NEWSLETTER
SPSA

SPSA E-WASTELINE

November 2010

FROM THE CHAIRMAN . . .

Joseph A. Leafe... Presented at the October 27, 2010 SPSA Board of Directors Meeting

We have been at this as a Board for about ten months now. And, as we approach each meeting and each agenda we continue to focus on a series of things that need to be accomplished. Different communities see different things that we have yet to do in our agenda, but in effect we are focusing on the problems. I want to review some of the issues because I think that this Board and, more importantly, the staff, have for the most part been responsible for implementing the changes. When we walked in here in January, almost the main thing on the agenda was the odor problems at the landfill. I think SPSA played its role in addressing that in a very good way. We set up a hotline. We created the communications necessary. We made the reactions that we needed. We worked with the Suffolk Energy Partners and their contractors to ensure that we have the Cell VI gas well system piping in place to deal with the gas and to meet the requirements of DEQ.

We completed the sale of the waste to energy facilities which we weren't part of negotiating, but it was our responsibility to complete. The $150 million of proceeds greatly reduced SPSA's debt. The landfill gas contract, while it has yet to be signed because of a Suffolk Energy Partners board glitch is essentially in an acceptable format and will be economically beneficial for us. The staff has gone through as part of the waste-to-energy sale and other pieces, a substantial downsizing. We went from 480 people down to 155 people now, and any of you who have been involved in those kinds of things in your businesses and other operations know that it is not just a matter of snapping your fingers and it is done. There is a lot of work and a lot of things that need to be done in order to make reductions in a way that's fair and gentle to the employees. I believe our staff has done a very good job in dealing with the downsizing and avoiding the problems that could go with that, simply due to the fact that the Board has not received a great deal of feedback.

We have put in place a solid financial plan which has helped us in terms of meeting our obligations down the road and ultimately being able to reduce tipping fees as best we can to the communities, and including a recommendation to make a $5.00 per ton tipping fee reduction effective January 1, 2011 which should be able to help our communities, but we can comfortably do within our financial situation, and with the very real prospect that come budget time we will be able to make even more substantial reductions in tipping fees.

There have been substantial reductions in our insurance costs, both from our property, and casualty insurance, and our health insurance programs. All of this has been accomplished because the administration having been consumed previously by the sale of waste-to-energy has now had the opportunity to begin to look at some of those things and work on them in a way that can reduce the cost.

We have worked very well to get a better handle on how we deal with our professionals and consultants in terms of doing only those things that we really need to do but not doing things that we don't need to do which become costly to the organization. I think the Board has worked very hard and has been supportive of trying to get this organization where we would like it to be. We are the principal solid waste disposal organization for a large group of communities and I wanted to mention these few items because we have done a lot, more than I have seen from most public boards over a much, much longer period of time, and this was an unusual situation.

We don't always have an opportunity to look back and to express our appreciation to our staff who has fundamentally been the ones who have implemented these changes and who have responded to our telephone calls, concerns, comments, criticisms and complaints and have done so in a professional way. We have made some very strong strides in meeting our responsibilities and our thanks go to our staff who, again, have been the critical part of making things happen.

NEWS FROM ADMINISTRATION . . .

The final draft of SPSA's 2011-2016 Strategic Plan will be considered for approval by the Board of Directors at its December 8, 2010 meeting. The Plan can be viewed on the SPSA website. Once the plan is adopted the Board and Staff will begin developing in-depth Action Plans so that the Plan can be implemented in a timely manner. Many of the decisions which will have to be made over the next five years will require input from our City Councils and Boards of Supervisors. The future of SPSA literally rest in the hands of our communities. If the communities wish to have a regional organization continue to manage their solid waste needs, a SPSA type organization can do this. If the decision is that the communities wish to perform this service as part of their overall organization, then SPSA will move towards dissolving itself effective January 24, 2018.

SCS Engineers will be working with the Chief Administrative Officers over the next several months in order to update the 2008 Solid Waste Disposal Post 2018 Plan. This process will provide each community and SPSA with information upon which good decisions can be made for the future of waste disposal in the region. This is a critical element as we move forward in answering the question of waste disposal after January 24, 2018.

The Agreement with Wheelabrator is working without many glitches. When something does occur the parties work closely together to find a solution. The SPSA organization is doing really well at this juncture. With continued cooperation with our member communities, the future finally looks bright.

EMPLOYEE NEWS. . .

While SPSA employees have endured much turmoil and stress over the past two years, they have remained strong, diligent and extremely dedicated to the organization. We could not be the agency we are without them and we salute and thank each and every one for their patience and hard work.

Restructuring has created our current organization of approximately 155 employees down from a previous number of just under 500 just a few years ago. Approximately 173 employees were

transferred to Wheelabrator Technologies, Inc. with the sale of the waste-to-energy facilities on April 29, 2010. Approximately 158 other positions were eliminated through several Reduction In Force (RIFs).

Staffing changes seem to have slowed and will likely stay that way for some time now. Various things are being reviewed, analyzed and contemplated but it's likely those will take considerable time before anything is completed.

FINANCIAL NEWS . . .

SPSA received a "clean" audit for the fiscal year ending June 30, 2010. A copy of the audit is available at www.SPSA.com.

Financial Highlights of FY 2010:

- FY 2010 is the first year since 2004 that the Authority has demonstrated a positive net asset position.
- Operating cash balances as of June 30, 2010 were $24.2 million plus $10 million in reserve for a total of $34.2 million. The SPSA Board approved using up to $20 million, in excess cash, to retire debt.
- Total debt outstanding as of June 30, 2010 was $97,205,956 (principal and interest) as compared to the $283,718,249 as of June 30, 2009.

Financial Highlights for FY 2011:

- On October 4, 2010, SPSA defeased the remaining 1998 Series Senior Revenue Bonds in the principal amount of $11,920,000.
- On November 1, 2010, SPSA redeemed $3.665 million of the Series 2007A Senior Variable Rate Debt.
- Total debt outstanding (principal and interest) as of November 1, 2010 is approximately $70.7 million.
- SPSA changed its property and casualty insurance from being commercially insured to the VML Insurance Program thereby saving approximately $360,000 per year.
- Budgetary savings in the equipment replacement has generated approximately $909,000 to date.
- Following Board approval on December 8, 2010, the municipal tipping fee will be reduced by $5 per ton to $145 per ton effective January 1, 2011. This reduction is equivalent to approximately $631,000 in savings to the following communities:

	Savings Based on	
	Budget	Current Trend
Chesapeake	$ 237,500	$ 245,070
Franklin	11,750	9,830
Isle of Wight County	47,500	45,320
Norfolk	197,500	186,490
Portsmouth	115,000	105,240
Southampton County	22,325	20,390
Total	$ 631,575	$ 612,340

Surplus Equipment For Sale

SPSA has a variety of surplus equipment for sale; however, since this equipment was acquired with tax-exempt bonds, SPSA can only sell the equipment to state or local governments, in order to avoid potential IRS penalties. Surplus equipment ranges from road tractors and trailers to recycling trucks and containers. Please contact Steve Coomer at 961-3486 for more information.

REGIONAL LANDFILL NEWS . . .

The installation of more than 40 vertical methane gas recovery wells was completed in time to meet the October 1st deadline set by the Virginia Department of Environmental Quality (DEQ). These wells should help any odor issues that may have emanated from the landfill.

Recently the Landfill has been experiencing elevated temperatures in some of the gas extraction wells serving a portion of Cell V. While we have kept measures in place that maintain compliance with the Virginia Solid Waste Management Regulations, we have been unable to determine the underlying cause of this temperature elevation. Recently the Board approved funds for a 'temperature study' to be done to identify the nature of this problem, attempt to pinpoint the vertical and horizontal extent of the cause and to recommend solutions.

Although yet to be signed we have a new Landfill Gas contract. The document was approved by the SPSA Board of Directors at its meeting on August 25th. We are now waiting for final word from Suffolk Energy Partners (SEP Board of Directors) and once received the agreement will be effective. This Agreement will double the revenue that SPSA receives from landfill gas. The amount will likely approach three quarters to one million dollars per year. But just as important is the fact that the Agreement will insure that SPSA and its communities will have a company which will be capable of meeting all DEQ standards for the removal of landfill gas for the next twenty years (with additional option periods even longer).

Three years ago the landfill was receiving approximately 2,700 tons of waste per day. The following year the tonnage had fallen to approximately 1,700 tons of waste per day. The economy and a more focused directive to take as much processible waste as possible to the RDF plant for processing are major contributors to this reduction from the previous year. With the sale of the Waste-to-Energy facilities to Wheelabrator, the tonnage being received at the Regional Landfill is on average approximately 600 tons per day, of which 99% is construction and demolition debris.

TRANSPORTATION NEWS . . .

The Transportation and Operations Departments have worked tirelessly recently to reduce overtime and curb expenses as SPSA strives to become a leaner and more cost-efficient organization. Both departments have rearranged employee schedules to accomplish this task and continue to look for additional ways to manage expenses. All purchases of equipment are looked at carefully to insure that particular piece of equipment is absolutely needed, or will repair of the existing piece get us to January 2018.

TRANSFER STATIONS UPDATE . . .

Major improvements are beginning shortly at the Oceana Transfer Station and will continue on into the new year. Oceana had been ravished by high winds which caused serious damage to the facility.

Recent equipment purchases approved by the Board include the replacement of the Operations Service truck; two power sweepers, one at Oceana and one at Chesapeake; a wheeled excavator for both the Norfolk transfer station and the Chesapeake transfer station; and a wheeled loader for both the Landstown transfer station and the Isle of Wight transfer station.

As the backbone of the disposal system, it is vitally important to insure the transfer stations are able to run effectively, efficiently and economically. For your information the following Holiday Schedule is included:

SPSA Transfer Stations and Regional Landfill Holiday Schedule

Holiday	Date	Day of Week	Operating Hours
Veteran's Day	11/11/2010	Thursday	Either 7am - 12pm or 8am - 12pm
Thanksgiving	11/24/2010	Wednesday	Regular Hours
	11/25/2010	Thursday	Closed
	11/26/2010	Friday	Either 7am - 12pm or 8am - 12pm
Christmas	12/24/2010	Friday	Either 7am - 12pm or 8am - 12pm
	12/25/2010	Saturday	Closed
New Years	12/31/2010	Friday	Regular Hours
	1/1/2011	Saturday	Closed
Lee-Jackson Day	1/14/2011	Friday	Either 7am - 12pm or 8am - 12pm
Martin Luther King, Jr. Day	1/17/2011	Monday	Either 7am - 12pm or 8am - 12pm
President's Day	2/21/2011	Monday	Either 7am - 12pm or 8am - 12pm
Memorial Day	5/30/2011	Monday	Either 7am - 12pm or 8am - 12pm
Independence Day	7/4/2011	Monday	Closed
Labor Day	9/5/2011	Monday	Either 7am - 12pm or 8am - 12pm
Columbus Day	10/10/2011	Monday	Either 7am - 12pm or 8am - 12pm
Veteran's Day	11/11/2011	Friday	Either 7am - 12pm or 8am - 12pm
Thanksgiving	11/23/2011	Wednesday	Regular Hours
	11/24/2011	Thursday	Closed
	11/25/2011	Friday	Either 7am - 12pm or 8am - 12pm
Christmas	12/24/2011	Saturday	Regular Hours
	12/26/2011	Monday	Closed

FY 2011 Hourly Cost to Extend Operating Hours		
	Holiday	Non-Holiday
	Per Hour	Per Hour
Chesapeake Transfer Station	$830	$573
Franklin Transfer Station	$136	$96
Isle of Wight Transfer Station	$136	$96
Landstown Transfer Station	$1,347	$955
Norfolk Transfer Station	$1,196	$854
Oceana Transfer Station	$834	$578
Suffolk Transfer Station	$655	$447

This First Edition of E-Wasteline is being provided in an effort to keep our communities abreast of what's going on in, around and with SPSA. We anticipate this will be a quarterly media. If there is other information you feel would be helpful to include please e-mail us at livory@spsa.com.