

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

September 22, 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 (<i>absent</i>)	(SU)	Mr. Albert Moor	(SU)
Mr. Thomas Leahy	(VB)	Mr. L.J. Hansen	(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. Gary Kelly (VB), and Mr. Greg Martin (CH), 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.

To accommodate those who could not attend in person, 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. Baugh, Chairman of the Board, called the meeting to order at 9:30 a.m. and led the Pledge of Allegiance.

2. PUBLIC COMMENT

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

3. CHAIRMAN'S COMMENTS

Chairman Baugh thanked the Board for their presence and their support of SPSA. He encouraged Board Members that have not yet visited the Regional Landfill or their local Transfer Station to please schedule a visit so that they may see and understand the complexity and integration of business operations.

As a follow-up to last month's announcement of SPSA receiving the Virginia Environmental Excellence Program (VEEP) designation as an E3 organization, Chairman Baugh asked Ms. Raulston to speak to some of the details about that program.

Ms. Raulston prepared a slide for the Board and discussed her previous experience with the VEEP program during her tenure as the Environmental Health and Safety Manager at International Paper, which was also at an E3 level. The E3 distinction is significant because of all of the benefits it affords an organization. Since its inception in 2005, SPSA has been a part of this "Beyond Compliance" collaboration with DEQ to improve environmental performance and stewardship in Virginia. There are three levels to the program – E2, E3, and E4 – with increasingly detailed environmental procedures and monitoring as the levels advance. SPSA is at the E3, or Exemplary Environmental Enterprise, level, which requires a track record of sustained environmental compliance, having a robust Environmental Management System in place, and the execution of pollution prevention initiatives to be reported annually. The benefits of achieving and maintaining an E3 status in the program are recognition by DEQ and the community as an environmental leader, reduced annual waste and water permit fees, and the allowance of alternate compliance methods for state regulations. In order to make the community more aware of this distinction, the VEEP logo has been added to the SPSA website and community facing presentations, and a flag will be flown at the Regional Landfill. Ms. Raulston said that Mr. Bagley and staff have done an excellent job managing this extensive amount of work and the Board should be proud to be a part of their efforts. Ms. Raulston went on to say that there is a higher level, E4, but that requires an independent auditor to assess an organization's complete environmental management system, which can cost as much as \$100,000. A cost-benefit analysis is being done to determine whether or not it is in SPSA's best interests to pursue this level with VEEP. Ms. Raulston offered to answer any questions, but there were none.

Mr. McCoy congratulated and thanked Ms. DeVary and Mr. Bagley for the superb job they do representing the eight SPSA communities. He echoed Chairman Baugh in encouraging Board Members to take a tour of the Regional Landfill so that they may better understand the complexity of its operations and what an asset it is to the region. Ms. DeVary thanked Mr. McCoy for his comments. Chairman Baugh reiterated Mr. McCoy's comments and suggested that when Board Members visit the Regional Landfill, that they approach the facility from the west so that they may experience for themselves the need for the flyover project.

Chairman Baugh went on to say that the Executive Committee had a very good meeting and he thanked Mr. Leahy for attending and adding value to the discussion. He also added that any Board Member is welcome to attend Executive Committee Meetings and encouraged everyone to do so at least once. If any Board Member has a question or area of interest, particularly any topics that may arise as Board Members discuss SPSA business with their communities, Chairman Baugh offered to schedule a time to cover those issues at an Executive Committee. He continued by listing the topics that were covered in the September Executive Committee Meeting and that Ms. DeVary would cover them at the current meeting. Chairman Baugh said that his perspective is that there are a few critical matters that the Board is well aware of, but once they are addressed, there is a clear view of the future that he would categorize as relatively stable, with competitive tipping fees that should be encouraging to all of the member communities. Guidance and expertise from each Board Member will be important in helping achieve that future stable condition for SPSA.

4. APPROVAL OF MINUTES

The minutes of the August 25, 2021 Board Meeting had been distributed. Chairman Baugh asked if there were any additions or changes and there were none.

