

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

June 4, 2024

A Special Meeting of the Board of Directors of the Southeastern Public Service Authority (SPSA) was held at 12:30 p.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	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad ²	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Ms. Lavonda Graham-Williams ³	(PO)
Mr. Tony Parnell	(SH)	Ms. Lynette Lowe ⁴	(SH)
Mr. D. Rossen S. Greene	(SU)	Mr. Albert Moor	(SU)
Mr. Thomas Leahy	(VB)	Mr. L.J. Hansen ⁵	(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. 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 Special Board Meeting to order at 12:30 p.m. and then he led the Pledge of Allegiance.

2. PUBLIC COMMENT

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

¹ Ms. Burcham attended the meeting electronically from her office in Franklin City Hall for personal scheduling reasons. There were no objections to her electronic attendance.

² Mr. Broad was absent from the meeting. Mr. Love served as the voting Ex-Officio Member from Norfolk.

³ Ms. Graham-Williams was absent from the meeting.

⁴ Ms. Lowe was absent from the meeting.

⁵ Mr. Hansen was absent from the meeting. Mr. Kline served as the voting Ex-Officio Member from Virginia Beach.

3. CHAIRMAN'S COMMENTS

Chairman Baugh thanked the Board for their flexibility and willingness to attend the Special Meeting. He reminded the Board that the brief Special Meeting was being held because of timing in awarding the Flyover construction contract, and not an operational emergency or any other cause for alarm. He also reminded the Board to please review the FY 2025 Budgets and Strategic Operating Plan in advance of the Regular Meeting on June 26, 2024.

4. FLYOVER PROJECT PRESENTATION AND DISCUSSION

Mr. Bagley thanked the Board for their attendance at the Special Meeting, calling it an exciting day in this long-awaited project. He reiterated that the purpose of the meeting was to conform with procurement procedures that require the award of the construction contract before SPSA's next Regular Board Meeting. He introduced Mr. Mike Davis of VDOT and asked him to brief the Board on the project. Mr. Davis gave a presentation on the status of the project and the next steps required of the Board.



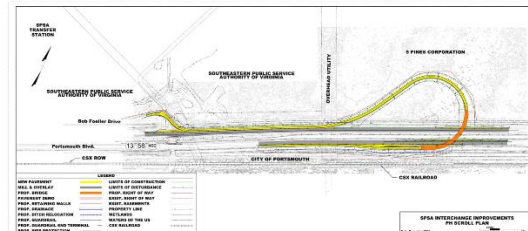
SPSA FLYOVER ENTRANCE OVER US 13/58/460 Project Status Update

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

June 4, 2024

SPSA Project Update

SPSA Flyover entrance over US 13/58/46



SPSA Project Update

I would like to update you on the following:

- Where We Were
- Where We Are
- Next Steps Going Forward.

SPSA Project Update

SPSA Project Update 08/21/2023

SPSA Interchange Improvement project budget was \$39,266,210. Due to several factors, our latest estimate is over the original budget by \$7.3M. The following drivers for the increase were identified.

- Borrow Material unit price increased approximately 45%
- Reinforcing Steel unit price increased approximately 13%
- Structural Steel plate girder unit price increased approximately 20%
- Surface Mix Asphalt unit price increased approximately 15%
- 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%.

SPSA Project Update

8/21/23 update

Scenario 1 Estimate (Reduced PE and current RW/CV estimate)		Scenario 2 Estimate (Reduced PE, current RW/CV estimate and no contingency)	
PE	\$5,300,000	PE	\$5,300,000
RW	\$2,482,576	RW	\$2,482,576
Base CN	\$25,424,803	Base CN	\$25,424,803
Site Management Contingency (5%)	\$1,271,240	Site Management Contingency (5%)	\$0
Construction Design Services	\$200,000	Construction Design Services	\$200,000
CEB	\$1,703,178	CEB	\$1,703,178
Escalation (8%)	\$900,000	Escalation (8%)	\$900,000
Incentive	\$0	Incentive	\$0
Work Claims and Change Orders (0%)	\$0	Work Claims and Change Orders (0%)	\$0
Total CN	\$29,711,627	Total CN	\$29,711,627
Escalation (8%)	\$2,316,463	Escalation (8%)	\$2,316,463
Incentive	\$0	Incentive	\$0
Work Claims and Change Orders (0%)	\$0	Work Claims and Change Orders (0%)	\$0
Total	\$32,028,090	Total	\$32,028,090
Base	\$1,911,049	Base	\$1,911,049

