

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

August 24, 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	(FR)
Mr. Dale Baugh	(IW)	Mr. Randy Keaton	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Ms. Lavonda Graham-Williams	(PO)
Mr. Tony Parnell ¹	(SH)	Ms. Lynette Lowe	(SH)
Mr. D. Rossen S. Greene	(SU)	Mr. Albert Moor	(SU)
Mr. Thomas Leahy (<i>absent</i>)	(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 Baldwin (PO), Mr. Michael Etheridge (IW), Mr. Robert Lewis (SU), Mr. Oliver Love, Jr (NO), and Mr. Greg Martin, (CH) 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 Mr. Parnell attended electronically for personal reasons from a family vacation in Myrtle Beach, South Carolina. There were no objections to Mr. Parnell's electronic attendance.

3. CHAIRMAN'S COMMENTS

Chairman Baugh spoke for himself and Vice-Chair Raulston, both having been re-elected at the previous meeting, when he thanked the Board for their vote of confidence in their continued leadership. He went on to say that, in keeping with clear and open communication, his comments would consist of a snapshot style assessment of the authority covering five key areas. Chairman Baugh offered that if any members see the state of the authority differently than he and Vice-Chair Raulston, their perspective would be welcome and highly appreciated.

In terms of Executive staff, they are performing very well together, understanding current issues well, and have the ability to look ahead, anticipate, and plan accordingly. The Board is seeing excellent performance from the new Executive Director who is on top of issues, connected with communities, a good communicator, and a good thinker.

Operations are very good. Efforts are being made to conserve airspace at the Regional Landfill. Employee feedback is being used to make improvements and new hires are finding a good working environment. Innovative improvements are underway for leachate management and landfill gas processing. Transfer stations are being run efficiently. While permitting for landfill expansion remains the greatest operational challenge it is being managed well, and the flyover project is on track in terms of both schedule and budget.

SPSA's financials are very good with cash reserves meeting regulatory and planning requirements. Investments are stable and income and expenses are balanced. Tipping fees are predictable. The capital program is well run, and contracting is done very well.

From an environmental perspective, SPSA is in a good position. Staff performs very well working with DEQ in meeting all requirements and maintaining an E3 status in the VEEP program, along with engaging stakeholders on the landfill expansion project.

Long-range planning is very good. Staff and the Board are anticipating landfill expansion and looking into future technologies to minimize the waste stream. The Board's participation, attendance, and feedback has been superb. The Board is aware that future risks have been identified and are being mitigated to the best degree possible. The WIN/Wheelabrator shutdown in 2024 is known, as are inflationary concerns, the flyover project, discussions regarding the Navy easements and changes. Staff succession plans are in progress and will be discussed further. There is much work to do, but the plans and people are in place to meet SPSA's obligations as a public authority.

Chairman Baugh reiterated that he and Vice-Chair Raulston would appreciate any feedback or discussion on the items presented either in the moment or at a later date. There were no comments.

4. APPROVAL OF MINUTES

The minutes of the July 27, 2022 Board Meeting had been distributed. Chairman Baugh asked if there were any additions or changes and there were none.

Mr. McCoy moved, seconded by Ms. Jarratt, to approve the July 27, 2022 minutes of the SPSA Board of Directors, as presented. The electronic attendee was polled individually. The motion was adopted by a unanimous vote in favor.

5. EXECUTIVE DIRECTOR UPDATES

Mr. Bagley introduced Mr. James Hudgins, from the Transportation Department, who plays a largely unseen, but critical role in making sure that the flow of traffic meets the day's needs. When Mr. Bagley asked Mr. Hudgins how he would describe himself he repeatedly said he was a "simple man" who is able to do his job well because he is surrounded by good people who take pride in what they do. Chairman Baugh presented Mr. Hudgins with a certificate and lapel pin as a token of the Board's appreciation.

Mr. Bagley updated the Board on the year end financials stating that preliminary numbers indicate approximately \$1.2 million in FY-22 surplus. While a few minor numbers are still outstanding, those should be solidified within the week and both Mr. Bagley and Ms. Schreiber feel very comfortable with reporting a figure of \$1.2 million. They will report final numbers at the September Board Meeting along with a recommendation for allocation of the surplus. Mr. Bagley brought to the attention of the Board a matter that has been discussed with the Audit Committee, which is that the surplus is somewhat low in comparison to previous years. As SPSA's financial advisor has explained, this is due to SPSA being required to book a loss on investments that will never actually be realized because SPSA will hold those investments until maturity. However, for accounting purposes, FY 2022 will reflect a \$3 million loss in investment value. SPSA's investment numbers are still good, but not as good as they have been due to the current state of the economy. Mr. Bagley commented that SPSA's financial advisor has done a good job explaining the situation to the Audit Committee. The Auditors have been on site and Mr. Bagley met with them the day before the Board Meeting and the audit is progressing well. A meeting is in the process of being scheduled and sometime in mid-September the Audit Committee will have seen the preliminary audit.

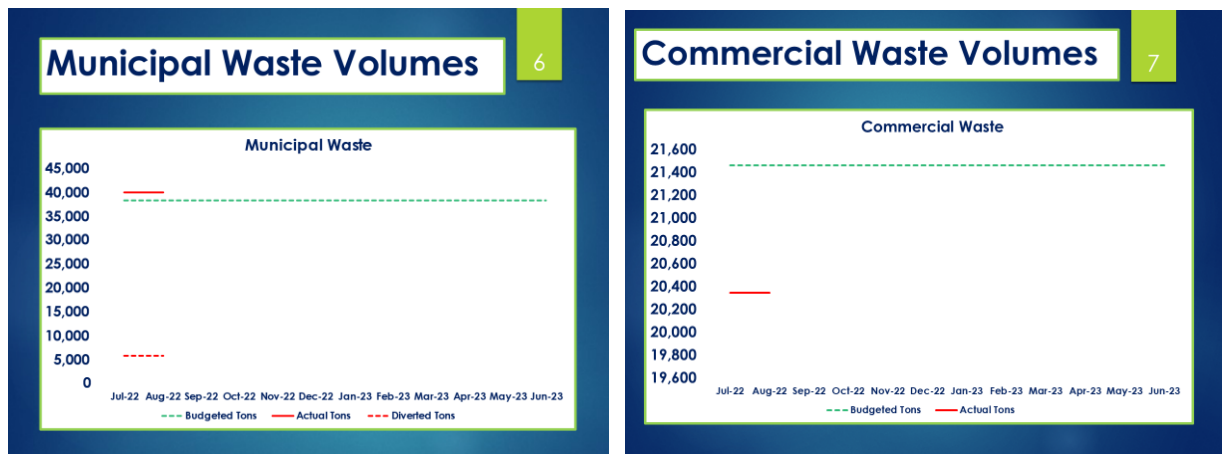
Mr. Bagley provided an update on the progress of planning for a Portsmouth Transfer Station stating that a meeting with the Navy is scheduled for August 29, 2022. This meeting will include the Navy's real estate team, community liaison, and attorneys, so that they can begin the process of looking at the easements and take the next steps forward. Once there is a clear understanding of that path, Mr. Bagley will fully update the City of Portsmouth. Mr. Bagley thanked Chairman Baugh for his invaluable help and guidance in this process, reporting that all interactions with the Navy have been very positive and that he has every reason to believe that the project is progressing in a positive direction.

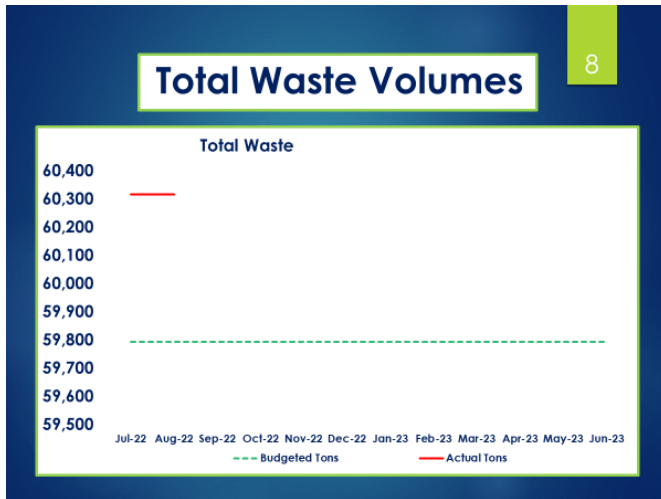
Regarding the wetlands permitting process, at the August Board Meeting, Mr. Bagley reported that there were a number of meetings that were being scheduled to help assist staff in moving the Army Corps of Engineers' Environmental Impact Statement (EIS) process along. Staff had their first meeting with Colonel Hallberg, the head of the Norfolk District of the Army Corps of Engineers, along with the top civilian staff. Col. Hallberg took SPSA's concerns seriously and made suggestions for staff to reach out to federal representatives and the EPA, which staff is working on. Col. Hallberg has agreed to meet with SPSA staff on a monthly basis until a record of decision is reached. The next meeting will be with State Senator John Cosgrove to update him on the landfill expansion project and to let him know that staff will be meeting with the Governor's representatives on September 7, 2022. Senator Cosgrove is a deeply involved with SPSA, so Mr. Bagley and staff felt it important to include him in these discussions and there is a meeting planned for August 29, 2022. On September 7, 2022, staff will travel to Richmond to meet with Mr. Travis Voyles, the Acting Secretary of Historic and Natural Resources, along with the Director of the Virginia Department of Environmental Quality, Mr. Michal Rolband. Mr. Rolband meets regularly with Mr. Adam Ortiz, EPA Region 3 Administrator, who, as we have been told by the Corps, will be instrumental in the decision-making process for the EIS record

of decision for the landfill expansion project. Mr. Bagley is pleased that staff will have the opportunity to meet with people who have the ear of those with significant interest in and influence over the project. The Corps has also told staff that it would be a good idea to reach out to federal elected officials to see how they might lend their support to this process and staff intends to continue to seek, evaluate, and utilize all appropriate opportunities to advance SPSA’s position. Mr. Bagley offered to answer any questions, but there were none.

As discussed at the previous meeting, Mas Energy, owners of the landfill gas collection system at the Regional Landfill and the Renewable Natural Gas (RNG) plant currently under construction, have requested a consent for change of ownership. After having thoroughly investigated the purchasing company, CIM Group, meeting with them, and several sessions with counsel, the consent order was signed. Mr. Crowther of Mas Energy and Mr. Ang of CIM Group were present at the meeting to answer any questions that the Board might have. Mr. Bagley reported that the RNG project is 50% complete at this point and staff is pleased with the progress. Nothing in the original agreement will be altered under the new agreement. Mr. Spain added that, from a legal perspective, based on Mr. Bagley’s due diligence, the change of ownership is essentially a non-issue for SPSA, as the operators are remaining the same while the parent company appears to be changing to a potentially stronger and more stable entity. Mr. Bagley and Mr. Spain offered to answer any questions but there were none.

At the request of the Board, Mr. Bagley presented new charts representing municipal waste volumes, commercial waste volumes, and total waste volumes comparing budgeted tonnages for the year. These charts also show tons diverted from WIN Waste. For now, the charts show only a single month’s worth of data, but as time passes, they will become more illuminating.





Mr. Bagley discussed the charts in detail and asked if they addressed the questions raised at the previous meeting. Mr. Hansen responded that it does address his concerns and that he appreciates staff’s efforts in putting the information together. He went on to say that as more information becomes available it may be more helpful to utilize a different format. Mr. Hansen added that, as SPSA moves through this transition, it will be important to have a full understanding of WIN Waste’s ability to meet SPSA’s needs and how that information may impact critical issues related to permitting, landfill expansion, and the flyover project.

Mr. Henry Strickland presented the operations report stating that 229,471 gallons of leachate were hauled and 791,294 gallons were pumped during the reporting period. Mr. Strickland reported that the administrative building at the Regional Landfill is progressing nicely with all wall panels having been installed and store fronts are scheduled for installation in late August. Electrical and plumbing are at about 85% completion and some drywall and insulation work has begun. The update on the heat assisted leachate evaporation system included reporting that staff has met with the contractor and that the piping and instrumentation diagrams have been reviewed. Heartland Water Technology’s contractor has surveyed the layout and scheduled soft digging to confirm utility locations and the process flow has been finalized. Mr. Strickland also reported that the Caterpillar compactor rebuild project that was approved by the Board as an innovative cost-saving measure was delivered on August 3rd. The wheels and blade were installed on site, the final fire suppression test was completed, and the machine was put into operation the week of August 15th. Staff is very pleased with the outcome of the project.

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. One special event was held in Portsmouth at I.C. Norcom on August 6th and 314 residents disposed of a large assortment of household hazardous waste. All permits are in compliance. To give the Board a visual picture of some of the work that the environmental team does in the field, Mr. Kelley included in his presentation a picture of a compositor that is used for monthly leachate sampling.

6. HUMAN RESOURCES UPDATE

Mr. Bagley reminded the Board that when he was first appointed, he made it clear that he would be looking at ways to improve the human resources department. One of the ways that he has

done that is by taking the opportunity to examine any vacancies to determine if those positions are necessary or if they would better serve the organization in a different configuration. As a group, staff has spent time visualizing what optimal staffing would look like and how efficiency can be improved. Mr. Bagley emphasized how important trust and teamwork has been to this process and how proud he is of the progress being made.

Ms. Preston continued that there are exciting developments in the HR department and while vacancies are always a concern, applications, interviews, and onboarding continue at a steady pace. With many SPSA employees having performed more than 20 years of service, attrition and succession planning is underway to ensure that the workforce is prepared for the future. As Mr. Bagley mentioned, when staff move on, it provides an opportunity to reexamine that the structures in place are serving the organization. With the recent retirement of Mr. John Spivey, who managed workers compensation out of the Safety and Risk Department, it was determined that a restructuring could better meet SPSA's needs. Ms. Dell Pelzel has single handedly run SPSA's HR department for many years and while she has done an excellent job it has been long known that, especially in the current climate, it is far too much work for one person. Ms. Pelzel areas of expertise are in benefits administration, policy, procedure, documentation, and regulations. Moving forward she will be able to focus on those areas, along with workers compensation, under the title of HR Administrator. This leaves the position freed by Mr. Spivey vacant to become an HR position designed to focus on recruitment, retention, training, enrichment, and diversity and inclusion initiatives. Ms. Preston called this development an exciting step forward.

Ms. Preston went on to discuss that, in addition to restructuring the personnel in the department, there is a restructuring of philosophy, as well. She explained that, due to changes in the job market, human resources is a very different world than it was years ago. In the past, SPSA was in the position to sit back and sort through lots of applications and determine the best applicant for the job. Today, SPSA has to be proactive about seeking applicants and look for creative solutions in the job market. No longer can SPSA think only about what an applicant brings to SPSA; SPSA has to be concerned about being the best employer possible. Ms. Preston also discussed revamping policy and onboarding language to be framed from a positive perspective to benefit the employee, rather than with a sole focus on employee compliance. While SPSA will always insist on accountability and high standards, there is a way to present that information that makes people feel supported rather than scolded. Another area that needs attention are diversity and inclusion initiatives. While SPSA's demographic numbers reflect those of the region, they are not balanced across leadership. More intentional and deliberate efforts are being made to ask how SPSA can be a more attractive employer to more diverse groups and how to best create an environment of true inclusion.

Ms. Preston discussed recruitment and retention efforts are already underway such as, participation in the Tidewater Job Fair, internal training and promotion from within, consultation with inclusion and diversity resources, and leadership training resources. Staff is also looking into partnerships with local trade schools and exploring the possibility of setting up an apprenticeship program. Ms. Preston offered to answer any questions.

Mr. Keifer commented that the presentation was outstanding and that he applauds staff's efforts. Chairman Baugh added that the Executive Committee has been deeply engaged in seeing more metrics and that Ms. Preston has brought a new energy that he thinks is great for employees and is much appreciated. There were no further questions or comments.

7. WASTE AND CASH FLOW PRESENTATION

Mr. Bagley commented to the Board that sometimes it is valuable to take a step back and cover the fundamental points that those who don't work in the fine details of SPSA's daily business may not know about. He presented information on the waste and cash flow covering the types of waste, fees, and how those fees break down by coverage and service. He also outlined the waste flow and where and how total tonnages are divided depending on waste type.

