

# DEPARTMENT OF PUBLIC WORKS

Quality, Excellence, Innovation

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DIRECTOR

February 9, 2016

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

**SUBJECT:** Public Hearing for a Marin Sanitary Service Rate Increase and Franchise Service Modification

Dear Board Members:

**RECOMMENDATIONS:**

1. Hold the scheduled public hearing at 10:30 a.m. to consider a rate increase of 5.99% for the areas known as Central Marin Franchise Areas (1, 2, 3, 4, 5, and 6); 5.99% for Ross Valley South; 5.71% for Ross Valley North (Oak Manor); and 5.71% for Ross Valley North (Sleepy Hollow) for regular refuse collection for the unincorporated areas.
2. Approve the requested rate increases and authorize your President to execute the attached amendment to the September 9, 2014, Franchise Agreement, which adds a new multi-family and commercial organics collection service to improve zero waste compliance goals.

**SUMMARY:** 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 - 6) and Ross Valley (South and North) Franchise Areas.

The six small Central Marin Franchise Areas include unincorporated parts of Bayside Acres, Country Club Estates, Bret Harte, Point San Quentin, Lucky Drive, and Greenbrae Boardwalk. Ross Valley South includes Kentfield, Greenbrae, Kent Woodlands, and Del Mesa Heights. Ross Valley North includes Sleepy Hollow and Oak Manor.

Rate increase components include wages, benefits (including workers compensation), depreciation and interest, maintenance, and other operating costs. The largest component is the benefits/workers compensation component. Additionally, there is a .1% increase due to the addition of a new multi-family organics program, which will help the County reach its stated Zero Waste goal.

The different rates in the different neighborhoods (Central Marin and Ross Valley South) are designed to meet the Board's goal of attaining unified, consistent rates in the MSS service area – phased in by 2018.

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To more efficiently and cost effectively administer their franchises with MSS – the County, San Rafael, Larkspur, Ross, and the Las Gallinas Valley Sanitary District join together in an informal “Franchisors Group” to work cooperatively on annual rate reviews and other projects. The group utilizes HF&H Consultants (HF&H), a consultant retained via a competitive Request for Proposals process, to help conduct the rate review. HF&H currently does a detailed review every three years and a less detailed review during the interim years. While this process has saved money on consulting costs, it can also result in potential “rate spikes” during the more detailed years – when certain costs that were adjusted by the Consumer Price Index actually increased by a larger amount. Accordingly, the Franchisors Group will be considering an annual review process in the future to help avoid rate spikes.

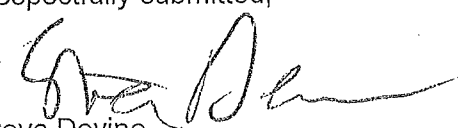
Lastly, this proposed Board action also includes an amendment to the Franchise Agreement, which would add a post-consumer commercial, and multi-family compostable materials collection program at all multi-family dwellings and commercial sites that would parallel the single-family residential program. Customers will be provided 32 or 64-gallon tipper green carts for the collection of yard trimmings, food waste and food soiled papers in the same container. In addition, multi-family tenants will receive kitchen pails for the collection of compostable materials. Upon approval of the program by the County, MSS will perform a waste audit of all commercial and multi-family customers for evaluation and inclusion into the Compostable Materials Collection program, and inform customers of all options to participate.

**FISCAL IMPACT:** There is an estimated revenue increase of approximately \$22,000 in General Fund franchise fees associated with the proposed rate increase. There is no additional impact to the General Fund.

**REVIEWED BY:**

|                                     |                       |                                     |     |
|-------------------------------------|-----------------------|-------------------------------------|-----|
| <input type="checkbox"/>            | Department of Finance | <input checked="" type="checkbox"/> | N/A |
| <input checked="" type="checkbox"/> | County Counsel        | <input type="checkbox"/>            | N/A |
| <input type="checkbox"/>            | Human Resources       | <input checked="" type="checkbox"/> | N/A |

Respectfully submitted,

  
Steve Devine  
Program Manager

cc: Marin Sanitary Service

Attachments:

1. First Amendment to Franchise Agreement Dated September 9, 2014
2. Exhibit A – Amendment 1 to Page 4 of September 9, 2014 franchise agreement.
3. 2016 Rate Sheets
4. HF&H Consultants letter report Dated January 15, 2016 and Franchisors of Marin Sanitary Service Review of MSS's 2016 Rate Application

