

**TOWN OF SAN ANSELMO
STAFF REPORT
October 19, 2017**

For the Meeting of October 24, 2017

TO: Town Council

FROM: David P. Donery, Town Manager
Helen Yu-Scott, Finance and Administrative Services Director

SUBJECT: Amendment to Franchise Agreement with Marin Sanitary Service

RECOMMENDATION

That Council approve an amendment to the Franchise Agreement with Marin Sanitary Service (MSS) requesting a delay in submission of the 2018 application for a rate adjustment.

BACKGROUND

In January of 2010, the Town of San Anselmo and Marin Sanitary Service (the "Contractor") entered into a franchise agreement for solid waste, recycling, and green waste services (the "Agreement") for a period of ten years. The Agreement sets forth a structure and methodology for the setting of annual collection rates. This information is contained in Section 6 and Exhibit B of the Agreement.

DISCUSSION

The Agreement currently states that the by October 15 of each year, the Contractor "shall submit an application requesting the amount of the Contractor's compensation and calculating the necessary adjustment to rate revenue for the next rate period commencing on January 1 of the following year".

First Amendment

In July of 2011, the Town and MSS agreed to amend the Agreement. This amendment made note of an existing group of jurisdictions where MSS provides service known as the "Marin Franchisor's Group". This included the County of Marin, the Cities of Larkspur and San Rafael, the Town of Ross, and the Las Gallinas Sanitary District. The Franchisor's Group conducted their annual rate setting collectively through a uniform procedure which resulted in each of the jurisdictions being presented with the same annual percentage increase by MSS for consideration by their respective governing bodies.

Due to the fact that the Franchisor's Group had determined that all members must have an "evergreen contract," meaning that the contract rolls over from year to year, and has no ending date, San Anselmo was unable to join. San Anselmo is currently in the eighth year of a ten-year contract.

As part of the first amendment to the Agreement, MSS agreed that future increases will be no more than those assessed to the Franchisor's Group, after the completion of an annual rate review study,

and assuming that no changes are made to the contract and no new services are added. This methodology has worked well for the Town over the years.

ANALYSIS

In 2017, the Franchisor's Group considered modifications to its rate setting methodology which has delayed the calculation of rate increases to be effective as of January 1, 2018. This amendment seeks extend the date for rate application from October 15th to December 15th. This request comes with the understanding that "if it is not possible to make any resulting rate increases effective as of January 1, 2018, such rate increases will become effective as soon as possible after such date, with the amount of such increases to be increased so that such increases have the financial effect of being retroactive to such date consistent with prior practice".

CONCLUSION

Staff recommends approval of the amendment. It is expected that the annual rate discussion with Marin Sanitary will take place at the first meeting in January of 2018.

Respectfully submitted,



David P. Donery
Town Manager



Helen Yu-Scott
Finance and Administrative Services Director

Attachment 1 – Second amendment of the Franchise Agreement between the Town of San Anselmo and Marin Sanitary Service for Solid Waste, Recycling and Green Waste services.