

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

January 26, 2022

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 (<i>absent</i>)	(CH)
Ms. Sheryl Raulston	(FR)	Ms. Amanda Jarratt	(FR)
Mr. Dale Baugh	(IW)	Mr. Randy Keaton	(IW)
Mr. John Keifer (<i>absent</i>)	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Mr. Burle Stromberg ¹	(PO)
Mr. Tony Parnell	(SH)	Ms. Lynette Lowe ²	(SH)
Mr. D. Rossen S. Greene ³	(SU)	Mr. Albert Moor ⁴	(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), Mr. Robert Lewis (SU), Mr. Greg Martin (CH), and Mr. Richard Underhill (PO), SPSA executives, Mr. Dennis Bagley, Interim Executive Director, Ms. Tressa Preston, Secretary and Interim Director of Administration, Ms. Sandy Schreiber, Treasurer and Interim CFO, 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., wished the Board welcome and Happy New Year, and led the Pledge of Allegiance.

2. PUBLIC COMMENT

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

¹ Mr. Stromberg left the meeting at 12:45 p.m. during closed session and Mr. Underhill continued in his place as alternate.

² Ms. Lowe left the meeting at 11:55 a.m. and returned at 12:00 p.m., after closed session had begun.

³ Mr. Greene left the meeting at 12:33 p.m. during closed session.

⁴ Mr. Moor left the meeting at 12:22 p.m. during closed session and Mr. Lewis continued in his place as alternate.

3. CHAIRMAN'S COMMENTS

Chairman Baugh welcomed new Governor-appointed Board Members, Mr. Parnell of Southampton, and Mr. Greene of Suffolk. He also welcomed Mr. Lewis as Suffolk's new Alternate Ex-Officio Member. Chairman Baugh commented on the expertise that each new Member brings to the Board. He remarked that a Board Member orientation is planned to immediately follow the February Board Meeting, and he asked that all members interested in attending contact Ms. Preston. Chairman Baugh drew the Board's attention to SPSA lapel pins at their places and asked that the Board Members accept the pins with his thanks for their service.

Chairman Baugh informed the Board that, in keeping with the Bylaws, on January 1, 2022, he appointed Interim CFO Sandy Schreiber as SPSA's Treasurer until the next Board Meeting was held and nominations could be made to appoint someone to serve the remainder of the term until the SPSA annual meeting in July 2022. Ms. Lowe commented that Ms. Schreiber has served SPSA well since the beginning of her employment, has excellent day-to-day knowledge of SPSA's finances, and makes decisions in the organization's best interests.

Ms. Lowe moved, seconded by Ms. Jarratt, to appoint Ms. Schreiber as Treasurer for the remainder of the term. The motion was adopted by a unanimous vote in favor.

Chairman Baugh congratulated Ms. Schreiber and thanked her for her work. He went on to inform the Board that the meeting originally scheduled for December 7, 2022, needed to be moved to December 14, 2022 to accommodate other regional meetings.

Ms. Lowe moved, seconded by Ms. Jarratt, to approve moving the December 2022 Board Meeting date to December 14, 2022. The motion was adopted by a unanimous vote in favor.

Chairman Baugh commented that the Board has an ambitious year ahead of them and their support and insight will be important for continued successful operations. After listing some of the items to be considered, such as the selection of a new Executive Director, ongoing operational and fiscal responsibilities, and managing relationships with community partners and stakeholders, Chairman Baugh noted that he is confident that SPSA is well-prepared to manage all of these opportunities and that he looks forward to the Board's feedback and participation in leading this outstanding organization.

4. APPROVAL OF MINUTES

The minutes of the December 8, 2021 Board Meeting had been distributed. Chairman Baugh asked if there were any additions or changes and there were none.

Ms. Raulston moved, seconded by Mr. McCoy, to approve the December 8, 2021 minutes of the SPSA Board of Directors, as presented. The motion was adopted by a unanimous vote in favor.

