



A Public Agency

CONSENT CALENDAR

DRAFT MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
March 23, 2017 – 2:00 p.m.
San Carlos Library Conference Room A/B**

Call To Order: 2:00PM

1. Roll Call

Agency	Present	Absent	Agency	Present	Absent
Atherton		X	Menlo Park		X
Belmont	X		Redwood City	X	
Burlingame		X	San Carlos	X	
East Palo Alto		X	San Mateo	X	
Foster City	X		County of San Mateo		X
Hillsborough	X		West Bay Sanitary District	X	

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so.

Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting.

If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

None

3. Executive Director's Report

Executive Director La Mariana focused on a few high-profile items in his staff report. First, the Franchise Agreement Extension update. He noted that, after 16 meetings, the last scheduled meetings for the negotiations team was Monday and the last scheduled FAX Committee meeting is on Tuesday the 28th. He also noted that the two sides are making good progress, and they are still working on trying to get agreement on compensation, and a proposed risk-sharing strategy. He noted that there is a notable financial benefit to a 15-year term to the Member Agencies, so that is being considered as the preferred term. He added that staff is also spending significant time on redline language that is going back and forth and the FAX finding report. The Power Point to be presented to the Board in April are also in production, and the cost peer review is now completed. He then went over the schedule of meetings, and noted that the April Board Meeting will be a 3-hour meeting beginning at 1:00PM. Second, he gave an overview of Shoreway Operations items during the last month, and items that will be discussed later today including the capital budget items for the FY1718 budget. He noted that for the most part, the fire restoration work is finished, except for the roof. A check for the entire \$1.3M business interruption loss was received. Lastly, he gave some legislative development updates. He noted that the industry is trying to get support for AB1147 which establishes boundaries for illegal scavenging of recyclable

materials, which has a direct cost impact to the rate payers. He noted the Recology has sent out a letter to the City Managers asking for Member Agency support of this bill. He also noted an important trend in the industry, extended producer responsibility (EPR), focuses on creating responsibility and accountability for key problematic materials that enter into the waste stream. He noted that an example of a problematic material is lithium ion batteries. Staff is working to create a clear path on how to handle them from cradle to grave.

Member Benton asked if both fires were started by lithium ion batteries.

Executive Director La Mariana answered that the MRF fire has all the characteristics of a lithium ion battery fire, so although we don't know for sure, it very likely was. The transfer station fire was likely a chemical fire but, again, it's not confirmed. He also added that staff will be coming back to the Board in September with recommendations on how to migrate those batteries out of the MRF.

He noted that the legislature is working to fund larger scale infrastructure to handle the organics material diverted from landfills over the next five years due to legislative policy. He also noted that at the SWANA legislative planning he recently attended, the environmental leadership in the state is committed to being the stalwarts in Sacramento and the nation and are resolved to maintaining standards of environmental leadership.

4. Approval of Consent Calendar

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

A. Approval of Minutes from the February 23, 2017 Board of Directors Meeting

Member Bonilla motioned to accept the minutes of February 23.

Member Benton seconded the motion

Voice Vote: All in favor

5. Administration and Finance

A. Approval of the Executive Director's Assessment and Recommendations of SBWMA Staffing and Operations

Executive Director La Mariana noted that the assessment is a result of the Board's desire to have the newly appointed Executive Director review how the agency runs, why the agency does what it does, and how to enhance key Member Agency benefits. He noted that those benefits are bulk buying power, ownership of the facility providing direct control over costs, shared costs for compliance, and regional advocacy. He added that the assessment allows for an opportunity to present the agency priorities, how to improve resource allocation, and long term planning priorities including sites and programs and moving forward to coordinate the rate year with the calendar year sometime in the next couple of years.

Member Benton asked if the assessment attached to this month's agenda was the same as the one from the closed session last month.

Executive Director La Mariana answered that it is substantively the same, but a few portions were taken out at Jean's request from a legal perspective.

Counsel Savaree noted that there were some grammar changes, and took out information that related to specific employees.

Member Benton noted that there is self-auditing of the contractors, and asked if we get audited by the state.

Executive Director La Mariana answered that most of the audits pertain to the Shoreway site, and the mandated waste diversion programs are self-reported to our lead regulatory agency (CalRecycle) each August first on behalf of all 10 Member Agency cities to Cal Recycle. By law, Calrecycle also conducts a comprehensive four-year review cycle with each jurisdiction to ensure full compliance with all diversion mandates.

