The total expenses as of February 28, 2017 were approximately \$31.7 million compared to \$29.6 in the prior fiscal year. A total of \$3.1 million has been applied as credits from the tip fee

stabilization fund to localities invoices for the month of January and February. Cash balances are \$24.3 million, and they're designated with \$7 million in the operating fund, \$1.3 million in the tip fee stabilization fund, \$6 million in landfill closure, and \$10 million in the operating reserve. The fiscal year 2018 proposed budget we will be presenting in April. As there are many variables to consider for the upcoming fiscal year, we will be recommending that the municipal tip fee remain at \$125 per ton until such time a revised budget and corresponding tip fee, can be prepared and approved by the Board. We'll be dropping the tipping fee come January 25th when the new Use Agreements start, but that will give us more time to get more of our variables solved.

**Mr. Keifer (NO) moved, seconded by Mr. Sorrentino (VB) that the financial reports subject to audit be approved as presented. The vote of the motion was unanimous.**

### 3. PRESENTATION: LANDFILL LEACHATE PROJECT

Mr. Jeff Murray, Senior Project Manager with HDR Engineering began his presentation with an update on the current status of the leachate project and progress that we've made. I'll do my best to answer questions that the board may have following the presentation.



#### Unusual Condition Status

- Leachate pumping approximately 50,000 gpd from Cell V has reduced leachate elevations
  - 3 to 4 feet drop since 2/24/17
  - Elevation change recorded by transducers and data loggers on daily basis
  - Approximately 1 M gallons removed over 4 week period
- No pumping from Cell VI, leachate still accumulating
  - 4 to 5 feet higher since 2/24/17
- 50,000 gpd will not remedy condition, need additional removal

#### DEQ Coordination

- Proposed Corrective Action Schedule provided 2/24/17, assumed
  - Pre-treatment system could permit 200,000 gpd discharge
  - Pre-treatment operational and discharge increase in December 1, 2017
  - Condition remedy by November 29, 2019
- Bi-weekly status updates continue
- Response to Request for Additional Information provided 3/17/17
  - Other remedies being considered (in addition to pre-treatment)
    - Pump and haul
    - Aerosolization demonstration
  - Elevated temperature landfill conditions
  - Landfill stability
- Have not received anticipated Notice of Violation

#### Actions Taken

- Coordination with HRSD and City of Suffolk
  - Suffolk approved pump rate up to 300,000 gpd during, with exceptions for wet weather
    - Reduce pump rate to 39,000 gpd for 24 hours after 1" rain event
  - Final application documentation to HRSD for discharge increase pending
  - SWIFT Program at Nansemond impacts to be determined
    - Will likely further restrict discharge quantity
    - Additional sampling and analysis being completed
    - SPSA to request HRSD complete site specific study
    - Long-term impacts on leachate disposal options



there haven't been any observed seeps from the landfill facing, which would be indicative of additional storage of leachate within the landfill.

HRSD is moving towards the SWIFT program, which is the Sustainable Water Initiative for Tomorrow. They are implementing this program and a demonstration project at the Nansemond Plant next year. That program will most assuredly further restrict the quality of leachate that's coming from industrial and commercial customers that discharge to the Nansemond facility, and it may have long-term impacts on the leachate disposal options from the SPSA landfill.

We're proposing a temporary haul and disposal operation and at the same time proceed with a design for permitted load-out station at the facility at a minimum that would serve as a long-term backup for your leachate disposal. That will require final engineering design, electrical design for modifications to the existing pump station, and then site plan and approvals through DEQ and the City of Suffolk. Concurrently with that we're also proceeding with a new SCADA system design that will be able to monitor and measure existing pump operations within the landfill cells, as well as levels of leachate within the storage lagoons. The previous SCADA system stopped being fully operational in the 2009/2010 time frame. Our recommendation is start pumping and hauling as soon as we can. We need to get more leachate out than is currently being discharged because the landfill is generating more than 50,000 gallons a day.

Mr. Arnold (SU) asked if there are potential fines or punitive ramifications from DEQ or any other source associated with the NOV.

Mr. Huelsberg responded you can almost guarantee there will be civil penalties. What they will be is uncertain at this point, but the DEQ is more interested in making sure the problem goes away than fining the organization out of existence.

