

# Franchisors of Marin Sanitary Service

## Review of Marin Sanitary Service's 2016 Rate Application



December 11, 2015



HF&H Consultants, LLC

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201 N. Civic Drive, Suite 230  
Walnut Creek, California 94596  
Telephone: 925/977-6950  
Fax: 925/977-6955  
[www.hfh-consultants.com](http://www.hfh-consultants.com)

Robert D. Hilton, CMC  
John W. Farnkopf, PE  
Laith B. Ezzet, CMC  
Richard J. Simonson, CMC  
Marva M. Sheehan, CPA  
Robert C. Hilton, CMC

December 11, 2015

*Sent via email*

Ms. Cristine Alilovich  
Assistant City Manager  
City of San Rafael  
1400 Fifth Avenue  
San Rafael, CA 94919-1560

Mr. Dan Schwarz  
City Manager  
City of Larkspur  
400 Magnolia Avenue  
Larkspur, CA 94939

Mr. Steve Devine  
Program Manager  
County of Marin  
1600 Los Gamos Drive, Suite #210  
San Rafael, CA 94903

Mr. Joe Chinn  
Town Manager  
Town of Ross  
31 Sir Francis Drake Blvd  
Ross, CA 94957

Ms. Susan McGuire  
Administrative Services Manager  
Las Gallinas Valley Sanitary District  
300 Smith Ranch Road  
San Rafael, CA 94903

*Reference Number: S3895*

Subject: Review of Marin Sanitary Service's 2016 Rate Application

Dear Ms. McGuire, Ms. Alilovich and Messrs. Schwarz, Chinn, and Divine:

On September 8, 2015, Marin Sanitary Service (MSS) submitted its application for an 11.09% increase to its solid waste, recyclables and organic materials collection rates, effective January 1, 2016. HF&H conducted our review of the application based on the rate methodology agreed to between MSS and the cities of San Rafael and Larkspur, the Town of Ross, the County of Marin (County), and the Las Gallinas Valley Sanitary District (LGVSD), collectively referred to as the "Franchisors". We find that a 5.61% increase is appropriate.

In 2014, the unincorporated areas of the County known as the Ross Valley Sanitary District – North (RVSD-N) became part of a master agreement between the County and MSS. All three of the County areas served by MSS (Ross Valley Sanitary District – South (RVSD-S), Central County, and RVSD-N) are now

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included in the 2016 rate-setting process. This change in agency members is reflected in the findings and information contained in this report.

The following table summarizes, by jurisdiction, the current and proposed 32-gallon residential rates, which is the most common subscription level.

**Table 1: Residential 32-gallon Rate Summary**

Jurisdiction	Current Rate (\$/mo.)	Proposed Rate (\$/mo.)	\$ Difference
San Rafael	\$32.05	\$33.85	\$1.80
Las Gallinas Valley Sanitary District	\$28.02	\$29.59	\$1.57
Larkspur	\$35.21	\$37.19	\$1.98
Ross	\$30.65	\$32.37	\$1.72
County of Marin – RVSD-S*	\$34.24	\$36.16	\$1.92
County of Marin*	\$33.76	\$35.65	\$1.89
County of Marin – RVSD-N* (Sleepy Hollow)	\$37.40	\$39.50	\$2.10
County of Marin – RVSD-N* (Oak Manor)	\$36.22	\$38.25	\$2.03

\* Final County Rates are to be determined

## Findings and Recommendations

Upon receipt of the application, HF&H reviewed the documents for completeness and compliance with the procedures agreed upon by MSS and the Franchisors and verified the mathematical accuracy and logical consistency of the supporting schedules.

Based on our review of the application, we determined the 2016 Rate Adjustment Factor to be a 5.61% increase to rates. We believe this Adjustment Factor is appropriate to compensate MSS for its projected expenses. The Rate Adjustment Factor is defined in the rate-setting methodology as the Total Contractor's Revenue Requirement for the coming year divided by the Gross Rate Revenues. We have reviewed our findings with MSS and they are in agreement with our proposed rate adjustment.

The 5.61% Rate Adjustment Factor results primarily from: 1) increase in employee benefits in accordance with the collective bargaining agreement over the last 3 years that was greater than the CPI adjustments for the same period; 2) increase in general and administrative expenses for public outreach materials, permitting costs, and hardware/software maintenance for truck and office systems; and, 3) a partial offset by the decrease in fuel expense due to the volatility of prices when projecting fuel costs, and a decline in disposal expense due to the change in the processing facility for organic materials.

The following table summarizes the components of the Rate Adjustment Factor.

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**Table 2: Rate Adjustment Factor Components**

2016 Component Percentages	
Wages	1.64%
Benefits (including workers comp)	3.71%
Fuel & Oil	(2.99%)
Disposal	(0.88%)
Depreciation and Interest	0.84%
Maintenance	1.42%
Other Operating Costs <sup>(1)</sup>	2.51%
Subtotal Operations	6.25%
Revenue Surplus net of Franchise Fees	(0.64%)
Rate Adjustment Factor	5.61%

<sup>(1)</sup> Includes profit and general & administrative costs (e.g., public education, customer service, etc.) .

This lower-than-applied-for adjustment is based on several adjustments to MSS' rate calculation (agreed upon by MSS management) as described in Section IV of the report and reflected in Table 3 and Attachment 2.

## Summary of Significant Changes for 2016

### **2016 Rate Adjustment Components – 5.61%**

#### **Wages – 1.64%**

As shown in Table 2, the wages expense component contributed 1.64% to the overall recommended 5.61% Rate Adjustment Factor. The increase is primarily attributable to standard wage increases in accordance with MSS' collective bargaining agreement (averaging approximately 3% on an annualized basis).

#### **Benefits – 3.71%**

As shown in Table 2, the benefits expense component contributed 3.71% to the overall recommended 5.61% Rate Adjustment Factor. The increase is primarily a catch-up of actual benefits, which increased by approximately 8.00% per year while rates were set with benefits limited to the average annual

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Employment Cost Index of approximately 2% during the past two index year adjustments. The adjustment resets the base benefit expenses for 2016 and the following two years. It does not include a retroactive adjustment for previous years.

**Fuel and Oil – (2.99%)**

As shown in Table 2, the fuel expense component contributed -2.99% to the overall recommended 5.61% Rate Adjustment Factor. The decrease is attributable to a steady decline in fuel prices in 2015 (2015 projected price of \$3.84 per gallon and revised 2015 projected price of \$2.63 per gallon). Fuel prices are extremely volatile causing significant fluctuations from year to year.

**Disposal – (0.88%)**

As shown in Table 2, the disposal expense contributed -0.88% to the overall recommended 5.61% Rate Adjustment Factor. The decrease is attributed primarily to a reduced disposal cost for organic material volumes going to Redwood Landfill instead of the Zamora processing facility.

**Depreciation and Interest – 0.84%**

As shown in Table 2, the depreciation expense component contributed 0.84% to the overall recommended 5.61% Rate Adjustment Factor. The increase is primarily due to additional depreciation for replacement vehicles, building compliance and retrofit, and increased capital expenditures for equipment repairs and maintenance. Additionally, MSS' interest rate is slightly higher than in prior years.

**Maintenance – 1.42%**

As shown in Table 2, the maintenance expense component contributed 1.42% to the overall recommended 5.61% rate adjustment. Maintenance expenses include vehicle and equipment outside repair costs, parts, tires, vehicle licenses, etc. Manufacturer maintenance guidelines on new vehicles require more frequent and in-depth preventative services.

**Other Operating Expenses – 2.51%**

As shown in Table 2, the "other operating costs" component contributed 2.51% to the overall recommended 5.61% rate adjustment. The increase is primarily related to increased costs in public outreach, hardware/software maintenance on the truck and office computer systems (trucks now have on-board tablets to report issues), and annual permitting requirements at the facility.

