

AGENDA

FRANKLIN CITY COUNCIL

MONDAY, February 22, 2016 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVE.

6:00 P.M.**Work Session**

- A. Call To Order MAYOR RAYSTINE D. JOHNSON-ASHBURN
- B. Rental Housing Inspection Program
- C. Recess MAYOR RAYSTINE D. JOHNSON-ASHBURN

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

AMENDMENTS TO AGENDA

SPECIAL RECOGNITION: Retiree Resolutions, New Employee Introductions

1. CONSENT AGENDA
 - A. Minutes: February 8, 2016 Regular Meeting
 - B. Departmental Reports: January, 2016 (Separate File)
2. FINANCE
 - A. FY 2014 – 2015 CAFR/AUDIT Presentation – Davis & Associates (Continued from 1/25/16 Regular Meeting)
 - B. Tentative FY 2016 – 2017 City Budget Calendar
3. OLD/NEW BUSINESS
 - A. Pretlow Farm Lease Amendment – H. Taylor Williams, IV, City Attorney (Continued from 2/8/16 Regular Meeting)
 - B. SPSA Post 2018 Use & Support Agreement Presentation – H. Taylor Williams, IV, City Attorney (Continued from 12/14/15 Regular Meeting)
 - C. City Manager's Report
4. COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS
5. CLOSED SESSION (If Necessary)
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

**Joint City/County Utility Study Presentation
To City Council & Southampton Board of
County Supervisors**

TENTATIVE TIME LINE

**Wednesday, February 24, 2016
@ 6:00 p.m. @ Paul D. Camp
Community College Workforce
Development Center**



Resolution of Appreciation

Jo

Virginia B. Carr

WHEREAS, Virginia B. Carr has faithfully served the City of Franklin starting as an Eligibility Worker in December 1981 until obtaining the role of Benefit Program Specialist III and retiring on December 31, 2015, and

WHEREAS, Virginia B. Carr worked diligently in the Department of Social Services for 34 years. Ms. Carr continually displayed a cooperative spirit, was loyal and dependable as well as a willing teacher to her co-workers, and

WHEREAS, Virginia B. Carr has provided guidance and exhibited wisdom through her position with the Department of Social Services; 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 Virginia B. Carr for her generous and devoted service to this City and its citizens and wishes her well in all her future endeavors.

NOW, THEREFORE, BE IT RESOLVED, that the Franklin City Council Honors the Exceptional Service of Virginia B. Carr.

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 Virginia B. Carr thereby forever preserving and recording its gratitude.

Adopted: February 22, 2016

Mayor Raystine D. Johnson-Ashburn



Resolution of Appreciation

To

Carolyn B. Doughtie

WHEREAS, Carolyn B. Doughtie has faithfully served the City of Franklin and Southampton County starting as an Eligibility Worker until obtaining the role of Benefit Program Specialist II and retiring on January 31, 2016, and

WHEREAS, Carolyn B. Doughtie worked diligently for the City of Franklin and Southampton County in the Department of Social Services for 27 years. Ms. Doughtie continually displayed a cooperative spirit, was loyal and dependable as well as a willing teacher to her co-workers, and

WHEREAS, Carolyn B. Doughtie has provided guidance and exhibited wisdom through her position with the Department of Social Services; 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 Carolyn B. Doughtie for her generous and devoted service to this City and its citizens and wishes her well in all her future endeavors.

NOW, THEREFORE, BE IT RESOLVED, that the Franklin City Council Honors the Exceptional Service of Carolyn B. Doughtie.

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 Carolyn B. Doughtie thereby forever preserving and recording its gratitude.

Adopted: February 22, 2016

Mayor Raystine D. Johnson-Ashburn



Resolution of Appreciation

To

Lonnie L. Norman

WHEREAS, Lonnie L. Norman has faithfully served the City of Franklin for 25 years starting as a Laborer and retiring on December 31, 2015 as a Motor Equipment Operator II;

WHEREAS, Lonnie L. Norman has diligently delivered quality workmanship. Mr. Norman continually displayed a cooperative spirit, was loyal and dependable as well as a willing teacher to his co-workers, and

WHEREAS, Lonnie L. Norman 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 Lonnie L. Norman for his generous and devoted service to this City and its citizens and wishes him well in all his future endeavors.

NOW, THEREFORE, BE IT RESOLVED, that the Franklin City Council Honors the Exceptional Service of Lonnie L. Norman.

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 Lonnie L. Norman thereby forever preserving and recording its gratitude.

Adopted: February 22, 2016

Mayor Raystine D. Johnson-Ashburn

CONSENT AGENDA

- A. Minutes: February 8, 2016 Regular Meeting**
- B. Departmental Reports: January, 2016 (Separate File)**

The Franklin City Council held its regular meeting on Monday, February 8, 2016 at 7:00 p.m. in the Council Chambers at City Hall.

Council Members in Attendance: Mayor Raystine D. 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; Mark Bly, Director of Power and Light; 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; Beth Lewis, Deputy Director of Community Development; Alan Hogge, Director of Social Services; and Chief Phil Hardison, Police Department.

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

PLEDGE OF ALLEGIANCE

Everyone recited the Pledge of Allegiance in attendance.

CITIZENS' TIME

Councilman Gregory McLemore of 204 Madison Street addressed Council concerning the action from the January 24, 2016 closed session meeting; the topic was the Franklin Police Department salary increases and reinstating the bonus program. He commented that he was unable to attend the previous Council Meeting due to inclement weather. Councilman McLemore stated that Council made the motion to give the police department salary increases. Councilman McLemore stated that he had received calls from several employees regarding City Council approved pay raises or increases to the police department. Councilman McLemore stated that he would like Council to advise the public about the decision made and what it involves.

Mayor Johnson-Ashburn stated publicly for the benefit of full disclosure that the minutes of all Council meetings are published for everyone to read.

AMENDMENTS TO AGENDA

Councilman McLemore made the motion to amend the agenda to discuss the reinstatement of the bonus program and salary increases for the police department. The Mayor asked for a second to the motion. Due to the lack of a second, the motion died.

Vice-Mayor Cheatham made the motion to amend the agenda to move the presentation of the School Board Resolution Request by Dr. Willie J. Bell, Jr. Ed. D. from item A of Old/New Business to item C of the Consent Agenda due to the Superintendent having another meeting that he had to attend. Councilwoman Murphy seconded the motion.

The motion was approved with a vote as follows:

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

Consent Agenda

Minutes: January 12, 2016 Called Meeting

Mayor Johnson-Ashburn asked if there were any corrections or changes to the minutes of the January 12, 2016 Called meeting and upon hearing none the Mayor asked for a motion. Vice-Mayor Cheatham made the motion to adopt the minutes as presented and Councilwoman Murphy seconded it.

The motion was approved by a 7 – 0 vote.

Minutes: January 25, 2016 Regular Meeting

Mayor Johnson-Ashburn asked if there were any corrections or changes to the minutes of the January 25, 2016 Regular meeting. Hearing none, Councilwoman Hilliard made the motion to adopt the minutes as presented and Vice-Mayor Cheatham seconded it.

The motion was approved with the vote as follows:

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

School Board Resolution Request

Mayor Johnson-Ashburn recognized Franklin City Public Schools Superintendent Dr. Willie J. Bell, Jr. Ed. D. to present the School Board Resolution Request. Mayor Johnson-Ashburn thanked Dr. Bell for being at the Council meeting. Dr. Bell explained that the purpose of the resolution is to oppose the Charter Schools constitutional amendment that is being presented to the General Assembly and he asked Council to collaborate with the schools in this effort. The Virginia Board of Education, the Virginia Board of School Superintendents, and the Virginia Association of Teachers constructed the language in the resolution.

The legislative action before the General Assembly, if approved by a referendum to amend the constitution, would take control of the Charter schools away from local school board control and place it under State Board control. The biggest concern with this particular amendment is that the funding for schools from the localities can be dictated by the State Board to give whatever amount it deems appropriate to the Charter Schools and take away necessary funding from the local Public School system.

Superintendent Bell commented that the fifth line of the resolution refers to the state-authorized charter schools funding resulting in a massive unfunded mandate to local school divisions costing local taxpayers millions of dollars. The fourth line of the resolution gives a summary of the research done with Charter schools showing that the majority are doing no better than the traditional public schools.

The Franklin City School Board is specifically requesting that the Franklin City Council collaborate with them in their efforts to oppose a constitutional amendment to divest local school boards from the sole authority to approve charter schools by adopting the proposed resolution.

Mayor Johnson-Ashburn asked if there were any questions.

Councilman Rabil asked for confirmation on the status of this amendment.

Superintendent Bell confirmed that the amendment has only been introduced at this time. It has been passed through the House, the Committee and is being presented to the Senate, which will consider action sometime this week or next week.

Mayor Johnson-Ashburn asked under the proposal how much funding will be given to Charter schools.

Dr. Bell stated currently there is no formula that states how much funding would be given to Charter schools.

Councilman McLemore asked the Superintendent to educate him on what a Charter school is and who can open a charter school.

Dr. Bell stated that a charter school is a non-traditional school setting that is currently an option for local school boards.

Councilman McLemore asked if there were any specific criteria for people to meet in order to establish a charter school.

Dr. Bell stated that currently there is none. A charter school does not have to meet the criteria of a public school system. Virginia Charter schools currently do not offer anything but the core subjects and they do not have to have certified teachers. One of the biggest areas of concern is funding of charter schools because there is no oversight of them.

Councilman McLemore asked under the proposal before the legislature if a group wanted to start a charter school would funds be allotted from the State Board of Education and those funds would be taken away from the Public School system.

Dr. Bell confirmed that is the way it will work.

Vice-Mayor Cheatham made the point that not all charter schools nationally are bad. He stated that his grandson and granddaughter attend a charter school in Wyoming because they could not excel in the public school setting there. However, he did understand that the major concern here is our local public school system losing much needed funding and the fact there is no local oversight of the charter schools.

Dr. Bell stated that he agreed with Vice-Mayor Cheatham that there are some good charter schools. Dr. Bell stated the following statistics from a national poll for charter schools: 1) 17% of charter schools did exceptionally better than public schools, 2) 37% of charter schools did significantly worse than public schools in Reading and Math, and 3) the remainder 46% of charter schools did not do significantly better or worse than public schools.

Councilman Burgess asked if these charter schools were the same as the academies set up in the Hampton School System.

Dr. Bell stated that they were not charter schools.

Councilwoman Hilliard made the motion to adopt the School Board Resolution as presented and Councilwoman Murphy seconded it.

The motion was approved by a 7 – 0.

Manager Martin clarified that this action is in no way a condemnation of charter schools; this is solely about governance.

Councilwoman Murphy congratulated the Franklin City Schools for their partial accreditation of J. P. King Middle School and S. P. Morton Elementary School.

Dr. Bell stated the Franklin City Public Schools would not rest until all schools are fully accredited across the board.

Public Hearing

Call To Order

Chairman Peak of the Franklin City Planning Commission called the Joint meeting with the Franklin City Council to order at 7:25 p.m.

Joint Public Hearing with Planning Commission

Mayor Johnson-Ashburn stated that the purpose of the joint public hearing with the Planning Commission was to consider the repeal and re-adoption of the Flood Plain Ordinance (#2016 – 01) and the fee changes to cover the advertising Costs of Public Hearing Notices (#2016 – 02) as detailed in the Public Hearing Notices. The Public Hearing Notices were advertised in the Tidewater News on January 13, 2016 and January 20, 2016 pursuant to Virginia Code Section 15.2 – 2204. To briefly state the issues are: 1) the proposed amendment of the zoning ordinance to repeal and re-adopt Article 21 - Flood Plain Regulations and 2) proposed text amendments to the Board of Zoning Ordinance Section 27.8 (a) and (b) – Fee for application or appeal, Article XXVII changes and amendments to Section 28.6 – Fees and Article 28.8 – to increase the fees to cover the cost of advertising Public Notices as required by the Code of Virginia Section 15.2 – 2204 and to process applications or appeals.

Mayor Johnson-Ashburn advised all in attendance that Mr. Donald Goodwin, Director of Community Development had an emergency and could not attend the meeting. Mayor Johnson-Ashburn introduced Deputy Director of Community Development, Beth Lewis to make the presentation.

Deputy Director Lewis stated that Community Development has been working on this for a while and that the City Council had a work session on this last month. The request comes as a result of the City's last Community Assistance Visit (CAV) from the Virginia Department of Conservation and Recreation (DCR) conducted on site May 25, 2013. It was noted by the State that the City's flood plain ordinance had not been updated to reflect the changes that had been made to the Code of Federal Regulation. In

developing floodplain management ordinances, communities who want to participate in the national Flood Insurance program must at least meet minimum regulatory standards in Title 44 of the Code of Federal Regulation (44 CFR) administered by the Federal Emergency Management Agency (FEMA). National Flood Insurance Program (NFIP) standards and policies are reviewed periodically and revised when appropriate. When such administrative changes are made or when flood insurance rate maps (FIRMs) are updated, community floodplain management ordinances also must be revised and updated accordingly.

The NFIP regulatory standards are minimums. They may not be all of the necessary measures to protect health, safety and welfare in our community. Therefore, we are encouraged to enact more restrictive requirements where needed to better protect people and properties from the local flood hazard. Many of these more restrictive requirements are eligible for credit under the Community Rating System (CRS), a program that provides insurance premium discounts to policyholders in communities with more restrictive floodplain management programs. The most common higher standard is a freeboard requirement. A 24" or a 2-foot freeboard requirement is being recommended in this amended ordinance. Deputy Director Lewis advised Council of the changes and implications for properties affected.

The second request comes as a result of increased cost associated with the various land use applications that come before the governmental bodies for consideration. First, the Planning Commission and City Council hear applications on zoning map amendments and proposed text amendments to the zoning and subdivision ordinances. Secondly, the Board of Zoning Appeals hears applications for any appeal to the board from any order, requirement, decision, or determination of the zoning administrator or other administrative officer, interpretation of the zoning map, variances and special exceptions. Prior to any action by the aforementioned bodies, a public hearing or hearings are required to be held by Code of Virginia Section 15.2 – 2204. In addition, a notice of public hearing shall be advertised for two consecutive weeks in a newspaper of local circulation. The current fees were last amended in July 2004. These fees in most cases barely cover the cost of the administrative tasks involved with the processing and reviewing the applications for consistency with the City and various federal, state and local land-use regulations. This proposal does not recommend increasing those fees, only to add the cost of advertising. When a proposed action is initiated by the City that requires a public hearing such as this one, the city incurs the cost of the advertising that can range from \$200 to thousands depending on the length of the advertisement. This proposed amendment is simply passing the cost of the required advertising on to the applicant.

Councilman McLemore asked if the only source for advertising these Public Hearings was the newspaper.

Deputy Director Lewis and Attorney Williams both confirmed that it was the only option.