SPSA
WASTE SOLUTIONS

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Waste and Cash Flow Presentation

SPSA BOARD MEETING
AUGUST 24, 2022

WILDLIFE HABITAT COUNCIL

ENVIRONMENTAL EXCELLENCE

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Waste Types

Municipal

- City/County Vehicles
- Residential Drop Off

Commercial (Non-Municipal)

- Contract
- Non-Contract

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Waste Types and "Tip Fees"

Municipal

- City/County Vehicles **\$65 per ton**
- Residential Drop Off **\$65 per ton**

Commercial (Non-Municipal)

- Contract **\$56 per ton**
- Non-Contract **\$76 per ton**

Municipal **\$65 per ton**
SPSA Transfer Station * SPSA Hauling * SPSA Disposal

Contract Commercial **\$56 per ton**
SPSA Transfer Station * Contract Hauling * Contract Disposal

Non-Contract Commercial **\$76 per ton**
SPSA Transfer Station * Contract Hauling * Contract Disposal

Definitions of Charges

Disposal
Contract Hauling
Transfer Station Fees
SPSA Hauling
Landfill

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"Tip Fee" Broken Down by Service

Municipal			
\$65 per ton			
Disposal * SPSA Hauling * Transfer Station * RLF Expansion	\$36	\$8	\$8
\$13			
Contract Commercial			
\$56 per ton			
Disposal * Contract Hauling * Transfer Station	\$36	\$10	\$10
Non-Contract Commercial			
\$76 per ton			
Disposal * Contract Hauling * Transfer Station	\$36	\$10	\$30

Municipal Waste Flow

The diagram illustrates the flow of municipal waste from various sources to SPSA Transfer Stations and then to the SPSA Regional Landfill. Sources include 'YOUR CITY POLYETHYLENE WASTE' (Portsmouth), 'CITIZENS' (Franklin, Isle of Wight, Norfolk, Southampton, Suffolk, and Virginia Beach), and 'SPSA TRANSFER STATIONS' (Chesapeake, Landrum, Norfolk, and Oceana). Waste is then hauled to the 'SPSA REGIONAL LANDFILL' for disposal. A note indicates that 15% of waste is currently landfilled, with a goal to increase this to 20% by 2025.

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SPSA Waste Flow Chart

The chart shows that SPSA Transfer Stations receive 645,000 tons of waste from 'Member Community Municipal Waste' and 'Private Hauler (Commercial Waste)'. From these stations, 15% of the waste (96,750 tons) is sent to the 'SPSA Regional Landfill', while 85% (548,250 tons) is sent to the 'WIN Waste Innovations Waste to Energy Facility'. The 'City of Portsmouth / Other Member Communities' also contribute to the waste flow.

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645,000 Total Tons

450,000 Tons Municipal	195,000 Tons Contract Waste
<p>▶ SPSA would Haul 410,000 tons of waste from SPSA Transfer Stations to one of four locations.</p> <ol style="list-style-type: none"> 1. WIN Waste 2. Regional Landfill 3. Atlantic Landfill 4. Bethel Landfill 	<p>▶ WIN Waste Innovations would haul 195,000 tons from SPSA transfer Stations to their facility or divert that waste to another private disposal facility. WIN Waste utilizes a third-party hauler to move commercial tons.</p>

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Mr. Bagley answered questions throughout and after the presentation. Mr. Sorey asked if the \$13 of the municipal tip fee allocated for expansion at the Regional Landfill included the surcharge for the flyover project. Mr. Bagley confirmed that it did and that it was spelled out further in the financial documents, but for the sake of space on the slide it was only referred to as RLF expansion. Mr. Keifer asked of the 15% of the waste that gets landfilled, how much is currently going to the Regional Landfill and how much is going to Atlantic Landfill. In consultation with Mr. Strickland, Mr. Bagley replied that roughly 6% is going to the Regional

Landfill. He added that sometimes diverted tons get put in the landfill, but those tonnages are tracked, and then equivalent tonnages hauled to Atlantic at a later date. Mr. Maxwell commented that the presentation was excellent and suggested that it be made a part of new Board Member orientation.

Mr. Hansen agreed that the presentation was excellent and raised the point that the contract commercial waste tip fees do not include a portion earmarked for landfill expansion because it was anticipated that the entirety of that waste would be processed by WIN, but with that changing in the future it will be worth reconsidering that position in the coming conversations preparing for the next budget year. Mr. Bagley agreed that it was a philosophical question that would have to be considered carefully in the long term with Board guidance, but that he imagined that SPSA would explore seeking another waste disposal and hauling agreement after 2024 for commercial waste. Mr. Hansen responded that he understood, but that the commercial customer would enjoy some benefit from SPSA maintaining a viable position at the landfill and perhaps that the Board should consider recognizing that by charging the commercial customer a reasonable surcharge.

Mr. Keaton asked, as 2027 approaches, if it would be possible for SPSA to explore if there are airspace savings to be had by segregating some of the material that enters the landfill and perhaps place yard debris and construction and demolition debris elsewhere. Mr. Bagley agreed wholeheartedly, noting that he and staff are already working on some creative solutions to help save airspace because space in a lined landfill is much more valuable than space in an unlined landfill. Mr. Keaton also added that, while commercial customers need to pay their fair share, they also pay taxes and provide a needed service in the region. He went on to say that often the line between municipal and commercial waste is blurred and when commercial tipping fees become too high, particularly in rural areas, illegal dumping can become a major concern. Mr. McCoy commented that often trash that isn't disposed of properly ends up on highways and byways. He also added that the City of Portsmouth has operated a landfill for over 30 years, and he considers it to be one of their greatest assets. There were no further questions or comments.

8. E-WASTE DISCUSSION

At the request of the Board, at the July Board Meeting there was a presentation on the possibilities of SPSA implementing an e-waste recycling program. It was staff's recommendation that the Board take no action at the July Meeting, but rather take the ideas raised in the meeting back to their communities and socialize the idea, ask questions, and then come back to the August Board Meeting for further discussion and possible action. Mr. Bagley reviewed with the Board the possible options at the day's meeting: taking no action at all; tabling the item to a later date; or entertaining a motion to direct staff to implement the program. Mr. Bagley reminded the Board that if they elected to implement the program a public hearing to amend the tip fee schedule would need to be scheduled at a later date. The Chairman opened the floor for discussion.

The Board spoke at length about their specific experiences and interests with representatives each community expressing general support for the idea as it would be a service to their communities and help keep items out of the landfill. No member was opposed to the concept or to exploring the idea further.

Mr. Keifer moved, seconded by Ms. Graham-Williams, to authorize staff to develop a program for disposal of e-waste with interested communities. The motion was withdrawn.

Mr. Sorey moved, seconded by Mr. Maxwell, that the matter be referred to the Planning District Commission's Regional Recycling Committee for review and comment before the Board take action. The motion was withdrawn.

As reflected above, two separate motions were made regarding action moving forward, but it was determined that no Board action was required for staff to continue their planning work by reaching out to the Hampton Roads Planning District Commission (HRPDC) and reporting back to the Board with their findings and recommendations. As such, both motions were withdrawn with support. Mr. Bagley confirmed that staff would reach out to Mr. Bob Crum at the HRPDC to schedule a formal meeting with the Recycling Committee to discuss the plan and seek their feedback and comments. The matter of cost and fees was also discussed, and the Board was assured that that aspect of the program would be carefully addressed, as well. Chairman Baugh thanked the Board for the discussion and feedback.

9. WRITTEN REPORTS

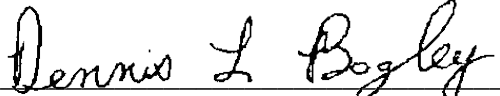
Chairman Baugh asked if there were any questions for WIN Waste representatives regarding the written WIN Waste report or for Ms. Schreiber regarding the financial reports, but there were none.

10. OTHER BUSINESS

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

11. ADJOURN MEETING

There being no further business to come before the Board of Directors, the regular meeting was adjourned at 10:52 a.m.



Dennis L. Bagley
Executive Director

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