

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

October 24, 2018

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	(NO)
Mr. C.W. "Luke" McCoy <i>absent</i>	(PO)	Mr. Solomon Ashby	(PO)
Mr. Mark Hodges <i>absent</i>	(SH)	Ms. Lynette Lowe <i>absent</i>	(SH)
Mr. David Arnold	(SU)	Mr. Patrick Roberts	(SU)
Mr. William Sorrentino <i>absent</i>	(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. Eric Martin (CH), Mr. Michael Etheridge (IW), Mr. Harvey Howard (NO), Ms. Erin Trimyer (PO), Mr. Hart Council, Mr. Scott Mills (SU) and the following SPSA executives, Ms. Liesl R. DeVary, Executive Director and Treasurer, Ms. Blanche Christian, Administrative Coordinator and Secretary, and Warren Tisdale, General Counsel.

PUBLIC COMMENT

Mr. Geduldig-Yatrofsky from PortsmouthCityWatch.org, made the following comments: "Mr. Chair, honorable commissioners, and fellow interested parties. So I feel a little like Hons Solo coming out of a carbonite freeze. I am out of the picture for a little while and everybody has delusions of grandeur. But seriously now, I have been away for a little while, missed you all, and I was hoping when I came back I'd see the camera operator over here dutifully recording the proceedings in this meeting, and now I left you in good faith thinking that you were going to follow up and do it and you haven't. Now, as somebody who is in his seventh decade of life, just off the cusp, I get tired of standing here with a camera recording what you're doing just because I think what you're doing is important, but unlike somebody younger and somebody who's getting compensated for doing it rather than a little ole volunteer me. So I'm urging you this morning, do the right thing, get your meetings video recorded so that those of us who have other things to do, at times can't be here, can still have the thrill of the live action here. Thank you very much."

Chairman Keifer (NO) commented that is something we can consider as part of the budget for the coming year.

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

Mr. Clint Stratton began the operational stats for the month of September.

Wheelabrator Portsmouth Sept. 2018

Operational Data



42,005 Tons	52,238 Tons	47,208 Tons	13,592 Tons	17,876 MW
Total waste received by SPSA	Waste delivered to RDF	Total RDF processed	Ash sent to landfill	Electric power sold
26,782 K-LBS	89%	100%	0	3
Steam sold to Navy	Overall boiler availability	Overall generator availability	Environmental incidents and OSHA Recordable Accidents	OSHA Recordable Accidents YTD

Of the 52,238 tons, we had 4,079 trucks cross the RDF tipping floor during the processing receivable hours, which means 29 trucks an hour crossed the floor. Of those 52,238 tons, if you were to line city trucks up nose to tail, there would be 17,413 trucks in the line. That would be equivalent to 86 miles of trucks nose to tail, it is 79 miles from here to Richmond. The electricity produced was 17,876 megawatts. The average US home uses 900-kilowatt hours a month, which are 19,929 homes that Wheelabrator Portsmouth could have powered in September. This month we also completed the scheduled outage for Boiler 3. That included superheater replacement, furnace overlay, bottom drag overall, RDF feed inspection and repairs, and gas path inspection and repairs.

B. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary commented that the Waste Disposal and Services Agreement with Wheelabrator were executed on October 9, 2018 and it is effective February 1, 2019.

There was minor damage at the Chesapeake Transfer Station from Tropical Storm Michael; it only blew down part of the fence at that station.

We had two household hazardous waste special events in October that were held on the same day. In Chesapeake, we had 143 participants and in Suffolk, we had 128 participants. Our staff were spread a little thin, but they did a great job.

We had our first Regional Operations meeting with the Solid Waste Administrators of our member communities. If you recall, I wanted to set up a committee to meet with the staff that handles the

waste at the communities. They requested that we have this meeting every month for a while. We're able to explain to them what we're doing here at SPSA, and then we want to know what challenges they're having and if there are any challenges that are coming through at the transfer station level so that we can try to work with them to make it a much smoother process. Dennis is also adding a 15 to 20 minute educational element to the meetings. The next meeting is November 1, and the training will focus on safety.

As previously mentioned, I would like to recommend that we establish an Investment Committee to discuss the role of an investment advisor if any. I still have a contract that we can use, but I think that first what would be best is if we establish a special committee, to talk about the direction that we are headed. Discuss the pros and cons of hiring an actual investment adviser.

Chairman Keifer (NO) commented I would be looking for volunteers. We have a significant cash balance in SPSA that we are saving up for the landfills and some capital improvements. The decisions of how we invest that money are very important, so we would be looking for two or three people to develop an investment policy.

Mr. Maxwell (CH) and Mr. Roberts (SU) volunteered.

Ms. DeVary continued following our meeting, I have set up a meeting with City of Suffolk, HRPDC, and our staff, to begin discussions on a flyover interchange or back entrance at the regional landfill. A requirement of our CUP is that we improve the entrance to the landfill or establish a second entrance.

Ms. DeVary asked Mr. Bagley to provide an update on the landfill activities.

Mr. Bagley commented we had no odor complaints for the reporting period. We have hauled 1,296,277 gallons of leachate for the reporting period. That number is still high even though we had low rainfall this month because we are trying to pump down the lagoons so that we can begin some of the other work that we have planned for the end of the year. The average quantity of leachate hauled daily was 43,209 gallons. The disposal cost for the leachate was \$12,483. We landfilled 23,838 tons of waste for the reporting period, and of that, 13,592 tons of cover was utilized during the reporting period. That consists of both ash and dirt that we have to use for the slopes because we cannot use ash on the slope.

We have made progress on the possibility of resuming pumping to HRSD. We have a design for a new pump and we are waiting on a price from the contractor who is doing the loadout. The loadout project will use these same pumps, after the loadout project is completed. We will come back to you with a change order to that project to install the new pumps that will allow us to pump 15 gallons per minute to the HRSD systems.

The loadout project is behind schedule. The contractor has requested an extension before we implement the liquidated damages. They have had delays due to permitting issues and the weather conditions that they were under during the spring and summer. We will be answering their request for an extension within the next couple of weeks. They projected that their completion date is now December 24. We are reviewing the information they provided us to see if that is a reasonable date.

Ms. DeVary commented that our next meeting is on December 12, we will have the annual audit presentation, an update to financial policies, and the DEQ financial assurance.

C. CHAIRMAN'S COMMENTS

Chairman Keifer (NO) commented that it is with great pleasure that we have entered into a contract with Wheelabrator and continue to use them for services to handle our waste for a number of years into the future. I again commend the committee and Wheelabrator for the negotiations to reach that and look forward to working with them.

Ms. DeVary stated that Wheelabrator and I worked together on a joint news press release that was issued today. A copy of it will be emailed to you. I appreciate them working with us and issuing it together.

2. ACTION AGENDA

A. MINUTES OF BOARD MEETING

Chairman Keifer (NO) moved to the action agenda. The minutes of the board meeting of the September 26, 2018 have been distributed. He asked if there were any additions or changes.

Mr. Broad (NO) moved, seconded by Mr. Williams (FR) to approve the September 26, 2018 minutes of the SPSA board as presented. The vote of the motion was unanimous.

B. FINANCIAL MATTERS

1. Financial Reports

Ms. DeVary began for the month ending September 30, 2018 total revenues exceeded expenses by approximately \$3.1 million as compared to \$1.2 million in the previous fiscal year. Our tipping fees fiscal year-to-date reflect a 5.3% decrease or approximately \$625,000 as compared to this time last year, and that is due to the reduction in the rate per ton. Municipal waste tons are up approximately 10% or 10,667 tons, and that was due to the addition of bulk waste deliveries. For the month ending September 30, 2018 municipal waste tonnages, were 114,317 tons compared to 103,650 a year ago. Total expenses as of September 30 were approximately \$9.4 million as compared to \$11.3 million in the prior year. We are in line with our budget. Cash balances are \$26.6 million, and designated with \$2.5 million in the operating fund, \$1.4 million for fiscal year 2018 rolled purchase orders, \$3.3 million in undesignated fund balance, \$2.5 million for fiscal year 2019 capital budget, specifically for the HRSD forcemain, and \$16.9 million in landfill closure.

Ms. Raulston (FR) moved, seconded by Mr. Keaton (IW) to approve the financial reports subject to audit. The vote of the motion was unanimous.

2. Contracts

A. Contract Awards

1. HDR Task Order

Ms. DeVary commented the first contract for your consideration is a task order with HDR Engineering, to begin the process of permitting Cells VIII and IX at the regional landfill. The task order includes the initial wetland permitting coordination meeting with the Corps and DEQ, the DEQ Part A application and a more detailed cost estimate for Cell VII construction. This is a multiyear task order with a completion date scheduled for March 2020. The total cost for this project is \$467,240, this is money designated for landfill closure and expansion: Our recommendation is to approve the task order with HDR as presented.

Mr. Keaton (IW) asked how long would those permits be valid for once you get them, is it five years?

Mr. Jeff Murray from HDR responded the wetland delineation is only good for five years because standards change, but the Part A application, once it is approved it runs with the land. The permitting application for a new wetland footprint is a two-step process. Part A of the application is demonstrating that your site location meets the criteria and that there is a need for that disposal capacity. There are some constraints on getting your part B application filed. Part B is the preliminary design and permitting. A lot of the effort is doing groundwater-monitoring testing to show that the site is capable of holding a landfill and monitoring the landfill long-term, but it is going to be a process. There is a public component of that and there is a substantial amount of wetland impacts. The process will take some years with the Corps and DEQ permitting for final approval for the Part B. Part B would be a new task order and that would be around 2021, 2022, this is a five to eight year process.

Mr. Keaton (IW) moved, seconded by Mr. Broad (NO) to approve the HDR task order for initial Cell VIII and IX permitting assistance as presented. The vote of the motion was unanimous.

2. Chesapeake Transfer Station Excavator

Ms. DeVary continued the next contract is to replace the wheeled excavator at the Chesapeake transfer station from the Sourcewell Cooperative Procurement Contract. The contract would be with Carter Machinery. This is budgeted in our current year and it was budgeted at \$340,000, the contract that we have agreed to is \$260,904. The old excavator will be sold on public surplus. We would recommend awarding the contract to Carter Machinery as presented.

Ms. DeVary asked Mr. Bagley to provide details on the price.

Mr. Bagley commented that a large part of the difference in the budgeted cost and the total cost is we removed a portion of the project that would include maintenance on the equipment over the four-year period. We restructured our garage operations and have supervision directly in the garage and we have added a couple of mechanics out at the landfill. We are able to cut our total costs for preventive maintenance in half. A majority of those maintenance tasks will now be done in house. This is the same for the excavator in Suffolk as well.

Mr. Williams (FR) moved, seconded by Mr. Roberts (SU) to award the contract to Carter

Machinery as presented. All were in favor with the exception of Mr. Arnold (SU) who abstained from the vote.

3. Suffolk Transfer Station Excavator

Ms. DeVary continued this contract is to replace a wheeled excavator at the Suffolk transfer station from the Sourcewell Cooperative Procurement Contract. The contract would be with Carter Machinery. This is budgeted in our current year and it was budgeted at \$340,000 the contract that we have agreed to is \$260,904. The old excavator will be sold on public surplus. We would recommend awarding the contract to Carter Machinery as presented.

Mr. Maxwell (CH) asked if there was an estimate as to what the public surplus would yield.

Mr. Bagley responded we have some ranges. When we are going to replace a piece of equipment, we ask for a trade-in value. We then look at a year's worth of data from public surplus; if we can get more then we put a reserve on whatever the trade amount is. A fair range would be \$25,000 to \$30,000.

Ms. Raulston (FR) moved, seconded by Mr. Jenkins (CH) to award the contract to Carter Machinery as presented. All were in favor with the exception of Mr. Arnold (SU) who abstained from the vote.

4. Tire Shredder Loader

Ms. DeVary commented the next contract is to replace a wheel loader at the tire shredder. This replacement was originally budgeted in fiscal year 2020. However, we feel like we need this new loader at the tire shredder now. We are deferring the automated equipment wash that we had budgeted at the landfill in order to replace this wheeled loader. It is through the Sourcewell Cooperative Procurement Contract and with Carter Machinery. A total of \$275,000 was budgeted for the automated equipment at the landfill, and this piece of equipment is \$216,992. Staff are looking closely at equipment necessities; like if it is the right size and getting others from the industry to come in and make recommendations. At the tire shredder, we are going down two sizes in the loader because we did not need one as big. We recommend awarding the contract to Carter Machinery.

Mr. Keaton (IW) moved, seconded by Mr. Williams (FR) to award the contract to Carter Machinery as presented. All were in favor with the exception of Mr. Arnold (SU) who abstained from the vote.

5. Scalehouse Software

Ms. DeVary continued this contract is to upgrade our system-wide scale house software. The current program was purchased in 2004 and has not been updated since. We issued an RFP and we received two bids. One was from Paradigm Software, who is the current vendor, and the second one is TechComp Inc. We only budgeted \$50,000 for this, but we were unsure of the costs we would have with it. The total cost of this contract is \$148,359.67, but we have added some modules

to it. The cost includes all of the hardware replacements, a new server, and an automated scale attendant module. Savings in other capital projects will cover the difference in cost. The automated attendant will be used in the evening at the Landstown transfer station on the outbound scale house side. This will provide an opportunity to see if that module might prove useful at another location. We have also included a module that will count the number of transactions that go across the scales, which gives you internal control. We recommend awarding the contract to Paradigm Software with a \$10,000 project contingency.

Mr. Roberts (SU) asked if the server to the scale house that you are replacing is located in the regional building.

Ms. DeVary responded yes.

Mr. Arnold (SU) asked why the chosen bid came in 200% over budget, was it because of added things or the current system was so old that we did not have a good feel for the cost.

Ms. DeVary responded the \$50,000 did not include training and implementation and we did add things on. This program will be an entirely new version. The reason we are moving forward on this is due to other savings we have achieved in other equipment lines. The cost may not come in that high because I do not think the scale attendants will have much of a learning curve.

Mr. Jenkins (CH) moved, seconded by Ms. Raulston (FR) to award the contract to Paradigm Software and establish a \$10,000 project contingency as presented. The vote of the motion was unanimous.

6. Regional Landfill Security Service

Ms. DeVary stated this contract is for security services at the regional landfill. An IFB was issued requesting pricing with SPSA providing the vehicle and a price with the contractor providing the vehicle. We received four bids. If we provide the vehicle, it is less expensive. This contract term would start on November 4, 2018 through June 30, 2019 with the option to renew the contract for four additional years. Each renewal term would begin on July 1 of the subsequent year.

Mr. Williams (FR) moved, seconded by Mr. Baugh (IW) to award the contract to United American Security at \$12.81 per hour. The vote of the motion was unanimous.

C. ENVIRONMENTAL POLICY UPDATE

Ms. DeVary commented the environmental policy is in accordance with the ISO 14001, which specifies the requirements for an effective environmental management system. The only change is to update the Executive Director.

Mr. Arnold (SU) moved, seconded by Ms. Raulston (FR) to adopt the Environmental Policy Statement as presented. The vote of the motion was unanimous.

D. PROPOSED ADDENDUM 7 TO THE SERVICE AGREEMENT WITH
WHEELABRATOR PORTSMOUTH

Ms. DeVary commented the last item is Addendum 7 to the Wheelabrator service agreement. The sole purpose of this addendum is for the use of a tipper at the regional landfill by Wheelabrator for tipping the ash. This provision is included in the new contract, but the new contract does not start until February 1, 2019. Wheelabrator will pay \$25 per ton for ash disposal once the tipper is operational; they are currently paying \$19 per ton. They will operate, maintain, and fuel the tipper, provide training to SPSA staff, and they retain all ownership and liability of the tipper. SPSA's responsibility will be to move the tipper on the working face at our sole discretion. SPSA and Wheelabrator will mutually develop a SOP. Wheelabrator has also requested to store the tipper at the regional landfill as soon as possible. Our recommendation is to approve Addendum 7 to the service agreement. Mr. Nowak and Mr. Tisdale drafted and reviewed the addendum and Wheelabrator has already signed off and approved it.

Warren Tisdale, General Counsel read the following motion.

I move that the Board (i) approve Addendum No. 7 to the Service Agreement dated September 9, 2009, as amended, between SPSA and Wheelabrator Portsmouth, Inc., in the form presented at this meeting, (ii) authorize the Chairman or the Executive Director to execute and deliver Addendum No. 7 and any other documentation required to give effect to Addendum No. 7, and authorize SPSA to perform its obligations thereunder, and (iii) authorize the Executive Director to take any other action she may deem necessary or desirable, consistent with this motion.

Mr. Ashby (PO) moved, seconded by Ms. Raulston (FR) to approve Addendum 7 to the Wheelabrator Service Agreement. The vote of the motion was unanimous.

3. OLD/NEW BUSINESS

Chairman Keifer (NO) commented that due to the Thanksgiving Holiday our next meeting is December 12.

4. ADJOURN MEETING

There being no other business to come before the Board of Directors the regular meeting was adjourned at 10:20 a.m.



Liesl R. DeVary
Executive Director

Submitted by: Blanche Christian
Secretary, SPSA Board of Directors