

FRANCHISORS OF MARIN SANITARY SERVICE

**REVIEW OF MARIN SANITARY SERVICE'S
2009 RATE APPLICATION**

HF&H CONSULTANTS, LLC



December 11, 2008

Final Report



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December 11, 2008

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Reference Number: S3759

Subject: Review of Marin Sanitary Service's 2009 Rate Application

Dear Ms. Bonander and Messrs. Nordhoff, Williams, Frost, and Broad:

This report documents HF&H Consultants, LLC's (HF&H) findings and recommendations from our review of Marin Sanitary Service's (MSS) application for a 8.06% increase to its solid waste rates, effective January 1, 2009 (Application), submitted to the Cities of San Rafael and Larkspur, the Town of Ross, the County of Marin, and the Las Gallinas Valley Sanitary District (collectively referred to as "Franchisors"). MSS is requesting an additional one-time 1.18% increase from the Las Gallinas Valley Sanitary District to recover additional franchise fees paid in 2008 not included in the 2008 rates.

Findings

Based on our review of the Application, we determined that a total increase of 6.42% to current rate revenues is necessary to compensate MSS for its expenses and provide it the agreed-upon level of profit for its current operations. This lower-than-applied-for increase is based on several adjustments to MSS' rate calculation (agreed upon by MSS Management and HF&H) as described in Section IV of the report and reflected in Attachments 2 and 3. The 6.42% rate increase results primarily from the net increase in operating costs resulting from the application of the changes in the applicable Consumer Price Indices, increase in fuel prices, increases in benefits resulting from the new collective bargaining agreement, and an increase in disposal/processing costs.



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The following table summarizes the recommended rate increase:

Rate Increase Components	
Current Operations	
Benefits	1.15%
Fuel	1.74%
Disposal	1.28%
Other Operating Costs*	1.70%
	5.87%
Franchise Fees and Projected 2008 Revenue Shortfall	0.55%
	6.42%

*Includes wages, depreciation, other vehicle-related costs, general & administrative costs (e.g., public education, customer service, etc.), and various other operating costs.

Las Gallinas Valley Sanitary District

At the February 2008 board meeting, the Las Gallinas Valley Sanitary District (LGVSD) adopted an ordinance to increase the franchise fee from \$6,000 per year to \$25,000 per year beginning in 2008. The ordinance allowed MSS to collect the additional \$19,000 in the 2009 rate application. The \$19,000 requires a one-time adjustment of 1.18% to the rates.

The following table shows the components of the LGVSD rate increase:

LGVSD Rate Increase Components	
Base Rate Increase	6.42%
One-time Franchise Fee Adjustment	1.18%
	7.60%

Survey of Comparable Rates

Attachment 4 shows the results of HF&H's survey of solid waste rates for jurisdictions located throughout the Bay Area as of November 2008. We have applied the base increase of 6.42% (7.60% for LGVSD) to the existing rates for purposes of comparing the Franchisors' rates to other jurisdictions. Agencies noted with an asterisk (*) will be considering rate adjustments to be effective January 1, 2009. The percentage changes for these agencies are not known at this time. Consequently, their rates have not been adjusted.



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The Franchisors' residential rates for a 32-gallon container range from \$21.49 (LGVSD) to \$24.44 (Larkspur). The survey shows the Franchisors' average residential rate for 32-gallon service (\$23.19) is 4.2% higher (\$0.94/month) than the average of the Bay Area jurisdictions included in the survey. The Franchisors' residential rates are 5.1% higher (\$1.13/month) than the other Bay Area jurisdictions with similar services (Attachment 5).

The Franchisors' commercial rates for a 3-yard bin serviced one time per week range from \$293.87 (County) to \$311.70 (Larkspur). The average rate for the Franchisors is \$31.93, which is 2.5% more (\$7.45/month) than the other Bay Area jurisdictions with similar services and 3.3% more (\$9.55/month) than all Bay Area jurisdictions included in the survey (Attachment 6).

We caution the Franchisors that this survey is presented for information only. They should not draw conclusions from this information, because rate comparisons are intrinsically difficult and often misleading. This difficulty results from differences in items such as:

1. The services provided;
2. The terrain in which the service is performed;
3. Disposal costs;
4. Rate structures; and,
5. Governmental fees (e.g. franchise fees, vehicle impact fees, etc).

* * *

We would like to express our appreciation to MSS management and staff for their assistance. In addition, we express our appreciation to each of you for assistance and guidance during the course of the review. Should you have any questions, please call me at 925-977-6952.

Very truly yours,

HF&H CONSULTANTS, LLC

Robert D. Hilton, CMC
President

Marva M. Sheehan, CPA
Senior Manager

cc: Mr. Joseph Garbarino, Marin Sanitary Service
Mr. Joseph J. Garbarino, Marin Sanitary Service
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HF&H Client Files

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SECTION I. BACKGROUND

Description of Services

Marin Sanitary Service (MSS) provides solid waste, recyclable materials, and yard waste collection and processing services to the residents and businesses of the Cities of San Rafael and Larkspur, the Town of Ross, the County of Marin, and the Las Gallinas Valley Sanitary District (collectively referred to as "Franchisors"). In addition, MSS and its related entities (Marin Resource and Recovery (MRR) and Marin Resource Recovery Center (MRRC)), provide solid waste, recyclable materials, and yard waste collection and processing services to the residents and businesses of San Anselmo, the north area of the Ross Valley Sanitary District, Fairfax, and San Quentin prison. MSS also provides non-franchised debris box services to residents and businesses throughout the County of Marin that contract for their services.

MSS delivers refuse collected from waste generators within the Franchisors' service area to the MSS transfer station (Marin Sanitary Service Transfer Station) then transports it to the Redwood Sanitary Landfill (Redwood). MSS delivers recyclable materials to the MRR, where materials are processed and marketed. MSS delivers recyclable-rich loads of refuse (typically commercial) and separated yard waste loads (collected from residents), along with public self-haul loads, to the MRRC facility where recyclable materials are extracted from the waste stream, processed, and marketed. MRRC delivers residual waste, remaining after the recyclable materials are extracted, to the transfer station. This residual waste is transferred to Redwood.