Mr. Keifer moved, seconded by Mr. Keaton, to approve the August 25, 2021 minutes of the SPSA Board of Directors as presented. The motion was adopted by a unanimous vote in favor.

5. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary was pleased to once again report that SPSA staff continues to do a great job keeping operations running smoothly. Ms. DeVary informed the Board that SPSA has implemented a COVID Reporting Requirement where every employee must sign a document stating their vaccination status or that they are declining to disclose. Beginning the week of October 11, 2021, those who are not fully vaccinated, or who decline to disclose their status, will be required to have weekly COVID-19 testing. This policy is similar to others being implemented in the region. Ms. DeVary reported that only 30% of SPSA staff is not vaccinated, which a good number, comparatively speaking. However, Ms. DeVary was sorry to report that the previous week an unvaccinated SPSA employee passed away from COVID, which indicates just how important this reporting and testing process is for SPSA.

After the August Board Meeting, Mr. Maxwell made Ms. DeVary aware of a proposed \$3 per ton trash tax being discussed for the upcoming Virginia General Assembly Session. Ms. DeVary spoke with Meade Spotts, an attorney who represents Republic Services. At each Board Member's seat there was placed a flyer in opposition to this proposed legislation, which is being circulated by Republic Services, and includes SPSA as one of the many organizations opposed to a new trash tax. The proposed tax is being championed by a well-connected group of people who intend to use the tax funds for parks and conservation easements. Ms. DeVary assured the Board that SPSA will be tracking the situation and she will keep the Board informed of any developments. She also spoke with Bob Crum of HRPDC and he is aware of the proposed tax and the HRPDC is going to include it in their legislative agenda as an item to oppose.

Mr. Hansen asked Ms. DeVary if what is being proposed is a \$3 per ton tax on all solid waste or just material being deposited into a landfill. Ms. DeVary's understanding was that the proposed tax was for all trash, not just that which would be landfilled. She also reminded the Board that a state-wide tax on trash of some kind is nearly always proposed for the General Assembly. Ms. DeVary commented that no one likes paying extra fees, but when the tax dollars are earmarked for a project that is entirely unrelated to the funding source, it is particularly difficult to support. Ms. DeVary went on to say that no legislation has been drafted, of yet, so it is unclear exactly what types of trash would be subject to the tax.

Mr. Keifer asked if the legislation was being sponsored by an elected official or a community or independent group. Ms. DeVary responded that it was her understanding that it was being led by Bill Leighty, who was Chief of Staff for Governor Warner's administration. Mr. Leahy added that Carol Wampler and Jim Dillard are also part of the coalition in favor of the legislation. Mr. Leahy went on to comment on the flyer, noting that it does not point out that there is no correlation between solid waste disposal and conservation easements, nor does it highlight that this tax will undoubtedly pass directly to municipal residents in the form of increased solid waste disposal fees. Mr. Leahy called the proposed tax tremendously regressive, as increased

fees negatively impact lower income residents more severely than higher income residents. He asked that Ms. DeVary pass these thoughts on to the coalition and suggest they alter the flyer to include these points.

Mr. Sorey commented that some branches of Chambers of Commerce were listed on the flyer and asked if Ms. DeVary knew whether or not the Hampton Roads Chamber of Commerce would be signing on in opposition of the proposed legislation. She replied that Mr. Spotts informed her that many more organizations have lent their support, but there was not room for all of them on the flyer. She offered to check and see if the Hampton Roads Chamber of Commerce was among them. Mr. Moor commented that if this legislation comes to pass it will show up as additional fees on municipal utility bills. Ms. DeVary assured the Board that she would stay abreast of the situation and keep the Board informed.

Ms. DeVary informed the Board that the Navy Waste Disposal Contract has been renewed for contract year four out of five, effective September 1, 2021 through August 31, 2022.

There has been no call with VDOT since the last Board Meeting, but Ms. DeVary has reached out to the Flyover Oversight Committee Members, Mr. Hansen, Mr. Sorey, and Mr. Robert Lewis of Suffolk, and circulated information. Ms. DeVary is very grateful for the time and expertise the Committee is lending to this project. VDOT has informed Ms. DeVary that they are ready to meet in person to review preliminary plans. These public meetings of the Flyover Oversight Committee will follow all FOIA regulations, including posting public notice of meetings and taking minutes. Once the meetings begin taking place, the monthly Board Meeting Agenda will include a standing item for the Committee to report their findings. Ms. DeVary also noted that VDOT has indicated that they are seeing some savings on the project, which she hopes will continue to be the case.

Regarding Wheelabrator's future plans, Ms. DeVary received an email from Bruce Stanas last week. She needs to review the information with the Executive Committee and then there will likely be a presentation to the full Board. Since a contract modification may be involved, it may require a closed session at the October Board Meeting.

There has been no new call with the Army Corps of Engineers regarding the Environmental Impact Statement (EIS) required for the permitting of Regional Landfill Cells VIII and IX, but there has been some email communication. Ms. DeVary reminded the Board that at the August Meeting, she informed them that the Corps had requested assistance from SPSA on legal opinions that would impact the possible alternative landfill sites in Southampton and Suffolk that were identified in the EIS process. First, the Corps requested that General Counsel opine on SPSA's rights to eminent domain in relation to the rights of local government. Mr. Spain provided a letter which outlined that, while SPSA has its own rights to eminent domain, a municipality would have to agree to approve zoning permits and other local ordinances in order for any property obtained to be operationally useful to SPSA, meaning that eminent domain alone would not be sufficient action to secure a new landfill site. The second request was to seek an opinion from the Attorney General of Virginia regarding existing language in the Code of Virginia which states that landfill expansion and new landfill development may not impact more than two acres of non-tidal wetlands. The Code also states there are two exceptions to this statute, one being the SPSA Regional Landfill in Suffolk. The Attorney General has replied to the request, which was submitted by the Southampton County Attorney on SPSA's behalf, and he agrees that the section of the Code in question does indeed prohibit citing of a new landfill that would impact more than two acres of non-tidal wetlands. Ms. DeVary went on to say that this means that the alternative sites identified by the Corps for the EIS, five of which

are in Southampton and one in Suffolk, likely should not be deemed practicable due to the fact that landfill construction on any of the six sites would impact more than two acres of non-tidal wetlands. Ms. DeVary has checked in with the Army Corps of Engineers and VHB, the consultants working on the EIS, has sent them several sections of the draft EIS for review. She also has asked for a schedule update and was informed that the Record of Decision is scheduled for the end of June 2022, with the draft EIS due at the end of November 2021. There is likely to be an approximate 60-day delay on the draft EIS, which could impact the Record of Decision date.

The proposed Amended and Restated Landfill Gas Agreement is still on hold. As was discussed at the August Meeting in closed session, Ms. DeVary reminded the Board that staff was working through some reporting issues with a focus on the immediate need of submitting the Virginia Department of Environmental Quality (VDEQ) Title Five Semiannual Report on September 1, 2021. SPSA has spoken with VDEQ, submitted the report, and will likely be submitting a supplemental report, as well. While these reporting issues are being addressed, the agreement is on hold. Ms. DeVary commented that she and Mr. Bagley agree that the situation is improving and she will continue to keep the Board informed each month how things are proceeding.

As many Board Members are likely aware, Ms. DeVary reminded the Board that all eight communities must submit applications for the reappointment of their Governor-appointed representatives. Ms. Preston will be sending an email in the next few weeks with information to help navigate the process and assist with any questions the communities may have.

Ms. DeVary asked if there were any questions. Mr. Stromberg asked if the report from the Attorney General acknowledged that the SPSA Regional Landfill is an exception under the statute in question. Ms. DeVary confirmed that was correct. Mr. Spain added that the Attorney General's response was more of a recitation of the background facts relayed to him regarding the exemption, but that SPSA's exemption is fairly straightforward in the Code.

