

# **Review of MSS 2024 Rate Application**

**November 1, 2023**

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# AGENDA

1. Rate Adjustment Methodology

2. Rate Compensation Overview

3. 2024 Rate Adjustment

4. Rate Comparison

5. Q&A and Rate Adoption

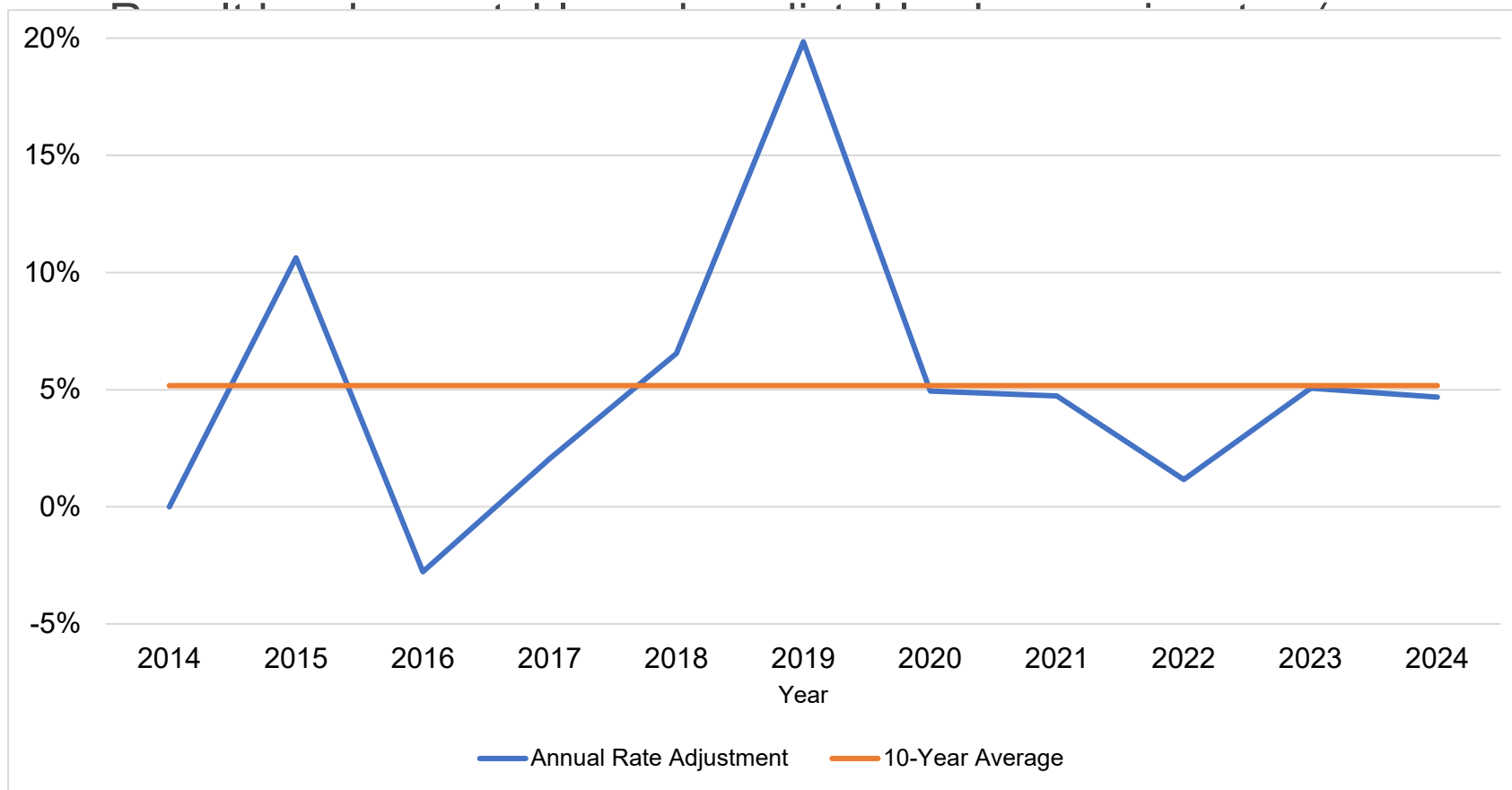
# Rate Adjustment Methodology

- **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

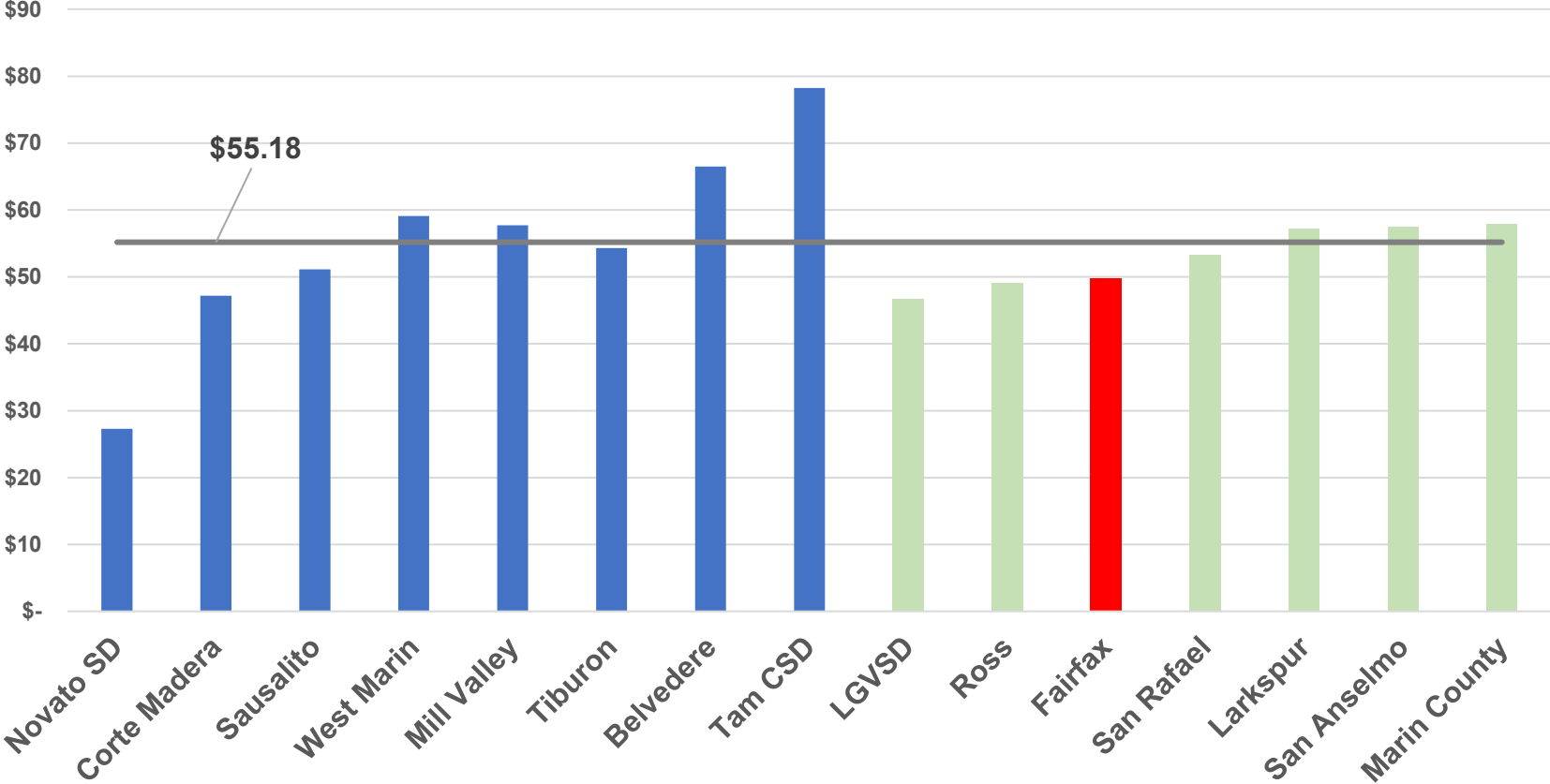


# Rate Compensation Overview

- **Collection Operations (60.0%)**
  - Programs and services provided by MSS @ 4.42% CPI increase
- **Processing, Recycling and Disposal (14.6%)**
  - 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 (17.0%)**
  - 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 (8.4%)**
  - Normal industry standard profit margin; investments; risks
  - Profit is not guaranteed

- **Rate Adjustment Effective January 1, 2024**
  - 4.68% increase to MSS rates in Fairfax
  - Equates to increase of \$2.23 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**