

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

June 22, 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	(CH)
Ms. Sheryl Raulston	(FR)	Ms. Amanda Jarratt ¹	(FR)
Mr. Dale Baugh	(IW)	Mr. Randy Keaton ²	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Ms. Lavonda Graham-Williams	(PO)
Mr. Tony Parnell	(SH)	Ms. Lynette Lowe	(SH)
Mr. D. Rossen S. Greene	(SU)	Mr. Albert Moor ³	(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. Robert A. Baldwin (PO), 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, Executive Director, Ms. Tressa Preston, Secretary and Director of Administration, Ms. Sandy Schreiber, Treasurer and Director of Finance, 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 there were no requests for public comment.

¹ Ms. Jarratt left the meeting at 11:23 a.m. while the Board remained in closed session.

² Mr. Keaton arrived at 9:36 a.m.

³ Mr. Moor arrived at 9:40 a.m.

3. CHAIRMAN'S COMMENTS

Chairman Baugh thanked the Board for their time, attendance, and support. He informed the Board that, in the interest of time and due to some new pressing matters, the agenda would be adjusted to move the scheduled closed session to before the contract portion of the meeting and other sections of the agenda may be abbreviated or postponed.

Since the May Board Meeting, there were some changes made to the membership. Chairman Baugh thanked Mr. Kelly, Alternate Ex-Officio Member from Virginia Beach, for his service and informed the Board that due to his impending retirement, the June meeting was to be his last Board Meeting. Chairman Baugh also recognized two new Board Members representing the City of Portsmouth; Ms. Lavonda Graham-Williams as Ex-Officio, and Mr. Robert Baldwin as Alternate Ex-Officio. Mr. Burle Stromberg, former Ex-Officio Member from the City of Portsmouth arranged with the Chairman to make an introduction of the new members. Mr. Stromberg thanked Chairman Baugh and the Board for the opportunity, noting that he will miss being a part of such a wonderful, well-run organization. He fully endorsed Ms. Graham-Williams and Mr. Baldwin, mentioning their intellect, dedication, and knowledge. Mr. McCoy also added his words of welcome calling Ms. Graham-Williams and Mr. Baldwin assets to both the City of Portsmouth and the SPSA Board of Directors.

4. APPROVAL OF MINUTES

The minutes of the May 25, 2022 Board Meeting had been distributed. Chairman Baugh asked if there were any additions or changes and there were none.

Ms. Raulston moved, seconded by Ms. Jarratt, to approve the May 25, 2022 minutes of the SPSA Board of Directors, as presented. The motion was adopted by a unanimous vote in favor.

5. NOMINATING COMMITTEE REPORT

Mr. Keifer, Chair of the Nominating Committee, reported that he, Ms. Jarratt, and Mr. McCoy, the members of the Nominating Committee, propose the following slate of officers to be voted on at the July Board Meeting: Chair, Dale Baugh; Vice Chair, Sheryl Raulston; Treasurer, Sandy Schreiber; and Secretary, Tressa Preston. Chairman Baugh asked if there were any questions or further suggestions, but there were none.

6. AUDIT COMMITTEE

Ms. Lowe, Chair of the Audit Committee, reported that she, Mr. Leahy, and Mr. Maxwell, the members of the Audit Committee, met with staff and SPSA's financial advisor on June 10, 2022. She went on to say that the Committee discussed the anticipated audit engagement letter and details to be included in the audit. They also covered short-term and long-term investments, how best to maximize interest during this time of low interest rates, market risk volatility, and how best to prepare to have cash available to fund upcoming projects based on the timeline presented by Mr. Bagley, all with an awareness of the challenges of the current economy. Ms. Lowe concluded by noting that SPSA's investment strategy is, in order of importance, safety, liquidity and, lastly, market yield. Chairman Baugh asked if there were any questions for Ms. Lowe, but there were none.

