

DEPARTMENT OF PUBLIC WORKS

People serving people.

Robert Beaumont

DIRECTOR

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

February 12, 2013

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

SUBJECT: Marin Sanitary Service – Schedule Hearing for Requested Rate Increase for Ross Valley South Franchise Area

Dear Board Members:

RECOMMENDATIONS:

1. Schedule a public hearing at 10:30 a.m. on February 26, 2013, for the purposes of reviewing a requested 0.22% rate increase by Marin Sanitary Service for Ross Valley South Franchise area.
2. Instruct your Clerk to advertise this rate hearing in a local publication on February 18 and 23, 2013.

SUMMARY: Marin Sanitary Service (MSS) holds the exclusive franchise for the collection and disposal of refuse in the unincorporated area known as Ross Valley South. The area encompasses unincorporated areas commonly known as Kentfield, Greenbrae, Kent Woodlands and Del Mesa Heights. Marin Sanitary Service is requesting a rate increase effective March 1, 2013 of 0.22 % for both residential and commercial customers. The monthly cost to customers for this rate increase is \$.07 per month for a 32 gallon can.

Attached is a rate analysis conducted by Hilton, Farnkopf and Hobson (HF&H) for the County and four other franchise areas (Cities of San Rafael, Ross, Larkspur and Las Gallinas Sanitary District) serviced by MSS. The hauler initially requested a 5.41% increase, but following the review by HF&H, MSS has agreed to the 0.22% rate increase in light of reduced operational cost estimates and a phase in of the proposed Food to Energy Program. Although the Franchisors Group is informal, by joining together there are cost savings from having a single annual report and participation in other projects that effect the participating communities as a whole. For example, in cooperation with the Franchisors Group, MSS is making two changes to their operation:

- 1) Food To Energy Program

MSS and the Central Marin Sanitation Agency (CMSA) are implementing a commercial Food Waste-To-Energy (F2E) Program. MSS will conduct the outreach and technical assistance; collect the material; and perform some pre-processing and transfer of the materials to CMSA. Then, by means of anaerobic digestion, food waste is converted to biogas (methane) for energy to help power the plant. There are several restaurants included in one of the County of Marin franchise areas that generate pre-consumer food scraps that will be part of this program.

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

Various stages of the project have already been completed. A Methane Capture Feasibility Study, by CMSA & MSS and permitting at the Transfer Station have been completed along with the accompanying California Environmental Quality Control Act (CEQA) review. A memorandum of understanding for the F2E program was executed between MSS and CMSA. Additionally, MSS has been providing updates and program information to the Franchisors Group.

At the rate hearing, MSS will present a report to your Board on this new program and its enhancement of the County's zero waste goals.

2) Reserves for Future Diversion Programs

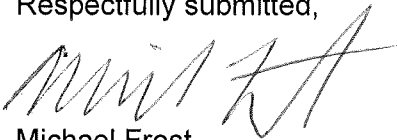
In an effort to stabilize rates as the price of recycled commodities fluctuate, the Franchisors Group and MSS agreed to share the net revenues from the processing of recyclable materials collected from the Franchisors' customers, beginning with actual results in calendar year 2011. It was agreed that the net revenues would be contributed to a reserve to fund one-time costs of future diversion programs. The current reserve amount is a positive \$232,700 for the completed calendar year 2011.

The next update to the reserve will be completed for the 2014 rate application process and will be based upon 2012 calendar results. Should the net positive value in the reserve exceed \$250,000, then the excess is to be used to offset one-time costs related to diversion programs approved by a majority of the agencies comprising the Franchisors' Group. Should the net negative value in the reserve exceed \$250,000 then the Franchisors Group or the Contractor may request a review of the actual costs and revenues of providing the service at which time the Franchisors Group and Contractor have agreed to meet and confer to determine a reasonable remedy to the Contractor.

FISCAL IMPACT: None.

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,



Michael Frost
Deputy Director

Attachment