Recycling Collection Services

In 2006, MSS began the process of changing the method of residential recycling collection from a three-stream to a dual-stream process. The three-compartment trucks used in the three-stream collection were no longer available and the dual-stream process provided a more convenient and environmentally sound method of collection. The dual-stream recycling program was phased in over several years and was designed to enhance customer satisfaction through the use of a wheeled cart, while still ensuring the highest quality of marketable recycled product.

The final phase of the program was completed in December 2007 and all customers have the dual sort carts (a few have elected to not receive the cart). The dual-sort cart has been extremely well received by customers. While overall recycling tonnage has not increased significantly, the residue (garbage remaining after the sorting process) has decreased from 3% to 2% and the quality of the recycled product has remained high. This has become extremely important due to the recent world-wide collapse of the recycled commodities markets, particularly recycled paper. MRR has still been able to sell their recycled paper, although at much lower prices. Many single-stream processors are unable to sell their recycled paper because of the lower product quality.

Yardwaste Collection Plan

Prior to August 2007, a portion of the yardwaste collected from the Franchisors had been used as alternative daily cover (ADC) by Redwood Landfill. To achieve a "higher and better" use, Redwood agreed to process the material for compost at a cost of \$18.00/ton. This began in August 2007 and the additional cost was included in the 2008 Rate Application.

Redwood has been unable to commit long-term to the composting of this material due to the uncertainty of their permit status. Because of this, the owners of MSS, along with three other partners, have purchased a fully-permitted composting facility in Zamora (near Woodland). Beginning in July 2008, the yardwaste collected from the Franchisors has been hauled to this facility (after processing at MRRC). The tipping fee at this facility is \$18.00/ton, the same amount previously charged by Redwood.

Also, MSS began offering collection of a second can of yardwaste in 2008. Customers can rent an additional 64-gallon yardwaste cart (MSS provided) for approximately \$1.00/month, or set-out two additional cans of their own. As of November 2008, approximately 200 customers were renting a second cart from MSS. This change has been well received.

Foodwaste Collection Plans

MSS, in conjunction with CalRecovery, began a research program in 2007 combining foodwaste and ground yardwaste to produce compost inside a "bio-cell" vessel. MSS targeted 21 commercial customers for this program. The collection goal was between two and three tons of foodwaste per day. The collected foodwaste must initially contain no meat or beef products. Collection took place daily using a dedicated foodwaste truck until the bio-cell vessel is full, approximately ten collection days. Once the bio-cell is full, it took 21 days to generate the compost. During this time, the participating customers reverted to the collection of foodwaste in the refuse collection trucks.

While the program was successful in processing the materials into compost, the amount of food waste that can be processed is very limited due to Marin County Local Enforcement Agency permitting constraints. MSS plans on continuing the collection and processing for its current customers in 2009 but has not requested additional compensation from the ratepayers.

MSS, the City of San Rafael, and the Central Marin Sanitation Agency (CMSA) are reviewing a study to have commercial food waste processed in digesters at the CMSA facility in San Rafael. There is the potential to process 15-20 tons per day of food waste. A special study session will be conducted with the results presented to the City of San Rafael City Council in early 2009.

New Collective Bargaining Agreement

During 2008, MSS negotiated a new Collective Bargaining Agreement (CBA) with the General Truck Drivers, Warehousemen & Helpers Union, Local 624. The CBA was effective January 1, 2008 and will remain in effect through December 31, 2010. As part of the negotiation process, a cap on health care expenses was established and wages were not increased for the first year of

the contract in exchange for MSS to pay 100% of retirement health care premiums and other miscellaneous considerations.

Prior to the negotiations, MSS conducted a survey of Teamsters' contracts with other refuse and recycling companies in the area. The new CBA will bring the drivers and mechanics total compensation package to slightly above the average of the refuse and recycling workers providing service to Concord, Richmond, Vallejo, and Oakland.

SECTION II. RATE REVIEW APPROACH

Scope of Work

Rate Adjustment Methodology

The Rate Index Methodology was developed and approved in 2001. This method was used to determine 2009 rates. The results from the 2008 rate review are adjusted by changes in certain indices (e.g., consumer price index, employment cost index and the transportation index). Also, new projections of certain costs (e.g., disposal expense, fuel expense, workers' compensation expense, depreciation, interest expense, and fees imposed by the Marin County Hazardous and Solid Waste Management Joint Powers Authority) and revenues (e.g., collection rate revenues) are made to adjust the results from the 2008 review.

The Franchisors engaged HF&H in October 2008 to perform a limited review of the Application in accordance with the Rate Index Methodology. The scope of this review is described in our engagement letter dated July 29, 2008. These procedures included the following activities:

- Reviewing MSS' application to determine completeness, mathematical accuracy, and reasonableness and logical consistency of the assumptions supporting the projected revenues and expenses.
- Reviewing projected revenues to ensure that they are consistent with past trends and anticipated conditions;
- Reviewing of MSS' calculation of rate year 2009 indexed expenses by comparing them to the calculated expenses for 2008, established in our prior report, and the calculated changes to the applicable indices;
- Reviewing other projected expenses including depreciation, interest, disposal and recyclables/yardwaste processing expenses by evaluating the reasonableness of MSS' estimates for these expenses based on historical trends and MSS management's plans;
- Reviewing MSS' calculation of projected profit for compliance with the procedures and mathematical accuracy;
- Reviewing the appropriateness of MSS' allocation of revenues and expenses among the Franchisors and other service areas;
- Reviewing our recalculation of MSS' projected results of operations and our recommendations with MSS and the Franchisors representatives; and,
- Preparing a written report that documents our findings and recommendations.

Limitations

Our review was substantially different in scope than an examination in accordance with Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. However, Chiao Smith and Associates has issued an unqualified opinion of MSS' 2007 financial statements.

There are related party transactions included in MSS' 2009 projections at rates that have been discussed and allowed by the Franchisors in previous reviews.

Our conclusions are based on the review of MSS' projections of its financial results of operations. Actual results of operations will usually differ from projections, because events and circumstances frequently do not occur as expected, and the difference may be significant.

SECTION III. MARIN SANITARY SERVICE'S PROJECTION METHODOLOGY

On September 24, 2008, MSS submitted a rate application to the Franchisors requesting that solid waste collection rates be increased by 8.06%, effective January 1, 2009. The following describes MSS' methodology for projecting 2009 revenues and expenses.

Revenues

Route Revenues

MSS projected its net 2009 route revenues of \$22,739,633 by annualizing the revenues received through July 2008 and calculating franchise fees payable to each jurisdiction in accordance with the franchise agreements.

Under the accrual method of revenue accounting, bad debt is recorded when it has been determined an account is uncollectible. MSS has collection procedures in place to attempt to collect the past due accounts. MSS projected a reduction of \$44,232 to the accrued route revenues for bad debts from uncollectible accounts. This amount was determined by annualizing the actual write-off of uncollectible accounts for the seven months ending July 2008.

Non-Regulated Revenues

MSS projected 2009 non-regulated revenues of \$53,246 by annualizing revenues received for the six months ending June 2008. The non-regulated revenues are disposal fees received at the transfer station for the transfer, transport, and disposal of solid waste from MSS' recycling facility (MRR) and Household Hazardous Waste facility.

Expenses

MSS projected its 2009 expenses by:

- **Wages.** Multiplying 2008's allowed wages and salaries expense by 1 plus the 4.7% change in the San Francisco-Oakland-San Jose Metropolitan Consumer Price Index (Urban Wage Earners) from June 2007 to June 2008.
- **Benefits.** Multiplying 2008's allowed benefits expense by 1 plus the 2.6% change in the Employment Cost Index-Benefits (Private Industry Workers) from June 2007 to June 2008. MSS also included an adjustment of \$184,485 for retirement health benefits that are now required under the new CBA.
- **Disposal Fees.** Annualizing the June 2008 YTD disposal expense. MSS does not anticipate a change in disposal tonnage. However, it has included a 4.2% increase in its per-ton disposal fee at Redwood in accordance with the agreement between MSS and Redwood, effective January 1, 2007.

Consistent with prior years, an adjustment is made to the 2008 disposal expense to reflect the difference between the projected and actual disposal expense for 2007 and

the difference between the 2008 projections done in 2007 and the revised 2008 projections done as part of the current rate application process. HF&H has recommended these adjustments in prior years. For the 2009 rate application, MSS calculated the adjustments and included them in their initial rate application. MSS proposed an increase of \$3,855 to adjust the 2007 disposal expense to actual and a reduction of \$22,904 to update its projection of 2008 disposal expense.

- **Fuel.** Multiplying 2008's allowed fuel expense by 1 plus the 38.3% change in the Consumer Price Transportation Index – Motor Fuel (All Urban Consumers) from July 2007 to July 2008.
- **Maintenance.** Multiplying 2008's allowed maintenance expense by 1 plus the 5.1% change in the Consumer Price Transportation Index – Motor Vehicle Maintenance and Repair (All Urban Wage Earners) from July 2007 to July 2008.
- **Depreciation/Lease.** Adding current net book asset values to the values of replacement vehicles, replacement containers, and other capital expenses related to the continued roll-out of the dual-stream recycling program and replacement of vehicles to be in compliance with California's new CARB regulations.
- **Other Operating/G&A.** Multiplying 2008's allowed other operating/G&A expense by 1 plus the 4.2% change in the San Francisco-Oakland-San Jose Metropolitan Consumer Price Index (All Urban Consumers) from June 2007 to June 2008.
- **Interest.** Interest expense was calculated using amortization tables to calculate the actual interest portion of future debt (loan and bond) payments. MSS included the amortization of financing fees associated with the California Pollution Control Financing Bonds issued in 2006.

Profit

MSS calculated its 2009 profit of \$2,047,044 by applying a 90.5% pre-tax operating ratio to its 2009 total projected expenses eligible for profit.

SECTION IV. PROPOSED ADJUSTMENTS

The following is a summary of HF&H's proposed adjustments to MSS' projected 2009 revenues, expenses, and profit.

Exhibit 1

Marin Sanitary Service - Rate Adjustment Calculation
As Adjusted By HF&H
 (\$000's Unless Otherwise Indicated)

	Projected YE 12/31/2009
REVENUES	
1. Route Revenue at Current Rates Projected By MSS	22,740
2. Route Revenue Adjustment	-
3. Adjusted Gross Route Revenues	22,740
4. Less: Franchise Fees Projected By MSS (at current route revenue)	(2,154)
5. Recalculation of Franchise Fees Based on Revenue Adj. Above	-
6. Adjusted Franchise Fees	(2,154)
7. Less: Vehicle Impact Fees Projected by MSS	(196)
8. Adjusted Net Route Revenue (Line 3 + Line 6 + Line 7)	20,390
9. Plus: Non-Regulated Revenues Projected by MSS	53
10. Total Projected Net Revenues (Line 8 + Line 9)	20,443
EXPENSES	
11. Operating Expenses Eligible for Profit Projected by MSS	19,501
12. HF&H Operating Expense Adjustments	
13. Wages Expense	(125)
14. Benefits Expense	(8)
15. Disposal Fees	-
16. Fuel Expense	(64)
17. Depreciation Expense	(107)
18. Other Operating / G&A Expenses	-
19. Adjusted Operating Expenses	19,198
20. Profit at 90.5% Operating Ratio Projected by MSS	2,047
21. Recalculation of Profit Based on 90.5% Operating Ratio	(32)
22. Adjusted Profit	2,015
23. Interest Expense Projected by MSS	539
24. HF&H Interest Expense Adjustment	-
25. Adjusted Interest Expense	539
26. Total Revenue Requirement (Lines 19 + Line 22 + Line 25)	21,752
27. Surplus / (Deficit) (Line 10 - Line 26)	(1,309)
28. Rate Adjustment	6.42%

Adjustments to 2009 Projected Revenues

Route Revenue Adjustments (Line 2): HF&H does not recommend an adjustment to projected route revenues. MSS' projection methodology of annualizing July 2008 YTD route revenues resulted in 2008 estimated revenues approximately 1.4% less than expected based on the rate increases effective January 1, 2008. HF&H found that a decrease in the number of accounts serviced by MSS is largely responsible for the difference.

In addition, HF&H tested rates before and after the rate increase for each member agency to verify that MSS implemented the correct rate adjustment. The rate adjustments were made between January and August 2008 and were effective January 1, 2008, except for the County and the County-Ross Valley Sanitary District-South (RVSD) accounts (February 5, then again on August 1 to collect revenue for the County's increased franchise fees); therefore, MSS applied a one-time retroactive adjustment to each account as necessary. HF&H also tested accounts from each member agency to verify the correct calculation of this retroactive adjustment and to verify that the retroactive adjustment was billed. HF&H found no exceptions for the tested accounts.

Adjustments to 2007 and 2008 Projected Expenses

Fuel Expense (Line 16): HF&H recommends increasing 2007 and 2008 diesel fuel expense by a total of \$259,600, due to the following:

- A \$3,731 increase to reflect the under-reimbursement of 2007 diesel fuel expense compared with the actual diesel fuel expense. Average diesel fuel price for 2007 was greater than projected at the time of the review of the 2008 rate application; and,
- A \$255,869 increase to 2008 diesel fuel expense resulting from an upward revision in projected average fuel cost to \$3.70 per gallon from \$3.05 per gallon. Due to the volatility of diesel fuel prices, the 21.3% projected increase may over- or under-project actual diesel fuel expenses for 2008. The most recent diesel fuel price was \$2.52 per gallon; however, in July the price per gallon reached \$4.90. The actual price paid by MSS will be reflected in the rate-setting process for 2010.

Adjustments to 2009 Projected Expenses

Wages (Line 13): HF&H recommends decreasing wages by \$124,643 as a result of the new CBA. In Exhibit B of the CBA, wage rates for 2008 remained consistent with the 2007 wage rates. The solid waste rate-setting process for 2008 assumed a rate increase of 3% (\$124,643). Since MSS has requested a special adjustment for the retirement health benefits as a result of the new CBA, it is reasonable to look at other aspects of the new agreement.

Benefits Expense (Line 14): HF&H recommends decreasing benefits expense by \$7,771 due to a decrease in workers' compensation premiums for 2009.

Fuel Expense (Line 16): HF&H recommends a \$323,172 decrease in diesel fuel expense. The decrease results from HF&H and MSS using different prices per gallon for diesel fuel. MSS projected the 2009 diesel fuel expense by using approximately \$4.21 per gallon (a 38.3% increase from the \$3.05 per gallon used for the projected 2008 fuel expense calculation). HF&H projected

the 2009 diesel fuel expense by using the projected price of \$3.00 per gallon (a 28.8% decrease from the adjusted 2008 projected price of \$3.70 per gallon). Due to the volatility of diesel fuel prices, the 28.8% projected decrease may over- or under-project actual diesel fuel expenses for 2009. The projections for 2009 will be reviewed as part of the rate-setting process for 2010.

Depreciation/Lease (Line 17): HF&H recommends a \$107,076 decrease in depreciation expense, due to the following:

- A \$102,942 decrease to reflect the adjustment of asset lives for trucks purchased with bond proceeds to seven years (from the five years used in the MSS' fixed asset system); and,
- A \$8,391 decrease for the non-regulated portion of depreciation for two G&A assets acquired in 2006 that was included in error; partially offset by a \$3,240 increase to reflect the adjustment of asset lives for trucks purchased with traditional bank financing to five years (from seven years to match the asset lives to the financing term consistent with past practice); and, a \$1,018 increase for the inclusion of depreciation expense on a portion of the Soft-Pak billing system's cost that was not included in MSS' fixed asset system.

Profit (Line 21): Due to the adjustments recommended above, HF&H recommends decreasing MSS' profit by \$31,813 (based on a 90.5% operating ratio.)

SECTION V. RATE ADJUSTMENT

Rate Adjustment

Based on a revenue requirement of \$21,725,833 for the calendar year 2009, resulting from our recommended adjustments to MSS' projected expenses and profit, we recommend a rate increase of 6.42%, effective January 1, 2009.

This rate increase of 6.42% results primarily from:

- 1) An overall net increase in operating costs, primarily from: fuel increases; the benefits increase from the new CBA; increased disposal/yardwaste processing costs from Redwood's disposal/yardwaste processing fee increase; and, an increase in yardwaste volumes over prior year.
- 2) An increase in franchise fees due to the increase in MSS compensation for 2008 and recapturing the projected revenue shortfall from 2008.

The following table shows the components of the rate increase:

Rate Increase Components	
Current Operations	
Benefits	1.15%
Fuel	1.74%
Disposal	1.28%
Other Operating Costs*	1.70%
	5.87%
Franchise Fees and Projected 2008 Revenue Shortfall	0.55%
	6.42%

*Includes wages, depreciation, other vehicle-related costs, general & administrative costs (e.g., public education, customer service, etc.), and various other operating costs.

Rate Adjustment – Las Gallinas Valley Sanitary District

At the February 2008 board meeting, the Las Gallinas Valley Sanitary District (LGVSD) adopted an ordinance to increase the franchise fee from \$6,000 per year to \$25,000 per year. The ordinance allowed MSS to collect the additional \$19,000 in the 2009 rate application. The \$19,000 requires a one-time adjustment of 1.18% to the rates.

The following table shows the components of the LGVSD rate increase:

LGVSD Rate Increase Components	
Base Rate Increase	6.42%
One-time Franchise Fee Adjustment	1.18%
	<hr/> 7.60%

Marin Sanitary Service
2009 Rate Application
Rate Calculation

Expense Allocation (Percentage of Total Revenues)									
	45.09%	21.24%	7.89%	15.41%	2.18%	6.89%	1.30%	100.00%	
	San Rafael	Las Gallinas- City of S.R.	Las Gallinas- County	Larkspur	Ross	RVSD	County	Total	
Rate Application Operating Expenses:									
Wages	\$ 5,831,970	\$ 1,238,723	\$ 460,199	\$ 898,722	\$ 127,292	\$ 401,848	\$ 75,773	\$ 5,831,970	
Benefits	2,276,482	483,530	179,637	350,812	49,688	156,859	29,578	2,276,483	
Disposal Fees	4,504,434	956,751	355,444	694,145	98,317	310,375	58,525	4,504,435	
Fuel & Oil	1,285,967	273,142	101,475	198,171	28,068	88,609	16,708	1,285,967	
Maintenance Expense	1,111,687	236,125	87,723	171,314	24,264	76,600	14,444	1,111,687	
Depreciation/Leases	2,135,584	453,603	168,518	329,099	46,613	147,151	27,747	2,135,585	
Other Operating/G&A	1,061,625	500,134	185,805	362,859	51,394	162,246	30,593	2,354,656	
Total Operating Expenses	19,500,780	4,142,008	1,538,801	3,005,122	425,636	1,343,688	253,368	19,500,783	
Operating Profit	90.5%	922,994	434,796	161,532	44,680	141,050	26,597	2,047,044	
Interest Expense		242,967	114,462	42,524	83,045	11,762	7,002	538,894	
Revenue Requirement		9,958,061	4,691,266	1,742,857	3,403,622	482,078	1,521,870	286,967	22,086,721
Route Revenues (2009 Projected)									
Adjustment:									
Adjusted Route Revenues	10,367,382	4,876,836	1,633,950	3,491,241	514,824	1,561,047	294,353	22,739,633	
Less: Franchise Fees	10,367,382	4,876,836	1,633,950	3,491,241	514,824	1,561,047	294,353	22,739,633	
Less: Franchise Fees	(1,036,738)	(487,684)	(25,000)	(349,124)	(69,784)	(156,105)	(29,435)	(2,153,870)	
Less: Vehicle Impact Fee	(137,676)	(58,324)						(196,000)	
Net Regulated Revenues	9,192,968	4,330,828	1,608,950	3,142,117	445,040	1,404,942	264,918	20,389,763	
Non-Regulated Revenues	53,246	24,007	11,310	4,202	8,205	1,162	691	53,246	
Total Revenues	9,216,975	4,342,138	1,613,152	3,150,322	446,202	1,408,611	265,609	20,443,009	
Adjustment:									
Less: Franchise Fees									
Adjusted Total Revenues	9,216,975	4,342,138	1,613,152	3,150,322	446,202	1,408,611	265,609	20,443,009	
Revenue Surplus/(Shortfall)	(741,086)	(349,128)	(129,705)	(253,300)	(35,876)	(113,259)	(21,358)	(1,643,712)	
Calculated Rate Adjustment	8.06%	8.06%	8.06%	8.06%	8.06%	8.06%	8.06%	8.06%	
Additional Rate Adjustment Items									
Additional Franchise Fee Paid - Las Gallinas Valley Sanitary District			19,000					19,000	
Additional amount paid			1.18%					0.09%	
Rate increase required (one-time)			1.18%					0.09%	
Additional Rate Increase									
Total	8.06%	8.06%	9.24%	8.06%	8.06%	8.06%	8.06%	8.15%	

Marin Sanitary Service Franchisors
2009 Rate Application Adjustment Summary

	Company Calculation	2007 Proj vs Act Adjustments	2008 Proj vs Est Adjustments	2009 Adjustments	HF&H Calculation
Wages	\$ 5,831,970			\$ (124,643)	\$ 5,707,327
Benefits	2,276,482			(7,771)	2,268,711
Disposal Fees	4,504,434				4,504,434
Fuel & Oil	1,285,967	3,731	255,869	(323,172)	1,222,395
Maintenance Expense	1,111,687				1,111,687
Depreciation/Leases	2,135,584			(107,076)	2,028,508
Other Operating/C&A	2,354,656				2,354,656
Total Operating Expenses	19,500,780	3,731	255,869	(562,662)	19,197,718
Operating Profit	90.5%				
Interest Expense	2,047,043	392	26,859	(59,064)	2,015,230
	538,895				538,895
Revenue Requirement	22,086,718	4,123	282,728	(621,726)	21,751,843
Route Revenues	22,739,633				22,739,633
Less: Franchise Fees	(2,153,870)				(2,153,870)
Less: Refuse Vehicle Impact Fee	(196,000)				(196,000)
Add: Non-Regulated Revenues	53,246				53,246
Total Revenues	20,443,009				20,443,009
Revenue Surplus/ (Deficit)	\$ (1,643,709)	\$ (4,123)	\$ (282,728)	\$ 621,726	\$ (1,308,834)
Rate Adjustment	8.06%				6.42%

Calculated Rate Adjustment

Bay Area Rate Survey

Attachment 4

Jurisdiction	County	Res. Single-Family			Commercial				Service Info		
		30-35Gal.	60-64Gal.	90-96Gal.	1YD Bin 1x/week	1YD Bin 3x/week	3YD Bin 1x/week	3YD Bin 3x/week	Rec. Freq.	YW Freq.	Sort
City of Alameda	Alameda	\$ 26.91	\$ 41.97	\$ 62.81	\$ 102.02	\$ 312.17	\$ 306.06	\$ 936.53	Weekly	Weekly	Single
City of Emeryville*	Alameda	\$ 11.23	\$ 22.45	\$ 33.69	\$ 66.20	\$ 198.60	\$ 198.60	\$ 595.79	Weekly	Weekly	Single
City of San Leandro	Alameda	\$ 20.52	\$ 34.15	\$ 47.76	\$ 89.95	\$ 271.94	\$ 271.94	\$ 815.85	Bi-weekly	Weekly	Single
Oro Loma Sanitary District (L1 & L2)	Alameda	\$ 16.35	\$ 28.12	\$ 39.97	\$ 76.48	\$ 198.79	\$ 203.71	\$ 570.62	Bi-weekly	Weekly	Single
Oro Loma Sanitary District (L3)	Alameda	\$ 17.98	\$ 31.35	\$ 44.73	\$ 86.96	\$ 226.01	\$ 231.62	\$ 648.78	Bi-weekly	Weekly	Single
City of Millbrae*	San Mateo	\$ 21.63	\$ 43.30	\$ 64.95	\$ 179.13	\$ 548.21	\$ 330.07	\$ 1,010.16	Weekly	Bi-weekly	Dual stream
City of South San Francisco	San Mateo	\$ 21.80	\$ 47.96	\$ 75.18	\$ 131.79	\$ 404.43	\$ 303.17	\$ 909.49	Weekly	Bi-weekly	Dual stream
City of Pacifica	San Mateo	\$ 30.19	\$ 69.20	\$ 108.20	\$ 256.54	\$ 666.82	N/A	N/A	Weekly	Bi-weekly	Multiple
City of Cupertino*	Santa Clara	\$ 19.89	\$ 39.78	\$ 59.67	\$ 116.01	\$ 348.06	\$ 185.63	\$ 556.87	Weekly	Weekly	Single
City of Mountain View	Santa Clara	\$ 16.40	\$ 32.80	\$ 49.20	\$ 788.85	\$ 266.75	\$ 251.85	\$ 726.45	Bi-weekly	Bi-weekly	Dual stream
City of Daly City	San Mateo	\$ 22.91	\$ 45.82	\$ 68.73	\$ 164.11	\$ 440.93	\$ 450.46	\$ 1,280.87	Weekly	Weekly	Single
Town of Atherton*	San Mateo	\$ 23.68	\$ 50.36	\$ 73.30	\$ 99.00	\$ 297.00	\$ 297.00	\$ 891.00	Bi-weekly	Bi-weekly	Multiple
City of Belmont*	San Mateo	\$ 20.17	\$ 44.25	\$ 65.60	\$ 96.69	\$ 298.66	\$ 290.60	\$ 902.42	Bi-weekly	Bi-weekly	Multiple
City of Burlingame*	San Mateo	\$ 14.24	\$ 31.49	\$ 45.28	\$ 89.90	\$ 280.48	\$ 269.69	\$ 841.43	Bi-weekly	Bi-weekly	Multiple
City of East Palo Alto*	San Mateo	N/A	N/A	\$ 80.10	\$ 154.19	\$ 339.03	\$ 325.77	\$ 830.66	Bi-weekly	Bi-weekly	Multiple
Fair Oaks*	San Mateo	\$ 20.93	\$ 44.86	\$ 65.79	\$ 90.72	\$ 265.25	\$ 265.25	\$ 795.77	Bi-weekly	Bi-weekly	Multiple
City of Foster City*	San Mateo	\$ 13.20	\$ 29.40	\$ 42.19	\$ 63.33	\$ 193.00	\$ 190.00	\$ 579.00	Bi-weekly	Bi-weekly	Multiple
Town of Hillsborough*	San Mateo	\$ 26.73	\$ 53.50	\$ 82.42	\$ 86.78	\$ 260.34	\$ 260.43	\$ 781.01	Bi-weekly	Bi-weekly	Multiple
City of Menlo Park*	San Mateo	\$ 15.74	\$ 51.71	\$ 60.83	\$ 71.44	\$ 222.89	\$ 214.32	\$ 698.40	Bi-weekly	Bi-weekly	Multiple
City of Redwood City*	San Mateo	\$ 18.96	\$ 32.46	\$ 53.60	\$ 87.82	\$ 263.46	\$ 263.46	\$ 790.38	Bi-weekly	Bi-weekly	Multiple
City of San Carlos*	San Mateo	\$ 15.97	\$ 37.00	\$ 53.46	\$ 70.98	\$ 221.45	\$ 212.93	\$ 664.35	Bi-weekly	Bi-weekly	Multiple
City of San Mateo*	San Mateo	\$ 12.16	\$ 29.77	\$ 43.91	\$ 81.32	\$ 251.14	\$ 243.98	\$ 753.42	Bi-weekly	Bi-weekly	Multiple
West Bay Sanitary District*	San Mateo	\$ 20.26	\$ 43.51	\$ 63.14	\$ 131.15	\$ 393.45	\$ 277.16	\$ 831.48	Bi-weekly	Bi-weekly	Multiple
City of Albany	Alameda	\$ 24.22	\$ 41.87	\$ 59.52	\$ 96.54	\$ 289.63	\$ 289.63	\$ 868.90	Weekly	Weekly	Single
City of Berkeley (District 1)	Alameda	\$ 22.11	\$ 44.24	\$ 66.36	\$ 92.44	\$ 291.19	\$ 277.31	\$ 873.55	Weekly	Weekly	Dual stream
City of Berkeley (District 2)	Alameda	\$ 22.58	\$ 45.14	\$ 67.69	\$ 92.44	\$ 291.19	\$ 277.31	\$ 873.55	Weekly	Weekly	Dual stream
City of Berkeley (District 3)	Alameda	\$ 24.00	\$ 48.02	\$ 72.00	\$ 92.44	\$ 291.19	\$ 277.31	\$ 873.55	Weekly	Weekly	Dual stream
City of Dublin	Alameda	\$ 13.56	\$ 24.91	\$ 36.25	\$ 60.46	\$ 211.48	\$ 181.38	\$ 574.24	Weekly	Weekly	Single
City of Fremont*	Alameda	\$ 24.10	\$ 26.35	\$ 38.69	\$ 67.92	\$ 195.39	\$ 152.69	\$ 449.68	Weekly	Weekly	Single
City of Hayward	Alameda	\$ 23.77	\$ 42.40	\$ 61.00	\$ 104.02	\$ 282.08	\$ 268.00	\$ 739.66	Weekly	Weekly	Single
City of Livermore	Alameda	\$ 15.89	\$ 34.93	\$ 57.93	\$ 74.65	\$ 232.99	\$ 223.95	\$ 713.51	Weekly	Weekly	Single
City of Newark	Alameda	\$ 20.17	\$ 35.72	\$ 51.26	\$ 79.07	\$ 218.41	\$ 209.21	\$ 570.55	Weekly	Weekly	Single
City of Oakland	Alameda	\$ 26.51	\$ 57.80	\$ 89.06	\$ 124.45	\$ 396.05	\$ 326.27	\$ 1,028.43	Weekly	Weekly	Single
City of Piedmont	Alameda	\$ 44.53	\$ 51.02	\$ 58.79	\$ 139.33	\$ 392.19	\$ 418.02	\$ 1,176.52	Weekly	Weekly	Single
City of Pleasanton*	Alameda	\$ 25.20	N/A	\$ 28.04	\$ 106.05	\$ 277.53	\$ 302.84	\$ 817.28	Weekly	Weekly	Dirty MRF
City of Union City	Alameda	\$ 34.28	\$ 60.67	\$ 87.06	\$ 109.11	\$ 301.35	\$ 283.93	\$ 779.22	Weekly	Weekly	Single
City of Orinda	Contra Costa	\$ 27.33	\$ 50.47	\$ 75.70	\$ 148.33	\$ 444.99	\$ 444.99	\$ 1,334.97	Weekly	Weekly	Single
City of Lafayette	Contra Costa	\$ 20.62	\$ 39.66	\$ 59.49	\$ 127.05	\$ 381.15	\$ 381.15	\$ 1,143.44	Weekly	Weekly	Single
Town of Moraga	Contra Costa	\$ 20.78	\$ 39.95	\$ 59.93	\$ 122.98	\$ 368.93	\$ 368.93	\$ 1,106.78	Weekly	Weekly	Single
City of San Ramon*	Contra Costa	\$ 21.58	\$ 37.67	\$ 60.37	\$ 104.43	\$ 313.29	\$ 268.39	\$ 805.18	Weekly	Weekly	Single
City of Sunnyvale	Contra Costa	\$ 25.31	\$ 30.90	\$ 36.50	\$ 116.03	\$ 318.83	\$ 270.39	\$ 779.31	Weekly	Weekly	Dual stream
City of Walnut Creek	Contra Costa	\$ 15.12	\$ 30.00	\$ 45.00	\$ 76.41	\$ 229.22	\$ 229.22	\$ 687.67	Weekly	Weekly	Single
Town of Danville	Contra Costa	\$ 17.00	\$ 32.70	\$ 49.05	\$ 112.72	\$ 338.16	\$ 338.16	\$ 1,014.48	Weekly	Weekly	Single
City of Brisbane	San Mateo	\$ 18.33	\$ 36.66	\$ 54.99	\$ 130.08	\$ 450.24	\$ 277.37	\$ 832.73	Weekly	Bi-weekly	Dual stream
CCCSWA-Unincorporated	Contra Costa	\$ 17.84	\$ 34.99	\$ 52.48	\$ 111.55	\$ 334.64	\$ 334.64	\$ 1,003.93	Weekly	Weekly	Single
City of Campbell*	Santa Clara	\$ 18.46	\$ 36.91	\$ 55.37	\$ 93.91	\$ 284.41	\$ 187.82	\$ 568.82	Weekly	Weekly	Single
Town of Los Gatos*	Santa Clara	\$ 17.88	\$ 35.76	\$ 53.64	\$ 104.68	\$ 317.15	\$ 209.37	\$ 634.29	Weekly	Weekly	Single
City of Monte Sereno*	Santa Clara	\$ 22.88	\$ 45.77	\$ 68.65	\$ 132.54	\$ 401.47	\$ 265.09	\$ 802.95	Weekly	Weekly	Single
City of Saratoga*	Santa Clara	\$ 19.83	\$ 39.67	\$ 59.50	\$ 128.56	\$ 389.58	\$ 257.12	\$ 779.16	Weekly	Weekly	Single
City of San Jose*	Santa Clara	\$ 26.95	\$ 53.90	\$ 80.85	N/A	N/A	N/A	N/A	Weekly	Weekly	Single
City of Fairfax	Marin	\$ 21.45	\$ 42.90	\$ 64.35	\$ 106.90	\$ 233.35	\$ 250.75	\$ 656.30	Weekly	Bi-weekly	Multiple
City of San Anselmo	Marin	\$ 18.94	\$ 37.90	\$ 56.86	N/A	N/A	\$ 310.82	\$ 932.18	Weekly	Bi-weekly	Multiple
City of Belvedere*	Marin	\$ 28.38	\$ 44.93	\$ 71.61	\$ 140.46	\$ 388.02	N/A	N/A	Weekly	Bi-weekly	Single
Town of Corte Madera*	Marin	\$ 24.47	\$ 49.06	\$ 73.65	\$ 113.78	\$ 308.12	N/A	N/A	Weekly	Bi-weekly	Single
City of Mill Valley*	Marin	\$ 27.96	\$ 46.69	\$ 65.39	\$ 123.87	\$ 333.39	N/A	N/A	Weekly	Bi-weekly	Single
Town of Tiburon*	Marin	\$ 26.77	\$ 48.71	\$ 70.29	\$ 127.24	\$ 347.27	N/A	N/A	Weekly	Bi-weekly	Single
City of Richmond*	Contra Costa	\$ 26.95	\$ 51.47	\$ 76.66	\$ 188.00	\$ 477.28	\$ 429.52	\$ 1,177.05	Bi-weekly	Bi-weekly	Single
City of San Pablo*	Contra Costa	\$ 26.09	\$ 49.74	\$ 74.07	\$ 199.79	\$ 508.54	\$ 466.32	\$ 1,282.11	Bi-weekly	Bi-weekly	Single
City of El Cerrito*	Contra Costa	\$ 30.19	\$ 60.39	N/A	\$ 186.60	\$ 507.70	N/A	N/A	Weekly	Bi-weekly	Single
City of Hercules*	Contra Costa	\$ 26.52	\$ 46.77	\$ 67.63	\$ 208.47	\$ 529.46	\$ 484.33	\$ 1,330.20	Bi-weekly	Bi-weekly	Single
City of Pinole*	Contra Costa	\$ 26.67	\$ 47.40	\$ 68.73	\$ 202.66	\$ 515.36	\$ 472.22	\$ 1,297.24	Bi-weekly	Bi-weekly	Single
Unincorp.-West Contra Costa*	Contra Costa	\$ 28.51	\$ 54.73	\$ 81.49	\$ 194.12	\$ 493.23	\$ 443.18	\$ 1,214.51	Bi-weekly	Bi-weekly	Single
City of San Rafael*	Marin	\$ 21.18	\$ 48.36	\$ 72.54	\$ 156.10	\$ 477.28	\$ 298.74	\$ 847.94	Weekly	Bi-weekly	Dual stream
Las Gallinas - County*	Marin	\$ 21.49	\$ 42.98	\$ 64.46	\$ 153.85	\$ 461.99	\$ 311.31	\$ 868.93	Weekly	Bi-weekly	Dual stream
City of Larkspur	Marin	\$ 24.44	\$ 48.89	\$ 73.33	\$ 155.19	\$ 465.46	\$ 311.70	\$ 817.28	Weekly	Bi-weekly	Dual stream
Town of Ross*	Marin	\$ 23.51	\$ 47.02	\$ 70.52	N/A	N/A	\$ 301.90	\$ 905.59	Weekly	Bi-weekly	Dual stream
County (RVSD)	Marin	\$ 23.13	\$ 46.25	\$ 69.38	\$ 190.14	\$ 482.04	\$ 294.04	\$ 725.56	Weekly	Bi-weekly	Dual stream
County - Marin Franchisors' Group*	Marin	\$ 22.38	\$ 44.76	\$ 67.14	N/A	N/A	\$ 293.87	\$ 767.36	Weekly	Bi-weekly	Dual stream

