

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

March 22, 2023

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 ¹	(PO)
Mr. Tony Parnell	(SH)	Ms. Lynette Lowe	(SH)
Mr. D. Rossen S. Greene	(SU)	Mr. Albert Moor ²	(SU)
Mr. Thomas Leahy ³	(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. Jeremy Kline (VB), Mr. Michael Etheridge (IW), Mr. Oliver Love, Jr.⁴ (NO), Mr. Greg Martin (CH), Ms. Jocelyn Terry-Adumuah (PO), and Mr. Brian Thrower (SH), 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

Dr. Baugh, Chairman of the Board of Directors, called the March Board 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. Graham Williams was absent from the meeting and Ms. Terry-Adumuah served as the voting Ex-Officio Member from the City of Portsmouth.

² Mr. Moor left the meeting at 12:14 p.m.

³ Mr. Leahy arrived at 9:48 a.m.

⁴ Mr. Love left the meeting at 12:14 p.m.

3. **CHAIRMAN’S COMMENTS**

Chairman Baugh welcomed two new Alternate Ex-Officio Members to the Board—Ms. Jocelyn Terry-Adumuah, Interim Director of Planning for the City of Portsmouth and Mr. Brian Thrower, County Administrator for Southampton County—and thanked them for contributing their talents. Chairman Baugh commented that staff is doing an excellent job keeping each section of the authority on track and supporting the Board’s mutual objectives. He informed the Board that the previous week’s meeting of the Executive Committee was held at the Regional Landfill’s recently completed Administration Building and was followed by a tour of the landfill and newly constructed facilities. He called the Regional Landfill an integrated business that is continually improving and thanked Mr. Henry Strickland and his team for the excellent work that they are doing. The Chairman also encouraged any Board Members who have not been on site recently to plan a visit so that they may see the developments for themselves.

4. **APPROVAL OF MINUTES**

The minutes of the February 22, 2023 Board Meeting had been distributed. Chairman Baugh asked if there were any additions or changes and there were none.

Mr. McCoy moved, seconded by Mr. Lowe, to approve the February 22, 2023 minutes of the SPSA Board of Directors, as presented. The motion was adopted by a unanimous vote in favor.

5. **PRESENTATION OF THE JULY 1, 2023 – JUNE 30, 2024 BUDGET**

Mr. Bagley presented the Fiscal Year 2024 Proposed Operating and Capital Budgets and encouraged Board Members to ask questions as they saw fit. He began by saying that, as evidenced in staff’s conversation with the EPA Region 3 Administrator the previous week, it is clear that the nation is moving toward a new model of waste management and that in order for SPSA to stay on the cutting edge of that movement and be the gold standard leader for waste management solutions in the country SPSA will need to be ready to prepare for that future as it sets its budget goals. He reviewed those goals, budget highlights, anticipated tonnages, changes to the tip fee schedule, revenues & expenditures, major variances from the previous year’s budget and future projected tip fees.



Budget Goals

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1. Continue to fund capital projects associated with the expansion of Cell VII at the RLF in accordance with schedules.
2. Pursue alternative disposal methods that focus on sustainable solutions.
3. Prepare for the closure of the Waste-to-Energy facility.
4. Continue to maintain and recruit a highly skilled and motivated workforce.

Budget Highlights

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- Revenues = Expenses for a Total of \$51,512,175.
- Proposed budget represents a 1.5% decrease from FY-23 of \$737,066.
- The Tip Fee would increase to \$67/ ton which is \$2.00 less than the planned increase for FY-24.
- Provides an additional \$8,000,000 to the designated fund balance for construction of the flyover and Cell VII.
- Increases funding for capital equipment replacement by \$1,000,000 in preparation for closure of the WTE facility.

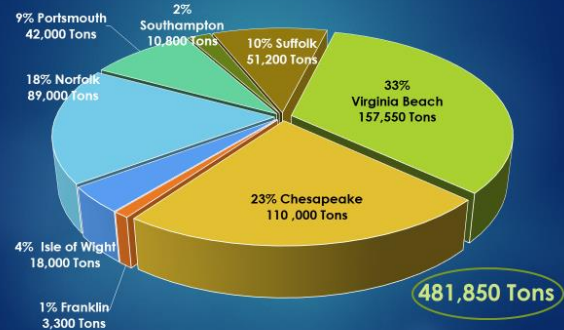
Budget Highlights (cont.)

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- No increase to employees for health insurance.
- Provides for a 3% COLA for all employees.
- Increases the number of FTEs by six (6).
 - Three (3) Transfer Vehicle Operators
 - Three (3) Landfill Equipment Operators

FY - 24 Projected Municipal Waste

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FY - 24 Proposed Changes To Tip Fee Schedule

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Change	Current Rate	Proposed Rate
Municipal Waste	\$65.00	\$67.00
Contract Non-Municipal Waste	\$56.00	\$58.00
Non-contract / Non - Municipal Waste	\$76.00	\$78.00
Automotive, Truck and Light Industrial Tires up to 24.5" Rim Diameter	\$92.50 / Ton	\$100.00 / Ton
Tires with Rims	\$3.00 each	Eliminated
Truck and Light Industrial Tires up to 24.5" Rim Diameter	\$145.00 / Ton	Eliminated

Components of the SPSA Tip Fee

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Municipal Tip Fee

- ▶ Transfer Station Cost
- ▶ Hauling Cost
- ▶ Disposal Cost
- ▶ Landfill Cost

Commercial Tip Fee

- ▶ Disposal Cost
- ▶ Hauling Cost
- ▶ Transfer Station Cost

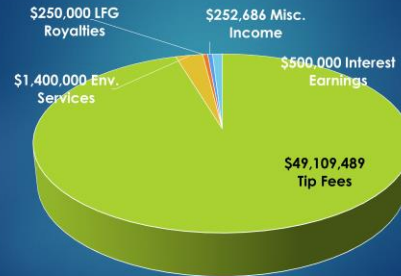
Revenues and Expenditures

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Revenues:	FY-23 Budget	Proposed FY-24	Variance
Tip Fees	\$50,145,512	\$49,109,489	-2%
Charges for Env. Services	\$1,255,000	\$1,400,000	11%
Landfill Gas Recovery	\$90,000	\$250,000	178%
Misc. Income	\$258,729	\$252,686	-2.4%
Interest Earnings	\$500,000	\$500,000	0%
Total Revenue:	\$52,249,241	\$51,512,175	-1.5%
Expenses:			
Operating Expenses	\$40,749,241	\$39,012,175	-4.5%
Capital Equipment	\$3,500,000	\$4,500,000	28%
Reserves / Landfill Closure	\$8,000,000	\$8,000,000	0%
Total Expenses:	\$52,249,241	\$51,512,175	-1.5%
Net Revenue Expenses:	\$0	\$0	

Revenues

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Breakdown of Tip Fees

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▶ Municipal Tip Fees	\$32,283,950
▶ Navy Waste	\$1,427,439
▶ C&D	\$543,450
▶ Norfolk Sludge	\$302,000
▶ Other Tip Fees	\$1,777,550
▶ Contract Waste	\$8,142,000
▶ Non-Contract Waste	<u>\$4,633,100</u>
	\$49,109,489

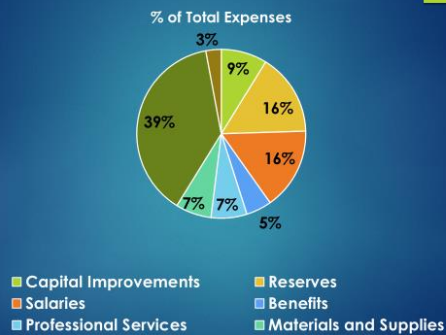
Major Variances in Revenue

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▶ Increased Tip Fees	\$963,700
▶ Contracted fee increase for Navy Waste	\$27,089
▶ Increase in tip fees for commercial waste	\$750,000
▶ Decrease in ash volume	- \$2,778,763

Expenses

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Breakdown of Expenses

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▶ Waste Disposal Service Agreement	\$9,846,000
▶ Commercial Waste (Disp.&Haul)	\$9,675,000
▶ Capital Equipment Replacement	\$4,500,000
▶ Reserves For Landfill and Flyover	\$8,000,000
▶ Salaries and Wages	\$8,438,295
▶ Benefits	\$2,801,370
▶ Professional and Contract Services	\$3,590,860
▶ Materials and Supplies	\$3,086,652
▶ Other Operating Expenses	<u>\$1,573,998</u>
	\$51,512,175

Major Variances In Expenses

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▶ Waste Disposal and Hauling	-\$4,384,192
▶ Capital Equipment Purchases	\$1,000,000
▶ Salaries	\$910,299
▶ Benefits	\$433,055
▶ Professional Services	\$211,686
▶ Materials and Supplies	\$802,148
▶ Other Operating Expenses	\$304,938



At the conclusion of his presentation Mr. Bagley offered to answer any questions. Mr. Moor asked if the proposed 3% cost of living allowance would be sufficient for SPSA salaries to remain competitive in the market. Mr. Bagley thanked Mr. Moor for bringing up the subject as it was a matter of great consideration for his leadership staff. He reminded the Board that staff is still working with consultants on the Compensation and Classification Study and while numbers are not yet complete, preliminary work indicates that roughly one million dollars will be the sum needed in order to make total appropriate salary adjustments. In light of that, the proposed 3% cost of living increase would be an initial effort toward that and then, as Ms. Jarratt had suggested in an earlier meeting, staff would return to the Board mid-year when the study has been completed to implement a plan for addressing the total adjustment.

Ms. Jarratt commented that just the day before localities had received a survey that municipal pay increases were between 5% and 8% and that she would support the proposed increase, or perhaps increasing that amount to help prevent attrition, particularly considering the ultimate plan to allocate additional salary funds later in the year. Mr. Bagley thanked Ms. Jarratt for sharing that information, noting that SPSA always wants to be sensitive to what other member communities are proposing for their employees while still remaining competitive and that he will be more than happy to be able to rework the proposed cost of living increase because SPSA employees are incredibly deserving of the increase. Mr. McCoy added his approval, calling SPSA's employees its greatest asset. Mr. Keaton asked about funding allocation for a mid-year pay adjustment and Mr. Bagley indicated that those funds could be allocated from the monthly surplus. Mr. Leahy agreed that while the pay plan assessment will be working to bring employees up to market rates, those studies do not often keep up with cost-of-living increases, so he agrees that at least a 5% cost of living increase for FY 2024 is likely necessary to remain competitive.

Mr. Bagley commented conversations like this remind him of why he loves working for the SPSA Board. It's not always a pressing concern for a board to ensure that employees are being adequately recognized and, on behalf of the whole organization, he expressed how grateful he is that the Board is giving the matter of employee compensation the consideration it deserves.

Mr. Leahy had also mentioned that in the previous week's Executive Committee Meeting, Mr. Bagley made it clear that although the situation with WIN Waste remains uncertain, the proposed budget has anticipated all worst-case scenarios. Mr. Bagley confirmed that statement and added that whatever hauling and disposal procedure SPSA must employ to accommodate necessary operational changes, FY 2024 expenses can be covered by the proposed municipal

tipping fee of \$67 per ton and he encouraged the Board to move forward with adopting the proposed preliminary schedule of fees and charges with confidence.

Following these discussions, Ms. Preston read aloud the following proposed resolution:

**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 increasing rates payable for disposal of municipal solid waste and non-municipal solid waste, and by changing rates for tire disposal, with such changes to be effective July 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 July 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 April 26, 2023 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.

Adopted by the Board this 22nd day of March, 2023.

Attest: _____
Dale E. Baugh, Chairman

Mr. Broad moved, seconded by Ms. Raulston, to adopt the Resolution to Adopt the Preliminary Schedule of Fees and Charges for the Southeastern Public Service Authority of Virginia and Setting a Date for a Public Hearing on the Same, as presented. The motion was adopted by a unanimous vote in favor.

6. EXECUTIVE DIRECTOR UPDATES

Mr. Bagley recognized Landfill Equipment Operator, Mr. Josh Harkness, as the SPSA Values in Action Employee of the Month. Having come to SPSA in 2018 and currently pursuing his Landfill Operators License, he is a vital part of the team at the Regional Landfill, often serving as point person when the Landfill Supervisor is unavailable. Mr. Baugh presented Mr. Harkness with a certificate and lapel pin as a token of the Board's appreciation.

Mr. Bagley briefly updated the Board on WIN Waste, stating that the Waste Hauling and Disposal Service Agreement termination has been completed and that SPSA will be working with other vendors to haul all commercial waste beginning on April 1, 2023. Also, SPSA has not been allowed to deliver a full 1000 tons of waste to the WIN Waste facility in recent days, requiring additional unscheduled diversions. Further discussion on the WIN Waste Disposal Agreement would be held in closed session later in the meeting.

Regarding wetlands permitting required for the proposed expansion of the Regional Landfill, SPSA staff continues to meet weekly with staff from the Army Corps of Engineers and monthly with Colonel Hallberg, who remains helpful in advancing the progress of the Environmental Impact Statement (EIS). Mr. Bagley provided a briefing to the Southampton County Board of Supervisors on February 28, 2023. After the briefing, the Board of Supervisors passed a resolution opposing a new landfill in Southampton County and in favor of expanding the Regional Landfill. A review of the second draft EIS has been completed by staff and returned to the Corps and they await one final review of the full document and all its appendices before it is sent to the consulting parties for review. On March 14, 2023, SPSA staff met virtually with EPA Region 3 Administrator Adam Ortiz and many other high-ranking members of the EPA for a very positive and fruitful exchange. Mr. Bagley said that he was very proud of SPSA for being able to convey the project and SPSA's intentions in a way that inspired questions and opened the door for future conversations. Mr. Bagley thanked attorney Brad Nowak for his assistance in connecting staff with Mr. Ortiz. The two contracts approved at the February Board Meeting for the purchase of a total of 159 wetlands bank credits have been executed and the title search and land survey are being completed on the Nahra property with closing to take place immediately following their satisfactory completion. The Army Corps of Engineers is still targeting June 8, 2023 as the release date for the draft EIS with the Public Comment period to follow.

As an update on the amended agreement with Terreva/MAS Energy, Mr. Bagley informed the Board that the easements have been clarified between all parties and the agreement has been signed. Mr. Bagley also brought it to the Board's attention that the new agreement references the easement as being 80 feet rather than 70 feet as was previously referred to in the body of the agreement.

Mr. Bagley reviewed municipal and commercial waste volumes for the reporting period, as well as total waste volumes and tons diverted. As the graphs show, waste volumes are down in the month of February, but Mr. Bagley cautioned the Board not to be alarmed because year over year February waste numbers drop low before picking up again in the spring and summer months. Mr. Bagley also pointed out that, in terms of total average waste volumes, SPSA

remains at the budgeted tonnage amount which indicates the receipt of anticipated total revenues.



Mr. Henry Strickland delivered the operations report stating that in the month of February 1,047,268 gallons of leachate, the equivalent of 227 tanker loads, was hauled to HRSD, and 443,881 gallons were pumped, thereby avoiding 96 tanker loads.

Regional Landfill Staff has moved into the Admin Building and, as Chairman Baugh mentioned, the Executive Committee held their March Meeting on site. The HHW Building certificate of temporary occupancy continues to be delayed as it requires completion of fire suppression system inspection work. Mr. Strickland went on to say that the fire suppression system itself is incredibly intricate and includes exhaust fans and electronic doors that close automatically at the first indication of fire and then suppress the fire itself. The temporary certificate of occupancy for the Storage and Fleet Buildings is expected in mid-March after delivery and installation of heaters which have been delayed due to supply chain issues.

The Leachate Evaporator construction is nearing off-site completion and Mr. Strickland and Mr. Bagley met with the vendor earlier in the week to discuss delivery and storage of those constructed materials while on-site earth work is completed after site plan approval by the City of Suffolk. Utility design and movement evaluation is moving forward. While DEQ permit approval is still a critical path to implementation, Mr. Strickland was happy to report that the permit is with the permit writer, which indicates good forward movement on the project and will likely move the permitting along faster than originally expected. The Renewable Natural Gas

Facility is expected to be commissioned with gas production and the associated royalties beginning in mid-April.

Chairman Baugh thanked Mr. Strickland and his team for their great work. Mr. Keifer commented on the importance of the leachate evaporation system in terms of reducing the risk of transporting leachate via trailer. Mr. Strickland agreed that it is of the utmost importance, which is why the permit being in the hands of the permit writers is such a positive step forward in the process.

7. CONTRACTS

Ms. Preston presented a contract for a side-dump trailer that was procured through an IFB with only one responding bidder and would be used by the transportation division to haul and off-load sludge, dirt, or other acceptable daily cover products. Originally, two of these trailers were scheduled to be part of the Fiscal Year 2023 Capital Replacement Plan, but operational reassessment indicated a need for only one, so out of a budgeted \$195,000 only \$69,930 would be needed. Ms. Preston offered to answer any questions, but there were none.

Mr. Hansen moved, seconded by Mr. Keifer, to authorize the Executive Director to award a contract to Mid-Atlantic Waste Systems for a side-dump trailer, as presented. The motion was adopted by a unanimous vote in favor.

Ms. Preston went on to say that the budget savings from the previous contract allowed staff to meet the operational need of procuring the next contract for 15 trailer top cover systems. Staff has done extensive research on ways to reduce fugitive waste escaping from transfer vehicles while they are in transit. The systems that are being proposed are the ones determined to be best for SPSA trailers and are being procured under a cooperative contract with the Virginia Sheriff's Association for a negotiated total price of \$113,019. The trailer top systems will be installed on SPSA's newest fleet of trailers in-house by SPSA staff. Ms. Preston offered to answer any questions, but there were none.

Mr. Sorey moved, seconded by Mr. Leahy, to authorize the Executive Director to award a contract to Mid-Atlantic Waste Systems for 15 trailer top systems, as presented. The motion was adopted by a unanimous vote in favor.

8. CLOSED SESSION

Chairman Baugh informed those present there was a closed session on the agenda for a presentation for the Board to be informed about AMP robotics and the proprietary technology being used in their pilot waste sorting program in Portsmouth and there would also be discussion about the WIN Waste contract to seek advice from counsel. Chairman Baugh announced that only Board Members, SPSA executive staff (Dennis Bagley, Tressa Preston, Sandy Schreiber and Henry Strickland), and legal counsel (Brett Spain, Patrick Hanes and Brad Nowak for SPSA and Ellen Bergren for the City of Chesapeake) would be present for the entirety of the closed session. AMP Robotic representatives and associates (Matanya Horowitz, Jason Mathis, Andrew Trump, Gale Clark, Cameron Douglas, and Joe Benedetto) would be present only for the AMP robotics portion of the closed session. There were no objections to that plan.

Motion to Approve Request for Closed Meeting.

I move that a closed session be held for discussions regarding (a) the development by AMP Robotics of proprietary technology to sort recyclable materials in the waste stream, in accordance with Virginia Code Section 2.2-3711(A)(39) for the purpose of discussion or consideration of information subject to the exclusion in subdivision 3 of Virginia Code Section 2.2-3705.6. and (b) the impact of the recent fire at the WIN Waste facility on WIN Waste's continued performance under the Waste Disposal and Services Agreement executed by SPSA and WIN Waste's predecessor on September 18, 2018, 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. Leahy moved, seconded by Ms. Raulston, to enter closed session, as presented. The motion was adopted by a unanimous roll call vote in favor by all voting members present as noted. The closed session began at 11:00 a.m.

Once back in open session at 12:16 p.m. both in person and electronically the following motion was read.

Motion to Approve Certification after Closed Meeting.

The Board hereby certifies that, to the best of each member's knowledge: (i) only public business matters lawfully exempted from open meeting requirements by Virginia law under the Virginia Freedom of Information Act; and (ii) 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.

Ms. Raulston moved, seconded by Ms. Jarratt, to certify the closed session, as presented. The motion was adopted by a unanimous roll call vote in favor by all voting members present as noted.

9. WRITTEN REPORTS

Chairman Baugh asked if there were any questions regarding the written Financial Report or the WIN Waste Report 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 12:19 p.m.



Dennis L. Bagley
Executive Director

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