



MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE FINANCE COMMITTEE
January 9, 2018 – 12:15 p.m.
San Carlos Library Conference Room A**

Call To Order: 12:22PM

1. Roll Call

Agency	Present	Absent
Bill Widmer	X	
Michael Brownrigg	X	
Carol Augustine	X	
Jay Benton	X	

SBWMA Staff Member Present: Farouk Fakira, Joe La Mariana, Cyndi Urman

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. Adjourn to Closed Session** – Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiator
Agency Designated Representative: Joe La Mariana
Unrepresented Employees: Environmental Education Programs Manager and Finance Manager

- 4. Roll Call Regular Session**
Call to Order: 1:27PM

5. Additional Public Comment

None

- 6. Approval of the Minutes from the April 4, 2017 Finance Committee Meeting**
Motion: Member Brownrigg
Second: Member Benton
Voice Vote: All in Favor

7. Mid-Year FY1718 Budget Review

The Finance Committee reviewed the mid-year budget analysis.

Member Widmer noted that in his opinion there was nothing glaring, in the mid-year review. In his opinion the tip fees were raised to high, and things need to settle out in China before any changes are made.

Executive Director La Mariana noted that there has been a dramatic change in revenues, and recommended drawing on the rate stabilization reserve fund to balance that revenue gap. He added that this China market fluctuation is not the normal up and down market shift, this is a change in political policy on the part of China. He suggested to stay the course and not uses reserves.

Member Brownrigg noted that the bottom line of the mid-year is positive, so why dip into the reserves.

Member Benton commented that the increase in non-franchised tons is good news, and noted that \$3.7 in improved revenue and \$2.7 in cost so the budget is positive.

Member Widmer asked if there was commodity share

Staff Fakira noted that the tons from Recology are food waste not commodities so there is no commodity share. There is a small profit on C&D and food waste tons.

Member Benton pointed out that commodities are down \$1.9 and revenue is down \$1.2 so that is the problem.

Member Widmer commented that it needs to be monitored but it's too soon to dip into reserves.

Member Benton asked if there was an even bigger insurance increase than expected.

Executive Director La Mariana answered yes, the increase was bigger than the budgeted expected increase.

8. Adoption of Annual Investment Policy Recommendation

9. Consideration of Investment Options for SBWMA County Pool Funds

The committee discussed item 8 and 9 together.

Member Benton noted that he agreed with the staff report that the fund was too small, and chasing returns was dangerous and safety is paramount.

Member Widmer asked staff to take a look at the percentage in the maturity matrix, and noted that self-managing the investments was the right way to go. He noted that the staff report was underestimating the amount of work a self-managed account would take.

Member Benton recommended no change.

10. Approval of Annual Fiscal Year FY1617 Financial Audit by Maze & Associates

Member Benton commented that the audit reports were positive and all clean. He also noted that it looked like there was a financial benefit to the fire and asked why.

Staff Fakira noted that the audit findings are better than the year before. The revenue increase is due to expenses on revenue that went into assets, but cash flow is even.

Executive Director La Mariana noted that on the fire there is still about \$200,000 being negotiated with Hanover and SBR's insurance carrier, and due to that, the final report out on the fire will be in February not January.

Member Widmer commented that it is a standard audit, and asked that the auditors meet with the finance committee to discuss the results going forward.

11. China Market Update

Staff Gans joined the meeting to give an update. He noted that the situation in China is political and evolving and unpredictable. He noted that material is still moving, but if there is a rejected load that is the worst case scenario, and the cost of a rejected load is \$1,000/ton which could be up to \$400,000. So, to mitigate the risk of a rejected load the SBWMA needs to become a high quality manufacturer. He added that the proposal is to increase sort labor and retrofit the equipment to increase quality. The cost would be \$200,000 in equipment retrofits, and \$33,000 in labor.

Member Widmer asked how the \$33,000 was calculated, because 8 people times \$15/hour times 2,000 hours is over \$200,000.

Staff Gans noted that he would share the spread sheet that got to that number after the meeting.

Staff Gans then noted that staff is also looking at mixed paper and working toward improving quality and the costs to get to the highest quality, and take a precautionary approach to mitigate the risks or a rejected load.

Member Brownrigg noted that there needs to be a certification process, and that there are good relations with China, and proposed the idea of certifying the SBWMA facility to ensure that China would take it. He offered to work with his contacts in the Chinese Consulate on this process.

12. Discussion on 2018 Merit Pool for Unrepresented Employees

Executive Director La Mariana noted that the recommendation would be around 3%, and that they did a survey of all 12 Member Agencies and they range from 2% to 4%.

Member Widmer asked if the survey could be sent to him.

Executive Director La Mariana noted he would send it, but it would be summarized in the Board Packet staff report. He also noted that there is no change to the policy it is still merit based.

13. Finance Committee Member Comments

14. Adjourn 2:07PM

15.