

DRAFT MINUTES
RETHINKWASTE
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
 October 23, 2025– 2:00 p.m.
 RethinkWaste Administrative Offices
 1245 San Carlos, Ave. Suite E San Carlos, CA 94070

Call to Order: 2:04 PM

1. Roll Call

Agency	Present	Absent	Agency	Present	Absent
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos	X	X
East Palo Alto	X		San Mateo	X	
Foster City	X		County of San Mateo		X
Hillsborough	X		West Bay Sanitary District	X	
Menlo Park	X				

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.**

None

3. Executive Director's Report

Executive Director La Mariana welcomed everyone to the meeting and gave the following highlights regarding the agency.

Education Team Updates

- The education and outreach team welcomed Emily Rose Meilke on October 20, and Oliver Crawford-Shelmadine will join the team on November 3, filling the two vacant Fellow positions.
- The team also said goodbye to Joanna Rosales-Jose who left the Agency for a position at the City of San Jose. She will be greatly missed, and the agency's Outreach Manager position will be open in November and closes in early December.
- On October 25, this Saturday, the team will be hosting Rethink Recycling Day at Shoreway, and everyone is welcome to join.

Master Plan Update

- The biggest deliverable is creating an RFP for the site visioning project.
- HF&H Consultants have been engaged for on-call analytical work.
- Craig Whittom Consulting has been engaged to provide lead project management support on the project.

Other Updates

- The SBI Operating Agreement contract has language that allows both parties to review the cost and contract terms in year 3 and year 7 of the agreement, and year three is 2026. So, accordingly, the Agency will be engaging HF&H consultants next spring to assist in evaluating and negotiating with SBI. HF&H was the original contract negotiations firm during the RFP process.
 - Member Dehn asked when the HF&H will begin the SBI work.
 - Executive Director La Mariana replied in spring, and he's not envisioning it being a long process.

Discussion

- Member Sturken asked regarding the written report, if it could include the open and click rates for the e-newsletter, and if the BayROC campaign would also be in Mandrin and be tracked for click rates.
 - Staff Au answered that regarding open and click rates they have those and can include them in future ED reports, and that she would check to see if BayROC would also include Mandrin. She added that once the campaigns are over BayROC provides a summary, and staff can share that with the PubEd Committee.
- Member Dehn asked if there was a ramification for the Agency related to the article shared regarding Silicon Valley Clean Water because she didn't see the connection.
 - Executive Director La Mariana noted that was informational only to show that other agencies are going through the same aging infrastructure and raising capital to pay for them as RethinkWaste.

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 from the September 18, 2025 Board of Directors Meeting

Member Keisel noted that the minutes needed to correct the spelling of his name.

Motion/Second: Loraine/McCune

Voice Vote: 9-0-1-1

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont	X				Redwood City	X			
Burlingame	X				San Carlos			X	
East Palo Alto	X				San Mateo	X			
Foster City	X				County of San Mateo				X
Hillsborough	X				West Bay Sanitary Dist.	X			
Menlo Park	X								

5. Administration and Finance

- ### A. Resolution Approving Contract for Accounting & Financial Services with Eide Bailly LLP in an amount not to exceed \$145,306.

Staff Mangini gave the background of the staff report, and the necessity to change the service provider.

Chair Rak noted that they weren't the lowest bidder, and the rationale for going with the recommendation is that they had the most experience in with public organizations similar to RethinkWaste.

Staff Mangini answered that staff's recommendation is that the benefit of having the bench strength of experience in our industry outweighed the cost differential. He noted that there are times there are accounting issues specific to government, and he felt strongly that Eide Bailly's experience in that area was the right direction, and the amount proposed is well within the budget.

Member Kiesel asked if they had a local presence.

Staff Mangini answered that they are a national firm, but the managing partner is in Sacramento.

Motion/Second: McCune/Davies-Adams

Voice Vote: 10-0-0-1

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont	X				Redwood City	X			
Burlingame	X				San Carlos	X			
East Palo Alto	X				San Mateo	X			
Foster City	X				County of San Mateo				X
Hillsborough	X				West Bay Sanitary Dist.	X			
Menlo Park	X								

6. Shoreway Operations and Contract Management

- A. Continued from June 2025 Resolution Approving Amendment #2 to the Professional Services Agreement for On-Call Project Management Services with S.R. Rose Engineering Inc. for the Shoreway Environmental Center Flood Inundations Assessment for a Not to Exceed Amount of \$79,572

Executive Director La Mariana noted that the Board previously gave staff direction to reach out to the One Shoreline JPA to ensure that this work wouldn't be redundant with the work that agency is doing. He noted the potential for our two agencies to work together and possible co-fund portions of projects (i.e. permit fees), but there are definitely areas where RethinkWaste will need to do work in this area independently, and staff would like to move forward with this contract amendment.

Motion/Second: Sturken/Kiesel

Voice Vote: 10-0-0-1

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont	X				Redwood City	X			
Burlingame	X				San Carlos	X			
East Palo Alto	X				San Mateo	X			
Foster City	X				County of San Mateo				X
Hillsborough	X				West Bay Sanitary Dist.	X			
Menlo Park	X								

7. Adjourn to Study Session

8. Call To Order/Roll Call

CTO: 2:27PM

Roll Call Done Visually:

Agency	Present	Absent	Agency	Present	Absent
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos	X	X
East Palo Alto	X		San Mateo	X	
Foster City	X		County of San Mateo	X 2:44PM	
Hillsborough	X		West Bay Sanitary District	X	
Menlo Park	X				

9. Public Comment

Pursuant to Government Code Section 54954.3(a), members of the public wishing to address the Board 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 Board Chair or Clerk of the Board will call on members of the public to comment.

None

10. STUDY SESSION

A. Review of DRAFT FY2026 Budget, Capital Plan & Reserves

Staff Mangini gave a presentation outlining the budget development for 2026. He reviewed the timeline, noting budget development overlaps with the contractor compensation application review. He noted the purpose of this review is to discuss any changes needed before the final budget is before the board for final approval in November. The presentation included the factors and trends that affected 2026 budget development.

Board Discussion on the 2026 Budget.

Vice Chair Brownrigg asked if solid waste in the budget referred to black or blue carts.

Staff Mangini answered that solid waste noted is only the black cart. Blue/Recycling does not generate any tip fee revenue, but it’s roughly 64,000 tons per year of which 50,000 is commodity revenue and the other is residue trash.

Vice Chair Brownrigg noted that from a tonnage point of view it would be useful to see recycling included.

Staff Mangini noted he would add a historical recycling slide to the November presentation.

The Board discussed the CRV revenue source.

Staff Mangini noted that commodity sales added about \$1M in revenue due to the CRV increase.

Chair Rak asked for further explanation of the changes in law that affected the CRV revenue and asked if it was expected to increase even more.

Staff Mangini answered that the change in law classified additional materials as CRV containers, but that the revenue from those containers was already achieved in 2025, so he did not think it would be a continual increase over time.

Executive Director La Mariana added that this is a direct result of the Agency’s legislative efforts over a three year period and has resulted in a net revenue of about \$1M per year.

Member Loraine asked about the note in the Executive Director’s report about scrap plastic prices plummeting and

whether that might change the forecast.

Staff Mangini agreed that he did think that the budget for commodity revenue needed to be adjusted down by \$200K to \$300K to account for PET plastic scrap which is currently selling for very small amounts compared to past numbers.

Chair Rak asked if there is any data if there has been an increase in drop off now that the facility is open 7 days a week. He directed staff to report on that at a future meeting.

Staff Mangini continued the presentation noting that the biggest unknown for FY2026 planning is the possible cost-based adjustment in year 3 of the SBI contract which happens in 2026. He added that he has estimated \$100K for this adjustment but pointed out that it's an unknown at this time. He also called attention to net revenue being up over the mid-year and prior year budget. He asked for feedback on the strategy of moderately increasing tip fees each year to build reserves.

Member Dehn asked if the additional revenue will cover annual maintenance or long-term capital improvements.

Staff Mangini answered as the facility ages, there are more things that need to be replaced or refurbished, like tip floor resurfacing or baler refurbishing these kinds of things that don't happen every year. This additional revenue would establish a longer-term reserve for projects that are anticipated but are not taking place in the current budget year. In the last few years, reserves have been used, but not replenished, so the idea is to build reserves by small increases to tip fees each year.

Member Mueller now present at 2:44PM

Member Sturken asked for a chart that shows the bare minimum to keep pace versus the one that is intended to replenish the reserve.

Staff Mangini answered that he thought future slides would answer that question, but on staff's queue to work on is a 5-year forecast that displays how the tip fee increases will get us to where the Agency needs to go financially.

Staff Mangini then went over the Shoreway operations expense and further explained the reserve balances. The enterprise fund in 2025 is projected to lose ground, but going forward over time instead of losing \$1M in 2025 it is down to \$400K in 2026 and eventually will build back up so that it is not losing ground each year.

Member Loraine commented that what this budget takes into consideration is better overall accounting for the maintenance and repair and better accounting for infrastructure projects going forward.

Member Adams-Davies asked if there was a legal prohibition about charging more than services cost.

Counsel Savaree commented that building a reserve is permissible but be cautious about planning for the future without over burdening the rate payers.

Member Adams Davies was asked by her fellow Hillsborough council members if it was possible to renegotiate rates for services that were not being used in Hillsborough, and she wondered when those discussions should take place, and how they would play into the rates.

Member Sturken asked how the green bond fund fits into the funding for maintenance and repairs.

Staff Mangini answered that the green bond funds are set aside for specific eligible projects, and Staff Gans will talk about those in the capital slides.

Member Mueller asked how to plan for the costs associated with finding an alternative long term disposal site when the Ox Mountain landfill closes.

Executive Director La Mariana answered that his understanding is that the current long-term capacity is now under 20 years until the landfill closes. He added that when RethinkWaste did an RFP for disposal sites about 5 years ago only one other site responded to the RFP in South San Jose and their costs were 35% higher than Ox Mountain for just the landfill, not including the transportation costs. He noted that the Ox Mountain Landfill operates on about 10% of the footprint of the entire property and it is all unincorporated County property. There is a canyon next to the property that they are considering expanding to.

Member Mueller noted that in the next budget cycle he wants to start seeing estimates and allocation towards a smoothing for preparing for the closure of the Ox Mountain landfill.

Executive Director La Mariana noted that it would be part of the 5 and 10 year forecast going forward, and added that there is a law that when a landfill is projected to have 15 years or less of capacity left, the County has a responsibility to start forecasting options, and RethinkWaste will be a partner to the County in this, but RethinkWaste isn't the whole County.

Member Dehn commented that this is just one of many future costs items we need to be preparing for, which ties back to the building reserves discussion we've been having today.

Vice Chair Brownrigg commented that there won't be a capital expense associated with the closing of the landfill, there is going to be a very large operating expense increase, so it is different from building the reserve to account for aging buildings and equipment.

Member Mueller asked if this Agency takes on the expense for landfill closure or expanding into the canyon.

Executive Director La Mariana answered that Ox Mountain is a privately owned entity, so the costs will be reflected in their costs back to us and therefore to the rate payers.

Member Mueller thought that the Agency might be able to contribute to the capital costs associated with the closure, rather than passing increased costs on to the rate payers.

Executive Director La Mariana noted that this would be a strong consideration in the master planning process.

Member Mueller then asked if car batteries would be coming to our facility.

Executive Director La Mariana answered that car batteries are hazardous waste, and the facility doesn't handle hazardous waste.

Member Mueller commented that he's concerned that receiving hazardous waste items at a rate greater than we are prepared for may happen in the future and we need to account for the costs associated with that disposal.

Chair Rak asked what the responsibility to RethinkWaste is when hazardous waste ends up at Shoreway.

Dwight Herring, General Manager of SBI, noted that SBI has a vendor for large hazardous waste items called Clean Harbors and we pay to have them handle it responsibly.

Staff Gans added that ultimately it hits our budget.

