

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

May 24, 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 ¹	(CH)	Mr. Earl Sorey	(CH)
Ms. Sheryl Raulston	(FR)	Ms. Amanda Jarratt	(FR)
Dr. 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 ²	(PO)
Mr. Tony Parnell	(SH)	Ms. Lynette Lowe ³	(SH)
Mr. D. Rossen S. Greene ⁴	(SU)	Mr. Albert Moor ⁵	(SU)
Mr. Thomas Leahy	(VB)	Mr. L.J. Hansen ⁶	(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. Robert Lewis⁷ (SU), Mr. Oliver Love, Jr. (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 May Board Meeting to order at 9:30 a.m. and then he led the Pledge of Allegiance.

¹ Mr. Maxwell left the meeting at 12:12 p.m.

² Ms. Graham-Williams was absent and Ms. Terry-Adumuah served as the voting Ex-Officio member for the City of Portsmouth.

³ Ms. Lowe was absent and Mr. Thrower served as the voting Ex-Officio member for Southampton County.

⁴ Mr. Greene left the meeting at 11:27 a.m.

⁵ Mr. Moor left the meeting at 12:12 p.m.

⁶ Mr. Hansen was absent from the meeting and Mr. Kline served as the voting Ex-Officio member for the City of Virginia Beach.

⁷ Mr. Lewis left the meeting at 12:04 p.m.

2. **PUBLIC COMMENT**

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

3. **CHAIRMAN'S COMMENTS**

Chairman Baugh drew the Board's attention to the return of their usual microphones for recording and audio purposes and thanked them for their prompt attendance. He reviewed the day's agenda noting that for the meeting to be concluded at the proposed noon adjournment time discussions, particularly in closed session, would need to remain focused. His next order of business was to appoint a Nominating Committee to begin the process of selecting officers for the next fiscal year's Board. Chairman Baugh appointed Mr. Leahy as Chair of the Committee with Mr. Moor and Ms. Lowe agreeing to serve as members. He encouraged any members interested in serving as an officer to reach out to them. As another matter of Board business, Chairman Baugh had asked Ms. Raulston to look into additional measures that can be taken to respect the Board's valuable time at meetings. A survey had been developed and distributed to those in person and would also be sent electronically. He asked that members complete the survey and return it to Ms. Preston so that suggestions can be implemented over the next fiscal year.

4. **APPROVAL OF MINUTES**

The minutes of the April 26, 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. Sorey, to approve the April 26, 2023 minutes of the SPSA Board of Directors, as presented. The motion was adopted by a unanimous vote in favor.

5. **FLYOVER OVERSIGHT COMMITTEE REPORT**

Mr. Lewis reported that the Flyover Oversight Committee met on May 1, 2023 and was informed by VDOT that right of way authorization was received and that the environmental review and permitting process is underway. The project is on time and on budget, however, due to conditions beyond control, contingencies are being utilized and the Committee may need to return to the Board for future allocations. Advertisement for construction is set for December 2023 and the Board was advised that during construction a large overnight traffic detour will occur over two long weekends to set beams. VDOT intends to make a presentation to the full Board at the September meeting. Mr. Lewis also informed the Board that later in the day's meeting the Executive Director would be asking for approval on a motion for a right of way easement necessary for the project. Mr. Lewis offered to answer any questions but there were none.

6. **PRESENTATION OF THE FY24 BUDGET & STRATEGIC OPERATING PLAN**

Mr. Bagley reminded the Board that a preliminary budget was presented at the March Board Meeting, but due to the uncertainty of disposal mechanisms, the Schedule of Fees and Charges was adopted but the full budget approval was postponed until June. The day's presentation would be similar to the one from March but with more specific figures allocated to internal budgets.

FY-2024 Proposed Operating Budget

MAY 24, 2023



Budget Theme

Developing sustainable solutions for managing the Regions waste.

Budget Goals

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

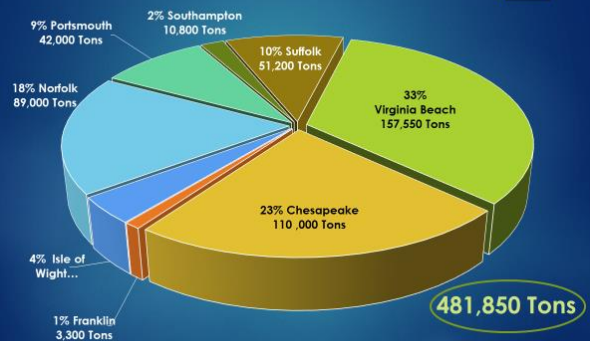
Budget Highlights

- ❖ Revenues = Expenses for a Total of \$51,995,923.
- ❖ Proposed budget represents a .5% decrease from FY-23 of \$253,318.
- ❖ 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.)

- ❖ No increase to employees for health insurance.
- ❖ Provides for a 5% COLA for all employees.
- ❖ Increases the number of FTEs by seven (7).
 - ❖ Three (3) Transfer Vehicle Operators
 - ❖ Three (4) Landfill Equipment Operators

FY - 24 Projected Municipal Waste



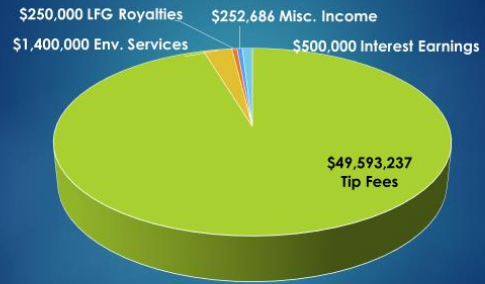
Revenues and Expenditures

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Revenues:	FY-23 Budget	Proposed FY-24	Variance
Tip Fees	\$50,145,512	\$49,593,237	-1%
Charges for Env. Services	\$1,255,000	\$1,400,000	12%
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	\$51,995,923	-5%
Expenses:			
Operating Expenses	\$40,749,241	\$39,495,923	-3.1%
Capital Equipment	\$3,500,000	\$4,500,000	29%
Reserves / Landfill Closure	\$8,000,000	\$8,000,000	0%
Total Expenses:	\$52,249,241	\$51,995,923	-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	\$2,261,298
▶ Contract Waste	\$8,142,000
▶ Non-Contract Waste	<u>\$4,633,100</u>
	\$49,593,237

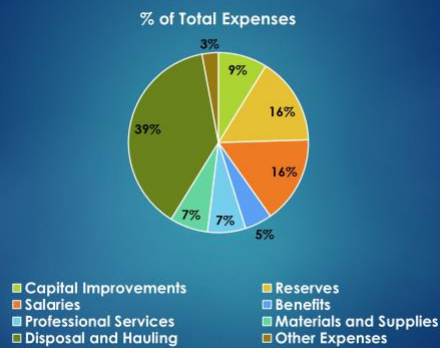
Major Variances in Revenue

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▶ Increased Tip Fees	\$963,700
▶ Increase in contract price for Navy Waste	\$27,089
▶ Increase in price 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	\$9,289,800
▶ Commercial Waste (Disp&Haul)	\$9,501,327
▶ Other Disposal Fees	\$2,280,000
▶ Capital Equipment Replacement	\$4,500,000
▶ Reserves For Landfill and Flyover	\$8,000,000
▶ Salaries and Wages	\$8,273,987
▶ Benefits	\$2,557,791
▶ Professional and Contract Services	\$3,794,212
▶ Materials and Supplies	\$2,672,323
▶ Other Operating Expenses	<u>\$1,127,483</u>
	\$51,996,923

Major Variances In Expenses

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▶ Waste Disposal and Hauling	-\$2,834,065
▶ Capital Equipment Purchases	\$1,000,000
▶ Salaries	\$745,991
▶ Benefits	\$189,476
▶ Professional Services	\$352,643
▶ Materials and Supplies	\$172,340
▶ Other Operating Expenses	\$ 48,902




Mr. Bagley offered to answer any questions on budget themes, projected revenues, expenses, or future tip fees. Mr. Keifer commented that it was an excellent presentation that already answered most of the Board's questions before they could be asked. Mr. Bagley thanked Mr. Keifer and reminded the Board that the next steps would be for the Board to take the month to review the budget and reach out to him and Ms. Schreiber with any questions to be addressed before bringing the budget for a vote at the June Board Meeting.

Mr. Bagley went on to discuss changes to the Strategic Operating Plan (SOP), noting that the formatting was different from what it had been in the past. By making the SOP separate from the budget document it will allow greater flexibility for any necessary future changes as matters with WIN Waste and the future of the designated disposal mechanism become more clear. Mr. Bagley reviewed the background of the SOP, including that the Board may adopt a new SOP at any time with a 75% majority vote. He also discussed the changes in tone and content.

Proposed Changes to the Strategic Operating Plan

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MAY 24, 2023



- ## Background
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- ▶ The Strategic Operating Plan (SOP) is incorporated by reference in the Use and Support Agreements.
 - ▶ The SOP may be revised at any time the SPSA Board may deem necessary or appropriate.
 - ▶ The SOP shall be reviewed by the SPSA Board at least on an annual basis along with the Board's review and consideration of the annual operating budget.
 - ▶ Any updated/modified Strategic Operating Plan shall be a complete replacement of any and all prior Strategic Operating Plans.
 - ▶ No update, amendment or modification to the Strategic Operating Plan shall be valid unless authorized by a resolution approved by seventy-five percent (75%) of the SPSA Board of Directors.

Proposed Changes

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- ❑ Section 2.0 Guiding Principles Pages 4 and 6
 - Wordsmithing to change tone to address some of the general comments made by the EPA and other consulting parties during their review of the draft EIS.
- ❑ Section 3.0 (2) Fleet Maintenance Division Page 7
 - Updated number of vehicles in the fleet
- ❑ Section 3.0 (3) Regional Landfill Page 7
 - Updated building list.
 - Updated RNG facility information
- ❑ Section 3.0 (4) Environmental Management Department Page 8
 - Added information on the E-Waste Collection Program.

Proposed Changes

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- ❑ Section 4.0 (3) Holiday Schedule Page 4
 - Added 2nd Monday of March as In Service Training Day for all employees
- ❑ Section 4.0 (8) Page 15
 - Added grass clippings , leaves and mulch must be bagged
 - Added residents may not blow out or sweep vehicles on site.
- ❑ Section 5.0 (2) Designated Disposal Mechanism Page 22
 - Updated the Regional Landfill's remaining capacity from the 2022 Annual Airspace Study.

Next Step

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Present a resolution at your June 28, 2023 meeting to adopt the changes to SPSA's Strategic Operating Plan effective July 1, 2023. Seventy-Five percent (75%) of the members must vote to approve the changes.

Mr. Bagley offered to answer any questions. Mr. Keaton and Mr. Leahy asked for a red-lined version of the SOP to compare changes. While a comparison version was not immediately available, Mr. Bagley committed to supplying a version by email. There was also discussion about the nature of the SOP and how further consideration may be warranted as to what should and should not be included in future versions of the document. Mr. Sorey asked if there was a projection for commercial waste tonnage in fiscal year 2024. Mr. Bagley responded that due to market uncertainties and without having a final disposal mechanism determined it is difficult to speculate at this time, but that as soon as contractual documents are in place he will be better able to make predictions. There were no further questions.

7. EXECUTIVE DIRECTOR UPDATES

Mr. Bagley recognized Landfill Equipment Operator, Jeff Canterbury as the SPSA Values in Action Employee of the Month. Having been a part of SPSA operations for more than 30 years, Mr. Bagley said that not only is Mr. Canterbury an expert at what he does, he loves what he does, and his efforts not only make SPSA proud, but they save SPSA money in equipment maintenance. Dr. Baugh presented Mr. Canterbury with a certificate and lapel pin as a token of the Board's appreciation.

Regarding the wetlands permitting necessary for the proposed expansion into Regional Landfill Cells VIII and IX, the Consulting Parties' review of the Draft Environmental Impact Statement (DEIS) is complete, and staff met with the Army Corps of Engineers on May 16, 2023 to review and respond to their comments. Publication for the DEIS is still anticipated for on or near June

8, 2023 with a public comment period and four scheduled public meetings to follow. The Joint Permit Application submission has been delayed due to comments from the EPA on the DEIS, further discussion on which would take place in closed session. The function and use assessment of the impacted wetlands still needs to be completed.

The Part A Permit for Cells VIII and IX Solid Waste Permitting was submitted following a public meeting held at the Regional Landfill on May 18, 2023. There were no comments at that meeting and the application was submitted to DEQ on May 19, 2023.

Mr. Bagley reported that the pace for the Title V Permit for the Leachate Evaporator seems to be accelerating with the main question left to be resolved being that of total emissions. The City of Suffolk has provided comments on the original site plan application and staff is working to answer those questions and quickly prepare the resubmittal. Construction skids are completed and await site preparation.

Staff has executed the easement agreements for the Renewable Natural Gas (RNG) facility as previously authorized by the Board. The anticipated start date for RNG production is July 1, 2023 due to delays in getting utilities to the site. The gas collections system upgrade that was a part of the original contract with Terreva Renewables is underway in Cells V and VI. Mr. Bagley added that hopefully by this time next year the system will be 99% efficient.

As Mr. Lewis mentioned in the Flyover Oversight Committee Report, the Committee and staff have received the marked plans, Deed of Gift and Donation Agreement and Right of Way Agreements, as well as standard information packets, from VDOT. Mr. Bagley has turned the documents over to counsel for review and they have been found to have some items that aren't applicable because no purchase is being made. VDOT has been made aware of the discrepancies which are being rectified, but the package is fairly standard.

Mr. Maxwell moved, seconded by Mr. Leahy, to authorize the Executive Director to execute all agreements necessary to convey the property rights of 25.28 square feet, more or less, of SPSA owned property to VDOT for the construction and maintenance of the Regional Landfill Flyover. The motion was adopted by a unanimous vote in favor.

Mr. Bagley disused the Regional Solid Waste Management Plan (RSWMP) and its importance to the permitting process for proposed landfill expansion. The Hampton Roads Planning District Commission (HRPDC) is the designated Solid Waste Planning Unit for the region and SPSA is the designated Solid Waste Agency for the region. Though at one point SPSA was responsible for the RSWMP, for many years HRPDC has been responsible for the document and SPSA provides information and funding. HRPDC gathers information, most notably, commercial recycling information, and files the document and all necessary updates and amendments with DEQ. Due to staffing and bureaucratic challenges it has been difficult to get an official update approved. Mr. Keaton was able to offer valuable insight from his time with the HRPDC, beginning in 2013, when the RSWMP was one of his areas of responsibility, and his continued work with the PDC since moving to Isle of Wight County in 2016. Mr. Bagley informed the Board that staff had a meeting scheduled with the new member of HRPDC's staff assigned to the RSWMP later that afternoon and was hopeful that he would be able to come back to the Board the following month with positive steps forward and a commitment to expediting the process of completion.

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, municipal solid waste is on

target. Mr. Bagley noted that commercial waste is up, as expected, likely due to the newly approved agreement with Waste Management. Total average monthly waste volumes remain above total average budgeted waste volumes.



Moving to the operations report, Mr. Bagley informed the Board that the low flow pumps at the Regional Landfill have been repaired, but force main pressure prevents SPSA from fully utilizing the low flow capabilities. Now that the new admin building is fully operational, the fiber optic loop for the landfill SCADA system has been reestablished for more optimal function. In an effort to be even more proactive about monitoring greenhouse gas emissions, SPSA will soon be utilizing state of the art drone operated technology to perform surface emissions testing on both closed and active landfill cells.

In fleet maintenance four new trailers have been put into service with new tops designed to prevent windblown debris. The web-based computer maintenance management system, FASTER, is now fully operational and this software allows staff to track productivity and inventory costs. Mr. Bagley added that in 12 to 18 months there will be enough data available that SPSA will be able to begin the application process to be considered one of America’s Top 100 Fleets, a goal that he believes to be fully achievable for SPSA.

There were no environmental issues in the reporting period and all permits were in compliance. The wheel wash system at the Regional Landfill has been put back in place at the request of DEQ and they have performed a follow-up inspection. Mr. Bagley commented that Mr. Mike Kelley and his team deserve credit for their hard work in making these new accommodations.

Quarterly environmental inspections have been completed at all SPSA sites. Mr. Norman Strickland and his staff completed a knife change on the tire shredder, keeping the tire shredding operation in compliance, which was a huge accomplishment, particularly given that the manufacturer's mechanic was unsure how to complete the job.

Mr. Bagley made a few general announcements and informed the Board that SPSA would be hosting a blood drive in the Regional Board Room on June 20, 2023 from 10:00 a.m. – 3:00 p.m. He encouraged members to consider going to RedCrossBlood.org and entering "SPSA" to schedule an appointment to donate. He also noted that Norfolk Sister Cities hosted a delegation from Ukraine that met at the HRPDC to discuss responsible waste management. Ms. Preston represented SPSA and provided a presentation on SPSA's regional role in solid waste disposal and commitment to service to its member communities. Mr. Bagley asked if there were any questions or comments but there were none.

8. CLOSED SESSION

Chairman Baugh informed those present there was a closed session on the agenda for discussion about the WIN Waste contract and wetlands mitigation to seek advice from counsel. Chairman Baugh announced that only Board Members, SPSA executive staff (Dennis Bagley, Tressa Preston, and Sandy Schreiber), and legal counsel (Brett Spain, Henry "Speaker" Pollard, Patrick Hanes and Brad Nowak for SPSA and Ellen Bergren for the City of Chesapeake) would be present for 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 impact of the December 2022 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, and (b) wetlands mitigation in conjunction with the permitting process for Cells VIII and XI 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. Broad moved, seconded by Mr. McCoy, 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 10:58 a.m.

Once back in open session at 12:18 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.

Mr. Broad moved, seconded by Mr. Leahy, 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**

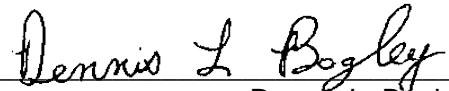
Chairman Baugh asked if there were any questions regarding the written Financial Report or the WIN Waste Report. Mr. Keifer asked about a notice of violation in the WIN Waste Report regarding a fuel usage exceedance that he would like explained in relation to the fire at the WIN Waste facility. Mr. Bagley responded that Mr. Stratton was not present due to short staffing, but that he would reach out to find an answer to Mr. Keifer's question. There were no other questions.

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 12:21 p.m.



Dennis L. Bagley
Executive Director

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