

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

March 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 (<i>absent</i>)	(SH)	Ms. Lynette Lowe	(SH)
Mr. David Arnold	(SU)	Mr. Albert Moor	(SU)
Mr. Thomas Leahy	(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.

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. There were no objections to her 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 welcomed Mr. Thomas Leahy to the Board as the Governor-appointed representative for the City of Virginia Beach. Noting Mr. Leahy's professional engineering expertise and 40 years of service to the City, moving from Director of Public Utilities to Deputy City Manager and concluding as acting City Manager, Chairman Keifer remarked that Mr. Leahy's background and qualifications will be an excellent addition to the Board. Mr. Leahy thanked Chairman Keifer for his welcome and commented that it was good to be aboard.

4. APPROVAL OF MINUTES

The minutes of the February 24, 2021 Board Meeting had been distributed. Chairman Keifer asked if there were any additions or changes and there were none.

Mr. McCoy moved, seconded by Ms. Raulston, to approve the February 24, 2021 minutes of the SPSA Board of Directors as presented. Mr. Leahy abstained from participating in this vote. The electronic participant was polled individually. The vote on the motion passed with all members, with the exception of Mr. Leahy, voting in favor of the motion to approve the minutes as presented.

5. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary reported that, as usual, staff are doing a great job keeping operations running smoothly and efficiently.

SPSA's suggested revisions to House Bill 1872, now SB 1141, and otherwise known as the Cosgrove Bill, have passed both the Virginia House and Senate and is now awaiting the Governor's signature. Ms. DeVary has spoken with Wheelabrator and they are expecting a response from the Navy regarding their proposed extension to the steam contract by the end of the month. Ms. DeVary, Mr. Bagley, and SPSA's attorneys are still in the process of reviewing the Amended and Restated Landfill Gas Agreement with Mas Energy and hopefully there will be more to report soon.

There is little new information to report on the Cells VIII and IX permitting process. The Army Corps of Engineers and VHB, the third-party contractor, continue to work at narrowing down possible alternative landfill sites. Ms. DeVary had a lengthy phone call with the Corps and VHB making them aware of the Board's concerns over the budget. VHB understands that the current budget is a not to exceed amount and that if any further increases are forthcoming, they need to provide at least 60 days' notice, along with an appropriate justification for any additional spending.

Ms. DeVary now has a standing monthly call with VDOT to discuss the flyover project. They report that various survey and mapping projects have already begun and SPSA has received several right of entry letters giving VDOT permission to conduct this work. Mr. Spain has been working with Ms. DeVary on a proposed agreement between SPSA and VDOT, which was sent to VDOT for review this week. VDOT will have to vet the contract through their proper channels, but said that they saw no issues with the proposed agreement. The agreement is based on a standard agreement that VDOT uses with HRTAC and is a bit more explicit regarding agency responsibilities. The contract details will not delay any of the work that VDOT is already planning.

Mr. Bagley delivered the operational report, stating that over the past reporting period, 24,472 tons of material were landfilled, which is a decrease of 3,563 from the previous reporting period. 768,407 gallons of leachate were pumped and 1,185,124 gallons were hauled, making a total of 1,953,531 gallons of leachate sent to HRSD, which is an increase of 91,528 gallons from the previous reporting period. Mr. Bagley attributes this increase to both rainfall and the current size of the working face as adjustments are being made to some elevations at the landfill. He also noted that as summer approaches the amount of leachate will go down. 93% of the ash delivered by Wheelabrator was used as alternative daily cover, which Mr. Bagley commented, is an outstanding number due to Wheelabrator's continued good work with the screener they purchased. There were no odor complaints for the reporting period.

A warning letter was received from DEQ on the Regional Landfill's VPDES permit, which is a matter that Mr. Bagley takes incredibly seriously and on which he always performs due diligence. This warning letter is regarding two technicalities in reporting, the first of which is a claim that a report was not submitted in a timely manner, however, there was a known and documented issue with the DEQ computer system that prevented submission. The second issue is one of reporting quantities, which can vary from inspector to inspector and lab to lab. SPSA reported in the same manner as they have done for quite some time, but were informed that the metrics used were an inappropriate reporting method. Mr. Bagley has reached out to DEQ to dispute the warning letter and awaits their response. Mr. Bagley has also spoken with several third-parties and these technical reporting issues seem to be something many agencies are encountering. Mr. Bagley reiterated that these are administrative issues, not operational or safety issues.

The new tire shredder is scheduled for delivery on April 12th, which is, unfortunately, over a month late. Staff is staying on top of this delivery and installation process.

Responses to the RFQ for Design Build Contractors have been received and the five potential contractors were determined prequalified and have been sent the RFP. There is a pre-proposal conference on March 31st and staff is expecting quality responses from these five companies.