**Revenue – (0.64%)**

As shown in Table 2, a revenue surplus contributed -0.64% of the overall recommended 5.61% Rate Adjustment Factor.

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### Reserves for Future Diversion Programs

During 2012, the Franchisors 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. As reflected in Table 3, the reserve amount decreased \$120,074 to net deficit of \$19,825. The decrease in the reserve is due to an increase in processing costs per ton (\$201.30 in 2014 vs. \$188.84 in 2013) from a combination of additional sorters to produce a cleaner product and inflationary increases in other costs. Favorable commodity pricing per ton (\$185.97 in 2014 vs. 177.54 in 2013) partially-offset the cost increases. MSS reported it will be performing a review of its operations in 2016.

**Table 3: Reserve for Future Diversion Programs**

Rate Year	Based on Financial Year	Net Addition (Reduction) to Reserve
2013	2011	\$ 232,707
2014	2012	(85,153)
2015	2013	(47,305)
2016	2014	(120,074)
<b>Reserve Balance</b>		<b>\$ (19,825)</b>

The next update to the reserve will be completed as part of the 2017 rate application process and will be based upon 2015 calendar year results. Should the net positive value in the reserve exceed \$250,000, then the excess shall 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, the City 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.

### Comparison of Approved 2015 and Proposed 2016 Revenue Requirement

Table 3 provides a comparison of the approved 2015 revenue requirement to the proposed 2016 revenue requirement necessary to reimburse MSS in accordance with the agreed-upon rate setting methodology. This comparison is between a modified index year (2015) and a cost-based detail year (2016) and include the County area of RVSD-N in both years for comparison purposes. The results of the cost-based detail year serve as a "base" for the future "index" years.

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It is important to understand there are several expense line items that are trued-up each year regardless of the performance of a modified index review or cost-based detail review. Expenses that are reviewed on an annual basis include disposal, fuel, depreciation, interest, workers' compensation (a component of the benefits line) and JPA fees (a component of the other operating/G&A line). Those expenses include adjustments for actual expenditures and third-party rate projections (e.g., disposal, organics processing, insurance, JPA fees).

It should be noted the revenue requirements for both years are projections and MSS is not guaranteed the operating profit as shown in the table.

**Table 4: Comparison of 2015 Approved Revenue Requirement to 2016 Proposed Revenue Requirement**

	<b>2015 Approved Rate Application*</b>	<b>2016 Proposed Rate Application</b>	<b>Change</b>	<b>Percent Change</b>
<b><u>Expenses: Current MSS Operations</u></b>				
Wages	\$ 7,135,184	\$ 7,529,000	\$ 393,816	5.52%
Benefits	3,612,114	4,544,157	932,043	25.81%
Disposal Fees	3,912,984	3,716,437	(196,547)	-5.01%
Fuel & Oil	1,164,033	397,602	(766,431)	-65.83%
Maintenance Expense	1,475,490	1,828,346	352,856	23.92%
Depreciation/Leases	2,155,435	2,261,192	105,757	4.92%
Other Operating/G&A	3,168,929	3,636,462	467,533	14.76%
<b>Total Operating Expenses</b>	<b>22,624,169</b>	<b>23,913,196</b>	<b>1,289,027</b>	<b>5.70%</b>
Operating Profit	2,374,913	2,510,224	135,311	5.71%
Interest Expense	280,946	379,828	98,882	35.21%
<b>Total Expenses for Current Operations</b>	<b>\$ 25,280,028</b>	<b>\$ 26,803,248</b>	<b>\$ 1,523,220</b>	<b>6.25%</b>
<b>Revenue Requirement for Current Services</b>	<b>\$ 25,280,028</b>	<b>\$ 26,803,248</b>	<b>\$ 1,523,220</b>	<b>6.25%</b>

\* Adjusted to include RVSD-N for comparison purposes.

The variances from prior year are summarized as follows:

1. Wages – The prior year included adjustments for MSS' F2E and Operations Improvement plan that resulted in lower 2015 approved wages. The actual increase in wages is in line with CPI when these adjustments are added back for comparison;
2. Benefits – Increase resulted from the actual benefit costs increasing at a rate higher than CPI. The actual average annual increase for the last three years was approximately 8%;



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3. Disposal Fees – Decrease results from a change in processing sites for organics material. In 2015, MSS began delivering to Redwood Landfill at a reduced overall tonnage rate;
4. Fuel & Oil –The decrease is due to steady decline in fuel prices in 2015 and offsetting true-up adjustments for 2014 and 2015 index years;
5. Maintenance – Increase resulted primarily from the increase in parts and outside repairs for the trucks resulting from technological changes requiring specialized equipment. Costs have been increasing at a rate higher than inflation over the last three years;
6. Depreciation – The increase is primarily due to additional depreciation for replacement vehicles, and building maintenance and retrofit costs;
7. Other Operating / G&A – The increase is primarily related to increased costs in public outreach, hardware/software maintenance on the truck and office computer systems (trucks now have on-board tablets to report issues), and on-going permitting issues at the facility; and,
8. Interest Expense – Increase resulted primarily from financing of additional capital for replacements vehicles and approximately 1% increase in interest rates for the 2015 borrowings.

\* \* \* \*

We would like to express our appreciation to the 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 us at 925-977-6961 or 925-977-6967.

Sincerely,

HF&H CONSULTANTS, LLC



Marva M. Sheehan, CPA  
Vice President



Scott Holt  
Senior Associate

cc: Mr. Joe Garbarino Jr., Marin Sanitary Service  
Ms. Patricia Garbarino, Marin Sanitary Service  
Mr. Neil Roscoe, Marin Sanitary Service  
HF&H Client Files

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## ATTACHMENTS

Attachment 1 – Marin Sanitary Service Rate Application Summary

Attachment 2 – Adjusted Rate Application Summary

Attachment 3 – Rate Survey

Attachment 4 – Chart of Residential 32-Gallon Rates

Attachment 5 – Chart of Commercial 3 Cubic Yard Rates

## SECTION I. BACKGROUND

### Description of Current Services

Marin Sanitary Service (MSS) provides franchised refuse, recyclable materials, and organics 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 (County), and the Las Gallinas Valley Sanitary District (LGVSD) collectively referred to as "Franchisors". In 2014, unincorporated areas of the County known as the Ross Valley Sanitary District - North (RVSD-N) was added as a member of the Franchisors. In addition, MSS and its non-franchised related entities (Marin Resource and Recovery (MRR), the Marin Resource Recovery Center (MRRC), and Northern Recycling Compost – Zamora (Zamora)), provide solid waste, recyclable materials, and organics collection and processing services to the residents and businesses of San Anselmo, and Fairfax, as well as the Franchisors' jurisdictions. MSS also provides non-franchised debris box, street sweeping, and document shredding services to residents and businesses throughout the county that contract for their services.

MSS delivers refuse collected from waste generators within the Franchisors' service area to the MSS transfer station and then transports it to the Redwood Landfill (Redwood), which is an unrelated party. MSS delivers recyclable materials to the non-franchised MRR, where materials are processed and marketed. MSS delivers recyclable-rich loads of refuse (typically commercial) and separated organics loads (collected from residents), along with public self-haul loads to the non-franchised MRRC where recyclable materials are extracted from the waste stream, processed, and marketed. The MRRC delivers residual waste (the materials remaining after the recyclable materials are extracted) to the MSS transfer station. This residual waste is transferred to Keller Canyon Landfill.

Franchised organics is transported by a third party to a composting facility. This material has historically been transferred to Zamora; however, in 2015, MSS started transferring organics exclusively to Redwood for composting at favorable rates to the Franchisors.

In 2011, MSS expanded its residential yard waste service to include food scraps with the green trimmings. State regulations mandate that this organic material (food scraps and yard waste) is collected every week, therefore MSS expanded its organics service from bi-weekly to weekly collection from residential customers for the all of the Franchisors. The organic material is delivered to Redwood for composting.

In 2012, HF&H assisted the Franchisors in the negotiation of the revised Contractor's Revenue Requirement and Rate Adjustment methodology. Significant revisions included documentation of: 1) procedures that had been agreed to by MSS and the Franchisors over the years but not documented; 2) related-party fees and future adjustment mechanisms; 3) additional reporting to be submitted with the rate adjustment applications; and, 4) procedures to develop a reserve for diversion programs by sharing in MRR's net revenues (net recyclables processing revenues).

In early 2014, MSS began collection and processing for the Food-to-Energy program (F2E) approved by the Franchisors in 2013. Food waste is collected using a specialized vehicle and processed on a dedicated sort line at MSS and delivered to the Central Marin Sanitary Agency (CMSA) for conversion to energy. MSS is operating the program 6 days per week on one route and has about 120 participants.

## SECTION II. RATE REVIEW APPROACH

### Rate Adjustment Methodology

The Rate Adjustment Methodology was developed by the Franchisors in cooperation with MSS and approved by the Franchisors Group in 2001 and revised in 2012, with approval by the individual jurisdictions.

This revised method was used to determine 2016 recommended rates utilizing audited 2014 and actual 2015 year-to-date financial results that are adjusted by changes in certain indices (e.g., CPI, 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 (JPA)) and revenues (e.g., collection rate revenues) are made to determine the 2016 rates. Section III describes the methodology in more detail and findings from the application of the methodology to MSS' Application.

### HF&H Scope of Review

The Franchisors engaged HF&H in August 2015 to perform a review of the Application in accordance with the Rate Adjustment Methodology (i.e., "agreed upon procedures"). The scope of this review is described in our engagement letter dated July 21, 2015. 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 MSS' calculation of rate year 2016 indexed expenses by comparing them to the calculated expenses for 2015 which were established in HF&H's prior report, and the calculated changes to the applicable indices;
- Reviewing other projected expenses including depreciation, fuel, interest, disposal and recyclables/organics processing expenses by evaluating the reasonableness of MSS' estimates for these expenses based on historical trends and MSS management's plans;
- Reviewing projected revenues to ensure that they are consistent with past trends and anticipated conditions;
- 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 MSS' costs and cost savings projections and anticipated rate impact for its Operation Improvement Plan;
- Reviewing our recalculation of MSS' projected results of operations and our recommendations with MSS and the Franchisors representatives;

- Compiling a survey of comparable rates in effect in other municipalities in Marin County, as well as neighboring jurisdictions in other counties; 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 McMullin + McGuire, An Accountancy Corporation, has issued an unqualified opinion of MSS' 2014 financial statements. The unqualified opinion denotes that the financial statements of MSS were fairly and appropriately presented.

Our conclusions are based in part 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. MSS' PROJECTION METHODOLOGY (BASE YEAR)**

### **Current Operations**

In projecting 2016 costs, MSS included the direct costs for the Franchisors' Group garbage collection, the transfer station, and recycling collection. Shop costs and administrative costs are allocated among the agencies served by MSS using truck route hours and an average of projected revenue, annual customer counts and department's (MSS, MRR, MRRC, Transfer Station, etc.) respective percentage of wages. Management salaries are allocated to departments based upon actual time spent by management related to that department.

### **Expenses**

MSS projected its 2016 expenses (less non-allowable costs, such as donations, fines for penalties, certain attorney's fees, goodwill, etc.) for each expense category by:

- Basing wage, salary, and benefit expenses on negotiated labor agreements for represented employees as well as reasonable wage and salary adjustments for non-represented employees. Workers compensation expenses were projected using the wages established above times the applicable premium rates for 2016;
- Forecasting projected 2016 disposal expense using projected tons multiplied by the 2016 disposal rate per ton and including adjustments to: 1) 2014 actual disposal expenses, and; 2) updated 2015 disposal expenses.;
- Forecasting projected 2016 fuel expense based on 2015 actual annualized costs to date and gallons of fuel and including adjustments to 2014 actual fuel expense and estimated 2015 fuel expense based on actual 2014 average price and year to date 2015 average price;
- Forecasting projected 2016 equipment and vehicle maintenance expense was based on historical costs adjusted for any changes in the number of equipment and vehicles to be maintained and the cost of such maintenance;
- Forecasting projected 2016 depreciation and lease expense based on MSS' actual depreciation expense and anticipated future capital purchases;
- Forecasting projected 2016 JPA fees based on the tons collected for the Franchisors' Group by MSS for the period determined and rate established by the JPA;
- Forecasting projected 2016 other operating/G&A based on historical costs; and,
- Forecasting projected 2016 interest expense based on MSS' actual interest from its loan amortization schedules for actual and projected asset purchases for the remainder of 2015 and 2016.

### **Route Revenues**

In order to mitigate significant differences in the forecasted and actual revenues received, a three-year trend in subscription levels is factored into the necessary rate adjustment. Actual revenue received through June 2015 and projections for the remainder of the year were multiplied by the average percentage surplus or shortfall of rate revenue for the three most recently completed rate years. MSS

calculated the three year average achievement percentage of 100.14%, meaning actual revenue received has averaged 100.14% of what was projected over the past three years.

### **Operation Improvement Plan**

In 2012, MSS contracted with R. J. Proto Consulting Group, Inc. (Proto) to assess MSS' collection operation and inform management of improvements and changes necessary for the company's success. MSS management reviewed the results of the report and has recruited six of the seven personnel additions recommended by Proto.

The personnel additions were expected to allow collection operations and general management to operate more effectively, resulting in planned route reductions over the next few years. Four routes have been eliminated since the implementation of the plan. MSS is continuing to work with Proto in evaluating the operations to attain additional labor efficiencies.

### **Commercial Food to Energy (F2E) Program**

MSS provides a commercial food waste collection program in conjunction with CMSA. Currently, there is 1 full route and the service is expected to be expanded to 2 routes in 2016. One thousand thirty-five (1,035) tons were collected in 2014 and 1,226 tons are projected for 2015.

### **Profit**

MSS calculated its 2016 profit by applying the agreed-upon 90.5% pre-tax operating ratio to its 2016 total projected expenses that are eligible for profit.

### **MSS' Calculated Rate Adjustment Factor**

Initially, MSS calculated the 2016 Rate Adjustment increase to be 11.09%. The Rate Adjustment Factor equals the Total Contractor's Revenue Requirement for the coming Rate Year divided by the Gross Rate Revenues. Gross Rate Revenues mean the statements of charges for services rendered by Contractor, to owners or occupants of property, including residential and commercial premises, for the collection of materials pursuant to the Agreement, net of a reasonable allowance for uncollectible accounts, and adjusted for the calculated three year average revenue achievement .

**SECTION IV. PROPOSED ADJUSTMENT**

This section provides a summary of the HF&H recommended adjusted revenue requirement. HF&H's recommended projections for MSS' operations are shown in Table 5 below and our recommended adjustments to MSS' projections are discussed in more detail following the table.

**Table 5: Summary of Adjustments**

	<u>MSS Application</u>	<u>Recommended Adjustments</u>	<u>HF&amp;H Adjusted Application</u>
<b><u>Expenses: Current MSS Operations</u></b>			
<b>1</b> Wages	\$ 7,729,506	\$ (200,506)	\$ 7,529,000
<b>2</b> Benefits	4,569,231	(25,074)	4,544,157
<b>3</b> Disposal Fees	3,996,744	(280,307)	3,716,437
<b>4</b> Fuel & Oil	428,682	(31,080)	397,602
<b>5</b> Maintenance Expense	1,828,346	-	1,828,346
<b>6</b> Depreciation/Leases	2,458,005	(196,813)	2,261,192
<b>7</b> Other Operating/G&A	3,792,972	(156,510)	3,636,462
<b>8</b> <b>Total Operating Expenses</b>	<b>24,803,486</b>	<b>(890,290)</b>	<b>23,913,196</b>
<b>9</b> Operating Profit	2,603,681	(93,457)	2,510,224
<b>10</b> Interest Expense	418,867	(39,039)	379,828
<b>11</b> <b>Total Expenses for Current Operations</b>	<b>27,826,034</b>	<b>(1,022,786)</b>	<b>26,803,248</b>
<b>12</b> <b>Revenue Requirement for Current Services</b>	<b>\$ 27,826,034</b>	<b>\$ (1,022,786)</b>	<b>\$ 26,803,248</b>
<b><u>Projected Revenue (at current rates)</u></b>			
<b>13</b> Route Revenues	28,943,158	8,082	28,951,240
<b>14</b> Less: Franchise Fees	(2,884,033)	(799)	(2,884,832)
<b>15</b> Less: Street Sweeping	(72,000)	-	(72,000)
<b>16</b> Less: Refuse Vehicle Impact Fee	(938,457)	-	(938,457)
<b>17</b> Add: Non-Regulated Revenues	-	322,712	322,712
<b>18</b> <b>Net Revenues (at current rates)</b>	<b>25,048,668</b>	<b>329,995</b>	<b>25,378,663</b>
<b>19</b> <b>Total Surplus/ (Deficit) (Line 18 - Line 12)</b>	<b>\$ (2,777,366)</b>	<b>\$ 1,352,781</b>	<b>\$ (1,424,585)</b>
<b>20</b> <b>Rate Adjustment Factor (-Line 19 ÷ Line 18)</b>	<b>11.09%</b>		<b>5.61%</b>



## Adjustments to 2016 Projected Expenses for Current Operations

### Wages

HF&H recommends reducing wages expense by \$200,506 due to the following (Table 5, Line 1):

- Reduce wages by \$57,814 due to changing the wage base used to project 2016 wages. MSS compiled actual year to date wages through June 2015, annualized the total and applied a CPI escalator to project 2016 wages. Past practice utilized the most recently audited annual wages, 2014 for this review, and applied CPI escalators to estimate the 2016. The recommended adjustment is the difference between the two methods.
- Reduce wages by \$142,692 due to delaying the hire of the Accounting / Controller position for the Operation Improvement Plan. The position was expected to be filled in 2015. However, since it was not wages for 2015 have been removed. MSS has been unable to locate a suitable candidate to fill the position but continues to search and expects to fill it in 2016. If the position is filled, MSS may request an adjustment in the next index year review to add the cost as an allowable expense and would be part of the 2017 Rate Adjustment discussions.

### Benefits

HF&H recommends reducing workers compensation by \$25,074 (Table 5, Line 2) corresponding to the recommended reduction to wages.

### Disposal Fees

HF&H recommends reducing MSS' projected disposal fees by \$280,307 due to the following (Table 5, Line 3):

- Reduce disposal by \$210,946 due to MSS changing processing facilities for franchised organic volumes. In the beginning of May 2015, MSS exclusively began transporting organics to Redwood rather than the previous destination at Zamora. The decrease in cost is attributed to lower transportation expenses, which resulted in an approximately \$8.50 per ton overall lower processing rate for 2015 and 2016 volumes delivered to Redwood.
- Reduce disposal by \$50,464 to remove MSS' profit for 2014, 2015, and 2016 on cities of San Rafael's and Larkspur's coupon program for residents to use the MRRC for household disposal needs. The coupon rate charged to the Franchisors included the profit at the MRRC.
- Reduce disposal by \$18,897 to adjust City of San Rafael direct haul rate at the MRRC for 2014, 2015, and 2016 to the existing approved Franchisors' rates. The MRRC was charging the gate rate on direct hauls instead of the approved rates set by the rate methodology.

### Fuel & Oil

HF&H recommends reducing MSS' projected Fuel & Oil costs by \$31,080 (Table 5, Line 4) due to an updated projected average per gallon fuel price. MSS' application projected fuel cost based on the actual year-to-date average per gallon for purchases through July 2015. An updated price trend based on actual invoices through September 2015 resulted in a decrease of \$0.056 per gallon for rates years 2015 and 2016 fuel gallons.

**Maintenance Expense**

HF&H reviewed and does not recommend an adjustment to MSS' projected 2016 Maintenance Expense (Table 5, Line 5).

**Depreciation/Leases**

HF&H recommends reducing depreciation by \$196,813 (Table 5, Line 6) resulting from a review of MSS' 5 year capital expenditure plan and delaying planned 2016 expenditures, primarily the "delay" of significant transfer station repairs. MSS is currently analyzing collection/processing alternatives.

**Other Operating Expense**

HF&H recommends reducing other operating expense by \$156,510 (Table 5, Line 7) resulting from removing expenditures related to future capital projects, staff development, and other expenses not directly related to the Franchisors.

**Operating Profit**

HF&H recommends reducing MSS' projected operating profit by \$93,457 (Table 5, Line 9), resulting from the decreases in operating costs described above.

**Interest Expense**

HF&H recommends reducing MSS' projected interest expense by \$39,039 (Table 5, Line 10), corresponding to the reduction of asset purchases for 2016.

**Adjustments to Projected Revenue at Current Rates**

HF&H recommends increasing revenue net of franchise fees by \$329,995 due to the following (Table 5, Line 18):

- Increase revenue net of fees by \$7,283 to correct the three year trend on actual revenue to calculate the average forecast achievement to gross rate revenue. MSS' application included a typo that nominally resulted in a lower three year trend.
- Increase revenue by \$322,712 for expected 2015 and 2016 non-regulated revenues from the public, MRR, and MRRC their proportionate share of transfer station assets and operating expenses.

**Adjustments to Net Recyclable Revenue Reserve**

During 2012, the Franchisors 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. As reflected in Table 3, the reserve amount decreased \$120,074 to net deficit of \$19,825. The decrease in the reserve is due to an increase in processing costs per ton (\$201.30 in 2014 vs. \$188.84 in 2013) from a combination of additional sorters to produce a cleaner product and inflationary increases in other costs. Favorable commodity pricing per ton (\$185.97 in 2014 vs. \$177.54 in 2013) partially offset the cost increases. MSS reported it will be performing a review of its operations in 2016.

**Table 6: Reserve for Future Diversion Programs**

<b>Rate Year</b>	<b>Based on Financial Year</b>	<b>Net Addition (Reduction) to Reserve</b>
2013	2011	\$ 232,707
2014	2012	(85,153)
2015	2013	(47,305)
2016	2014	(120,074)
<b>Reserve Balance</b>		<b>\$ (19,825)</b>

The next update to the reserve will be completed as part of the 2017 rate application process and will be based upon 2015 calendar year results. Should the net positive value in the reserve exceed \$250,000, then the excess shall 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, the City 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.

## SECTION V. RATE ADJUSTMENT

### Rate Adjustment Factor

Based on a revenue requirement of \$26,803,248 (Table 5, Line 12) and projected revenues of \$25,378,663 (Table 5, Line 18) for the calendar year 2016, resulting from our recommended adjustments to MSS' application, a 5.61% Rate Adjustment Factor has been calculated, effective January 1, 2016.

