DATE: July 13, 2022

TO: Board of Directors

FROM: Committee Chair

SUBJECT: Summary of Finance Committee Meeting of July 6, 2022

The Finance Committee met on July 6, 2022 at 9:00 a.m., at the District administrative offices and via Zoom virtual conference. Committee members in attendance were Directors Laska, Albert and Shirley. Staff members in attendance were Felipe Melchor, Guy Petraborg, Helen Rodriguez, Zoe Shoats, Jay Ramos, Berta Torres, Garth Gregson, and Ida Gonzales. Legal counsel Rob Wellington was also in attendance.

**Review Single Stream Recyclables (SSR) Contract Renewals**

Staff presented information about SSR contract renewals with Waste Management, Republic Services of Salinas, Recology South Valley and the City of Watsonville. Staff has been working to get the contract language consistent among all customers bringing SSR material to the District. There was discussion about the impact on franchise member collection rates with and without the SSR material from outside of the District and the impact on District operations without the revenue from SSR material from outside of the District. There was discussion and questions and comments from the Committee.

**Internal Cost Rate Study**

At a recent Board meeting a topic was discussed regarding the costs to perform various District tasks. When the topic was initially discussed a suggestion was made to contract with a consultant to prepare the cost study. The Committee believes that the District performs a cost study each year when the annual budget is prepared. Staff and Committee agreed that District staff should continue to review costs when the annual budget is prepared.

**Funding of Capital Reserves**

Staff requested input from the Committee about the funding of the Capital Reserve and whether the reserve should include contributions for FY21/22 and FY22/23 or only F22/23. The contribution for FY21/22 would be $1.5 million and the contribution for FY22/23 would be $2.1 million. The Committee recommended that the total contributions for FY21/22 and FY22/23 of $3.6 million be included in the Capital Reserve.

**Finance Committee Purpose and Responsibilities**

Staff presented information about the history and purpose of the Finance Committee. The purpose of the Committee is to break down, review and analyze information before the information is presented to the entire Board. The length of term on the Committee is not specified. In 2015 the Board approved that the Board chair maintain and appoint members to the Committee. Staff will prepare a final proposal about the purpose and responsibilities of the Committee at the next Committee meeting.

**GENERAL MANAGER COMMUNICATIONS**

**Strategic Planning** A Special Meeting/Strategic Planning Retreat was held on May 18, 2022 with the consultant, Catherine Hambley of Brain-Based Strategies Consulting. Staff will present the final plan at the July 22 Board meeting.

**MBARD NOV-22-013 – 3-Hour Average Flare Temperature Deviation** The District received a Notice of

Violation from the Monterey Bay Air Resources District (MBARD) for deviations from the 3-hour average

Flare temperature requirement for August 5, 2021. The settlement of this violation is under review by MBARD.

**MBARD NOV-22-019 – Moving Stationary Backup Generator** The District received a Notice of Violation

from the Monterey Bay Air Resources District (MBARD) for moving a permitted stationary emergency

engine generator and operating it at a different location during a utility power outage on June 4, 2022.

The meeting adjourned and went into closed session at 9:54 a.m.

**Next meeting date:** August 3, 2022, at 9:00 a.m.