

Review of MSS 2023 Rate Application

**November and December, 2022
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AGENDA

1. Rate Adjustment Methodology

2. Rate Compensation Overview

3. 2023 Rate Adjustment

4. Rate Comparison

5. Q&A and Rate Adoption

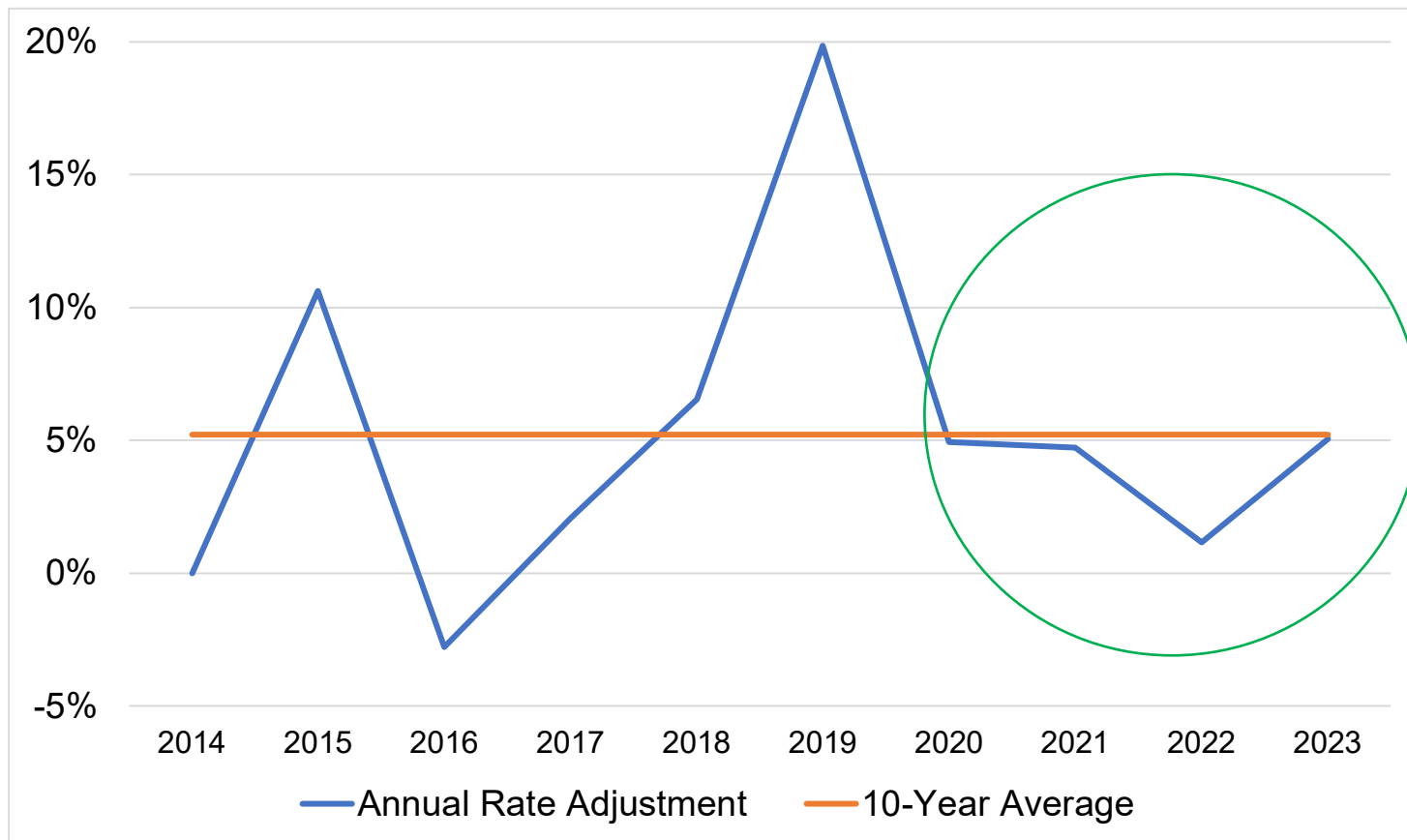
Rate Adjustment Methodology

- **Rates are Sole Compensation to MSS**
 - Rates are the only source of funding for MSS's solid waste and recycling collection, processing, recovery and disposal services
- **Cost of Service Increases Every Year**
 - Costs for these services tends to increase annually
 - Labor wages and benefits
 - Vehicles, fuel, parts and equipment
 - Processing, recycling, composting and disposal
 - Governmental fees and unfunded state mandates
 - Important (and required) environmental programs like recycling and composting are more costly than landfill disposal
- **Annual Rate Increases Fund Cost Increases**
 - Contract with MSS sets the terms of annual adjustments
 - Adjustments are CPI-like, setting amount paid to MSS
 - MSS is incentivized to control costs

Rate Adjustment Methodology

➤ CPI-like Rate Adjustments

- Annual changes based on streamlined formulas since 2020
- Result has been stable and predictable changes in rates (even through the uncertainty of the COVID-19 pandemic)



Rate Compensation Overview

➤ **Collection Operations (63%)**

- Programs and services provided by MSS @ 4.42% CPI increase

➤ **Processing, Recycling and Disposal (11%)**

- Garbage, recycling and and organics services provided by MSS and others based on changing tonnages and CPI
- Normal increases are offset by improvements in recycling markets

➤ **State and Local Compliance (18%)**

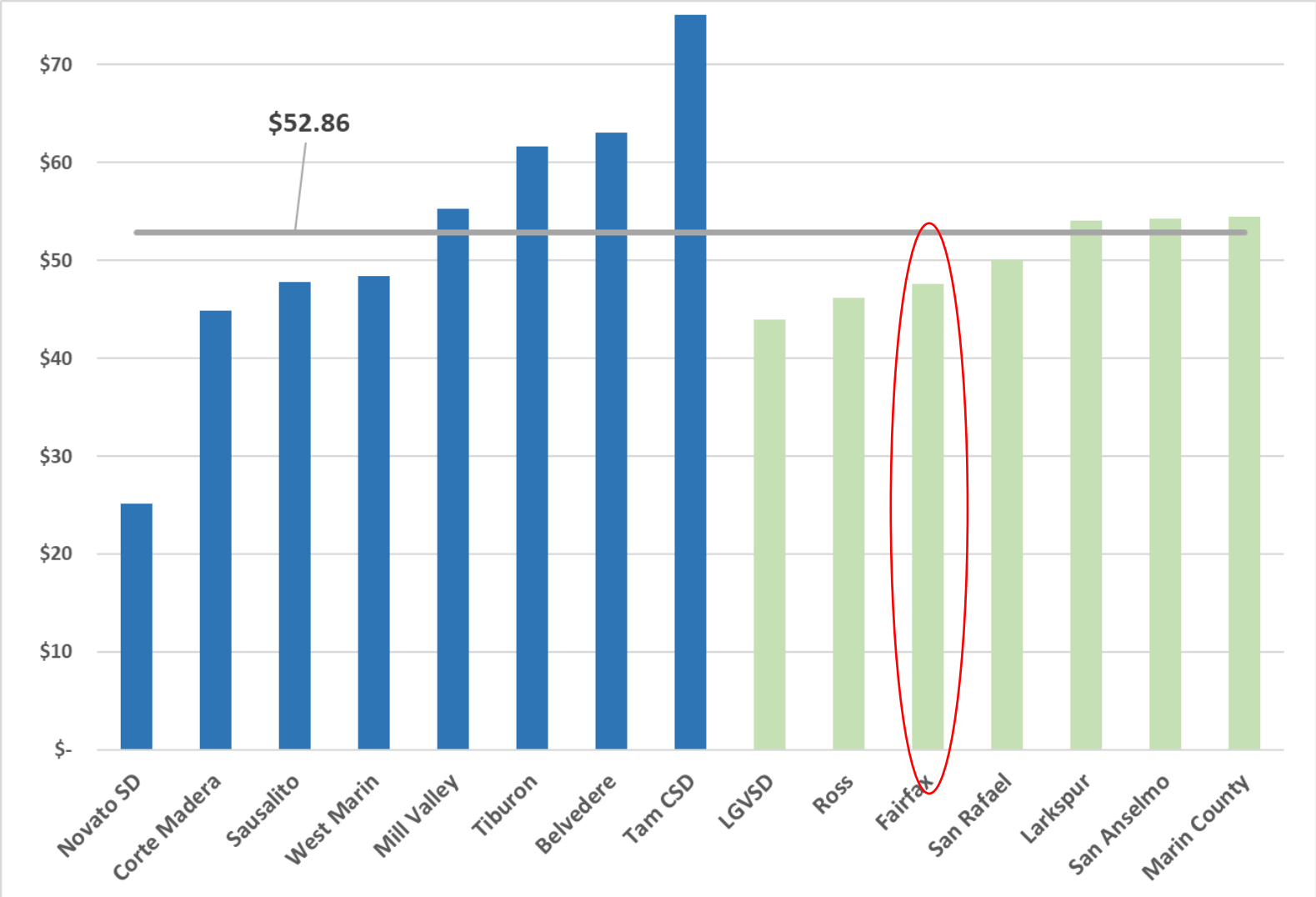
- Mandatory SB 1383 organics recovery and climate pollutant reduction programs, services, education and reporting
- Regional programs and services provided by Zero Waste Marin
- Contract management, administration, compliance with State laws and use of government property

➤ **Profit Allowance (8%)**

- Normal industry standard profit margin; investments; risks
- Profit is not guaranteed

- **Rate Adjustment Effective January 1, 2023**
 - 5.06% increase to MSS rates in Fairfax
 - Equates to increase of \$2.29 per month for most residential customers (32-gallon garbage subscription)
 - Residential customers who qualify for low-income rate will receive 20% discount (based on PG&E CARE Program)
 - Changes to commercial rate changes will vary and can often be avoided through better recycling and waste reduction

➤ Monthly 32-gallon Residential Rates



- **Q&A**
- **Rate Hearing and Adoption**