



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 FOR 2023

**SUBJECT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL
APPROVING MAXIMUM RATES COLLECTED BY MARIN SANITARY
SERVICE FOR REFUSE AND RECYCLABLE MATERIAL COLLECTION
AND DISPOSAL SERVICES, TO BE EFFECTIVE JANUARY 1, 2023.**

RECOMMENDATION

Adopt a resolution approving maximum rates collected by Marin Sanitary Service for Refuse and Recyclable Material Collection and Disposal Services, to be effective January 1, 2023.

EXECUTIVE SUMMARY

This report details the rate adjustment proposal for 2023 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. The proposed rate adjustment would allow MSS to increase rates by up to a maximum of 7.15% over 2022 levels for all rate payers. It includes adjustments based on the contractually agreed-upon rate-setting methodology the City has with Marin Sanitary Service and an extension of the Illegal Dumping Pilot Program. The proposed rate adjustment is based upon an independent third-party review of MSS's costs of providing the service by R3 Consulting Group, Inc. (R3).

BACKGROUND

Each year, the City Council holds a public hearing to approve the maximum collection rates that can be charged by 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 provides the overall context of the rate-setting process, the services MSS provides in San Rafael, and relevance to State law.

FOR CITY CLERK ONLY

Council Meeting: _____

Disposition: _____

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 "Fourth Amendment to the Amendment and Restatement of Collection Agreement of the City of San Rafael with Marin Sanitary Service" and was approved by Council in [December 2021](#). The prior third amendment approved in [December 2018](#) contains a rate-setting methodology based on actual cost of service with a portion tied to a common index: the CPI index for Water and Sewer and Trash Collection. This methodology is intended to provide relatively 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 January 2022 [Senate Bill \(SB\) 1383](#), enacted in 2017, now requires that all residents and businesses divert their organic waste. SB 1383 also places 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) is authorized to fine local governments that don't comply. The franchisors have been working with R3 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 Mandatory Commercial Recycling and Mandatory Composting laws (AB 341, enacted in 2011, AB 1826, and SB 1383), 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

A. Proposed Maximum Rate Adjustment for 2023

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 4.71% annually. Last year's adjustment was 2.39% and included an Illegal Dumping Pilot project which is being proposed to continue, and a third and final 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 2023 Rate Application, which was conducted by R3. San Rafael's calculated rate adjustment is 7.15%. As shown in the report, Collector Operations comprised the largest portion of the rate adjustment and was calculated using the Consumer Price Index (CPI) for Water, Sewer and Trash Collection, which was double the rate in 2021. Much of this is attributed to, and closely tracks, current inflation levels.

The second largest contribution to the rate adjustment is the Rate Revenue Reconciliation at 2.3%. The impacts of COVID-19 are still being felt and subscription levels were down dramatically as is the case with all haulers throughout the Bay Area. Last year MSS was able to receive forgiveness of their Paycheck Protection Program loan for 2020 resulting in no negative impact to the rates. However, MSS experienced a shortfall of \$613,327 in 2021 billed revenues compared to the 2021 revenue requirement, which does negatively impact the rate this year. This was anticipated and was communicated last year during the rate review.

Finally, this is also the third and final year of three of an increase in the City's Refuse Vehicle Impact Fees, which are increasing by \$345,667 over 2022, contributing 1.3% to the overall rate adjustment. Two items that reflected positively in the rates this year were a reduction in costs for Recyclable Materials Processing due to an increase in value of recyclable commodities sold by MSS and a reduction in costs for R3's support of SB 1383 implementation. Together, these items contributed a total 0.62% reduction to the rate adjustment.

Illegal Dumping Program

Two years ago, a 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 was expanded last year to include MSS, R3, Gigantic Idea Studios, the Mattress Recycling Council, and Conservation Corps North Bay. This year we expanded to include community members through Voces del Canal, Mujeres Empoderadas, and the Canal Community Resilience Council.

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 collaborated with the Health and Safety Committee to assist with waste management related to homelessness.

Last year was the third 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 pilot programs focused primarily on disposal options and community engagement. While single family homeowners can have bulky items picked up curbside twice a year, 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 pilots have been primarily focused on providing cost-effective disposal options that adequately address people's needs.

In 2022, the following pilots and activities were conducted:

1. 12 Monthly Bulky item drop-off days at Pickleweed Park targeting our neighborhoods with the most prevalent illegal dumping in the Canal and near downtown.
2. A pilot in conjunction with the Mattress Recycling Council to test an on-call bulky item pickup program in partnership with a small group of apartment managers.
3. A "Hot Spot" campaign of data analysis, mapping, and surveillance camera installations with enforcement in locations where dumping is a common occurrence.
4. A service-level analysis of multi-family properties, and a policy analysis for potential permanent policy considerations with regard to minimum refuse and recycling service levels and bulky item disposal.
5. A "What to do with Unwanted Junk" flyer and magnet sent to all multifamily tenants in San Rafael with a QR code to a City informational web page.
6. Mini-grants and commercial vouchers for businesses that experience dumping on their property.
7. Continued tracking and curing of dumping data to measure pre and post intervention results (including types of material, amounts, and locations) and updates to our data dashboard.

Proposed 2023 pilots and activities can be broadly categorized into the following areas:

1. Continue the successful Bulky Item Drop-off events to offer consistent, monthly disposal opportunities.
2. Continue the mini-grant program for businesses.
3. Continue our analysis of policy language and potential rate restructuring to address the lack of service options for multifamily tenants and managers for disposal of bulky items including mattresses with the intent of bringing final policy considerations to Council in late 2023.

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 identified last year was the need to effectively market the events to ensure that they are well known and utilized throughout the community. Community surveys conducted in October showed that a full 50% of Canal residents now know about these days, and we recorded a significant increase in participation and tonnage of materials disposed of the second half of the year. In addition, there was a 25% drop in illegal dumping pickups up by the Department of Public Works in 2022 in the Canal neighborhood. Though there is not enough data to establish causation at this point, the correlative data combined with the increase in community knowledge gives staff hope that this will be a solid long-term solution to

consider.

In addition, the pilots for 2023 will continue to conduct Hot Spot campaigns and targeted enforcement, an exploration of policy options, and increased data gathering and mapping to measure progress and uncover additional solutions. Data gathering is critical and was still being refined this year due to the number of people in different departments collecting data, and 2022 was our first year of ensuring consistency across departments.

Importantly, to address a key barrier for renters, the Team will continue to explore on-call bulky item collection options for tenants who don't have the ability to transport to the bulky item days. Staff and R3 will conduct a policy and cost analysis that combines free or low-cost disposal opportunities with increased enforcement against properties that allow accumulation of dumped materials ("carrot and stick approach"). This would essentially make bulky items another part of waste management for property owners much like current trash bin refuse, recycling and composting. However, the financial and equity analysis is crucial to understanding the relative merits and potential unintended consequences.

Business resources will include additional mini-grants for protective measures for private property owners who are experiencing dumping on their properties. Enforcement mechanisms will continue to be implemented, including sign installation and surveillance cameras in Hot Spots, which are separate from these rate-funded pilots.

This suite of proposed pilot programs, data gathering, and analysis carries an estimated cost of approximately \$127,000, commensurate to previous years. Staff will offset some of the costs through use of the City's annual Zero Waste Grant, reducing the amount to a total \$100,000 in proposed new funds, or 0.4% impact to the 2023 rate adjustment. The Team will also seek other funding such as through CalRecycle in an effort to increase activities and reduce impact to the rates. The 2023 Illegal Dumping Funding Memo with more detail is included as Attachment C.

Conclusion

R3 reviewed the application and all relevant documents and financial schedules with MSS, including the Illegal Dumping Pilot extension. The full schedule of rate adjustment line items can be found on page 1 of Attachment B: Review of Marin Sanitary Service's 2023 Rate Application. Staff has reviewed the rate adjustment and programs with a Council Subcommittee comprised of Councilmembers Bushey and Llorens Gulati, resulting in the staff recommendation to approve allowing the maximum amount to be collected in 2023 with a rate adjustment of 7.15%.

This rate adjustment would result in an overall increase of \$3.35 per month for a residential 32-gallon cart, which is the most common cart size, for a total monthly fee of \$50.19. For a common commercial size there would be an overall increase of \$41.37 per month for a 3 cubic yard bin, for a monthly total of \$620.02. 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. However, note that proposed 2023 rates are not yet available for other jurisdictions. This summary compares proposed San Rafael 2023 base rates to other jurisdictions' 2022 actual rates, which will likely also 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, so the comparisons are not apples-to-apples. 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 approved maximum rate adjustment be applied across the board to all residential, multi-family and commercial service accounts. Actual maximum 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 D) and emailed to all names on file with the City Clerk and City Manager's Office. Information on the maximum annual rate that MSS may collect has been 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

Exhibit C to the resolution contains the complete maximum rate request. If approved, the maximum rates would be authorized for 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 approving maximum rates collected by Marin Sanitary Service for Refuse and Recyclable Material Collection and Disposal Services, to be effective January 1, 2023 for a total increase of 7.15% over 2022 rates.
2. Adopt the resolution with modifications.
3. Do not adopt the resolution at this time and direct staff to come back with more information.

RECOMMENDED ACTION

Adopt a resolution approving maximum rates collected by Marin Sanitary Service for Refuse and Recyclable Material Collection and Disposal Services, to be effective January 1, 2023.

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:	Public Hearing Notice

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL APPROVING MAXIMUM RATES COLLECTED BY MARIN SANITARY SERVICE FOR REFUSE AND RECYCLABLE MATERIAL COLLECTION AND DISPOSAL SERVICES, TO BE EFFECTIVE JANUARY 1, 2023

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, a written third amendment dated February 25, 2019, and a written fourth amendment approved by the City Council on December 6, 2021 (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 approved from time to time by the City Council; and

WHEREAS, Exhibit "C" of the Franchise Agreement provides rate schedules, to be approved by the City Council; and

WHEREAS, Marin Sanitary Service has submitted a rate application request for 2023 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 based on a formula determined by Marin Sanitary Service’s actual cost of service and produced a report concurring with Marin Sanitary Service’s rate and fee adjustments; and

WHEREAS, the rates for solid waste service are set and imposed by MSS, and by adopting this resolution, the City does not intend to impose any rates, fees, or charges. However, to the extent that the adoption of this resolution results in the City’s imposition of any fees, rates, or charges for services or facilities in connection with a solid waste system, those charges are adopted pursuant to California Health and Safety Code section 5471; and

WHEREAS, on December 5, 2022, 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 7.15% from 2022, to be effective January 1, 2023. 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 5th of December 2022, by the following vote, to wit:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

LINDSAY LARA, City Clerk

FINAL REPORT

City of San Rafael

Review of Marin Sanitary Services' 2023 Rate Application

submitted electronically: November 18, 2022

November 18, 2022

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

submitted via email: cristine.alilovich@cityofsanrafael.org

SUBJECT: Final Report – Review of Marin Sanitary Service’s 2023 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) 2023 rate application for the City of San Rafael.

This review was conducted pursuant to R3’s engagement with the seven agencies (Agencies) served by MSS, including the City of San Rafael, City of Larkspur, County of Marin, Las Gallinas Valley Sanitary District, Town of Ross, Town of Fairfax, and the Town of San Anselmo.

This report summarizes results from our review of MSS’s 2023 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 Town holds with MSS.

* * * * *

We appreciate the opportunity to be of service to the Town. Should you have any questions regarding this report or need any additional information, please do not hesitate to reach out directly.

Sincerely,



Jim Howison | *Sr. Managing Consultant*

R3 Consulting Group, Inc.

925.768.7244 | jhowison@r3cgi.com

1. FINDINGS

Executive Summary

On August 31, 2022, MSS submitted its application for an increase to its solid waste rates, to be effective January 1, 2023. This is an indexed year rate adjustment, which primarily projects compensation due to MSS based on the applicable water-sewer-trash CPI Index (WST). Based on our review of the rate application, R3 concurs with MSS's calculated 2023 rate revenue requirement of \$28,553,184, which is \$1,902,896 higher than the 2022 rate revenue requirement of \$26,630,288. The corresponding adjustment to the City's solid waste rates for 2023 is 7.15%, based on a January 1, 2023 effective date.

Table 1: 2023 Rate Adjustment Summary

	2022	2023	Dollar Change	Percentage Change	Adjustment to Rates
Collector Operations	16,644,156	17,380,581	736,425	4.42%	2.77%
Garbage Landfilling and Organics Processing	2,677,356	2,790,260	112,904	4.22%	0.42%
State Compliance Database Subscription	7,694	8,393	699	9.09%	0.00%
SB 1383 Compliance	208,064	209,174	1,110	0.53%	0.00%
Illegal Dumping Pilot Program	103,540	100,000	(3,540)	-3.42%	-0.01%
Profit Calculation	2,061,742	2,150,717	88,975	4.32%	0.33%
Recyclable Materials Processing	305,461	189,407	(116,054)	-37.99%	-0.44%
Interest	378,509	395,256	16,747	4.42%	0.06%
Zero Waste Marin Fees	374,701	379,410	4,709	1.26%	0.02%
Franchise Fees	2,663,029	2,791,986	128,957	4.84%	0.48%
Other Agency Fees	1,134,934	1,480,601	345,667	30.46%	1.30%
Annual Rate Revenue Reconciliation	0	613,327	613,327	100.00%	2.30%
Recycling Property Insurance	47,486	67,689	20,203	42.55%	0.08%
SB 1383 Negotiations and Implementation Support	23,617	(23,617)	(47,234)	-200.00%	-0.18%
Total Annual Rate Revenue Requirement	26,630,288	28,533,184	1,902,896	7.15%	7.15%

2023 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 4.42% to Collector Operations. Per Exhibit B, the rate adjustment is subject to a 2.5% minimum and a 5% maximum rate cap for MSS's collection operations. The result is \$17,380,581 in Collector Operations for the City of San Rafael in 2023, which is an increase of \$736,425 compared to 2022.

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, 2022, which are then annualized to project total 2022 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 2022 tons and the 2023 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 materially 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 4.42% WST adjustment to project 2023 per ton tip fees. The result is \$2,790,260 in Garbage and Organics Tipping fees for the City in 2023, which is an increase of \$112,904 compared to 2022.

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 an increase of \$699 in Database Subscription for the City in 2023, for a total cost of \$8,393 in 2023 compared to \$7,694 in 2022.

Compliance with SB 1383

MSS is requesting continued revenue in association with SB 1383 with the goal of increasing compliance with the State of California's organics state mandate(s). The company will continue to provide compliance monitoring and inspection services, contamination monitoring, outreach and education, and reporting functions on behalf of the City. The total 2023 revenue recovery for these new SB 1383 compliance measures for MSS is \$209,174 or an increase of \$1,110.

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 recommended \$103,540 in illegal dumping pilot program funding, which was an increase of \$43,540 compared to 2021. For 2023 the illegal dumping budget is set at \$100,000 due to the overwhelming community support for the program.

Profit Calculation

R3 reviewed the calculation of MSS's profit, which is a function of total allowable operating expenses (\$20,488,408 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 \$2,150,717 in Calculated Profit for the City in 2023, which is an increase of \$88,975 compared to 2022. 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 2023, the resulting Net Recyclable Materials Processing Cost Per Ton is \$18.72, a decrease of \$10.87 from the 2022 value of \$29.59. This reduction is due to increases in the value of recyclable commodities sold by MSS. The result is \$189,407 in Recyclable Materials Processing costs for the City in 2023, which is a decrease of \$116,054.

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 \$395,256 in interest for the City in 2023, which is an increase of \$16,747 compared to 2022.

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. Zero Waste Marin 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. The result is \$379,410 in Zero Waste Marin Fees for the City in 2023, which is an increase of \$4,709 to 2022.

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 \$2,791,986 in Franchise Fees for the City in 2023. Franchise Fees fund the costs of compliance with State laws, management and administration of the City's Agreement with MSS, and compensate the City for the value of the property rights conveyed to MSS via the Agreement.

Other Agency Fees

Other Agency Fees are calculated and applied to each of the Agencies based on the specific fees set by those Agencies. MSS pays the City a \$1,480,601 Vehicle Impact Fee to cover the cost of road impacts from MSS's solid waste collection vehicles

Annual Rate Revenue Reconciliation

The Rate Revenue Reconciliation item is to reconcile the projected rate revenue from the 2021 rate adjustment to the actual revenue collected through rates charged during the 2021 rate year. Due to the impacts of the COVID-19 pandemic, MSS experienced a shortfall of \$613,327 in 2021 billed revenues in the City compared to the 2021 revenue requirement. That amount is therefore included in the 2023 revenue requirement.

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 result is \$67,689 in Recycling Property Insurance for the City in 2023, which is an increase of \$20,203 compared to 2022.

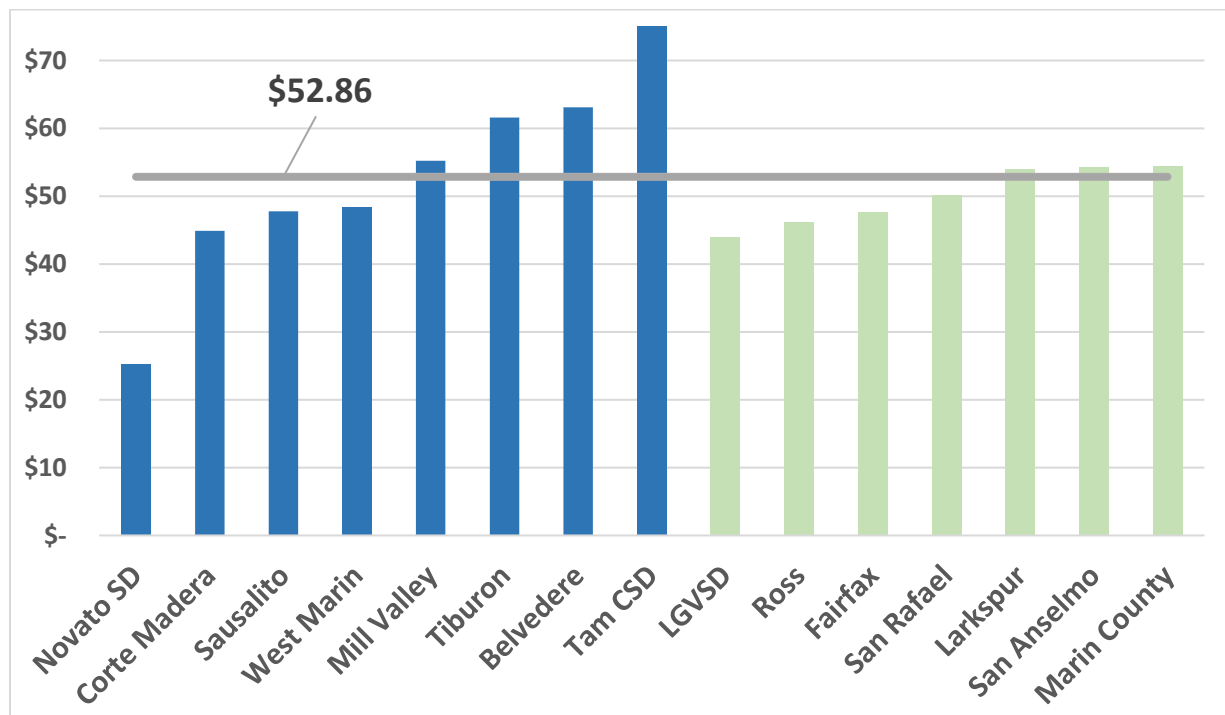
Funding for SB 1383 Contract Negotiations and Implementation

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 were budgeted at \$44,380 but then determined that services were not needed. For 2023 the total \$44,380 in budgeted costs were deducted from the rate application as services were deemed unnecessary, providing a full refund to the rate payers. The City of San Rafael's portion of the refund totaled \$23,617 and is in the 2023 rate request.

Survey of Comparable Rates

Figure 1 illustrates R3's survey of solid waste rates as of October 2022 for agencies located throughout the Marin County. These survey results are presented as an indication of the reasonableness of the resulting rates for 2023. For comparison purposes, agencies serviced by Marin Sanitary Services (MSS) are designated in green and represent the proposed pricing for 32-gallon cart, including the current rate increase. Other, non-MSS service agencies are designated in blue and are current pricing, though price increases are expected for 2023 as well. The average cost for the 30–35-gallon cart for non-MSS service agencies is represented by the grey line is \$52.86. For the residents of San Rafael, the 32-gallon cart is projected to cost \$50.19 per month for the flat regions of the City. The 2023 Hill Rate for the 32-gallon cart is projected at \$56.85 per month. The City's commercial rates for a 3-cubic yard bin serviced one time per week will be \$620.02 compared to \$578.62 the previous year.

Figure 1: Comparison of MSS's 2023 Rates to Other Marin County Agencies



**CITY OF SAN RAFAEL
EXHIBIT C - SCHEDULE OF RATES**

RESIDENTIAL REFUSE COLLECTION RATES						
		Rate increase:	7.15%			
		Effective date:	01/01/2023			
<i>Residential Service (Bundled service includes 1 landfill (garbage) cart, 1 organics cart, & 1 recycling split cart)</i>						
RECURRING CHARGES	Weekly Service Rates (Billed Quarterly)	2023 Flat rate		2023 Hill Rate		
		Monthly Rate	Quarterly Rate	Monthly Rate	Quarterly Rate	
		20 gallon cart	\$42.67	\$128.01	\$48.31	\$144.93
		32 gallon cart	\$50.19	\$150.57	\$56.85	\$170.55
		64 gallon cart	\$100.38	\$301.14	\$113.70	\$341.10
		96 gallon cart	\$150.57	\$451.71	\$170.55	\$511.65
		Low income - 20 gal* cart	\$34.14	\$102.42	\$38.65	\$115.95
		Low income - 32 gal* cart	\$40.15	\$120.45	\$45.48	\$136.44
		Low income - 64 gal* cart	\$80.30	\$240.90	\$90.96	\$272.88
		Low income - 96 gal* cart	\$120.46	\$361.38	\$136.44	\$409.32
		<i>Senior rate**Discontinued</i>	\$35.43	\$106.29	\$45.11	\$135.33
		Additional Organics Cart Rental (35 or 64 gallon cart)	\$2.68	\$8.04	\$2.68	\$8.04
		Additional Split Cart Rental (64 or 96 gallon cart)	\$2.68	\$8.04	\$2.68	\$8.04
		Additional Monthly Charges	Monthly Fee	Quarterly Fee		
			(per cart, each way)			
	Distance 5' - 50'	\$6.51	\$19.53			
	Distance Over 50'	\$13.19	\$39.57			

*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.

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: 7.15%
Effective date: 01/01/2023

RECURRING CHARGES	COMMERCIAL CARTS, BINS, ROLL-OFFS	Collections per Week						Additional One Time Empty
	Garbage	1	2	3	4	5	6	
20 gallon cart*	\$42.67	\$85.34	\$128.01	\$170.68	\$213.35	\$256.02	\$9.85	
32 gallon cart	\$49.85	\$99.70	\$149.55	\$199.40	\$249.25	\$299.10	\$11.50	
64 gallon cart	\$99.70	\$199.40	\$299.10	\$398.80	\$498.50	\$598.20	\$23.01	
96 gallon cart	\$149.55	\$299.10	\$448.65	\$598.20	\$747.75	\$897.30	\$34.51	
1 yard bin	\$323.98	\$654.18	\$990.59	\$1,333.32	\$1,682.17	\$2,037.24	\$74.76	
2 yard bin	\$476.35	\$1,094.44	\$1,660.32	\$2,238.64	\$2,829.42	\$3,432.64	\$109.93	
3 yard bin	\$620.02	\$1,154.58	\$1,759.95	\$2,383.88	\$3,026.59	\$3,687.94	\$143.08	
4 yard bin	\$884.52	\$1,635.13	\$2,489.97	\$3,369.81	\$4,035.48	\$5,204.13	\$204.12	
5 yard bin	\$956.81	\$1,924.30	\$2,933.26	\$3,973.18	\$5,044.36	\$6,146.57	\$220.80	
6 yard bin	\$1,135.91	\$2,309.16	\$3,519.88	\$4,767.86	\$6,053.18	\$7,375.90	\$262.13	
10 yard roll-off	\$1,601.00	\$3,276.34	\$5,028.06	\$6,853.55	\$8,753.79	\$10,728.68	\$369.46	
18 yard roll-off	\$2,875.56	\$5,885.72	\$9,030.28	\$12,309.31	\$15,722.82	\$19,270.86	\$663.59	
20 yard roll-off	\$3,195.17	\$6,539.66	\$10,033.62	\$13,676.98	\$17,469.80	\$21,412.02	\$737.35	
25 yard roll-off	\$4,469.53	\$9,148.27	\$13,486.24	\$18,383.07	\$23,480.98	\$28,779.77	\$1,031.43	
	Organics (F2E or Compost)	1	2	3	4	5	6	Additional One Time Empty
32 gallon	\$20.67	\$41.34	\$62.01	\$82.68	\$103.35	\$124.02	\$4.77	
64 gallon	\$41.34	\$82.68	\$124.02	\$165.36	\$206.70	\$248.04	\$9.54	
1 yard	\$144.67	\$289.34	\$434.01	\$578.68	\$723.35	\$868.02	\$33.39	
2 yard	\$289.34	\$578.68	\$868.02	\$1,157.36	\$1,446.70	\$1,736.04	\$66.77	
3 yard	\$434.01	\$868.02	\$1,302.03	\$1,736.04	\$2,170.05	\$2,604.06	\$100.16	
10 yard roll-off	\$1,120.70	\$2,241.40	\$3,362.10	\$4,482.80	\$5,603.50	\$6,724.20	\$258.62	
18 yard roll-off	\$2,017.26	\$4,034.52	\$6,051.78	\$8,069.04	\$10,086.30	\$12,103.56	\$465.52	
20 yard roll-off	\$2,241.40	\$4,482.80	\$6,724.20	\$8,965.60	\$11,207.00	\$13,448.40	\$517.25	
25 yard roll-off	\$2,801.75	\$5,603.50	\$8,405.25	\$11,207.00	\$14,008.75	\$16,810.50	\$646.56	
Garbage Compactors (Per empty)								
Roll-off Compactor Tipping fee per ton		\$137.60			Roll-off Compactor Hauling charge		\$309.28	
Stationary FL (Per Compacted Yard)		\$119.50			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	\$6.51		Monthly fee per cart, each way				
	Distance > 50ft	\$13.19		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.

ONE TIME SERVICE FEES	Commercial 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)	\$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: 7.15%
Effective date: 01/01/2023

	MFD CARTS, BINS, ROLL-OFFS		Collections per Week						Additional One Time Empty
	Garbage	1	2	3	4	5	6		
20 gallon cart*	\$42.67	\$85.34	\$128.01	\$170.68	\$213.35	\$256.02	\$9.85		
32 gallon cart	\$50.19	\$100.38	\$150.57	\$200.76	\$250.95	\$301.14	\$11.58		
64 gallon cart	\$100.38	\$200.76	\$301.14	\$401.52	\$501.90	\$602.28	\$23.16		
96 gallon cart	\$150.57	\$301.14	\$451.71	\$602.28	\$752.85	\$903.42	\$34.75		
32 gallon - hill	\$56.85	\$113.70	\$170.55	\$227.40	\$284.25	\$341.10	\$13.12		
64 gallon - hill	\$113.70	\$227.40	\$341.10	\$454.80	\$568.50	\$682.20	\$26.24		
96 gallon - hill	\$170.55	\$341.10	\$511.65	\$682.20	\$852.75	\$1,023.30	\$39.36		
1 yard bin	\$312.19	\$629.35	\$951.56	\$1,278.72	\$1,610.84	\$1,947.91	\$72.04		
2 yard bin	\$476.35	\$1,091.92	\$1,652.84	\$2,223.68	\$2,804.53	\$3,395.30	\$109.93		
3 yard bin	\$620.02	\$1,136.35	\$1,726.97	\$2,332.51	\$2,952.97	\$3,588.32	\$143.08		
4 yard bin	\$884.52	\$1,630.17	\$2,474.99	\$3,339.90	\$4,147.25	\$5,129.39	\$204.12		
5 yard bin	\$956.81	\$1,893.93	\$2,878.22	\$3,887.41	\$4,921.55	\$5,980.59	\$220.80		
6 yard bin	\$1,121.41	\$2,272.73	\$3,453.87	\$4,664.91	\$5,905.86	\$7,176.65	\$258.79		
10 yard roll-off	\$1,601.00	\$3,276.34	\$5,028.06	\$6,853.55	\$8,753.79	\$10,728.68	\$369.46		
18 yard roll-off	\$2,875.56	\$5,885.72	\$9,030.28	\$12,309.31	\$15,722.82	\$19,270.86	\$663.59		
20 yard roll-off	\$3,195.17	\$6,539.66	\$10,033.62	\$13,676.98	\$17,469.80	\$21,412.02	\$737.35		
25 yard roll-off	\$4,469.53	\$9,148.27	\$13,486.24	\$18,383.07	\$23,480.98	\$28,779.77	\$1,031.43		
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	\$2.68	\$5.36	\$8.04	\$10.72	\$13.40	\$16.08	NA		
Additional Organics Cart Rental (64 gallon cart) after 4 TOTAL carts per cart per month	\$2.68	\$5.36	\$8.04	\$10.72	\$13.40	\$16.08	NA		
1 yard	\$144.67	\$289.34	\$434.01	\$578.68	\$723.35	\$868.02	\$33.39		
2 yard	\$289.34	\$578.68	\$868.02	\$1,157.36	\$1,446.70	\$1,736.04	\$66.77		
3 yard	\$434.01	\$868.02	\$1,302.03	\$1,736.04	\$2,170.05	\$2,604.06	\$100.16		
Garbage Compactors (Per empty)									
Roll-off Compactor Tipping fee per ton		\$137.60		Roll-off Compactor Hauling charge			\$309.28		
Stationary FL (Per Compacted Yard)		\$119.50		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		\$6.51	Monthly fee per cart, each way					
	Distance > 50ft		\$13.19	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.

	MFD One Time Service Fees	Fee
	Return Fee - BIN	
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.

To: Cory Bytof, Sustainability Program Manager, City of San Rafael
From: Nate Forst and Garth Schultz, R3 Consulting Group
Date: November 23, 2022
Subject: 2022 Illegal Dumping Reduction Pilot Program Recap + Funding Memo

Illegal Dumping Pilot Program Overview

Background

Illegal Dumping Reduction Goal

The City of San Rafael initially established Illegal Dumping Pilot Programs (IDP) to support 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.

2018-2019: Pilot Program Inception

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.

2020-2021: COVID and Continued Growth

Despite the unique challenges posed by the COVID-19 pandemic during 2020-2021, the following key trends were observed:

- Bulky waste drop-off events were increased from three (3) to six (6) days in 2021 as compared to 2020 resulting in 456 cubic yards of material collected (a 140% increase over 2020)¹.
- Free dumping vouchers for tenants of Bret Harte, Canal, and Gerstle Park decreased from 258 cubic yards of material to 197 cubic yards of material,
- Free dump coupons were offered to commercial property owners (and promoted by email), but zero participation was recorded two years in a row.

¹ The program reached more users and collect significantly more material in 2021 and did so at a cost per cubic yard collected that was significantly lower than the Multi-Family Voucher program. 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.

2022 Pilot Program Results

In 2022, the IDP Team supported continued expansion of proven components of the IDP, initiated additional analyses and policy testing to investigate the root causes of illegal dumping, and developed a new pilot with funds awarded from a Mattress Recycling Council (MRC) grant.

Expanded Bulky Waste Drop-off Events:

Building on the success of 2021's bulky waste drop-off events which generated a significant "return on impact" of funds invested (as indicated above), the total number of bulky waste drop-off events was again doubled in 2022, increasing from six (6) to twelve (12) days. Additionally, the events were made a recurring monthly fixture at Pickleweed Park. This not only increased access to service for a test population of approximately 6,800 multifamily housing units, but it also provided the service in a consistent and ongoing capacity. As such, residents were better able to plan and prepare for the events. The impact of this expansion significant: through October 2022, 1,254 cubic yards of material were collected (a 175% increase over 2021 totals) *with two events yet to be held*. This outcome not only exceeded expectations, but it was also achieved at a cost per cubic yard of \$71, down from a cost of \$78 in 2021. This illustrates consistently increasing economies of scale as this program has grown² and further solidifies it as the key value driver among pilot programs attempted thus far by the City.

Free Multifamily Dwelling (MFD) On-Call Bulky Item Pickups:

While single-family homeowners in San Rafael receive trash collection for bulky items (such as mattresses) via on-call pickup services twice a year, service for bulky items is not offered to MFD units in the City. Given the potential connection between this lack of service and illegal dumping in the area, the IDP Team developed multiple potential policy mechanisms to address the proliferation of casual dumping near MFD in San Rafael with the intention of improving service at MFD in the City for all types of waste in a convenient and equitable manner. Potential policy changes identified included:

- Requiring via specific ordinance language that MFD offer bulky item collection.
- Specifying fines directed to properties for illegal dumping within one (1) block of the MFD.
- Requiring training and education regarding bulky item disposal to tenants within 15 days of move in and annually thereafter.
- Provision of vouchers to each MFD unit in the City for free bulky item disposal at the transfer station.
- Offering free on-call pickups of bulky items for MFD properties of up to the equivalent of one large item or mattress per unit.

Given these options, the IDP Team chose to develop a new pilot aimed specifically at reducing illegal dumping generation via a "free on-call bulky item pickup program." This was designed to address an essential barrier for MFD residents in San Rafael - lack of transportation to bulky item disposal and collection opportunities. Even with cost incentives in place to encourage proper disposal, without transportation to facilities and drop-off events many residents may be prevented from accessing disposal options, leading to unwanted dumping. With support from its consultants, the City secured a grant from the Mattress Recycling Council (MRC) for \$24,000 that facilitated the opportunity for seven (7) properties of various sizes to participate, each with access to two (2) pickups per month over a six-month pilot period.

² The cost per cubic yard for this pilot has decreased from \$86 for three events in 2020, to \$78 for six events in 2021.

Per MSS, through October 2022 this pilot recorded collection of 95 cubic yards³ of bulky items from tenants at MFD locations throughout the City. Overall, participation in the “free on-call bulky item pickup pilot” fell short of IDP Team’s expectations for total material collected. Three key issues were the primary drivers behind this:

- Lack of space at MFD’s for tenants to store materials in anticipation of pickups;
- Reliance on property managers for event promotion rather than direct outreach to tenants; and
- Less demand for pickup at some complexes (though dumping in the vicinity remains prevalent).

MFD Overage Analysis:

Building on original research and analysis begun 2021, the IDP Team continued development of a comprehensive evaluation of MFD service levels throughout San Rafael to 1) ascertain whether adequate service levels were being met across the City, and 2) determine whether MFD service levels may potentially be linked to instances of illegal dumping throughout the City. To achieve this, the City and its consultants collaborated with MSS to complete an analysis of MFD units in San Rafael by service level, and total occurrences of collection container overages. Using Geographic Information System (GIS) tools, this data was then overlaid with the City’s online Illegal Dumping Dashboard to identify potential overlap of container overages by location to determine if there was a correlation with illegal dumping activity “hot spots” tracked on the Dashboard. This analysis yielded the following information:

- A clear correlation between container overage occurrences⁴ and illegal dumping, including when looking at the time lapse for both month by month;
- Significant correlation between properties that do not meet the current 32 gallon per unit service level minimum, overage occurrences, and the quantity of overage amounts.⁵; and
- Moderate correlation between properties that do not meet the current 32 gallon per unit service level minimum, and illegal dumping incidents.

In 2022, overall IDP costs are estimated to come in roughly at budget.⁶ Should there be any unspent funds, if the Council wishes they may be applied (in whole or in part) to continuation of the pilot program in 2023. City staff and R3 recommend rolling any unspent funds forward to implementation of the following 2023 pilot program.

2023 Pilot Program and Funding

The City has an opportunity to maintain the success of the proven bulky waste drop off events at the level and consistency achieved in 2022, while supporting further policy analysis related to bulky item pickup service and “right-sizing” service levels at MFD. This could be accomplished via utilization of any unspent 2022 funds, combined use of Zero Waste Marin grant funds, and funding via the 2023 rates of \$100,000 – an amount similar to what was supported in the 2022 rates.

³ Collection data provided for ten of twelve events. MSS indicated that data from two additional pick-ups was still pending.

⁴ An overage occurrence reflects a recorded even in which disposed material has exceeded the capacity of a container.

⁵ Based on estimates provided by MSS drivers.

⁶ Estimated November 16, 2022, based on program performance, costs to date and anticipated costs for final two months of the program.

R3 Consulting Group, Inc. (R3) has separately calculated the 2023 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 continue to fund \$100,000 in approximate MSS and City costs for a 2023 Illegal Dumping Reduction Pilot Program.

Overview of Proposed 2023 Illegal Dumping Reduction Pilot Program

Building on 2022 data and lessons learned, the project team would implement the following:

- **Maintain Bulky Waste Drop-off Events:** Support continued reduction of illegal dumping from multifamily residential properties by keeping “bulky waste drop-off events” a consistent monthly event at Pickleweed Park. Prior to investing in further expansion, R3 recommends maintaining focus on the current pilot area to make a clear determination on the pilot’s impact on localized dumping relative to baseline measures. This would allow for continued growth in local participation as awareness of the events builds on 2022’s dramatic increase in material collected, while also further supporting anticipated economies of scale in terms of reduced cost per cubic yard of material collected. In partnership with the Conservation Corps North Bay, the City anticipates continued support for twelve events - maintaining access to service for a population of approximately 6,800 housing units. Facilitating this program would be the key use of funds in 2023.
- **Further Policy Analysis focused on MFD Bulky Item Pickups and Right-sizing Service Levels:** Building on lessons learned from 2022 pilot efforts, additional analysis would be directed towards establishing a more equitable approach to bulky item pickups in San Rafael. Efforts would focus on requiring MFD’s to offer bulky item collection (or vouchers) via a rate structure that potentially redirects a portion of funds (currently allocated to single family bulky waste pickups) towards MFD pickups. A basic associated policy cost analysis will be undertaken as well. In parallel, findings from 2022 analyses on MFD service levels would be further leveraged to explore and recommend potential scenarios related to increased collection service levels at MFD units that hit identified overage thresholds. Enforcement strategies and proper incentives for MFD property managers will be considered as part of the assessment.

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 will also assist in evaluating programmatic data and reports and participate in meetings with the City and the City’s consultants and provide input on pilot design and cost analysis.

Reporting and Next Steps for 2023

After completion, the project team will confer regarding Pilot Program results, anticipated in the Fall of 2023. The City will then present the results to Council and make recommendations about next steps to continue progress in 2024 to reduce illegal dumping, including potential for citywide implementation of the “bulky waste drop-off events” and any potential policy solutions related to MFD container overages.

Pilot Program Rate Impact and Draft Budget

The City has an opportunity to set the 2023 solid waste rates to secure funding for the Pilot Program as part of the 2022 rate hearing.

Draft Pilot Program Budget

A draft budget for the Pilot Program, at an anticipated total expense of \$127,780 is provided in Table 1. Funding for the proposed Pilot Program budget is based on \$100,000 in proposed new funds and \$27,780 in Zero Waste Grant Funding to the City from Zero Waste Marin.

Table 1: Proposed 2023 Illegal Dumping Reduction Pilot Program Budget

	2023 Budget
Implementation and Ongoing Coordination	
Operations & Financial Analysis and Coordination with City Program (R3)	\$ 5,000
Subtotal	\$ 5,000
Monthly Debris Box Days (12 Total Events)	
Conservation Corps (Monthly Events at Pickleweed Park)	\$ 18,000
Design, outreach and collateral (GIS)	\$ 30,000
Debris Box Rental and Bulky Waste Disposal	\$ 69,780
Subtotal	\$ 117,780
Environmental Design Mini Grants	
Mini-grants Funding	\$ 5,000
Subtotal	\$ 5,000
Grand Total	\$ 127,780

CITY OF SAN RAFAEL

NOTICE OF PUBLIC HEARING BEFORE THE SAN RAFAEL CITY COUNCIL

You are invited to attend the City Council public hearing on the following consideration to approve maximum rates allowed by Marin Sanitary Service for refuse and recycling collection services.

DATE/TIME:

Monday, December 5, 2022, at 7:00 p.m.

LOCATION:

City Council Chambers, City Hall, 1400 Fifth Avenue, San Rafael, CA 94901

VIRTUAL PARTICIPATION:

COVID-19 ADVISORY NOTICE: Consistent with State of California and County of Marin health orders, the San Rafael City Council has determined that the following hearing will be physically open to the public, but that the public may participate either by attending the meeting in person or by teleconference by visiting <https://www.cityofsanrafael.org/departments/public-meetings/> for the call-in phone number and meeting ID listed on the agenda (or using Zoom app to connect to this meeting ID).

PURPOSE:

To consider a request by Marin Sanitary Service for a rate increase of 7.1% for refuse and recycling collection and services and adoption of a Resolution allowing for maximum rates to be collected by Marin Sanitary Service for the year 2023.

WHAT WILL HAPPEN:

Staff will provide a presentation, members of the public can provide comments/questions, and the City Council will consider all public testimony, deliberate, and determine how to proceed with the recommendation provided by staff.

IF YOU CANNOT ATTEND:

You may submit comments regarding the proposed item by 4:00 p.m. the day of the hearing to Lindsay Lara, City Clerk, City of San Rafael, 1400 Fifth Avenue, San Rafael, CA 94901, or by email to city.clerk@cityofsanrafael.org. You can also hand deliver a letter prior to the public hearing. The City Clerk's office will forward your comments to the City Council and publish correspondence received to the agenda online. Comments received after 4:00 p.m. will be forwarded to the City Council and posted online the following day.

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. You can also view the staff report after 4:00 p.m. on the Friday before the meeting at <https://www.cityofsanrafael.org/city-council-meetings/>.

/s/ Lindsay Lara
Lindsay Lara
City Clerk
City of San Rafael

To be published in the Marin IJ twice: November 25 & November 30