Mr. Roberts (SU) commented that as we move forward we should no longer refer to this as an unusual condition, it can be more aptly called the Landfill leachate NOV. What would you normally expect the water level to be?

Mr. Murray responded that both federal and state require that you maintain leachate levels to no more than 12 inches or 30 centimeters above your liner. When we detected it, it was in excess of 30 feet in the cell locations in Cell V.

Mr. Roberts (SU) asked what the duration would be for the pumping and hauling to the four treatment plants, how many trucks per day should we anticipate, and on the haul route proposed, will those trucks come from Bowers Hill and go back towards Bowers Hill?

Jeff Murray responded that we're looking at a minimum of four months of extended hauling, and at that point they will be able to measure the success of the dewatering. If they can pump and haul 7,000 gallons per day to each of those four locations, we're probably in the neighborhood of 15-20 tanker trucks that will be serving the facility.

Mr. Roberts (SU) asked how much have we spent to on this project to date.

Ms. DeVary responded about \$65,000 in maintenance. With legal and consulting fees it is probably around \$100,000, but I will be able to have something for you next month.

Mr. Sorrentino (VB) asked what is taking so long to get moving on the recommended solution of pumping and hauling.

Mr. Murray responded to do it properly from a procurement perspective, there's a three-step process. You finalize the documents, get proposals and evaluate those and then award them. Currently the landfill site is not configured to facilitate the most efficient responsible pump and haul. We are designing that now and anticipate having that completed in three weeks.

Mr. Roberts (SU) asked what do you think the construction time is for that.

Mr. Murray responded that it depends on the City of Suffolk's period for site approval. We'll have to go for site plan approval, as well as DEQ permanent modification. Under the consent order, we may have flexibility on a modification permit.

Mr. Arnold (SU) commented that I've heard things like \$10,000 to \$20,000 a day, eight to ten cents a gallon, but I don't know what the overall cumulative price tag is associated with this.

Ms. DeVary responded that if you pump 200,000 gallons every day for 365 days at 8.5 cents per gallon, plus we also have to pay the treatment at HRSD, it's going to be in the neighborhood of \$6.7 million. If you only do it for four months, a third of the time or a third of the year, then you're only talking two to 3 million. On our total tonnage, 385 tons, that's about \$17 on the tipping fee. I would hope over the next year I have other areas in our capital and savings in our budget that I'm not just going to have to tack on this.

#### **4. CLOSED SESSION**

Mr. Huelsberg, General Counsel read the closed session request as follows:

*I move that a closed session be held for discussions regarding (a) SPSA's available legal rights and remedies in light of the status of certain "pre-commencement" contractual obligations under the Waste Supply and Services Agreement between SPSA and RePower South, in accordance with Virginia Code Section 2.2 3711(A)(7) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel; and (b) proposals received in response to the RFP issued by SPSA for Solid Waste Hauling and Disposal Services for Non-Municipal Waste, including the current status of negotiations with applicable offerors, in accordance with Virginia Code Section 2.2 3711(A)(29) for the purpose of considering negotiation and award of new contracts where competition and bargaining are involved and where discussion in open session would adversely affect the bargaining position or negotiating strategy of the public body.*

**Mr. Sorrentino (VB) moved, seconded by Mr. Keifer (NO) to approve the certification as read. The vote of the motion was unanimous.**

5. **ACTIONS ARISING FROM CLOSED SESSION**

Immediately upon completion of the closed meeting, the following certification was read by General Counsel, Trey Huelsberg.

*The Board of the Southeastern Public Service Authority of Virginia hereby certifies that, to the best of each member's knowledge: (a) only public business matters lawfully exempted from open meeting requirements by Virginia law under the Virginia Freedom of Information Act were discussed in the closed meeting to which this certification applies; and (b) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered in the closed meeting just concluded.*

Mr. Taylor Williams (FR) moved, seconded by Mr. Sorrentino (CH) to approve the certification as read. The vote of the motion was unanimous.

6. **OLD/NEW BUSINESS**

There was no new business.

7. **ADJOURN MEETING**

There being no other business to come before this Board of Directors this regular meeting was adjourned at 1:03 p.m.



Rowland L. Taylor  
Executive Director

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Submitted by: Blanche Christian  
Secretary, SPSA Board of Directors