This rate increase of 5.61%, results primarily from:

- An overall net increase of 6.25% in operating costs for current services, primarily from:
  - An increase in wages, benefits expense, and other operating costs.
- partially offset by:
  - A decrease in costs of fuel to a steady decline in fuel prices.
  - A decrease in disposal cost due to changing processing sites for organics.

The following table shows the components of the rate increase:

**Table 7: Rate Adjustment Factor Components**

2016 Component Percentages	
Wages	1.64%
Benefits (including workers comp)	3.71%
Fuel & Oil	(2.99%)
Disposal	(0.88%)
Depreciation and Interest	0.84%
Maintenance	1.42%
Other Operating Costs <sup>(1)</sup>	2.51%
Subtotal Operations	6.25%
Revenue Surplus net of Franchise Fees	(0.64%)
Rate Adjustment Factor	5.61%

<sup>(1)</sup> Includes profit and general & administrative costs (e.g., public education, customer service, etc.).

### Survey of Comparable Rates

Attachment 3 shows the results of HF&H's survey of rates as of October 2015 for jurisdictions located throughout the Bay Area. For the purpose of comparing the Franchisors' rates to other jurisdictions, we have applied the recommended 5.61% Rate Adjustment Factor to the current Franchisors rates.

The Franchisors' residential rates for a 32-gallon container (the most frequent residential service level) range from \$29.59 (LGVSD) to \$39.50 (RVSD-N, Sleepy Hollow). The survey shows the Franchisors' average residential rate for 32-gallon service (\$35.32 with RVSD-N included and \$34.13 without) is in the same range when compared to other Marin County jurisdictions. Of the 8 Marin County jurisdictions, 4 of the jurisdictions' 32-gallon container rates are higher than the Franchisors' average and 4 jurisdictions are lower. Attachment 4 graphically compares the Franchisors' residential rates for a 32-gallon container to one another as well as to the average of Marin County rates for similar service.

The Franchisors' commercial rates for a 3 cubic yard bin serviced one time per week (the most requested commercial service level) range from \$415.66 (Town of Ross) to \$622.33 (RVSD-N). The average rate for the Franchisors is \$490.25, with RVSD-N and \$446.02 without. The average rate is in the upper range compared to the other three Marin County jurisdictions that have this level of service. One jurisdiction has a higher rate and two jurisdictions have lower rates. Attachment 5 compares the Franchisors' commercial rates for a 3 cubic yard bin serviced one time per week to the average Marin County rate and all other jurisdictions' average rate for similar service levels.

As part of the 2014 consolidation of multiple agreements between the County and MSS, the County has adopted a plan to unify rates for similar services throughout the MSS' County service area. This is a five-year plan and the final 2016 rates are yet to be determined. For presentation in Attachments 4 and 5, we have shown the average rates of MSS' County areas.

While the recommended rates compare favorably to those surveyed, we caution the Franchisors that this survey is presented as an indication of the reasonableness of the resulting rates. They should not draw conclusions from this information because rate comparisons are intrinsically difficult and often misleading. This difficulty results from differences in issues 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.).

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**Marin Sanitary Service  
2016 Rate Application**

<i>Expense Allocation (Percentage of Total Revenues)</i>		45.13%	19.77%	8.84%	16.31%	2.23%	6.40%	1.33%	100.00%				
		San Rafael	Las Gallinas- City of S.R.	Las Gallinas- County	Larkspur	Ross	County - RVSD	County	Franchisors' Total	RVSD North	Total		
<b>Expenses: Current MSS Services</b>													
<b>1</b>	Rate Application Operating Expenses:												
<b>2</b>	Wages	\$ 7,531,761	\$ 3,399,071	\$ 1,488,755	\$ 665,755	\$ 1,228,337	\$ 167,725	\$ 482,302	\$ 99,816	7,531,761	\$ 197,745	\$ 7,729,506	
<b>3</b>	Benefits	4,429,734	1,999,132	875,597	391,557	722,435	98,646	283,662	58,706	4,429,734	139,497	4,569,231	
<b>4</b>	Disposal Fees	3,867,205	1,745,263	764,406	341,834	630,693	86,119	247,640	51,251	3,867,205	129,539	3,996,744	
<b>5</b>	Fuel & Oil	412,497	186,159	81,536	36,462	67,273	9,186	26,415	5,467	412,497	16,185	428,682	
<b>6</b>	Maintenance Expense	1,780,733	803,642	351,986	157,404	290,415	39,655	114,031	23,599	1,780,733	47,613	1,828,346	
<b>7</b>	Depreciation/Leases	2,389,415	1,078,339	472,300	211,208	389,684	53,210	153,008	31,666	2,389,415	68,590	2,458,005	
<b>8</b>	Other Operating/G&A	3,762,366	1,697,950	743,683	332,567	613,595	83,784	240,926	49,861	3,762,366	30,606	3,792,972	
<b>9</b>	Total Operating Expenses	24,173,711	10,909,556	4,778,263	2,136,786	3,942,432	538,326	1,547,983	320,365	24,173,711	629,775	24,803,486	
<b>10</b>	Operating Profit	90.5%	2,537,572	1,145,202	501,586	224,304	413,846	56,509	162,495	33,630	2,537,572	66,109	2,603,681
<b>11</b>	Interest Expense	409,949	185,009	81,032	36,237	66,858	9,129	26,251	5,433	409,949	8,918	418,867	
<b>12</b>	<b>Revenue Requirement for Current Services</b>	<b>\$ 27,121,232</b>	<b>\$ 12,239,767</b>	<b>\$ 5,360,881</b>	<b>\$ 2,397,326</b>	<b>\$ 4,423,136</b>	<b>\$ 603,964</b>	<b>\$ 1,736,730</b>	<b>\$ 359,428</b>	<b>\$ 27,121,232</b>	<b>\$ 704,802</b>	<b>\$ 27,826,034</b>	
<b>Revenues</b>													
<b>13</b>	Projected Revenue at Current Rates	12,567,494	5,507,887	2,180,368	4,850,796	628,153	1,968,407	408,413	28,111,520	831,638	28,943,158		
<b>14</b>	Adjustment:												
<b>15</b>	Adjusted Route Revenues	12,567,494	5,507,887	2,180,368	4,850,796	628,153	1,968,407	408,413	28,111,520	831,638	28,943,158		
<b>16</b>	Less: Franchise Fees	(1,256,749)	(550,789)	(25,000)	(485,080)	(85,146)	(295,261)	(61,262)	(2,759,287)	(124,746)	(2,884,033)		
<b>17</b>	Less: Street Sweeping	-	-	-	-	-	(48,000)	(24,000)	(72,000)	-	(72,000)		
<b>18</b>	Less: Vehicle Impact Fee	(306,318)	(137,282)	-	(389,000)	-	(63,702)	-	(896,302)	(42,155)	(938,457)		
<b>19</b>	Net Regulated Revenues	11,004,427	4,819,816	2,155,368	3,976,716	543,007	1,561,444	323,151	24,383,931	664,737	25,048,668		
<b>20</b>	Non-Regulated Revenues	-	-	-	-	-	-	-	-	-	-		
<b>21</b>	<b>Adjusted Total Revenues (at Current Rates)</b>	<b>\$ 11,004,427</b>	<b>\$ 4,819,816</b>	<b>\$ 2,155,368</b>	<b>\$ 3,976,716</b>	<b>\$ 543,007</b>	<b>\$ 1,561,444</b>	<b>\$ 323,151</b>	<b>\$ 24,383,931</b>	<b>\$ 664,737</b>	<b>\$ 25,048,668</b>		
<b>22</b>	<b>Revenue Surplus/(Shortfall) (Line 21 - Line 12)</b>	<b>\$ (1,235,339)</b>	<b>\$ (541,065)</b>	<b>\$ (241,958)</b>	<b>\$ (446,420)</b>	<b>\$ (60,957)</b>	<b>\$ (175,285)</b>	<b>\$ (36,276)</b>	<b>\$ (2,737,301)</b>	<b>\$ (40,065)</b>	<b>\$ (2,777,366)</b>		
<b>23</b>	<b>Rate Adjustment Factor (-Line 22 ÷ Line 21)</b>	<b>11.23%</b>	<b>11.23%</b>	<b>11.23%</b>	<b>11.23%</b>	<b>11.23%</b>	<b>11.23%</b>	<b>11.23%</b>	<b>11.23%</b>	<b>6.03%</b>	<b>11.09%</b>		

