



MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY MEETING OF THE FINANCE COMMITTEE

June 12, 2019 3:00PM

Via Conference Call, Public could attend at:

SBWMA Conference Room, 610 Elm Street Suite 202, San Carlos, CA

Call To Order: 3:01PM

1. Roll Call

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

SBWMA Staff Members Present: Joe La Mariana, John Mangini, Cyndi Urman, Jean Savaree,

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 Update

- Executive Director La Mariana gave some updates on the bonds.
- Rate locking for the Bonds will be June 24, and closing will be July 15.
- S&P Rating staying at an A+, it was just moved up in January, and KNN thought this was a good rating.
- S&P wanted to see performance with the new equipment before re-evaluation.
- Moody's rating has not occurred yet, but they also indicated that the new equipment indicated somewhat of a risk.
- Green Bond certification is moving forward, in concert with submitting the final POS. Kestrel verifiers is independently rating all of our bonds as green bonds.
 - Member Brownrigg asked to have the Kestrel report circulated to all the Board Members for the green bond certification.
- There will be an action item on the June Board agenda requesting a transfer of \$635,000 from the capital reserve to the rate stabilization reserve to satisfy the bond documents.

4. Review and Direction on FY19/20 Property Insurance Premium Deductible Options

Staff Mangini noted that at the May Board meeting direction was given to look at the premium versus deductible pricing of the property insurance and asked for the Finance Committee's feedback on whether it is worth making changes in the policy to go with a different deductible.

Member Widmer commented that there haven't been any insurance claims since the fire in 2016, so he thought it was worth the risk of increasing the deductible, taking the risk and almost being self-insured, and he is always in favor of saving money where possible.

Member Benton asked if there was a point that the premiums might drop if there were not any new claims.

Staff Mangini noted that last year at this time there seemed to be an opportunity for premiums to go down after 3 years with no claim, but this year the conversation shifted due to MRFs being at super high risk for fire, so he didn't know at this point.

Member Benton suggested setting up an insurance reserve and using the savings in the lower premium cost to be placed towards the deductible.

Member Widmer suggested some of the money from higher tip fee be placed in a self-insurance reserve as well.

Executive Director La Mariana noted that there is almost \$4.5M in the emergency reserve, the savings in the premium cost could be added to the emergency reserve and could build to catastrophic coverage over time.

Member Benton asked if the full premium of \$1.7M was in the budget and if tip fees needed to be increased.

Staff Mangini answered yes the new premium is in the budget, but it's \$140,000 more than the budget presented in May. He added that the net income to reserve is still healthy and tip fees were not expected to need to be increased.

Member Benton noted that increasing the deductible and decreasing the premium is a 5-year payback and asked about the likelihood of another major fire in the next five years.

Executive Director La Mariana answered that both fires that were claimed happened at night with a skeleton crew on site, since then there is no longer a second shift, and if something does happen SBRs team is on it very quickly, but that doesn't mean there is no risk for fire.

Member Browrigg noted that the cost risk of this decision pales in comparison to the actual risk of another major fire. He said that any kind of investments that would make the facility safer would be worth making especially with \$4M in reserves. He thought with the big reserve a higher deductible and lower premium made sense as long as the savings went into the emergency reserve.

Member Augustine noted that with a 5-year payback the higher deductible was in order, and noted that insurance is about the industry not occurrences.

Member Benton agreed, but noted that the emergency reserve covers more than just a MRF fire.

Member Widmer agreed that the recommendation should be a higher deductible and lower premium.

Executive Director La Mariana noted that an agenda item would be added to the consent calendar for the June meeting noting the \$4.5M reserve amount as one the reasons the Finance Committee is recommending this change.

5. Finance Committee Member Comments

6. Adjourn 3:24PM