5. PERSONNEL COMMITTEE REPORT

Mr. Leahy, Chairman of the Personnel Committee, reminded the Board that the members of the Personnel Committee are Ms. Raulston, Mr. McCoy, Mr. Broad, Mr. Etheridge, and himself. The Personnel Committee met with the Executive Committee on January 12, 2022, and it was

determined that minor revisions would be made to the language in the Executive Director recruitment to be less restrictive regarding the wording of candidate credentials. Those changes were made, and the position was readvertised through January 31, 2022. The Personnel Committee would be asking that the Board ratify those changes. The Personnel Committee also met on January 19th and established a schedule and ranked screening criteria. They plan to meet on February 2, 2022 to rank candidates and arrive at a short list to present to the Executive Committee on February 16th. The goal will be to present an Executive Committee approved short list of candidates to the full Board in closed session at the February 23, 2022 Board Meeting. Regarding the schedule for March, the Personnel Committee will need guidance from the full Board about what level of participation they would like to have in the interview process. It was discussed that the Board will make that determination after hearing from the Personnel Committee at the February Meeting.

Mr. Leahy moved, seconded by Mr. Moor, to ratify the changes to the Executive Director recruitment, as presented. The motion was adopted by a unanimous vote in favor.

Chairman Baugh thanked Mr. Leahy for leading the discussion and thanked the Personnel Committee for their important work.

6. FLYOVER OVERSIGHT COMMITTEE REPORT

Mr. Hansen, Chairman of the Flyover Oversight Committee, reminded the Board that the Committee has had two meetings with VDOT and, as a part of their discussions, they asked Mr. Mike Davis, VDOT's Deputy Engineer for the Hampton Roads District, to give a brief overview of the project to help Board Members understand the scope of the work that is being undertaken and where they are in the process. Mr. Hansen introduced Mr. Davis, who made the following presentation.

VDOT



SPSA INTERCHANGE IMPROVEMENTS

Flyover Ramp over US 13/58/460

TOPIC: US 13
 PREPARED BY: District Engineer, Gloucester & Davery

1/19/22

SPSA Project Overview

VDOT Access Safety Improvement Study – Finalized May 2021

- Recommended two phases of improvements
 - Phase 1 – Flyover ramp eliminates the at grade crossing (Current Design Project)
 - Phase 2 – Reconstructs the current entrance at Bob Foeller Drive to increase the weave area (Hampton Roads 2045 Long Range Transportation Plan)

SPSA INTERCHANGE IMPROVEMENTS PHASE 1



VDOT

VDOT

SPSA INTERCHANGE IMPROVEMENTS PHASE 2



VDOT

Current SPSA Project (Phase 1) Update

- **Environmental Field work**
 - Completed January 2022
- **Geotechnical and Survey Field work**
 - Completed September 2021
- **Preliminary Design**
 - Public Hearing Plans November 9, 2021
- **Draft Geotechnical Report**
 - November 9, 2021
- **Post Willingness in lieu of Public Hearing**
 - February 2022

VDOT

Environmental Update

- **Wetland Delineation** – Will verify field wetland flags January 2022
- Submit preliminary jurisdictional determination to USACE and schedule field meeting – February/March 2022
- **Assessments for the endangered and threatened species** – Complete January 2022
 - Mabee's Salamander
 - Canebrake rattlesnake
 - Red Cockaded woodpecker
 - Reports will be prepared and submitted in February 2022

VDOT

Environmental Update - Continued

Next steps

- Presentation on updated information to the Inter Agency Committee Meeting (IACM) – Anticipated March 2022
- Detailed alternative analysis – Anticipated March/April 2022
- **Project Permits Anticipated**
 - Individual DEQ
 - Individual USACE
 - DEQ Coastal Zone Management Consistency
- **Joint Permit Application** – Anticipated July/August 2022

VDOT

SPSA Schedule

Key Milestone	Activity	Scheduled Date	Actual Date
Preliminary Field Investigation (PFI) Plans (30%)		9/24/2021	9/10/2021
Public Hearing (Post Willingness)		2/11/2022	
Field Inspection (FI) Plans (60%)		8/1/2022	
Right of Way (ROW) Plans (75%)		10/5/2022	
Pre-Advertisement Conference (PAC) Plans (90%)		2/3/2023	
Bidability Plans (90%)		3/24/2023	
Advertisement		11/30/2023	
Award		2/23/2024	
Fixed Completion Date		4/28/2026	

VDOT

SPSA Project Update

Project Budget:

Phase	Budget
PE	\$6,720,000
RW	\$3,697,500
CN	\$28,848,710
Total	\$39,266,210

VDOT

Questions?

VDOT

Mr. Davis and Ms. Claudia Walsh, HDR's flyover project manager, offered to answer any questions. Chairman Baugh asked Mr. Davis to identify the current greatest unknown factors about the project that could create an impact. Mr. Davis replied that it was difficult to speculate, but that supply chain and staffing issues are a concern, and that VDOT always performs a thorough analysis before seeking contractors, but that it is not possible to say what the market will look like in two to three years when the construction phase of the project will take place. Mr. Leahy asked if the cost estimates include inflation and Mr. Davis confirmed that they are at a 2.4% inflation rate to roughly the midlife of the construction season. Mr. Leahy also asked about anticipated impacts to traffic during construction, which Mr. Davis anticipates will be minimal, by design.

Mr. Hansen reminded the Board that the flyover project was originally planned as regional project to be paid for with regional transportation funds, due to a number of identified safety issues along the entire corridor, not just the entrance to the Regional Landfill. Now that the landfill entrance portion of the project is being funded by SPSA, the project has been divided into two phases. Phase one covers SPSA's obligations related to opening Cell VII as a stipulation in the conditional use permit with the City of Suffolk. The second phase of the project will continue to improve the corridor but is not necessary to fulfill SPSA's obligations. Mr. Hansen wanted to ensure that the Board was aware that SPSA is not expected to fund phase two of the project.

Mr. Maxwell asked about VDOT's strategy to address the concerns of inflation and supply chain issues on the budget and schedule for the project. Mr. Davis replied that with each iteration of designs for a project VDOT completes a deep dive into the cost estimate data to assess market fluctuations and adjust the schedule accordingly. He also noted that there is a contingency fund built into the project budget. Mr. Davis also mentioned that, while market changes are out of their control, VDOT's engineering estimates are typically within a 5% or less margin compared to contractors' bids. Chairman Baugh recalled that Mr. Davis had mentioned that VDOT was looking for cost savings in the project and asked where those savings might occur. Mr. Davis replied that VDOT's initial assessments anticipated worst-case scenarios for each aspect of the project and budgeted accordingly. For example, VDOT prepared for poor soil quality that would require fully supported groundwork. If the soil is better quality and less extensive stabilization is needed, that would result in a savings.

Chairman Baugh thanked Mr. Davis for his presentation and commented that he looks forward to hearing more from him in the future.

7. INTERIM EXECUTIVE DIRECTOR UPDATES

Chairman Baugh took a moment to comment that since the Board appointed Mr. Bagley as Interim Executive Director, he has had a firm grip on the organization. Chairman Baugh has noted a revitalization of energy and focus under his direction, commenting that Mr. Bagley is giving him regular updates and that he has been very impressed with the level of communication and the quality of work being done.

Mr. Bagley commented that the past three weeks have presented a number of out-of-the-ordinary challenges, such as a snowstorm and several email outages, but that he is fortunate to be surrounded by positive, dedicated co-workers who make handling those challenges much easier.

Mr. Bagley commented that when he and Executive staff met at the beginning of the month to discuss preparing for the Board Meeting, they felt it important that the Board be able to get to know and appreciate the staff that make SPSA the outstanding organization it is. He went on to say that the staff that attend Board meetings as part of their job get to hear the Board's praise, but those that are most deserving of that praise are generally in the field and go largely unnoticed. Mr. Bagley began a new initiative to recognize an employee at each Board Meeting and highlight how they are examples of SPSA's values. The first of those employees was Mr. Robbie Robinson, 30-year employee and Supervisor of the Landstown Transfer Station. Mr. Robinson exemplifies Community Stewardship, Dependability, and Pride, in the way that keeps Landstown operating at peak performance. Mr. Bagley and Chairman Baugh thanked Mr. Robinson for his dedication and service to SPSA. As a small token of his appreciation, Chairman Baugh presented Mr. Robinson with a SPSA lapel pin.

In regard to Cells VIII and IX wetland permitting, Mr. Bagley informed the Board that the date for receiving the draft Environmental Impact Statement (EIS) has been delayed and the details surrounding that situation will be discussed in the contract section of the meeting. The Army Corps of Engineers is planning another site visit to the Regional Landfill with representatives from the EPA, which will take place on March 3, 2022.

Mr. Bagley reported that the process to amend the leachate management cost sharing agreement with HRSD is ongoing and will move forward once the final price for the leachate evaporation system is determined after reviewing the submitted proposals on January 28, 2022. Mr. Bagley anticipates that SPSA and HRSD's attorneys will be able to finalize the agreement before Mr. Ted Henifin retires from HRSD on February 22, 2022.

Developments for Mas Energy's renewable natural gas facility are progressing, but they have encountered some permitting delays which must be rectified before their financing is finalized. Mr. Bagley said that Mas is hopeful to have permitting completed within the week and then they will move forward with their plans. He added that operations and communications have been good and that SPSA staff is receiving regular status updates.

Mr. Bagley drew the Board's attention to a handout that details the schedule for creating the fiscal year 2023 budget. He offered to answer any questions on that process, but there were none. Mr. Bagley also informed the Board that the Annual Airspace Report, which is a critical analysis of the work being done at the Regional Landfill, will be presented at the February Board Meeting. While he is still reviewing and confirming data from that report, Mr. Bagley is pleased with what he is seeing in terms of airspace utilization.

Mr. Bagley presented the operations report, noting that while all the detailed operational numbers will still be included in the Board Agenda packet, he is moving in a new direction for the presentation portion of the meeting. In an effort to help make the information more accessible and relatable, he will be using visual comparisons to help put numbers in context. For the reporting period of December 1st – 31st 2021, the landfill received 25,000 tons of material, which is the equivalent of 3,124 8-cubic-yard dumpsters. 481,945 gallons of leachate were hauled to HRSD, which is the equivalent of 96 tanker loads. The 727,000 gallons of leachate that were pumped to HRSD represent 145 tanker loads that did not have to be hauled, thereby avoiding the cost and liability of additional hauling. There were no odor complaints received in the reporting period and all permits are in compliance. EPA greenhouse gas reporting was completed and submitted. Mr. Bagley reminded the Board that staff had been anticipating a response from DEQ regarding the missed wellhead readings included in the Semi-Annual Report. He was pleased to be able to tell the Board that DEQ issued only a

warning letter because SPSA made the right choices in communicating the issue and immediately taking extensive corrective measures as soon as the issue was brought to SPSA's attention. Mr. Bagley is confident that now that these issues have been addressed, operations are running smoothly.

The next part of the monthly Environmental Excellence Program series to be discussed under the 17 Elements of an ISO 14001 Environmental Management System was the identification of environmental compliance requirements. Mr. Bagley provided the Board with a copy of SPSA's current compliance schedule which outlines every requirement for every permit that SPSA maintains.

Mr. Bagley went on to say that an important part of any good environmental program is looking for continuous improvement. SPSA was operating under a structure that may have been good in some respects, but it was not optimal from a strictly environmental perspective. In order to improve the autonomy and responsibility of the environmental team, as of January 1, 2022, Mr. Bagley separated the environmental division from landfill operations, where they were previously a combined program. Mr. Bagley appointed Mr. Mike Kelley, former Assistant Landfill and Environmental Manager, as Environmental Manager. Mr. Kelley and the staff of environmental specialists are now their own department which reports directly to Mr. Bagley. Mr. Kelley is responsible for all of SPSA's regulatory compliance and environmental inspections, including monitoring third-party contractors' activities. Mr. Bagley commented that he and the team have been working with Ms. Raulston and utilizing her expert knowledge in the field of environmental compliance to improve policies and procedures. Mr. Bagley and staff are committed to continuous improvement. He offered to answer any questions or address any concerns from the Board.

Mr. McCoy thanked Ms. Raulston for the leadership role she has taken in regard to SPSA's environmental management and for lending her expertise. He complimented her and Mr. Bagley for their work to improve the program. Ms. Raulston added that she applauds Mr. Bagley and his team for their reorganization and putting an emphasis on environmental compliance that is separated from operations. Mr. Hansen commented, and Mr. Bagley confirmed, that SPSA had a dedicated environmental division that was folded into operations when SPSA was struggling financially. While Mr. Hansen understands why that decision was made, he hoped that future Boards would keep the divisions separate and called the reorganization a good change.

Chairman Baugh asked if there were any further questions, but there were none. He congratulated Mr. Kelley and thanked him for his willingness to step into this important position.

8. WIN WASTE INNOVATIONS PORTSMOUTH MONTHLY REPORT

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

WIN Waste Innovations - Portsmouth

January 2022 Report to SPSA Board



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



WIN Waste Innovations Portsmouth November 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
44,134	41,781	(2,353)	43,087	51,593	(8,506)	6,586	6,420	(166)	11,383	14,702	(3,319)
Driven by diversions due to boiler USDT and bearing power issues			Driven by boiler USDT & TD USDT			Less rework than budget			Driven by unfavorable processing and holding ash (along with ground line)		
Steam Sales			Boilers			TD's Unscheduled Downtime			Net MWH Sold		
Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan	Actual	Plan	Act-Plan
50,367	45,588	4,779	375	152	(223)	35	0	(35)	18,595	17,368	(2,227)
MWSY usage up due to larger flare			Driven by on line and internal power issues due to contractor error			Driven by boiler and TD USDT and favorable steam sales					

- Includes 1,470 tons of non-qualifying residue delivered to landfill; qualifying residue 87% for November
- Unscheduled downtime due to failure of 210 fan bearing and rotor on 11/22/21. Unit back online as of 12-12-21
- Waste delivered by SPSA to RDF: 47,245 tons: Boiler availability - 83%; Turbine Generator availability: 98%; Ash Screen availability - 94%
- Completed Boiler 2 outage this period while ID fan was down. Major work completed in pressure part grate cleaning, fly gas, SOA and baghouse metal repairs
- 0 OSHA Recordable accidents this period; 2 YTD; 1 Environmental Incident/ 0 Citizen Complaints for this period

WIN Portsmouth salutes Lynnhaven River NOW and the Ocean Lakes Homeowners Association for planting 450 trees in common areas and yards to help manage flooding and add shade. Another group in canoes and kayaks picked up trash along the Asheville Bridge Creek shorelines.

WIN WASTE Innovations is Proud to Support Environmental Action



Questions?



Mr. Stratton offered to answer any questions, but there were none.

9. FINANCIAL REPORT

Ms. Schreiber informed the Board that, as of December 31, 2021, total revenues exceeded total expenses by approximately \$4.4 million as compared to \$5.3 million in the previous fiscal year. Tipping fees fiscal year to date reflect an increase of 7.4%, or approximately \$1,735,000 as compared to FY 2021. Municipal waste tonnages were down approximately 10.5% or 27,749 tons as compared to last fiscal year. Commercial tons were up approximately 38% or 33,732 tons as compared to last year. Ms. Schreiber drew the Board's attention to the next two graphs in the presentation. In the past, the current year's tonnages were combined with year-over-year tonnages. For ease of viewing, Ms. Schreiber has broken that information out into two separate graphs. For the month ending December 31, 2021, total municipal waste was 43,130 tons as compared to 43,393 tons a year ago.

Ms. Schreiber reported that total expenses as of December 31, 2021 were approximately \$22.5 million, compared to \$20.7 million in the prior fiscal year. Ms. Schreiber explained that the changes in expenses are largely due to increased reserves for landfill expansion and increased fees to Atlantic landfill for the disposal of western communities' municipal waste, which began in October. Part of the variance can also be ascribed to the timing of capital expenditures.

Ms. Schreiber reported that cash balances were at \$56.8 million, designated as \$3.4 million in the operating fund, \$6.4 million, the equivalent of 2 months' operating expenses, in the undesignated fund balance, \$3.4 million for FY 2021 purchase orders, \$2.5 million for the proposed HRSD force main, \$3.3 million in landfill expansion purchase orders, and \$37.7 million in the landfill expansion and closure fund. She then opened the floor for questions.

Mr. Leahy commented that it appeared as though municipal tonnages are roughly 10% less than what they were in the previous year. Ms. Schreiber agreed with Mr. Leahy but clarified that the graph they were referencing only presented municipal tons, and although municipal tons have decreased slightly since last year, there has been an increase in commercial tons that is balancing SPSA's total tonnages. Mr. Bagley added that he thinks that the trends being seen in tonnages are a natural correction from the pandemic causing municipal tons to increase and commercial tons to decrease. Because businesses have reopened and fewer people are working from home, the tonnages are reflecting that change compared to last year. Mr. Hansen asked for clarification on the variance between this year's revenues and expenses and last year's revenues and expenses. Ms. Schreiber explained that the numbers presented are not just revenues, but the net number of total revenues exceeding expenses. She confirmed that the bulk of the increase in expenses is due to the nearly \$1 million in additional funds being set aside for the landfill, which is calculated as an expense when it becomes earmarked for designated fund.

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

10. CONTRACTS

Mr. Bagley informed the Board that there were three contracts for consideration that had extensive information published in the agenda and an additional matter to discuss that was just brought to his attention.

The first contract was for Professional Engineering Services. A request for proposals was put out and four firms responded. Staff assessed the responses and interviewed all four firms. It was established that HDR and SCS were the top two respondents, and they were brought in for negotiation. After much consideration, the selection committee determined that both firms provided excellent proposals, and each could add value in specific areas. The recommendation is that the Board authorize the Interim Executive Director to award a contract to HDR Engineering for Landfill Gas Monitoring and Reporting, General Engineering, Permitting, and Landfill Design and Construction in the amount of \$148,000 and also award a contract to SCS Engineers in the amount of \$100,000 for Groundwater Monitoring and General Engineering. The recommended awards were estimates based on fee schedules for specific services to be rendered under the contracts. Mr. Bagley commented that changing engineering firms is a big decision because of all of the institutional knowledge that is held by a long-standing partner, and he feels that awarding two contracts puts SPSA in the best position possible. Mr. Bagley offered to answer any questions. Mr. Maxwell asked what was budgeted for the contracts and how the budget estimate was put together. Mr. Bagley responded that the budget of \$248,000 was determined by looking at the previous year's costs. There were no further questions.

Mr. Stromberg moved, seconded by Ms. Raulston, to authorize the Interim Executive Director to award contracts to HDR Engineering and SCS Engineers for professional engineering services, as presented. The motion was adopted by a unanimous vote in favor.

The next contract Mr. Bagley presented was for a replacement yard spotter for use at the operations center to efficiently move trailers. This contract was bid through an invitation for bids and four vendors came back with pricing. The low bidder was \$15,769.26 over budget, due to ongoing supply chain and commodities prices, which had already been discussed earlier in the meeting. The additional cost could be covered by savings from other capital purchases. Ms. Schreiber commented that wheeled loaders purchased for Oceana and Norfolk Transfer Stations came in \$24,000 under budget and that savings alone was more than enough to cover the difference for the yard spotter. Mr. Bagley and staff recommended that the Board authorize the Interim Executive Director to award a contract to Gregory Poole Equipment Company in the amount of \$140,769.26 to purchase a replacement yard spotter.

Mr. Hansen moved, seconded by Ms. Jarratt, to authorize the Interim Executive Director to award a contract to Gregory Poole Equipment Company for a yard spotter, as presented. The motion was adopted by a unanimous vote in favor.

Mr. Bagley commented that the next contract required some context in order for the Board to make an informed decision. Within the current year's budget there is \$630,000 designated to purchase trailers. However, in the last year, due to supply chain issues and commodities pricing, costs for trailers have increased up to an additional \$20,000 - \$30,000 per trailer. Discussions with vendors indicate that prices should be dropping to a more reasonable level within the next year and Mr. Bagley and staff believe that SPSA should postpone purchasing new trailers until the prices decrease. Staff recommends using those budgeted funds to rebuild a compactor that is scheduled for replacement in a future budget year. Mr. Bagley explained the expense of maintaining the current compactor, and detailed the benefits of Caterpillar's refurbishment program, which include a total rebuild with a new identification number and 3-year/5000-hour manufacturer's warranty. The cost for the rebuild would be \$584,137. The cost for a new compactor, in the current market, would be \$1.2 million. Mr. Bagley estimates that by delaying the purchase of trailers and moving forward with the compactor refurbishment now, rather than replacing the compactor, as was planned for in fiscal year 2024, SPSA will see a savings of roughly \$500,000 over two years. Mr. Bagley introduced Mr. Cavanaugh, a representative from Caterpillar, to answer any questions the Board may have about the program. Mr. Bagley wants to ensure that the Board is comfortable making an informed decision, and that they are confident that he has looked into the situation in depth and is making this recommendation based on that research.

Mr. Leahy asked how having this compactor out of commission for refurbishment would impact operations at the landfill. Mr. Bagley responded that because a compactor is one of the most critical pieces of landfill equipment to preserve airspace, SPSA has more than one compactor. Operations would continue using the compactor that is still in good operational condition. Mr. Hansen asked for the useful life expectancy of a refurbished compactor. Mr. Bagley responded, and Mr. Cavanaugh confirmed, that the refurbished machine is like-new and has the same life expectancy as a new machine, meaning that it would fall into the same 8-year capital replacement plan currently in place. Mr. McCoy reminded the Chairman that, as he always has done, he would abstain from voting on this and any contract involving Carter Machinery to avoid any appearance of a conflict of interest due his son-in-law's employment with the company. Chairman Baugh asked if Mr. Bagley had spoken with anyone locally who had completed the program. Mr. Bagley responded that, while he had not spoken with anyone locally, he had reviewed roughly 50 articles written by people who have completed the program and recommend it. There were no further questions.

Mr. Hansen moved, seconded by Mr. Keaton, to authorize the Interim Executive Director to award a contract to Carter Machinery to place SPSA's Caterpillar 836 H compactor in the Cat Certified Rebuild Program, as presented. With the exception of Mr. McCoy's abstention from the vote, the motion was adopted by a unanimous vote in favor.

The final contract Mr. Bagley presented was a change order which required some introduction. Mr. Bagley reminded the Board that in January 2020 they authorized a contract for VHB to serve as third-party contractor for the Army Corps of Engineers' Environmental Impact Statement (EIS), which is a requirement for the wetlands permitting necessary for landfill expansion into Cells VIII and IX. At that time, it was discussed in depth that when an EIS is needed, the requesting agency can wait until the Corps has time and funds to complete the EIS on their own, but the agency has no indication of how long that process will take. Alternatively, as is common practice, a requesting agency can hire a third-party to perform the EIS under the Corps' direction. The SPSA Board elected to move forward with a third-party EIS through a request for proposal procurement process. Vendors who submitted proposals were presented to the Corps and the Corps approved the selection of VHB. The initial contract was approved in the amount of \$488,111 with the understanding that the cost could change depending on the scope of work required. In February of 2021, the Army Corps of Engineers determined that the EIS would need to include multiple off-site alternatives, which increased the scope of work considerably. The Board approved an increase of \$800,000 to the VHB contract, which brought the total value to \$1,288,155. After a great deal of evaluation, the Corps eliminated all but one of the alternate sites from the EIS. Originally, the draft EIS was scheduled to be complete on January 15, 2022, but it was determined that the remaining site, SU-02 in Suffolk, would require a full wetlands delineation of a similar scope to the one conducted at the Regional Landfill. The cost for this added scope of work would be an additional \$55,610, due at least in part to the fact that the property has been ditched previously and earlier wetlands designations have been challenged.

Mr. Bagley commented that he was unhappy to be bringing this additional request to the Board, and even looked into seeing if the work could be done by a different company at a lower cost, but that would delay the draft EIS even further. With the funds already invested in this project, the additional cost would allow the draft to be completed by March 15, 2022. Mr. Bagley said, regardless of the disappointment he feels about this additional expense, SPSA is in a position where it is crucial that the wetlands permitting process reaches completion. It is Mr. Bagley and staff's recommendation that the Board authorize the Interim Executive Director to execute a change order to the Third-Party Environmental Impact Statement purchase order with VHB in the amount of \$55,610 for the purpose of performing a wetland delineation of the alternative site SU-02 in Suffolk. Mr. Bagley offered to answer any questions.

Mr. Hansen and Mr. Maxwell asked if VHB has committed to completing the draft EIS at this price. Mr. Bagley stated that VHB will not need more funds as long as the Corps does not change the scope of work again. VHB cannot control what the Corps requests. If the scope changes, more money would be required, and Mr. Bagley would have to return to the Board to request approval. Mr. Hansen commented that the way he sees it is that this is an incredibly important project for SPSA and that he can't fault VHB for asking for more money to cover new work that the Corps asks them to provide. He went on to say that the scope of work is entirely within the Corps' purview and that while SPSA may not like the process, the only other option would have been to wait on the Corps to complete the study themselves. Mr. Hansen said that he understands that moving forward on the EIS is necessary in order to advance SPSA's operations with the possibility of expansion. Mr. Leahy agreed that no one likes it that the scope of work has changed again but commented that going to a different contractor could create

additional challenges and expenses and he would not be comfortable with doing that. Mr. Moor agreed with Mr. Hansen and Mr. Leahy's comments and asked if, when eliminating alternative sites from consideration, if the Corps took into account the local approvals that would be necessary to move forward with a new landfill site. Mr. Bagley responded that SPSA has been very clear with the Corps that it is highly unlikely that Suffolk or Southampton would ever agree to siting a new landfill. The Corps requested that SPSA reach out to those municipalities and both Southampton and Suffolk responded, but Southampton's phrasing clearly indicated that there was no doubt in their position. Because there is a willing seller for the Suffolk property and the language in the letter from Suffolk was not quite as definitive, the Corps is still including the Suffolk property. Mr. Spain added that one of the points made regularly by the Corps is that, even if a locality insisted they would not support an action, councils and administrations change, making that argument less persuasive in their estimation. As a final note, Mr. Bagley commented that being thorough on the wetlands delineation of this alternate site is appropriate because it will clarify the viability of the site, which at initial appearance does contain wetlands. There were no further questions.

Mr. Keaton moved, seconded by Ms. Jarratt, to authorize the Interim Executive Director to authorize the amendment to the VHB contract, as presented. The motion was adopted by a unanimous vote in favor.

CLOSED SESSION

Motion to Approve Request for Closed Meeting.

I move that a closed session be held for discussions regarding a proposed amendment to the Waste Disposal and Services Agreement between Wheelabrator Portsmouth Inc. (now WIN Waste) and SPSA in accordance with (a) Virginia Code Section 2.2 3711(A)(29) for the purpose of considering the negotiation and award of a public contract involving the expenditure of public funds and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body; and (b) Virginia Code Section 2.2 3711(A)(8) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel.

Mr. Broad moved, seconded by Mr. Leahy, to enter into a closed session to discuss a proposed amendment to the Waste Disposal and Services Agreement between Wheelabrator Portsmouth Inc. (now WIN Waste) and SPSA, as presented. A roll call vote was taken of all voting members present, which included all members (with Mr. Martin acting as an alternate, and the absence of Ms. Lowe) noted above. The motion was adopted by a unanimous vote of in favor.

Motion to Approve Certification after Closed Meeting.

The Board of the Southeastern Public Service Authority of Virginia hereby certifies that, to the best of each member's knowledge: (a) only public business matters lawfully exempted from open meeting requirements by Virginia law under the Virginia Freedom of Information Act; and (b) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered in the closed meeting just concluded..

Mr. Maxwell moved, seconded by Mr. Hansen, to certify the closed session as presented. A roll call vote was taken of all voting members present, which included all members (with Mr. Martin, Mr. Underhill, and Mr. Lewis acting as alternates, and with Ms. Lowe having rejoined the meeting after the vote to go into closed session) as noted above. The motion was adopted by a unanimous vote in favor.

11. **OTHER BUSINESS**

Chairman Baugh asked if there was any other business, but there was none.

12. **ADJOURN MEETING**

There being no further business to come before the Board of Directors, the regular meeting was adjourned at 12:55 p.m.



Dennis L. Bagley
Interim Executive Director

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