Member Schmidt commented as costs increase the budget is going to face more scrutiny so it's important to have practices in place that explain fees and costs now so that when more scrutiny comes, we've prepared for it.

Chair Rak noted that the Legislative Committee is continuing to work on extended producer responsibility legislation for batteries, which is going to be an important consideration from a cost standpoint.

Vice Chair Brownrigg suggests that this Agency review the use of rate stabilization in the next couple of years, because, if a fund is created, there needs to be parameters around how to use it.

Staff Gans then gave a presentation overviewing the capital budget. Noting that it's about \$1.5M year with periodic events that need to be accounted for. But it does not include master plan items like building new buildings for example. He also noted that if the landfill does close disposal costs will go up, and then we may want to look at alternate handling options which would need to be included into a master plan discussion.

Member Kiesel asked if the money that we are raising for reserves through increased tip fees is being allocated to capital improvement projects.

Staff Gans answered yes that this is the plan, and Staff Mangini is working on raising what we need not more than we need but enough to deal with the unexpected as well.

Vice Chair Brownrigg noted that the Green Bond won't exist forever and has financed capital expenditures, so the ongoing capital investment is probably closer to \$3M capital expense annually not \$1.5M.

Member Schmidt noted the unexpected had been mentioned a few times in the presentation, and he asked what staff sees as the biggest risk factors and potential price tag for those items.

Staff Gans answered regulatory changes. For example, the enormous expense for the agency to electrify collection vehicles, and the Bay Area Air Quality Management District plan to require air filtration systems at solid waste facilities. Had that happened it would have been millions of dollars to install and require an acre footprint of land, which Shoreway doesn't have.

Member Loraine asked for further clarification on what tip fees cover, how much simple repair and maintenance projects versus larger capital projects are going forward so that the Board and public are aware what tip fees go to and how much further investment is needed. He noted that based on today's discussion, the agency might not be there yet.

Executive Director La Mariana noted that the Agency has outgrown the model of reinvesting to keep the facility running and the agency is now taking a more sophisticated approach.

Member Kiesel asked if depreciation was included in expenses, and if not, the actual costs should be included in annual expenses.

Staff Gans concluded his presentation with upcoming larger capital projects, noting that the question is to figure out how to pay for them, without bond money remaining.

- 2026 – MRF Phase II - \$5M
- 2027 – Organics-to-Energy - \$5M
- 2026 – Transfer Station Fike Fire Detection System
- 2026 – Building EV infrastructure for 15 smaller fleet vehicles
- 2026 – Electrical Switch Gear - \$800K

Member Rak asked if the Board had any feedback for staff on the 5% increase in tip fees each year for the next five

years approach, which would build the reserves by about 1.5% each year.

Staff Mangini noted that for the November meeting he would build a table that showed 5 to 10 years with CPI applied to understand where the revenue would grow from this approach to the budget.

Member Brownrigg asked staff to reflect on the financial impacts of borrowing the additional anticipated bond expense in the next 5 to 10 year time frame for rebuilding the facility. He asked for a report that shows the fiscal impacts of hypothetical bonds scenarios of \$30M, \$50M and \$70M.

11. Board Member Comments

12. Adjourn to Closed Session 3:46PM

- A. Pursuant to Government Code Section 54957-Public Employee Performance Evaluation-Executive Director
- B. Pursuant to Government Code Section 54957.6-Conference with Labor Negotiator-Agency Designated Representative: Jean B. Savaree; Unrepresented Employee: Executive Director

13. Adjourn 4:32PM

STAFF REPORT

To: RethinkWaste Board Members
From: Joe La Mariana, Executive Director
Cyndi Urman, Clerk of the Board/Sr. Management Analyst
Date: November 20, 2025 Board of Directors Meeting
Subject: Resolution Authorizing the Execution of a Three Year Contract with DTE Networks for Information Technology Services, for \$50,976 per term year, for an Overall Total Contract Not-to-Exceed Amount of \$160,700

Recommendation

It is recommended that the RethinkWaste Board of Directors approve Resolution No.2025-29 attached hereto authorizing the following action:

The Execution of a three-year contract with DTE Networks for information technology (IT) services, for \$50,976 per term year, with CPI adjustments in year two and year three, for an overall total contract not-to-exceed amount of \$160,700

Analysis

This contract will enable the Agency to maintain important technical continuity with its current service provider for information technology services to support its administrative staff IT needs. RethinkWaste has worked with DTE Networks since 2007, first as a subcontractor of T324 and then, after a company restructuring, directly since 2014. T324 was awarded the original contract as the result of a public procurement Request for Proposal (RFP) process. Due to their extensive and essential technical knowledge of our network, equipment hardware and software, and their outstanding customer service over the last eleven (11) years, staff recommends continuing the relationship as an extension of staff.

Fiscal Impact

A new contract will be executed with annual not-to-exceed amounts of \$50,976, (a 2.5% increase over their 2025 contract) per year, for an overall contract amount of \$160,700, adjusted for CPI in year in two and year three of the contract. The initial contract amount of \$50,976 has been included in the FY2026 budget to be approved at agenda item 5B. With approval of the contract, the remaining contract per year amount will be included in the draft FY2027 and FY2028 budgets respectively under the line item for "Information Systems" (Expenses--line 7).

Attachments:

Resolution 2025-29

Exhibit A –Professional Services Agreement for Information Technology Services provided by DTE Networks



RESOLUTION NO. 2025-29

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (RETHINKWASTE) AUTHORIZING THE EXECUTION OF A THREE-YEAR CONTRACT WITH DTE NETWORKS FOR INFORMATION TECHNOLOGY (IT) SERVICES, FOR \$50,976 PER TERM YEAR, FOR AN OVERALL TOTAL CONTRACT NOT-TO-EXCEED AMOUNT OF \$160,700

WHEREAS, the South Bayside Waste Management Authority (RethinkWaste) Board of Directors has considered entering a contract with DTE Networks for the purpose of providing Information Technology Services; and

WHEREAS, The RethinkWaste has worked with DTE Networks since 2007, first as a subcontractor of T324, and directly since 2014. T324 was awarded their contract as the result of a public procurement Request for Proposal (RFP); and

WHEREAS, Due to their extensive and essential technical knowledge of the RethinkWaste’s administrative office’s network, equipment hardware and software, and their outstanding customer service over the last eleven (11) years, staff recommends continuing the relationship per the professional services agreement Exhibit A

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority (RethinkWaste) hereby authorizes the Executive Director to execute a three- year professional services contract with DTE Networks, commencing January 1, 2026 and continuing through December 31, 2028.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 20th Day of November, 2025 by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist.				
Menlo Park									

I HEREBY CERTIFY that the foregoing Resolution No. 2025-29 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 20, 2025

ATTEST:

Adam Rak, Chairperson of RethinkWaste
South Bayside Waste Management Authority

Cyndi Urman, Clerk of the Board



PROFESSIONAL SERVICES AGREEMENT
FOR
INFORMATION TECHNOLOGY SERVICES AND SUPPORT 2026-2028

This Agreement is made and entered into as of the First Day of January, 2026 by and between the SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY hereinafter called "AUTHORITY" and DTE Networks hereinafter called "CONSULTANT".

RECITALS

This Agreement is entered into with reference to the following facts and circumstances:

- A. That AUTHORITY desires to engage CONSULTANT to provide professional services;
- B. That CONSULTANT is qualified to provide such services to the AUTHORITY and;
- C. That the AUTHORITY has elected to engage the services of CONSULTANT upon the terms and conditions as hereinafter set forth.

- 1. Services. The services to be performed by CONSULTANT under this Agreement shall include those services set forth in Exhibit A, attached hereto and, by this reference, made a part hereof ("Services").

Performance of the Services specified in Exhibit A is hereby made an obligation of CONSULTANT under this Agreement, subject to any changes that may be made subsequently hereto upon the mutual written agreement of the parties.

Where in conflict, the terms of this Agreement supersede and prevail over any terms set forth in Exhibit A.

- 2. Term. The term of this Agreement shall commence upon the date hereinabove written through December 31, 2028, unless terminated earlier pursuant to Section 10 of this Agreement.
- 3. Schedule. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit A. Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. AUTHORITY'S agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.



4. Compensation; Expenses; Payment. AUTHORITY shall compensate CONSULTANT for the performance of all Services and reimbursable expenses described in Exhibit A, as follows: AUTHORITY shall pay the amount of Fifty thousand nine hundred and seventy five dollars (\$50,976) for the first year (2026) term of the Agreement. During the two succeeding calendar year terms, 2027 and 2028, the total annual amount shall be the annual amount for the previous year, adjusted by an amount equal to the Consumer Price Index (All Urban Consumers) issued by the Bureau of Labor Statistics of the United States Department of Labor for the San Francisco - Oakland - San Jose, California area. Notwithstanding the foregoing, in no event shall CONSULTANT's compensation be increased by an amount exceeding five percent of the total compensation paid during the immediately preceding contract year. The overall total contract not-to-exceed amount is One hundred sixty thousand seven hundred dollars (\$160,700).

CONSULTANT shall be paid the initial term amount and annual contract amounts in 12 monthly payments, evenly divided, commencing on January 1, 2026. (For illustration purposes, the initial term monthly payment shall be \$4,248.00) CONSULTANT shall submit a monthly invoice to Authority for such amount.

5. Additional Services. In the event AUTHORITY desires the performance of additional services not otherwise included within the Services described in Exhibit A, such services shall be authorized in advance of the performance thereof by AUTHORITY's Executive Director (for contracts less than \$60,000) or AUTHORITY Board (for contracts \$60,000 or more) by motion duly made and carried. Such amendment to this Agreement shall include a description of the services to be performed thereunder, the maximum compensation and reimbursement of costs and expenses payable therefor, the time of performance thereof, and such other matters as the parties deem appropriate for the accomplishment of such services. Except to the extent modified by written amendment, all other terms and conditions of this Agreement shall be deemed incorporated in each such amendment.
6. Records. CONSULTANT shall keep and maintain accurate records of all time expended and costs and expenses incurred relating to Services to be performed by CONSULTANT hereunder. Said records shall be available to AUTHORITY for review and copying during regular business hours at CONSULTANT's place of business or as otherwise agreed upon by the parties.
7. Reliance on Professional Skill of CONSULTANT. CONSULTANT represents that it has the necessary professional skills to perform the Services required and the AUTHORITY shall rely on such skills of the CONSULTANT to do and perform the work. In performing Services hereunder CONSULTANT shall adhere to the standards generally prevailing for the performance of expert consulting services similar to those to be performed by CONSULTANT hereunder.

8. Documents. All documents, plans, drawings, renderings, and other papers, or copies thereof, as finally rendered, prepared by CONSULTANT pursuant to the terms of this Agreement, shall, upon preparation and delivery to AUTHORITY, become the property of AUTHORITY.
9. Relationship of Parties. It is understood that the relationship of CONSULTANT to the AUTHORITY is that of an independent contractor and all persons working for or under the direction of CONSULTANT are its agents or employees and not agents or employees of the AUTHORITY.
10. Termination or Suspension of Agreement or Services.
 - (a) The AUTHORITY may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance of the Services.
 - (b) CONSULTANT may terminate this Agreement or suspend its performance of the Services by giving thirty (30) days prior written notice thereof to AUTHORITY, but only in the event of a substantial failure of performance by AUTHORITY.
 - (c) Upon such suspension or termination, CONSULTANT shall deliver to the AUTHORITY immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT or its contractors, if any, or given to CONSULTANT or its contractors, if any, in connection with this Agreement. Such materials will become the property of AUTHORITY.
 - (d) Upon such suspension or termination by AUTHORITY, CONSULTANT will be paid for the Services rendered or materials delivered to AUTHORITY in accordance with the scope of services on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, AUTHORITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which are of direct and immediate benefit to AUTHORITY as such determination may be made by the Executive Director acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 11, 12, 13, 10(d), and 15.
 - (e) No payment, partial payment, acceptance, or partial acceptance by AUTHORITY will operate as a waiver on the part of AUTHORITY of any of its rights under this Agreement.
11. Indemnity. To the fullest extent allowed by law, CONSULTANT hereby agrees to defend, indemnify, and save harmless AUTHORITY, its boards, officers, employees and agents, from and against any and all claims, suits,

actions liability, loss, damage, expense, cost (including, without limitation, costs and fees of litigation) of every nature, kind or description, which may be brought against, or suffered or sustained by, AUTHORITY, its boards, officers, employees, and agents caused by, or alleged to have been caused by, the negligence, intentional tortuous act or omission, or willful misconduct of CONSULTANT, its officers, employees, subcontractors or agents in the performance of any services or work pursuant to this Agreement.