- Prior to advertisement authorization for this project, we will need to verify this project is fully funded to the current estimate (Either Scenario 1: \$7.3M or Scenario 2: \$1.7M).
- With a December 2023 anticipated advertisement date, funding verification is needed by the end of August. This can be either Board concurrence for the additional cost or a letter to VDOT stating SPSA will cover the increased cost.
- The budget will need to be revisited once the bids are received which is anticipated in the February/March 2024 timeframe.

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SPSA Project Update



August 28, 2023

Matthew J. Davis, P.E., CGP
District District Engineer / Development and Delivery
Virginia Department of Transportation
Via email: Matthew.Davis@dot.virginia.gov

RE: Funding for SPSA Flyover Extension Over US 1306480

Dear Mr. Davis,

I am pleased to report that at the August 23, 2023 Regular Board of Director's Meeting of the Southwestern Public Service Authority, the SPSA Board of Directors voted unanimously to allocate \$1.7 million in FY 2023 project funds to the above referenced project.

As discussed by phone and in person at the SPSA Flyover Oversight Committee Meeting on August 21, 2023, please consider this letter verification of full funding of the project under VDOT Project Budget Item Estimate Scenario 2.

We appreciate your efforts and look forward to continuing to refine the issue of this important project for the region.

Sincerely,

Matthew J. Davis
Matthew J. Davis
District Engineer

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SPSA Project Update

Project Advertisement

- Project Advertised on 1/3/2024
- Plan Holders included:

Plan Holders

CURTIS CONTRACTING, INC.
JOSEPH B. FAY CO.
Malone Construction Company
Kokosing Construction Company, Inc.
CROWDER CONSTRUCTION COMPANY
BRANNAN CONSTRUCTION CORPORATION
Brascome Inc.
Gene Construction Corporation
CAF Southeast
UNION CONSTRUCTION COMPANY, INC.
SR&K Enterprise
BRANCH CIVIL, INC.
Hecher Stevens Construction, LLC
McLean Contracting Company
KEYWAY INFRASTRUCTURE SOUTH CO.

- Letting was held on 2/28/24
- Zero Bids Received
- Reached out to the following Contractors:
 - Curtis Contracting
 - Kokosing Construction
 - Lane Construction
 - Fay Southeast
 - Branch Civil

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SPSA Project Update

Project was Readvertised and Bids were received on 5/22/2024:

- Caton Construction \$33,038,000
- Fay Southeast \$32,339,691
- Crowder Construction \$30,017,310



Headquarters:
Charlotte, NC



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SPSA Project Update

Next Steps for the Project:

- Bid is analyzed by our Central Office Contracts Division
- Bid is presented to our Commonwealth Transportation Board (CTB) for approval to advance- any project over \$5 Million has to have CTB approval before advancing to award. (Project will have to show as fully funded)
- Within 60 days of bid letting and approval from CTB board, contract is executed and Notice To Proceed is issued.

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SPSA Project Update

UPC 118375 SPSA Interchange Improvements Project

	8/21/2023	6/4/24 Request	6/4/24 Request
	Estimate Modified	Modification Request All 1	Modification Request All 2
PE	\$5,300,000	\$5,300,000	\$5,300,000
RW	\$2,482,576	\$2,482,576	\$2,482,576
CN			
Base CN	\$25,424,803	\$30,017,310	\$30,017,310
Construction Design Services	\$500,000	\$500,000	\$500,000
CEB	\$4,726,778	\$4,726,778	\$4,726,778
Contingency (0%)	\$0	\$0	\$0
Work Claims and Change Orders (0%)	\$0	\$0	\$3,001,731
Incentive	\$500,000	\$500,000	\$500,000
Escalation (8%)	\$2,316,463	\$2,316,463	\$2,316,463
Total CN	\$33,167,041	\$35,738,086	\$38,739,817
Total	\$40,949,661	\$43,520,656	\$46,522,387
Requested Additional Funding	\$1,683,451	\$2,570,995	\$5,572,726

Base CN + Escalation(8%)= \$27,446,315

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SPSA Project Update

VDOT will need another letter showing the project is fully funded to advance the contract to the CTB for approval and finalize execution of the contract.



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Mr. Bagley asked Mr. Lewis, Chair of the Flyover Oversight Committee, to add his commentary to Mr. Davis' presentation. Mr. Lewis informed the Board that, due to scheduling conflicts, a meeting of the Committee was not able to be held, but that he and the Committee have individually been in contact with Mr. Davis, as well as Mr. Lewis speaking to Mr. Sorey and Mr. Hansen individually. They all agree with Mr. Davis' assessment and are grateful for his efforts and commitment to communication. Mr. Lewis stated that the Committee was unsurprised that

the contract bids came in over budget, as that is the current trend with road and construction projects in the region. He stated that, in an effort to keep the project moving forward as scheduled, the Committee was in favor of approving the full funding for the project, including VDOT's standard 10% contingency to cover any necessary change orders that may occur. Mr. Sorey was asked to give his opinion and he concurred with Mr. Lewis.

Mr. Bagley informed the Board that new funding for the project would be available in the form of the anticipated additional revenue balance in the FY 24 budget, as well as from capital costs allocated for the construction of Cell VII. He went on to illustrate that because of the recent redesign of the cover system for Cells V and VI, as well as the recent discovery of excess soil and the potential for waste mining, construction of Cell VII could be shifted to a later date, freeing funding for the Flyover project. It was also mentioned that a potential future surplus could also be applied to this project, as necessary.

During the ensuing discussion, the Board acknowledged the need to fully fund the actual budgeted project costs and to issue a letter to VDOT verifying that funding, but there was significant conversation regarding adding a 10% contingency to the cost. Omitting a contingency at this point, or including a decreased contingency percentage were considered, as well as the impacts of shifting funds and potential delayed construction. Ultimately, consensus was to take the recommendation of the Flyover Oversight Committee and award the funding including a 10% contingency.

Mr. Keifer recapped the full Flyover project, reminding the Board of the need for the Flyover as it fulfills a requirement in SPSA's Conditional Use Permit with the City of Suffolk. No waste can be placed in future Cell VII at the Regional Landfill without this initiative that will improve safety and accessibility at the interchange. Mr. Bagley added that after careful analysis, SPSA, as a regional authority, was determined to be the most appropriate source of funding for this necessary advancement for the region.

Mr. Davis was asked about an estimated completion date and reported that July of 2026 is the estimated substantial completion date, meaning that full traffic access should begin at that time. It was also reiterated that awarding full funding for the project does not mean that all funds will be utilized. The Flyover Committee will still be reviewing and approving all invoices for payment to ensure accountability for the funds. Incentives for early completion, along with liquidated damages and disincentives for delays, should also help keep the project on track for both scheduling and budget. The Committee and Mr. Bagley will keep the Board updated on progress and any anticipated changes as soon as they are known.

In light of the discussions that took place and for added clarity, Mr. Keifer was asked to restate the motion made during the Board's deliberations.

Mr. Keifer moved, seconded by Ms. Burcham, to authorize the Executive Director to spend up to \$46,522,387 for the VDOT Flyover project and report back to the Board with necessary modifications of the budget to accommodate the project cost. The motion was adopted by a unanimous vote in favor.

5. ADJOURN MEETING

There being no further business to come before the Board of Directors, the special meeting was adjourned at 1:03 p.m.

Dennis L. Bagley

Dennis L. Bagley
Executive Director

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