



DEPARTMENT OF PUBLIC WORKS

Quality, Excellence, Innovation

Raul M. Rojas
DIRECTOR

September 9, 2014

Administration
PO Box 4186
San Rafael, CA 94913-4186
415 473 6528 T
415 473 3799 F
415 473 3232 TTY
CRS Dial 711
www.marincounty.org/pw

Board of Supervisors
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Hold Scheduled Hearing for Rate Increase for Marin Sanitary Service

Dear Board Members:

RECOMMENDATIONS: 1) Hold the scheduled public hearing at 10:30 a.m. for a requested 5.52% rate increase for the Central Marin Franchise Areas (1 – 6) and Ross Valley North and South Areas serviced by Marin Sanitary Service; and 2) Authorize the President to execute the agreement reflecting the requested rate increase and franchise consolidation.

SUMMARY:

Rate Application

Marin Sanitary Service, Inc. (MSS) holds the exclusive franchise for the collection and disposal of refuse in the unincorporated areas known as Central Marin Franchise Areas (1, 2, 3, 4, 5 and 6) and Ross Valley South and Ross Valley North Franchise Areas. The six small Central Marin Franchise Areas encompass unincorporated parts of Bayside Acres, Country Club Estates, Bret Harte, Point San Quentin, Lucky Drive, and Greenbrae Boardwalk. The Ross Valley South Franchise Area encompasses unincorporated areas commonly known as Kentfield, Greenbrae, Kent Woodlands, and Del Mesa Heights. Ross Valley North encompasses unincorporated areas known as Sleepy Hollow and Oak Manor.

The refuse collection rates are based on the contractor's cost of operations for wages and benefits, disposal, fuel, equipment and lease expenses, and certain allowable miscellaneous expenses.

In addition to the County, Several of the surrounding cities and special districts also have contracts with MSS that utilize a similar rate setting methodology. To more efficiently and cost effectively administer their franchises, San Rafael, Larkspur, Ross, and the Las Gallinas Valley Sanitary District have joined together in an informal "Franchisors Group" to work cooperatively on annual rate reviews and other projects. In 2012, the "Franchisors Group" conducted a Request for Proposals (RFP) process for rate review services and selected HF&H consultants, LLC (HF&H). HF&H has successfully reviewed MSS rate proposals for several years.

Accounting

Airport

Building Maintenance

Capital Projects

Certified Unified Program
Agency (CUPA)

Communications
Maintenance

County Garage

Disability Access

Engineering & Survey

Flood Control &
Water Resources

Land Development

Purchasing

Real Estate

Reprographic Services

Road Maintenance

Stormwater Program

Transportation &
Traffic Operations

Waste Management

MSS submitted an initial rate proposal for 2014 with a proposed 8.98% increase over 2013 rates. HF&H then did a detailed review of the MSS rate proposal and recommended several adjustments for the Franchising Agencies.

The following table contains a summary of the rate increase components

Rate Adjustment Components 2014 Component Percentages	
Wages	0.86%
Benefits (including workers comp)	0.90%
Fuel and oil	-0.41%
Disposal	2.16%
Other Operating Costs*	2.26%
Subtotal Operations	5.77%
Total Rate Adjustment	5.52%

* Includes depreciation, other vehicle costs, profit, general and administrative costs (public education, customer service, etc.)

The rate increase of 5.52% is due to a variety of factors shown in the table. The most significant reasons for the increase are due to increased disposal costs and other operating costs including depreciation, vehicle costs, and general administration (public education, customer service, etc.).

Consolidated Franchise Agreement

The original franchise agreement with Marin Sanitary Service was signed in 1994. Since the initial agreement was signed, there have been twenty (20) franchise amendments. These twenty amendments have included several service and rate adjustments. With the goal of combining the initial agreement and the twenty amendments, staff has compiled a single, consolidated franchise agreement to simplify future evaluations. The consolidated franchise also largely conforms to the "standard" franchise used by the "Franchisors Group."

It should be noted that the new, consolidated agreement not only consolidates three existing franchises, it also includes Ross Valley North into the "Franchisors Group" and provides for a rate mechanism that will include a rate-smoothing plan. The proposed rate structure in Exhibit B will allow the Ross Valley North Franchise to generate sufficient rate income to meet the project revenue requirement over time. This rate-smoothing plan will also implement, over five years, unified rates for residential carts service – so that these customers will all pay the same rates in the MSS served unincorporated areas.

FISCAL IMPACT: The proposed rate increase will increase general fund franchise fee revenues by \$25,000. There is no additional impact to the General Fund.

REVIEWED BY: Department of Finance N/A
 County Counsel N/A
 Human Resources N/A

Very truly yours,



Steve Devine
Program Manager

Attachment:

Revised and Restated Exclusive Franchise Agreement to Collect, Transfer, Process, Market and Dispose of Solid Waste Recyclable and Compostable Materials Between Marin Sanitary Service and the County of Marin.

cc: Marin Sanitary Service