Mr. Bagley provided the operations report stating that in the August reporting period SPSA landfilled 30,657 tons, which is a decrease of 5,208 tons from the previous month. 1,811,900 gallons of leachate were sent to HRSD, which is an increase of 519,725 gallons from the previous month. Mr. Bagley commented that the 14.27 inches of rain in the month of August was 5.75 inches more than the previous month's rainfall and was a direct contributor to the increased leachate for the month. 892,446 gallons of leachate were pumped at a flow rate of 19.9 GMP, or 99% of the allowable flow, which is a rate that Mr. Bagley finds satisfactory. 919,454 gallons of leachate were hauled. 85.5% of the ash received at the Regional Landfill was suitable for use as alternative daily cover, a number that is proving to be consistent across the past several reporting periods. As they prepare to purchase new trailers, staff is testing a new tarp system which would address the issue of litter escaping existing tarps and its negative impact to operations. When staff is satisfied that they have identified the best system to use, they will put out a bid for new trailers and the new tarp system. The Operations Area Improvements at the Regional Landfill have reached the 90% plan review stage. There are still issues with procuring steel and staff is being told that it will be spring of 2022 before the buildings will be delivered for construction, but the design-build company is securing their permits now and site planning has gone through the review process.

Staff continues to address leachate production at Transfer Stations. Mr. Bagley spoke to what may be a misunderstanding, based on an earlier conversation with the Chairman, stating that Transfer Stations produce leachate by washing down tipping floors and from rainfall that enters

the leachate collection system. That leachate is then hauled to the Regional Landfill and is semi-treated through aeration and settling and then gets sent to HRSD, which is a part of the permit with HRSD and their preferred method. This means that there is cost associated with hauling from Transfer Stations to the Landfill, as well as sending to HRSD. Staff has taken a serious look at each of the Transfer Stations to implement ways to decrease the amount of leachate produced. Great improvements have been made, but there is still work to be done, because reduced leachate would allow SPSA to maintain a smaller leachate processing system. Mr. Bagley commented that operations at SPSA are similar to a many-spoked wheel where all of the elements are interconnected and if one spoke is off it causes issues for the whole. Staff and consultants are nearing completion of their evaluation of leachate treatment options. They are waiting on some information to come back about an evaporation system and in the near future will be coming back to the Board with recommendations on the best path forward. Mr. Bagley offered to answer any questions.

Mr. Leahy asked what percentage Transfer Station leachate represents in total leachate production. Mr. Bagley responded that it is roughly 5% of all leachate. Mr. McCoy asked, with the amount of leachate being hauled, it might be a good idea to go back and look at numbers with HRSD and perhaps have SPSA pick up a larger cost of the force main project. Mr. Bagley responded that all options are being considered in the leachate treatment assessment and that there are certainly advantages of having direct connectivity to HRSD, but nothing is off the table yet. Chairman Baugh asked how many truckloads it takes to haul a million gallons. Mr. Bagley responded that each truck carries 4,600 gallons, which is a safe amount to ensure that there is no overflow. Chairman Baugh asked if there were any further questions, but there were none. He commented that when one visits the landfill with Mr. Bagley it becomes clear how complex the operations are and again encouraged the Board to take a visit.

6. WIN WASTE INNOVATIONS PORTSMOUTH MONTHLY REPORT

Mr. Clint Stratton delivered the WIN monthly report in person.

WIN Waste Innovations - Portsmouth
September 2021 Report to SPBA Board



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



WIN Waste Innovations Portsmouth
August 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
49,931	56,642	(6,711)	52,774	55,590	(2,816)	7,308	9,293	(1,985)	13,898	15,841	1,943
Driven by C32 downtime and diverting tons			Driven by C32 downtime and diverting tons			Driven by unfavorable processing					

Steam Sales			Boilers			T0's Unscheduled Downtime			Net NYSH Sold		
Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan
31,046	27,295	3,751	87	152	64	0	24	24	16,617	19,962	(3,345)
Usage increased at NYSY this period			Good month on Boiler USDT could not capitalize on processing due to S32 failure						Driven by unfavorable processing and increased steam usage at NYSY		

