

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

**April 26, 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	(CH)
Mr. Everett Williams **1:37	(FR)	Mr. H. Taylor Williams	(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	(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. 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.

**1. INFORMAL ITEMS: DISCUSSION ONLY**

**A. MONTHLY REPORT ON WTE OPERATIONS**

Mr. Rob Johnson began his monthly report on the operational stats for Wheelabrator Portsmouth for the month of March. The total waste received by SPSA was 38,209 tons and 60,428 tons of waste was delivered to the RDF facility. The total tons processed were 57,699 and 13,999 tons of ash was sent to the regional landfill. The total electricity sold to the grid was 21,043 megawatts and 40,806 K-pounds of steam was sold to the Navy. The overall availability for the month was 92% and the overall generator availability was 98%. There were no zero environmental incidents, but we did have an OSHA recordable this month where a gentleman hurt his knee walking down stairs. Boiler 3 had a scheduled outage, the major work included super heater replacement, major grate overall, SDA inspection and replacement of 1760 bags in the bag house. The turbine generator #2 had a

scheduled outage to inspect and clean the condenser. The replacement of the C-33 conveyor belt was also scheduled

We continue to work with SPSA on reducing the wait times at the RDF facility. March was the first full month using the agreed upon KPI's and will serve as a benchmark going forward. We had two processing issues that resulted in diversion of waste. The facility diverted 411 tons of waste with SPSA as a result of processing issues with the ash system and the second diversion was coordinated with WM as a result of a 14 hour plug at C-32/C-33 transfer house.

As of April 17, citizens will no longer have access to the RDF facility. This request was the result of concerns for citizens safety on the tipping floor.

## B. EXECUTIVE DIRECTOR UPDATES

Mr. Taylor began his monthly report. There have been no odor complaints received at the landfill. We did have some tornado damage at Landstown. HDR is doing a scope of work so that we can have those items replaced.

Jeff Murray from HDR will have a completed update on the leachate project later in the agenda.

HRSD had its annual pretreatment award ceremony. SPSA received the gold award for the 2016 compliance record. In order to maintain this compliance, SPSA's wastewater remained below the permitted limits for each sampled parameter and also leachate sampling was conducted in accordance with HRSD's requirements and all monthly self-monitoring reports were submitted to HRSD on time and in accordance with their rules and regulations and their standards.

DEQ has provided a May/June timeline for its issuance of a consent Order for the acceptable plan to have leachate limits achieved. The City of Suffolk has told SPSA staff that once the Consent Order has been issued by DEQ, SPSA's application for the CUP and Rezoning will then be able to proceed. The outside date for the completion of this process, as outlined in the Suffolk Host Agreement, is December 31, 2017.

The committee for the Commercial Waste Hauling and Disposal Contract met following the last Board of Directors meeting and staff has continued to work with Bay Disposal and Wheelabrator in order to get an executable contract. This has not been accomplished at this time and will be discussed further in closed session.

SPSA has internally been discussing what the interim municipal waste disposal options during the construction of the RePower South Chesapeake facility. The first option is to dispose of only municipal waste in the regional landfill in Suffolk. The second option is to contract with a third party for handling of the municipal waste. Liesl will provide additional comments on this topic when she presents the 2018 Budget.

A copy of the RePower South monthly report is attached in the agenda. This item will be discussed further in closed session.

The Annual Survey and Report has been provided to you. This report is a requirement of the SPSA Bonds and has been made to the Bond Trustees each year when SPSA has had outstanding bonds. This will be the last such report since all of SPSA bonds will be paid in full before the end of the year. It looks at the entire SPSA system and is used to assist SPSA in developing operational and capital budget expenditures to insure the viability of the system. Anyone wanting to know what SPSA does should read this report as it includes practically every aspect of the SPSA organization. A copy will also be provided on our website.

## 2. ACTION AGENDA

### A. MINUTES OF BOARD MEETING

Chairman Woodall (CH) moved to the action agenda. The minutes of the March 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. Taylor Williams (FR) that the March 22, 2017 Board minutes be approved as presented. The vote of the motion was unanimous.**

### B. FINANCIAL MATTERS

#### (1) Financial Reports

Ms. DeVary began by stating for the month ending March 31st, total revenues exceeded total expenses by approximately \$2.95 million as compared to a shortfall in the prior year of approximately \$839,000. Tipping fees reflect an 11% increase or approximately \$3.4 million as compared to the prior year. It's all due to the end of that Ash & Residue Agreement. Municipal waste tonnages are down less than 1% or 2,221 tons. The total expenses at the end of March were approximately \$35.1 million as compared to \$33.2 million in the prior fiscal year. Cash balances are \$22.2 million and designated with \$3.9 million in the operating fund, \$600,000 in what we call an undesignated fund balance, \$0 in the tip fee stabilization fund, \$6.3 million in landfill closure, \$1.4 million reserved for accrued leave and \$10 million in the operating reserve. The accrued leave is a requirement, but it does not necessarily need to be funded at 100% which is why I broke that number out to show you the designation. Once the bonds are paid off in October the \$10 million is no longer needed in the operating reserve, but the plan has always been to transfer it so you would have \$16.3 million in landfill closure.

**Mr. Johnson (SH) moved, seconded by Mr. McCoy (PO) 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 for HDR Engineering began his presentation with an update on the current status of the leachate project. I'll be happy to try to answer any questions you might have following the presentation.




**Improvements Update  
Regional Landfill Leachate  
Management System**

SPBA Board Meeting | April 26, 2017

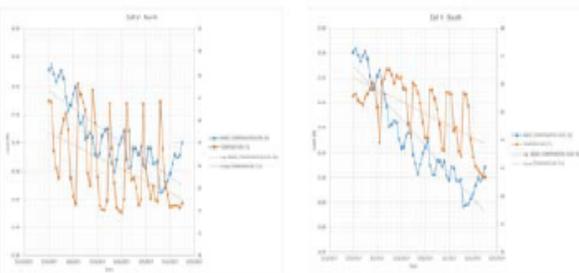


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### Leachate Elevations

- Ongoing leachate pumping from Cell V has reduced leachate elevations 3 to 4.5 feet as of 4/20/17
  - Rate of elevation drop slowing
  - Recent elevation recovery due to lagoon maintenance
  - Approximately 12,000 gpd is being generated in Cell V
- No pumping from Cell VI, leachate still accumulating
  - Elevation is 19.5 feet above liner, 20 feet below anchor trench
  - Increasing at 0.4 feet per day
- Pump Hydraulic Analysis on Cell V/VI
  - Can yield 250,000 gpd
  - Recommending upgrade pumps
    - Cell V North Sumps
    - Cell V Lift Station

### Leachate Elevations



### Leachate Treatability Study

- Benchscale Testing Completed
  - Activated Sludge
  - Anaerobic Treatment
  - Carbon Adsorption
- Results
  - COD is soluble, non-biodegradable
  - Carbon Adsorption effective in reducing organic demand
- Recommendations
  - Perform Carbon Adsorption Pilot Study – Quick to Implement
  - Assess Other Treatment Technologies

### DEQ Coordination

- NOV received from DEQ 3/22/18
  - Response to comments provided
- Minor Permit Modification Submitted for Expedited Review
  - Temporary Pump and Haul
  - Carbon Pilot Testing
  - Major Permit Modification Required for Permanent Loadout or other Leachate Improvements
  - Coordinating for Approval prior to May 1st
- Meeting on 4/26/17 to Review Compliance and Corrective Actions
- Draft Consent Order Anticipated next week
- Bi-weekly status updates continue

### HRSD Coordination

- HRSD Separately Evaluating COD Loading at Nansemond
  - May provide some relief on flow constraints
  - Anticipated completion in August
- HRSD Assessing SWIFT Discharge Criteria
  - Pilot work is ongoing to assess criteria
  - Identified 1,4-Dioxane as parameter of concern
  - Other parameters may be identified later
- HRSD Inspected Temporary Loadout and Containment
- Modifying Discharge Permit for Pump & Haul Operation
  - To be issued Friday April 28th

### Pump & Hauling

- Conley Environmental - Perimeter Access Road Improvements
  - \$137,998
  - Commenced last week
  - 7 Days Per Week, weather permitting
  - Anticipated complete in 2-3 weeks
- Atlantic Heating & Cooling Pumping and Hauling
  - Commence week of May 1<sup>st</sup>
  - 7 Days Per Week
  - Up to 200,000 gpd, 30,000 gpd to 4 locations
  - \$0.06/gallon, up to \$12,000/day
  - Contract for minimum 130 days, \$1.8 M
- Discharge Locations
  - Washington PS, Great Bridge Blvd, Chesapeake
  - York River Area, Freeman Drive PS, Hampton
  - Boat Harbor, Terminal Avenue, Newport News
  - Rodman Avenue, Portsmouth
- Atlantic is in Process of Obtaining any ROW Permits Required

### Ongoing Work

- Carbon Adsorption Full Scale Pilot
  - RFP to be issued Early May for 6 month Pilot
  - 2 – 20,000 lb Vessels
  - TSS Removal Ahead of Filters Required
  - Ancillary Equipment
    - Compressed Air
    - Potable Water for Carbon Changeout
  - Carbon Changeouts – approx. every 12 to 14 days
  - Goals
    - Understand Carbon Performance on COD and Other Parameters
    - Provide Additional Flow to Nansemond WWTP
    - Flexibility for Accelerating Dewatering or Back-up to Pump & Haul
  - Costs
    - Installation \$150 to \$175,000
    - Monthly Rentals \$30 to \$40,000/month
    - Carbon Changeout \$45 to \$60,000/month
    - Purchase Unit \$300,000

### Ongoing Work

- SCADA System Design for IFB
  - Preliminary Design Complete
  - Final Design Complete for SPSA Review Mid May
  - \$750 to \$900,000 estimate
  - Issued for Bid – Early June
- Loadout Design and Pump Station Modification
  - Schematic Design in Process
  - Permitting Pre-Applications – Early May
  - Permitting Submittals - Late June
  - Bidding - July
  - \$400,000 estimate

### Ongoing Work

- Treatment Assessment
  - Technologies
    - Membrane separation (including membrane bioreactor)
    - Reverse osmosis
    - Advanced oxidation (standalone or with other process)
    - Evaporation
  - RFI to Vendors and Review Performance for HRSD Criteria
    - Issued next week
  - Select 3 Technologies for Full Cost Evaluation
  - Feasibility of Individual Discharge Permit
  - June 30<sup>th</sup> - Final Report and Recommendation
  - \$3M to \$5M estimate

Mr. Keifer (NO) asked for further clarification on the leachate levels chart.

Mr. Murray responded that on the left-hand side is the elevation or head above the liner system. The transducers that are in both the north side and south side of Cell V are at the apex of the liner system, the high point of the liner system, and that falls off to the pump areas to move the leachate to the corners of the landfill. So that is a measurement above the liner system at the high point of the landfill. The difference between the levels in the north and south is because the north pumps are further away from the lift station. So the pump stations that are on the north side discharge less. It's one of our recommendations that we upsize those pumps. Doubling the horsepower on those will increase the discharge rate. In the two months we have reduced the leachate levels by 6 feet.

Mr. Everett Williams (FR) asked when the carbon absorption six-month pilot program will begin.

Mr. Murray responded that part of the RFP is we will request their time frame for installation. It could be a month, maybe two months before they would have a system on site and set up. So it will be part way through the pump and hauling program, but that will be one of the criteria that we use to assess the responders capability by doing pilots. Obviously someone might be a little bit cheaper that needs four months lead time, and we'd have to weigh that against someone who could be on site sooner with a system. We had some preliminary numbers. Based on conversations we had with a

couple of vendors, we believe the install costs will be \$150,000 to \$175,000. That includes getting the oversized tanks there, getting pumps and piping connected and filter systems installed, monthly rentals of the carbon units because it's still a pilot, tank to store potable water on site. In order to remove carbon, they feed potable water to be able to fluidize the carbon as they move it, and then the carbon change-out would be part of that contract as well. If it's successful and it allows us to pump 150,000 gallons, that would be the final solution. It's probably a lot cheaper operationally than some of the more intensive membrane and reverse osmosis solutions. That's why we thought it was worth piloting. Initial indications on the purchase price for those units are \$300,000 and then we can tie it in permanently with the system. It will still need some additional oxidation to get some of the SWIFT parameters or some other parameters. That's to be determined, but if this is successful in getting COD down in addition to having some flexibility from HRSD on the COD concentrations, this would be a final solution. We hope that it is. We want to take what we saw on the bench scale test in the lab and validate it in the field.

Mr. Arnold (SU) commented that by my reading of the situation, there are 3 categories of costs associated; 1) remediation, that's taking care of the problem, 2) permanent management of the problem going forward, permanent solutions and 3) whatever costs are associated with the NOV and consent order. Ms. DeVary estimated the remediation in the neighborhood of \$6.7 million has that estimate changed in the last 30 days?

Ms. DeVary responded I don't have them broken out into the categories that you suggested, but it's a good idea to have it like that. We've got \$2.5 million that would be considered remediation out of the fiscal year 2017 budget. In the fiscal year 2018 budget, I have another \$2 million for remediation, which would be for another 150 days of pumping and hauling. Then we have a \$1 million to replace the SCADA system. More than likely we would need that improvement at some point since the system is very old. I have recommended that we have a lump sum of \$5 million in capital to handle all of these other system improvements. Of that five million, \$1 million could be used for the carbon pilot testing and/or purchase, if you need to do a third round of pumping and hauling that would be another \$2 million. If the carbon isn't successful and we have to look at another treatment, then you've got probably \$3 or \$4 million that you then would look at for permanent treatment plan for it. That's what I have proposed in the budget that I'll get into in a little bit.

Mr. Murray commented that some of these costs, the SCADA system and the loadout design; you want to have in place regardless where you have a treatment plant because it's good practice. Right now you have no controls on your pumping and your storage facility with respect to levels and emergency conditions. So that's something that should be in place no matter what we're doing. Similarly, the permanent loadout and pump station improvements, long-term you'd want to have a loadout operation as a backup to HRSD discharge criteria or other issues. Those capital costs there I think should move forward regardless of HRSD's decisions. The COD concentration that we're talking about getting relief would be as their plan is currently construed without SWIFT. With SWIFT, we may see other parameters that will be required for us to treat more, and that will be beyond the capability of the current system. We're going to be adding higher organic strength waste to the landfill. So we'll need to make sure we have flexibility what we're trying to treat, and the current system really doesn't provide a whole lot of treatment. So the treatment assessment, you don't need to spend the dollars until you have a firm answer from HRSD on what's required, but

what we heard from the board is let's figure out what long-term capital costs could be. There are some fixed costs that should move forward regardless of whether we comply with HRSD as we're currently set up or not.

Mr. Barnes (VB) commented that you mentioned 12,000 gallons, could you expand that.

Mr. Murray responded that when the pumps are pumping and levels go up, its equivalent to about 12,000 gallons per day on average. That is what the landfill is generating on its own without precipitation events. If this system were compliant, that's what we would be pumping from Cell V. Whatever we pump out, you're going to have to include that 12,000 that's being generated.

Mr. Barnes (VB) asked once we get all of that done, what do you think the ongoing pump rate needs to be to get once we're at steady state? What does the permanent limit need to be and what is that pump rate?

Mr. Murray responded that on my initial assessment Cell V is going to be in the 12,000 to 15,000 range. Cell VI is probably 30,000 to 40,000. So we need to be about 50,000 gallons per day to be able to manage leachate effectively. I would say 70,000 is what we'd want to have the ability to discharge on a daily basis.

#### 4. PRESENTATION OF THE JULY 1, 2017-JUNE 30, 2018 BUDGET

Ms. DeVary began her presentation of the proposed operating and capital budgets for the fiscal year 2018. I will answer any questions the Board may have following the presentation.

**FY 2018 Proposed Budget**

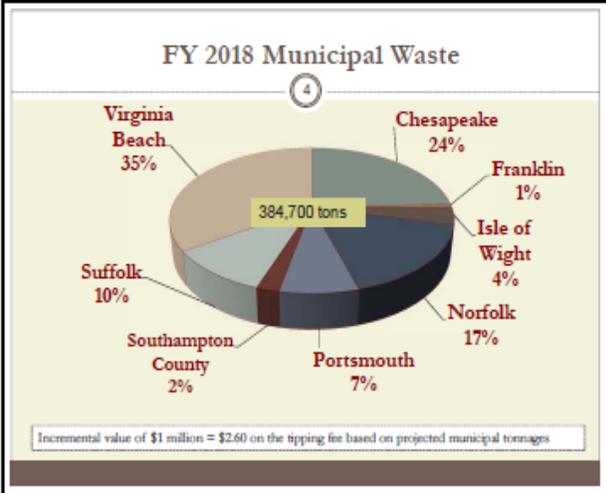
②

- This budget has been prepared based on many assumptions unlike previous budgets. Many of these assumptions will be resolved over the next several months as more information becomes available for decisions to be made.
- The three major areas that must be resolved are:
  1. Leachate system improvements and the long term solution for the treatment of leachate.
  2. Evaluation of municipal waste disposal options to be implemented beginning January 25, 2018.
  3. A potential third party contract for the hauling and disposal of commercial waste and any corresponding private hauler agreement to use SP5A Transfer Stations.
- Until these items are finalized, no "final" tipping fee can be established for the period beginning January 25, 2018.

**FY 2018 Proposed Budget**

③

- Revenues = Expenses for a Total of \$43,281,078
- Represents a 6.6% decrease from FY 2017 or \$3.05 million
- Maintains the municipal tipping fee at \$125 per ton through January 24, 2018 with a projected (not final) reduction to \$85 per ton effective January 25, 2018;
- Municipal tonnages are projected at 384,700 representing a 0.7% decrease from the FY 2017 budget



- ### FY 2018 Revenues
- ⑤
- Total Tipping Fees are projected at \$41.1 million or 95% of total revenues and consist of:
    - ✓ Municipal Tip Fees ~ \$38.8 million, a decrease of 9% or \$4.1 million
    - ✓ Navy Waste ~ \$636,225 a decrease of 41% or \$448,243. Current Contract ends 1/24/18
    - ✓ Construction & Demolition Debris ~ \$528,750, an increase of 18% or \$78,750
    - ✓ Sludge transported by SPSA from Norfolk ~ \$239,200, an increase of 49% or \$78,200
    - ✓ Other Waste ~ \$938,000, an increase of \$588,000 for SPSA Contracted Waste

- ### FY 2018 Revenues Continued
- ⑥
- Charges for Environmental Services are \$557,000 or 1.3% of total revenues
    - ✓ Tire disposal ~ \$292,000
    - ✓ Household hazardous waste ~ \$225,000
    - ✓ White goods ~ \$40,000
  - Landfill Gas Royalties are \$335,000, a decrease of \$115,000 based on trend
  - Miscellaneous Income/Interest Earnings are projected at \$494,390, an increase of \$67,442

- ### Projected Budget Surplus ~ FY 2017
- ⑦
- Projected FY 2017 Budget Surplus of \$3.17 million
    - Revenue Surplus \$1.14 million
    - Expense Savings \$2.03 million
  - \$2.4 million allocated for leachate pump and haul project
  - In order to balance the FY 2018 budget, the remaining budget surplus of approximately \$765,000 will be applied to the FY 2018 shown under revenues as "Fund Balance"

### Revenue Summary

⑧

REVENUES	FY 2017 Budget	FY 2017 Projected	FY 2018 Budget	Budget to Budget	
				\$ Change	% Change
<b>Tipping Fees</b>					
Municipal	\$ 45,850,012	\$ 45,120,012	\$ 39,727,450	\$ -14,093,962	-31%
Navy	1,084,448	1,034,985	636,225	(448,243)	-41%
CDDB	450,000	692,750	638,750	(28,750)	-7%
Sludge	141,000	258,200	239,200	(78,000)	-49%
Other Waste	380,000	1,048,000	938,000	(880,000)	-23%
<b>Total Tipping Fees</b>	<b>\$ 48,085,460</b>	<b>\$ 48,044,952</b>	<b>\$ 41,199,625</b>	<b>\$ -12,745,637</b>	<b>-27%</b>
Fee Programs	292,000	264,400	292,000	-	0%
Household Hazardous Waste	225,000	225,000	225,000	-	0%
White Goods	40,000	29,835	40,000	-	0%
Landfill Gas Royalties	450,000	218,000	335,000	(115,000)	-26%
Miscellaneous Income	244,340	284,100	314,390	67,442	28%
<b>Unearned Fundings</b>	<b>190,000</b>	<b>190,000</b>	<b>190,000</b>	<b>-</b>	<b>0%</b>
Grant Revenues	-	-	714,000	714,000	N/A
Transfer from Tip Fee Subsidization Fund	-	\$ 131,130	-	-	N/A
<b>TOTAL REVENUES</b>	<b>\$ 49,372,430</b>	<b>\$ 49,312,082</b>	<b>\$ 43,281,015</b>	<b>\$ -12,989,317</b>	<b>-26.4%</b>

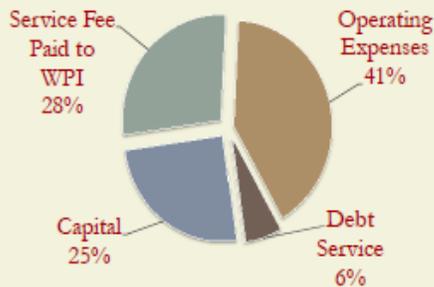
### Tip Fee Schedule – Recommended Changes

⑨

Waste Type	Current Rate	Proposed Rate
<b>Waste accepted at landfill:</b>		
Non-processible Waste	\$67.53 / ton	\$69.56 / ton
Industrial Waste	\$67.53 / ton	\$69.56 / ton
Automobile & Light Truck Tires "DIRTY LOAD"	N/A	\$150.00 / ton

## FY 2018 Expense Breakdown

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## FY 2018 Expenses ~ Summary of Changes

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- Total Expenses reflect a net decrease of 6.6% or \$3.05 million and is reflected in the following areas:
  - ✓ Debt Service decreases \$8.14 million
  - ✓ Wheelabrator decreases \$7.41
  - ✓ Operating Expenses increase \$3 million
  - ✓ Capital increases \$9.5 million

## FY 2018 Operating Expenses

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- Operating Expenses include the following:
  - Total personnel costs increase \$473,009 and include:
    - ✓ A 3% COLA for employees
    - ✓ An increase in overtime of \$146,748
    - ✓ A 20% increase in health insurance costs being shared with employee. SPSA's increase in costs (budget to budget) is \$287,721
  - ✓ A net decrease of 4 positions:
    - +3 positions at the landfill (2 HEOs and 1 Director);
    - -5 transfer vehicle operators;
    - -2 positions at transfer stations

## FY 2018 Operating Expenses Continued

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- Personnel Costs Continued:
  - New position (proposed by Board) at Landfill;
    - Director of Environmental & Landfill Management – Senior management position responsible for ensuring SPSA programs and facilities are operating in full compliance with local, state and federal environmental and safety laws and regulations.
    - Salary Range: \$95,483 - \$143,224
- Professional/contracted services reflect a net increase of \$1.82 million for a second 150 day 3<sup>rd</sup> party pump and haul of leachate.

## FY 2018 Expenses Continued

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- Other Operating Expenses increase \$663,000 for treatment of leachate
- Materials & Supplies increase \$50,972 primarily for fuel and tires
- Service Fee Paid to Wheelabrator reflects a net decrease of approximately \$7.4 million since the Service Agreement expires 1/24/18
- The final year for debt service in the amount of approximately \$2.6 million

## Capital Improvements/Equipment Replacement

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- Capital Improvements /Equipment Replacement increased by \$1.5 to \$11.03 million
  - ✓ Nearly \$8 million for landfill improvements and equipment
    - \$700,000 Asphalt Paving Project
    - \$115,000 HHW Relocation & Improvements to the old "BiMetals" Building
    - \$999,400 for equipment replacement (excavator, dump truck, sweeper)
    - \$1 million for a new SCADA system

## Capital Improvements/Equipment Replacement

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- ✓ Landfill Improvements Continued:
  - \$5 million for other leachate system improvements to be determined such as:
    - Carbon Treatment Pilot Program
    - Permanent Improvements for Pumping & Hauling of Leachate
    - 3<sup>rd</sup> round of third party pumping, hauling and discharge services, if needed
- ✓ \$1.4 million for transfer station improvements and equipment
- ✓ \$1.2 million for 8 new tractors
- ✓ \$469,000 for other equipment

## "One-Time" Leachate Costs Included in Proposed Budget

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Description	Amount
New SCADA System	\$1,000,000
Second Round of 3 <sup>rd</sup> Party Hauling of Leachate	\$2,000,000
Leachate System Improvements: (TBD, such as...)	\$5,000,000
Carbon Treatment Program	
Permanent Improvements for Pump & Haul	
3 <sup>rd</sup> Round of Third Party Pump & Haul	
<b>Total</b>	<b>\$8,000,000</b>

## Expense Summary

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EXPENSES	FY 2017 Budget	FY 2017 Projected	FY 2018 Budget	Budget to Budget	
				\$ Change	% Change
<b>Operating Expenses</b>					
Personnel	\$ 8,722,930	\$ 8,339,938	\$ 9,195,998	\$ 473,009	5.4%
Professional/Contracted Services	2,930,875	4,969,326	4,752,802	1,821,927	62%
Other Operating Expenses	548,212	1,280,086	1,421,361	463,079	85%
Materials & Supplies	1,891,490	1,478,216	2,047,562	50,972	3%
<b>Total Operating Expenses</b>	<b>14,603,716</b>	<b>16,067,566</b>	<b>17,617,723</b>	<b>3,008,987</b>	<b>21%</b>
<b>Capital Expenses</b>	<b>1,432,792</b>	<b>1,283,776</b>	<b>11,028,406</b>	<b>9,495,614</b>	<b>619%</b>
Wheabrator Service Fee	19,451,900	18,739,447	12,037,643	(7,414,257)	-38%
Debt Service	10,735,977	10,735,977	2,897,274	(8,138,703)	-76%
Environmental Trusts	5,000	5,000	-	-	0%
Tip Fee Stabilization Credits to Localities	-	3,121,150	-	-	N/A
<b>Total Expenses</b>	<b>\$ 44,321,435</b>	<b>\$ 49,122,216</b>	<b>\$ 43,281,078</b>	<b>(7,048,387)</b>	<b>-14%</b>

## Budget Recap

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- Total Budget = \$43,281,078
- Municipal tonnages are projected at 384,700
- Municipal tip fee remains at \$125 per ton until January 24, 2018.
- Recommends a couple of rate increases for waste taken to the regional landfill
- Includes a 3% COLA in employee wages

## Revised Budget Will Include:

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- ✓ Solution for the long term treatment of leachate
- ✓ Municipal waste disposal options to be implemented beginning January 25, 2018, pending RePower South's start date
- ✓ A potential third party contract for the hauling and disposal of commercial waste and any corresponding private hauler agreements to use SPSA Transfer Stations
- ✓ Organization Changes
- ✓ Revised Strategic Operating Plan
- ✓ A Host Fee ?
- ✓ Continuation of Navy Contract ?
- ✓ Revised Tip Fee Schedule
- ✓ Five Year Municipal Tip Fee Projection

## What's Next...

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- ✓ Adopt a resolution to set a public hearing for the changes in the tip fee schedule for May 24, 2017
- ✓ Adopt FY 2018 Operating & Capital Budget following public hearing on May 24, 2017.
- ✓ Questions?

Mr. Barnes (VB) asked is it accurate that these aren't all of the leachate costs.

Ms. DeVary responded yes, I probably should add in there the additional leachate treatment for additional remediation. I'll identify these a little bit better going forward and itemize them so you have a better understanding and to keep it straight.

Mr. Roberts (SU) asked how much have we spent year-to-date that we otherwise had not anticipated to spend for the leachate problem, is it \$2.5 million this current year and \$8 million next fiscal year.

Ms. DeVary responded yes, but we do not know if that \$8 million will all be used.

Mr. Sorrentino (VB) commented that last month at the board meeting Mr. Keifer last month made a suggestion that seems to be reflected in your proposed budget, but subsequent to his suggestion I made a motion that we actually do a staffing study to really find out what we need. Mr. Roberts amended my motion to tell me what it going to cost. None of that seems to be included in this and you've included a job description for a job that I took exception to begin with as the sole answer. Mr. Barnes and I took a visit out to the landfill a couple days ago, I understand that there's some guys out there that are carrying three and a half weeks of use it or lose it leave because they've have not been able to take their leave. So my thought here is I don't think this is the answer. I think we need to know what we need and it may be this plus more.

Mr. Roberts (SU) responded that Bucky contacted me a few days ago and we talked immediately following the last board meeting and a handful of us had recapped some of the board discussion on the substitute motion. We had considerable board motion on the substitute motion. The board talked at that time about the merits of either hiring an outside firm or utilizing in-house staff to do some sort of staffing gap analysis to see where we had weakness in the organization not weakness was a hole in the organization. But I thought in the board discussion there was some consensus on the motion that that work could be done in house and the important part was tell us where we're missing staff and how much would it cost to address that. I apologize to Mr. Sorrentino if we missed that. I apparently think based on some of the conversations the last month; I thought this addressed what the board's sentiment was. If it was clearly the board's intent to hire an outside firm to compile a balanced study that's going to have some cost with it, we would have to have a presentation of what is the scope of that study, what's the breadth of that study, and how much will we pay somebody to do it. So we talked about those things, and again I shared with Bucky, I thought that would be the in-house effort that we address the question.

Mr. Taylor commented that one other thing to add is this new position is one thing but there are three other positions not filled which are in the new budget.

Ms. DeVary responded that the addition of HEO's out at the landfill was a recommendation of the new Superintendent that came on. We agreed that is where we did have positions we were able to transfer and that's why you see two reductions at the transfer stations. The other thing is we have an extremely difficult time getting people to apply for those positions. I don't believe Mr. Strickland has been fully staffed since the day he's been here. We have a lot of vacancies and we have looked at it and the turnover is people are leaving for jobs closer to home. That's our biggest problem when it comes to the HEOs. With regard to leave time, this is something system-wide you'll find, especially we have a lot of people who have been here for 30 years. They're earning the highest level of leave and then they wait until spring to take it because the weather is nice and you can't fit it

all in and everybody can't do it.

Mr. Sorrentino (VB) commented that we made all kinds of assumptions about all the other costs, but when it got to the host fee, it's a question mark next to it. Why weren't there assumptions about what the host fee might be?

Ms. DeVary responded that part of that agreement states that the host fee will not be effective if we do not receive a CUP with the City of Suffolk by December 31<sup>st</sup>. It's \$4 per ton on waste that goes into the landfill that is not used for cover. We do not know what our interim municipal waste disposal option is yet and won't go into effect until January 25, 2018, which is why I have included in with what the revised budget will include.

Mr. Sorrentino (VB) commented that when we put together our use and support agreements that we had, city managers and county administrators, we anticipated a tipping fee of \$65, but today this board is considering a \$125 tipping fee?

Mr. Taylor responded that it was always anticipated that the tipping fee would be \$125 until January 24<sup>th</sup>. Everybody I believe understood that. There's a lot of money in the budget that if you don't have to do certain things because of leachate, that \$85 could drop to that \$60 range, but we can't tell you that today based on the information that we have at this time. There are a lot of options, but Liesl needs to have the opportunity to put these things into play once the answers come out. I believe you will all be pleasantly surprised when the budget amendments are made in the September timeframe.

Ms. DeVary stated that one way to put it is this is a worst case scenario, but I absolutely know where the target is, and I will do everything I can to get there. I just don't have all the answers yet. Over the next five months we're going to have a better idea and will revise the budget. I wanted to give you more of a worse case from the expenditure side and make sure all these were things included instead of having to come back and ask you for more money.

Mr. McCoy (PO) commented that a study doesn't tell you what your staff already knows. Depending on the qualifications of the new Executive Director that you hire, you may not need a second person with the qualifications that have been outlined by staff and included in the proposed budget. We should keep this Director of Environmental and Landfill Management budgeted, but don't advertise it until after we hire an Executive Director and let that new Executive Director have some input as to who and what they need and then come back to the board at that time.

Mr. Keifer (NO) commented that I think the landfill position that's listed here is needed and is needed right away because of the leachate problem. I don't think we have the luxury of waiting. My concern is there may be other areas in the organization where we have cut too far.

Mr. Martin (CH) commented that we have a hard time hiring heavy equipment operators in all of our public works departments. Our competition for a limited resource is significant, and it's having operational impacts. We keep comparing ourselves to each other and saying our rates are perfectly fine when there are vacancies, and until we start comparing ourselves to the public sector we're going to keep bleeding positions out of municipal and regional entities like ourselves to the

detriment of our operation. So I would certainly encourage SPSA staff and board to consider a rate study, looking at what rate is it going to take to keep a fully staffed landfill in operation, and if there are barriers to hiring folks, you need to limit those barriers. So when you're looking at a staffing study, I would certainly look at the salary rates of your existing staff and what's necessary to increase those to get to the appropriate rate.

Mr. Taylor commented that we did the last study four years ago. We took all the positions and how they compared salary-wise. I believe the cost was around \$67,000. I will comment that along with staff we've had meetings figuring out exactly how many people we need where, when and if, but we're not ready to provide that to you at this particular point in time because of the unknowns we have.

**Mr. Keifer (NO) made a motion that at next meeting, we ask the Executive Director to provide a report on - provide a report comparing the staffing prior to his arrival with the current staffing and recommend positions to consider restoring and positions where there's concern about compensation levels. It was seconded by Mr. McCoy (PO). The vote of the motion was unanimous.**

**5. RESOLUTION SETTING PUBLIC HEARING FOR SCHEDULED FEES AND CHARGES**

**RESOLUTION TO ADOPT PRELIMINARY SCHEDULE OF FEES AND CHARGES FOR THE SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA AND SETTING DATE FOR PUBLIC HEARING ON SAME**

**WHEREAS**, the Board of the Southeastern Public Service Authority of Virginia (sometimes referred to herein as "SPSA") desires to (i) change certain rates, fees or charges previously fixed by SPSA for the services available through its refuse collection and disposal system, primarily by increasing certain disposal fees charged for waste types delivered directly to the regional landfill, with such changes to be effective July 1, 2017; and

**WHEREAS**, in connection with such proposed changes to existing rates, fees or charges and such proposed fixing of new rates, fees or charges to be levied by SPSA for the disposal of solid waste at its facilities, Section 15.2-5136(G) and Section 15.2-5136(H) of the Virginia Water and Waste Authorities Act (the "Act") require (i) the adoption by SPSA of a resolution setting forth a preliminary schedule fixing and classifying such rates, fees and/or charges, (ii) SPSA to set and hold a public hearing with respect to such preliminary schedule where all interested parties have an opportunity to be heard concerning the proposed rates, fees and charges set forth therein, (iii) notice of such public hearing, setting forth the proposed schedule of rates, fees and charges, to be given by two publications, at least six days apart, in a newspaper having a general circulation in the area served by SPSA's refuse collection and disposal system, with the second notice being published at least 14 days before the date fixed in such notice for the hearing, and (iv) a copy of such notice to be mailed to the governing bodies of all localities in which such refuse collection and disposal system or any part thereof is located;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of the Southeastern Public Service Authority of Virginia hereby adopts the Preliminary Revised Schedule of Fees and Charges for Solid

Waste Management setting forth such rates, fees and charges to be levied by SPSA for the disposal of solid waste at its facilities, with the changed and new rates reflected in such Schedule to be effective July 1, 2017, as set forth on the attached page; and

**FURTHER RESOLVED**, that the Board of the Southeastern Public Service Authority of Virginia hereby (i) establishes May 24, 2017 at 9:30 a.m. as the date and time for the public hearing on the Preliminary Revised Schedule of Fees and Charges and (ii) authorizes and directs SPSA executive staff to provide notice of such public hearing, as required under and in accordance with the applicable provisions of Section 15.2-5136(G) of the Act, by publication and with copies by mail to the governing bodies of SPSA's member localities.

Ms. DeVary stated that we would ask that you adopt the resolution adopting the preliminary schedule of fees as presented and adopt to have the public hearing at the May 25th meeting.

**Mr. Keifer (NO) moved, seconded by Mr. Eric Martin (CH) that the Resolution setting a public hearing for the schedule of fees and charges be adopted as provided this 26<sup>th</sup> day of April 2017. All were in favor with the exception of Mr. Sorrentino (VB) and Mr. Barnes (VB).**

Mr. Keaton (IW) asked if along the top of the fees and charges for solid waste form we can amend the date to specify that it is through January 24th, 2018. I think that would send a message to the localities this is an interim fee schedule and not a schedule for the entire year.

**Mr. Keaton (IW) made a motion to amend the fees and charges for solid waste form that's been approved to read July 1, 2017, through January 24, 2018. It was seconded by Mr. Johnson (SH).**

**Roll call:**

Mr. Woodall (CH)	Yes
Mr. Eric Martin (CH)	Yes
Mr. Everett Williams (FR)	No
Mr. Taylor Williams (FR)	Yes
Mr. Chesson (IW)	No
Mr. Keaton (IW)	Yes
Mr. Keifer (NO)	Yes
Mr. Broad (NO)	Yes
Mr. McCoy (PO)	Yes
Ms. Cordell (PO)	Yes
Mr. Hodges (SH)	Yes
Mr. Johnson (SH)	Yes
Mr. Arnold (SU)	Yes
Mr. Roberts (SU)	Yes
Mr. Sorrentino (VB)	Yes
Mr. Barnes (VB)	Yes

**The motion to amend fees and charges for solid waste form that's been approved to read July 1, 2017, through January 24, 2018 passed**

**6. 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. Roberts (SU) moved, seconded by Taylor Williams (FR) to approve the certification as read. The vote of the motion was unanimous.**

**7. 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. Hodges (SH) to approve the certification as read. The vote of the motion was unanimous.**

**8. OLD/NEW BUSINESS**

**Mr. Sorrentino (VB) made a motion to terminate the RePower South contract for default. It was seconded by Mr. Arnold (SU).**

**Roll call:**

**Mr. Woodall (CH)                      No**

Mr. Eric Martin (CH)	No
Mr. Taylor Williams (FR)	No
Mr. Chesson (IW)	No
Mr. Keaton (IW)	No
Mr. Keifer (NO)	Yes
Mr. Broad (NO)	Yes
Mr. McCoy (PO)	Yes
Ms. Cordell (PO)	Yes
Mr. Hodges (SH)	No
Mr. Johnson (SH)	No
Mr. Arnold (SU)	Yes
Mr. Roberts (SU)	Yes
Mr. Sorrentino (VB)	Yes
Mr. Barnes (VB)	Yes

**The motion to terminate the RePower contract for default fails. Final vote 8-7.**

Mr. Roberts (SU) commented I would suggest we hire an outside firm to help us with replacing the Executive Director.

**Mr. Roberts (SU) made a motion to look at a separate corporate or GSA cooperative contract to help with the Executive Director search and have Bucky recommend to us next month which firm that we can just hire off the street. It was seconded by Mr. McCoy (PO). The vote of the motion was unanimous.**

**9. ADJOURN MEETING**

There being no other business to come before this Board of Directors this regular meeting was adjourned at 2:00 p.m.



Rowland L. Taylor  
Executive Director

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Submitted by: Blanche Christian  
Secretary, SPSA Board of Directors