



MINUTES
RETHINKWASTE
FINANCE COMMITTEE MEETING
 October 8, 2024 – 2:00 p.m.
 Via Zoom Tele or Video Conference

Location:

RethinkWaste Offices
 1245 San Carlos Ave. Suite E
 San Carlos, CA 94070

Teleconference Locations*

Grace Castaneda
 Belmont City Hall
 1 Twin Pines Lane
 Belmont, CA 94002

Al Royce
 Hillsborough Town Hall
 1600 Floribunda Ave.
 Hillsborough, CA 94010

Jon Froomin
 1363 Tarpon St. Foster City, CA 94404

Michael Brownrigg
 1524 Columbus Ave, Burlingame, CA 94010

AGENDA

1. Call to Order/Roll Call CTO: 1:01PM

Member	Present	Absent
Michael Brownrigg	X	
Jon Froomin	X	
Al Royce	1:05p	
Rebecca Mendenhall	X	
Grace Castaneda	X	

Others Present:

Executive Director Joe La Mariana
 Staff John Mangini
 Staff Cyndi Urman
 Staff Julia Au
 Staff Dolores Molina-Bucio

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to three 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.

Speakers may also submit comments via email prior to the meeting by sending those comments to rethinker@rethinkwaste.org.

3. Executive Director's Report (Verbal Update)

The executive director La Mariana welcomed the committee to the new RethinkWaste administrative office and expressed gratitude and appreciation to the finance committee for their support and looking at the financial considerations. The executive director reminded the committee of the openings that will be available in 2025 as two members will be departing. The 2025 Finance Committee meeting calendar approval with a possible addition in March or April 2025 date provided soon to focus on capital projects.

4. Approval of 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 the Minutes of September 10, 2024 - Finance Committee Meeting.
- B. Approval of a 2025 Finance Committee Meeting Calendar

Motion: Royse
Second: Mendenhall
Motion passes 5 - 0

Member	Yes	No
Michael Brownrigg	X	
Jon Froomin	X	
Al Royse	X	
Rebecca Mendenhall	X	
Grace Castaneda	X	

5. Finance Committee Review of DRAFT FY 2025 Operating Budget and Review of Capital Improvement Plan Projects

The Executive Director, La Mariana provided opening remarks on the proposed draft 2025 operating budget being aligned with the marketplace and inflation, much of which focuses on the possibility of EV and Hydrogen options.

Member Froomin inquired if the agency has an opportunity to share EV resources with Samtrans as their facility is near the agency.

Executive Director La Mariana stated that this idea has been discussed with Samtrans and speaking to PG&E about the options available.

Executive Director La Mariana provided a closing thought for the draft discussion, stating that allocating reserves, anticipated reserves including the green bond reserve. Stating that it is expected to address gaps in funding for conventional commercial vending options and marketed bonds.

Staff Mangini reviewed the draft with the committee of operating budget and capital improvement plan.

Member Mendenhall inquired about the email they had sent staff to expand on the section for other operating costs have gone down by a significant amount.

Staff Mangini explained that in 2024 the amount found in other operating costs was due to the amount of projects completed for the facility with the new contractor (SBI) that included refurbishment etc.

Member Royse requested clarification on the deferment and whether it was paid with a reserve.

Member Mendenhall inquired if the equipment maintenance was left blank for a reason as it is typically paid annually.

Staff Mangini stated that the item is related to the organics to energy project that has been on hold.

Member Mendenhall inquired if the equipment would still require maintenance even when not in use.

Executive Director La Mariana stated that there are expenses that are ongoing, and staff will work on including that in the final report.

Member Mendenhall inquired if the contract for the pressure washer and site cleaning would be ongoing.

Executive Director La Mariana explained that four major expense areas that impacted the reserves, including the office build out, underground storage tank, rate stabilization fund, and service transition maintenance.

Member Mendenhall confirmed that they were looking at the ongoing maintenance that occurs annually.

Staff Mangini states that after the initial costs are paid, the contractor is responsible for facility maintenance.

Executive Director La Mariana confirmed that if it is a structural part of the facility, the agency covers the cost and if it's an operational factor, it is on the contractor.

Staff Gans states that the agency has no cost for O2E Equipment unless it's operating.

Member Mendenhall recommends staff change the comment.

Member Castaneda inquired on whether there is a line item for accounting services in the budget.

Staff Mangini confirmed that line item was discussed.

Executive Director and Staff Mangini presented the Shoreway Capital Projects Draft Budget 2024-2028

Executive Director La Mariana highlighted line 22; floor repair of the facility and describing the cost totaling \$300,000.00 for an ongoing bi-annual patching of the floor.

Member Royse inquired about the patch work and asked if it does not cause any safety concerns.

Executive Director La Mariana confirmed that the patch fixes safety concerns until a new patch needs to be fixed.

Staff Urman stated that it is currently flagged by the LEA and the agency is receiving bids until Friday.

Member Royse inquired on how the complete replacement of the floor is compared to the depreciable life.

