Franchisors of Marin Sanitary Service

Review of Marin Sanitary Service's 2017 Rate Application

HF&H Consultants, LLC

December 6, 2016 (Revised)

This report provided electronically to save environmental resources

HF&H CONSULTANTS, LLC
Managing Tomorrow's Resources Today

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December 6, 2016

Sent via email

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Reference Number: S3916

Subject: Review of Marin Sanitary Service's 2017 Rate Application

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

On August 5, 2016, Marin Sanitary Service (MSS) submitted its application for a 9.91% increase to its solid waste rates, to be effective January 1, 2017. HF&H conducted a 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, and the Las Gallinas Valley Sanitary District (LGVSD), collectively referred to as the "Franchisors". We find that a 5.71% increase is appropriate. The following table summarizes, by jurisdiction, the current and proposed 32-gallon residential rates, the most common subscription level.

Table 1: Residential 32-gallon Rate Summary

Jurisdiction	Current Rate ($/mo.)	Proposed Rate ($/mo.)	$ Difference
San Rafael	$33.88	$35.81	$1.93
Las Gallinas Valley Sanitary District	$29.62	$31.31	$1.69
Larkspur	$37.22	$39.35	$2.13
Ross	$32.37	$34.22	$1.85
County of Marin – RVSD-S*	$36.29	$38.36	$2.07
County of Marin*	$35.78	$37.82	$2.04
County of Marin – RVSD-N* (Sleepy Hollow)	$39.54	$41.80	$2.26
County of Marin – RVSD-N* (Oak Manor)	$38.29	$40.48	$2.19

* 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.

MSS application included an emergency request to recover a portion of losses it claimed to have incurred due to a prolonged decline in the recycling commodity markets. MSS has agreed to remove this request from the application pending a meet and confer process between it and the Franchisors. The request amounted to approximately 1.42% of the 9.91% requested.

Based on our review of the application, we determined that a net rate increase of 5.71% is appropriate to compensate MSS for its projected expenses based on the agreed-upon procedures. We have reviewed our findings with MSS, and they are in agreement with our proposed rate adjustment.

The approved rate setting methodology allows for certain expenses to be revised each year when more accurate information is known. The difference between the original projections and the revised projections are allowed to be included in the current year rate adjustment. The following table shows the components of the rate increase based on adjustments related solely to the 2017 projections and the adjustments related to revised projections from 2015 and 2016:

Table 2: Rate Adjustment Factor Components

Rate Adjustment Factor Component Percentages			
Category	**Adjustment Factor Related to 2015 and 2016**	**Adjustment Factor Related to 2017**	**Total**
Wages	0.55%	0.54%	1.09%
Benefits (including workers comp)	0.00%	(0.13%)	(0.13%)
Fuel & Oil	1.08%	(0.38%)	0.70%
Disposal	0.98%	0.05%	1.03%
Depreciation and Interest	0.00%	1.63%	1.63%
Maintenance	0.00%	0.11%	0.11%
Other Operating Costs[1]	0.33%	0.07%	0.40%
Subtotal Operations	2.94%	1.89%	4.83%
Revenue Shortfall Net of Franchise Fees	0.30%	0.58%	0.88%
Rate Adjustment Factor	**3.24%**	**2.47%**	**5.71%**

[1] Includes profit and general & administrative costs (e.g., public education, customer service, etc.).

This lower-than-applied-for adjustment is based on several changes to MSS' rate calculation as described in Section IV of the report and reflected in Table 4 and Attachment 2.

Summary of Significant Changes for 2017

2017 Rate Adjustment Components (5.71%)

Wages – 1.09%

As shown in Table 2, the wages expense component contributed 1.09% to the overall recommended 5.71% rate adjustment. The increase in wages is due to applying the applicable CPI index to the 2016 approved wage base plus the addition of an accounting position that was approved in 2013 as part of the operations improvement plan but remained unfilled until 2016.

Benefits – (0.13%)

As shown in Table 2, the benefits expense component favorably contributed 0.13% to the overall recommended 5.71% rate adjustment. The decrease is attributable to a decrease in the 2017 premiums for Workers Compensation insurance cost.

Fuel and Oil – 0.70%

As shown in Table 2, the fuel expense component contributed 0.70% to the overall recommended 5.71% rate adjustment. The increase is attributable to a favorable catch-up in the 2016 rate application that did not repeat, to the same extent, in the 2017 rate application. An additional line item was also included in Table 3 showing the year over year change in fuel expense that is attributable to the catch-up

Disposal – 1.03%

As shown in Table 2, the disposal expense contributed 1.03% to the overall recommended 5.71% rate adjustment. The increase is a result of the annual change in disposal cost per ton (by the applicable CPI or contract price) and a favorable disposal adjustment of $256,964 from the 2016 rate setting process that is not reoccurring in the 2017 rate setting.

After submitting the 2017 Rate Application, MSS renegotiated its agreement with Redwood, and the new agreement will hold the 2017 rate for MSW to the same rate as 2016. This change has been incorporated in the 2017 rate review and the recommended 5.71% percent adjustment.

Depreciation and Interest – 1.63%

As shown in Table 2, the depreciation expense component contributed 1.63% to the overall recommended 5.71% rate adjustment. The increase is due to added depreciation and financing costs for replacement vehicles, equipment, and building repairs.

Maintenance – 0.11%

As shown in Table 2, the maintenance expense component contributed 0.11% to the overall recommended 5.71% rate adjustment. Maintenance costs had a slight increase year over year, primarily related to the change in CPI.

Other Operating Costs – 0.40%

As shown in Table 2, the "other operating costs" component contributed 0.40% to the overall recommended 5.71% rate adjustment. General and administrative (G&A) costs other than Marin County JPA fees were increased by the change in CPI. G&A includes costs such as public outreach, professional fees, and computer hardware/software. The Marin County JPA fees were adjusted to the actual charge by the County which decreased from the prior year. MSS profit corresponds to the overall change in costs based on the operating ratio approved in the rate setting methodology.

Revenue – 0.88%

As shown in Table 2, the revenue shortfall contributed 0.88% of the overall recommended 5.71% rate adjustment. The revenue shortfall is due to the following:

> A decrease of approximately $81,000, net of fees, due to a shortfall in the updated 2016 revenue projection compared to the projected revenue as part of the 2016 rate application process; and,
>
> A decrease of approximately $145,000 in non-regulated revenue due to favorable adjustments in the prior rate application that are not repeating.

Table 3 further shows the rate components based on the change in expenses and net revenue between the 2016 approved rate application and the 2017 proposed rate application.

Table 3: Comparison of 2016 Approved Expenses to 2017 Proposed Expenses

Category	2016 Approved Rate Application	2017 Proposed Rate Application	Change	Component Percentage
Wages	$ 7,529,000	$ 7,816,029	$ 287,029	1.09%
Benefits	4,544,157	4,508,989	(35,168.00)	(0.13%)
Fuel & Oil - Rate Year	809,721	707,744	(101,977)	(0.38%)
Less: Prior Year Catch-up	(412,119)	(125,421)	286,698	1.08%
Subtotal Fuel & Oil	397,602	582,323	184,721	0.70%
Disposal Fees	3,716,437	3,987,388	270,951	1.03%
Depreciation and Interest	2,641,020	3,069,678	428,658	1.63%
Maintenance Expense	1,828,346	1,857,599	29,253	0.11%
Other Operating Costs[1]	6,146,686	6,253,016	106,330	0.40%
Total Operating Expenses	26,803,248	28,075,022	1,271,774	5.53%
Net Revenues (at current rates)	26,785,133	26,558,909	226,224	0.88%
Rate Adjustment Factor			**$ 1,497,998**	**5.71%**

[1] Includes profit and general & administrative costs (e.g., public education, customer service, etc.).

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 4, the reserve amount decreased $344,392 for a net negative of $364,217. The decrease in the reserve is due to an increase in processing costs per ton ($204.20 in 2015 vs. $201.30 in 2014, a 1.44% increase) and a decrease in commodity pricing per ton ($159.88 in 2015 vs. $185.97 in 2014, a 14.03% decrease).

Table 4: 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)
2017	2015	(344,392)
Reserve Balance		**$ (364,217)**

Under the terms of the agreement from 2012, if the net positive value in the reserve exceeds $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. If the net negative value in the reserve exceeds $250,000, the Franchisors or the Contractor may request a review of the actual costs and revenues of providing the service at which time the Franchisors and Contractor will begin a meet and confer process to determine a reasonable remedy to the Contractor.

The reserve fund for 2017 exceeds a net negative value of $250,000 primarily due to a prolonged decline in commodity prices and increasing processing costs that is expected to continue in the foreseeable future; triggering the meet and confer process between the Franchisors and MSS.

* * * *

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 your assistance and guidance during the course of the review. Should you have any questions, please call Marva Sheehan at (925) 977-6961; or Scott Holt at (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
Mr. Steve Devine, County of Marin
Mr. Cory Bytof, City of San Rafael

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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 in the cities of San Rafael and Larkspur, the Town of Ross, the County of Marin, 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 were added to the Franchisors. In addition, MSS and its non-franchised related entities (Marin Recycling and Resource Recovery Association (MRRRA) and the Marin Resource Recovery Center (MRRC) provide solid waste, recyclable materials, and organics collection and processing services to the residents and businesses of the towns of San Anselmo and Fairfax. MSS also provides non-franchised debris box, street sweeping, and document shredding 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 and then transports it to the Redwood Sanitary Landfill (Redwood), which is an unrelated party. MSS delivers recyclable materials to the non-franchised MRRRA 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 separated from the waste stream, processed, and marketed. The MRRC delivers the residual waste to the MSS transfer station. This residual waste was transferred to Keller Canyon Landfill through June 2016. MSS signed a new agreement with Potrero Hills Landfill beginning July 2016 for disposal of the residual material. MSS delivers franchised organics to the MRRC for processing before transferring 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 annual rate adjustment application; and, 4) procedures to develop a reserve for diversion programs by sharing in MRRRA's net revenues (net recyclables processing revenues).

In early 2014, MSS began collection and processing for the Food-to-Energy program (F2E) by the Franchisors. MSS is operating the program 6 days per week and averaging 7 to 8 tons per day from approximately 166 customers currently participating in the program. Food waste is collected using a specialized vehicle, processed on a dedicated sort line at MSS, and delivered to the Central Marin Sanitary Agency (CMSA) for conversion to energy. MSS estimates 2,000 total tons diverted through this program in 2016. Expectations for 2017 would increase the customer enrollment to 230 customers, daily tonnage to 10 tons per day, and approximately 2,500 tons for the year.

SECTION II. RATE REVIEW APPROACH

Rate Adjustment Methodology

The Rate Adjustment Methodology was developed in cooperation with MSS, approved by the Franchisors in 2001, and revised in 2012. The individual jurisdictions amended their agreements with MSS to include this methodology as Exhibit B.1 – Contractors Revenue Requirement and Rate. Section III describes the methodology in more detail and findings from the application of the methodology to MSS' 2017 Rate Application.

HF&H Scope of Review

The Franchisors engaged HF&H in August 2016 to perform a review of the Application in accordance with the Rate Adjustment Methodology. The scope of this review is described in our engagement letter dated July 19, 2016. These procedures included the following activities:

- Reviewing MSS management's actual and projection of collection and non-collection revenues for the 12-month periods ending December 31, 2015, and 2016.
- Comparing the results to MSS's audited financial statements for rate year 2015 and year-to-date revenues for 2016 and requesting explanations for variances.
- Reviewing MSS' calculation of the three year trend in subscription levels to determine an average surplus or shortfall in rate revenues. The average surplus or shortfall is used to forecast gross rate revenues.
- Reviewing the appropriateness of MSS management's classification of expenses into the various expense categories.
- Reviewing MSS management's calculation of rate year 2017 indexed expenses and comparing them to the calculated expenses for 2016, established in our prior report, and the calculated changes to the indices.
- Reviewing MSS management's projection of other expenses including:
    - Workers' Compensation, which will be reviewed by determining if the base wages, established as part of the prior year detail review, were properly multiplied by the applicable premium rates from MSS' insurance carrier.
    - Disposal Expense for residential and solid waste tons transferred at MSS' transfer station, which will be reviewed by evaluating MSS' projection for 2017 disposal expense and MSS adjustments for the previous projections for Rate Years 2015 and 2016 based on historical trends, management's plans, and adjustment to the disposal rates.
    - Commercial Mixed Waste Processing Expense for commercial tons processed at MSS' processing facility, which will be reviewed by evaluating MSS' projection for 2017 commercial mixed waste processing and MSS' adjustments for the previous projections for Rate Years 2015 and 2016 based on historical trends and management's plans. We will verify that the processing rate per ton was calculated in accordance with the rate setting methodology.

  - Organics Processing Expense, which will be reviewed by evaluating MSS' projection for 2017 organics processing and MSS' adjustments for the previous projections for Rate Years 2015 and 2016 based on historical trends and management's plans. We will verify that the processing rate per ton was calculated in accordance with the rate-setting methodology.
  - The Transfer/Transport Adjustment for tons not affiliated with the Franchisors transferred and transported through MSS' transfer station, which will be reviewed by evaluating MSS' tonnage projection for 2017 and MSS' adjustments for the previous tonnage projections for Rate Years 2015 and 2016 based on historical trends and management's plans. We will verify that the Transfer/Transport Fee per ton was calculated in accordance with the rate setting methodology.
  - Fuel Expense, which will be reviewed by evaluating MSS' 2017 projection and the adjustments for Rate Years 2015 and 2016. We will review MSS' calculations of the average price per gallon for fuel and verify the use of the proper projected gallons.
  - Depreciation/Lease Expense projections, which will be reviewed by evaluating the reasonableness of MSS management's estimates for these expenses based on historical trends and records and MSS management's plans. We will review MSS' adjustments to previous year projections, if any.
  - JPA Fees expense, which will be reviewed by analyzing documentation from the JPA and MSS projections.

- Reviewing MSS' calculations of the following Pass-through Expenses and Other Revenue, including:
  - Interest Expense, which will be reviewed based on MSS' actual interest from its loan amortization schedules for actual and projected capital expenditures.
  - Franchise Fees, which will be reviewed based on each agency's appropriate rate and the forecasted values.
  - Other Agency Fees, which will be reviewed based on fees established by each agency and forecasted values.
  - Other Revenues, which will be reviewed based on revenues received by MSS from related and third parties from the use of assets and services of employees where the costs are paid by the rates from the Franchisors ratepayers.

- Reviewing MSS' calculation of the increase or decrease to the reserve for future diversion programs is in accordance with the procedures developed in 2012.

- Reviewing the appropriateness of MSS management's allocation of revenues and expenses among the Franchisors and the other service areas is in accordance with the procedures developed in 2012.

- Meeting once with MSS management to review our adjustments to their calculated and projected revenues and expenses and their allocation among the Franchisors. We will obtain management's comments, review any additional material, and amend our adjustments, if necessary.

- Compiling rates currently in effect in other municipalities in Marin County, as well as neighboring jurisdictions in other counties.

- 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, issued an unqualified opinion of MSS' 2015 financial statements. The unqualified opinion denotes that the financial statements of MSS were presented fairly in all material respects.

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 (INDEX YEAR)

Current Operations

Projected costs for 2017 are based on costs developed during the last detail review (2016). In projecting the 2016 costs, MSS included the direct costs for the Franchisors 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 percentage of wages, respectively. Management salaries are allocated to departments (MSS, MRRRA, MRRC, etc.) based upon actual time spent by management related to that department.

Expenses

MSS projected its 2017 expenses (less non-allowable costs such as: donations, fines for penalties, certain attorney's fees, goodwill, etc.) for each expense category by:

- Basing wage and salary expenses on projected 2016 expenses increased by the percentage change in the average annual San Francisco-Oakland-San Jose Metropolitan Area Consumer Price Index (Urban Wage Earners; 1982-1984=100) for June 2015 and 2016;
- Basing benefits expense, excluding Workers' Compensation expense, on the projected 2016 benefits expense increased by the percentage change in the annual average Employment Cost Index – Benefits (Private Industry Workers; 1982-1984=100) for June 2015 and 2016;
- Calculating Worker's Compensation expense by multiplying the 2016 wage projection (Base Year Revenue Requirement) by the applicable premium rates from the Contractor's insurance carrier for 2017;
- Forecasting projected 2017 disposal expense using projected tons multiplied by the applicable disposal/processing rate for 2017, plus adjustments for 2015 actual disposal expenses, and estimated 2016 disposal expenses calculated based on actual 2015 results and year-to-date 2016 results;
- Forecasting projected 2017 fuel and oil expense as follows:
    - Projected Year (2017) Fuel Expense – gallons established in the most recent detail year review (2016) at the average price per gallon based on actual year to date purchases; plus,
    - Current Year (2016) Expense Adjustment –gallons established in the most recent detail year review (2016) at the average price per gallon based on actual year to date purchases less the 2016 fuel expense established during the previous review; plus,
    - Revised Prior Year (2015) Expense Adjustment – gallons established in the prior detail year review (2013) at the average price per gallon based on actual fuel purchases for 2015 less the 2015 fuel expense established during the previous review.
- Forecasting projected 2017 equipment and vehicle maintenance expense was based on the projected maintenance expense for 2016 increased by the percentage change in the annual average Motor Vehicle Related Index (All Urban Consumers, U.S. City Average; 1982-1984=100) for June 2015 and 2016;

- Forecasting projected 2017 depreciation and lease expense based on MSS's actual depreciation expense plus projected depreciation on anticipated purchases in the Rate Year (allocation of depreciation of trucks to the Franchisors and other operations was based on truck usage);
- Forecasting projected 2017 JPA Fees based on tons collected for the Franchisors by MSS for the period determined and rate established by the JPA;
- Forecasting projected 2017 other operating / general and administrative expense based on projected 2016 expense increased by the percentage change in the annual average San Francisco-Oakland-San Jose Metropolitan Area Consumer Price Index (All Urban Wage Earners; 1982-1984=100) for June 2015 and 2016; and,
- Forecasting projected 2017 interest expense based on MSS's actual interest from its loan amortization schedules for actual and projected capital and adjusting 2017 for any projected asset purchases from the prior rate year which were not purchased in projected time period**.**

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 2016 and projections for the remainder of the year were multiplied by the average percentage surplus or shortfall rate revenue for the 3 most recently completed rate years. MSS calculated the 3 year average achievement percentage of 100.23%, meaning actual revenue received has averaged 100.23% of what was projected over the past three years.

Profit

MSS calculated its 2017 profit by applying the agreed-upon 90.5% pre-tax operating ratio to its 2017 total projected expenses that are eligible for profit.

MSS' Calculated Rate Adjustment Factor

MSS calculated the 2017 Rate Adjustment to be 9.91% increase. 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 revenue achievement.

SECTION IV. PROPOSED ADJUSTMENTS

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

		MSS Application	Recommended Adjustments	HF&H Adjusted Application
	Expenses: Current MSS Operations			
1	Wages	$7,833,671	($17,642)	$7,816,029
2	Benefits	4,611,956	(102,967)	4,508,989
3	Disposal Fees	4,165,918	(178,530)	3,987,388
4	Fuel & Oil	582,323	-	582,323
5	Maintenance Expense	1,857,599	-	1,857,599
6	Depreciation/Leases	2,717,630	(77,342)	2,640,288
7	Other Operating/G&A	4,015,601	(388,920)	3,626,681
8	**Total Operating Expenses**	25,784,698	(765,401)	25,019,297
9	Operating Profit	2,706,681	(80,346)	2,626,335
10	Interest Expense	563,904	(134,514)	429,390
11	**Total Expenses for Current Operations**	29,055,283	(980,261)	28,075,022
12	**Revenue Requirement for Current Services**	**$29,055,283**	**($980,261)**	**$28,075,022**
	Projected Revenue (at current rates)			
13	Route Revenues	30,296,164	147,270	30,443,434
14	Less: Franchise Fees	(3,014,319)	(15,106)	(3,029,425)
15	Less: Street Sweeping	(72,000)	(24,000)	(96,000)
16	Less: Refuse Vehicle Impact Fee	(938,457)	-	(938,457)
17	Add: Non-Regulated Revenues	179,357	-	179,357
18	**Net Revenues** (at current rates)	**26,450,745**	**108,164**	**26,558,909**
19	**Total Surplus/ (Deficit)** (Line 18 - Line 12)	**($2,604,538)**	**$1,088,425**	**($1,516,112)**
20	**Rate Adjustment Factor** (-Line 19 ÷ Line 18) [1]	**9.85%**		**5.71%**

[1] MSS application contained mathematical error that excluded Non-Regulated from the calulation of the Rate Adjustment Factor. This correction changes the application to 9.85%

Adjustments to 2017 Projected Expenses for Current Operations

Wages

HF&H recommends reducing wages expense by $17,642 (Table 5, Line 1) to limit the wages for the accounting position to the amount approved as part of the Operations Improvement Plan that remained unfilled until 2016.

The cost for the position was initially included in the rates but has been an adjustment for the last two rate reviews as the position remained unfilled. When the position was filled, it was at a higher amount than approved and would have otherwise been in the rates had there not been adjustment during the last review.

This proposed adjustment limits the expense to the amount approved by the Franchisors.

Benefits

HF&H recommends reducing benefits by a net of $102,967 due to the following (Table 5, Line 2):

- Increase benefits, other than workers' compensation, by $1,624. MSS application calculated these costs based on an annual average change in the ECI instead of the year over year change as prescribed by the agreement; and,

- Reduce workers' compensation by $90,655 due to an updated insurance quote that was lower than MSS initially expected; and,

- Reduce benefits, other than workers' compensation, by $13,936 to limit the benefits for the accounting position to the amount that was initially approved as part of the Operations Improvement Plan.

Disposal Fees

HF&H recommends reducing disposal fees by $178,530 for the following (Table 5, Line 3):

- Reduce disposal by $27,901 for projected growth in F2E tonnage as the program adds new customers and the second route; and,

- Reduce disposal by $14,252 to eliminate an extra scale charge and Non-Franchisor areas for bulky waste and illegal dumping charges.

- Reduce disposal by $54,414 due to MSS renegotiating the disposal agreement at Redwood that will keep the 2017 rate the same as the 2016 rate.

- Reduce disposal by $81,963 due to updated disposal projections resulting in a decrease in projected tonnage for rate years 2016 and 2017. The application included projections through June 2016 that were annualized through the end of the year and carried forward to 2017. MSS revised the projections through September 2016 which resulted in a reduction to projected 2016 and 2017 tonnage.

Fuel & Oil

HF&H reviewed and does not recommend an adjustment to MSS' projected 2017 fuel expense (Table 5, Line 4).

Maintenance Expense

HF&H reviewed and does not recommend an adjustment to MSS' projected 2017 maintenance expense (Table 5, Line 5).

Depreciation/Leases

HF&H recommends reducing depreciation by $77,342 for the following (Table 5, Line 6):

- Reduce depreciation by $39,611 to allocate rolloff truck assets included in the Franchisors asset base to other jurisdictions and the temporary department based on usage; and,
- Reduce depreciation by $9,647 to allocate capitalized repairs included in the Franchisors asset to other jurisdictions based on usage; and,
- Reduce depreciation by $11,049 on projected capital additions due to a change in the expected completion date of capitalized facility repairs; and,
- Reduce depreciation by $17,035 to eliminate CPCFA bond financing amortization expenses due to MSS converting the bond to a conventional loan.

Other Operating/G&A

HF&H recommends reducing other operating / G&A by $388,920 for the following (Table 5, Line 7):

- Reduce other operating by $338,498 to remove MSS emergency funding request that added a $20 per ton processing to offset declining commodity prices at the MRRRA; and,
- Reduce other operating by $50,422 to allocate the JPA fees to MSS non-regulated departments.

Operating Profit

HF&H recommends reducing MSS' projected operating profit by $71,742 (Table 5, Line 9), resulting from the decreases in operating costs described above.

Interest Expense

HF&H recommends reducing MSS' projected interest expense by $134,514 due to the following (Table 5, Line 10),

- Reduce interest expense by $102,047 for disallowed interest on MRRRA assets and capitalized repairs included in new loans included in the rate application; and,
- Reduce interest expense by $11,866 corresponding to changes in projected capital additions along with disallowed interest on labor for a capitalized facility repair; and,
- Reduce interest expense by $20,601 to allocate interest on route and rolloff trucks included in the Franchisors assets to other jurisdictions and the temporary department based on usage.

Adjustments to Projected Revenue at Current Rates

HF&H recommends increasing revenue net of franchise and pass-through fees by $108,164 due to the following (Table 5, Line 18):

- Increase revenue by $28,312 to recalculate the 3 year average forecast achievement percentage with the addition of RVSD-N in 2015. The forecast achievement increased from 100.23% to 100.33%.

- Decrease revenue by $24,000 to add pass-through street sweeping fees for the RVSD-N that were not included in the rate application.

- Increase revenue by $103,852 due to updated projections resulting in an increase to expected 2016 revenue. The application included projections through June 2016 that were annualized through the end of the year and used to calculate the Rate Adjustment Factor for 2017. MSS revised the projections through October 2016 which resulted in an increase in expected 2016 revenue compared to when the application was originally submitted.

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 6, the reserve amount decreased $344,392 for a net negative of $364,217. The decrease in the reserve is due to an increase in processing costs per ton ($204.20 in 2015 vs. $201.30 in 2014, a 1.44% increase) and a decrease in commodity pricing per ton ($159.88 in 2015 vs. $185.97 in 2014, a 14.03% decrease).

Table 6: 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)
2017	2015	(344,392)
Reserve Balance		**$ (364,217)**

Under the terms of the agreement from 2012, if the net positive value in the reserve exceeds $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. If the net negative value in the reserve exceeds $250,000, the Franchisors or the Contractor may request a review of the actual costs and revenues of providing the service at which time the Franchisors and Contractor will begin a meet and confer process to determine a reasonable remedy to the Contractor.

The reserve fund for 2017 exceeds a net negative value of $250,000 primarily due to a prolonged decline in commodity prices and increasing processing costs that is expected to continue in the foreseeable future; triggering the meet and confer process between the Franchisors and MSS.

SECTION V. RATE ADJUSTMENT

Rate Adjustment

Based on a revenue requirement of $28,075,022 (Table 5, Line 12) and projected net revenues of $26,558,909 (Table 5, Line 18) for the calendar year 2017 resulting from our recommended adjustments to MSS' application, a 5.71% Rate Adjustment Factor has been calculated, effective January 1, 2017.

The approved rate setting methodology allows for certain expenses to be revised each year when more accurate information is known. The difference between the original projections and the revised projections are allowed to be included in the current year rate adjustment. Table 7 shows the components of the rate increase based on adjustments related solely to the 2017 projections and the adjustments related to revised projections from 2015 and 2016.

Table 7: Summary of Adjustments

Rate Adjustment Factor Component Percentages			
Category	**Adjustment Factor Related to 2015 and 2016**	**Adjustment Factor Related to 2017**	**Total**
Wages	0.55%	0.54%	1.09%
Benefits (including workers comp)	0.00%	(0.13%)	(0.13%)
Fuel & Oil	1.08%	(0.38%)	0.70%
Disposal	0.98%	0.05%	1.03%
Depreciation and Interest	0.00%	1.63%	1.63%
Maintenance	0.00%	0.11%	0.11%
Other Operating Costs[1]	0.33%	0.07%	0.40%
Subtotal Operations	2.94%	1.89%	4.83%
Revenue Shortfall Net of Franchise Fees	0.30%	0.58%	0.88%
Rate Adjustment Factor	**3.24%**	**2.47%**	**5.71%**

[1] Includes profit and general & administrative costs (e.g., public education, customer service, etc.).

This recommended rate increase of 5.71% includes components that result from revised projections related to 2015 and 2016 as well as components that relate to the current application:

- The prior year true-ups contribute an overall net increase of 3.24% to the total 5.71% Rate Adjustment Factor due to the following:
  - An increase in:
    - Wages of 0.55% due to the addition of the final position included in the Operation Improvement Plan that was previously unfilled. This was an approved expense in prior applications but was disallowed in the prior year since it remained unfilled at the time the application was finalized. MSS filled the position in 2016 resulting in an additional expense in the 2017 rate application.
    - Fuel of 1.08% due to a favorable adjustment of $412,119 in the 2016 rate setting process that is not repeating in 2017.
    - Disposal of 0.98% due to a favorable adjustment of $256,964 in the prior rate year that is not repeating in 2017.
    - Other Operating Costs of 0.33% for the additional profit to MSS on the Wage, Fuel, and Disposal adjustments relating to the prior year.
    - A Revenue Shortfall of 0.30% for a decrease in non-regulated revenue of $161,356 due to a favorable prior year adjustment that is not repeating in 2017.
- The current year adjustments contribute an overall net increase of 2.47% to the current 5.71% Rate Adjustment Factor due to the following:
  - An increase in:
    - Wages of 0.54% due to the annual change in expense by the applicable Consumer Price Index.
    - Disposal of 0.05% due to the annual change in disposal cost per ton by the applicable Consumer Price Index or contract price.

      After submitting the 2017 Rate Application, MSS renegotiated its agreement with Redwood and the new agreement will hold the 2017 rate for MSW to the same rate as 2016. This change has been incorporated in the 2017 Rate Adjustment Factor.
    - Depreciation and interest of 1.63% due to additional depreciation and financing costs for replacement vehicles and building repairs.
    - Maintenance of 0.11% due to the annual change in expense by the applicable Consumer Price Index.
    - Other Operating Costs of 0.07% due to the annual change in expense by the applicable Consumer Price Index and the operator profit.
    - A Revenue Shortfall of 0.58% due to a decrease in projected 2016 revenue from the prior year rate application.
  - An decrease in:
    - Benefits of 0.13% due to lower Workers Compensation insurance premiums in 2017.
    - Fuel of 0.38% due to projecting a continued decline in the fuel price per gallon.

Survey of Comparable Rates

Attachment 3 shows the results of HF&H's survey of solid waste rates as of September 2016 for jurisdictions located throughout the Bay Area. For the purpose of comparing the Franchisors rates to other jurisdictions, we have applied a 5.71% rate adjustment to the current Franchisors rates.

The Franchisors residential rates for a 32-gallon container (the most frequent residential service level) will range from $31.31 (LGVSD) to $41.80 (RVSD-N, Sleepy Hollow). The survey shows the Franchisors average residential rate for 32-gallon service ($37.39 with RVSD-N included and $36.15 without) is within the range when compared to other Marin County jurisdictions. Of the 10 other Marin County jurisdictions, 5 of the jurisdictions' 32-gallon container rates are higher than the Franchisors average and 5 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 1 time per week (the most requested commercial service level) range from $439.39 (Town of Ross) to $658.47 (RVSD-N). The average rate for the Franchisors is $518.85 with RVSD-N, and $472.31 without. The average rate is higher when compared to the other three Marin County jurisdictions that have this level of service. 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 5-year plan and the final 2017 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.)

Attachment 1

Marin Sanitary Service
2017 Rate Application

#				San Rafael	Las Gallinas-City of S.R.	Las Gallinas-County	Larkspur	Ross	County - RVSD-S	County	County - RVSD-N	Franchisors' Total
	Expense Allocation (Percentage of Total Revenues)			*43.91%*	*19.45%*	*8.68%*	*15.70%*	*2.16%*	*6.24%*	*1.27%*	*2.59%*	*100.00%*
	Expenses: Current MSS Services											
1	Rate Application Operating Expenses:											
2	Wages		$ 7,833,671	$ 3,439,961	$ 1,523,460	$ 679,790	$ 1,229,990	$ 169,256	$ 488,975	$ 99,097	$ 203,142	$ 7,833,671
3	Benefits		4,611,956	2,025,225	896,914	400,216	724,138	99,647	287,877	58,342	119,597	4,611,956
4	Disposal Fees		4,165,918	1,829,359	810,170	361,510	654,104	90,010	260,035	52,700	108,030	4,165,918
5	Fuel & Oil		582,323	255,713	113,248	50,533	91,432	12,582	36,348	7,366	15,101	582,323
6	Maintenance Expense		1,857,599	815,718	361,258	161,199	291,668	40,136	115,951	23,499	48,171	1,857,600
7	Depreciation/Leases		2,717,631	1,193,380	528,514	235,830	426,704	58,718	169,634	34,378	70,473	2,717,631
8	Other Operating/G&A		4,015,601	1,763,351	780,937	348,466	630,502	86,762	250,652	50,798	104,132	4,015,600
9	Total Operating Expenses		25,784,699	11,322,707	5,014,501	2,237,544	4,048,538	557,111	1,609,472	326,180	668,646	25,784,699
10	Operating Profit	90.5%	2,706,681	1,188,571	526,384	234,880	424,985	58,481	168,950	34,240	70,189	2,706,680
11	Interest Expense		563,904	247,624	109,666	48,934	88,540	12,184	35,199	7,133	14,623	563,903
12	**Revenue Requirement for Current Services**		**$ 29,055,284**	**$ 12,758,902**	**$ 5,650,551**	**$ 2,521,358**	**$ 4,562,063**	**$ 627,776**	**$ 1,813,621**	**$ 367,553**	**$ 753,458**	**$ 29,055,282**
	Revenues											
13	Projected Revenue at Current Rates			13,156,272	5,828,338	2,304,363	5,014,673	656,515	2,060,300	419,148	856,556	30,296,165
14	Adjustment:											
15	Adjusted Route Revenues			13,156,272	5,828,338	2,304,363	5,014,673	656,515	2,060,300	419,148	856,556	30,296,165
16	Less: Franchise Fees			(1,315,627)	(582,834)	(25,000)	(501,467)	(88,991)	(309,045)	(62,872)	(128,483)	(3,014,319)
17	Less: Street Sweeping			-	-	-	-	-	(48,000)	(24,000)	-	(72,000)
18	Less: Vehicle Impact Fee			(306,318)	(137,282)	-	(389,000)	-	(63,702)	-	(42,155)	(938,457)
19	Net Regulated Revenues			11,534,327	5,108,222	2,279,363	4,124,206	567,524	1,639,553	332,276	685,918	26,271,389
20	Non-Regulated Revenues			80,857	35,809	15,979	28,911	3,978	11,493	2,330	-	179,357
21	**Adjusted Total Revenues** (at Current Rates)			**$ 11,615,184**	**$ 5,144,031**	**$ 2,295,342**	**$ 4,153,117**	**$ 571,502**	**$ 1,651,046**	**$ 334,606**	**$ 685,918**	**$ 26,450,746**
22	**Revenue Surplus/(Shortfall)** (Line 21 - Line 12)			**$ (1,143,718)**	**$ (506,520)**	**$ (226,016)**	**$ (408,946)**	**$ (56,274)**	**$ (162,575)**	**$ (32,947)**	**$ (67,540)**	**$ (2,604,536)**
23	**Rate Adjustment Factor** (-Line 22 ÷ Line 21)			**9.85%**	**9.85%**	**9.85%**	**9.85%**	**9.85%**	**9.85%**	**9.85%**	**9.85%**	**9.85%**

