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To: Cory Bytof, Sustainability Program Manager, City of San Rafael
From: Garth Schultz and Ryan Calkins, R3 Consulting Group
Date: December 2, 2019
Subject: 2020 Illegal Dumping Reduction Pilot Program Funding via 2020 Solid Waste Rates

Illegal Dumping Reduction Pilot Program Overview

Background

The San Rafael City Council has established reduction of illegal dumping as a high priority area for City action. The City conducted a pilot project in 2018-2019 that tested implementation of “bulky waste” collection and recycling events as a means of to reducing illegal dumping, with the results reported in the City of San Rafael Illegal Dumping Pilot Report (Bulky Waste Collection and Recycling Events).

The 2018-2019 pilot project found that bulky waste collection events resulted in a noticeable reduction in illegal dumping. The Report recommends further implementation of illegal dumping reduction actions in 2020, including continuation of the bulky waste collection events (which proved successful) as well as testing of new programs to reduce the incidence of – and clean-up response to – illegal dumping in the City.

2020 Funding Opportunity

The City has an opportunity to provide funding for continuation of the bulky waste collection events and testing of new recommended programs in 2020 via a small increase in the solid waste rates. R3 Consulting Group, Inc. (R3) has separately calculated that the 2020 solid waste rate adjustment for San Rafael should be 4.32% (per R3 Review of Marin Sanitary Service’s 2020 Rate Application) based on the Franchise Agreement between the City and Marin Sanitary Service (MSS).

The City may choose direct 0.53% to be added to the rate adjustment – resulting in a total rate adjustment of 4.85% – in order to fund \$100,000 in MSS and City costs for a “2020 Illegal Dumping Reduction Pilot Program” (Pilot Program) that would implement the actions recommended in the City of San Rafael Illegal Dumping Pilot Report (Bulky Waste Collection and Recycling Events).

Overview of Proposed 2020 Illegal Dumping Reduction Pilot Program

If funded, the City would work with MSS, prior pilot project partner Gigantic Idea Studios (GIS), R3, and other key stakeholders identified by the City to conduct additional discovery and research early in 2020 and then finalize the Pilot Program design parameters, logistics, and schedule. By Spring 2020, the project team would implement (tentatively) the following three services that would:

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- Reduce illegal dumping generation from residential properties via “debris box events”, like those implemented via the prior pilot in 2018-2019. This element of the pilot would be undertaken in order to gather additional information about the costs and effectiveness of this program element for the purposes of future cost and effectiveness comparisons against other potential alternatives. The City anticipates providing four “debris box events” providing access to service for a test population of approximately 2,400 housing units.
- Reduce illegal dumping generation from residential properties via a “voucher” program for no-cost disposal at MSS’s public facility in San Rafael. This would be a new service and would be undertaken to gather information about the effectiveness of and participation in the program, also for future comparison to alternatives as noted above. The City anticipates providing vouchers via mail to a test population of 1,700 housing units and working with MSS to carefully monitor and track “redemption” of the vouchers.
- Help commercial businesses remove illegal dumping from their property via a “coupon” program for no-cost disposal at MSS’s public facility in San Rafael. This would be an all new service and would be undertaken to gather information about the effectiveness of and participation in the program, and comparison to alternatives. The coupons would potentially be distributed by the City based on reports of illegal dumping on commercial property, estimated at 200 coupons total. The City would work with MSS to carefully monitor and track “redemption” of the coupons.

Partnership with MSS

MSS has been briefed on the details of the proposal to increase rates to fund implementation of the Pilot Program and has expressed that it is happy to be the City’s operational partner, and MSS supports the rate funding of Pilot Program costs. MSS did express that operational logistics will need to be discussed and refined prior to implementation in order to mitigate the possibility that actual costs exceed the \$100,000 recommended Pilot Program budget. R3’s engagement in the project is to support the City and MSS as the City’s solid waste financial and programs consultant by developing the financial and operational parameters that will both help keep costs within the overall budget. R3 is further committed to supporting the City’s analysis of the financial and operational Pilot Program results, in order to establish findings about operational efficiency and cost effectiveness for future Citywide illegal dumping reduction programs.

Reporting and Next Steps for 2021

After completion, the project team would prepare a report on the Pilot Program results, with an anticipated report in the Fall of 2020. The City to present the results to Council and make recommendations about next steps to continue progress in 2021 to reduce illegal dumping, including projections of the potential for citywide implementation of the program elements tested in 2020 (preliminary estimates subject to refinement based on Pilot Program results are included at the end of the memorandum).

Pilot Program Rate Impact and Draft Budget

The City has an opportunity to set the 2020 solid waste rates to secure funding for the Pilot Program as part of the 2020 rate hearing on December 16, 2019. The City is scheduled to hear and adopt a 4.32% increase in MSS’s solid waste rates, in accordance with the terms and conditions of the new annual “indexed rate adjustment”, per the revised Exhibit B to the Franchise Agreement with MSS, which the City adopted in early 2019.

City May Direct Change in Scope

Per Section IV. of Exhibit B, the City may direct a “change in scope” to the services provided by MSS, and the City may secure funding for the Pilot Program by directing such a change in scope. With the 4.32% indexed rate adjustment due to MSS, the City may seek to fund up to \$100,000 for the Pilot Program by adopting a 2020 rate adjustment of 4.85% (0.53% more than the base 2020 rate increase of 4.32% due to MSS per Exhibit B). Funding of the Pilot Program is entirely at the City’s discretion and may be funded at a greater or lesser amount, or at a later time, if desired.

Table 1 shows the calculation of the 2020 Rate Adjustment with the inclusion of the proposed \$100,000 funding for the Pilot Program (added to existing line in the 2020 Rate Adjustment, which is for actions related to compliance with State Law AB 1826, with a 2020 amount of \$7,941). All information in Table 1 is the same as the information presented in the R3 Review of Marin Sanitary Service’s 2020 Rate Application, with the exceptions of the \$100,000 increase (above the \$7,941 in AB 1826 costs included in the base rate application) in the line labelled with “Change in Scope”, MSS’s profit (which also will increase in accordance with the increase in operating expenses and is appropriate to offset MSS’s administrative costs associated with being a partner in the Pilot Program), and the 2020 Rate Revenue and Adjustment calculations.

Table 1: Revised San Rafael 2020 Rate Calculation

Includes \$100,000 for Illegal Dumping Reduction Pilot Program as “Change in Scope”.

Collector Operations	\$ 15,616,693
Fuel and Oil True-up	51,124
Garbage Landfilling and Organics Processing	2,791,135
Garbage Landfilling and Organics True-up	11,179
Change in Scope: Illegal Dumping Pilot Program (\$100,000) and AB 1826 Costs (\$7,941)	107,941
Collector Profit (90.5% Operating Ratio)	1,950,184
Recyclable Materials Processing	532,533
Recycling Losses	74,628
Interest	355,144
Zero Waste Marin Fees	253,846
Franchise Fees	2,465,334
Other Agency Fees	443,600
Total 2020 Rate Revenue Requirement	24,653,341
Total 2019 Rate Revenue Requirement	23,513,906
2020 Rate Revenue Adjustment	4.85%

Draft Pilot Program Budget

A draft budget for the Pilot Program, at an anticipated total expense of \$100,000, is provided in Table 2. Please see the City of San Rafael Illegal Dumping Pilot Report (Bulky Waste Collection and Recycling Events) for more detailed descriptions of the general program concepts and prior recommendations. Note that the program details included in this memorandum have been adjusted to correspond with the recommended \$100,000 program budget.

Table 2: Proposed 2020 Illegal Dumping Reduction Pilot Program Budget

Figures for Items 2-4 are estimates, subject to refinement during Pilot Program finalization in early 2020.

Task		Responsible Party	Anticipated Timeline		Estimated Cost
1	Pilot Program Research, Design and Finalization	City / GIS	January, 2020	February, 2020	\$ 7,000
2	Debris Box Day Pilot Program Implementation	City / GIS	March, 2020	September, 2020	\$ 18,000
3	Multi-Family Bulky Voucher Pilot Project Implementation	MSS / City	March, 2020	August, 2020	\$ 60,000
4	Commercial Ratepayers Illegal Dumping Coupon Pilot Project Implementation	MSS / City	March, 2020	August, 2020	\$ 11,000
5	Pilot Program Conclusion and Final Report	City / GIS	September, 2020	October, 2020	\$ 4,000
Total					\$100,000

Preliminary Draft Citywide Projections

R3 has prepared rough preliminary estimates of the potential for Citywide implementation of the three Pilot Program elements. Please note that these estimates are for rough order of magnitude only and are subject to future refinement. It is the City’s intention for the Pilot Program to gather better information such that these estimates can be refined based on actual data prior to making future recommendations to the City Council. Additionally, during the Pilot Program design phase, the project team will explore other potential alternatives to the below (such as an expanded on-call bulky item collection program, for example) that could result in lower costs per cubic yard collected.

Table 3: Preliminary Estimates of Citywide Implementation

Program	Cubic Yards Collected (Est.)	Annual Cost (Est.)	Cost Per Cubic Yard (Est.)	2021 Rate Adjustment (Est.)
Debris Box Days	200	\$ 100,000	\$ 500	1.00%
Multi-Family Voucher	1,700	\$ 440,000	\$ 259	2.00%
Commercial Coupon	400	\$ 140,000	\$ 350	1.00%