

18. UPDATE FROM SPSA

I wanted to provide you with a brief update on several matters related to SPSA, including:

1. **Termination of Agreement with Repower** - at its meeting on August 23, the SPSA Board voted 10-6 to terminate the Waste Supply and Services Agreement with Repower South Chesapeake, LLC, dated March 4, 2016, for failure to obtain a fully executed offtake agreement and achieve financial close in order to construct its planned mixed material processing facility in Chesapeake.

The short-term plan is to deliver the region's municipal solid waste (MSW) to the Suffolk Regional Landfill following expiration of the current agreement with Wheelabrator (January 2018). SPSA will immediately begin exploring long-term solutions by issuing a new Request for Proposals (RFP). There is sufficient space at the regional landfill in Cell 6 to receive the region's MSW for the next 7 years, and the City of Suffolk has just recently approved the rezoning and Conditional Use Permit to facilitate construction of Cell 7 when that becomes necessary.

2. **Search for New Executive Director** - At its May 24 meeting, SPSA engaged the services of The Mercer Group, Inc. (Atlanta) to facilitate the search for its next Executive Director. A deadline of August 11 was established for interested applicants to apply.

Mr. John Maxwell, a Senior Vice President with the Mercer Group provided the SPSA Board with a status report on August 23, informing us that he's received 26 resumes in response to his solicitation from local, regional, national and international candidates. The plan is to have the Mercer Group initially screen the applicants and forward a list of the ten best qualified applicants to a special SPSA committee that includes Luke McCoy (Portsmouth), Patrick Roberts (Suffolk) and me. Our committee will further screen the list and interview applicants to identify the top three candidates. It is expected that the full SPSA Board will then interview the top 3 candidates before making its final decision, which will likely be sometime in October.

3. **Leachate Levels at Regional Landfill** - leachate elevations in Cells 5 and 6 are now under transducer control and in compliance with DEQ requirements. A total of 5.3 million gallons of leachate was removed through the contracted pump and haul operation that began in May. With the problem now firmly under control, SPSA will continue discharging 50,000 GPD to HRSD's WWTP and managing any excess through a pump and haul operation with its own resources as necessary - the contract hauling operation concluded on August 18. A contract for the new Supervisory Control and Data Acquisition (SCADA) system has been awarded and is expected to be substantially complete in August 2018.

NO ACTION REQUIRED

Trash authority board ditches deal with RePower South. Who will be the region's lead trash contractor?

By Dave Mayfield
The Virginian-Pilot

Aug 23, 2017



Trash is dumped and compacted at the Southeastern Public Service Authority regional landfill in Suffolk on Friday, March 17, 2017.

CHESAPEAKE

The Southeastern Public Service Authority threw in the towel Wednesday on a plan to let a startup company take over as the region's lead trash contractor, ending months of internal debate about whether RePower South was up to the job.

The board of SPSA, which serves eight localities from Virginia Beach to Franklin, voted 10-6 to terminate its deal with RePower. The Spartanburg, S.C.-based company had proposed a \$100 million trash-handling complex on the Southern Branch of the Elizabeth River in Chesapeake, but it has run months behind in meeting key terms of the contract, including financing.

SPSA's board came close to ending the contract in two previous votes, in April and July. On Wednesday, two representatives from Isle of Wight County who had voted to stick with RePower went the other way. That was enough to pass the motion to terminate. It was proposed by board member William Sorrentino, a private engineer from Virginia Beach who has long questioned RePower's plan.

The vote came immediately after another in which the board split 8-8 on whether to amend the contract. One of that motion's proposals was to give RePower nearly another year, until February 2019, to begin operation.

Now SPSA will explore the possibility of a new round of bids from waste management companies. But there's no hurry, said John Keifer, the authority's chairman, because SPSA owns a large landfill in Suffolk that has plenty of room for expansion.

And though the deal with its current lead contractor, Wheelabrator Technologies, is set to expire in January, that company will stay on under a new contract.

Wheelabrator will no longer handle the trash dropped off at SPSA transfer stations by city- or county-owned trucks. But it will continue processing garbage dropped off at those stations by private waste haulers. That will amount to nearly half of the roughly 675,000 tons a year that now pass through those stations to Wheelabrator.

Still, many on SPSA's board had expressed high hopes for RePower.

Instead of burning trash for energy, as Wheelabrator does in Portsmouth, RePower had proposed what's known as a mixed-waste processing facility. There, at a complex crammed with high-tech sorting equipment, it promised to separate recyclables from everyday trash and make much of the remaining paper and plastic into pellets that would be burned alongside coal at a Dominion Energy power plant. And it said it could do all that at a much lower cost to SPSA and its member communities than they have been paying Wheelabrator.

But the company struggled to adhere to the timeline outlined in the contract that SPSA's board approved in May 2016.

Randy Keaton, a board member who serves as Isle of Wight's administrator, said he approached Wednesday's meeting looking for RePower to show proof that its proposal was still viable.

"I did not get the information that I was hoping for," he said, noting that board members learned, in questioning RePower representatives during a closed session prior to the vote, that the pellet supply agreement with Dominion had hit a snag.

That revelation undermined some members' confidence in the overall contract, Keifer said.

Jim Bohlig, a longtime waste management industry executive who has spearheaded RePower's proposal, said after the meeting that "Dominion informed us that they were not able to move forward and execute the agreement." He declined to provide more specifics.

Though RePower “had another customer” for the pellets, he said, that wasn’t enough for some board members.

“We’ll get over it, but it’s going to take a while,” Bohlig said.

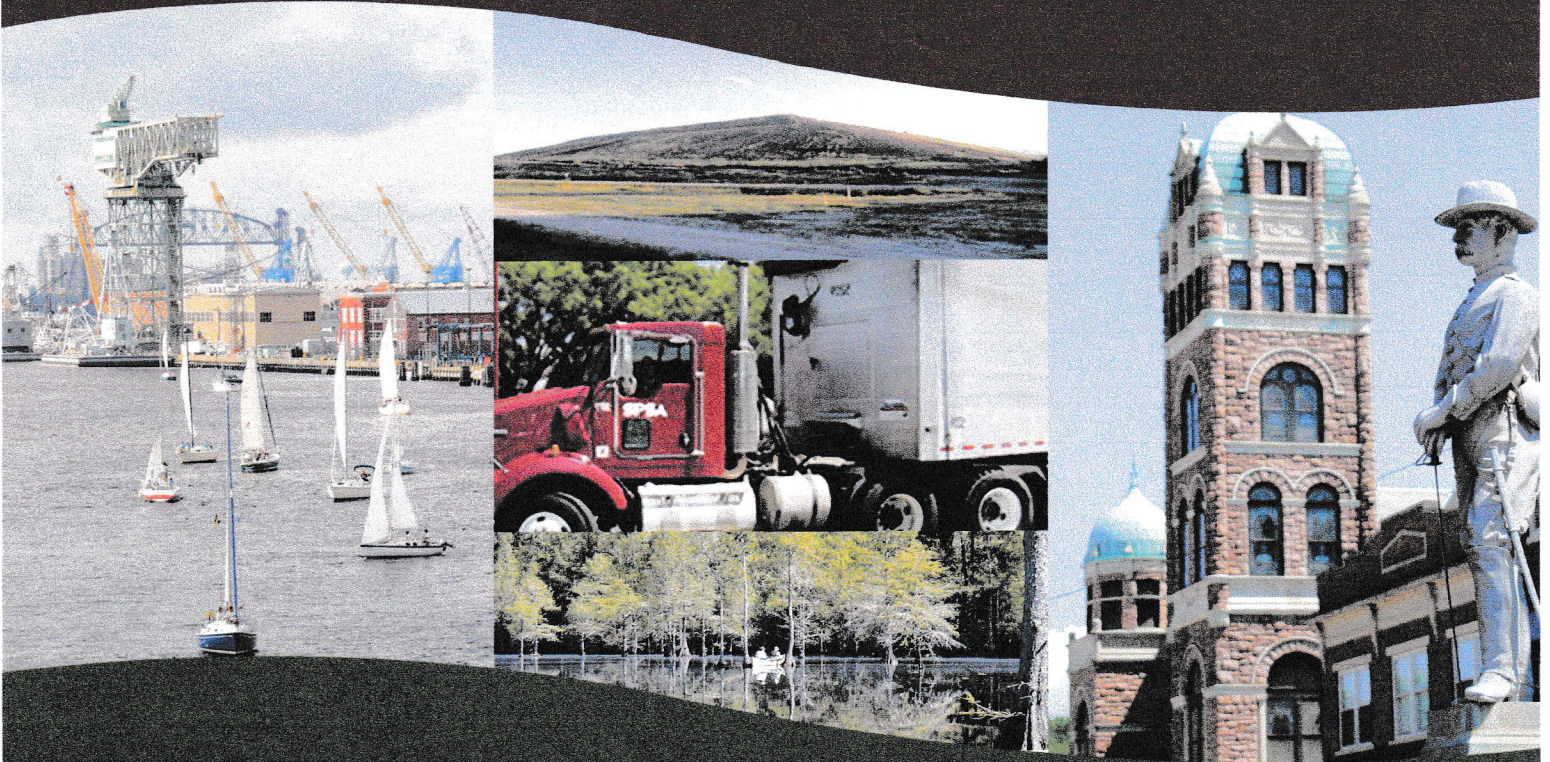
Under the 15-year agreement, RePower had been promised at least 350,000 tons of trash annually. SPSA had calculated the cost of using the company at \$56.52 a ton – a price that the authority figured would enable it to cut municipal waste “tipping fees” to its member localities to about half of their current \$125 a ton beginning in January.

