

Marin Sanitary Service

CONSERVATION - OUR EARTH, OUR MISSION, OUR JOB

October 10, 2019



Sent via e-mail

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

Mr. Garth Schultz
Principal
R3 Consulting Group
2600 Tenth Street, Suite 424
Berkeley, CA 94710

Subject: 2020 Town of Fairfax Rate Application

Dear Messrs. Toy and Schultz,

Attached is Marin Sanitary Service's (MSS) rate calculation for rates to be effective January 1, 2020, in the Town of Fairfax (Town). Two versions of the Rate Application have been prepared. The first version, resulting in an increase of 4.94%, was prepared in accordance with the Marin Franchisor's Group (MFG) Exhibit B Rate Setting Methodology. This is the same methodology that was used in the 2019 rate-setting process. The second version, resulting in a 6.38% increase, was prepared using the rate-setting methodology in the current contract with the Town (also referred to as Exhibit B).

Both versions are prepared using an Indexed Rate Year approach. The MFG methodology uses one index (Water and Sewer and Trash Collection, or WST) to adjust the majority of operating costs. The Town methodology differs in that five indices are used to adjust various expense categories and depreciation and interest expense are based on projections, rather than adjusted by an index. Supporting schedules have been prepared for both versions and we will provide those to R3 Consulting Group, Inc. for their review.

We look forward to working with the Town and R3 Consulting Group, Inc. to conclude the current contract negotiations and review of the rate application.

As always, we remain at your disposal.

A handwritten signature in cursive script, appearing to read "Patty Garbarino".

Patty Garbarino
President

Attachment

CC: Roger Williams, Marin Sanitary Service
Kim Scheibly, Marin Sanitary Service
Ray Holmes, Marin Sanitary Service

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ATTACHMENT



**Marin Sanitary Service
Fairfax Rate Application - 2020
Index Rate Year Calculation - Fairfax Exhibit B Methodology**

	2020 Rate Amount
MSS Operating Expense	
Labor	\$ 523,226
Benefits	348,391
Garbage Landfilling and Organics Processing	342,826
Maintenance	129,138
Depreciation and Leases	133,377
Fuel and Oil	98,669
General and Administrative	178,696
	-
	-
MSS Operating Expense (Subject to Profit)	\$ 1,754,323
MSS Revenue Requirement	
MSS Operating Expense (Subject to Profit)	\$ 1,754,323
Operating Profit (90.5% Operating Ratio)	184,155
Recyclables Processing	-
Interest	28,279
Zero Waste Marin Fees	-
Franchise Fees	228,029
Other Agency Fees (Street Sweeping, etc)	77,500
Lost Profit in 2019 from Category Reclass	8,006
	-
	-
MSS Revenue Requirement - 2020	\$ 2,280,292
MSS Revenue at Current Rates - 2019	\$ 2,143,496
2020 Rate Increase Percentage	6.38%