

**SOUTHEASTERN PUBLIC SERVICE
AUTHORITY**

STRATEGIC PLAN

FISCAL YEARS 2011 – 2016

DECEMBER 2010

EXECUTIVE SUMMARY

The purpose of this strategic plan is to identify the major challenges of the organization and to subsequently develop action plans necessary to successfully meet those challenges.

In accordance with State law, the SPSA Board of Directors provides this Strategic Plan for major activities which will be undertaken by the Board and its Staff over the next five fiscal years beginning July 1, 2011 and ending June 30, 2016.

With the sale of the Waste-to-Energy portion of SPSA's operations to Wheelabrator Technologies on April 29, 2010, the SPSA organization has gone through major changes in its core businesses, financial condition and how it disposes of the region's solid waste.

Several of the previous "core businesses" are no longer conducted by SPSA. No longer are steam and electricity from the burning of processable waste from the region sold by SPSA. Other services no longer provided by SPSA are residential and commercial recycling, yard waste recycling, ferrous metals recycling from the WTE plants, burning of proprietary waste, Nature's Blend compost and document destruction.

SPSA's primary focus now is the disposal of municipal waste from the region's eight member communities. SPSA continues to operate the regional landfill located in Suffolk, a tire recycling program, transfer station operation, transportation of waste from the transfer stations to the RDF plant in Portsmouth, methane gas, household hazardous waste disposal, white goods recycling and Freon removal. Privatization of some or all of these will be studied throughout the Plan's five year period.

Many reductions have occurred to SPSA over the past months. SPSA has reduced its debt from \$240 million in 2009 to \$78 million in 2010. The major portion of this came from the sale of the waste to energy system to Wheelabrator Technologies, LLC for \$150 million. Staffing has reduced from 2008 budget totals of approximately 464 employees to 155 today. This includes 174

employees who went to work for Wheelabrator after it bought the Waste to Energy facilities and a 135 reduction in the remainder of SPSA's workforce.

Many other reductions in the operating budget were also made. These items have lead SPSA to a very strong financial position where the organization will soon pay down more debt than previously anticipated. These accomplishments have lead to a reduction in the municipal tipping fee and will likely see continued reductions in the years ahead. All capital expenditures are being made without the use of borrowed funds which had been the practice before.

SPSA has addressed many challenges over the past 2 1/2 years in particular and there are still challenges to come. The strength of the organization remains in the dedication of the employees and their willingness to step up to the tasks which have been set before them. They have worked tirelessly, admirably and exemplarily. The Board is very appreciative for all they have done and all they will certainly continue to do over the years ahead.

SPSA's "life" as a waste disposal agency ends on January 24, 2018 unless the communities take action to enter into an additional use and support agreement with SPSA as the lead agency. If the communities do not wish to do this, SPSA will cease solid waste disposal activities.

This Strategic Plan provides SPSA with overall direction on how to address the challenges which will be faced by the Authority in the future. The Strategic Plan does not describe each and every specific action that will be required in order for the Authority to run smoothly, meet its service needs and continue to be a financially viable organization. These are too numerous to include within this document. However, this Strategic Plan does succinctly lay out and address what the SPSA Board of Directors does view as the most pressing items which must be addressed if the Authority is to sustain the excellent services it now renders to the member communities.

The SPSA Board will receive quarterly updates on how the implementation of the Strategic Plan is progressing. Questions and suggestions on modifications can be made during these review sessions.

It should be realized by all parties that the make up of a SPSA type organization after January 24, 2018 may not include all eight communities that currently are members of SPSA.

MISSION

To Manage and Operate Safe, Cost Effective and Environmentally Responsible Solid Waste Disposal

VISION

SPSA Will be a Quality-Focused Organization which Seeks Improvement and Cost Effectiveness

VALUES

Integrity
Excellence
Accountability
Cooperation
Teamwork

CORE BUSINESS

Operate and Manage the Regional Landfill
Operate and Manage All Transfer Stations
Provide for the Transportation of Processable Waste

GOALS

These represent the accomplishments the organization would like to achieve over the next five years:

1. Establish Financial Policies
2. Consider Outsourcing SPSA Functions
3. Develop Employee Incentive and Retainage Program
4. Obtain Communities' Responses Regarding SPSA's Role In Waste Disposal After January 24, 2018
5. Define "Milestone Dates"
6. Obtain the Permit for Cell VII
7. Determine the Future of the Regional Landfill by the December 31, 2012

OBJECTIVES AND ACTIONS TO ACOMMPHISH GOALS

1. Establish Financial Policies

- To Provide Effective Financial Management
- Maintain a Level and/or Declining Municipal Tipping Fee

Actions:

- A. Develop Financial Policies for Board Approval
- B. Monitor Financial Costs and Develop Trend Analysis

2. Consider Outsourcing SPSA Functions

- Sell or Lease the SPSA Portion of the Regional Office Building
- Determine the Feasibility of Outsourcing Transportation Services
- Determine Feasibility of Operating Household Hazardous Waste, Used Oil, Tire Shredder, White Goods Disposal and Freon Extraction Services Programs

Actions:

- A. Develop a 'White Paper' Outlining the Various Options for Selling/Leasing the Regional Office Building
- B. Perform Analysis of Existing Transportation and Equipment and Vehicle Maintenance System
- C. Perform an Analysis of the Household Hazardous Waste, Used Oil and Freon Extractions Programs to Determine if Programs Should Be Discontinued.

3. Develop Employee Incentive and Retainage Program

- Establish a Board Policy Providing For an Employee Incentive/Retainage Program
- Identify Key Employee Positions
- Determine the Type and Level of Incentive Program

Actions:

- A. Develop a Board Policy That Governs the Program
- B. Develop a Listing and Justification for Positions Placed in This Program

OBJECTIVES AND ACTIONS TO ACOMPLISH GOALS CONTINUED

4. Obtain Communities' Responses Regarding SPSA's Role In Waste Disposal After January 24, 2018

- Determine SPSA's Role Post 2018

Actions:

- A. Obtain Communities' View on SPSA's Role in Regional Waste Disposal After 2018
- B. Work with SCS Engineers As They Update the Post 2018 Study

5. Define "Milestone Dates"

- Record All "Milestone" Dates
- Provide a Description of the "Milestone" Date
- State the Significance of Each Date

Actions:

- A. List "Milestone" Dates with Description and Potential Impacts.

6. Obtain the permit for Cell VII

- Submit required information to finalize the Part B Application

7. Determine the future of the Regional Landfill by December 31, 2012

- Determine the Feasibility of Selling/Contracting Operations/Closing of the Regional Landfill
- Develop an emergency operations plan for waste disposal.
- Establish opportunities for Board of Director's discussions of the "Pros and Cons" of operating the regional Landfill.

Actions:

- A. Perform Legal Research to Determine if the Regional Landfill Can Be Sold, Leased or Closed Based Upon the Parameters of the Use and Support Agreements