All Jurisdiction Average	\$ 22.25	\$ 42.50	\$ 62.06	\$ 131.25	\$ 343.44	\$ 292.38	\$ 853.54
Weekly, Bi-weekly, Multiple Sort	\$ 22.06	\$ 46.32	\$ 70.76	\$ 165.49	\$ 461.61	\$ 294.48	\$ 868.23
Marin Franchisors' Average	\$ 23.19	\$ 46.37	\$ 69.56	\$ 163.82	\$ 471.69	\$ 301.93	\$ 822.11

*Pleasanton's rate is temporary

*SBWMA residential rates for 64 & 96 gallon totes includes a \$3 rental fee

*San Jose does not set rates for commercial collection.

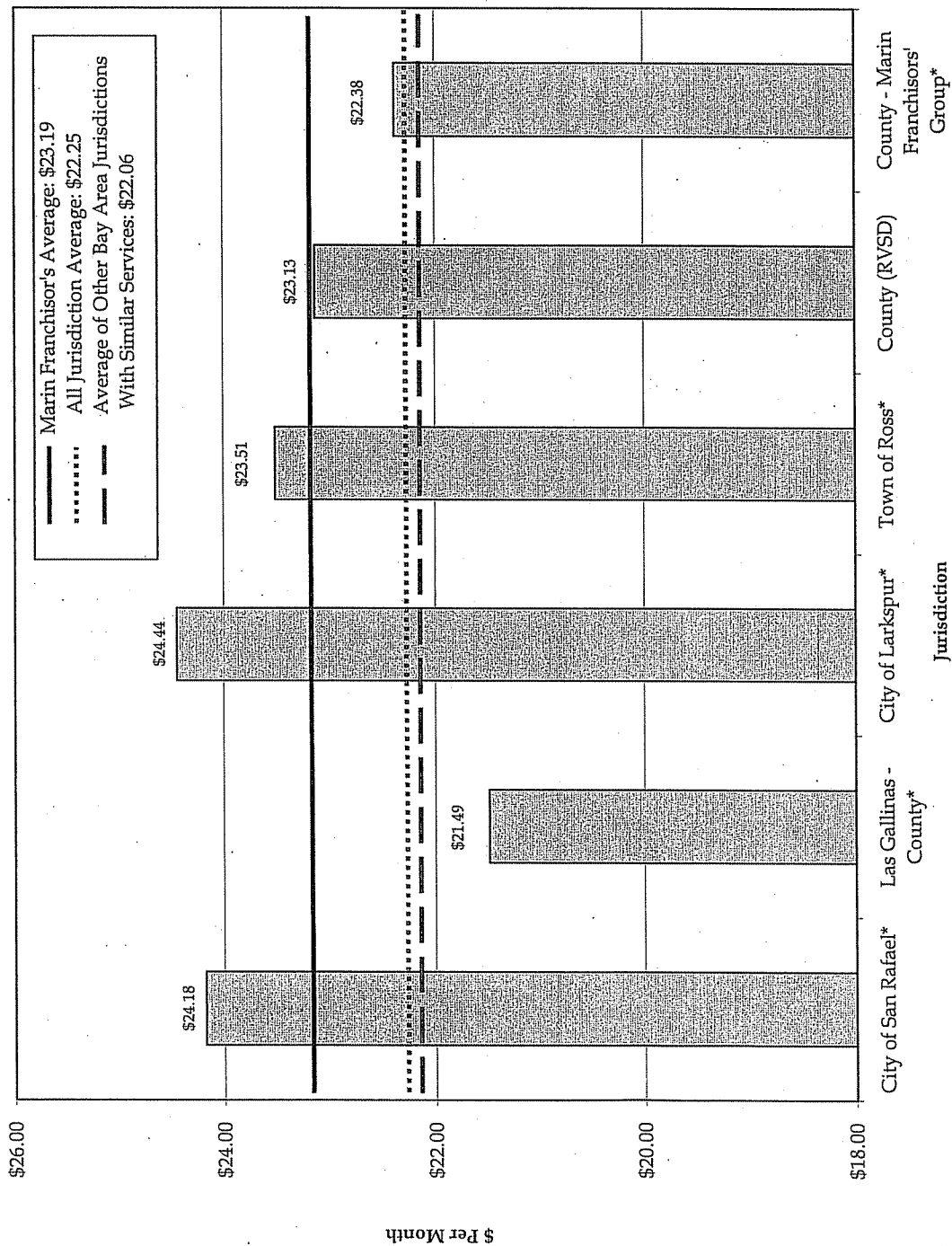
*1.5 Cu Yds is the smallest commercial bin provided

*Largest commercial bin is 2 Cu. Yd./ Commercial bins include bin rental fee

*Jurisdictions with rate adjustments effective January 1.

as of 11/10/08, MSS Franchisors' Group adjusted for 2009 increase

Rates for Residential 30 - 35 Gallon Collection Service
Weekly Recycling and Bi-Weekly Yard Waste



Rates for Commercial 3 Cubic Yard, 1 Time per Week Service Collection Service