7. EXECUTIVE DIRECTOR UPDATES

Mr. Bagley introduced Mr. John Spivey, Assistant Safety and Risk Manager, who has been with SPSA for 33 years and plans to retire in September of this year. Mr. Bagley commented on Mr. Spivey's incomparable institutional knowledge and thanked him for his commitment to SPSA and excellent work. Chairman Baugh presented Mr. Spivey with a lapel pin and a certificate as a token of the Board's appreciation.

Mr. Bagley informed the Board that the majority of the discussion on wetlands permitting would take place in closed session later in the meeting. Mr. Bagley commented that one of the things he appreciates about the Board is their engagement in the work being done and their willingness to lend their expertise. He went on to say that this wetlands project is very different from other similar processes that have been undertaken in the past, which means that the details and protocol are going to be different from other experiences with permitting and working with the Army Corps of Engineers and EPA, particularly in terms of how thorough the project must be and the order in which events are taking place. Mr. Bagley has received confirmation from VHB, the Corps' third-party consultant, as well as the Corps and the EPA that the Environmental Impact Statement should be completed before the joint permit application process due to the scope of work and the potential for changes within the project itself.

Discussions with the Navy regarding the easements at the Victory Boulevard property in Portsmouth continue to move in a positive direction and Mr. Bagley reported that the Navy has indicated that they have no special interest in easement changes other than in support of the Shipyard's modernization program. The point of contact for the project has been changed to Captain Dasher, who is the Public Works Officer for the Navy Shipyard. Captain Dasher is being familiarized with the project and will put together a team to work on assessing options and then will work with SPSA and WIN to move forward.

Mr. Bagley informed the Board that Mr. Peter DiCecco, a Vice President for WIN Waste Innovations, was present at the meeting and that they had a very productive meeting the day before to discuss operational issues and scenarios for the future of the facility. He went on to say that Mr. DiCecco would be presenting an update on WIN's position on the facility later in the meeting. Mr. Bagley added that, in summary, SPSA is moving forward in harmony with the Navy and WIN and, now that all key players are up to date and working together, SPSA is in a good position to meet its goals on the project.

Fuel costs and availability continue to be a concern but are being managed. Mr. Bagley gave an update on fuel volumes and efforts to maintain optimal reserves, noting that SPSA currently has 26 days' worth of fuel, with a goal of having a 30-day supply on hand. Mr. Bagley also spoke to concerns about the fuel budget, given that this increase in cost was not anticipated at planning time. He advised that staff continue to monitor the situation and that if trends do not reverse, they will return to the Board with a funding plan to balance the projected budget with actual expenses.

SPSA continues to work closely with the HRPDC on updates to the Regional Solid Waste Management Plan. Mr. Bagley informed the Board that the updates will require public hearing processes. He will keep the Board fully informed as to when those hearings are scheduled so that members may inform their communities in order to better manage community response.

Mr. Bagley returned to the matter of WIN Waste's performance issues and his conversations with Mr. DiCecco, who has been working with SPSA for the past two years and has always been proven to be a dependable and respectable partner. When Mr. Bagley called him, Mr. DiCecco was immediately willing to come to meet with him and to speak to the Board. Mr. Bagley went on to say that WIN is in a very challenging situation given their plans to close in 2024. They cannot logically commit funds for capital improvement and upgrades; however, WIN is putting a considerable amount of money toward operations and maintenance. Ultimately, Mr. Bagley pointed out, how WIN runs their business is not SPSA's concern, but because of the partnership between SPSA and WIN, it becomes difficult for SPSA to function optimally if WIN is struggling, despite the outstanding efforts being made by Mr. Stratton and his staff. Mr. Bagley and SPSA staff met with Mr. DiCecco to discuss how best to find a solution that will allow better planning and ease of operations. The proposed action is to have planned diversions, rather than waiting for a critical situation to divert tonnage from WIN. Mr. Bagley and Mr. DiCecco are working on a written arrangement of how this process will proceed and Mr. Bagley is hopeful that it will be a good thing for all parties concerned.

Mr. Henry Strickland presented the operations report stating that 572,206 gallons of leachate were hauled, and 888,241 gallons were pumped during the reporting period. He also gave an update that the RNG facility is progressing nicely, with equipment being moved in and construction beginning. Construction is also underway on the administrative building at the Regional Landfill. Mr. Strickland gave an update on the heat assisted leachate evaporation system, stating that some additional engineering work has been completed and that materials are being gathered to begin construction and a groundbreaking will take place in the next few months.

Mr. Mike Kelley delivered the environmental report, noting that there were no odor complaints and all sampling and reporting was completed on time within the reporting period. Regarding permit compliance, there was a warning letter issued from DEQ on landfill gas exceedance. Mr. Kelley explained that this single gas well exceedance was likely due to the proximity of that well to the swamp, which produces its own decomposition methane unrelated to landfill gas, and the high levels of rain within the testing period. He went on to say that everything is in compliance at this point and protocols are continuing to be followed. There was also a request for corrective action issued after a standard Title V inspection. A new inspector took issue with the system for managing fugitive dust and mud on truck tires that SPSA has been using with DEQ approval for at least 12 years. SPSA is protesting the request for corrective action and intends to demonstrate that the way SPSA utilizes all weather roads, a motor grader, a water truck and a street sweeper is both operationally and effectively superior to that of a wheel wash. In an effort to expedite the discussion on the Environmental Management System, Mr. Kelley covered both the communication process and the development of documentation.

Mr. Michael Ponds delivered the safety and risk presentation reporting that quarterly inspections were completed for five sites, hot weather safety training was assigned to all employees, and that there were two incidents, but no OSHA (Occupational Safety and Health Administration) recordables. For the benefit of the Board, Mr. Ponds detailed what OSHA considers to be a "recordable" incident. There were no questions for Mr. Ponds.

8. WIN WASTE INNOVATIONS PORTSMOUTH MONTHLY REPORT

Mr. Peter DiCecco presented the WIN monthly report in person. This report was focused on Board concerns, rather than the standard metrics usually covered by Mr. Clint Stratton.

WIN WASTE INNOVATIONS

Peter B. DiCecco

SVP, Waste to Energy and Ash Haul

WIN Waste Portsmouth
Challenges



- Boiler Unscheduled Downtime (USD) – what drives favorable/unfavorable processing
 - 2019 – 1,300 hours
 - 2020 – 2,100 hours
 - 2021 – 3,300 hours



- Increase of 2,000 hours of USD reduces processing by approximately 42k tons
- Performance has not been up to our or SPSA's expectations – not even close and we are striving to be better



WIN Waste Portsmouth
2020-2022 Impactful issues



- Impactful issues that have driven the poor performance:
 - Lack of oversight in key managerial positions
 - Procurement and Supply Chain deliverables
 - Scheduled Outage Overruns to address discovery work scopes found during outages
 - Communication of the Navy CHP Power Plant and Facility closure
- Not going to talk about the details of the poor performance because its WIN'S job to prevent them from happening

WIN Waste Portsmouth
Path Forward



- Resources are committed through June 2024
 - Headcount remains at 2019 levels
 - R&M investment remains consistent
 - Investment of \$17M for R&M remains consistent from 2019
 - Continue to take historical 7-day outages to clean, inspect and repair the boiler
 - TG overhaul continue to be scheduled to address issues/concerns that arise
 - PMO investment of \$3M in 2021 exhibits the commitment
 - Preemptive diversion until we can improve our performance
 - Allows SPSA to create a robust weekly operating plan to lessen the burden on their infrastructure



WIN Waste Portsmouth
Post June 2024



- WIN Waste has successfully decommissioned and demoed two facilities
 - Ridge and Frackville Generating Station
- Planning has begun on the decommissioning and demo of the power generation station
 - Discussions with the Navy on the easement will begin in July
 - Anticipating the demo of the facility to take between 3-4 years
- Discussions have begun with Dennis and the SPSA team on intentions of the RDF facility
 - Collaboration with the Navy will be necessary
 - We will work closely with SPSA to alter the RDF facility in a way that helps SPSA move forward in the best direction

WIN Waste Portsmouth
Questions



Mr. DiCecco offered to answer any questions. Based on a question from Mr. Leahy, Mr. DiCecco, clarified that an increase of 2,000 hours of boiler unscheduled downtime results in 42,000 tons not being processed by WIN, which, as Chairman Baugh requested for better relative understanding, is roughly 2100 tractor trailer loads.

Mr. McCoy thanked Mr. DiCecco for the role that he has played in the relationship between SPSA and WIN, for taking the time to come speak with the Board, and for the efforts to maintain operations and remain forthcoming in discussions. Mr. DiCecco responded that he is fully committed to honoring the contract through June of 2024 and getting back to the performance levels seen in 2019. He also added that he believes the Board made an excellent choice in selecting Mr. Bagley as Executive Director, complimenting his transparency and open communication style. Mr. DiCecco reiterated his personal commitment to better performance through June 2024.

Mr. Maxwell commented that WIN's investment of \$17 million remaining constant since 2019 would mean that, given inflation and the cost to provide services, the plant would be receiving a lesser benefit. Mr. DiCecco clarified that a 2.5% escalation to that 2019 figure has been added each year, making 2021 actual funding closer to more than \$21 million and that he anticipates the 2023 budget to be more than \$22 million. Mr. DiCecco added that if something needs to be repaired at the facility, they will find the money for those repairs regardless of what is budgeted.

Seeing that there were no further questions at the moment, Mr. DiCecco spoke about WIN's experience in decommissioning facilities. He discussed two recent projects as examples of wholly successful demolition and decommissioning. While not an easy process, Mr. DiCecco stated that he and WIN have the philosophy and expertise to collaborate with the Navy on returning the footprint of the power plant and the refuse derived fuel plant to whatever state the Navy determines to be most advantageous. He looks forward to continuing to work with Mr. Bagley and staff to a beneficial transition.

Chairman Baugh asked if there were any other questions for Mr. DiCecco, but there were none.

9. E-WASTE PRESENTATION

For the sake of time, Chairman Baugh suggested that the E-Waste Presentation be postponed until the following meeting. There were no objections.

10. FINANCIAL REPORT

Ms. Schreiber informed the Board that, as of May 31, 2022, total revenues exceeded total expenses by approximately \$4.8 million. Tipping fees fiscal year to date reflect an increase of 8.4%, or approximately \$3.4 million as compared to FY 2021. Municipal waste tonnages were down approximately 8.1% or 37,078 tons as compared to last fiscal year. Commercial tons were up approximately 35% or 57,265 as compared to last year. For the month ending May 31, 2022, total municipal waste was 39,849 tons as compared to 39,188 tons a year ago.

Ms. Schreiber reported that total expenses as of May 31, 2022 were approximately \$44 million, compared to \$38.6 million in the prior fiscal year. Ms. Schreiber reported that cash balances were at \$59.3 million, designated as \$3.7 million in the operating fund, \$6.4 million, the equivalent of 2 months' operating expenses, in the undesignated fund balance, \$2.5 million for FY 2021 purchase orders, \$3 million for the leachate evaporation system, \$19.1 million in landfill closure, and \$21.3 million for landfill expansion and the flyover. Ms. Schreiber added that, in relation to the discussions on fuel spending, a list of all budget transfers is included in the Board agenda packet.

Mr. Broad moved, seconded by Mr. Hansen, to approve the SPSA financial report as presented. The motion was adopted by a unanimous vote in favor by all members present, as noted above.

11. CLOSED SESSION

Chairman Baugh announced that the recommended parties to attend the scheduled closed session were the SPSA Board and alternates, SPSA counsel, Mr. Bagley, Ms. Preston, Ms. Schreiber, Mr. Henry Strickland and HDR consultants Mr. Josh Mace and Mr. Justin Brown. Mr. Sorey requested that the City of Chesapeake's legal counsel be allowed to attend, as well. There were no objections to the list of attendees.

Motion to Approve Request for Closed Meeting.