- Includes 2,015 tons of non-qualifying residue delivered to landfill, qualifying residue 85.50% for August
- Waste delivered by SPSA to RDF: 50 (49 tons; Boiler availability - 92.5%; Turbine Generator availability- 100%; Ash Screen availability - 98%
- 0 OSHA Recordable accident this period, 1 for the YTD 0 Environmental Incident and 0 Citizen Complaints



Mr. Stratton offered to answer any questions. Mr. Sorey asked if he had a sense of how much TFC's diversion of unsorted material contributed to WIN's heavier volumes. Mr. Stratton responded that he did not have that information in front of him, but he could run the numbers. Mr. Sorey said that would be helpful, as several of the communities have contracts with TFC. Mr. Hansen asked for clarification on the diversion process. Mr. Stratton replied that typically, when diverting, WIN is pushing MBI from Norfolk and Chesapeake, which are commercial tons, and by contract those tons go directly to the Bethel Landfill, which moves the waste out of the system. When WIN's other direct commercial customers are asked to divert, they typically go to a SPSA Transfer Station, which keeps the tonnage in the system. Returning to Mr. Sorey's question about TFC, Mr. Hansen asked if any of the material that TFC was diverting from their site was diverted away from WIN. Mr. Stratton responded that he did not think so, but suggested that Mr. Hansen should reach out to TFC for clarification. Ms. DeVary added that in the month of August 1347 tons of waste that would normally go to WIN was diverted from SPSA Transfer Stations to the Regional Landfill. She will have to check on specific days, as to whether or not TFC was diverting at that time, but she is aware of several times that TFC brought waste to SPSA Transfer Stations. Mr. Bagley added that any waste diverted to the Suffolk Transfer Station would then go to the Regional Landfill, not WIN. Mr. Hansen stated that his concern is when material is being diverted from TFC, the message communities are receiving is that while it's not being recycled, it is going to WIN to be processed for fuel and not to a landfill, but if WIN is also diverting, that may not be the case. Mr. Stratton stated that information should come from TFC, but that he is aware of TFC holding some tonnage and that WIN was allowing a certain number of their trucks to come through, and the situation Mr. Hansen was referring to may be the reason that TFC made those arrangements. There were no further questions.

7. FINANCIAL REPORT

After drawing the Board's attention to the Environmental Excellence logo at the bottom of her presentation, Ms. DeVary informed the Board that as of August 31, 2021 total revenues exceeded total expenses by approximately \$1.9 million as compared to \$1.1 million in the previous fiscal year. Tipping fees fiscal year to date reflect an increase of 6%, or approximately \$484,000 as compared to FY 2021, which Ms. DeVary noted is due to the increase in the tip fee rate. Municipal waste tonnages were down approximately 13% or 11,684 tons as compared to last fiscal year. Commercial tons were up approximately 39% or 11,471 tons as compared to last year. For the month ending August 31, 2021 total municipal waste was 80,941 tons as compared to 92,625 a year ago. Ms. DeVary noted that while the FY 2022 budget did include

increased tonnages, it was certainly not projected that tonnages would be as high as they were in FY 2021.

Ms. DeVary reported that total expenses as of August 31, 2021 were approximately \$7 million, compared to \$6.2 million in the prior fiscal year. Cash balances were at \$53.4 million, designated as \$4.5 million in the operating fund, \$6.37 million, the equivalent of 2 months' operating expenses, in the undesignated fund balance, \$3.7 million for FY 2021 purchase orders, \$2.5 million for the proposed HRSD force main, and \$36.3 million in the landfill expansion and closure fund. Ms. DeVary then opened the floor for questions. Mr. Moor commented that FY 2020 and FY 2022's municipal tonnages are fairly similar. He asked if Ms. DeVary thought the higher municipal tonnages in FY 2021 were due to more people being at home during the pandemic. Ms. DeVary agreed that was a major factor, noting particularly that people were dining out less and taking food to go more frequently, and while restaurant trash is commercial, trash generated from take-out becomes municipal trash. There were no further questions.

Mr. McCoy moved, seconded by Mr. Leahy, to approve the SPSA financial report as presented. The motion was adopted by a unanimous vote in favor.