**Marin Sanitary Service  
2016 Rate Application - HF&H Adjusted**

<i>Expense Allocation (Percentage of Total Revenues)</i>		45.85%	19.51%	8.72%	16.10%	2.20%	6.32%	1.31%	100.00%				
		San Rafael	Las Gallinas- City of S.R.	Las Gallinas- County	Larkspur	Ross	County - RVSD	County	Franchisors' Total	RVSD North	Total		
<b>Expenses: Current MSS Services</b>													
<b>1</b>	Rate Application Operating Expenses:												
<b>2</b>	Wages	\$ 7,531,761	\$ 3,453,024	\$ 1,469,310	\$ 657,056	\$ 1,212,316	\$ 165,533	\$ 476,008	\$ 98,513	\$ 7,531,761	\$ 197,745	\$ 7,729,506	
<b>3</b>	Benefits	4,429,734	2,030,863	864,161	386,441	713,012	97,357	279,960	57,940	4,429,734	139,497	4,569,231	
<b>4</b>	Disposal Fees	3,867,205	1,772,965	754,422	337,367	622,467	84,993	244,408	50,582	3,867,205	129,539	3,996,744	
<b>5</b>	Fuel & Oil	412,497	189,114	80,471	35,985	66,396	9,066	26,070	5,395	412,497	16,185	428,682	
<b>6</b>	Maintenance Expense	1,780,733	816,398	347,389	155,348	286,628	39,137	112,543	23,291	1,780,733	47,613	1,828,346	
<b>7</b>	Depreciation/Leases	2,389,415	1,095,455	466,132	208,448	384,602	52,515	151,011	31,253	2,389,415	68,590	2,458,005	
<b>8</b>	Other Operating/G&A	3,762,366	1,724,901	733,969	328,221	605,593	82,689	237,782	49,211	3,762,366	30,606	3,792,972	
<b>9</b>	<b>HF&amp;H 2016 Operating Expense Adjustments</b>	<b>(890,179)</b>	<b>(408,113)</b>	<b>(173,658)</b>	<b>(77,657)</b>	<b>(143,284)</b>	<b>(19,564)</b>	<b>(56,259)</b>	<b>(11,643)</b>	<b>(890,179)</b>	<b>(111)</b>	<b>(890,290)</b>	
<b>10</b>	Total Operating Expenses	23,283,532	10,674,607	4,542,195	2,031,210	3,747,730	511,726	1,471,522	304,542	23,283,532	629,664	23,913,196	
<b>11</b>	Operating Profit	90.5%	2,444,127	1,120,539	476,805	213,221	393,408	53,717	154,469	31,968	2,444,127	66,097	2,510,224
<b>12</b>	Interest Expense	370,833	170,013	72,343	32,351	59,689	8,150	23,437	4,850	370,833	8,995	379,828	
<b>13</b>	<b>Revenue Requirement for Current Services</b>	<b>\$26,098,492</b>	<b>\$11,965,159</b>	<b>\$ 5,091,342</b>	<b>\$ 2,276,781</b>	<b>\$ 4,200,828</b>	<b>\$ 573,593</b>	<b>\$ 1,649,428</b>	<b>\$ 341,361</b>	<b>\$ 26,098,492</b>	<b>\$ 704,756</b>	<b>\$26,803,248</b>	
<b>Revenues</b>													
<b>14</b>	Projected Route Revenues at Current Rates	12,567,494	5,507,887	2,180,368	4,850,796	628,153	1,968,407	408,413	28,111,520	831,638	28,943,158		
<b>15</b>	<b>HF&amp;H 2016 Revenue Adjustments</b>	<b>3,509</b>	<b>1,538</b>	<b>609</b>	<b>1,355</b>	<b>175</b>	<b>550</b>	<b>114</b>	<b>7,850</b>	<b>232</b>	<b>8,082</b>		
<b>16</b>	Adjusted Route Revenues	12,571,004	5,509,425	2,180,977	4,852,150	628,329	1,968,957	408,527	28,119,370	831,870	28,951,240		
<b>17</b>	Less: Franchise Fees	(1,257,100)	(550,943)	(25,000)	(485,215)	(85,170)	(295,344)	(61,279)	(2,760,051)	(124,781)	(2,884,832)		
<b>18</b>	Less: Street Sweeping	-	-	-	-	-	(48,000)	(24,000)	(72,000)	-	(72,000)		
<b>19</b>	Less: Vehicle Impact Fee	(306,318)	(137,282)	-	(389,000)	-	(63,702)	-	(896,302)	(42,155)	(938,457)		
<b>20</b>	Net Regulated Revenues	11,007,586	4,821,200	2,155,977	3,977,935	543,159	1,561,911	323,248	24,391,017	664,934	25,055,951		
<b>21</b>	Non-Regulated Revenues	322,712	-	-	-	-	-	-	322,712	-	322,712		
<b>22</b>	<b>Adjusted Total Revenues (at Current Rates)</b>	<b>\$11,330,298</b>	<b>\$ 4,821,200</b>	<b>\$ 2,155,977</b>	<b>\$ 3,977,935</b>	<b>\$ 543,159</b>	<b>\$ 1,561,911</b>	<b>\$ 323,248</b>	<b>\$ 24,713,729</b>	<b>\$ 664,934</b>	<b>\$25,378,663</b>		
<b>23</b>	<b>Revenue Surplus/(Shortfall) (Line 22 - Line 13)</b>	<b>\$ (634,861)</b>	<b>\$ (270,142)</b>	<b>\$ (120,804)</b>	<b>\$ (222,892)</b>	<b>\$ (30,434)</b>	<b>\$ (87,517)</b>	<b>\$ (18,112)</b>	<b>\$ (1,384,763)</b>	<b>\$ (39,822)</b>	<b>\$ (1,424,585)</b>		
<b>24</b>	<b>Rate Adjustment Factor (-Line 23 ÷ Line 22)</b>	<b>5.60%</b>	<b>5.60%</b>	<b>5.60%</b>	<b>5.60%</b>	<b>5.60%</b>	<b>5.60%</b>	<b>5.60%</b>	<b>5.60%</b>	<b>5.60%</b>	<b>5.99%</b>	<b>5.61%</b>	



## Bay Area Rate Survey

Jurisdiction	County	Res. Single-Family				Commercial			
		20 Gallon	30-35Gal.	60-64Gal.	90-96Gal.	1YD Bin 1x/week	1YD Bin 3x/week	3YD Bin 1x/week	3YD Bin 3x/week
City of Alameda	Alameda	\$ 30.65	\$ 38.68	\$ 63.56	\$ 88.77	\$ 147.36	\$ 450.90	\$ 442.08	\$ 1,352.71
City of Albany	Alameda	\$ 36.72	\$ 41.13	\$ 71.08	\$ 101.02	\$ 163.87	\$ 491.61	\$ 491.61	\$ 1,474.83
City of Berkeley (District 1 & 2)	Alameda	\$ 23.79	\$ 38.05	\$ 76.05	\$ 114.03	\$ 151.42	\$ 426.65	\$ 419.05	\$ 1,244.70
City of Berkeley (District 3) <sup>8</sup>	Alameda	\$ 24.82	\$ 39.62	\$ 79.18	\$ 118.75	\$ 151.42	\$ 426.65	\$ 419.05	\$ 1,244.70
City of Dublin	Alameda	N/A	\$ 22.06	\$ 40.52	\$ 58.98	\$ 107.03	\$ 374.36	\$ 321.09	\$ 1,016.53
City of Emeryville	Alameda	\$ 10.93	\$ 18.10	\$ 36.19	\$ 54.29	\$ 107.78	\$ 323.34	\$ 323.34	\$ 970.02
City of Fremont	Alameda	\$ 29.89	\$ 30.51	\$ 33.39	\$ 48.93	\$ 86.95	\$ 250.10	\$ 195.45	\$ 575.58
City of Livermore	Alameda	\$ 23.61	\$ 32.96	\$ 57.54	\$ 90.41	\$ 116.72	\$ 364.16	\$ 350.16	\$ 1,115.62
City of Newark	Alameda	\$ 26.01	\$ 28.91	\$ 51.20	\$ 73.47	\$ 117.14	\$ 365.48	\$ 309.91	\$ 845.16
City of Oakland	Alameda	\$ 32.10	\$ 36.82	\$ 67.19	\$ 102.43	\$ 194.10	\$ 582.30	\$ 462.27	\$ 1,386.81
City of Piedmont <sup>5</sup>	Alameda	\$ 51.39	\$ 53.99	\$ 63.42	\$ 74.71	\$ 169.43	\$ 477.82	NA	NA
City of Pleasanton <sup>3</sup>	Alameda	N/A	\$ 33.80	N/A	\$ 41.43	\$ 161.96	\$ 423.86	\$ 462.52	\$ 1,248.22
City of San Leandro	Alameda	\$ 22.84	\$ 28.46	\$ 47.37	\$ 66.26	\$ 147.36	\$ 450.90	\$ 442.08	\$ 1,352.71
City of Union City	Alameda	\$ 26.08	\$ 32.60	\$ 65.25	\$ 97.85	\$ 135.44	\$ 374.10	\$ 354.94	\$ 967.33
Castro Valley Sanitary District	Alameda	\$ 24.54	\$ 38.07	\$ 66.10	\$ 94.17	\$ 270.29	\$ 810.98	\$ 719.20	\$ 2,015.49
Oro Loma Sanitary District (L1) <sup>6</sup>	Alameda	\$ 8.32	\$ 16.60	\$ 33.24	\$ 49.83	\$ 130.36	\$ 303.99	\$ 317.93	\$ 839.64
Oro Loma Sanitary District (L2) <sup>6</sup>	Alameda	\$ 8.32	\$ 16.60	\$ 33.24	\$ 49.83	\$ 130.36	\$ 303.99	\$ 317.93	\$ 839.64
Oro Loma Sanitary District (L3) <sup>10</sup>	Alameda	\$ 9.60	\$ 19.25	\$ 38.45	\$ 57.70	\$ 150.80	\$ 351.71	\$ 367.89	\$ 970.62
City of Richmond	Contra Costa	\$ 26.44	\$ 32.11	\$ 61.28	\$ 91.26	\$ 214.35	\$ 541.77	\$ 485.99	\$ 1,327.74
City of San Pablo	Contra Costa	\$ 23.00	\$ 27.94	\$ 54.22	\$ 81.26	\$ 213.32	\$ 537.03	\$ 489.18	\$ 1,335.07
City of El Cerrito <sup>4,5</sup>	Contra Costa	\$ 31.50	\$ 42.08	\$ 84.43	N/A	\$ 280.37	\$ 841.11	N/A	N/A
City of Hercules	Contra Costa	\$ 28.67	\$ 33.61	\$ 59.25	\$ 85.64	\$ 242.45	\$ 607.04	\$ 550.71	\$ 1,497.48
City of Pinole	Contra Costa	\$ 27.17	\$ 32.12	\$ 57.14	\$ 82.91	\$ 240.58	\$ 608.08	\$ 555.19	\$ 1,519.06
Unincorp.-West Contra Costa	Contra Costa	\$ 25.50	\$ 31.01	\$ 59.42	\$ 88.50	\$ 204.28	\$ 513.25	\$ 457.34	\$ 1,243.53
Town of Fairfax	Marin	\$ 26.84	\$ 32.18	\$ 64.36	\$ 96.54	\$ 189.20	\$ 448.10	\$ 443.55	\$ 1,161.00
RVSD-N (Oak Manor)	Marin	\$ 23.79	\$ 38.25	\$ 77.30	\$ 117.02	\$ 207.41	\$ 622.33	\$ 622.33	\$ 1,866.97
RVSD-N (Sleepy Hollow)	Marin	\$ 24.56	\$ 39.50	\$ 79.79	\$ 120.80	\$ 207.41	\$ 622.33	\$ 622.33	\$ 1,866.97
Town of San Anselmo <sup>4</sup>	Marin	\$ 26.51	\$ 34.64	\$ 69.34	\$ 104.01	N/A	N/A	\$ 568.55	\$ 1,705.76
City of Belvedere <sup>5,7</sup>	Marin	\$ 37.42	\$ 46.25	\$ 78.47	\$ 110.69	\$ 205.43	\$ 567.46	N/A	N/A
City of Novato <sup>4</sup>	Marin	\$ 11.93	\$ 19.08	\$ 38.13	\$ 57.22	N/A	N/A	\$ 248.56	\$ 616.74
City of Sausalito <sup>5,7</sup>	Marin	N/A	\$ 36.90	\$ 73.80	\$ 110.74	\$ 151.79	\$ 455.37	N/A	N/A
Town of Tiburon <sup>5,7</sup>	Marin	\$ 34.59	\$ 39.02	\$ 71.05	\$ 102.54	\$ 185.67	\$ 506.76	N/A	N/A
Town of Corte Madera <sup>5</sup>	Marin	\$ 27.61	\$ 32.47	\$ 65.11	\$ 97.75	\$ 151.87	\$ 409.79	N/A	N/A
City of Mill Valley <sup>5,7</sup>	Marin	\$ 37.73	\$ 41.61	\$ 69.47	\$ 97.28	\$ 156.42	\$ 426.21	N/A	N/A
City of San Rafael	Marin	\$ 28.77	\$ 33.85	\$ 67.71	\$ 101.55	N/A	N/A	\$ 418.16	\$ 1,186.94
Las Gallinas - County	Marin	\$ 25.16	\$ 29.59	\$ 59.18	\$ 88.78	\$ 211.83	\$ 636.07	\$ 428.63	\$ 1,196.35
City of Larkspur <sup>9</sup>	Marin	\$ 31.61	\$ 37.19	\$ 74.37	\$ 111.56	\$ 236.08	\$ 708.03	\$ 474.13	\$ 1,243.20
Town of Ross <sup>1</sup>	Marin	\$ 27.51	\$ 32.37	\$ 64.74	\$ 97.11	N/A	N/A	\$ 415.66	\$ 1,246.84
County (RVSD-S)	Marin	\$ 21.84	\$ 36.16	\$ 75.23	\$ 117.33	\$ 302.36	\$ 766.57	\$ 467.61	\$ 1,227.92
County - Marin Franchisors' Group <sup>4</sup>	Marin	\$ 21.53	\$ 35.65	\$ 74.20	\$ 115.72	N/A	N/A	\$ 471.95	\$ 1,232.38
City of Campbell <sup>1</sup>	Santa Clara	\$ 19.00	\$ 24.79	\$ 49.58	\$ 74.37	\$ 123.93	\$ 375.33	\$ 247.86	\$ 750.66
City of Cupertino <sup>1</sup>	Santa Clara	N/A	\$ 23.40	\$ 46.81	\$ 70.21	\$ 136.49	\$ 409.51	\$ 218.40	\$ 655.19
City of Los Altos	Santa Clara	\$ 29.25	\$ 31.50	\$ 63.00	\$ 94.50	\$ 123.59	\$ 370.79	\$ 370.78	\$ 1,112.38
City of Monte Sereno <sup>1</sup>	Santa Clara	\$ 22.06	\$ 28.77	\$ 57.54	\$ 86.30	\$ 169.24	\$ 512.63	\$ 338.48	\$ 1,025.26
City of Mountain View <sup>10</sup>	Santa Clara	\$ 18.20	\$ 26.60	\$ 53.20	\$ 79.80	\$ 122.15	\$ 366.05	\$ 345.55	\$ 996.15
City of Palo Alto	Santa Clara	\$ 24.30	\$ 43.75	\$ 87.51	\$ 131.26	\$ 170.04	\$ 523.20	\$ 416.38	\$ 1,322.17
City of San Jose <sup>2 (11)</sup>	Santa Clara	N/A	\$ 32.07	\$ 64.14	\$ 96.21	\$ 166.41	\$ 476.53	\$ 232.39	\$ 664.68
City of Santa Clara	Santa Clara	\$ 18.93	\$ 25.06	\$ 36.93	\$ 48.80	\$ 76.40	\$ 221.05	\$ 213.97	\$ 607.30
City of Sunnyvale	Santa Clara	N/A	\$ 36.94	\$ 44.12	\$ 51.30	\$ 163.03	\$ 454.94	\$ 390.43	\$ 1,134.45
City of Saratoga <sup>1</sup>	Santa Clara	\$ 20.42	\$ 26.63	\$ 53.26	\$ 79.89	\$ 175.06	\$ 530.50	\$ 350.13	\$ 1,061.01
Town of Los Altos Hills	Santa Clara	\$ 27.95	\$ 38.97	\$ 77.96	\$ 116.92	\$ 98.13	\$ 206.66	\$ 153.56	\$ 359.07
Town of Los Gatos <sup>1</sup>	Santa Clara	\$ 18.63	\$ 24.41	\$ 48.83	\$ 73.24	\$ 141.92	\$ 429.95	\$ 283.85	\$ 859.90
<b>Marin Franchisors' Average</b>		\$ 25.60	\$ 35.32	\$ 71.56	\$ 108.73	\$ 233.02	\$ 671.06	\$ 490.10	\$ 1,383.45
<b>Marin County Average</b>		\$ 28.95	\$ 35.27	\$ 66.22	\$ 97.10	\$ 173.40	\$ 468.95	\$ 420.22	\$ 1,161.17
<b>All City Average</b>		\$ 25.17	\$ 32.55	\$ 60.47	\$ 87.49	\$ 168.23	\$ 473.35	\$ 399.96	\$ 1,144.06
<b>Marin Franchisors' Average w/o RVSD-N</b>		\$ 26.07	\$ 34.13	\$ 69.24	\$ 105.34	\$ 250.09	\$ 703.56	\$ 446.02	\$ 1,222.27

1 1 cu yd containers not available. reflected here are for 1.5 cu. yds.

2 City has wet/dry commercial collection- rates shown are for wet commercial materials

3 Largest residential can is 45 gallon

4 Smallest Commercial Bin is 2 yd.

5 Largest commercial bin is 2 yards.

6 OLSD L2 district doesn't provide recycling services to residents. Recycling are included in rate for L1 & L2.

7 Rate for 1, 2, & 3 30 gallon cans in lieu of 60 and 90 gallon cans.

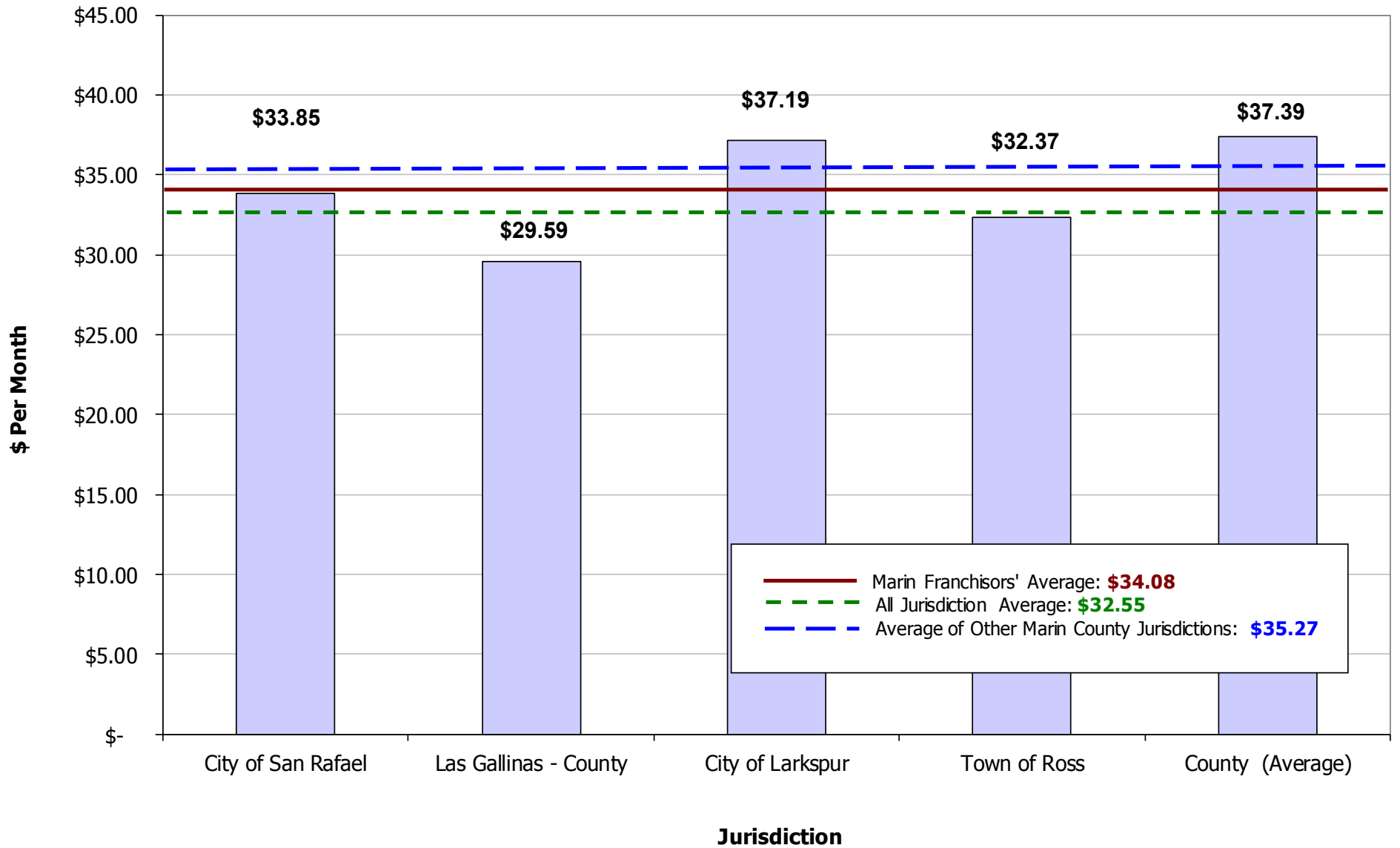
8 Berkeley's District 3 pays a fire surcharge on residential .

9 One cubic yard bin no longer offered to new customers.

10 Includes bin rental fee

11 City of San Jose does not offer 20 gallon cart

### Rates for Residential 30-35 Gallon Collection Service Weekly Recycling and Weekly Organics



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

