



MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE FINANCE COMMITTEE
January 12, 2021 12:00PM
Via Zoom Tele or Video Conference**

Call To Order: 12:02PM

1. Roll Call

| Member | Present | Absent |
|-------------------|----------------|---------------|
| Michael Brownrigg | X | |
| Carol Augustine | X | |
| Brenda Olwin | X | |
| Fran Dehn | X | |

SBWMA Staff Members Present: Joe La Mariana, John Mangini, Cyndi Urman, Jean Savaree, Hilary Gans, Grant Ligon, Julia Au
Others Present: Derek Rampone, City of Redwood City, Grace Zhang Maze and Associates.

2. Public Comment

Pursuant to Government Code Section 54954.3(a), members of the public wishing to address the Committee may do so, and the comments shall be limited to the Special Meeting notice topic(s). Speakers may join the Zoom meeting via the meeting link and using the “raise hand” feature and the Clerk of the Board will call on people.

None

3. Executive Director’s Welcome (Verbal Only)

Executive Director La Mariana welcomed everyone to the meeting and made the following announcements: Staff Member Julia Au has been promoted to Senior Program Manager as of January 1. Her scope of responsibilities will include outreach, education, and compliance. There are 3 new SBWMA Board Members: Jon Froomin from Foster City, Cecelia Taylor from Menlo Park, and Al Royse from Hillsborough. Staff Au and Executive Director La Mariana have a meeting scheduled with Senator Becker to introduce him to the Agency and they will be asking him to author the battery bill.

He then discussed the Finance Committee structure. There is currently an opening for a Board Member, and once that position is filled, he recommended that this committee elect a chair of the Finance Committee. He also noted that Board Member Emeritus Jay Benton has offered to sit on this committee as a citizen representative as an Ex-Officio. It will be a decision item at the January Board Meeting, there has never been a citizen representative on any committee.

Member Brownrigg commented that he was supportive of making Jay Benton the first citizen adjunct position on this committee but thought that it begged the question if there should be citizen adjunct positions on all committees. He thought there could be an expertise and marketing point of view to do that, and it would be a benefit to have more public engagement. He also noted that specifically for the finance committee he thought it would be beneficial to have a member with a financial background and experience.

Member Dehn noted that she supported Member Brownrigg's comments, and thought Jay Benton's offer was phenomenal and was supportive of a one-time appointment.

Executive Director La Mariana also noted that there are two more Finance Committee meetings in 2021. June 8 will be the mid-year review and financial audit findings as well as property insurance. October 12, 2021 will be the draft budget for 2022 and the draft 5-year CIP.

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 Committee, 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 October 6, 2020 Finance Committee Meeting

Motion/Second: Brownrigg/Dehn
 Roll Call Vote: 4-0-0-0

| Member | Yes | No | Abstain | Absent |
|-------------------|-----|----|---------|--------|
| Michael Brownrigg | X | | | |
| Carol Augustine | X | | | |
| Brenda Olwin | X | | | |
| Fran Dehn | X | | | |

5. Review and recommendation of approval of final audited fiscal year financial statements for FY19/20

Staff Mangini gave a brief overview of the findings report and noted that the audit was performed by Maze and Associates - an independent 3rd party auditor hired through our accounting services provider, the City of Redwood City. He noted that the findings presented are in draft form.

Member Olwin asked if there was any thing notable in accounts receivable, they seem to have gone up quite a bit.

Derek Rampone answered that what is included in there is the \$500,000 grant from the County, so that is the difference that wasn't there before.

Member Olwin wondered why the liability with the remediation hasn't changed and asked for clarification on what the intention is for that money.

Staff Managini answered that the money is there for the need to remediate the underground storage tanks at Shoreway. The money is part of a settlement from the previous owner of the property when the SBWMA took ownership of the property.

Executive Director La Mariana added that the underground storage tanks need to be removed by January 1, 2025, but a cost assessment hasn't been done because there is a lot of interconnectivities with future site needs and fleet or partial fleet electrification in the future.

Member Brownrigg noted that this audit is just the SBWMA operations and asked how one assures the public that the same kind of audit that is done on the SBWMA is done on the whole \$100M system, and that fiduciary good health by the contractors is being ensured.

Staff Mangini answered that there is an independent audit of the financial and operation systems currently completed by R3 Consulting for SBR and Recology where they audit the payments and the operations.

Member Brownrigg commented that there is implied good health with an audit, and that most of his council colleagues would believe that would be the entire system, but it really is not.

Executive Director La Mariana added that the audits Staff Mangini is referring to are the more public facing audits, that are done on the contractual level of the operations.

Member Dehn asked if Member Brownrigg if he would be more comfortable if there were a notation that called out that this audit is specifically for SBWMA's operations, not the entire collection and processing operations audit.

Member Brownrigg noted that he would vote for the audit as is but thought it would be a useful notation for future readers of the audit.

Member Olwin suggested highlighting and pointing out the reporting entity disclosure in the staff report, so that it is clear it is an audit of the SBWMA financials, not the full operating system which includes SBR and Recology.

Staff will add the notation.

Motion/Second: Olwin/Brownrigg

Roll Call Vote: 4-0-0-0

| Member | Yes | No | Abstain | Absent |
|-------------------|-----|----|---------|--------|
| Michael Brownrigg | X | | | |
| Carol Augustine | X | | | |
| Brenda Olwin | X | | | |
| Fran Dehn | X | | | |

6. Review and recommendation of approval of 2021 Investment Policy

Staff Mangini gave an overview of the staff report and noted that no changes are recommended from 2020.

Member Brownrigg thought it was straightforward and made a motion to recommend the investment policy. He asked when the finance committee gets the reports.

Staff Mangini that each quarter there is an investment report which shows the results of the returns on the investments in the Board packet.

Member Brownrigg asked to look at the actual return on investments at the next Finance Committee to see if there are any changes that should be made in the allocations.

Member Olwin commented that the Finance Committee spoke about re-examining the percentages invested in County Pool versus LAIF, and she agreed with Member Brownrigg to look at the actuals at the June meeting.

Motion/Second: Brownrigg/Olwin

Roll Call Vote: 4-0-0-0

| Member | Yes | No | Abstain | Absent |
|-------------------|-----|----|---------|--------|
| Michael Brownrigg | X | | | |
| Carol Augustine | X | | | |
| Brenda Olwin | X | | | |
| Fran Dehn | X | | | |

7. Commodity Update – CRV vs. Scrap Revenue and Current Fiber Transportation issues

Staff Gans explained the current global commodity impacts that are being experienced by the shipping container system. The transportation of recycling commodities to markets overseas is being impacted because the quantity of things being purchased has increased during COVID and has in turn increased the pressure on the shipping container system. The demand for containers coming from Asia to the US is so great that the shipping companies can make more money by turning their ships directly around rather than waiting to collect recyclable to return to Asia. He added that the fact that the SBWMA is no longer shipping to China is a good thing in this case because they have been able to get some containers to other locations in Asia. This situation has forced SBR to stockpile paper outside, but there is very little storage space at the facility, so there will likely be a decision the Board needs to make regarding disposal of recyclables if there is not any more storage capacity on site.

Executive Director La Mariana added that he would like to think about having more storage capacity for emergencies like this as they plan for the future through the site masterplan.

Member Brownrigg asked staff to think about how they would like to use the Finance Committee to talk about the acquisition of land. Secondly, he would like to see a higher CRV and possibly a CRV on paper, and he would like to develop a lobbying program on these issues. He noted that in general the door is closing for the reliance on overseas markets for recyclables sales, and collectively the industry needs to look at domestic and even in state processing.

Staff Gans then gave an update on the Phase I MRF upgrades and Organics-to-Energy projects.

Member Dehn asked for a table with all 4 projects' estimated timelines and costs all in one place.

Member Olwin reminded staff to also look at debt ratio capabilities as staff looks at capital planning.

Member Augustine asked if the stormwater work put the facility in compliance.

Staff Gans answered that the project is complete and is in compliance with good faith efforts that were required, but the actual number compliance will not be known until after the storm season is over.

Executive Director La Mariana added that everything is paused until the post storm season results come in, but the contractual issue of which party - SBR or the SBWMA - is responsible for paying for stormwater compliance is still in conflict and won't be resolved until the results are in.

8. Finance Committee Member Comments

Member Olwin Complimented staff on the reports and how easy they were to go through, and complimented staff Mangini on his analysis and comments.

9. Adjourn 1:18PM