Ahead of next month's Audit presentation, Ms. DeVary presented the fiscal year 2021 actual revenue and expenses and her recommendation for allocation of the FY 2021 budget surplus.

FY 2021 Revenue ~ Actual			
REVENUES	FY 2021 Adjusted Budget	FY 2021 Actual	Budget to Actual \$ Variance
Tipping Fees:			
Municipal	\$ 25,365,000	\$ 28,559,536	\$ 3,194,536
Other Tip Fees	16,391,055	17,240,674	849,619
Total Tipping Fees	\$ 41,756,055	\$ 45,800,210	\$ 4,044,155
Tire /HHW / WG	973,000	1,159,747	186,747
Landfill Gas Royalties	250,000	214,923	(45,077)
Miscellaneous Income	1,429,891	1,945,860	515,969
Interest Earnings	450,000	399,889	(51,111)
Fund Balance	4,815,450	4,815,450	-
Total Other Revenue	7,928,341	8,534,869	606,528
Grand Total Revenue	\$ 49,684,396	\$ 54,335,079	\$ 4,650,683

FY 2021 Expenses ~ Actual			
EXPENSES	FY 2021 Adjusted Budget	FY 2021 Actual	Budget to Actual \$ Variance
Operating Expenses:			
Personnel	\$ 9,132,381	\$ 8,805,520	\$ 326,861
Professional/Contracted Service	3,762,687	3,204,652	558,035
Other Operating Expenses	1,296,333	1,167,063	129,270
Materials & Supplies	1,854,183	1,420,806	433,377
Contracted Waste Disposal	19,820,929	20,604,307	(783,378)
Total Operating Expenses	35,866,513	35,202,348	664,165
Capital Expenses	9,479,133	9,479,133	-
Landfill Closure/Expansion	4,338,750	4,338,750	-
Total Expenses	\$ 49,684,396	\$ 49,020,231	\$ 664,165
Net Revenue over Expenses	\$ -	\$ 5,314,848	\$ 5,314,848

>\$1.4 Million

Recommendation for FY 2021 Surplus

Surplus	\$5,314,848
1. Replenish Fund Balance for Design Build Project	(\$2,134,652)
2. Transfer Balance to Landfill Expansion/Closure Fund	(\$3,180,196)

Recommendation: Approve allocation of FY 2021 surplus as presented.

Ms. DeVary commented that the \$4,650,683 positive variance between budgeted and actual revenue in FY 2021 was primarily due to increased municipal tonnages and contracted waste, as well as the \$515,969 received from the insurance claim for the fire at the Regional Landfill. Regarding the \$664,165 positive variance between budgeted and actual expenses in FY 2021, Ms. DeVary noted that the four categories of expenses within SPSA control – personnel, professional services, material supplies, and other operating expenses – were under budget by greater than \$1.4 million. Her purpose in pointing this out was to illustrate that the way the budget is designed, there should be a surplus each year, but when projecting tipping fees, Ms. DeVary assumes no surplus. However, historically, because of personnel vacancies and adjustments for fuel cost fluctuations, there is nearly always a surplus. The expense that did go over budget was contracted waste disposal to Wheelabrator due to the increase in tonnages received.

The grand total surplus for the year was \$5,314,848 and the recommendation was to replenish the fund balance that was used for the Design Build project, and transfer the remaining balance of \$3,180,196 to the Landfill Expansion and Closure Fund. Ms. DeVary reminded the Board that building up cash in this fund will help keep projected tipping fees down. She asked if there were any questions.

Mr. Leahy asked, based on the tonnage received in the first two months of the fiscal year, if Ms. DeVary had considered setting aside some kind of reserve in case of a shortfall. Ms. DeVary responded that the Undesignated Fund Balance, which sets aside two months' operating expenses, serves that purpose. She went on to say that while there is a possibility that SPSA may not meet its municipal tonnage revenue budget, she also anticipated that if that were the case the expense budget would also not be met and the two would balance out. Ms. DeVary assured that she is monitoring the situation very closely and will certainly make recommendations if she sees anything out of the ordinary. Mr. Hansen asked for and received confirmation that the flyover will be funded from the Landfill Expansion and Closure Fund. He also asked about the tip stabilization that SPSA used to have in place and Ms. DeVary clarified that money was set aside prior to 2018 and has since been refunded to the communities.