Member Aguirre made a motion to approve.

Member Hurt seconded the motion

Roll Call Vote: 7-0-0-5

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton				X	Menlo Park				X
Belmont	X				Redwood City	X			
Burlingame				X	San Carlos	X			
East Palo Alto				X	San Mateo	X			
Foster City	X				County of San Mateo				X
Hillsborough	X				West Bay Sanitary Dist.	X			

B. Approval of the Executive Director’s Goals for 2017

Executive Director La Mariana noted that with the collaboration of the Board Chair he was asked to put forth some goals, with the deliberate intention to keep them at a very high level, and maintain accountability in the 5 areas that have been identified in the staff report to respond to the Board’s needs and the needs of the Agency.

Member Aguirre commented that she’d like the Agency goals to include planning for something unforeseen, as this year there were two fires, and she’d like to know how the Agency is planning for that.

Executive Director La Mariana answered that there are four reserve fund categories that total \$13M dollars, and those give the safety net we need in those types of situations. He also noted, in terms of the fires, staff has been proactive in working with fire marshals, and insurance industry experts, and industry experts in the waste industry.

Member Aguirre noted that she was not thinking specifically about fires, but about unforeseen issues especially with the current administration that could work against things the agency has been working so hard on.

Executive Director La Mariana suggested expanding goal number 5, and discussing some of these specific issues.

Member Dehn noted that she agreed with the goals and the categorization but that they weren’t tied to any deliverables. She asked if when it came to the review period it would be tangible enough to be able to give the Board a successful understanding that the goals have been fulfilled.

Chair Grassilli commented that he was comfortable because of the contract being the single biggest thing the Agency needs to accomplish this year, and this year is a bit of an outlier type of year.

Vice Chair Bronitsky commented that he would judge the head of the organization on his ability to lead the organization, and the goals are just one part of the review process.

Member Benton made a motion to accept the Executive Director Goals

Member Bonilla seconded the motion

Roll Call Vote: 7-0-0-5

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton				X	Menlo Park				X
Belmont	X				Redwood City	X			
Burlingame				X	San Carlos	X			
East Palo Alto				X	San Mateo	X			
Foster City	X				County of San Mateo				X
Hillsborough	X				West Bay Sanitary Dist.	X			

C. Approval of Change order number one to contract with SCS Engineering for assistance to the SBWMA with the Franchise Agreement Extension Process

Executive Director La Mariana gave an overview of the staff report noting that SCS Engineers is providing gap staff coverage for the negotiations process as well as several other items. He noted that another \$18,400 is projected to be needed to get through what is currently projected as the end of the negotiations process.

Member Bonilla motioned to approve noting an actual copy of the resolution was not included in the packet, but he approved the dollar amount.

Chair Grassilli noted that staff would properly write the resolution

Member Dehn seconded the motion

Roll Call Vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton				X	Menlo Park				X
Belmont	X				Redwood City	X			
Burlingame				X	San Carlos	X			
East Palo Alto				X	San Mateo	X			
Foster City	X				County of San Mateo				X
Hillsborough	X				West Bay Sanitary Dist.	X			

6. Collection and Recycling Program Support and Compliance

No Items

7. Shoreway Operations and Contract Management

A. Discussion of Capital Budget FY17/18

Staff Gans noted that usually the capital budget is presented along with the entire agency budget, but to make it easier to digest, staff is presenting the capital budget first. He noted that it is a 5 year forecast to 2021-22 which will warrant a lot of discussion of financial planning on the part of the agency. He highlighted the proposed FY1718 budget year's two largest items, fire suppression at \$225,000 and \$650,000 for a glass conveyance and load out system. He noted that he is working with Hanover Insurance to see what additional constraints we'll be required for insurance or if they'll insure at all. That question is still outstanding. Regarding glass handling, he noted the conveyor would be trading operational cost for capital cost, and has a five to six year payback. He added that bids went out for this project this year, but bids came back higher than expected so it's being rolled to next year. He then listed proposed long term capital projects for the next few year-- the transfer station expansion at \$2.8M, and the mixed waste processing system at \$14M. He noted a forecast \$4.6M in

capital reserves at the end of this year, that will pay for the expansion without any rate impacts, but not the mixed waste processing system. Therefore, this project may require the Board to seek financing if we want to proceed with that project. He also mentioned the fuel replacement system discussed in the long range plan. He noted that staff is still in discussions with Recology on fuel for a future fleet, and how to transition to that fuel. He added that CNG doesn't have the same financial appeal as when it was first looked at in the long range plan, and the two fuels have leveled out in price. But he also remarked, that there is an antiquated fuel system at Shoreway that produces a groundwater contamination risk so it does need to be addressed and there is a reserve fund set up that is being held onto from the cleanup of contaminated soil of \$1.2M that can be dedicated to that project. Lastly, he added that there is \$1M in paving over two years because the pavement is aging at Shoreway.

Member Benton commented that he was surprised to know that there are still single wall underground fuel tanks at Shoreway.

Staff Gans noted that the tanks are grandfathered in, they wouldn't be allowed in the ground today. He added that they are monitored and haven't leaked, but there is an increased chance of risk. He added that the natural time to switch is at the contract anniversary and to look at the kind of fuel the fleet uses.

Member Benton also asked if staff was planning for a significant rate increase in insurance.

Executive Director La Mariana answered that we are in discussions with the insurance broker on the renewal of the current package of services. He added that there are some early indicators that there will be an increase, but there could be tradeoffs if an investment is made in fire suppression technology. He also added that they won't be fully formed in terms of budget process deadlines, so we'll take a conservative business approach to estimate for the budget.

Member Benton asked if there was a possibility of being uninsurable.

Executive Director La Mariana answered that it has been discussed, and that staff is doing everything we can to maintain insurability on the property. He also added that staff is working with industry experts nationwide to have a louder voice to help with the insurance coverage.

Member Benton requested that the discussion regarding lithium batteries be moved up in importance at the Board level.

Member Hurt asked about the funding for the capital projects listed in FY17/18.

Executive Director La Mariana answered that the dollar amount for the transfer station expansion in FY17/18 can be funded by drawing from the undesignated capital reserve, but the FY19/20 mixed waste processing system that will help meet the states aspirational goal of 75% diversion will need bond funding. He noted that the mixed waste processing system will cull out recoverable material from the black bins primarily organic material.

Member Benton commented that he appreciated bringing these capital items ahead of the budget discussion.

- B. Resolution approving Shoreway Environmental Center (SEC) Conveyor Project, SBWMA-2 Rejection of Bids

Chair Grassilli noted that Staff Gans explained in the previous item that bids went out for this project this year, but bids came back higher than expected so it's being rolled to next year, this resolution is to reject those bids.

Member Aguirre made a motion to accept resolution 2017-17

Member Hurt seconded the motion

Roll Call Vote: 7-0-0-5

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton				X	Menlo Park				X
Belmont	X				Redwood City	X			
Burlingame				X	San Carlos	X			
East Palo Alto				X	San Mateo	X			
Foster City	X				County of San Mateo				X
Hillsborough	X				West Bay Sanitary Dist.	X			

C. Shoreway Facility Operations Update

Staff Gans noted the VRS contract has been approved by the County Board of Supervisors, so that item is complete. He also noted an item that has come up since the agenda packet was posted but thought the Board should discuss it. Since the last Board meeting there have been two additional fires one in the MRF and one in the transfer station, both from lithium ion batteries. He noted that there are incidental fires at the facility, usually there is 60 people around, and they have a quick response and the fire is a non-incident. He added that it continues to be a problem, and will continue to be a really hard problem to solve, and the industry, as a whole, needs to deal with it and will be wrestling with it for quite a while.

Vice Chair Bronitsky asked if a smoking suitcase shows up is there not an emergency response team that is called to deal with it. He also noted that the battery item needs to be moved to the forefront of the Board's discussion, and he suggested inviting state legislators to the meeting when batteries are discussed so that laws can change to force everyone who manufactures something with a lithium ion battery to provide for a way to recycle the battery. The people who manufacture need to be responsible for safe ways to dispose of them.

Staff Gans noted that in this industry we are the handler of last resort for a lot of items, and some of the materials received are a surprise. He did note that there has been a movement in the industry to push responsibility back up stream the term is extended producer responsibility (EPR) that tries to assign a cost to an item for its management. Some items with EPR are paint and florescent bulbs. He noted that he's engaged with some people who can engage with the SBWMA voice on a national level, and it's something we will work on for a while.

Member Benton commented that in the meantime there needs to be a PR program to our residents and raise the concern with the rate payers.

Member Dehn asked if there was a reporting mechanism requirement to the state for tracking fires and their severity. And do we have to report to the insurance company?

Staff Gans answered no reporting to either is required at this time, but reporting of all fires may be coming to the insurance company.

Executive Director La Mariana added that lithium ion battery issues are a classic case for Extended Producer Responsibility. He noted that in the Agency assessment, there is a section where he would like to see the

Agency have a louder voice with legislation. He also noted that he agreed that an education campaign is critical. He also noted that this is a big issue for staff to get their hands around because a working alternative option needs to be in place before the campaign launches, so staff will be coming back to the Board in September with the necessary research and vetting for a meaningful response plan to the battery collection issues.

Member Bronitsky asked to make sure that the plan also includes a plan for when a suitcase shows up smoking at the facility to make sure people don't get hurt.

Member Aguirre commented that she would like to see what others in the industry are doing and if they are collecting batteries or if not what happens when the batteries are not collected.

Member Benton asked for clarification if the battery fires are started from correct or incorrect disposal by the residents.

Executive Director La Marina answered both, sometimes the drivers just don't see the zip type bag on top of the blue cart because its dark out or raining, so even if the resident is doing the right thing batteries can still end up in the truck, so the whole program is being rethought, and staff will have recommendations for the Board in September.

8. Informational Items Only (no action required)

- A. Franchise Agreement Extension Discussions Calendar
- B. February 2017 Check Register Detail
- C. 2018 Finance and Rate Setting Calendar
- D. Future Board Agenda Items

9. Board Member Comments

Member Benton commented that the process with Hanover insurance has gone unusually smooth. He complimented Farouk and Hilary on their attention to detail on the paperwork, and noted that Hanover is a stand up outfit as well.

Staff Gans complimented Hanover as well, and also added that Tanner Pacific and SBR also were meticulous in the paper work and kept the process moving quickly.

10. Adjourn 3:05PM

STAFF REPORT

To: SBWMA Board Members
From: Farouk Fakira, Finance Manager
 Joe La Mariana, Executive Director
Date: April 27, 2017 Board of Directors Meeting
Subject: Resolution Approving Calendar Year 2016 Financial Statements

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2017-18 attached hereto authorizing the following action:

- Approving the South Bayside Waste Management Authority's Financial Report for Calendar Year 2016 as reviewed by SBWMA's audit firm, Maze & Associates.

Analysis

As part of the 2009 Bond Indenture, the SBWMA is required to present unaudited calendar year Financial Reports to the bond rating agencies by May 1st. These reports were reviewed on April 4th, 2017 by the Board Finance Committee which recommends approval. The reports are limited to information that is required in the bond indenture and include the results of the bond covenant tests.

The attached SBWMA Financial Reports (see Attachment A) for the calendar year ending December 31, 2016, have been prepared by the City of San Carlos Administrative Services Department with assistance from SBWMA staff and examined by the independent auditing firm of Maze & Associates. The audit firm reported that the SBWMA's financial reports were prepared in conformity with generally accepted accounting principles (GAP), however, the reports are in an unaudited status.

Overview of the Financial Reports

Table 4 of the attached Financial Report, shows the operating income for calendar year 2016 of \$2,544,792 (Modified Change in Net Position), while Table 5 shows that the bond covenant requirements have been achieved, the SBWMA is obligated by the bond indenture to set tip fees at Shoreway that produce financial results which generate enough revenue to achieve the covenant tests. (Table 5, shows a break-even coverage of 1.02 and a bond debt coverage of 1.99 that meet the requirements minimum of 1.0 and 1.40 respectively of the Bond of the Bond Indenture. These tests intended to show sufficient liquidity by the agency and are typical for these types of revenue bonds.

Bond Covenant Test	Minimum	Calendar Year	
	Ratio	2015	2016
<i>Break-even Ratio</i>	1.00	1.02	1.02
<i>Debt Coverage Ratio</i>	1.40	1.58	1.99

Break-even Even Coverage Ratio: Total Revenue/Total Expenses

Bond Debt Coverage Ratio: Net Income/Debt Services ♣ (Debt Services = interest plus payment of principal).

Background

On July 23, 2009 the Board approved a resolution authorizing the issuance of solid waste enterprise revenue bonds Series 2009A (tax-exempt) and Series 2009B (taxable) to the City of Burlingame. In 2013, the Board approved the payoff of the 2009B bond one year early with surplus funds to save interest expense. The bond indenture requires annual financial reporting on a fiscal (audited) and calendar year (unaudited) basis.

Most of our business is conducted on a calendar year basis. Our contract rates with SBR, Recology, and disposal and processing vendors all are adjusted effective January 1st. The tip fees at Shoreway are also adjusted, if needed, on January 1st. Therefore, for bond reporting, it made sense to report our financial results on a calendar year basis, however, our fiscal year ends on June 30th.

Maze & Associates also audits our fiscal year financial statements. The audited financial statements for FY15/16 were approved by the Board at the January 26, 2017 Board meeting.

Fiscal Impact

There is no fiscal impact associated with this item.

Attachments:

Resolution 2017-18

Attachment A – 2016 Unaudited Calendar Financial Statements



RESOLUTION NO. 2017-18

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE CALENDAR YEAR 2016 FINANCIAL STATEMENTS

WHEREAS, the South Bayside Waste Management Authority contracted with the audit firm of Maze & Associates to conduct a review of the Agency's financial records in accordance with Governmental Accounting Standards; and

WHEREAS, the financial statements for the calendar year ending December 31, 2016 as prepared by said firm have been completed; and

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the unaudited Annual Financial Report as prepared by Maze & Associates for the calendar year ending December 31, 2016.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 27th of April, 2017, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist.				

I HEREBY CERTIFY that the foregoing Resolution No. 2017-18 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on April 27, 2017.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
UNAUDITED FINANCIAL INFORMATION
DECEMBER 31, 2016

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SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

UNAUDITED FINANCIAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2016

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COMPILATION REPORT

To Members of the Board of Directors of the
South Bayside Waste Management Authority (Authority)
San Carlos, California

Management is responsible for the accompanying Unaudited Statement of Revenues, Expenses and Changes in Net Position and Unaudited Calculation of Debt Service Coverage (financial information) for the Year ended December 31, 2016, in accordance with the form prescribed by the \$53,500,000 South Bayside Waste Management Authority Solid Waste Enterprise Bonds (Shoreway Environmental Center) Series 2009A Official Statement. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial information nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial information.

The Authority's financial information mentioned above were prepared on the basis in accordance with the form prescribed by the \$53,500,000 South Bayside Waste Management Authority Solid Waste Enterprise Bonds (Shoreway Environmental Center) Series 2009A Official Statement (Official Statement), and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

Management has omitted the disclosures ordinarily included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, because such disclosures are not a requirement of the Official Statement.

This report is intended solely for the information and use of the Board of Directors of the Authority for the compliance of with the Official Statement, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
March 27, 2017

TABLE 4
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
UNAUDITED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES	
Charges for services	\$ 35,983,650
Commodity revenue	6,830,497
Other	<u>1,012,358</u>
Total Operating Revenues	<u>\$ 43,826,505</u>
OPERATING EXPENSES	
Shoreway operations	\$ 36,611,612
SBWMA program administration	2,160,652
Franchise Fee-Transfer Station	<u>1,713,507</u>
Total Operating Expenses	<u>\$ 40,485,771</u>
Operating Income (Loss)	<u>\$ 3,340,734</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	\$ 123,952
Interest-2009A Bond	(2,793,446)
Facility Fire - Insurance Claim Proceeds	7,570,465
Facility Fire - Repair Expense	(4,598,053)
Loss on Disposal of Assets	<u>(1,098,861)</u>
Net Nonoperating Revenue (Expense)	<u>(795,942)</u>
MODIFIED CHANGE IN NET ASSET ⁽¹⁾	\$ 2,544,792
RECONCILIATION TO NET ASSETS	
Reduction of Bond Liability	(1,310,000)
Payment of Principal	1,310,000
Premium 2009A Reserve Fund FHLMC	7,500
Depreciation Expense (non-cash)	<u>(3,224,168)</u>
TOTAL RECONCILIATION TO NET ASSETS	<u>(3,216,668)</u>
NET CHANGE IN NET ASSETS	<u>\$ (671,877)</u>
NET POSITION AT BEGINNING OF YEAR	\$ 20,115,589
NET ASSET AT END OF YEAR	<u><u>\$ 19,443,712</u></u>

⁽¹⁾ Includes interest income and interest expense

See Independent Accountant's Compilation Report

**TABLE 5
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
UNAUDITED CALCULATION OF DEBT SERVICE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Operating and Non-Operating Revenues (from Table 4)	\$	51,520,922
Rate Stabilization Fund reserves ^(See Note)		-
Total Revenues and Additional Revenues	\$	51,520,922
Expenses		
O&M Cost	\$	38,772,264
Facility Fire - Repair Expense		4,598,053
Debt Service		4,103,446
Subordinate Charges		1,713,507
Loss on Disposal of Assets		1,098,861
Total Expenses	\$	50,286,130
Coverage (Total Revenues/Total Expenses) ⁽¹⁾		1.02
Operating and Non-Operating Revenues (from Table 4)	\$	51,520,922
<i>plus</i> Rate Stabilization Fund reserves ^(See Note)		-
Total Revenues	\$	51,520,922
<i>less</i> O&M Expenses / Fire Repairs	\$	43,370,317
<i>equals</i> Net Revenues	\$	8,150,605
Debt Service		4,103,446
Coverage (Net Revenues/Debt Service) ⁽²⁾		1.99
Ending Unrestricted Net Position	\$	13,532,497

(1) Required to be 1.0 or greater

(2) Required to be 1.4 or greater

Source: The Authority

Note: Reserves from the Rate Stabilization Fund are legally available for the payment of debt service. The purpose of the Rate Stabilization Fund is to minimize Transfer Station rate increases resulting from significant one-time revenue shortfalls (e.g. commodity price decreases, loss of tipping fee revenues due to short or long-term closures of the Shoreway facility, etc.). None was required for the year ended December 31, 2016.

See Independent Accountant's Compilation Report

STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Facility Operations Contract Manager
Date: April 27, 2017 Board of Directors Meeting
Subject: Resolution Approving Transfer Station Conveyor Replacement

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution 2017-19 attached hereto:
Resolution Authorizing the Executive Director to enter into a contract to replace the transfer station conveyor in the not-to-exceed amount of \$247,529

Summary

A conveyor located in the Shoreway transfer station was damaged in the fire that occurred on September 11th, 2016. Staff has conducted a bid process and BHS was the selected bidder to furnish and install a replacement conveyor. The conveyor replacement project has been reviewed by Hanover Insurance and has been approved as a fire related reimbursable expense. SBWMA will submit this expense to Hanover for 100% reimbursement after installation is completed in early summer.

Analysis

Over the past year, staff has been working to complete repairs and replacement of fire damaged equipment. Equipment manufactures were solicited in a bid process that resulted in BHS being selected as the preferred equipment contractor to replace the conveyor at the Shoreway transfer station.

Background

Shoreway had two significant fires in September 2016, one in the transfer station building and one in the MRF building. The fire department responded to both fires promptly. The transfer station fire caused minimal smoke and equipment damage and only a conveyor was damaged beyond repair.

Fiscal Impact

No budget impact. Fire damaged equipment is a reimbursable expense and the cost of the transfer station conveyor will be covered by Hanover Insurance

Attachments:

Resolution 2017-19



RESOLUTION NO. 2017- 19

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT TO REPLACE THE TRANSFER STATION CONVEYOR IN THE NOT TO EXCEED AMOUNT OF \$247,529

WHEREAS, the SBWMA is responsible for maintaining the Facilities in good working order and in compliance with regulations.

WHEREAS, equipment was damaged in the transfer station by a fire that occurred on September 10, 2016 and replacement of the conveyor was bid and BHS was selected as the low bidder

WHEREAS, the conveyor replacement is covered under the SBWMA's property insurance coverage with Hanover Insurance and is fully reimbursable expense.

NOW, THEREFORE BE IT RESOLVED, that the South Bayside Waste Management Authority hereby Approve a Resolution Authorizing the Executive Director to enter into a contract to replace the transfer station conveyor in the not to exceed amount of \$247,529

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on 27th of April, 2017, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2017-19 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on 27th of April, 2017

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary