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**MINUTES**  
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE FINANCE COMMITTEE  
April 4, 2017 – 12:15 p.m.  
San Carlos Library Conference Room A

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**Call To Order: 12:19PM**

**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. Executive Director's Welcoming Remarks**

Executive Director La Mariana welcomed the committee members to the meeting, and noted the restructuring of the committee as a standing committee. He noted the Finance committee would meet a couple of times a year, and possibly some special meetings.

**4. Election of Finance Committee Chair and Vice Chair**

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

Executive Director La Mariana asked the group if they wanted to elect a chair and vice chair.

Member Brownrigg recommended against establishing a chair since it is such a small group.

Member Widmer noted that he was fine with that except that the Chair would call a special meeting if there needed to be one.

Member Brownrigg noted that if two committee members thought an agenda item was important a special meeting could be called.

Member Benton also noted that the Executive Director could call a meeting as well.

## **5. Approval of a 2018 Finance Committee Meeting Calendar**

The group decided to meet on the second Tuesday of January and the second Tuesday of April annually for a 12:15 lunch meeting. In 2018 the Finance Committee will meet on January 9, and April 10.

## **6. Discussion of 2016 Bond Covenant Ratios**

Staff Fakira noted positive bond covenant ratios of 1.02 bond covenant, and 1.99 debt ratio. Both results meet/exceed the bond covenant requirements. He noted that the tip fee increase helped to bring about this positive bond covenant test.

Member Widmer asked if we needed to raise it as high as we did.

Staff Fakira noted that he would answer that question when discussing the budget.

The group discussed China's quality requirements, and if the cost of recycling is higher than the cost of disposal, and the environmental benefits versus the cost.

The group then discussed composting versus recycling, and the new legislation requiring composting.

The committee asked staff to put together a policy of best practices around resident behavior, and composting practices, and then present a model ordinance at the board level.

Member Benton asked to clarify table 4, and asked about operating revenue of \$43M and non-operation revenue of \$50M

Staff Fakira answered that it is all related to fire.

Member Benton motioned to approve the Bond Covenant Ratios report and recommend approval to the SBWMA Board.

Member Widmer seconded the motion

Voice Vote: All in favor

## **7. Discussion of Shoreway Environmental Fire Insurance Status**

Executive Director La Mariana noted that the SBWMA has received a letter of non-renewal from the insurance company. He noted that the premiums are \$170,000, and Hanover has been our insurance company for 10 years. He added the fire claims was about \$10M.

Member Widmer asked if we can get insurance through a Member Agency City insurance or hitch on to ABAG, and he also asked if the fire rover would help.

Member Brownrigg thought a piggy backing with a local consortium was a good idea, and also noted that the battery industry will be moving beyond lithium in the next 5 years.

## **8. FY1718 Budget Preview**

Staff Fakira gave a presentation of the FY1718 budget.

Member Widmer asked if the SBWMA makes money on C and D.

Staff Fakira answered that a \$1.81 increase in C and D is proposed to 100% cover the cost of the increase in disposal at Zanker. In otherwords, it's a pass-through.

Member Widmer pointed out that there is a problem with the variance in yards versus tons, and that it needed to be able to track before the Board meeting.

Member Brownrigg also added that MRF Fire cost savings needed to be clarified.

The group then had a discussion about the Transfer Station expansion planned for FY1718, and the mixed waste processing system planned for the following year.

Member Brownrigg noted the Board would not be committing to expenditures beyond this year.

Member Widmer and Member Benton didn't want to approve them separately as expanding the transfer station has the purpose of making room for the mixed waste processing system.

Member Widmer commented that it is a long discussion, but thought there was value in expanding the transfer station in FY17/18 separate from the mixed waste processing larger cost, and the debate should be on the expansion of the transfer station, as it is almost sure there will need to be additional equipment eventually.

Member Benton didn't want to separate the two projects and viewed the whole thing as a \$17M project.

Member Widmer added that the project would double the SBWMA Bond, and that the mixed waste processing system would be for commercial use, and it was inappropriate for residents to pay for something that would benefit the commercial sector.

Member Benton agreed that if the commercial sector was the sector not recycling in the right way they should pay for it, and that it when it came up at the Board Meeting he would ask for the entire \$17M to approved at once.

Member Widmer asked if capital projects are done what happens to the bond covenant.

Staff Fakira answered that it would reduce reserves but not affect bond covenant.

The group then discussed facility insurance options and approaches.

Member Widmer thinks the number in the budget for insurance should be higher, and an emergency reserve should be built, and that the SBWMA should take more risk with a higher deductible.

## **9. Consideration of Higher-Yielding Investment Options for Agency Reserves**

Executive Director La Mariana noted that he put this on the agenda to remind the Finance Committee that he hasn't forgotten about their request to look into different investment options. He asked the committee members if he could contact City staff to discuss their investment options.

Member Widmer said yes contact Robert Barron.

Member Benton said don't contact Jan Cooke because the SBWMA yield is higher than Hillsborough.

**10. Finance Committee Member Comments**

**11. Adjourn 2:36PM**