The process of removing the 20,000-gallon underground storage tank (UST) at the landfill is underway. It will be replaced by an aboveground storage tank (AST). Mr. Bagley anticipates that the project will be completed by the end of the week, barring any unforeseen issues. The demolition of the fire-damaged administrative building will begin as soon as the tank removal process is complete.

Staff has begun an upgrade to LED lighting at the Regional Office Building which, as has been seen at other upgraded facilities, will create a significant savings in electricity. The ROB portion of the project is projected to show a return on its investment in 2.3 years.

Mr. Bagley was pleased to report that the new road tractors have arrived, which make a total of 28 road tractors that the Board has approved for purchase since 2017 with only 4 left to replace, based on the capital replacement plan. Mr. Bagley commented that utilizing the capital replacement plan that is in place allows SPSA to replace equipment before it is completely worn down, saving SPSA money by reducing end-of-life repair costs and enabling the sale of older equipment while it is still running.

Mr. Bagley offered to answer any questions. Mr. Barnes asked Mr. Bagley to address the situation of continued vacancies at the Regional Landfill and the status of the HRSD force main


project. Mr. Bagley responded that there are a number of vacancies and that it does take a toll on employees, but positions are extremely difficult to fill at the moment due to the large number of road projects currently hiring at a higher rate than SPSA can offer. Staff continue to do the best they can to hire quality employees, keeping with the philosophy of only hiring those that are capable of meeting the job requirements. Mr. Bagley also noted that SPSA supplements with temporary staff from a qualified agency during the spring and summer months for tasks like mowing grass, so that employees with more specialized skills can be used elsewhere. Regarding the HRSD force main, SPSA does not yet have all of the answers. A call with Mr. Ted Henifin indicated that the project cost has nearly tripled from the original estimate and that it no longer makes good business sense to build the force main at this time. HRSD is presenting some options that SPSA will be reviewing and using to determine the best way forward. There should be more information to present at the next meeting. Mr. Barnes thanked Mr. Bagley for his responses, adding that the vacancy issue is a difficult one that may require some creative solutions to ensure that current staff is not overwhelmed by the daily tasks that must be completed regardless of staff coverage.

6. WHEELABRATOR PORTSMOUTH MONTHLY REPORT


Mr. Clint Stratton presented the Wheelabrator monthly report electronically. Before beginning he also echoed Mr. Bagley's comments on the current difficulty in filling vacancies in the industry.

Wheelabrator Portsmouth

March 2021 Report to SPSA Board




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



Wheelabrator Portsmouth February 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
41,287	46,998	(1,241)	40,112	43,980	(3,745)	6,152	5,232	(920)	12,745	12,421	(324)
Lower deliveries this month. Worked with Refusers to make all empty.			Lower tonnage received by process.			Increased A/P signing from Cities and Counties from the 1st of Feb.			Shipping mixed ash from 1st of Feb. through.		

Steam Sales			Boilers			Turbine Unscheduled Downtime			Net MWH Sold		
Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan
73,639	76,217	(2,578)	196	196	0	0	0	0	9,451	13,246	(3,795)
Slightly less than plan. Based on demand at SPSA.			Outage execution on time.			No LSDF on TG in this period.			Lower boiler loads and processing due to incoming Storage.		

- Includes 901 tons of non-qualifying residue delivered to landfill qualifying residue 92.93% for Feb
- Waste delivered by SPSA to RDF- 37,998 tons 2,415 of which came from Suffolk
- Boiler availability - 93% Turbine Generator availability- 88% Ash Screener availability - 97%
- 0 OSHA Recordable accident this period. 1 for the YTD, 0 environmental incidents and citizen complaints
- Wait times were less than 30 minutes
- No odor or citizen complaints

Cradock Civic League Cleans Up Afton Square and Plants Community Garden



Questions?



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

7. FINANCIAL REPORT

Ms. DeVary informed the Board that, as of February 28, 2021, total revenues exceeded total expenses by approximately \$5.3 million as compared to \$2.7 million in the previous fiscal year. Tipping fees received year to date reflect an increase of 5% or approximately \$1.4 million as compared to FY 2020. Municipal waste tons are up approximately 12% or 34,867 tons as compared to last fiscal year. Commercial tons are down 6% or 7,333 tons as compared to last year. As of February 28, 2021, municipal waste tonnages were 330,117 as compared to 295,250 a year ago. Referencing the provided comparative graph of tonnages over the past few years, Ms. DeVary noted that lower tonnages in February are in line with what has been seen historically, in part because of winter reductions and February having fewer days in the month.

Ms. DeVary reported that total expenses fiscal year to date for the month ending February 28th were approximately \$27.3 million, compared to \$27.4 million in the prior fiscal year. Cash balances are at \$49.4 million, currently designated as \$6.8 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, \$222,098 for landfill expansion purchase orders, and \$33.6 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. Broad, to approve the SPSA financial report as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

8. PRESENTATION OF THE JULY 1, 2021 – JUNE 30, 2022 BUDGET

Ms. DeVary presented the Proposed Operating and Capital Budgets for fiscal year 2022 in a balanced format where revenues equal expenses for a total of \$48,157,974.

Southeastern Public Service Authority

PROPOSED OPERATING & CAPITAL BUDGETS

FY 2022

March 24, 2021

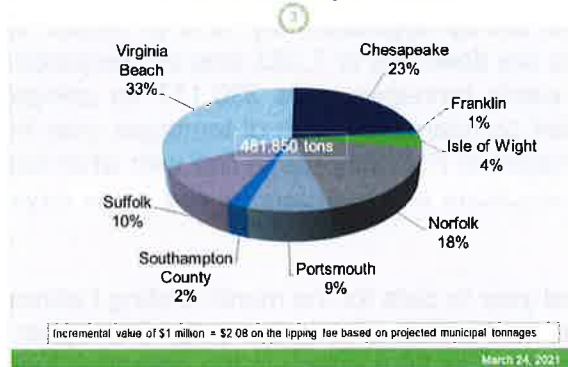
FY 2022 Proposed Budget

- Revenues = Expenses for a Total of \$48,157,974
- Represents a 10.2% increase from FY 2021 or \$4.47 million
- The municipal tipping fee increases to \$61 per ton
- Municipal tonnages are projected at 481,850 tons, an increase of 8.3% or 36,850 tons

March 24, 2021

This represents a 10.2% increase from FY 2021 due to increasing the municipal tipping fee to \$61 per ton and a projected 8.3% increase in tonnages to 481,850 tons. Each year, as a part of the planning process, Ms. DeVary reaches out to each of the communities to make them aware of her projections so that they may budget accordingly. Tonnage projections take into account the potential return to more historically consistent commercial and municipal waste streams once the pandemic state of emergency has concluded.

FY 2022 Municipal Waste



FY 2022 Revenues

- Total Tipping Fees are projected at \$49.95 million an increase of \$4.2 million or 10% and consist of:
 - ✓ Municipal Tip Fees ~
 - ✓ \$29.39 million, increase of 15.9% or \$4 million
 - ✓ 481,850 tons vs. 445,000 tons
 - ✓ Navy Waste ~
 - ✓ \$1.36 million an increase of \$39,573
 - ✓ 25,500 tons, no change
- March 24, 2021

As noted in the graph on municipal waste by community, Ms. DeVary pointed out that the incremental value of \$1 million is the equivalent of about \$2.08 on the tipping fee. For FY 2022, total tipping fees are projected at \$49.95 million, which is a 10% or a \$4.2 million increase. Ms. DeVary detailed all of the changes in revenue relating to SPSA's services and revenue sources.

FY 2022 Revenues ~ Continued

- ✓ Contract Waste (received at transfer stations)
 - ✓ \$7.1 million, a increase of \$260,000 or 3.8%
 - ✓ 130,000 tons, unchanged
 - ✓ Non-Contract Waste
 - ✓ \$2.89 million, increase of \$190,000 or 7%
 - ✓ 38,000 tons, increase of 2,500 tons or 7%
 - ✓ Other Waste
 - ✓ \$5.2 million, decrease of \$322,010 or 6%
 - ✓ Includes CDD, Norfolk Sludge, ash disposal and other waste disposed at the landfill
 - ✓ Decrease is for construction & demolition waste tons
- March 24, 2021

FY 2022 Revenues ~ Continued

- Charges for Environmental Services are \$1,036,650
 - ✓ Tire disposal ~ \$600,000, unchanged
 - ✓ Household hazardous waste ~ \$386,650, an increase of \$53,650 due to increased participation
 - ✓ White goods ~ \$50,000, an increase of \$10,000 or 25%
 - Landfill Gas Royalties are \$260,000, unchanged
 - Other Revenues consisting of miscellaneous income, interest earnings and use of fund balance are projected at \$909,856, an increase of \$211,365 or 30%.
 - ✓ Increase is primarily for capital budget from fund balance
- March 24, 2021

Revenue Summary

REVENUES	FY 2021 Budget	FY 2021 Projected	FY 2022 Budget	Budget to Budget	
				\$ Change	% Change
Tipping Fees:					
Municipal	\$ 25,365,000	\$ 28,709,247	\$ 29,192,850	\$ 4,027,850	16%
Navy	7,319,118	1,344,960	1,354,698	22,971	3%
Contract Waste	6,825,000	6,825,000	7,085,000	260,000	4%
Non-Contract Waste	2,898,000	3,306,000	2,888,000	(190,000)	7%
Other Waste	5,548,940	4,935,404	5,226,930	(322,010)	-6%
Total Tipping Fees	\$ 41,756,055	\$ 45,120,831	\$ 45,951,468	\$ 4,195,413	10%
Tire Program	800,000	500,000	800,000	-	0%
Household Hazardous Waste	333,000	370,000	366,650	53,650	16%
White Goods	40,000	55,000	50,000	10,000	25%
Landfill Gas Royalties	260,000	215,000	260,000	-	0%
Miscellaneous Income	248,491	1,574,091	268,729	20,238	8%
Interest Earnings	450,000	500,000	450,000	-	0%
Fund Balance		1,775,989	191,127	191,127	N/A
TOTAL REVENUES	\$ 43,687,546	\$ 50,119,711	\$ 48,157,974	\$ 4,470,428	10.2%

