

**AGENDA**

## FRANKLIN CITY COUNCIL

MONDAY, December 14, 2015 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVE.

**7:00 P.M.****Regular Meeting**

CALL TO ORDER . . . . . MAYOR RAYSTINE D. JOHNSON-ASHBURN

PLEASE TURN OFF CELL PHONES . . . . . MAYOR RAYSTINE D. JOHNSON-ASHBURN

PLEDGE OF ALLEGIANCE

CITIZENS' TIME

SPECIAL RECOGNITION: CITY EMPLOYEE RETIREMENT RECOGNITION

## AMENDMENTS TO AGENDA

1. CONSENT AGENDA

A. Minutes: November 23, 2015 Regular Meeting

2. FINANCE

A. FY 2015 – 2016 City Budget Ordinance Amendment # 2016 – 10

B. Financial Report: October, 2015 (Separate File)

3. OLD/NEW BUSINESS

A. Voting Machine Equipment Replacement

B. SPSA Post 2018 Use &amp; Support Agreement

C. City Manager's Report

4. COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS5. CLOSED SESSION

Closed Session - I move that the Franklin City Council meet in Closed Session to discuss and consider appointments to boards and commissions; a discussion of the disposition of publicly held real property, where discussion in an open meeting would affect the bargaining position or negotiating strategy of the public body; and consultation with the City Attorney pertaining to actual litigation, where such consultation or briefing in open meeting would adversely affect the litigating posture of the public body pursuant to Virginia Code Section 2.2 – 3711 (A) (1), (3) and (7).

Motion Upon Returning to Open Session- I move that the only matters discussed during the session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened.

6. ADJOURNMENT

**UPCOMING ITEMS TO BE SCHEDULED**

The items below are intended to be reflective, and not inclusive of all subjects staff is working on to bring forward to City Council in the next two months. Both the time lines and subject matter are subject to change and should not be considered final.

**SUBJECT****TENTATIVE TIME LINE****City Employee Holiday Luncheon****Wednesday; December 16, 2015,  
Workforce Development Center @  
11:30 a.m.****City Council/School Board Joint Meeting****TBA**



## *Resolution of Appreciation*

*Jo*

*Elma L. Smith*

**WHEREAS**, Elma L. Smith has faithfully served the City of Franklin as a Part-Time Custodial Worker from January 4, 1993 and transitioned to Full-Time Custodial Worker on November 1, 2002 until retiring on December 1, 2015 and

**WHEREAS**, Elma L. Smith diligently delivered quality workmanship. Ms. Smith continually displayed a cooperative spirit, was loyal and dependable as well as a willing teacher to her co-workers, and

**WHEREAS**, Elma L. Smith has provided guidance and exhibited wisdom through her position with the Public Works Department; and,

**WHEREAS**, her prudent judgment and warm personal demeanor have facilitated many accomplishments and have earned for her the respect of the community and her peers; and

**WHEREAS**, the City of Franklin commends Elma L. Smith for her generous and devoted service to this City and wishes her well in all her future endeavors.

**NOW, THEREFORE, BE IT RESOLVED**, that the Franklin City Council Honors the Exceptional Service of Elma L. Smith.

**AND, BE IT ALSO FURTHER RESOLVED** that a copy of this Resolution be spread upon the minutes of this meeting of the Franklin City Council as visible evidence of the high esteem in which this Council and the Citizens of the City of Franklin hold Elma L. Smith thereby forever preserving and recording its gratitude.

Adopted: December 14, 2015

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*Mayor Raystine D. Johnson-Ashburn*



## *Resolution of Appreciation*

*To*

*George Donnie Cagle, Jr.*

**WHEREAS**, Donnie Cagle has faithfully served the City of Franklin as a Wastewater Treatment Plant Operator from July 1, 1999 and transitioned to Wastewater Treatment Plant Manager on May 16, 2003 until retiring on November 1, 2015 , and

**WHEREAS**, Donnie Cagle diligently delivered quality workmanship. Mr. Cagle continually displayed a cooperative spirit, was loyal and dependable as well as a willing teacher to his co-workers, and

**WHEREAS**, Donnie Cagle has provided guidance and exhibited wisdom through his position with the Public Works Department; and,

**WHEREAS**, his prudent judgment and warm personal demeanor have facilitated many accomplishments and have earned for him the respect of the community and his peers; and

**WHEREAS**, the City of Franklin commends Donnie Cagle for his generous and devoted service to this City and wishes him well in all his future endeavors.

**NOW, THEREFORE, BE IT RESOLVED**, that the Franklin City Council Honors the Exceptional Service of Donnie Cagle.

**AND, BE IT ALSO FURTHER RESOLVED** that a copy of this Resolution be spread upon the minutes of this meeting of the Franklin City Council as visible evidence of the high esteem in which this Council and the Citizens of the City of Franklin hold Donnie Cagle thereby forever preserving and recording its gratitude.

Adopted: December 14, 2015

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*Mayor Raystine D. Johnson-Ashburn*

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**CONSENT AGENDA**

**A. Minutes: November 23, 2015 Regular Meeting**

The Franklin City Council held its regular meeting on Monday, November 9, 2015 at 7:00 p.m. in the Council Chambers at City Hall.

**Council Members in Attendance:** Mayor Raystine Johnson-Ashburn, Barry Cheatham, Vice-Mayor; Benny Burgess, Mary Hilliard, Frank Rabil, Mona Murphy and Greg McLemore.

**Staff in Attendance:** Randy Martin, City Manager; Taylor Williams, City Attorney; Chief Vince Holt, Director of Emergency Services; Melissa Rollins, Finance Director; Russ Pace, Director of Public Works; Brenda Rickman, Commissioner of the Revenue; Dinah Babb, Treasurer; and Alan Hogge, Director of Social Services.

**Others in Attendance:** Officer Brian Snow, Franklin Police Department; Dan Howe, Executive Director, Downtown Franklin Association, Inc. and Teresa Rose-McQuay; Administrative Assistant and Acting Secretary, Recording Minutes.

### **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited by everyone in attendance.

### **CITIZENS' TIME**

Dan Howe of 100 Gillette Court and Executive Director of the Downtown Franklin Association thanked everyone associated with the success of the Franklin Fall Festival and the Christmas Open House. They were both successful events that culminated with the help of many hours of hard work from both volunteers and the downtown business owners. He reminded everyone of the upcoming elf parade on Thursday, December 3<sup>rd</sup> at the Train Depot starting at 5:30 p.m. There will be a live nativity scene along with hot chocolate and cookies for the children. Santa and Mrs. Claus will be there to take pictures with the children and hear what the children would like for Christmas. The Franklin Community Christmas Parade will be Friday evening, December 4<sup>th</sup> at 7 p.m.

Mr. Howe invited everyone to come out and enjoy the downtown festivities. He proclaimed excitement for all the wonderful things going on in our Downtown Business District.

### **AMENDMENTS TO AGENDA**

There were no amendments to the agenda.

### **Consent Agenda**

#### **Minutes: November 9, 2015 Regular Meeting**

Mayor Johnson-Ashburn asked if there were any corrections or changes to the minutes. Hearing none she asked for a motion. Vice-Mayor Cheatham made the motion to adopt the minutes of the November 9, 2015 Regular meeting as presented and Councilman Rabil seconded the motion. Mayor Johnson-Ashburn asked if there were any questions or discussion on the motion: hearing none she called for a vote.

The motion was approved as follows:

Mayor Johnson-Ashburn, AYE; Vice-Mayor Cheatham, AYE; Councilman Burgess, AYE; Councilwoman Hillard, AYE; Councilwoman Murphy, AYE; Councilman Rabil, AYE; and Councilman McLemore, ABSTAIN.

### **Departmental Reports: October, 2015**

There were no questions or comments concerning the Departmental Reports.

### **Finance**

### **FY 2015 – 2016 City Budget Ordinance Revision to # 2016 – 04 and Amendments # 2016 – 08 & # 2016 - 09**

Director Rollins presented Budget Ordinance Revision to # 2016 – 04 and Budget Amendments # 2016 – 08 and # 2016 - 09. At the August 10, 2015 meeting, City Council authorized the request to transfer \$30,000 from the City's Solid Waste Fund (landfill closure line item) to the Economic Development Fund to fund the Business Drive Road Project to the Pretlow Industrial Park.

However, the amount of \$30,000 was not available in the landfill closure line item. When the budget amendment was prepared, the "requested" amount of \$70,000 was inadvertently picked up as the available budget amount which indicated that sufficient funds were available to cover expenditures in that line item; consequently, the \$30,000 requested for transfer was not available. The final City Council approved budget was only \$14,416.

In addition, \$180,000 was estimated as the available fund balance in the Economic Development Fund at the end of the fiscal year to be used to fund the majority of the cost of the road project. Subsequent year end reconciliation shows an available balance of \$ 178,667 at June 30, 2015 (unaudited).

The required action from City Council is to revise budget amendment #2016 – 04 to remove the City's request to transfer \$30,000 from the Solid Waste Fund to the Economic Development Fund and to use \$180,000 in available fund balance to cover the road project.

Councilwoman Murphy made the motion to revise budget amendment # 2016 – 04 as recommended and Councilwoman Hilliard seconded the motion.

Mayor Johnson-Ashburn asked if there were any questions or comments on the revision to the # 2016 – 04.

Councilman McLemore asked Director Rollins what was the purpose for taking these funds out of Solid Waste line item and putting them in the Economic Development line items.

Director Rollins stated that the City was looking for ways to fund the Business Drive Project that already existed in the budget without having to use funds in the Fund Balance; so they initiated funds that Finance expected to be available.

Councilman McLemore asked how much these funds were.

Director Rollins stated that initially the estimate was \$210,000 for the project.

Mayor Johnson-Ashburn asked if there were any other questions or comments and hearing none called for a vote.

The motion was approved as follows:

Mayor Johnson-Ashburn, AYE; Vice-Mayor Cheatham, AYE; Councilman Burgess, AYE; Councilwoman Hillard, AYE; Councilwoman Murphy, AYE; Councilman Rabil, AYE; and Councilman McLemore, NAY

### **Budget Amendment #2016 – 08**

The Fund Balance at 6/30/15 in the Economic Development Fund is \$178,667 of which \$32,000 was included in the FY 15 – 16 Budget for needed repairs to the HVAC system. The balance of \$146,667 is available for construction costs for the Access Road Project to Pretlow Industrial Park (Business Drive). The City received \$24,980 in real estate sale proceeds from Pinnacle Agriculture. The total cost of the contract to construct the road is \$192,100. In order to pay for costs incurred for the work, funds must be appropriated in the current budget.

The recommendation for funding the total road construction project is as follows:

- |   |           |
|---|-----------|
| • Use of Economic Development Fund Balance  | \$146,000 |
| • Use of Proceeds from Real Estate Sale   | \$ 24,980 |
| • Use of General Fund (Fund Balance) to increase the<br>Budgeted Transfer from \$24,220 to \$45,340 | \$ 21,120 |
| Total Revenue   | \$192,100 |

Councilwoman Hilliard made the motion to adopt budget amendment # 2016 – 08 as recommended and Councilman Rabil seconded the motion.

Mayor Johnson-Ashburn asked if there were any questions or comments concerning budget amendment # 2016 – 08.

Mayor Johnson-Ashburn asked Director Rollins what is the status of the HVAC line item.

Director Rollins commented that it is for a project that bids were solicited for recently and the city did not receive any bids for the project.

Mayor Johnson-Ashburn inquired about the status of the funds and how soon they would solicit new bids for the project.

Director Rollins stated that staff is planning to reissue the request for bids in the near future and are hopeful that the vendors will do the work for less than the \$32,000 that was estimated for the work in the budget.

Mayor Johnson-Ashburn asked if there were any additional questions or comments and hearing none Council voted.



The motion was approved by a 7 – 0 vote.

**Budget Amendment #2016 – 09**

The City has been awarded funds from the Virginia Department of Transportation (VDOT) for Primary Extension Paving Improvement Projects as follows:

- |                                    |                  |
|------------------------------------|------------------|
| • Primary Extension Paving Project |                  |
| • South Street                     | \$260,370        |
| • Clay Street                      | <u>\$225,000</u> |
| Total Award                        | \$485,370        |

According to the Standard Project Administration Agreement, the award is 100% reimbursable after the expenditure by the City. This project is not associated with the paving improvements under the Street & Highway Maintenance Funds and was not included in the FY 15 – 16 adopted budget. The City is requesting an appropriation of \$485,370 which will be reimbursed to the city within 30 days of the receipt of the required documentation by VDOT.

Vice-Mayor Cheatham made the motion to approve Budget Amendment # 2016 – 09 as recommended and Councilman Burgess seconded the motion.

Mayor Johnson-Ashburn asked if anyone had any questions or comments and hearing none Council voted.

The motion was approved by a 7 – 0 vote.

**Personal Property Tax Charge Offs (2009)**

Mayor Johnson-Ashburn recognized Treasurer Babb to present the Personal Property Tax Charge Offs for 2009. Included in the agenda was a list of unpaid Personal Property taxes for year 2009 that are deemed uncollectable due to the statute of limitations in Virginia State Code 58.1-3940. The statute of limitations restricts the Treasurer's office from actively pursuing any further collections efforts for these accounts. Treasurer Babb recommended that \$16,293.33 of delinquent personal property tax accounts for Tax Year 2009 be charged off.

Councilman Burgess made the motion to charge off \$16,293.33 of delinquent personal property tax accounts as recommended for Tax Year 2009 and Vice-Mayor Cheatham seconded the motion.

Mayor Johnson-Ashburn asked if there were any other questions or comments for Treasurer Babb and hearing none Council voted.

The motion was approved by 7 – 0 vote.

**Charge Off Of Uncollectible Utility Accounts**

Mayor Johnson-Ashburn recognized Director Rollins to present the Charge Off of Uncollectible Utility Accounts for 2009. Director Rollins stated that in accordance with the Charge-Off Policy,

the Treasurer has submitted the 2009 Listing of Utility Accounts to be recommended for removal from the City's outstanding receivable. These accounts have exceeded the statute of limitations (greater than five years) for collection.

- In 2009, 619 accounts were finalized or became inactive for the purpose of collecting on any outstanding balances.
- Of the 619 accounts, 91 accounts are included in the 2009 Charge Off recommendation or roughly 14.7% of the total accounts finalized. Charge offs for 2009 are \$25,877 less than 2007 or 21.6%.
- The Treasurer's Office has payment arrangements on four (4) accounts totaling \$17,679.75 in penalty and interest; these accounts are excluded from the charge off total recommended.

There are no fiscal impacts expected concerning the recommendation. Charging off specific accounts will reduce the accounts receivable on the books for that account, but will also reduce the allowance for uncollected accounts by the same amount.

The recommended action for City Council is to authorize the write-off of accounts deemed uncollectible by the City Treasurer in the amount of \$93,489.02 which is \$33,469.41 in actual charges and \$60,019.41 in penalties on outstanding utility accounts finalized and uncollected for 2009.

Councilwoman Hilliard made the motion to authorize the 2009 utility billing charge offs for 2009 as recommended and Councilman Rabil seconded it.

Mayor Johnson-Ashburn asked if there were any questions concerning the utility billing charge offs.

Councilman Burgess asked Director Rollins if she knew the gross for the utility accounts for 2009.

Director Rollins said that she would research that and report at a later date.

Manager Martin commented that the city has collected a very high percentage of the billed amounts each year.

The motion was approved by a vote of 7 – 0.

## **OLD/NEW BUSINESS**

### **City Manager's Report**

Manager Martin advised Council that the City had received a letter from the State of Virginia Department of Conservation and Recreation informing that the grant application for the Recreational Trails Program was not funded in the most recent cycle. The City has requested additional feedback on its application.

Manager Martin stated there was stiff competition for the grant funds. Staff would be looking for ways to improve the application details for future grant cycles for this project.

Mayor Johnson-Ashburn how often the state reviews applications?

Manager Martin stated they take grant applications at least annually.

### **Bookmobile**

Manager Martin followed up with the library to answer Vice-Mayor Cheatham's question from the last meeting. Vice-Mayor Cheatham wanted to know if they were going to consider adding stops that were previously taken off the route due to budget cutbacks. Manager Martin stated that library officials could not give any comment on that at this time but they will be reviewing some things. Manager Martin stated that he has a meeting with the library within the next thirty days about the upcoming budget and he said that he would try to get more information at that time.

Mayor Johnson-Ashburn asked if anyone had any further questions or comments for Manager Martin and hearing none she invited members to give Council/Staff reports on Boards and Commissions.

### **COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS**

Councilman Burgess stated that the City/County Shared Services water and sewer management team met to discuss further the best ways to present the engineering report to the elected bodies and the public. The team is trying to come up with a solution to make the lengthy report easier to comprehend. They are still looking at presenting to the City Council and County Board of Supervisors sometime in January of 2016.

Mayor Johnson-Ashburn asked Councilman Burgess if the timeline had been stretched out.

Councilman Burgess stated that it has been extended a couple of times and at this point it is a moving target.

Vice-Mayor Cheatham deferred to Manager Martin to report on the HRPDC and the HRPTO.

Manager Martin reported that it was a normal meeting with nothing more to report other than it was a long day. Manager Martin did comment that in the HRTAC meeting there was a discussion on tolls which elicited a lot of media hype. Manager Martin stated that they gave a report on how to fund all the priority projects. Manager Martin stated that they were looking at ways to narrow the lists to fund necessary projects within the means of the budget without relying solely on tolls. It was stated that all roads in Hampton Roads would not have tolls.

### **Closed Session**

Councilwoman Hilliard moved that the Franklin City Council meet in Closed Session to discuss and consider appointments to boards and commissions; a discussion of the disposition of publicly held real property, where discussion in an open meeting would affect the bargaining position or negotiating strategy of the public body; and consultation with the City Attorney pertaining to actual litigation, where such consultation or briefing in open meeting would adversely affect the litigating posture of the public

body pursuant to Virginia Code Section 2.2 – 3711 (A) (1), (3) and (7) and Councilman Rabil seconded the motion.

The motion was approved by a 7 – 0 vote.

**The Council entered into closed session at 7:38 p.m.**

Mayor Johnson-Ashburn reconvened the open session at 8:31 p.m. and asked for a motion certifying the closed session.

Councilman Rabil made a motion certifying that the only matters discussed during the closed session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened. The motion was seconded by Vice-Mayor Cheatham.

The motion was approved by a 7 – 0 vote.

**Adjournment**

Vice-Mayor Cheatham made a motion to adjourn the meeting which was seconded by Councilman McLemore.

The motion was approved by a 7 – 0 vote.

