

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

September 27, 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 (<i>absent</i>)	(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	(PO)
Mr. Tony Parnell	(SH)	Ms. Lynette Lowe	(SH)
Mr. D. Rossen S. Greene	(SU)	Mr. Albert Moor	(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), Ms. Jocelyn Terry-Adumuah (PO), Mr. Greg Martin (CH), 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 September Board Meeting to order at 9:30 a.m. and then he led the Pledge of Allegiance.

2. **PUBLIC COMMENT**

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

3. **CHAIRMAN'S COMMENTS**

Chairman Baugh thanked the Board for their attendance and continued support in staying on schedule by keeping comments and discussion within allotted timeframes. Chairman Baugh went on to share his view that the day's meeting marked the beginning of a refocus of SPSA's mission. The Executive Committee has had extensive discussions about the best way to move

SPSA into the future and now the Board will continue the conversation. He went on to say that SPSA's mission is to provide an efficient and responsible waste management system for its member communities and to do that sustainably, SPSA's focus needs to be forward-looking moving away from landfilling. In order to fulfill the vision of truly being the gold standard leader in waste management and landfill operations, SPSA must move into new areas by taking calculated risks and allowing SPSA's leadership to prepare the organization for the future in order to best support its member communities. While these conversations have been going on for many months, Chairman Baugh said that the time had come to take forward-thinking action and the day's presentations would be focused to that end.

4. **APPROVAL OF MINUTES**

The minutes of the August 23, 2023 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. Jarratt, to approve the August 23, 2023 minutes of the SPSA Board of Directors, as presented. The motion was adopted by a unanimous vote in favor.

5. **AUDIT COMMITTEE REPORT**

Ms. Lowe, Chair of the Audit Committee, provided the Audit Report stating that a meeting was held on September 25, 2023 where she, staff, and Committee members Ms. Graham-Williams and Mr. Love met with the lead auditors from Cherry Bekaert for a thorough review and discussion of the Fiscal Year 2023 Financial Report. Ms. Lowe encouraged the Board to take the time to review the detailed explanations and breakdowns provided in the funding notes, when they are furnished with final copies of the report at the next meeting, as those notes will fully explain that the financial statements are presented appropriately according to accounting standards, and that the proper place for the level of specific detail requested by the Board is in those notes. On behalf of the Audit Committee, Ms. Lowe thanked the Board for entrusting them with the responsibility of reviewing and providing feedback on the annual report. She reported that they are confident that the items reported in the audit are detailed properly and that they look forward to the presentation from the auditors at the October Board Meeting. She also added that they are pleased with the expertise of staff in preparing the report and the working relationship between staff and the audit team. She offered to answer any questions. Mr. Leahy expressed his appreciation to the Committee and staff noting that a governmental organization cannot move forward without proper accountability for public funds as its foundation.

6. **VDOT FLYOVER UPDATE PRESENTATION**

Mr. Mike Davis of the Virginia Department of Transportation gave a brief update on the Flyover Project, noting that the drawings are being finalized and that the advertisement phase is approaching in December. He reported that the permitting process is going well, and he sees no issues with the threatened and endangered species impacted by the project. Right of way plans have been finished and two of the three parcels have been approved and cleared by the landowners, with the third, the City of Portsmouth, set for a vote. The Five Pines property owner was unable to secure a contractor for tree clearing, so VDOT has modified the schedule to accommodate that change. Mr. Davis also noted that VDOT has been actively engaged in alerting large contractors to the pending advertisement of this contract in the hopes of encouraging competitive bidding. He also commented that while the revised schedule shows

the project as being open to traffic on July 31, 2026 there are incentives built into the contract to encourage early completion. He also reviewed the inflationary factors that contributed to the estimated budget increases that the Board voted to cover at the August Board Meeting so that the project can be considered fully funded and eligible for advertising, noting that VDOT constantly reevaluates to determine reliable funding expectations to present to the Board. Mr. Davis offered to answer any questions.

VDOT

SPSA FLYOVER ENTRANCE OVER US 13/58/460

Project Status Update

Mike Davis, PE, CCMD Deputy District Engineer
VDOT-Hampton Roads District

September 27, 2023

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SPSA Project Update

SPSA Flyover entrance over US 13/58/46)

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SPSA Project Update

Environmental Update

404/401 Permitting (DEQ/USACE Clean Water Act)

- Provided the MFR (memorandum for record) for Corps
- VDEQ public comment period to start week of September 18th
- All permits on track for acquisition by Ad date based on communications with the respective agencies:
 - Individual DEQ - authorizes impacts to Virginia state waters and wetlands (Section 40) of the Clean Water Act
 - Individual USACE - authorizes impacts to Waters of the US (including wetlands) and satisfies the Section 404 of the Clean Water Act

Threatened and Endangered Species

- Mitigation for Canada goose rattlesnakes is being secured through SWB Property in Suffolk.
- Mitigation = 5.85 acres
- Time of Year Restrictions for tree clearing (bats)- 15 Dec-15 Feb and 15 April- 30 July

Wetland Impact Mitigation

- Secured Wetland mitigation for 14.4 acres

Additional Project Permits Anticipated

- DEQ Coastal Zone Consistency - CZ will handle Coastal Zone Consistency - Ensures the Coastal Zone Management Act of 1972 is followed and all federal consistency regulations are met. (Tidal and Non-Tidal Wetlands, Dunes and Beaches, Chesapeake Bay Preservation Areas, marine fisheries, Wildlife and Inland Fisheries, Plant Source Air Pollution and Water Pollution, Non point Source Water Pollution, etc.)

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SPSA Project Update

- **Final Design**
 - Bidability plans were submitted on 8/1/2023
- **Right of Ways Plans**
 - Right of way authorization was received on 4/19/2023
 - Appraisals and negotiations are in progress.
 - Two parcels are cleared. We are on the city of Portsmouth agenda for the 3rd parcel
- **Utilities**
 - Received the 100% in-plan utilities plans on 6/28/2023
 - Utility relocation design has started with relocations starting in Fall 2023
- **Tree clearing**
 - At this time, 5 Pines Property has been unable to clear. VDOT has incorporated into our schedule

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SPSA Project Update

Schedule Update

Key Milestone	Activity	Scheduled Date	Revised Schedule	Actual Date
Preliminary Field Investigation (PFI) Plans (30%)		9/24/2021	NA	9/10/2021
Public Hearing (Posting of Willingness)		2/11/2022	NA	2/22/2022
Field Inspection (FI) Plans (60%)		6/1/2022	NA	3/23/2022
Final Right of Way (ROW) Plans (75%)		10/5/2022	2/13/2023	2/13/2023
Pre-Advertisement Conference (PAC) Plans (90%)		2/3/2023	4/12/2023	4/26/2023
Bidability Plans (99%)		3/24/2023	8/02/2023	8/1/2023
Advertisement		11/30/2023	12/5/2023	
Letting		1/18/2024	2/28/2024	
Award		2/23/2024	3/5/2024	
Roadway open to Traffic		4/29/2026	7/31/2026*	

Notes:
1. This date is incentivized for early completion.

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SPSA Project Update

Project Budget Status:

Phase	Original Budget	Current Estimate
PE	\$6,720,000	\$5,300,000*
RW	\$3,697,500	\$2,482,570*
CN	\$28,848,710	**
Total	\$39,266,210	**

* PE and RW budgets adjusted due to savings within these two phases.
** Due to Escalation of prices, the CN Cost has increased and impacted total budget.

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SPSA Project Update

Project Budget Overview:

Phase	Original Budget	Revised Budget Per Phase	Inflation	Contingency
PE (100% Design) - 9/2021	\$39.2 M	\$37.4 M	-2.40%	\$4.1 M
P (80% Design) - 10/2022 *	\$39.2 M	\$39.9 M	4%	\$3.9 M
R/W (75% Design) - 2/2023	\$39.2 M	\$39.5 M	0%	\$4.3 M
P&C (80% Design) - 4/2023	\$39.2 M	\$43.8 M**	0%	\$4.7 M
Bidability (90% Design) - 8/2023	\$39.2 M	\$46.6 M*	6%	\$5.0 M

* Per the VDOT Chief Engineer's memo, escalation was revised from 5% to 8% and some minor adjustments to unit prices

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- SPSA Project Update**
- Project Budget Status:
- Due to several factors, our August 2023 estimate exceeds original budget by \$7.3M. The following drivers for the increase were identified:
- Borrow Material unit price increased approximately 45%
 - PFI - Unit price = \$37/CY Bidability - Unit price - \$54/CY
 - Surface Mix Asphalt unit price increased approximately 15%
 - PFI - Unit price = \$108/Ton Bidability - Unit price - \$130/Ton
 - Reinforcing Steel unit price increased approximately 13%
 - Structural Steel plate girder unit price increased approximately 20%
 - Concrete unit price increased approximately 20%
 - Temporary concrete barrier (MOT) increased approximately 19%
 - Reinforced concrete pipe unit prices increased on average 15%
 - Nutrient Credits increased from \$20,000/lb to \$48,000/lb
 - Original inflation was 2.4% and to meet the current VDOT policy, this was increased to 8%.
- VDOT | 11

SPSA Project Update

Project Budget Status:

Estimate (Reduced PE ,current RW/UT estimate and no contingency)	
PE	\$5,300,000
RW	\$2,482,570
Base CN	\$25,424,803
Risk/Management Contingency (10%)	\$0
Construction Design Services	\$500,000
CEI	\$4,720,776
Construction Contingency (10%)	\$0
Incentive	\$500,000
Escalation (8%)	\$2,021,512
total CN	\$33,167,091
total	\$40,949,661

- Budget was increased from \$39.2M to \$40.9 (\$1.7M increase) per letter dated August 28th from SPSA
- The budget will need to be finalized once bids are received which is anticipated in the February/March 2024 timeframe.

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Ms. Graham-Williams commented that the previous day the City of Portsmouth voted to approve the two easements needed for the Flyover Project and she thanked the team for providing the necessary information to make that possible. Mr. Davis was pleased to be able to mark that item complete and thanked Ms. Graham-Williams and Portsmouth for their efforts. Chairman Baugh asked Mr. Davis about the early completion incentives in the contract, and he replied that the incentive covers up to 80 days, which could mean completion as early as May of 2026. Mr. Davis also noted that the contract also has penalties if construction goes past the completion date. Mr. Leahy asked what the greatest challenges to be faced during construction are, in addition to funding. Mr. Davis mentioned the hazards of working on a busy roadway, but that the geotechnical components at play in setting steel girders at this site is a factor that he is paying close attention to. Mr. McCoy asked about the maintenance of the project once completed and Mr. Davis said that, to his understanding, it will be turned over to the City of Suffolk and steps are being taken to ensure a smooth transition. Mr. Moor asked if, due to the number of accidents common in the construction area, if VDOT was considering any speed restrictions in the work zone and, if so, how those would work. Mr. Davis responded that, at this point it appears that the majority of the work will take place offroad behind barriers, so speed restrictions are not being planned at this time, however if recommended by the contractor or need arises that subject will be revisited. There were no further questions and Chairman Baugh thanked Mr. Davis.

7. EXECUTIVE DIRECTOR UPDATES

Before starting his usual report, Mr. Bagley updated the Board on a situation that staff has been managing the last few days at the RNG Facility regarding a Terreva contractor's improper disposal of a tank of methyl mercaptan, the harmless but distinctly foul-smelling chemical added to natural gas to alert customers of a gas leak, resulting in action being taken to locate the source of the smell and determine its cause. He complimented SPSA staff on their outstanding response to the situation and thanked the Suffolk Fire Department and Chesapeake HazMat Units for their responses to what appeared to be an alarming situation. He added that when made aware of the situation Terreva Renewables Vice President of Operations, Richard Crowther, immediately traveled from Atlanta to be onsite to remedy the situation and was present at the day's meeting to answer any questions. Mr. Bagley went on to say that the challenge in resolving the matter is that, while the mercaptan tank is secured, it cannot be removed until a specialized company can retrieve it, to better ensure that no additional odors escape during removal, but Terreva has already engaged that removal company. Mr. Bagley assured the Board that Mike Kelley, SPSA's Environmental Manager was responsible for all recording and reporting of the event, as required, and that the City of Suffolk's Public Information Officer is taking the lead on communicating with the press and social media with a joint release planned for later that day. Mr. Kelley offered to answer any questions.

Mr. Hansen asked what permit a situation of this type would fall under. Mr. Kelley and Mr. Bagley explained that it relates to the Title V Air Permit, which is a bit of a challenge because while SPSA is ultimately responsible for the Permit, as the Permit holder, the Permit itself clearly outlines that all of the permitting responsibilities fall to the third-party contractor. This is a matter that staff are attempting to further clarify in the new Title V Permit, as it has been an issue in the past and continues to be a concern. Mr. Bagley added that the Virginia Department of Environmental Quality (DEQ) and the Fire Department were very pleased with SPSA's response and that there was no doubt at all that this was a contractor error. His opinion is that this is not likely to result in a permit violation from DEQ but will continue to keep the Board informed. Mr. Leahy acknowledged that while this particular situation is being resolved with relative ease, he is concerned that it indicates a serious lack of training that needs to be addressed as the potential for harm by human error is significant. Mr. Bagley mentioned that they are in the early stages of investigation and that Mr. Crowther would be available to answer questions moments later, but that Mr. Bagley wanted to attest to the fact that he has been very clear with Terreva that there are matters to be addressed and he is confident from his conversations last night that those are going to be addressed immediately. He invited Mr. Crowther to the podium to share those plans, adding that the Board can be assured that SPSA's position is that major changes must take place. Mr. Crowther introduced himself and briefed the Board on the situation, adding that Clean Harbors came to the site for environmental clean up and determined that because the tank was in a metal dumpster there was no soil contact or contamination. He said that his technical team is working with a contractor out of West Virginia that specializes in containing and disposing this kind of equipment and that they are engaging in deodorizing efforts to minimize any lingering smells. He also added that, moving forward, there will be no methyl mercaptan of any kind on site because Terreva sells gas directly to the pipeline which does not require an odor additive. Mr. Crowther said that Terreva will be on site with their staff reviewing safety procedures in detail and ensuring that SPSA is comfortable with what everyone is doing. He stated that he was coming to the Board with an apology, as this was a situation that never should have happened. They are working to mitigate the situation quickly, and while the chemical is not hazardous it is very unpleasant, and anyone in the community who smelled it would have thought there was a massive gas leak

so he does not minimize the concerns raised. He offered to answer any questions. Mr. Moor, of the City of Suffolk, who had to manage a concerned public and teams of first responders during this situation, asked if the cylinder would be removed that day. Mr. Crowther responded that his team was on the phone with contractors in West Virginia at that moment and it was a matter of them travelling to the site. Mr. Crowther reiterated the strategy that now that the container is enclosed it is best to have a specialist handle removal to better ensure that there is no further mishandling of an already damaged container, which could result in further escaped mercaptan. They commented about lingering odors and hope that coming rain would help the situation. Mr. Moor also thanked Mr. Bagley for tracking him down the previous morning to ensure that he was well informed of the situation and for staff's work to remedy the situation. Ms. Graham-Williams raised concerns about lingering mercaptan odors masking the smell of actual gas leaks in the area and asked if there were any precautions being taken in that area. Mr. Crowther responded that, fortunately, the smell does dissipate fairly quickly once away from the source and by using the specialized contractor for removal there is less risk of additional odors. Mr. Bagley added that SPSA has contacted local gas utility companies to notify them of the situation, which should also be helpful. Ms. Raulston asked Mr. Crowther about Terreva's contractor safety program, and they discussed the specific details of the incident and noted that there will be a post-incident report. Mr. Sorey asked where the container would go when it leaves the site and Mr. Crowther responded that that he would have to check with the contractor, but presumably it will be taken to the contractor's site to be cleaned properly and then for disposal at a certified scrap hauler for that particular type of metal. He reiterated that nothing will be happening on site without full coordination with SPSA. Mr. Bagley concluded by saying that since Mr. Crowther's arrival he has ensured that the right work is being done and being done correctly and that he has been in constant contact with staff. Mr. Bagley and Mr. Strickland have told him in no uncertain terms what their expectations are and he has been in full agreement to move forward professionally with the right people. Mr. Crowther agreed and offered to answer any more questions as they arose.

Mr. Bagley commented on the timeliness of this particular selection, given the recent events and her assistance with the RNG Facility, as he recognized Environmental Specialist, Grace Roquemore, as the SPSA Values in Action Employee of the Month. When asked what she likes about working at SPSA, Ms. Roquemore says that she likes the different challenges she faces each day, and Mr. Bagley and Mr. Kelley are incredibly grateful for her wide skill set and can-do attitude. Dr. Baugh presented Ms. Roquemore with a certificate and a lapel pin as tokens of the Board's appreciation.

Regarding the wetlands permitting process required for the proposed expansion at the Regional Landfill and the Army Corps of Engineers' Environmental Impact Statement (EIS), Mr. Bagley reminded the Board that staff received comments largely from EPA and staff has worked with consultants to provide responses. He noted that of those 29 requests for information, 10 of them centered around what SPSA is doing to reduce the waste stream and promote re-use and recycling. He read some of the questions to give specific examples and noted that these conversations go as high as speaking one-on-one with EPA Region 3 Director, Adam Ortiz, who is adamant that these must be SPSA's future concerns. Mr. Bagley supplied copies of a letter written by Mr. Ortiz to the Army Corps of Engineers stating the EPA's possible objections to SPSA's expansion into wetlands. This letter, Mr. Bagley reminded the Board, is not a surprise or new information, but it is the expected next step that EPA can take to potentially overrule a decision from the Army Corps of Engineers, because the EPA has that authority. Mr. Bagley assured the Board that staff is addressing the situation thoroughly, but that these concerns being raised by EPA make the discussions taking place about the future and the role that SPSA will play that much more important and set the stage for what can be

SPSA's next chapter. He asked that, as conversations continue at that meeting, and at future meetings, the Board keep in mind the significance of what EPA is asking and the opportunity to create lasting impact that is being presented to the Board. As SPSA's Executive Director, Mr. Bagley is saying that seeking sustainable long-term solutions outside of landfilling is not just what the EPA is insisting that SPSA do, it is the right thing to do for SPSA's member communities. Mr. Bagley and Mr. Bob Gardner would be discussing the proposed Alternative Waste Disposal Request for Proposals later in the meeting, rather than at a later date, because of the urgency in moving forward on the process demonstrably. Ms. Graham-Williams asked if the comments and responses could be shared so that she, and others, could begin communicating the vision to their member localities. Mr. Bagley responded that they would be sent to her after the meeting.

The next item for update was the Waste Disposal Service Agreement with WIN Waste. Mr. Bagley informed the Board that discussions have come down to the single issue of timing for payment of liquidated damages. He hopes to have a final written response by October 13, 2023 so that all documents can be presented to the Board at the October Board Meeting.

The Ribbon Cutting for the RNG Facility will take place on October 18, 2023 at 11:00 a.m., immediately following the Executive Committee, which will be held at the Regional Landfill Administrative Building conference room. Mr. Bagley hopes the Board plans to attend.

The Waste Characterization Study performed by SCS Engineers at the Landstown Transfer Station and the Chesapeake Transfer Station has been received by SPSA and is under final review. Mr. Bagley commented that the study will be utilized as part of the RFP for Alternative Waste Disposal.

Mr. Bagley returned to the subject of the RFP for Alternative Waste Disposal, reporting that a draft RFP has been completed by SCS Engineers and that Mr. Bob Gardner will review that with the Board. He also commented that in preparation of the draft of that proposal, the topic of SPSA's Use and Support Agreements (USA) became a matter for consideration. He reminded the Committee that each of the member communities have a signed USA that expires on June 30, 2027 that will automatically renew for a ten year period unless that member community gives notice of intent to leave the authority by December 21, 2025. The June 30, 2027 date is significant because it was originally chosen to coincide with the end of the first term of the WIN/Wheelabrator contract. Now that WIN Waste is closing and SPSA is seeking a new Alternative Waste Disposal contract, Mr. Bagley must raise for discussion the challenge of seeking proposals for potential new technology, which would require major investments from vendors, with so little time remaining on the member communities' commitment to SPSA. He posited that it will be difficult for SPSA to get viable, forward-thinking responses if SPSA cannot provide vendors with a solid expectation for the waste that would need to be processed. Mr. Bagley asked Mr. Spain to review the USAs and discuss what options might be available should the Board choose to extend them in order to give vendors responding to the RFP greater assurance of a guaranteed waste stream and therefore likely offer more competitive pricing. Mr. Spain offered historical context on the USAs, which were signed in 2016 and 2017 and took effect in January of 2018, under similar circumstances when SPSA was also seeking an alternative waste disposal services provider. He advised that the Board could elect to amend the USAs regarding specific terms, or any other matters, as they are written to allow amendments to their provisions. He explained the process as similar to amending the SPSA Bylaws where a written proposed amendment is presented at one meeting, discussed, reviewed, and modified as necessary, but the earliest opportunity to vote on the proposed amendment would be the following meeting and the amendment would need to pass by a 75%

resolution of the Board. If approved by the SPSA Board, individual localities would then need to vote on their USA for the amendment to become effective, so the localities have ultimate control over whether or not a change takes place. Mr. Spain reiterated that this is a process that can certainly take place very similarly to how it was done most recently, to give assurance to potential contractors of a longer-term waste stream. Mr. Bagley added that there is time to socialize this idea to the localities but that he wanted to begin the conversation now so that Board Members can begin speaking to their communities with an eye toward making a decision, potentially in a March 2024 timeframe. He stated that his recommendation, having thoroughly considered the situation, would be to present a longer timeframe to contractors so that SPSA can be best positioned to look at the big picture when considering value and investment. He presented a chart of an example project that illustrated his point. Mr. Bagley reminded the Board that a decision was not needed that day, but that careful consideration and big picture thinking would be necessary moving forward.

Example Project 20

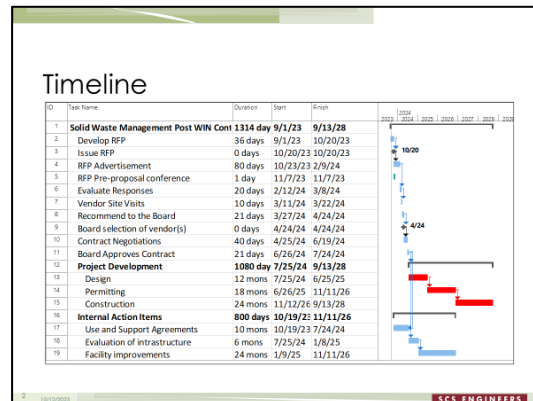
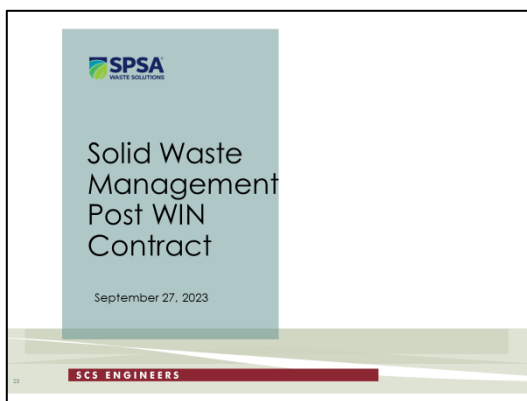
\$250 Million cost with a projected 460,000 TPY

Term of USA	Annual Cost For Contractor to Cover Debt Only	Tip Fee Required to Cover Debt Only
Ten Years	\$31,130,963	\$67.68
Fifteen Years	\$22,710,128	\$49.37
Twenty Years	\$18,579,392	\$40.39
Twenty-Five Years	\$16,163,021	\$35.14

- Staff Recommendation** 21
- ▶ Proceed with the RFP process with the understanding that an extension of the USA will likely be needed to facilitate finalizing negotiations on a disposal agreement.
 - ▶ Begin socializing the possible need to extend the USA with your jurisdictions.
 - ▶ SPSA Staff will be available to provide briefing for member localities if needed.
 - ▶ Staff will provide regular updates to the SPSA Board on RFP progress.
 - ▶ By early Spring 2024, we will know who responded to the RFP and what steps will need to be taken by SPSA.

8. ALTERNATIVE WASTE DISPOSAL RFP PRESENTATION

Mr. Bagley introduced Mr. Bob Gardner who gave a presentation on the Request for Proposals for Alternative Waste Disposal, calling it “Act I” of SPSA’s next steps toward innovation. He reviewed the proposed timeline for the project, possible alternatives that may be suggested, potential evaluating criteria for proposals, and issues that must be considered.



Alternatives

- Waste stream
 - Contract all of the waste stream
 - Contract for part of the waste stream
 - Landfill all of SPSA's waste or residuals
- Technologies likely to be considered:
 - Waste to Energy
 - Mixed Waste Processing (various approaches)
 - Landfilling

Potential Evaluation Criteria

- Proven technology – how much risk is SPSA willing to take?
- Experience and financial backing
- Schedule to develop
- Permitting
- Transportation
- Carbon footprint
- Impact on remaining life of Regional Landfill
- Resultant Tip Fee

Issues

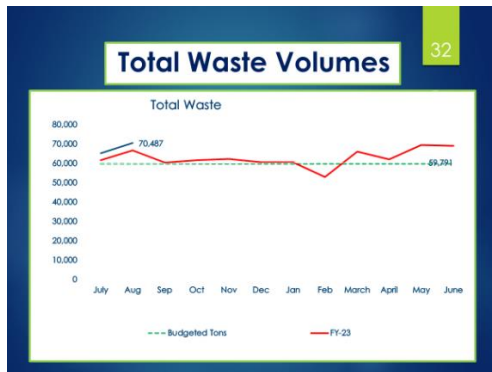
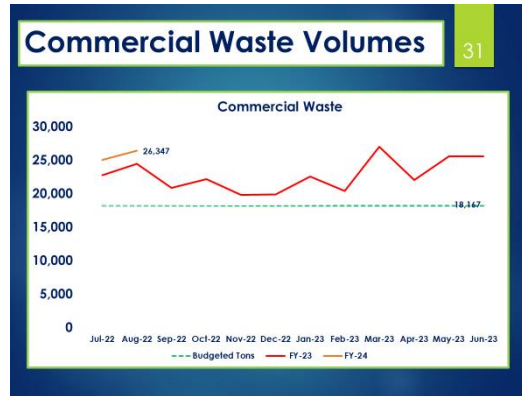
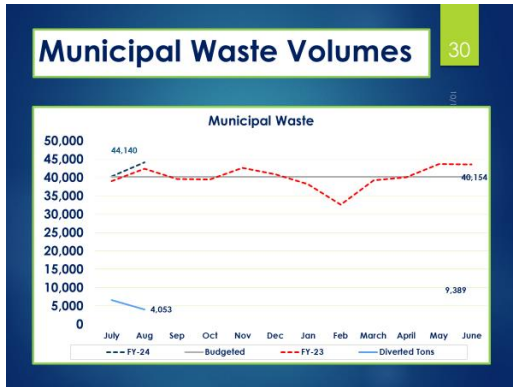
- How much of waste stream to divert to alternative facility(s)?
- Will SPSA own or contract for the operations?
- If SPSA owns the facility:
 - Issue of debt
 - Renegotiate use and support agreements
 - Term of agreement
 - Member tip fee
- If SPSA contracts all or a portion of the waste stream
 - Term of contract?
 - Schedule to develop?
 - Renegotiate use and support agreements
 - Member tip fee
- Time frame to negotiate, design, develop, permit, and construct new facilities.
- Commercial/municipal waste stream.
- Status of recycling in the region and impact of municipal waste stream.

Discussion

In the discussion that followed Mr. Gardner’s presentation, it was determined that it would be in SPSA’s best interests to have staff and consultants rework the draft RFP into a RFI that would seek insight to include not simply proposals for how vendors would engage with SPSA under its current structure, but information on how alternative disposal technology companies might seek to engage with SPSA in an ideal scenario. The Board clearly understands the urgency to take action, both due to the EPA’s insistence that they do so, but also out of the desire to best meet the needs of the member communities. However, the Board’s highest priority is to ensure careful, strategic understanding of how matters like the terms of USAs, SPSA’s role in waste diversion and recycling, issuance of debt for capital projects, and the like, will play a critical role in determining the best long-term path forward. It was also discussed that matters of legal confidentiality would be addressed in closed session under the guidance of general counsel with special counsel present, as needed. It was agreed that the day’s discussion was incredibly fruitful and indicative of the Board’s appetite for doing business differently and Mr. Bagley’s willingness to present those opportunities within parameters that meet the Board’s specifications.

9. OPERATIONS REPORT

Mr. Bagley reviewed municipal and commercial waste volumes for the reporting period, as well as total waste volumes and tons diverted. Mr. Bagley noted that municipal waste tonnages are on target with budget and that commercial volumes are above target. Total waste volumes came in above the previous year’s tonnages, placing the budget in good standing.



Mr. Bagley once again recognized the environmental team. SPSA just received the Platinum Award for Excellence in Pre-Treatment from HRSD for achieving five consecutive years of 100% compliance.

The Chesapeake Transfer Station is undergoing a minor modification of its permit by rule to increase the allowable tons per day from 500 to 1200. This will cover current volumes as well as allow for projected growth. Staff and consultants are also reviewing all other Transfer Stations to determine if similar modifications are necessary and will be addressing any changes in the near future.

10. CONTRACTS

Ms. Preston informed the Board that there were two contracts to vote on that were each part of the Fiscal Year 2024 Capital Replacement Plan. The first of those was for 14 Walking Floor Trailers secured through a cooperative contract with the Houston Galveston Area Council to be purchased from Ken's Truck Repair. Budgeted at just under \$1.6 million total, which is 113,000 per unit roughly, the total cost came in at 1,582,181.02, resulting in an approximate \$14,000 savings. Ms. Preston explained that these walking floor trailers have hydraulic slats that are built into the floor that allow mechanized movement to move the trash off at the disposal site but are also able to tip if they attach to a tipper, which allows greater versatility in offloading for Transfer Vehicle Operators at different locations. The next new contract was for two Transportation Road Tractors that are part of a Sourcewell contract with Peterbilt. The budgeted cost was \$380,000 but total costs came to \$440,000, resulting in \$60,000 difference to be recovered in savings from other equipment replacement purchases. Ms. Preston noted the \$14,000 savings on the earlier contract, \$4,000 savings in concrete on the recent paving at the Oceana transfer station, and some anticipated savings on the Caterpillar rebuild projects

that began in July as examples. She also mentioned that these tractors were added to the Capital Replacement Plan in anticipation of the closure at WIN Waste. She offered to answer any questions, but there were none.

New Contracts
FY24 Capital Replacement Plan 36

Walking Floor Trailers (14 total)

- HGACBuy Cooperative Contract
- Ken's Truck Repair
- Budgeted at \$1,596,000 (\$113,012.93 per unit)
- Total Cost of \$1,582,181.02
- Hydraulic slats built for mechanized movement in Walking Floor Trailers allow for versatility in offloading waste at disposal sites

Transportation Road Tractors (2 total)

- Sourcewell Contract with The Peterbilt Store
- Budgeted at \$380,000
- Total Cost of \$440,144(\$60,144 difference) made up from savings on other equipment replacement purchases
- Tractors are part of the FY24 Capital Plan in anticipation of the closure of WIN Waste

Mr. Leahy moved, seconded by Mr. Keaton, to authorize the Executive Director to award a contract to Ken's Truck Repair for 14 Walking Floor Trailers and a contract to the Peterbilt Store for 2 Transportation Road Tractors, as presented. The motion was adopted by a unanimous vote in favor.

There were two additional contracts that do not require a vote as they are within the Executive Director's authorization spending threshold that were also a part of the FY24 Capital Replacement Plan. One was for a new vehicle for Operations purchased for the amount of \$44,270 through a cooperative contract with the Virginia Sheriff's Association. The other was a Side Dump Truck for Transportation to transport sludge, which was the second of two purchased from IFB 01-23 for \$77,030. There were no questions or comments.

11. WRITTEN REPORTS

Chairman Baugh asked if there were any questions regarding the Financial Reports or the WIN Waste Report, but there were none.

12. OTHER BUSINESS

Chairman Baugh quickly summarized the previous discussions by reiterating that it was the will of the Board that staff evaluate the RFI concept, given the boundaries the Board discussed, to deal with the EPA's view and the details of that report versus an RFP. He also added that a closed session would be considered for discussing the impacts of certain legal decisions. Mr. Hansen added the suggestion that the RFI include a section allowing offers to comment on SPSA's structure and anything that may be prohibitive to a vendor being able to bring in new technology or new offerings. Chairman Baugh thanked him for the suggestion and agreed.

13. ADJOURN MEETING

There being no further business to come before the Board of Directors, the regular meeting was adjourned at 11:22 a.m.

Dennis L. Bagley

Dennis L. Bagley
Executive Director

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