The duty of CONSULTANT to indemnify and save harmless, as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

CONSULTANT's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law.

The defense and indemnification obligations of this agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained within this Agreement.

12. Insurance. CONSULTANT shall acquire and maintain Workers' Compensation, employer's liability, commercial general liability, owned and non-owned and hired automobile liability, and cyber liability insurance coverage relating to CONSULTANT's services to be performed hereunder covering AUTHORITY's risks in form subject to the approval of the AUTHORITY Attorney and/or AUTHORITY's Risk Manager. The minimum amounts of coverage corresponding to the aforesaid categories of insurance per insurable event, shall be as follows:

<u>Insurance Category</u>	<u>Minimum Limits</u>
Workers' Compensation	statutory minimum
Employer's Liability	\$1,000,000 per accident for bodily injury or disease
Commercial General Liability	\$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury, personal injury and property damage
Automobile Liability	\$1,000,000 per accident for bodily injury and property damage (coverage required to the extent applicable to CONSULTANT's vehicle usage in performing services hereunder)
Cyber Liability	\$1,000,000 per claim and annual aggregate with a carrier with an A.M.

Best rating of A VI (also titled Network Security/Cyber/Privacy liability)

The requirements for coverage and limits shall be the greater of either (1) the minimum coverage and limits specified in this Agreement or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named Insured.

CONSULTANT agrees to include with all subcontractors in their subcontracts the same requirements and provisions of this agreement including the indemnity and insurance requirements to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by CONSULTANT shall agree to be bound to CONSULTANT and AUTHORITY in the same manner and to the same extent as CONSULTANT is bound to AUTHORITY under this Agreement and its accompanying documents. Subcontractors shall further agree to include these same provisions with any sub-subcontractors. A copy of the indemnity and insurance provisions of this Agreement will be furnished to the Subcontractor upon request. CONSULTANT shall require all subcontractors to provide a valid certificate of insurance and the required endorsements included in the subcontract agreement and will provide proof of compliance to the AUTHORITY prior to commencement of any work by the subcontractor.

Applicable to Workers Compensation, Employers Liability, Commercial General Liability, and Automobile Liability policies, concurrently with the execution of this Agreement, CONSULTANT shall, on the Insurance Coverage form provided in Exhibit C, or equivalent, furnish AUTHORITY with certificates and copies of information or declaration pages of the insurance required hereunder and, with respect to evidence of commercial general liability and automobile liability insurance coverage, original endorsements:

- (a) Precluding cancellation or reduction in per occurrence limits before the expiration of thirty (30) days (10 days for nonpayment) after AUTHORITY shall have received written notification of cancellation in coverage or reduction in per occurrence limits by first class mail;
- (b) Naming the South Bayside Waste Management Authority, its officers, boards, employees, and agents, as additional insureds; and
- (c) Providing that CONSULTANT's insurance coverage shall be primary insurance with respect to South Bayside Waste Management Authority, its officers, boards, employees, and agents, and any insurance or self-insurance maintained by AUTHORITY for itself, its officers, boards, employees, and agents shall be in excess of CONSULTANT's insurance and not contributory with it. CONSULTANT and its insurer may not seek contribution from AUTHORITY's insurance or self-insurance.

The limits of insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of AUTHORITY, to the extent required by this Agreement, before the AUTHORITY's insurance or self-insurance may be called upon to protect AUTHORITY as a named Insured.

All self-insured retentions (SIR) must be disclosed to AUTHORITY for approval and shall not reduce the limits of liability coverage. Policies containing and SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named CONSULTANT/Named Insured or AUTHORITY.

AUTHORITY reserves the right to obtain a full certified copy of any insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

Any and all Subcontractors shall agree to be bound to CONSULTANT and AUTHORITY in the same manner and to the same extent as CONSULTANT is bound to AUTHORITY under this Agreement. Subcontractors shall further agree to include the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, in any agreement with sub-subcontractors to the extent that they apply to the scope of the sub-subcontractor's work. A copy of the indemnity and insurance provisions of this Agreement shall be furnished to any subcontractor upon request.

CONSULTANT shall maintain insurance as required by this Agreement to the fullest amount allowed by law and shall maintain insurance for a minimum of five (5) years following completion of Services. In the event CONSULTANT fails to obtain or maintain completed operations coverage as required by this Agreement, the AUTHORITY at its sole discretion may purchase the coverage required and the cost will be paid by CONSULTANT.

13. WORKERS' COMPENSATION. CONSULTANT certifies that he is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and CONSULTANT certifies that he will comply with such provisions before commencing the performance of the work of this agreement.

14. NON-DISCRIMINATION. The CONSULTANT will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The CONSULTANT will take affirmative action to ensure that applicants are employed and the employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, advancement, demotion, transfer, recruitment, or recruitment

advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The CONSULTANT shall at all times be in compliance with the requirements of the Federal Americans With Disabilities Act (Public Law 101-336) which prohibits discrimination on the basis of disability by public entities. The CONSULTANT agrees to post in conspicuous places available to employees and applicants for employment any notices provided by the AUTHORITY setting forth the provisions of this non-discrimination clause.

15. Notice. All notices required by this Agreement shall be given to the AUTHORITY and CONSULTANT in writing, by first class mail, postage prepaid, addressed as follows:

AUTHORITY: RethinkWaste
1245 San Carlos Ave. Suite E
San Carlos, CA 94070
Attention: Dolores Molina-Bucio Admin Assoc.
Cyndi Urman Authority Clerk / Sr.
Management Analyst

CONSULTANT: **DTE Networks**
Yaron Rosenthal or Jeff Abbott
3060 El Cerrito Plaza #361
El Cerrito CA 94530
Phone: (510) 232-8795
Email: support@denetworks.com

16. Non-Assignment. This Agreement is not assignable either in whole or in part.
17. Amendments. This Agreement may be amended or modified only by written agreement signed by both parties.
18. Validity. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
19. Governing Law. This Agreement shall be governed by the laws of the State of California and any suit or action initiated by either party shall be brought in the County of San Mateo, California. In the event of litigation between the parties hereto to enforce any provision of the Agreement, the unsuccessful party will pay the reasonable attorney's fees and expenses of litigation of the successful party.
20. Mediation. Should any dispute arise out of this Agreement, the parties shall meet in mediation and attempt to reach a resolution with the assistance of a mutually acceptable mediator. Neither party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid

equally by the parties. If a mediated settlement is reached neither party shall be deemed the prevailing party for purposes of the settlement and each party shall bear its own legal costs.

21. Conflict of Interest. CONSULTANT may serve other clients, but none that would place CONSULTANT in a "conflict of interest" as that term is defined in State law.
22. Entire Agreement. This Agreement, including Exhibits A, B, and C, comprises the entire Agreement.
23. Authorization. This Agreement becomes effective when endorsed by both parties in the space provided below. The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.
24. Counterparts. This Agreement may be signed in multiple counterparts, which shall, when executed by all the parties, constitute a single binding agreement.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have caused this Agreement to be executed on the date first written above.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

Dated: _____

Adam Rak, SBWMA Board Chair

ATTEST:

Dated: _____

Cyndi Urman, Board Secretary

APPROVED AS TO FORM

Dated: _____

Jean Savaree, Legal Counsel

CONSULTANT

CONSULTANT

Dated: _____

Jeff Abbott, Principal DTE Networks

Dated: _____

Yaron Rosenthal, Principal DTE Networks

EXHIBIT A

SCOPE OF WORK, WORK SCHEDULE, AND FEE SCHEDULE FOR INFORMATION TECHNOLOGY SERVICES AND SUPPORT 2026-2028

INTRODUCTION

DTE Networks will provide information and technology services and support to the RethinkWaste Staff from January 1, 2026 through December 31, 2028

BACKGROUND

RethinkWaste has worked with DTE Networks since 2007, first as a subcontractor of T324, and directly since 2014. Due to their extensive and essential knowledge of our network equipment hardware and software, and their outstanding customer service over the last 11 (eleven) years, staff recommends continuing the relationship.

SERVICES

DTE will provide the following list of IT management and technical services to Authority on a monthly basis:

- Manage Microsoft Office 365 subscriptions for all RethinkWaste staff
- Splashtop remote support and monitoring up to 18 computers
- Manage Antivirus up to 18 computers
- Manage Antivirus server
- 4 hours of support per month for routine server maintenance
- 12 hours of support per month for general support requests, hardware and software maintenance, upgrades, problem solving and troubleshooting, etc.
- 2.5 Hours per month to backup 16 Workstations
- Off-site Server backup service/storage

COMPENSATION

Consultant will be compensated according to the terms set forth in the 4th paragraph of the Agreement.

EXHIBIT B

SAMPLE INVOICE

INVOICE

Your Company Name
 Address
 City State Zip
 Phone Number

Date:
 Project Number:
 Invoice Number:

RethinkWaste
 Attn: **Project Manager**
 1245 San Carlos Ave., Suite E
 San Carlos, CA 94070

SBWMA Project: **Project Title**
 Invoice for Professional Services from 1/1/21 to 1/31/21

TASK 1 TITLE/Description

Professional Personnel:	Hours:	Rate:	Amount:
John Doe	1.5	\$200.00	\$300.00
Jane Smith	1.0	\$100.00	\$100.00
TOTALS:	2.0		\$400.00

TOTAL THIS TASK: \$400

TASK 2 TITLE/Description

Professional Personnel:	Hours:	Rate:	Amount:
John Doe	3.0	\$200.00	\$600.00
TOTALS:	3.0		\$600.00

TOTAL THIS TASK: \$600.00

TOTAL THIS INVOICE \$1,000.00

BILLING LIMITS:

Total Contract Amount		\$10,000.00
Prior Invoices	0%	\$0.00
Current Contract Balance	100%	\$10,000.00
This Invoice	10%	\$1,000.00
Contract Balance	90%	\$9,000.00

EXHIBIT C

INSURANCE FORMS

CONSULTANT shall provide, in addition to the Certificates of Insurance, original Endorsement affecting the coverages specified in Section 12 - INSURANCE of the Agreement on the attached form. No substitute form will be accepted.

ATTACHED

1. Insurance Coverage Form



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/6/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER TAPCO - KL (5576) PO Box 286 Burlington, NC 27216	CONTACT NAME		
	PHONE (A/C No, Ext):	FAX (A/C No):	
	EMAIL ADDRESS:		
INSURED LANALERT, INC. DTE NETWORKS 3060 EL CERRITO PLAZA #361 EL CERRITO, CA 94530	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: United States Liability Insurance Company		25895
	INSUREB B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		
INSURER F:			

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR			MTK 1566939D	06/25/2025	06/25/2026	EACH OCCURENCE \$1,000,000
			DAMAGE TO RENTED PREMISES (Ea occurrence) \$300,000				
			MED EXP (Any one person) \$10,000				
			PERSONAL & ADV INJURY				
	GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						GENERAL AGGREGATE \$2,000,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE						BODILY INJURY (Per person) \$
	DED <input type="checkbox"/> RETENTION \$						BODILY INJURY (Per accident) \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				PROPERTY DAMAGE (Per accident) \$
A	Technology Professional Liability			MTK 1566939D	06/25/2025	06/25/2026	EACH OCCURENCE \$
							AGGREGATE \$
							DEDUCTIBLE EACH CLAIM \$0

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (See attached Acord 101 for additional liability limits)

3060 El Cerrito Plaza #361, El Cerrito, CA 94530 - Technology Professional Package. BP-134 06/09 Blanket Additional Insured is part of this policy.

CERTIFICATE HOLDER

CANCELLATION

Informational Purposes Only

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



ADDITIONAL REMARKS SCHEDULE

AGENCY TAPCO - KL (5576)		INSURED LANALERT, INC. DTE NETWORKS 3060 EL CERRITO PLAZA #361 EL CERRITO, CA 94530	
POLICY NUMBER MTK1566939D		EFFECTIVE DATE: 6/25/2025	
CARRIER United States Liability Insurance Company	NAIC CODE 25895		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: ACORD 25 FORM TITLE: CERTIFICATE OF LIABILITY INSURANCE

COVERAGE PART	LIMITS
Businessowners Liability	
Liability and Medical Expenses	\$1,000,000
Medical Expense (per person)	\$10,000
Damages To Premises Rented To You (Any One Premises)	\$300,000
Hired and Non-owned Auto Each Occurrence	Included
Hired and Non-owned Auto Aggregate	Included
General Aggregate	\$2,000,000
<hr/>	
Technology Professional Liability	
Each Claim Limit	\$1,000,000
Annual Aggregate Limit	\$1,000,000
Deductible	\$0
Intellectual Property Each Claim	\$1,000,000
Intellectual Property Aggregate	\$1,000,000
Privacy Breach Expense and Defense of Regulatory Claims Each Claim	\$1,000,000
Privacy Breach Expense and Defense of Regulatory Claims Aggregate	\$1,000,000
Retroactive Date	06/25/2021

STAFF REPORT

To: RethinkWaste Board Members
From: John Mangini, Senior Finance Manager
Joe La Mariana, Executive Director
Date: November 20, 2025 Board of Directors Meeting
Subject: Resolution Approving the Audited Financial Statements for the period ending December 31, 2024

Board Action

It is recommended that the RethinkWaste Board of Directors approve Resolution No. 2025-30 attached hereto authorizing the following action:

Accept the South Bayside Waste Management Authority's (RethinkWaste's) audited Annual Financial Statements (**see Exhibit A to the Resolution**) for the fiscal year ending December 31, 2024 as prepared by RethinkWaste's audit firm, Maze & Associates.

Summary

The purpose of the financial statements is to present a summary of the financial position of the Authority for the fiscal year. The Finance Committee was not able to provide an approval recommendation to the Board due to lack of a quorum for the October 14th Finance Committee Meeting. Staff did receive feedback from one Finance Committee Member to include a narrative on the Memorandum of Internal Controls, which is included in this Staff Report.

The Audited Financial Statements in **Exhibit A** Have been posted to the Municipal Securities Rulemaking Board (MSRB) prior to the due date of September 26th, 2025, a requirement of the Bond Indenture. Any changes that arise from the review by the Finance Committee or Board will be updated to the MRSB. The final step in the formal process of preparing these financial statements is to present them to the Board for its acceptance.

Analysis

The financial statements of RethinkWaste for fiscal year ending December 31, 2024, have been prepared by the City of Redwood City Administrative Services Department and examined by the independent auditing firm Maze & Associates and RethinkWaste staff. It is the **opinion** of the audit firm that the financial statements present fairly the financial position of RethinkWaste as of December 31, 2024, and that the financial statements were prepared in conformity with generally accepted accounting principles.

Financial Condition Summary

As shown in Table 2 of the Audit Report, total net position as of December 31, 2024 is \$24.4 million. The unrestricted net assets (Unrestricted Reserve) decreased by \$7.5 million to \$12.6 million at December 31, 2024 (see Table 1 and 4 in the Audit Report). The reduction is due to significant investments in capital assets and the

operating results. A more detailed description can be found in the Management and Discussion Analysis (MDA) within the Audit Report.

General Operating Results

Table 1 below contains the financial results for the period ending December 31, 2024 and compared to fiscal year ending December, 2024 expressed in a percentage variance.

Table 1 – Financial Results

	FY2023	FY2024	Variance
	<u>12 months ending</u>	<u>12 months ending</u>	<u>%</u>
	<u>12/31/2023</u>	<u>12/31/2024</u>	
Tip Fee Revenue	\$ 52,868,286	\$ 58,797,854	11%
Commodity Revenue	\$ 6,102,861	\$ 9,267,214	52%
Other Revenue	\$ 17,401	\$ 154,378	787%
Total Revenues	\$ 58,988,548	\$ 68,219,446	16%
Shoreway Operations Expense	49,249,823	60,243,671	22%
SBWMA Program Expense	3,930,672	3,924,787	0%
Franchise Fees	2,522,326	3,006,805	19%
Depreciation Expense	2,534,872	2,547,238	0%
Total Expenses	\$ 58,237,693	\$ 69,722,501	20%
Operating Income	\$ 750,855	\$ (1,503,055)	-300%
Investment Income, Other	\$ 2,242,565	\$ 1,909,484	-15%
Interest Expense	(2,179,362)	(2,182,847)	0%
Grant Revenue	-	-	
CHANGE IN NET POSITION	\$ 814,058	\$ (1,776,417)	-318%

Variance explanations:

Please see the Management Discussion and Analysis (MDA) of **Exhibit A** for a narrative on financial results.

Long-Term Debt

At the end of the current fiscal year, RethinkWaste had bond debt outstanding of \$50,812,562. Long-term debt consists of Series 2019A and 2019B Refunding Revenue Bonds that were issued to refund the 2009A Revenue Bonds and to finance the construction of various improvements and acquisition of certain associated equipment to the material recovery facility and transfer station.

Payment of principal on the 2019 bonds began on September 1, 2020. Additional information on RethinkWaste’s long-term debt can be found in note (4) to the accompanying financial statements.

Memorandum of Internal Controls (MOIC)

The MOIC (**Attachment A**) noted a few findings related to separation of duties, timing of bank reconciliations, and outdated signature cards. These items are the responsibility of the Accounting and Financial Services provider. The City of Redwood City’s finance team provided a response and corrective action to the items noted.

RethinkWaste recently completed an RFP for Accounting and Financial Services and recommended Eide Bailly as the new services provider. The Board approved a contract with Eide Bailly at its October 2024 meeting to begin service on January 1, 2026. Eide Bailly’s managing partner has provided assurance that these items will be

addressed and RethinkWaste will not receive control findings during their tenure. The managing partner advised that their organization prides themselves on not having audit findings. Eide Bailly specifically advised that they recommend an alternative signature card structure where RethinkWaste would control the bank signature cards, and that they will provide specific structure for all internal controls including safeguarding assets related to signature cards.

Fiscal Impact

There is no financial impact associated with the adoption of this Resolution.

Attachments:

Resolution 2025-30. Accepting the Authority's Audited Financial Statements ending December 31, 2024

Exhibit A – RethinkWaste Audited Annual Financial Statements for the Period January 1, 2024 to December 31, 2024

Attachment A – SBWMA Memorandum of Internal Control

Attachment B – SBWMA Required Communication



RESOLUTION NO. 2025-30

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ACCEPTING THE FISCAL YEAR ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2024 TO DECEMBER 31, 2024

WHEREAS, the South Bayside Waste Management Authority contracted with the audit firm Maze & Associates to conduct an audit of the Agency’s financial records in accordance with Governmental Accounting Standards Board (GASB) Statement 34; and

WHEREAS, the financial statements for the fiscal year period January 1, 2024 to December 31, 2024 as prepared by said firm have been completed and are attached as **Exhibit A**; and

WHEREAS, it is recommended that the Board accept the financial statements.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the Annual Financial Report as prepared by Maze & Associates for the fiscal year period January 1, 2024 to December 31, 2024.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 20th day of November, 2025, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				
Menlo Park									

I HEREBY CERTIFY that the foregoing Resolution No. 2025-30 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 20, 2025.

ATTEST:

Adam Rak, Chairperson of RethinkWaste
South Bayside Waste Management Authority

Cyndi Urman, Board Secretary

**SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY**

BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

This Page Left Intentionally Blank

**SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY**

**BASIC FINANCIAL STATEMENTS
For the Year ended December 31, 2024**

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	12
Statement of Revenues, Expenses and Changes In Net Position	13
Statement of Cash Flows	14
Notes to Basic Financial Statements	15
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT'S PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31

This Page Left Intentionally Blank



INDEPENDENT AUDITOR'S REPORT

To Members of the Board of Directors of the
South Bayside Waste Management Authority
San Carlos, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the South Bayside Waste Management Authority (Authority), California, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
August 15, 2025

This Page Left Intentionally Blank

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

Management's Discussion and Analysis

December 31, 2024

The Management's Discussion and Analysis (MD&A) section presents an overview and analysis of the financial performance of the South Bayside Waste Management Authority (SBWMA) for the year ended December 31, 2024. It should be read in conjunction with the audited financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The SBWMA's financial statements include:

Statement of Net Position presents information on the SBWMA's assets and liabilities as of the fiscal year-end, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position presents the results of the SBWMA's operations over the course of the fiscal year and information as to how the net position changed during the fiscal year. These statements can be used as an indicator of the extent to which the Authority has successfully recovered its costs through user fees and other charges.

Statement of Cash Flows presents changes in cash and cash equivalents resulting from operational, capital, non-capital, and investing activities. The statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt and exclude non-cash accounting measures of depreciation or amortization of assets.

Notes to Financial Statements provide information that is essential to a full understanding of the financial statements that is not displayed on the face of the financial statements.

FINANCIAL ANALYSIS

The following table summarizes the Authority's change in net position from the fiscal year ended December 31, 2023 to the fiscal year ended December 31, 2024.

Table 1
Comparative Net Position
December 31, 2023 and 2024

	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 43,066,891	\$ 41,984,968	\$ (1,081,923)	-2.5%
Capital assets, net of depreciation	45,641,088	49,212,927	3,571,839	7.8%
Total assets	<u>88,707,979</u>	<u>91,197,895</u>	<u>2,489,916</u>	2.8%
Long-term debt outstanding	50,813,609	48,841,152	(1,972,457)	-3.9%
Other liabilities	11,676,025	17,914,817	6,238,792	53.4%
Total liabilities	<u>62,489,634</u>	<u>66,755,969</u>	<u>4,266,335</u>	6.8%
Net position:				
Net investment in capital assets	6,164,436	11,884,018	5,719,582	92.8%
Unrestricted	20,053,909	12,557,908	(7,496,001)	-37.4%
Total net position	<u>\$ 26,218,345</u>	<u>\$ 24,441,926</u>	<u>\$ (1,776,419)</u>	<u>-6.8%</u>

Net Position

The total net position decreased by \$1.8 million or 6.8% from the prior fiscal year. This decrease is comprised primarily of a decrease in unrestricted net position of \$7.5 million offset by an increase in net investment in capital assets of \$5.7 million.

Total liabilities increased by \$4.3 million or 6.8%. This increase is primarily attributed to an increase of \$6.2 million or 53.4% in other liabilities, which was attributed largely to a higher accounts payable balance as of December 31, 2024. This was offset by a reduction of \$2.0 million in long-term debt, as a result of the payment of the annual debt service. More information on the long-term debt is located in the “*Long-term Debt*” section.

The largest portion of the Authority’s assets is its investment in net capital assets totaling \$49.2 million. These assets are comprised of land, buildings, equipment and infrastructure, less accumulated depreciation, and are primarily located at the Shoreway Environmental Center. The actual year-over-year comparison of the capital assets, net of accumulated depreciation, shows an increase of \$3.6 million or 7.8% due to capital asset additions of \$6.2 million in buildings, equipment, and construction in progress, which are offset by depreciation expense of \$2.5 million. These changes are explained further in the “*Capital Assets*” section.

The net investment in capital assets is \$11.9 million as of December 31, 2024. It represents the Authority’s investment in infrastructure and other capital assets, net of amounts borrowed to finance that investment. It should be noted that these funds are not available for spending because the capital assets cannot be liquidated to settle liabilities. Therefore, the resources needed to repay the debt must be provided from other sources. Unrestricted net position totaling \$12.6 million represents the part of net position that can be used to finance operations.