Mr. Keifer moved, seconded by Ms. Raulston, to approve the allocation of the FY 2021 surplus as presented. The motion was adopted by a unanimous vote in favor.

8. CONTRACT

Ms. DeVary had one contract for the Board to consider. In the current year's budget, Ms. DeVary included funds to provide for diverting waste that is currently going to the Regional Landfill in order to preserve airspace in Cells V and VI to allow for the construction of the flyover and Cell VII. Her plan is to manage the airspace so that Cell VII can open as soon as the flyover is completed. In order to ensure that Cells V and VII have enough airspace to allow for this construction timeline, Ms. DeVary has developed a contingency plan that involves diverting 26,000 tons of waste from the Franklin and Isle of Wight Transfer Stations, which currently goes to the Regional Landfill.

Ms. DeVary is recommending a sole source contract with Waste Management because its Atlantic and Bethel Landfills are the only landfills, other than SPSA's, that accept municipal waste and are in a reasonable driving distance. The contract is for three years, has no minimum amount of tons required, and will cost approximately \$910,000 for 26,000 tons at a rate of \$35 per ton. Ms. DeVary commented that the 26,000 tons of waste will be taken to the Atlantic

Landfill in Waverly, with no current plans of utilizing the Bethel Landfill in Hampton, due to traffic-related transportation issues.

Ms. DeVary asked if there were any questions or comments on this contract or the waste diversion plan. Mr. Keaton commented that the plan and the contract were discussed extensively at Executive Committee and that mileage and costs are comparable. While Ms. DeVary clarified that it does cost slightly more to haul to Atlantic Landfill because of Waste Management's \$35 per ton tip fee, it does save airspace at the Regional Landfill and the extra expense is already included in the FY 2022 budget. Ms. DeVary also commented that although the trip is an additional seven miles each way, it is something of an easier drive to Waverly than to the Regional Landfill. Ms. DeVary added that she and Mr. Bagley had a call with HDR Engineering consultant Jeff Murray yesterday and they are still working on various scenarios so that they can ensure that Cell V and VI remain available and that Cell VII opens in April of 2026 when the flyover is scheduled to be completed. They will evaluate Wheelabrator's future plans and see how it all comes together with future tipping fees and present that to the Board.

Mr. Hansen asked if Ms. DeVary would be bringing this matter back to the Board when the operation plan was in place, or if that aspect would be handled administratively. Ms. DeVary replied that if the contract is approved, staff does plan to start the diversion right away, but that should it be determined that tonnages need to increase, that she would bring that back to the Board and it would likely come into play with the fiscal year 2023 budget. Mr. Hansen explained that the reason for his question was that since Ms. DeVary has not yet had time to evaluate the email from Wheelabrator, SPSA doesn't yet know what its long-term needs are going to be. Ms. DeVary agreed and stated that this current diversion is a part of contingency planning which has been determined based on tonnage projections and available airspace at the time the FY 2022 budget was being formulated. She added that when this contract was being researched, she reached out to Wheelabrator and they do not have interest in or capacity for taking any additional waste from SPSA.

Mr. McCoy moved, seconded by Mr. Broad, to authorize the Executive Director to award identical contracts to the Waste Management Landfills as presented. The motion was adopted by a unanimous vote in favor.


After Mr. McCoy moved and Mr. Broad seconded, but before the vote was taken, Ms. DeVary commented to clarify that the contract being proposed is actually two identical contracts from Waste Management for their companies that manage the Atlantic and Bethel Landfills. There was no further discussion.

9. OTHER BUSINESS

Chairman Baugh asked if there was any further business to come before the Board but there was none.

10. **ADJOURN MEETING**

There being no further business to come before the Board of Directors, the regular meeting was adjourned at 10:37 a.m.



Liesl R. DeVary
Executive Director

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