I move that a closed session be held for discussions regarding (A) comments and inquiries received from the Army Corps of Engineers with respect to possible mitigation efforts in relation to the permitting of Cells VIII and IX, in accordance with (i) Virginia Code Section 2.2-3711(A)(3) for the purpose of discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body; and (ii) 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; (B) a proposed amendment to the contract for Preparation of Third-Party Environmental Impact Statement between SPSA and VHB in accordance with (i) 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 (ii) 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; and (C) the bid protest received from Setco, Inc. and its impact on the Notice of Intent to Award a contract for Loader Tire Services to Colony Tire Corporation, in accordance with 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. McCoy moved, seconded by Ms. Raulston, to enter into a closed session, as presented. A roll call vote was taken of all voting members present, as 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. Keifer moved, seconded by Mr. Broad, to certify the closed session as presented. A roll call vote was taken of all voting members present, as noted above. The motion was adopted by a unanimous vote in favor.

12. CONTRACTS

Ms. Preston began the contracts portion of the meeting with the request for a contract change order for the preparation of the third-party environmental impact statement (EIS). As discussed in closed session, the EPA has requested that three additional items to be addressed in the EIS, which will require additional funding in the amount of \$91,900 in order to comply with the request. There were no questions on this contract.

Mr. McCoy moved, seconded by Ms. Graham-Williams, to authorize the Executive Director to execute the change order, as presented. The motion was adopted by a unanimous vote in favor by all members present, as noted above.

Ms. Preston presented a new procurement for tank pumping services. An IFB was issued, and bids varied widely in price, but the low bidder, Accurate Marine Environmental, LLC, who came in at an estimated \$60,368 for their base year, is a local company familiar with SPSA's operations. Staff is confident that they can provide the necessary service at that price. Mr. Hansen asked if there was a fuel surcharge associated with the contract. Ms. Preston replied that there is not, but that there is a clause that if the CPI exceeds 5%, the vendor can make a request for an increase that SPSA can either accept or reject. There were no further questions.

Mr. Sorey moved, seconded by Ms. Raulston, to authorize the Executive Director to award a contract to Accurate Marine Environmental for tank pumping services, as presented. The motion was adopted by a unanimous vote in favor by all members present, as noted above.

The next new procurement Ms. Preston presented was for the RFP for loader tire services. As was discussed in closed session, after posting notice of intent to award, there was a bid protest registered by Setco Tires. A response has been issued and staff and counsel are confident that it has been sufficiently addressed. The contract is a five-year contract for loader tire services for heavy equipment and it was determined that the most advantageous proposal for SPSA was from Colony Tire at a first-year cost of \$450,097.15. The recommendation is for the Board to authorize the Executive Director to award a contract to Colony Tires, provided that no additional legal action arises before the conclusion of the protest period.

Mr. Hansen moved, seconded by Ms. Lowe, to authorize the Executive Director to award a contract to Colony Tire for loader tire services, pending the conclusion of the protest period, as presented. The motion was adopted by a unanimous vote in favor by all members present, as noted above.

As promised at the June Board meeting, Ms. Preston presented the non-contract emergency procurement of diesel fuel in response to the contracted vendor being unable to supply necessary fuel. Ms. Preston reviewed the details of those purchases: 7,504 gallons from Domestic Fuels and Lubricants for a total cost of \$40,072.41 and 6,044 gallons from Southern States Tidewater Petroleum for a total cost of \$55,031.10. Staff offered to answer any questions, but there were none. The recommendation was to ratify the emergency procurement.

Mr. Leahy moved, seconded by Ms. Raulston, to ratify the emergency fuel procurements authorized by the Executive Director, as presented. The motion was adopted by a unanimous vote in favor by all members present, as noted above.

Lastly, Ms. Preston informed the Board that copier services had been secured with Cannon Solutions, America under a 5-year state contract for a total of approximately \$42, 765, which is in the allowable threshold to be authorized by the Executive Director.

13. **OTHER BUSINESS**

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

14. **ADJOURN MEETING**

There being no further business to come before the Board of Directors, the regular meeting was adjourned at 12:26 p.m.



Dennis L. Bagley
Executive Director

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