**Vice-Mayor Cheatham declared the meeting adjourned at 8:33 p.m.**

**These Minutes for the November 23, 2015 City Council Meeting were adopted on the 14<sup>th</sup> day of December, 2015.**

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**Mayor**

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**Clerk to City Council**

**FINANCE**

- A. FY 2015 – 2016 City Budget Ordinance Amendment # 2016 – 10**
- B. Finance Report: October, 2015 (Separate File)**



**DEPARTMENT OF FINANCE**

December 9, 2015

TO: Randy Martin  
City Manager

FROM: Melissa D. Rollins *Melissa D. Rollins*  
Director of Finance

RE: **Budget Amendment Requests – FY 2015-2016**

**Budget Amendment #2016-10 – FUND 501**

In order to maintain the required operational permits from the Virginia Department of Environmental Quality (DEQ) for the City's Wastewater Treatment Plant Facility, Public Works will be using contractual services to cover the cost of a licensed Class I Wastewater Treatment Plant operator. The request is to transfer \$20,000 available from the full time salary and wages line item to contractual services to cover the cost for the remainder of the fiscal year.

**Required Action from City Council:**

Authorize the transfer of funds exceeding \$10,000 from one line item of the Water and Sewer Budget – Wastewater Treatment Plant division to another to cover the costs of contractual services.

## BUDGET AMENDMENT 2016-10

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA that the 2015-2016 City Budget is hereby amended to transfer expenses exceeding \$10,000:

501	<u>WATER &amp; SEWER FUND</u>			
	<b>Waste Water Treatment Division</b>	Current Budget	Revised Budget	Net Change
44120-1101	<b>Salary &amp; Wages Full Time</b>	200,382	180,382	(20,000)
44120-3133	<b>Contractual Services</b>	\$0	20,000	20,000
		<b>TOTAL</b>		<b>-0-</b>

*To transfer funds in the amount of \$20,000 from Salary & Wages Regular to the contractual services line item to cover the cost of services for a licensed plant operator through June 30, 2016.*

*Certified copy of resolution adopted by  
Franklin City Council.*

\_\_\_\_\_  
*Clerk to the City Council*

**OLD/NEW BUSINESS**

- A. Voting Machine Equipment Replacement**
- B. SPSA Post 2018 Use & Support Agreement**
- C. City Manager's Report**





December 10, 2015

To: Mayor & Council Members  
From: R. Randy Martin  
Subject: Voting Machines

As detailed in the attached, the Voter Registrar and the Franklin Electoral Board have recommended that the city pursue purchasing new voting machines for use in the upcoming 2016 election cycle. To meet the required time frame to order ballots, etc., the decision for the change must be made as soon as possible. The recommended vendor will allow payment without penalty or interest to be made over the next two fiscal years, but the City would be committed to include half the amount in each of the next two fiscal year budgets.

This purchase has been contemplated in the CIP as detailed in Ms. Maynard's report, but we had hoped to defer until after this election cycle. I recommend the Council authorize the pursuit of a contract with the recommended contractor and accept the payment terms thus committing the payment of half the balance of \$89,809.45 in July 2016 and July 2017.

Enclosures (1)



Office of the General Registrar and Electoral Board

December 10, 2015

TO: R. Randy Martin, City Manager  
FROM: Jennifer Maynard, Director of Elections & General Registrar  
SUBJECT: Request for Funding – Voting Equipment



I am writing to you with serious concerns about the condition of the City's current voting equipment. During the past two General Elections, there have been technical issues with the machines and I do not feel comfortable having the citizens of Franklin vote on such in the future. We are facing a busy election season (March Dual Presidential Primary, May Citywide Election, June Primary, and November Presidential Election) and I have lost confidence in the equipment. So much so that just two days after the November 2015 election, I contacted the voting equipment vendors to arrange for demonstrations. The Electoral Board & I have seen what is available and certified in Virginia now, which is a paper-based Optical Scan system, and different from what we use now.

#### History

The City's current voting method is referred to as Direct Recording Electronic (DRE) voting. We purchased the Sequoia Voting Systems' AVC EDGE machines in March 2005 for \$48,635. \$25,500 of that was paid for by the State using Federal dollars from the Help America Vote Act (HAVA). The out-of-pocket cost to the City then was \$23,135 (47.5%).

Since that time, the Virginia General Assembly has essentially banned the future purchase of DRE voting equipment. The Code of Virginia § 24.2-659 states (in part) that, "On and after July 1, 2007, no county or city shall acquire any direct recording electronic machine (DRE) for use in elections in the county or city except as provided herein: 1. DREs acquired prior to July 1, 2007, may be used in elections in the county or city for the remainder of their useful life." In subsequent years, legislation has been introduced to ban DREs, but has failed in large part due to the potential financial impact on individual localities. The idea behind this ban is that DREs do not leave a paper trail like an Optical Scan system does.

During the Fiscal Year 2014-2015 Budget Cycle, I submitted a Capital Improvement Project (CIP) Request Form to prepare for the eventual replacement of our DRE equipment. At that time, I wrote to you, "The useful life of the DRE is said to be 10 years. The City's current voting equipment was purchased in 2005. I believe that our machines have a few more years left in them. They are well maintained and don't have as many "miles" on them as they would have in a larger locality. As long as legislation does not prevent us from using the DREs, I will happily continue to use them. They are accurate and user-friendly; both our voters and our Officers of Election are familiar with the equipment and know how to use it."

During the November 2014 General Election, the motherboard of one of the voting machines burnt up. Luckily, the technician was able to retrieve the results from that machine. While performing maintenance on the machines following that election, a power switch, and a speaker had to be replaced on two other machines, along with the batteries in all of the machines.

In December 2014, Governor McAuliffe announced that he planned to include \$28 million dollars in his budget to provide new Optical Scan voting machines to precincts across Virginia, but that didn't happen. Then in April 2015, the State Board of Elections decertified the WINVote, another type of DRE used by 30 localities across Virginia (including Southampton County), just a very short time before the June 2015 Primary.

Southampton County allowed me to sit in on their Optical Scan demonstrations in May 2015. At that time, I was able to become more familiar with the equipment and the vendors. I specifically told them that the City of Franklin was going to wait until after the Presidential Election to implement a new system and that they may have to pry the DRE from my cold, dead hands! Imagine their surprise when they heard from me on November 5<sup>th</sup>.

Then in November 2015, there were other technical issues with the DREs. Two examples of these issues were machine touchscreens freezing during voting and the fact that some machines in the same precinct were set for Daylight Savings Time while others were not.

We have also had some issues with our current vendor, which has made it even more apparent that we no longer have the luxury of waiting until 2017 to replace our current voting equipment.

#### **Recommendation**

Over the past month, the Electoral Board, the Assistant Registrar, and I have looked at three different Optical Scan voting solutions. The City of Franklin's Electoral Board voted by majority to pursue a contract with Prinelect/Election Systems & Software (ES&S) for the purchase of nine (9) DS200 Precinct Scanners and 8 ExpressVote ADA units.

This is the same Optical Scan system that was implemented in Southampton County after the decertification of the WINVote earlier this year. The DS200 is currently in use in other localities such as Fairfax County, Virginia Beach, Chesterfield County, Richmond, Clarke County, and Harrisonburg. Forty percent of Virginians currently vote on ES&S equipment.

#### **Fiscal Impact of Recommendation**

The net purchase price for said voting equipment is \$88,809.45. ES&S has agreed to allow the City to pay for it in two payments to be remitted in July 2016 and July 2017. This payment plan will not incur any interest, financing, or additional service charges. The first year's warranty, firmware maintenance, and support are included in the price. Additionally, Prinelect has offered other considerations such as discounted programming or ballot printing services for the first year of use.

I believe that my CIP Request of \$14,000 was funded in the 2015-2016 Budget Cycle.

Please feel free to contact me should you have any questions or require any additional information. Thank you for your time and attention to this important matter.



*Office Of The City Attorney  
H. Taylor Williams, IV*

December 9, 2015

From: H. Taylor Williams, IV, City Attorney  
To: Members of City Council  
Re: SPSA proposed Use and Support Agreement

For quite some time SPSA has been wrestling with various aspects of a proposed Use and Support Agreement to take the place of the Use and Support Agreement the City signed with SPSA dated April 7, 1983. The current Use and Support Agreement will expire on January 24, 2018. After much discussion over many months, a committee of four SPSA board members was appointed to draft a new Use and Support Agreement. A first draft was submitted in March, 2015 for comment and revision by the member communities. A second draft was submitted in September, 2015 for comment and further revision by the member communities. A final draft was submitted in November, 2015 for comment by the member communities. Attached is the Board reviewed draft discussed at the SPSA board meeting on December 9, 2015 and authorized to be distributed to the SPSA member communities for consideration. The length of the term of the proposed Use and Support Agreement is still an unknown because a final vendor has not yet been selected by SPSA. The options are a term for 10 years versus a term for 15 years. It is anticipated the proposed agreement will not be considered for a vote by Council until the second meeting in January.

Respectfully submitted,

H. Taylor Williams, IV

2  
3 **AGREEMENT FOR**  
4 **USE AND SUPPORT OF A**  
5 **SOLID WASTE DISPOSAL SYSTEM**

6  
7 This AGREEMENT FOR USE AND SUPPORT OF A SOLID WASTE DISPOSAL  
8 SYSTEM ("Agreement"), dated as of /\_\_\_\_\_/, is made by and between the  
9 SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA, hereinafter referred to as  
10 the "Authority", and the CITY/COUNTY OF \_\_\_\_\_, VIRGINIA, hereinafter referred  
11 to as the "Member Locality."

12 **BACKGROUND:**

13 WHEREAS, the Authority was created in 1976 by concurrent resolution of the Cities of  
14 Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the Counties of Isle  
15 of Wight and Southampton (the "SPSA Members"); and

16 WHEREAS, between 1983 and 1984, the SPSA Members entered into individual Use  
17 and Support Agreements with the Authority (such agreements, as originally entered into and  
18 subsequently amended, are the "Legacy Use & Support Agreements") which provided, among  
19 other things, that each SPSA Member would deliver to the Authority substantially all of the  
20 disposable solid waste generated or collected by or within or under the control of such member;  
21 and

22 WHEREAS, all of the Legacy Use and Support Agreements will expire on January 24,  
23 2018; and

24 WHEREAS, in advance of the expiration of the Legacy Use and Support Agreements, a  
25 series of comprehensive studies were performed and discussions conducted in order to assess  
26 regional solid waste management planning and related issues; and

27 WHEREAS, based on such studies, discussions and other factors, the SPSA Members  
28 have determined that a cooperative approach to the continuation of a regional system of  
29 municipal solid waste management, effected through the Authority, is in the best interests of the  
30 SPSA Members individually and the region in general; and

31 WHEREAS, accordingly, the SPSA Members have each agreed to enter into *identical*  
32 *new agreements* with the Authority to replace their respective Legacy Use & Support  
33 Agreements (collectively, the “Post-2018 Use & Support Agreements”), with effect as of the  
34 Agreement Effective Date (defined below), to provide for the SPSA Members’ continuing  
35 delivery of municipal solid waste to the Authority and for the Authority’s continuing  
36 management and disposal of such waste.

37 **AGREEMENT:**

38 NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and  
39 other consideration herein contained, the Authority and the Member Locality agree that, effective  
40 as of (but not until) the Agreement Effective Date, the Legacy Use & Support Agreement  
41 between the parties originally dated \_\_\_\_\_, as amended, shall be and hereby is  
42 terminated and superseded in its entirety by the following terms and conditions set forth in this  
43 Agreement:

44 ARTICLE I

45 GENERAL INTENT AND PURPOSE

46  
47 1. This Agreement is entered into between the Authority and the Member Locality in  
48 consideration of the “Background” factors stated above and pursuant to the authorization and  
49 mandate of the Virginia Water and Waste Authorities Act.

50 2. The Authority, in accordance with and subject to the terms, procedures, provisions  
51 and conditions hereinafter set out, desires to maintain and manage a safe, sanitary and  
52 environmentally sound solid waste disposal system and through such system accept, manage and  
53 dispose of the Member Locality’s solid waste.

54 3. The Member Locality, in accordance with and subject to the terms, procedures,  
55 provisions and conditions hereinafter set out, desires to use and support the Authority’s solid  
56 waste disposal system by providing for the disposal via such system of all municipal solid waste  
57 generated within, collected by or otherwise under the control of the Member Locality, and at  
58 rates set by the Board of Directors of the Authority from time to time in accordance with the  
59 Virginia Water and Waste Authorities Act.

60 ARTICLE II

61 DEFINITIONS

62 1. Agreement Effective Date – January 25, 2018.

63 2. Applicable Law – Collectively, the Virginia Water and Waste Authorities Act (as  
64 amended by Section 15.2-5102.1 of the Code of Virginia, sometimes referred to as the “Cosgrove  
65 Act”), the Virginia Waste Management Act, the Virginia Solid Waste Management Regulations  
66 (currently Chapter 81 of the Virginia Administrative Code), the Virginia Hazardous Waste

67 Management Regulations (currently Chapter 60 of the Virginia Administrative Code), the  
68 Resource Conservation and Recovery Act and any other federal, state or local law, rule,  
69 regulation, ordinance, permit, decree or other governmental requirement that applies to the  
70 services or obligations of either party under this Agreement, whether now or hereafter in effect,  
71 and each as may be amended from time to time.

72 3. Construction and Demolition Debris – Any Solid Waste that is produced or  
73 generated during or in connection with the construction, remodeling, repair and/or destruction or  
74 demolition of residential or commercial buildings, municipal buildings, roadways and other  
75 municipal structures, and other structures, including, but not limited to, lumber, wire, sheetrock,  
76 brick, shingles, glass, asphalt and concrete.

77 4. Delivery Point – Each facility and location owned or operated by the Authority, or  
78 by a third party that is subject to a contract with the Authority in respect of the Disposal System,  
79 that (a) possesses all permits required under Applicable Law to receive Solid Waste for disposal  
80 and (b) is designated by the Authority from time to time, in the Strategic Operating Plan, to  
81 accept Municipal Solid Waste from the Member Locality for further and final processing and  
82 disposal by or on behalf of the Authority (certain Delivery Points may sometimes be referred to  
83 as “transfer stations”).

84 5. Designated Disposal Mechanism – The method (or methods) utilized by the  
85 Authority for final disposal of Municipal Solid Waste at any time during the Term of this  
86 Agreement, as designated by the Board of Directors of the Authority from time to time and set  
87 forth in the Strategic Operating Plan, which may include, among other methods, (a) disposal of  
88 Municipal Solid Waste in the Regional Landfill in accordance with Applicable Law, (b) disposal  
89 of Municipal Solid Waste through one or more facilities owned and/or operated by the Authority



90 in accordance with Applicable Law and/or (c) disposal of Municipal Solid Waste pursuant to  
91 agreements between the Authority and one or more third parties.

92 6. Disaster Waste – Any Solid Waste and debris that (a) is generated as a result of or  
93 in connection with any significant storm or other severe weather occurrence (such as, but not  
94 limited to, hurricanes and tornadoes), natural or man-made disaster, war, act of terrorism or other  
95 similar occurrence or event, together with Solid Waste and debris generated in connection with  
96 clean-up and/or reconstruction activities resulting from any such occurrences or events, and (b) is  
97 of a quantity or type materially different from the Solid Waste normally generated by or within  
98 the Member Locality.

99 7. Disposal System – All facilities and/or locations owned or leased by the  
100 Authority, or with respect to which the Authority otherwise maintains a contractual/commercial  
101 relationship, for the collection, management, processing and/or disposal of Solid Waste,  
102 including, but not necessarily limited to, the Regional Landfill, all Delivery Points and the  
103 Designated Disposal Mechanism(s), together with all equipment and vehicles owned or leased by  
104 the Authority and used in connection with the collection, management, processing and/or  
105 disposal of Solid Waste.

106 8. Disposal System Fees – Rates, fees and other charges imposed by the Authority  
107 for the collection, management, processing and/or disposal of Solid Waste within the Disposal  
108 System, as determined by the Board of Directors of the Authority from time to time in  
109 accordance with the Virginia Water and Waste Authorities Act (certain Disposal System Fees  
110 may sometimes be referred to as “tipping fees”).

111 9. Hazardous Waste – Any waste or other material that because of its quantity,  
112 concentration or physical, chemical or infectious characteristics may (a) cause or significantly

113 contribute to an increase in mortality or an increase in serious irreversible, or incapacitating  
114 reversible, illness; or (b) pose a substantial present or potential hazard to human health, the  
115 Disposal System or the environment when treated, stored, transported, disposed of or otherwise  
116 managed. Hazardous Waste specifically includes, but is not necessarily limited to, any waste  
117 classified as “hazardous” under the Resource Conservation and Recovery Act, the Virginia  
118 Hazardous Waste Management Regulations or any other Applicable Law.

119         10.     Household Hazardous Waste – Surplus or excess household products that contain  
120 corrosive, toxic, ignitable or reactive ingredients, including, but not necessarily limited to,  
121 cleaning products, old paints and paint-related products, pesticides, pool chemicals, drain  
122 cleaners and degreasers and other car-care products.

123         11.     Municipal Solid Waste – All Solid Waste the collection of which is controlled by  
124 the Member Locality, including (a) Solid Waste that is collected by the Member Locality,  
125 whether within or outside of the geographic territory of the Member Locality, and (b) residential  
126 Solid Waste that is collected by a third party for the benefit of (and under the direction and  
127 control of) the Member Locality. Municipal Solid Waste expressly excludes the following  
128 (collectively referred to herein as “Excluded Waste”): (i) Hazardous Waste and Household  
129 Hazardous Waste, (ii) Recyclable Waste, (iii) Yard Waste, (iv) Construction and Demolition  
130 Debris, (v) Disaster Waste, (vi) Solid Waste delivered by citizens of the Member Locality to  
131 publicly-accessible landfills or other facilities and disposed of at such facilities, (vii) any Solid  
132 Waste generated by school boards, authorities or other political entities of the Member Locality  
133 (except to the extent (but only to the extent) that any such Solid Waste is actually collected by  
134 the Member Locality itself), and (viii) Out-of-State Waste.

135 12. Out-of-State Waste – Any Solid Waste that is created or generated in, or originates  
136 from, any state or other geographic territory other than the Commonwealth of Virginia.

137 13. Recyclable Waste – Any Solid Waste that, pursuant to Virginia’s Solid Waste  
138 Management Regulations (or other relevant Applicable Law) in effect from time to time, or  
139 pursuant to prevailing commercial practices in the waste management industry at the applicable  
140 time, (a) can be used or reused, modified for use or reuse, or prepared for beneficial use or reuse  
141 as an ingredient in an industrial process to make a product or as an effective substitute for a  
142 commercial product or (b) is otherwise processible (or reprocessable) to recover a usable product  
143 or is regenerable to another usable form, in each case, however, expressly excluding “residual”  
144 Solid Waste generated in connection with any such modification, preparation and/or processing  
145 for use, reuse, recovery and/or regeneration of other Solid Waste to the extent that such  
146 “residuals” cannot be categorized as “Recyclable Waste” in accordance with the foregoing.

147 14. Regional Landfill – The landfill located in the City of Suffolk, Virginia,  
148 developed, owned and operated by the Authority for the disposal of Solid Waste, or any  
149 additional or successor landfill developed, owned and operated by the Authority.

150 15. Solid Waste – Any garbage, refuse, sludge, debris and other discarded material,  
151 including solid, liquid, semisolid or contained gaseous material, resulting from industrial,  
152 commercial, mining and agricultural operations, or residential/community activities, excluding  
153 (a) solid or dissolved material in domestic sewage, (b) solid or dissolved material in irrigation  
154 return flows or in industrial discharges that are sources subject to a permit from the State Water  
155 Control Board and (c) source, special nuclear, or by-product material as defined by the Federal  
156 Atomic Energy Act of 1954, as amended; provided, the waste that constitutes Solid Waste  
157 hereunder (and/or is excluded from the definition of Solid Waste hereunder) shall be subject to

158 change from time to time during the Term of this Agreement to the extent necessary or  
159 appropriate under the Virginia Waste Management Act or other Applicable Law.

160           16. Special Termination Provision – The terms, conditions, requirements and  
161 procedures, collectively, pursuant to which the Member Locality may terminate this Agreement  
162 prior to the expiration of the Term (including, without limitation, payment by the Member  
163 Locality of the Early Termination Payment as calculated thereunder), in connection with its  
164 withdrawal from the Authority, as currently set forth in Schedule II attached hereto and as the  
165 same may hereafter be amended by the Board of Directors of the Authority, including, but not  
166 necessarily limited to, when and to the extent required to comply with Applicable Law.

167           17. Strategic Operating Plan – That certain plan adopted by the Board of Directors of  
168 the Authority and attached hereto as Schedule I, which sets forth certain operational,  
169 maintenance, administrative and other responsibilities of the Authority with respect to the  
170 Disposal System and the performance of related services by the Authority, as the same may from  
171 time to time be amended, supplemented or modified by approval of at least seventy-five percent  
172 (75%) of the Board of Directors of the Authority.

173           18. Term – The duration of this Agreement, as set forth in Article III hereof.

174           19. Yard Waste – Any Solid Waste defined as “yard waste” under the Virginia Waste  
175 Management Act (or other relevant Applicable Law) in effect from time to time, currently  
176 consisting of decomposable waste materials generated by yard and lawn care and including  
177 leaves, grass trimmings, brush, wood chips and shrub and tree trimmings, excluding roots, limbs  
178 or stumps that exceed the limitation(s) in length and/or diameter specified by the Authority in  
179 writing from time to time.

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ARTICLE III

TERM OF AGREEMENT; TERMINATION

1. Term.

(a) This Agreement shall become effective as of the Agreement Effective Date and shall continue thereafter for an initial term ending at midnight on June 30, 20 (the “Initial Term”), unless earlier terminated (i) by the Member Locality in accordance with the provisions of Section 2 below or (ii) in accordance with Section 3 below.

(b) Following the Initial Term, subject to the Member Locality’s continuing termination rights under Section 2 below and to the termination provisions of Section 3 below, this Agreement shall automatically renew for successive additional terms of ten (10) years each (each, a “Renewal Term”), unless the Member Locality provides the Authority with written notice of its intent not to renew this Agreement at least eighteen (18) months prior to the expiration of the Initial Term or Renewal Term then in effect. For the avoidance of doubt, the Authority acknowledges and agrees that if the Member Locality provides timely notice of its intent not to renew this Agreement in accordance with this Section 1(b), then (i) this Agreement shall terminate effective as of the last day of the Initial Term or Renewal Term then in effect and (ii) such termination shall not be subject to the Special Termination Provision or require payment by the Member Locality of any Early Termination Payment (or any other resulting penalty, obligation or liability); rather, the Early Termination Payment shall be payable in accordance with the Special Termination Provision only in the event that the Member Locality terminates this Agreement prior to the expiration of the Term, as further described in Section 2 below and Schedule II attached hereto.

202 (c) The Initial Term and any/all Renewal Terms are referred to herein  
203 collectively as the “Term” of this Agreement.

204 (d) To avoid any doubt, the parties acknowledge and agree that (i) this  
205 Agreement, and the parties’ respective rights, obligations and responsibilities hereunder, shall  
206 commence and otherwise become effective only as of (and not until) the Agreement Effective  
207 Date, and (ii) until the Agreement Effective Date, the parties’ existing Legacy Use & Support  
208 Agreement shall remain in effect and govern the parties’ respective rights, responsibilities and  
209 obligations thereunder.

210 2. Early Termination. The Member Locality may terminate this Agreement prior to  
211 the expiration of the Term only in accordance with the Special Termination Provision, the current  
212 version of which is attached hereto as Schedule II.

213 3. Termination on Dissolution. This Agreement shall terminate contemporaneously  
214 with the dissolution of the Authority in accordance with the provisions of the Water and Waste  
215 Authorities Act (or other relevant Applicable Law).

216 4. Notification. The Authority shall notify the Member Locality (and all other SPSA  
217 Members) immediately following receipt by the Authority of (a) written notice by any SPSA  
218 Member of its election not to renew this Agreement under Section 1(b) above and/or (b) any  
219 Termination Notice delivered by any SPSA Member under and in accordance with the Special  
220 Termination Provision.

221 ARTICLE IV

222 AUTHORITY OBLIGATIONS

224 1. Strategic Operating Plan. The Authority shall manage, operate and maintain the  
225 Disposal System in accordance with the Strategic Operating Plan in effect from time to time. As

226 described therein, the Strategic Operating Plan shall be reviewed by the Board of Directors of the  
227 Authority on at least an annual basis in connection with the Board's review and consideration of  
228 the annual operating budget of the Authority, and at such other times as the Board may deem  
229 necessary or appropriate. If deemed necessary or appropriate after any such review, the Strategic  
230 Operating Plan may be updated or otherwise modified by a resolution approved by at least  
231 seventy-five percent (75%) of the Board of Directors of the Authority, and any such  
232 updated/modified Strategic Operating Plan shall be appended to this Agreement as new  
233 Schedule I hereto in complete replacement of any and all prior Strategic Operating Plans.  
234 Notwithstanding the foregoing or anything to the contrary herein, in the event of a conflict  
235 between the terms and conditions of this Agreement and the terms and conditions of the Strategic  
236 Operating Plan, the terms and conditions of this Agreement (considered without reference to the  
237 Strategic Operating Plan) shall control with respect to the subject matter hereof.

238 2. Management, Operation and Maintenance. Subject to any additional, more  
239 specific, requirements, exceptions and limitations set forth in this Agreement (including but not  
240 limited to any such requirements, exceptions and limitations set forth in the Strategic Operating  
241 Plan), the Authority shall:

242 (a) Continually manage, operate and maintain the Disposal System in  
243 accordance with the requirements of this Agreement, all Applicable Law and any other contracts  
244 or agreements to which the Authority is a party with respect to the Disposal System;

245 (b) Receive and accept all Municipal Solid Waste at Delivery Points within  
246 the Disposal System;

247 (c) Directly or indirectly provide for all transportation vehicles and equipment  
248 required to transport Municipal Solid Waste from each Delivery Point to the Designated Disposal  
249 Mechanism(s) then being utilized by the Authority;

250 (d) Manage and otherwise effect the disposal of all Municipal Solid Waste via  
251 the Designated Disposal Mechanism(s) then being utilized by the Authority;

252 (e) Perform all applicable corrective, preventive and routine maintenance to  
253 the Disposal System, including repairs and replacements, designed to maintain the Disposal  
254 System in accordance with customary standards then prevailing in the waste management  
255 industry, including by remediating all property damaged or otherwise adversely impacted as a  
256 result of the services provided by the Authority hereunder, such that the Disposal System is  
257 maintained in good physical and operating condition consistent with customary industry  
258 practices and Applicable Law;

259 (f) Use all reasonable efforts to minimize service disruptions, Member  
260 Locality impacts and other inconveniences due to the availability of Delivery Points, the  
261 management, operation, maintenance, repair or replacement activities of the Authority with  
262 respect to the Disposal System, or any combination of such foregoing activities;

263 (g) Use all reasonable efforts to enforce, in accordance with their respective  
264 terms, all contracts, agreements and other arrangements to which the Authority is a party in  
265 connection with its management, operation and maintenance of the Disposal System, including  
266 but not limited to the Post-2018 Use & Support Agreements with the other SPSA Members and  
267 all contracts with respect to the Designated Disposal Mechanism(s) then utilized by the  
268 Authority;



269 (h) Provide qualified management, supervision and personnel necessary to  
270 perform the Authority's services hereunder;

271 (i) Maintain a sufficient number of personnel on hand to properly operate the  
272 Delivery Points, Regional Landfill, transportation system, and Authority administration at a level  
273 appropriate for the Disposal System, as determined by the Executive Staff of the Authority in  
274 accordance with and otherwise consistent with the Authority's annual budget approved by the  
275 Board of Directors each fiscal year;

276 (j) Provide the Member Locality, by the end of February in each year during  
277 the Term, with a good faith written estimate/projection of all applicable Disposal System Fees for  
278 the Authority's next fiscal year;

279 (k) Develop, implement and maintain comprehensive policies and procedures  
280 regarding Hazardous Waste, including procedures designed to exclude Hazardous Waste from the  
281 Disposal System, in each case in accordance with all Applicable Law. Such policies and  
282 procedures may be set forth more particularly in the Strategic Operating Plan and/or in manuals  
283 or other documentation that the Authority is required to maintain in effect pursuant to the  
284 Strategic Operating Plan;

285 (l) Not facilitate the importation of Out-of-State Waste for (i) disposal in the  
286 Regional Landfill (or in any other landfill) and/or (ii) handling/processing/disposal at or by any  
287 other Delivery Point included within the Disposal System; and

288 (m) Not accept (and shall not be required to accept) any Excluded Waste  
289 (including but not limited to Disaster Waste) anywhere within the Disposal System, in each case  
290 except in accordance with policies and procedures set forth in the Strategic Operating Plan (for

291 example, policies and procedures regarding the acceptance of Household Hazardous Waste) or as  
292 otherwise expressly authorized and approved by the Board of Directors of the Authority.

293 Unless otherwise specified in this Agreement, the Authority shall be solely responsible for all  
294 means, methods, techniques, procedures and safety programs or any combination of the  
295 foregoing in connection with the performance of the Authority's services hereunder, including in  
296 the event any such services are subcontracted or otherwise delegated to one or more third parties.

297 3. Delivery Points. Without limiting the generality of the foregoing obligations of  
298 the Authority under Section 2 above, the Authority agrees that the Member Locality shall have  
299 the right to deliver or cause the delivery of its Municipal Solid Waste to any or all Delivery  
300 Points included within the Disposal System, subject at all times to (a) available capacity at any  
301 such Delivery Point designated by the Member Locality and (b) the right of the Authority to  
302 designate certain Delivery Points for special categories of Municipal Solid Waste; provided,  
303 notwithstanding anything in the foregoing or anywhere else in this Agreement to the contrary, the  
304 Authority shall at all times during the Term of this Agreement ensure that the Member Locality  
305 has access to at least one Delivery Point included within the Disposal System.

306 4. Compliance with Law. The Authority shall perform all services under this  
307 Agreement, including, without limitation, operation and maintenance of the Disposal System, in  
308 accordance with all Applicable Law. Furthermore, the Authority shall use best efforts to ensure  
309 that all subcontractors performing services relative to the Disposal System comply with all  
310 Applicable Law in the performance of such services.

311 5. Permits and Insurance. The Authority shall, at its sole cost and expense, obtain  
312 and maintain in effect at all times during the Term: (i) all licenses, permits and insurance that are  
313 necessary or appropriate in connection with the services provided hereunder in accordance with

314 Applicable Law and otherwise consistent with industry standards; and (ii) at a minimum, the  
315 following insurance coverage:

316 (a) comprehensive general liability primary insurance having a minimum  
317 combined single limit of liability of one million dollars (\$1,000,000) per occurrence;

318 (b) comprehensive automobile liability primary insurance applicable to all  
319 owned, hired and non-owned vehicles having a minimum combined single limit of liability of  
320 one million dollars (\$1,000,000) per occurrence;

321 (c) environmental impact liability insurance of five million dollars  
322 (\$5,000,000) per occurrence; and

323 (d) excess liability insurance having a minimum limit of liability of ten  
324 million dollars (\$10,000,000) per occurrence.

325 The Authority shall, at least annually, review its existing licenses, permits and insurance and, as  
326 and when necessary, update and/or modify such licenses, permits and insurance to ensure that  
327 they are in compliance with all Applicable Law and otherwise consistent with reasonable  
328 industry standards.

329 6. Additional Waste Disposal Services.

330 (a) In addition to the arrangement contemplated under this Agreement  
331 pursuant to which the Authority shall accept, manage and effect the ultimate disposal of all  
332 Municipal Solid Waste of the Member Locality, the Authority may from time to time provide the  
333 Member Locality with additional/“ancillary” Solid Waste management and disposal services  
334 (collectively, “Additional Waste Disposal Services”), which may include (by way of example and  
335 not necessarily limitation) management and/or disposal of Household Hazardous Waste, vehicle  
336 tires (*i.e.*, tire-shredding services), Yard Waste and/or sludge.

337 (b) The Authority will provide Additional Waste Disposal Services, if at all,  
338 pursuant to a separate agreement with the Member Locality and/or pursuant to a “global”  
339 arrangement applicable to all SPSA Members and set forth in the Strategic Operating Plan;  
340 provided, however, that (i) all such Additional Waste Disposal Services and all applicable  
341 arrangement(s) with the Member Locality with respect to such Additional Waste Disposal  
342 Services shall be subject to prior approval of the Board of Directors of the Authority, and  
343 (ii) unless otherwise expressly authorized and approved by the Board of Directors of the  
344 Authority, the fees charged by the Authority to the Member Locality for any such Additional  
345 Waste Disposal Services shall, at a minimum, be sufficient/adequate to cover the costs incurred  
346 by the Authority in providing such services.

347 (c) Each year, in connection with its annual presentation to the Board of  
348 Directors of the Authority of its annual operating budget, the Authority shall prepare and provide  
349 a separate report that (i) specifically identifies all Additional Waste Disposal Services provided to  
350 each SPSA Member (including, if applicable, to the Member Locality) and (ii) includes  
351 appropriate/relevant financial data to demonstrate to the Board of Directors whether or not the  
352 fees charged by the Authority for such Additional Waste Disposal Services actually covered the  
353 costs incurred by the Authority in providing such services to each applicable SPSA Member.

354 (d) Notwithstanding anything herein to the contrary, and for the avoidance of  
355 doubt, the Authority acknowledges and agrees that its “core” obligation to accept, manage and  
356 dispose of the Municipal Solid Waste of the Member Locality (and all other SPSA Members)  
357 (i) does not and shall not constitute Additional Waste Disposal Services under this Section 6 and  
358 (ii) shall be performed by the Authority for the benefit of the Member Locality (and all other

359 SPSA Members) only under and in accordance with their respective Post-2018 Use & Support  
360 Agreements and not pursuant to any other contract, agreement or arrangement.

361 ARTICLE V

362 MEMBER LOCALITY OBLIGATIONS

363 1. Delivery of Municipal Waste; Related Obligations.

364 (a) The Member Locality shall be required to, and shall, deliver or cause to be  
365 delivered to the Authority one hundred percent (100%) of its Municipal Solid Waste.

366 (b) In connection therewith, the Member Locality shall strictly comply with  
367 all rules or regulations of the Authority in effect from time to time during the Term of this  
368 Agreement, and all instructions and directions of the Authority’s agents and employees, in each  
369 case that are (i) required under Applicable Law, (ii) set forth in the Strategic Operating Plan and  
370 not otherwise inconsistent with the terms and conditions of this Agreement or (iii) are otherwise  
371 necessary for the lawful, safe and effective use and operation of the Disposal System and are  
372 communicated to the Member Locality in writing from time to time (including but not limited to  
373 all rules and regulations associated with the delivery of Municipal Solid Waste to applicable  
374 Delivery Points).

375 (c) On an annual basis, as promptly as practicable following receipt of any  
376 written request from the Authority (which the Authority shall endeavor to provide in advance of  
377 the Member Locality’s deliberations regarding its annual budget), the Member Locality shall  
378 provide the Authority with a good faith, written estimate of the aggregate tonnage of Municipal  
379 Solid Waste that the Member Locality expects to deliver or otherwise cause to be delivered to the  
380 Disposal System during the Member Locality’s next fiscal year. (The Authority understands that  
381 such estimates provided by the Member Locality cannot and do not constitute a guarantee, and

382 that the actual amount of Municipal Solid Waste delivered by the Member Locality in a given  
383 year could vary materially from the corresponding good faith estimate thereof.) In addition, the  
384 Member Locality shall provide the Authority with as much prior notice as is reasonably  
385 practicable under the circumstances of any material changes (whether pending or possible) in the  
386 Municipal Solid Waste delivered (or caused to be delivered) by the Member Locality to the  
387 Authority hereunder, including, by way of example and not limitation, adoption of or changes in  
388 any recycling programs and/or changes in residential waste collection practices.

389 2. Payment of Disposal System Fees.

390 (a) The Member Locality shall be required to, and shall, pay to the Authority  
391 the Disposal System Fees set forth in fee schedules adopted by the Authority from time to time,  
392 in accordance with the Virginia Water and Waste Authorities Act or other Applicable Law, in  
393 respect of all Solid Waste delivered to the Authority by the Member Locality and, where  
394 applicable, by individual residents of the Member Locality. The Authority may establish  
395 individual fee schedules for various types of users and grades or categories of Solid Waste that  
396 require special handling or methods of disposal; provided, however, consistent with the  
397 requirements under the Articles of Incorporation of the Authority, (i) the Disposal System Fee  
398 schedules so adopted by the Authority shall at all times be identical with respect to all SPSA  
399 Members that have entered into a Post-2018 Use & Support Agreement, including the Member  
400 Locality, for so long as such SPSA Members (including the Member Locality) remain a party to  
401 a Post-2018 Use & Support Agreement, and (ii) with respect to all SPSA Members that have  
402 entered into and remain parties to a Post-2018 Use & Support Agreement, the Disposal System  
403 Fee schedules so adopted by the Authority shall in no event be based upon or distinguish

404 between any such SPSA Members on the basis of the Delivery Point used by any such SPSA  
405 Member or the distance of any such SPSA Member from any such Delivery Point.

406 (b) The Authority shall invoice the Member Locality for all Disposal System  
407 Fees on a monthly basis, within ten (10) business days after the end of each month during the  
408 Term. Invoices will (i) reflect the total Municipal Solid Waste (or other applicable Solid Waste)  
409 tonnage received by the Authority from the Member Locality during the billing period, together  
410 with such other relevant information as the Authority and the Member Locality may deem  
411 appropriate, and (ii) include the Authority's calculation of the Disposal System Fees payable by  
412 the Member Locality for such billing period. Invoices shall be due and payable, without offset,  
413 on or before (and in any event no later than) the last business day of the month immediately  
414 following the month covered by the invoice, except to the extent any such invoices are then  
415 subject to a good faith dispute between the parties. Any Disposal System Fees not timely paid  
416 will be subject to "late payment" penalties and/or interest in accordance with the policies and  
417 procedures of the Authority that are then in effect and set forth in the Strategic Operating Plan  
418 and/or the Disposal System Fee schedule.

419 (c) The Member Locality shall have the right, no more often than twice per  
420 calendar year during the Term of this Agreement, on no less than thirty (30) days' prior written  
421 notice, to inspect (or to appoint an independent accounting firm to inspect) any and all books and  
422 records of the Authority relating to this Agreement for any legitimate, bona fide business  
423 purpose, including, but not necessarily limited to, auditing the accuracy of the Authority's  
424 invoices and calculations of Disposal System Fees payable hereunder; provided, the Member  
425 Locality may not compensate any accounting firm hired for such inspection or audit on a  
426 contingency basis. Any audits and inspections pursuant to this Agreement shall be conducted

427 during normal business hours solely at the Authority's offices, with minimal interference to the  
428 Authority's normal business operations. In the event any such audit reveals that the Authority  
429 has overcharged the Member Locality during the period audited, then (i) the Authority shall  
430 credit the amount that the Member Locality overpaid to the next invoice submitted by the  
431 Authority to the Member Locality; and (ii) if the Authority has overcharged the Member Locality  
432 by more than five percent (5%), in the aggregate, for the period audited, then (x) the amount  
433 credited to the Member Locality shall also include interest at a rate of three percent (3%) per  
434 annum, between the date of the overpayment and the date the overpayment is so credited to the  
435 Member Locality, and (y) the Authority shall reimburse the Member Locality for the reasonable  
436 costs and expenses of any such audit. Except to the extent otherwise expressly provided in the  
437 foregoing, the costs and expenses of any such audit will be borne entirely by the Member  
438 Locality.

439 3. Title to Waste. The Member Locality hereby assigns and transfers to the  
440 Authority, and the Authority hereby accepts, all right, title and interest in and to all Municipal  
441 Solid Waste (and other applicable Solid Waste, expressly excluding Hazardous Waste) delivered  
442 to and accepted by the Authority pursuant to this Agreement, and such ownership shall vest in  
443 the Authority when recorded by the Authority's weighing scales or other measuring devices at a  
444 Delivery Point; provided, however, that inoperability of the Authority's weighing scales or  
445 measuring devices shall not alter the transfer of title of Municipal Solid Waste (or other  
446 applicable Solid Waste) to the Authority if it is otherwise accepted by the Authority. The  
447 Member Locality further agrees to join with the Authority in defense of any adverse claim to  
448 ownership of Municipal Solid Waste (or other applicable Solid Waste).



449           4.     Hazardous Waste. The Member Locality shall not knowingly deliver or cause to  
450 be delivered to the Authority, or otherwise knowingly cause or allow to enter into the Disposal  
451 System, any Hazardous Waste. The Member Locality further agrees that in no event and under  
452 no circumstances shall title to any Hazardous Waste pass to the Authority. Upon receipt into the  
453 Disposal System of any Hazardous Waste from the Member Locality, the Authority shall provide  
454 the Member Locality with all reasonably available evidence identifying the Member Locality as  
455 the source of such Hazardous Waste. Thereafter, the Member Locality, with the reasonable  
456 assistance and cooperation of the Authority in loading the waste, shall expeditiously and within a  
457 reasonable period of time under the circumstances remove or arrange for removal of the  
458 Hazardous Waste from the Disposal System at no expense to the Authority. Notwithstanding the  
459 foregoing, (a) if the Authority in its reasonable discretion deems it necessary or appropriate for  
460 the protection of property, human health or the environment, or if the Member Locality fails to  
461 promptly remove Hazardous Waste in accordance with the foregoing requirements, then the  
462 Authority, acting through itself or others, may (i) remove and dispose of the Hazardous Waste  
463 and (ii) charge the Member Locality the reasonable costs and expenses paid or otherwise  
464 incurred by the Authority in connection with the removal and disposal of such waste, which such  
465 costs and expenses shall be added to the Member Locality's invoice for the month(s) in which  
466 they are incurred; and (b) the Member Locality shall have the right to dispute that it is the source  
467 of the Hazardous Waste (or that Solid Waste designated by the Authority as Hazardous Waste  
468 does in fact constitute Hazardous Waste hereunder), and any action undertaken by the Member  
469 Locality (or the Authority) in removing or arranging for the removal of Solid Waste designated  
470 by the Authority as Hazardous Waste shall not constitute a waiver of such rights.

471           5.     Other Excluded Waste. In addition to and not in limitation of the restrictions on  
472 Hazardous Waste set forth in the foregoing Section 4, the Member Locality shall not knowingly  
473 deliver or cause to be delivered to the Authority, or otherwise knowingly cause or allow to enter  
474 into the Disposal System, any Excluded Waste, in each case except in accordance with the  
475 policies and procedures set forth in the Strategic Operating Plan (for example, policies and  
476 procedures regarding the delivery of Household Hazardous Waste) or as otherwise expressly  
477 authorized and approved by the Board of Directors of the Authority.

478           6.     Special Covenant. Under this Agreement, the Member Locality has committed to  
479 deliver or cause to be delivered to the Authority all of its Municipal Solid Waste, which in  
480 accordance with the definition set forth above consists of all Solid Waste the collection of which  
481 is controlled by the Member Locality. In light of this commitment and the corresponding  
482 obligations of the Authority hereunder, and the impact on the other SPSA Members of the  
483 Member Locality’s failure to fulfill such commitment, the Member Locality agrees that for so  
484 long as this Agreement remains in effect the Member Locality shall not relinquish control of the  
485 collection of residential Solid Waste.

486   ARTICLE VI

487   GENERAL  
488

489           1.     Entire Agreement. As of, and from and after, the Agreement Effective Date, the  
490 provisions of this Agreement, including the Strategic Operating Plan and any other schedules,  
491 appendices or exhibits hereto, do and shall constitute the entire agreement between the parties  
492 with respect to the subject matter hereof and supersede any and all prior or contemporaneous  
493 negotiations, understandings or agreements with respect to the subject matter hereof. (Without  
494 limiting the generality of the foregoing, the parties hereby acknowledge and agree that, as of the

495 Agreement Effective Date, (a) the Legacy Use & Support Agreement between the parties shall  
496 terminate and be of no further force or effect and (b) this Agreement shall supersede the Legacy  
497 Use & Support Agreement between the parties in its entirety.) However, nothing in this  
498 Agreement shall be construed to limit the right of the parties to enter into agreements, contracts  
499 or arrangements with respect to the provision and use of Additional Waste Disposal Services, the  
500 use, maintenance and/or operation of Disposal System facilities or other authorized activities;  
501 provided, however, such other agreements, contracts and arrangements shall (i) where related to  
502 the provision of Additional Waste Disposal Services be subject to the terms of Section 6 under  
503 Article IV above, and (ii) in any event be subject to approval by the Board of Directors of the  
504 Authority in accordance with applicable Law. It is agreed that this Agreement has been jointly  
505 negotiated and prepared by both parties, and this Agreement shall not be construed against either  
506 party by reason of that party's participation in the drafting or preparation of this instrument.

507         2.         Governing Law. This Agreement shall be governed and construed in accordance  
508 with the laws of the Commonwealth of Virginia.

509         3.         Dispute Resolution. Any dispute, claim or controversy arising under, out of, in  
510 connection with or relating to this Agreement, or the transactions contemplated hereby, or any  
511 course of conduct, course of dealing, or actions of any party relating to this Agreement, including  
512 any claim based on or arising from an alleged tort (each, a "Dispute"), shall be resolved  
513 exclusively in the following manner:

514                 (a)         Pre-Mediation Procedures. Prior to resorting to litigation in respect of any  
515 Dispute hereunder, each party shall cause one or more senior members of its executive staff (*e.g.*,  
516 City/County Manager or Assistant City/County Manager, in the case of the Member Locality,  
517 and Executive Director or Deputy Executive Director, in the case of the Authority) to first meet

518 with senior members of the executive staff the other party and attempt to resolve the Dispute by  
519 mutual agreement. The initial meeting under this Section 3(a) shall be held within ten (10) days  
520 after the request by either party for any such meeting.

521 (b) Mediation.

522 (i) If the Dispute is not resolved by the parties under Section 3(a)  
523 above, either party may submit to the other party a written request for non-binding mediation of  
524 such Dispute. Within fifteen (15) days after such written request is made, the parties shall  
525 attempt to agree on a single mediator. If the parties cannot agree on a mediator within such  
526 period of time, then the mediator shall be jointly designated by similarly-situated outside  
527 advisors of the parties (for instance, the respective accounting firms or law firms then providing  
528 services to the respective parties).

529 (ii) Mediation shall take place at the place or places and at the time or  
530 times set by the mediator, but shall not be held in public. The rules of procedure, evidence and  
531 discovery with respect to any mediation shall be as directed by the mediator. Neither party may  
532 be represented at hearings before the mediator by an attorney, but each party may consult with  
533 counsel outside the hearing room and counsel may assist in preparing any written materials to be  
534 used in the mediation, including statements and briefs.

535 (iii) The mediator shall facilitate communications between the parties  
536 and assist them in attempting to reach a mutually acceptable resolution of the Dispute by  
537 agreement. The mediator shall make no binding determinations, findings, or decisions.

538 (iv) The mediator's expenses shall be borne equally by the parties.

539 (v) At any point in the mediation process after the initial meeting with  
540 the mediator, either party may declare in writing that an impasse exists, and thereafter either  
541 party may proceed to litigation in accordance with the terms of Section 3(c) below.

542 (c) Litigation. Any Dispute not resolved in accordance with the foregoing  
543 provisions shall be resolved by a United States federal court or Virginia state court sitting in the  
544 City of Norfolk in the Commonwealth of Virginia (the “Chosen Courts”), and each party hereby  
545 irrevocably (i) consents and submits to the exclusive jurisdiction of the Chosen Courts for any  
546 suit, action or proceeding initiated in respect of such Dispute, (ii) waives any objection to the  
547 laying of venue of any such suit, action or proceeding brought in the Chosen Courts, including  
548 any claim that any such suit, action or proceeding brought in the Chosen Courts has been brought  
549 in an inconvenient forum, and waives the right to raise any such objection, and (iii) waives all  
550 right to trial by jury in any suit, action or proceeding initiated in respect of such Dispute.

551 (d) Equitable Relief. The parties specifically and expressly acknowledge and  
552 agree that the breach by either party of certain provisions of this Agreement will cause the other  
553 party irreparable harm. Therefore, in addition to but not in limitation of any other remedy to  
554 which the non-breaching party may be entitled, if either party breaches or threatens to breach any  
555 such provisions hereof, the other party shall be entitled to obtain equitable relief for any such  
556 breach or threatened breach so that the party that is breaching, has breached or has threatened to  
557 breach this Agreement shall be required to cease and desist immediately from such activities (it  
558 being agreed that damages alone would be inadequate to compensate the other party and would  
559 be an inadequate remedy in such event).

560 4. Notice. Any notice or other communication required or permitted to be given  
561 under this Agreement shall be given in writing and delivered in person, sent via confirmed

562 facsimile or delivered by nationally-recognized courier service, properly addressed and stamped  
563 with the required postage, to the applicable party at its address specified below and shall be  
564 deemed effective upon receipt of confirmation of delivery (or attempted delivery that is refused  
565 by the recipient). Either party may from time to time change the individual designated to receive  
566 notices or its address by giving the other party notice of the change in accordance with this  
567 Section 4. The current addresses for the parties are as follows:

568	<b>The Authority</b>	<b>Member Locality</b>
569	Southeastern Public Service	
570	Authority of Virginia	
571	Attn: Executive Director	
572	723 Woodlake Drive	Attn: _____
573	Chesapeake, Virginia 23320	
574	Fax: 757-965-9528	Fax: _____
575		
576		
577		

578 5. No Waivers. The failure of either party to object to a breach or default by the  
579 other party under this Agreement shall not constitute a waiver of that party's rights with respect  
580 to any subsequent breach or default as to the same or any other obligation or condition of this  
581 Agreement. No provisions of this Agreement shall be deemed waived without express written  
582 consent of waiver.

583 6. Severability. If any provision of this Agreement shall be determined to be invalid,  
584 illegal or unenforceable in any respect, the parties shall make good faith efforts to modify this  
585 Agreement in a manner that will implement the intent of the parties as embodied herein. Any  
586 resulting modification and the remaining provisions of the Agreement shall be valid and  
587 enforceable to the fullest extent permitted by law.

588 7. Assignment. Neither party may assign this Agreement without the prior written  
589 consent of the other party; provided, a permitted assignment shall not relieve a party of its

590 obligations under this Agreement unless this Agreement (and all of such obligations) shall have  
591 been assumed by the assignee in a writing satisfactory to the other party in its sole discretion.  
592 Nothing in the foregoing shall limit or serve as a limitation on the Authority's right to subcontract  
593 and/or delegate its obligations hereunder in accordance with the Strategic Operating Plan and/or  
594 Applicable Law.

595 8. Amendment. No amendment or modification of this Agreement, or any provision  
596 hereof (including, without limitation, the Special Termination Provision), shall be valid unless such  
597 amendment or modification (a) is set forth in writing and executed by both the Authority and the  
598 Member Locality and (b) has been authorized by a resolution approved by at least seventy-five  
599 percent (75%) of the Board of Directors of the Authority.

600 9. No Survival. All rights and obligations of the parties under this Agreement shall  
601 be extinguished and terminated in their entirety upon any termination or expiration of this  
602 Agreement in accordance with the terms hereof; provided, however, that termination or  
603 expiration of this Agreement shall not limit or prohibit either party from pursuing any remedies  
604 available to it at the time of or in connection with any such termination or expiration.

605 10. Acknowledgement. This Agreement reflects an arm's-length transaction. Nothing  
606 herein shall create a fiduciary, partnership, joint venture or other agency relationship between the  
607 parties. This Agreement is not entered into for the benefit of, nor are any rights granted to, any  
608 third party except as may be expressly provided for herein (if at all). Neither party may withhold  
609 or offset any amount due or owed to the other party under this Agreement against any amount  
610 due from (or allegedly due from) the other party, whether under this Agreement or otherwise.

611 11. Force Majeure. Failure of either party to perform under this Agreement, including  
612 but not limited to failure of the Member Locality to deliver or cause to be delivered Municipal

613 Solid Waste to the Authority and/or inability of the Authority to accept Municipal Solid Waste at  
614 any or all Delivery Points, but expressly excluding payment of monies owed hereunder, by  
615 reason of Force Majeure shall not constitute default under or be cause for termination of this  
616 Agreement. However, the party so failing to perform by reason of Force Majeure shall notify the  
617 other party of the failure as promptly as practicable under the circumstances, including the  
618 reasons therefor, and shall use reasonable best efforts to correct such failure to perform as  
619 promptly as practicable under the circumstances. “Force Majeure” shall mean any cause beyond  
620 the reasonable control of the party whose performance is affected hereunder, including but not  
621 limited to acts of God, war, terrorism, riot, fire, explosion, storm, flood, labor disputes, inability  
622 to obtain or use fuel, power or raw materials, shortage or failure of the usual means of  
623 transportation, injunction, accident or breakdown of machinery or equipment, or failure of  
624 performance by any Designated Disposal Mechanism that is not owned and operated by (or  
625 otherwise under the direct control of) the Authority, whether or not any such occurrence is  
626 caused by the negligence, active or otherwise, of the affected party, its agents and/or employees.

627 12. Counterparts. This Agreement may be executed in multiple counterparts and by  
628 each party on a separate counterpart, each of which shall be deemed an original and all of which,  
629 taken together, shall constitute one and the same instrument.

630 *[Remainder of page intentionally left blank – signature page(s) follow]*  
631



632 IN WITNESS WHEREOF, the Authority and the Member Locality have caused this  
633 agreement to be executed on their behalf and their seals to be affixed and attested by officials  
634 thereunto duly authorized, all as of the day and year first above written.

ATTEST:

SOUTHEASTERN PUBLIC SERVICE  
AUTHORITY OF VIRGINIA

\_\_\_\_\_

By: \_\_\_\_\_

ATTEST:

CITY/COUNTY  
OF: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

635

636

**SCHEDULE I**

637

**STRATEGIC OPERATING PLAN**

638

*[TO BE ADDED]*

639 **SCHEDULE II**

640 **SPECIAL TERMINATION PROVISION**

641 1. Termination Notice. If the Member Locality desires to terminate this Agreement  
642 prior to the expiration of the Term, the Member Locality shall provide the Authority with written  
643 notice of its intention to so terminate this Agreement prior to the end of the Term, specifying the  
644 date on which the termination is to be effective (the "Termination Notice"); provided, unless  
645 otherwise agreed by the Authority, the effective date of any termination of this Agreement  
646 hereunder must (and shall) be at least two (2) years after the date of the Termination Notice  
647 delivered by the Member Locality. Following the delivery of a Termination Notice by the  
648 Member Locality hereunder, the parties shall thereafter continue to perform all of their respective  
649 obligations and comply with all of their respective covenants and requirements under this  
650 Agreement until the effective date of the termination of this Agreement and withdrawal of the  
651 Member Locality from the Authority hereunder.

652 2. Early Termination Payment.

653 (a) (i) As a condition to early termination of this Agreement, and in order  
654 to satisfy the requirements of the amendment to the Virginia Water and Waste Authorities Act set  
655 forth in the Virginia Acts of Assembly - 2000 Session, Chapter 596, Approved April 7, 2000, as  
656 may be amended from time to time (the "Withdrawal Provision"), the Member Locality shall pay  
657 a termination payment calculated in accordance with the terms of this Special Termination  
658 Provision (the "Early Termination Payment").

659 (ii) Specifically, the Early Termination Payment shall equal the Present  
660 Value Amount of the Member Locality's Pro Rata Share of the Net Financial Obligations of the

661 Authority, each as of the date of the Termination Notice, as further defined and determined in  
662 accordance with the following:

663 (A) The “Net Financial Obligations” of the Authority shall  
664 equal (1) all financial obligations of the Authority that are outstanding or otherwise exist as of  
665 the date of the Member Locality’s Termination Notice, including, but not necessarily limited to,  
666 (x) the principal and interest on all outstanding bonds and other indebtedness of the Authority,  
667 (y) all projected closure and post-closure financial obligations of the Authority with respect to  
668 the Disposal System (including but not necessarily limited to the Regional Landfill and any  
669 Delivery Points then maintained (owned/operated) by the Authority) and (z) all remaining  
670 financial obligations under contractual commitments (written and/or oral) then in effect,  
671 including but not limited to, waste-disposal contracts, vendor contracts, etc., *minus* (2) any cash  
672 or other immediately available funds that, as of the date of the Member Locality’s Termination  
673 Notice, the Authority has on hand and has specifically designated for use in connection with the  
674 satisfaction of specified financial obligations of the Authority (by way of example, in calculating  
675 Net Financial Obligations hereunder, the projected closure and post-closure financial obligations  
676 of the Authority with respect to the Disposal System would be *reduced* by the actual amount of  
677 any cash included within any “Landfill Closure Fund” maintained by the Authority in respect of  
678 such obligations as of the date of such Termination Notice).

679 (B) The Member Locality’s “Pro Rata Share” shall equal  
680 fraction, (i) the numerator of which shall be the total number of tons of Municipal Solid Waste  
681 delivered to the Authority by or on behalf of the Member Locality during the sixty (60) calendar  
682 month period ending on the last day of the month immediately preceding the month in which the  
683 Termination Notice was received by the Authority, and (ii) the denominator of which shall be the

684 total number of tons of Solid Waste delivered to the Authority during such sixty (60)-calendar  
685 month period by or on behalf of all SPSA Members that are members of the Authority as of the  
686 date of such Termination Notice (for clarity, the “historical” Solid Waste tonnage of any SPSA  
687 Member that has terminated its Post-2018 Use & Support Agreement as of the date of the  
688 Member Locality’s Termination Notice would be excluded from the denominator in the  
689 foregoing formula).

690 (C) The “Present Value Amount” shall equal the net discounted  
691 value of the Member Locality’s Pro Rata Share of the Net Financial Obligations of the Authority,  
692 discounted at the rate of interest on the 10-year U.S. Treasury Bills as listed in the *Wall Street*  
693 *Journal* on the date of the Member Locality’s Termination Notice.

694 3. Calculation of Financial Obligations and Early Termination Payment.

695 (a) Within six (6) months after its receipt of the Member Locality’s  
696 Termination Notice, the Authority shall provide to the Member Locality a written calculation of  
697 (i) the Net Financial Obligations of the Authority as of the date of such Termination Notice,  
698 (ii) the Member Locality’s Pro Rata Share of such Net Financial Obligations, and (iii) the  
699 corresponding Early Termination Payment payable by the Member Locality, as calculated based  
700 on the Present Value Amount of the Member Locality’s Pro Rata Share of such Net Financial  
701 Obligations.

702 (b) If the Member Locality disagrees with the Authority’s calculation of the  
703 Net Financial Obligations, the Member Locality’s Pro Rata Share of such Net Financial  
704 Obligations and/or the Early Termination Payment, the Member Locality shall notify the  
705 Authority in writing of such disagreement within thirty (30) days after receipt of the Authority’s

706 calculation(s) thereof, which written notice shall specify the nature of the dispute in as much  
707 detail as possible. Thereafter, the parties shall use their best efforts to resolve such disagreement  
708 through the joint consultation of the Authority and the Member Locality and arrive at a definitive  
709 calculation of the Net Financial Obligations, the Member Locality's Pro Rata Share of such Net  
710 Financial Obligations and/or the Early Termination Payment, as applicable (collectively, the  
711 "Final Termination Amounts"). **Failing timely objection by the Member Locality, the Net**  
712 **Financial Obligations, the Member Locality's Pro Rata Share of such Net Financial**  
713 **Obligations and the Early Termination Payment calculated by the Authority shall be**  
714 **deemed to be (and shall, for all purposes hereunder, be) the Final Termination Amounts.**

715 (c) (i) If the Member Locality raises a timely objection to the Authority's  
716 calculation of the Net Financial Obligations, the Member Locality's Pro Rata Share of such Net  
717 Financial Obligations and/or the Early Termination Payment, and the Member Locality and the  
718 Authority are unable to mutually arrive at the Final Termination Amounts within sixty (60) days  
719 after the date the Authority receives notice of the Member Locality's objection, such matter shall  
720 thereupon be submitted to the Independent Accounting Firm for definitive calculation of the  
721 Final Termination Amounts. The "Independent Accounting Firm" shall be a public accounting  
722 firm (A) that is not then providing, and has not at any time in the immediately preceding three  
723 (3) years provided, accounting, audit or other related services to either party; and (B) that either  
724 (x) is mutually agreed upon by the parties, or (y) if the parties are unable to agree upon an  
725 accounting firm, is jointly designated by the accounting firms then utilized by the parties for their  
726 respective accounting, audit and related financial services. The Independent Accounting Firm  
727 shall be designated by one of the foregoing methods within ten (10) days after the expiration of  
728 the sixty (60)-day period provided for above.

729 (ii) Within ninety (90) days after submission, the Independent  
730 Accounting Firm shall resolve any accounting issues in dispute and prepare and deliver in  
731 writing a definitive statement of the Final Termination Amounts. In preparing the Final  
732 Termination Amounts, the Independent Accounting Firm shall limit its work to resolving those  
733 accounting issues that are in dispute (and such other accounting issues as may be necessary to  
734 resolve those issues in dispute) in accordance with the definitions and terms set forth in this  
735 Agreement (including in particular this Special Termination Provision) and otherwise in  
736 accordance with GAAP.

737 (iii) The definitive statement of the Final Termination Amounts  
738 prepared by the Independent Accounting Firm shall be final and binding upon the parties, absent  
739 manifest error. The costs and fees of the Independent Accounting Firm shall be borne and paid  
740 solely by the Member Locality.

741 4. Final Notice; Revocation.

742 (a) The Member Locality must give the Authority written final notice of its  
743 planned termination of this Agreement hereunder. Such final notice of termination must be  
744 delivered by the Member Locality no later than six (6) months after the Final Termination  
745 Amounts described above have been definitively determined (whether by agreement of the  
746 parties, by the Independent Accounting Firm or otherwise).

747 (b) Notwithstanding anything to the contrary in the foregoing or anywhere  
748 else in this Agreement, the Member Locality shall have the right, at any time before the date that  
749 is six (6) months prior to the effective date of termination specified in its original Termination  
750 Notice, to revoke its Termination Notice by providing the Authority with written notice of such  
751 revocation, in which case (i) the Member Locality shall remain a SPSA Member and (ii) this

752 Agreement shall remain in full force and effect in accordance with its terms; provided, however,  
753 that the Member Locality shall, upon demand by the Authority, reimburse the Authority for all  
754 costs and expenses incurred by the Authority in connection with its preparation for the  
755 termination of this Agreement, including but not limited to all applicable legal, accounting,  
756 consulting and other advisory fees and expenses.

757 5. Payment Terms; Satisfaction of Contractual Obligations.

758 (a) The Member Locality shall pay its Early Termination Payment, whether  
759 determined by agreement of the parties, by the Independent Accounting Firm or otherwise, to the  
760 Authority in a single lump sum payment on the effective date of the termination of this  
761 Agreement.

762 (b) If the Member Locality has otherwise satisfied all payment and other  
763 obligations incurred under this Agreement between the date of its Termination Notice and the  
764 effective date of termination of this Agreement hereunder, then (i) the Authority's receipt of such  
765 Early Termination Payment shall be deemed to (and shall) satisfy all obligations of the Member  
766 Locality under or otherwise in respect of paragraph 2 of the Withdrawal Provision with respect to  
767 the termination and satisfaction of all written obligations incurred by the Member Locality while  
768 it was a SPSA Member, and (ii) no such written obligations so incurred by the Member Locality  
769 shall thereafter remain (or be deemed to remain) in effect; provided, however, that the Member  
770 Locality is and shall be solely responsible for complying with all other applicable terms and  
771 requirements of the Withdrawal Provision.

772 6. Special Acknowledgement. The parties recognize that the Authority will incur  
773 various costs and make capital and operational decisions throughout the Term of this Agreement  
774 based upon the expectation of providing services to the Member Locality, and to the other SPSA



775 Members, throughout the Initial Term or Renewal Term of this Agreement then in effect, and that  
776 the decision of the Member Locality to terminate this Agreement prior to the expiration thereof  
777 will or may have a variety of financial and operational consequences to the Authority. The  
778 parties further recognize that those consequences, and their costs, cannot be easily determined,  
779 and therefore the parties agree that the Early Termination Payment calculated hereunder  
780 constitutes a fair, reasonable and equitable quantification of the costs to the Authority of such  
781 consequences. Accordingly, (a) it is the intention of the parties to provide in this Special  
782 Termination Provision a means for the Member Locality to terminate this Agreement prior to its  
783 scheduled expiration date without financial harm or loss to the Authority or the other SPSA  
784 Members, (b) the provisions of this Special Termination Provision shall be construed, and the  
785 actions and determinations of the parties required hereunder shall be taken, consistent with that  
786 intent, and (c) the parties acknowledge and agree that the terms and conditions of this Special  
787 Termination Provision, including but not limited to the Early Termination Payment obligation  
788 provided for hereunder, are fair, reasonable and in the best interests of the Authority and the  
789 SPSA Members.

790 7. Additional Termination Conditions.

791 (a) As a further condition to effective termination of this Agreement prior to  
792 its scheduled expiration date, on or prior to the effective date of termination of this Agreement  
793 the Member Locality shall at its sole expense take all action required for it to withdraw from  
794 membership in the Authority, including, but not limited to, (i) satisfying all applicable procedural  
795 and other requirements set forth in the Withdrawal Provision, including paragraphs 2, 3 and 4  
796 thereof, and (ii) assisting the Board of Directors of the Authority in adopting any amendment to

797 the Articles of Incorporation of the Authority that is or may be required to remove the Member  
798 Locality as a SPSA Member.

799 (b) The parties acknowledge and agree that termination of this Agreement  
800 shall not, alone, result in the termination of any other contract or agreement (if any) between the  
801 Authority and the Member Locality.

802 (c) Following termination of this Agreement in accordance with the terms of  
803 this Special Termination Provision, the Member Locality may not (and shall not) accept for  
804 disposal any Solid Waste delivered by or on behalf of any other city or county that is a SPSA  
805 Member for so long as such cities and counties remain SPSA Members.

806 [END]

# STRATEGIC OPERATING PLAN\*

---

MEMBER MUNICIPALITIES:  
CITIES OF CHESAPEAKE, FRANKLIN, NORFOLK,  
PORTSMOUTH, SUFFOLK AND VIRGINIA BEACH,  
AND THE COUNTIES OF ISLE OF WIGHT AND  
SOUTHAMPTON

**Effective Date:** \_\_\_\_\_

**(Covering SPSA Fiscal Year \_\_\_\_\_)**

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\* Note: Except where noted, current draft is based on SPSA's existing policies and procedures.

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Appendix A: Definitions

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# STRATEGIC OPERATING PLAN

## SOUTHEASTERN PUBLIC SERVICE AUTHORITY

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### 1.0 INTRODUCTION

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The Southeastern Public Service Authority of Virginia (“SPSA” or the “Authority”) is a public body politic and corporate and a political subdivision of the Commonwealth of Virginia. SPSA was created in 1976 under the Virginia Water and Waste Authorities Act for the purpose of operating a regional solid waste disposal system for its eight (8) members including the Cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the Counties of Isle Of Wight and Southampton (the “Member Localities”).

This Strategic Operating Plan (“SOP”) describes and outlines SPSA’s operations and responsibilities as it pertains to the region’s solid waste disposal system. This SOP will be reviewed by the Board of Directors of SPSA on at least an annual basis and, in connection with such reviews, may be revised, amended and/or modified by the Board of Directors in accordance with the terms of Section 10.0 below. Furthermore, from and after January 25, 2018, this SOP will be attached to and incorporated by reference in the “new” Use & Support Agreements entered into by SPSA and the Member Localities effective as of such date.

- Core Purpose: Management of safe and environmentally sound disposal of regional waste.
- Philosophy: SPSA will be a service-oriented, quality-focused organization that continually seeks improvement and cost effectiveness.
- Cores Values: Integrity, excellence, accountability, cooperation, teamwork.
- Core Business: Create, manage and maintain an infrastructure for the disposal of regional waste, including through the operation and management of the regional landfill and all transfer stations and other delivery points, and provide for the transportation of processible waste.

Certain capitalized terms not otherwise defined in this SOP have the meanings set forth in Appendix A attached hereto.

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### 2.0 GUIDING PRINCIPLES

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SPSA is a service organization that provides waste disposal and associated services to its member communities – the Member Localities – and other users of its Disposal System. **SPSA’s single most important priority is to satisfy the waste-disposal needs of the Member Localities, and accordingly SPSA’s primary guiding principle is to endeavor, at all times, to provide the highest quality of services in meeting such member needs at the lowest reasonable cost.** Other principles, policies and procedures that SPSA has adopted to fulfill its highest priority, as stated above, include among others the following:

- SPSA will plan, construct and operate its Disposal System in a manner designed to ensure that Member Localities have viable, cost-effective Solid Waste disposal options for at least the next 20-plus years, consistent with the requirements of the Regional Solid Waste Management Plan for Southeastern Virginia prepared on behalf of SPSA, and will periodically reevaluate/reassess (and as and when necessary and appropriate modify) its Disposal System to ensure that SPSA is adapting to evolving waste-disposal needs of its Member Localities.
- SPSA will continually perform internal reviews, and adapt its policies and procedures as appropriate, in a manner designed to ensure it is utilizing best management practices in all facets of its operation of the Disposal System to ensure the highest level of service at the lowest reasonable cost.
- SPSA previously implemented and will continue to maintain an overall “Five-Year Strategic Plan”, which is and will continue to be reviewed annually by Executive Staff and the Board of Directors to determine whether amendments are appropriate.
- SPSA recognizes the differences in the waste-disposal needs of its Member Localities and strives to satisfy differing member needs in a cost-effective way. Said differently, SPSA realizes that a “one-size-fits-all” approach is insufficient given the divergent requirements of its members and, where possible in a cost-effective and efficient manner, identifies and implements procedures to address specific member needs. One example of such current measures utilized by SPSA is its flexibility with regard to its Delivery Points (transfer stations): its Member Localities typically utilize the Delivery Point(s) that are most convenient for their drivers, whether or not those stations fall within the geographic boundaries of the given member. Furthermore, SPSA will continually assess and adapt to changing member requirements through the implementation of new/additional procedures as appropriate.
- SPSA regularly considers using third-party vendors when it is likely to result in reduced operating costs or other efficiencies. SPSA issues requests for proposals (RFPs) where appropriate that, among other benefits, are designed to ensure the best “outsourced” services at the lowest costs. Recent examples include: Liability and Property Insurance; Auditing Services; Health Insurance; Computer Software; and Financial/Banking Services. Going forward, SPSA will continue evaluating the use of third-parties where it identifies potential reductions in costs and/or other efficiencies through such outsourced services.
- SPSA has not received any Public-Private Educational Facilities Infrastructure Act (“PPEA”) proposals since the Suffolk Energy Partners proposal regarding the purchase/sale of landfill gas (described below). However, Executive Staff recently updated SPSA’s own PPEA Guidelines to ensure compliance with the latest regulatory guidance, and the Board of Directors and Executive Staff will continue to accept and consider PPEA proposals as and when they are received.
- Consistent with other regulatory requirements, SPSA engages and will continue to engage outside expert services to evaluate and report, at least annually, on available

capacity at the Regional Landfill, including estimates as to the remaining “expected life” of the facility, taking into consideration -- and projecting -- future changes in the quantity of waste disposed of in its landfill.

- SPSA maintains records of its costs, revenue, debt and capital expenses by fiscal year for each operating program, as well as records of costs for each individual capital project. These records are maintained in accordance with customary business and accounting practices, and such financial records are reported on -- with relevant supporting information provided -- monthly during regular Board meetings. This detailed financial record-keeping also facilitates SPSA’s preparation of reliable, accurate and balanced annual budgets, and will remain a fundamental aspect of SPSA administration at all times going forward.
- SPSA also maintains and will continue to maintain a detailed Financing Plan that includes a plan for the retirement of all outstanding debt and a plan for the funding of all planned capital projects. The Financing Plan is approved by the Board of Directors each year, including any funds designated for capital projects, and reports regarding SPSA’s compliance with the Plan are and will continue to be provided to the Board on a regular basis. Similarly, the Debt Retirement Plan is approved each year by the Board as part of SPSA’s annual budget. All Plans are and, to the extent appropriate, will continue to be reviewed annually by a certified public accounting firm as part of SPSA’s annual financial audit.
- In addition to its financial audits, SPSA may also from time to time, where circumstances warrant or where Executive Staff or the Board of Directors otherwise deem it appropriate or beneficial to the organization, conduct independent performance audits with respect to its operations.
- Contrary to SPSA policy for much of its existence before 2010, under current Board and Executive Staff leadership SPSA has not issued any debt whatsoever and, moreover, current policy favors avoiding new debt in favor of a “pay-as-you-go” practice for even its most significant capital improvements. Furthermore, consistent with applicable law, SPSA has implemented and will continually maintain in effect appropriate policies to (i) prohibit the issuance of long-term bond indebtedness to fund operational expenses and (ii) require that, prior to issuance of new debt, the Board of Directors perform a due diligence investigation regarding the appropriateness of issuing the debt, including an analysis of the costs of repaying the debt, which would then be certified by an external certified public accountant, reviewed by the Board and, finally, subjected to a vote requiring a minimum approval of seventy-five percent (75%) of the Board of Directors.
- SPSA strives to maintain its operations through staffing that reliably provides SPSA services to the Member Localities, and other users of the Disposal System, with the lowest “headcount” reasonably possible in light of its obligations. Personnel and staffing needs are evaluated constantly and changes are and will continue to be made promptly as and when circumstances require.

- SPSA has embraced the guiding principle of openness and transparency in its operations and management. Executive Staff and legal counsel update the Board of Directors and, where appropriate, the Member Localities on at least a monthly basis with regard to all material developments, whether in operations, relations with the Members themselves and/or with vendors and other customers, such as the United States Navy. Where an issue arises in any of these relationships, Executive Staff, the Board and counsel thoughtfully evaluate the range of possible solutions, as well as the applicable costs and other implications of the situation, before arriving at a decision on how to best address the matter. SPSA will continually endeavor to ensure that its Board is the most informed and involved governmental agency in the region.
- SPSA is well-positioned to monitor, evaluate and adapt to changes in the waste-disposal industry, and regularly seeks and will continue to request external, expert guidance on emerging technologies and other relevant developments in its field, with the enduring goal of maintaining state-of-the-art, efficient and effective operations in performing its services to the Member Localities and otherwise carrying out its mission.
- As noted above, SPSA's core purpose is management of safe and environmentally sound disposal of regional waste, and SPSA devotes the majority of its time and effort to activities associated with its purpose. Of course, to the extent not inconsistent with that core purpose, SPSA may from time to time consider implementation and performance of additional waste disposal services, beyond its core function of disposal of regional waste, where circumstances warrant. (For example, yard debris disposal and recycling are examples of services that SPSA has provided for its members in the past, and these and other "ancillary" services may in fact be worthy endeavors in the future.) However, before implementing any such additional waste disposal services, Executive Staff and the Board of Directors will undertake a detailed and thorough evaluation -- including accounting and financial diligence -- to ensure cost-effectiveness, as well as operational review to confirm SPSA's ability to efficiently and effectively provide such services. Any "non-core" services would likely require separate contracts to ensure all parties' interests are adequately protected, and ultimately Board approval would be required for SPSA to undertake any activities not associated with its primary role.
- Finally, to reiterate a principal tenet of SPSA's governance, its first responsibility is to satisfy the waste-disposal needs of its Member Localities by providing the highest quality of services at the lowest reasonable cost. However, to the extent not inconsistent with or adverse to its obligations to SPSA members, SPSA may provide services to commercial and other non-municipal customers. Such services will not under any circumstances subordinate SPSA's commitment to its members, nor will the Disposal System Fees paid by the Member Localities "subsidize" artificially low rates for such commercial and other customers. Instead, to the extent undertaken, SPSA would strive to provide commercial and other customers with the same quality services as its members enjoy at commercially reasonable rates, which should not only benefit SPSA and such other customers but also the Member Localities by



alleviating waste-disposal burdens and obligations which the members might otherwise be required to manage.

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### 3.0 ORGANIZATIONAL STRUCTURE

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SPSA is managed by a 16-member Board of Directors, composed of eight (8) members appointed by the Governor of Virginia and eight (8) “ex-officio” members employed and appointed by each of the Member Localities. The Board of Directors, in turn, appoints an Executive Director responsible for the direct hire and supervision of all other SPSA employees, in addition to the day-to-day operations of the Authority.

SPSA is organized under five (5) distinct divisions:

1. Administrative Division: SPSA’s Administrative Division supports the entire Disposal System. It includes the Executive Office, Human Resources, Accounting, Purchasing, Information Technology, the Regional Office Building and a Safety Department.
2. Fleet Maintenance Division: The Fleet Maintenance Division provides preventive maintenance and repairs to approximately 245 pieces of rolling stock equipment utilized by SPSA in its operations. SPSA currently operates two maintenance facilities: (i) one large 14-bay facility located at the Operations Center on Victory Boulevard in Portsmouth and (ii) one 2-bay facility located at the Regional Landfill in Suffolk. The majority of the equipment is serviced and repaired at the Portsmouth facility. The types of equipment include track dozers and excavators, compactors, articulating dump trucks, wheeled loaders, skid steers, Class 8 tractors, Class 6 vehicles, trailers, pickup trucks and a variety of smaller construction equipment.
3. Regional Landfill Division: The Regional Landfill Division consists of landfill operation, environmental management and the tire shredder operation.
  - a. Landfill Operation

The Regional Landfill is located on an 833-acre parcel off the merged US Routes 58, 13 and 460 in Suffolk, Virginia (mailing address is 1 Bob Foeller Drive). Facilities at the Regional Landfill include but are not limited to:

- Closed landfill Cells I through IV – 106 disposal acres
- Active landfill Cells V and VI – 43.8 and 41.3 disposal acres respectively
- Cell VII permitted expansion area – 54.2 disposal acres
- Unpermitted potential expansion area – 264.6 disposal acres
- Scale facility (also serves the Delivery Point for the Suffolk transfer station)
- Operations and vehicle maintenance building
- Household hazardous waste collection center
- Tire shredder
- Soils management facility (Clearfield MMG, tenant)
- Gas to energy plant (Suffolk Energy Partners, LLC, contractor and operator)

Currently, the Regional Landfill accepts only Construction and Demolition Debris (CDD), ash residue from the Wheelabrator WTE Facilities (discussed below), Non-Processible Waste not accepted at any Disposal System Delivery Point, gray soils and clean fill. Disaster Waste is not accepted.

As noted above in its “Guiding Principles”, SPSA evaluates the capacity of the Regional Landfill annually, taking into consideration and projecting future changes in the quantity of waste disposed of in the landfill.

The Regional Landfill also manages and maintains a “landfill gas recovery system”, which began full operation November 17, 1994. The system includes gas collection wells strategically located throughout Cells I – VI. In addition to the gas collection wells, the system includes gas collection piping, a flare system, condensate drains, a 3.2 MW power plant using four internal combustion engines and 2.3 miles of pipeline to sell gas to BASF. Landfill gas not supplied to BASF is used to generate electricity and some is flared if and when it is not otherwise able to be utilized. The landfill gas collection system is currently operated and maintained by Suffolk Energy Partners, pursuant to contract that continues through 2031.

b. *Environmental Management Department:*

The environmental management department is responsible for compliance matters throughout the SPSA organization. The department manages permits issued to SPSA and its facilities by the Virginia Department of Environmental Quality (DEQ), Hampton Roads Sanitation District (HRSD), the Virginia Department of Public Health and underground storage tank compliance at several facilities (each facility within the Disposal System maintains at least one permit, and the Regional Landfill is regulated by four permits). To ensure compliance, the environmental department conducts regular inspections at facilities and training of SPSA personnel. In addition, environmental staff manages the Environmental Management System (EMS). The EMS program consists of a multitude of documentation, training, and audit requirements throughout the organization. Lastly, environmental staff also conducts field monitoring for ground water, gas, drinking water, effluent and random load inspections designed to ensure permit compliance.

This department is also responsible for the Household Hazardous Waste (HHW) and White Goods (metal recycling) programs maintained by SPSA

i. *Household Hazardous Waste:*

SPSA operates three HHW collection facilities. The HHW collection facility at the Regional Landfill in Suffolk is open full time, Monday through Friday, and a half-day Saturday. The remaining two facilities are open based upon a monthly recurring schedule. Additionally, from time to time, SPSA assists the Member Localities with special HHW collection events. Residents from all Member Localities may bring unwanted HHW to any of these HHW facilities to be disposed of safely, free of charge; however, the resident’s applicable Member

Locality is charged a Disposal System Fee for its residents' use of the HHW facilities. Commercial HHW is NOT accepted at any HHW facility maintained by SPSA; instead, HHW generated commercially must be disposed of using a commercial waste disposal company.

ii. *White Goods:*

White goods or other metal-containing waste are collected at the Regional Landfill and are recycled with a local metal recycling company, and SPSA receives the then-current scrap metal price for the metal that is collected. Also, environmental staff is licensed to recover refrigerant from any applicable device received in the White Goods program.

- c. *Tire Shredder Department:* SPSA's tire-shredding operations commenced in 1988 at the Regional Landfill, where residents of the Member Localities can dispose of automobile tires by bringing them to tire-shredder operations facility. SPSA employees de-rim tires on site and recycle the rims, and tires are then processed through the tire shredder. The finished product is used as supplemental daily landfill cover, and is also used in drainage projects, pipe substrate and to repair leachate seeps.

4. Delivery Point Division: The Delivery Point Division consists of transfer station operations and the scalehouse operations.

a. Transfer Station Operations:

- i. *Boykins* - The station was opened in 1985 and consists of an elevated area where customers can deposit waste into a stationary compactor or two open-top roll-off containers. The station is permitted to accept 50 tons per day and is manned by Southampton County and serviced by SPSA. SPSA is responsible for dumping the containers and maintaining the facility equipment, buildings and grounds. The facility has one 40-yard compactor and two 40-yard open top containers for residential and municipal disposal. SPSA owns the improvements on the land at this transfer station, which is leased from a private citizen pursuant to a lease that expires March 31, 2025.

- ii. *Chesapeake Transfer Station* - This transfer station was built in 1984 and is located on a 4.75 acre parcel of land west of Greenbrier Parkway in the City of Chesapeake. The transfer station utilizes a bi-level, non-compacted, direct dump design consisting of one refuse hopper and a tipping area on the upper level and a "load out" area on the lower level. The facility has a maximum design capacity of 500 tons per day with a storage capacity of up to 150 tons at any given time. SPSA owns the improvements on the land at this transfer station, which is leased from the City of Chesapeake pursuant to a lease arrangement that continues until May 31, 2016.

- iii. *Franklin Transfer Station* - This station was opened in 1985 and consists of an open tipping floor area screened with a fabric chain link fence and a prefabricated office building. Waste is dumped into the single hopper directly into open top transfer trailers and currently hauled to a non-SPSA landfill by a Wheelabrator contractor. The facility is permitted for 150 tons per day and capable of storing 50 tons at any one time. The station utilizes a drop and hook operation. SPSA owns the Franklin transfer station, including all land and improvements.
- iv. *Isle of Wight Transfer Station* - This station was opened in 1985 and consists of a push-wall transfer station with a three-sided metal building superstructure. Transfer trailers travel on a loading lane situated at a lower grade than the tipping floor so that the sides of the trailers are approximately 4 feet above the tipping floor, and a front-end loader lifts waste into the transfer trailers and which are then currently hauled to a non-SPSA landfill by a Wheelabrator contractor. The station is permitted for 150 tons per day, capable of storing 50 tons at any one time, and utilizes a drop and hook operation. SPSA owns the improvements on the land at this transfer station, which is leased from Isle of Wight County pursuant to a lease that expires on January 24, 2018.
- v. *Ivor Transfer Station* – This station was opened in 1985 and consists of an elevated area where customers can deposit waste into a stationary compactor or two open-top roll-off containers. The station is permitted to accept 30 tons per day and is manned by Southampton County and serviced by SPSA. SPSA is responsible for emptying the containers and maintaining the facility equipment, buildings and grounds. The facility has one 40-yard compactor and two 40-yard open top containers for residential and municipal dumping. SPSA owns the Ivor transfer station, including all land and improvements.
- vi. *Landstown Transfer Station* - This station opened in January 1993 and consists of an enclosed tipping floor with three hoppers for loading. The station operates 24 hours per day, with the exception of Sunday, and is permitted to accept 1500 tons per day. Waste is collected and stored on the tipping floor throughout the day then hauled at night. SPSA owns the improvements on the land, which is leased to SPSA by the City of Virginia Beach. The current lease expires December 30, 2017, though SPSA has a unilateral right to extend the lease for an additional 30 years by providing the City with 30 days' notice.
- vii. *Norfolk Transfer Station* - This station opened in 1985 and consists of an enclosed tipping floor with three hoppers for loading. The station operates 24 hours per day Monday through Saturday, and half a day on Sunday, and is permitted to accept 1300 tons per day. Residents may use the station only from Noon to 4:00 p.m. on Saturday and

Sunday, and the City of Norfolk pays the cost to operate the facility during these hours. Waste is collected and stored on the tipping floor throughout the day then hauled at night. SPSA owns the Norfolk transfer station, including all land and improvements.

- viii. *Oceana Transfer Station* - This station was built by the City of Virginia Beach and opened in 1982. In 1987, SPSA bought the station facility for \$1,000,000, but still leases the land -- which is owned by the Virginia Department of Transportation (VDOT) -- and pays rent of \$1.00 per year under the lease. SPSA operates the station pursuant to its lease with VDOT (technically a “permit”), which can be terminated by VDOT upon 30 days’ notice to SPSA. The station has a design capacity of 500 tons per day, with the capability of storing 450 tons at any one time. The station utilizes a drop-and-hook system, which allows waste on the floor to be removed and placed in staged trailers for hauling at a later time. The station does not accept waste from residential customers.
- ix. *Suffolk Transfer Station* – This station, built in 2005, is located near the entrance to the Regional Landfill and consists of an enclosed tipping floor with two hoppers for loading. The station is permitted to accept 1300 tons per day. SPSA owns the Suffolk transfer station, including all land and improvements.

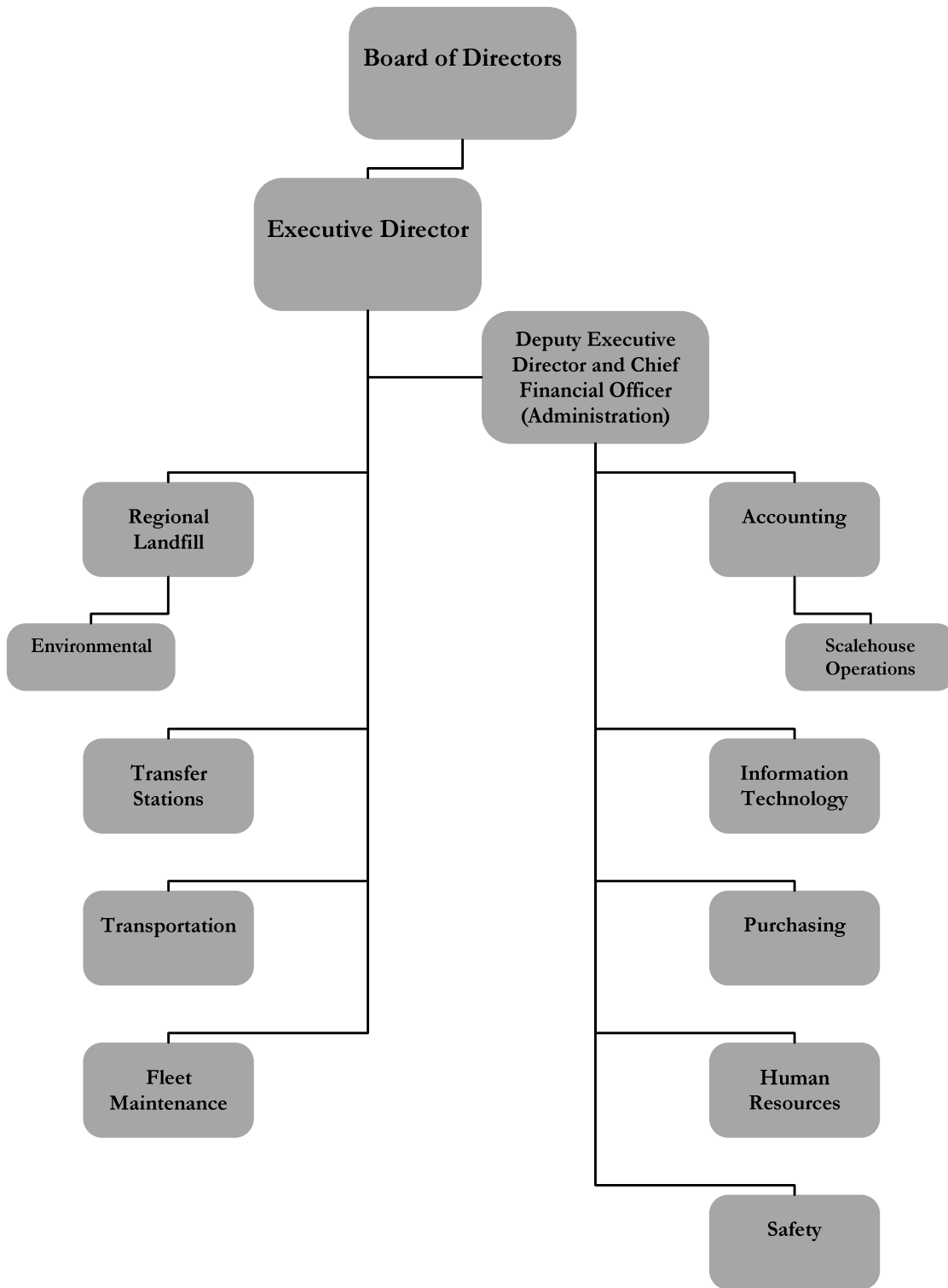
- b. *Scalehouse Operations:* SPSA’s scalehouse operation is responsible for ensuring the accurate measurement of (i) solid waste flowing through SPSA’s transfer stations to the Regional Landfill and the WTE Facilities in Portsmouth (the current Designated Disposal Mechanism) and (ii) the revenue generated from the disposal of waste. Scale attendants man scalehouses at the Chesapeake, Landstown, Norfolk, Oceana and Regional Landfill transfer stations and at the WTE Facilities in Portsmouth. The scalehouses in Franklin and Isle of Wight are manned by transfer station staff.

SPSA’s scale attendants operate the scale recording devices to capture truck weights and process transactions, including truck information, customer account information, type of waste and associated tipping fee rate, methods of payment and credit card processing. These transactions are uploaded into SPSA’s accounting software for subsequent billing of SPSA’s customers. This data is also currently transmitted to Wheelabrator on a daily basis for their own use in billing Wheelabrator customers, such as private/commercial haulers.

Scale attendants also handle phone calls to the various transfer stations as well as face-to-face interactions with the Member Localities, residents and private haulers to ensure that only solid waste meeting SPSA’s standards is accepted for disposal at SPSA facilities.

5. Transportation Division: The Transportation Division is currently responsible for conducting hauling operations transferring processible waste from the transfer stations to the WTE Facilities owned and operated by Wheelabrator. In addition to transporting waste from the transfer stations, the transportation division staff operates roll-off trucks, a tanker and a low-boy trailer, and also hauls leachate from various transfer stations and sludge from the City of Norfolk's Water Treatment Plan to the Regional Landfill.

SPSA's Organizational Chart is illustrated as follows:



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## 4.0 OPERATION AND USE OF FACILITIES

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### 1. General

The right to dispose of Solid Waste (excluding Hazardous Waste and certain other Excluded Waste, such as Disaster Waste) at the Delivery Points designated herein is available to any and all persons, corporations and governmental agencies without exclusion under the terms and conditions of this SOP. Use of these facilities, however, is at all times governed by rules and regulations as are adopted by SPSA from time to time and incorporated into this SOP. Member Localities and private haulers must register their respective vehicles with SPSA, including tare weights, prior to use.

In addition, operating hours may be varied from time to time by SPSA to accommodate special circumstances. Notices will be posted at the main entrance of each Delivery Point advising users of regular operating hours and any special operating hours, as well as observed holidays.

### 2. Delivery Points and Receiving Times

<b>Location</b>	<b>Monday – Friday</b>	<b>Saturday</b>
Chesapeake Transfer Station 901 Hollowell Lane Chesapeake, VA 23320	7 am – 3 pm	7 am – 12 pm
Franklin Transfer Station 30521 General Thomas Highway Franklin, VA 23851	8 am – 3 pm	8 am – 12 pm
Isle of Wight Transfer Station 13191 Foursquare Road Smithfield, VA 23430	8 am – 3 pm	8 am – 12 pm
Landstown Transfer Station 1825 Concert Drive Virginia Beach, VA 23453	5 am – 5 pm	7 am – 12 pm
Norfolk Transfer Station 3136 Woodlake Avenue Norfolk, VA 23504	5 am – 5 pm	7 am – 12 pm
Oceana Transfer Station 2025 Virginia Beach Boulevard Virginia Beach, VA 23462	6 am - 3 pm	7 am – 12 pm
Suffolk Transfer Station Located at the Regional Landfill	7 am – 4 pm	7 am – 12 pm
Regional Landfill (including Tire Shredder) 1 Bob Foeller Drive Suffolk, VA 23434	Closed Mondays Tuesday – Friday: 7 am – 4 pm	Closed
HHW Collection (Regional Landfill) 1 Bob Foeller Drive Suffolk, VA 23434	8 am – 4 pm	8 am – 12 pm



<b>Location</b>	<b>Days and Hours</b>
Boykins Transfer Station 18448 General Thomas Highway Boykins, VA 23827	Tuesday, Thursday, Saturday: 7 am – 7 pm Monday, Wednesday, Friday: Closed
Ivor Transfer Station 36439 General Mahone Blvd. Ivor, VA 23866	Wednesday, Friday, Sunday: 7 am – 7 pm Monday, Tuesday, Thursday, Saturday: Closed
WTE Facilities 2 Victory Blvd. Portsmouth, VA 23702	Monday 3 am – Saturday Noon

Any changes to the receiving times for these Delivery Points, whether due to policy changes, weather or modifications to the Holiday Schedule described below, or for any other reason, absent emergency, are coordinated with the Member Localities as well as applicable vendors.

### 3. Holiday Schedule

SPSA’s current holiday schedule is as follows:

New Year’s Day	January 1st
Lee-Jackson Day*	Friday preceding the 3 <sup>rd</sup> Monday in January
Martin Luther King, Jr. Day*	Third Monday in January
President’s Day *	Third Monday in February
Memorial Day*	Last Monday in May
Independence Day	July 4th
Labor Day*	First Monday in September
Columbus Day*	Second Monday in October
Veteran’s Day*	November 11th
Thanksgiving Day	Fourth Thursday in November
FRI following Thanksgiving Day*	Fourth Friday in November
Christmas Day	December 25th

If any of New Year’s Day, Independence Day, Veteran’s Day, Christmas Eve or Christmas Day Falls on a Sunday, when a facility is otherwise closed, then the applicable holiday is observed on the date designated for its observation as a holiday by the Federal Government. For those holidays marked above with an asterisk (\*), all SPSA transfer stations will operate under the schedule for Saturday hours -- i.e. they will be open for one-half day (either 7 am - Noon or 8 am – Noon) under receiving hours listed above.

### 4. “Extra” Charges to Member Localities

SPSA charges each Member Locality at an hourly rate to the extent the Member requests to extend a transfer station’s normal receiving time. The hourly rate is calculated each fiscal year and includes the full cost to SPSA for extending hours past its normal receiving time, including the time necessary to haul the waste to the proper disposal point.

5. Units of Measure

Each Delivery Point is equipped with vehicular scales. All vehicles, except those of residential users, are weighed with the driver aboard upon arrival. All departing vehicles are then weighed a second time, unless the vehicle tare weights are known. Disposal System Fees (tipping fees), in turn, are charged based upon the difference between the arrival and departure weights. If the scales at the receiving location are inoperative, the fee is based on the average amount received per vehicle when dumping records for such vehicle for the twelve (12) full months immediately preceding are available or, when such records are not available, the fee is based on the average amount received per vehicle of like size and/or compaction ratio.

The driver of each vehicle is given a statement after each load of Solid Waste is dumped, and each such statement reflects the weight of the waste dumped, the applicable date, time and Delivery Point, and the applicable Disposal System Fee.

In addition, SPSA may designate grades or categories of Solid Waste that will be measured upon receipt by SPSA by number of units or by means other than by weight.

6. Right to Reject Waste

SPSA accepts most non-hazardous Solid Waste within the Disposal System, subject to the other terms and conditions of this SOP, including, but not limited to, SPSA's exclusion of Disaster Waste from the Disposal System (see SPSA's Role in a Storm Event under Section 8.0 below). SPSA also retains the right to refuse to accept waste from users who have failed to pay any applicable Disposal System Fees.

All reasonable attempts are made to reject unacceptable waste before it is received within the Disposal System. However, if grades or categories of waste are disposed of at a Delivery Point that is not designated for the receipt of such waste, it is the responsibility of the user to remove such material at its own expense. Any such material not promptly removed by the user may be removed by SPSA, and the costs for such removal are then charged against the user.

7. Traffic Guidelines

Each of the Delivery Points is expected to handle a large number of vehicles. Traffic control at each location is at the sole discretion of SPSA.

8. Residential Waste Guidelines

Residents of the Member Localities are not charged for disposal of their household waste. However, starting in January 2018, the residents' applicable Member Localities will be charged Disposal System Fees for residential disposal of household waste within the SPSA Disposal System; provided, the foregoing policy of charging the Member Localities for their residents' disposal of household waste shall not apply at the Delivery Points in Boykins and Ivor, which serve residents of Southampton County.

Residents may dispose of their household waste during operating hours at each authorized Delivery Point (with the exception of the Norfolk Transfer Station, which permits free disposal to Norfolk

residents only on Saturdays between the hours of 7 a.m. and 4 p.m. and Sundays between the hours of Noon and 4 p.m.), but only if the following conditions are met.

- a. Proof of residency (for example, a driver's license or a utility bill).
- b. All household waste, bagged or un-bagged, including furniture, mattresses and small appliances that have a freon-free certification sticker (if applicable) are acceptable.
- c. Yard Waste is acceptable; however, limbs, branches and brush must be less than six feet in length and not greater than 6 inches in diameter.
- d. Disaster Waste may not be delivered to, and will not be accepted by SPSA at, any Delivery Point within the Disposal System (see SPSA's Role in a Storm Event under Section 8.0 below).
- e. Solid Waste that is authorized to be delivered by residents must be delivered in one of the following "private vehicles":
  - i. Automobiles, station wagons, passenger vans with under 15 seats, sport utility vehicles, low- sided pickup trucks (350 size or smaller) and similar vehicles that are unmarked and unmodified (by way of example, but not limitation, vehicles without business decals/markings or equipment racks, such as pipe or ladder racks or similar modifications).
  - ii. Utility trailers, up to eight feet in length, with no visible tools and/or equipment, that are being towed by one of the above-mentioned private vehicles.

These Residential Waste Disposal Guidelines are designed to ensure that residents of the SPSA's Member Localities are entitled to the safe and efficient disposal of their residential Solid Waste. Residents must adhere to all SPSA guidelines, policies and procedures while utilizing the SPSA Disposal System, and failure to do so may result in loss of access to SPSA's facilities.

#### 9. Maintenance and Development of Delivery Points (Transfer Stations) Post-2018

- a. Transfer Station Ownership/ Control. SPSA will own or lease all Delivery Points included within the SPSA Disposal System as of January 24, 2018 and will be responsible for the operation and maintenance of these facilities in accordance with all applicable permits and related rules, regulations and other Applicable Law. If a Delivery Point is leased from a Member Locality (or other third party), then the duration and, to the extent reasonably practical, all other terms of all such leases will be identical unless otherwise specifically agreed by the Board of Directors of SPSA. In addition, any such lease of a Delivery Point from a given Member Locality shall, unless otherwise agreed in writing by the parties, terminate contemporaneously with the withdrawal of the applicable Member Locality from SPSA.
- b. Transfer Station Projects – Development Costs. The following provisions address any project involving the construction, renovation, relocation or expansion of a Delivery Point (each, a "Transfer Station Project").

- i. *Existing Delivery Points.* If a given Transfer Station Project involves the renovation, relocation or expansion of an existing Delivery Point for purposes of maintaining, preserving or improving continued operations of such existing Delivery Point (each, an “Existing Delivery Point”), then (x) such Transfer Station Project in respect of the Existing Delivery Point shall be subject to the approval of SPSA’s Board of Directors, and (y) if such Transfer Station Project is duly and validly authorized and approved by the Board, then SPSA shall be responsible for all development costs associated such Transfer Station Project, including but not limited to all soft costs, construction and equipment costs and start-up costs, associated with the corresponding Existing Delivery Point. Notwithstanding anything herein to the contrary, however, if debt will be incurred by SPSA in connection with any such Transfer Station Project involving an Existing Delivery Point, the debt must be approved by the Board of Directors of the Authority in accordance with all requirements under Applicable Law before the project can commence.
  
- ii. *New Delivery Points.* If a given Transfer Station Project involves the construction, renovation, relocation or expansion of a Delivery Point for any reasons *other* than maintaining or improving continued operations of an Existing Delivery Point (each, a “New Delivery Point”), then (x) the applicable Member Locality shall first propose the Transfer Station Project for such New Delivery Point to SPSA’s Board of Directors, and (y) if such New Delivery Point will be operated and maintained by SPSA, then the Transfer Station Project shall be subject to the approval of SPSA’s Board of Directors. In any event, whether or not any such Transfer Station Project for a New Delivery Point requires approval from SPSA’s Board of Directors, the applicable Member Locality shall be solely responsible for all development costs associated with each and every Transfer Station Project for a New Delivery Point, including but not limited to all soft costs, construction and equipment costs and start-up costs , and any such development costs incurred by SPSA in connection with a Transfer Station Project for a New Delivery Point will be paid to SPSA no less often than monthly by the applicable Member Locality in accordance with a separate “Delivery Point Development Agreement” to be entered into by SPSA and such Member Locality. Notwithstanding the foregoing, however, if the SPSA Board of Directors agrees that a given New Delivery Point is in the best long-term financial interest of SPSA, even if not operationally necessary at that point, then upon approval of the Board of Directors, SPSA may enter into a cost-sharing agreement for development costs associated with the Transfer Station Project for such New Delivery Point, so long as (and to the extent that) the SPSA Board of Directors makes a determination that SPSA’s proposed share of the development costs will not exceed the net value of the New Delivery Point.

- c. Transfer Station Projects – Operational Costs. From and after the completion of each Transfer Station Project, SPSA shall be responsible for the annual operations and maintenance costs, including where applicable rental/lease and related costs, of (i) each Existing Delivery Point resulting from the Transfer Station Project; and (ii) each New Delivery Point resulting from the Transfer Station Project if (but only if) SPSA and the Member Locality have agreed that such New Delivery Point will be operated and maintained by SPSA.
10. Out-of-State Waste. Notwithstanding anything in this SOP to the contrary, SPSA shall not under any circumstances facilitate the importation of Out-of-State Waste for (a) disposal in the Regional Landfill (or in any other landfill) and/or (b) handling/processing/disposal at or by any other Delivery Point included within the Disposal System.

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## **5.0 DESIGNATED DISPOSAL MECHANISM; PLANNING HORIZON**

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1. Designated Disposal Mechanism.
  - a. Selection Process for Designated Disposal Mechanism. From time to time, as and when appropriate under the circumstances, and no less often than every seven (7) years, the SPSA Board of Directors (or a subcommittee thereof) and Executive Staff will undertake a comprehensive review of the Designated Disposal Mechanism then being utilized and, further, will assess its viability for future periods of time. While it is ultimately the responsibility of the SPSA Board of Directors to determine the best and most efficient Designated Disposal Mechanism for the Authority and its Member Localities (considering both process and economic factors), in so doing the Board will necessarily seek and consider the input of the Member Localities. (The Board of Directors may also solicit input/guidance from independent professionals in the field as well.) In connection with such review and consideration of the Designated Disposal Mechanism, in consultation with the Member Localities, the Board and Executive Staff may conclude that the Designated Disposal Mechanism then being utilized by SPSA is the most efficient and effective method of waste-disposal or, on the other hand, may determine that it is appropriate and in the best interests of SPSA and the Member Localities to explore alternative waste-disposal options, including (but not limited to) the issuance of one or more Requests for Proposal in accordance with Applicable Law, disposal of Municipal Solid Waste in the Regional Landfill or some other waste-disposal method/mechanism. Based on and following each such periodic review and assessment, Executive Staff will make a final recommendation for the Designated Disposal Mechanism for the applicable future period(s), and Executive Staff shall endeavor to make such recommendation so as to give the SPSA Board of Directors and the Member Localities as much time as is reasonably practicable under the circumstances to consider such recommendation and all relevant considerations. Following such recommendation and, where appropriate, solicitation of input from the Member Localities, SPSA will conduct a vote in accordance with Applicable Law seeking approval from its Board of Directors for the recommended Designated Disposal Mechanism, it being

expressly acknowledged and agreed that the approval of any Designated Disposal Mechanism for the Authority is and shall be at the sole discretion of the Board. Notwithstanding the foregoing or anything else in this SOP to the contrary, however, the Designated Disposal Mechanism may not include any landfill constructed, operated or otherwise existing in the Northwest River Watershed (defined as the geographical areas lying within the boundaries delineated as such and specified as the “Northwest River Watershed” on Appendix B attached to this SOP).

- b. Current Designated Disposal Mechanism. In 2010, SPSA sold its refuse-derived fuel plant (RDF) and power plant (collectively, the “WTE Facilities”) to Wheelabrator Technologies, Inc. (“Wheelabrator”), then an affiliate of Waste Management, Inc. (All of Wheelabrator’s operations were sold to Energy Capital Partners, a private equity group, in 2014.) In connection with the sale, SPSA and Wheelabrator executed a Service Agreement for solid waste disposal services, pursuant to which (i) SPSA must provide Wheelabrator with all waste received at each of its transfer stations, (ii) Wheelabrator must accept and process SPSA’s solid waste at the WTE Facilities, and (iii) SPSA pays Wheelabrator an annual fee for such services, subject to various offsets and credits.

More specifically, SPSA accepts municipal and commercial solid waste (excluding Hazardous Waste) at nine transfer stations. SPSA’s transfer station staff sorts the solid waste received into Processible Waste and Non-Processible Waste at five of its transfer stations. The Processible Waste is hauled by SPSA from the applicable transfer stations to the WTE Facilities. The Non-Processible Waste received at seven of the transfer stations is loaded into non-SPSA trailers by SPSA staff and hauled to a non-SPSA landfill by Wheelabrator. At Wheelabrator’s request and with SPSA’s approval, Processible Waste may be diverted directly from a SPSA transfer station and hauled by SPSA to the Regional Landfill, rather than the WTE Facilities, at Wheelabrator’s cost.

The Service Agreement with Wheelabrator continues through January 24, 2018 and, as such, the Wheelabrator arrangement represents SPSA’s current Designated Disposal Mechanism.

## 2. Planning Horizon.

SPSA prepares, through the use of an independent professional engineer, an annual airspace management report designed to assist in the management of the remaining airspace for the Regional Landfill.

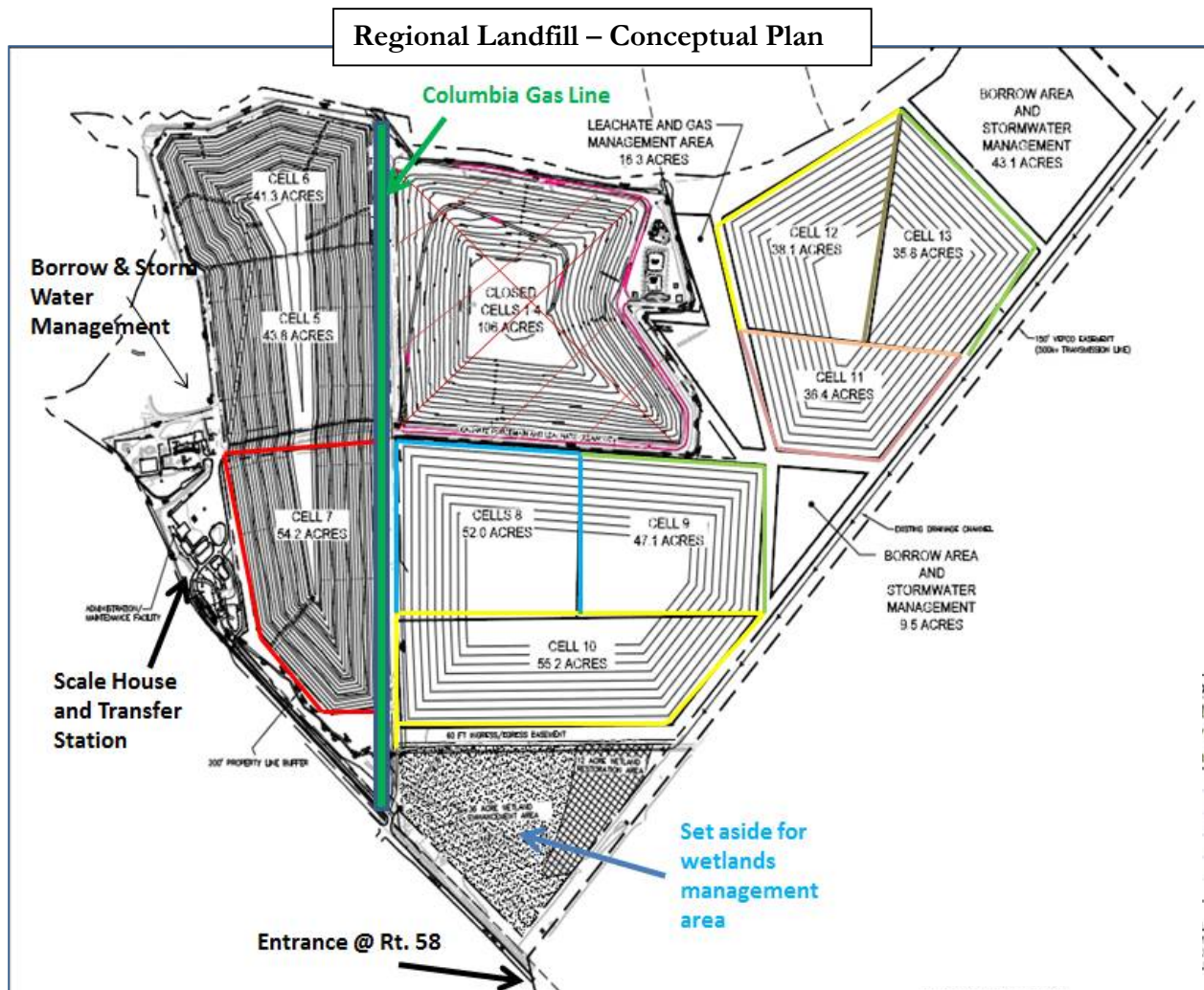
Based on the 2015 report and various assumptions, including annual Solid Waste disposal of approximately 268,345 tons per year, Cells 5 & 6 are currently projected to reach capacity in September 2031.

In addition to Cells 5 & 6, the Regional Landfill includes a 56-acre lateral expansion known as Cell 7. Cell 7 was approved by the Virginia Department of Environmental

Quality on June 8, 2011. The capacity of Cell 7 is approximately 10,800,000 cubic yards, or approximately 9 million tons of Solid Waste.

A conceptual plan has also been developed for the potential expansion of Cells 8 – 13, which would provide an additional 264-plus acres of potential expansion areas at the Regional Landfill. SPSA owns the applicable land; however, the additional cells have yet to be permitted. This additional capacity could provide enough capacity for the region for 100 plus years, based on the estimated annual Solid Waste tonnage noted above. Please see an illustration of the “Conceptual Plan” below.

SPSA will continue to monitor the capacity of the Regional Landfill based on, among other things, variations in tons disposed and other planned and unplanned events, and SPSA will in turn update/modify its management reports accordingly, again no less than annually.



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## 6.0 BASIS OF ACCOUNTING AND FINANCIAL REPORTING

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### 1. Basis of Accounting and Financial Reporting

SPSA's activities are accounted for in a manner similar to accounting methodologies utilized in the private sector, using the flow of economic resources measurement focus and the accrual basis of accounting. Assets, liabilities, net assets, revenues and expenses are accounted for through an enterprise fund, with revenues recorded when earned and expenses recorded when the corresponding liabilities are incurred.

Annual financial statements are prepared on the accrual basis of accounting. SPSA reports as a special purpose government entity engaged in business-type activities, as defined by the Governmental Accounting Standards Board (GASB). Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

### 2. Annual Budget

SPSA's fiscal year is July 1 through June 30. The SPSA Board of Directors adopts an annual financial plan, or budget, reflecting projected revenues and expenses for the upcoming fiscal year and directs the Executive Director to implement the plan.

The annual budget is adopted as "balanced" on a cash basis, meaning that current revenues will equal current expenses; however, SPSA may use fund balances, or surplus cash, to fund capital expenses and equipment replacement. SPSA may amend or supplement its budget from time to time during the fiscal year, and the Executive Director is authorized to make transfers within the budget line items. Operating budgets lapse at fiscal year-end, with the exception of unfinished capital projects and encumbrances for purchases not received by June 30, which roll-over to the new fiscal year.

The annual budget also includes a five (5)-year projection of revenues, expenses and projected Disposal System Fees.

In accordance with the requirements of SPSA's existing debt covenants, (i) SPSA files a preliminary budget with its bond trustee on or before May 15 of each fiscal year, and (ii) SPSA files the final financial plan for the upcoming fiscal year, as adopted by SPSA's Board of Directors, on or before June 30. All SPSA debt is expected to be repaid in full by January 24, 2018.

### 3. Annual Audit

SPSA engages an independent certified public accountant to conduct an annual audit of its financial records and statements each year.



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## **7.0 RATES, FEES AND CHARGES FOR SOLID WASTE MANAGEMENT\***

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In accordance with the requirements of SPSA's existing debt covenants, the rates for fees and charges for solid waste disposal (i.e., Disposal System Fees) are currently fixed so that gross revenues minus operating expenses, or net revenues, are greater than or equal to (i) 1.2 times the annual debt service of senior debt and (ii) 1.1 times the sum of the annual debt service of senior debt plus senior subordinated debt. As noted above, all SPSA debt is expected to be repaid in full by January 24, 2018, after which time SPSA will have more flexibility with regard to its Disposal System Fees, subject to requirements of Applicable Law.

The Water and Waste Authority Act provides requirements/criteria that SPSA must follow when establishing its applicable Disposal System Fees. Specifically, Section 15.2-5136 states that "rates, fees and charges shall be so fixed and revised as to provide funds, with other funds available for such purposes, sufficient at all times (i) to pay the cost of maintaining, repairing and operating the system or systems, or facilities incident thereto, for which such bonds were issued, including reserves for such purposes and for replacement and depreciation and necessary extensions, (ii) to pay the principal of and the interest on the revenue bonds as they become due and reserves therefor, and (iii) to provide a margin of safety for making such payments." Accordingly, while SPSA may change (increase or decrease) its Disposal System Fees from time to time, (x) SPSA will at all times follow such statutory requirements in implementing any such changes in its Disposal System Fees and (y) any such changes may be implemented only after proper notice has been provided and, where required, public hearing on such changes have been held, all in accordance with Applicable law.

Invoices for Disposal System services are typically provided on a monthly basis, within ten (10) days after the end of each billing period, and unless otherwise specified by contract are due on or before the last business day of the month immediately following the month covered by the invoice, except to the extent any such invoices are subject to a good faith dispute. Each invoice provided by SPSA reflects the total tonnage of Solid Waste received by SPSA from the applicable user during the given billing period, together with such other information as SPSA deems appropriate or relevant. Past due account balances are considered delinquent and are subject to a finance charge of 18% annually. In addition, potential problem accounts or accounts that are in a continuous delinquent payment status may be placed in a credit hold status and the applicable customer/user may be denied access to the SPSA Disposal System until the account returns to current status and/or an arrangement with SPSA has been made to satisfy the past due balance. Delinquent accounts may also be referred to a collection agency or otherwise pursued through litigation.

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## **8.0 SPSA'S ROLE IN A STORM EVENT**

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As described elsewhere in this SOP, SPSA does not accept Disaster Waste within the Disposal System. Instead, SPSA has historically served as the "procurement agent" for regional management of debris caused by hurricanes and other major storms/disasters (i.e., Disaster Waste). More specifically, SPSA acts as the representative of certain localities, including all SPSA Member

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**\*NOTE:** Beginning in 2018, SPSA's Disposal System Fee shall include operating costs; landfill closure and post-closure costs; and landfill replacement costs.

Localities as well as the counties of Surry, Northampton, Accomack, Sussex and Greensville (the “Covered Localities”), in the procurement process.

In that role, SPSA issues an RFP for storm debris removal, reduction, disposal and monitoring/management services. A team comprised of personnel from certain participating Covered Localities then evaluates companies who respond and selects several providers (the “Contractors”), and SPSA enters into “stand-by” agreements with each Contractor on behalf of the Covered Localities. Under the agreements, SPSA (i) receives a work request from a Covered Locality for debris removal, reduction and disposal and (ii) directs the request to the appropriate Contractor as a task order. After the initial task order, all service and payment arrangements are between the Covered Locality and the designated Contractor, without SPSA involvement.

This arrangement is known as “cooperative procurement” under the Virginia Public Procurement Act. A typical cooperative scenario would be in the form of a “piggy-back” arrangement, where one public body issues an RFP listing other public bodies who may participate. Then each of the public bodies, including the public body that issued the RFP, would have its own, separate contract for services with the terms as set forth in the RFP.

Here, however, SPSA enters into the ensuing agreements with the Contractors on behalf of the Covered Localities, but is not receiving any services from or making any payments to the Contractors, and the Localities do not execute individual agreements with the Contractors. (In short, SPSA is simply “administering” a cooperative procurement agreement.) Subsequent discussions between Covered Localities and the selected Contractor(s) for the amount and type of service provided are the sole responsibility of each Covered Localities, as are any arrangements for billing and payment for services rendered. The Covered Locality are also responsible for clearing, removal, separation and disposal of the majority of storm generated debris and other Disaster Waste, with the assistance of contractors and the use of temporary municipal processing and burning facilities.

The individual Covered Localities, and the region in general, benefit from this process: For instance, any disaster prompting Contractor action under the agreements would likely impact the region as a whole and not just one particular city or county; by acting on behalf of the region and its Covered Localities in the procurement process, SPSA is able to obtain more favorable pricing terms than any individual Covered Locality likely could on its own. SPSA is also familiar with and skilled in the procurement process for storm debris management generally, so all parties likewise benefit from the enhanced efficiencies associated with cooperative procurement.

In addition to its role as “procurement agent” for regional management of Disaster Waste, SPSA’s objectives in the event of a major disaster would be to: (1) coordinate suspension and resumption of services, internally and with Member Localities, (2) maintain essential internal support capabilities, such as communication, equipment and vehicle fueling, and equipment maintenance and repair, (3) suspend acceptance of household waste until system capabilities and community needs can be evaluated, and (4) resume normal operations as soon as conditions permit.

SPSA also reserves the right to temporarily suspend residential waste disposal prior to storm events if it is negatively impacting the ability to handle municipal and commercial waste.

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**9.0 POLICIES AND PROCEDURES TO BE MAINTAINED**

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SPSA maintains, and shall maintain, the following documentation, policies and procedures in accordance with Applicable Law and regulations:

1. Strategic Operating Plan
2. Articles of Incorporation and Bylaws
3. Financial Policies
4. Procurement Policies and Procedures
5. Employee Policy Manual
6. Record Retention
7. Safety Policies and Procedures
8. Environmental Policies
9. Insurance Policies
10. Regional Landfill Operating Manual
11. Tire Shredder Operating Manual
12. Transfer Station Operating Manual
13. Emergency Operations Plan
14. Disaster Response Plan

The above documentation, policies and procedures are maintained at SPSA's headquarters, currently the Regional Office Building in Chesapeake, are incorporated into the SOP by this reference and are available for review and inspection by authorized representatives of all Member Localities.

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**10.0 REVISIONS TO STRATEGIC OPERATING PLAN**

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Revisions to this Strategic Operating Plan may be made at the sole discretion of SPSA to the extent approved by the SPSA Board of Directors in accordance with the terms hereof. More specifically, this Strategic Operating Plan shall be reviewed by the Board of Directors on at least an annual basis in connection with the Board's review and consideration of SPSA's annual operating budget, and at such other times as the Board may deem necessary or appropriate. If deemed necessary or appropriate after any such review, this Strategic Operating Plan may be updated or otherwise modified by the SPSA Board of Directors, and any such updated/modified Strategic Operating Plan shall be in complete replacement of this any and all other prior Strategic Operating Plans. Notwithstanding anything to the contrary in the foregoing, no update, amendment or modification of this Strategic Operating Plan, or any provision hereof, shall be valid unless such update, amendment or modification has been authorized by a resolution approved by at least seventy-five percent (75%) of the Board of Directors of SPSA.

[END]

## APPENDIX A

### Definitions

Applicable Law – Collectively, the Virginia Water and Waste Authorities Act, the Virginia Waste Management Act (as amended by Section 15.2-5102.1 of the Code of Virginia, sometimes referred to as the “Cosgrove Act”), the Virginia Solid Waste Management Regulations (currently Chapter 81 of the Virginia Administrative Code), the Virginia Hazardous Waste Management Regulations (currently Chapter 60 of the Virginia Administrative Code), the Resource Conservation and Recovery Act and any other federal, state or local law, rule, regulation, ordinance, permit, decree or other governmental requirement that applies to the services or obligations under this SOP, whether now or hereafter in effect, and each as may be amended from time to time.

Construction and Demolition Debris – Any Solid Waste that is produced or generated during or in connection with the construction, remodeling, repair and/or destruction or demolition of residential or commercial buildings, municipal buildings, roadways and other municipal structures, and other structures, including, but not limited to, lumber, wire, sheetrock, brick, shingles, glass, asphalt and concrete.

Delivery Point – Each facility and location owned or operated by the Authority, or by a third party that is subject to a contract with the Authority in respect of the Disposal System, that (a) possesses all permits required under Applicable Law to receive Solid Waste for disposal and (b) is designated by the Authority from time to time herein to accept Municipal Solid Waste from the Member Localities for further and final processing and disposal by or on behalf of the Authority (certain Delivery Points may sometimes be referred to as “transfer stations”).

Designated Disposal Mechanism – The method (or methods) utilized by the Authority for final disposal of Municipal Solid Waste under this SOP, as designated by the Board of Directors of the Authority from time to time in accordance with the terms hereof and set forth herein, which may include, among other methods, (a) disposal of Municipal Solid Waste in the Regional Landfill in accordance with Applicable Law, (b) disposal of Municipal Solid Waste through one or more facilities owned and/or operated by the Authority in accordance with Applicable Law and/or (c) disposal of Municipal Solid Waste pursuant to agreements between the Authority and one or more third parties.

Disaster Waste – Any Solid Waste and debris that (a) is generated as a result of or in connection with any significant storm or other severe weather occurrence (such as, but not limited to, hurricanes and tornadoes), natural or man-made disaster, war, act of terrorism or other similar occurrence, together with Solid Waste and debris generated in connection with clean-up and/or reconstruction activities resulting from any such occurrences or events, and (b) is of a quantity or type materially different from the Solid Waste normally generated by or within the Member Locality.

Disposal System – All facilities and/or locations owned or leased by the Authority, or with respect to which the Authority otherwise maintains a contractual/commercial relationship, for the collection, management, processing and/or disposal of Solid Waste, including, but not necessarily limited to, the Regional Landfill, all Delivery Points and the Designated Disposal Mechanism(s), together with all equipment and vehicles owned or leased by the Authority and used in connection with the collection, management, processing and/or disposal of Solid Waste.

Disposal System Fees – Rates, fees and other charges imposed by the Authority for the collection, management, processing and/or disposal of Solid Waste within the Disposal System, as determined by the Board of Directors of the Authority from time to time in accordance with the Virginia Water and Waste Authorities Act (certain Disposal System Fees may sometimes be referred to as “tipping fees”).

Hazardous Waste – Any waste or other material that because of its quantity, concentration or physical, chemical or infectious characteristics may (a) cause or significantly contribute to an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness; or (b) pose a substantial present or potential hazard to human health, the Disposal System or the environment when treated, stored, transported, disposed of or otherwise managed. Hazardous Waste specifically includes, but is not necessarily limited to, any waste classified as “hazardous” under the Resource Conservation and Recovery Act, the Virginia Hazardous Waste Management Regulations or any other Applicable Law.

Household Hazardous Waste – Surplus or excess household products that contain corrosive, toxic, ignitable or reactive ingredients, including, but not necessarily limited to, cleaning products, old paints and paint-related products, pesticides, pool chemicals, drain cleaners and degreasers and other car-care products.

Municipal Solid Waste – All Solid Waste the collection of which is controlled by the Member Locality, including (a) Solid Waste that is collected by the Member Locality, whether within or outside of the geographic territory of the Member Locality, and (b) residential Solid Waste that is collected by a third party for the benefit of (and under the direction and control of) the Member Locality. Municipal Solid Waste expressly excludes the following (collectively referred to herein as “Excluded Waste”): (i) Hazardous Waste and Household Hazardous Waste, (ii) Recyclable Waste, (iii) Yard Waste, (iv) Construction and Demolition Debris, (v) Disaster Waste, (vi) Solid Waste delivered by citizens of the Member Locality to publicly-accessible landfills or other facilities and disposed of at such facilities, (vii) any Solid Waste generated by school boards, authorities or other political entities of the Member Locality (except to the extent (but only to the extent) that any such Solid Waste is actually collected by the Member Locality itself) and (viii) Out-of-State Waste.

Non-Processible Waste (NPSW) - All Solid Waste, other than Hazardous Waste, that could impair the operation or capacity of the Applicable Disposal Mechanism(s), at SPSA’s sole discretion, or cause potential or actual injury to SPSA’s employees and/or contractors, but which is capable of being disposed of by sanitary landfill, including but without being limited to metal cable, gypsum board, bricks and blocks, dirt, liquid wastes including sludge from water and waste water treatment plants, tree stumps, logs or other material larger than six (6) inches in diameter and/or six (6) feet long.

Out-of-State Waste – Any Solid Waste that is created or generated in, or originates from, any state or other geographic territory other than the Commonwealth of Virginia.

Processible Solid Waste (PSW) – Any Solid Waste other than Hazardous Waste or non-processible waste, including especially material having energy value but currently being discarded without recovery of such energy value.

Recyclable Waste – Any Solid Waste that, pursuant to Virginia’s Solid Waste Management Regulations (or other relevant Applicable Law) in effect from time to time, or pursuant to prevailing commercial practices in the waste management industry at the applicable time, (a) can be used or reused, modified for use or reuse, or prepared for beneficial use or reuse as an ingredient in an industrial process to make a product or as an effective substitute for a commercial product, or (b) is otherwise processible (or reprocessible) to recover a usable product or is regenerable to another usable form, in each case, however, expressly excluding “residual” Solid Waste generated in connection with any such modification, preparation and/or processing for use, reuse, recovery and/or regeneration of other Solid Waste to the extent that such “residuals” cannot be categorized as “Recyclable Waste” in accordance with the foregoing.

Regional Landfill – The landfill located in the City of Suffolk, Virginia, developed, owned and operated by the Authority for the disposal of Solid Waste, or any additional or successor landfill developed, owned and operated by the Authority.

Solid Waste – Any garbage, refuse, sludge, debris and other discarded material, including solid, liquid, semisolid or contained gaseous material, resulting from industrial, commercial, mining and agricultural operations, or residential/community activities, excluding (a) solid or dissolved material in domestic sewage, (b) solid or dissolved material in irrigation return flows or in industrial discharges that are sources subject to a permit from the State Water Control Board and (c) source, special nuclear, or by-product material as defined by the Federal Atomic Energy Act of 1954, as amended; provided, the waste that constitutes Solid Waste hereunder (and/or is excluded from the definition of Solid Waste hereunder) shall be subject to change from time to time to the extent necessary or appropriate under the Virginia Waste Management Act or other Applicable Law.

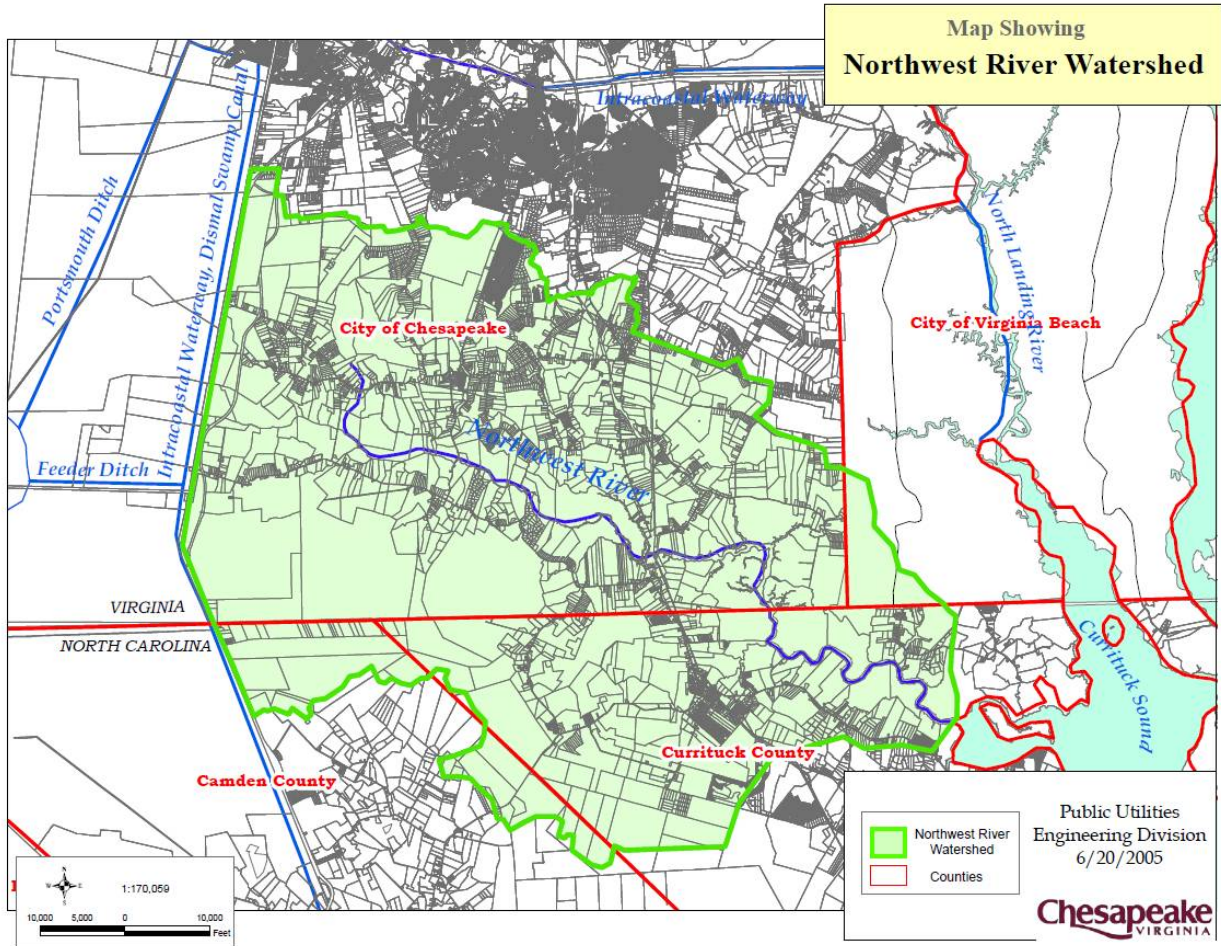
Strategic Operating Plan/SOP – This plan adopted by the Board of Directors of the Authority, which sets forth certain operational, maintenance, administrative and other responsibilities of the Authority with respect to the Disposal System and the performance of related services by the Authority, as the same may from time to time be updated, amended or modified in accordance with the terms hereof.

Yard Waste – Any Solid Waste defined as “yard waste” under the Virginia Waste Management Act (or other relevant Applicable Law) in effect from time to time, currently consisting of decomposable waste materials generated by yard and lawn care and including leaves, grass trimmings, brush, wood chips and shrub and tree trimmings, excluding roots, limbs or stumps that exceed the limitation(s) in length and/or diameter specified by a Member Locality from time to time.

[End of Definitions]

APPENDIX B

Northwest River Watershed



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**COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS**