

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

April 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 (<i>absent</i>)	(FR)
Mr. Dale Baugh	(IW)	Mr. Randy Keaton (<i>absent</i>)	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Mr. Solomon Ashby	(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, Mr. Michael Etheridge (IW), Ms. Erin Trimyer (PO), Mr. Hart Council (SH), Mr. Bobby Wheeler (VB) and the following SPSA executives, Ms. Liesl R. DeVary, Executive Director and Treasurer, Mr. Dennis Bagley, Deputy Executive Director, Ms. Blanche Christian, Administrative Coordinator and Secretary, and Warren Tisdale, General Counsel.

1. PUBLIC HEARING FOR FEES & CHARGES SCHEDULE

Chairman Keifer (NO) opened the public hearing relating to the preliminary Schedule of Fees and Charges as adopted at the March 27, 2019 Board meeting. To open the public hearing the following statement was read for the record by Chairman Keifer (NO).

“This public hearing is being held in accordance with Section 15.2-5136 of the Virginia Water and Waste Authorities Act. Its purpose is to take public comment on the proposed Schedule of Fees and Charges adopted in preliminary form by the Board of Directors of the Southeastern Public Service Authority of Virginia on March 27, 2019.

The notice of public hearing was published in The Virginian Pilot on April 2nd and April 9th as required by law. After conclusion of the public hearing, the Board of Directors will consider comments offered here today and will proceed to adopt a final schedule to become effective July

1, 2019, and to continue in effect until such time as modified by the Board of Directors in accordance with the procedures set forth in the Virginia Water and Waste Authorities Act.

If you wish to submit a written statement, please provide a copy to Blanche Christian. I would also appreciate your registering your attendance at this public hearing with Blanche Christian, if you have not already done so.”

Chairman Keifer (NO) asked if there were any speakers. There being no individuals wishing to speak during the public hearing on the preliminary tipping fee schedule, the public hearing was then closed.

2. INFORMAL ITEMS: DISCUSSION ONLY
A. MONTHLY REPORT ON WTE OPERATIONS

Mr. Stratton began the operational report for the month of March 2019 for Wheelabrator Portsmouth. Electrical power sold was 15,084 megawatts, which was slightly under budget due to the Norfolk Naval Shipyard TP breaker transmission wiring repairs. The ash screen was supposed to be on site on April 22, but I just received another e-mail this morning that it may not be here until Friday. I'm communicating with him daily on this screen so that we can try to improve the ash quality.

Wheelabrator Portsmouth March 2019



Operational Data

41,971 Tons Total waste received by SPSA	49,044 Tons Waste delivered to RDF	47,129 Tons Total RDF processed	11,545 Tons Ash sent to landfill	15,084 MW Electric power sold
74,327 K-LBS Steam sold to U.S. Navy	92% Overall boiler availability	96% Overall generator availability	0 Environmental incidents and OSHA recordable accidents	0 OSHA recordable accidents YTD

B. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary commented SPSA staff continue to keep the operations running smoothly. If you recall, the HRSD is planning on building a new force main for SPSA. They met with Henry Strickland and have done a preliminary siting of where the new force main will be located.

HRPDC has received a proposed scope of work for the flyover project. There will be a stakeholder meeting in the next couple of weeks.

Mr. Tisdale is very pleased to report that the amendment to the Articles of Incorporation are finally complete. If you recall, last July the General Assembly made a change so that the ex-officio members will no longer have a term limit.

Ms. DeVary asked Mr. Bagley to provide the operations report.

Mr. Bagley stated that for the month of March, 24,523 tons of material were placed in the landfill. That was an increase of 945 tons from the previous month. Wheelabrator delivered 11,545 tons of residue to the landfill of which 8,874 tons or about 76% was reclassified to non-qualifying ash. We are looking forward to the screener coming in. The total leachate hauled for the period was 800,574 gallons, and the total leachate pumped to the HRSD force main to the Nansemond plant was 788,056 gallons. That was a total increase from the previous month of 382,726 gallons. If you recall, the Nansemond plant closed the SWIFT portion of the plant for a period back in February and March, and they allowed us to pump rather than haul directly to the SWIFT plant. The pumps were wide open which is one of the reasons why we pumped so much during that month. Now we're back to 15 gallons per minute, which started out on the 15th of April. We finished all of our first quarter environmental inspections of the transfer stations and buildings and the landfill with no deficiencies. We have had no odor complaints for the reporting period.

Mr. Sorrentino (VB) commented that you said there were several retirements, which seems like a problem. What is the Human Resource plan to backfill?

Ms. DeVary responded it is a concern. We're hoping that the Board is going to adopt the new pay plan so that we can adjust the pay and bring in new hires. If we don't have any filled by July 1st we will have nine vacancies in truck drivers. We are minimally staffed at our transfer stations and transportation. We also advertise for part-time truck drivers. We have had a little bit of an advantage hiring two part-time individuals to fill one full-time position. Any position we budget for is one that is critically needed.

Mr. Maxwell (CH) asked is the 382,720 gallons increase unusual.

Mr. Bagley responded it is an unusual amount. When we're not pumping, we have to haul all of that material, but the settling pond and the aeration pond still tend to elevate. While we were able to pump, we continue to pump to bring that pond down because we're going to be cleaning the leachate ponds in the upcoming year, which means those levels have to be down. We took advantage of that and that is why that number was higher. The other issue was we had a tremendous amount of rain. The working face is open, that leachate number is going to increase when you have a lot of rain.

Ms. DeVary commented the landfill operational summary report, the construction status report and the executive committee minutes from February are also in your agenda.

C. CHAIRMAN'S COMMENTS

Chairman Keifer (NO) commented that each year we need to elect new officers of the Board, and we'll be appointing a Nominating Committee in May. I'm looking for anybody who might be interested in being on that voluntarily. We appoint a committee in May, they come up with a recommended slate of officers in June, and we vote on the officers and they take office in July. If anybody is interested in that, please let me know.

3. ACTION AGENDA

A. MINUTES OF BOARD MEETING

Chairman Keifer (NO) moved to the action agenda. The minutes of the March 27, 2019 Board meeting have been distributed. He asked if there were any additions or changes.

Mr. Sorrentino (VB) moved, seconded by Mr. Broad (NO) to approve the March 27, 2019 minutes of the SPSA board 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 31, 2019 total revenues exceeded expenses by approximately \$4.7 million as compared to \$2.5 million in the previous fiscal year. Our tipping fees fiscal year-to-date reflect a decrease of 1% or approximately \$310,000 as compared to fiscal year 2018, and that's primarily due to the reduction in the municipal tipping fee. Municipal waste tons are up approximately 13% or 35,940 due to bulk waste deliveries, weight of residential waste and an increase in municipal waste. Total municipal tonnages through March were 323,945 compared to 288,005 tons a year ago. Total expenses as of March 31, 2019 were approximately \$30.6 million as compared to \$31.2 million in the prior year. The salaries and benefits show an increase from the prior month because there were actually three paydays in March versus the normal two. Cash balances are at \$29.7 million, and they're designated with \$6.8 million in the operating, approximately \$300,000 for fiscal year '18, rolled purchase orders, \$3.3 million in the undesignated fund balance, \$2.4 million in the capital budget, and \$16.9 million for landfill closure. The numbers in the undesignated fund balance and the landfill closure haven't changed because I only update those once a year. That's why you don't see a change month to month but we are contributing to the landfill closure fund through the budget each month.

Ms. Raulston (FR) moved, seconded by Mr. Ashby (PO) to approve the SPSA financial report subject to audit be approved as presented. The vote of the motion was unanimous.

A. Contract Awards

1. GPS Compaction/Grade Control

Ms. DeVary commented there are several contracts for your consideration. The first one is for a GPS compaction/grade control system for use at the regional landfill. The system will equip the compactor and the dozer at the landfill with GPS guided compaction. It also includes the purchase of a drone that will be used to have more frequent analysis of airspace utilization. This contract is based on a Sourcewell Cooperative Procurement contract with Carter Machinery. The one-time equipment costs are \$147,643 with an annual licensing cost of \$12,776 per year. The grand total cost for this first year is \$160,419. Dennis is here to speak more specifically on it, but I was very impressed with the presentation I received on the equipment.

Mr. Bagley commented we have been working on this for a year now to make sure that we were buying what we'd be able to use and what would benefit us the most. The system will be set up on both the machines at the landfill. Currently our operators are depending on their experience and what

they see when they put a lift in and start compacting it, when they think it's compacted to the level it's supposed to be, they move on. This system will provide the operator a computer in the cab of the bulldozer and the compactor. When the screen turns green, that means the area is fully compacted. It uses GPS coordinates through satellite imagery and it is constantly tracking its elevation. By knowing the weight of the compactor, they can use the elevation weight of the compactor and the amount of trash that's there and determine exactly what your compaction rate is. Long-term it increases our landfill space that's available because we know what we're putting in the landfill and it decreases operating costs. Typically, when these systems have been put in at landfills they see an 18% decrease in the cost of operating the dozer. I think this is something that's going to benefit the landfill for years to come because we'll be able to better manage what's coming in and make sure we're utilizing airspace. We've shared our airspace report with you and we're doing well, but this is going to only improve on that. Currently there are two landfills in Virginia that are using it, so we've seen this in operation. The only pieces we've not seen operational is the drone technology which eliminates our need for constant surveying of the landfill. HDR has used that technology before and they have a very positive response.

Mr. Sorrentino (VB) moved, seconded by Mr. Jenkins (CH) to award the contract to Carter Machinery in the amount of \$160,419 as presented. All were in favor with the exception of Mr. McCoy (PO) who abstained from the vote.

2. Uniform Rental

Ms. DeVary continued, we provide some employees with weekly uniform service. The new contract includes high visibility uniforms so in the summer months employees don't have to wear both their uniform and their safety vest. We did upgrade the uniforms to a better quality of material. We were receiving several complaints of how uncomfortable they were. This is also based on a Sourcewell Cooperative Procurement Contract. The vendor is UniFirst and it is a five-year contract beginning July 1, 2019 and it's based on unit prices. The estimated annual cost is \$50,394, which has been included in your budget.

Mr. McCoy (PO) moved, seconded by Ms. Raulston (FR) to award the contract for employee uniforms to UniFirst Corp. as presented. The vote of the motion was unanimous.

B. Contract Renewals

1. Annual Independent Audit Services

Ms. DeVary stated the next set of contracts are annual contracts that we renew each year. The first one is for the annual audit services. It's with Brown Edwards, and we're exercising option year four of four. The annual amount is \$53,220 and it represents a 1.5% increase from the prior year, which is based on a CPI.

2. FY2020 Property, Liability & Worker's Compensation Insurance

Our property, liability and worker's compensation insurance is with VML Insurance Program, (VMLIP). There isn't a set term and it is not required to be bid out since it's a pooled insurance

program. The amount is \$344,484 and it represents a 2% increase, but that is primarily due to the increase in the values of the property as well as we purchased new tractors that increased the value.

3. Regional Landfill Security Services

Under our permit we're required to have security at the landfill when we are not there. The current contract is with United American Security. This would be exercising option year one of four. The annual amount is approximately \$81,728, and there is no change in the hourly rate.

4. Household Hazardous Waste Disposal Services

Household hazardous waste disposal is with MXI Environmental Services. This is exercising option year one of four. The annual cost is estimated at \$55,000, which is based on unit prices and there was no change in rates.

5. Service & OEM Caterpillar Replacement Parts

Service and OEM Caterpillar replacement parts is with Carter Machinery. This is exercising option year two of four. The annual amount is based on unit prices, we average anywhere from \$275,000 to \$300,000 a year.

6. Truck Tire Management Program

The truck tire management program is with Colony Tire. It exercises option year three of four, and the amount is approximately \$150,000 and there were no changes in the unit prices.

7. Loader Tire Services

The loader tires renewal is with Colony Tire. It's exercising option year two of four. The annual amount is \$512,582.20 and there is no change in the amount.

Chairman Keifer (NO) commented we can consider all of these together as one motion unless somebody would like one of them to be pulled out individually for discussion.

Mr. Sorrentino (VB) suggested that Warren take a look at that liability, property, workers' compensation insurance policy and make sure it's what we want because we don't want to find out the hard way that we don't have the right insurance.

Ms. DeVary commented that this insurance is a pooled program that is only for local governments, and we share in the risk of that. The larger localities are self-insured, but the smaller ones go through VML or VACO.

Mr. Sorrentino (VB) asked if everybody has the same terms and conditions?

Ms. DeVary responded there are different options within it, but for property coverages, it includes replacement cost and liability. I can send the information to Warren for him to look at, but it's really

comprehensive and is to our benefit not to the insured company's benefit, but we can certainly confirm that.

Mr. McCoy (PO) wished to abstain from the contract to Carter Machinery. My son-in-law works there and although he doesn't deal with SPSA I want to make sure there is no conflict of interest.

Chairman Keifer (NO) commented we will pull that renewal out separately.

Ms. Lowe (SH) moved, seconded by Mr. Broad (NO) to approve the contract renewals for the Annual Audit Services to Brown Edwards, the Property, Liability and Worker's Comp insurance to VMLIP, the Regional Landfill security to the United American Security, HHW Disposal Environment Services to MXI Environmental Services, Truck tire management program to Colony Tire and the Loader Tires Services to Colony Tire. All were in favor of the motion with the exception of Mr. Arnold (SU) who abstained from the vote.

Mr. Jenkins (CH) moved, seconded by Mr. Sorrentino (VB) to approve the contract renewal for Service and OEM Caterpillar replacement parts to Carter Machinery. All were in favor with the exception of Mr. McCoy who abstained from the vote.

C. BUDGET ADOPTION

Ms. DeVary began the presentation on the FY2020 proposed operating and capital budgets. Total revenues equal expenses for a total of \$43,347,212. The budget has increased by \$30,000 from what was introduced last month for the Household Hazardous Waste (HHW) program. We are going to start handling HHW for the City of Norfolk on July 1, 2019. They've been handling their own program up until now. We will be collecting HHW two days a week at the Norfolk Transfer Station, and then that gets sent to the regional landfill. We bulk it and we properly dispose of it through our contract. For ease of things, we know that our expense side is going to increase about \$30,000 so the revenue for HHW increased a similar amount even though we know the revenue is probably going to be more than that. Each time a resident visits and disposes of HHW the city is charged \$36 per trip. This budget represents a 4.2% increase from fiscal year 19 or approximately \$1.75 million. We are recommending to reduce the municipal tipping fee to \$57 per ton from the current \$62 per ton. Municipal tonnages are projected at 445,000 tons, which represents an increase of 28,510 tons or 7%.

FY 2020 Revenues
3
<ul style="list-style-type: none">➤ Total Tipping Fees are projected at \$41.6 million an increase of \$3.9 million or 10% and consist of:<ul style="list-style-type: none">✓ Municipal Tip Fees ~ \$25.4 million, 445,000 tons✓ Navy Waste ~ \$1.1 million, 25,500 tons✓ Contract Waste (at transfer stations) ~ \$7 million, 138,500 tons✓ Non-Contract Waste ~ \$2.4 million, 32,000 tons✓ Other Waste ~ \$5.5 million, includes CDD, Norfolk Sludge, ash disposal and other waste disposed at the landfill

FY 2020 Revenues Continued
4
<ul style="list-style-type: none">➤ Charges for Environmental Services are \$855,000<ul style="list-style-type: none">✓ Tire disposal ~ \$515,000, an increase of \$183,200 due to increase in tire disposal✓ Household hazardous waste ~ \$300,000 (was \$275,000)✓ White goods ~ \$35,000➤ Landfill Gas Royalties are \$312,000 reflect a slight decrease due to reduction in methane gas➤ Miscellaneous Income/Interest Earnings are projected at \$548,775

The previous budget for Household hazardous waste was \$275,000, but as I mentioned I increased it to \$300,000.

Tip Fee Schedule – Recommended Changes

5

Waste Type	Current Rate	Proposed Rate
Municipal Solid Waste	\$62.00 / ton	\$57.00 / ton
Contract Non-Municipal Waste	\$49.00 / ton	\$51.00 / ton
Non Contract Non-Municipal Waste	\$75.00 / ton	\$76.00 / Ton

- ### FY 2020 Expenses ~ Summary of Changes
- 6
- Total Expenses reflect a net increase of 4.2% or \$1.75 million and is reflected in the following areas:
 - ✓ Operating Expenses increase ~ \$3 million to \$35.5 million
 - ✓ Capital decreases \$2.2 million to \$3.5 million
 - ✓ Reserves for Landfill Expansion increase ~ \$928,000 to \$4.3 million

- ### FY 2020 Operating Expenses
- 7
- Increase in Operating Expenses include the following:
 - Total personnel costs increase \$343,300 and include:
 - ✓ A pay plan adjustment OR A 2.5% COLA
 - ✓ A 2% decrease in health insurance
 - ✓ A net increase of 2.25 FTE positions:
 - +2.0 transfer vehicle operators
 - +.25 scale attendants

- ### FY 2020 Operating Expenses Continued
- 8
- Professional/contracted services reflect a net increase of \$193,000 for employee uniforms, building and site maintenance and HHW disposal costs.
 - Other Operating Expenses increase \$224,000 for increased cost of leachate treatment, employee training and road tolls.
 - Materials & Supplies increase \$108,000 primarily for fuel and other operating supplies.
 - Contracted Waste Disposal Services increase \$2.2 million due to increase in tons and a 3% contractual increase for the WHDA.

Total personnel costs increased \$343,300. Previously, I showed an increase of \$400,000, but we had some additional retirements, as well as the worker's compensation insurance was \$30,000 lower than what was originally budgeted. This does include a pay plan adjustment or a 2.5% cost of living adjustment. An employee would not receive both.

- ### Capital Improvements/Equipment Replacement
- 9
- Capital Improvements /Equipment Replacement decreased by \$2.2 million to \$3.5 million
 - The goal is to maintain a level budget of \$3.5 million for capital improvements and equipment replacement. Funds not used in one fiscal year will revert to a Capital Budget Reserve to be used in future years to offset any increase in projected expenses.
 - Landfill ~ \$1.6 million for cleaning the leachate pond, asphalt the parking lot and tire shredder areas, a dump truck replacement and the purchase of a hydro seeder.
 - Equipment Replacement at transfer stations ~ \$300,000
 - Transportation ~ \$1.03 million for 8 new tractors and a SUV replacement
 - Fleet Maintenance ~ \$160,000 to replace a field service truck
 - Regional Office Building ~ \$50,000 to sealcoat and repaint parking lot

- ### Budget Recap
- 10
- Total Budget = \$43,347,212
 - Municipal tonnages are projected at 445,000
 - Municipal tip fee decreases to \$57 per ton
 - Includes a pay plan adjustment OR a 2.5% COLA in employee wages
 - Recommendation: Adopt the July 1, 2019 - June 30, 2020 Operating & Capital Budgets as presented

To recap, the total budget is \$43,347,212. Municipal tonnages are projected at 445,000 tons, the municipal tip fee decreases to \$57 per ton, and it includes a pay plan adjustment or a 2.5% cost of living adjustment in employee wages. The pay plan adjustment is only for truck drivers, equipment mechanics, and heavy equipment operators. Those are the only positions that we're in desperate need of and have the most vacancies in. We need to bump the starting pay for those and in doing so, we've got to adjust the other people that are currently in those positions so you don't end up with compression and upset employees. Our recommendation is to adopt the July 1, 2019, through June 30, 2020 operating and capital budgets as presented.

Mr. Ashby (PO) commented that in regards to the pay plan when municipalities have these kind of issues, they end up trying to phase them in, especially if you got an issue with regard to looking at COLAs. My concern last budget cycle was we gave an across-the-board COLA. My concern is that if this were structured differently, perhaps we could better stabilize our tipping fee for a couple years and give the municipalities a chance to really take advantage in terms of plotting and planning. I can appreciate the discussion and the materials that Liesl has provided me, but moving a pay plan and pay scale at the top and the bottom appears to be a bit aggressive.

Ms. DeVary responded if we would phase it in, I don't think we would get the same benefit from it because unless I can bump those minimums up, I'm not going to have the ability to be hiring new staff. I know all of you know that if you hire new staff and they're making higher amount of money than existing employees there's going to be quite a bit of discontent. On the pay plan adjustment, there is a maximum; they get adjusted in their new pay plan under the years of service. The maximum increase any employee could have is \$5,000. I think if it would be aggressive or considered aggressive if we would fully implement this and not have any cap. I strongly feel that this is needed. The pay plan has not been updated since January of 2014.

Chairman Keifer (NO) commented there's three pieces of this. You're raising the top of the pay plan by 2.5%, to accommodate employees who have been topped out for a couple years, you're raising the bottom of the pay plan just for those three positions that and then you're making pay adjustments for people in those positions.

Mr. Jenkins (CH) commented that if we did not cap it at five thousand, the cost would be significantly more. In effect you are phasing this pay plan adjustment.

Mr. McCoy (PO) commented we're down nine positions. The trash has got to be hauled and that means you have to take other drivers and work them overtime at time and a half. We don't have extra positions or overtime budgeted. It's not unusual that city managers find themselves in a compression situation where they have to compete with other cities for the same positions. Right or wrong, it's probably something that all city managers are going to have to look at if not in this budget, in future budgets trying to keep your operations going. We can't lose sight of what our responsibilities are.

Chairman Keifer (NO) commented that last month you shared information that showed the starting salaries of these positions were not competitive compared to other communities.

Ms. DeVary responded yes, we're hoping that raising the minimum pay for a truck driver to \$19 is going to help, but they're making \$20-\$22, in private business. Something else you have to keep in mind with truck drivers is they have to have a resting period. That's always my concern with the people out in the field. Certainly, a lot of them enjoy overtime, but my concern is safety. Working somebody without a break increases the odds for accidents and that is also something I want to make sure we prevent.

Mr. Sorrentino (VB) asked what makes you think you're going to get people coming to work at SPSA at \$19 if other companies are offering \$20-\$22.

Ms. DeVary responded the other benefits offered; we have a great health insurance plan as well as the Virginia Retirement System (VRS). Our VRS plan has been overfunded for a number of years. Our rate for VRS is less than a half of a percent, whereas I believe other localities are double digits. I believe the total compensation package makes it equal.

Mr. Ashby (PO) commented I understand the issue with CDL drivers. I'm just saying nine years of across the board, 2.5-3% COLAs for everyone and addressing the issues with regard to heavy truck operators in the same year is a pattern that is unusual in my estimation. I suspect all of us in municipalities have had to make those choices where we can address a compression issue for some of our employees. Some localities may not have that kind of issue and pressure, but I've spoken to my locality and we think trying to do both across the board with a nine-year cycle is aggressive, especially when ultimately that dollar amount get passed down to us. We would like to be able to budget a two-year tip fee stabilization at \$57 per ton. What does that equate to on the tipping fee?

Ms. DeVary responded to keep it at \$57 it should be less than a dollar.

Mr. Ashby (PO) commented as I recall from the last presentation, the estimation was the tipping fee was going to go up from this year to next year in the budget cycle.

Ms. DeVary responded sixty-five cents is what was projected, but that's assuming that your annual tonnages increase.

Mr. Ashby (PO) commented that my purpose for that comment is we would be better able to adjust and budget on a two-year basis if we staggered these changes. If you have an issue with heavy equipment operators, you may need to address that, but the across-the-board COLA is a bit much.

Mr. Wheeler commented we're having a hard time recruiting CDLs. We've looked at incentive programs, we increased the drivers' pay by 5% in the last year, and we're looking at other operations as well. As far as what Mr. Ashby is saying, we don't give a COLA, we provide merit increases and we stagger those. It is based on the midpoint of salary. I don't know if you've thought about those options. That helps reduce some of your costs and maybe maintain a rate for two years because we're struggling with our rate increases and fees.

Ms. DeVary stated that 79 of our 139 positions are in those 3 positions.

Mr. Roberts (SU) stated I do support the budget and after some discussion, I hope we're able to approve it. I do specifically support the pay increases that are proposed in the plan that Liesl has laid out. My concern initially was that we would approve it without a lot of discussion, and the perception might be publicly that we did so without giving it a lot of careful thought. I think all of us have given it quite a bit of thought. David Arnold made several comments last year that resonated with me about the approach to employee compensation and how we do that in the context of other public employees and private employers in the region. I can agree with just about all of what has been said particularly the observation of how consistently we have applied COLAs or general wage increases the last several years. If we had to revisit some of those decisions that were made years ago, we might scrutinize some of them. I take into account that no employer can arbitrarily set an expectation that employees should receive some general wage increases every year. I approached my decision in putting together the City of Suffolk's budget very carefully this year, and I approached my observations about the SPSA budget and I look at a few factors. We are at what we can refer to as full employment. It's a seller's market right now. Employees with any set of marketable skills a good track record and who can pass a drug test are selling their services, they can command full price. All those factors put pressure on hiring managers to keep positions filled, and so what we're experiencing here at SPSA is not unlike what's going on in the other communities That could change drastically between now and next year. We just need to pay people fairly in the context of what we believe is going to happen in the next fiscal year, and for all those reasons, I support the proposal that Liesl has laid out.

Mr. Broad (NO) commented Harvey started an inhouse training program at Norfolk. It is a good program, but the only problem is there are no real guarantees when you train them. There are no strings attached. It's kind of a risky proposition to do it, but we felt like overall it was a good thing.

Chairman Keifer (NO) commented Solomon makes very good points The one thing I would say is SPSA has had some really great success in that we've driven down costs considerably and the employees have had a role in that. To me, it only seems fair to share some of that with the employees this time since we reduced the tipping fee considerably. If we get in a situation where it increases or staying the same, that's a different situation. The other comment is the budget increasing by 4.2% concerns me a bit, but a lot of the items are going to be adjusted and won't be repeated in the future. Hopefully the future increase will not be as great.

Mr. Jenkins (CH) moved, seconded by Ms. Lowe (SH) to adopt the July 1, 2019 – June 30, 2020 Operating and Capital budgets as presented.

Roll call

Mr. Maxwell (CH):	Yes
Mr. Jenkins (CH):	Yes
Ms. Raulston (FR):	Yes
Mr. Baugh (IW):	Yes
Mr. Etheridge (IW)	Yes
Mr. Keifer (NO):	Yes
Mr. Broad (NO):	Yes
Mr. McCoy (PO):	Yes
Mr. Ashby (PO):	No

Mr. Hodges (SH): Yes
Ms. Lowe (SH): Yes
Mr. Arnold (SU): Yes
Mr. Roberts (SU): Yes
Mr. Sorrentino (VB): Yes
Mr. Wheeler (VB): Yes

The motion to adopt the July 1, 2019 – June 30, 2020 Operating and Capital budgets as presented passes 14-1. All were in favor with the exception of Mr. Ashby (PO).

D. ADOPTION OF FEES AND CHARGES SCHEDULE

Ms. DeVary continued since you have adopted that budget, we also need to adopt the changes in the tip fee schedule as they were presented and advertised.

Mr. Broad (NO) moved, seconded by Ms. Raulston (FR) to adopt the Schedule of Fees and Charges with an effective date of July 1, 2019 as advertised.

Roll call

Mr. Maxwell (CH): Yes
Mr. Jenkins (CH): Yes
Ms. Raulston (FR): Yes
Mr. Baugh (IW): Yes
Mr. Etheridge (IW) Yes
Mr. Keifer (NO): Yes
Mr. Broad (NO): Yes
Mr. McCoy (PO): Yes
Mr. Ashby (PO): Yes
Mr. Hodges (SH): Yes
Ms. Lowe (SH): Yes
Mr. Arnold (SU): Yes
Mr. Roberts (SU): Yes
Mr. Sorrentino (VB): Yes
Mr. Wheeler (VB): Yes

The motion to adopt the Schedule of Fees and Charges with an effective date of July 1, 2019 as advertised passes. The vote of the motion was unanimous.

E. RESOLUTION FOR AMENDMENT TO SOP

Ms. DeVary continued to the changes to the Strategic Operating Plan (SOP). The section on the Regional Landfill planning horizon was updated in the documents to reflect the most recent airspace report and conceptual plan. The section pertaining to the annual budget was updated to coincide with changes to the Financial Policies, and SPSA's role in a storm event was updated to reflect that VDEM

now serves as the points of contact. Our recommendation would be to adopt a resolution approving the changes.

The Resolution was read as follows:

**RESOLUTION APPROVING REVISIONS TO THE STRATEGIC OPERATING PLAN –
APRIL 24, 2019**

WHEREAS, the Southeastern Public Service Authority of Virginia (“SPSA”) was created in 1976 by concurrent resolution of the Cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the Counties of Isle of Wight and Southampton (the “SPSA Members”);

WHEREAS, between 1983 and 1984, the SPSA Members entered into individual Use and Support Agreements with SPSA (such agreements, as originally entered into and subsequently amended, are the “Legacy Use & Support Agreements”) which provided, among other things, that each SPSA Member would deliver to SPSA substantially all of the disposable solid waste generated or collected by or within or under the control of such member;

WHEREAS, all of the Legacy Use & Support Agreements expired on January 24, 2018;

WHEREAS, in anticipation of the expiration of the Legacy Use & Support Agreements, a series of comprehensive studies were performed and discussions conducted in order to assess regional solid waste management planning and related issues;

WHEREAS, based on such studies, discussions and other factors, the SPSA Members generally determined that a cooperative approach to the continuation of a regional system of municipal solid waste management, effected through SPSA, is in the best interests of the SPSA Members individually and the region as a whole;

WHEREAS, in light of such determination, a Use & Support Committee of the Board of Directors of SPSA was established to develop, prepare and submit to the SPSA Members a form Use & Support Agreement that would be used to create identical new agreements between SPSA and each SPSA Member to replace their respective Legacy Use & Support Agreements, with effect as of January 25, 2018, to provide for the SPSA Members continuing delivery of municipal solid waste to SPSA and for SPSA’s continuing management and disposal of such waste;

WHEREAS, after many months of study and consideration by SPSA Executive Staff, legal counsel, the Use and Support Board Committee, the Board and the SPSA Members, the Cities of Chesapeake, Franklin, Norfolk, Suffolk and Virginia Beach and the Counties of Isle of Wight and Southampton each approved, executed and delivered to SPSA the Use & Support Agreement, including a Strategic Operating Plan to be attached thereto as Schedule I and incorporated therein by reference (the agreements, as executed and delivered by each of the foregoing SPSA Members in identical form, are collectively the “Post-2018 Use & Support Agreements”); and

WHEREAS, the Board on May 25, 2016, authorized the execution, delivery and performance of the Post-2018 Use & Support Agreements with each of the SPSA Members, further to the continuation of a regional system of municipal solid waste management to be effected through SPSA;

WHEREAS, pursuant to the Post-2018 Use & Support Agreements, the Strategic Operating Plan attached as Schedule I to the Post-2018 Use & Support Agreements, shall be reviewed by the Board on at least an annual basis in connection with the Board's review and consideration of the annual operating budget of SPSA, and at such other times as the Board may deem necessary or appropriate;

WHEREAS, pursuant to the Post-2018 Use & Support Agreements, if deemed necessary or appropriate after review, the Strategic Operating Plan may be updated or modified by a resolution approved by at least seventy-five percent (75%) of the Board, and any such updated and/or modified Strategic Operating Plan shall be appended to the Post-2018 Use & Support Agreements as new Schedule I thereto, in replacement of all prior Strategic Operating Plans.

WHEREAS, SPSA Executive Staff with the assistance and advice of legal counsel has reviewed the Strategic Operating Plan, and has recommended to the Board that certain updates and modifications be made to the Strategic Operating Plan;

WHEREAS, the Board after review and consideration has deemed it necessary and appropriate to make the recommended changes to the Strategic Operating Plan.

NOW THEREFORE BE IT RESOLVED, by the Board of Directors of SPSA as follows:

1. The Strategic Operating Plan shall be updated and modified as shown on the Strategic Operating Plan attached to this resolution, the updated and modified Strategic Operating Plan shall replace the version of the Strategic Operating Plan approved by the Board on January 24, 2018, which was effective January 25, 2018, and the updated and modified Strategic Operating Plan be deemed to be appended as Schedule I to the Post-2018 Use & Support Agreements, and duly incorporated therein.

2. The Board hereby authorizes and directs the Executive Director of SPSA, in the name and on behalf of SPSA, to do all such acts and prepare, execute, file and deliver all such other documents, each in the name of and on behalf of SPSA, that she may deem necessary or desirable to carry out the intent and purposes of the foregoing resolution.

3. The Board hereby authorizes and directs the Executive Director of SPSA, in the name and on behalf of SPSA, to take any and all steps and to do all things that she may deem necessary or advisable in order to effect the purposes of each and all of the foregoing resolutions.

Mr. Tisdale commented that the SOP is attached to your Use and Support Agreement. When you refer to your Use and Support Agreement in the future, it will not be the SOP dated January 25, 2018, it will be dated April 24, 2019.

Mr. Maxwell (CH) moved, seconded by Ms. Raulston (FR) to adopt the resolution approving the changes to the SOP. The vote of the motion was unanimous.

F. FINANCIAL AND PERSONNEL POLICIES

Ms. DeVary reported on the changes to the financial and personnel policies.

Changes to Financial Policies

13

- References to bond resolutions have been removed
- Amended to reflect Executive Director's authority:
 - ✓ Make budget transfers within cost centers (departments), however Budget transfers between cost centers are limited to \$50,000 without Board approval.
 - ✓ May make position adjustments throughout budget year but cannot exceed the budgeted FTEs or budget amounts.
 - ✓ Make changes to the Employee Policy Manual without Board approval except for sections pertaining to compensation and benefits.

Changes to Financial Policies

14

- Fund Balance Policy
 - ✓ SPSA intends to maintain an undesignated fund balance equivalent to 2 months operating expenses
- Debt Policy
 - ✓ SPSA does not intend to issue any debt
- Sale of Surplus Equipment section removed
- Credit and Collection Policy
 - ✓ Updated to reflect identical terminology in SOP

Recommendation: Approve the Financial and Personnel Policies as presented.

Chairman Keifer (NO) commented that some of this is new, but each of our communities have limits on what their managers can do in terms of adjusting positions and making budget transfers. We think this is important to specifically state what the Executive Director's authority is.

Mr. Maxwell (CH) commented on the fund balance policy, the word intends should be mandated. I think it is the fiduciary responsibility of the Board. At a minimum, it should be two months' operating expenses.

Ms. DeVary commented that in discussions with the Executive Committee, they thought it was best to give us some flexibility there so that we if you didn't maintain it, you wouldn't be in violation of your policies.

Mr. Ashby (PO) commented I think the term "intend" is a little loose.

Ms. DeVary commented that the two months operating funds based on fiscal year '20 budget is \$5.9 million, we will be slightly over that. I am perfectly fine with it saying shall.

Chairman Keifer (NO) commented I was the one that changed this. This is there for emergencies, and if it says shall, then you can't use it for emergencies if we run into a cash flow problem or something like that. The intention is not we're going to try to do it; we intend to do it.

Ms. DeVary stated there's another section in the policy that also says the unrestricted fund balance may be replenished over one to three fiscal years depending on amount. So that piece does give the Board flexibility on the replenishment of it.

Mr. Roberts (SU) commented as a matter of procedure and transparency. If for some reason there was an emergency or expense in order to transfer the funds from the undesignated fund balance to the operating budget, that would require action of the Board by roll call vote. It would be a conscious, deliberate decision for us to deviate from this policy, and I would think that that would be done with a lot of attention and a lot of discussion, and we would do so in the context that we are making a decision outside of this policy. So, if we're worried about a slippery slope I don't really see that happening.

Chairman Keifer (NO) stated we will change the language to say “shall maintain” an undesignated fund balance.

Mr. Jenkins (CH) commented that with respect to the budget transfer policy, which I have no problem with and support, I think the transfers approaching \$50,000 should be reported to the Board periodically, either quarterly or monthly.

Ms. DeVary commented it's extremely rare that we transfer from one cost center to another. It's normally all within the same cost center. The intention of adding this is so that the Board would know if I was transferring money, and that's why they put the suggested limit of anything over \$50,000, but I can as a matter of procedure report any transfers between cost centers on a monthly basis.

Chairman Keifer (NO) commented if we added a statement saying that the Board would be advised of any transfers, I think that would cover Mr. Jenkins concern. Two changes to the financial and personnel policies that were presented. One is the budget transfers; board would be notified of them and the second is that we “shall maintain” in the undesignated fund balance.

Mr. Sorrentino (VB) moved, seconded by Mr. Ashby (PO) to approve the Financial and Personnel Policies as presented. The vote of the motion was unanimous.

Mr. McCoy (PO) commented over the last couple months, the Chairman and I have had the pleasure of going with Liesl, to the member communities to present an update on the status of SPSA. I'd like to report to you that it was quite interesting. The councils and the Board of supervisors so far have received us with open arms. We have Virginia Beach scheduled for next month and we still have Norfolk and Suffolk to go yet. It's been rewarding to me as your Vice-Chairman to see the changes that's taken place over the last five years, and I really commend this board for allowing all of us to move forward and make major changes. It has made a significant difference in the way we are received and the way we are perceived in the region.

4. CLOSESD SESSION

Warren Tisdale, General Counsel read the following closed session certification:

I move that a closed session be held for discussion regarding the delivery of ash by Wheelabrator Portsmouth, Inc. to SPSA under the Waste Disposal and Services Agreement between Wheelabrator and SPSA with commencement date February 1, 2019, in accordance with Virginia Code Section 2.2 3711(A)(8) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel.

Mr. Keifer (NO) moved, seconded by Mr. Jenkins (CH) 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, General Counsel Warren Tisdale, read the following certification:

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

6. OLD/NEW BUSINESS

There was no old/new business at this meeting.

7. ADJOURN MEETING

There being no further business to come before the Board of Directors the regular meeting was adjourned at 11:18 a.m.



Liesl R. DeVary
Executive Director

Submitted by: Blanche Christian
Secretary, SPSA Board of Directors