Staff Mangini informed the committee that the assets for the refurbishment of the building are in the budget as a lump sum from the loan of 2010.

Member Royse inquired if the need is to replace the assets before the assigned depreciable life and the funding for buildings is after the depreciable life is restored.

The Executive Director informed the committee of the similar work completed by Sunnyvale Smart Station

Member Brownrigg noted that the agency currently does not have a 5 -10 year view on when a big investment is required and how it should be financed. Stating that would be responsible budgeting.

Member Froomin affirmed member Brownrigg's comments recommending a life expectancy on all equipment and infrastructure which should be included in the capital improvement plan.

Member Royse suggested rough guidance by the non-cash depreciation cost and that is equating to the actual life and that money could be the starting point for the reserve build up.

Member Brownrigg inquired if a public agency uses depreciation.

Member Royse clarified that a public agency does use depreciation for book purposes when net income loss or surplus is equated that concludes in an expense.

Executive Director La Mariana states that the capital budget is projection for the next five years. Stating that the core of the discussion is to explore how to fill the gap in on how to pay for the upcoming expenses. Requesting the committee follow up on the current discussion early to mid-spring.

Member Froomin states that the five-year plan works except for the big-ticket items, stating that five years is not long enough time to reach the amounts needed and recommends 10 – 15 years.

Member Mendenhall recommends amortization as a guide, setting aside money in a reserve and checking it annually to determine if changes are needed for necessary amounts.

Executive Director La Mariana acknowledged Member Mendenhall's comments, stating that the process is being done with the MRF equipment and that the approach should be taken on for the rest of the facility. The executive director informed the committee that the current focus by the engineering and planning team is for the zero-emission hydrogen and vehicle charging infrastructure. Stating that the team is identifying the projects along with their estimated cost and completion time. Along the way the team will identify the technology and cost associated with it and the possible co-funding opportunities.

Member Froomin states that the approach taken between hydrogen and electric give widely different opportunities. Emphasizing that charging stations for EV would need to be on the property compared to the fueling stations which could be shared with SamTrans.

Executive director La Mariana informed the committee that the amount of requested hydrogen fueled vehicles would determine the decision on installation of a hydrogen fueling station or sharing a station with SamTrans.

Member Brownrigg recommends the agency begin setting aside money for these future infrastructure projects, stating that the agency should identify an actionable figure or percentage goal.

Member Royse requested that staff identify what the annual depreciation amount is and what percentage it equates to.

Staff Mangini recommends the committee consider adding dollars to the tipping fee to help build reserves for future expenditures. A one dollar per ton increase would increase reserves by approximately \$450K was mentioned as an example.

Member Brownrigg recommends there should be a ratio to create this policy to help figure out how much money to save.

Member Froomin is concerned about the coming up with a number i.e. a dollar per ton is a good start but acknowledged that Member Mendenhall's recommendation on listing the important assets and determining their cost is preferred to drive how much money should be set aside.

Member Brownrigg agreed with member Froomin but stated that more needs to be done to catch up.

Member Froomin stated that the reserves policy should be looked at as some are reserves and others are equipment replacement funds.

Executive Director La Mariana recommended making a matrix of funding needs.

Member Froomin stated that many of the cities within the JPA have other sources that can be drawn from for funding opportunities.

Member Brownrigg asked the executive director what the agency's proposal for process and how it will be presented and brought forward.

Staff Mangini states that the current approach is identifying how year one will look and how to approach it moving forward.

Executive Director La Mariana stated that the staff will implement a more refined approach in terms of the funding for upcoming large-scale equipment replacement projects that previously were not a part of the budget.

Member Mendenhall inquired if the agency is looking for approval for an appropriation year and suggested that a financial goal should be a five or ten-year outlook for capital to set the reserves.

Member Brownrigg recommended bonds be avoided.

Member Royse recommends the annual depreciation amount should be identified to set aside a non-spendable replacement fund and identify how much money is needed to catch up. Member Royse additionally recommended the agency begin identifying grants at a state level to fund for the hydrogen and EV projects.

Executive Director La Mariana asked the committee how they would like to proceed with voting and whether they would be comfortable voting on this day or waiting until the next finance committee meeting.

Member Royse motioned an approval of the budget to be posted to the board and recommend with the caveat that work will be done to identify a replacement fund to the assets, additionally recommending the staff that when presenting the funding to include talking points over what has been done to control the spending such as the insurance premiums.

Member Mendenhall added an addendum to the motion that the changes that staff Mangini has agreed to will be made prior to being presented to the board.

Motion: Al Royse 1:57p

Second: Rebecca Mendenhall

Motion passed: 5 - 0

Member	Yes	No
Michael Brownrigg	X	
Jon Froomin	X	
Al Royse	X	
Rebecca Mendenhall	X	
Grace Castaneda	X	

6. Follow up from September Board Meeting: Discussion on Reserves

Member Froomin recommended there be a name change of the reserve policy as some are equipment savings accounts.

7. Committee Member Comments

N/A

8. Adjourn: 2:02 p.m.