



SAN RAFAEL
THE CITY WITH A MISSION

Agenda Item No: 6.a

Meeting Date: December 6, 2021

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: City Manager's Office

Prepared by: Cory Bytof,
Sustainability Program Manager

City Manager Approval: _____

TOPIC MARIN SANITARY SERVICE RATES AND CONTRACT FOR 2022

SUBJECT RESOLUTIONS OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL:
A. ESTABLISHING MAXIMUM RATES COLLECTED BY MARIN
SANITARY SERVICE FOR REFUSE AND RECYCLABLE MATERIAL
COLLECTION AND DISPOSAL SERVICES, TO BE EFFECTIVE
JANUARY 1, 2022, AND
B. APPROVING A FOURTH AMENDMENT TO THE AMENDMENT AND
RESTATEMENT OF COLLECTION AGREEMENT OF THE CITY OF SAN
RAFAEL WITH MARIN SANITARY SERVICE

RECOMMENDATION

1. Adopt a resolution establishing maximum rates collected by Marin Sanitary Service for Refuse and Recyclable Material Collection and Disposal Services with the addition to be effective January 1, 2022; and
2. Adopt a resolution approving a fourth Amendment to the Amendment and Restatement of Collection Agreement of the City of San Rafael with Marin Sanitary Service.

EXECUTIVE SUMMARY

This report details the rate adjustment proposal for 2022 necessary for Marin Sanitary Service (MSS) to provide refuse, recycling, and organic materials composting, hauling, and processing for customers ("rate payers") in San Rafael. Rate payers include residential homeowners, apartment owners, commercial property owners, and other businesses and tenants that pay solid waste bills from MSS. In addition, this report proposes to amend the City's Franchise Agreement with MSS to comply with California Senate Bill 1383 (SB 1383), which requires diversion of organic materials such as green waste and food waste from landfill. The proposed rate adjustment would increase rates 2.39% over 2021 levels for all rate payers. It includes adjustments based on the contractually agreed-upon rate-setting methodology the City has with Marin Sanitary Service, a scheduled increase to the City's Refuse Impact Fee of \$345,667 (approved by the Council in December 2020) and also includes an extension of the Illegal Dumping Pilot Program. The proposed rate adjustment is based upon independent third-party reviews of each by R3

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

Consulting Group, Inc. (R3).

BACKGROUND

Each year, the City Council holds a public hearing to set the maximum collection rates that can be charged by Marin Sanitary Service (MSS) to customers in the City of San Rafael. These rates are based on a specific methodology contained in the Franchise Agreement the City has with MSS. This methodology was changed in 2018 when the Council adopted the [third amendment to the Franchise Agreement](#) with Marin Sanitary Service. The Background section of this report will provide the overall context of the rate-setting process, the services Marin Sanitary Service provides in San Rafael, and relevance to State law.

Franchise Agreement and Franchisors' Group

Article XI of the California Constitution and the California Public Resources Code allows cities to regulate refuse and recycling services and to collect a franchise fee from any provider of such services. MSS is our sole provider of refuse hauling and recycling services and performs these services in many surrounding communities as well. These services are pursuant to a Franchise Agreement between the City and MSS, which outlines the services that must be provided by MSS as well as a methodology to be followed to set customer rates each year.

All of the jurisdictions in Marin that have similar agreements with MSS work together to share information and reduce costs: the City of San Rafael, City of Larkspur, the Towns of Ross, San Anselmo, and Fairfax, the Las Gallinas Valley Sanitary District, and the County of Marin. This Marin franchisors' group ("franchisors") meets throughout the year to oversee MSS's operations and works together to conduct a single annual rate review analysis rather than each jurisdiction having to conduct and pay for a separate review.

Our current Franchise Agreement is the "Third Amendment to the Amendment and Restatement of Collection Agreement of the City of San Rafael with Marin Sanitary Service" and was [adopted by Council in 2018](#). The amendment was one of several outcomes of a 2-year process of analysis and negotiations with MSS intended to provide more stable and predictable rates, continued verifiable high levels of service, and a simplified and cost-effective rate-setting methodology that also improves accuracy and transparency.

State Law

In 2016, recognizing the negative impacts of organic materials decomposing in landfills on climate change, the State of California started mandating that businesses with certain thresholds of refuse disposal compost their organic materials (Assembly Bill (AB) 1826 enacted 2014). Beginning in 2022 [Senate Bill \(SB\) 1383](#), enacted in 2017, will require that all residents and businesses divert their organic waste. SB 1383 will also place new requirements on local governments to implement, monitor and enforce participation in organic waste diversion programs, and the California Department of Resources Recycling and Recovery (CalRecycle) will be authorized to fine local governments that don't comply. The franchisors have been working with R3 Consulting Group, Inc. to ensure compliance with SB 1383 and assess opportunities to create economies of scale working together to implement the law.

Marin Sanitary Service Programs and Services

MSS provides residential, commercial and multi-family refuse services, including garbage, recycling and organics (food waste and green waste diversion) collection and processing. MSS also provides garbage and recycling pick-up for City facilities, parks, and all sidewalk receptacles downtown and throughout San Rafael. MSS is a key partner in the City's environmental goals as well as the City and County's zero waste goals. MSS conducts the majority of the outreach for the City for the State's current Mandatory Commercial Recycling and Mandatory Composting laws

(AB 341, enacted in 2011, and AB 1826), which place requirements on businesses to recycle and divert organic waste and require annual monitoring and notifications to non-compliant businesses. MSS also has a robust community outreach and education program, and conducts numerous programs and community offerings, including an annual free compost giveaway and customer education event. All their services including the “[Where Does it Go, Joe](#)” recycling lookup feature can be found on their website at MarinSanitaryService.com.

ANALYSIS

This section will outline the rationale for the two items under consideration:

- A. The rate adjustment for 2022
- B. The fourth amendment to the Franchise Agreement

A. Rate Adjustment for 2022

History of Rate Adjustments

Over the past ten years rate adjustments for San Rafael have ranged from less than one percent to over 9% with an average of 4.95% annually. Last year’s adjustment was 5.49% and included some legacy true-ups and recycling losses, an Illegal Dumping Pilot project which is being proposed to continue, and an adjustment to the Refuse Vehicle Impact Fee. Many factors contribute to the fluctuation in rates for refuse haulers, including a growing amount of solid waste, recycling, and organic (compostable) materials generated by residents and businesses, the costs of processing recyclables and organic materials, changes in the value of recyclable materials, landfill fees, increasing costs of labor and insurance, and changes in State laws and government fees.

Rate Review and Adjustment

Attachment B is the independent third-party analysis and report of Marin Sanitary Service’s 2022 Rate Application, which was conducted by R3 Consulting Group, Inc. (R3). It breaks down the areas impacting the rates as an average for the franchisors as a whole. San Rafael’s calculated rate adjustment is 2.39%. As shown in the report, Collector Operations comprised most of the rate adjustment and was calculated using the Consumer Price Index (CPI) for Water, Sewer and Trash Collection. This is also the second year of three of an increase in the City’s Refuse Vehicle Impact Fees, which are increasing by \$345,667 over 2021.

Another major impact to the rate adjustment this year had to do with COVID-19 and the annual rate revenue reconciliation. Due to the impacts of the COVID-19 pandemic, MSS experienced an overall shortfall of about \$1.5 million in 2020 billed revenues compared to the annual revenue requirement for San Rafael, resulting from reductions in accounts and service levels. This would have added over 3% to the rates. However, because MSS also received a Paycheck Protection Program (PPP) loan in 2020 – and expects that loan to be forgiven – MSS is waiving the Rate Revenue Reconciliation for 2020, contingent on final determination of the PPP loan forgiveness. MSS is still awaiting news regarding PPP loan forgiveness; if, in the unlikely event the PPP loan is not forgiven, MSS may request the ability to revisit this item in 2022. This was time-limited to the worst portion of the pandemic and is not ongoing at the same levels, therefore staff anticipates some additional unknown, but lesser losses in 2021 that may impact the 2023 rates.

There are also several areas that benefitted this year’s rates. Less material was being disposed of in during the first six months of 2021 resulting in a reduction of landfill tipping fees projected for 2022. Recyclable material processing costs similarly decreased due to recycling commodities prices increasing this past year, resulting in additional revenue and net benefit to rate payers.

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Also, 2021 was the last year of three for legacy true-ups in fuel and oil, garbage landfilling, and organics processing, which are no longer in the rates.

Other items in the rates this year include some new expenses in 2022 related to SB 1383. MSS will add one new organics recycling collection route (comprised of a truck and driver), one new outreach and education specialist, and additional equipment to process and clean collected organic waste throughout its service area. Staff and R3 anticipate extra funds will be necessary for the City to comply with SB 1383, so this coming year we will assess the anticipated costs for the City to meet the requirements for SB 1383 including requirements for tracking, enforcement, and procurement.

Illegal Dumping Pilot Program

The City has done a lot to try to address the problem of illegal dumping. Last year the cross-departmental Together San Rafael Team ("Team") developed a 5-year plan with a robust goal of 50% reduction in dumping by 2025. The Team has been expanded to include MSS, R3, Gigantic Idea Studios, the Mattress Recycling Council, and Conservation Corps North Bay. Part of the early work of this project was to better understand who is dumping and why, as well as what types of materials are most prevalent. The Team has identified three major types of dumpers with the understanding that each type requires different solutions to achieve success: *Casual Dumpers*, who usually are renters that have no access to free, on-site disposal and set things out on the curb; *Illicit Dumpers*, who know this is illegal, have large amounts of items to dispose of, and seek out-of-the-way locations to dump; and dumpers who are experiencing homelessness. These pilots focus on the first two, while the Team has integrated into the Health and Safety Committee to assist with waste management related to homelessness.

Last year was the second year of pilot projects aimed at understanding the upstream causes of the problem, identifying potential solutions, and conducting activities for different types of dumping based on three key areas of focus:

- Access to inexpensive disposal options
- Education and community engagement
- Targeted enforcement

The rate-funded pilot programs were more focused on disposal options and community engagement. While single family homeowners can have bulky items picked up curbside, renters in multi-family units have no such option and the Team has been conscious about bringing an equity lens to the analysis. Thus, the rate-funded pilots have been primarily focused on providing cost-effective disposal options that adequately address people's needs.

