

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

October 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	(CH)
Ms. Sheryl Raulston	(FR)	Ms. Amanda Jarratt (<i>absent</i>)	(FR)
Mr. Dale Baugh	(IW)	Mr. Randy Keaton ¹	(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 (<i>absent</i>)	(SH)
Mr. D. Rossen S. Greene	(SU)	Mr. Albert Moor	(SU)
Mr. Thomas Leahy	(VB)	Mr. L.J. Hansen (<i>absent</i>)	(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. Chad Edwards² (FR), Mr. Michael Etheridge³ (IW), Mr. Jeremy Kline⁴ (VB), 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 of Directors, called the October Board Meeting to order at 9:30 a.m. and led the Pledge of Allegiance.

2. **PUBLIC COMMENT**

¹ Mr. Keaton left the meeting at 10:49 a.m. and Mr. Etheridge stepped in as Isle of Wight's voting Ex-Officio Member.

² In Ms. Jarratt's absence, Mr. Edwards participated as the voting Ex-Officio Member for the City of Franklin.

³ Mr. Etheridge participated electronically from Ashville, NC due to a personal vacation. There were no objections to his electronic attendance.

⁴ In Mr. Hansen's absence, Mr. Kline participated as the voting Ex-Officio Member from the City of Virginia Beach.

Ms. Preston reported that there were no requests for public comment.

3. CHAIRMAN'S COMMENTS

Chairman Baugh thanked everyone for their attendance and reviewed the day's agenda. He also informed the Board that it was time to begin the process for the Board's annual performance appraisal of the Executive Director. A copy of the evaluation form that was re-designed to measure specific goals and performance requirements for Mr. Bagley in 2022 was placed at each member's seat. The form will be updated each year based on the authority's changing needs. Chairman Baugh asked that each member complete and return an evaluation to Ms. Preston by December 1, 2022 so that he, Mr. Keifer, and Mr. McCoy could compile responses before the December 14th Board Meeting where the evaluations will be discussed in closed session. Ms. Preston will be sending out electronic forms via email and Chairman Baugh encouraged Board Members to reach out to him if they had any questions. He also reminded the Board that there is no meeting in November.

4. APPROVAL OF MINUTES

The minutes of the September 28, 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. Raulston, to approve the September 28, 2022 minutes of the SPSA Board of Directors, as presented. The motion was adopted by a unanimous vote in favor.

5. UPDATE TO INDIVIDUAL ELECTRONIC PARTICIPTION POLICY

Ms. Preston informed the Board that, due to a legislative change, the Board needed to update their already adopted policy on individual participation at Board Meetings by electronic means in order to remain in compliance with current statutes. Ms. Preston went on to detail the changes in language which included additional allowances for family medical care and personal matters, and increased record keeping requirements. She offered to answer or have Mr. Spain answer any questions that Board Members had, but there were none. Ms. Preston read the new proposed policy on to the record as follows:

Policy on Individual Participation in SPSA Board of Directors Meetings by Electronic Means under § 2.2-3708.3

It is the policy of the Board of Directors of the Southeastern Public Service Authority of Virginia (the "Board of Directors") that individual members of the Board of Directors may participate in meetings of the Board of Directors by electronic communication as permitted by Virginia Code § 2.2-3708.3. This policy shall apply to the entire membership and without regard to the identity of the member requesting remote participation or the matters that will be considered or voted on at the meeting.

Whenever an individual member wishes to participate from a remote location, the law requires a quorum of the Board of Directors to be physically assembled at the primary or central meeting location, and arrangements will be made for the voice of the remote participant to be heard by all persons at the primary or central meeting location. The

reason that the member is unable to attend the meeting and the remote location from which the member participates will be recorded in the meeting minutes.

A member may participate remotely by notifying the Chair and Secretary of the Board of Directors on or before the day of a meeting that such member is unable to attend the meeting because (1) the member has a temporary or permanent disability or other medical condition that prevents the member's physical attendance; (2) a medical condition of a member of the member's family requires the member to provide care that prevents the member's physical attendance; (3) the member's principal residence is more than 60 miles from the meeting location identified in the required notice for such meeting; or (4) the member is unable to attend the meeting due to a personal matter. When remote participation is due to a personal matter, the nature of the personal matter must be identified with specificity and such participation is limited by law to two meetings per calendar year or 25 percent of the meetings held per calendar year rounded up to the next whole number, whichever is greater.

Individual participation from a remote location shall be approved unless such participation would violate this policy or the provisions of the Virginia Freedom of Information Act (the "Act"). The request for remote participation shall be recorded in the minutes of the meeting. If a member's participation from a remote location is challenged, then the Board of Directors shall vote whether to allow such participation. If the Board of Directors votes to disapprove of the member's participation because such participation would violate this policy, such disapproval will be recorded in the minutes with specificity. The minutes shall include other information required by the Act depending on the type of remote participation.

Mr. Leahy moved, seconded by Mr. Keaton, to approve the Policy on Individual Participation in SPSA Board of Directors Meetings by Electronic Means, as presented. The motion was adopted by a unanimous vote in favor.

6. PRESENTATION OF THE ANNUAL AUDIT

Chairman Baugh introduced Ms. Laura Hardin, Director of Engagement with Cherry Bekaert to present the annual audit. Ms. Hardin made the following presentation.

The slide is divided into two main sections. On the left, there is a green curved graphic. Below it, the text reads: "SOUTHEASTERN PUBLIC SERVICE AUTHORITY", "Audit Executive Summary", and "October 26, 2022". At the bottom left is the Cherry Bekaert logo with the tagline "Your Gate Forward". On the right, under the heading "Client Service Team", is an organizational chart. The chart shows the "Board of Directors" connected to "Laura Harden, Engagement Director". Laura Harden is connected to "Rob Churchman, Second Partner, Reviewer" and "Alyssa Gore, Senior". Rob Churchman is connected to "Steve Siegel, Firm Technical Director". Logan Booth, Senior Manager, is also shown in the chart but is not connected to any other box.