Attachment 2

Marin Sanitary Service
2017 Rate Application - HF&H Adjusted

				San Rafael	Las Gallinas-City of S.R.	Las Gallinas-County	Larkspur	Ross	County - RVSD-S	County	County - RVSD-N	Franchisors' Total
	Expense Allocation (Percentage of Total Revenues)			*44.45%*	*19.35%*	*8.58%*	*15.54%*	*2.13%*	*6.19%*	*1.26%*	*2.50%*	*100.00%*
	Expenses: Current MSS Services											
1	Rate Application Operating Expenses:											
2	Wages		$ 7,833,671	$ 3,481,726	$ 1,515,763	$ 672,501	$ 1,217,269	$ 167,236	$ 484,701	$ 98,752	$ 195,724	$ 7,833,672
3	Benefits		4,611,956	2,049,814	892,382	395,925	716,649	98,457	285,360	58,139	115,229	4,611,955
4	Disposal Fees		4,165,918	1,851,569	806,077	357,633	647,339	88,935	257,762	52,516	104,085	4,165,916
5	Fuel & Oil		582,323	258,817	112,676	49,991	90,487	12,432	36,031	7,341	14,549	582,324
6	Maintenance Expense		1,857,599	825,622	359,433	159,470	288,651	39,657	114,937	23,417	46,412	1,857,599
7	Depreciation/Leases		2,717,630	1,207,868	525,843	233,302	422,291	58,017	168,151	34,259	67,900	2,717,631
8	Other Operating/G&A		4,015,601	1,784,760	776,992	344,729	623,982	85,726	248,461	50,621	100,329	4,015,600
9	**HF&H 2017 Operating Expense Adjustments**		**(765,401)**	**(340,187)**	**(148,100)**	**(65,708)**	**(118,935)**	**(16,340)**	**(47,358)**	**(9,649)**	**(19,123)**	**(765,400)**
10	Total Operating Expenses		25,019,297	11,119,989	4,841,066	2,147,843	3,887,733	534,120	1,548,045	315,396	625,105	25,019,297
11	Operating Profit	90.5%	2,626,335	1,167,292	508,178	225,464	408,105	56,068	162,502	33,108	65,619	2,626,336
12	Interest Expense		429,390	190,845	83,084	36,862	66,723	9,167	26,568	5,413	10,728	429,390
13	**Revenue Requirement for Current Services**		**$ 28,075,022**	**$ 12,478,126**	**$ 5,432,328**	**$ 2,410,169**	**$ 4,362,561**	**$ 599,355**	**$ 1,737,115**	**$ 353,917**	**$ 701,452**	**$ 28,075,023**
	Revenues											
14	Projected Route Revenues at Current Rates			13,156,272	5,828,338	2,304,363	5,014,673	656,515	2,060,300	419,148	856,556	30,296,165
15	**HF&H 2017 Revenue Adjustments**			**100,663**	**34,164**	**652**	**3,074**	**(621)**	**4,416**	**2,976**	**1,946**	**147,270**
16	Adjusted Route Revenues			13,256,935	5,862,502	2,305,015	5,017,747	655,894	2,064,716	422,124	858,502	30,443,435
17	Less: Franchise Fees			(1,325,693)	(586,250)	(25,000)	(501,775)	(88,906)	(309,707)	(63,319)	(128,775)	(3,029,425)
18	Less: Street Sweeping			-	-	-	-	-	(48,000)	(24,000)	(24,000)	(96,000)
19	Less: Vehicle Impact Fee			(306,318)	(137,282)	-	(389,000)	-	(63,702)	-	(42,155)	(938,457)
20	Net Regulated Revenues			11,624,924	5,138,970	2,280,015	4,126,972	566,988	1,643,307	334,805	663,572	26,379,553
21	Non-Regulated Revenues			179,357	-	-	-	-	-	-	-	179,357
22	**Adjusted Total Revenues** (at Current Rates)			**$ 11,804,281**	**$ 5,138,970**	**$ 2,280,015**	**$ 4,126,972**	**$ 566,988**	**$ 1,643,307**	**$ 334,805**	**$ 663,572**	**$ 26,558,910**
23	**Revenue Surplus/(Shortfall)** (Line 22 - Line 13)			**$ (673,845)**	**$ (293,358)**	**$ (130,154)**	**$ (235,589)**	**$ (32,367)**	**$ (93,808)**	**$ (19,112)**	**$ (37,880)**	**$ (1,516,113)**
24	**Rate Adjustment Factor** (-Line 23 ÷ Line 22)			**5.71%**	**5.71%**	**5.71%**	**5.71%**	**5.71%**	**5.71%**	**5.71%**	**5.71%**	**5.71%**

Attachment 3

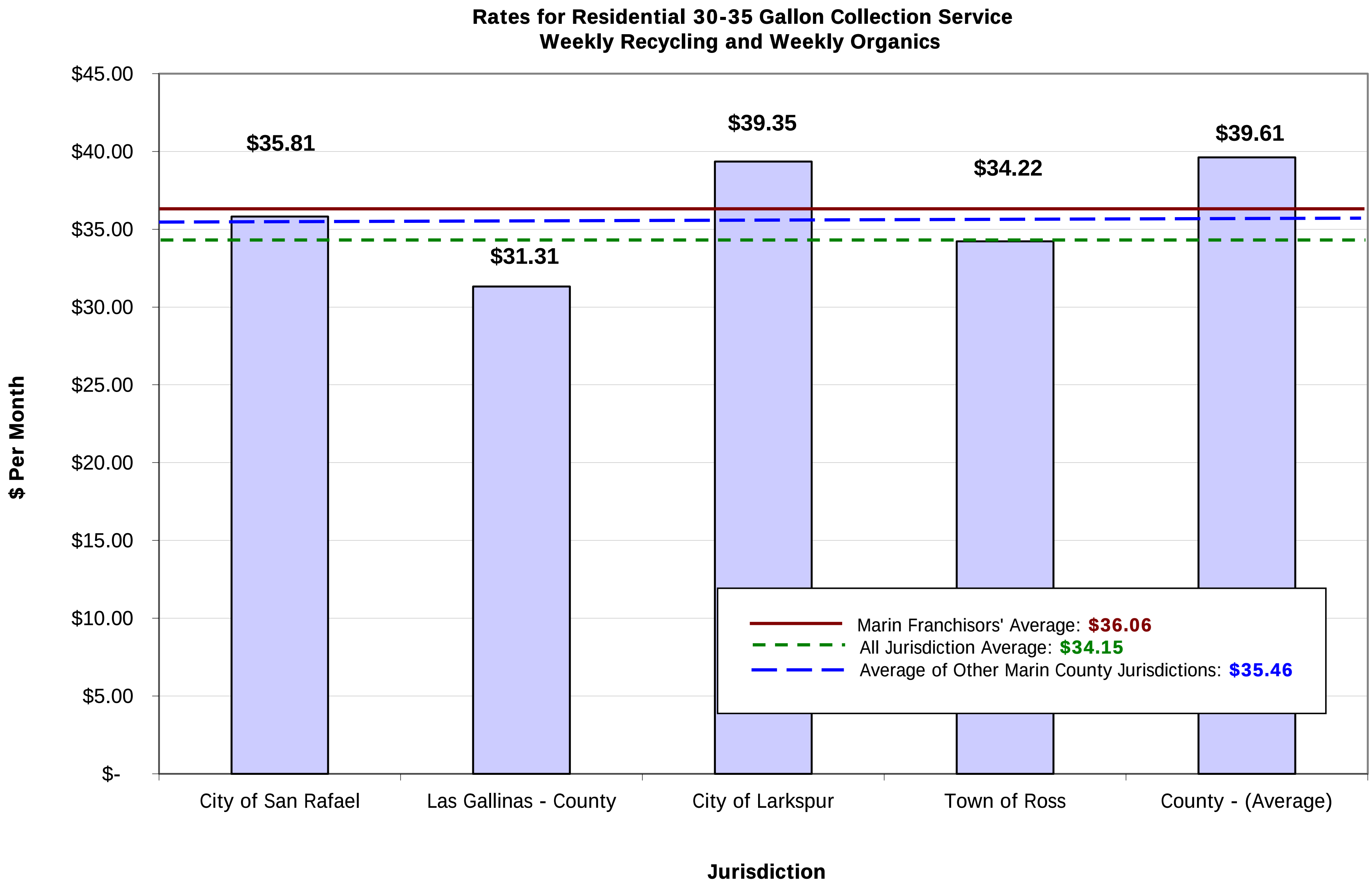
Bay Area Rate Survey

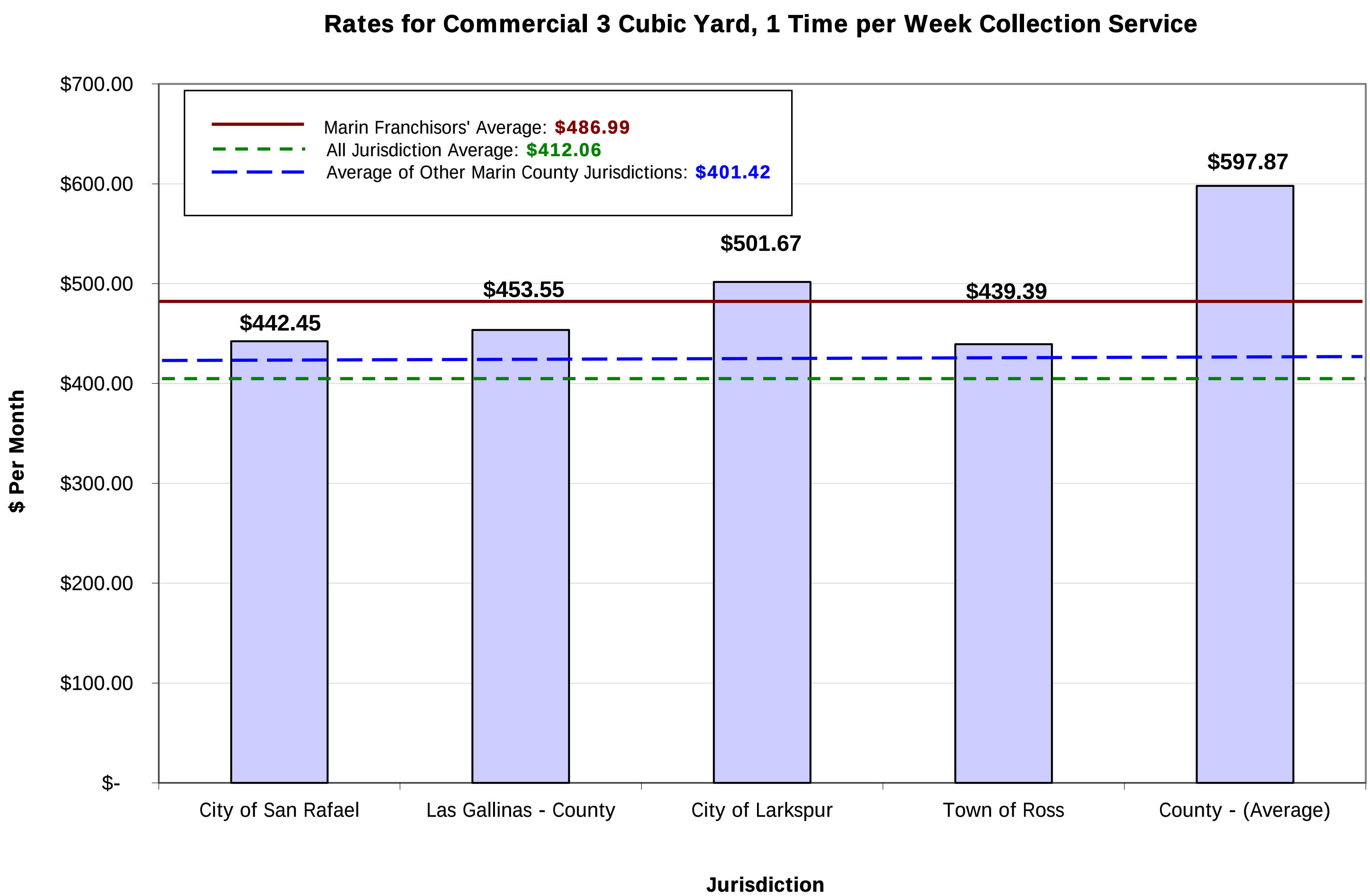
Jurisdiction	County	Res. Single-Family 20 Gallon	Res. Single-Family 30-35Gal.	Res. Single-Family 60-64Gal.	Res. Single-Family 90-96Gal.	Commercial 1YD Bin 1x/week	Commercial 1YD Bin 3x/week	Commercial 3YD Bin 1x/week	Commercial 3YD Bin 3x/week
City of Alameda	Alameda	$ 30.65	$ 38.68	$ 63.56	$ 88.77	$ 147.36	$ 450.90	$ 442.08	$ 1,352.71
City of Albany	Alameda	$ 36.88	$ 41.31	$ 71.39	$ 101.46	$ 164.59	$ 493.77	$ 493.77	$ 1,481.31
City of Berkeley (District 1 & 2)	Alameda	$ 24.50	$ 39.19	$ 78.33	$ 117.45	$ 155.96	$ 439.44	$ 431.62	$ 1,282.04
City of Berkeley (District 3)[8]	Alameda	$ 25.56	$ 40.80	$ 81.56	$ 122.31	$ 151.42	$ 426.65	$ 419.05	$ 1,244.70
City of Dublin	Alameda	N/A	$ 23.14	$ 42.50	$ 61.86	$ 112.26	$ 392.64	$ 336.78	$ 1,066.20
City of Emeryville	Alameda	$ 11.06	$ 18.31	$ 36.62	$ 54.93	$ 109.05	$ 327.15	$ 327.15	$ 981.45
City of Fremont	Alameda	$ 31.21	$ 31.89	$ 34.99	$ 51.47	$ 93.09	$ 267.77	$ 209.26	$ 616.25
City of Livermore	Alameda	$ 25.46	$ 34.81	$ 57.54	$ 90.41	$ 116.72	$ 364.16	$ 350.16	$ 1,115.62
City of Newark	Alameda	$ 26.89	$ 29.89	$ 52.94	$ 75.97	$ 121.12	$ 377.91	$ 320.45	$ 873.90
City of Oakland	Alameda	$ 35.52	$ 40.60	$ 73.16	$ 110.96	$ 208.19	$ 624.53	$ 495.79	$ 1,487.36
City of Piedmont[5]	Alameda	$ 51.83	$ 54.49	$ 64.21	$ 75.86	$ 171.06	$ 482.54	NA	NA
City of Pleasanton	Alameda	N/A	$ 33.80	N/A	$ 45.48	$ 168.23	$ 440.27	$ 480.43	$ 1,296.55
City of San Leandro	Alameda	$ 22.84	$ 28.46	$ 47.37	$ 66.26	$ 124.78	$ 377.23	$ 377.23	$ 1,131.68
City of Union City	Alameda	$ 40.43	$ 47.39	$ 82.26	$ 117.08	$ 144.66	$ 399.57	$ 379.10	$ 1,033.18
Castro Valley Sanitary District	Alameda	$ 25.23	$ 39.19	$ 67.96	$ 96.79	$ 278.00	$ 834.12	$ 739.69	$ 2,072.81
Oro Loma Sanitary District (L1)[6 10]	Alameda	$ 13.14	$ 21.64	$ 38.71	$ 55.74	$ 133.79	$ 312.01	$ 326.33	$ 861.00
Oro Loma Sanitary District (L2)[6 10]	Alameda	$ 11.39	$ 19.89	$ 36.96	$ 53.99	$ 133.79	$ 312.01	$ 326.33	$ 861.00
Oro Loma Sanitary District (L3)[10]	Alameda	$ 14.45	$ 24.36	$ 44.06	$ 63.82	$ 154.76	$ 360.95	$ 377.55	$ 996.14
City of Richmond	Contra Costa	$ 27.42	$ 33.32	$ 63.39	$ 94.32	$ 220.94	$ 558.96	$ 501.75	$ 1,371.68
City of San Pablo	Contra Costa	$ 23.69	$ 28.84	$ 55.95	$ 83.86	$ 219.89	$ 554.10	$ 505.02	$ 1,379.20
City of El Cerrito[4,5]	Contra Costa	$ 32.40	$ 43.00	$ 86.40	N/A	$ 287.87	$ 799.37	N/A	N/A
City of Hercules	Contra Costa	$ 29.47	$ 34.60	$ 61.01	$ 88.21	$ 249.76	$ 625.90	$ 568.13	$ 1,545.77
City of Pinole	Contra Costa	$ 27.94	$ 33.11	$ 58.91	$ 85.50	$ 247.85	$ 626.97	$ 572.72	$ 1,567.90
Unincorp.-West Contra Costa	Contra Costa	$ 25.72	$ 31.40	$ 60.14	$ 89.59	$ 209.99	$ 528.19	$ 471.06	$ 1,281.87
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**	**$ 25.18**	**$ 40.48**	**$ 81.79**	**$ 123.82**	**$ 219.45**	**$ 658.47**	**$ 658.47**	**$ 1,975.46**
RVSD-N (Sleepy Hollow)	**Marin**	**$ 25.99**	**$ 41.80**	**$ 84.42**	**$ 127.81**	**$ 219.45**	**$ 658.47**	**$ 658.47**	**$ 1,975.46**
Town of San Anselmo [4]	Marin	$ 28.02	$ 36.62	$ 73.30	$ 109.95	N/A	N/A	$ 601.01	$ 1,803.16
City of Belvedere[5,7]	Marin	$ 37.42	$ 46.25	$ 78.47	$ 110.69	$ 205.43	$ 567.46	N/A	N/A
City of Novato[4]	Marin	$ 12.09	$ 19.33	$ 38.64	$ 57.98	N/A	N/A	$ 251.87	$ 624.95
West Marin[1]	Marin	$ 17.87	$ 27.09	$ 50.81	$ 81.23	$ 206.16	$ 402.28	$ 309.25	$ 701.50
City of Sausalito[5, 7]	Marin	N/A	$ 38.90	$ 77.80	$ 116.70	$ 153.60	$ 460.80	N/A	N/A
Tamalpais Community Services District[1]	Marin	N/A	$ 41.54	$ 62.72	N/A	$ 275.23	$ 825.69	N/A	N/A
Town of Tiburon[5,7]	Marin	$ 34.59	$ 39.02	$ 71.05	$ 102.54	$ 185.67	$ 506.76	N/A	N/A
Town of Corte Madera[5]	Marin	$ 27.61	$ 32.47	$ 65.11	$ 97.75	$ 151.87	$ 409.79	N/A	N/A
City of Mill Valley[5,7]	Marin	$ 37.39	$ 41.23	$ 68.88	$ 96.41	$ 182.64	$ 491.52	N/A	N/A
City of San Rafael	**Marin**	**$ 30.44**	**$ 35.81**	**$ 71.63**	**$ 107.44**	**N/A**	**N/A**	**$ 442.45**	**$ 1,232.37**
Las Gallinas - County	**Marin**	**$ 26.62**	**$ 31.31**	**$ 62.62**	**$ 93.93**	**$ 224.16**	**$ 673.00**	**$ 453.55**	**$ 1,265.88**
City of Larkspur[9]	**Marin**	**$ 33.45**	**$ 39.35**	**$ 78.69**	**$ 118.04**	**$ 249.80**	**$ 749.17**	**$ 501.67**	**$ 1,315.43**
Town of Ross[4]	**Marin**	**$ 29.08**	**$ 34.22**	**$ 68.44**	**$ 102.65**	**N/A**	**N/A**	**$ 439.39**	**$ 1,318.04**
County (RVSD-S)	**Marin**	**$ 23.17**	**$ 38.36**	**$ 79.81**	**$ 124.47**	**$ 320.78**	**$ 813.28**	**$ 496.10**	**$ 1,302.72**
County - Marin Franchisors' Group[4]	**Marin**	**$ 22.84**	**$ 37.82**	**$ 78.72**	**$ 122.76**	**N/A**	**N/A**	**$ 500.70**	**$ 1,307.42**
City of Campbell[1]	Santa Clara	$ 19.78	$ 25.80	$ 51.60	$ 77.41	$ 128.98	$ 390.65	$ 257.97	$ 781.29
City of Cupertino[1]	Santa Clara	N/A	$ 24.07	$ 48.14	$ 72.22	$ 147.80	$ 443.45	$ 236.50	$ 709.49
City of Los Altos	Santa Clara	$ 30.03	$ 32.34	$ 64.69	$ 97.03	$ 126.90	$ 380.72	$ 380.71	$ 1,142.18
City of Monte Sereno[1]	Santa Clara	$ 22.57	$ 29.43	$ 58.86	$ 88.29	$ 172.93	$ 523.81	$ 345.85	$ 1,047.63
City of Mountain View[10]	Santa Clara	$ 20.05	$ 29.30	$ 58.60	$ 87.90	$ 122.15	$ 366.05	$ 345.55	$ 996.15
City of Palo Alto	Santa Clara	$ 26.48	$ 47.69	$ 95.38	$ 143.07	$ 178.54	$ 549.36	$ 437.20	$ 1,388.28
City of San Jose [2 (11)]	Santa Clara	N/A	$ 32.07	$ 64.14	$ 96.21	$ 171.67	$ 491.59	$ 239.73	$ 685.69
City of Santa Clara[7]	Santa Clara	$ 19.93	$ 25.63	$ 37.86	$ 50.09	$ 78.69	$ 227.68	$ 220.39	$ 625.52
City of Sunnyvale	Santa Clara	N/A	$ 38.23	$ 45.66	$ 53.10	$ 168.74	$ 470.87	$ 404.09	$ 1,174.15
City of Saratoga[1]	Santa Clara	$ 21.57	$ 28.13	$ 56.26	$ 84.39	$ 184.91	$ 560.37	$ 369.83	$ 1,120.74
Town of Los Altos Hills	Santa Clara	$ 28.84	$ 40.21	$ 80.44	$ 120.64	$ 101.25	$ 158.44	$ 213.23	$ 370.49
Town of Los Gatos[1]	Santa Clara	$ 19.43	$ 25.45	$ 50.90	$ 76.35	$ 147.94	$ 448.17	$ 295.87	$ 896.34

	20 Gallon	30-35Gal.	60-64Gal.	90-96Gal.	1YD Bin 1x/week	1YD Bin 3x/week	3YD Bin 1x/week	3YD Bin 3x/week
Marin Franchisors' Average	$ 27.10	$ 37.39	$ 75.76	$ 115.12	$ 246.73	$ 710.48	$ 518.85	$ 1,461.60
Marin County Average w/o MFG	$ 27.73	$ 35.46	$ 65.11	$ 96.64	$ 193.73	$ 514.05	$ 401.42	$ 1,072.65
Marin County - All	$ 27.41	$ 36.32	$ 69.85	$ 105.34	$ 214.11	$ 589.60	$ 479.71	$ 1,331.95
All City Average	$ 26.40	$ 34.15	$ 62.82	$ 90.95	$ 176.31	$ 490.88	$ 412.06	$ 1,170.04
Marin Franchisors' Average w/o RVSD-N	$ 27.60	$ 36.15	$ 73.32	$ 111.55	$ 264.91	$ 745.15	$ 472.31	$ 1,290.31

[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 & L3.
[7] Rate for 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 offerred to new customers.
[10] Includes bin rental fee
[11] City of San Jose does not offer 20 gallon cart

Attachment 4




Rates for Commercial 3 Cubic Yard, 1 Time per Week Collection Service
Marin Franchisors' Average: $486.99
All Jurisdiction Average: $412.06
Average of Other Marin County Jurisdictions: $401.42
$700.00
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
$-
$ Per Month
$442.45
$453.55
$501.67
$439.39
$597.87
City of San Rafael
Las Gallinas - County
City of Larkspur
Town of Ross
County - (Average)
Jurisdiction