In 2021, the following pilots and activities were conducted:

1. Six [Bulky item drop-off days](#) at two locations where many multi-family buildings are located
2. Free vouchers for drop-off of bulky items at the MSS transfer station (indoor dump)
3. A "Hot Spot" campaign of data analysis, mapping, and interviews and engagement with apartment managers near locations where dumping is a common occurrence
4. An analysis of multi-family properties that don't meet minimum refuse service levels
5. Tracking of baseline dumping data to measure pre and post intervention results (including types of material, amounts, and locations) and development of a data [dashboard](#)
6. [Mini-grants](#) and commercial vouchers for businesses that experience dumping on their property

Proposed 2022 pilots and activities can be broadly categorized into the following areas:

1. Expand Bulky Item Days to offer consistent, monthly disposal opportunities and include apartment managers
2. Develop on-call bulky item pickup pilot to address a primary barrier to disposal for low-income tenants: transportation
3. Expand hot spot campaigns, including use of free dump vouchers as well as tools of enforcement to change social norms and encourage proper disposal behavior
4. Policy analysis for potential permanent policy considerations with regard to minimum service levels and bulky item disposal, including community engagement

Analysis by City staff, R3 and our community partners, including MSS, has concluded that the bulky item drop-off days have been the most successful and cost-effective disposal options for renters to date. Community members appreciate the events and have provided input on ways to maximize participation. Additionally, they are helpful for apartment managers trying to do the right thing with limited resources. A major challenge is marketing the events to ensure that they are well known and favorably attended throughout the community. The Team recommends expanding this program to once per month with additional dumpsters on consistent dates, times, and at the same location. This regularity will establish an expected norm that will require less promotion and allow for community knowledge to penetrate more deeply in the community.

In addition, the pilots for 2022 will include additional Hot Spot campaigns, an exploration of policy options regarding minimum service levels, and increased data gathering and mapping to measure progress and uncover additional solutions. Importantly, to address a key barrier for renters, the Team will explore an on-call bulky item collection pilot for tenants who don't have the ability to transport to the bulky item days. Additional enforcement mechanisms will be pursued, including sign installation and surveillance cameras in hot spots, which are separate from these rate-funded pilots.

Business resources will include additional mini-grants for protective measures for private property owners that are being dumped on and a commercial coupon program to be combined with increased enforcement against properties that allow accumulation of dumped materials ("carrot and stick approach"). This year will also expand the Team further to include members of local community groups such as from the Canal Community Resilience Council, Drawdown Ambassadors, Empowered Women Cleaning Marin, and Voces del Canal, among others.

This suite of proposed pilot programs, data gathering, and analysis carries a not-to-exceed cost of \$159,423. Staff will offset some of the costs through use of the City's annual Zero Waste Grant and will apply unspent funds from 2021, reducing the amount to a total \$103,540 in proposed new funds, or .49% impact to the 2022 rate adjustment. The Team will also seek other funding such as through the Mattress Recycling Council in an effort to increase activities and reduce impact to the rates. The 2022 Illegal Dumping Funding Memo with more detail is included as Attachment C.

B. Fourth Amendment to the Franchise Agreement for SB 1383

Our Franchise Agreement sets the services and standards for MSS to conduct waste management activities and bill customers in San Rafael. It also sets the methodology for determining maximum rates allowable annually for customers. As mentioned, the last amendment establishing a new, streamlined rate setting methodology was adopted in 2018.

SB 1383 establishes specific services and ways to provide those services by waste haulers, and

accordingly requires updates to the Franchise Agreement. The City hired R3 Consulting Group, Inc. (R3) to assist staff with the Franchise Agreement negotiations between the City and Marin Sanitary Service. Fortunately, MSS is and always has been at the forefront of environmental sustainability when it comes to the services it provides so many of the requirements were already put in place by MSS. This amendment reflects additional requirements related to SB 1383 and makes more explicit many of the services MSS offers.

The amendment is provided as Attachment E. A summary of the items in the proposed amendment follows:

- Full roll-out of three-container waste collection (including garbage, recycling and organics) to all customer types in compliance with SB 1383 requirements by January 1, 2024
- Container labels to meet SB 1383 standards for all new containers put into service
- Outreach and education, including development and distribution of materials
- Evaluation of waiver requests for exemption from the requirement to subscribe to recycling and organics service (the City retains the responsibility for approving such requests)
- Route reviews and notices for contamination monitoring
- Site visits to customers to provide educational materials and assistance in proper sorting; and for customers not signed up for recycling or organics service to encourage them to subscribe
- Reporting to the City and State on compliance activities; and reports to the City on observed non-compliance for City enforcement action

Note that this is the first item of several actions required for the City to comply with and implement SB 1383. Staff will be bringing a Municode update to Council in the early part of 2022 which will establish mandates for organics recycling by waste generators, and will also provide for penalties and documentation, which is required by the law. In addition, the City will need to set forth an implementation plan including a plan to meet annual organic waste product procurement mandates by the State, which exceed our current usage one hundred-fold. The City is committed to implementing the spirit of the law and will be seeking creative ways to ensure highest and best uses of the material created locally. Potentially this could include applying compost purchased to meet our procurement requirement on public or private lands to sequester carbon from the atmosphere through arrangements with large landowners.

SB 1383 regulations require submission of an initial compliance report by April 2022 and has additional compliance and reporting deadlines in the coming year for items such as food recovery and capacity planning for organic materials processing. The City is working with the other Marin franchisors and Zero Waste Marin to determine roles and responsibilities for some of these requirements. In addition, actual enforcement of provisions in our ordinance is not required until January 2024, allowing waste generators to transition to full compliance over two years' time.

Finally, MSS is conducting other assessments and plans to prepare for additional organic materials from SB 1383 as well as dry biomass that will be generated with the Measure C fire fuel removal efforts. This dry, woody material is already starting to flow through MSS and the onsite processing of this material will not only reduce the transportation and emissions impact from trucking this material to Stockton and Woodland, but will also create a local green energy source used to power MSS operations with any excess energy produced being sold back to the grid through an agreement with MCE. This project is under review with the City's planning department as a modification to the existing use permit.

Conclusion

R3 reviewed the application and all relevant documents and financial schedules with MSS, including the Illegal Dumping Pilot extension and provided amendment language for the Franchise Agreement that has been reviewed and agreed to by MSS. The full schedule of rate adjustment line items can be found on page 2 of Attachment B: Review of Marin Sanitary Service's 2022 Rate Application. In summary, Staff recommends approving the 2022 rate adjustment of 2.39%.

This rate adjustment would result in an overall increase of \$1.09 per month for a residential 32-gallon cart, which is the most common cart size, for a total of \$46.84. For a common commercial size there would be an overall increase of \$13.51 per month for a 3 cubic yard bin, totaling \$578.65 per month. Recycling is included in all accounts and customers can reduce their regular landfill container size or pickup schedule resulting in a lower rate by recycling and by reducing overall waste generation. Organics recycling is also provided, which is automatically part of the residential rates, and approximately 60% reduction of refuse service for the commercial composting program.

R3 conducted a survey of Bay Area solid waste rates as part of the rate review, included on the last page of their report. It summarizes the survey data for residential 30-35 gallon can weekly service with curbside recycling and organics pickup. Note though, that proposed 2022 rates are not available for other jurisdictions yet. This summary compares proposed San Rafael 2022 base rates to other jurisdictions' 2021 actual rates, which will certainly increase. Using this comparison San Rafael's rates are slightly higher than other Bay Area jurisdictions and slightly lower than most other Marin jurisdictions. It is important to note that jurisdictions often provide different services and service levels, making apples-to-apples comparisons problematic. San Rafael's rates have traditionally been comparable with rates in other Bay Area jurisdictions, while often providing more services.

As in previous years, staff is recommending that the rate adjustment be applied across the board to all residential, multi-family and commercial service accounts. Actual rates for all services are provided in Attachment A as Exhibit C - Schedule of Rates.

COMMUNITY OUTREACH

Notice of the public hearing was published twice in the *Marin Independent Journal* (Attachment F) and emailed to all names on file with the City Clerk and City Manager's Office. Information on the maximum annual rate that MSS can collect is available at the City Clerk's office during the 10 days prior to the public hearing. The proposed rate information was also provided directly to the San Rafael Chamber of Commerce, the Business Improvement District, Marin Builder's Association, and other interested parties.

FISCAL IMPACT

Attachment A contains the complete rate request. If approved, the rates would be applied to all customer types and service options and satisfies the City's contractual obligations to meet the MSS revenue requirement to cover costs for San Rafael refuse and recycling services, including franchise fees.

OPTIONS

1. Adopt a resolution establishing maximum rates collected by Marin Sanitary Service for Refuse and Recyclable Material Collection and Disposal Services, to be effective January 1, 2022 with the addition of an Illegal Dumping Pilot Program for a total increase of 2.39% over 2021 rates, and

Adopt a resolution approving a fourth amendment to the Amendment and Restatement of Collection Agreement of the City of San Rafael with Marin Sanitary Service.

2. Do not adopt either resolution at this time and direct staff to come back with more information.

RECOMMENDED ACTION

Adopt a resolution establishing maximum rates collected by Marin Sanitary Service for Refuse and Recyclable Material Collection and Disposal Services, to be effective January 1, 2022 with the addition of an Illegal Dumping Pilot Program for a total increase of 2.39% over 2021 rates, and

Adopt a resolution approving a fourth amendment to the Amendment and Restatement of Collection Agreement of the City of San Rafael with Marin Sanitary Service.