SOUTHEASTERN PUBLIC SERVICE AUTHORITY

Audit Executive Summary

October 26, 2022

Client Service Team

- Board of Directors
- Laura Harden, Engagement Director
 - Rob Churchman, Second Partner, Reviewer
 - Steve Siegel, Firm Technical Director
 - Logan Booth, Senior Manager
 - Alyssa Gore, Senior



Agenda

- ▶ Results of the Audit
- ▶ Significant Audit Matters
- ▶ Internal Controls
- ▶ Corrected and Uncorrected Misstatements
- ▶ Required Communications
- ▶ Other Matters
- ▶ Reporting Changes

This information is intended solely for the use of the Board of Directors of Southeastern Public Service Authority and is not intended to be, and should not be, used by anyone other than those specified parties.

6

Results of the Audit

Financial Statements:

- We have audited the financial statements of the Southeastern Public Service Authority (the "Authority") for the year ended June 30, 2022, and we will issue our report thereon dated October 6, 2022.
- We plan to issue an unmodified opinion on the financial statements.

Compliance:

- We identified no instances of noncompliance required to be reported under Government Auditing Standards or the Specifications for Audits of Authorities, Boards, and Commissions.
- We identified no material weaknesses in internal control over financial reporting.



7

Financial Statement Overview

Management's Discussion and Analysis:

- Provides an overview and analysis of the financial activities by management for the fiscal year ended June 30, 2022

Basic Financial Statements – Statement of Net Position:

- Investments increased \$5.9M due to contributions to maximize interest income
- GASB 87, Leases, was implemented resulting in a Lease Receivable (\$1.2M) and Deferred Inflow (\$1.2M), as well as a Lease Liability (\$7x) and Right-to-Use Asset (\$1.0x)
- Change in Pension/OPEB line items as a result of actuarial valuation primarily due to investment experience
 - Net pension asset increased \$8.1M
 - Deferred outflows decreased \$1.3M
 - Deferred inflows increased \$6.7M



8

Financial Statement Overview

Basic Financial Statements – Statement of Revenues, Expenses, and Changes in Net Position:

- Other Tipping Fees increased \$4.5M due to the rate increase of contracted waste from \$49/ton to \$54.50/ton, in addition to an increase of 130,000 tons
- FY21 had an insurance recovery of \$1.2M, which did not occur in FY22
- Investment Income decreased \$2.6M due to market loss
- Compensation and related payroll costs decreased \$1.5M as a result of the change in Pension and OPEB
- Waste Hauling and Disposal Contract increased \$1.4M as a result of taking waste from transfer stations to the Atlantic LDF to save landfill space



9

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Corrected Misstatements

▶ None noted

Uncorrected Misstatements

▶ None noted

10

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

As described in Note 1, the Authority changed accounting policies related to accounting for leases by adopting Government Accounting Standards Board ("GASB") Statement No. 87, effective July 1, 2021.



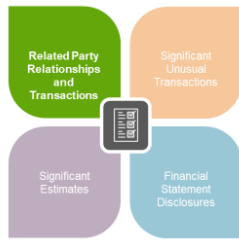
11

Qualitative Aspects of Accounting Practices

As part of our audit, we evaluated the Authority's identification of, accounting for, and disclosure of the Authority's relationships and transactions with related parties as required by professional standards.

We noted none of the following:

- Related parties or related party relationships or transactions that were previously undisclosed to us;
- Significant related party transactions that have not been approved in accordance with the Authority's policies or procedures or for which exceptions to the Authority's policies or procedures were granted;
- Significant related party transactions that appeared to lack a business purpose;
- Noncompliance with applicable laws or regulations prohibiting or restricting specific types of related party transactions;
- Difficulties in identifying the party that ultimately controls the entity.

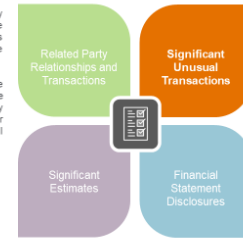


12

Qualitative Aspects of Accounting Practices

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

For purposes of this letter, professional standards define significant unusual transactions as transactions that are outside the normal course of business for the Authority or that otherwise appear to be unusual due to their timing, size or nature. We noted no significant unusual transactions during our audit.



13

Qualitative Aspects of Accounting Practices

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Depreciation expense
- Actuarially computed assets and liabilities
- Landfill closure and post-closure liability

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.



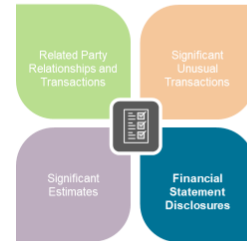
14

Qualitative Aspects of Accounting Practices

The financial statement disclosures are neutral, consistent, and clear.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the landfill closure and post-closure care costs in Note 5 of the financial statements describe the future liability of the Authority relating to the state and federal laws and regulations relating to landfills.



15

Independence Considerations

Nonattest Services

- › Assist in the preparation of the basic financial statements
- › For all nonattest services we perform, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, and accept overall responsibility for the results of the services.

Independence Conclusion

- › We are not aware of any other circumstances or relationships that create threats to auditor independence.
- › We are independent of the Authority and have met our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits.

16

Other Required Communications

Difficulties Encountered

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

includes disagreements on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Auditor Consultations

We noted no matters that are difficult or contentious for which the auditor consulted outside the engagement team.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 6, 2022.

17

Other Required Communications

Management Consultations In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. To our knowledge, there were no such consultations with other accountants.	Other Findings or Issues We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.	Fraud and Illegal Acts As of the date of this presentation no fraud, illegal acts, or violations of laws and regulations noted.	Going Concern No events or conditions noted that indicate substantial doubt about the entity's ability to continue as a going concern.
---	--	---	--

18

Other Matters

Required Supplementary Information

With respect to the required supplementary information and management's discussion and analysis accompanying the financial statements, we have applied certain limited procedures to the required supplementary information in accordance with generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information.

19

Upcoming Financial Reporting Changes

These standards will be effective for the Authority in the upcoming years and may have a significant impact on the Authority's financial reporting.

We would be happy to discuss with management the potential impacts on the Authority's financial statements and how we may be able to assist in the implementation efforts.

GASB 96 - Subscription-based Information Technology Arrangements



20

Questions?

Laura Harden, Director
 757.228.7065
 LHarden@cch.com

© 2021 Cherry Bekaert. All Rights Reserved. This material has been prepared for informational purposes only and is not intended to constitute an offer of any financial product or service. Please contact your advisor for more information.



21

Ms. Hardin thanked Ms. Schreiber for all of her assistance in making it a very smooth audit procedure and helping Cherry Bekaert's staff throughout the entire process. She offered to answer any questions. Mr. McCoy complimented Ms. Hardin and Cherry Bekaert for their excellent and thorough overview, noting how important it is for the Board and the public to understand that SPSA is providing the best service it can for the region. Chairman Baugh asked Mr. Maxwell, a member of the Audit Committee to speak in the absence of Ms. Lowe, Chair of the Audit Committee. Mr. Maxwell reminded the Board that the Audit Committee met twice and engaged in a thorough analysis of the financial statements with the auditors. He agreed with Mr. McCoy about the thoroughness of the audit and congratulated staff for their outstanding performance, particularly in explaining unrealized investment loss in an understandable way.

Mr. Maxwell moved, seconded by Ms. Graham-Williams, to approve the FY 2022 Audited Financial Statements. The motion was adopted by a unanimous vote in favor.

Mr. Bagley recognized Ms. Schreiber for all of her tireless efforts in ensuring this successful audit, which is the first for which she has been completely responsible. He expressed his personal gratitude for her outstanding performance since being appointed as Director of Finance. Chairman Baugh added that it is indeed remarkable for Ms. Schreiber to have led her team to this achievement and thanked them for a job well done.

7. EXECUTIVE DIRECTOR UPDATES

Mr. Bagley introduced Ms. Diane Grozich, who is a part-time employee who came to work at the Regional Landfill as a Landfill and Environmental Support Specialist after retiring from the City of Portsmouth as a buyer and fiscal support specialist. Ms. Grozich was a creative hire after being unable to fill a fulltime vacancy. Mr. Bagley commented that with her skills and background she is able to do more in 20 hours than most can in 40. In addition to the excellent work she does for SPSA she loves doing crafts and caring for her golden retrievers. She says she loves working for SPSA because she feels valued and like she is making a difference. Chairman Baugh presented Ms. Grozich with a certificate and a lapel pin as a token of the Board's appreciation. Mr. McCoy said hello to Ms. Grozich and noted that she is an awesome addition to staff as she was when she worked for the City of Portsmouth

Mr. Bagley informed the Board that significant progress has been made on the Portsmouth Transfer Station in the last 30 days. He has met with WIN Waste's Vice President of Waste to Energy who has agreed, in principle, to transfer the easement to SPSA on July 1, 2024. Mr. Bagley reminded the Board that it is the Navy's preference that SPSA work with WIN on an agreement that the Navy would then review for approval, as it eases the process in terms of time and efficiency from their perspective. He went on to say that thus far all parties have been very agreeable and consider the easement transfer to be a positive situation for everyone. The plan at this point is that as of July 1, 2024 the transfer station would be under SPSA's easement, but that WIN Waste would continue operating the transfer station until January 1, 2025 while construction and demolition take place by WIN's contractor on and around the facility while it remains in operation. There should be no lapse in service for the City of Portsmouth at any time. A term sheet outlining these details is being crafted to include all of the necessary factors for the transition period. A draft has been shared with SPSA's representatives from the City of Portsmouth. The Navy has agreed, in principle, to transfer the easement once an agreement has been reached. Mr. Bagley reported that SPSA's counsel is ready to send a draft to WIN for review and that overall, the status of the project is that it is in good shape with parties coming together to reach a positive agreement.

Ms. Graham-Williams thanked Mr. Bagley for getting the City of Portsmouth up to speed and keeping them up to date. She reported that the City of Portsmouth feels confident that Mr. Bagley understands how important this matter is to them and that he is bringing their issues to the table. They are still reviewing the agreement but find it to be moving in the absolute right direction with solid dates and goals to be accomplished. Ms. Graham-Williams expressed the City's thanks and added that they look forward to continued progress.

Regarding wetlands permitting, staff met with Colonel Hallberg and the Army Corps of Engineers on September 28, 2022 and shared their displeasure with the state of the draft of the draft Environmental Impact Statement (EIS) that had been shared. Staff made 140 comments on the shared draft and at the conclusion of the meeting all parties were in agreement that there was a tremendous amount of work that needed to be done. Staff has been meeting with the Corps and their third-party consultants each Wednesday to address SPSA's concerns and Mr. Bagley feels that some progress is being made, but that there is still a long way to go and it is uncertain how much time it will take before the draft is an accurate reflection of the process. Staff has a meeting following the day's Board Meeting, as well as a meeting planned the following day with Colonel Hallberg's assistant as the Colonel has been temporarily reassigned to Florida. Mr. Bagley has a package to present that contains a wealth of information, including an outline of all the steps that SPSA has taken and all of the aspects that have been analyzed that are not currently included in the EIS that staff believes should be

included. Mr. Bagley added that staff is trying to move things along quickly to get the EIS completed, noting that SPSA is meeting with its team which includes attorney Speaker Pollard and HDR consultants. That group has been evaluating legal standing and best strategies moving forward. Mr. Bagley also spoke with Senator Cosgrove on October 13, 2022 about a piece of legislation being carried forward that would appropriate funding to buy the Winslow property in Suffolk for the Nansemond Indian Nation, and would be of great significance if it were to be successful. Mr. Bagley's conversations with Mr. Moor indicate that the City of Suffolk has no objections to the sale of the land in this way. Mr. Bagley went on to discuss the viability of the legislation, funding sources, the value of the property to the Nansemond Indian Nation, and the use of legislative liaisons to assist in the process. Mr. Bagley went on to say that the legislators that staff have spoken with are optimistic about this legislation because it recognizes an important matter of environmental justice, which is also of significant concern to the EPA. He also added that assisting in this project is the right thing to do from a community stewardship perspective and that, regardless of outcome, he and staff are appreciative that Senator Cosgrove and Delegates Knight and Brewer are putting in such effort. Mr. Bagley offered to answer any questions.

Mr. Leahy asked if the legislation comes to fruition if it would be part of the fiscal year 2024 budget that would take effect June 1, 2023, and if that caused any logistical issues with timing. Mr. Bagley responded that it would be a part of that budget, and while timing is always an issue there would still be time to make this mitigation effort happen, particularly because mitigation takes place with the 404 permit not the EIS. Mr. Bagley reiterated that certainly it would be better to have the funding sooner, but that it is still worth moving forward. Mr. McCoy thanked Mr. Bagley for making sure that Mr. Moor and the City of Suffolk was brought into the discussion at early stages, and he also thanked Mr. Moor for his involvement. Mr. Moor added that Mr. Bagley has contacted him on several occasions and that the property in question is currently outside of the City of Suffolk's development area. There were no further questions or comments on this matter.

Regarding the Landfill Gas Amended and Restated Easement Agreement, Mr. Bagley had intended to bring that forward at the current meeting, but on the advice of counsel, due to another related easement matter with TC Energy remaining unresolved, he will not be presenting that amended agreement. Counsel recommends presenting both of these easement adjustments at the same time so that there is certainty that they won't need additional changes based on the other company's requirements. Mr. Bagley commented that both Mas Energy and TC Energy are eager to have this matter settled so he feels confident that the second easement drawings will be solidified soon and that both will then be ready for presentation.

Mr. Bagley and Mr. Strickland met with a delegation from Columbia Gas regarding the possible relocation of the Columbia gas main at the Regional Landfill. At the start of the project, the hope was that this may be the ideal time to relocate the pipeline that runs through the center of the landfill. Unfortunately, staff was informed that the price to move the two lines would be \$34 million. Because the need for gas in the region is so great, they have been moving forward on their original project to relocate only one line of the pipeline while they were doing the surveying and budget work to determine to cost to relocate the other line. They think total relocation is a great idea, but they can't add it to this project that is already underway. It would have to be an entirely separate project at a total cost of \$34 million, which would add roughly an additional \$12 to the tip fee for a relatively small amount of recaptured airspace, making it an unfeasible project.

Mr. Bagley was notified by VDOT that a notice for public comment period for the Flyover Project has been issued, which is a part of the standard process. VDOT does not expect any pushback. A copy has been provided for each member as a handout, rather than included in the packet due to the late notice. Mr. Bagley asked if there were any questions, but there were none.

As a matter of transparency, Mr. Bagley informed the Board that SPSA will be receiving a warning letter for a third quarter exceedance on its VPDES permit. Though this issue did not pose a genuine environmental threat, all exceedances are taken incredibly seriously, and Mr. Bagley went into careful detail to illustrate the special circumstances around this event both in how it occurred and how it will be prevented in the future.

SPSA WASTE SOLUTIONS 26

Board Updates

- **VPDES Permit: Third Quarter TSS/Zinc Exceedance**
 - Self reported the exceedance when it occurred
 - Permit requires quarterly sampling at outfalls
 - Samples must be taken during a "Qualifying Event"
 - "Qualifying Event" - Both 1/10" of rain and flow at outfalls
 - Must be at least 72 hours between events
 - Must sample within 30 minutes of flow at outfall

SPSA WASTE SOLUTIONS 27

Board Updates

- **Cause of Exceedance:**
 - Five (5) events occurred that produced 1/10" of rain. None of the five produced flow.
 - The next qualifying event was a 5.2" rainfall
 - There are five different construction projects currently under way with land disturbance.
 - Asphalt repair project delayed due to construction.
 - Mowing of all ditches on the property took place during the reporting period

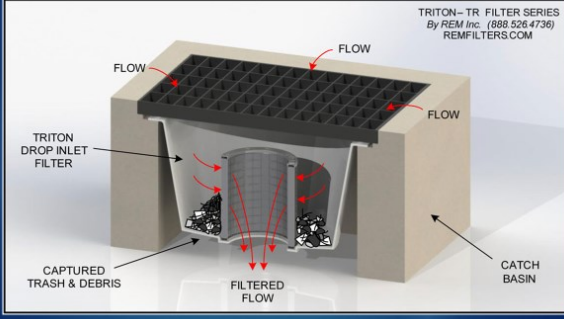
SPSA WASTE SOLUTIONS 28

Board Updates

- **Corrective Actions**
 - Likely will receive a Warning Letter from DEQ
 - Enforce daily inspection of ESC on construction projects
 - Increase frequency of sweeping roadways on RLF
 - Have contractor place silt fence around new green space that was created during construction of Admin Building.
 - Remove "Witches Hats" from catch basins and install new hi-tech filtering system in place of them.

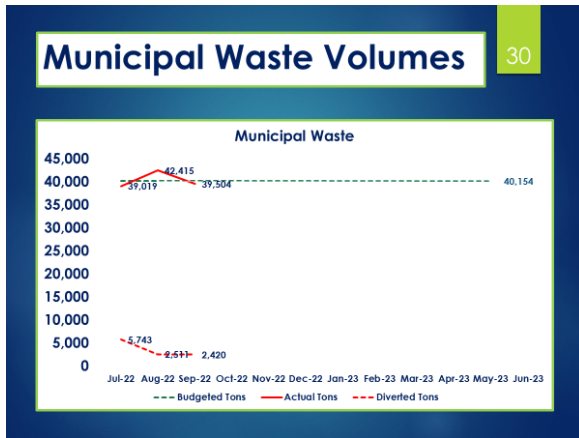
SPSA WASTE SOLUTIONS 29

Board Updates



Ms. Raulston asked if the new filters will be installed before the next stormwater sampling event. Mr. Mike Kelley confirmed that they would be.

Mr. Bagley presented charts for municipal and commercial waste volumes, both budgeted and actual, as well as total waste volumes and diverted municipal tons for the fiscal year.



Mr. Strickland presented the operations report. 156,270 gallons of leachate were hauled to HRSD and 863,848 gallons were pumped. 2322 tons of municipal waste were diverted from WIN waste in the month of September, which equates to 116 tractor trailer loads. 125 loads were diverted in the month of August. The administration building at the Regional Landfill has nearly 95% of the exterior work complete and interior work such as electrical, plumbing, drywall, and HVAC continues. Steel erection is well underway on the storage and fleet buildings and concrete is being poured and cured. The HHW building construction is underway with electrical and fire suppression work being roughly 80% complete. Mr. Strickland reported that the leachate evaporator site is plotting the location of the new utilities and intends to have site plan permitting completed with the City of Suffolk by the end of October. Mr. Bagley asked Mr. Strickland to add what he has been hearing from vendors about possible delays on equipment. Mr. Strickland explained that there may be potential supply chain issues with the flare required for the leachate evaporator. SPSA has not yet heard that from its contractor, but it does seem to be an industry-wide issue and they wanted the Board to be aware of the potential for a delay. Mr. Strickland and Mr. Bagley offered to answer questions but there were none.

8. E-WASTE DISPOSAL PRESENTATION

Mr. Bagley reminded the Board that staff was requested to speak to the HRPDC's recycling subcommittee, which has been disbanded in favor of a recycling workgroup. Staff met and discussed after the previous Board Meeting and reworked the presentation for clarity and brought it to the working group, which gave its blessing to have the presentation re-presented

at the October Board Meeting now that it has been vetted by that group. Mr. Bagley made the following presentation:



42

E-Waste Disposal

OCTOBER 26, 2022




Why Consider E-Waste Disposal

43

- Keeps unnecessary material out of the landfill conserving much needed airspace.
- Managing E-waste supports proper disposal of lead, mercury, and other toxic chemicals.
- Citizens want a place to safely and securely dispose of old electronics.
- Each member community handles this material differently.
- Volume provides opportunity for lower disposal cost.

What are Member Communities Currently Doing

44

- ▶ Staff surveyed our member communities and received responses from four members
- ▶ Norfolk collects E-Waste and when they have enough material, they issue an IFB to have the material processed
- ▶ VA Beach utilizes a contract with Regency Technologies and provides collection at the VA Beach Landfill
- ▶ Portsmouth and Chesapeake have Goodwill at special events who accepts electronics at no cost
 - This process presents security concerns to many who are looking for a secure method of disposing their E-Waste

Staff Proposal

45

- ▶ Staff would collect electronics for proper disposal during existing HHW events.
- ▶ Electronics disposal would be performed in compliance with current federal and state waste management regulations using a third-party vendor.
- ▶ Items currently handled by SPSA using similar strategies.
 - HHW
 - White Goods / Metals
 - Tires and Rims
 - Concrete / Stone / Soils

Third Party Vendor Requirements

46

- Vendor will provide pallets and Gaylord boxes.
- Vendor will make regular pick-ups from the RLF.
- Vendor will not charge a pick-up fee.
- Vendor will not charge for un-authorized items such as CRT's. (SPSA will make every reasonable effort to limit unauthorized items)
- SPSA will forgo payment from the vendor for authorized electronics.
- Vendor will properly handle and certify that all E-Waste is disposed of in accordance with State and Federal waste management regulations.
- SPSA will pay no disposal fee to the vendor.

Delivering the Service

47

- ▶ A resident would drop off their e-waste:
 - ▶ At special events
 - ▶ During an HHW event at a SPSA Transfer station
 - ▶ At SPSA's full time HHW collection facility
- ▶ Waste collected at the transfer stations will be brought back to the landfill for sorting like HHW.
- ▶ The waste would be placed in the appropriate Gaylord box.
- ▶ The vendor providing the service will pick up the boxes when we have filled twelve boxes.
- ▶ Vendor would provide certification that the items received from SPSA were disposed of in accordance with all applicable regulations.
- ▶ Management and labor associated with this program can be accomplished using existing personnel.

HHW Collection Schedule

48

- ❑ **Special Events**
 - As scheduled by member communities
- ❑ **Chesapeake Transfer Station**
 - 3rd Saturday and 1st Wednesday 8:00 AM – 12:00 PM
- ❑ **Norfolk Transfer Station**
 - Every Saturday and Every Tuesday 12:00 PM – 4:00 PM
- ❑ **Franklin**
 - Quarterly
- ❑ **SPSA Regional Landfill**
 - Full time facility
 - 8am – 4pm Monday – Friday
 - 8am – 12pm Saturday

Proposed Fee Structure For Member Localities

49

- \$15.00 per trip for residents only.
- 1,750 projected trips based on the following:
 - Existing reporting
 - Employee estimates from recent special events
 - Full participation
- \$26,250 in additional revenue would be generated.
- Proposed fee covers the following:
 - Projected overtime cost associated with collection
 - Administrative cost to provide the program
 - Amortized capital cost associated with the purchase of three enclosed trailers. Cost based on an eight-year replacement schedule

Staff Recommendation

50

1. Motion to add E-Waste as disposal option to be operated alongside the Household Hazardous Waste program.
 - The cost would be \$15.00 for up to five (5) individual electronic items.
 - If the citizen dropped off both HHW and Electronic Waste, a separate fee would be charged for each.
 - The existing HHW policy regarding “No Commercial Customers” would apply.
2. Resolution to Adopt Preliminary Schedule of Fees and Charges for SPSA and Setting a Date for Public Hearing on Same
 - Public Hearing on December 14, 2022 for the purpose of adding Electronic Waste as an item on the current Tip Fee Schedule.
 - Set the cost for disposal at \$15.00 per trip for residents only.

Questions



Mr. Bagley offered to answer any questions. Mr. Keifer asked about the number of items allowed for each citizen per visit and if there is any flexibility in that number. Mr. Bagley responded that there is flexibility and that, as they do with the HHW program, employees must use discretion, noting that they are professionals who know how to handle situations. Mr. Bagley said that it is not SPSA’s desire to turn anyone away, but that there must be guidelines in place to protect SPSA and its member communities from those who would take advantage of the system. Ms. Graham-Williams asked if scheduled events would have to take place at the Regional Landfill. Mr. Bagley responded that no, special events most often take place within the member communities’ events where they are providing services, for example Portsmouth regularly has events at I.C. Norcom High School. Ms. Graham-Williams asked if the \$15 would be paid by the residents in the moment or be billed to the member community and if the community was being billed how that would take place. Mr. Bagley responded that the member community would be billed and that residents would be required to provide proof of address, and, just as they do now for HHW disposal, a resident’s home community would be billed, not the community hosting the event. For example, residents from all over the service area visit the Regional Landfill to dispose of HHW, but Suffolk does not get charged the fee unless the resident resides in Suffolk. Ms. Raulston asked the time frame anticipated for the approximately 1750 trips and Mr. Bagley clarified that would be 1750 trips annually. Mr. Bagley also qualified that, regarding the number of trips, if anything changes that could reflect a change of price for the service, that could be rectified the next time the tip fee is regularly scheduled to change again on July 1, 2023, so there is time to gather data and modify the charge as necessary during the assessment of the annual budget. There were no further questions or comments.

Mr. Keifer moved, seconded by Mr. Sorey, to add E-Waste as a disposal option to be added to the schedule of fees and charges as a special disposal item similar to HHW, as presented. The motion was adopted by a unanimous vote in favor.

Earlier during the discussion, copies of the following resolution and a tip fee schedule modified to include the addition of e-waste disposal at \$15 per visit for residents only was distributed for Board Members to review. The addition of E-waste was the only modification to the schedule. Ms. Preston explained that each time the schedule of fees and charges is modified, however minor, a public hearing must be held to allow citizens to comment on the changes. Ms. Preston read the resolution on to the record.

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

WHEREAS, the Board of the Southeastern Public Service Authority of Virginia (sometimes referred to herein as “SPSA”) desires to change certain rates, fees or charges previously fixed by SPSA for the services available through its refuse collection and disposal system by adding rates payable for residential disposal of select electronic waste, with such changes to be effective January 1, 2023; and

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of the Southeastern Public Service Authority of Virginia hereby adopts the Preliminary Revised Schedule of Fees and Charges for Solid Waste Management setting forth such rates, fees and charges to be levied by SPSA for the disposal of solid waste at its facilities, with the changed and new rates reflected in such Schedule to be effective January 1, 2023 as set forth on the attached page; and

FURTHER RESOLVED, that the Board of the Southeastern Public Service Authority of Virginia hereby (i) establishes December 14, 2022 at 9:30 a.m. as the date and time for the public hearing on the Preliminary Revised Schedule of Fees and Charges for Solid Waste Management and (ii) authorizes and directs SPSA executive staff to provide notice of such public hearing, as required under and in accordance with the applicable provisions of Section 15.2-5136(G) of the Act, by publication and with copies by mail to the governing bodies of SPSA’s member localities.

Ms. Graham-Williams moved, seconded by Mr. Leahy, to approve the Resolution to Adopt Preliminary Schedule of Fees and Charges for the Southeastern Public Service Authority of Virginia and Setting Date for Public Hearing on Same, as read. The Resolution was adopted by a unanimous vote in favor.

Chairman Baugh thanked the Board for expressing their thoughts and concerns on this matter and then thanked staff coming together to find a solution that was acceptable to each of the member communities, calling it excellent work by all parties.

9. QUARTERLY FINANCIAL REPORT

Chairman Baugh reminded the Board that as a part of meeting process revisions, presentations on financials will be done quarterly, while monthly financial reports are still included in every Board package and time is allotted for questions.

Ms. Schreiber informed the Board that since this is the first quarterly report, she and staff took the opportunity to make some changes in how the information is presented in an effort to make it easier to read and understand. The first of those changes was breaking out revenues and expenses. Starting with revenues, Ms. Schreiber listed first quarter revenues from the current budget and year to date numbers, along with first quarter actuals from FY 2022 and FY 2021 so that comparisons could be more accurate. She also emphasized that at the end of the first quarter, revenues are at 26.5%, which is an excellent place to be. She also noted revenue highlights that put year over year changes into better context.

53

	Fiscal Year 2023 – Quarter 1			Historical Comparison	
	Budget	YTD	% of Budget	FY - 22	FY - 21
Revenues					
Tipping Fees	\$50,145,512	\$13,222,622	26.4%	\$12,968,614	\$12,213,288
Tires/HHW/White Goods	\$1,255,000	\$419,499	33.4%	\$382,577	\$280,327
Miscellaneous	\$848,729	\$483,276	56.9%	\$174,586	\$272,259
Rolled PO's	\$10,486,030	\$2,499,379	23.8%	\$291,384	\$136,209
Total Revenue	\$62,735,271	\$16,624,776	26.5%	\$13,817,161	\$12,902,083

- 54**
- In fiscal year 2023, the Municipal Tip Fee Increased from \$61 to \$65
 - Year to Date Municipal tonnages are down by 1,009 tons and Commercial tonnages have increased by 5,856 tons compared to the 1st quarter of fiscal year 2022. The result is an increase in revenue of approximately \$254,000.
 - Purchase Orders rolled from the previous fiscal year are higher than normal, primarily due to the number of large projects underway at SPSA.

Moving on to expenditures, Ms. Schreiber took the same approach of comparing FY 2023 first quarter budget and year to date expenses with first quarter actuals from FY 2022 and FY 2021 broken out by expenditure type. Again, spending shows that that at first quarter SPSA is just under 25%, which is directly on target. She also included expenditure highlights that put year over year changes into better context.

Expenditures 55

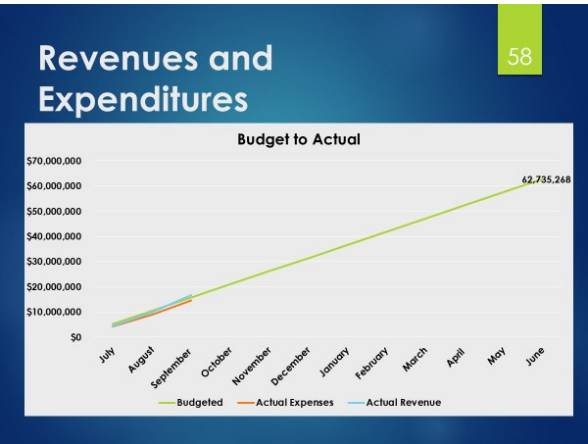
	Fiscal Year 2023 - Quarter 1			Historical Comparison	
	Budget	YTD	% of Budget	FY - 22	FY - 21
Expenditures					
Salaries/Wages and Employee Benefits	\$9,896,311	\$2,493,133	25.2%	\$1,961,663	\$1,972,326
Professional/Contracted Services	\$3,441,946	\$812,404	23.6%	\$721,560	\$689,332
Other Operating Expenses	\$1,269,060	\$237,558	18.7%	\$234,288	\$303,861
Materials/Supplies	\$2,294,504	\$619,564	27.0%	\$460,999	\$294,322
Capital Expenditures	\$13,923,258	\$2,589,274	18.6%	\$403,487	\$134,209
Waste Disposal and Hauling	\$23,905,192	\$5,846,714	24.5%	\$5,694,277	\$5,537,478
Other Expenses	\$8,005,000	\$2,000,000	25.0%	\$1,560,786	\$1,084,688
Total Expenditures	\$42,735,271	\$14,600,651	23.3%	\$11,017,062	\$10,018,216

- ## Expenditure Highlights 56
- FY 2023 salaries include a 5% salary increase for employees.
 - Materials and Supplies include Fuel Costs, which remain significantly higher than they were during the first quarter of the previous year.
 - Capital expenditures of \$2.5 million include a payment of approximately \$1.4 million to Heartland Water Technology for the new leachate system.
 - Wheelabrator fees increased by 2.9% per the terms of the contract.
 - "Other Expenses" is the amount set aside each month for the Flyover project.

Ms. Schreiber also presented revenues versus expenditures in chart and graph form.

Revenues vs. Expenditures 57

	Fiscal Year 2023 - Quarter 1		%	Historical Comparison	
	Budget	YTD		Q1 FY-22	Q1 FY-21
Total Revenue	\$62,735,271	\$16,624,776	26.5%	\$13,817,161	\$12,902,083
Total Expenses	\$62,735,271	\$14,600,651	23.3%	\$11,017,062	\$10,018,216
Net Revenue / Expenses	-0-	\$2,024,125		\$2,800,099	\$2,883,867



Cash balances were broken down by fund and amount as of September 2022.



Ms. Schreiber offered to answer any questions. Mr. Maxwell asked how many staff vacancies currently exist. Through discussion with staff, including SPSSA's new HR Manager, Jasmin

Walters, it was confirmed that there were approximately seven current vacancies and two new hires offered positions just that morning. Mr. Maxwell correctly correlated that vacancies would contribute to expenditures being less than budgeted. Mr. Keifer commented that one of the most important things that a Board does is keep track of finances and that he applauds the different approach. He encouraged each member to look at the material and ask questions if they don't understand and ask for additions, because in the unlikely event that SPSA were to find itself in financial trouble the Board would be held accountable. Mr. Keifer commented that he doesn't believe that rolled purchase orders should be referred to as revenues but should be listed as something different. Secondly, Mr. Keifer would like to see capital expenditures broken out separately from other expenditures, and finally, in cash balances, he would like to see a target number for funding to be achieved in the flyover project and landfill expansion. Mr. Bagley responded that the revenue and expenses reporting matters that Mr. Keifer mentioned are being reflected from a responsible accounting perspective. Mr. Keifer requested that the information be reported to the Board differently for better understanding. Ms. Graham-Williams asked if the Board has addressed the rate or percentage at which they are adding to the cash reserves. Mr. Bagley responded that yes, the extended proposed tip fee schedule is designed to pay for the flyover by increasing incrementally and is based on the need for cash outflow. That chart can be found in the approved FY 2023 budget document. However, at the January Board Meeting. Mr. Bagley intends to break down all of the anticipated schedule and costs for landfill construction and the flyover project in order to be able to reassess what the tip fees need to be over the next several years in order to have proper funding available given anticipated operations. He will also take into account investments and when and how to free up cash. Mr. Bagley recognized that this is a very complicated matter that will need to be discussed in depth. There were no further questions.

Ms. Raulston moved, seconded by Mr. Broad, to approve the quarterly financial reports, as presented, as presented.

Mr. Keifer commented that he should vote no on approving the financials since he wants to see corrections to the presentations.

With the exception of Mr. Keifer, who voted against the motion, the motion was adopted by a unanimous vote in favor.

Chairman Baugh thanked Ms. Schreiber for her presentation and thanked the Board for submitting their comments and ideas about what they would like to see presented.

10. CONTRACTS

Ms. Preston presented the first contract for consideration, which was a tire service truck sourced through cooperative contract through York County and Newport News with Hall Auto. This truck is part of the FY 2023 capital replacement and offers the fleet maintenance staff the flexibility to travel to service road vehicles. The current vehicle is past its usefulness. The budgeted amount was \$165,000 and the contract price was \$126,000. Ms. Preston offered to answer any questions, but there were none.

Mr. Maxwell moved, seconded by Mr. Leahy, to authorize the Executive Director to award a contract to Hall Auto for a Tire Service Truck, as presented. The motion was adopted by a unanimous vote in favor.

The next two contracts were under the same Sourcewell procurement with the vendor McClung-Logan. Ms. Preston informed the Board that staff's expertise and networking serve SPSA well in getting excellent pricing and service and that a representative from Volvo was available to answer their questions about the machinery in the following contracts. She went on to say that it is regular practice for staff to reassess the capital replacement plan to ensure that it is always up to date with operational needs. The excavator that was being presented was originally planned for FY 2026, but staff determined that it was necessary for post-2024 operations and moved a dozer replacement scheduled for FY 2023 to provide funding. The budgeted price was \$375,000 and the negotiated contract cost was \$374,996.

Mr. Maxwell asked about the cost of the dozer that was being moved in the capital replacement schedule to pay for both the excavator and the dump truck. Mr. Bagley responded that it was roughly \$600,000 and that the additional funding needed was coming from cost savings on other purchases such as the tire service truck that was just approved at \$40,000 below budget. Mr. Bagley and Ms. Preston apologized for the lack of clarity on that point in the slides and will be clearer moving forward. Mr. Sorey asked about the delivery schedule for the equipment. The representative from Volvo explained that when this proposal was issued, they had a few excavators and articulating dump trucks that were scheduled for delivery in late 2022 or early 2023, but if an order were to be placed now it would likely require an 18-month lead time. Mr. Bagley added that one of the deciding factors in moving forward now was the need for this equipment in 2024 and the expectation of a long waiting period, but fortunately, that is not the case in this instance. There were no further questions.

Mr. Sorey moved, seconded by Mr. McCoy, to authorize the Executive Director to award a contract to McClung-Logan Equipment Co. for a Crawler Excavator, as presented. The motion was adopted by a unanimous vote in favor.

Ms. Preston reminded the Board that the final contract for their consideration was the same Sourcewell agreement with the same vendor for an articulating dump truck that was planned for FY 25 but is needed sooner. The budget for this dump truck was \$482,500 but is now coming in at \$461,142 and is being funded, as discussed earlier, by moving a scheduled FY 23 dozer purchase and being supplemented by undesignated funds leftover from capital budget savings. Mr. Leahy asked why operations were able to push off the dozer purchase. Mr. Bagley explained that the dozer was going to be put into a rebuild program, but that dozer has seen fewer hours of service and still has a new undercarriage, making a rebuild not a good investment at this time.

Mr. Leahy moved, seconded by Mr. Broad, to authorize the Executive Director to award a contract to McClung-Logan Equipment Co. for an Articulating Dump Truck, as presented. The motion was adopted by a unanimous vote in favor.

The final contract Ms. Preston brought to the Board was for their information only as it fell below the \$100,000 threshold by which the Executive Director may make an award. A replacement skid steer for the Landstown Transfer Station was purchased under a Sourcewell contract with Stevenson Tractor, Inc. to replace a unit that was past its useful life. The budgeted price was \$45,000 and the cost was \$44,744.45. There were no questions on that purchase.

11. WRITTEN REPORTS

Chairman Baugh asked if there were any questions for WIN Waste representatives regarding the written WIN Waste report but there were none.

12. OTHER BUSINESS

Chairman Baugh asked if there was any other business. Ms. Preston informed the Board that they would be receiving save the date notices and invitations for the Board-approved employee appreciation event that will take place late in January. Staff would love to have the Board and their plus one attend so that they can thank them for all of their support. Chairman Baugh reminded the Board of the timeframe for submitting their evaluation of the Executive Director by December 1, 2022 and as they are planning their calendars, informed them that the January Meeting will likely be extended and include lunch. There was no further business.

13. ADJOURN MEETING

There being no further business to come before the Board of Directors, the regular meeting was adjourned at 11:35 a.m.

Dennis L. Bagley
Executive Director

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