March 24, 2021

Tip Fee Schedule – Recommended Changes

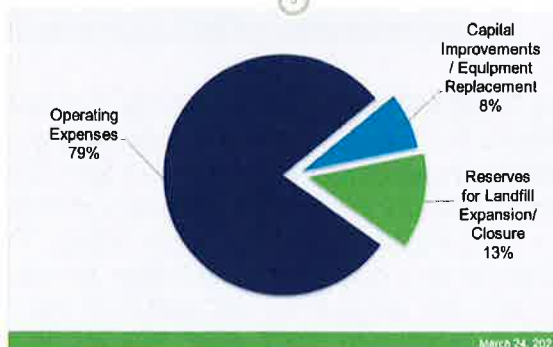
Waste Type	Current Rate	Proposed Rate
Municipal Waste	\$57.00 / ton	\$61.00 / ton
Contract Non-Municipal Waste	\$52.50 / ton	\$54.50 / ton
Construction & Demolition Debris	\$51.00 / ton	\$55.00 / ton

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Ms. DeVary pointed out in the Revenue Summary that roughly \$4 million of the \$4,470,428 change between the FY 2021 and FY 2022 budgets is the result of increased municipal tipping fees. She also noted the variance between FY 2021 budgeted and projected tipping fees, which indicate a projected surplus for FY 2021 due to receiving considerably more municipal tonnages than anticipated. Ms. DeVary also drew the Board's attention to the FY 2021 projected miscellaneous income of \$1,574,091, which includes a little over \$1 million in insurance proceeds from the fire at the landfill, an amount which will carry over into FY 2022 to pay for reconstruction.

Ms. DeVary recommended three rate changes to the tipping fee schedule. She proposes increasing the municipal waste tip fee to \$61.00 per ton, increasing the contract non-municipal waste to \$54.50 per ton to align with contractual increases and increasing the construction and demolition debris (CDD) tip fee to \$55.00 to align with market rates. In the case of construction and demolition debris, SPSA does not want to be the least costly option in the region because preserving landfill space for municipal waste is a more critical goal than CDD income and there are other landfills in the region that accept this type of waste.

FY 2022 Expense Breakdown



March 24, 2021

FY 2022 Expenses ~ Summary of Changes

- Total Expenses are \$48,157,974, a net increase of 10.2% or \$4.47 million and is reflected in the following areas:
 - ✓ Operating Expenses increase ~ \$2.37 million or 6.6% to \$38.2 million
 - ✓ Capital Budget increases \$191,127 or 5% to \$3.69 million
 - ✓ Set aside for Landfill Expansion, Closure and the Flyover increases \$1.9 million or 44% to \$6.24 million

March 24, 2021

Ms. DeVary illustrated the breakdown of expenses in groups by percent and then went through each expense type line by line.

FY 2022 Operating Expenses

- Net Increase in Operating Expenses include the following:
 - Total personnel costs increase \$146,800 and include:
 - ✓ 3% Merit increase in pay
 - ✓ -1.1% decrease in health insurance (3rd year in a row)
 - ✓ Net decrease of -1.6 FTE positions:
 - -1.0 Heavy Equipment Operator
 - -0.6 Human Resource Assistant
 - ✓ Adjusts Pay Plan by 1.5%

March 24, 2021

FY 2022 Operating Expenses Continued

- Professional/contracted services reflect a net increase of \$28,884 for building and site maintenance and the Host Fee payable to the City of Suffolk
- Other Operating Expenses reflect a net increase of \$4,439 primarily due to road tolls
- Materials & Supplies increase \$22,378 primarily for pandemic supplies
- Contracted Waste Disposal Services increase \$2.2 million. The WDSA rate increase is 2.9% and WHDA increases 3%. This increase also includes diverting approximately 26,000 tons of waste from the Regional Landfill.

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Ms. DeVary clarified the Contracted Waste Disposal Services section by explaining that "WDSA" is an acronym for Waste Disposal Services Agreement and "WHDA" is the Waste Hauling Disposal Agreement, both of which are contracts with Wheelabrator. She went on to highlight that the proposed increase includes contractual rate increases, but also includes costs to divert waste from the Regional Landfill. This diversion is being proposed as a space-saving measure due to uncertainties regarding landfill expansion. Staff will request quotes to determine the facility that will offer SPSA the best rate for that diverted waste.

Capital Improvements/Equipment Replacement

- Capital Improvements /Equipment Replacement budget of \$3.67 million
 - The goal is to maintain a level budget of \$3.5 million for capital improvements and equipment replacement. Funds not used in one fiscal year will revert to a Capital Budget Reserve to be used in future years to offset any increase in projected expenses
 - Landfill – \$809,000 for a dump truck, wheel wash and 2 pick up trucks
 - Equipment Replacement at transfer stations~ \$1.4 million include 1 wheeled excavator, 2 wheeled loaders, 1 above ground scale
 - Transportation ~ \$606,000 for 4 new tractors, \$630,000 for 7 trailers and \$125,000 for a yard dog
 - \$100,000 for tipping floor repairs at the Chesapeake Transfer Station

March 24, 2021

Expense Summary

EXPENSES	FY 2021 Budget	FY 2021 Projected	FY 2022 Budget	Budget to Budget	
				\$ Change	% Change
Operating Expenses:					
Personnel	\$ 9,132,381	\$ 8,721,822	\$ 9,279,180	\$ 146,799	1.6%
Professional/Contracted Service	3,744,970	3,467,437	3,773,854	28,884	1%
Other Operating Expenses	1,296,333	1,163,717	1,300,682	4,349	0%
Materials & Supplies	1,854,183	1,857,017	1,876,561	22,378	1%
Contracted Waste Disposal	19,820,929	20,684,848	21,993,420	2,172,491	11%
Total Operating Expenses	35,848,796	35,894,639	38,223,697	2,374,901	7%
Capital Expenses	3,500,000	6,355,969	3,691,127	191,127	5%
Landfill Closure/Expansion	4,338,750	4,338,750	6,243,150	1,904,400	44%
Total Expenses	\$43,687,546	\$46,589,358	\$48,157,974	\$4,470,428	10.2%
Projected FY 2021 Surplus = \$3.5 million primarily due to increase in municipal waste					

March 24, 2021

In the expense summary, Ms. DeVary drew the Board's attention to the fact that, due to it being presented in a balanced format, the budget shows the same increase in expenses as it does in revenues. She then highlighted that the primary increases in expenses are \$2,172,491 for Contracted Waste Disposal and \$1,904,400 in the reserve for Landfill Closure and Expansion earmarked for the flyover. Ms. DeVary also noted that the projected \$3.5 million FY 2021 surplus due to increased municipal waste is likely to be a conservative number. As she has in previous years, Ms. DeVary will recommend that the surplus be set aside for the Landfill Expansion and Closure fund, which includes some funding for the flyover. The sooner money is set aside for these projects, the sooner the tip fee can be reduced.

Changes to Strategic Operating Plan

- Added Juneteenth to the Holiday Schedule
- The section on the Regional Landfill - Planning Horizon- was updated to reflect the most recent Airspace Report and updated the Conceptual Master Plan

March 24, 2021

Landfill Expansion & Closure Costs

- Landfill expansion cost schedule originally prepared by HDR
- Cell VII – Phase 1 Construction is estimated at \$29.17 million with construction beginning in CY 2026
- Permitting Cells VIII and IX are estimated to cost \$6.5 million. We have incurred approximately \$2 million to date
- The Flyover is projected at \$39.27 million
- Grand total of planned costs between FY 2019 and FY 2027 is approximately \$75 million

March 24, 2021

Ms. DeVary noted that the landfill expansion cost schedule was originally prepared by HDR, but that she has applied a 3% annual inflationary factor. She also confirmed that the estimated costs for permitting Cells VIII and IX include wetlands mitigation and the full amount of the change order with VBH for completing the Army Corps of Engineers' Environmental Impact Statement.

Projected Construction Draw Schedule

	Contributions	Withdrawals	Balance	Contribution Per Ton 481,850 tons
June 30, 2020			\$31,796,788	
2021	\$4,338,750	-\$2,273,166	\$33,861,370	\$9.00
2022	\$6,243,150	-\$2,183,644	\$37,920,876	\$12.96
2023	\$7,195,350	-\$4,346,203	\$40,770,02	\$14.93
2024	\$8,147,550	-\$10,793,856	\$38,123,717	\$16.91
2025	\$8,623,650	-\$13,186,629	\$33,560,738	\$17.90
2026	\$9,099,750	-\$32,883,649	-\$9,776,839	\$18.89
2027	\$9,099,750	-\$8,587,144	\$10,289,445	\$18.89
2028	\$8,000,000		\$18,289,445	\$16.60
2029	\$8,000,000		\$26,289,445	\$16.60
2030	\$8,000,000	-\$24,027,504	\$10,261,941	\$16.60

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Reserve Schedule

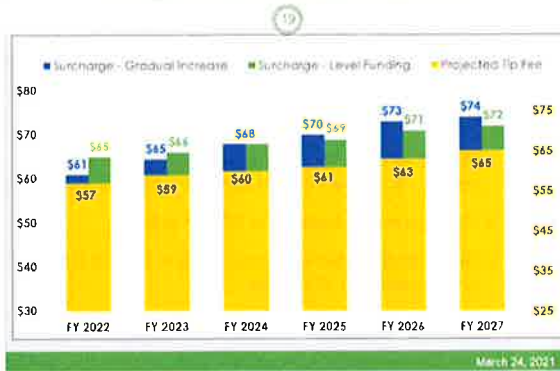
Type of Fund	Balance as of 6/30/2020	FY 2021 Contributions / (Withdrawals)	FY 2022 Contributions / (Withdrawals)	Projected Balance 6/30/2022
Undesignated Fund Balance	\$5,974,800	\$395,800	\$0.00	\$6,370,600
2 Months Operating Expenses = \$0.4 million				
Reserve for HRSD Force Main	\$2,500,000	\$0.00	\$0.00	\$2,500,000
Landfill Expansion / Closure Fund	\$31,795,788	\$2,065,584	\$4,059,506	\$37,920,876
Grand Total	\$40,270,586	\$2,461,384	\$4,059,506	\$46,791,476

March 24, 2021

Ms. DeVary drew the Board's attention to the last column on the Projected Construction Draw Schedule, which, for reference, expresses each of the yearly contributions in terms of dollars on the municipal tipping fee. Ms. DeVary pointed out that the largest projected withdrawals will be for the construction of Cell VII and the flyover in fiscal years 2025, 2026, and 2027 and for the closure of Cells V and VI in FY 2030. She also noted that it will be necessary to have Cell VII open alongside Cells V and VI to be selective in the waste that is deposited closest to the liner in Cell VII. Ms. DeVary commented that after FY 2030 contributions should go down due to because the next anticipated projects of phase two construction of Cell VII and then the eventual opening of Cell VIII will be much further in the future.

In reviewing the Reserve Schedule, Ms. DeVary recalled the earlier conversation regarding the likely discontinuation of the force main project and mentioned that alternatives are being discussed with HRSD. She hopes that more information will be available to present at next month's meeting.

Projected Municipal Tip Fee



Budget Recap

- Total Budget = \$48,157,974
- Represents a 10.2% increase from FY 2021 or \$4.47 million
- The municipal tipping fee increases to \$61 per ton
- Municipal tonnages are projected at 481,850 tons, an increase of 8.3% or 36,850 tons
- Includes a 3% merit increase for employees

Ms. DeVary again reviewed the projected municipal tip fee schedule presented at the previous meeting, reminding the Board that a FY 2022 tipping fee is all that needs to be adopted for the FY 2022 budget, and that the other years are possible options to choose in the future. She also noted that the projected \$3.5 million surplus for FY 2021, and any future possible surpluses, have not been considered in these calculations, so given the many variables at play, Ms. DeVary believes that these projected future tip fees represent a worst-case scenario. By her design, Ms. DeVary has created this chart so that however the unknown situations in play resolve themselves, the tipping fee should not need to be higher than projected and will likely be lower than projected.

What's Next....

- ✓ Adopt a resolution to set a public hearing on April 28, 2021 for the proposed changes in the tip fee schedule
- ✓ Adopt FY 2022 Operating & Capital Budget following the public hearing on April 28, 2021
- ✓ Questions?



Ms. DeVary opened the floor for questions. Mr. Arnold did not have a question, but commended Ms. DeVary for her thorough and easy to follow presentation.

Mr. Stromberg asked if there was money set aside in the budget for a Portsmouth Transfer Station if one were to become necessary, and followed up by asking what that transfer station might cost. Ms. DeVary responded that money is not currently set aside for that potential project, but that it would probably cost \$6 to \$7 million to build a new transfer station.

As a newcomer, Mr. Leahy commented that Ms. DeVary's presentation was well done and that it appears that SPSA has few choices in regard to budgeting based on the driving needs of landfill expansion and the flyover, which will continue to drive the budget for the next several years. He went on to say that he is familiar with the financial issues SPSA faced in the past

decade and the challenges of negotiating the Use and Support Agreements, but wanted to be sure that the Board is aware of how this large capital expenditure is dictating the budgeting process. Mr. Leahy then suggested that, while acknowledging the fact that debt has been misused in the past, that appropriately using debt for financing specific capital projects can spread the cost over the people who will use those facilities in the future. He suggested that, not with the FY 2022 budget, but in future budget years the possibility of incurring debt be considered so that a project, such as the flyover, which has a potential 50-year benefit, not be exclusively paid for by the next five- or six-years' taxpayers.

Chairman Keifer noted that Mr. Leahy made some good comments and that it would be beneficial to look into the legislative language that dictates SPSA's financial processes regarding incurring new debt. Mr. McCoy agreed with Mr. Leahy, recalling SPSA's previous issues with debt and difficulties with reaching consensus on Use and Support Agreements. Mr. McCoy spoke of Executive Committee Meetings where Ms. DeVary has explained that, at minimum, SPSA would need to borrow money for a term of 20 years, however current interest rates are very good and borrowing money would spread the cost out, which would make the tip fee more favorable for the communities. He suggested that perhaps SPSA could look into the possibility over the next twelve months. Mr. McCoy commended Ms. DeVary for her excellent work laying out a difficult budget for both the Executive Committee and the full Board. He also encouraged Board Members to be sure to ask questions to confirm that they have a full understanding of SPSA's situation when reporting back to their respective communities.

Mr. Maxwell asked for clarification on exactly why SPSA doesn't issue debt for large projects, as he was under the impression that there was a legal prohibition or required special legislation for SPSA to incur debt. Ms. DeVary responded that she will be glad to provide a full analysis at a future Board Meeting, but briefly discussed the main issues in borrowing money for projects. SPSA would issue revenue bonds which require backing from guaranteed revenue. That revenue would come from the eight member communities. When borrowing money SPSA would need at least a 20-year term to pay back the loan in order for it to be a benefit. Ms. DeVary further clarified that there are no legal prohibitions regarding SPSA incurring debt, but there are several steps outlined in the Cosgrove Bill that require different analyses and a great deal of due diligence. The biggest challenge would be getting the communities to agree to extend their Use and Support Agreements or make a 20-year commitment. Chairman Keifer added that the current use and support agreements only extend to 2027, which would mean that funds could not be borrowed past 2027, which is only five years, making SPSA ineligible for 20-year bonds.

Ms. DeVary reminded the Board that the flyover was initially to be funded through regional transportation funds, so this is the first time funding a major project has been discussed, outside of landfill closure and expansion where, for many years, the practice has been to set aside money in those funds on a continual basis. A situation such as this was not anticipated, but it is not likely to happen again. However, Ms. DeVary reiterated that she will put together some information on incurring debt and how it would affect the tipping fee to present to the Board in the coming months.

Mr. Barnes complimented Ms. DeVary on her excellent presentation of a complicated budget. He went on to mention what he referred to as a small operational issue. Mr. Barnes asked about the capital replacement plan for trailers and the consideration of tippers over walking floors for greater efficiency. Ms. DeVary commented that, over the years, staff has looked at the benefits of tipper trailers versus walking floor trailers for their potential efficiency benefits.

When SPSA is ready to put out a bid for new trailers, Ms. DeVary will provide an analysis to the Board, based on current operational needs, outlining why staff is recommending a particular type of trailer at the time a contract is presented.

Chairman Keifer asked if there were any further questions or comments. Seeing that there were none, he read aloud the following resolution.

**RESOLUTION TO ADOPT PRELIMINARY SCHEDULE OF FEES AND CHARGES FOR
THE SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA AND SETTING
DATE FOR PUBLIC HEARING ON SAME**

WHEREAS, the Board of the Southeastern Public Service Authority of Virginia (sometimes referred to herein as "SPSA") desires to change certain rates, fees or charges previously fixed by SPSA for the services available through its refuse collection and disposal system, primarily by increasing rates payable for disposal of municipal solid waste, contract non-municipal solid waste, and construction demolition and waste with such changes to be effective July 1, 2021; and

WHEREAS, in connection with proposed changes to existing rates, fees or charges and proposed fixing of new rates, fees or charges to be levied by SPSA for the disposal of solid waste at its facilities, Section 15.2-5136(G) and Section 15.2-5136(H) of the Virginia Water and Waste Authorities Act (the "Act") require (i) the adoption by SPSA of a resolution setting forth a preliminary schedule fixing and classifying such rates, fees and/or charges, (ii) SPSA to set and hold a public hearing with respect to such preliminary schedule where all users of the systems or facilities and all other interested parties have an opportunity to be heard concerning the proposed rates, fees and charges set forth therein, (iii) notice of such public hearing, setting forth the proposed schedule of rates, fees and charges, to be given by two publications, at least six days apart, in a newspaper having a general circulation in the area served by SPSA's refuse collection and disposal system, with the second notice being published at least 14 days before the date fixed in such notice for the hearing, and (iv) a copy of such notice to be mailed to the governing bodies of all localities in which such refuse collection and disposal system or any part thereof is located;

NOW, THEREFORE, BE IT RESOLVED, that the Board of the Southeastern Public Service Authority of Virginia hereby adopts the Preliminary Revised Schedule of Fees and Charges for Solid Waste Management setting forth such rates, fees and charges to be levied by SPSA for the disposal of solid waste at its facilities, with the changed and new rates reflected in such Schedule to be effective July 1, 2021, as set forth on the attached page; and

FURTHER RESOLVED, that the Board of the Southeastern Public Service Authority of Virginia hereby (i) establishes April 28, 2021 at 9:30 a.m. as the date and time for the public hearing on the Preliminary Revised Schedule of Fees and Charges for Solid Waste Management and (ii) authorizes and directs SPSA executive staff to provide notice of such public hearing, as required under and in accordance with the applicable provisions of Section 15.2-5136(G) of the Act, by publication and with copies by mail to the governing bodies of SPSA's member localities.



SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA
Fees and Charges for Solid Waste Management

Proposed Effective July 1, 2021

WASTE DISPOSAL - TRANSFER STATIONS	
Waste Delivered to All Disposal Points:	Rate
Municipal Solid Waste (delivered by or on behalf of any SPSA Member Community directly to a SPSA Transfer Station or directly to the WFN RRF Facility)	\$63-per-ton \$61 per ton
Contract Non-Municipal Customers (maximum 50,000 lbs)	\$63.00-per-ton \$54.50 per ton
Non-Contract Non-Municipal Customers	\$76 per ton
U.S. Navy Waste under contract with SPSA	Per Contract
Residential Solid Waste Delivered in accordance with Residential Guidelines (Billed to SPSA Member Community/Minimum fee does not apply)	\$63-per-ton \$61 per ton
Certified Weight	±2%

*Residential Medical Waste is Prohibited at all SPSA Facilities. A Penalty will be charged Per Cubic Yard of \$150, Plus any Costs Incurred/Overseen Later

WASTE DISPOSAL - LANDFILL ONLY	
Waste Delivered to SPSA's Regional Landfill:	Rate
Municipal Solid Waste Unacceptable at Transfer Stations (delivered by or on behalf of any SPSA Member Community)	\$63-per-ton \$61 per ton
Industrial Process Waste (accepted only with prior approval)	\$76 per ton
Solid Waste Unacceptable at Transfer Station (non-municipal customer)	\$76 per ton
Dead Animals Skipped or Unskipped (skipped only, no drop and take)	\$20 each
Water Treatment Plant Sludge from any Member Community Transported by SPSA	\$55 per ton
Construction and Demolition Waste	\$54-per-ton 000 per ton
Campers/Trailers (maximum fee \$104 each)	\$104 per ton
Bales (maximum fee \$64 each)	\$64 per ton
HAZ Waste must be removed prior to delivery and disposal	
Special Handling Waste (accepted only with prior approval)	Handling Cost plus 25%

TIRES - LANDFILL ONLY	
Whole Tires Accepted at SPSA's Regional Landfills Only:	Rate
Automobile and Light Truck	\$92.50 per ton
Automobile and Light Truck DIRTY LOAD	\$160 per ton
Truck and Light Industrial (up to 24.5" in diameter)	\$145 per ton
Heavy Equipment and Off-the-Road	\$160 each
Tires with Rims	Add \$3.00 per tire

HOUSEHOLD HAZARDOUS WASTE	
User Fees:	Rate
Rate Per Resident Visit (Billed to SPSA Member Community)	\$37 per visit
Waste Accepted at SPSA's Regional Landfill (from Businesses)	Rate
Batteries (dead & rechargeable)	\$60 per ton
Airline Batteries	\$0.75 / lb.

SPSA reserves the right to reject certain quantities of batteries dependent on storage availability.

MISCELLANEOUS	
Appliances with CFC Disposed at SPSA's Regional Landfill:	Rate
SPSA Member Community or Residents (Billed to SPSA Member Community)	\$16 each
Businesses	\$16 each
White Goods Containers (includes rental rate plus haul cost)	\$75 - \$125 per pad

SOILS FOR USE AS ALTERNATIVE DAILY COVER (ADC)

Material Type	Disposal Rate Per Ton
ADC10	\$10.00
ADC15	\$15.00
ADC20	\$20.00
ADC25	\$25.00

General Note Explanation: Those wishing to dispose of soils at ADC must receive prior approval from the Landfill and Environmental Manager or his/her designee. At a minimum, SPSA requires the submission of specified analytic results prior to delivery and acceptance of any soils. No soils will be considered for use as ADC containing rebar or wire mesh containing rebar. Material with a higher than desirable moisture content will be charged the ADC25 rate.

- ADC10 (\$10 rate) applies to material of screen quality
- ADC15 (\$15 rate) applies to material with manageable amounts of 1" or smaller debris such as brick, concrete, or asphalt
- ADC20 (\$20 rate) applies to material that contains a manageable amount of debris such as brick, concrete, or asphalt between 1" and 2" in size
- ADC25 (\$25 rate) applies to material that contains a manageable amount of debris such as brick, concrete, or asphalt, larger than 2" or high moisture content

For any category of Waste Disposal when it is based on weight, the Minimum Fee is \$20.00, unless otherwise noted above.

Mr. McCoy moved, seconded by Mr. Sorey, to adopt the preliminary schedule of fees and set a date for the public hearing. The electronic participant was 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 10:42 a.m.



Liesl R. DeVary
Executive Director

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