ATTACHMENTS

Attachment A:	Resolution with Rate Schedule (marked as Exhibit C)
Attachment B:	R3 Review of MSS Rate Application, including Bay Area Rate Survey
Attachment C:	R3 2022 Illegal Dumping Funding Memo
Attachment D:	Resolution approving Fourth Amendment to the Franchise Agreement
Attachment E:	Attachment to Resolution: Proposed Fourth Amendment to the Amendment and Restatement of Collection Agreement of the City of San Rafael with Marin Sanitary Service
Attachment F:	Affidavit of Publication

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL ESTABLISHING MAXIMUM RATES COLLECTED BY MARIN SANITARY SERVICE FOR REFUSE AND RECYCLABLE MATERIAL COLLECTION AND DISPOSAL SERVICES, TO BE EFFECTIVE JANUARY 1, 2022

WHEREAS, the City of San Rafael and Marin Sanitary Service have entered into an "Amendment and Restatement of Collection Agreement of the City of San Rafael and Marin Sanitary Service," dated September 4, 2001 and amended by a written first amendment dated March 1, 2005, a written second amendment dated November 14, 2012, and a written third amendment dated February 25, 2019 (hereafter the "Franchise Agreement"); and

WHEREAS, Section 3 (B) of the Franchise Agreement provides for maximum rates allowed to be collected by Marin Sanitary Service, to be amended from time to time by the City Council; and

WHEREAS, Exhibit "C" of the Franchise Agreement provides for approved rate schedules, as amended by the City Council from time to time, to be included as part of the Collection Agreement; and

WHEREAS, Marin Sanitary Service has submitted a rate application request using the methodology outlined under Section 3 (A) of the Franchise Agreement; and

WHEREAS, the City of San Rafael has conducted a review of said rate application and produced a report recommending rate and fee adjustments; and

WHEREAS, on December 6, 2021 the City Council held a duly noticed public hearing to consider the rate application request and receive public testimony thereon; and

WHEREAS, the City of San Rafael has determined that such rate and fee adjustments are proper, in the best interest of all citizens, and will promote public health, safety and welfare.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN RAFAEL DOES RESOLVE, DETERMINE AND ORDER AS FOLLOWS: The schedule of maximum rates and fees attached hereto as "Exhibit C" and incorporated herein by reference, is hereby approved to be collected by Marin Sanitary Service for refuse and recyclable material collection and disposal services, at an increased rate of 2.39% from 2021, to be effective January 1, 2022. Said "Exhibit C" shall be incorporated as the revised Exhibit "C" to the Franchise Agreement.

I, Lindsay Lara, City Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of San Rafael, held on Monday, the 6th of December 2021, by the following vote, to wit:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

LINDSAY LARA, City Clerk

CITY OF SAN RAFAEL
EXHIBIT C - SCHEDULE OF RATES

RESIDENTIAL REFUSE COLLECTION RATES					
Rate increase:		2.39%			
Effective date:		01/01/2022			
REOCURING CHARGES	Residential Service (Bundled service includes 1 landfill (garbage) cart, 1 organics cart, & 1 recycling split cart)				
	Weekly Service Rates (Billed Quarterly)	2022 Flat rate		2022 Hill Rate	
		Monthly Rate	Quarterly Rate	Monthly Rate	Quarterly Rate
	20 gallon cart	\$39.82	\$119.46	\$45.09	\$135.27
	32 gallon cart	\$46.84	\$140.52	\$53.06	\$159.18
	64 gallon cart	\$93.68	\$281.04	\$106.12	\$318.36
	96 gallon cart	\$140.52	\$421.56	\$159.18	\$477.54
	Low income - 20 gal* cart	\$31.86	\$95.58	\$36.07	\$108.21
	Low income - 32 gal* cart	\$37.47	\$112.41	\$42.45	\$127.35
	Low income - 64 gal* cart	\$74.94	\$224.82	\$84.90	\$254.70
	Low income - 96 gal* cart	\$112.42	\$337.26	\$127.34	\$382.02
	Senior rate**Discontinued	\$33.07	\$99.21	\$42.10	\$126.30
	Additional Organics Cart Rental (35 or 64 gallon cart)	\$2.50	\$7.50	\$2.50	\$7.50
	Additional Split Cart Rental (64 or 96 gallon cart)	\$2.50	\$7.50	\$2.50	\$7.50
	Additional Monthly Charges	Monthly Fee (per cart, each way)	Quarterly Fee		
	Distance 5' - 50'	\$6.08	\$18.24		
Distance Over 50'	\$12.31	\$36.93			

*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	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

CITY OF SAN RAFAEL
EXHIBIT C - SCHEDULE OF RATES

COMMERCIAL REFUSE COLLECTION RATES

Rate increase: 2.39%
Effective date: 01/01/2022

	COMMERCIAL CARTS, BINS, ROLL-OFFS	Collections per Week						Additional One Time Empty
		1	2	3	4	5	6	
REOCURING CHARGES	Garbage							
	20 gallon cart*	\$39.82	\$79.64	\$119.46	\$159.28	\$199.10	\$238.92	\$9.19
	32 gallon cart	\$46.52	\$93.04	\$139.56	\$186.08	\$232.60	\$279.12	\$10.74
	64 gallon cart	\$93.04	\$186.08	\$279.12	\$372.16	\$465.20	\$558.24	\$21.47
	96 gallon cart	\$139.56	\$279.12	\$418.68	\$558.24	\$697.80	\$837.36	\$32.21
	1 yard bin	\$302.36	\$610.53	\$924.49	\$1,244.35	\$1,569.92	\$1,901.30	\$69.78
	2 yard bin	\$444.56	\$1,021.41	\$1,549.53	\$2,089.26	\$2,640.62	\$3,203.58	\$102.59
	3 yard bin	\$578.65	\$1,077.54	\$1,642.51	\$2,224.81	\$2,824.63	\$3,441.85	\$133.53
	4 yard bin	\$825.50	\$1,526.02	\$2,323.82	\$3,144.95	\$3,766.20	\$4,856.86	\$190.50
	5 yard bin	\$892.96	\$1,795.89	\$2,737.53	\$3,708.05	\$4,707.76	\$5,736.42	\$206.07
	6 yard bin	\$1,060.11	\$2,155.07	\$3,285.00	\$4,449.71	\$5,649.26	\$6,883.71	\$244.64
	10 yard roll-off	\$1,494.17	\$3,057.71	\$4,692.54	\$6,396.22	\$8,169.66	\$10,012.77	\$344.81
	18 yard roll-off	\$2,683.68	\$5,492.97	\$8,427.70	\$11,487.92	\$14,673.65	\$17,984.94	\$619.31
	20 yard roll-off	\$2,981.96	\$6,103.28	\$9,364.09	\$12,764.33	\$16,304.06	\$19,983.22	\$688.14
	25 yard roll-off	\$4,171.28	\$8,537.82	\$12,586.32	\$17,156.39	\$21,914.12	\$26,859.33	\$962.60
	Organics (F2E or Compost)	1	2	3	4	5	6	Additional One Time Empty
	32 gallon	\$19.29	\$38.58	\$57.87	\$77.16	\$96.45	\$115.74	\$4.45
	64 gallon	\$38.58	\$77.16	\$115.74	\$154.32	\$192.90	\$231.48	\$8.90
	1 yard	\$135.02	\$270.04	\$405.06	\$540.08	\$675.10	\$810.12	\$31.16
	2 yard	\$270.04	\$540.08	\$810.12	\$1,080.16	\$1,350.20	\$1,620.24	\$62.32
	3 yard	\$405.06	\$810.12	\$1,215.18	\$1,620.24	\$2,025.30	\$2,430.36	\$93.48
	10 yard roll-off	\$1,045.92	\$2,091.84	\$3,137.76	\$4,183.68	\$5,229.60	\$6,275.52	\$241.37
	18 yard roll-off	\$1,882.66	\$3,765.32	\$5,647.98	\$7,530.64	\$9,413.30	\$11,295.96	\$434.46
	20 yard roll-off	\$2,091.84	\$4,183.68	\$6,275.52	\$8,367.36	\$10,459.20	\$12,551.04	\$482.73
	25 yard roll-off	\$2,614.80	\$5,229.60	\$7,844.40	\$10,459.20	\$13,074.00	\$15,688.80	\$603.42
	Garbage Compactors (Per empty)							
	Roll-off Compactor Tipping fee per ton	\$128.42			Roll-off Compactor Hauling charge			\$288.64
	Stationary FL (Per Compacted Yard)	\$111.53			Roll-off Compactor Special handling			Rates Vary
	Other Charges	Service	Fee		Details			
		Lock	\$25.00		Monthly fee			
		Box rental	Fees Vary		Minimum Bimonthly fee			
		Distance < 50ft	\$6.08		Monthly fee per cart, each way			
		Distance > 50ft	\$12.31		Monthly fee per cart, each way			

* 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.

	Commercial Service Fees	Fee
ONE TIME SERVICE FEES	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

*(Boxes exceeding 300lbs/yard)

**Fees vary by size up to \$1,200, not to exceed current replacement value.

CITY OF SAN RAFAEL
EXHIBIT C - SCHEDULE OF RATES

MULTI-FAMILY DWELLING REFUSE COLLECTION RATES

Rate increase: **2.39%**
Effective date: **01/01/2022**

RECURRING CHARGES	MFD CARTS, BINS, ROLL-OFFS		Collections per Week						Additional One Time Empty
	Garbage	1	2	3	4	5	6		
	20 gallon cart*	\$39.82	\$79.64	\$119.46	\$159.28	\$199.10	\$238.92	\$9.19	
	32 gallon cart	\$46.84	\$93.68	\$140.52	\$187.36	\$234.20	\$281.04	\$10.81	
	64 gallon cart	\$93.68	\$187.36	\$281.04	\$374.72	\$468.40	\$562.08	\$21.62	
	96 gallon cart	\$140.52	\$281.04	\$421.56	\$562.08	\$702.60	\$843.12	\$32.43	
	32 gallon - hill	\$53.06	\$106.12	\$159.18	\$212.24	\$265.30	\$318.36	\$12.24	
	64 gallon - hill	\$106.12	\$212.24	\$318.36	\$424.48	\$530.60	\$636.72	\$24.49	
	96 gallon - hill	\$159.18	\$318.36	\$477.54	\$636.72	\$795.90	\$955.08	\$36.73	
	1 yard bin	\$291.36	\$587.35	\$888.06	\$1,193.39	\$1,503.35	\$1,817.93	\$67.24	
	2 yard bin	\$444.56	\$1,019.06	\$1,542.55	\$2,075.30	\$2,617.39	\$3,168.74	\$102.59	
	3 yard bin	\$578.65	\$1,060.52	\$1,611.73	\$2,176.86	\$2,755.92	\$3,348.88	\$133.53	
	4 yard bin	\$825.50	\$1,521.39	\$2,309.84	\$3,117.03	\$3,870.51	\$4,787.11	\$190.50	
	5 yard bin	\$892.96	\$1,767.55	\$2,686.16	\$3,628.01	\$4,593.14	\$5,581.51	\$206.07	
	6 yard bin	\$1,046.58	\$2,121.07	\$3,223.40	\$4,353.63	\$5,511.77	\$6,697.76	\$241.52	
	10 yard roll-off	\$1,494.17	\$3,057.71	\$4,692.54	\$6,396.22	\$8,169.66	\$10,012.77	\$344.81	
	18 yard roll-off	\$2,683.68	\$5,492.97	\$8,427.70	\$11,487.92	\$14,673.65	\$17,984.94	\$619.31	
	20 yard roll-off	\$2,981.96	\$6,103.28	\$9,364.09	\$12,764.33	\$16,304.06	\$19,983.22	\$688.14	
	25 yard roll-off	\$4,171.28	\$8,537.82	\$12,586.32	\$17,156.39	\$21,914.12	\$26,859.33	\$962.60	
	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	\$2.50	\$5.00	\$7.50	\$10.00	\$12.50	\$15.00	NA	
	Additional Organics Cart Rental (64 gallon cart) after 4 TOTAL carts per cart per month.	\$2.50	\$5.00	\$7.50	\$10.00	\$12.50	\$15.00	NA	
	1 yard	\$135.02	\$270.04	\$405.06	\$540.08	\$675.10	\$810.12	\$31.16	
	2 yard	\$270.04	\$540.08	\$810.12	\$1,080.16	\$1,350.20	\$1,620.24	\$62.32	
	3 yard	\$405.06	\$810.12	\$1,215.18	\$1,620.24	\$2,025.30	\$2,430.36	\$93.48	
	Garbage Compactors (Per empty)								
	Roll-off Compactor Tipping fee per ton		\$128.42		Roll-off Compactor Hauling charge			\$288.64	
	Stationary FL (Per Compacted Yard)		\$111.53		Roll-off Compactor Special handling			Rates Vary	
Other Charges	Service	Fee		Details					
	Lock	\$25.00		Monthly fee					
	Box rental	Fees Vary		Minimum Bimonthly fee					
	Distance < 50ft	\$6.08		Monthly fee per cart, each way					
	Distance > 50ft	\$12.31		Monthly fee per cart, each way					

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 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
	Additional 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

*(Boxes exceeding 300lbs/yard)

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

November 19, 2021

Ms. Cristine Alilovich
Assistant City Manager
City of San Rafael
1400 Fifth Avenue
San Rafael, CA 94919

Subject: Review of Marin Sanitary Service's 2022 Rate Application

Dear Ms. Alilovich,

R3 Consulting Group, Inc. (R3) is pleased to submit this report detailing the results of our review of Marin Sanitary Service's (MSS's) 2022 rate application for the City of San Rafael (City). This review was conducted pursuant to R3's engagement with the seven agencies (Agencies) served by MSS, including the City of San Rafael, County of Marin, Las Gallinas Valley Sanitary District, City of Larkspur, Town of Ross, Town of Fairfax, and the Town of San Anselmo.

This report summarizes results from our review of MSS's 2022 indexed rate application per the streamlined rate setting methodology established in 2019. The methodology is described in the amended Exhibit B to the Franchise Agreement that the City holds with MSS.

Executive Summary

On August 30, 2021, MSS submitted its application for an increase to its solid waste rates, to be effective January 1, 2022. This is an indexed year rate adjustment, which primarily projects compensation due to MSS based on the applicable water-sewer-trash CPI Index (WST). Per Exhibit B, the rate adjustment is subject to a 2.5% minimum and a 5% maximum rate cap for MSS' operations.

Based on our review of the rate application, R3 concurs with MSS's calculated 2022 rate revenue requirement of \$26,630,288 for the City in 2022, which is \$620,360 higher than the 2021 rate revenue requirement of \$26,007,929.

The corresponding adjustment to the City's solid waste rates for 2022 is 2.39%. Table 1, on the following page, compares the 2021 and 2022 rate revenue requirements and demonstrates the rate adjustment calculations for 2022.

Table 1: 2022 Rate Adjustment Summary

	2021	2022	Dollar Change	Percentage Change	Adjustment to Rates
Collector Operations	16,071,160	16,644,156	572,996	3.57%	2.20%
Garbage Landfilling and Organics Processing	2,848,336	2,677,356	(170,980)	-6.00%	-0.66%
State Compliance Database Subscription	5,693	7,694	2,001	35.14%	0.01%
SB 1383 Compliance	0	208,064	208,064	N/A	0.80%
Illegal Dumping Pilot Program	60,000	103,540	43,540	72.57%	0.17%
Profit Calculation	1,999,460	2,061,742	62,282	3.11%	0.24%
Recyclable Materials Processing	561,702	305,461	(256,241)	-45.62%	-0.99%
Interest	365,479	378,509	13,030	3.57%	0.05%
Zero Waste Marin Fees	413,818	374,701	(39,117)	-9.45%	-0.15%
Franchise Fees	2,600,793	2,663,029	62,236	2.39%	0.24%
Other Agency Fees	789,267	1,134,934	345,667	43.80%	1.33%
Annual Rate Revenue Reconciliation	90,326	0	(90,326)	N/A	-0.35%
Recycling Property Insurance	64,964	47,486	(17,478)	-26.90%	-0.07%
SB 1383 Negotiations and Implementation Support	0	23,617	23,617	N/A	0.09%
Fuel and Oil True-up (Sunsetting in 2021)	51,124	0	(51,124)	N/A	-0.20%
Garbage Landfilling and Organics True-up (Sunsetting in 2021)	11,179	0	(11,179)	N/A	-0.04%
Recycling Losses (Sunsetting in 2021)	74,628	0	(74,628)	N/A	-0.29%
Total Annual Rate Revenue Requirement	26,007,929	26,630,288	622,360	2.39%	2.39%

2022 Rate Adjustment Details

Collector Operations

Collector Operations compensates MSS for labor, benefits, general and administrative, depreciation and lease, maintenance, fuel and oil. Per Exhibit B, compensation for Collector Operations is adjusted using the CPI index for Water and Sewer and Trash Collection. R3 used publicly available Bureau of Labor Statistics data to verify the calculated increase of 3.57% to Collector Operations.

The result is \$16,644,156 in Collector Operations for the City in 2022, which is an increase of \$572,996 compared to 2021.

Garbage and Organics Tipping Fees

Garbage Landfilling and Organics Processing tipping fee projections are calculated using actual tonnages collected from January 1 through June 30, 2021, which are then annualized to project total 2021 tonnages. Those tonnages are then multiplied by the projected 2022 tipping fees calculated in accordance with Exhibit B. This is based on the actual per ton tipping fees for each waste stream category, or if unavailable, projected tipping fees are calculated using the current year per ton tipping fees escalated by the change in WST— subject to a minimum increase of 2.5% and a maximum increase of 5.0%.

R3 reviewed MSS's projected 2021 tons and the 2022 per ton tipping fees for residential garbage, residential green waste/organics, commercial garbage, commercial mixed waste for processing, commercial food scraps, and MSS-served Agencies' waste delivered to MSS. Per Exhibit B, R3 confirmed that MSS correctly projected tons by category using annualized actual tons for the first six months of the current rate year and, as actual tipping fees are unavailable, applied the 3.57% WST adjustment to project 2022 per ton tip fees.

The result is \$2,677,356 in Garbage and Organics Tipping fees for the City in 2022, which is a decrease of \$170,980 compared to 2021. This decrease is the result of decreased tonnages projected in 2021 compared to 2020.

Database Subscription for Compliance with State Law

The rate setting methodology allows for the recovery of additional revenues associated with costs for changes in law and/or new State mandates.

For increased operating expenses due to State Laws, including AB 1826 and SB 1383, MSS has included in its rate application a line item for a compliance database. This item was added and approved in MSS's 2020 and 2021 Rate Adjustment applications for MSS's subscription to Recyclist, which is a valuable reporting tool related to compliance with State Law. MSS expects this line item will continue to be present in future rate applications.

The result is \$7,694 in Database Subscription for the City in 2022, which is an increase of \$2,001 compared to 2021.

Compliance with SB 1383

Similar to the above, MSS is requesting adjustment for anticipated increases in operating expenses associated with new State Law, SB 1383. SB 1383 takes effect January 1, 2022 and will result in increased subscriptions to organics services throughout MSS's service area. Throughout its seven franchises in Marin

County in 2022, MSS will add one new organics recycling collection route (comprised of a truck and driver), one new outreach and education specialist, and additional equipment to process and clean collected organic waste.

Subject to approval of an amendment to the Franchise Agreement with MSS, the company will also be providing compliance monitoring and inspection services, contamination monitoring, outreach and education, and reporting functions on behalf of the City. The total 2022 revenue recovery for these new SB 1383 compliance measures for MSS is \$387,765.

The result is \$208,064 in new SB 1383 Compliance rate revenues for the City in 2022; this item was not present in the rate revenue requirement in prior rate years.

Illegal Dumping Pilot Program Funding

Since 2020, the City has been piloting and testing programs to reduce and abate incidences of illegal dumping in the City, in partnership with MSS and others. In 2021, the City allocated \$60,000 in rate revenues for the illegal dumping pilot program. For 2022, City staff is recommending \$103,540 in illegal dumping pilot program funding, which is an increase of \$43,540 compared to 2021. Details on the illegal dumping pilot program and funding opportunity is the subject of a separate R3 memorandum.

Profit Calculation

R3 reviewed the calculation of MSS's profit, which is a function of total allowable operating expenses (\$19,640,810 for the City) divided by the contractually set operating ratio of 90.5% and subtracting the same sum, rounded to the nearest dollar. MSS's actual profit achievement will vary depending on the company's real revenues and expenses; as such, profit is not guaranteed.

The result is \$2,061,742 in Calculated Profit for the City in 2022, which is an increase of \$62,282 compared to 2021. The increase is due to a net increase in allowable operating expenses, which were described in the previous sections of this report.

Recyclable Materials Processing

A net recyclable materials processing cost is calculated each year to share the risks and rewards of changing recycling markets between rate payers and MSS.

Per Exhibit B, the Recyclable Materials Processing cost is escalated by the annual change in the WST and that amount is then divided by the number of all tons of recyclable materials processed at Marin Recycling Center from July 1 of the prior rate year through June 30 of the current rate year.

The recyclable materials revenue amount is calculated based on 90% of the total revenue received by the Marin Recycling Center for recyclable materials, which is then divided by the number recyclable material tons processed at Marin Recycling Center. The calculation does not include income or tons from recyclable materials processed for third parties or agencies that were not customers of MSS or the Marin Recycling Center as of December 31, 2018.

For Rate Year 2022, the resulting Net Recyclable Materials Processing Cost Per Ton is \$29.59, a decrease of \$24.19 from the 2021 value of \$53.78. This reduction is due to increases in the value of recyclable commodities sold by MSS in the prior year.

The result is \$305,461 in Recyclable Materials Processing for the City in 2022, which is a decrease of \$256,241 compared to 2021.

Interest

Interest is based on MSS's actual interest from its loan amortization schedules for actual and projected capital expenditures for services under the Agreement as of the last base year review in 2019. This is increased in the same manner as Collector Operations, as described above, via WST annually.

The result is \$378,509 in Interest for the City in 2022, which is an increase of \$13,030 compared to 2021.

Zero Waste Marin Fees

Zero Waste Marin Fees are set as a pass through as government fees and, per Exhibit B to the agreements, changes in such fees result in appropriate adjustments to rates to compensate MSS for increases or decreases in such fees.

JPA fees included in the annual indexed rate applications for the MSS service area are set to be equal to the current Zero Waste Marin Fee assessments for the current fiscal year, with 100% of the MSS hauler fees passed through to the MSS Agencies, and with none of the MSS Transfer Station fees passed through to the MSS Agencies. For 2022, the total amount passed through to the MSS Agencies is \$699,372.

The result is \$374,701 in Zero Waste Marin Fees for the City in 2022, which is a decrease of \$39,117 compared to 2021. The decrease is due to the fact that the 2021 fees included a true-up for under collection of fees in 2019 and 2020, which is no longer included in the rate application.

Franchise Fees

Franchise Fees are calculated by multiplying the applicable franchise fee percentage by each agency served by MSS by the revenues projected for each that Rate Year. The City's Franchise Fee is 10% of gross revenues.

The result is \$2,663,029 in Franchise Fees for the City in 2022, which is an increase of \$62,236 compared to 2021, and is due to an overall increase in the rate revenue requirement.

Other Agency Fees

Other Agency Fees are calculated and applied to each of the Agencies based on the specific fees set by those Agencies.

The City charges MSS a Vehicle Impact Fee to cover the cost of road impacts from MSS's solid waste collection vehicles. In 2020 the City conducted an updated Vehicle Impact Fee Study, which provided justification for increasing the fee to \$1,480,600 annually. The City opted to gradually increase the fee to that amount over a three-year period, resulting in an increase from the prior Fee amount of \$443,600 in 2020 to \$789,267 in 2021. 2022 will be the second "step increase" in the City's Vehicle Impact Fee, increasing it to \$1,134,934. The Fee is scheduled to increase to \$1,480,600 in 2023.

The result is \$1,134,934 in Other Agency Fees for the City in 2022, which is an increase of \$345,667 compared to 2021.

Annual Rate Revenue Reconciliation

The Rate Revenue Reconciliation item is to reconcile the projected rate revenue from the 2020 rate adjustment to the actual revenue collected through rates charged during the 2020 rate year.

Due to the impacts of the COVID-19 pandemic, MSS experienced an overall shortfall of \$1,497,138 in 2020 billed revenues compared to the annual revenue requirement. However, because MSS also received a Paycheck Protection Program (PPP) loan in 2020 – and expects that loan to be forgiven – MSS is waiving the Rate Revenue Reconciliation for 2020, contingent on final determination of the PPP loan forgiveness. MSS is still awaiting news regarding PPP loan forgiveness; if, in the unlikely event the PPP loan is not forgiven, MSS requests the ability to revisit the 2020 Rate Revenue Reconciliation.

The result is a reduction in the rate revenue requirement of \$90,326 for the City in 2022.

Extraordinary Items

Items that are outside of the categories as defined in the Exhibit B Adjustment methodology may be proposed by MSS as extraordinary items. Two such items are proposed by MSS for 2022 and are described below.

Recycling Property Insurance

Property insurance for recycling processing facilities have gone up across the country for circumstances outside of MSS's control. MSS has previously and separately briefed the Agencies on this item, and R3 is aware of the market circumstances surrounding it. R3 finds that this extraordinary item is supported and reasonable. The 2021 recycling property insurance extraordinary item proposed by MSS was \$124,662, and for 2022 it is \$90,726.

The result is \$47,486 in Recycling Property Insurance for the City in 2022, which is a decrease of \$17,478 compared to 2021.

Funding for SB 1383 Contract Negotiations and Implementation

The MSS served Agencies have contracted with R3 to provide support for negotiation of an amendment to the MSS franchise agreements with the Agencies, effectuating the new services, terms and conditions for SB 1383 compliance. That contract also includes a contingency for support to the Agencies in implementing SB 1383 in 2022. R3's expenses for that work are not to exceed \$44,380 and are recoverable via the solid waste rates so as not to be direct expenses to the Agencies.

The result is \$23,617 in SB 1383 Contract Negotiations and Implementation support for the City in 2022.

Three Prior Line Items Sunsetting in 2022

Rate adjustment calculations in 2019, 2020 and 2021 included three line-item categories that are sunsetting and will no longer be included as rate adjustment considerations in 2022. These include true ups for fuel costs (\$51,124), disposal costs (\$11,179), and recycling losses (\$74,628). The result of these items sunsetting is a reduction in the City's rate revenue requirement of \$136,931 in 2022.

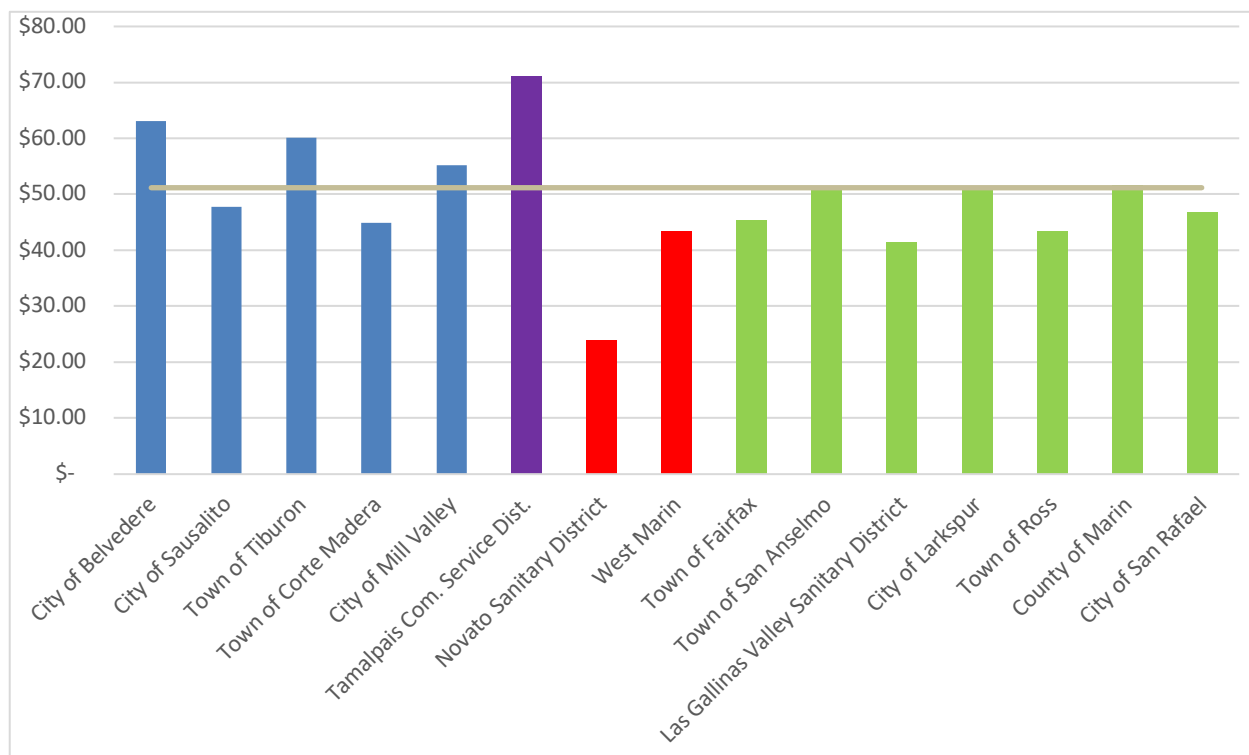
Survey of Comparable Rates

Attachment 1 shows the results of R3's survey of solid waste rates as of October 2021 for agencies located throughout the Bay Area. For the purpose of comparing the MSS Agencies' rates to other agencies we have applied the 2022 rate increases for MSS served Agencies and compared those anticipated 2022 rates to the current rates for all other agencies. It is anticipated that rates for other agencies will also increase in 2022, and since this comparison uses 2022 rates for the MSS Agencies, the rate comparison will become more favorable as other entities adopt 2022 rates.

Figure 1, below, shows a summary of Marin rates for residential customers with 30-35 gallon garbage service. Bars shown in blue are 2021/22 rates for Mill Valley Refuse Service; purple is the 2021/22 rate for Tamalpais Community Services District; red are 2021/22 rates for Recology Marin, and; green are proposed 2022 MSS rates. The grey bar is the average for all of Marin County, excluding the MSS Agencies. Overall, 2022 rates for the Agencies served by MSS are less than or equal to the Marin County average.

Figure 1

Marin County Rates: MSS 2022 Proposed Residential 32-gal Can compared to Current 30-35-gal Can Rates and Marin County Average of \$51.18 (Excluding MSS Rates)



If approved, 2022 monthly residential rates for a 32-gallon container (the most frequent residential service level) for the City will be \$46.84. The City's commercial rates for a 3-cubic yard bin serviced 1 time per week will be \$578.65.

These survey results are presented as an indication of the reasonableness of the resulting rates for 2022. 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;
- 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;
- Rate structures; and
- Governmental fees (e.g., franchise fees, vehicle impact fees, etc.).

* * * * *

R3 appreciates the opportunity to be of service to the City. 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



Mr. Garth Schultz | Principal

To: Cory Bytof, Sustainability Program Manager, City of San Rafael

From: Garth Schultz and Nate Forst, R3 Consulting Group

Date: November 19, 2021

Subject: 2022 Illegal Dumping Reduction Pilot Program Funding via 2022 Solid Waste Rates

Illegal Dumping Reduction Pilot Program Overview

Background

Illegal Dumping Reduction Goal

The City of San Rafael has established reduction of illegal dumping as a high priority area for City action, with a goal to achieve 50% reduction in illegal dumping by the end of 2025. Achieving this goal will require coordination between multiple City departments, addressing various factors related to illegal dumping.

2018-2020 Pilot Program Results

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 recommended further implementation of illegal dumping reduction actions in the City, 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.

In 2020, despite the unique challenges posed by the COVID-19 pandemic, the following were achieved:

- Bulky waste drop-off events resulted in 190 cubic yards of material collected over three (3) days.
- Free dumping vouchers for tenants of Bret Harte, Canal, and Gerstle Park resulted in the collection of 258 additional cubic years of material.

A new program offering free dump coupons to commercial property owners (and promoted by email) was also initiated but zero participation was recorded.

Overall, Bulky waste drop-off events proved to be a success, with costs coming in lower than originally anticipated and program participation remaining intact during the pandemic.

2021 Pilot Program Results

While 2021 brought continued complications arising from COVID-19, the illegal dumping program was able to build on lessons learned in 2020 and gain a stronger understanding of pilot effectiveness. The following outcomes were recorded:

- Bulky waste drop-off events were increased from three (3) to six (6) days, resulting in 456 cubic yards of material collected (a 140% increase over 2020).
- Free dumping vouchers for tenants of Bret Harte, Canal, and Gerstle Park resulted in the collection of 197 additional cubic years of material, less than the total achieved in 2020.

- Free dump coupons were again offered to commercial property owners (and promoted by email) but zero participation was recorded a second year in a row.

Further scaling the bulky waste drop-off events generated a clear “return on impact” of funds invested. Not only did the program reach more users and collect significantly more material in 2021, it did so at a cost per cubic yard collected that was significantly lower than the Multi-Family Voucher program,¹ solidifying it as the key driver of value among pilot programs attempted thus far by the City.

Overall pilot program costs again came in below expectations (approximately \$35,000 under budget). This was primarily due to Mattress Recycling Council’s support for a substantial portion of CCNB’s costs associated with the bulky item pilot, and a lack of participation in the commercial free dump coupon program. If the Council wishes, unspent funds may be applied (in whole or in part) to continuation of the pilot program in 2021. City staff and R3 recommend rolling those funds forward to implementation of the following 2022 pilot program.

2022 Pilot Program and Funding Opportunity

The City has an opportunity to provide for significant further expansion of the proven bulky waste collection events, and support exploration of a new pilot, with an emphasis on altering outreach to improve success. This could be accomplished via utilization of the unspent 2021 funds, combined use of Zero Waste Marin grant funds, and a small increase in the 2022 solid waste rates.

R3 Consulting Group, Inc. (R3) has separately calculated the 2022 solid waste rate adjustment for San Rafael based on the Franchise Agreement between the City and Marin Sanitary Service (MSS), and the City may choose to direct an additional increase in order to fund \$103,540 in approximate MSS and City costs for a “2022 Illegal Dumping Reduction Pilot Program” (Pilot Program) that would continue to implement the actions recommended in the City of San Rafael Illegal Dumping Pilot Report (Bulky Waste Collection and Recycling Events). Collecting \$103,540 in additional funding for the Pilot Program in 2022 would result in a 0.49% additional increase in solid waste rates (resulting in a total 2022 solid waste rate adjustment of 2.39% in 2022).

Overview of Proposed 2022 Illegal Dumping Reduction Pilot Program

If funded, the City would work with MSS, prior pilot project partner Gigantic Idea Studios (GIS), R3, Conservation Corps North Bay and other key stakeholders identified by the City to conduct additional pilot program expansions, discovery, and research in 2022.

Building on 2021 data and lessons learned, the project team would implement the following services:

- **Increase Bulky Waste Drop-off Events:** Support reduction of illegal dumping from multifamily residential properties by making the “bulky waste drop-off events” a monthly event at Pickleweed Park. This would allow for further community integration of an already highly successful and popular pilot program, offer the ability to refine and improve program elements and outreach, and provide more data and insight into the costs and effectiveness of scaling the pilot for the purposes of considering a more codified ongoing program. The City anticipates additional support to offer twelve “debris box events,” providing access to service for a test population of approximately 6,800 housing units. This would be the key driver of program efforts in 2022 and

¹ Bulky waste drop-off events recorded a cost per cubic yard of \$78, as compared with a cost of \$113 per cubic yard for the Multi-family voucher pilot.

the potentially the foundation of a longer-term commitment to illegal dumping programming in San Rafael.

- **Develop Free-on Call Bulky Item Pickup Program:** Research and develop a new pilot aimed at reducing illegal dumping generation from residential properties via a “free on-call bulky item pickup program.” This would serve to address an essential barrier to mitigating illegal dumping in San Rafael - lack of transportation. Even with cost incentives in place to encourage proper disposal, lack of transportation to facilities and drop-off events still prevents many residents from accessing disposal options, and this leads to unwanted dumping. Current efforts are already underway to secure a grant from the Mattress Recycling Council (MRC) that would support usage of a vehicle, in partnership with the CCNB, that could be utilized in an on-call capacity to target bulky waste pickups in San Rafael. The City anticipates leveraging support from MRC and/or other entities and continuing to lay the foundation of a new pilot program that addresses this particular issue.
- **Continue with Prior MFD Voucher and Commercial Coupon Programs:** Maintain a stock of residential “vouchers” and by-request “commercial coupons” for multi-family tenants and local businesses, respectively. These amenities provide alternatives for both populations to mitigate disposal of problematic materials at no-cost at MSS’s public facility in San Rafael. However, given limited utilization of these pilots in the past, funds will be restricted only to ensuring that “vouchers” and by-request “commercial coupons” remain available for those who request them and for specific “hot spot” campaigns to encourage collaboration. The City would work with MSS to monitor and track businesses that participated in this program.

Partnership with Marin Sanitary Service

MSS has been briefed on the details of the proposal to increase rates to fund implementation of the Pilot Program and has expressed its willingness to be the City’s operational partner, and MSS supports the rate funding of Pilot Program costs.

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 and will support the City’s analysis of the financial and operational Pilot Program results to establish findings about operational efficiency and cost effectiveness for future Citywide illegal dumping reduction programs. Finally, R3 will also assist in evaluating programmatic data and reports, participate in meetings with City and the City’s consultants, and provide input on pilot design.

Reporting and Next Steps for 2022

After completion, the project team would prepare a memo on the Pilot Program results, anticipated in the Fall of 2022. The City will then present the results to Council and make recommendations about next steps to continue progress in 2023 to reduce illegal dumping, including projections of the potential for citywide implementation of the program elements tested in 2022 (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 2022 solid waste rates to secure funding for the Pilot Program as part of the 2021 rate hearing.

Mr. Cory Bytof

2022 Illegal Dumping Reduction Pilot Program Funding via 2022 Solid Waste Rates

November 19, 2021

Page 4 of 4

City May Direct Change in Scope

Per Section IV. of Exhibit B of the Franchise Agreement with MSS, 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. The City may seek to fund \$103,540 for the Pilot Program by adopting a 2022 rate adjustment at 0.49% above the base rate adjustment that has been separately reported to the City. 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.

Draft Pilot Program Budget

A draft budget for the Pilot Program, at an anticipated total expense of approximately \$159,000 is provided in Table 1. Note that the program details included in this memorandum have been adjusted to correspond with the recommended \$159,000 program budget. Funding for the \$159,000 proposed Pilot Program budget is based on: approximately \$35,000 in unspent 2021 funds (carried forward to 2022); \$103,540 in proposed new funds from 2022 rate adjustment (as described above), and; \$20,000 in Zero Waste Grant Funding to the City from Zero Waste Marin.

Table 1: Proposed 2022 Illegal Dumping Reduction Pilot Program Budget

		2022 Budget
Implementation and Ongoing Coordination		
	Discovery, Pilot Design, and Coordination with City Program (GIS)	\$ 2,500
	Operations & Financial Analysis and Coordination with City Program (R3)	\$ 5,000
Subtotal		\$ 7,500
Monthly Debris Box Days (12 Total Events)		
	Conservation Corps (Monthly Events at Pickleweed Park, Jackson's Hardware (CCNB)	\$ 25,390
	Outreach and Expenses (GIS)	\$ 28,000
	Outreach and Expenses (CCNB)	\$ 7,974
	Debris box rental and bulky waste disposal	\$ 29,284
Subtotal		\$ 90,648
MFD Collateral		
	Outreach and Expenses New self-mailer, print and mail, MFD Manager Kit (GIS)	\$ 15,000
Subtotal		\$ 15,000
Voucher and Commercial Coupon Collateral		
	Reprint Coupons and vouchers (GIS)	\$ 4,000
	Bulky waste disposal	\$ 10,275
Subtotal		\$ 14,275
Explore on Call bulky Item Pilot		
	Support Analysis and Coordination with City Program (R3)	\$ 9,500
	Program Dev. (CCNB)	\$ 5,000
Subtotal		\$ 14,500
Environmental Design Mini Grants		
	Mini-grants (10) Funding	\$ 10,000
Subtotal		\$ 10,000
Pilot Conclusion and Next Steps		
	As needed, pre-approved by Client (GIS)	\$ 2,500
	Solid Waste Operations and Financial Analysis and Reporting (R3)	\$ 5,000
Subtotal		\$ 7,500
Grand Total		\$ 159,423

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL
APPROVING A FOURTH AMENDMENT TO THE AMENDMENT AND
RESTATEMENT OF COLLECTION AGREEMENT OF THE CITY OF SAN
RAFAEL WITH MARIN SANITARY SERVICE**

WHEREAS, the City of San Rafael and Marin Sanitary Service have entered into a written Amendment and Restatement of Collection Agreement ("Franchise Agreement") dated September 4, 2001; and

WHEREAS, the City of San Rafael and Marin Sanitary Service amended this agreement on March 1, 2005 with the Amendment to Refuse and Recycling Collection Agreement; and

WHEREAS, the City of San Rafael and Marin Sanitary Service further amended this agreement on October 1, 2012 with the Second Amendment to Amendment and Restatement of Collection Agreement; and

WHEREAS, the City of San Rafael and Marin Sanitary Service further amended this agreement on December 17, 2018 with the Third Amendment to Amendment and Restatement of Collection Agreement; and

WHEREAS, the City of San Rafael and Marin Sanitary Service now desire a fourth amendment to the Franchise Agreement to update Marin Sanitary Service services to comply with Senate Bill 1383, and

WHEREAS, the City of San Rafael has determined that such adjustments are proper, in the best interest of all citizens, and will promote public health, safety and welfare; and

WHEREAS, on December 6, 2021 the City Council held a duly noticed public hearing to consider the rate application request and receive public testimony thereon; and,

WHEREAS, the City Council has reviewed and duly considered the Staff Report, and documents and other oral and written evidence presented at the hearing;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN RAFAEL DOES
RESOLVE, DETERMINE AS FOLLOWS:**

- 1) The "Fourth Amendment to the Amendment and Restatement of Collection Agreement of the City of San Rafael with Marin Sanitary Service" attached hereto as "Exhibit E" and incorporated herein by reference, is hereby approved and shall be included as part of the Amendment and Restatement of Collection Agreement dated September 4, 2001. The City Manager is hereby authorized to execute the Fourth Amendment, subject to final approval as to form by the City Attorney.

I, Lindsay Lara, Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of San Rafael, held on Monday, the 6th day of December 2021, by the following vote, to wit:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

LINDSAY LARA, City Clerk

FOURTH AMENDMENT TO THE AMENDMENT AND RESTATEMENT OF COLLECTION
AGREEMENT OF THE CITY OF SAN RAFAEL WITH MARIN SANITARY SERVICE

This FOURTH AMENDMENT to the Amendment and Restatement of Collection Agreement between the CITY OF SAN RAFAEL (CITY) and MARIN SANITARY SERVICE (COMPANY) is made and entered into this ____ day of December, 2021.

WHEREAS, the CITY and COMPANY entered into a written agreement on September 4, 2001, as amended on March 1, 2005, November 14, 2012, and December 17, 2018 (together the "Agreement") pursuant to which the COMPANY renders Solid Waste, Recyclable Material and Green Waste collection, processing and disposal services to businesses, residents and government institutions in the CITY; and

WHEREAS, certain state laws require cities, counties, and special districts providing solid waste collection services to adopt ordinances and take other measures to reduce the amount of organic and recyclable materials deposited in landfills from commercial and residential generators, more specifically the Short-Lived Climate Pollutants Organic Waste Reduction regulations adopted pursuant to Senate Bill 1383 (Statutes of 2016) set forth in the California Code of Regulations (the "SB 1383 Regulations").

WHEREAS, the SB 1383 Regulations require cities, counties, and special districts providing solid waste collection services to, by January 1, 2022, provide certain new programs; and

WHEREAS, pursuant to the terms and conditions of the Agreement, CITY and COMPANY met and conferred and have agreed that COMPANY will be responsible for the programs provided for herein; and

WHEREAS, CITY and COMPANY mutually desire to amend the Agreement to describe these programs in more detail.

NOW, THEREFORE, it is mutually agreed as follows:

1. Effective Date. This Amendment shall take effect January 1, 2022.
2. Definitions. For purposes of this Amendment, the terms set forth in Exhibit A, attached hereto and incorporated herein, shall have the meanings given to them in such exhibit.
3. Three-Container Organic Waste Collection Services.
 - 3.1. Phased Implementation. CITY and COMPANY acknowledge that COMPANY's Organic Waste Collection routes must be expanded to satisfy the requirements of the SB 1383 Regulations, and that new collection trucks must be procured by COMPANY in order to provide such services. Beginning January 1, 2022 all new customers will be provided base level of collection service including Recycling Container, Organics Container and Garbage Container collection service. Between January 1, 2022 and December 31, 2023, COMPANY shall continue and expand its Organic Waste collection service to existing customers within CITY. By January 1, 2024, COMPANY shall provide Organic Waste collection service to all of its customers within CITY who are subscribed to and pay for Solid Waste collection service, unless (i) the customer is categorically exempted under CITY's municipal code from the requirement to subscribe for Organic Waste collection service, or (ii) the customer qualifies for and is granted a State- or CITY-issued waiver. COMPANY will work with customers to appropriately size collection containers such that source-separation of all materials is possible without any overflow of material, and if any disputes arise or overages occur, the CITY will make the final determination on proper container size.

**FOURTH AMENDMENT TO THE AMENDMENT AND RESTATEMENT OF COLLECTION
AGREEMENT OF THE CITY OF SAN RAFAEL WITH MARIN SANITARY SERVICE**

4. Container Colors.

- 4.1. General Requirement. COMPANY shall ensure that each Container that it newly purchases after January 1, 2022 and provides to a customer serviced under the Agreement conforms to the following designations in distinct colors as required or permitted by CalRecycle: Garbage Containers for collection of Solid Waste, Recycling Containers for collection of Recyclable Materials, and Organics Containers for collection of Organic Waste. In addition, COMPANY shall ensure that all Containers it uses to provide such services to customers serviced under the Agreement conform to such color scheme by January 1, 2036.
- 4.2. Specific Material Types. Paper products and printing and writing paper, each as defined in the SB 1383 Regulations, may be placed in either the Recycling Container or the Organics Container. Carpet and textiles may not be placed in either the Recycling Container or the Organics Container.

5. Container Labels.

- 5.1. General Requirement. COMPANY shall ensure that each Container that it newly purchases after January 1, 2022 and provides to a customer serviced under the Agreement shall be labeled or imprinted with language and/or graphics that clearly indicates the primary items accepted and the primary items that are Prohibited Container Contaminants for that Container type. COMPANY may comply with this section by using model labeling provided by CalRecycle.

6. Route Reviews.

- 6.1. General Requirement. At least once annually, beginning in 2022, COMPANY shall conduct a Route Review for each Hauler Route. The number of Containers to review per Hauler Route shall be calculated on the basis of the number of garbage accounts provided service by a specific Hauler Route for one week. For example, "Route A" collects garbage from 250 accounts, 4 days per week for a total of 1,000 accounts per week; include a minimum of 25 accounts for Route Review of "Route A". For each Route Review of a Hauler Route, COMPANY shall inspect at least the following minimum number of Containers but may inspect more if COMPANY deems necessary; and shall inspect all Containers placed for collection (including Recycling Containers, Organics Containers, and Garbage Containers). Each inspection shall involve lifting the Container lid and observing the contents but shall not require COMPANY to disturb the contents or open any bags. COMPANY may select the Containers to be inspected at random, or (if mutually agreed with CITY) by any other method not prohibited under the SB 1383 Regulations. For the avoidance of doubt, COMPANY shall not be required to annually inspect every Container on a Hauler Route. COMPANY shall include the results of each Route Review in its next regularly scheduled report to CITY, as required by Section 9.

<u>Route Size (# garbage accounts/ week)</u>	<u>Minimum Number of Containers</u>
Less than 1,500	25
1,500-3,999	30
4,000-6,999	35
7,000 or more	40

FOURTH AMENDMENT TO THE AMENDMENT AND RESTATEMENT OF COLLECTION
AGREEMENT OF THE CITY OF SAN RAFAEL WITH MARIN SANITARY SERVICE

- 6.2. Notice of Contamination. If COMPANY observes Prohibited Container Contaminants in a Container during a Route Review comprising ten percent or more of observable container volume, COMPANY shall notify the customer of the violation in writing. The written notice shall include information regarding the requirement to properly separate materials into the appropriate Containers. The notice may be left on the customer's Container, gate, or door at the time the violation is discovered, and/or be mailed, e-mailed, electronically messaged or delivered personally to the customer within 30 days. COMPANY may dispose of the contents of any Container found to contain Prohibited Container Contaminants and may charge a contamination fee not to exceed the fee in Exhibit C. The notice shall be provided in English and Spanish.
7. Compliance Reviews.
- 7.1. General Requirement. At least once annually, beginning in 2022, COMPANY shall review the records of its Commercial and Multi-Family customers in CITY that are subscribed for at least two (2) cubic yards per week of combined Solid Waste, Organic Waste and Recyclable Materials service, to determine whether such customers are subscribed for Organic Waste collection service or have an applicable waiver. COMPANY shall include the results of each compliance review in its next regularly scheduled report to CITY, as required by Section 9.
- 7.2. Site Visit Requirement. Based on COMPANY's review of the list of customers requiring site visit compiled in accordance with section 7.1 above, COMPANY shall conduct an annual site visit to each Commercial and Multi-Family customer in CITY that is determined to not be enrolled in 3-container organic waste collection service and not be eligible for a waiver based on the CITY determination, to encourage those businesses to sign up for SB 1383 compliant Organics Waste service and provide educational material about the law's requirements.
8. Education & Outreach.
- 8.1. Prior to February 1, 2022, and annually thereafter, COMPANY shall provide the following to all its customers under the Agreement:
- 8.1.1. Information on the customer's requirements to properly separate materials in appropriate containers.
- 8.1.2. Information on methods for: the prevention of Organic Waste generation, recycling Organic Waste on-site, sending Organic Waste to community composting, and any other local requirements regarding Organic Waste.
- 8.1.3. Information regarding the methane reduction benefits of reducing the landfill disposal of Organic Waste, and the methods of Organic Waste recovery contemplated by the Agreement.
- 8.1.4. Information regarding how to recover Organic Waste.
- 8.1.5. Information related to the public health and safety and environmental impacts associated with the landfill disposal of Organic Waste.

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AGREEMENT OF THE CITY OF SAN RAFAEL WITH MARIN SANITARY SERVICE

- 8.2. The above information will be provided, at a minimum, through print and/or electronic media, and may also be provided through workshops, meetings and/or on-site visits.
- 8.3. COMPANY shall provide an educational webpage which includes downloadable copies of all the materials described in Section 8.1, as well as an educational brochure to be provided by CITY for edible food recovery outreach.
- 8.4. Educational materials provided pursuant to the above shall be translated into Spanish.
- 8.5. COMPANY shall provide educational materials to customers discovered to be out of compliance with the SB 1383 Regulations requirements and report a list of such customers as well as actions taken to the CITY on a periodic basis as required by CITY.
9. Waivers. COMPANY shall be responsible for the distribution, collection and evaluation of waiver applications as appropriate and provide the CITY a recommendation to accept or deny waiver requests. COMPANY shall develop waiver application forms and shall provide them to CITY for CITY approval prior to use. COMPANY shall evaluate requests for exemption or waiver from the Act's requirements and provide the CITY periodic recommendations and supporting documentation to deny or approve waivers, including a site visit and re-evaluation at least every five years as required by the SB 1383 Regulations.
10. Edible Food Recovery. COMPANY shall provide CITY with a list of Tier One commercial edible food generators located in their jurisdiction by January 1, 2022 and annually thereafter. COMPANY shall provide CITY with a list of Tier Two commercial edible food generators located within their jurisdiction by January 1, 2024 and annual thereafter.
11. Reporting.
- 11.1. Beginning January 1, 2022, COMPANY shall provide the following information to CITY annually, by February 15 of the year following the reporting year:
- 11.1.1. For information provided by COMPANY pursuant to Section 8 above:
- (a) Copies of all such information (including flyers, brochures, newsletters, invoice messaging, website and social media postings, emails, and other electronic messages).
 - (b) The date the information was disseminated or the direct contact made. For website and social media postings, this shall be the date posted.
 - (c) To whom the information was disseminated or the direct contact made. For mass distributions such as mailings or bill inserts, COMPANY may provide the type and number of accounts receiving the information, rather than listing each recipient individually.
- 11.1.2. For Route Reviews and Compliance Reviews:
- (a) The date the review was conducted.

**FOURTH AMENDMENT TO THE AMENDMENT AND RESTATEMENT OF COLLECTION
AGREEMENT OF THE CITY OF SAN RAFAEL WITH MARIN SANITARY SERVICE**

- (b) The name and title of each person conducting the review.
- (c) A list of the account names and addresses covered by the review.
- (d) For Route Reviews, a description of each Hauler Route reviewed, including COMPANY's route number and a description of the Hauler Route area.
- (e) For Route Reviews, the results of such review (i.e., the addresses where any Prohibited Container Contaminants were found), and any photographs taken.
- (f) For Compliance Reviews, the results of such review (i.e., COMPANY's findings as to whether the customers reviewed are subscribed for Organic Waste collection service, have an applicable waiver, or neither) and any relevant evidence supporting such findings (e.g. account records).
- (g) Copies of any educational materials issued pursuant to such reviews.

11.1.3. Documentation relating to observed Prohibited Container Contaminants, whether observed during Route Reviews or otherwise:

- (a) Copies of the form of each notice issued to customers for Prohibited Container Contaminants, as well as, for each such form, a list of the customers to which such notice was issued, the date of issuance, the customer's name and service address, and the reason for issuance (if the form is used for multiple reasons). This information will also be provided monthly to any other government entity approved by the CITY, including but not limited to Zero Waste Marin requests.
- (b) The number of times notices were issued to customers for Prohibited Container Contaminants.
- (c) The number of Containers where the contents were disposed due to observation of Prohibited Container Contaminants.

11.1.4. A description of COMPANY's process for determining the level of Container contamination under the Agreement.

11.1.5. Reports to CITY on customers discovered to be out of compliance with the SB 1383 Regulations, including a list of the customers, the type of violation, actions taken to educate those customers, and contact information for those customers. Such reports shall be provided periodically as required by CITY. .

- 12. Section 18988.1 and 18988.2 Compliance.** COMPANY is responsible for delivery of all Solid Waste to properly permitted disposal facilities, transfer stations, recyclable materials processing facilities, organics processing facilities, and C&D processing facilities as listed in Exhibit B. The list may be amended from time to time by COMPANY, subject to CITY approval of the amended list. Failure to comply with this provision will result in the levy of any Administrative Charge or Penalty that may be provided in the San Rafael Municipal Code and may result in COMPANY being in default under this Agreement. CITY hereby approves delivery of Organic Waste to such facility(ies). COMPANY shall

FOURTH AMENDMENT TO THE AMENDMENT AND RESTATEMENT OF COLLECTION
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comply with its obligations under this Amendment and the obligations that by operation of law are imposed upon it directly pursuant to Chapter 12 of the SB 1383 Regulations.

13. Future Changes. The parties acknowledge that future changes to this Amendment or the Agreement may be desirable to assist the parties with their respective compliance obligations under the SB 1383 Regulations or subsequent amendments thereto or interpretations thereof. The parties agree to negotiate any such proposed changes in good faith. The foregoing shall not be deemed to limit either party's rights or remedies under the Agreement.
14. Miscellaneous. In the event of any conflict between this Amendment and the Agreement, this Amendment shall govern. Section headings in this Amendment are for convenience only and shall not be used in the interpretation of this Amendment. This Amendment may be executed in counterparts and/or by electronic signature (e.g., DocuSign). As used in this Amendment, "including" and its variants mean "including without limitation."

[Remainder of this page intentionally left blank]

FOURTH AMENDMENT TO THE AMENDMENT AND RESTATEMENT OF COLLECTION
AGREEMENT OF THE CITY OF SAN RAFAEL WITH MARIN SANITARY SERVICE

IN WITNESS WHEREOF, this Amendment is entered into as of the date first written above.

CITY OF SAN RAFAEL

MARIN SANITARY SERVICE, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM:

ROBERT F. EPSTEIN, City Attorney

ATTEST:

LINDSAY LARA, City Clerk

FOURTH AMENDMENT TO THE AMENDMENT AND RESTATEMENT OF COLLECTION
AGREEMENT OF THE CITY OF SAN RAFAEL WITH MARIN SANITARY SERVICE

Exhibit A

DEFINITIONS

“Act” means the California Integrated Waste Management Act of 1989 (sometimes referred to as CIWMA or “AB 939”), Public Resources Code § 40000 and following as it may be amended, including but not limited to, the Jobs and Recycling Act of 2011 (AB 341), SB 1016 (Chapter 343, Statutes of 2008 [Wiggins, SB 1016]), the Mandatory Commercial Organics Recycling Act of 2014 (AB 1826), and the Short-Lived Climate Pollutants Bill of 2016 (SB 1383), and as implemented by the regulations of CalRecycle.

“Recycling Container” means a Container for the collection of recyclable materials as defined in the Agreement. The Recycling Container shall be colored as defined in the SB 1383 Regulations.

“Container” means any Cart, Bin or Debris Box.

“Garbage Container” means a Container for the collection of Garbage, which does not include Organic Waste or recyclable materials as defined in the Agreement. The Garbage Container shall be colored as defined in the SB 1383 Regulations.

“Organics Container” means a Container for the collection of Organic Waste and colored as defined in the SB 1383 Regulations. Hardware such as hinges and wheels may be any color.

“Food Waste Container” means a Container for the collection of Commercial Food Waste only and colored as defined in the SB 1383 Regulations.

“Hauler Route” means the designated weekly itinerary or sequence of stops scheduled to be performed by one collection vehicle providing regularly scheduled Solid Waste, Recyclable Material or Organic Waste collection services (not on-call or Bulky Item/Abandoned Waste) within the COMPANY’s collection service area under the Agreement.

“Organic Waste” means wastes comprising material originated from living organisms and their metabolic waste products, including food, green material, landscape and pruning waste, clean unpainted/untreated wood (with no nails, wire, etc.), paper products, and printing and writing paper, but excluding textiles and carpets, manure, biosolids, digestate, sludges, non-compostable paper, Construction & Demolition Debris, and Hazardous Waste. No material shall be considered Organic Waste unless it has been segregated by the customer for separate collection.

“Prohibited Container Contaminants” means any of the following:

- (a) Non-Organic Waste placed in the Organics Container, including but not limited to textiles and carpets, manure, biosolids, digestate, sludges, non-compostable paper, Construction & Demolition Debris, and Hazardous Waste;
- (b) Organic Waste placed in the Garbage Container that is specifically identified under the Agreement for collection in the Organics Container or Recycling Container;
- (c) Organic Waste placed in the Recycling Container that is specifically identified under the Agreement for collection in the Organics Container. Paper products and printing and writing paper

FOURTH AMENDMENT TO THE AMENDMENT AND RESTATEMENT OF COLLECTION
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may be considered acceptable and not considered Prohibited Container Contaminants if they are placed in the Recycling Container.

“Route Review” means a visual inspection of Containers along a Hauler Route for the purpose of identifying Prohibited Container Contaminants, which may include mechanical inspection methods such as use of cameras.

“SB 1383 Regulations” means the Short-lived Climate Pollutants (SLCP): Organic Waste Reductions regulations adopted by the California Department of Resources Recycling and Recovery (“CalRecycle”) in 2020 and found in California Code of Regulations Title 14, Division 7, Chapter 12.

For purposes of this Amendment, the following terms (whether or not capitalized) shall have the meanings given to them in the SB 1383 Regulations, unless the context indicates a different meaning was intended: biosolids, digestate, food, non-compostable paper, paper products, printing and writing paper, sludges.

FOURTH AMENDMENT TO THE AMENDMENT AND RESTATEMENT OF COLLECTION
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Exhibit B

FACILITIES

Marin Sanitary Service Transfer Station

1050 Andersen Drive San Rafael CA 94912

Marin Recycling Center

535 Jacoby Street San Rafael CA 94912

Marin Resource Recovery Center

535 Jacoby Street San Rafael CA 94901

CITY OF SAN RAFAEL

NOTICE OF PUBLIC HEARING

The City Council of the City of San Rafael will hold a public hearing:

- PURPOSE:** Public Hearing: To consider two actions concerning the City's agreement with Marin Sanitary Service for Refuse Collection and Recycling:
- 1) A request by Marin Sanitary Service for a rate increase of 2.39% for refuse collection and recycling services and adoption of a Resolution setting maximum rates for the year 2022; and
 - 2) Adoption of a Resolution amending the agreement regarding changes in services to comply with State law SB 1383.
- DATE/TIME/PLACE:** Monday, December 6, 2021, at 7:00 p.m.
Consistent with Executive Orders No.-25-20 and No. N-29-20 from the Executive Department of the State of California and the Marin County Shelter in Place Order, the San Rafael City Council hearing of December 6, 2021 will not be physically open to the public and will be streamed live to YouTube at www.youtube.com/cityofsanrafael. Instructions on how to participate online will be available on the YouTube channel. You will also be able to listen/speak by telephone. The number will be provided on agenda.
- WHAT WILL HAPPEN:** You may comment on the proposed Resolutions. The City Council will consider all public testimony and will then decide whether to approve the Resolution.
- IF YOU CANNOT ATTEND:** You may send a letter to City Clerk, City of San Rafael, 1400 Fifth Avenue, San Rafael, CA 94901 or by email Lindsay.Lara@cityofsanrafael.org.
- FOR MORE INFORMATION:** You may contact Cory Bytof, Sustainability Program Manager at (415) 485-3407 or cory.bytof@cityofsanrafael.org. Office hours are Monday through Friday, 8:30 a.m. to 5:00 p.m.

SAN RAFAEL CITY COUNCIL

/s/ LINDSAY LARA
LINDSAY LARA, City Clerk