

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

February 24, 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*	(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

‡ Indicates late arrival. ¥ Indicates early departure.

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 attendance electronically via GoTo Webinar.

Ms. Jarratt (FR) participated from her office at Franklin City Hall for medical reasons. Mr. McCoy (PO) participated from his home in Portsmouth for medical reasons. Ms. Lowe (SH) participated from her office in Southampton County for personal reasons related to the scheduling of other meetings. There were no objections to anyone's 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 noted that when things are going well it often goes unnoticed, so he wanted to be sure to take the time to commend Ms. DeVary and all of the SPSA staff for the fine work they continue to do through the pandemic situation.

4. **APPROVAL OF MINUTES**

The minutes of the January 27, 2021 Board Meeting had been distributed. Chairman Keifer asked if there were any additions or changes and there were none.

Mr. Arnold moved, seconded by Ms. Raulston, to approve the January 27, 2021 minutes of the SPSA Board of Directors as presented. Electronic participants were polled individually. The vote on the motion was unanimous.

5. **EXECUTIVE DIRECTOR UPDATES**

Ms. DeVary thanked Chairman Keifer for his compliments. She agreed that SPSA staff are doing a great job as they continue to keep operations running smoothly and efficiently.

SPSA's suggested revisions to House Bill 1872, otherwise known as the Cosgrove Bill, have passed the Virginia Senate. The bill was then passed to the House Committee on Cities, Counties, and Towns, and has been read for the second time in the House. Ms. DeVary is optimistic that the bill will pass.

As an update on the Norfolk Naval Shipyard's proposed power plant, Wheelabrator and the Navy are planning to discuss the proposed steam contract extension on March 2nd. The Navy has apologized for the delay, citing turnover in contract specialists. They also stated that Wheelabrator's submitted proposal was in line with their expectations. Ms. DeVary is hopeful that there will be more information on the matter next week.

Ms. DeVary also reported that she was contacted by Wheelabrator the previous week with the request that SPSA send more waste to their facility due to seasonally reduced tonnages. Ms. DeVary agreed to have the waste that is usually hauled to the Regional Landfill from Franklin, Isle of Wight, and Suffolk hauled to Wheelabrator instead for a \$10 per ton reduction in SPSA's usual tipping fee. SPSA is hauling about 300 tons of additional municipal solid waste to Wheelabrator a day and will continue to assist Wheelabrator in this way until at least the end of the month.

Ms. DeVary, Mr. Bagley, and SPSA's attorneys are in the process of reviewing the second turn of the draft Amended and Restated Landfill Gas Agreement with Mas Energy. As Ms. DeVary has mentioned previously, the process is taking much longer than anticipated, but now that SPSA has received this second set of revisions, she will be scheduling a call with the attorneys to continue the review.

The Cells VIII and IX permitting process continues to progress slowly. The Army Corps of Engineers and VHB, the third-party contractor, are still working on narrowing down possible alternative landfill sites. As the Board may recall, they have narrowed the selection of off-site alternatives down to six sites. Now they are working on additional criteria to rank the sites with a goal of narrowing down to a single proposed off-site option. There has also been a virtual meeting scheduled for Friday the 26th with the Corps, VHB, the EPA, and tribal representatives who wish to be considered consulting parties on the Environmental Impact Statement (EIS). The draft EIS is anticipated for late July 2021 with the final EIS and Record of Decision from the Corps planned for June of 2022. Originally, from the VHB bid, the process was anticipated to take about a year, but the process is now anticipated to take closer to two and a half years. Ms. DeVary mentioned that she would be requesting additional funding for this project during the contracts portion of the meeting.

It has been confirmed that SPSA has been allocated \$500,000 in fiscal year 2027 RSTP funds for the flyover at the Regional Landfill. Based on construction plans for Cell VII to open in 2027, it is necessary that the flyover be completed in 2026. This is because when an old cell is closed and a new one is opened, there is a necessary period of overlap where both cells are in use. This is so that landfill operations staff can be selective about the type of waste that is placed in the new cell to avoid any damage to the liner.

As she has mentioned previously, it is Ms. DeVary's understanding that once a project is approved in the RSTP program, it is common for communities to swap funding years based on which projects are shovel-ready. At the January meeting it was discussed that, due to the uncertainties in future funding opportunities, it would be in SPSA's best interest to go ahead and begin funding the flyover project through the municipal tipping fee starting in fiscal year 2022. Preliminary analysis completed before that meeting indicated that one way to fund the flyover would be to issue a surcharge of \$7.75 to be added to each year's projected tip fee for the next six fiscal years. It was suggested by members of the Board to also look at a surcharge with a gradual increase, or a scenario where the surcharge was ramped up in later years, rather than a level surcharge.

Ms. DeVary also reminded the Board that at the January meeting the idea was raised that accepting federal funding for this project may actually hinder the process due to the associated rules and regulations. Based on this discussion, Ms. DeVary has had several calls with VDOT to determine the advantages and disadvantages of accepting federal funding. According to VDOT, projects that are funded locally take less time to complete the review process, there is no public hearing component for the environmental review, and there are no approvals required from the Federal Highway Administration (FHWA). If locally funded, this project has the potential to save \$600,000 to \$1 million. Ms. DeVary reminded the Board that more will be known about exact costs and savings once VDOT has reached the 30% design stage, which is estimated to occur by the end of September.

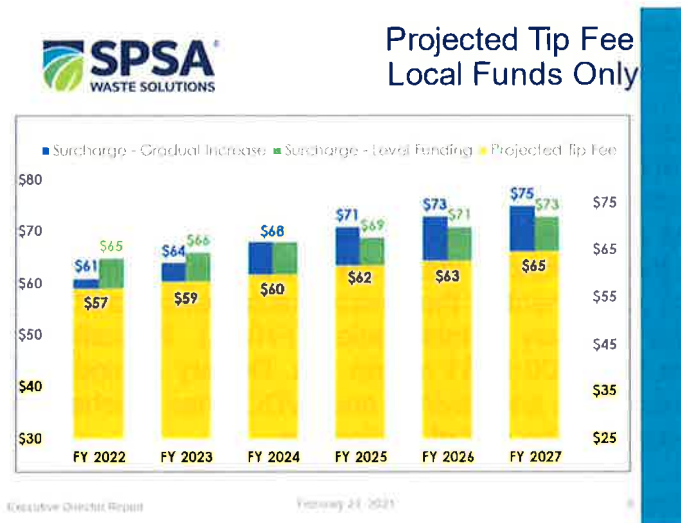
In regards to federally funded projects, there are several regulations that must be followed. Federally funded projects must follow the Davis-Bacon Act for wages, but Ms. DeVary has found that this would not be a significant cost difference for VDOT due to the fact that there is a regional boom in construction projects and contractors are already paying wages at or above those rates. Another mandate is that projects must Buy America for steel, but this is also not likely to raise costs on the flyover. Where the flyover project would be affected is with additional environmental regulations. If using federal funds, an Environmental Assessment would be required, which could delay the completion timeframe. The NEPA process would have to be followed, which is similar to the current EIS being performed for wetlands permitting for landfill

expansion, and has the potential to increase the scope, schedule, and cost of the flyover project. Additionally, SPSA was recently informed that the NEPA process also requires that a phased project must include all phases in the assessment. As the Board may recall, there was a separate regional working group that determined what the flyover would look like and what requirements would need to be included. Phase I created a loop for eastbound traffic to merge onto a flyover via the right side of the highway, cross over all three lanes, and circle around to enter the landfill. Phase II, which Suffolk is interested in constructing, would be an enhancement to Phase I, moving the landfill entrance further east and remedying any sideswiping issues when exiting the landfill and merging across traffic. NEPA would require that both of these phases be covered in the Environmental Assessment.

In addition, the FHWA cannot issue a finding of no significant impact (FONSI) unless funding for both phases of the project is demonstrated. Phase I, the section that is required for SPSA's needs, is estimated to cost \$39.3 million and Phase II is estimated at \$11 million. If funding must be demonstrated for both phases that could add another year of grant applications and other efforts to acquire that additional funding.

Because of these requirements, Ms. DeVary has discussed this issue with members of the Board and the Executive Committee and they believe that not accepting federal funds may be in SPSA's best interests. Ms. DeVary went on to present scenarios by which SPSA could fund the flyover project locally through the municipal tipping fee.

Ms. DeVary explained that she graphed the current projected tip fee for fiscal years 2022 through 2027. She then added, on top of the projected tip fee, a side-by-side comparison of a gradual flyover surcharge and a level flyover surcharge. A gradual surcharge would increase a little each year, but a level surcharge would be the same amount tacked on to the projected tip fee for each year.



Ms. DeVary informed the Board that, taking all variables into consideration, what she has laid out amounts to a worst-case funding scenario, particularly for fiscal years 2025 through 2027. The main variable that could affect projections is tonnages received. She also mentioned that her projections do not take into account the usual surpluses that SPSA sees each year.

Ms. DeVary recommends a gradual increase, which would set the fiscal year 2022 tipping fee at \$61 per ton. Then in the coming years have the surcharge increase incrementally. Ms. DeVary reminded the Board that they do not have to make decisions on tip fees for future years at this time, and that a vote on the fiscal year 2022 tip fee was not required at this meeting.

Due to the time constraints and stringent federal requirements, Ms. DeVary and the Executive Committee recommended that SPSA provide funding for Phase I of the SPSA flyover at the Regional Landfill through the municipal tip fee only, which would be local funds. She asked that the Board make a motion to approve that process so that staff is able to give VDOT direction as to how they should formulate the agreements that need to be signed in order to move forward. Ms. DeVary hopes to have agreements for the Board to consider at their March or April meeting. She then opened the floor for discussion.

Mr. Sorey commented that while he is not excited about the prospect of paying for the flyover locally, he sees the wisdom in avoiding federal funding. Particularly, he spoke of Disadvantaged Business Enterprise (DBE) goals and how those requirements have resulted in Chesapeake having to bid a project several times which significantly increased costs. In terms of swapping RSTP funds, Mr. Sorey agrees that it is a regular occurrence, but with SPSA having only been allocated \$500,000 there is little to "swap," meaning that any request from SPSA would be seen more as a "gift," which is considerably less likely to materialize. Mr. Sorey preferred not to vote on the matter at the current meeting, but said he would bring the information presented to officials in Chesapeake. Ms. DeVary thanked Mr. Sorey for his comments and added that VDOT had discussed DBE goals as a challenge, but it was not included in the presentation. She also commented that the transportation funds in discussion affect not only SPSA's eight communities, but many other Hampton Roads communities along the peninsula.

Mr. Broad commented that delaying this decision would be difficult for communities that have a July 1st fiscal year, noting that he has already presented his Budget Office with the \$7.75 surcharge proposed at the previous meeting and must now inform them that the fiscal year 2022 rate may be different. Mr. Broad went on to say that, that for communities like Norfolk who have a garbage fee, he would prefer adopting a level funding rate to avoid engaging in the challenging process of asking local Councils to set a new municipal garbage fee each fiscal term, particularly as operational funding fluctuates from year to year and changing rates make it difficult to manage cash flow.

Mr. Wheeler brought up a discussion from the previous meeting regarding waiting to increase the tip fee until VDOT has reached 30% design completion, which would give a better idea on actual costs. Ms. DeVary responded that VDOT has mentioned that they can begin working towards 30% design completion, but that they would likely need an agreement with SPSA before they reach that stage, which is scheduled for the end of September. Ms. DeVary, when she introduces the Budget at next month's meeting, would plan on recommending setting the tip fee at \$61 per ton just for fiscal year 2022. As time goes on and more information is gathered, SPSA will know more for the future. Ms. DeVary asked Mr. Bagley for his thoughts on whether or not VDOT would be able to proceed to September without an agreement from SPSA. Mr. Bagley agreed that VDOT would not want to move forward without an agreement because they don't want to have a cash outlay without a commitment from SPSA to fund the project long term. VDOT will work with SPSA, but they are looking for a commitment sooner rather than later.

Chairman Keifer mentioned the possibility of moving forward without the intent to use federal funding, but perhaps adding it at a later time. Ms. DeVary replied that based on discussions

with VDOT, it would be more difficult to go that route because any work that had already progressed would have to stop and VDOT would have to go back and do the additional environmental work. However, if SPSA intends to use federal funding, that process gets started right away. Chairman Keifer clarified that the Board was discussing two separate issues—whether or not to consider federal funding and the proposed tipping fee. He asked for more comments on the federal funding issue for the flyover.

Mr. McCoy commented that the Executive Committee had a lengthy meeting which resulted in their recommendation of not accepting federal funding due to the additional requirements, stating that committing to federal funds adds a large cost to the project. Although \$500,000 in RSTP funding has been awarded, SPSA could decline those funds and they would go to assist a different regional project. Mr. McCoy understands where Mr. Broad is coming from in regards to presenting changing budget numbers to city offices, but suggests framing the reduction from \$7.75 as a temporary reprieve, with the surcharge likely to move back toward \$7.75 in future years. Mr. McCoy recommends that SPSA not use federal funds and that the Board accept the Executive Director's recommendation of setting the tipping fee at \$61.

Mr. Moor raised the point that SPSA doesn't have any current federal funding to speak of in terms of this project at this time. He, too, understands Mr. Broad's challenges, having served as utility director. Mr. Moor went on to say that the Board has the opportunity to make a recommendation for the coming year and then have the flexibility to reassess the following year based on new information and a more solid estimate on the project costs. Mr. Moor made the motion to approve using no federal funding and also encouraged the Board to set a course for tip fee funding with the opportunity to change strategy for later years once costs are better known.

Chairman Keifer requested that the matter of federal funding and the matter of the tipping fee be separate motions.

Mr. Moor moved, seconded by Mr. Broad, to provide funding for Phase I of the SPSA Flyover at the Regional Landfill through the municipal tip fee, and not accept any federal funding. The electronic participants were polled individually. The vote on the motion was unanimous.

Chairman Keifer returned to a motion on the municipal tipping fee. Mr. Moor clarified that he was not opposed to waiting for the budget presentation to vote on the fiscal year 2022 tipping fee, but would like to continue the discussion for the sake of community budget planning. Chairman Keifer restated that there are two parts to the current discussion, the first being setting the coming year's tip fee at \$61 and the second being taking a gradual approach or a level approach to the flyover surcharge in future years. He asked the Board to state their preferences from a budget planning standpoint.

Mr. Keaton suggested that the Board agree on a general consensus to go with a gradual increase and return to their communities' budget processes with the plan for a \$61 tipping fee to be proposed in the fiscal year 2022 budget presentation at the March meeting. That way members have a planning number to use until SPSA's budget is officially presented.

Chairman Keifer repeated Ms. DeVary's comments that the only tipping fee that needs to be approved is the one for the upcoming fiscal year and that other years can be addressed as they come. Chairman Keifer also asked whether it sounded like the correct course for SPSA to adopt the proposed \$61 tipping fee for FY 2022, and have the option of either continuing with

a gradual surcharge or moving to level funding if that makes more sense at the time and vote on that at the next meeting. Mr. Moor indicated that he would make that motion.

Mr. Sorey requested that voting on the tipping fee be tabled until the next meeting to allow time for discussion with the communities' respective councils. Based on the Board's discussion, Mr. Moor officially withdrew his motion to vote on setting the fiscal year's municipal tipping fee at that meeting. Chairman Keifer restated that it is general consensus that Ms. DeVary will present the budget next month with a \$61 tipping fee.

Ms. DeVary added that the past year has taught us that situations can change quickly and that if for any reason grant money or other funding were to come along that it would be presented to the Board, including any new options for federal funds if they make sense at that time. Ms. DeVary reiterated that the current projections are a worst-case scenario, but that it is in SPSA's best interest to move forward with a plan to fund the flyover entirely through the municipal tipping fee.

Mr. Bagley delivered the operational report, stating that over the past reporting period, tonnages at the Regional Landfill remained essentially flat with only an increase of 118 tons over the previous period. Due to the heavy rainfall, 1,862,275 gallons of leachate were sent to HRSD during the reporting period with 848,229 gallons pumped and 1,014,046 hauled. Mr. Bagley noted that this was a tremendous amount of leachate, but that staff was keeping up with the necessary hauling. Wheelabrator continues to do a good job with providing quality ash, with 92% of the ash received qualifying for alternative daily cover. There were no odor complaints for the reporting period.





The old tire shredder has been removed and the floor is being replaced at the tire processing facility, along with other needed repairs, so that when the new tire shredder arrives, the facility will be ready to operate at its highest level. The new tire shredder was expected to be delivered at the first of the month, but the contractor has requested an extension and delivery is now anticipated to be the middle of March.

The Request for Qualifications for design build contractors to perform the reconstruction at the Regional Landfill have been issued and are due a week from Friday. A demolition contract has been issued for the building that was destroyed in the fire and staff is eager to move forward with this project. A few logistical matters remain, including a contract that the Board would be asked to review later in the meeting.

Mr. Bagley reminded the Board that in 2018 SPSA began meeting with the operations staff from each of the localities every other month with the goal of bringing regional information to the frontline staff. The meetings became an opportunity to share ideas, look at best practices, and discuss challenges and solutions in individual communities that could potentially be applied more broadly. The meetings were successful until the pandemic affected operations and members were unable to devote the time, in addition to in-person meetings being curtailed. Mr. Bagley spoke of separate meetings with HRPDC where they commented on how much they learned about actual practice at the Regional Operations Meetings. Presentations were made regularly, including one from Mr. Barnes, and the program was beneficial in many ways. Mr. Bagley stated that SPSA would like to begin these meetings again and asked the Ex-Officio Members of the Board to please encourage participation from their operations staff as SPSA moves forward with reinstating Regional Operations Meetings. Chairman Keifer commented that he strongly agrees with Mr. Bagley, adding that the meetings build community by sharing issues and ideas, as well as being an opportunity for regional waste management staff to

advise on Board issues. He encouraged the community Board Members to advocate for attendance even if only virtually.

Mr. Bagley provided the 2021 Annual Airspace Utilization Update from the reporting period of January 1, 2020 through December 15, 2020. Mr. Bagley opened by saying that while he is privileged to deliver this kind of information to the Board, it is the people who work at the landfill every day and in all conditions that do the work to make numbers like this possible. He thanked Mr. Henry Strickland and Mr. Mike Kelley for the great job they do staying on top of landfill operations. Mr. Bagley referred to the Regional Landfill as SPSA's greatest asset, second only to SPSA's staff. With landfill space becoming harder and harder to acquire, it is essential that processes are efficient and accurate to preserve as much airspace as possible. Mr. Bagley stated that the airspace report should give the Board some comfort that SPSA staff is managing and utilizing airspace very well.

 <h2 data-bbox="315 968 740 999">2021 Airspace Utilization Update</h2> <p data-bbox="370 1020 699 1037">For Reporting Period January 1, 2020 Through December 15, 2020</p> <p data-bbox="464 1073 591 1092">February 24, 2021</p>	 <h3 data-bbox="1118 699 1308 732">The Purpose</h3> <ul data-bbox="854 842 1349 1058" style="list-style-type: none">• To determine disposal space consumed over a period of time• To determine remaining disposal area• To determine compaction ratio• Ensures the fill plan is being followed• Better understand Operational Efficiency• Planning Tool
 <h3 data-bbox="570 1188 769 1222">The Process</h3> <ul data-bbox="280 1283 724 1539" style="list-style-type: none">• Perform flyover with drone to gather topographic information (elevations)• Perform ground survey if needed• Use information gathered to develop 3-D drawings• Compare new drawings to previous drawings to determine cubic yards of space consumed• Gather weights of all incoming material• Determine the number of pounds per cubic yard of airspace consumed• Convert to Airspace Utilization Factor (AUF)	 <h3 data-bbox="1073 1232 1330 1266">What Impacts AUF?</h3> <ul data-bbox="878 1335 1260 1493" style="list-style-type: none">• Type of material• Density of Material• Moisture Content of material• How well material is compacted after placement• The amount and type of cover used



Data Through December 2020

- Total Material Landfilled in 2020
 - 338,787 Tons
- Total Volume of Landfill Consumed
 - 355,981 Cubic Yards
- Pounds/ Cubic Yard 1,903
- AUF .95
- Remaining Capacity 3 million CY
- Life Expectancy (Cells V and VI) January 2030

Life Expectancy Assumptions: Waste volume remains at current level
1,800 lbs./CY compaction rate
All available disposal space will be captured

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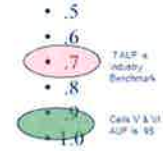


Compaction Rate and Airspace Utilization Factor

Compaction Rate
Lbs. / Cubic Yard

- 1,000
- 1,200
- 1,400
- 1,600
- 1,800
- 2,000

Airspace Utilization Factor
Tons / Cubic Yard



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Year Over Year Comparison

Metric	2018	2019	2020
Tons Disposed	322,260 Tons	309,952 Tons	338,787 Tons
Airspace Consumed	343,413 CY	320,749 CY	355,981 CY
A.U.F.	.93	.96	.95
Operational In Place Density	1,876 Lbs. / CY	1,932 Lbs. / CY	1,903 Lbs. / CY
Disposed In Place Density	2,005 Lbs. / CY	2,008 Lbs. / CY	1,997 Lbs. / CY

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Estimated Life of Cells V and VI

300,000 Tons	400,000 Tons	500,000 Tons
9 Years 2/2030	6 years 7m 09/2027	5 years 4m 6/2026

Assumptions

- 1,800 lbs. / CY density for the life of the landfill
- The entire 3 million CY of airspace remaining can be captured

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Effect of Compaction on Estimated Life

300,000 Tons	400,000 Tons	500,000 Tons
7 years 2/2028	5 years 3m 5/2026	4 years 2m 4/2025

Assumptions

- Compaction rate of 1,400 lbs. / CY
- The entire 3 million CY of airspace remaining can be captured

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QUESTIONS/COMMENTS

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Mr. Bagley concluded the presentation saying that he was happy to answer any questions. Chairman Keifer commented that it was an excellent analysis of an aspect of business that many do not get to hear about. He asked the Board if there were any further questions.

Mr. Sorey raised the issue that the biggest possible change on the horizon is potentially no longer having a waste to energy option. He asked to look at this scenario and see how it might affect the estimated life of Cells V and VI. Ms. DeVary responded that those concerns were one of the reasons that Mr. Bagley included figures in his presentation showing that capacity will diminish quicker if SPSA is putting more waste in the landfill. Ms. DeVary went on to say

that SPSA is waiting for answers from Wheelabrator and that they, in turn, are waiting on answers from the Navy. As soon as there is more information Ms. DeVary will present it to the Board. Mr. Bagley added that one of the things he and Ms. DeVary are always concerned about is giving the Board accurate information. They certainly have all of the calculations in place, but at this point there are too many variables to consider to confidently speculate on specific numbers.

Mr. Barnes complimented Mr. Bagley on the report, agreeing that airspace is incredibly valuable and that protecting it is a day-to-day responsibility. Some years ago, Mr. Barnes had a question about using GPS on the landfill equipment so that operators know how much compaction is needed and the information is transmitted to a computer for reporting and analysis. He asked if that GPS equipment was in use and if it was one of the components used in efficient airspace utilization. Mr. Bagley responded that the GPS equipment is operational, but the infrastructure equipment that relays the information back to the computer was destroyed in the fire. The equipment on the machines, which is the complex part of the system, has been used consistently with success. When the new administration building is complete, staff will be able to return to the overall tracking of daily use over time. Mr. Barnes spoke about the way the GPS works and Mr. Bagley elaborated that there is a mini computer in each piece of equipment that shows red, yellow, or green. When an operator has made sufficient passes for compaction, the green light comes on. Only so much compaction is possible, so if an operator continues to compact the waste, the computer turns to yellow and then red, indicating wasted fuel and unnecessary wear on the machinery. While Mr. Bagley is eager to get the tracking system back online, the airspace report shows that operators are using the GPS equipment correctly.

Chairman Keifer asked how many of the 338,000 tons deposited in the landfill in 2020 were ash. Ms. DeVary responded that ash accounts for about 170,000 tons, but that neither she or Mr. Bagley had exact numbers in front of them at that time. Chairman Keifer was satisfied with their estimated number.


Ms. DeVary commented that SPSA is very fortunate to have Mr. Bagley monitoring the landfill with such enthusiasm and care. She thanked him for the excellent work he does.

6. WHEELABRATOR PORTSMOUTH MONTHLY REPORT


Mr. Clint Stratton presented the Wheelabrator monthly report electronically.

Wheelabrator Portsmouth

February 2021 Report to SPSA Board



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



Wheelabrator Portsmouth January 2021

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
49,621	50,818	(1,198)	52,206	50,345	1,861	4,738	3,948	900	14,798	14,347	(451)
Volumes remain high			Down by turbine steam intake and Recycle Solar CGO's			Lower volumes allowed better N5 management			Driven by favorable processing		

Steam Sales			Boilers			T0's Unscheduled Downtime			Net MWH Sold		
Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan
73,158	\$6,425	(13,457)	112	152	40	15	0	(15)	14,890	15,866	(976)
Watering issues shipping to standby. Speed low			Over performance month			Troubleshooting issues with T0			Favorable steam sales despite inclement weather in February. Better cost reflecting		

- Includes 1,136 tons of non-qualifying residue delivered to landfill. qualifying residue 92.32% for Jan
- Waste delivered by SPSA to RDF- 40,430 tons; Boiler availability – 91.4%; Turbine Generator availability- 96.3%; Ash Screen availability – 95%
- Boiler 4 scheduled outage completed this period to include grate cleaning, pressure part work, flue gas, SDA and baghouse repairs, RDF feed system screw repairs, ash removal system repairs
- 1 OSHA Recordable accident this period. 1 for the YTD, 0 environmental incidents and citizen complaints

Questions?



Mr. Stratton offered to answer any questions, but there were none. Chairman Keifer thanked him for the thorough and informative report.

7. FINANCIAL REPORT

Ms. DeVary informed the Board that as of January 31, 2021, total revenues exceeded total expenses by approximately \$5.7 million as compared to \$2.5 million in the previous fiscal year. Tipping fees reflect an increase of 6% or approximately \$1.5 million as compared to FY 2020. Municipal waste tons are up approximately 13% or 35,283 tons as compared to last fiscal year. Commercial tons are down 17% or 18,329 tons as compared to last year. As of January 31, 2020, municipal waste tonnages were 299,981 as compared to 264,698 a year ago. Referencing the comparative chart, Ms. DeVary pointed out that there is a dip in municipal tonnages that is often seen in January and February. Given this dip in MSW, Ms. DeVary believes that total tonnages for the fiscal year could reach 500,000 tons rather than the previously projected 530,000 tons. Compared to what was budgeted, tonnages are up 55,000 tons for the year.

Ms. DeVary reported that total expenses fiscal year to date for the month ending January 31st were approximately \$23.9 million, compared to \$25 million in the prior fiscal year. Cash balances are at \$48.6 million, currently designated as \$6.3 million in the operating fund, \$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, \$228,136 for landfill expansion purchase orders, and \$33.3 million in the landfill expansion and closure fund. Ms. DeVary then opened the floor for questions or comments, but there were none.

Mr. Keaton moved, seconded by Mr. Moor, to approve the SPSA financial report as presented. The electronic participants were polled individually. The vote on the motion was unanimous.

8. CONTRACTS

The first contract for consideration was for solid rubber cutting edges, which are secured to the bottom of the bucket on a wheeled loader to protect the concrete tipping floors. Ms. DeVary noted that SPSA has been using these cutting edges for years, but up to this point, they have been purchased as needed, using the small purchasing procedure of three written quotes, as the individual purchases were well under \$30,000. This contract would be for the entire fiscal year. A bid was issued for unit pricing and Cookson Enterprises, doing business as

Rubberedge, was the only submission. Rubberedge is the company that SPSA has been purchasing from historically. The total annual cost for edges for all the wheeled loaders is around \$62,150. Staff recommends awarding the contract to Cookson Enterprises dba: Rubberedge at the unit costs provided in the bid.

Mr. Broad moved, seconded by Mr. Sorey, to award the contract to Rubberedge, as presented. The electronic participants were polled individually. The vote on the motion was unanimous.

The second contract is for an aboveground storage tank (AST) at the Regional Landfill. The underground storage tank (UST) for diesel fuel is larger than what the landfill needs and results in fuel quality issues for new tier IV equipment. Staff recommends replacing the UST with an AST prior to the reconstruction of the administrative building that was destroyed by the fire. As previously discussed, staff is taking this reconstruction as an opportunity to thoroughly examine the site and see what changes would be worthwhile for future operations. The AST will be installed in a location that will be easier for fueling equipment. Staff recommends approving the contract to purchase and install a new 12,000-gallon AST in the amount of \$206,810. The contract was procured through a Sourcewell Cooperative Contract with Blue 1 Energy.

Mr. Maxwell expressed concern that by choosing a Sourcewell Cooperative Contract, SPSA may not be getting the best price. Ms. DeVary explained that while utilizing Sourcewell Cooperative Contracts which have already undergone the full competitive bidding process is regular practice, staff also researched the cost of a non-Sourcewell contract with another company and found it to be significantly higher than Blue 1 Energy.

Chairman Keifer asked if this price includes the removal of the underground storage tank. Ms. DeVary responded that it does not, stating that removal is being handled by another contract that came in under \$30,000.

Mr. Broad moved, seconded by Ms. Raulston, to award the contract with Blue 1 Energy, as presented. Mr. Arnold abstained from participating in this vote. The electronic participants were polled individually. The vote on the motion passed with all members, with the exception of Mr. Arnold, voting in favor of the award as presented.

The final contract for consideration was for the amendment of the VHB third-party contract for preparation of the Environmental Impact Statement (EIS) at the direction of the Army Corps of Engineers. As a third party, VHB works for the Corps, but is paid by SPSA. This contract was awarded last year because the preparation of the EIS is necessary for the wetlands permitting process required for the expansion of the Regional Landfill.

At the time of the original contract award, the Board was made aware that the Corps had yet to determine the scope of work that would be required for the alternatives analysis and there would likely be more funding required. That scope of work has now been fully defined and will require significantly more time and the use of more consultants to complete the EIS. The original timeline was one year. It has now been revised to two years from the date the notice of intent to expand the Regional Landfill was posted in the Federal Register, which was in June of 2020.

The EIS will include the proposed expansion, one onsite alternative, one off-site alternative, and a no-action alternative. The onsite alternative would reduce the wetlands impact by approximately 9 acres and has already been permitted. It would involve bridging the gap

between Cells V and VII once Cell VII is complete. The no-action alternative would address hauling the waste elsewhere or perhaps recycling initiatives. The draft EIS is scheduled for July 2021 with the final EIS and Record of Decision in June 2022.

The original contract was for \$488,111. The revised contract, which would be to the end of the process, is \$1,288,155, which is an increase of \$800,044. The contract is based on time and materials and Ms. DeVary has insisted that VHB look at all possibilities to arrive at this final number. If they do not need all of the funds, and Ms. DeVary thinks this may be the case, the money will not be spent. She asked the Board to consider that the reason this process is now taking two and a half years, rather than one, is because the Corps must go through an incredibly in-depth documentation process along with all the time and effort devoted to alternative analysis and public scoping processes. Additionally, the Corps has learned that they will need to conduct a thorough cultural resources analysis not only on the proposed Cells VIII and IX, but on the land for the off-site alternative, as well. All of this requires more meetings between the Corps and VHB, which were not anticipated. Everything, including the filing of the notice in the federal register, which did not happen until six months into the process, has taken significantly longer than any of the parties expected. Ms. DeVary opened the floor for questions.

Mr. Arnold asked for, and received, confirmation that this is a contract amendment rather than a contract award. Noting that the cost estimate has increased more than \$800,000, he went on to ask if there was a cap or a Not to Exceed clause in the contract. Ms. DeVary responded that the contract is for a set amount, so that any plan to exceed would have to be brought to the Board for approval. She added that she has been attempting to get this revised estimate for several months, but that the Corps and VHB were still determining their process. Mr. Arnold raised concerns about approving the contract amendment with no assurance that the costs would not increase again. Ms. DeVary stated that it is accurate that if the Corps requests more work there may be additional costs, but she is hopeful that the current estimate, which VHB spent a great deal of time compiling, has taken all expenditures into account.

Mr. Maxwell expressed his disturbance that the contract amendment is three times the original bid. He asked how long SPSA has been working with VHB. Ms. DeVary responded that this is the first contract SPSA has had with VHB. She went on to say that SPSA received six responses to their bid, which were ranked according to the Request for Proposal. SPSA submitted their top three choices to the Corps and the Corps made the final selection of VHB, which Ms. DeVary then brought to the Board for approval. Other bids that came in had similar cost estimates with only one coming in higher at \$1.2 million. Ms. DeVary added that SPSA's engineers, HDR, estimated that the total cost for the EIS would be \$1.5 million, so staff was surprised at the original bid of \$488,111. Now that the process is going to take over two years, that accounts for the price change.

Chairman Keifer commented that, as he understands it, the Army Corps of Engineers is obligated to analyze SPSA's request for expansion. If the requestor wants to wait until the Corps has available funding that will take many years, so the common practice is to have the requestor pay for an engineering firm to complete the work with the Corps setting the scope. The proposed landfill expansion would affect 129 acres of wetlands and the Corps has received letters of opposition from the Southern Environmental Law Group and others opposed to impacting wetlands. The Corps must manage this difficult process by ensuring that they address every issue to avoid litigation. The process is very complicated, which is part of the reason that the cost has increased.

Mr. Maxwell raised the question of why VHB's significantly lower bid was not questioned if HDR estimated that the cost for the EIS would be \$1.5 million. Ms. DeVary responded that the key aspect to remember is that when SPSA bid for this third-party contract, the Corps of Engineers had not developed the scope of work necessary to review SPSA's request. As the Board may recall, once it was determined that an off-site alternative would have to be considered, VHB started with reviewing 300 properties. Those properties were narrowed down through several processes to reach the six that remain in consideration. This is just one example of how unexpectedly in depth the process became. The reason for the low original bid was that the scope of work had yet to be defined when the Corps reviewed SPSA's RFP for the third-party contractor.

Mr. Bagley called back to Mr. Arnold's earlier comments stating that SPSA would also have preferred the original VHB contract to include a Not to Exceed amount. The challenge is that the Corps could come back to VHB months from now and say that additional work that they had not previously considered is now necessary. The Corps is interested in "defensibility" which changes as new issues are raised. VHB cannot give SPSA a Not to Exceed amount because they don't know what the Corps will ask of them. To Mr. Maxwell's point, Mr. Bagley responded that when the bid was originally put out, SPSA received responses that were known to be low, so the Board was informed that it was highly likely that there would need to be more funding allotted at a later date. Mr. Bagley did not anticipate that the amount would be this much higher, but he has been involved in meetings with the Corps and VHB and understands that the scope of work now being requested is incredibly extensive. As an example, a site that was never conceived of at the beginning of the process will now need a full cultural resources analysis. The Corps goes through these processes to make sure that whatever their final decision is, it is defensible to all parties concerned. Mr. Bagley said that this procurement process has been unusual from the beginning, but it is the only way through the permitting process. He added that while the work is being done by VHB, the Corps is driving the project.

Mr. Arnold appreciated Mr. Bagley's comments. He went on to say that it is common practice in his work with local governments that a Not to Exceed amount is established so that new costs cannot be incurred without advanced warning, approval from the client for the amount to exceed, and a solid justification as to why the estimate is going to be exceeded. A professional company should have a clear idea of how much a project is going to cost. Mr. Arnold does think that it is fair to say that VHB did not have the true scope of work when they made their initial bid, however he would like to build in the agreement that the Board receives advanced notice and justification before any requests for additional funds. Mr. Wheeler agreed and added that Virginia Beach also often includes Not to Exceed amounts in their contracts with a fund amount allotted for unanticipated additional or supplemental services.

Mr. Keaton commented that the dilemma that the Board faces is that SPSA does not control the scope of work, the Corps controls the scope of work. VHB, the third-party contractor, comes to SPSA and says that the Corps has instructed them to perform certain work and SPSA needs to pay for it. The only other option is to stop the process and forfeit any chance of getting the wetlands permit for expansion. This is the process that the Corps has laid out and if SPSA doesn't follow it the Corps will not issue a permit. Mr. Keaton also added that from an environmental perspective there are many groups that do not want SPSA to expand the landfill, so the Corps must look at every possibility and defend every potential argument before they issue their decision, making it a very difficult process.

Mr. Barnes commented that the Board has had a healthy discussion, noting that he, too, came to the meeting uncomfortable with the details of this contract, but now feels more comfortable

moving forward. He agreed with Mr. Keaton that SPSA is not in control of the process and that the scope, and therefore the cost, of the operation has been dictated to SPSA. Mr. Barnes stated that he is confident that Ms. DeVary and Mr. Bagley have done their due diligence to validate the work effort and that these additional funds are what is necessary to accomplish the scope.

Ms. DeVary assured the Board that she would make VHB aware of their concerns and request that at this point they should consider the contract a Not to Exceed amount and that they would need to provide 90 days' notice for any potential changes. Mr. Arnold suggested 30 to 60 days' notice. Mr. McCoy suggested 60 days and reiterated that SPSA is paying the cost, but that the Corps is dictating what VHB must do and that may very well cause the process to change again should the Corps want another site reviewed. Chairman Keifer raised the point that VHB was chosen for this professional service contract because of their qualifications, not on the basis of price, adding that had their original bid come in higher, they likely would have still been selected because they are an outstanding firm from a professional capability standpoint.

Ms. DeVary added that SPSA has monthly calls with the Corps and VHB, but even seeing this process develop did not prepare staff for just how much the contract would increase, so she understands the Board's apprehensions. Ms. DeVary will send a joint letter to the Corps and VHB informing them about the concerns regarding the timeline and cost of the process. There were no further comments.

Mr. McCoy moved, seconded by Ms. Raulston, to amend the contract with VHB, as presented. The electronic participants were polled individually. The vote on the motion was unanimous.

9. OTHER BUSINESS

Chairman Keifer asked if there was any further business. Noting no comments, he proposed adjourning the meeting if there were no objections.

10. ADJOURN MEETING

There being no further business to come before the Board of Directors the regular meeting was adjourned at 11:04 a.m.



Lesli R. DeVary
Executive Director

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