



MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE FINANCE COMMITTEE**

January 14, 2019 12:00PM

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

Call To Order: 12:09PM

1. Roll Call

Agency	Present	Absent
Bill Widmer	X	
Jay Benton	X	
Fran Dehn		X
Carol Augustine	X	
Brenda Olwin	X	

SBWMA Staff Members Present: Joe La Mariana, John Mangini, Cyndi Urman, Jean Savaree,
Others Present: Derek Rampone, City of Redwood City; Grace Zhang, Maze and Associates; Tracy Swanborn,
and Marva Sheehan, HF&H Consultants; Garth Schultz R3 Consulting, by phone.

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 welcomed everyone and introduced the new Finance Committee members: Brenda Olwin, East Palo Alto's Finance Director; and Board Member Fran Dehn. He thanked Board Member Michael Brownrigg for his time on the Finance Committee. He then made these announcements:

- At the April Finance Committee meeting there will be a transition plan for moving from fiscal year to calendar year financial statements. Also, in April, the Board will be considering an updated procurement policy. Part of the recommendation is based on SB1383 requirements, and part of it is to look at the signing authority for the Executive Director.
 - The Committee discussed the need for an increased internal spending authority, they shared concerns about staff needing less than the time between Board meetings to make decisions

over \$50,000, if it wasn't an emergency no decision to change the spending authority was made.

- He introduced Matt Southworth as the SBWMA's new part-time Senior Engineer
- The installation of the Organics-to-Energy equipment is almost complete, and after testing it is expected to be up and running in March.
 - Member Benton asked why the 30-60-day delay. Executive Director La Mariana answered that there have been some unexpected permitting issues, including a sprinkler requirement for a liquid based process. The Committee suggested appealing to the fire marshal regarding the required sprinkler requirement.
- He announced that he has been invited to the Governor's office to discuss AB1509 before it goes to the Senate.
- Silicon Valley Clean Water is doing a big project adjacent to the Shoreway site, and staff has just received word that there are going to be significant road closures this summer due to the project which will cause major operational issues.

4. 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 May 7, 2019 Special Finance Committee Meeting
- B. Approval of Minutes from the June 12, 2019 Special Finance Committee Meeting

Motion/Second: Widmer/Benton

Voice Vote: All in Favor

5. Approval of Annual Fiscal Year FY18/19 Financial Audit by Maze and Associates

Staff Mangini gave an overview of the draft staff report set to go the Board at the end of the month.

The Committee discussed that that audited statements do not include the bond refunding as there is a statement in the report that there was a subsequent event to year end which affects the finances.

Member Benton asked how much reserve money was used in FY18/19, because it looks flat. Staff Mangini answered that the construction in progress number of \$2.4M would have come from reserves as capital assets.

The Committee asked for comments from the auditor. Grace Zhang noted that the transition to Redwood City went really smooth, and she thanked Derek for his assistance. The report is final, unless this committee notices anything that needs to be changed.

Motion/Second: Benton/Widmer

Voice vote; All in favor

6. Mid-Year Budget and Cap-Ex Review

Staff Mangini gave an overview of the staff report, and the process of the mid-year budget.

The Committee discussed the expiring organics contract at Blossom Valley Organics. There was a concern that increasing organics processing costs would be higher than the 2020 tip fees, which are not being increased. Staff Mangini noted that the contract expired December 31, 2020, and this mid-year budget concludes on June 30, 2020, so it was not considered in this budget. Executive Director La Mariana noted that at the February Board meeting he was hoping to have pricing from Blossom Valley.

Member Benton asked why franchised tonnage is down. Staff Mangini noted that it's an updated projection of just 1% lower, but franchised tonnage doesn't move all that much.

The committee discussed having conversions available to be able to measure the tonnage measured material versus the yardage measured material when the Board discusses the mid-year budget.

Member Benton noted a typo in the budget presentation of the wrong year that should be corrected before the packet goes to the Board.

The committee discussed the interest income increase, noting that interest income is not that much higher year over year, just higher than what was budgeted. Derek Rampone noted that there was an adjustment in the fair value of the Agency's investment, but the difference year over year is mostly due to the bond proceeds. Member Benton questioned if the interest should be higher if there have been 9 months invested of bond proceeds the interest should be closer to \$200,000, staff will look at the totals and get back to the committee to make sure it is properly invested.

Staff Mangini noted that the \$1M grant from the County for the Organics-to-Energy project would be included as revenue in the budget that will go to the Board.

The Committee discussed reserves, Member Benton asked if the \$4.1M number in the budget was the capital reserve, or if this was the reserve number before anything had been allocated. Derek Rampone answered that it's before the funds have been allocated. Staff Mangini noted that there is now a sub-emergency reserve that is the difference in the insurance premium when the Board voted to increase the deductible and lower the premium. The committee asked that this reserve be called out more specifically.

Member Benton asked about the \$1.2M Shoreway Remediation fund, and whether that would be used this year. Staff Mangini added that the money would be used when the underground storage tanks are moved above ground.

Member Benton made a motion that the Finance Committee recommend to the Board approval of the mid-year budget.

Member Widmer seconded the motion.

Voice Vote: All in favor

7. Adoption of Annual Investment Policy Recommendation

Staff Mangini highlighted the changes in the proposed investment policy.

Member Widmer reiterated that he would like work with investment advisors to survey the Finance Directors of each of the Member Agencies to see how the Member Agencies invest to see if there are any options other than LAIF. Member Augustine noted that staff looked into that a couple of years ago, and the size of the portfolio may not be enough to make a difference. Derek Rampone added that Redwood City uses

PFM and if the SBWMA can piggyback on that agreement there may be a way to get around the cost-benefit.

Member Widmer made a motion that the Finance Committee recommend to the Board approval of the investment policy with the amendment that staff research the possibility of other investment options.

Member Benton seconded the motion.

Voice Vote: All in favor

8. Review of SB1383 Gap Analysis

Presentation by Tracy Swanborn, HF&H Consultants

Tracy Swanborn of HF&H Consultants gave a PowerPoint Presentation on SB1383 costs and potential options for the SBWMA to meet the SB1383 requirements.

Member Benton asked what the Board should be doing now regarding SB1383.

Tracy Swanborn answered that the Agency needs to give staff direction as to what compliance plan option to go for.

9. Review of Buyback Center Cost Options Analysis

Presentation via phone by Garth Shultz, R3 Consultants

Garth Schultz of R3 Consultants gave a verbal presentation via phone call on his analysis of CRV redemption alternatives.

Member Benton asked about businesses that sell CRV bottles and cans requirements to pay the CRV back to customers or pay a fine.

Garth answered that the law was written that business that sell CRV bottles and cans must then take back the bottles and cans so customers can redeem the CRV or they have to pay a fine, it has always been a part of the law. Recently with the issues the program has been facing CalRecycle is getting more assertive about enforcing the fines.

10. Finance Committee Member Comments

11. Adjourn 2:14PM