Keifer said SPSA can achieve similar savings, however, by using its landfill more intensively. The authority had calculated landfill disposal costs at \$57.37 a ton.

Last week, the Suffolk City Council approved a seventh cell for the landfill – a project that could begin by 2024 and add decades of trash-handling capacity.

Some SPSA board members said after the meeting that the Suffolk council’s vote was pivotal, boosting their confidence that the authority had a solid backup plan should they abandon RePower.

SOUTHEASTERN PUBLIC SERVICE AUTHORITY

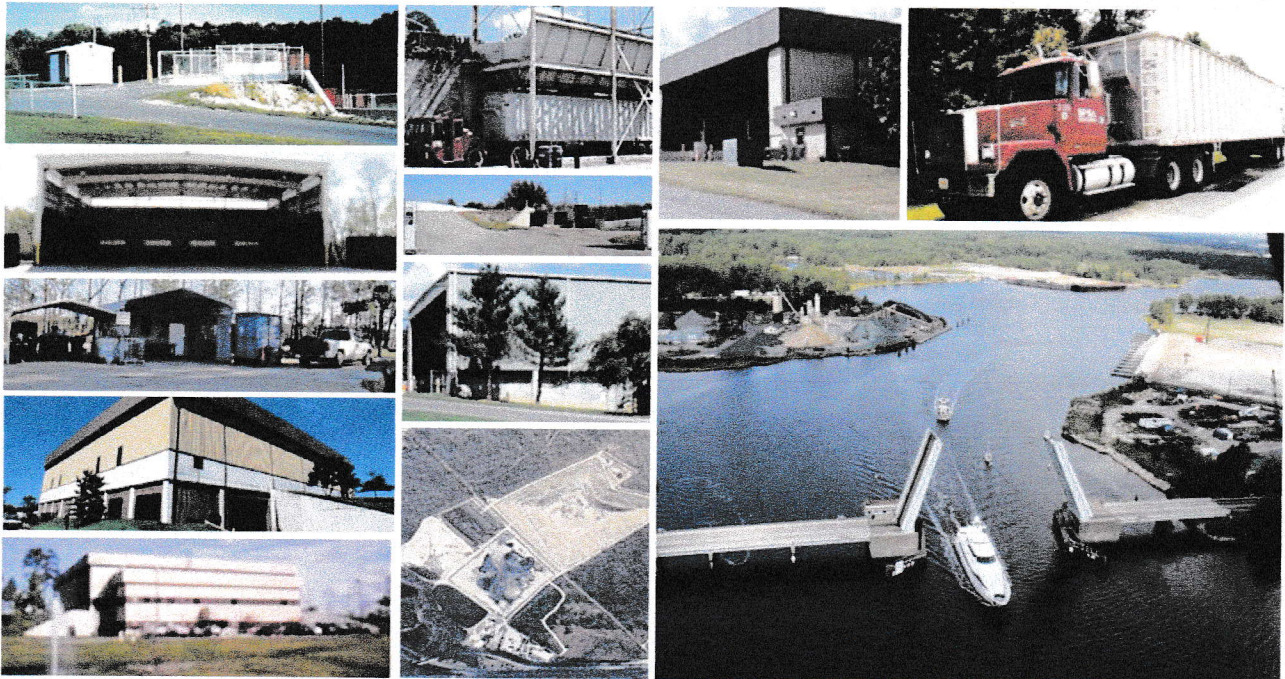


invites your interest in the position of

EXECUTIVE DIRECTOR



SOUTHEASTERN PUBLIC SERVICE AUTHORITY – AN EXCEPTIONAL OPPORTUNITY



THE ORGANIZATION

The Southeastern Public Service Authority (SPSA) is a regional solid waste disposal organization which was established in 1976 for the purpose of disposing the solid waste for eight communities in the Hampton Roads area of Virginia. The Authority is comprised of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the counties of Isle of Wight and Southampton. The combined population of the member communities is 1, 255,000. The FY 2018 budget totals \$44M. The Authority has 150 employees who will handle approximately 390,000 tons of municipal waste and approximately 300,000 tons of commercial waste.

SPSA's disposal system includes a regional landfill and nine transfer stations (strategically located throughout the service area), a transportation operation, fleet maintenance facility, a tire shredding operation, a white goods program and a household hazardous waste program. Currently, processible waste is transported to a refuse derived fuel (RDF) plant. The Service Agreement with the owner of the RDF plant will expire in January 2018. Following the existing Service Agreement SPSA will sort processible and non-processible waste and transport 350,000 tons of municipal processible waste to a new facility that will reclaim recyclable materials and process the remaining waste into pellets which can be burned as a substitute fuel source.



HAMPTON ROADS AREA

The communities served by SPSA offer outstanding educational, cultural and recreational opportunities for all age groups and interests. Six universities and two community colleges are in SPSA's service area or nearby. Area cultural activities include museums, a performing arts center, an opera house, and a symphony orchestra. Colonial Williamsburg and other historical sites are within a one hour drive. Numerous indoor and outdoor entertainment venues are in the vicinity. The beaches along the Atlantic Ocean and Chesapeake Bay offer recreational opportunities and the area's golf courses, tennis courts, theme parks and community centers provide a wide range of recreational programs for area residents.

GOVERNANCE

SPSA is governed by a 16 member Board of Directors who represent the member communities. Eight Board members are chosen by the Governor of Virginia. Each community selects an ex-officio member. Board members serve a four year term with a maximum of two terms.

THE POSITION

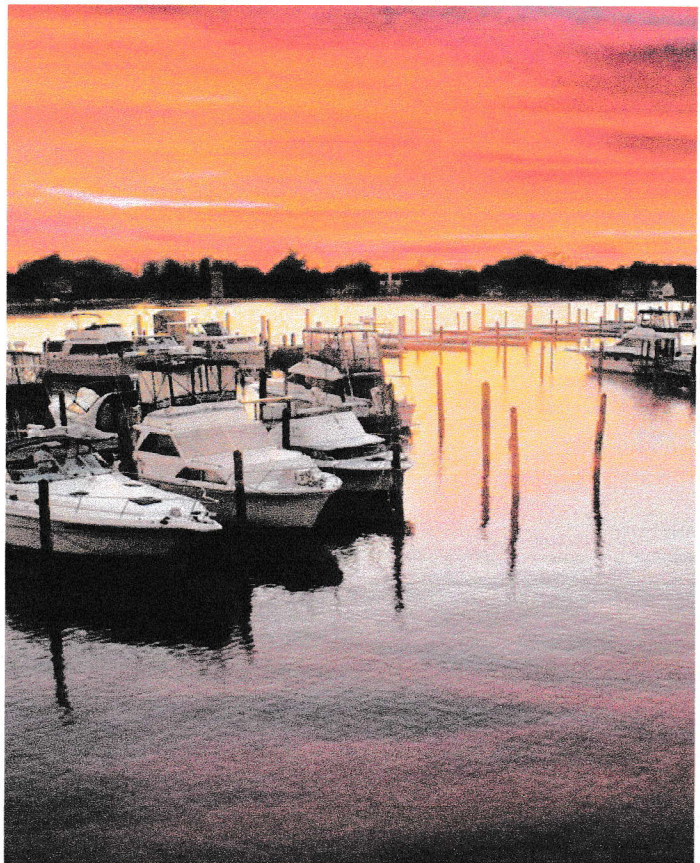
Under the broad guidance of the Board of Directors, the Executive Director plans, develops, establishes and implements policies and objectives of the Southeastern Public Service Authority in accordance with Board directives, Articles of Incorporation, and organizational Bylaws. As chief executive officer of the agency, the Executive Director develops short and long term strategic management plans for the operation of the agency; manages the administration of agency programs; prepares and administers operating and capital budgets; and establishes and coordinates the formulation of financial programs to provide funding for new and continuing operations and short and long range capital programs. The Executive Director is responsible for conferring with local and state officials concerning agency operations and programs; and developing policies and procedures to maximize operational efficiency and effectiveness.

CANDIDATE PROFILE

The ideal candidate will possess extensive knowledge, skills and abilities in solid waste management, engineering or environmental management in a local a government organization. Considerable experience in finance and budgeting, managing a business enterprise, or administering public works or environmental management programs is desirable.

The candidate will have an indisputable reputation as an effective leader and problem identifier/solver. The successful candidate will be a visionary, decisive, trustworthy, and ethical as well as a team builder/player. The ability to listen and establish and maintain effective working relationships with Board members, business and community leaders, federal, state and local government officials, staff and citizens is essential.

The successful candidate will have a Bachelor's degree in public or business administration, engineering, environmental management or related field. Master's degree preferred. The candidate will have extensive experience in solid waste management, public or business administration, environmental management or engineering along with considerable experience directing solid waste management programs.



COMPENSATION AND BENEFITS

A starting salary of \$175,000 – \$180,000 (depending upon qualification and experience) and competitive benefits.

HOW TO APPLY

For additional information on this outstanding opportunity please contact Mr. John T. Maxwell, Senior Vice President, The Mercer Group, Inc. email: jtmaxwell41@gmail.com

Resumes should be sent by the close of business of **August 11, 2017** to:

John T. Maxwell, Senior Vice President
The Mercer Group, Inc.
Email: jtmaxwell41@gmail.com
Website: www.mercergroupinc.com

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