Results of Operations

The following table summarizes the Authority's revenues, expenses, and changes in net position.

Table 2
Comparative Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2023 and the Year Ended December 31, 2024

	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Charges for services	\$ 52,868,286	\$ 58,797,854	\$ 5,929,568	11.2%
Commodity revenue	6,102,861	9,267,214	3,164,353	51.9%
Other operating revenues	17,401	154,378	136,977	787.2%
Investment Income	2,242,565	1,909,484	(333,081)	-14.9%
Total Revenues	<u>61,231,113</u>	<u>70,128,930</u>	<u>8,897,817</u>	14.5%
Expenses				
Operating expenses	58,237,693	69,722,502	11,484,809	19.7%
Interest expense	2,179,362	2,182,847	3,485	0.2%
Total Expenses	<u>60,417,055</u>	<u>71,905,349</u>	<u>11,488,294</u>	19.0%
Increase (decrease) in net position	814,058	(1,776,419)	(2,590,477)	-318.2%
Beginning net position, restated	<u>25,404,287</u>	<u>26,218,345</u>	<u>814,058</u>	3.2%
Ending net position	<u>\$ 26,218,345</u>	<u>\$ 24,441,926</u>	<u>\$ (1,776,419)</u>	-6.8%

While the Statement of Net Position (Table 1) shows the change in financial position, the Statement of Activities (Table 2 above) provides answers as to the nature and sources of the changes.

Changes in operating revenues for the year ended December 31, 2024 (FY 2024) are comprised of the following:

- Charges for services, also known as tipping fee revenue, increased by \$5.9 million or 11.2%, from \$52.9 million in FY 2023 to \$58.8 million in FY 2024 primarily due to increased tipping fees on material received at the Shoreway Facility. Tipping fee increases in FY 2024 were necessary due to the significant increase in facility operator compensation. South Bayside Industries (SBI) was chosen as the facility operator as of January 1, 2024 after being awarded the contract as a result of RFQ. The contract with SBI represented approximately 50% increase in operator compensation over the prior contract year. The previous thirteen (13) year facility contract with South Bay Recycling (SBR) was primarily tied to CPI indices which did not keep pace with the true cost of operations over the contract term, primarily labor costs. The new scope of work include an expanded workforce and new equipment.
- Commodity revenue increased by \$3.2 million, or 51.9% from \$6.1 million in FY 2023 to \$9.3 million in FY 2024 due to the increasing prices for commodities. Market prices for fiber, metals, plastics and glass increased year over year. In addition, the Authority retained 100% of all commodity revenue in FY 2024 as a result of the new Facility Operations Agreement with SBI. The agreement with SBI stipulates that the Authority retains all commodity revenue. The previous contract with South Bay Recycling (SBR) shared twenty-five percent (25%) of net commodity revenue in excess of \$4.9 million.

- Other operating revenues increased by \$0.1 million or 787.2% in FY 2024 primarily due to recording the acquisition of assets at zero cost from the previous facility operator as stipulated in the operating agreement upon expiration of the contract.
- Investment income, which is nonoperating revenue, decreased by approximately \$0.3 million in FY 2024, when compared to FY 2023 primarily due to lower returns on investments and

The primary component of operating expenses (89.7%) is related to the Shoreway operations that include contractually obligated costs incurred to pay the Shoreway operator, and disposal and processing expenses. The percentage of operating expenses related to the Shoreway operations for FY 2023 was 88.4%, slightly lower than FY 2024. The Shoreway operations expense (Table 3) increased by \$11.0 million, or 22.3% from \$49.2 million in FY 2023 to \$60.2 in FY 2024 primarily due to an increase Shoreway Facility operating cost as a result of the new Operations Agreement with SBI, as previously noted.

Table 3 below shows the operating results of the Authority, excluding depreciation. It excludes revenues and expenditures not directly associated with operating activities such as investment income, grant revenue, and interest expense. For the current fiscal year, operating results were \$1.0 million compared to \$3.3 million for the prior fiscal year, a decrease of 68.2%. This decrease is due to increased operating expenses in excess of increased operating revenue. The operating revenue increase was less than operating expenses increase by design. In the FY 2024 Adopted Budget, the Authority’s Board of Directors elected to defer a portion of the overall Staff recommended tip fee increase and utilize the Rate Stabilization Reserve to cover the deferral to lessen the one-year impact to ratepayer. The new Shoreway Operations Agreement in 2024 required a major increase in tip fees and the Board of Directors elected to smooth out a portion impact over the next year.

Table 3
Operating Results
For the Year Ended December 31, 2023 and the Year Ended December 31, 2024

	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenue				
Charges for Services	\$ 52,868,286	\$ 58,797,854	\$ 5,929,568	11.2%
Commodity Fee	6,102,861	9,267,214	3,164,353	51.9%
Other Operating Revenue	17,401	154,378	136,977	787.2%
Total Operating Revenue	<u>58,988,548</u>	<u>68,219,446</u>	<u>9,230,898</u>	15.6%
Operating Expense (excl Depn.)				
Shoreway Operations	49,249,823	60,243,672	10,993,849	22.3%
Program Admin	3,930,672	3,924,787	(5,885)	-0.1%
Franchise Fee	2,522,326	3,006,805	484,479	19.2%
Total Operating Expense (excl Depn.)	<u>\$ 55,702,821</u>	<u>\$ 67,175,264</u>	<u>11,472,443</u>	20.6%
Total Operating Results (excl Depn.)	<u>\$ 3,285,727</u>	<u>\$ 1,044,182</u>	<u>\$ (2,241,545)</u>	-68.2%

Reserves

Table 4 below reflects the amount of reserves that have been designated by the Board as of December 31, 2023 and 2024.

Table 4
Unrestricted Reserves Balances

	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Rate Stabilization Reserve	\$ 5,237,034	\$ 2,837,034
Emergency Reserve	5,237,034	5,237,034
Sub-Emergency Reserve - Self-insurance	694,875	694,875
Equipment Replacement Reserve	1,166,789	567,450
Capital Fund Reserve	<u>7,718,177</u>	<u>3,221,516</u>
Total Unrestricted Reserves	<u>\$ 20,053,909</u>	<u>\$ 12,557,909</u>

In 2002, the SBWMA Board established a cash reserve policy to set aside certain portions of unrestricted net position for specific uses in order to protect the short and long-term financial operation of the Authority. In May 2013, the Board revised the Cash Reserve Policy to accomplish the goal of more clearly defining the reserve accounts. In November 2018, the Board further revised the Cash Reserve Policy to include a Capital Reserve Fund to fund future capital projects that cannot be absorbed in one budget period. The current policy consists of a Rate Stabilization Reserve, Emergency Reserve, Equipment Replacement Reserve, Capital Fund Reserve, and Undesignated Reserve. In addition, the Board approved a sub-emergency reserve for self-insurance in response to an increased property insurance deductible. The Rate Stabilization Reserve & Emergency Reserve are calculated at up to 10% of operating expenses. Operating expenses include Shoreway Operations expense, SBWMA program expenses, bond interest expense, and franchise fees. Operating expenses exclude depreciation, buyback, and household hazardous waste payments. The Emergency Reserve is to address unexpected and sudden capital needs or significant one-time increases in Shoreway operating expenses associated with “damage by natural disasters, acts of war or terrorism, or other community emergency scenarios that are not covered by existing insurance policies”. The current policy prioritizes the order of the accounts so the Rate Stabilization Reserve is first in priority followed by the Emergency Reserve.

All reserve fund levels are approved by the Board each year as part of the adoption of the fiscal year budget.

In the FY 2024 Adopted Budget, the Authority’s Board of Directors elected to defer 5% of the overall Staff recommended tip fee increase and utilize the Rate Stabilization Reserve to cover the deferred 5% to lessen the one-year impact to ratepayer, as previously stated in this document.

Capital Assets

The following table summarizes changes in the Authority’s capital assets.

Table 5
Capital Assets, Net of Depreciation
As of December 31, 2023 and 2024

	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 14,000,000	\$ 14,000,000	\$ -	0.0%
Construction in progress	276,345	3,316,746	3,040,401	1100.2%
Buildings and systems	45,948,275	48,358,718	2,410,443	5.2%
Machinery and equipment	29,078,326	29,746,559	668,233	2.3%
Total accumulated depreciation	<u>(43,661,858)</u>	<u>(46,209,096)</u>	<u>(2,547,238)</u>	5.8%
Total Net Capital Assets	<u>\$ 45,641,088</u>	<u>\$ 49,212,927</u>	<u>\$ 3,571,839</u>	<u>7.8%</u>

Total net capital assets increased by \$3.6 million, or 7.8%, from \$45.6 million as of December 31, 2023 to \$49.2 million as of December 31, 2024. The increase is the net of the annual \$2.5 million depreciation charge, and \$3.1 million in capital expenditures towards building purchase, equipment replacement, and numerous facility upgrades as well as \$3.0 million in Construction in progress for the State of California mandated underground storage tank replacement. The building purchase at 1245 San Carlos Avenue is the SBWMA’s main office as of November 2024.

Additional information on the capital assets can be found in Note (4) of the financial statements.

Long-term Debt

At the end of the current fiscal year, the Authority had \$50.8 million total debt outstanding, a decrease of \$1.9 million, or 3.6%, from \$52.7 million as of December 31, 2023. This decrease is a result of the payment of the annual debt service.

Table 6
Outstanding Debt, Net of Amortized Costs
As of December 31, 2023 and 2024

	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>\$ Change</u>	<u>% Change</u>
2019A Refunding Revenue Bond	\$ 30,825,000	\$ 30,825,000	\$ -	0.0%
2019B Refunding Revenue Bond	11,750,000	10,355,000	(1,395,000)	-11.9%
Net Premium 2019A/B	9,034,755	8,546,390	(488,365)	-5.4%
2022 Five Star Bank Loan	<u>1,103,552</u>	<u>1,086,172</u>	<u>(17,380)</u>	-1.6%
Total	<u>\$ 52,713,307</u>	<u>\$ 50,812,562</u>	<u>\$ (1,900,745)</u>	<u>-3.6%</u>

Long-term debt consists of Series 2019A and 2019B Refunding Revenue Bonds that were issued to refund the 2009A Revenue Bonds and to finance the construction of various improvements and acquisition of certain associated equipment to the Authority's solid waste materials recovery facility and transfer station located in the City of San Carlos, CA. It also includes a loan from Five Star Bank for a property purchased which will be the Authority's new office location.

Additional information on the Authority's long-term debt can be found in Note (5) to the accompanying financial statements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our member agencies, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the revenues and expenses in the course of doing business. If you have questions about this report or need additional financial information, contact the Executive Director, South Bayside Waste Management Authority, 1245 San Carlos Avenue, Suite E, San Carlos, California 94070.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

**STATEMENT OF NET POSITION
DECEMBER 31, 2024**

ASSETS

Current Assets:	
Cash and investments for operations (Note 2)	\$ 22,087,639
Accounts receivable	4,940,815
Interest receivable	223,499
Prepaid items	<u>1,249,362</u>
Total Current Assets	<u>28,501,315</u>
Noncurrent Assets:	
Cash and investments with fiscal agent (Note 2)	13,483,653
Capital assets (Note 3):	
Land	14,000,000
Construction in progress	3,316,746
Building	48,358,718
Equipment	29,746,559
Less Accumulated Depreciation	<u>(46,209,096)</u>
Net capital assets	<u>49,212,927</u>
Total Noncurrent Assets	<u>62,696,580</u>
Total Assets	<u>91,197,895</u>

LIABILITIES

Current Liabilities:	
Accounts payable	12,233,558
Interest payable	686,333
Deposits payable	1,500,000
Current portion of compensated absences	134,213
Long-term debt due in one year (Note 4)	<u>1,971,410</u>
Total Current Liabilities	<u>16,525,514</u>
Noncurrent Liabilities:	
Compensated absences due in more than one year	155,663
Accrued liabilities (Note 6)	1,233,640
Long-term debt due in more than one year (Note 4)	<u>48,841,152</u>
Total Noncurrent Liabilities	<u>50,230,455</u>
Total Liabilities	<u>66,755,969</u>

NET POSITION

Net investment in capital assets	11,884,018
Unrestricted	<u>12,557,908</u>
Total Net Position	<u>\$ 24,441,926</u>

See accompanying notes to the financial statements

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024**

OPERATING REVENUES:

Charges for services	\$	58,797,854
Commodity revenue		9,267,214
Other		<u>154,378</u>
Total Operating Revenues		<u>68,219,446</u>

OPERATING EXPENSES:

Shoreway operations		60,243,672
SBWMA program administration		3,924,787
Franchise fee - transfer station		3,006,805
Depreciation (Note 4)		<u>2,547,238</u>
Total Operating Expenses		<u>69,722,502</u>

Operating Income (1,503,056)

NONOPERATING REVENUES (EXPENSES):

Investment income		1,909,484
Interest expense		<u>(2,182,847)</u>
Net Nonoperating Revenue (Expense)		<u>(273,363)</u>

Change in Net Position (1,776,419)

NET POSITION AT JANUARY 1, 2024 26,218,345

NET POSITION AT DECEMBER 31, 2024 \$ 24,441,926

See accompanying notes to the financial statements

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 72,152,496
Payments to suppliers	(59,261,759)
Payments to employees	<u>(1,838,451)</u>
Net Cash Flows from (used for) Operating Activities	<u>11,052,286</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,923,199</u>
Net Cash Flows from Investing Activities	<u>1,923,199</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital assets additions	(6,119,077)
Retirement of revenue bonds	(1,412,380)
Interest paid	<u>(2,206,097)</u>
Net Cash Flows (Used for) Capital and Related Financing Activities	<u>(9,737,554)</u>
Net Cash Flows	3,237,931
Cash and cash equivalent - January 1, 2024	<u>32,333,361</u>
Cash and cash equivalent - December 31, 2024	<u>\$ 35,571,292</u>
Statement of Net Position	
Cash and investments for operations	\$ 22,087,639
Cash and investments with fiscal agent	<u>13,483,653</u>
Total cash and cash equivalent	<u>\$ 35,571,292</u>
Reconciliation of operating income to net cash flows from operating activities:	
Operating income (loss)	\$ (1,503,056)
Adjustments to reconcile operating income to cash flows from operating activities:	
Monocash transactions:	
Depreciation and Amortization	2,058,873
Net change in:	
Accounts receivable	3,933,050
Prepays	373,089
Accounts payable	4,650,728
Deposits payable	1,500,000
Compensated absences	<u>39,602</u>
Net Cash Flows from Operating Activities	<u>\$ 11,052,286</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
Amortization related to long-term debt	\$ (488,365)

See accompanying notes to the financial statements

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 1: Summary of Significant Accounting Policies

a. Organization

The South Bayside Waste Management Authority (the Authority) is a joint powers authority formed on October 13, 1999 for the purpose of joint ownership, financing and administration of the Facilities, currently the Shoreway Environmental Center in San Carlos; and the planning, administration management, review, monitoring, enforcement and reporting of solid waste, recyclable material and plant material collection activities within Authority's service area.

Members of the Authority include the town of Hillsborough, and the cities of Belmont, Burlingame, East Palo Alto, Foster City, Menlo Park, Redwood City, San Carlos, San Mateo, as well as the West Bay Sanitary District and the County of San Mateo.

The Authority is controlled by an eleven-member board consisting of one elected representative from each member. None of the member entities exercise specific control over the budgeting and financing of the Authority's activities beyond their representation on the board. Accounting services are provided by the City of Redwood City.

Based on the franchise agreements with each member agency and Recology effective January 1, 2011, and subsequently amended and restated effective January 1, 2021, the Authority collects service fees from Recology to process and dispose of collected materials. The facility operator, South Bay Recycling, also collects fees from public customers which are remitted to the Authority. The Authority pays South Bay Recycling to operate the facility and transport materials to disposal and processing facilities per ton basis pursuant to the Operations Agreement. The compensation to both contractors is adjusted annually based primarily on various CPI indices. The Authority also directly pays for the disposal and processing of solid waste and organics materials to vendors such as BFI/Republic, Recology BVON (Blossom Valley Organics North), and Zanker Road.

b. Enterprise Fund Accounting

The Authority is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and the sale of commodities.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its balance sheet, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred. Enterprise fund net position includes net investment in capital assets and unrestricted net position.

c. Net Position Flow Policy

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority’s policy to consider restricted – net position to have been depleted before unrestricted – net position is used.

d. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Expenditures which materially increase the value or life of capital assets are capitalized and depreciated over the remaining useful life of the asset. The Authority’s policy is to capitalize all assets with costs exceeding the \$10,000 threshold and a useful life of more than one year.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method; meaning the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Authority has assigned the useful lives of capital assets by type as listed below:

Building	10 - 40 years
Improvements	5 - 20 years
Equipment	5 - 15 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

e. Compensated Absences

Compensated absences comprise unpaid vacation which is accrued as earned. All employees who hold full-time regular positions are entitled to 15 working days' vacation pay upon successful completion of their first year of continuous service. The accrual rate increases as length of service exceeds 5 years. Maximum accumulation of vacation is two years' vacation accrual. Upon termination or retirement, full-time employees are entitled to receive compensation at their current base salary for all unused vacation and 50% of their sick leave balance. The liability for compensated absences is determined annually.

f. Retirement and Deferred Compensation Plans

The Authority offers its employees a retirement plan created in accordance with Internal Revenue Code Section 401a. The employer contribution to the 401a is 10% plus a match up to 2% of the employee contribution.

The Authority also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457b. Pursuant to the IRC subsection (g), all amounts of compensation deferred under the deferred compensation plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the Plan. Deferred compensation funds are not subject to the claims of the Authority's general creditors; consequently, the assets and related liabilities of the plan are not included within the Authority's financial statements.

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has no items that qualify for reporting in this category.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

h. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

i. Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Note 2: Cash and Investments

The Authority pools cash from all sources except cash and investments held by fiscal agents so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

a. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the Authority's name and places the Authority ahead of general creditors of the institution. The Authority Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 2: Cash and Investments (Continued)

The Authority invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the Authority employs the Trust Department of a bank as the custodian of certain Authority managed investments, regardless of their form.

The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each year end, and it includes the effects of these adjustments in income for that year.

b. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Authority debt instruments or agreements.

<u>Statement of Net Position</u>	
Cash and investments for operations	\$ 22,087,639
Cash and investments with fiscal agent	<u>13,483,653</u>
Total Cash and Investments	<u><u>\$ 35,571,292</u></u>

Cash and investments for operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the period.

c. Investment Authorized by the California Government Code and the Authority's Investment Policy

The Authority's Investment Policy and the California Government Code allow the Authority to invest in the following, provided the credit ratings of the issuers are acceptable to the Authority; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Authority's Investment Policy when the Authority's Investment Policy is more restrictive.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 2: Cash and Investments (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum in Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Investment Fund (LAIF)	Upon Demand	N/A	20% to 80% of the investment portfolio, as approved by the SBWMA Board but no more than \$75 million permitted by	N/A
San Mateo County Investment Pool	Upon Demand	N/A	20% to 80% of the investment portfolio, as approved by the SBWMA Board	N/A
Local Government Investment Pools	Upon Demand	N/A	100%	N/A
U.S. Treasury Bonds, Notes and Bills	5 Years	N/A	100%	N/A
U.S. Government Agency and Federal Agency Securities	5 Years	N/A	100%	N/A
Bankers' Acceptances	180 Days	N/A	40%	(B)
Commercial Paper	270 Days	Highest letter and number rating by an NRSRO	25%	(A)
Negotiable Certificates of Deposit	5 Years	N/A	30%	(A)
Time Certificates of Deposit - Banks or Savings and Loans	5 Years	N/A	30%	N/A
Medium Term Corporate Notes	5 Years	Rating category "A" by NRSRO	30%	(A)

- (A) 5% of outstanding paper of issuing corporation and 10% of the portfolio in one corporation
- (B) No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.

d. Investments Authorized by Debt Agreements

The Authority must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the Authority fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Authority resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 2: Cash and Investments (Continued)

Authorized Investment Type	Minimum Credit Quality
Direct obligations of the Department of the Treasury of the United States	None
Obligations issued or guaranteed by FMHA, FHA, General Services Administration, GNMA, U.S. Maritime Administration, HUD, and backed by the full faith and credit of the United States of America	None
Direct obligations of FHLB, FHLMC, FNMA, REFCORP, Farm Credit Enterprise, Federal Agriculture Mortgage Association, Tennessee Valley Authority	None
Money Market Fund	AA
U.S. dollar denominated Certificates of Deposit, savings accounts, deposit accounts	None
Investment agreements, including GIC's forward purchase agreements and reserve fund put agreements	None
Commercial Paper	A-1
General obligations of States or municipalities	AAA
Bankers acceptances	A-1+
Medium Term Notes	AAA
State of California Local Agency Investment Fund	None
San Mateo County Investment Pool	None

e. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity or earliest call date:

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 2: Cash and Investments (Continued)

Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$ 4,882,075	\$ 4,882,075
San Mateo County Investment Pool	10,240,712	10,240,712
Cash and Cash Equivalents with Fiscal Agent:		
Money Market Fund	15,047,856	15,047,856
Total Investments	\$ 30,170,643	30,170,643
Total Cash in Bank and Cash on Hand		5,400,649
Total Cash and Investments		\$ 35,571,292

Local Agency Investment Fund

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

San Mateo County Investment Fund

The Authority is a voluntary participant in the San Mateo County Investment Fund (SMCIF) that is regulated by California Government Code Section 53600 under the oversight of the treasurer of the County of San Mateo. The Authority reports its investment in SMCIF at the fair value amount provided by SMCIF. The balance available for withdrawal is based on the accounting records maintained by SMCIF, which are recorded on an amortized cost basis. Included in SMCIF's investment portfolio are U.S. Treasury Notes, obligations issued by agencies of the U.S. Government, LAIF, corporate notes, commercial paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The Authority reports its investments in SMCIF at the fair value amounts provided by SMCIF, which is the same as the value of the pool share.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 2: Cash and Investments (Continued)

f. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in California Local Agency Investment Fund and San Mateo County Investment Pool are not rated and therefore no rating is shown.

Presented below is the actual rating as of December 31, 2024, for each investment type as provided by S&P ratings:

Investment Type	AAAm	Total
Cash and Cash Equivalents with Fiscal Agent:		
Money Market Fund	\$ 15,047,856	\$ 15,047,856
Totals	<u>\$ 15,047,856</u>	15,047,856
Not rated:		
California Local Agency Investment Fund		4,882,075
San Mateo County Investment Pool		<u>10,240,712</u>
Total Investments		30,170,643
Total Cash in bank and cash on hand		<u>5,400,649</u>
Total Cash and Investments		<u>\$ 35,571,292</u>

g. Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 2: Cash and Investments (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the Authority as of December 31, 2024:

Investment Type	Exempt	Total
Investments by Fair Value:		
California Local Agency Investment Fund	\$ 4,882,075	\$ 4,882,075
San Mateo County Investment Pool	10,240,712	10,240,712
Total Investments at Fair Value	<u>\$ 15,122,787</u>	15,122,787
Investments Measured at Amortized Cost:		
Money Market Fund		15,047,856
Total Investments		30,170,643
<i>Cash in banks</i>		<u>5,400,649</u>
Total Cash and Investments		<u>\$ 35,571,292</u>

Both the California Local Agency Investment Fund and the San Mateo County Investment Pool are external investment pools and exempted in the fair value hierarchy, under GASB 72.

h. Concentration of Credit Risk

The Authority's Investment Policy contains certain limitations on the amount that can be invested in any one issuer. In certain categories, these limitations surpass those required by California Government Code Sections 53600 et seq. Investments in any one issuer, other than U.S. Treasury securities, mutual funds, and external investment pools that represent 5% or more of total Entity-wide investments. There were no such investments at December 31, 2024.

