



A Public Agency

# Minutes

## SPECIAL RETHINKWASTE FINANCE COMMITTEE MEETING

### WEDNESDAY DECEMBER 4, 2024 10:00am

**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

**1. Call to Order/Roll Call : 10:03 a.m.**

Member	Present	Absent
Michael Brownrigg	X	
Jon Froomin	X	
Al Royse	X	
Rebecca Mendenhall		X
Grace Castaneda	X	

**RethinkWaste Staff:** Joe La Mariana, John Mangini, Cyndi Urman, Dolores Molina-Bucio, Jean Savaree

**Others Present:** Andra Lorenz, Adam Lorraine, Adam Rak

**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](mailto:rethinker@rethinkwaste.org).**

Member Froomin inquired on the extent of participation for TAC member Lorenz and Board Member Lorrain participating in the meeting.

Attorney Savaree advised that board member Lorrain sitting in and listening to the meeting without comments is accepted under Brown Act rules, additionally stating that TAC member Lorenz may join the conversation and provide public comment.

### **3. Executive Director's Report (Verbal Update)**

The Executive Director briefed the committee members on the upcoming agency events and projects. First of which is the community movie night hosted by the agency's environmental education team at the Redwood Shores library on Thursday, December 12, 2024, from 4 - 6:30 p.m. Followed by informing the members of the completion of the office project. Stating that the project manager, Rob Kalkbrenner has reported that claims for additional change order payments by both the contractor and architect have been retracted. The Executive Director informed the members of the underground storage tank project and it's ongoing progression with a target end date of December 31, 2024 and acknowledging the work of staff Gans. Ending the report with an announcement of vacancies for the Finance Committee in the new year.

### **4. Analysis on Increasing Tip Fees to Replenish and Fund Reserves and Discussion on Best Practices to Replenish Agency Reserves.**

Staff Mangini provided an overview of the feedback and concerns brought up by the board regarding replenishing reserves, funding capital projects and creating an equipment replacement fund. With the attachments provided,

Staff Mangini gave an overview of the 2025 budgeted reserves and the budgeted positive and negative impacts on reserves through the year and finally the projected ending reserve balance at the close of 2025 as a framework for the next discussion. Adding that the 2024 results will be stronger than what was estimated during the mid-year review. Staff Mangini presented a table illustrating a mechanism to increase tip fees by either \$1, \$2, or \$3 and the amount of funds that each scenario could provide to increase reserve levels.

The Executive Director added that historically the agency has focused on one to one million and a half dollar's worth toward site improvements and emphasizing that the amount will rise due to upcoming mandated, marketed, and operational requirements in the next three to ten years. Stating that through discussions with consultants, they have confirmed the impact of statewide mandates affecting similar agencies.

Staff Mangini added that there is money in the green bond fund if needed for MRF operational improvements.

Member Froomin requested clarification on attachment A regarding operating income when it relates to reserves.

Staff Mangini clarified that the net of revenue projected to the net of expense projected in the operating budget.

Member Froomin confirmed that means if money is removed from reserves to balance the budget or if there is a surplus being put in.

Staff Mangini confirmed.

Member Froomin acknowledged the existence of the green bonds and having money in case, stating that there should be a clear designation of funds in preparation for future site improvements. Member Froomin proposed that the agency identify a minimum value list equipment, it's expected lifespan, expected replacement cost and how much should be saved annually for its future replacement. Member Froomin added that large scale projects should be seen long term and setting up a ten-year window in preparation for its cost. Further, member Froomin recommended adding a project budget into the books and setting money aside every year as the time comes to begin the project. Lastly, member Froomin stated that there should be an emergency reserve for unanticipated site improvements, requesting staff identify an estimate amount and when needed, staff can decide how much to raise tip fees.

Member Brownrigg agreed with much of what Member Froomin shared. Shared that if we have to make some massive investment in capital that will require a bond and a bond issuance would could be very difficult in the current environment and states a reserve allows for a cushion of built money within the system to create a smooth path in case a bond is needed within the next five to ten years.

Member Froomin affirmed member Brownrigg's point stating financing large projects can arise quickly, stating it may be best to start adding amounts to the books to allow for ongoing savings and acknowledging that this will be a tough task with the large pieces of equipment found on site.

Member Froomin expanded on his comments suggesting creating equipment replacement worksheets and use the worksheets to develop a plan to raise funds over time to pay for the equipment when needed.

Public Comment: A. Rak proposed this discussion should be brought to the board during the March retreat.

Member Froomin inquired if the discussion brought to the board will be on the philosophy of the reserves or the construct of what will go into each account.

Public Comment: A. Rak clarified that there is an overall facility plan being worked on and we need to develop that plan and then tie in the financing with recommendations from the finance committee.

Member Froomin recommends examples be available to the board as most member agencies have similar programs in place.

Member Brownrigg affirmed and recommended the following be identified, when the green bond runs out and when the amounts of capital will be needed and how much should be saved.

Member Froomin acknowledged that the topics member Brownrigg relied on are important and the board should be provided foundational information with a concrete list of current and future expected cost and funding.

Member Brownrigg states a retreat allows conversations to be more expansive than just operational and will allow a discussion on how to raise rates as a government agency. A slow and steady approach to raising rates and funds should start now and continue over time.

Member Froomin confirmed through slow and steady rates is the best with the benefit of accumulated interest assist with paying a portion of the rates.

Member Casteneda recommended providing numbers and scenarios which would provide a helpful comprehensive outlook for the board. Adding that logical groundwork with a list for yearly views of expenditures including a CIP, equipment replacement, operations, plus scenarios that focus on all those bonding, and what the coverage then followed by reserves.

Member Royse reaffirmed member comments and ideas, stating that bonds should be the agency's final resort.

Member Brownrigg states that based on the current master site plan saving that high amount is uncertain.

Member Froomin advises the staff to prepare a financial plan that includes lists projects that fall under CIP funding, green bond, and future bonds with the goal to save a percentage, including which infrastructure and what other major expenses are included in a bond measure.

Member Brownrigg recommended the retreat should include a discussion on rate stabilization in alignment with reserve funding as it pertains to rate increases.

Member Froomin recommends the board make two policy decisions regarding rate stabilization that include when the rate stabilization can be used and a payback policy.

Member Royse acknowledged member Froomin's comment and added that rate stabilization is designed to smooth out bubbles.

Member Froomin reaffirmed member Royse's comments stating that its use is to lower the impact of the interest.

Staff Mangini informed the committee of the bond indenture which requires the agency to hold a rate stabilization fund in case the agency needs help to meet the bond covenant requirements.

Member Froomin informed staff that information should be included in the policy for the board understands what options the agency has regarding rate stabilization.

Member Brownrigg recommends that this should be separately accounted for bond holders if it's not a rate stabilization fund.

Staff Mangini confirms that there needs to be a rate stabilization fund maintained for that purpose though it does not state the amount that it should have.

Public Comment: A Lorenz – agrees on member Froomin's points. Adding that the current rate payers are paying for the equipment use, stating that there is a compelling argument to charge rate payers for future improvement to equipment. A. Lorenz also recommend a minimum reserve policy to make sure there is a percentage of operating expenses or a specific amount to have in case of unexpected and immediate needs.

The Executive Director acknowledged the members' comments and feedback, adding that there is a responsibility to inform rate payers of the changes incrementally what they pertain to.

Member Froomin recommends including a generic line item for regulatory or legislative change. Member Froomin also acknowledged the executive directors' comments on providing community notice and added the agency should include information on increases during outreach events to inform rate payers of the upcoming increases.

**5. Committee Member Comments**

N.A.

**6. Adjourn 11:04 p.m.**