



# DEPARTMENT OF PUBLIC WORKS

Quality, Excellence, Innovation

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DIRECTOR

April 26, 2022

Marin County Board of Supervisors  
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**SUBJECT:** Public Hearing for a 11.34% Rate Increase for the West Marin Franchise Area No. 1 with Recology Sonoma Marin.

Dear Board Members:

Accounting  
Administrative  
Services Airport  
Building Maintenance  
Capital Projects  
Certified Unified Program Agency (CUPA)  
Communications  
Maintenance  
Disability Access  
Engineering & Survey  
Fleet Operations  
Flood Control & Water Resources  
Land Development  
Procurement  
Real Estate  
Reprographic Services  
Road Maintenance  
Stormwater Program  
Transportation & Traffic Operations  
Waste Management

**RECOMMENDATIONS:** 1) Authorize the Board President to Execute the Third Amendment to the Franchise Agreement; and, 2). Hold a public hearing at 10:30 a.m. to consider a 11.34% rate increase request for Recology Sonoma Marin for the West Marin Franchise Area No. 1, effective May 1, 2022.

**SUMMARY:** Recology Sonoma Marin (RSM) has the exclusive franchise with the County of Marin for refuse and recycling in West Marin for Franchise Area No. 1. This franchise area includes the West Marin coast except for Bolinas and Stinson Beach.

**1). Third Amendment for State Required SB 1383 Service:**

Separate from the normal annual rate setting/review process, there is a proposed Franchise Amendment (Attachment 3) which would effectuate certain operational changes under the Agreement to facilitate and implement the necessary service changes required by State law SB 1383 – California’s Short Lived Pollutant reduction law.

The changes in the Franchise Amendment are specific to this West Marin Franchise but are overall similar to what is or will be proposed for each of the County held collection franchises in various portions, but not all, of Unincorporated Marin. The Amendment also provides for many important programs and services related to compliance with SB 1383, including:

- Implementation of organic container collection for all organic waste generators in RSM’s County service area.
- Providing that all new containers purchased by RSM and put into service in the County will meet the color and labeling requirements of SB 1383.
- Providing route contamination review and notices of contamination as required by SB 1383.

- Providing reviews of all customer accounts annually to determine compliance status for all customers, and to contact non-compliant customers to support compliance with the new regulations.
- Providing detailed outreach and education regarding organics recycling to all customers in the County.
- Providing detailed reports to the County regarding the above, which will support the County's reporting of SB 1383 compliance activities to the State agency CalRecycle.

The Amendment also provides for the ability to implement rate adjustments outside of the annual January 1 date contemplated by the Agreement. This portion of the Amendment is necessary as it has commonly been necessary to consider and adopt RSM's rates off-cycle from the normal January 1 schedule due to a variety of circumstances, such as the need for County Code adoption prior to rate adoption this year.

## **2). Proposed Rate Adjustment**

The proposed rate adjustment is pursuant to the "Refuse Rate Index (RRI)" methodology prescribed and contained in the Franchise Agreement – as amended. The RRI is comprised of five specific Bureau of Labor Statistics indices more accurately reflecting the costs experienced by waste haulers than a simple CPI adjustment. The RRI calculation (Attachment 1) has been reviewed for accuracy by an independent solid waste consulting firm: R3 Consulting Group Inc. R3's detailed report on the Rate Review is provided in Attachment 2.

If approved, the 11.34% rate increase will be reflected in RSM's customer billings effective May 1, 2022. For residents with a 32-gallon cart, which is the most common cart size in West Marin Franchise Area No. 1, the new rate will be \$62.01 a month. The service includes weekly garbage, recycling and compostables collection along with Toxic Away Days, Marin Household Hazardous Waste Facility, Zero Waste Schools Program, Bulb & Battery Drop Off, Certified Used Oil Centers, twice yearly bulky item collection and more.

The 11.34% rate increase is comprised of three components: The first component is the annual RRI increase of 4.34%, calculated in accordance with the Agreement and effective as of January 1, 2022. This is the normal annual adjustment contemplated by the Agreement.

The second component is a 2.17% temporary rate increase, which is due to delayed implementation of the rate increase that would have originally gone into effect on January 1, 2022. Consideration of the rates was postponed, by request of the County, due to the need to first consider and adopt updates to the County

Code for the requirements of SB 1383 via the “Mandatory Recycling Ordinance” recently adopted by your Board. Now that the County Code has been updated, the Board of Supervisors may consider one increase to RSM’s 2022 rates, inclusive of both the annual RRI calculation and increases related to implementation of SB 1383 – and as more specifically authorized in Section 3 of the Third Amendment. The rate increase effect of this temporary component will be removed from the rates effective January 1, 2023.

The third component is an increase of 4.83% to fund \$150,274 in new SB 1383 costs, primarily related to implementation of new organic waste collection routes in RSM’s County service areas. New organic collection routes are necessary in order to provide organic waste collection services to organic waste generators. The amount of increase needed for RSM’s service area is different than for other County haulers (such as Marin Sanitary Service) because RSM’s service area is less dense, and with less overall ability for needed collection routes to be shared with other contracting agencies.

**EQUITY IMPACT:** The rate structure already includes a “pay as you throw” model which charges for additional service so that cost minimization is available to customers via utilization of waste reduction services (composting, recycling, household hazardous waste) that are included in the base rates.

**FISCAL IMPACT:** There will be no increase to the General Fund net County costs as a result of your Board’s actions. There is an estimated revenue increase of approximately \$56,000 in Franchise Fees and \$11,000 in Regulatory Compliance Fees associated with the proposed rate increase. Revenues will be appropriated based in the actuals received through the monthly budget adjustments process. There are no other impacts by this action.

**REVIEWED BY:**

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



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Attachments:

1. Recology Sonoma Marin Rate Application Transmittal
2. R3 Consulting Inc. Report: Review of Recology SM 2022 Rate Application & Proposed Contract Changes
3. Third Amendment to Franchise Agreement
4. Proposed 2022 West Marin Franchise Area No. 1 Rates

cc: Recology Sonoma Marin

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