Note 3: Capital Assets and Facilities Operations

Pursuant to a sales agreement with Republic Services, Inc., the Authority purchased land, and buildings and personal property amounting to \$14 million and \$5.228 million, respectively. These facilities comprise the Shoreway Environmental Center in San Carlos. The Authority signed an agreement effective January 1, 2011 with South Bay Recycling to operate the facility. For the year ended December 31, 2024, the Authority paid \$31,357,979 to South Bay Recycling to operate the Facility.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 3: Capital Assets and Facilities Operations (Continued)

Changes in capital assets were as follows for the 12-months period ended December 31, 2024:

	Balance at January 01, 2024	Additions	Retirement	Transfers	Balance at December 31, 2024
Capital assets not being depreciated:					
Land	\$ 14,000,000	\$ -	\$ -	\$ -	\$ 14,000,000
Construction in progress	276,345	3,162,936	-	(122,535)	3,316,746
Total non-depreciable assets	14,276,345	3,162,936	-	(122,535)	17,316,746
Capital assets being depreciated:					
Buildings	45,948,275	2,287,908	-	122,535	48,358,718
Equipment	29,078,326	728,233	(60,000)	-	29,746,559
Total capital assets being depreciated	75,026,601	3,016,141	(60,000)	122,535	78,105,277
Less accumulated depreciation for:					
Buildings	(20,554,274)	(1,632,651)	-	-	(22,186,925)
Equipment	(23,107,584)	(914,587)	-	-	(24,022,171)
Total accumulated depreciation	(43,661,858)	(2,547,238)	-	-	(46,209,096)
Net capital assets being depreciated	31,364,743	468,903	(60,000)	122,535	31,896,181
Capital assets, net	\$ 45,641,088	\$ 3,631,839	\$ (60,000)	\$ -	\$ 49,212,927

Note 4: Revenue Bonds and Loan

The Authority's debt issues and transactions are summarized below and discussed in detail thereafter.

	Balance January 01, 2024	Additions	Retirements	Balance December 31, 2024	Due Within One Year
2019A Solid Waste					
Enterprise Refunding Revenue Bonds	\$ 30,825,000	\$ -	\$ -	\$ 30,825,000	\$ -
2019A Bond premiums	6,375,917	-	(344,644)	6,031,273	344,644
2019B Solid Waste					
Enterprise Revenue Bonds	11,750,000	-	(1,395,000)	10,355,000	1,465,000
2019B Bond premiums	2,658,838	-	(143,721)	2,515,117	143,721
2022 Five Star Bank Loan-Direct Borrowing	1,103,552	-	(17,380)	1,086,172	18,045
	\$ 52,713,307	\$ -	\$ (1,900,745)	\$ 50,812,562	\$ 1,971,410

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 4: Revenue Bonds and Loan (Continued)

a. Solid Waste Enterprise Refunding Revenue Bonds 2019A and Solid Waste Enterprise Revenue Bonds 2019B

On July 9, 2019 SWBMA issued Solid Waste Enterprise Refunding Revenue Bonds, Series 2019A, Non-Alternative Minimum Tax Green Bonds in the amount of \$31.86 million and Solid Waste Enterprise Revenue Bonds, Series 2019B, Alternative Minimum Tax Green Bonds in the amount of \$16.915 million. The Series 2019A Bonds were issued to refund, in full, the Series 2009A bonds, pay a portion of the cost of a debt reserve insurance policy, and pay costs of issuance of the Series 2019A Bonds, including a portion of the cost of a municipal bond insurance policy. The Series 2019B Bonds were issued to pay certain costs incurred by SBWMA in connection with the construction of various improvements and acquisition of certain associated equipment to SBWMA's solid waste materials recovery facility and transfer station located in the City of San Carols, CA, pay a portion of the cost of the Reserve Policy, and pay costs of issuance of the California series 2019B Bonds, including a portion of the cost of a municipal bond insurance policy.

The series 2019 bonds are solely payable from and secured by the net revenues and debt service reserve fund held by the Authority's trustee, as defined under the bond indenture. Net Revenues means, for any period, all of the revenues during such period less all of the maintenance and operation costs during such period. Revenues mean all gross income and revenue received or receivable by the Authority.

The bond covenants contain events of default that require the revenue of the Authority to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the Authority to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the Authority; or if any court or competent jurisdiction shall assume custody or control of the Authority. There were no such events occurred during the period ending December 31, 2024.

b. Revenue Pledge

The bonds are secured by a pledge of the Authority's Net Revenue as defined under the bond indenture. For the 2019A bonds, the pledge of future net revenue ends upon repayment of the 2019A bonds in the amount of \$63,404,500 in remaining debt service on the bonds which is scheduled to occur in the year 2042.

According to the Rate Covenant in the 2019A Bond Indenture, the Authority will maintain a Net Revenue to Debt Service coverage ratio of 1.40. As of the period ended December 31, 2024, the Net Revenues to Debt Service Coverage ratio was 1.65.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 4: Revenue Bonds and Loan (Continued)

c. Debt Service Requirements

Annual debt service requirements on the bonds are shown below with specified repayment terms:

For the Year Ending December 31,	Principal	Interest	Total
2025	\$ 1,465,000	\$ 2,059,000	\$ 3,524,000
2026	1,540,000	1,985,750	3,525,750
2027	1,615,000	1,908,750	3,523,750
2028	1,695,000	1,828,000	3,523,000
2029	1,780,000	1,743,250	3,523,250
2030-2034	10,325,000	7,289,250	17,614,250
2035-2039	13,175,000	4,436,750	17,611,750
2040-2042	9,585,000	973,750	10,558,750
Total	41,180,000	22,224,500	63,404,500
Unamortized Bond Premium	8,546,390	-	8,546,390
	<u>\$ 49,726,390</u>	<u>\$ 22,224,500</u>	<u>\$ 71,950,890</u>

d. Five Star Bank Loan – Direct Borrowing

During the calendar year 2023, the Authority entered into a loan agreement with Five Star Bank (FSB) for \$1,105,000 to purchase 1245 San Carlos Avenue, Suite E, San Carlos, CA 94070. The loan bears a 7% fixed interest rate for 10 years, with principal payments starting in January 2024.

Annual debt service requirements on the loan are shown below with specified repayment terms:

For the Year Ending December 31,	Principal	Interest	Total
2025	\$ 18,045	\$ 76,682	\$ 94,727
2026	19,368	75,358	94,726
2027	20,789	73,938	94,727
2028	22,065	72,768	94,833
2029	23,459	72,531	95,990
2030 - 2033	982,446	266,096	1,248,542
Total	<u>\$ 1,086,172</u>	<u>\$ 637,373</u>	<u>\$ 1,723,545</u>

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 5: Insurance

The Authority purchases commercial insurance policies to protect itself from claims arising from the following types of losses:

Type of Coverage	Coverage Limits
General Aggregate Limit	\$ 2,000,000
General Liability deductible	10,000
Environmental Impact Liability aggregate	2,000,000
Environmental Liability deductible	25,000 SIR
Hired & Non-Owned Auto Limit	1,000,000
Employee Benefits Liability	1,000,000
Excess Liability	10,000,000
Property & Equipment Loss	65,000,000
	250,000
	(1,000,000 MRF Only)
Property & Equipment deductible	
Directors & Officers, Employment Practices, and Fiduciary Liabilities Aggregate for all loss combined, including defense costs	7,000,000
Directors & Officers Liability Retention	50,000
Employment Practices Liability Retention	75,000
Fiduciary Liability Retention	2,500

Note 6: Pollution Remediation

In 2000 the South Bay Waste Management Authority (SBWMA) purchased the property located at 225/333 Shoreway Road in San Carlos. The property had pre-existing ground water contamination issues and the former property owner Allied Waste (now Republic Services) was identified as the responsible party. The ground water contamination is the result of hydrocarbon and petroleum products. Both Allied Waste and the SBWMA have managed a remediation effort under supervision from the County of San Mateo Department of Environmental Health.

The San Mateo County Health System (SMCHS) and the California Regional Water Quality Control Board (RWQCB) have reviewed and approved the SBWMA’s “Closure Report” submitted on January 29, 2013 to close the Shoreway Environmental Center (“Shoreway”) groundwater remediation project and issued a NOTICE OF CASE CLOSURE on April 29, 2014. This case closure letter is the final step in the Shoreway remediation closure and “no further remediation action” is required at the Shoreway facility. While no further remediation effort was deemed necessary, due to concerns about potential residual contamination, the property has a deed restriction requiring it to remain industrially zoned.

In March of 2010, the SBWMA received a lump sum settlement payment of \$1,500,000 from Republic Services (formerly Allied Waste and BFI). This money was deposited into a SBWMA account dedicated to the ongoing clean-up efforts at Shoreway (the remediation cost estimate was negotiated with Allied per methods approved by County regulators and based on input from environmental engineers). At the close of remediation efforts on April 29, 2014 the Shoreway Remediation Fund had an unspent balance of \$1,239,826. The unspent balance as of December 31, 2024 is \$1,233,640 and is reported as accrued liabilities.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2024

Note 7: Net Position

The Authority has designated \$12,557,908 unrestricted net position for several reserves which include: \$2,837,034 for rate stabilization, \$5,237,034 for emergency reserve, \$694,875 for self-insurances, \$567,450 for equipment replacement, and \$3,221,515 for capital items. These designations may be modified, amended or removed by Authority Board action.

Note 8: Commitments and Contingent Liabilities

Litigation

SBWMA is subject to litigation arising in the normal course of business. In the opinion of legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of SBWMA.

Construction Commitments

There are no significant construction commitments as of December 31, 2024.

This Page Left Intentionally Blank



**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the Board of Directors
South Bayside Waste Management Authority
San Carlos, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Bayside Waste Management Authority (Authority), as of and for the year ended December 31, 2024, and the related notes to the financial statement which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant difficulties may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated August 15, 2025, which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
August 15, 2025

**SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY
MEMORANDUM ON INTERNAL CONTROL**

For the Year Ended December 31, 2024

This Page Left Intentionally Blank

**SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY
MEMORANDUM ON INTERNAL CONTROL**

For the Year Ended December 31, 2024

Table of Contents

	<u>Page</u>
<i>Memorandum on Internal Control</i>	1
Schedule of Significant Deficiencies	3
Schedule of Other Matters	5
Status of Prior Year Other Matter	11

This Page Left Intentionally Blank



MEMORANDUM ON INTERNAL CONTROL

To the Members of the Board of Directors of the
South Bayside Waste Management Authority
San Carlos, California

In planning and performing our audit of the basic financial statements of the South Bayside Waste Management Authority (Authority) as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included in the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
August 15, 2025

MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF SIGNIFICANT DEFICIENCIES

2024-01: Timeliness of Preparation and Review of Bank & Investment Reconciliations

Bank and investment account reconciliations are an important element of the Authority's internal control structure. To be an effective control, reconciliations should be completed as soon as reasonably possible after each month-end, typically within 30-45 days of receiving the statements, and subsequently reviewed for accuracy. Errors and unreconciled differences should be researched, understood, and corrected in a timely manner to prevent additional errors and to detect errors and irregularities in a timely manner.

During our review of the Authority's bank reconciliation and investment reconciliation for June 2024, we noted that the reconciliations were not prepared and reviewed until August 19, 2024, more than 45 days after the month-end.

When bank and investment reconciliations are delayed, errors and/or irregularities may not be detected in a timely manner.

We understand that the Authority is currently attempting to perform bank and investment reconciliations in a timely manner; however, due to the shortage of staff and year-end activities at the City of Redwood City, some duties have fallen behind schedule.

To ensure financial reporting is timely and adequate, the City and the Authority should ensure investment reports throughout the calendar year are completed and reviewed in a timely manner, and that any errors or irregularities are investigated immediately.

Management Response:

The City acknowledges the importance of completing bank and investment reconciliations in a timely manner to ensure accurate financial reporting. To address the delay identified and improve future timeliness, the City is actively working to increase staffing capacity. As part of this report, the City is in the process of hiring an additional accountant to assist with completing reconciliations on a timely basis and ensuring compliance with internal control standards.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF SIGNIFICANT DEFICIENCIES

2024-02: Segregation of Duties in Journal Entry Preparation, Review, and Postings and Proper Documentation of Preparer and Reviewer with Dates

Segregation of duties in the preparation, review, and posting of journal entries is a critical internal control designed to ensure the integrity of financial reporting. It directly supports accuracy, accountability, and fraud prevention within an organization's financial processes. When a single individual is responsible for preparing, reviewing, and posting journal entries, it creates a significant risk of undetected errors or intentional manipulation of financial records. This lack of oversight undermines the reliability of financial statements and opens the door to fraudulent activity. In addition, it is important to have the preparer and reviewer with the dates documented when the journal entries are prepared and reviewed as proper documentation supports the validity and completeness of the journal entry, helping ensure financial reports are accurate.

We noted that some journal entries were prepared, reviewed, and posted by the same staff individual, with no evidence of reviews.

We understand that the City of Redwood City experienced staff shortages.

We recommend that the City assign separate individuals to handle the preparation, review, and posting of journal entries to the general ledger. Additionally, formal documentation of the review and approval process should be maintained and completed prior to the posting of any journal entries.

Management Response:

The City acknowledges the importance of proper segregation of duties in the journal entry process and the need for documented review and approval. While the current accounting software does not support a built-in workflow approval function for journal entries, the City is taking steps to strengthen internal controls by documenting journal entry approvals via email. Staff are being reminded to retain email approvals as part of the journal entry support to ensure proper accountability and compliance with audit requirements. Efforts are underway to also increase staffing capacity.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2024-03: Outdated Signature Cards

Timely updates of bank signature cards are a fundamental component of effective internal controls. Updated signature cards ensure that only authorized personnel can sign checks, authorize transactions, or access bank accounts. If the card is outdated, former employees or unauthorized individuals might still appear authorized, posing a significant risk of fraud or unauthorized transactions. To be an effective control, former employees should be removed from the signature cards as soon as reasonably possible after their termination.

During our review of the Authority's current signature cards, we noted that the former Principal Analyst, who left the Authority in November 2024, was still listed as an authorized signer for all the Authority's cash and investment accounts as of May 2025.

When signature cards are not updated and former employees remain authorized signers, it may expose the Authority to the risk of unauthorized transactions due to fraud and abuse.

We understand that, due to staff shortages and year-end activities at the City of Redwood City, some procedures have fallen behind schedule.

In order to avoid the risk of unauthorized transactions, we recommend the City and the Authority to update their signature cards as soon as possible to reflect the appropriate personnel as authorized signers. Immediately.

Management Response:

There was a short period of time between terminated and hired employees that signatures were outdated. The signature cards have since been corrected.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking effect in the next few years. We have cited them here to keep you abreast of developments:

EFFECTIVE FISCAL YEAR 2024/25:

GASB 102 – Certain Risk Disclosures

State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint.
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements.
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

EFFECTIVE FISCAL YEAR 2025/26:

GASB 103 – Financial Reporting Model Improvements

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis – This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items – This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 103 – Financial Reporting Model Improvements (Continued)

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position – This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Budgetary Comparison Information – This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

How the Changes in This Statement Will Improve Financial Reporting

The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

The requirement for presentation of major component unit information will improve comparability.

The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2026/27:

GASB 104 – Disclosure of Certain Capital Assets

State and local governments are required to provide detailed information about capital assets in notes to financial statements. GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with GASB Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

This Page Left Intentionally Blank

MEMORANDUM ON INTERNAL CONTROL

STATUS OF PRIOR YEAR OTHER MATTER

2023-01: Segregation of Duties

Effective internal control via segregation of duties must be maintained at any organization, regardless of size and intricacy. Good internal control dictates that the same employee with access to physical assets should not have access to updating account records for the same assets. A different employee should be involved in the records or assets to provide a good check and balance.

During our review of the Authority's internal controls for proper segregation of duties and procedures, we noted areas in which controls need to be improved and employee access and/or duties revised. Good internal controls require that employees with access to the Authority's assets not have access to the Authority's accounting records for the same assets. Inappropriate access could potentially result in undetected errors.

- Vendor database is managed, updated, and reviewed by the same staff who also involved in processing Accounts Payable.
- Bank reconciliation's reviewer could process Accounts Payable, print & sign checks, and has super-user access.

This condition does not permit good checks and balances to be performed by multiple employees.

We understand that the above condition is caused by staff shortage.

The Authority should analyze staff resources to ensure proper review and segregation of duties.

Current Status as of December 30, 2024:

The Authority had not implemented as of December 30, 2024. Compliance with the recommendation began in January 2025.

Management Response (July 2025):

The 2023 Memo of Internal Controls was finalized in September of 2024. Staff implemented compliance procedures in January 2025.

This Page Left Intentionally Blank

**SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY
REQUIRED COMMUNICATIONS**

For the Year Ended December 31, 2024

This Page Left Intentionally Blank

**SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY
REQUIRED COMMUNICATIONS**

For the Year Ended December 31, 2024

Table of Contents

	<u>Page</u>
<i>Required Communications</i>	1
Significant Audit Matters:	
Qualitative Aspects of Accounting Practices.....	1
Difficulties Encountered in Performing the Audit.....	2
Corrected and Uncorrected Misstatements	2
Disagreements with Management	2
Management Representations.....	2
Management Consultations with Other Independent Accountants	3
Other Audit Findings or Issues	3
Other Matters	3

This Page Left Intentionally Blank

REQUIRED COMMUNICATIONS

To the Members of the Board of Directors of the
South Bayside Waste Management Authority
San Carlos, California

We have audited the basic financial statements of the South Bayside Waste Management Authority (Authority) for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 15, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year.

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 99 – *Omnibus 2022, paragraphs 4-10*

GASB 100 – *Accounting for Changes and Error Corrections*

GASB 101 – *Compensated Absences*

Unusual Transactions, Controversial or Emerging Areas - We noted no transactions entered into by the Authority during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates - Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

Estimated Fair Value of Investments: As of December 31, 2024, the Authority held approximately \$35.6 million of cash and investments as measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of December 31, 2024. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to December 31, 2024.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1d to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences, which are comprised of accrued vacation, holiday, and certain other compensating time, are estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 1e to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Pollution Remediation Liability: Management's estimate of the pollution remediation liability is disclosed in Note 6 to the financial statements and is based on the remediation cost estimate negotiated with Allied Waste (now Republic Services) per methods approved by County regulators and based on input from environmental engineers. We evaluated the key factors and assumptions used to develop the pollution remediation liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Disclosures - The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect on the Authority's financial reporting process, either individually or in the aggregate.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Authority Board.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated August 15, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each fiscal year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
August 15, 2025

This Page Left Intentionally Blank

STAFF REPORT

To: RethinkWaste Board Members
From: Cyndi Urman, Clerk of the Board
Date: November 20, 2025 Board of Directors Meeting
Subject: Approval of the 2026 RethinkWaste Board of Directors and Brown Act Committees Meeting Calendars

Recommendation

It is recommended that the RethinkWaste Board of Directors approve a 2026 Board of Directors meeting calendar and the 2026 meeting calendars for the Agency's standing committees.

Summary

Staff recommends continuing with a 4th Thursday of the month Board of Directors meeting date as there are not any Member Agency governing body meetings on this day of the week. Per advice of the Technical Advisory Committee (TAC), continuing from last year's change, and to accommodate the finance and rate setting calendar, it is also recommended that the September and October Board of Directors meetings be held on the third Thursday of the month to allow for additional time in the rate setting process and budget process.

It is also recommended that the board continue with the historical practice of moving the November Board meeting to the third Thursday due to Thanksgiving falling on the 4th Thursday, and that the third Thursday in October serve as a budget and CIP review study session instead of a regular board meeting.

Additionally, staff is recommending that the board approve the committee meeting calendars for the Agency's Brown Act Committees as follows:

- **Legislative Committee** will meet on the first Tuesday of the month except for September and October to accommodate the finance and rate setting schedule. Instead, they will meet on Friday September 11, and Tuesday, October 13th date which coincide with the legislative session calendar.
- **Finance Committee** will meet on the second Tuesday of April, June and September and the first Tuesday of October to accommodate the finance and rate setting schedule.
- **Technical Advisory Committee (TAC)** will meet on the second Thursday in February, May, July and September.

Analysis

The 2p.m time frame on the 4th Thursday of the month was chosen to avoid as many regional conflicts as possible. Staff has analyzed the action items that take place at the Board level monthly, and recommends ten (10) monthly meetings, with one meeting being a study session in October 2026. Staff recommends continuing to meet monthly except for August and December, and canceling meetings if there are not any action or discussion items in a given month.

Background

The RethinkWaste monthly Board meetings have historically been held on the fourth Thursday of the month

starting at 2p.m. This day of the week and time was selected to minimize any overlap with Member Agency governing body meetings on Mondays Tuesdays and Wednesdays and other regional government meetings. As requested by the Board of Directors, staff has also checked the national holiday calendar and found no conflicting dates with any major national or religious holidays in 2026. Typical practice is that staff will send out the agenda one week prior to board and committee meeting dates, and a calendar hold will be sent following approval of the 2026 calendar.

Fiscal Impact

Staff recommends continuing to contract with PenMedia for hybrid meeting management at a cost of approximately \$700 per meeting.

Attachments

Attachment A – Proposed 2026 Board Meeting Dates; TAC Meeting Dates, Finance Committee Meeting Dates, and Legislative Committee Dates



A Public Agency

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
RethinkWaste
2026 Board of Directors Meeting Schedule

Meetings of the RethinkWaste Board of Directors are held on the fourth* Thursday of the month at 2PM

Location: (unless otherwise noted on the agenda)
RethinkWaste Administrative Offices
1245 San Carlos Ave
Suite E
San Carlos, CA 94070

Table with 3 columns: Month, Day, Year. Rows include January (22, 2026) through December (NO MEETING IN DECEMBER).

* The September, October, and November Board meetings will be held on the Third Thursday of the Month to accommodate the budget and rate setting schedule and the Thanksgiving holiday.



**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (RethinkWaste)
2026 Legislative Committee MEETING SCHEDULE**

Meetings of the Legislative Committee are held on the
 First Tuesday of the Month at 3:00PM

Location: (unless otherwise noted on the agenda)
 RethinkWaste Administrative Offices
 1245 San Carlos Ave
 Suite E
 San Carlos, CA 94070

January	6	2026
February	3	2026
March	3	2026
April	7	2026
May	5	2026
June	2	2026
July	NO MEETING	2026
August	4	2026
September	11* (Friday)	2026
October	13*	2026
November	NO MEETING	2026
December	1	2026

* To accommodate the legislative session and other Agency meeting calendars the September Legislative Committee will be held on Friday, September 11, 2026 at 3PM, and the October Legislative Committee meeting will be held on the second Tuesday at 3PM.



**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (RethinkWaste)
2026 Finance Committee MEETING SCHEDULE**

Meetings of the Finance Committee are held on the Second Tuesdays in
April, June, September and October at 1:00PM

Location: (unless otherwise noted on the agenda)
RethinkWaste Administrative Offices
1245 San Carlos Ave
Suite E
San Carlos, CA 94070

April	14	2026
June	9	2026
September	8	2026
October	6*	2026

* The October Finance Committee meeting will be held on the first Tuesday



**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (RethinkWaste)
2026 Technical Advisory Committee (TAC) Meeting Schedule**

Meetings of the Technical Advisory Committee (TAC) are held on the second* Thursday of February, May, July and September beginning at 2:00PM

Location: (unless otherwise noted on the agenda)
RethinkWaste Administrative Offices
1245 San Carlos Ave
Suite E
San Carlos, CA 94070

February	12	2025
May	14	2025
July	9	2025
September	10	2025