

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

July 24, 2019

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. John Maxwell	(CH)	Mr. Steven Jenkins	(CH)
Ms. Sheryl Raulston	(FR)	Mr. H. Taylor Williams	(FR)
Mr. Dale Baugh	(IW)	Mr. Randy Keaton	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad <i>(absent)</i>	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Mr. Solomon Ashby <i>(absent)</i>	(PO)
Mr. Mark Hodges	(SH)	Ms. Lynette Lowe	(SH)
Mr. David Arnold	(SU)	Mr. Patrick Roberts*	(SU)
Mr. William Sorrentino	(VB)	Mr. John Barnes <i>(absent)</i>	(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, Ms. Erin Trimyer (PO), Mr. Eric Martin (CH), Mr. Michael Etheridge (IW), Mr. Hart Council (SH), Ms. Trista Fayton (NO), and the following SPSA executives, Ms. Liesl R. DeVary, Executive Director and Treasurer, Mr. Dennis Bagley, Deputy Executive Director, Ms. Sandy Schreiber, Accounting Manager and Secretary and Warren Tisdale, General Counsel.

1. CALL MEETING TO ORDER

Mr. Keifer (NO), Chairman of the Board, began by introducing Ms. Trista Fayton, a new alternate board member. Ms. Fayton is the Assistant Director of Public Works for the City of Norfolk.

2. PUBLIC COMMENT – No public comments received.

3. ELECTION OF OFFICERS

Mr. Keifer (NO) initiated the election of officers. At the previous meeting, the nominations were as follows: Mr. Kiefer (NO) as Chairman, Mr. McCoy (PO) as Vice Chairman, Ms. DeVary as Treasurer, and Ms. Schreiber as Secretary. Mr. Kiefer (NO) asked if there were other nominations and there were none.

Mr. John Maxwell (CH) moved, seconded by Mr. William Sorrentino (VB) to approve the Election of Officers as presented. The vote of the motion was unanimous.

4. APPOINTMENT OF COMMITTEES

Mr. Keifer (NO) followed by appointing committees. The Executive Committee will remain the same as the prior year and include Mr. Luke McCoy (PO), Mr. Randy Keaton (IW), and Mr. Bill Sorrentino (VB). The Audit Committee was also asked to continue from the previous year and includes Mr. David Arnold (SU), Mr. Steven Jenkins (CH), and Mr. Dale Baugh (IW). A volunteer for one additional audit committee member was requested. There was no response.

5. **CHAIRMAN'S COMMENTS** – Mr. Keifer (NO) has no additional comments.

6. APPROVAL OF MINUTES

The minutes of the June 26, 2019 Board meeting have been distributed. Mr. Keifer (NO) asked if there were any additions or changes.

Mr. William Sorrentino (VB) moved, seconded by Ms. Sheryl Raulston (FR) to approve the June 26, 2019 minutes of the SPSA board as presented. The vote of the motion was unanimous.

7. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary began by stating that SPSA staff are doing a great job. She and Mr. Bagley, attended a stakeholder's meeting on July 2, 2019 regarding the proposed flyover at the Landfill. Short term and long-term options were reviewed. They were provided information detailing the pros and cons of each option. The next step is to discuss preferred alternatives. She expects to have another meeting in late August.

Ms. DeVary continued by stating that a letter was sent to Wheelabrator expressing our concerns with operations at the waste to energy facilities. Following today's board meeting, Ms. DeVary, Mr. Bagley, Mr. Keifer (NO), and Mr. Sorrentino (VB) will be meeting with Wheelabrator senior staff.

Ms. DeVary discussed the Cell VIII and IX permitting process. She noted that staff is in the process of reviewing a draft request for proposal, prepared by HDR, to solicit a third party to prepare the environmental impact statement. We have also received a draft purpose and need statement from HDR which is under review. The purpose and need statement will be reviewed with the Executive Committee over the next few months. At this time, no work has begun on the strategic communications task order.

Mr. DeVary distributed a draft copy of a role and responsibilities outline for the Citizens Advisory Committee. The mission of the committee is to serve in an advisory capacity only and they will ultimately make a recommendation to the board. It will need to be determined specifically what type of product they should deliver, if any. The role and responsibilities outline states that the term of the committee will be no longer than six months following the first committee meeting and the term may be extended but only with consent of the member.

It also includes guidance on how the membership should be determined; the mayor or board chairman of each locality will appoint two members. The outline includes information on the meetings and that they will be facilitated by a consultant. A conflict of interest statement is included. Ms. DeVary requested that the board members review the outline and contact her with any questions or recommendations for changes.

Mr. Sorrentino (VB) commented that the outline should state who the committee works for. In addition, he would like it to state that they can only communicate with whoever they work for and cannot make public comments regarding the committee or the outcome.

Ms. Trimyer (PO) asked for clarification regarding the task of identifying and reviewing other options. Is the committee actually identifying options or simply reviewing options provided to them?

Ms. DeVary answered the committee would consider expanding the existing landfill or consider identifying a new landfill site. She suggested we could change the wording to review only. Chairman Keifer (NO) suggested we change the wording to evaluate.

Mr. McCoy (PO) stated that he encourages all board members to take these items seriously and asked if the six-month term can be interpreted as a sunset clause? Ms. DeVary responded yes. Mr. McCoy (PO) suggested that the term of the committee should be written more specifically.

Ms. DeVary continued by acknowledging the summer months are typically vacation time for many and suggested we extend the deadline for committee appointments to September 30th.

Mr. Martin (CH) asked if the committee would also consider the proposed waste to fuel facility in Chesapeake an alternative disposal method, or is it limited to landfill site options? Ms. DeVary responded that she would check to see if that is an option.

Chairman Keifer (NO) pointed out item 4C from the outline. It discusses the background requirements for the committee members should be someone with a business and engineering background, and awareness of environmental issues so they will be able to provide meaningful discussion to the committee.

Mr. Keaton (IW) moved, seconded by Mr. Hodges (SH) to extend the date for appointment to the Citizens Advisory Committee to September 30, 2019. The vote of the motion was unanimous.

Mr. Bagley provided the operations report for the month of June. 38,437 tons of material were placed in the landfill, an increase of 9,000 tons from the previous month. Wheelabrator delivered 14,377 tons of residue. 8,421 tons or 59% were reclassified as nonqualifying ash. That number is still high in part due to issues with the screener, but should be corrected as soon as today or tomorrow. 1,852 tons were diverted from the RDF facility to the landfill in June as a result of outages at Wheelabrator. We also diverted 2,560 tons in July from

Wheelabrator to the landfill. We are working with Wheelabrator now to move those tons from the Suffolk Transfer Station back to Wheelabrator.

Total leachate hauled for in June was 431,914 gallons. That number is low compared to recent months because we are pumping to HRSD at a 20-gallon limit, instead of 5 gallons that we initially started with. Total leachate accepted was 1,429,345 gallons and that is a decrease of 10,314 gallons due to the dry weather in part.

Chairman Keifer (NO) asked if we have heard from HRSD regarding how the SWIFT pilot program is going and the impact on us.

Mr. Bagley responded that the pilot program is fine but we were shut off last month completely due to issues with the plant. HRSD was trying to determine the cause of the contaminants. They were able to determine it was not coming from us and then allowed us to resume pumping.

Mr. Bagley continued by stating the grading compaction systems are up and operating. There are a few small issues that are being adjusting to obtain more accurate information.

Mr. Eric Martin (CH) asked if there has been any activity on the HRSD force main project? Mr. Bagley responded that HDR is the engineer for HRSD on this project and the project is in the design phase. We do not receive a regular update from HRSD but we are receiving updates indirectly. Mr. Eric Martin (CH) asked if our consultant could contact City of Chesapeake Permits or Utilities department to align on this project. Route alignments will be important in order to connect on their side eventually. Mr. Bagley agreed.

Mr. Sorrentino (VB) asked for a benchmark on the amount of ash reclassified as nonqualifying in June. How does that compare to previous months?

Mr. Bagley replied that it is still high because they've had issues with the screener. When the screener is operating, the ash is clean and usable. The problem is getting regularly screened material. In past months we have reclassified as much as 85% but this is not indicative of what it will be once they are screening all the ash. Ms. DeVary stated that since February 1, 2019, 73% of the total ash received has been reclassified.

8. WHEELABRATOR PORTSMOUTH MONTHLY REPORT

Mr. Stratton presented the June 2019 operational report for Wheelabrator Portsmouth:

Wheelabrator Portsmouth June 2019				
Operational Data				
45,160 Tons	52,624 Tons	51,305 Tons	14,378 Tons	18,570 MW
Total waste received by SPSA	Waste delivered to RDF	Total RDF processed	Ash sent to landfill	Electric power sold
29,459 K-LBS	90%	100%	1	1
Steam sold to U.S. Navy	Overall boiler availability	Overall generator availability	OSHA recordable accidents	OSHA recordable accidents YTD

After reviewing the operational data, Mr. Stratton stated the C line shredder is back in normal operations as of July 5th; so the facility is back to two line operations. Beginning July 31st, Wheelabrator will start recovering the tons that were diverted to the landfill in June. The B line motor is at EMC for repairs and he expects an update from EMC on Friday. There are issues with the ash screener diesel motor and it is currently down. The current rental screener has a diesel motor, but if one is purchased it will not be diesel.

Mr. Stratton also commented that Mr. Etheridge (IW) and Mr. Keaton (IW) recently toured the Wheelabrator facility and encouraged all board members to do the same. Mr. Keaton (IW) stated that the tour was very informative and they were able to tour the entire process, including ash screen.

9. FINANCIAL REPORT

Ms. DeVary reviewed the preliminary financial information for the fiscal year ended June 30th. Total revenues exceeded total expenses by approximately \$6.28 million as compared to \$3.3 million in the previous year. Year to date tipping fees reflect an increase of 3.3% or \$1.4 million as compared to the prior fiscal year. Total revenues received exceeded budget by approximately \$6.5 million due to an unanticipated increase in tonnages. Municipal tons are up approximately 13% or 50,963 tons compared to the previous year and up 8% compared to budget.

Ms. DeVary continued by stating that based on a preliminary analysis, the revenues for the fiscal year ending June 30, 2019 are completed and reconciled but we are continuing to finalize expenses. The preliminary expense figures show total expenses of \$43.2 million, compared to \$41.6 million in the prior year. Total expenses were under budget by 1.3 % or \$585,000. Contracted waste disposal exceeded budget by \$2.4 million due to the increase in tons.

Cash balances are \$33.6 million; currently designated as \$1.1 million in operating, \$1 million for FY2019 rolled purchase orders, \$9.5 million in undesignated fund balance, \$2.5 million for the proposed HRSD force main, and \$19.5 million in landfill expansion and closure. Approximately \$18 million of the \$19.5 million is actually for the cost to close Cells V and VI and that amount will continue to increase as the capacity is used and will be adjusted for inflationary factors.

We started fiscal year 2019 with \$3.3 million in undesignated fund balance and we are ending FY2019 with a \$6.2 million surplus; giving an ending balance of \$9.5 million. Financial policies require us to maintain two months of operating expenses which is equal to \$5.9 million. The landfill expansion and closure fund started the year with \$16.8 million. Throughout the year, we contributed an additional \$3.4 million and encumbered \$711,000 for HDR permitting and strategic communications. That equates to an ending balance of \$19.5 million.

Ms. DeVary recommended that once the FY2019 figures are completely reconciled, to transfer the excess undesignated funds of approximately \$3.5 million to landfill expansion and closure

reserve. She noted that these are just designations and the money could still be used to ensure the tipping remains flat.

Mr. Williams (FR) asked if we are trending towards a 13% increase in tonnages per year, what is the impact in terms of landfill capacity?

Ms. DeVary responded that this year 13% increase is not the trend. Cities of Chesapeake and Norfolk had a large increase in tonnages. Our transfer stations are not at capacity and the more we receive in the eastern transfer stations, the more we take to Wheelabrator, which explains the increase in contracted waste disposal costs this year. Liesl added that the increase in tonnages would not be good if all the waste was going into the landfill.

Mr. Keaton (IW) moved, seconded by Mr. Maxwell (CH) to approve the SPSA financial report, including the transfer of excess undesignated funds to landfill expansion and closure when numbers are finalized. The vote of the motion was unanimous.

10. CONTRACTS

Ms. DeVary introduced a contract for the purchase of a dozer for the landfill. The existing dozer was scheduled for replacement in FY 2021 but due to its age and increase in maintenance costs the staff recommends replacing it now. The replacement dozer will be purchased with funds currently budgeted for a dump truck in FY2020. The dump truck purchase will be delayed until the next fiscal year. Two dozers will be sold with estimated proceeds of \$135,000 to offset the cost of the new dozer. The estimated purchase price is \$899,000 based on a Sourcewell Cooperative Procurement contract. The funds needed to purchase dozer would be \$500,000 from the capital budget, the sale of existing dozers at \$135,000 and the transfer of approximately \$264,000 from the asphalt project at the landfill.

Mr. Jenkins (CH) moved, seconded by Mr. Williams (FR) to award the contract for a dozer to Carter Machinery as presented. The vote of the motion was unanimous, with Mr. McCoy (PO) abstaining.

Ms. DeVary continued with the next contract for Willcox & Savage legal services. The hourly rate for Mr. Tisdale remains unchanged from the prior year at \$400 per hour. During the prior year total legal expenses were approximately \$238,000; with \$129,000 for Willcox & Savage and \$109,000 for William Mullens.

Mr. Keifer (NO) moved, seconded by Ms. Raulston (FR) to execute the Willcox & Savage engagement letter as presented. The vote of the motion was unanimous.

11. OTHER BUSINESS

Mr. McCoy (PO) requested that Mr. Bagley include any cities involved with the HRSD project on ongoing information and updates from HRSD regarding that project.

12. ADJOURN MEETING

There being no further business to come before the Board of Directors the regular meeting was adjourned at 10:12AM.



Liesl R. DeVary
Executive Director

Submitted by: Sandy Schreiber, Secretary, SPSA Board of Directors