

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

May 22, 2024

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. Darlene Burcham ¹	(FR)
Dr. Dale Baugh	(IW)	Mr. Randy Keaton ²	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Ms. Lavonda Graham-Williams	(PO)
Mr. Tony Parnell	(SH)	Ms. Lynette Lowe	(SH)
Mr. D. Rossen S. Greene	(SU)	Mr. Albert Moor ³	(SU)
Mr. Thomas Leahy	(VB)	Mr. L.J. Hansen	(VB)

(CH) Chesapeake; (FR) Franklin; (IW) Isle of Wight; (NO) Norfolk; (PO) Portsmouth, (SH) Southampton County; (SU) Suffolk; (VB) Virginia Beach

Others present at the meeting included Alternate Ex-Officio Members Mr. Michael Etheridge (IW), Mr. Jeremy Kline (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, 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. Dale E. Baugh, Chair 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.

2. PUBLIC HEARING ON SCHEDULE OF FEES AND CHARGES

Chairman Baugh informed those in attendance in person and electronically, that the subject of the public hearing was the preliminary Schedule of Fees and Charges as adopted at the April 24, 2024 Board Meeting and made available for public consideration. The desire was to change

¹ Ms. Burcham left the meeting at 12:32 p.m., before the certification of the closed session.

² Mr. Keaton left the meeting at 11:45 a.m., before the certification of the closed session. Mr. Etheridge voted as the Isle of Wight Ex-Officio Board Member following his departure.

³ Mr. Moor left the meeting at 12:08 p.m., before the certification of the closed session. Mr. Lewis voted as the Suffolk Ex-Officio Board Member following his departure.

certain fees previously fixed by SPSA for the services available through its refuse collection and disposal system, by reducing rates payable for disposal of municipal solid waste and increasing rates for contract non-municipal solid waste, with such changes to be effective July 1, 2024. He went on to explain that following the close of the public hearing, the Board could take such action on the preliminary tipping fee schedule and any amendments thereto which it deemed appropriate.

To open the public hearing, Ms. Preston read the following statement for the record:

“This public hearing is being held in accordance with Section 15.2-5136 of the Virginia Water and Waste Authorities Act. Its purpose is to take public comment on the proposed Schedule of Fees and Charges adopted in preliminary form by the Board of Directors of the Southeastern Public Service Authority of Virginia on April 24, 2024.

The notice of public hearing was published in The Virginian Pilot on April 30th and May 7th as required by law. After conclusion of the public hearing, the Board of Directors will consider comments offered here today and will proceed to adopt a final schedule to become effective July 1, 2024, and to continue in effect until such time as modified by the Board of Directors in accordance with the procedures set forth in the Virginia Water and Waste Authorities Act.”

Ms. Preston informed Chairman Baugh that she received no requests, either in person or electronically, to speak at the public hearing. Seeing that there were no comments to be made, Chairman Baugh concluded the public hearing portion of the meeting.

3. PUBLIC COMMENT

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

4. CHAIRMAN’S COMMENTS

Chairman Baugh drew the Board’s attention to the FY 2025 Budget Books and red-lined update of the Strategic Operating plan, which were at their seats. He reminded them to review the contents and reach out to staff with any questions or concerns before the June Board Meeting where a vote to approve will be called.

5. APPROVAL OF MINUTES

The minutes of the April 24, 2024 Board Meeting had been distributed. Chairman Baugh asked if there were any additions or changes and there were none.

Ms. Graham-Williams moved, seconded by Ms. Raulston, to approve the April 24, 2024 minutes of the SPSA Board of Directors, as presented. With the exception of Mr. Hansen, who abstained from voting as he had been absent at the April 24, 2024 meeting, the motion was approved by a unanimous vote in favor.

6. ACTION ARISING FROM PUBLIC HEARING

Chairman Baugh noted that there were no comments made or feedback given at the Public Hearing on the Schedule of Fees and Charges. In light of that fact, he opened the floor for a

motion to approve the advertised schedule of fees and charges as presented at the April 24, 2024 Board Meeting.

Ms. Burcham moved, seconded by Mr. Keaton, to approve the Schedule of Fees and Charges, as advertised. The motion was adopted by a unanimous vote in favor.

7. RFP COMMITTEE UPDATE

Mr. Tom Leahy, Chairman of the RFP Committee, reminded the Board of the timeline in which the RFP was published, the pre-bid conference, and Board actions that were taken regarding the Committee. He reviewed the Committee makeup and informed the Board that at their meeting on April 29, 2024, which took place a few days before the proposals were due, Mr. Earl Sorey asked to be removed from the Committee, as it seems that one or more vendors submitting proposals may have a vested interest in property in Chesapeake. While no actual conflict of interest has been identified, he and counsel for the City of Chesapeake prefer that there is no suggestion of impropriety, which Mr. Leahy commended as a measure to help ensure a successful procurement process.

Mr. Leahy was able to share that six proposals were submitted, calling the submissions diverse in their approach to meeting SPSA's alternative disposal needs, and a good basis for the Committee, and ultimately the Board, to consider for selection. All members of the Committee, now excluding Mr. Sorey, are carefully reviewing the proposals before meeting again on June 3, 2024 to begin the Committee's work, with meetings to follow on June 10th and July 1st, all of which will take place at 12:00 p.m. in the SPSA second floor conference room. He anticipates that the Committee will need several months to digest the proposals, make site visits, rank the submissions, and prepare a recommendation for the Board. The current schedule also includes time for Board deliberations and contract negotiations, putting an estimated award date in roughly 12 months.

The Committee has received advice, and will continue to be guided by, legal counsel. Mr. Leahy reminded the Board that all matters concerning the RFP procurement process are, as are all Board matters, subject to the Freedom of Information Act. He cautioned members to be mindful of that in their communications, not engage with vendors that have responded to the RFP, and to refrain from mention of the process to the press or on social media. There will be no discussion outside of Committee Meetings, but when the Board needs to be consulted on privileged information, a closed session at a SPSA Board Meeting can be called with only SPSA Board members, consultants, and staff present.

The Executive Committee discussed adding a new member to the RFP Committee to replace Mr. Sorey, and it was suggested that Mr. Etheridge be asked to join due to his expertise and representation of one of SPSA's less populated, rural communities. Mr. Etheridge has agreed to participate and Board action will need to be taken to add him to the Committee.

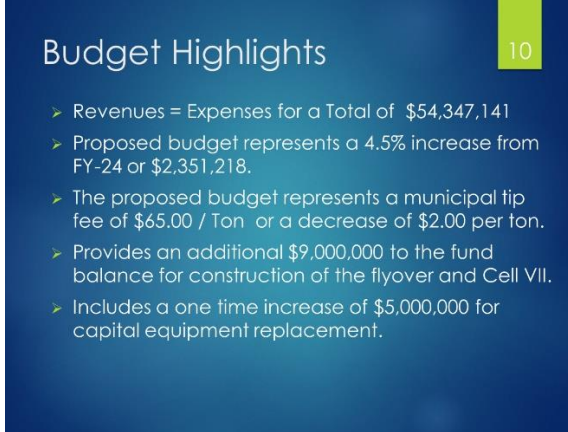
Chairman Baugh asked if there were any questions regarding Mr. Leahy's report. Mr. Keifer requested that a list of the proposers be distributed so that the Board may be sure to avoid contact. Mr. Bagley and Mr. Spain responded that while it is critical to protect SPSA's bargaining position, that information could be made available to members of the Board through counsel. There were no further questions.

Mr. McCoy moved, seconded by Ms. Lowe, to appoint Mr. Michael Etheridge to the RFP Committee, as presented. The motion was adopted by a unanimous vote in favor.

8. EXECUTIVE DIRECTOR UPDATES

Mr. Bagley recognized Mr. Mark Phelps, Landfill Supervisor, as the SPSA Values in Action Employee of the Month. Mr. Bagley commented that Mr. Phelps, who first worked as an operator in the 1990s helping to close Cells I-IV and open the current landfill Cells, is a highly skilled operator and the person responsible for reporting the excess soil in Cells V and VI. Chairman Baugh presented Mr. Phelps with a certificate and lapel pin as tokens of the Board's appreciation.

In an effort to ensure that the Board has ample time to ask questions about the proposed fiscal year 2025 budgets, Mr. Bagley again reviewed the budget presentation from the previous meeting.



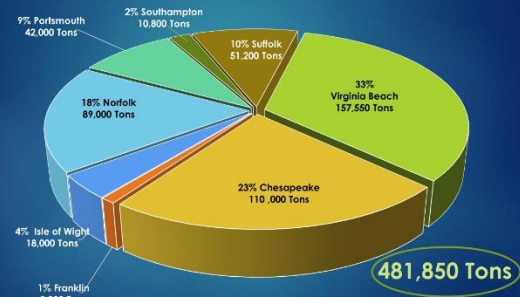
Budget Highlights (cont.)

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- No increase to employees for health insurance.
- Provides for a 3.5% COLA for all employees.
- Increases the number of FTEs by four (4).
 - Three (3) Landfill Equipment Operators
 - One (1) Scale Attendant for Portsmouth Transfer Station

FY - 25 Projected Municipal Waste

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FY - 25 Tip Fee

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Change	Current Rate	Proposed Rate
Municipal Waste	\$67.00	\$65.00
Contract Non-Municipal Waste	\$58.00	\$59.00
Non-contract / Non - Municipal Waste (no change)	\$78.00	\$78.00

Projected Tip Fees

(Based on current operations)

14



Revenues and Expenditures

15

Revenues:	FY-24 Budget	Proposed FY-25	Variance
Tip Fees	\$49,593,237	\$46,104,241	-7.4%
Charges for Env. Services	\$1,400,000	\$1,450,000	3.5%
Landfill Gas Recovery	\$250,000	\$320,000	28%
Misc. Income	\$252,686	\$272,900	8%
Interest Earnings	\$500,000	\$1,000,000	50%
Early Termination Fee		\$5,200,000	
Total Revenue:	\$51,995,923	\$54,347,141	4.5%
Expenses:			
Operating Expenses	\$39,495,923	\$35,847,141	-10%
Capital Equipment	\$4,500,000	\$9,500,000	111%
Reserves / Landfill Closure	\$8,000,000	\$9,000,000	16%
Total Expenses:	\$51,995,923	\$54,347,141	4.5%
Net Revenue Expenses:	\$0	\$0	

Breakdown of Tip Fees

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- Municipal Tip Fees \$31,320,250
- Navy Waste \$1,800,000
- C&D \$543,450
- Norfolk Sludge \$302,000
- Contract Waste \$8,105,441
- Non-Contract Waste \$4,033,100

Major Variances in Revenue

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▶ Decrease in municipal tip fee	- \$963,700
▶ Decrease in ash volume	- \$2,300,000
▶ Increase in investment income	\$500,000
▶ One-time revenue (early Termination)	\$5,200,000

Major Variances In Expenses

18

▶ Waste Disposal Agreement	-\$9,289,800
▶ Capital Equipment Purchases	\$5,000,000
▶ Flyover and Landfill Reserve	\$1,000,000
▶ Salaries	\$867,040
▶ Benefits	\$153,738
▶ Professional Services	\$2,389,767
▶ Materials and Supplies	\$513,922
▶ Other Operating Expenses	\$235,930

Mr. Bagley offered to answer any questions, but there were none. He encouraged the Board to review the full budgets provided and contact him ahead of the July Board Meeting to discuss any concerns.

As discussed at the previous meeting, staff has moved forward with a contract to manage the rodent population at the WIN Waste/Wheelabrator RDF facility. Mr. Bagley also notified the Board that the payment for early contract termination will be paid to SPSA on July 1, 2024, rather than June 30, 2024, due to the oversight that June 30th falls on a Sunday. All signed paperwork for the closure and transfer should be signed by July 1, 2024, as well. Demolition has already begun and SPSA staff are working with the Jordan Bridge and the City of Portsmouth to make improvements along the corridor to reflect a facility that meets SPSA's high standards.

Regarding the Environmental Impact Statement (EIS) process required by the Army Corps of Engineers for the wetland permitting necessary for planned expansion at the Regional Landfill, a best and final offer has been received for the one additional parcel of land that will satisfy mitigation requirements. Mr. Bagley also stated that due diligence is being performed on another parcel of wetlands. The Closed Session scheduled for later in the meeting was for the purpose of discussing EIS legal matters with counsel.

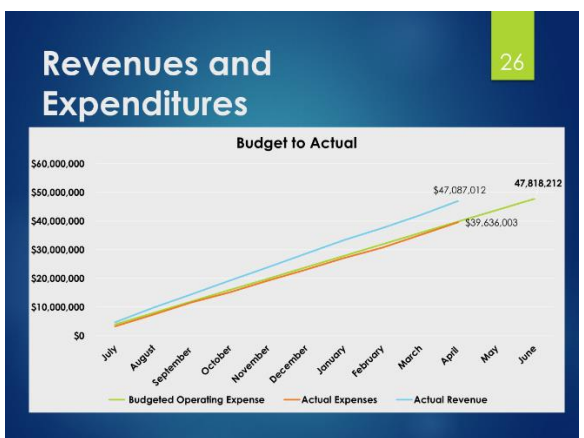
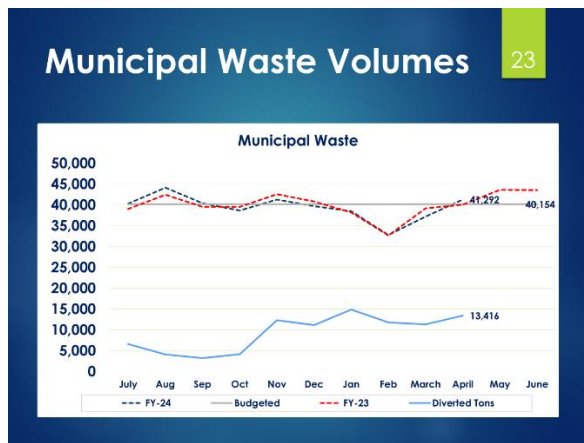
Mentioning Mr. Leahy's thorough presentation on the alternative waste disposal RFP project, Mr. Bagley also updated the Board that staff is still providing updates to member communities' governing bodies. Portsmouth City Council and the Southampton County Board of Supervisors are scheduled for briefing on May 28, 2024 and the Chesapeake City Council briefing should take place in June.

Construction bids for the Flyover project were due later that day. Mr. Bagley has been in contact with Mr. Mike Davis of VDOT and they are hopeful that several qualified bids will be received, due to the number of inquiries VDOT has fielded on the request. Mr. Davis will be present at the June Board Meeting to present a full update on the project, including construction bids.

The National Association of Fleet Managers (NAFA) awarded SPSA honorable mention in their assessment of the nation's 100 Best Fleets. Mr. Bagley recognized Fleet Manager, Mr. Lee Hobbs for his department's fantastic work and told the Board that staff is focused on continued improvement and will reapply next year. Mr. Bagley considers this distinction important because he wants to ensure that the public and the Board have great confidence in the way

that SPSA manages its transportation and fleet departments toward the goal of being the gold standard of operations.

Mr. Bagley reviewed municipal and commercial waste volumes for the reporting period, as well as total waste volumes and tons diverted, noting that municipal waste volumes are following the same trends as they usually do this time of year, and commercial tons remain higher than budgeted. He pointed out the increase in diverted tons, noting that Mr. Stratton from WIN Waste was not present at the meeting as he was needed onsite to manage boiler outages. Mr. Bagley went on to say that it is likely that diversion numbers will increase as the facility closure date approaches, but Mr. Marshall Tatem, SPSA's Transportation Manager, is monitoring the situation each day. The final graph Mr. Bagley presented showed the relationship between total expenses and revenues compared to the budget and he was happy to point out higher than expected revenues and expenses not exceeding budgeted averages.



Mr. Bagley offered to answer any questions. Mr. Leahy asked if the payment from WIN Waste/Wheelabrator for early termination being posted July 1, 2024 rather than June 30, 2024 would require any adjustment to the FY 25 Budget or other internal planning. Mr. Bagley and Ms. Schreiber responded that the payment occurring in the new fiscal year was actually preferable from an accounting standpoint, because the funds are allocated for FY 25 rather than FY 24. Mr. McCoy, on behalf of the City of Portsmouth, thanked Mr. Bagley, staff, and the Board for their work in securing space for a Portsmouth Transfer Station, which has long been a concern and will provide great benefit to the Authority as a whole. There were no further questions or comments.

9. DISASTER DEBRIS MANAGEMENT CONTRACTS UPDATE

Ms. Preston reminded the Board of their meeting in March when a vote was taken approving the Executive Director, along with counsel, to move forward with action for joint procurement with the Virginia Peninsulas Public Service Authority (VPPSA) and their vendors who provide disaster debris removal and management services. Since that time, SPSA and VPPSA attorneys have agreed on addendums to existing contracts that will allow SPSA to serve as the administrative body for its member communities who utilize those contract services. Ms. Preston mentioned that, in her conversations with the individual contractors, they have expressed eagerness to work with SPSA's member communities. A copy of a sample addendum was included in the Board Agenda. Ms. Preston offered to answer any questions.

Mr. Sorey asked for a contract completion date and Ms. Preston estimated that the documents could be completed by the June 26, 2024 Board Meeting. Mr. Hansen asked for and received clarification on the details of the contract execution. It was reiterated that SPSA will serve as an administrative point of contact, but that task orders and resulting invoices will be the responsibility of the member community seeking services. It was determined that a meeting with the member communities' public works departments may be helpful and SPSA staff agreed that they would make that option available, along with contract information and connecting parties directly with the appropriate vendors.

Mr. Hansen moved, seconded by Ms. Lowe, to authorize the Executive Director to execute contract addendums with VPPSA and Disaster Debris contractors, as presented. The motion was adopted by a unanimous vote in favor.

10. WRITTEN REPORTS

Chairman Baugh asked if there were any questions or comments on the Financial Report or the WIN Waste written monthly report, but there were none.

11. CLOSED SESSION

Chairman Baugh reminded those present that there was a closed session on the agenda for discussion regarding federal wetlands permitting and the Army Corps of Engineers Environmental Impact Statement process. Only Board Members, SPSA Executive Staff, SPSA Counsel, and Counsel for the City of Chesapeake would be present for that 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 potential acquisition of real property for wetlands mitigation in conjunction with the permitting process for Cells VIII and IX, in accordance with Virginia Code Section 2.2 3711(A)(3) for the purpose of discussion or consideration of the acquisition of real property for a public purpose where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body; and (b) legal issues that have arisen under the National Historic Preservation Act during the required Federal wetlands permitting and the Army Corps of Engineers' Environmental Impact Statement (EIS) process, which are necessary for proposed expansion at the Regional Landfill 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.

At 10:30a.m., Mr. Leahy moved, seconded by Mr. Broad, to enter closed session, as presented. The motion was adopted by a unanimous roll call vote in favor.

The Board came back into open session at 12:31 p.m. Once back in open session both in person and electronically the following motion was presented.

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, as noted in the above attendance footnotes.

12. OTHER BUSINESS

In anticipation of the July Annual Board Meeting, Chairman Baugh appointed a Nominating Committee to take feedback from the full Board and recommend a slate of officers for the coming year. The Nominating Committee, Ms. Raulston, Mr. McCoy, and Mr. Keaton will report back at the June meeting.

13. ADJOURN MEETING

There being no further business to come before the Board of Directors, the regular meeting was adjourned at 12:33 p.m.



Dennis L. Bagley
Executive Director

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