

AGENDA

FRANKLIN CITY COUNCIL
MONDAY, MARCH 28, 2016 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVE.

7:00 P.M.
Regular Meeting

CALL TO ORDER MAYOR RAYSTINE D. JOHNSON-ASHBURN

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

PLEDGE OF ALLEGIANCE

CITIZENS' TIME

AMENDMENTS TO AGENDA

1. CONSENT AGENDA
 - A. Minutes: March 14, 2016 Regular Meeting
 - B. Departmental Reports: February 2016 (Separate File)
2. FINANCE
 - A. Financial Report: February, 2016
3. OLD/NEW BUSINESS
 - A. SPSA Post 2018 Use & Support Agreement Resolution
 - B. City Manager's Report
 1. Health Insurance Update
 2. Recycling Contract Update
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**TENTATIVE TIME LINE**

**Outside Agencies & Organizations FY 2016 – 2017
Budget Request to City Council (Work Session)**

April 11, 2016 @ 6:00 p.m.

**County Administrator Courthouse
Presentation to Council**

April 11, 2016 @ 7:00 p.m.

**School Board Present FY 2016 – 2017
Budget Presentations to City Council (Work Session)
(Rescheduled @ Superintendent's Request from 3/28/16)**

April 25, 2016 @ 6:00 p.m.

CONSENT AGENDA

- A. Minutes: March 14, 2016 Regular Meeting**
- B. Departmental Reports: February, 2016 (Separate File)**

The Franklin City Council held its regular meeting and work session on Monday, March 14, 2016 at 7:00 p.m. in the Council Chambers at City Hall.

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

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; Alan Hogge, Director of Social Services; and Deputy Chief Bob Porti, Police Department.

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

CALL TO ORDER

Vice-Mayor Cheatham called the meeting to order and advised Council that Mayor Johnson-Ashburn was unable to attend the meeting due to work obligations.

PLEDGE OF ALLEGIANCE

Everyone recited the Pledge of Allegiance in attendance.

CITIZENS' TIME

Councilman Greg McLemore of 204 Madison Street addressed Council concerning the conditions of the playground in his neighborhood at the corner of Maplewood and College Drive. Councilman McLemore commented on some playground equipment that is in disrepair and could be a potential hazard to the safety of children. Councilman McLemore stated that this park is one of the most used in the City of Franklin. Councilman McLemore also asked about the Parks and Recreation Advisory Board. Councilman McLemore asked about the status of the deactivation of the Parks and Recreation Advisory committee. Councilman McLemore asked that Attorney Williams to respond in writing the proper way to dissolve a committee, and whether a committee can be dissolved by consensus of the Council.

Mr. Linwood Johnson of 301 Hall Street addressed Council concerning an incident that occurred on Pine Street a couple of weeks ago. He stated that on his way home around 12:45 he witnessed a telegram pole burning in a foot and a half section at the top of the pole. Mr. Johnson said that he called 911 and got the residents of 410 and 412 out of their homes. The Police Department, Fire and Rescue and the Electric Department all responded to the scene. Mr. Johnson asked why the pole caught fire and how can it be prevented.

AMENDMENTS TO AGENDA

Councilman McLemore made the motion to amend to agenda to discuss the disposition of the Recreation Advisory Committee.

Vice-Mayor Cheatham asked for a second to the motion.

Due to the lack of a second, the motion died.

Vice-Mayor Cheatham asked for a motion to accept the agenda as written. Councilman Rabil made the motion to accept the agenda as written and Councilman Burgess seconded the motion.

The motion was approved by a vote of 6 – 0 (Mayor Johnson-Ashburn absent).

CONSENT AGENDA

Vice-Mayor Cheatham asked if there were any corrections or changes to the minutes of the February 22, 2016 Regular meeting. Hearing none Vice-Mayor Cheatham asked for a motion. Councilwoman Murphy made the motion to adopt the minutes as presented and Councilman Rabil seconded it.

The motion was approved with the vote as follows:

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

Finance

Vice-Mayor Cheatham recognized Finance Director Rollins to present the January 2016 financial report. Ms. Rollins reviewed highlights of the monthly report.

Financial Report: January 2016

Financial Report Summary – Revenue

- Collection of delinquent real estate tax revenues has improved significantly over the prior year period.
- Current real and personal property tax collections are tracking similar in comparison percentage wise.
- Other local tax revenue including economic indicators has remained consistent with the prior year period. There is some economic growth in sales and meals taxes; however, lodging taxes are down.
- Year to date revenue is on target with budgeted projections.

Revenue Highlights

Overall, General Property Taxes collected are \$4.46 million or 60.3% of the budget, which is a 7.4% increase over FY 15 collections of \$4.15 million at 58.0% of the budget.

- Current Real Estate taxes of \$2.57 million (47.2% of the budget) are higher than FY 15 collections of \$2.50 million (2.5% of the budget).
- Delinquent Real Estate taxes are significantly higher than the prior year doubling the amount anticipated per budgeted projections.
- Delinquent Personal Property Taxes of \$19,401 are less than the prior year period.
- Penalty and Interest revenue is slightly higher than the prior year period reaching 60.0% of the total budget.

Other Significant Revenue Events for FY 15 – 16

- Fees from Inspections and Planning Services decreased as anticipated
- Increased miscellaneous revenue real estate sales transactions and late penalty fees
- Boost in Isle of Wight Revenue Sharing Payment

- Categorical aid in prior year was higher due to state wireless grant received

Overall, total current general fund revenue reported at \$11.97 million (58.2% of budget) is nearly \$629,000 or 5.5% more when compared to the \$11.34 million (57.1% of budget) realized at 1/31/15.

General Fund Expenditure Highlights

- General Fund Expenditures (excluding transfers) of \$9.2 million (56.8%) are higher when compared to the \$8.87 million (55.3%) of the budget spent at 1/31/15.
- Current year expenditures exceed the prior year by \$326,000.
- There are categorical increases and decreases.

Enterprise Funds

Airport Fund

Revenue Analysis

- Fuel sales of \$34,000 at the end of the quarter are less than the prior year period of \$42,000.
- Other local revenue consists of primarily of airport rental fees and is 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.
- Capital Outlay amount spent represents total for the year due to close out of project.

Cash Balance

A negative cash balance is shown at \$104,572, as the budgeted General Fund Transfer to support airport operations has not been transferred as of January 31, 2016.

Water & Sewer Fund

Revenue Analysis

- Revenue from the sale of water and sewer service charges of \$1.65 million at the end of the quarter (53% of the total budget) is less than the prior period revenue of \$1.78 million (57% of the total budget).

Expenditure Analysis

- Expenditures in the Fund are \$294,000 less than the prior year.

Cash Balance

- The cash balance in the Fund at the end of the month is \$1.79 million, an increase from the \$1.64 million reported January 2015 and a decrease from the \$2.13 million reported in December of 2015. Debt Service payments were made in January of 2016 which has an impact on the cash balance.

Solid Waste Fund**Revenue Analysis**

- Revenue for the Solid Waste Fund is on target with budgeted projections reaching 57% of the budget and is comparable to the prior year period.

Expenditure Analysis

- Operating expenditures of \$456,000 are comparable to the prior year period expenses of \$438,000 and represent 52% of the total budget.
- Capital expenditures are down because of the equipment purchase in the prior fiscal year.

Cash Balance

- The cash balance in the Fund at the end of the month is \$505,773, which is a decrease of \$21,000 from the cash balance reported last month. Expenditures for the month of January surpassed revenue; however, the cash balance is \$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 \$7.51 million or 53% of the budget; FY 14 – 15 was \$7.57 million or 53.7% of the budget.

Expenditure Analysis

- Expenditures associated with the sale of energy (excluding fuel adjustment) are \$5.04 million or 51% of the total budget and less than the prior year period costs of \$5.36 million or 54.6% of the total budget.

Cash Balance

- Cash in the Electric Fund is at \$322,369, which is a decrease of \$466,260 from the prior month period.
- Some of the factors associated with the decrease include:
 - Required Debt Service Obligation - \$225,225
 - Outstanding Receivable – Fuel Asst. Payments - \$123,673
 - Outstanding Receivable – Loan Proceeds - \$90,300
 - Total Impact to January Cash = \$439,198

Vice-Mayor Cheatham asked if there were any questions or comments concerning the January 2016 Finance Report.

Councilman Burgess expressed his concern about the trend in the electric fund cash balance.

Manager Martin stated that Director Bly of Power and Light and staff are incorporating some alternatives in the upcoming budget that will address some of the factors relating to a solution for the trending difficulties.

Councilman McLemore asked to meet with Director Rollins for his own clarity on the topic of the Cash Balance associated with the Electric Fund.

Councilman Rabil concurred with Councilman Burgess on the fact that the balance is considerably less compared to two years ago.

Vice-Mayor Cheatham noted that this is the lowest that the Cash Fund balance has been in the last five years. Vice-Mayor Cheatham stated that in December of 2013, the balance was \$389,900 and now it is at \$322,000. Vice-Mayor Cheatham said that it appears to be tracking as it was in 2012 and 2013. If it continues on the path, the Cash balance will drop under \$250,000, which is well below policy.

Director Rollins stated that there were some late payments received late in January that will show an increase in the February 2016 Cash in the February 2016 Financial report. Director Rollins stated that the timing factor of those payments contributed to the decrease.

OLD/NEW BUSINESS

Real Estate Property Value Reassessment 2016 Update – Wampler/Eanes Appraisal Group, LTD.

Vice-Mayor Cheatham recognized the Commissioner of Revenue Brenda Rickman to present the associates from Wampler/Eanes Appraisal Group, LTD. Ms. Rickman presented Mr. Steve Wampler and Supervisor Barbara Graves to report on the 2016 Real Estate Property Value Reassessment to Council.

Mr. Wampler stated that the assessment for July 2016 has been completed and the notices will be sent out to property owners on Wednesday, March 16, 2016. Mr. Wampler stated that there would be an opportunity for property owners to meet with assessors on Monday, April 4, 2016 through Friday, April 8, 2016.

Mr. Wampler reported that there was a slight increase in Multi-Family values due to rents. He also reported that the overall assessment values are down slightly. Commercial property assessments dropped slightly due to more vacancies than was reported two years ago. Residential property sales are around \$121,000. Foreclosures are trending approximately the same as they have been. Mr. Wampler stated that they created a Neighborhood 2 in the City of Franklin, which is a standard practice to recognize the different values compared to the rest of the city.

Councilman McLemore commented on the difference in the pricing of Neighborhood 1 and Neighborhood 2.

Mr. Wampler advised Councilman McLemore that there were only 17 sales in Neighborhood 2.

Ms. Graves also commented that the biggest portion of foreclosure and foreclosure resells were in Neighborhood 2.

Mr. Wampler thanked Council for allowing Wampler/Eanes to serve the City of Franklin.

Southeastern Public Service Authority (SPSA) Presentation – H. Taylor Williams, IV, City Attorney

Vice-Mayor Cheatham recognized City Attorney Williams to give the SPSA presentation.

Attorney Williams reminded Council of the prior meetings and discussions that have been held concerning the proposed SPSA Post 2018 Use and Support Agreement. He advised Council that he was also prepared to present and review the SPSA Disposal Method RFP process that has occurred over the past 17 months. Three

different and unique vendors have submitted bids to handle the Municipal Solid Waste (MSW) of the members of SPSA beginning January 25, 2018.

The presentation introduces all three vendors, explain each vendor's proposed method of handling SPSA's MSW and give a cost for disposing SPSA's waste. The presentation covers the pros and cons of each offer and provides a side-by-side comparison of all three bids. The side-by-side comparisons also include a proposed disposal by straight landfill operation managed by SPSA to provide better perspective of the proposals made by each vendor. SPSA adopted a Resolution at the called meeting on March 4, 2016 to issue a Notice of Intent to Award a contract to dispose of SPSA's MSW to RePower South. The vote on the Resolution passed 9 to 7. The City will not be asked to approve or adopt the proposal made by any of the three vendors as the decision of which vendor to select is entirely up to the SPSA Board. The disposal contract will be between the vendor and SPSA, not the individual member localities.

City Attorney Williams then reviewed again the highlights of the previously discussed Final Form Use and Support Agreement – Post 2018 Executive Summary.

Intent, Purpose and Process

- separate, identical agreements between SPSA and each Member Locality
- contains each party's basic obligations:
 - SPSA operates and maintains a disposal system for municipal waste; and
 - Member supports the system by delivering all MSW and paying tipping fees
- also includes a "Strategic Operating Plan" establishing SPSA's operational, maintenance, administrative and other "day-to-day" responsibilities
 - designed to provide flexibility to adapt to changes in SPSA operations
 - Also holds SPSA management accountable for operations, etc.
 - SOP is reviewed by the SPSA Board at least annually
- following approval by SPSA Board, as to form, U&SA would be reviewed, approved and signed by all parties at the appropriate time
 - **terms are not effective until January 25, 2018**
 - current Use & Support Agreements remain in effect until then

Term & Termination/Non-Renewal

- **Initial Term:**
 - **commences January 25, 2018**
 - **continues through later of (i) June 30, 2033 or (ii) expiration of initial term of waste-disposal agreement (15 years)**

- **Renewal:**
 - **Agreement renews automatically for successive additional 15-year terms; UNLESS**
 - **Member provides SPSA with at least 18 months' notice that it does not plan to renew**
- **Termination:**
 - **Agreement terminates automatically if SPSA dissolves**
 - **in addition, Member Locality may terminate early (and withdraw from SPSA) by complying with the "Special Termination Provision"**

SPSA Obligations

- manage, operate and maintain the Disposal System in accordance with a Strategic Operating Plan and applicable law
- "Disposal System" consists of facilities owned/leased by SPSA for collection, management, processing and disposal of solid waste -- *e.g.*, Regional Landfill, Transfer Stations, etc.
- "Strategic Operating Plan" establishes SPSA's operational, maintenance, administrative and other "day-to-day" responsibilities
- each Member Locality may deliver Municipal Solid Waste to any Transfer Station within the Disposal System
 - subject to available capacity/specific delivery points for some waste
- comply with all applicable laws
- maintain all required/appropriate permits and insurance

Waste Related Provisions

- **Out-of-Area Waste:**
 - emphasizes SPSA's primary purpose as managing disposal of Member waste
 - specifically prevents SPSA from importing out-of-area waste for disposal within the SPSA System or any non-SPSA landfill
- **Non-Member Waste:**
 - SPSA's first responsibility remains Member Locality waste-disposal
 - however, in certain circumstances, "*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*" on terms and conditions approved by the SPSA Board
- **Ancillary Waste Disposal Services:**

- accommodates SPSA performance of “non-core” waste-disposal services like HHW, sludge, tire-shredding, etc., as long as:
 - not a “special deal” related to disposal of MSW
 - costs are covered AND services are available to all Members at the same fee
 - arrangement is approved by the Board and/or included in the SOP
- Other non-MSW is still excluded from SPSA system (*e.g.*, Disaster Waste, Hazardous Waste, Recyclables, Yard Waste, etc.)

Member Locality Obligations

- Deliver to SPSA **all** (100%) “Municipal Solid Waste” -- *i.e.*, all solid waste **controlled** by the Member Locality; expressly excludes:
 - HHW and other hazardous waste
 - yard waste
 - out-of-area waste
 - construction and demolition debris (CDD)
 - disaster waste
 - waste generated by schools, authorities, etc., unless controlled by Member
 - recyclable waste
- pay “Disposal System Fees” (*e.g.*, tipping fees) established by Board from time to time
 - all SPSA Members will pay at the same rate so long as they are parties to Use & Support Agreement
 - fees cannot distinguish among Members based on distance, etc. -- *i.e.*, same dollar-per-ton for all MSW

Dispute Resolution

- executive staff must first make good faith efforts to resolve each Dispute on their own
- as part of those good faith efforts, EITHER side may request **NON-BINDING MEDIATION** of the Dispute
- if the discussions/mediation do not resolve the Dispute, **ONLY THEN** can a party resort to litigation
- specific performance is an available (but not the exclusive) remedy for breach/default
- no arbitration under any circumstances

Special Termination Provision

- General Termination Right: Member Locality can terminate the Agreement and exit SPSA before expiration of the contract (ONLY) by:
 - providing two years' notice of intent to terminate early; and
 - paying its pro rata share of all outstanding SPSA Financial Obligations
 - referred to as “**Early Termination Payment**”
 - based on pre-termination amount of MSW delivered to SPSA
- “Financial Obligations”: include (1) debt, (2) projected closure/post-closure costs and (3) remaining financial obligations under contracts, **BUT these Financial Obligations are calculated**:
 - NET of assets (cash) set aside by SPSA to satisfy specific obligations (e.g., Landfill Closure Fund)
 - NET of Early Termination Payments paid by other terminated Members
 - based on PRESENT VALUE of the Financial Obligations
- “Mechanics” of Special Termination Provision:
 - Member gives notice of its intent to terminate early (“Termination Notice”)
 - SPSA calculates “Early Termination Payment”
 - if Member disagrees, Payment calculated by “Independent Accounting Firm”
 - if Member does not timely revoke a Termination Notice (six months before scheduled termination date), then:
 - termination is effective on stated date
 - Early Termination Payment is due, in a lump-sum, at termination
 - Member withdraws from SPSA
 - AGAIN, provides SPSA Members with flexibility to terminate U&SA and withdraw from SPSA early, but must contribute their share of outstanding financial obligations -- for the benefit of SPSA and the other Members
 - **NOTE: there is NO Early Termination Payment obligation if a SPSA Member simply declines to renew the Agreement at the end of a term – paid only if a Member terminates EARLY**

Other Notable Provisions

- Amendments:
 - at least one month's prior notice is required before any material amendments to Use & Support Agreement can be adopted
 - amendments require Board approval by a **75% “super-majority”**
- Fee Projections: SPSA will provide Member Localities with projected tip fees for next fiscal year by February of the current year.
- Audit Rights: Members may review SPSA books and records for *any legitimate purpose*.
- Transfer Station Projects:
 - SOP provides framework for managing future transfer station projects based on nature of project (*e.g.*, renovating existing station vs. building new station)
 - Includes flexibility for cost sharing between SPSA and Members

Strategic Operating Plan

- as noted above, SOP establishes SPSA’s operational, maintenance, administrative and other “nuts and bolts” activities and responsibilities, including:
 - organizational structure
 - use of transfer stations and other Disposal System facilities
 - rates, fees and charges for SPSA services
 - designate ultimate/applicable disposal method(s)
 - process/procedure for development of new transfer stations
 - accounting and financial reporting
 - role in major storm – *i.e.*, “*procurement agent*” for localities
 - **Holds SPSA management accountable for SPSA operations, etc.**
- Also includes “Guiding Principles”, so Plan functions as “organizational compass” in addition to documenting operational procedures, etc.
- includes a “Planning Horizon” section describing how SPSA will periodically assess/address matters regarding the remaining capacity (among other things) of the Regional Landfill
- designed to evolve as SPSA evolves and provide flexibility for routine Board actions

Attorney Williams recognized Mr. Everett Williams who is the Governor's appointee as a Franklin Representative on the SPSA Board. Mr. Everett Williams noted that he and Attorney Williams attempt to represent the best interest of the citizens of the City of Franklin in their service on the SPSA Board.

After lengthy conversation among Council on the presentation of the Use and Support Agreement, Manager Martin reminded everyone that the Public Comment section of the meeting would be focused only upon the Use and Support Agreement.

Proposals Received in Response to RFP for Post – 2018 Waste Disposal Services

- RFP Issued October 23, 2014, responses due December 16, 2014
- Addendum #1 issued November 4, 2014, extending the response date to January 15, 2015.
- Addendum #2 issued December 3, 2014, revising the evaluation criteria and responding to various questions.
- Three Proposals received January 15, 2015
 - RePower South
 - Republic Services
 - Wheelabrator Technologies
- Oral Presentations on each offer to SPSA Board February 12, 2015
- All 3 offers were deemed qualified to provide the services requested in the RFP.
- Proposals reviewed by an independent engineer, SCS Engineers
- Competitive negotiations ensued for several months with all three proponents.
- RFP requested an initial 5-year term with 5-year renewal options based on the proposed Use & Support Agreement terms.
- As the *NEW* Use & Support Agreement evolved, a 10-year or 15-year term was recommended.
- As such, each offeror was requested to submit a revised proposal based on a 10-year and 15-year term pricing structure.
- A system-wide cost was developed based on each proposal and then compared to the projected system-wide cost of disposing SPSA's waste at the Regional Landfill.
- The quantitative analysis is based on 375,000 tons of waste and a 15- year term.

Attorney Williams stated that the proposals are listed alphabetically.

RePower South – Proposal Overview

- SPSA would haul all municipal solid waste to a newly developed, privately financed recycling, recovery and renewable energy facility located in Chesapeake (CUP issued January 2016).
- SPSA waste-stream “processed” by RePower will support two revenue-generating product lines:
 - Commodity recycling
 - Advanced Biofuel (ABFuel™) --
 - pellets generated from patented, proprietary processing technology, sold to utility customers (e.g., Dominion) as alternative to coal as fuel supply
 - satisfies mandated “green initiatives”, but not intended to replace the use of coal
 - estimated to provide at least one-third of operating revenues
 - Residual waste disposed in the Regional Landfill.

Re-Power Proposal – 15 Year Term

- SPSA hauls MSW to RePower Facility
- Guaranteed minimum tonnage of 350,000 tons
- Residual waste hauled by 3rd party to Regional Landfill
- Disposal Fees (2015 dollars):
 - Gross Disposal Fee: \$24.05/ton
 - Guaranteed Revenue Share: (\$1.23/ton)
 - Residual Waste Fee (up to 105,000 tons): (\$6.00/ton)

Net Disposal Fee: \$16.82/ton

*Net disposal fee MAY be further reduced by additional offsetting credits such as revenue share if Repower achieves revenue in excess of established threshold and/or diverted waste disposed in Regional Landfill.

Projected System-Wide Cost RePower South (2015 Dollars)

	RePower South
<u>Expenses</u>	
Transfer Stations	\$4,998,969
Transportation	\$4,733,798
Landfill	\$1,876,972
Administration	\$1,989,391
Net Disposal Cost other than Regional Landfill	\$5,774,041
Construct & Equip Portsmouth Transfer Station	\$195,464
Landfill Expansion: Includes constructing Cell 7 in 2 phases; Closure for Cells 5&6; and a Proposed Host Fee)	\$1,625,000
Total Expenses	\$21,193,635
Total Tons to Landfill	136,825
Cell 5 & 6 Reach Capacity In	2044
Municipal Waste Tons	375,000
System-Wide Cost	\$56.52

Note: Assumes SPSA uses \$5 million of \$16 million, originally set aside for landfill closure, to build a transfer station for Portsmouth and then SPSA would reimburse the landfill closure fund each year over 25 years.

Qualitative Comparison – RePower

- Pros:
 - knowledgeable, experienced and motivated leadership team
 - technology/process more “forward-looking”
 - generates alternative energy source (pellets) and recovers recyclables
 - may be best-positioned as possible “long-term” waste solution
 - Economic contributions to the community (taxes, workforce, etc.)
 - preserves Regional Landfill

- Cons:
 - major capital investment requirements/financing risks
 - no operating history
 - capacity limitations
 - unpredictable and unproven revenue stream for products
 - residual waste issues
 - no parent guarantee

Republic Services – Proposal Overview

- SPSA would haul municipal solid waste to Brunswick Waste Management Facility (landfill) near Lawrenceville
 - alternative/back-up sites (landfills) include Old Dominion Landfill in Richmond and King & Queen in Little Plymouth
- Brunswick Waste Management Facility (landfill)
 - opened April 1997
 - over 20 million CY of permitted air space remaining
 - 100+ years of permitted facility life remaining (est.)
 - approximately 83 miles west of Regional Landfill and approximately 112 miles from the Oceana Transfer Station

Republic Proposal – 15 Year Term

- SPSA hauls MSW to Brunswick Waste Management Facility
- Guaranteed minimum tonnage of 375,000 tons
- Disposal Fees (2015 dollars)
 - \$23.56/ton

Projected System-Wide Cost Republic (2015 Dollars)

	Republic
<u>Expenses</u>	
Transfer Stations	\$4,998,969
Transportation	\$9,649,922
Landfill	\$1,776,972
Administration	\$1,989,391
Net Disposal Cost other than Regional Landfill	\$8,835,000
Construct & Equip Portsmouth Transfer Station	\$21,429
Landfill Expansion: Includes constructing Cell 7 in 2 phases; Closure for Cells 5&6; and a Proposed Host Fee)	\$0
Total Expenses	\$27,271,683
Total Tons to Landfill	15,000
Cell 5 & 6 Reach Capacity In	2251
Municipal Waste Tons	375,000
System-Wide Cost	\$72.72

Note: Assumes SPSA uses \$5 million of \$16 million, originally set aside for landfill closure, to build a transfer station for Portsmouth and then SPSA would reimburse the landfill closure fund each year over 233 years.

Qualitative Comparison – Republic

- Pros:
 - long operating history and significant financial resources
 - experienced management
 - no limitations on capacity
 - preserves Regional Landfill

- Cons:
 - “stigma” associated with landfilling
 - Risks inherent in long-haul requirements -- accidents, pollution, etc.
 - transportation costs prohibitive
 - minimal economic contributions to the community

Wheelabrator – Proposal Overview

- SPSA will haul municipal solid waste to RDF plant tipping floor for processing by Wheelabrator
- Waste converted to fuel and conveyed to Waste-to-Energy facility for combustion, generating steam for U.S. Navy (Norfolk Navy Shipyard) and electricity for sale to the grid
- Ash residue to be disposed in non-SPSA landfill
 - As security for failure to perform under new agreement, propose guarantee from Granite Holdings (Wheelabrator parent; subsidiary of Energy Capital Partners)

Wheelabrator Proposal – 15 Year Term

- SPSA hauls MSW to Wheelabrator Facility
- Guaranteed minimum tonnage of 375,000 tons
- Disposal Fees (2015 dollars):
 - Gross Disposal Fee: \$45.88/ton
 - Amortized Savings -- Current Contract: (\$1.58/ton)*
 - Net Disposal Fee: \$44.30/ton

*Amortized Savings:

- Ends the “put or pay” agreement upon execution of a new 15-year contract. Assume July 1, 2016.
- Increase the credit for ash disposal from \$5 per ton to \$13 per ton effective July 1, 2016.
- Decrease the rate per ton for disposal
 - July 1, 2016 – June 30, 2017: \$50 to \$49.20
 - July 1, 2017 – January 24, 2018: \$52 to \$50.43
- Savings generated from “current” contract are amortized over 15-year contract.

Projected System-Wide Cost Wheelabrator (2015 Dollars)

Expenses	Wheelabrator
Transfer Stations	\$4,539,803
Transportation	\$4,600,292
Landfill	\$1,776,972
Administration	\$1,989,391
Net Disposal Cost other than Regional Landfill	\$16,612,500
Construct & Equip Portsmouth Transfer Station	\$0
Landfill Expansion: Includes constructing Cell 7 in 2 phases; Closure for Cells 5&6; and a Proposed Host Fee)	\$0
Total Expenses	\$29,518,958
Total Tons to Landfill	15,000
Cell 5 & 6 Reach Capacity In	2251
Municipal Waste Tons	375,000
System-Wide Cost	\$78.72

Qualitative Comparison – Wheelabrator

- Pros:
 - incumbent -- known vendor with established infrastructure, systems and processes
 - relationship with U.S. Navy
 - Economic contributions to the community (taxes, workforce, etc.)
 - generates renewable energy (steam/electric) and recovers recyclables (metal)
 - no near-term operational risks – no uncertainty about readiness on “day one”
 - preserves Regional Landfill

- Cons:
 - reliance on commercial waste for economic viability -- beyond SPSA control
 - ash disposal requirements/issues

Regional Solid Waste Management Plan for Southeastern Virginia Waste Management Hierarchy

Source Reduction
Reuse
Recycling and Composting -RePower South
Resource Recovery – Wheelabrator
Incineration
Disposal – Republic Services & Regional Landfill
Top of the Chart is the most preferred. The bottom is the least preferred.

Quantitative Comparison of All Alternatives – Based on 15 Year Term in 2015 Dollars

	Regional Landfill	RePower South	Republic	Wheelabrator
<u>Expenses</u>				
Transfer Stations	\$4,998,969	\$4,998,969	\$4,998,969	\$4,539,803
Transportation	\$5,453,798	\$4,733,798	\$9,649,922	\$4,600,292
Landfill	\$3,620,518	\$1,876,972	\$1,776,972	\$1,776,972
Administration	\$1,989,391	\$1,989,391	\$1,989,391	\$1,989,391
Net Disposal Cost other than Regional Landfill	\$0	\$5,774,041	\$8,835,000	\$16,612,500
Construct & Equip Portsmouth Transfer Station	\$555,556	\$195,464	\$21,429	\$0
Landfill Expansion: Includes constructing Cell 7 in 2 phases; Closure for Cells 5&6; and a Proposed Host Fee)	\$4,893,750	\$1,625,000	\$0	\$0
Total Expenses	\$21,511,982	\$21,193,635	\$27,271,683	\$29,518,958
Total Tons to Landfill	375,000	136,825	15,000	15,000
Cell 5 & 6 Reach Capacity In	2027	2044	2251	2251
Municipal Waste Tons	375,000	375,000	375,000	375,000
System-Wide Cost	\$57.37	\$56.52	\$72.72	\$78.72

Summary

1. The system-wide cost for RePower is comparable to the cost of landfilling waste.
2. SPSA has no startup costs for initial investment required under either the RePower scenario or the landfill scenario.
3. The risks associated with a “start-up” business are mitigated by termination rights in certain events, such as
 - Failure to obtain permits
 - Failure to obtain financing by date certain
 - Failure to begin construction by date certain

- Failure to begin operation by date certain
 - Failure to perform, make payments, maintain insurance, etc.
 - Failure to maintain solvency
4. Based on qualitative and quantitative analysis, SPSA staff has concluded the proposal submitted by RePower South is the best proposal and provides the best value to SPSA for waste disposal Post 2018 and recommends the SPSA Board issue Intent to Award to RePower South, subject to execution of a written contract.
5. RePower has delivered to SPSA (i) an Irrevocable/Binding Offer for waste-disposal services and (ii) an executed Waste Supply and Services Agreement, described in the following.

Initial Term/Extended Term

- Initial Term: fifteen (15) years from Commencement Date (*i.e.*, beginning 2018)
- Extended Term:
 - SPSA has *unilateral* right to extend WSA for one additional **ten (10) year term**
 - must provide at least one year's prior notice of decision to extend
 - Disposal Fee for Extended Term:
 - if actual RePower revenues **equal or exceed** “threshold” revenue amount, then Disposal Fee **reduced to 50% of Disposal Fee** at end of Initial Term, increasing annually by CPI (eliminate ALL revenue-sharing); OR
 - if actual RePower revenues are **less than** “threshold” amount but **greater than** revenue “floor”, then Disposal Fee reduced to **\$25/ton** – *i.e.*, “re-set” to 2018 rates, increasing annually by CPI (eliminate GUARANTEED revenue-sharing); OR
 - if actual RePower revenues are **less than** revenue “floor”, then Disposal Fee **continues at rate in effect** at end of Initial Term, increasing annually by CPI (KEEP all revenue-sharing)
 - all other WSA terms and conditions stay the same for Extended Term

Miscellaneous Provisions

- No Third Party Waste: RePower cannot accept waste from third parties without SPSA’s prior written approval
- Excess Wait-Time Penalties: if SPSA trucks are “in line” longer than 45 minutes (or if trucks are diverted because lines are too long), RePower pays \$250/truck, plus incremental hauling/disposal costs
- Qualified Transferee: RePower can sell only to a “Qualified Transferee” – party with sufficient operating experience in similar facilities AND adequate financial wherewithal

- *Limitation on Liability:* each side's total liability is limited to \$5 million
- *Financial Reports/Audit Rights:* RePower provides quarterly and annual financials and SPSA has right to review almost all RePower financial records -- to ensure financial viability, accurate revenue-share payments, etc.

After considerable discussion on both presentations, Vice-Mayor Cheatham opened the floor for Public Comment.

Public Comment: SPSA Post 2018 Use and Support Agreement

Mr. Linwood Johnson of 301 Hall Street commented his concern with the Use and Support Agreement is the length in terms and wanting the citizens to have more control of the rates that the City pays. Mr. Johnson stated that if Southampton County, Isle of Wight County and the City of Franklin would join collectively they could come up with a better solution for disposal of our Municipal Solid Waste.

Mr. Everett Williams responded that in the contract with RePower a 1% to 3% CPI is built in for the fifteen years to make sure there are not any significant increases to SPSA.

There being no further citizens wishing to comment, Vice-Mayor Cheatham closed the public comment period.

City Manager's Report

Consideration of Use & Support Agreement

Manager Martin reminded Council that on March 28, 2016, the Council would be considering action on the Use & Support Agreement with SPSA.

Spring Amnesty Week: April 4 – 7, 2016

Manager Martin announced that Public Works and the Department of Community Development have declared April 4 – 8, 2016 as Spring Amnesty Week. The notices are on the website, PEG channel and sent in the utility statements for the benefit of the citizens of the City of Franklin.

Health Insurance Update

Manager Martin commented that he would be updating the Council on the latest information available concerning employee health insurance at the next meeting.

Courthouse Project

Manager Martin stated that he would be inviting the County Administrator to make a presentation at a future meeting on the status and options available for the proposed Courthouse project the cost of which the City of Franklin will share (approximately 27% cost share) with Southampton County. The Manager advised he had been invited to a recent County retreat at which the presentation was provided to the County Supervisors.

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS

Vice-Mayor Cheatham and Councilman Burgess agreed that the City/County Joint Utility Study presentation held at Paul D. Camp Community College Workforce Development Center on March 2, 2016 was an informative meeting.

Councilman Rabil announced that there would be an Easter egg hunt sponsored by the Downtown Franklin Association (DFA) on Saturday, March 19, 2016 at 11 a.m. for ages 2 – 10 at Barrett's Landing Park.

Vice-Mayor Cheatham reported that the Western Tidewater Regional Jail Board has approved the 2016 – 2017 budget and it is a break-even budget for the City of Franklin.

Attorney Williams reported that the SPSA Board has approved the draft Use & Support Agreement and has issued a notice of intent to award a contract.

Closed Session

Councilwoman Hilliard made the motion that the Franklin City Council meet in Closed Session to discuss and consider appointments to boards and commissions; and consult with the City Attorney pertaining to actual litigation where such consultation or briefing in open meeting would adversely affect the litigating posture of the public body pursuant to Virginia Code Section 2.2 – 3711 (A) (1) and (7). Councilwoman Murphy seconded the motion.

The Council entered into closed session at 10:05 p.m.

Vice-Mayor Cheatham reconvened the open session 10:21 at p.m. and asked for a motion certifying the closed session.

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

The motion was approved by a 6 – 0 vote (Mayor Johnson-Ashburn absent).

Action # 1

Councilman Rabil made the motion to reappoint Ms. June Fleming and Mr. Asa Johnson to the Paul D. Camp Community College Board of Trustees and Councilman McLemore seconded it.

The motion was approved by a 6 – 0 vote (Mayor Johnson-Ashburn absent).

Action # 2

Councilwoman Hilliard made the motion to reappoint Ms. Pat Ballard and Mr. Earl Blythe to the DSS Advisory Board and Councilwoman Murphy seconded it.

The motion was approved by a 6 – 0 vote (Mayor Johnson-Ashburn absent).

Adjournment

Councilman Burgess made a motion to adjourn the meeting, seconded by Councilwoman Hilliard.

The motion was approved by a 6 – 0 vote (Mayor Johnson-Ashburn absent).

Vice-Mayor Cheatham declared the meeting adjourned at 10:25 p.m.

These Minutes for March 14, 2016 City Council Meeting were adopted on the 28th day of March 2016.

Mayor

Clerk to City Council

FINANCE

A. Financial Report: February, 2016



For the period ending February 2016

Based on Unaudited Financial Data

Basis of Reporting

2

- The information enclosed in the City's Financial Report for period ending February, 2016
- The report contains provisions for **most** revenue and expenditure accruals.
 - ▣ Reflects 8 months of revenue & expenditures in most cases (where noted, the 8th month has been estimated)
- Financial Report presentation is consistent with department's objectives to:
 - ▣ Report timely, relevant and accurate financial data
 - ▣ Promote accountability through monitoring, assessment and reporting

Financial Report Summary - Revenue

3

- Collection of delinquent real estate tax revenues has improved significantly over prior year period
- Current real and personal property tax collections are tracking similar in comparison percentage wise (i.e. % of budget collected).
- Other local tax revenue including economic indicators show a reduction from the prior year period (mainly cigarette and lodging taxes).
- Overall, year to date revenue is on target with budgeted projections.

Revenue Highlights

4

- ❑ Overall General Property Taxes collected - \$4.61 mil, 62.4% of budget – 9.8 % increase over FY15 collections of \$4.20 mil which was 58.6% of budget.
 - ❑ Current Real Estate taxes - \$2.70 mil, 49.6% of budget and 7.3% higher than FY15 collections of \$2.52 mil.
 - ❑ Delinquent Real Estate taxes - \$315,000 – 53% higher than the prior year projections of \$206,000.
 - ❑ Delinquent Personal Property taxes at \$22,759 is less than the prior year period
 - ❑ Penalty and Interest revenue is higher than the prior year period reaching 77.7% of the total budget.
 - ❑ The City will receive double the amount of revenue from Public Service Corporation taxes than received in the prior year.



General Property Taxes- Overall January 2016 Correction

5

CITY OF FRANKLIN
FISCAL YEAR 2015-2016
LOCAL TAX REVENUES

REVENUE SOURCE	2015--2016 BUDGET	ACTUAL 1/31/2016	BUDGET %	2014-2015 BUDGET	ACTUAL 1/31/2015	BUDGET %
PRIOR MONTH CORRECTION						
Real Estate Taxes-Current	\$ 5,456,874	\$ 2,668,014	48.9%	\$ 5,283,742	\$ 2,508,650	47.5%
Real Estate Taxes-Delinquent	190,000	285,288	150.2%	190,000	189,700	99.8%
Personal Property Taxes-Current	1,450,000	1,316,047	90.8%	1,367,446	1,259,998	92.1%
Personal Property Taxes-Delinquent	65,000	21,205	32.6%	65,000	41,024	63.1%
Machinery & Tools	23,577	19,401	82.3%	65,000	15,576	24.0%
Penalties & Interest Taxes	145,000	87,213	60.1%	135,000	76,050	56.3%
Public Service Corporation Taxes	66,863	67,088	100.3%	61,818	64,977	105.1%
GENERAL PROPERTY TAX	\$ 7,397,314	\$ 4,464,256	60.3%	\$ 7,168,006	\$ 4,155,975	58.0%

The amount indicated for current versus real estate was incorrect in the formula used. The total amount between the two sources did not change.

Current	4,464,256
Prior Year	<u>4,155,975</u>
Net Change \$	308,281
Net Change %	7.4%

General Property Taxes- Overall BUDGET COMPARISON

6

REVENUE SOURCE	2015--2016 BUDGET	ACTUAL 2/29/2016	BUDGET %	2014-2015 BUDGET	ACTUAL 2/28/2015	BUDGET %
Real Estate Taxes-Current	\$ 5,456,874	\$ 2,707,602	49.6%	\$ 5,283,742	\$ 2,522,983	47.7%
Real Estate Taxes-Delinquent	190,000	315,257	165.9%	190,000	206,108	108.5%
Personal Property Taxes-Current	1,450,000	1,368,649	94.4%	1,367,446	1,313,424	96.0%
Personal Property Taxes-Delinquent	65,000	22,759	35.0%	65,000	45,555	70.1%
Machinery & Tools	23,577	19,402	82.3%	65,000	16,089	24.8%
Penalties & Interest Taxes	145,000	112,714	77.7%	135,000	63,266	46.9%
Public Service Corporation Taxes	66,863	67,087	100.3%	61,818	33,809	54.7%
GENERAL PROPERTY TAX	\$ 7,397,314	\$ 4,613,470	62.4%	\$ 7,168,006	\$ 4,201,234	58.6%

Current	4,613,471
Prior Year	<u>4,201,234</u>
Net Change \$	412,236
Net Change %	9.8%

Local Tax Revenue (Budget per Actual Comparison)

7

	FY 15-16 Budget	2/29/2016	% of Budget Realized
Local Sales & Use*	\$ 1,800,000	\$ 1,169,840	65.0%
Cigarette Taxes	\$ 325,000	\$ 221,340	68.1%
Meals Taxes*	\$ 1,350,000	\$ 970,749	71.9%
Lodging Taxes*	\$ 150,000	\$ 85,060	56.7%
Total Local Tax Revenue	\$ 3,625,000	\$ 2,489,418	68.7%

*estimated actual to reflect 8 months of revenue

Local Tax Revenue (Prior Year Comparison)

8

	Meals Taxes	Lodging Taxes	Cigarette Taxes	Sales Taxes	Total
Feb-15	954,342	102,933	241,776	1,165,732	2,464,783
Feb-16	970,749	85,060	221,340	1,169,840	2,446,989
Change \$	16,407	(17,873)	(20,436)	4,108	(17,794)
Change %	1.69%	-21.01%	-9.23%	0.35%	-0.73%
% of Budget	71.90%	57%	68.10%	65.00%	

FEBRUARY TARGET % FOR BUDGET TO ACTUAL = 67%

Other Significant Revenue Events for FY 15-16

9

- ❑ Fees from Inspections and Planning Services decreased as anticipated
- ❑ Increased miscellaneous revenue real estate sales transactions and late penalty fees
- ❑ Boost in Isle of Wight Annexation Payment (\$80,000 more than the prior year period)
- ❑ Categorical aid in prior year was higher due to state wireless and rescue squad assistance grants received in the prior year; highway maintenance funds are up in the current fiscal year

Revenue Summary

10

- Overall, total current general fund revenue reported at **\$13.36 mil** (65% of budget) is nearly \$423,000 or 3.3% more when compared to the **\$12.94 mil** (65.2%) of budget realized at 2/28/15. The increase is primarily associated with:

Revenue Sharing IOW County (Increase) -	80,000
Permits, Fees & Fines (Decrease) -	(\$60,000)
Charges for Services (Decrease) Share of Ambulance CIP in Prior Year & EMS Billing slightly down	(43,000)
Misc. Revenue (Increase)-	\$ 35,000
Taxes & Licenses (Increase) -	\$200,000
Categorical Aid (Decrease) - PSAP and RSAF Grants in prior year	(222,000)
Federal Revenue (Decrease)	(\$60,000)
VDOT State Highway Funds (Increase)	\$483,000
Net Increase As Summarized	413,000



GENERAL FUND EXPENDITURES

For the period ending February 2016



General Fund Expenditure Highlights

12

- General Fund expenditures excluding transfers overall are pretty close when compared to the prior year period. Expenditures of \$9.5 mil is 61.6% of the current budget compared to \$9.4 mil also 61.6% of the budget spent at 2/28/15.
- Current year expenditures exceed the prior year by \$120,000.
- **There are categorical increases and decreases** however. The biggest difference is current year expenditures in Streets for projects completed (VDOT reimbursed).

<u>Category of Expenditure</u>	<u>2/29/2016</u>	<u>2/28/2015</u>	<u>Variance</u>	<u>Primary Reason for Increase</u>
Elections, Courts & Sheriff	1,034,108	969,394	64,714	Increased payment for detention care
Comm. Development	349,064	299,896	49,168	Additional personnel and demolition expenditures
Streets	1,390,624	1,157,299	233,325	Paving & Drainage expenditures
Legislative, Gen. & Finance	1,437,278	1,367,139	70,139	Information Technology One Time expenditures
Fire & Rescue	1,483,320	1,666,505	(183,185)	Fire Truck Acquisition in prior year
Law Enforcement	2,314,781	2,476,994	(162,213)	Grant funded projects & vehicle purchases in prior year
Health	<u>117,698</u>	<u>55,000</u>	<u>62,698</u>	Timing of Quarterly payment
Total	8,009,175	7,937,227	134,646	

General Fund Expenditures (current year actual to prior year actual comparison)

13

EXPENDITURES:	ACTUAL 1/31/2016	ACTUAL 1/31/2015	Variance
Operating Expense:			
Legislative, General & Financial	\$ 1,289,803	\$ 1,200,539	89,264
Elections, Courts, Sheriff	1,026,679	933,441	93,238
Law Enforcement	2,066,469	2,206,071	(139,602)
Fire and Rescue	1,325,049	1,498,294	(173,245)
Community Development	296,722	263,533	33,189
Streets	1,293,135	993,962	299,173
Garage	126,701	127,028	(327)
Buildings and Grounds	508,055	526,206	(18,151)
Health	117,698	55,000	62,698
Parks and Recreation	245,417	246,082	(665)
Library	203,071	142,095	60,976
Planning & Beautification	106,886	98,968	7,918
Downtown Development	64,055	61,342	2,713
<i>Subtotal- Operating Expenses</i>	<i>8,669,740</i>	<i>8,352,561</i>	<i>317,179</i>
Payments to Southampton Co.	\$ 500,000	\$ 500,000	-
Non-Departmental Miscellaneous	30,316	20,975	9,341
Pass through Contributions	-	-	-
Total Operating Expense	\$ 9,200,056	\$ 8,873,536	\$ 326,520



PRELIMINARY FINANCIAL REPORT **ENTERPRISE FUNDS**

For the period ending February 29, 2016



Based on Unaudited Financial Data

Airport Fund

15

□ Revenue Analysis

- Fuel sales of \$37,000 at the end of the quarter are less than the prior year period of \$52,000.
- 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 40% of the total budget expended.
- Capital outlay – amount spent represents total for the year due to close out of project. Of the \$55,000 spent, reimbursements total nearly \$51,000 or 91% of project cost.

□ Cash Balance

- A negative cash balance is shown at \$65,754 as the budgeted General Fund Transfer to support airport operations has not been transferred as of February 2016.

Water & Sewer Fund

16

□ Revenue Analysis

- Revenue from the sale of water and sewer service charges of \$1.91 mil at the end of the quarter represents nearly 61% of the total budget and is less than the prior period revenue of \$1.99 mil, nearly 64% of budget.

□ Expenditure Analysis

- Expenditures in the Fund are \$366,000 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 (\$661,000) in the prior year period.

□ Cash Balance

- The cash balance in the Fund at the end of the month is \$1.89 million, an increase from the \$1.65 million reported February 2015 and an increase from the \$1.79 million reported in January of 2016.

Solid Waste Fund

17

□ Revenue Analysis

- Revenue for the Solid Waste Fund is on target with budgeted projections reaching nearly 66% of budget and is comparable to the prior year period.

□ Expenditure Analysis

- Operating expenditures as shown at \$520,000 are comparable to prior period expenses of \$503,000 and represent nearly 57% of the total budget.
- Capital expenditures are down as a result of the equipment purchase in the prior fiscal year.

□ Cash Balance

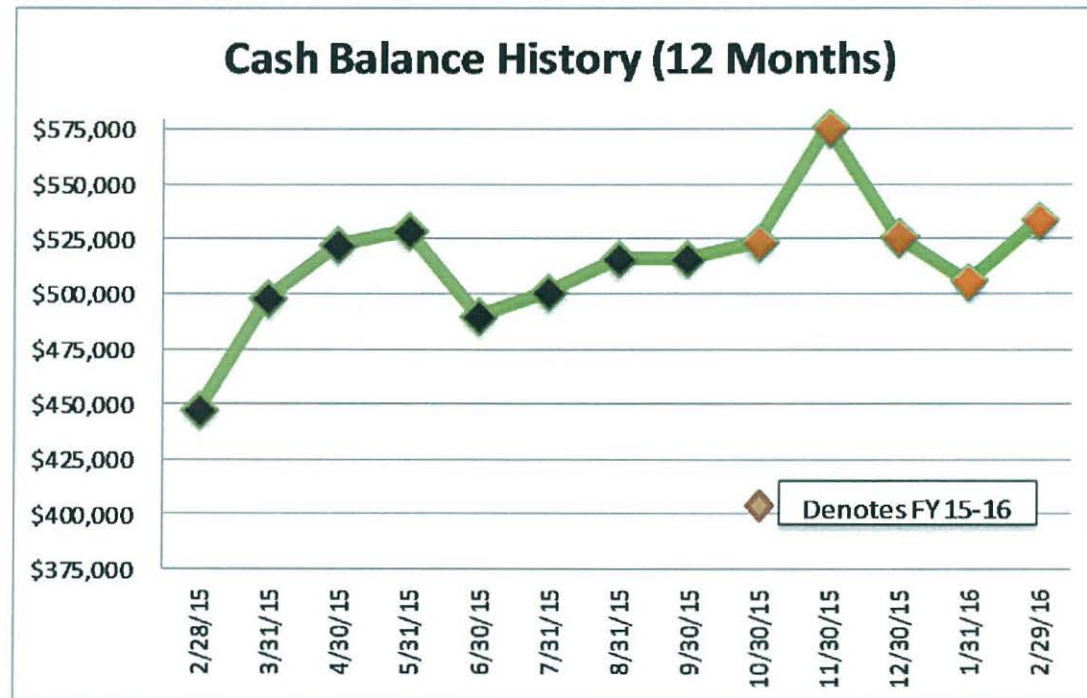
- The cash balance in the Fund at the end of the month is \$533,646, increasing by \$28,000 from the cash balance reported last month. (The cash balance is nearly \$87,000 more than the prior year period.
 - Funds have been encumbered for new equipment that will lower the cash balance as planned once equipment is received and expensed).

Solid Waste Fund – Cash Balance

18

- Cash balance at January 31, 2016 = \$505,773

FYE 6/30/16		
Month	Cash Balance	Variance
30-Jun	\$489,888	
31-Jul	\$500,732	\$10,844
31-Aug	\$516,372	\$15,640
30-Sep	\$516,226	(\$146)
31-Oct	\$523,758	\$7,532
30-Nov	\$576,079	\$52,321
31-Dec	\$526,270	(\$49,809)
31-Jan	\$505,773	(\$20,497)
28-Feb	\$533,646	\$27,873
31-Mar		
30-Apr		
31-Aug		
30-Jun		
Net Change Since July 31, 2015		\$43,758



Electric Fund – Revenue Analysis

19

- **Revenue** from energy sales -\$9.12 mil or nearly 64% of budget; FY14-15 revenue was \$9.13 mil – 64.8% of budget.
 - Fuel Adjustment revenue is down as a result of the applicable rate and is nearly 65% 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 66.2% of the total budget).

- **Expenditures** associated with the sale of energy (excluding fuel adjustment) at \$6.46 mil represents nearly 66% of the total budget and is slightly less than the prior year period costs of \$6.58 mil, 67% of budget.
 - Revenue and expenditures are in line with budgeted projections

ELECTRIC FUND CASH ANALYSIS

20

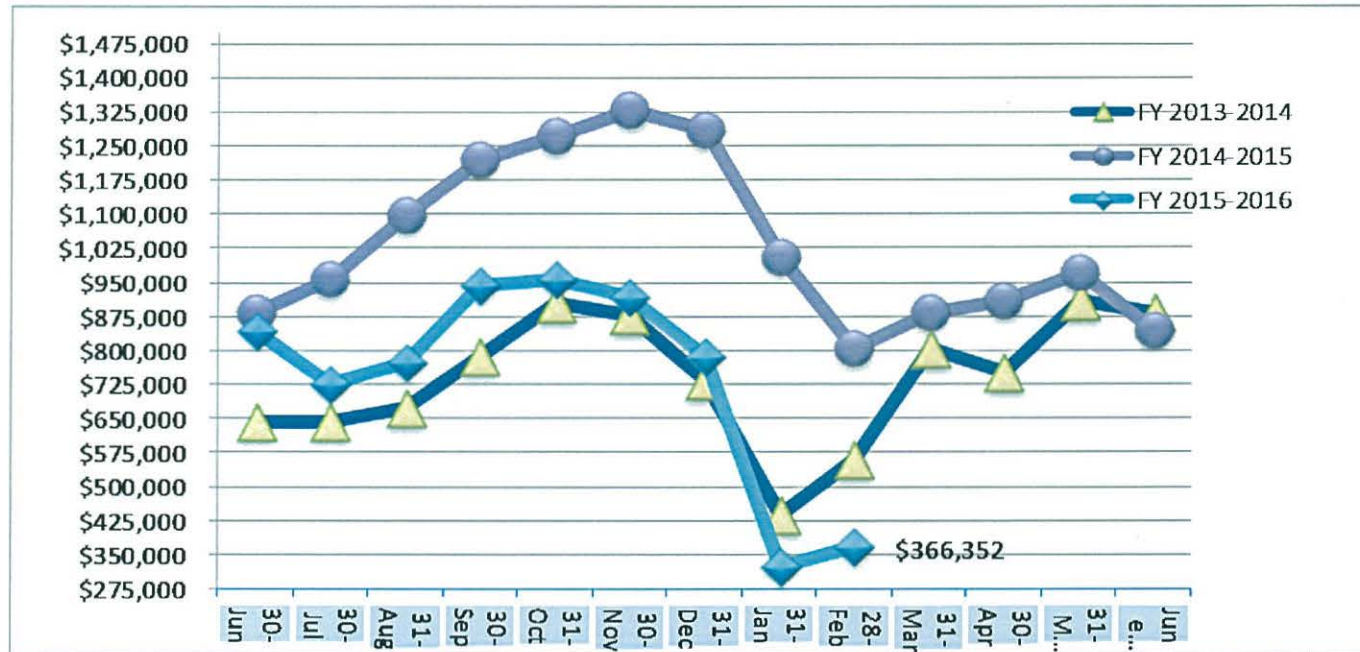
Cash in the Electric Fund at \$366,353 increased by \$44,000 from the prior month period. Factors associated with the increase include:

<input type="checkbox"/> Outstanding Receivable-Fuel Asst. Payments-	\$123,673*
<input type="checkbox"/> Outstanding Receivable – Loan Proceeds -	\$ 90,300*
<input type="checkbox"/> Increase in February VMEA Payment -	(\$400,000)
<input type="checkbox"/> Increase in Payments from Customers -	<u>\$239,000</u>
Total Impact to February Cash -	\$52,973

***Posted to February 2016 Cash**

FEBRUARY 2016 VMEA PAYMENT = \$1.208 million

ELECTRIC FUND CASH ANALYSIS



Policy Evaluation:
Cash is below minimum policy guideline of \$1.44 million by \$1.07 million.

FY 2015-16 Cash Balance as a Percentage of Annual Revenues (excluding fuel adjustment) at FYE 02/29/16 = \$366,352 or 2.5%.

Billed vs. Payment Analysis thru February

22

FY 2015-2016

	Dec	Jan	Feb	Total
BILLING	\$ 1,106,431	\$ 1,406,958.00	\$ 1,593,716.00	\$ 9,747,514
TOTAL PAYMENTS	\$ 988,430	\$ 1,048,736	\$ 1,325,041	\$ 9,208,568
VARIANCE	\$ (118,001)	\$ (358,222)	\$ (268,675)	\$ (538,946)

FY 2014-2015

	Dec	Jan	Feb	Total
BILLING	\$ 1,500,615	\$ 1,285,171	\$ 1,832,867	\$ 10,423,501
TOTAL PAYMENTS	\$ 1,212,493	\$ 1,336,734	\$ 1,492,269	\$ 9,821,401
Variance	\$ (288,122)	\$ 51,563	\$ (340,598)	\$ (602,100)

FY 2013-2014

	Dec	Jan	Feb	Total
BILLING	\$ 1,356,660	\$ 1,605,050	\$ 1,491,255	\$ 10,034,639
TOTAL PAYMENTS	\$ 1,094,581	\$ 1,221,909	\$ 1,551,736	\$ 9,443,383
VARIANCE	\$ (262,079)	\$ (383,141)	\$ 60,481	\$ (591,256)

Cash Balance History

	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016
30-Jun	\$ 1,320,285	\$ 365,474	\$ 643,257	\$ 882,157	\$ 842,112
30-Jul	\$ 1,215,100	\$ 232,177	\$ 642,085	\$ 957,000	\$ 724,794
31-Aug	\$ 922,039	\$ 179,939	\$ 672,538	\$ 1,095,099	\$ 774,246
30-Sep	\$ 839,265	\$ 272,263	\$ 784,569	\$ 1,220,000	\$ 942,197
31-Oct	\$ 941,608	\$ 346,776	\$ 904,924	\$ 1,273,878	\$ 956,592
30-Nov	\$ 893,591	\$ 359,027	\$ 876,767	\$ 1,327,621	\$ 919,275
31-Dec	\$ 827,204	\$ 287,190	\$ 733,859	\$ 1,284,717	\$ 788,629
31-Jan	\$ 686,342	\$ 389,986	\$ 438,344	\$ 1,004,954	\$ 322,369
28-Feb	\$ 620,337	\$ 287,764	\$ 559,511	\$ 805,356	\$ 366,352
31-Mar	\$ 552,907	\$ 370,727	\$ 803,846	\$ 881,641	
30-Apr	\$ 380,372	\$ 412,409	\$ 751,999	\$ 906,867	
31-May	\$ 412,409	\$ 672,007	\$ 908,047	\$ 968,713	
June 30th	\$ 365,474	\$ 643,257	\$ 882,157	\$ 842,112	

ELECTRIC FUND CASH ANALYSIS

24



Too Early to Project March 2016 Cash Balance

SOME ENCOURAGING SIGNS

- Payments from customers at 3/22/16 have reached the same level as payments received in February of 2016 with seven (7) more days left in the month.
- The March 2016 payment to VMEA will decrease by \$113,000 from the \$1.208 million paid in February to \$1.09 million
- Other Expenses are projected to remain relatively constant from the prior month

1st Quarter Financial Report
Period Ending February 2016

CITY OF FRANKLIN			Unaudited				
FISCAL YEAR 2015-2016							
LOCAL TAX REVENUES							
	2015--2016	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET	
REVENUE SOURCE	BUDGET	2/29/2016	%	BUDGET	2/28/2015	%	
Real Estate Taxes-Current	\$ 5,456,874	\$ 2,707,602	49.6%	\$ 5,283,742	\$ 2,522,983	47.7%	
Real Estate Taxes-Delinquent	190,000	315,257	165.9%	190,000	206,108	108.5%	
Personal Property Taxes-Current	1,450,000	1,368,649	94.4%	1,367,446	1,313,424	96.0%	
Personal Property Taxes-Delinquent	65,000	22,759	35.0%	65,000	45,555	70.1%	
Machinery & Tools	23,577	19,402	82.3%	65,000	16,089	24.8%	
Penalties & Interest Taxes	145,000	112,714	77.7%	135,000	63,266	46.9%	
Public Service Corporation Taxes	66,863	67,087	100.3%	61,818	33,809	54.7%	
GENERAL PROPERTY TAX	\$ 7,397,314	\$ 4,613,470	62.4%	\$ 7,168,006	\$ 4,201,234	58.6%	
Local Sales & Use Tax	\$ 1,800,000	\$ 1,169,840	65.0%	\$ 1,750,000	\$ 1,165,732	66.6%	
Consumer Utility Tax- Elec. & Water	480,000	\$ 363,771	75.8%	540,000	\$ 368,681	68.3%	
Business License Tax	950,500	\$ 439,498	46.2%	930,500	\$ 605,116	65.0%	
Motor Vehicle Licenses	180,000	\$ 136,157	75.6%	170,000	\$ 150,477	88.5%	
Cigarette Tax	325,000	\$ 221,340	68.1%	300,000	\$ 241,776	80.6%	
Restaurant Meals Tax	1,350,000	\$ 970,749	71.9%	1,260,000	\$ 954,342	75.7%	
Lodging Taxes	150,000	\$ 85,060	56.7%	150,000	\$ 102,993	68.7%	
Bank Stock	65,000	\$ -	0.0%	58,000	\$ -	0.0%	
Tax on Recordation & Wills	45,000	\$ 23,600	52.4%	35,000	\$ 32,078	91.7%	
Right of Way Use Fees	25,000	\$ 10,575	42.3%	25,000	\$ 18,343	73.4%	
Additional Taxes	2,500	\$ 2,480	99.2%	-	\$ 2,079	0.0%	
OTHER LOCAL TAXES	\$ 5,373,000	\$ 3,423,070	63.7%	\$ 5,218,500	\$ 3,641,617	69.8%	
TOTAL TAXES & LICENSES	\$ 12,770,314	\$ 8,036,540	62.9%	\$ 12,386,506	\$ 7,842,851	63.3%	
			1				

FINANCIAL REPORT AS OF FEBRUARY, 2016- 8 Months = 66.7%						
	CURRENT	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUE:	BUDGET	2/29/2016	%	BUDGET	2/28/2015	%
Taxes; Licenses	\$ 12,770,314	\$ 8,036,540	62.93%	\$ 12,386,506	\$ 7,842,851	63.32%
Permits, Fees, Fines	203,100	114,860	56.55%	231,836	176,010	75.92%
Use of Money & Property	270,848	208,246	76.89%	242,522	201,529	83.10%
Charges for Services:						
Court Services	9,300	5,698	61.27%	9,300	3,314	35.63%
Fire & Rescue	425,000	212,101	49.91%	463,519	255,779	55.18%
Animal & Building Services	17,100	4,575	26.75%	16,600	11,979	72.16%
Waste Removal Services	5,650	5,876	104.00%	13,900	3,127	22.50%
Administrative Services	932,192	626,550	67.21%	940,390	626,927	66.67%
Recreational Services	<u>12,500</u>	<u>3,179</u>	<u>25.43%</u>	<u>15,100</u>	<u>5,015</u>	<u>33.21%</u>
Total Charges for Services	1,401,742	857,979	61.21%	1,458,809	906,141	62.12%
Miscellaneous	444,742	298,454	67.11%	153,492	301,547	196.46%
Reovered Cost	281,000	89,569	31.88%	335,000	72,888	21.76%
Isle of Wight Rev. Sharing	<u>680,000</u>	<u>680,000</u>	<u>100.00%</u>	<u>600,000</u>	<u>600,000</u>	<u>100.00%</u>
Total Mis. & Recovered Costs	<u>1,405,742</u>	<u>1,068,023</u>		<u>1,088,492</u>	<u>974,435</u>	
State Aid:						
Non Categorical Aid	1,666,597	1,299,142	77.95%	1,675,397	1,310,785	78.24%
Shared Expenses	183,096	85,090	46.47%	179,500	80,068	44.61%
Categorical Aid	<u>2,118,071</u>	<u>1,131,198</u>	<u>67.87%</u>	<u>2,158,059</u>	<u>1,354,059</u>	<u>62.74%</u>
VDOT Primary Road Extension	485,370	483,870		-	-	
Total State Aid	<u>4,453,134</u>	<u>2,999,300</u>	67.35%	4,012,956	2,744,912	68.40%
Federal Aid	66,595	39,661	59.56%	429,603	100,386	23.37%
Total Current Revenue	\$ 20,571,475	\$ 13,324,609	64.77%	\$ 19,850,724	\$ 12,946,264	65.22%
			2			

	CURRENT	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
EXPENDITURES:	BUDGET	2/29/2016	%	BUDGET	2/28/2015	%
Operating Expense:						
Legislative, General & Financial	\$ 2,447,044	\$ 1,437,278	58.74%	\$ 2,421,452	\$ 1,367,139	56.46%
Elections, Courts, Sheriff	1,402,541	1,034,108	73.73%	1,398,009	969,394	69.34%
Law Enforcement	3,618,918	2,314,781	63.96%	3,667,677	2,476,994	67.54%
Fire and Rescue	2,347,727	1,483,320	63.18%	2,409,483	1,666,505	69.16%
Inspections	510,282	349,064	68.41%	505,279	299,896	59.35%
Streets	2,675,311	1,390,624	51.98%	2,178,763	1,157,299	53.12%
Garage	230,282	142,508	61.88%	242,107	144,095	59.52%
Buildings and Grounds	1,010,888	596,225	58.98%	1,029,796	613,614	59.59%
Health	156,198	117,698	75.35%	156,198	55,000	35.21%
Parks and Recreation	450,190	277,528	61.65%	546,166	274,519	50.26%
Library	296,412	205,162	69.22%	292,373	206,083	70.49%
Planning & Beautification	200,686	112,447	56.03%	317,612	112,226	35.33%
Downtown Development	107,093	69,021	64.45%	107,093	66,158	61.78%
Subtotal- Operating Expenses	15,453,572	9,529,764	61.67%	15,272,008	9,408,922	61.61%
			3			

GENERAL FUND CONT'D						
	CURRENT	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
EXPENDITURES:	BUDGET	2/29/2016	%	BUDGET	2/28/2015	%
Payments to Southampton Co.	\$ 700,000	\$ 500,000	71.43%	\$ 750,000	\$ 500,000	66.67%
Non-Departmental Miscellaneous	21,000	33,519	159.61%	21,000	26,499	126.19%
Pass through Contributions	-	-	0.00%	-	-	0.00%
Total Operating Expense	\$ 16,174,572	\$ 10,063,283	62.22%	\$ 16,043,008	\$ 9,935,421	61.93%
Net Operating Income	\$ 4,396,903	\$ 3,261,326	74.17%	\$ 3,807,716	\$ 3,010,843	79.07%
TRANSFERS - IN:						
Transfer from Electric Fund	1,409,891	939,927	66.67%	1,409,891	939,927	66.67%
Use of Prior Year Fund Balance(A)	330,886			555,815		
Use of Prior Year Fund Balance(B)	343,595					
Transfer from Proprietary Funds	137,710	91,807	66.67%	-	-	0.00%
Use of Fund Bal Reserve for Debt	475,028		0.00%	927,409	-	0.00%
Use of Restricted Fund Balance	169,930			373,288		
Total Transfers In	\$ 2,867,040	\$ 1,031,734	35.99%	\$ 3,266,403	\$ 939,927	28.78%
TOTAL REVENUE	\$ 23,438,515	\$ 14,356,343		\$ 23,117,127	\$ 13,886,191	
To General Debt	\$ 479,150	\$ 276,811	57.77%	\$ 413,130	\$ 368,768	89.26%
To School Debt	634,392		0.00%	591,182	-	0.00%
To Airport Fund	79,305		0.00%	112,247	-	0.00%
To Education Fund	4,987,395	3,324,930	66.67%	4,837,395	3,224,930	66.67%
To Education Fund-Carryover	343,545		0.00%	345,594	119,100	34.46%
To Social Services Fund	471,293		0.00%	456,738	-	0.00%
To Comprehensive Services Act	119,644		0.00%	135,000	-	0.00%
To Economic Dev Incubator	24,220		0.00%	57,834	-	0.00%
To Economic Dev Joint Fund	125,000	-	0.00%	125,000	\$ 125,000	100.00%
Total Transfers Out	\$ 7,263,944	\$ 3,601,741	49.58%	\$ 7,074,120	\$ 3,837,798	54.25%
TOTAL EXPENDITURES	\$ 23,438,515	\$ 13,665,023		\$ 23,117,128	\$ 13,773,219	
Variance (Revenue vs. Expense)	\$ -	\$ 691,319	4	\$ -	\$ 112,972	
<i>(A)-This amount reflects appropriation of prior year carryover for various expenditures from the FY 14-15 Budget</i>						
<i>(B) - This amount reflects the appropriated carryover for Education as adopted on June 9, 2015. Budget adjustment not done to de-allocate the appropriation based on Council action. Finance dept appropriation (accounting wise) will not include this amount.</i>						

WATER AND SEWER FUND						
	2015-2016	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUES:	BUDGET	2/29/2016	%	BUDGET	2/28/2015	%
Sale of Water	\$ 1,300,000	\$ 791,752	60.90%	\$ 1,300,000	\$ 824,259	63.40%
Sewer Service Charges	1,750,000	1,047,570	59.86%	1,750,000	1,097,556	62.72%
Treatment Fees - Counties	82,500	60,190	72.96%	75,000	49,758	66.34%
Water/Sewer Connection Fees	-	8,000	100.00%	-	23,000	100.00%
Administrative Connection Fee	5,000	4,520	90.40%	5,000	3,850	77.00%
Other Revenues	250	610	244.00%	250	1,385	554.00%
Total Current Revenue	\$ 3,137,750	\$ 1,912,642	60.96%	\$ 3,130,250	\$ 1,999,808	63.89%
EXPENDITURES:						
Operating Expense:						
Water System	\$ 1,540,539	\$ 792,304	51.43%	\$ 1,419,018	\$ 512,721	36.13%
Sewer System	733,054	131,082	17.88%	1,153,588	792,362	68.69%
Treatment Plant	758,083	448,157	59.12%	763,453	432,115	56.60%
Total Operating Expenditures	3,031,676	1,371,543	45.24%	3,336,059	1,737,198	52.07%
TRANSFERS:						
GF Transfer - Administrative Services	263,042	175,361	66.67%	285,920	190,613	66.67%
Operating Transfer to GF	82,626	55,084	66.67%	-	-	0.00%
GF Transfer - Payment in Lieu of Taxes	26,460	17,640	66.67%	26,460	17,640	66.67%
Total Transfers Out	\$ 372,128	\$ 248,085	66.67%	\$ 312,380	\$ 208,253	66.67%
Net Operating Income	\$ 2,765,622	\$ 293,014	10.59%	\$ 2,817,870	\$ 1,791,555	63.58%
OTHER FINANCING SOURCES						
Use of Prior Year Fund Balance	\$ 631,632	\$ -	0.00%	\$ 972,773	\$ -	0.00%
Total Other Financing Sources	631,632	-	-	972,773	-	-
Total Revenue & Other Sources	3,769,382	1,912,642	50.74%	4,103,023	1,999,808	48.74%
Debt Service						
Debt Service	\$ 365,608	\$ 365,608	100.00%	\$ 366,934	\$ 366,934	100.00%
Total Expenditures	\$ 3,769,412	\$ 1,985,236	52.67%	\$ 4,015,373	\$ 2,312,385	57.59%
Variance - Revenue vs. Expenses	\$ -	\$ (72,594)		\$ -	\$ (312,577)	
			5			

ELECTRIC FUND						
	2015-2016	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUES:	BUDGET	2/29/2016	%	BUDGET	2/28/2015	%
Sale of Energy	\$ 14,232,589	\$ 9,124,049	64.11%	\$ 14,094,334	\$ 9,136,335	64.82%
Sale of Energy Fuel Adj	1,349,299	876,715	64.98%	2,335,039	1,594,946	68.30%
Administrative Connection Fee	20,000	10,000	50.00%	30,000	8,960	29.87%
Other Revenue	210,750	114,795	54.47%	211,500	103,784	49.07%
Proceeds Loan/Bonds	-	-	0.00%	-	322	0.00%
Total Current Revenue	\$ 15,812,638	\$ 10,125,559	64.03%	\$ 16,670,873	\$ 10,844,347	65.05%
EXPENDITURES:						
Energy for Resale (a)	\$ 9,873,999	\$ 6,468,735	65.51%	\$ 9,816,189	\$ 6,584,977	67.08%
Energy for Resale Fuel Adj (a)	1,363,097	902,314	66.20%	2,335,039	1,564,190	66.99%
Other Expenses	1,575,820	1,009,469	64.06%	1,487,039	791,350	53.22%
Capital Outlay	273,884	133,936	48.90%	265,000	127,006	47.93%
Reserve for Capital Expenditures	241,750	-	0.00%	250,000	-	0.00%
Reserve for Cash Replenishment	300,000	-	0.00%	331,197	-	0.00%
Total Operating Expenses	\$ 13,628,550	\$ 8,514,454	62.48%	\$ 14,484,464	\$ 9,067,523	62.60%
<i>Net Operating Income</i>	<i>\$ 2,184,088</i>	<i>\$ 1,611,105</i>	<i>73.77%</i>	<i>\$ 2,186,409</i>	<i>\$ 1,776,824</i>	<i>81.27%</i>
OTHER FINANCING SOURCES:						
TRANSFERS:						
GF Transfer-Council Approved	\$ 1,409,891	\$ 939,927	66.67%	\$ 1,409,891	\$ 939,927	66.67%
GF Transfer - Administrative Services	440,218	293,478	66.67%	440,218	293,479	66.67%
GF Transfer - Payment in Lieu of Taxes	59,282	39,521	66.67%	59,282	39,521	66.67%
GF Transfer - Debt Restructuring	-	-		-	-	
Total Transfers (Out)	\$ 1,909,391	\$ 1,272,926	66.67%	\$ 1,909,391	\$ 1,272,927	66.67%
Debt Service	\$ 274,697	\$ 273,683	99.63%	\$ 277,018	\$ 271,342	97.95%
Total Expenses	\$ 15,812,638	\$ 10,061,063		\$ 16,670,873	\$ 10,611,792	
Variance - Revenue versus Expenses	\$ -	\$ 64,496		\$ -	\$ 232,555	
			6			
<i>(a) Operating expenses for energy for resale and fuel adjustment costs reflect the March payment for the February 2016 Invoice billed in February but paid in March. Financial statements reflect eight months of billed revenue and eight months of expenditures to more accurately reflect the Fund's cash position even though six months of expenses to VMEA have occurred.</i>						

AIRPORT FUND						
	2015-2016	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUE:	BUDGET	2/29/2016	%	BUDGET	2/28/2015	%
Fuel Sales	\$ 177,232	\$ 37,509	21.16%	\$ 177,232	\$ 52,737	29.76%
Other Revenue	63,000	36,020	57.17%	63,700	40,437	63.48%
State Grants	17,164	950	5.53%	204,956	90,130	43.98%
Federal Grants	448,513	49,731	11.09%	1,380,406	20,677	1.50%
Total Current Revenue	\$ 705,909	\$ 124,210	17.60%	\$ 1,826,294	\$ 203,981	11.17%
EXPENDITURES:						
Operating Expenses	\$ 301,788	\$ 120,873	40.05%	\$ 309,167	\$ 136,753	44.23%
Capital Outlay	\$ 472,119	\$ 55,258	11.70%	\$ 1,617,239	\$ 126,220	7.80%
Total Operating Expenses	\$ 773,907	\$ 176,131	22.76%	\$ 1,926,406	\$ 262,973	13.65%
Net Operating Income	\$ (67,998)	\$ (51,921)	76.36%	\$ (100,112)	\$ (58,992)	58.93%
TRANSFERS:						
Use of Prior Year Fund Balance	\$ 9,442	\$ -		\$ 6,728	\$ -	
Transfer from Other Funds	\$ 79,305	\$ -	0.00%	\$ 112,247	\$ -	0.00%
Total Revenue	\$ 794,656	\$ 124,210		\$ 1,945,269	\$ 203,981	
Transfer to Other Funds	\$ 20,749	\$ 13,833	66.67%	\$ 18,863	\$ 12,575	66.66%
Net Transfers To/From						
Debt Service	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%
Total Expenses	\$ 794,656	\$ 189,964		\$ 1,945,269	\$ 275,548	
NET INCOME(LOSS)		\$ (65,754)			\$ (71,567)	
			7			

SOLID WASTE FUND						
	2015-2016	ACTUAL	BUDGET	2014-2015	ACTUAL	BUDGET
REVENUE:	BUDGET	2/29/2016	%	BUDGET	2/28/2015	%
Waste Collection & Disposal Fees	\$ 1,318,079	\$ 863,613	65.52%	\$ 1,375,081	\$ 906,634	65.93%
Miscellaneous Revenue	4,000	3,580	89.50%	4,000	3,586	89.65%
Total Current Revenue	\$ 1,322,079	\$ 867,193	65.59%	\$ 1,379,081	\$ 910,220	66.00%
EXPENDITURES:						
Operating Expenses	\$ 883,482	\$ 520,118	58.87%	\$ 885,349	\$ 503,341	56.85%
Capital Outlay	\$ 219,916	\$ 60,104	27.33%	\$ 370,000	\$ 188,935	51.06%
Total Operating Expenses	\$ 1,103,398	\$ 580,222	52.59%	\$ 1,255,349	\$ 692,276	55.15%
Net Operating Income	\$ 218,681	\$ 286,971	131.23%	\$ 123,732	\$ 217,944	176.14%
TRANSFERS:						
Use of Prior Year Fund Balance	\$ 80,271	\$ -	0.00%	\$ 99,174	\$ -	0.00%
Total Revenue	\$ 1,402,350	\$ 867,193		\$ 1,478,255	\$ 910,220	
Transfer to General Fund	\$ 215,815	\$ 143,877	66.67%	\$ 195,389	\$ 130,259	66.67%
General Fund Operating Support	\$ 55,084	\$ 36,723	66.67%	\$ -	\$ -	0.00%
Total Transfers Out	270,899	180,600	41.67%	195,389	130,259	41.67%
Debt Service	\$ 28,056	\$ 6,494	0.00%	\$ 28,057	\$ -	0.00%
Total Expenses	\$ 1,402,353	\$ 767,316	54.72%	\$ 1,478,795	\$ 822,535	55.62%
NET INCOME(LOSS)		\$ 99,877			\$ 87,685	
			8			

CITY OF FRANKLIN
 FISCAL YEAR 2015-2016
 CASH BALANCES - FEBRUARY 2016

FUND	CURRENT YEAR	PRIOR YEAR
General Fund	\$ 6,211,540	\$ 5,608,742
Fund SNAP Proceeds	<u>\$ 101,547</u>	<u>\$ 183,635</u>
Total General Fund	\$ 6,313,087	\$ 5,792,377
Water & Sewer Fund	\$ 1,897,447	\$ 1,656,249
Fund SNAP Proceeds	<u>\$ 195,798</u>	<u>\$ 195,324</u>
Total Water & Sewer Fund	\$ 2,093,245	\$ 1,851,573
Electric Fund	\$ 366,352	\$ 805,356
Fund SNAP Proceeds	<u>\$ 35,803</u>	<u>\$ 361,036</u>
Total Electric Fund	\$ 402,155	\$ 1,166,392
Solid Waste Fund	\$ 533,646	\$ 446,966
Airport Fund	\$ (108,599)	\$ (123,410)
TOTAL CASH FOR OPERATIONS	\$ 8,900,386	\$ 8,393,903
TOTAL CASH FOR CAPITAL PROJECTS	\$ 333,148	\$ -
TOTAL CASH	\$ 9,233,534	\$ 9,133,898

OLD/NEW BUSINESS

- A. SPSA Post 2018 Use & Support Agreement Resolution**
- B. City Manager's Report**
 - 1. Health Insurance Update**
 - 2. Recycling Contract Update**



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

March 22, 2016

From: H. Taylor Williams, IV

To: Members of City Council

Re: Resolution of City Council to authorize the Mayor to sign a proposed
Use and Support Agreement between the City and SPSA

At the City Council meeting for March 14, 2016, a presentation was made by the City Attorney to the Council of the proposed form Use and Support Agreement between the City and SPSA to take effect on January 25, 2018, for a term not to exceed fifteen years. All eight member localities of the SPSA organization are being asked to sign individual duplicate copies of the Use and Support Agreement.

**RESOLUTION TO AUTHORIZE EXECUTION OF THE AGREEMENT FOR USE AND
SUPPORT OF A SOLID WASTE DISPOSAL SYSTEM BY AND BETWEEN THE CITY OF
FRANKLIN AND THE SOUTHEASTERN PUBLIC SERVICE AUTHORITY**

WHEREAS, The City of Franklin (the “City”) is a member of the Southeastern Public Service Authority (“SPSA”) which was created 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 “Localities”) in 1976; and

WHEREAS, between 1983 and 1984, the City and the other Localities entered into individual Use and Support Agreements with SPSA, providing, among other things, that each member jurisdiction would deliver substantially all of the disposable municipal solid waste generated or collected by or within or under the control of the Localities to SPSA; and

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

WHEREAS, in anticipation of the expiration of the current Use and Support Agreements, the Chief Administrative Officers of the member Localities of SPSA created a technical committee in order to review and address numerous policy and operational issues of the SPSA organization; and

WHEREAS, the Chairman of the SPSA Board appointed a Use and Support Committee to develop a proposed Use and Support Agreement which, among other things, ensures that all member localities are treated in a uniform manner; and

WHEREAS, on March 4, 2016, the SPSA Board of Directors formally approved the form of the Use and Support Agreement that would be entered into by all member jurisdictions to support the ongoing operations of SPSA beginning January 25, 2018; and

WHEREAS, the SPSA Board of Directors has also issued a Notice of Intent to Award a Waste Supply Agreement with RePower South which requires SPSA to deliver 350,000 tons of municipal solid waste to RePower’s facility which is to be constructed in the City of Chesapeake; and

WHEREAS, as a condition precedent of SPSA and RePower entering into such an agreement, RePower has requested the SPSA member localities execute their respective Use and Support Agreements in order to ensure a “critical mass” of municipal solid waste will be available to support the commitment of SPSA to deliver that amount of municipal solid waste as is required in the Waste Supply Agreement; and

WHEREAS, SPSA has shown its ability to become financially sound by eliminating all of its outstanding debts by January 2018 and its commitment to reducing the overall tipping fee costs of the member localities by negotiating a favorable agreement with RePower South, along with continuing to negotiate in good faith with the City of Suffolk on a Good Neighbor/Host Fee Agreement.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL FOR THE CITY OF FRANKLIN authorizes the Mayor of the City of Franklin to execute the Agreement for Use and Support of a Solid Waste Disposal System by and between The City of Franklin, Virginia and the Southeastern Public Service Authority for a term not to exceed fifteen years.

ADOPTED by the City Council for the City of Franklin, Virginia on this 28th day of March, 2016.

Raystine D. Johnson-Ashburn
Mayor

Attest:

R. Randy Martin, Clerk

Approved as to Form:

H. Taylor Williams, IV, City Attorney

**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

* **NOTE:** Definition of “SPSA Members” will need to be modified in final Use & Support Agreements if any current Members elect NOT to continue with SPSA in the “Post-2018” period.

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

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

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

AGREEMENT:

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

ARTICLE I

GENERAL INTENT AND PURPOSE

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

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

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

ARTICLE II

DEFINITIONS

1. Agreement Effective Date – January 25, 2018.
2. Applicable Law – Collectively, the Virginia Water and Waste Authorities Act (as amended by Section 15.2-5102.1 of the Code of Virginia, sometimes referred to as the “Cosgrove Act”), the Virginia Waste Management 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 of either party under this Agreement, whether now or hereafter in effect, and each as may be amended from time to time.

3. 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.

4. 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, in the Strategic Operating Plan, to accept Municipal Solid Waste from the Member Locality 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”).

5. Designated Disposal Mechanism – The method (or methods) utilized by the Authority for final disposal of Municipal Solid Waste during the Term of this Agreement, as designated by the Board of Directors of the Authority from time to time in accordance with the express terms of and set forth in the Strategic Operating Plan. The Designated Disposal Mechanism 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.

6. 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 or event, 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.

7. 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.

8. 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”).

9. 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.

10. 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.

11. Municipal Solid Waste – All Solid Waste the collection of which is controlled by the Member Locality, including (a) Solid Waste that is generated anywhere within the SPSA Service Area and collected by the Member Locality, and (b) residential Solid Waste that is generated anywhere within the SPSA Service Area and 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-Area Waste.

12. Out-of-Area Waste – Any Solid Waste that is created or generated outside of, or originates outside of, the SPSA Service Area.

13. 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.

14. 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.

15. 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 during the Term of this Agreement to the extent necessary or appropriate under the Virginia Waste Management Act or other Applicable Law.

16. Special Termination Provision – The terms, conditions, requirements and procedures, collectively, pursuant to which the Member Locality may terminate this Agreement prior to the expiration of the Term (including, without limitation, payment by the Member Locality of the Early Termination Payment as calculated thereunder), in connection with its withdrawal from the Authority, as currently set forth in Schedule II attached hereto and as the same may hereafter be amended by the Board of Directors of the Authority in accordance with the express terms of Article VI.8 below, including, but not necessarily limited to, when and to the extent required to comply with Applicable Law.

17. “SPSA Service Area” – The geographic area covered by the political subdivision boundaries of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach, Virginia and the counties of Isle of Wight and Southampton, Virginia.

18. Strategic Operating Plan – That certain plan adopted by the Board of Directors of the Authority and attached hereto as Schedule I, 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 amended, supplemented or modified by approval of at least seventy-five percent (75%) of the Board of Directors of the Authority.

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

20. 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 the Authority in writing from time to time.

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 the later to occur of (x) June 30, 2033 or (y) the last day of the initial term of any waste disposal agreement with a third-party vendor serving as the primary/principal Designated Disposal Mechanism for the Authority (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 fifteen (15) 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.

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

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

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

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

4. Notification. The Authority shall notify the Member Locality (and all other SPSA Members) immediately following receipt by the Authority of (a) written notice by any SPSA

Member of its election not to renew this Agreement under Section 1(b) above and/or (b) any Termination Notice delivered by any SPSA Member under and in accordance with the Special Termination Provision.

ARTICLE IV

AUTHORITY OBLIGATIONS

1. Strategic Operating Plan. The Authority shall manage, operate and maintain the Disposal System in accordance with the Strategic Operating Plan in effect from time to time. As described therein, the Strategic Operating Plan shall be reviewed by the Board of Directors of the Authority on at least an annual basis in connection with the Board's review and consideration of the annual operating budget of the Authority, and at such other times as the Board may deem necessary or appropriate. If deemed necessary or appropriate after any such review, the Strategic Operating Plan may be updated or otherwise modified by a resolution approved by at least seventy-five percent (75%) of the Board of Directors of the Authority, and any such updated/modified Strategic Operating Plan shall be appended to this Agreement as new Schedule I hereto in complete replacement of any and all prior Strategic Operating Plans. Notwithstanding the foregoing or anything to the contrary herein, in the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of the Strategic Operating Plan, the terms and conditions of this Agreement (considered without reference to the Strategic Operating Plan) shall control with respect to the subject matter hereof.

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

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

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

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

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

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

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

(g) Use all reasonable efforts to enforce, in accordance with their respective terms, all contracts, agreements and other arrangements to which the Authority is a party in

connection with its management, operation and maintenance of the Disposal System, including but not limited to the Post-2018 Use & Support Agreements with the other SPSA Members and all contracts with respect to the Designated Disposal Mechanism(s) then utilized by the Authority;

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

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

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

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

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

(m) Not accept (and shall not be required to accept) any Excluded Waste (including but not limited to Disaster Waste) anywhere within the Disposal System, in each case except (i) in accordance with policies and procedures set forth in the Strategic Operating Plan (for example, policies and procedures regarding the acceptance of Household Hazardous Waste) or (ii) as otherwise expressly authorized and approved by the Board of Directors of the Authority pursuant to an amendment to this Agreement duly adopted in accordance with the express terms of Article VI. 8 below.

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

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

4. Compliance with Law. The Authority shall perform all services under this Agreement, including, without limitation, operation and maintenance of the Disposal System, in accordance with all Applicable Law. Furthermore, the Authority shall use best efforts to ensure

that all subcontractors performing services relative to the Disposal System comply with all Applicable Law in the performance of such services.

5. Permits and Insurance. The Authority shall, at its sole cost and expense, obtain and maintain in effect at all times during the Term: (i) all licenses, permits and insurance that are necessary or appropriate in connection with the services provided hereunder in accordance with Applicable Law and otherwise consistent with industry standards; and (ii) at a minimum, the following insurance coverage:

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

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

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

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

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

6. Ancillary Waste Disposal Services.

(a) In addition to the arrangement contemplated under this Agreement pursuant to which the Authority shall accept, manage and effect the ultimate disposal of all

Municipal Solid Waste of the Member Locality, the Authority may from time to time provide the Member Locality with additional/“ancillary” Solid Waste management and disposal services (collectively, “Ancillary Waste Disposal Services”), which may include (by way of example and not necessarily limitation) management and/or disposal of Household Hazardous Waste, vehicle tires (*i.e.*, tire-shredding services), Yard Waste and/or sludge.

(b) The Authority will provide Ancillary Waste Disposal Services, if at all, pursuant to a separate agreement with the Member Locality and/or pursuant to a “global” arrangement applicable to all SPSA Members and set forth in the Strategic Operating Plan; provided, however, that (i) all such Ancillary Waste Disposal Services and all applicable arrangement(s) with the Member Locality with respect to such Ancillary Waste Disposal Services shall be subject to prior approval of the Board of Directors of the Authority, and (ii) unless otherwise expressly authorized and approved by the Board of Directors of the Authority, (A) the fees charged by the Authority to the Member Locality for any such Ancillary Waste Disposal Services shall, at a minimum, be sufficient/adequate to cover the costs incurred by the Authority in providing such services and (B) all Ancillary Waste Disposal Services shall be available at identical fees to all SPSA Members that at such time are parties to a Post-2018 Use & Support Agreement.

(c) Each year, in connection with its annual presentation to the Board of Directors of the Authority of its annual operating budget, the Authority shall prepare and provide a separate report that (i) specifically identifies all Ancillary Waste Disposal Services provided to each SPSA Member (including, if applicable, to the Member Locality) and (ii) includes appropriate/relevant financial data to demonstrate to the Board of Directors whether or not the

fees charged by the Authority for such Ancillary Waste Disposal Services actually covered the costs incurred by the Authority in providing such services to each applicable SPSA Member.

(d) Notwithstanding anything herein to the contrary, and for the avoidance of doubt, the Authority acknowledges and agrees that its “core” obligation to accept, manage and dispose of the Municipal Solid Waste of the Member Locality (and all other SPSA Members) (i) does not and shall not constitute Ancillary Waste Disposal Services under this Section 6 and (ii) shall be performed by the Authority for the benefit of the Member Locality (and all other SPSA Members) only under and in accordance with their respective Post-2018 Use & Support Agreements and not pursuant to any other contract, agreement or arrangement.

ARTICLE V

MEMBER LOCALITY OBLIGATIONS

1. Delivery of Municipal Waste; Related Obligations.

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

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

(c) On an annual basis, as promptly as practicable following receipt of any written request from the Authority (which the Authority shall endeavor to provide in advance of the Member Locality's deliberations regarding its annual budget), the Member Locality shall provide the Authority with a good faith, written estimate of the aggregate tonnage of Municipal Solid Waste that the Member Locality expects to deliver or otherwise cause to be delivered to the Disposal System during the Member Locality's next fiscal year. (The Authority understands that such estimates provided by the Member Locality cannot and do not constitute a guarantee, and that the actual amount of Municipal Solid Waste delivered by the Member Locality in a given year could vary materially from the corresponding good faith estimate thereof.) In addition, the Member Locality shall provide the Authority with as much prior notice as is reasonably practicable under the circumstances of any material changes (whether pending or possible) in the Municipal Solid Waste delivered (or caused to be delivered) by the Member Locality to the Authority hereunder, including, by way of example and not limitation, adoption of or changes in any recycling programs and/or changes in residential waste collection practices.

2. Payment of Disposal System Fees.

(a) The Member Locality shall be required to, and shall, pay to the Authority the Disposal System Fees set forth in fee schedules adopted by the Authority from time to time, in accordance with the Virginia Water and Waste Authorities Act or other Applicable Law, in respect of all Solid Waste delivered to the Authority by the Member Locality and, where applicable, by individual residents of the Member Locality. The Authority may establish individual fee schedules for various types of users and grades or categories of Solid Waste that require special handling or methods of disposal; provided, however, consistent with the requirements under the Articles of Incorporation of the Authority, (i) the Disposal System Fee

schedules so adopted by the Authority shall at all times be identical with respect to all SPSA Members that have entered into a Post-2018 Use & Support Agreement, including the Member Locality, for so long as such SPSA Members (including the Member Locality) remain a party to a Post-2018 Use & Support Agreement, and (ii) with respect to all SPSA Members that have entered into and remain parties to a Post-2018 Use & Support Agreement, the Disposal System Fee schedules so adopted by the Authority shall in no event be based upon or distinguish between any such SPSA Members on the basis of the Delivery Point used by any such SPSA Member or the distance of any such SPSA Member from any such Delivery Point.

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

(c) The Member Locality shall have the right, no more often than twice per calendar year during the Term of this Agreement, on no less than thirty (30) days' prior written

notice, to inspect (or to appoint an independent accounting firm to inspect) any and all books and records of the Authority relating to this Agreement for any legitimate, bona fide business purpose, including, but not necessarily limited to, auditing the accuracy of the Authority's invoices and calculations of Disposal System Fees payable hereunder; provided, the Member Locality may not compensate any accounting firm hired for such inspection or audit on a contingency basis. Any audits and inspections pursuant to this Agreement shall be conducted during normal business hours solely at the Authority's offices, with minimal interference to the Authority's normal business operations. In the event any such audit reveals that the Authority has overcharged the Member Locality during the period audited, then (i) the Authority shall credit the amount that the Member Locality overpaid to the next invoice submitted by the Authority to the Member Locality; and (ii) if the Authority has overcharged the Member Locality by more than five percent (5%), in the aggregate, for the period audited, then (x) the amount credited to the Member Locality shall also include interest at a rate of three percent (3%) per annum, between the date of the overpayment and the date the overpayment is so credited to the Member Locality, and (y) the Authority shall reimburse the Member Locality for the reasonable costs and expenses of any such audit. Except to the extent otherwise expressly provided in the foregoing, the costs and expenses of any such audit will be borne entirely by the Member Locality.

3. Title to Waste. The Member Locality hereby assigns and transfers to the Authority, and the Authority hereby accepts, all right, title and interest in and to all Municipal Solid Waste (and other applicable Solid Waste, expressly excluding Hazardous Waste) delivered to and accepted by the Authority pursuant to this Agreement, and such ownership shall vest in the Authority when recorded by the Authority's weighing scales or other measuring devices at a

Delivery Point; provided, however, that inoperability of the Authority's weighing scales or measuring devices shall not alter the transfer of title of Municipal Solid Waste (or other applicable Solid Waste) to the Authority if it is otherwise accepted by the Authority. The Member Locality further agrees to join with the Authority in defense of any adverse claim to ownership of Municipal Solid Waste (or other applicable Solid Waste).

4. Hazardous Waste. The Member Locality shall not knowingly deliver or cause to be delivered to the Authority, or otherwise knowingly cause or allow to enter into the Disposal System, any Hazardous Waste. The Member Locality further agrees that in no event and under no circumstances shall title to any Hazardous Waste pass to the Authority. Upon receipt into the Disposal System of any Hazardous Waste from the Member Locality, the Authority shall provide the Member Locality with all reasonably available evidence identifying the Member Locality as the source of such Hazardous Waste. Thereafter, the Member Locality, with the reasonable assistance and cooperation of the Authority in loading the waste, shall expeditiously and within a reasonable period of time under the circumstances remove or arrange for removal of the Hazardous Waste from the Disposal System at no expense to the Authority. Notwithstanding the foregoing, (a) if the Authority in its reasonable discretion deems it necessary or appropriate for the protection of property, human health or the environment, or if the Member Locality fails to promptly remove Hazardous Waste in accordance with the foregoing requirements, then the Authority, acting through itself or others, may (i) remove and dispose of the Hazardous Waste and (ii) charge the Member Locality the reasonable costs and expenses paid or otherwise incurred by the Authority in connection with the removal and disposal of such waste, which such costs and expenses shall be added to the Member Locality's invoice for the month(s) in which they are incurred; and (b) the Member Locality shall have the right to dispute that it is the source

of the Hazardous Waste (or that Solid Waste designated by the Authority as Hazardous Waste does in fact constitute Hazardous Waste hereunder), and any action undertaken by the Member Locality (or the Authority) in removing or arranging for the removal of Solid Waste designated by the Authority as Hazardous Waste shall not constitute a waiver of such rights.

5. Other Excluded Waste. In addition to and not in limitation of the restrictions on Hazardous Waste set forth in the foregoing Section 4, the Member Locality shall not knowingly deliver or cause to be delivered to the Authority, or otherwise knowingly cause or allow to enter into the Disposal System, any Excluded Waste, in each case except (a) in accordance with the policies and procedures set forth in the Strategic Operating Plan (for example, policies and procedures regarding the delivery of Household Hazardous Waste) or (b) as otherwise expressly authorized and approved by the Board of Directors of the Authority pursuant to an amendment to this Agreement duly adopted in accordance with the express terms of Article VI.8 below.

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

ARTICLE VI

GENERAL

1. Entire Agreement. As of, and from and after, the Agreement Effective Date, the provisions of this Agreement, including the Strategic Operating Plan and any other schedules, appendices or exhibits hereto, do and shall constitute the entire agreement between the parties with respect to the subject matter hereof and supersede any and all prior or contemporaneous negotiations, understandings or agreements with respect to the subject matter hereof. (Without limiting the generality of the foregoing, the parties hereby acknowledge and agree that, as of the Agreement Effective Date, (a) the Legacy Use & Support Agreement between the parties shall terminate and be of no further force or effect and (b) this Agreement shall supersede the Legacy Use & Support Agreement between the parties in its entirety.) However, nothing in this Agreement shall be construed to limit the right of the parties to enter into agreements, contracts or arrangements with respect to the provision and use of Ancillary Waste Disposal Services, the use, maintenance and/or operation of Disposal System facilities or other authorized activities; provided, however, such other agreements, contracts and arrangements shall (i) where related to the provision of Ancillary Waste Disposal Services be subject to the terms of Section 6 under Article IV above, and (ii) in any event be subject to approval by the Board of Directors of the Authority in accordance with applicable Law. It is agreed that this Agreement has been jointly negotiated and prepared by both parties, and this Agreement shall not be construed against either party by reason of that party's participation in the drafting or preparation of this instrument.

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

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

(a) Pre-Mediation Procedures. Prior to resorting to litigation in respect of any Dispute hereunder, each party shall cause one or more senior members of its executive staff (*e.g.*, City/County Manager or Assistant City/County Manager, in the case of the Member Locality, and Executive Director or Deputy Executive Director, in the case of the Authority) to first meet with senior members of the executive staff the other party and attempt to resolve the Dispute by mutual agreement. The initial meeting under this Section 3(a) shall be held within ten (10) days after the request by either party for any such meeting.

(b) Mediation.

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

(ii) Mediation shall take place at the place or places and at the time or times set by the mediator, but shall not be held in public. The rules of procedure, evidence and discovery with respect to any mediation shall be as directed by the mediator. Neither party may

be represented at hearings before the mediator by an attorney, but each party may consult with counsel outside the hearing room and counsel may assist in preparing any written materials to be used in the mediation, including statements and briefs.

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

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

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

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

(d) Equitable Relief. The parties specifically and expressly acknowledge and agree that the breach by either party of certain provisions of this Agreement will cause the other party irreparable harm. Therefore, in addition to but not in limitation of any other remedy to which the non-breaching party may be entitled, if either party breaches or threatens to breach any

such provisions hereof, the other party shall be entitled to obtain equitable relief for any such breach or threatened breach so that the party that is breaching, has breached or has threatened to breach this Agreement shall be required to cease and desist immediately from such activities (it being agreed that damages alone would be inadequate to compensate the other party and would be an inadequate remedy in such event).

4. Notice. Any notice or other communication required or permitted to be given under this Agreement shall be given in writing and delivered in person, sent via confirmed facsimile or delivered by nationally-recognized courier service, properly addressed and stamped with the required postage, to the applicable party at its address specified below and shall be deemed effective upon receipt of confirmation of delivery (or attempted delivery that is refused by the recipient). Either party may from time to time change the individual designated to receive notices or its address by giving the other party notice of the change in accordance with this Section 4. The current addresses for the parties are as follows:

The Authority
Southeastern Public Service
Authority of Virginia
Attn: Executive Director
723 Woodlake Drive
Chesapeake, Virginia 23320
Fax: 757-965-9528

Member Locality

Attn: _____
Fax: _____

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

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

7. Assignment. Neither party may assign this Agreement without the prior written consent of the other party; provided, a permitted assignment shall not relieve a party of its obligations under this Agreement unless this Agreement (and all of such obligations) shall have been assumed by the assignee in a writing satisfactory to the other party in its sole discretion. Nothing in the foregoing shall limit or serve as a limitation on the Authority's right to subcontract and/or delegate its obligations hereunder in accordance with the Strategic Operating Plan and/or Applicable Law.

8. Amendment. Any proposed amendment, modification, repeal or alteration, in whole or in part, of any material provision of this Agreement, including but not necessarily limited to provisions regarding the Designated Disposal Mechanism, Excluded Waste and the Special Termination Provision (each, a "Proposed Amendment"), shall be presented in writing for the first time at a regular meeting of the Board of Directors of the Authority. Any such Proposed Amendment may be considered and modified/supplemented at the meeting during which such Proposed Amendment was first presented, but a Proposed Amendment may not (and shall not) be acted upon by the Board of Directors until, at the earliest, the next regular meeting of the Board of Directors. In addition to and not in limitation of the foregoing notice requirements, no amendment, modification, repeal or alteration, in whole or in part, of this Agreement, or any provision hereof, shall be valid unless such amendment or modification (a) is set forth in writing and executed by both

the Authority and the Member Locality and (b) has been authorized by a resolution approved by at least seventy-five percent (75%) of the Board of Directors of the Authority.

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

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

11. Force Majeure. Failure of either party to perform under this Agreement, including but not limited to failure of the Member Locality to deliver or cause to be delivered Municipal Solid Waste to the Authority and/or inability of the Authority to accept Municipal Solid Waste at any or all Delivery Points, but expressly excluding payment of monies owed hereunder, by reason of Force Majeure shall not constitute default under or be cause for termination of this Agreement. However, the party so failing to perform by reason of Force Majeure shall notify the other party of the failure as promptly as practicable under the circumstances, including the reasons therefor, and shall use reasonable best efforts to correct such failure to perform as promptly as practicable under the circumstances. "Force Majeure" shall mean any cause beyond the reasonable control of the party whose performance is affected hereunder, including but not

limited to acts of God, war, terrorism, riot, fire, explosion, storm, flood, labor disputes, inability to obtain or use fuel, power or raw materials, shortage or failure of the usual means of transportation, injunction, accident or breakdown of machinery or equipment, or failure of performance by any Designated Disposal Mechanism that is not owned and operated by (or otherwise under the direct control of) the Authority, whether or not any such occurrence is caused by the negligence, active or otherwise, of the affected party, its agents and/or employees.

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

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

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

ATTEST:

SOUTHEASTERN PUBLIC SERVICE
AUTHORITY OF VIRGINIA

By: _____

ATTEST:

CITY/COUNTY
OF: _____

By: _____

1
2
3

SCHEDULE I
STRATEGIC OPERATING PLAN
[TO BE ADDED]

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

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

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

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

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

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

3. Calculation of Financial Obligations and Early Termination Payment.

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

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

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

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

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

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

4. Final Notice; Revocation.

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

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

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

5. Payment Terms; Satisfaction of Contractual Obligations.

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

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

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

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

7. Additional Termination Conditions.

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

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

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

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

[END]



March 23, 2016

To: Mayor & Council Members

Re: Health Insurance Update

This is intended as a progress report to Council in preparation for evaluating the City's employee health insurance options for FY2016 – 2017 and beyond. As previously discussed with Council, this has been a priority to pursue and review available options and develop a strategy for managing insurance benefits going forward. Like national trends over recent years, this benefit has been a very important consideration and increasingly a major item impacting the city's employees and budget in a big way as evidenced by the FY 2015 – 2016 price tag in excess of \$1.6 million.

Due to the many regulatory pitfalls and other nuances associated with the health insurance industry and particularly the very limited number of providers that compete in this region for the municipal market, an initial step recommended to me by peers was to identify and engage professional assistance from someone experienced in the marketplace with expertise in assisting employers like the city to pursue, evaluate, plan and manage their healthcare benefit program. Based upon research and peer feedback including Western Tidewater Regional Jail Authority, City of Suffolk and Isle of Wight County, Mr. Brian Obal of USI was identified as a preferred option. I engaged Mr. Obal to initially assist in marketing the City's coverage to the available historically competitive healthcare providers in the region. The municipal provider options regionally include: (1) the City's current provider, which is Local Choice, a Virginia municipal pool managed by the State

that competitively bid the entire pool's business periodically to medical providers across the state; (2) Anthem Blue Cross Blue Shield; and (3) Optima Health. As previously reported, the City has been affiliated with the Local Choice pool for a number of years. Despite the fact that Local Choice does on a regular basis price the pool's business to providers, it was the Council and management's feeling that it was worthwhile to test the marketplace regionally for a comparison to the Local Choice plan. At my request, Mr. Obal assimilated the necessary information and sought feedback from Anthem Blue Cross Blue Shield and Optima to provide comparison pricing based upon the City's employee census and experience.

Enclosed are the results of the marketing efforts received from the City's current carrier for renewal pricing compared to Anthem Blue Cross Blue Shield and Optima Health. As noted, the results are clear the Local Choice plan is the only viable option for this year's renewal based upon the cost comparison. However, there is still research and planning necessary before a recommendation on this year's renewal will be formally presented for Council action. Particularly important in making the decision on issues, like cost-share between the city and the employees and any plan modifications; will be in the upcoming budget process. At Monday's meeting, I will review highlights of the enclosed powerpoint provided by Mr. Obal for information. At a future meeting, I will come back to Council with additional information for action consideration.

Respectfully Submitted,

R. Randy Martin
City Manager

Enclosure



City of Franklin

Board Executive Summary

March 23, 2016

Brian Obal, Vice President

Executive Summary

2015 - Current Medical/Dental/Vision

- Two plans offered through Local Choice; Key Advantage 250 and Key Advantage 1000
 - Current enrollment: 57% employees are enrolled in **Key Advantage 1000** and 43% are enrolled in **Key Advantage 250**
 - Current Premium Contribution Strategy (Base Plan): 86% of Employee Only / 68% of Employee +1/ 53% of Employee/Family

Total Plan Annual Premium	City of Franklin Share	Percent of Premium
\$1,616,076	\$1,126,869	70%

2016 -Renewal Medical/Dental/Vision

“As Is” No Changes maintaining current premium contribution percentage as stated above.

- Keeping current two plans: Key Advantage 250 and Key Advantage 1000
- Maintaining City of Franklin’s Premium Contribution Percentage (86% of employee only base plan)- The City of Franklin still meets affordability rules as defined by the ACA being under the Federal Poverty Level Safe Harbor.

Total Plan Annual Premium	City of Franklin Share	Percent of Premium
\$1,714,368	\$1,194,098	70%
	Annual Increase to City of Franklin:	\$67,228

Executive Summary

2016 – Marketing Efforts Medical/Dental/Vision

- **Solicited competitive quotes from the following:**
 - **Medical**
 - Anthem BCBS, Optima Health
 - Historically competitive healthcare markets that offer coverage to organizations in around Franklin only consist of Anthem BCBS and Optima Health due to their strongest negotiated contracts with facilities and providers in the region.
 - **Dental**
 - Delta Dental
 - **Vision**
 - EyeMed
- **Marketing Results:**
 - Anthem BCBS combined with Delta Dental and EyeMed- \$203,276 above renewal or 11.8% increase over renewal
 - Optima Health combined with Delta Dental and EyeMed- \$290,755 above renewal or 16.9% increase over renewal

2016 -Renewal **Recommendation**

- **Renew with The Local Choice with current plan designs Key Advantage 250 and Key Advantage 1000 with current premium contribution strategy in place.**

Total City of Franklin Annual Cost	Annual Increase(City of Franklin)	Percent of Premium
\$1,194,098	\$67,228	70 %

- **The City of Franklin may consider altering premium contribution with employees to further mitigate our increase.**

Executive Summary

2016 Recommendations- Impact

Financial-

- By keeping our current premium contribution percentages the same and renewing with our same plan designs the impact to our total enrolled employee population would be \$31,063 annually spread over 157 currently enrolled. Based on this recommendation The City of Franklin will still meet ACA affordability mandates in offering of coverage provisions.
- Beginning January 1, 2020, the Affordable Care Act (“ACA”) imposes a 40% excise tax (the “Cadillac tax”) on the values of group health plan coverage exceeding prescribed thresholds.
 - The 2020 thresholds are \$10,200 for single coverage and \$27,500 for family coverage .
 - The City of Franklin current plans are trending to the extent that they will be over the current established thresholds by 2020, thus requiring change.

Benefit Design-

- Offering a dual plan offering that will lead City of Franklin towards a “consumer driven” healthcare strategy whereas employees have more incentive to be a healthier consumer which lowers costs.
- Benefit Changes with The Local Choice (mandated)
 - Autism Spectrum Disorder will now be covered for age 2 years through 10 year (instead of through age 6)
 - Effective January 1, 2016 Medicare Retiree participants enrolled in Advantage 65 with Dental/Vision or Medicare Complementary (Option 1) now have dental benefits administered by Anthem Dental.

Long Term -Strategic Process

Human Capital Expectations

Aligned expectations

**Pro-active,
long term
strategy**

↑
Gap
↓

↑
Gap
↓

Current benefits plans strategy

**Senior Management's
Expectations (Board)**

Steps to a Strategic Plan

1. Identify strategic targets and milestones while remaining in compliance with the Affordable Care Act ("ACA").
2. Identify plan that supports compliance and monitor ACA impact on The City of Franklin.
3. Explore market options that will afford The City of Franklin more sustainable options.
4. Explore the option of a qualified high deductible plan along with a health savings account that will benefit employees and bring The City of Franklin in line with their peer groups.
5. Develop proactive communication strategies to educate employees.
6. Prepare for 2020 Excise "Cadillac Tax" – The City of Franklin will monitor our total health care spending to keep within \$10,200 / \$27,500 for single/family coverage thresholds established by the Federal Government.

Next Steps

- **Partnering with a nationally recognized Benefits Consultant in USI Insurance Services to assist in providing robust analytics and cost saving solutions in the areas of:**
 - Underwriting & Analytics
 - Benchmarking
 - HR Services
 - Open Enrollment Support
 - Communications Strategies
 - Compliance & Healthcare Reform

- **Implement, update and monitor a Strategic Plan by forecasting future healthcare costs through Year 2020 using national and peer group trend factors and expected utilization to assist in mitigating expected increases in health care premiums year over year.**

- **Continue to monitor and enhance the overall Wellness Initiatives adopted by The City of Franklin**

- **Align The City of Franklin's benefit strategy to remain affordable and compliant in this ever-changing healthcare landscape as mandated by the ACA. This strategy will incorporate cost saving initiatives with a primary focus on consumer-driven options that mitigate financial exposure.**

Supporting Marketing Results

July 1, 2016 The Local Choice Renewal

					Current	Current	Current	Current	Renewal	Renewal	Renewal	Renewal
					Key Advantage 250 Preventive Dental	Key Advantage 1000 Preventive Dental	Key Advantage 250 Comprehensive Dental	Key Advantage 1000 Comprehensive Dental	Key Advantage 250 Preventive Dental	Key Advantage 1000 Preventive Dental	Key Advantage 250 Comprehensive Dental	Key Advantage 1000 Comprehensive Dental
Tier	250P	1000P	250C	1000C								
Employee	1	3	46	51	\$663.00	\$574.00	\$676.00	\$587.00	\$707.00	\$611.00	\$718.00	\$622.00
Employee + Child	0	2	5	10	\$1,227.00	\$1,062.00	\$1,251.00	\$1,086.00	\$1,308.00	\$1,130.00	\$1,328.00	\$1,151.00
Employee + Spouse	0	1	12	12	\$1,227.00	\$1,062.00	\$1,251.00	\$1,086.00	\$1,308.00	\$1,130.00	\$1,328.00	\$1,151.00
Family	0	0	3	11	\$1,790.00	\$1,550.00	\$1,825.00	\$1,585.00	\$1,909.00	\$1,650.00	\$1,939.00	\$1,679.00
Total Monthly Premium					\$663	\$4,908	\$57,838	\$71,264	\$707	\$5,223	\$61,421	\$75,513
Total Annual Premium					\$7,956	\$58,896	\$694,056	\$855,168	\$8,484	\$62,676	\$737,052	\$906,156
Annual Premium for Current Enrollment					\$1,616,076				\$1,714,368			
Annual Increase in Total Plan Premium									\$98,292			
Total Percentage Increase									6.08%			
BENEFITS												
In-Network	In Network Deductible (Ind./Family)				\$250 - Individual; \$500 - Family Max	\$1,000 - Individual; \$2,000 - Family Max	\$250 - Individual; \$500 - Family Max	\$1,000 - Individual; \$2,000 - Family Max	\$250 - Individual; \$500 - Family Max	\$1,000 - Individual; \$2,000 - Family Max	\$250 - Individual; \$500 - Family Max	\$1,000 - Individual; \$2,000 - Family Max
	Office Visit				PCP - \$20 copay, Specialist - \$35 copay	PCP - \$25 copay, Specialist - \$40 copay	PCP - \$20 copay, Specialist - \$35 copay	PCP - \$25 copay, Specialist - \$40 copay	PCP - \$20 copay, Specialist - \$35 copay	PCP - \$25 copay, Specialist - \$40 copay	PCP - \$20 copay, Specialist - \$35 copay	PCP - \$25 copay, Specialist - \$40 copay
	Preventive/Wellness				Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%
	Outpatient X-Ray & Diagnostic				10% coinsurance after deductible	20% coinsurance after deductible	10% coinsurance after deductible	20% coinsurance after deductible	10% coinsurance after deductible	20% coinsurance after deductible	10% coinsurance after deductible	20% coinsurance after deductible
	High Level Imaging				10% coinsurance after deductible	20% coinsurance after deductible	10% coinsurance after deductible	20% coinsurance after deductible	10% coinsurance after deductible	20% coinsurance after deductible	10% coinsurance after deductible	20% coinsurance after deductible
	Inpatient Hospital Care				\$300 Copay	20% coinsurance after deductible	\$300 Copay	20% coinsurance after deductible	\$300 Copay	20% coinsurance after deductible	\$300 Copay	20% coinsurance after deductible
	Outpatient Surgery				\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible
	Emergency Room				\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible
	Urgent Care				\$35 Copay	\$40 Copay	\$35 Copay	\$40 Copay	\$35 Copay	\$40 Copay	\$35 Copay	\$40 Copay
	Vision Care				\$35 Copay every 1 Year	\$40 Copay every 1 Year	\$35 Copay every 1 Year	\$40 Copay every 1 Year	\$35 Copay every 1 Year	\$40 Copay every 1 Year	\$35 Copay every 1 Year	\$40 Copay every 1 Year
	Prescription Drugs				\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV
	Out-of-Pocket Maximum				\$3,000 - Individual; \$6,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$3,000 - Individual; \$6,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$3,000 - Individual; \$6,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$3,000 - Individual; \$6,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max
Out-of-Network	Deductible				\$500 - Individual; \$1,000 - Family Max	\$2,000 - Individual; \$4,000 - Family Max	\$500 - Individual; \$1,000 - Family Max	\$2,000 - Individual; \$4,000 - Family Max	\$500 - Individual; \$1,000 - Family Max	\$2,000 - Individual; \$4,000 - Family Max	\$500 - Individual; \$1,000 - Family Max	\$2,000 - Individual; \$4,000 - Family Max
	Coinsurance				30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply
	Out-of-Pocket Maximum				\$5,000 - Individual; \$10,000 - Family Max	\$9,000 - Individual; \$18,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$9,000 - Individual; \$18,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$9,000 - Individual; \$18,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$9,000 - Individual; \$18,000 - Family Max

Supporting Marketing Results

Anthem BCBS Marketing Results

Tier					Renewal	Renewal	Renewal	Renewal	Alternative I	Alternative II
	250P	1000P	250C	1000C	Key Advantage 250 Preventive Dental	Key Advantage 1000 Preventive Dental	Key Advantage 250 Comprehensive Dental	Key Advantage 1000 Comprehensive Dental	HealthKeepers 20 POS Open Access	HealthKeepers Value Advantage 30/1000 POS Open Access
Employee	1	3	46	51	\$707.00	\$611.00	\$718.00	\$622.00	\$689.66	\$634.49
Employee + Child	0	2	5	10	\$1,308.00	\$1,130.00	\$1,328.00	\$1,151.00	\$1,372.43	\$1,262.64
Employee + Spouse	0	1	12	12	\$1,308.00	\$1,130.00	\$1,328.00	\$1,151.00	\$1,372.43	\$1,262.64
Family	0	0	3	11	\$1,909.00	\$1,650.00	\$1,939.00	\$1,679.00	\$2,151.74	\$1,979.60
Total Monthly Premium					\$707	\$5,223	\$61,421	\$75,513	\$62,201	\$87,604
Total Annual Premium					\$8,484	\$62,676	\$737,052	\$906,156	\$746,407	\$1,051,249
Annual Premium for Current Enrollment					\$1,714,368				\$1,797,655	
Delta Dental Annual Premium									\$104,180	
EyeMed Vision Annual Premium									\$15,809	
Combined Medical w/ Delta Dental & EyeMed									\$1,917,644	
Annual Premium Difference from TLC Renewal									\$203,276	
Annual Percentage Difference from TLC Renewal									11.86%	
BENEFITS										
In-Network	In Network Deductible (Ind./Family)				\$250 - Individual; \$500 - Family Max	\$1,000 - Individual; \$2,000 - Family Max	\$250 - Individual; \$500 - Family Max	\$1,000 - Individual; \$2,000 - Family Max	\$0 - Individual; \$0 - Family Max	\$1,000 - Individual; \$2,000 - Family Max
	Office Visit				PCP - \$20 copay, Specialist - \$35 copay	PCP - \$25 copay, Specialist - \$40 copay	PCP - \$20 copay, Specialist - \$35 copay	PCP - \$25 copay, Specialist - \$40 copay	PCP - \$20 copay, Specialist - \$40 copay	PCP - \$25 copay, Specialist - \$50 copay
	Preventive/Wellness				Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%
	Outpatient X-Ray & Diagnostic				10% coinsurance after deductible	20% coinsurance after deductible	10% coinsurance after deductible	20% coinsurance after deductible	PCP - \$20 copay, Specialist - \$40 copay	20% coinsurance after deductible
	High Level Imaging				10% coinsurance after deductible	20% coinsurance after deductible	10% coinsurance after deductible	20% coinsurance after deductible	20% coinsurance after deductible	20% coinsurance after deductible
	Inpatient Hospital Care				\$300 Copay	20% coinsurance after deductible	\$300 Copay	20% coinsurance after deductible	\$300 Per day to a \$1500 Max	20% coinsurance after deductible
	Outpatient Surgery				\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible	\$250 Copay	20% coinsurance after deductible
	Emergency Room				\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible	\$200 Copay	20% coinsurance after deductible
	Urgent Care				\$35 Copay	\$40 Copay	\$35 Copay	\$40 Copay	\$40 Copay	\$50 Copay
	Vision Care				\$35 Copay every 1 Year	\$40 Copay every 1 Year	\$35 Copay every 1 Year	\$40 Copay every 1 Year	\$15 Copay every 1 Year	\$15 Copay every 1 Year
	Prescription Drugs				\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$50 Tier III / \$20 Tier IV	\$10 Tier I / \$30 Tier II / \$50 Tier III / \$20 Tier IV
	Out-of -Pocket Maximum				\$3,000 - Individual; \$6,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$3,000 - Individual; \$6,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$4,000 - Individual; \$8,000 - Family Max	\$4,500 - Individual; \$9,000 - Family Max
Out-of-Network	Deductible				\$500 - Individual; \$1,000 - Family Max	\$2,000 - Individual; \$4,000 - Family Max	\$500 - Individual; \$1,000 - Family Max	\$2,000 - Individual; \$4,000 - Family Max	\$750 - Individual; \$1,500 - Family Max	\$1,500 - Individual; \$3,000 - Family Max
	Coinsurance				30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply
	Out-of -Pocket Maximum				\$5,000 - Individual; \$10,000 - Family Max	\$9,000 - Individual; \$18,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$9,000 - Individual; \$18,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$6,250 - Individual; \$12,500 - Family Max

Supporting Marketing Results

Optima Health Marketing Results

Tier					Renewal	Renewal	Renewal	Renewal	Alternative I	Alternative II
	250P	1000P	250C	1000C	Key Advantage 250 Preventive Dental	Key Advantage 1000 Preventive Dental	Key Advantage 250 Comprehensive Dental	Key Advantage 1000 Comprehensive Dental	Optima HMO Vantage POS 250/20/80%	Optima HMO Vantage POS 1000/25/80%
Employee	1	3	46	51	\$707.00	\$611.00	\$718.00	\$622.00	\$822.96	\$660.70
Employee + Child	0	2	5	10	\$1,308.00	\$1,130.00	\$1,328.00	\$1,151.00	\$1,522.62	\$1,222.42
Employee + Spouse	0	1	12	12	\$1,308.00	\$1,130.00	\$1,328.00	\$1,151.00	\$1,522.62	\$1,222.42
Family	0	0	3	11	\$1,909.00	\$1,650.00	\$1,939.00	\$1,679.00	\$2,222.28	\$1,784.14
Total Monthly Premium					\$707	\$5,223	\$61,421	\$75,513	\$71,231	\$85,864
Total Annual Premium					\$8,484	\$62,676	\$737,052	\$906,156	\$854,766	\$1,030,368
Annual Premium for Current Enrollment					\$1,714,368				\$1,885,134	
Delta Dental Annual Premium									\$104,180	
EyeMed Vision Annual Premium									\$15,809	
Combined Medical w/ Delta Dental & EyeMed									\$2,005,123	
Annual Premium Difference from TLC Renewal									\$290,755	
Annual Percentage Difference from TLC Renewal									16.96%	
BENEFITS										
P-Network	In Network Deductible (Ind./Family)				\$250 - Individual; \$500 - Family Max	\$1,000 - Individual; \$2,000 - Family Max	\$250 - Individual; \$500 - Family Max	\$1,000 - Individual; \$2,000 - Family Max	\$250 - Individual; \$500 - Family Max	\$1,000 - Individual; \$2,000 - Family Max
	Office Visit				PCP - \$20 copay, Specialist - \$35 copay	PCP - \$25 copay, Specialist - \$40 copay	PCP - \$20 copay, Specialist - \$35 copay	PCP - \$25 copay, Specialist - \$40 copay	PCP - \$20 copay, Specialist - \$35 copay	PCP - \$25 copay, Specialist - \$40 copay
	Preventive/Wellness				Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%
	Outpatient X-Ray & Diagnostic				10% coinsurance after deductible	20% coinsurance after deductible	10% coinsurance after deductible	20% coinsurance after deductible	20% coinsurance after deductible	20% coinsurance after deductible
	High Level Imaging				10% coinsurance after deductible	20% coinsurance after deductible	10% coinsurance after deductible	20% coinsurance after deductible	20% coinsurance after deductible	20% coinsurance after deductible
	Inpatient Hospital Care				\$300 Copay	20% coinsurance after deductible	\$300 Copay	20% coinsurance after deductible	\$300 Copay	20% coinsurance after deductible
	Outpatient Surgery				\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible
	Emergency Room				\$150 Copay	20% coinsurance after deductible	\$150 Copay	20% coinsurance after deductible	20% coinsurance after deductible	20% coinsurance after deductible
	Urgent Care				\$35 Copay	\$40 Copay	\$35 Copay	\$40 Copay	\$35 Copay	\$40 Copay
	Vision Care				\$35 Copay every 1 Year	\$40 Copay every 1 Year	\$35 Copay every 1 Year	\$40 Copay every 1 Year	Covered at 100%	Covered at 100%
Prescription Drugs				\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	\$10 Tier I / \$30 Tier II / \$45 Tier III / \$55 Tier IV	
Out-of-Pocket Maximum				\$3,000 - Individual; \$6,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$3,000 - Individual; \$6,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$3,000 - Individual; \$6,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	
Out-of-Network	Deductible				\$500 - Individual; \$1,000 - Family Max	\$2,000 - Individual; \$4,000 - Family Max	\$500 - Individual; \$1,000 - Family Max	\$2,000 - Individual; \$4,000 - Family Max	Coverage outside the HMO network is only provided for emergency care.	Coverage outside the HMO network is only provided for emergency care.
	Coinsurance				30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply	30% coinsurance Balance billing may apply		
	Out-of-Pocket Maximum				\$5,000 - Individual; \$10,000 - Family Max	\$9,000 - Individual; \$18,000 - Family Max	\$5,000 - Individual; \$10,000 - Family Max	\$9,000 - Individual; \$18,000 - Family Max		

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS