

February 9, 2010

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

SUBJECT: Rate Increase Hearing and Institution of a Progressive Can Rate for Marin Sanitary Service, Inc. for Central Marin Franchise Areas (1, 2, 3, 4, 5 and 6)

Dear Board Members:

RECOMMENDATION: It is recommended your Board:

1. Hold the scheduled public hearing at 11:00 a.m. for a requested 3.18% rate increase and inclusion of a progressive can rate for Central Marin Franchise Areas (1, 2, 3, 4, 5 and 6)
2. Approve the requested rate adjustment effective February 9, 2010, and authorize your President to sign the attached franchise amendment.

SUMMARY: Marin Sanitary Service, Inc. (MSS) holds the exclusive franchise for the collection and disposal of refuse in the unincorporated areas known as Central Marin Franchise Areas (1, 2, 3, 4, 5 and 6). The Central Marin Franchise consists of six small Central Marin Franchise areas that encompass unincorporated parts of Bayside, Country Club Estates, Brete Harte, Point San Quentin, Lucky Drive and Greenbrae Boardwalk. Marin Sanitary Service, Inc. is requesting a rate increase effective February 9, 2010 of 3.18% for both residential and commercial customers within these franchise areas.

Attached is a rate analysis conducted by HF&H Consultants, LLC (HFH) for the County and four other franchise agencies serviced by Marin Sanitary Service, Inc. (City of San Rafael, Town of Ross, City of Larkspur and Las Gallinas Sanitary District). The consultants of HFH evaluated the MSS rate proposal and recommended an overall 3.18% increase for the franchising agencies. The majority of the increase is the result of a decline in revenue resulting from downsizing of service levels from current customers and cancelled accounts.

Working with your staff, MSS has agreed to try a pilot program in these franchise areas implementing a progressive can rate. Using a progressive can rate, customers of 20 gallon (small) can will see a decrease in their monthly bill, 32 gallon can a negligible change, and over \$2.00 increase per month for 64 gallon can, etc. The formula instituted for this pilot program used a 4% increased compounded rate per gallon for each progressively larger can.

The concept of a progressive can rate is not new, and is one of the more basic tools to discourage waste disposal. Because Marin has historically enjoyed a high recycling or diversion rate this concept has not been previously employed. However, the State has recently changed the way it measures compliance with AB939, the 1989 waste reduction law. The new criteria for measuring compliance will measure reduction of waste disposed, as opposed to the old method of measuring percent recycled.

While Marin is still safely in compliance with AB939, it is interesting to note that while the County's recycling rate has consistently been among the highest in the State, the amount of waste disposed per population has remained constant. This concept is consistent with communities that are more affluent.

The progressive can rate will provide an incentive for customers in these franchise areas to reduce their waste disposal. Because these franchise areas only impact approximately 5% of MSS business, it will provide a good sampling on effectiveness and the financial impact that could affect future rate scheduling.

FISCAL IMPACT: No net cost to County. There will be an increase averaging 3.18% per month to customers. The increase will be variable with the smallest can receiving up to a \$6 per month decrease, and the largest can a \$6 per month increase.

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| REVIEWED BY: | <input type="checkbox"/> | Auditor-Controller | <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

Attachments

cc: Marin Sanitary Service, Inc., Attn: Patricia Garbarino
Marin Sanitary Service, Inc., Attn: Neil Roscoe