Planning Commission member Mr. Tyler asked Deputy Director Lewis since the County Board of Supervisors adopted the new floodplain regulation of 18" how does that apply to their status in the Community Rating System (CRS). Deputy Director Lewis stated that the Southampton Board of Supervisors has elected not to participate in the Community Rating System (CRS) largely because the City of Franklin only has one floodplain ordinance whereas, Southampton County has seven.

Mr. Tyler asked whether increasing freeboard from 18' to the 24' increases the flood insurance premium discount.

Deputy Director Lewis confirmed that the discount is greater.

Councilman McLemore asked if there were any other ways in the Community Rating System to save money other than the freeboard.

Deputy Director Lewis stated that there were almost a hundred different ways; the freeboard is just one of many. She also communicated that a number of the ways for the savings are administrative and they are listed in the ordinance.

Mayor Johnson-Ashburn asked if there were any further questions for Deputy Director Lewis. Hearing none, she and Chairman Peak both opened the floor at 7:40 p.m. for public comment.

Executive Director Dan Howe of the Downtown Franklin Association (DFA) and resident of 100 Gillette Court had previously stated at an earlier meeting what he felt was the positive points of this action. Mr. Howe asked what is the proposed timeline to begin reaping the benefits of being associated with the Community Rating Service. Mr. Howe also expressed his concern with the fees being passed through to the applicants as far as trying to continue to develop new businesses in the downtown district; the concern is that it would deter new businesses.

Deputy Director Lewis stated that once a locality expresses interest in being part of the Community Rating System (CRS), which begins with the repeal, and re-adoption of the Flood Plain ordinance they begin a review process, which is twelve months. The savings will be assessed after that time.

Deputy Director Lewis shared that the City of Franklin is not raising any of their fees but they are simply requesting the fees for advertising be passed through to the applicant instead of the City.

Mayor Johnson-Ashburn asked Deputy Director Lewis to share what the current fees are.

Deputy Director Lewis stated:

- \$500 for zoning and comprehensive plan amendment
- \$300 to go to the Board of Zoning Appeals

The only change would be that the applicant would be presented an invoice for the actual cost of the advertising fees based on what the paper charges.

Chairman Peak of the Planning Commission and Mayor Johnson-Ashburn of the City Council closed the Public Hearing at 7:48 p.m.

Mayor Johnson-Ashburn yielded the floor to the Franklin City Planning Commission for deliberation.

Chairman Peak asked if any member of the Planning Commission had any questions for Deputy Director Lewis.

Mr. Darden asked if the applicants would be advised of the advertising costs prior to them publishing a notice and would they advise them of other potential applicants in order to split costs.

Deputy Director Lewis stated that they would and they currently do that now.

Mr. Tyler asked for clarity that currently all projects are vetted before they are brought before the Planning Commission.

Deputy Director Lewis stated currently that is the way things are done here in the City of Franklin.

Planning Commission Recommendation Action & Adjournment

Chairman Peak asked for a motion on the repeal and re-adoption of the floodplain regulations contained in Ordinance # 2016 - 01.

Mr. Darden made the motion to approve Ordinance # 2016 – 01 and recommend that the Franklin City Council repeal and re-adopt article XXI: Flood Plain Regulations to comply with the Federal Emergency Management Agency of the Department of Homeland Security and it was seconded by Ms. Williams.

The motion was approved by a 6 – 0 vote (Vice-Chairman Artis absent).

Chairman Peak asked the members of the Planning Commission if there were any further questions or discussion on the text amendments contained in Ordinance # 2016 – 02.

Hearing none, Chairman Peak asked for a motion to amend the text of the Zoning Ordinance Article XXVII by adopting Ordinance #2016 - 02.

Mr. Babb made the motion to recommend to the City Council adoption of Ordinance # 2016 – 02 amending the text of the Zoning Ordinance Article XXVII: Board of Zoning Appeals; Section 27.8 (a) and (b) to include the cost of advertising in accordance with Code of Virginia Section 15.2 – 2204. The motion was amended by Mr. Murphy.

The motion was approved by a 6 – 0 vote (Vice-Chairman Artis absent).

Hearing no further questions or comments, Mr. Tyler made the motion to adjourn the Planning Commission meeting at 7:53 p.m. Mr. Babb seconded the motion.

The motion was approved by a 6 – 0 vote (Vice-Chairman Artis absent).

Council Consideration of Ordinance Amendments # 2016 – 01 & # 2016 - 02

Mayor Johnson-Ashburn reconvened the City Council meeting at 7: 54 p.m. Mayor Johnson-Ashburn asked if there were any further questions or comments on Franklin City Ordinance # 2016 – 01 or Ordinance # 2016 – 02.

Councilman Burgess asked about the fees being waived as an incentive in the Enterprise Zone, which is located partly in Downtown.

Attorney Williams stated that was an option.

Deputy Director Lewis stated that the way it works in the Enterprise Zone is they are given a rebate of the fees.

Councilman Burgess asked whether the insurance savings would be definite or if it could possibly happen after fulfilling a long list of criteria after the one-year period is completed. After that first year as we continue to complete more of the items on the list, will we add to our savings annually?

Deputy Director Lewis responded that with the minimum list of things that the City of Franklin has already done; we already meet some of the criteria to obtain savings in our flood insurance premiums. Additional savings would result from ongoing improvements to the City's program.

Mayor Johnson-Ashburn stated that it was a work in progress and Deputy Director Lewis agreed.

Councilman McLemore stated his concern about the fees being a deterrent to new businesses that are not located in the Enterprise Zone. He noted that the idea of allowing several individuals to share the advertising costs was a wonderful idea. Councilman McLemore agreed that the citizens should not incur the expense by the City paying for the advertising costs. The concern is how would the individuals know the desires of other applicants.

Manager Martin stated that during the process the Community Development Department would share with the applicant the desire of other applicants wishing to split the advertising costs. The applicant will have the choice of doing the process with a group or doing the process on their own and paying all the advertising costs.

Mayor Johnson-Ashburn asked if there were any further discussion or questions. Hearing none, Mayor Johnson-Ashburn asked for a motion.

Repeal & Re-Adopt Flood Regulations (# 2016 – 01)

Councilwoman Murphy made the motion to approve the recommendation by the Planning Commission to repeal and re-adopt Article XXI: Flood Plain Regulation of the City of Franklin Zoning Ordinance #2016 – 01 to include the twenty-four (24) inch freeboard higher standard. Vice-Mayor Cheatham seconded the motion.

Councilman McLemore asked Deputy Director Lewis if there was a down side to not adopting these changes.

Deputy Director Lewis stated that the City of Franklin must re-adopt these changes or we cannot be a part of the National Flood Insurance Program.

Mayor Johnson-Ashburn reiterated that this mandate came from FEMA.

Councilman Burgess asked Deputy Director Lewis if we are not a part of the Nation Flood Insurance Program; then no one in the City of Franklin can have flood insurance.

Deputy Director Lewis answered that he was correct.

The motion was approved by a 7 – 0 vote.

Fee Changes to Cover Advertising Costs of Public Hearing Notices (# 2016 – 02)

Vice-Mayor Cheatham made the motion to adopt Ordinance # 2016 -02 to amend the text of the Zoning Ordinance Article XXVII: Board of Zoning Appeals Section 27.8 (a) and (b) per the Planning Commission's recommendation. Councilman Rabil seconded the motion.

Mayor Johnson-Ashburn asked if there were any further comments or discussion. Upon hearing none, Council voted.

The motion was approved as follows:

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

Finance**FY 2015 – 2016 Budget Ordinance Amendments # 2016 – 13 and # 2016 – 14****Smart Beginnings Carryover (# 2016 – 13)**

Smart Beginnings (Fund 204) is requesting carryover of funds for \$67,642 that remains unspent from FY 14 – 15 to the FY 15 – 16 operating budget. Smart Beginnings is requesting City Council appropriate the funds to the various categories:

Account No:	Expenses:	Amount:
53110-1101	Full time Salaries	\$10,000.00
53110-1300	Pt. Time Salaries	\$10,000.00
53110-2100	FICA	\$5,300.00
53110-3160	Professional Services	\$0.00
53110-3500	Printing/Binding	\$1,500.00
53110-3600	Advertising	\$1,000.00
53110-5210	Postal Services	\$200.00
53110-5230	Telecommunications	\$1,000.00
53110-5421	Rent	\$500.00
53110-5550	Travel	\$1,500.00
53110-5840	Miscellaneous	\$6,642.00
53110-6001	Office Supplies	\$5,000.00
53110-6013	Educational Supplies	\$6,000.00
53110-6030	Public Awareness	\$1,000.00
53110-6031	Meeting Supplies	\$3,000.00
53110-6032	Special Projects	\$15,000.00
Total:		\$67,642.00

Mayor Johnson-Ashburn asked if there were any questions or comments.

Councilman McLemore asked if these funds were unused in the prior year.

Director Rollins stated that was correct. The funds need to be appropriated as carryover in order to be spent.

Councilman Burgess made the motion to authorize the amendment of FY 14 - 15 carryover funds to the FY 15 – 16 Budget for Smart Beginnings for \$67,642 and appropriate the funds for spending. Councilwoman Hilliard seconded the motion.

The motion was approved by a 7 – 0 vote.

Community Development Department – 1101 Armory Dr. Nuisance Abatement (# 2016 – 14)

Community Development Director, Donald Goodwin submitted a request to the City Manager that the City Council amend the FY 15 – 16 Inspections Budget to cover the cost of demolition activities associated with the property located at 1101 Armory Drive. The City has incurred cost of \$11,500 related to planning and specifications necessary to conduct nuisance abatement activities on the site. The request is to amend the budget by a total of \$38,500. The \$27,000 in cost to be paid to the contractor will be billed to the property owner. If the payment is not received, the City will impose all applicable liens to recover costs incurred in the nuisance abatement process.

Mayor Johnson-Ashburn stated that the majority of calls she receives from citizens is in regards to the condition of this property. Mayor Johnson-Ashburn asked if there were any questions or comments on this item.

Councilman Rabil asked for clarification concerning the health and safety nuisance issue.

Deputy Director Lewis commented that the debris from the demolition other than the slab and other violations constituting a nuisance will be removed with the construction debris being stored elsewhere on the site.

Councilman Rabil asked about the slab.

Manager Martin stated that the decision concerning the future removal or modifications to the slab would be up to whoever owns it.

After much discussion between members of Council, Mayor Johnson-Ashburn asked Ms. Jarratt to come to the podium.

Mayor Johnson-Ashburn asked Ms. Jarratt, Executive Director of the Franklin-Southampton Economic Development, Inc., if this nuisance abatement project would be beneficial.

Ms. Jarratt stated that considering the current condition of the site, anything to improve the condition of the property would be an accomplishment.

City Manager Martin reminded Council that the only reason the action is being pursued is to abate nuisances on the site.

After further discussion on this item, Mayor Johnson-Ashburn asked for a motion.

Councilman Burgess made the motion to authorize the amendment of \$38,500 to the FY 15 – 16 Inspections budget to cover the cost of services associated with nuisance abatement at 1101 Armory Drive and Councilman Rabil seconded it.

The motion was approved as follows:

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

Monthly Financial Report: December 2015

Mayor Johnson- Ashburn recognized Director Rollins to present the monthly Financial Report. Director Rollins reviewed highlights of the Financial Report for December 2015.

General Fund Revenue Summary

- Collections for delinquent Real Estate tax revenues have improved significantly over the prior year period.
- Current real and personal property tax collections are tracking similar in comparison to the prior year.
- Other local tax revenue including economic indicators have remained consistent with prior year period (some economic growth in meals taxes; lodging taxes are down).
- Year to date revenue is on target with budgeted projections.

Revenue Highlights:

Overall General Property Taxes collected are \$2.44 million or 33.1% of the Budget, which is a 21% increase over FY15 collections of \$2.01 million, which was 28.2% of the budget.

- Current Real Estate taxes are \$1.15 million or 21.2 % of the budget and 11.0% higher than FY 15 collections of \$1.04 million.
- Delinquent Real Estate taxes are \$348,000 and significantly higher than the prior year reaching over 100% of the total budgeted projections.
- Delinquent Personal Property taxes are at nearly \$19,000 less than the prior year period.
- Penalty and Interest revenue is slightly higher than the prior year period reaching 39.0% of the total budget.

Other significant Revenue Events for FY 15 -16:

- Fees from Inspections and Planning Services decreased as anticipated.
- There was increased miscellaneous revenue from real estate sales transactions and late penalty fees.
- Boost in Isle of Wight Annexation payment is \$80,000 more than the prior year period.
- Boost in revenue from ambulance billing.

Revenue Summary

Overall, total current general fund revenue reported at \$10.86 million (52.2% of the budget) is nearly \$346,000 or 3.3% more when compared to the \$10.52 million (53% of the budget) realized at 12/31/14.

General Fund Expenditure Highlights

- General Fund expenditures excluding transfers overall are similar when compared to the prior year period (this excludes the revenue sharing payment to the County of \$500,000 made in 11/14 but not as of 12/15). Expenditures of \$7.06 million is 46.8% of the current budget compared to \$7.10 million or 47.1% of the budget spent at 12/31/14.
- There are categorical increases and decreases. The biggest difference is the timing of the 2nd half payment to the Regional Jail, paid in December of the prior year.

Enterprise Funds

Airport Fund Summary

Revenue Analysis

- Fuel sales of \$29,000 at the end of the quarter are less than the prior year period.
- Other local revenue consists primarily of airport rental fees and is also slightly less than the revenue realized during the prior year period.

Expenditure Analysis

- Operating Expenditures are tracking the same as the prior year period with only 33% of the total budget expended.
- Aviation gas purchases total \$16,793 (no jet fuel purchased as of 12/31/15)
- Capital outlay – project included in the current budget is near completion and closeout

Cash Balance

- A negative cash balance is shown at \$101,138, as the budgeted General Fund Transfer to support airport operations has not been transferred as of 12/31/15.

Water & Sewer Fund

Revenue Analysis

- Revenue from the sale of water and sewer service charges of \$1.47 million at the end of the quarter represents 47% of the total budget and is comparable to the prior period revenue of \$1.48 million (47.5% of the budget).

Expenditure Analysis

- Expenditures in the Fund are \$268,000 less than the prior year. While considerably more funds were spent on Water-line related projects in the current year, expenditures on Sewer System related projects were much higher (\$548,000) in the prior year period.

Cash Balance

- The cash balance in the Fund at the end of the month is \$2.13 million, a slight increase from the \$1.99 million reported December 2014.

Solid Waste Fund**Revenue Analysis**

- Revenue for the Solid Waste Fund is on target with budgeted projections reaching 49% of budget and is comparable to the prior year period.

Expenditure Analysis

- Operating expenditures at \$361,606 are comparable to prior period expenses of \$352,867 and represents nearly 41% of the total budget.
- Capital expenditures are down as a result of the equipment purchase in the prior fiscal year.

Cash Balance

- The cash balance in the Fund at the end of the month is \$526,270, decreasing by nearly \$50,000 from the cash balance reported last month. (Expenditures for the month of December surpassed revenue). However, the cash balance is nearly \$100,000 more than the prior year period. (Funds have been encumbered for new equipment that will lower the cash balance as planned once equipment is received and expensed)

Electric Fund Revenue Analysis

- Revenue from energy sales is \$6.21 million or 43.6% of budget; FY 14 – 15 revenue was \$6.27 million or 44.5% of budget.
- Fuel adjustment revenue is down as a result of the applicable rate and is nearly 43% of the total budget. (On the expenditure side as expected, the cost associated with the sale of energy/fuel adjustment is also down and represents 44% of the total budget).
- Expenditures associated with the sale of energy (excluding fuel adjustment) at \$4.33 million represents nearly 44% of the total budget and is slightly higher than the prior year period costs of \$4.23 million, 43% of budget.

Cash Balance

Cash is below minimum policy guideline of \$1.44 million by \$656,000. Cash in the Electric Fund at \$788,629 decreased by \$130,000 from the prior month period. In essence, expenditures exceeded revenue in December. Fuel assistance payments due to the fund in the amount of \$123,673.20 were recorded to

Cash in the month of January 2016. FY 2015 – 2016 Cash Balance as a percentage of Annual Revenues (excluding fuel adjustment) at FYE 12/31/2015 is \$788,629 or 5.4%.

Mayor Johnson-Ashburn asked if there were questions or comments.

Vice-Mayor Cheatham asked Director Rollins when we would be making the payment to the jail because they will be charging interest on it very soon.

Director Rollins stated it would be paid as soon as the invoice is received.

OLD/NEW BUSINESS

Pretlow Farm Lease Amendment

Mayor Johnson-Ashburn recognized City Attorney Williams to present the Pretlow Farm Lease, rent for 2015. Mr. Williams commented that the Pretlow Farm is currently being leased by B M Francis Farms, LLC, and managed by Brian Francis. The lease calls for \$182.50 per acre to be paid in rent for 196.8 acres of farmland and 10.8 acres of pastureland for a total rent amount of \$37,777.00. Attorney Williams reminded Council that the City took 10 acres out of production and sold the 10 acres to Pinnacle Agriculture Distribution and an additional 1.12 acres to build an access road and install a water line to service the Pinnacle property. Mr. Francis has paid the City rent of \$31,187.43 that represents the 170.89 acres he actually cultivated in 2015 according to Mr. Francis' GPS records. Mr. Francis is asking for an amendment to the lease to reduce the rent obligation to more accurately reflect the acres available.

Attorney Williams introduced Mr. Francis to Council. Mr. Francis addressed Council concerning the changes in the acreage and the pastureland. Mr. Francis said that, with the new construction of the Pinnacle facility which will house chemicals on that site, the pastureland is of no use any longer to him for farming. There is also part of the acreage that was used to store materials for the water line and road construction.

It was the consensus of the Council that Attorney Williams work on calculations to restructure the lease agreement with the Pretlow Farm Lease and bring an amendment back at the next meeting.

City Manager's Report

Manager Martin stated that he did not have anything further to report.

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS

Councilman Burgess reminded Council of the Joint City/County Utility Study Presentation on Wednesday, February 24, 2016 at 6:00 p.m. The presentation will take place at the Paul D. Camp Community College Workforce Development Center. The presentation will be presented to the Franklin City Council and the Southampton County Board of Supervisors in a joint called meeting for that purpose.

Mayor Johnson-Ashburn noted that this will be a public meeting.

Closed Session

Councilman McLemore made the motion that the Franklin City Council meet in Closed Session to discuss a prospective business or industry where no previous announcement has been made of the business or industry's interest in locating its facilities in the community; 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) (5) and (7) and Councilman Rabil seconded the motion.

The motion was approved by a 7 – 0 vote.

The Council entered into closed session at 9:04 p.m.

Mayor Johnson-Ashburn reconvened the open session at 9:38 p.m. and asked for a motion certifying the closed session.

Vice-Mayor Cheatham 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 Councilman Burgess.

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 Burgess.

The motion was approved by a 7 – 0 vote.

Mayor Johnson-Ashburn declared the meeting adjourned at 9:39 p.m.

These Minutes for February 8, 2016 City Council Meeting were adopted on the 22nd day of February 2016.

Mayor

Clerk to City Council

FINANCE

- A. FY 2014 – 2015 CAFR/AUDIT Presentation – Davis & Associates (Continued from 1/25/16 Regular Meeting)**
- B. Tentative FY 2016 – 2017 City Budget Calendar**

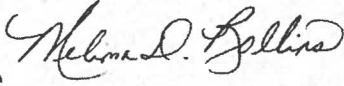


DEPARTMENT OF FINANCE

Continued from the January 25, 2016 Regular Meeting
Remember to bring your CAFR to the meeting

January 20, 2016

To: Randy Martin
City Manager

From: Melissa D. Rollins 
Director of Finance

Re: City of Franklin Comprehensive Annual Financial Report (CAFR) 6/30/15

The audit firm of Davis & Associates is scheduled to be present on Monday, January 25th to present the City's Comprehensive Annual Financial Report (CAFR) for the period ending June 30, 2015. We are pleased to report that the City has received an unmodified or "clean" opinion from the auditing firm. No material weaknesses or significant deficiencies were identified.

The following sections of the report provide a general overview of the contents of the audit. Readers are encouraged to read these documents in addition to the enclosed statements.

- o Transmittal Letter – pages xiv-xix of the document
- o Management Discussion & Analysis – pages 3-15 of the document

A copy of the CAFR (pdf file) along with the auditor's presentation will be forwarded under separate cover. Hard copies will be available for distribution to Council at the City Council meeting.

We believe that the City's CAFR meets the criteria set forth under GFOA's standards for excellence in financial reporting and the report has been submitted to GFOA for consideration of the Certificate of Achievement for Excellence in Financial Report for the fourth consecutive year.

FISCAL YEAR 2016-2017 TENTATIVE BUDGET CALENDAR

<u>Date Subject to Change</u>	<u>Day</u>	<u>Action Item</u>
February 2, 2016	Tuesday	<ul style="list-style-type: none"> FY 2016-2017 Budget Requests Forms For Agencies Posted on City Webpage
February 19, 2016	Friday	<ul style="list-style-type: none"> FY 2016-2017 Budget Requests Due from Agencies & Organizations
February 24, 2016	Monday	<ul style="list-style-type: none"> Informational Budget Packages Sent to Dept. Heads
March 18, 2016	Monday	<ul style="list-style-type: none"> FY 2016-2017 Preliminary Revenue Projections Due to Finance
March 18, 2016	Monday	<ul style="list-style-type: none"> FY 2016-2017 Proposed Department Budgets Requests Due to City Manager
March 21, 2016	Monday	<ul style="list-style-type: none"> FY 2016-2017 School Board Budget Due to City Council
March 24-31, 2016	Various	<ul style="list-style-type: none"> Management Budget Meetings with Dept. Directors
March 28, 2016*	Monday	<ul style="list-style-type: none"> 6:00 P.M. School Board Presents Budget Request to City Council (Tentative)
April 11, 2016*	Monday	<ul style="list-style-type: none"> 6:00 P.M. Agencies & Organizations Budget Presentations
May 9, 2016*	Monday	<ul style="list-style-type: none"> 7:00 P.M. - City Manager Presents Highlights of FY 2016-2017 Recommended Budget to City Council
May 16, 2016	Monday	<ul style="list-style-type: none"> 6:00 P.M. - Budget Work session #1 with City Manager/Council Commissioner, Treasurer, Administration, Human Resources, Information Technology, Police
May 17, 2016	Tuesday	<ul style="list-style-type: none"> 6:00 P.M. - Budget Work session #2 with City Manager/Council Power and Light Dept, Social Services, Parks & Recreation, Registrar
May 19, 2016	Thursday	<ul style="list-style-type: none"> 6:00 P.M. - Budget Work session #3 with City Manager/Council Public Works, Fire & Rescue, Finance & Community Development
May 23, 2016*	Monday	<ul style="list-style-type: none"> City Manager Presents Updates to the FY 2016-2017 Recommended Budget
May 26, 2016	Thursday	<ul style="list-style-type: none"> Newspaper Advertisement of Budget Public Hearing Notice(s)
June 6, 2016	Monday	<ul style="list-style-type: none"> 6:00 P.M. – Tentative Budget Work session (as necessary) 7:00 P.M. – Public Hearing(s) on the FY 2016-2017 Proposed Budget
June 13, 2016*	Monday	<ul style="list-style-type: none"> City Council Takes Action on FY 2016-2017 Budget, Sets Tax Rates and Adopt Budget Resolutions

*Denotes Regularly Scheduled City Council Meeting

OLD/NEW BUSINESS

- A. Pretlow Farm Lease Amendment – H. Taylor Williams, IV, City Attorney
(Continued from 2/8/16 Regular Meeting)**
- B. SPSA Post 2018 Use & Support Agreement Presentation – H. Taylor Williams,
IV, City Attorney (Continued from the December 14, 2015 Regular Meeting)**
- C. City Manager’s Report**



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

February 17, 2016

From: H. Taylor Williams, IV, City Attorney

To: Members of City Council

Re: Pretlow Farm Lease, rent for 2015

It was reported to Council in the last agenda the Pretlow Farm rent had been partially paid in the amount of \$31,187.43 and the tenant was asking for an amendment in the lease agreement because he is not actually able to farm all the land reported available by the Farm Services Agency which is the basis for the lease. There was an adjustment made pursuant to the lease for the land taken out of cultivation because of the sale of 10 acres to Pinnacle Agricultural Distribution and the 1.12 acres of land dedicated to the construction of an access road and installation of a water line. The lease calls for 196.8 acres of farm land and 10.8 acres of pasture land. The 196.8 acres of farm land should be reduced by the 10 acres and 1.12 acres leaving a total of 185.86 acres of farm land available per the lease. Mr. Francis converted the 10.8 acres of pasture land into cultivation thus reclaiming about 16 acres of land by Mr. Francis' calculation and increasing the total available to him to 201.86 acres. Of the 201.86 acres of farm land I estimate there is about 10.52 acres of land that is of such rough terrain it cannot be cultivated. This reduces the available land to 191.34. Rent was paid on 170.89 acres. I suggest amending the rent to 191.34 acres at \$182.50 per acre for a total rent of \$34,919.55 resulting in additional rent due in the amount of \$3,732.12.

H. Taylor Williams, IV
City Attorney

Cc: R. Randy Martin, City Manager
Melissa D. Rollins, Director of Finance



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

(Continued from the December 14, 2015 Regular Meeting)

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

These are excerpts of the December 14, 2015 Council Approved Minutes:

SPSA Post 2018 Use & Support Agreement

Vice-Mayor Cheatham recognized Manager Martin; who recognized City Attorney Williams to update Council on the Post 2018 proposed Use and Support Agreement for Solid Waste disposal.

Attorney Williams reported to Council that for quite some time SPSA has been wrestling with various aspects of a proposed Use and Support Agreement to replace the Use and Support Agreement the City signed with SPSA date April 7, 1983. This agreement will expire on January 24, 2018.

A new use & support agreement will need to be in place on or before January 25, 2018 or the City will not have a place to put its trash unless some other alternative plan is adopted.

What is different about this use & support agreement from the one signed in 1983?

1. All the use & support agreements are the same. There are no special provisions for any member community so what is good for one is good for all and what is bad for one is bad for all.
2. Every member will pay the same tipping fee per ton of trash collected.
3. The use & support agreement can be amended by a vote of at least 75%. There are 16 members on the board. 12 of the 16 board member's would have to agree to any amendment of the use & support agreement.
4. The term of this agreement will either be 10 years or will be 15 years. That has not been determined yet. It is still dependent upon the procurement process and is being negotiated. If the longer term is selected it will probably result in a lower tip fee.
5. There will be an early termination provision if a locality decides it wants to end the relationship with SPSA before the scheduled end date 10 years or 15 years from 2018. There is no termination fee if a locality decides not to sign the next use & support agreement after this one expires.
6. The Early Termination language is found in Schedule II of the Use & Support agreement. The Notice of termination must be given at least 2 years in advance of the termination effective date.
7. There is a formula to calculate the termination payment. The member seeking to terminate early would pay its share of outstanding debt & closure & post closure expenses minus any cash on hand to pay the financial obligations and minus monies in the closure & post closure funds. Then divide the % total number of tons of trash to be delivered 60 months before the termination date and that equals the early termination fee.
8. Following termination – the exiting member cannot & will not accept any solid waste delivered by or on behalf of any other city or county that is a SPSA member while continuing to be a member of SPSA. If someone else also does the early termination then once both are terminated they could contract together to dispose of solid waste.

Things that have not changed:

1. There are 8 member localities & each member locality will continue to have a representative appointed by the governor and a representative (non-elected) appointed by the locality.

2. Each appointee has an equal vote.
3. It is planned under current & foreseeable budgets that all SPSA debt will be paid off before the January 24, 2018 termination of the current use & support agreements.
4. It is planned that the landfill will have capacity to carry it to sometime between 2027 and 2031 under proposed procurement options. If SPSA determines to go straight landfill SPSA will need to invest in expansion of the landfill by building a new cell before 2027. Building a new cell may result in new debt, because the plan is to build into the new tip fee an amount to be set aside for construction of the new cell as a pay as you go plan.
5. What everyone really is interested in knowing is what will the tip fee with the new use & support agreement? That amount is not yet known because SPSA is still negotiating with all three vendors for disposal options. It will be a sum that is less than the current rate of \$125 a ton. With Suffolk & Virginia Beach paying the same tip fee as everyone else, the new rate should be substantially less, but everyone has a different definition of what constitutes “substantially” less. We need another 90 – 120 days to get to a calculated tip fee to begin January 2018. The amount will be influenced by the SPSA expected waste stream, the selected vendor, the expected life span of the current cell capacity at the landfill, fuel costs and who knows what else.

2 Things we do know:

1. The clock is ticking. When we have the next SPSA board meeting on January 27, 2016, the end date for the current use & support agreement will be less than 2 years away.
2. If we do not have an agreement with SPSA or have some other plan for the disposal of our trash, we will have trash piling up in the streets within a week.

After considerable discussion on this matter it was suggested that all members of Council take time to review the Board – Reviewed Draft of the 2018 Post Use & Support Agreement that has been sent to each Council member. There is no action to be taken on this matter at this time; this is strictly for informational purposes. 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. It is anticipated the proposed agreement will not be considered for a vote by Council until at least the second meeting in January of 2016.

Vice-Mayor Cheatham recognized Mr. Everett Williams who is the Governor appointed SPSA Board Representative for the City of Franklin. Mr. Everett Williams assured members of Council that he is working diligently on this matter to make sure that the citizens of Franklin are represented and get the best possible outcome in this new agreement. He has been working on this committee for six years. Members of Council expressed their appreciation for his service.

**AGREEMENT FOR
USE AND SUPPORT OF A
SOLID WASTE DISPOSAL SYSTEM**

This AGREEMENT FOR USE AND SUPPORT OF A SOLID WASTE DISPOSAL SYSTEM (“Agreement”), dated as of /_____/, is made by and between the SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA, hereinafter referred to as the “Authority”, and the CITY/COUNTY OF _____, VIRGINIA, hereinafter referred to as the “Member Locality.”

BACKGROUND:

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

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

WHEREAS, all of the Legacy Use and Support Agreements will expire on January 24, 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	The Authority	Member Locality
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: _____

635 _____ By: _____

636

SCHEDULE I

637

STRATEGIC OPERATING PLAN

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[TO BE ADDED]

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SCHEDULE II

SPECIAL TERMINATION PROVISION

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

2. Early Termination Payment.

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

(ii) Specifically, the Early Termination Payment shall equal the Present 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 ____)

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

TABLE OF CONTENTS

1.0 Introduction.....1

2.0 Guiding Principles1

3.0 Organizational Structure5

4.0 Operation and Use of Facilities.....12

5.0 Designated Disposal Mechanism; Planning Horizon.....17

6.0 Basis of Accounting and Financial Reporting20

7.0 Rates, Fees and Charges for Solid Waste Management21

8.0 SPSA’s Role in a Storm Event21

9.0 Policies and Procedures to be Maintained.....23

10.0 Revisions to Strategic Operating Plan23

Appendix A: Definitions

Appendix B: Northwest River Watershed

STRATEGIC OPERATING PLAN

SOUTHEASTERN PUBLIC SERVICE AUTHORITY

1.0 INTRODUCTION

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.

2.0 GUIDING PRINCIPLES

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.

3.0 ORGANIZATIONAL STRUCTURE

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.

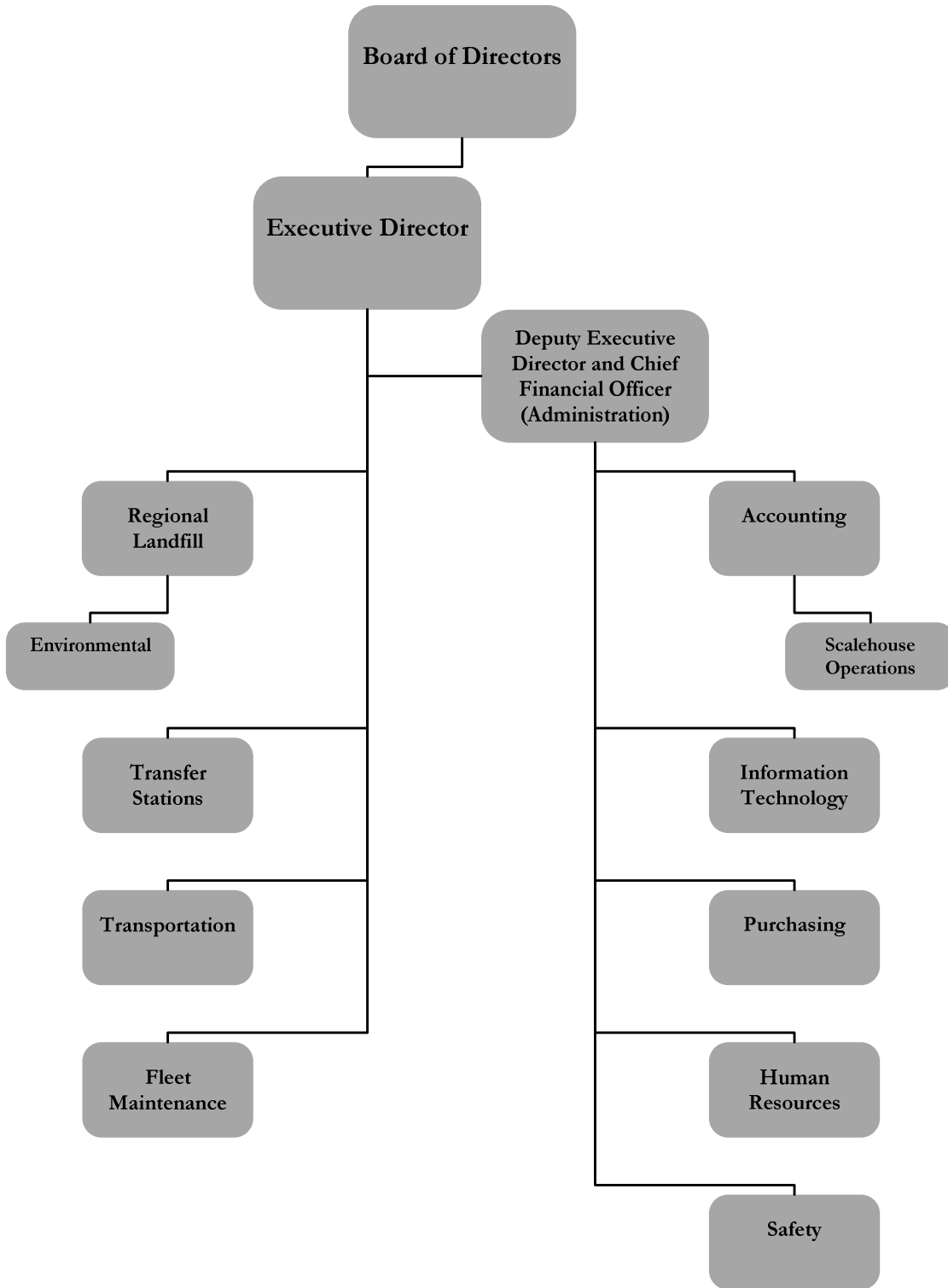
- b. *Scalehouse Operations:* SPSA’s scalehouse operation is responsible for ensuring the accurate measurement of (i) solid waste flowing through SPSA’s transfer stations to the Regional Landfill and the WTE Facilities in Portsmouth (the current Designated Disposal Mechanism) and (ii) the revenue generated 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 Plant to the Regional Landfill.

SPSA's Organizational Chart is illustrated as follows:



4.0 OPERATION AND USE OF FACILITIES

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

Location	Monday – Friday	Saturday
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

Location	Days and Hours
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 rd 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.

5.0 DESIGNATED DISPOSAL MECHANISM; PLANNING HORIZON

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.

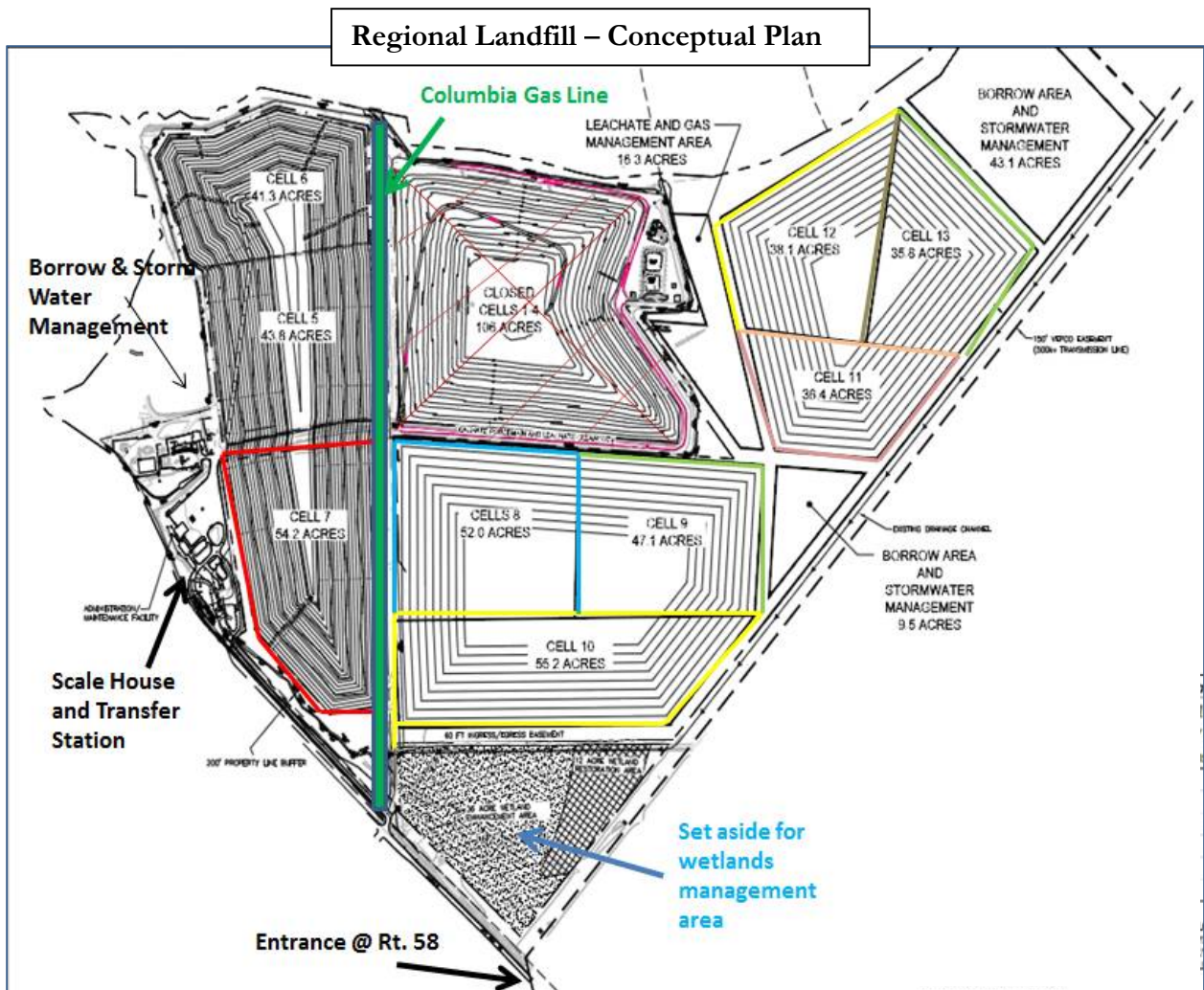
Based on the 2015 report and various assumptions, including annual Solid Waste disposal of approximately 268,345 tons per year, Cells 5 & 6 are currently projected to reach capacity in September 2031.

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.



6.0 BASIS OF ACCOUNTING AND FINANCIAL REPORTING

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.

7.0 RATES, FEES AND CHARGES FOR SOLID WASTE MANAGEMENT*

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.

8.0 SPSA'S ROLE IN A STORM EVENT

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

*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.

9.0 POLICIES AND PROCEDURES TO BE MAINTAINED

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.

10.0 REVISIONS TO STRATEGIC OPERATING PLAN

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.

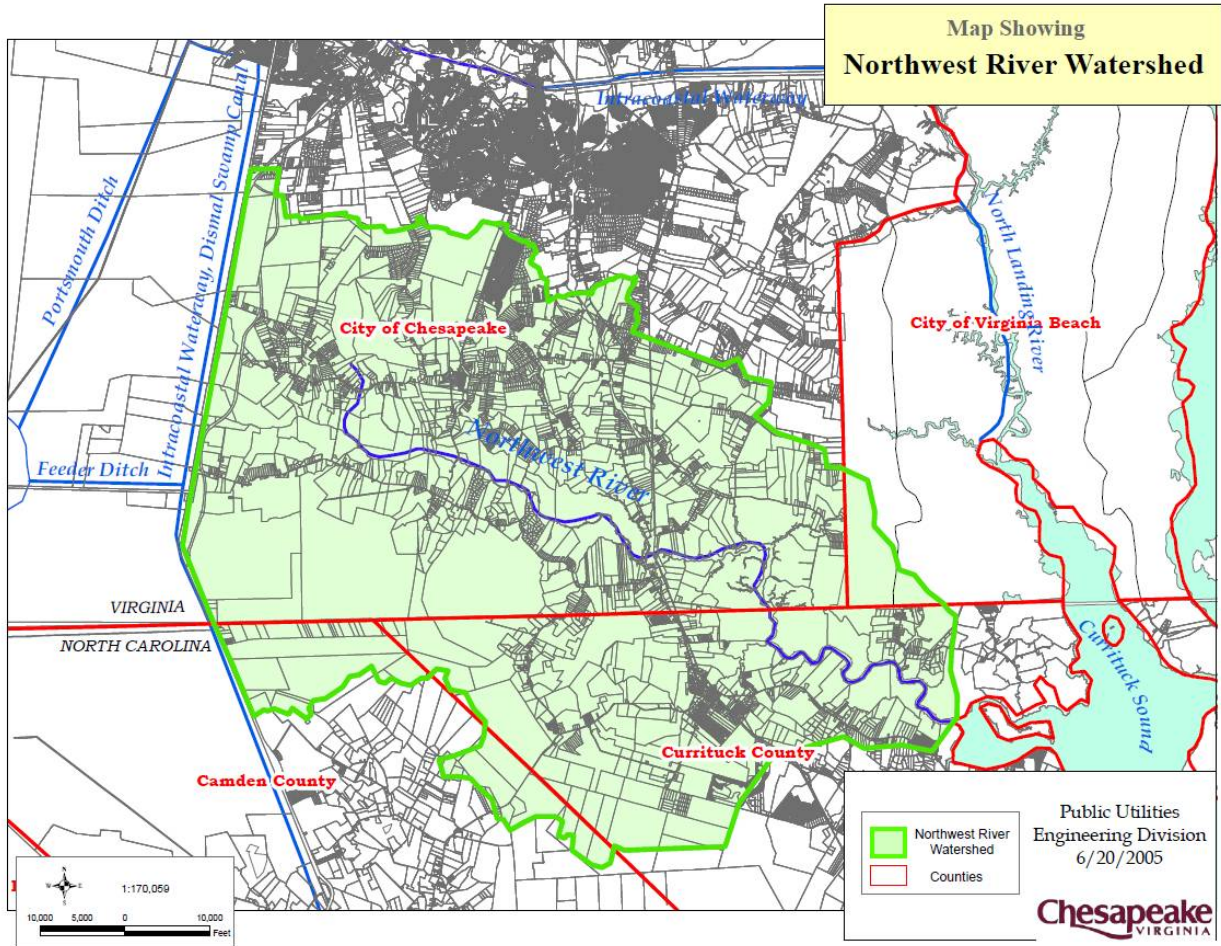
Strategic Operating Plan/SOP – This plan adopted by the Board of Directors of the Authority, which sets forth certain operational, maintenance, administrative and other responsibilities of the Authority with respect to the Disposal System and the performance of related services by the Authority, as the 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



COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS