

TOWN OF FAIRFAX

STAFF REPORT

April 3, 2019

TO: Mayor and Town Council

FROM: Garrett Toy, Town Manager 

SUBJECT: Adopt a resolution approving a 19.85% service rate increase for Marin Sanitary Service (MSS) for the provision of solid waste (garbage) and recycling services, due to increases in the amounts of garbage, recycling, and labor and fuel costs; exempt from the California Environmental Quality Act (CEQA) per 14 CCR 15061(b)(3)

RECOMMENDATION

- 1) Open/close public hearing
- 2) Adopt a Resolution Approving a Garbage and Recycling Service Rate Increase in the Town of Fairfax

BACKGROUND

In March 2018, the Council approved a rate increase of 6.54% primarily due to increases in wage and benefit costs, disposal expenses, and fuel and oil up. Previously, the Town approved a rate increase of 2.06% in 2017. A decrease of 2.77% in 2016 and rate increase of 10.63% were approved in 2015. Prior to 2015, the Town last adopted a rate increase in 2011 with the new Marin Sanitary Service (MSS) service agreement.

Tables 5 and 6 in the attached report show that from 2005 to 2019 (includes proposed increase) the Town's annual average increase was approximately 5.4%. Since 2012, under the current agreement, the average annual increase was approximately 4.9%.

DISCUSSION

Per the service contract, MSS submitted a rate review application on November 28, 2018 requesting a 21.92% increase to its solid waste rates for the Town effective January 1, 2019. As a matter of practice, staff works with Councilmember Goddard and Mayor Lacques, assigned to the Zero Waste Committee, for direction in negotiations. In addition, the Town contracts with R3 Consulting Group to conduct an independent review of the rate application in accordance with the rate setting methodology agreed to by the Town and MSS in the current agreement.

R3 Consulting Group is the same firm that conducts a similar review for the Franchisor's Group which also contracts with MSS for services. The Franchisor's Group includes San Rafael, Larkspur, Ross, County of Marin, and Los Gallinas Valley Sanitary District. The Town does save some costs because R3 Consulting conducts its review for Fairfax after it has completed its review for the Franchisor's Group.

R3 Consulting has completed its review and determined that a *19.85% rate increase is appropriate*. Mayor Lacques, Councilmember Goddard, and staff concur with the recommendation. Attached is the R3 report which details the expenditure and revenue adjustments to the MSS request by both percentage and amounts.

Table 3 in the report shows the net percentage increase of 19.85% consists of the following:

- wages increased by 3.84%
- benefits increased by 3.20%
- disposal expenses increased by 3.3%
- recyclables processing increased by 3.08%
- fuel and oil up by 2.06%
- maintenance up by .95%
- franchise fees increased by 1.93%
- Zero Waste Marin fees increased by of 1.08%
- Revenue shortfall of 1.26%
- Other operating expenses increased by a net 0.12%

All the above reflect normal cost increases (e.g., labor), “true-up” of actual prior year costs (e.g., fuel), or are established by formula (e.g., operating “profit” margin) in the current agreement. R3 Consulting will present its findings and recommendations at the Council meeting. In the presentation, R3 will note that MSS has requested the Town to consider a new rate setting methodology for 2020 which has the potential to provide more rate predictability and stability as opposed to “roller coaster” of fee increases that the Town has experienced since 2005 (see the attached chart).

The Council subcommittee will be reviewing this new methodology and report back to the Council with its recommendations at a future meeting. The Franchisor’s Group has already adopted this new methodology for 2020.

The net effect of the increase is that residents with 32-gallon carts will pay \$6.75 more per month (\$34.02/mo. to \$40.77). The increase is retroactive to January 1, 2019. Even with the increase, Fairfax rates are still below the Marin County average of \$42.40.

FISCAL IMPACT

The Town’s residents and businesses pay MSS directly for the services they use.

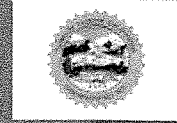
CEQA

Exempt from the California Environmental Quality Act per 14 CCR 15061(b)(3), as it can be shown with certainty that the action will have no adverse significant effect on the environment.

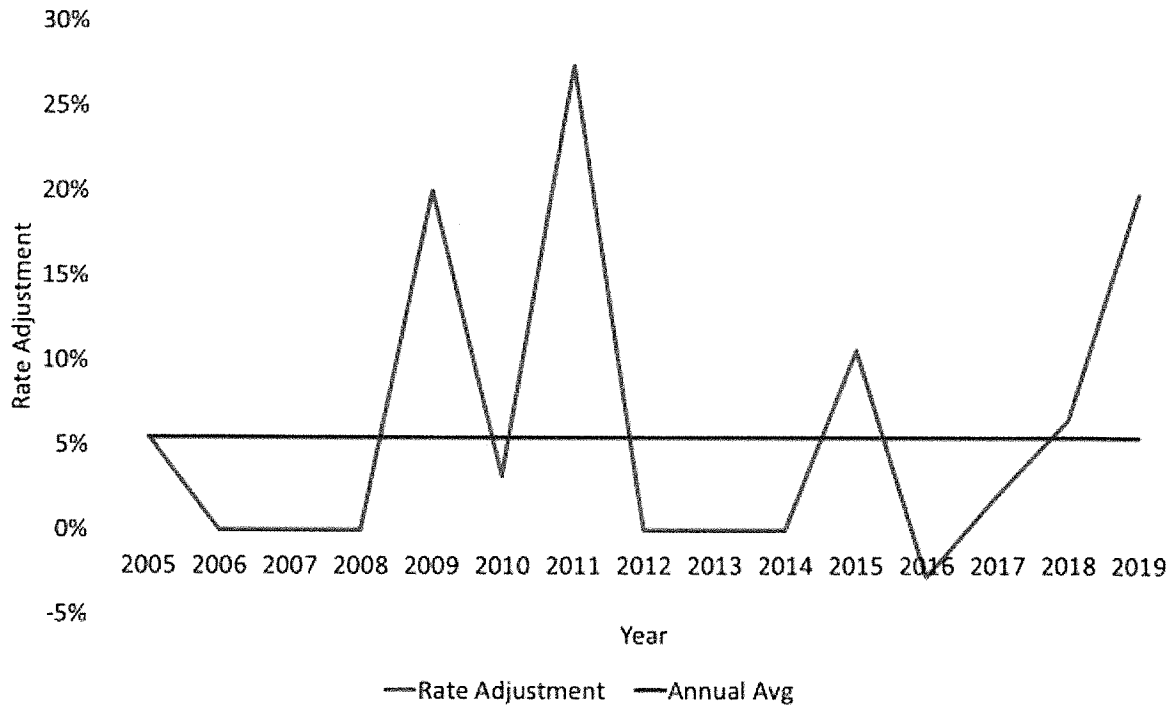
ATTACHMENTS

- A. Chart
- B. R3 Report reviewing MSS’s 2019 Rate application
- C. Resolution

ATTACHMENT A



Fairfax Rates Over Time



FINAL REPORT

**Review of Marin Sanitary Service's
2019 Rate Application**



SUBMITTED TO:

Town of Fairfax

March 28, 2019

Report Submitted Digitally as PDF

ATTACHMENT B

R3

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March 28, 2019

Mr. Garrett Toy
Town Manager, Town of Fairfax
142 Bolinas Road
Fairfax, CA 94930

Subject: Detailed Rate Review of Marin Sanitary Service's 2019 Rate Application, Report

Dear Mr. Toy:

R3 Consulting Group, Inc. (R3) is pleased to submit the attached report detailing the results of our review of Marin Sanitary Service's (MSS) 2019 Rate Application for the Town of Fairfax (Town). Per the Franchise Agreement rate setting methodology, 2019 is a base year which uses actual revenues and expenses to develop projected revenues and expenses for the rate year.

On November 28, 2018 MSS submitted a rate adjustment application for a 21.92% rate increase to its solid waste rates, to be effective January 1, 2019. R3 was engaged to conduct a detailed review of the application, in addition to assisting in the creation of a new rate setting methodology that will streamline and simplify future rate adjustments. Our review included a thorough assessment of all relevant documents for completeness and compliance with the procedures agreed upon by MSS and the Town, and verified the mathematical accuracy and logical consistency of the supporting documents.

Based on our review of MSS' application, we have determined that a rate increase of 19.85% is appropriate to compensate MSS for providing solid waste services. We have reviewed our findings with MSS, and they are in agreement with the proposed adjustments to their rate application and the recommended 19.85% rate increase for 2019. Table 1, below, shows current (2018) rates and proposed (2019) rates for standard container sizes (flat rate).

Table 1: Comparison of 2018 and Proposed 2019 Fairfax Flat Residential Rates

Service	Current 2018 Rate (\$/mo.)	Proposed 2019 Rate (\$/mo.)	Monthly Difference (\$)
20 gallon cart	\$28.38	\$34.01	\$5.63
32 gallon cart	\$34.02	\$40.77	\$6.75
64 gallon cart	\$68.04	\$81.55	\$13.51
96 gallon cart	\$102.05	\$122.32	\$20.26

Table 2 compares flat rates for the Town to other jurisdictions served by MSS. As shown in the table, Fairfax's rates remain among the lowest of the jurisdictions served by MSS.

Table 2: Comparison of 2018 and Proposed 2019 32-gallon Flat Residential Rates

Jurisdiction	2018 Rate (\$/mo.)	2019 Rate (\$/mo.)	Monthly Difference (\$)
Las Gallinas Valley Sanitary District	\$33.05	\$37.79	\$4.74
Fairfax	\$34.02	\$40.77	\$6.75
Ross	\$36.13	\$39.60	\$3.47
San Rafael	\$37.80	\$41.36	\$3.55
County of Marin	\$40.12	\$47.18	\$3.86
San Anselmo	\$40.87	\$44.78	\$3.91
Larkspur	\$43.42	\$47.12	\$3.70

2019 Rate Adjustment Components

Table 3 shows the main components affecting the recommended 2019 rate increase, including the components proposed by MSS, the impacts of recyclables processing costs, and the results of R3's review.

Table 3: Summary of Factors Affecting 2019 Recommended Rate Increase

Rate Components	Breakdown of 2019 Recommended Increase
Labor	3.84%
Garbage Landfilling and Organics Processing	3.27%
Benefits	3.20%
Recyclables Processing	3.08%
Fuel and Oil	2.06%
Franchise Fees	1.93%
Operating Profit (90.5% Operating Ratio)	1.26%
Zero Waste Marin Fees	1.08%
Maintenance	0.95%
Other Government Fees	0.57%
Interest	-0.04%
General and Administrative	-0.06%
Depreciation and Leases	-1.30%
Total	19.85%

R3 reviewed MSS's calculations for each of the categories summarized in Table 3 and is recommending specific adjustments to certain categories, which are discussed in more detail in Section 4 of this report. The recommended 2019 rate adjustments by category (including R3's adjustments) are further described below, with more specifics included in Sections 3 and 4 of this report.

Labor (3.84%)

The labor expense component contributes 3.84% to the overall recommended 19.85% rate adjustment. The increase is due to normal cost-of-living increases in base labor costs, new MSS positions including a Director of Human Resources and a Route/Contamination Auditor, impacts of aging workforce turn-over, and reconciliation of actual labor costs compared to prior allowed increases via indexed adjustments.

Garbage Landfilling and Organics Processing (3.27%)

The disposal expense contributes 3.27% to the overall recommended 19.85% rate adjustment. This component is calculated based on the number tons collected, processed and composted or disposed by MSS, and the cost per ton for processing and/or disposal of those tons. The increase is largely due to the difference in actual expenses for 2017 and 2018 vs. projected expenses for those years and is thus a "true-up" of those prior expenses. The projection for 2019 is slightly greater than 2018 due to increasing per ton tipping fees.

Benefits (3.20%)

The benefits expense component contributes 3.20% to the overall recommended 19.85% rate adjustment. This increase is due to normal increases in the cost of personnel benefits, including workers compensation. It should also be noted that health insurance costs continue to outpace growth in CPI.

Recyclables Processing (3.08%)

The recyclables processing contributes 3.08% to the overall recommended 19.85% rate increase. Net recyclables processing costs are a new ongoing expense that will be included in the rates starting in 2019. Net recyclables processing costs (total processing costs less revenues from sale and redemption of recyclables) are set based on a negotiated net processing cost of \$40/ton. This per ton cost, up from \$8/ton in prior rate applications, reflects the severe impacts of China's National Sword policy on recycling markets. If the Town were to adopt a new rate methodology similar to the one adopted by MFG, this net processing cost per ton would be escalated by WST (with a floor of 2.5% and cap of 5%) in future indexed adjustment years starting in 2020, and would include a revenue per ton that will change with changing recycling revenues received from MSS's related-party recyclables processing operation.

Fuel and Oil (2.06%)

The fuel expense component contributes 2.06% to the overall recommended 19.85% rate adjustment. This increase is due to the increases in the cost of fuel projected for 2019 above the price in 2018. The remaining is due to true-ups reconciling prior fuel and oil expenses for 2017 (actual) and 2018 (projected) compared to prior projections in those years. Fuel costs increased 42% from 2017 to 2018.

Franchise Fees (1.92%)

The franchise fees component contributes 1.93% to the overall recommended 19.85% rate adjustment. In alignment with the Franchise Agreement, franchise fees are calculated as 10% of projected rate revenues for the rate year.

Profit (1.26%)

MSS's profit component, which is an agreed upon "operating margin" of 90.5%, contributes 1.26% to the overall recommended 19.85% rate adjustment, which is entirely due to the overall increase in expenses noted above. This is calculated as a function of total operating expenses (recommended at \$1,583,080) divided by 90.5%, less total operating expenses, yielding \$166,180 in 2019.

Zero Waste Marin Fees (1.08%)

The Zero Waste Marin Fees component contributes 1.08% to the overall recommended 19.85% rate increase. Zero Waste Marin Fees are based on tons collected for the Town by MSS for the period determined and rate established by the JPA.

Maintenance (0.95%)

The maintenance expense component contributes 0.95% to the overall recommended 19.85% rate adjustment. This increase is due to normal increases in the cost of vehicle and equipment maintenance.

Other Government Fees (0.57%)

R3 added \$16,500 for consultant costs to review the rate application, which is in addition to a \$3,000 "consultant fee" listed in the rate application, for a total of \$19,500 in consultant fees paid by MSS. Other Government Fees also includes the vehicle impact fee and street sweeping fees. Because these costs are "pass through" costs to cover Town expenses for reviewing rate adjustments they are not be subject to profit margin. Collectively, these fees contribute 0.57% to the overall 19.85% rate adjustment.

Interest (-0.04%)

The interest expense component contributes -0.04% to the overall recommended 19.85% rate adjustment and is not an expense that is subject to the calculation of MSS' profit.

General and Administrative (-0.06%)

The general and administrative component contributes -0.06% to the overall recommended 19.85% rate adjustment. General and Administrative (G&A) includes costs such as public outreach, professional fees, and computer hardware/software. R3 is recommending a -\$19,790 adjustment to account for the fact that JPA fees were previously included in this cost category (making them subject to MSS profit) but should be reflected below MSS' profit line in the application. In addition, recyclables processing charges were included as a G&A expense in MSS' application and R3 has adjusted this expense (\$56,480) to exclude it from MSS' profit calculation and establish Recyclables Processing as a separate line item.

Depreciation and Leases (-1.30%)

The depreciation expense component contributes -1.30% to the overall recommended 19.85% rate adjustment. The increase is due to added depreciation costs for replacement vehicles, equipment, and building repairs in 2017 and 2018, along with forecasted expenses for 2019. This amount reflects a ten (10) year depreciation term for new solid waste collection vehicle assets purchased by MSS in 2018.

* * * * *

We appreciate the opportunity to submit this report to the Town. Should you have any questions regarding this report or need any additional information, please contact me by phone at (510) 292-0853 or by email at gschultz@r3cgi.com.

Sincerely,

R3 CONSULTING GROUP

Garth Schultz | Principal

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Background

Description of MSS Services

Marin Sanitary Service (MSS) provides franchised refuse, recyclable materials, and organics collection and processing services to the residents and businesses in Fairfax. MSS and its non-franchised related entities, Marin Recycling and Resource Recovery Association (MRRRA) and the Marin Resource Recovery Center (MRRRC), also provide solid waste, recyclable-materials, and organics collection and processing services to the residents and businesses of the towns of other Marin County agencies including San Rafael, Larkspur, Ross, Las Gallinas Valley Sanitary District, and the County of Marin (collectively the Marin Franchisors' Group, or MFG). 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 Town service area to the MSS transfer station and then transports it to the Redwood Sanitary Landfill, 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 MRRRC where recyclable materials are separated from the waste stream, processed, and marketed.

MSS also provides outreach, education, compliance, technical assistance, and other high-diversion programs to the Town, including a food-to-energy program, outreach and education to commercial and multi-family customers (to meet the obligations of State Laws AB 341 and AB 1826, which require commercial recycling and organics collection) and other related services. All services provided by MSS remain unchanged as a result of this review.

Rate Adjustment Methodology

The Town's contract with MSS' specifies use of the MFG rate adjustment methodology, and provides the option to require use of the MFG percentage increase each year under the contract without calculating the amount attributable to Fairfax. MFG's methodology was developed in cooperation with MSS, approved by MFG in 2001, and revised in 2012. The individual MFG agencies amended their agreements with MSS to include this methodology as Exhibit B - Contractors Revenue Requirement and Rate Adjustment. Similarly, Exhibit B of the Town's contract mirrors the MFG agencies' Exhibit B. Section 3 of this report describes the current methodology in more detail and includes findings from the application of the methodology to MSS's 2019 Rate Application.

In 2019, all MFG agencies adopted a new rate adjustment methodology to improve the rate setting process. MFG and R3 have worked to revise the rate setting methodology with MSS to meet the following goals:

- Streamline and simplify the rate setting process in order to spend less time and consultant cost annually;

R3

Section 1

Background

- Achieve more transparency for rate payers in the annual rate setting process; and
- Develop a new process to address fluctuations in recycling revenues and address ongoing recycling losses.

The new methodology has been completed and is detailed in a separate Amendment to their Franchise Agreements. The new methodology will provide for stable and predictable rate increases, while maintaining an emphasis on responsible solid waste management and good value to customers. The new methodology provides for indexed rate adjustments from 2020 through 2024. Example projections of future increases for MFG via the new methodology are shown in Table 4, below – not that values shown are for the MFG service area and are not inclusive of or reflective of dollar values for Fairfax (which are much lower than shown).

Table 4: Projections of Rate Increases via New Methodology

Example Rate Adjustments - Middle Scenario				
<i>MSS Operations @ 3.7%/year - Minor Improvements to Recycling Markets</i>				
	2019	2020	2021	2022
MSS Operations	27,353,613	28,368,168	29,420,560	30,421,401
Processing	4,764,811	4,945,600	5,141,482	5,352,990
Government Fees	5,573,167	5,760,188	5,952,782	6,104,201
Other	135,072	135,072	331,117	204,230
Total	37,826,662	39,209,027	40,845,941	42,082,822
Annual Rate Adjustment	9.39%	3.65%	4.17%	3.03%

Example Rate Adjustments - High Scenario				
<i>MSS Operations @ 5%/year - No Improvements to Recycling Markets</i>				
	2019	2020	2021	2022
MSS Operations	\$ 27,353,613	\$ 28,717,010	\$ 30,148,594	\$ 31,560,970
Processing	\$ 4,764,811	\$ 5,143,164	\$ 5,540,696	\$ 5,957,777
Government Fees	\$ 5,573,167	\$ 5,824,584	\$ 6,085,993	\$ 6,310,525
Other	\$ 135,072	\$ 135,072	\$ 334,171	\$ 210,547
Total	\$ 37,826,662	\$ 39,819,831	\$ 42,109,453	\$ 44,039,820
Annual Rate Adjustment	9.39%	5.27%	5.75%	4.58%

The Town is also looking into adoption of the new rate adjustment methodology to mitigate potentially substantial rate increases going forward. Moreover, if the current methodology is kept in place the Town's annual rate review expense will significantly increase as a result of MFG moving to a new methodology (i.e., substantial MSS staff time and expense to prepare a rate application following the current methodology for Fairfax, and the cost for a consultant to complete a third-party review). R3 estimates the Town's annual cost of rate setting would be three to five times greater should the current methodology be adhered to. Conversely, cost savings and other benefits of a streamlined and simplified process could be gained by adopting a rate adjustment methodology similar to MFG.

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Rate Adjustments Over Time

MSS rate adjustments in the Town have been varied in magnitude and frequency. Table 5, and Figure 1 on the following page, demonstrate rate adjustments since 2005. From 2005 through proposed 2019, the cumulative rate increase is 133.30%, at an average annual increase 5.81% which is generally consistent with R3's experience reviewing the actual costs of maintaining solid waste operations, but slightly higher than the average for other MSS customers in Marin County.

Table 5: Fairfax Rate Adjustments Over Time

Year	Rate Adjustment
2005	5.50%
2006	0.00%
2007	0.00%
2008	0.00%
2009	20.00%
2010	3.18%
2011	27.41%
2012	0.00%
2013	0.00%
2014	0.00%
2015	10.63%
2016	-2.77%
2017	2.06%
2018	6.54%
2019	19.85%
Cumulative	133.30%
Annual Average	5.81%

As shown in Table 6, since the current rate adjustment methodology in the Agreement took effect in 2012 the annual average increase has been 4.94% per year, with a cumulative increase of 40.18%. This is comparable to the trends for other MSS customers in Marin County.

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Section 1

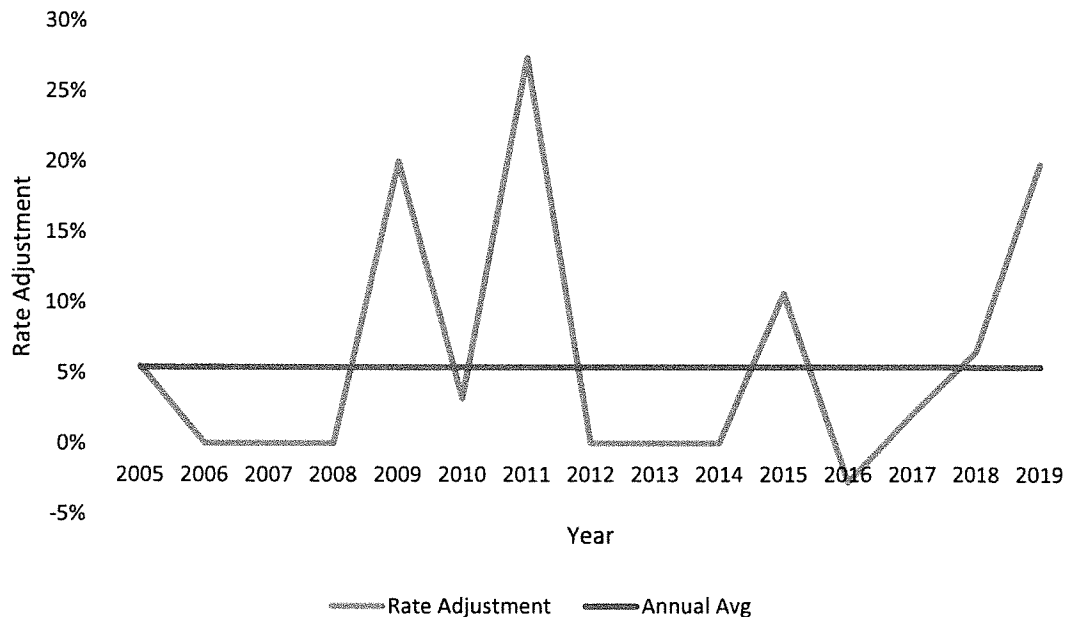
Background

Table 6: Fairfax Rate Adjustments Over Time Since 2012

Year	32-Gallon	Variance (\$)	Variance (%)
2012	\$29.09	\$0.00	0.00%
2013	\$29.09	\$0.00	0.00%
2014	\$29.09	\$0.00	0.00%
2015	\$32.18	\$3.09	10.63%
2016	\$31.29	(\$0.89)	-2.77%
2017	\$31.93	\$0.64	2.06%
2018	\$34.02	\$2.09	6.54%
2019	\$40.75	\$6.73	19.85%
Cumulative		\$11.68	40.18%
Annual Average		\$1.46	4.94%

The Town's volatile rate adjustment pattern, which shows years with significant rate increases, minimal adjustments, and years without a rate adjustment, could move to a more stable trend with the adoption of a new rate methodology.

Figure 1: Historic Trends in Fairfax Rate Adjustments 2005-2019

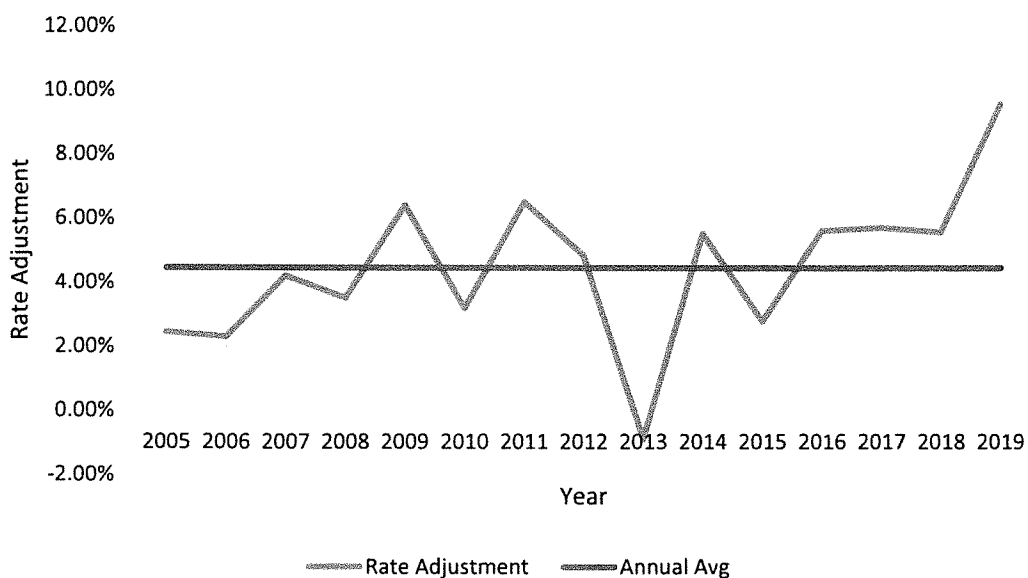


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Table 7: Marin Franchisors' Group Rate Adjustments Over Time

Year	Rate Adjustment				
	San Rafael	LGVSD	Larkspur	Ross	County
2005	2.45%	2.45%	2.45%	2.45%	2.45%
2006	2.30%	2.30%	2.30%	2.30%	2.30%
2007	4.20%	4.20%	4.20%	4.20%	4.20%
2008	3.50%	3.50%	3.50%	3.50%	3.50%
2009	6.40%	6.40%	6.40%	6.40%	6.40%
2010	3.18%	3.18%	3.18%	3.18%	3.18%
2011	6.50%	6.50%	6.50%	6.50%	6.50%
2012	4.84%	4.84%	4.84%	4.84%	4.84%
2013	-0.89%	-0.89%	-0.89%	-0.89%	-0.89%
2014	5.52%	5.52%	5.52%	5.52%	5.52%
2015	2.77%	2.77%	2.77%	2.77%	6.45%
2016	5.61%	5.61%	5.61%	5.61%	5.89%
2017	5.71%	5.71%	5.71%	5.71%	5.71%
2018	5.57%	5.57%	5.57%	5.57%	5.57%
2019	9.39%	14.33%	8.52%	9.60%	8.90%
Cumulative	91.99%	100.65%	90.46%	92.35%	98.49%
Annual Average	4.44%	4.75%	4.39%	4.46%	4.68%

For purposes of comparison, Marin Franchisors' Group rate adjustment trends are presented in Table 7. Overall, from 2005 through 2019 the cumulative rate increase for MFG is 92.28%, at an average annual increase 4.46%. Since 2012, the annual average increase has been 4.79% per year, with a cumulative increase of 37.78%.

Figure 2: Historic Trends in MFG Rate Adjustments 2005-2019


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Section 1

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Background

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Rate Review Approach

R3 Scope of Review

The Town engaged R3 to perform a review of the application in accordance with the current adopted rate adjustment methodology. These procedures included the following activities:

- Reviewing MSS management's actual achievement of, and projections for, revenues for the 12-month periods ending December 31, 2017, and 2018;
- Comparing the results to MSS's audited financial statements for 2017 and year-to-date revenues for 2018, and requesting explanations for variances;
- Reviewing the appropriateness of MSS management's classification of expenses into the various expense categories;
- Reviewing MSS management's calculation of rate year 2019 expenses and comparing them to the calculated expenses for 2018;
- Reviewing MSS management's projection of other expenses including but not limited to:
 - Labor
 - Benefits and workers' compensation;
 - Garbage landfilling and organics processing, including prior year true-ups;
 - General and administrative;
 - Depreciation and leases;
 - Maintenance;
 - Fuel and oil, including prior year true-ups;
 - Recyclables processing costs net of revenues and redemption;
 - Interest;
 - Zero Waste Marin fees; and
 - Franchise and other government fees.
- Reviewing MSS management's projection of other revenues at current rates;
- Compiling rates currently in effect in other municipalities in Marin County, as well as neighboring agencies in other counties; and
- Preparing this report that documents findings and recommendations.

Limitations

This 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

R3

Section 2

Rate Review
Approach

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's 2017 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's 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.

R3

MSS Projection Methodology (Base Year)

Projected costs for 2019 are based on costs developed during the last indexed review which occurred in 2017 setting rates for 2018. In projecting the 2019 costs, MSS included the direct costs for the Town's garbage, organics and recycling collection, costs for transfer, processing and disposal of garbage, organics and recycling, and costs of administering diversion programs including outreach, education and technical assistance.

Some costs are allocated between agencies served by MSS based on performance metrics. For example, maintenance 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. Depreciation and interest costs are allocated similarly. Management salaries are allocated based upon actual time spent by management related to that department. R3 reviewed and recommended adjustments to allocation methodologies as part of this review, with the results reflected in the recommended 2019 rate increases.

Expense Projections

MSS projected its 2019 expenses (less non-allowable costs such as: donations, fines for penalties, certain attorney's fees, goodwill, etc.) for each expense category by:

- Basing labor expense on the negotiated labor agreements in addition to reasonable wage and salary adjustments for non-represented employees;
- Forecasting benefits expense, excluding Workers' Compensation expense, based on negotiated labor agreements in addition to projecting adjustments in benefits expense for non-represented employees ;
- Calculating Worker's Compensation expense by multiplying projected wages by the applicable premium rates from the Contractor's insurance carrier for 2019;
- Forecasting projected 2019 garbage landfilling and organics processing expense using projected tons multiplied by the applicable disposal/processing rate for 2019, plus adjustments for 2017 actual disposal expenses, and estimated 2018 disposal expenses calculated based on actual 2017 results and year-to-date 2018 results;
- Forecasting projected 2019 fuel expense based on 2018 actual annualized costs to date and gallons of fuel and including adjustments to 2017 actual fuel expense and estimated 2018 fuel expense based on actual 2017 fuel expense and year-to-date 2017 average price;
- Forecasting projected 2019 maintenance expense 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 2018 depreciation and lease expense based on MSS's actual depreciation expense plus projected depreciation on anticipated purchases in the Rate

R3

Section 2

MSS Projection Methodology (Base Year)

Year (allocation of depreciation of trucks to the Town and other operations was based on truck usage metrics);

- Forecasting projected 2019 JPA Fees and processing charges based on tons collected for the Town by MSS for the period determined and rate established by the JPA;
- Forecasting projected 2019 recycling processing expense using projected tons multiplied by the negotiated processing rate of \$40 per ton for 2019;
- Forecasting projected 2019 general and administrative expense based on historical costs; and
- Forecasting projected 2019 interest expense based on MSS's actual interest from its loan amortization schedules for actual and projected capital and adjusting 2018 expenses for any projected asset purchases from the prior rate year which were not purchased in the projected time period.

Revenue Projections

MSS projects revenues at current rates to forecast revenues for the coming rate year, which, based on actual rate year 2018 data, is \$1,783,228 for 2019. This amount is then adjusted by the various fees due to the Town, including the 10% franchise fee (\$178,323), the Road Impact Fee (\$48,000) and fees for brush clearing (\$10,000) and consultant services (\$3,000 currently with recommended increase to \$19,500 for the purposes of this rate application). The projected revenues for 2019 net of fees is \$1,527,405 (\$354,001 less than the revenue requirement), which is the basis for the 19.85% recommended rate adjustment.

Profit Projections

MSS calculated its 2019 profit by applying the agreed-upon 90.5% pre-tax operating ratio to its 2019 total projected expenses that are eligible for profit. This calculation automatically recalculated MSS profit after accounting for adjustments to expenses.

Calculated Rate Adjustment Factor

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. MSS calculated the 2019 Rate Adjustment to be a 19.85% increase.

R3

Recommended 2019 Rate Increase

Summary of Adjustments

Labor

R3 reviewed and recommends adjustments to MSS's proposed labor expenses. MSS proposed \$512,073 in labor expenses and R3 recommends labor expenses of \$507,986. R3 recommended adjustments based on R3's assessment that certain allocated maintenance labor was not applicable to the Town. The result is a 0.8% decrease from MSS rate application for these expenses.

Benefits

R3 reviewed and recommends no adjustments to MSS's proposed benefit expenses of \$342,231. Workers compensation and medical premiums are significant cost drivers. Note that decreases in benefit expenses for labor adjustments are included in the labor category, above.

Garbage Landfilling and Organics Processing

R3 reviewed and recommends adjustments to MSS's proposed garbage landfilling and organics processing expenses. MSS proposed \$346,627 in garbage landfilling and organics processing expenses and R3 recommends expenses of \$332,283. The \$14,344 reduction is based on a true-up calculation refinement. The result is a decrease of 4.1% from MSS's rate application for these expenses.

Fuel and Oil

R3 reviewed and recommends adjustments to MSS's proposed fuel and oil expenses. MSS proposed \$99,734 in fuel and oil expenses (including \$94,972 in costs for 2019 and \$4,762 in prior true-ups) and R3 recommends expenses of \$104,301. The \$4,567 increase is based on MSS supporting documentation detailing the 2019 fuel and oil projection and prior true-ups. The result is an increase of 4.6% from MSS's rate application for these expenses (after inclusion of true-up expenses).

Maintenance Expense

R3 reviewed and does not recommend an adjustment to MSS proposed maintenance expenses of \$124,771.

Depreciation and Leases

R3 reviewed and does not recommend an adjustment to MSS proposed depreciation and leases expenses of \$110,476.

General and Administrative

R3 reviewed and recommends adjustments to MSS's proposed general and administrative expenses. MSS proposed \$137,302 in general and administrative expenses and R3 recommends general and administrative expenses of \$61,032. The \$76,270 reduction is based upon the removal of Zero Waste Marin fees from this category (\$19,790), and the removal of recyclables processing expenses from this category (\$56,480). In anticipation to adopting a

R3

Section 2

MSS Projection
Methodology
(Base Year)

new rate setting methodology, these expenses have been effectively removed from OR and calculation of profit. The result is a -55.55% decrease from MSS's rate application for G&A expenses. Should the Town decide to not adopt a new methodology, MSS would collect lost profit from these expenses during the 2020 rate setting process since these line items are included in OR per the current Agreement.

Operating Profit

R3 reviewed and recommends adjustments to MSS's proposed operating profit, which is calculated based on allowed expenses and a 90.5% operating ratio (the equivalent of 10.5% profit on operating expenses). MSS proposed \$175,641 in profit based on allowed operating expenses included in their application; based on all other adjustments described in this report, R3 recommends profit of \$166,078. The \$9,563 reduction is due to net decreases in operating costs described above and is a 5.44% decrease from MSS's rate application for operating profit.

Recyclables Processing

MSS proposed recycling processing expenses as part of the general and administrative category; R3 recommends removing these expenses from the G&A category to its own category and not subject to the calculation of operating profit.

Net recyclables processing costs (total processing costs less revenues from sale and redemption of recyclables) comprise 3.07% of the 2019 rate increase and are set based on a negotiated net processing cost of \$40/ton. This net processing cost per ton includes a fixed cost per ton that will be escalated by WST (with a floor of 2.5% and cap of 5%) in future indexed adjustment years starting in 2020, and a revenue per ton that will change with changing recycling revenues received from MSS's related-party recyclables processing operation. This treatment of Recycling Processing is consistent how recycling expenses will be handled going forward for the other jurisdictions serviced by MSS.

Interest Expense

R3 reviewed and recommends adjustments to MSS's proposed interest expenses. MSS proposed \$33,411 in interest expenses and R3 recommends interest expenses of \$20,476. The \$12,935 reduction is based on updated financing projections. The result is a 38.72% reduction from MSS's rate application for these expenses.

Zero Waste Marin Fees

R3 reviewed and recommends adjustments to MSS's proposed Zero Waste Marin fees. MSS proposed \$19,790 Zero Waste Marin fees as part of general and administrative expense and R3 recommends removing these expenses from the general and administrative category to its own category and not subject to operating profit calculation.

Projected Revenue at Current Rates

R3 reviewed and does not recommend an adjustment to MSS's forecast 2019 revenues at current rates (\$1,783,228). Projected revenue does not include shortfalls from migration; includes estimates of increased revenue from the new Route/Contamination Auditor.

Franchise Fees

R3 reviewed and recommends adjustments to MSS's forecast of 2019 franchise fees. Based on a 10% franchise fee of projected 2019 rate revenues, MSS forecasted \$215,918 in franchise fees and R3 recommends a forecast of \$213,604. The \$2,314 difference is due the other

R3

adjustments described in this report. The result is a 1.1% decrease from MSS's rate application for these expenses.

Other Government Fees

R3 reviewed and does not recommend adjusting the amount of street sweeping fees (\$48,000) and brush clearing fees (\$10,000). These fees accurately reflect the amounts established in the Franchise Agreement, and are pass-through expenses. Historically, the Agreement provides for a consulting fee of \$3,000, and R3 recommends the consulting fee total \$19,500 to cover the cost of the 2019 detailed rate review.

2019 Rate Increase Calculation

Based on a total recommend 2019 rate revenue requirement of \$2,137,229 and projected 2019 revenues at current rates of \$1,783,228, R3 calculated and recommends an overall 19.85% rate increase for the Town, effective January 1, 2019. Table 8 summarizes current and proposed residential rates.

Table 8
Residential Rate Summary

Service Level	Current 2018 Rate (\$/mo.)	Proposed 2019 Rate (\$/mo.)	\$ Difference
20 gallon cart	\$28.38	\$34.01	\$5.63
32 gallon cart	\$34.02	\$40.77	\$6.75
64 gallon cart	\$68.04	\$81.55	\$13.51
96 gallon cart	\$102.05	\$122.32	\$20.26

Survey of Comparable Rates

R3 conducted a survey of solid waste rates for agencies located throughout the Bay Area (current as of February 2019). For the purpose of comparing the Town to other agencies we have applied the 2019 rate increase for the Town and use the 2019 rate where available for all other agencies.

Figure 3, below, shows a summary of Marin County rates for residential customers with 30-35 gallon garbage service. Bars shown in blue are 2018 rates for Mill Valley Refuse Service; purple is the 2018 rate for Tamalpais Community Services District; red are 2018 rates for Recology Marin (and are artificially low because of prior contract with the Ratto Group and proximity to Redwood Landfill); orange are 2019 MSS rates for non-Franchisors' Group agencies (Fairfax and San Anselmo), and; green are 2019 MSS rates for Franchisors' Group agencies. Overall, the Town's 2019 rates compare favorably to the Marin County average, especially for the level of high-quality services provided by MSS.

Section 4

Proposed
Adjustments to
MSS Rate
Application

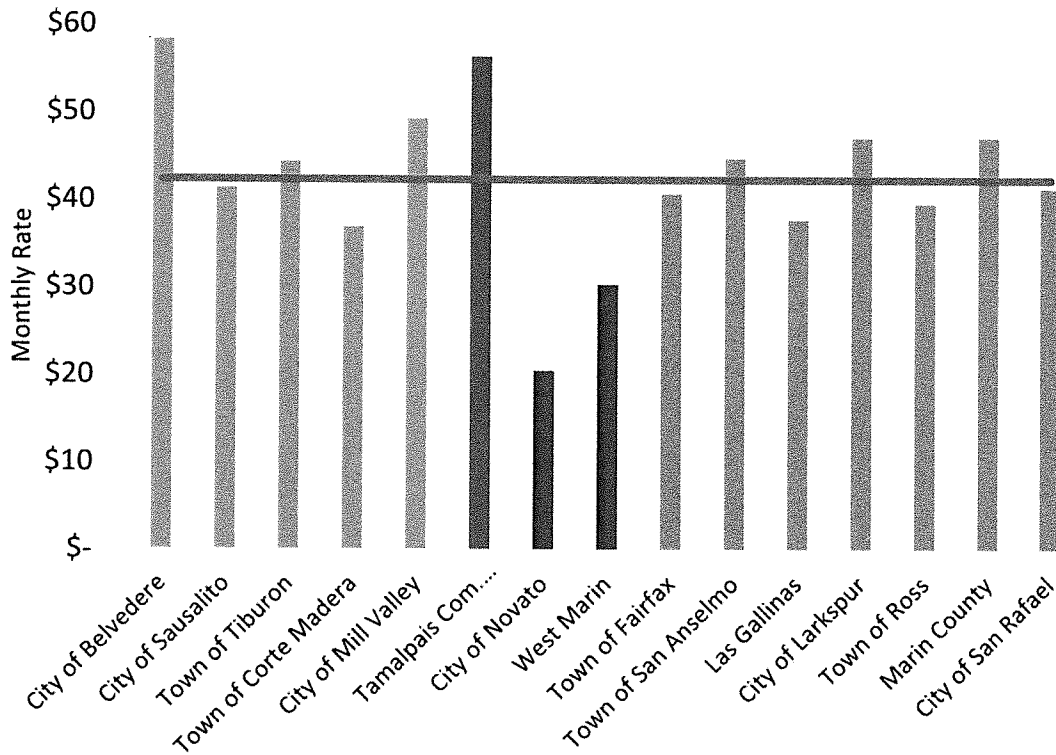
R3

Section 2

MSS Projection
Methodology
(Base Year)

Figure 3

Marin County Rates: Fairfax's 2019 Residential 32-gal Can compared to Current 30-25-gal Can Rates and Marin County Average of \$42.40



The Town's 2019 residential rates for a 32-gallon container, \$40.75, below the Marin County average of \$42.40 and below the Marin Franchisors' Group average of \$42.61. The Town's commercial rates for a 3-cubic yard bin serviced 1 time per week is \$561.72. The average rate for the Franchisors' Group is \$542.63 while the average for Marin County is \$511.35. These survey results are presented as an indication of the reasonableness of the resulting rates for 2019. Conclusions should not be immediately drawn from this information because rate comparisons are intrinsically difficult and often misleading. This results from differences in issues such as those listed below:

- The types and ranges of services provided, as well as the level of subscription to solid waste services by residential, commercial, and industrial customers;
- The ratio of residential to commercial and industrial customers;
- The terrain in which the service is performed;
- Disposal, transfer and process costs, and amounts per capita; and
- Rate structures and governmental fees (e.g., franchise fees, vehicle impact fees, etc.).

R3

RESOLUTION NO. 19-__

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX
APPROVING A GARBAGE AND RECYCLING SERVICE RATE INCREASE
IN THE TOWN OF FAIRFAX**

WHEREAS, Fairfax Town Code Section 8.08.110 provides that the Town may enter into an exclusive contract with any responsible individual, firm or corporation for the collection, removal and disposal of garbage collected and accumulated within the Town, under the terms and conditions as may be prescribed by the Town Council; and

WHEREAS, the Town of Fairfax has entered into such an agreement with Marin Sanitary Service for the provision of solid waste and recycling services (the "Franchise Agreement"); and

WHEREAS, in accordance with the Franchise Agreement, Marin Sanitary Service may submit an application to the Town for an increase in garbage and recycling service rates; and

WHEREAS, Marin Sanitary Service has submitted an application for rate review, requesting an increase in service charges retroactive to January 1, 2019; and

WHEREAS, the Town conducted an independent review of the rate application in accordance with the rate-setting methodology set forth in the Franchise Agreement; and

WHEREAS, the new rate schedule proposed by Marin Sanitary Service is attached hereto and incorporated herein as Exhibit A; and

WHEREAS, in accordance with the requirements of the Franchise Agreement, as well as state law, the Town of Fairfax posted a notice of the April 3, 2019, public hearing in the three designated places in Town and published a notice of public hearing in the Marin Independent Journal; and

WHEREAS, the Town Council of the Town of Fairfax held a public hearing on April 3, 2019, to consider the requested increase, at which time any person interested, including all persons owning property within the Town, was invited to appear and be heard on the matters set forth in the public hearing notice; and

WHEREAS, Fairfax Town Code Section 8.08.030 provides that garbage service charges will be set forth in a resolution of the Town Council,

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Fairfax as follows:

SECTION 1. The recitals set forth above are adopted as further findings of the Town Council.

ATTACHMENT C

SECTION 2. The Town Council has reviewed the rate schedule requested by Marin Sanitary Service, as set forth in Exhibit A hereto, and finds that the proposed rates and charges are not discriminatory or excessive and will be sufficient under California Government Code Section 54515 and will comply with the provisions of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and will be in compliance with law.

SECTION 3. The Town Council hereby adopts the rate schedule set forth in Exhibit A, with such new rates effective as of the 1st day of January 2019.

The forgoing Resolution was duly passed and adopted at a special meeting of the Town Council of the Town of Fairfax held in said Town on the 3rd day of April 2019 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

BARBARA COLER, Mayor

Attest:

Michele Gardner, Town Clerk

Exhibit A attached

MAFF		RESIDENTIAL REFUSE COLLECTION RATES			Rate 19.85%
					Effective 1/1/2019
REOCCURING CHARGES	Residential Service (Bundled service includes 1 landfill (garbage) cart, 1 organics cart, & 1 recycling split cart)				
	Weekly Service Rates (Billed Quarterly)	2019 Flat rate		2019 Hill Rate	
		Monthly Rate	Quarterly Rate	Monthly Rate	Quarterly Rate
	20 gallon cart	\$34.01	\$102.03	\$39.70	\$119.10
	32 gallon cart	\$40.77	\$122.31	\$47.63	\$142.89
	64 gallon cart	\$81.55	\$244.65	\$95.26	\$285.78
	96 gallon cart	\$122.32	\$366.96	\$142.89	\$428.67
	Low income - 20 gal* cart	\$29.56	\$88.68	\$34.54	\$103.62
	Low income - 32 gal* cart	\$35.48	\$106.44	\$41.42	\$124.26
	Low income - 64 gal* cart	\$70.95	\$212.85	\$82.84	\$248.52
	Additional Organics Cart Rental (35 or 64 gallon cart)	\$2.15	\$6.45	\$2.15	\$6.45
	Additional Split Cart Rental (64 or 96 gallon cart)	\$2.15	\$6.45	\$2.15	\$6.45
	Additional Monthly Charges	Monthly Fee (per cart, each way)	Quarterly Fee		
	Distance 5' - 50'	\$6.09	\$18.27		
Distance Over 50'	\$12.11	\$36.33			

*Must meet PG&E CARE program eligibility requirements.

**Customers with these rates prior to 2005 will keep the existing rate type. No new customers will be added with this rate type.

NOTE: We may not be able to accommodate any collection requests NOT at the curb due to a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES	Additional Service Fees per Occurrence	2019 Fee
	Return Fees - Off day	\$25.00
	Return Fees - Same day	\$10.00
	Resume Service/Late Fee	\$35.00
	Contamination (cart) any size cart	\$30.00
	Overload/Overweight (cart)	\$25.00
	Extra bag garbage	\$15.00
	Extra bag yard waste	\$10.00
	Steam Clean (cart)	\$15.00
	Special Collection	\$35.00
	Special Handling (Bulky items)	\$30.00
	Bulky item fees per item	Fees Vary
	Cart Strap Set-up Admin Fee	\$25.00
	20 Gal Cart Replacement Fee	\$55.00
	32 Gal Cart Replacement Fee	\$60.00
	64 Gal Cart Replacement Fee	\$65.00
	96 Gal Cart Replacement Fee	\$75.00
	64 Gal Split Cart Replacement Fee	\$90.00
	96 Gal Split Cart Replacement Fee	\$100.00

EXHIBIT A

MAFF		COMMERCIAL REFUSE COLLECTION RATES						19.85% Increase Effective 1/01/19
COMMERCIAL CARTS, BINS, ROLL-OFFS		Collections per Week						Additional One Time Empty
	1	2	3	4	5	6		
Garbage								
20 gallon cart*	\$40.87	\$81.74	\$122.61	\$163.48	\$204.34	\$245.21	\$9.43	
32 gallon cart	\$48.08	\$96.17	\$144.25	\$192.34	\$240.42	\$288.50	\$11.10	
64 gallon cart	\$96.17	\$192.34	\$288.50	\$384.67	\$480.84	\$577.01	\$22.19	
96 gallon cart	\$144.25	\$288.50	\$432.75	\$577.01	\$721.26	\$865.51	\$33.29	
1 yard bin	\$239.72	\$403.86	\$567.80	\$732.06	\$896.14	\$1,060.21	\$55.32	
2 yard bin	\$400.79	\$710.17	\$1,019.42	\$1,328.73	\$1,638.23	\$1,947.48	\$92.49	
3 yard bin	\$562.00	\$1,016.62	\$1,471.10	\$1,925.72	\$2,380.07	\$2,752.20	\$129.69	
4 yard bin	\$801.92	\$1,480.03	\$2,095.33	\$2,710.63	\$3,325.93	\$3,941.22	\$185.06	
5 yard bin	\$905.30	\$1,653.45	\$2,370.37	\$3,087.28	\$3,804.23	\$4,521.14	\$208.92	
6 yard bin	\$1,008.67	\$1,826.87	\$2,645.40	\$3,463.93	\$4,282.53	\$5,101.06	\$232.77	
10 yard roll-off	\$1,681.12	\$3,044.78	\$4,409.00	\$5,773.22	\$7,137.55	\$8,501.77	\$387.95	
18 yard roll-off	\$3,026.02	\$5,480.60	\$7,936.20	\$10,391.80	\$12,847.59	\$15,303.19	\$698.31	
20 yard roll-off	\$3,362.24	\$6,089.56	\$8,818.00	\$11,546.44	\$14,275.10	\$17,003.54	\$775.90	
25 yard roll-off	\$4,202.80	\$7,611.95	\$11,022.50	\$14,433.05	\$17,843.88	\$21,254.43	\$969.88	
Organics (F2E or Compost)	1	2	3	4	5	6	Additional One Time Empty	
32 gallon	\$18.77	\$37.54	\$56.31	\$75.08	\$93.85	\$112.62	\$4.33	
64 gallon	\$37.54	\$75.08	\$112.62	\$150.16	\$187.70	\$225.24	\$8.66	
1 yard	\$131.13	\$262.26	\$393.39	\$524.52	\$655.65	\$786.78	\$30.26	
2 yard	\$262.26	\$524.52	\$786.78	\$1,049.04	\$1,311.30	\$1,573.56	\$60.52	
3 yard	\$393.39	\$786.78	\$1,180.17	\$1,573.56	\$1,966.95	\$2,360.34	\$90.78	
10 yard roll-off	\$1,176.78	\$2,353.56	\$3,530.34	\$4,707.12	\$5,883.90	\$7,060.68	\$271.56	
18 yard roll-off	\$2,118.20	\$4,236.41	\$6,354.61	\$8,472.82	\$10,591.02	\$12,709.22	\$488.82	
20 yard roll-off	\$2,353.56	\$4,707.12	\$7,060.68	\$9,414.24	\$11,767.80	\$14,121.36	\$543.13	
25 yard roll-off	\$2,941.95	\$5,883.90	\$8,825.85	\$11,767.80	\$14,709.75	\$17,651.70	\$678.91	
Garbage Compactors (Per empty)								
Roll-off Compactor Tipping fee per ton	\$159.90	Roll-off Compactor Hauling charge	\$204.31					
Stationary FL (Per Compacted Yard)	\$103.39	Roll-off Compactor Special handling	Rates Vary					
Other Charges	Service	Fee	Details					
	Lock	\$25.00	Monthly fee					
	Box rental	Fees Vary	Min. Bimonthly fee					
	Distance < 50ft	\$6.09	Monthly fee per cart, each way					
	Distance > 50ft	\$12.11	Monthly fee per cart, each way					

REOCCURRING CHARGES

* Customers must have a sufficient level of service for the volume of material generated. Requests for 20gal carts require assessment and approval of a Route Manager.

NOTE: All container types and sizes may not be available at all locations depending on a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

NOTE: Roll-offs for organics available on request at 30% discount on above garbage rates.

ONE TIME SERVICE FEES	Commercial Service Fees	Fee
	Return Fee - BIN	\$75.00
	Return Fee - CART -same day	\$10.00
	Return Fee - CART -off day	\$25.00
	Late Fee/Resume Service Fee	\$35.00
	Contamination (BIN)	\$50.00
	Contamination (CART)	\$30.00
	Overload/Compaction (BIN)	\$60.00
	Overload/Compaction (CART)	\$25.00
	Extra Bag Garbage	\$15.00
	Additional Empty BIN	Fees vary
	Extra Bag Yard Waste	\$15.00
	Steam Clean (1-6 yard BIN)	\$95.00
	Steam Clean (CART)	\$15.00
	Steam Clean (COMPACTOR/ROLL-OFF)	\$225.00
	Lock Set-up Admin Fee	\$25.00
	Lock Single Use Fee	\$5.00
	Lock Purchase Fee	\$20.00
	Lock Bar Bin Set-up Fee	\$75.00
	Overweight Charge Per Ton*	\$205.00
	20 Gal Cart Replacement Fee	\$55.00
	32 Gal Cart Replacement Fee	\$60.00
	64 Gal Cart Replacement Fee	\$65.00
	96 Gal Cart Replacement Fee	\$75.00
	64 Gal Split Cart Replacement Fee	\$90.00
	96 Gal Split Cart Replacement Fee	\$100.00
	Bin Repair/Replacement Fee**	Fees vary by size up to \$1,200

*(Boxes exceeding 300lbs/yard)

**Fees vary by size not to exceed current replacement value.

MAFF			Collections per Week						19.85% Increase Effective 1/01/19	
MFD CARTS, BINS, ROLL-OFFS										
Garbage	1	2	3	4	5	6	Additional One Time Empty			
20 gallon cart *	\$34.65	\$69.30	\$103.95	\$138.59	\$173.24	\$207.89	\$8.00			
32 gallon cart	\$40.77	\$81.55	\$122.32	\$163.09	\$203.86	\$244.64	\$9.41			
64 gallon cart	\$81.55	\$163.09	\$244.64	\$326.18	\$407.73	\$489.28	\$18.82			
96 gallon cart	\$122.32	\$244.64	\$366.96	\$489.28	\$611.59	\$733.91	\$28.23			
1 yard bin	\$239.72	\$403.86	\$567.80	\$732.06	\$896.14	\$1,060.21	\$55.32			
2 yard bin	\$400.79	\$710.17	\$1,019.42	\$1,328.73	\$1,638.23	\$1,947.48	\$92.49			
3 yard bin	\$562.00	\$1,016.62	\$1,471.10	\$1,925.72	\$2,380.07	\$2,752.20	\$129.69			
4 yard bin	\$801.92	\$1,480.03	\$2,095.33	\$2,710.63	\$3,325.93	\$3,941.22	\$185.06			
5 yard bin	\$905.30	\$1,653.45	\$2,370.37	\$3,087.28	\$3,804.23	\$4,521.14	\$208.92			
6 yard bin	\$1,008.67	\$1,826.87	\$2,645.40	\$3,463.93	\$4,282.53	\$5,101.06	\$232.77			
10 yard roll-off	\$1,681.12	\$3,044.78	\$4,409.00	\$5,773.22	\$7,137.55	\$8,501.77	\$387.95			
18 yard roll-off	\$3,026.02	\$5,480.60	\$7,936.20	\$10,391.80	\$12,847.59	\$15,303.19	\$698.31			
20 yard roll-off	\$3,362.24	\$6,089.56	\$8,818.00	\$11,546.44	\$14,275.10	\$17,003.54	\$775.90			
25 yard roll-off	\$4,202.80	\$7,611.95	\$11,022.50	\$14,433.05	\$17,843.88	\$21,254.43	\$969.88			
Organics	1	2	3	4	5	6	Additional One Time Empty			
Additional Organics Cart Rental (35 gallon cart) after 4 TOTAL carts per cart per month	\$2.15	NA	NA	NA	NA	NA	NA			
Additional Organics Cart Rental (64 gallon cart) after 4 TOTAL carts per cart per month.	\$2.15	NA	NA	NA	NA	NA	NA			
1 yard	\$131.13	\$262.26	\$393.39	\$524.52	\$655.65	\$786.78	\$30.26			
2 yard	\$262.26	\$524.52	\$786.78	\$1,049.04	\$1,311.30	\$1,573.56	\$60.52			
3 yard	\$393.39	\$786.78	\$1,180.17	\$1,573.56	\$1,966.95	\$2,360.34	\$90.78			
Garbage Compactors (Per empty)										
Roll-off Compactor Tipping fee per ton	\$159.90	Roll-off Compactor Hauling charge	\$204.31							
Stationary FL (Per Compacted Yard)	\$103.39	Roll-off Compactor Special handling	Rates Vary							
Other Charges	Service	Fee	Details							
	Lock		\$25.00	Monthly fee						
	Box rental		Fees Vary	Min. Bimonthly fee						
	Distance < 50ft		\$6.09	Monthly fee per cart, each						
	Distance > 50ft		\$12.11	Monthly fee per cart, each						

REOCCURRING CHARGES

REOCCURING CHARGES

NOTE: Minimum service level is 32 gallons per unit or equivalent volume. Decrease to 20 gallon per unit is subject to company review and approval.
 NOTE: Up to four (4) Organics carts provided at no additional charge. Additional carts may be rented for a nominal monthly fee.
 NOTE: All container types and sizes may not be available at all locations depending on a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES	MFD One Time Service Fees	Fee
	Return Fee - BIN	\$75.00
	Return Fee - CART -same day	\$10.00
	Return Fee - CART -off day	\$25.00
	Late Fee/Resume Service Fee	\$35.00
	Contamination (BIN) Per Yard	\$50.00
	Contamination (CART)	\$30.00
	Overload/Compaction (BIN)	\$60.00
	Overload/Compaction (CART)	\$25.00
	Additonal Empty Bag	\$15.00
	Extra Bag Yard Waste	\$10.00
	Additional Empty Garbage	Fees vary
	Steam Clean (BIN)	\$95.00
	Steam Clean (CART)	\$15.00
	Steam Clean (COMPACTOR/ROLL-OFF)	\$225.00
	Lock Set-up Admin Fee	\$25.00
	Lock Single Use Fee	\$5.00
	Lock Purchase Fee	\$20.00
	Lock Bar Bin Set-up Fee	\$75.00
	Overweight Charge Per Ton*	\$205.00
	20 Gal Cart Replacement Fee	\$55.00
	32 Gal Cart Replacement Fee	\$60.00
	64 Gal Cart Replacement Fee	\$65.00
	96 Gal Cart Replacement Fee	\$75.00
	64 Gal Split Cart Replacement Fee	\$90.00
	96 Gal Split Cart Replacement Fee	\$100.00
	Bin Repair/Replacement Fee**	Fees vary by size up to \$1,200

*(Boxes exceeding 300lbs/yard)

**Fees vary by size not to exceed current replacement value.