

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

January 27, 2021

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. Earl Sorey	(CH)
Ms. Sheryl Raulston	(FR)	Ms. Amanda Jarratt (absent)	(FR)
Mr. Dale Baugh	(IW)	Mr. Randy Keaton	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Mr. Burle Stromberg	(PO)
Mr. Mark Hodges	(SH)	Ms. Lynette Lowe	(SH)
Mr. David Arnold	(SU)	Mr. Albert Moor	(SU)
VACANT	(VB)	Mr. John Barnes	(VB)

(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 Alternate Ex-Officio Members, Mr. Michael Etheridge (IW), Mr. L.J. Hansen (SU), Mr. Greg Martin (CH), Ms. Trista Pope (NO), and Mr. Bobby Wheeler‡ (VB). SPSA executives, Ms. Liesl R. DeVary, Executive Director and Treasurer, Mr. Dennis Bagley, Deputy Executive Director, Ms. Tressa Preston, Secretary and Executive Administrator, and Mr. Brett Spain, General Counsel.

‡Indicates late arrival.

Alternate Ex-Officio Member Mr. Chad Edwards (FR) participated from his home in Franklin for medical reasons. There were no objections to his electronic attendance.

To encourage social distancing during the COVID-19 pandemic state of emergency, through the meeting notice, members of the public were also invited to listen to and view presentations displayed at the meeting by registering for attendance using a GoTo Webinar teleconferencing platform. Members of the public were also invited to speak at the SPSA Board of Directors Meeting during the designated public comment period at the beginning of the meeting by registering in advance with the Secretary through contact information published in the meeting notice. Members of the public were also invited to listen to the SPSA Board Meeting via toll-free telephone.

1. CALL MEETING TO ORDER

Mr. Keifer, Chairman of the Board, called the meeting to order at 9:30 a.m.

2. PUBLIC COMMENT

Ms. Preston reported that she received no requests to make a public comment.

3. CHAIRMAN'S COMMENTS

Chairman Keifer informed the Board that former SPSA Executive Director John Hadfield passed away on January 18th. He went on to say that Mr. Hadfield was with SPSA for about 30 years and was there at its inception, noting that Mr. Hadfield was a good man and a dedicated public servant. Chairman Keifer expressed the Board's sadness over his passing.

The "Other Business" section of the meeting is where Chairman Keifer intends to discuss the evaluation of the Executive Director in open session, due to the public meeting having electronic attendees. He will recommend issuing an outstanding review and a 2% pay increase and open the floor for discussion. If any Board Member prefers to discuss the matter in closed session, that can be arranged for the following meeting.

4. APPROVAL OF MINUTES

The minutes of the December 9, 2020 Board Meeting have been distributed. Chairman Keifer asked if there were any additions or changes and there were none.

Mr. Broad moved, seconded by Ms. Raulston, to approve the December 9, 2020 minutes of the SPSA Board of Directors as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

5. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary was happy to inform the Board that SPSA staff continue to keep operations running smoothly, and she drew the Board's attention to the updated Board Manuals at their places, which are distributed each January.

The requested revisions to House Bill 1872, also known as the Cosgrove Bill, have passed the Virginia Senate as recommended. Ms. DeVary reminded the Board of the email she sent the previous week regarding Senate Bill 1186, which, if passed, would not allow the siting of a landfill within three miles of any historic district, building, etc. Prompted by a letter sent by Ms. DeVary, she and Senator Hashmi, the author of the bill, spoke about SPSA's concerns. The Senator was receptive and made it clear that her intent is not to compromise a regional authority serving its mission. At Senator Hashmi's suggestion, Ms. DeVary consulted with counsel and submitted language for the bill that would exclude landfills sited by an authority created under the Virginia Water and Waste Authorities Act. The Senator let Ms. DeVary know that she approved of the language and would bring it to the Committee for addition to the Bill. Ms. DeVary has received no further information about the status of the Bill but, should it become legislation, the new language would not prevent the proposed SPSA landfill expansion.

In further good news, the DEQ consent order issued to the Regional Landfill in 2017 for leachate remaining in the landfill has been terminated. When made aware of the issue, SPSA remedied the situation immediately and followed up by installing a new SCADA system and a loadout so that leachate can be pumped and hauled as necessary.

Ms. DeVary has little new information on the Norfolk Naval Shipyard's proposed power plant. She has been told that Wheelabrator will be meeting with the Norfolk Naval Shipyard this week regarding their proposed extension to the steam agreement and Wheelabrator will keep her informed about their conversation. Ms. DeVary, Mr. Bagley and SPSA's attorneys have completed a "first turn" of the Amended and Restated Landfill Gas Agreement with Mas Energy.

SPSA is waiting for Mas Energy to respond with their comments, but Ms. DeVary stated that they are making great strides in completing the draft.

As an update on the Cell VIII and IX permitting process, Ms. DeVary informed the Board that the Corps and VHB continue to work on narrowing down the off-site alternatives. As previously reported, the selection was narrowed to five properties in Southampton and one in Suffolk, which were published for public comment on the virtual scoping website in the hopes that the Corps would receive information to help them further narrow the field. Southampton and Suffolk both submitted helpful comments on the parcels of land in question and Ms. DeVary thanked them for their efforts. VHB is working on a revised schedule now and it appears that the draft Environmental Impact Statement will be ready in late July 2021 and the final record of decision is planned for June of 2022. As Ms. DeVary has mentioned before, this process will require additional funding and she hopes to have a breakdown to present to the Board at the February meeting.

In 2020, the Families First Coronavirus Response Act required that SPSA provide each full-time employee with one-time access to 80 hours of emergency sick leave if they were unable to work due to specified reasons related to COVID-19. This mandate expired December 31st of 2020. However, as she is sure many of the municipalities have experienced, Ms. DeVary reported that SPSA began seeing more staff affected by the virus after Christmas and through January. Therefore, she recommends that SPSA extend the emergency sick leave provision retroactive to January 1, 2021 through June 30, 2021.

Mr. Arnold moved, seconded by Mr. Stromberg, to extend the COVID-19 emergency sick leave provision retroactive to January 1, 2021 with an expiration date of June 30, 2021. The electronic participant was polled individually. The vote on the motion was unanimous.

In December, the Board approved revisions to the Procurement Policy. After discussion at that meeting regarding Chapter II, (i), under Executive Director Authorities, and with assistance from counsel, Ms. DeVary is recommending the addition at the beginning of the sentence "Utilize contingencies and..." This will further clarify that the Executive Director is permitted to utilize contingencies, as well as issue work orders, provided that they have been approved by the Board in advance. Chairman Keifer asked if there were any comments or points for discussion, but there were none.

Mr. McCoy moved, seconded by Mr. Moor, to approve the amendment to Chapter II, (i) of the SPSA Procurement Policy as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

At the first of the year, Ms. DeVary received a call from the HRTPO requesting a conference call with SPSA and VDOT to review the plans for the flyover at the Regional Landfill. At the call on January 7th, SPSA was informed that the revised cost estimate to build the flyover is now \$39.3 million, as compared to the \$23 million estimate previously provided by VDOT and used in grant applications. Ms. DeVary requested detailed breakdowns which show an increase of \$8.1 million for construction, and an increase of \$5.8 million for other expenses such as right of way costs, wetland mitigation, and preliminary engineering. Because the project will not be completed until 2026, there are also added escalation costs of \$2.3 million, which is how VDOT is now arriving the \$39.3 million estimate.

During that same call, Ms. DeVary was informed that SPSA's application with the TPO for RSTP funding had been ranked 13 out of 15 applications and they encouraged her to give a presentation at the January 15th Transportation Programming Subcommittee to stress the regional importance of the flyover. Ms. DeVary gave that presentation and the result was that the TPS is recommending that the flyover project be allocated \$500,000 in fiscal year 2027, which is the current fiscal year funding round. Ms. DeVary has been told that once a project has been approved in the RSTP program, it is common practice for funds to be moved between funding years. For example, if a project is funded for 2022, but they are not yet shovel-ready, they can swap funding with a project from a later funding year that is ready to break ground.

The Executive Committee met last week and discussed the situation at length. Given the uncertainties in future funding opportunities, the Committee believes it would be in SPSA's best interest to start funding the project through the municipal tipping fee in fiscal year 2022. Based on preliminary analysis, which assumes level funding, the municipal tip fee would include a \$7.75 per ton "surcharge" in each of the next six fiscal years. Ms. DeVary believes this to be an extremely conservative number, stating that if tonnages remain at their current level, this number will go down each year. She also reminded the Board that, historically, SPSA finishes the fiscal year with a surplus and any individual year's surplus could be applied to reduce the number further. Additionally, VDOT is eager to get this project completed and they are looking for other funding opportunities, as well. The next steps would be to discuss with VDOT and determine the documentation they require for a commitment from SPSA.

Ms. DeVary went on to say that she received an estimate of cashflow needs from VDOT that shows, as expected, the highest level of funding will be needed in later years once construction has begun. So, another way to look at funding would be to adjust the tipping fee based on cashflow needs, rather than at a level setting for the six years. However, this would mean starting out with a smaller surcharge and then a sudden escalation of around \$12.00 in the later years, and Ms. DeVary understands that most localities generally prefer to keep things as level as possible for their budgeting purposes. She opened the floor for discussion.

Chairman Keifer began by stating that it was disturbing and disappointing to learn that the cost estimate had changed so drastically, but does not want to dwell any further on that subject. Chairman Keifer reminded the Board that several years ago when SPSA and the member communities signed new Use and Support Agreements, one of the basic understandings was that SPSA and its member communities were committed to building this flyover as a condition of receiving approval to continue to use the Regional Landfill in Suffolk. At that time, it was thought that the flyover would be funded as a regional transportation project, but aside from a possible small allocation from RSTP funds, that has not happened. Therefore, the majority of this project will need to be funded through the tipping fee and that need will be reflected in the proposed fiscal year 2022 budget. The Chairman asked for further comments and questions.

Mr. Keaton commented that in his experience, and likely in the experience of other Board Members, the cost estimates for VDOT projects regularly fluctuate vastly. He suspects that the \$39.3 million estimate may ultimately prove to be inflated, but that it is impossible to know until the project is actually put out to bid. Secondly, Mr. Keaton requested that the Board be able to see an estimated tip fee surcharge that reflected a gradual increase as an additional option to the level increase. With a gradual increase, if additional funds become available, the higher cost in the later years could possibly be mitigated.

Mr. McCoy added, as a member of the Executive Committee, that it has been challenging to address this issue, and the Board as a whole will have to make some difficult decisions. While SPSA did not anticipate the cost of this project, it is a long-standing commitment that must be honored. As the Board moves forward in this process, he encourages all Members to ask questions and ensure that they have a full understanding of the situation both currently and in regards to strategies to move forward. SPSA has been presented with several uncertainties in the industry, including the Navy's proposed power plant, that present no simple solutions. It is imperative that Board Members are able to return to their constituents, City Councils and Boards of Supervisors prepared to answer their questions.

Mr. Arnold, after reiterating that the flyover is a critical project on which SPSA must move forward as aggressively as possible, expressed his dismay at the 70% increase in this cost estimate. He does not see how the Executive Committee can plan for a project and appropriately address issues with this kind of sudden and unanticipated variation in cost, particularly when, as Mr. Keaton mentioned, the cost may change again. Citing specifically VDOT's reference to additional "right of way costs", Mr. Arnold encourages the Committee to seek more thorough explanations surrounding the cost increases and receive reassurance that the new estimate is accurate. Otherwise, it will be impossible for them to plan with any confidence.

Ms. DeVary agreed that the extremely disappointing news of the massive increase to the cost estimate was indeed shocking. Throughout the process there was one engineer working with the technical committee looking at all the many initial flyover variables and possible phases. Ms. DeVary has been told that the initial estimate was crafted to align with the BUILD Grant and VDOT has apologized for the vast discrepancy. The new estimate was prepared by HDR Engineering in Virginia Beach and Ms. DeVary has reached out to SPSA's HDR engineer, Jeff Murray, for his impressions. Mr. Murray believes that the new estimate certainly seems more reasonable, but is likely on the high end, perhaps in an effort to completely ensure coverage. The plan, as it stands, has a goal of having 30% of the design cost estimate completed by the end of this September, so that there can be a better understanding of the specific needs.

Ms. DeVary went on to say that SPSA must complete this flyover because without it, Cell VII cannot be constructed for use. It is in the region's best interest that Cell VII be fully realized, hopefully along with future calls as well, but even with only Cell VII, the flyover provides a permanent safety solution for that corridor by eliminating dangerous U-turns. While it would have been preferable to have funding for this project from a regional transportation source, SPSA is a regional organization and is capable of providing the funding. Ms. DeVary stated that while the new estimate may be high, VDOT will need to investigate further, as they are the experts in road project construction. Wet conditions will require hydraulics and pumps, as well as any wetland permitting work, so there will be costs involved with that. However, Ms. DeVary stressed that SPSA needs to move forward with the necessary steps to continue to use the Regional Landfill. The other alternative is hauling municipal waste out of the region requiring an increase of \$15 to \$20 on the tip fee which would be sustained indefinitely. Increases to build the flyover would be for only five or six years.

As she said earlier, Ms. DeVary believes that a \$7.75 surcharge is a very conservative number. Municipal tonnages are higher than they have been even before recycling programs were implemented. Much of the increase is due to COVID-19, but some of those work and lifestyle changes are likely to continue post pandemic. If waste tonnages stay up, the fee can go down because SPSA's operating costs are not increasing. The option of a \$7.75 surcharge gives the

Board a flat number to look at, but there are other options, like the suggested graduated approach.

When Ms. DeVary presented the fiscal year 2021 budget and budget book it included a projection that the fiscal year 2022 municipal tip fee would increase \$3.00, largely to cover contractual increased costs to Wheelabrator. But due to the volume of waste received this year, that full increase may not be necessary. Many variables are at play when calculating the tip fee, but Ms. DeVary and staff track and adjust for all of them in order to make the best decisions for the member communities.

Ms. DeVary believes that it is necessary to move forward to fund the flyover now because prolonging the process could increase fees. The newly received airspace report indicates that if SPSA is able to continue to achieve optimal compaction rates, Cells V and VI may last until late 2029, but to put off construction of the flyover would mean that costs will only continue to escalate due to inflation. Ms. DeVary asked the Board to consider her past actions and recognize that she is not in the habit of increasing the tip fee and would only suggest doing so under necessary circumstances such as these.

Mr. Maxwell asked for, and received, confirmation that the flyover not only meets SPSA's commitment to the City of Suffolk, but also has traffic benefits, making it eligible for transportation funding. Nevertheless, SPSA did not receive those funds. Mr. Maxwell is concerned about the neglect on the part of the regional transportation agencies to recognize the regional importance of this project. Chairman Keifer responded that the representatives for the regional transportation agencies work for the member communities, as do SPSA's Ex-Officio Members. The member communities have been made aware that this project needs to be funded either through regional transportation funds or through the tipping fee, and transportation funds have not been forthcoming either due to ineligibility or preference for other projects. The surcharge to the tipping fee that is being presented is projected to be the sole funding source, except for the potential \$500,000 FY 2027 allocation from RSTP funding, along with funds that have already been set aside for the project.

Mr. Sorey agrees with Mr. Keaton that he would like to look at the tip fee increase being a graduated approach due to the fact that many Members have already presented their operating budgets for fiscal year 2022 and had not anticipated a \$7.75 increase. Mr. Sorey also raised the concern that the possible \$500,000 from RSTP would be federal funds and may prove to be more of a hindrance than a help given all of the rules and regulations that accompany the use of federal funds, and given that it is a relatively small amount. He suggests that there be a candid discussion on the subject before accepting the funds, should they be awarded. Mr. Sorey went on to add that from an engineering perspective, a solid estimate can only be achieved after reaching the 30% design stage, so he encourages first achieving that goal to be in a better position to make planning decisions. Chairman Keifer noted that Mr. Sorey made an excellent point regarding requirements to use federal funding and noted that they will look into the situation.

Ms. DeVary added that she researched the NEPA requirements and the estimate does include the NEPA process which, according to VDOT's environmental group, should only involve an environmental assessment, rather than the more extensive environmental impact statement. The flyover is also planned to be a design build project which should also help with costs. Ms. DeVary thanked Mr. Sorey for his information on federal funding. She also added that, as 2020 has shown us, situations can change suddenly so there may very well be more opportunities that present themselves, but it is SPSA's responsibility to start planning now. Per the Use and

Support Agreements, SPSA is obligated to try and provide an estimated tip fee in February, but she knows that many communities begin budgeting earlier, which is why she has presented this proposed \$7.75 surcharge now with the opportunity to explore other options.

Mr. Barnes asked if the \$7.75 figure was dependent on Wheelabrator satisfying their contract. Ms. DeVary replied that, as SPSA has no information to the contrary, it is the assumption that the contract will be fulfilled. Mr. Barnes went on to mention concerns that the elevated tonnages related to COVID will likely drop off quite a bit, so that should be a consideration, as well. Lastly, Mr. Barnes agreed that Cell VII has to be built with better access from the west, but that it may be valuable to revisit other options presented at earlier meetings now that the cost for the flyover has increased. However, if the flyover is still the best option, perhaps there are ways to reduce costs where there are opportunities.

Mr. McCoy suggested that Ms. DeVary look to the \$5 million that has already been set aside for the project and use that fund to achieve the 30% design. Ms. DeVary responded that should SPSA proceed to agreements to move forward, VDOT's cashflow needs for the current fiscal year are projected to be about \$908,000, which could potentially come from the \$5 million already designated. For fiscal year 2022, the need is \$2.2 million, which is also achievable with that funding. So SPSA could certainly fund the project through the estimated September completion of the 30% design of the project. If in September, should the project no longer seem viable, it would be a relatively nominal outlay. SPSA would have to stress to VDOT that there could be no further delays beyond September for the 30% design, but the tip fee does not have to change to simply fund the 30% design completion. Ms. DeVary cautioned however that it should be kept in mind that the suggested \$7.75 level six-year surcharge is to accomplish funding the entire project. To adjust the tip fee to only meet immediate cashflow needs would require as much as a \$12.00 increase to meet the \$13 million required in fiscal years 2025 and 2026.

Chairman Keifer asked for further questions. Ms. DeVary added that her plan would be to reach out to VDOT to see what types of memorandums of understanding might be necessary, have Mr. Spain review them, and if possible, discuss them in the February Executive Committee. Mr. McCoy added that if SPSA wants to move forward with the Landfill, the flyover needs to get started in order to fulfill a commitment that was made ten years ago.

Mr. Arnold made an observation that there is much to cover on this topic, but without further information the discussion cannot truly progress. He suggests that the Executive Committee come back with an update next month and that the meeting progress to the next topic.

Chairman Keifer gave a final comment on the subject that they flyover is part of SPSA's agreement with the host City of Suffolk and he is very appreciative to them. The Regional Landfill is an extremely valuable resource and this flyover is being built very willingly.

Mr. Bagley delivered the operational report stating that 27,915 tons of material was landfilled, noting that it is a bit lower than what has typically been seen. The amount of leachate sent to HRSD during the reporting period was close to 1.9 million gallons. Mr. Bagley corrected the total number on the presentation was inaccurate, and stated that 848,229 gallons were pumped and 1,093,399 gallons were hauled. The high levels of leachate were due in part to extremely high rainfall in December, but also because the landfill is currently operating with a fairly large working face in an effort to capture additional airspace. 83% of the ash received from Wheelabrator was used as alternative daily cover. Mr. Bagley commented that this number is

lower than what as been seen in recent months, but is still above the designated target of 80%. There were no odor complaints for the reporting period.

As an update to the PFAS study that has been discussed, Mr. Bagley informed the Board that the memorandum of agreement has been sent to the university to review and execute and he hopes to receive it back in the next few days and he will then bring it to the Board for approval. Staff is excited about getting this project underway.

The new wheeled loader that was approved under the current capital budget will arrive at Landstown the first week of February. The painting of all the transfer stations in need of new paint is nearly completed, and staff is very pleased with the way the landscaping, signage, and exteriors of the facilities are looking. Mr. Bagley encourages Board Members to go by their transfer stations and take a look. The tipping floor repairs at Landstown have been completed and Mr. Bagley thanked the Cities of Virginia Beach, Chesapeake, and Norfolk with their assistance in re-routing vehicles to avoid delays.


Mr. Bagley has carefully reviewed the data in the 2020 Airspace Study and plans to make a presentation at the February Board Meeting. As Ms. DeVary mentioned briefly, the data indicates that the life expectancy of Cells V and VI have been extended even though tonnages are up, which is excellent news and an indication of proper compaction efforts. Because the Cells are getting closer to completion, drone monitoring of air space usage is being increased to every other month to keep a close eye on progress. That information will be sent to HDR and they will do a mini study every other month so that any missed airspace can be recaptured, which will help ensure that as much space as possible is utilized before moving to Cell VII. Mr. Bagley offered to answer any questions, but there were none.

6. WHEELABRATOR PORTSMOUTH MONTHLY REPORT


Mr. Clint Stratton presented the Wheelabrator monthly report and Mr. Peter DiCecco presented the Wheelabrator annual report electronically.

Wheelabrator Portsmouth

January 2021 Report



Meeting SPSA's mission to provide safe and environmentally sound disposal of regional solid waste



Wheelabrator Portsmouth December 2020

Actual Operational Data

Net Refuse Received			Total Refuse Processed			Total MP Diverted			Ash Shipped		
Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan
82,119	42,256	4,903	50,391	46,295	1,828	5,072	5,362	290	13,569	13,350	(219)
<small>Driven by favorable steam loads despite unfair boiler LOSF. Colours remain high.</small>											

Steam Boiler			Steam			10% Uncontrolled Downtime			Net MMBt Add		
Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan
74,821	68,970	5,751	195	128	(67)	0	0	0	15,246	15,823	(577)
<small>Driven by low failure on #3 boiler superheater. NADW continues to take large volumes of steam.</small>											

- Includes 2,281 tons of non-qualifying residue delivered to landfill, qualifying residue 83.19% for December
- Waste delivered by SPSA to RDF - 47,999 tons. Boiler availability - 88%, Turbine Generator availability - 105%, Ash screen availability - 90%
- Boiler 3 scheduled outage completed this period to include grate cleaning, superheater replacement, flue gas BDA and baghouse repairs, RDF feed system screen repairs and ash removal system repairs
- 0 OSHA Recordable accidents this period, 5 for the year, 0 environmental incidents and citizen complaints

Wheelabrator Portsmouth 2020 Performance

Actual Operational Data



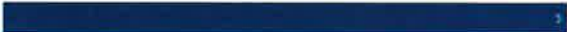
Net Refuse Received			Total Refuse Processed			Total NP Diverted			Ash Shipped		
Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan
641,439	602,381	39,058	629,076	606,427	22,649	66,225	66,322	-97	179,534	166,260	13,274

Diverted by favorable steam loads
Diverted by favorable processing

Steam Sales			Boilers			TG's Unscheduled Downtime			Net GH&I Dtd		
Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan
766,743	932,663	244,090	2,056	1219	837	794	72	722	196,832	214,145	115,313

Diverted by favorable steam sales and USDT
Driven by electrical output issues between gnd tie in and 0171 and bearing failure on #2 TG
Driven by favorable steam sales and USDT on boilers and #6 TG

- 5 OSHA Recordable accidents this year – YoY increase in employee injuries from 3 in 2019
- Zero lost time incidents – YoY decrease as we had 1 lost time in 2019
- Processed 38k more tons than 2019 – continue to see strong volumes
- We were better in 2020 with Screened Ash and Bottom Ash issue, but still need improvement in how we operate and repair our boiler grate system
- 2021 Focus is reliability of HV switchyard as well RDF feed chute plugs



2021 Budget Updates



- The facility completed a rigorous budget review process to identify areas to improve.
- Wheelabrator instituted a Plant Condition Report (PCR) for the 2021 budget review process. The PCR analyzed each piece of equipment at both the RDF and Power Generation Station to identify repair history and remaining life expectancy.
- Using the PCR, the facility managers, as well as the corporate maintenance team, developed a Facility Risk Assessment, which highlights the facilities' most significant equipment risks.
- Based off the PCR and Facility Risk Assessment, WP built a robust R&M plan to improve and sustain boiler and turbine reliability for our customers.

	2020 Plan	2021 Plan	Variance
Expenses	6,425	8,209	1,784
Capital	8,203	8,823	620
Gross	14,628	17,032	2,404



2021 SPP Major Projects - \$10M



- Boiler 1** - RDF Chute Replacement, Bin Feed Overhaul, Apron Conveyor Overhaul, Furnace Overlay, Generator Tube Replacement, Tubular Air Heater Tube Replacement, Furnace Overlay and Pressure Part Repairs - **\$1.6M**
- Boiler 2** - Bin Feed Overhaul, Apron Conveyor Overhaul, Furnace Overlay, Generator Tube Replacement, Tubular Air Heater Tube Replacement, Furnace Overlay and Superheater Replacement - **\$1.4M**
- Boiler 3** - Bin Feed Overhaul, Apron Conveyor Overhaul, Furnace Overlay, Economizer Tube Replacement, Grate Overhaul, PA Fan Replacement, Furnace Overlay and Superheater Replacement, ID Fan Motor Replacement - **\$1.6M**
- Boiler 4** - Bin Feed Overhaul, Apron Conveyor Overhaul, Furnace Overlay, Economizer Tube Replacement, Grate Overhaul, PA and SA Fan Replacement, Furnace Overlay and Superheater Replacement, Baghouse Replacement - **\$1.5M**
- Turbine 1 Overhaul** - **\$750k**
- Bottom Drag Overhauls** on all boilers - **\$1.5M**
- Residual Handling** equipment repairs including East Pugmill Replacements - **\$1M**
- Cooling Tower 7 & 8** Cell Replacements - **\$700k**
- Replace wiring from 4PP and 6PP to TG Transformers - **\$250k**



2021 RDF Major Projects - \$1.5M



- Stationary Crane Inspections** - **\$100k**
- A line shredder overhaul** - **\$300k**
- C3B Overhaul** - **\$400k**
- C1C Overhaul** - **\$100k**
- C3C Overhaul** - **\$100k**
- S1A, S1B and S1C Dust Collector Overhauls** - **\$50k each**
- S1C Shredder Drive Upgrade** - **\$100k**
- S1C Sweep Chamber, Cone Replacement and Overlay** - **\$150k**
- M2C replacement, M2A and M2B Overhauls** - **\$200k**



2021 Headcount



Regionally, disposal volumes have increased; and during the 2021 budget process, we took steps to manage the additional volume as follows:

- Added five Fuel and Ash Handler II positions at the RDF to more efficiently handle the incoming tonnages. These five employees will also contribute to better housekeeping.
- Added five Fuel and Ash Handler I positions, which will split time between the RDF and SPP to handle incoming tonnages and provide more resources for ash screening.
- Added one RDF Shift Supervisor to manage the additional personnel and allow the Lead Supervisor to engage in overall facility performance.
- Added two Mechanics to better maintain the equipment and projected work scopes over the five-year plan.
- Added an Operations Technician position to manage day-to-day compliance items at each facility plus safety and environmental inspections.
- Facility headcount was 105 and is now 119, and we expect this will enhance our housekeeping expectations.



2021 Focus Areas



- Employee morale and engagement
- Recruiting/Retaining talent
- Communication of initiatives and resources
- Executing the Navy Steam Contract extension – *slow moving*
- Ash Screener preventative maintenance and performance
- Continued Housekeeping Improvements – we have made progress but can be better
- USDT – Too many RDF feed chute plugs and boiler grate issues
- Accountability on cleanliness of the Power Station
- Executing/Utilizing the newly purchased metal walking floor trailers
- Customer service – staying a step ahead of the process including communication to SPSA



Questions?



Mr. DiCecco ended his presentation by stating that they are still planning to meet with the Navy to discuss their contract extension request and that, as the presentation shows, Wheelabrator is committed to maintaining good operations for SPSA. Mr. DiCecco offered to answer any questions.

Chairman Keifer thanked Mr. DiCecco for the thorough report and voiced his appreciation at all of their efforts particularly in their maintenance plans. He went on to ask if the considerable increase to the Navy steam sales is due to demand or a greater ability to meet existing demand. Mr. DiCecco replied that the increase is due to demand and that Wheelabrator can deliver more or less steam through a control valve and the Navy requested more. Mr. Stromberg asked Mr. DiCecco if the Navy builds its own plant how long the construction is anticipated to take. Mr. DiCecco replied that from his discussions with the Navy, he believes that they are aiming to have their plant built by the end of 2022, but that they may indeed, as Mr. Stromberg suggested, be encountering delays. Mr. DiCecco believes these uncertainties are likely why Wheelabrator's proposals for a 12-month or 18-month contract extension have not yet received a definitive response. Mr. Stratton stated that the Navy has not yet broken ground on the project, but Ms. DeVary added that DEQ has granted the Navy an air permit for the project. She also encouraged Mr. Stromberg to call her if he would like to discuss Portsmouth's information further.

7. FINANCIAL REPORT

Ms. DeVary informed the Board that as of December 31, 2020, total revenues exceeded total expenses by approximately \$5.4 million as compared to \$3 million in the previous fiscal year. Tipping fees reflect an increase of 8% or approximately \$1.7 million as compared to FY 2020. Municipal waste tons are up approximately 16.5% or 37,607 tons as compared to last fiscal year. However, commercial tons are down 5% or 4,261 tons as compared to last year. As of December 31, 2020, municipal waste tonnages were 264,955 compared to 227,348 last year. With December being the halfway mark of the fiscal year, and using tonnages from previous years as a comparison, it is safe to anticipate that the remaining six months of the year will bring in the same amount of tonnage, or a little less. This puts SPSA on track to receive 520,000 tons of municipal waste for the fiscal year ending June 30, 2021. These inflated numbers are likely due to the change in habits related to COVID-19, as well as regional growth. Ms. DeVary anticipates that while municipal tonnages will likely remain somewhat elevated, she does not think they will remain at the levels being seen this fiscal year. Therefore, Ms. DeVary is currently projecting 476,000 tons of municipal waste in FY 2022 and has begun budgeting with that projection in mind. She will continue to fine tune the numbers.

Ms. DeVary reported that total expenses fiscal year to date for the month ending December 31st were approximately \$20.8 million, compared to \$20.4 million in the prior fiscal year. Cash balances are at \$47.8 million, currently designated as \$5.8 million in operating, \$5.9 million, the equivalent of 2 months' operating expenses, in undesignated fund balance, \$13,950 in FY 2020 rolled purchase orders, \$314,757 for unencumbered capital budget, \$2.5 million for the proposed HRSD force main, \$271,822 for landfill expansion purchase orders, and \$32.9 million in the landfill expansion and closure fund. Ms. DeVary then opened the floor for questions or comments.

Prompted by his budgeting process in Isle of Wight now that Smithfield has stopped collecting recycling, Mr. Keaton asked the group if they have noticed a correlation between increased municipal tonnages and decreased recycling. He is also curious if the other communities have discontinued or are considering discontinuing recycling services due to the poor market, which results in recycling ultimately being processed in the same manner as municipal waste. Ms. DeVary responded that staff could survey the municipalities and provide that information at the next meeting. There were no further questions or comments.

Mr. Arnold moved, seconded by Mr. McCoy to approve the SPSA financial report as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

8. OTHER BUSINESS

As Chairman Keifer mentioned at the beginning of the meeting, he and the Executive Committee have reviewed the Board's evaluations of the Executive Director. The Chairman passed out a memo to the Board detailing his recommendations and asked for the Board to approve issuing the Executive Director an outstanding evaluation and a 2% pay raise.

There was discussion regarding whether or not SPSA staff received a merit increase in July of 2020. Ms. DeVary clarified that the Board approved full-time employees receiving a one-time net payment of \$1,000. Mr. McCoy went on to comment that, having reviewed the submitted evaluations, it is clear that Ms. DeVary continues to make improvements and that both the Executive Director and the organization should receive a very favorable evaluation.

Mr. Broad moved, seconded by Mr. McCoy to issue the Executive Director an outstanding evaluation and a 2% salary increase effective February 1, 2021. The electronic participant was polled individually. The vote on the motion was unanimous.

9. ADJOURN MEETING

There being no further business to come before the Board of Directors the regular meeting was adjourned at 10:45 a.m.



Liesl R. DeVary
Executive Director

Submitted by: Tressa Preston, Secretary, SPSA Board of Directors