

November 18, 2021

Authority Staff
South Lake Tahoe Basin Waste Management Authority
1901 Airport Road
South Lake Tahoe, CA 96150

Subject: **2022 Interim Year Rate Analysis of South Tahoe Refuse Company**

Crowe LLP (Crowe) has completed its analysis of South Tahoe Refuse Company, Inc.'s (STR) 2022 Interim Year Rate Application (Application). The South Lake Tahoe Basin Waste Management Authority (JPA) contracted with Crowe to conduct an analysis of the Application and to determine changes in refuse collection rates, including rate impacts required to fund additional Clean Tahoe Program (CT Program) costs, effective January 1, 2022. This letter report is organized as follows:

- A. *Purpose of Analysis*
- B. *Summary*
- C. *Background of Analysis*
- D. *Scope of Analysis*
- E. *Results of Analysis.*

There are four (4) attachments to this report.

- Attachment A – 2022 Residential Rate Structure
- Attachment B – 2022 Interim Year Rate Application
- Attachment C – 2022 Interim Year Worksheet
- Attachment D – Consumer Price Index Data.

A. Purpose of Analysis

The purpose of the 2022 Interim Year Rate Analysis of STR (Analysis) is to assist the JPA with establishing solid waste collection rates. In addition, this analysis will assist the JPA determine potential rate impacts to California jurisdictions (City of South Lake Tahoe and El Dorado County) associated with funding additional CT Program costs.

The analysis was conducted in accordance with the JPA's 2012 *Solid Waste Rate Setting Policies and Procedures Manual* (Manual). The information in this Analysis is based on estimates, assumptions and other data developed by Crowe from information provided by STR, knowledge of and participation in other studies, data supplied by the JPA, and other sources deemed to be reliable.

In the course of preparing this Analysis, we have not conducted an audit, review, compilation, agreed upon procedures, or examination of any financial or supplemental data used in the accompanying Analysis. We have made certain projections of calculations based on projected data which may vary from actual results because events and circumstances frequently do not occur as expected and such variances may be material. We have no responsibility to update this Analysis for events or circumstances occurring after the date above.

Our procedures and work product are intended for the benefit and use of the JPA. This engagement was not planned or conducted in contemplation of reliance by any other party or with respect to any specific transaction and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party.

The JPA agreed to be responsible to make all management decisions and perform all management functions; designate an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management to oversee these services; evaluated the adequacy and results of the services performed; and accepted responsibility for the results of the services.

B. Summary

Our analysis supports a rate increase of 3.77 percent for the City of South Lake Tahoe and El Dorado County and 3.69 percent for Douglas County, effective January 1, 2022. Current 2021 and calculated 2022 residential rates, for selected service levels, are shown in **Table 1**. Current 2021 and calculated 2022 commercial rates, for selected service levels, are shown in **Table 2**.

It is important to note that the rates and rate increases displayed in Table 1 and Table 2 do not reflect the rate impacts required to fund incremental new CT Program costs for the City of South Lake Tahoe. In the *Results of Analysis* section of this letter report, we provide these CT Program rate impacts to City of South Lake Tahoe residential and commercial customers. The comprehensive 2022 rate structure, inclusive of rate impacts to fund incremental new Clean Tahoe program costs for the City of South Lake Tahoe and El Dorado County, is provided in **Attachment A** of this report.

Table 1
South Tahoe Refuse
Residential Rates with a 3.77 Percent Rate Increase for the City of South Lake Tahoe and El Dorado County and a 3.69 Percent Rate Increase for Douglas County
(Interim Year 2022)

| Service Level | Current 2021 Rate (Per Customer, Per Month) | 2022 Rate (Per Customer, Per Month) | 2022 Rate Increase (Per Customer, Per Month) |
|----------------------------------|---|---|---|
| City of South Lake Tahoe | | | |
| Unlimited Service | \$33.43 | \$34.69 | \$1.26 |
| Douglas County | | | |
| 1, 32-gallon can | \$21.50 | \$22.29 | \$0.79 |
| El Dorado County (Area A) | | | |
| Unlimited Service | \$37.43 | \$38.84 | \$1.41 |

Table 2

South Tahoe Refuse

Commercial Rates with a 3.77 Percent Rate Increase for the City of South Lake Tahoe and El Dorado County and a 3.69 Percent Rate Increase for Douglas County (Interim Year 2022)

| Service Level | Current 2021 Rate (Per Customer, Per Month) | 2022 Rate (Per Customer, Per Month) | 2022 Rate Increase (Per Customer, Per Month) |
|---------------------------------|---|---|---|
| City of South Lake Tahoe | | | |
| Per cubic yard | \$38.64 | \$40.10 | \$1.46 |
| Douglas County | | | |
| Per cubic yard | \$31.55 | \$32.71 | \$1.16 |
| El Dorado County | | | |
| Per cubic yard | \$44.88 | \$46.57 | \$1.69 |

C. Background of Analysis

The JPA is a joint powers authority comprised of the City of South Lake Tahoe, California; Douglas County, Nevada; and El Dorado County, California (Member Agencies). The JPA is responsible for overseeing regional cooperation regarding solid waste and coordinating solid waste program planning and reporting for these Member Agencies.

STR is the franchise hauler for the three (3) jurisdictions. STR provides exclusive refuse collection, recycling, and transfer station operations to Member Agencies in accordance with separate franchise agreements.

JPA rate setting is guided by the JPA's 2012 *Solid Waste Rate Setting Policies and Procedures Manual* (Manual). The Manual allows STR to submit an interim year rate application for the rate year 2022. Our Analysis was conducted consistent with Step 2 in Section 3 of the Manual.¹

The JPA and STR followed the interim year process in Section 3 of the Manual for interim years 2013, 2014, 2016, 2017, 2019, and 2020 and the base year process for rate years 2015, 2018, and 2021. Previously approved rate changes were as follows:

- 2014 – 2.78 percent rate increase for City of South Lake Tahoe and El Dorado County; and 2.73 percent rate increase for Douglas County – interim year.
- 2015 – 2.88 percent rate increase for City of South Lake Tahoe and El Dorado County; and 2.66 percent rate increase for Douglas County – base year.
- 2016 – No rate increases for City of South Lake Tahoe, El Dorado County and Douglas County – interim year.
- 2017 – 1.62 percent rate increase for City of South Lake Tahoe and El Dorado County; and 1.59 percent rate increase for Douglas County – interim year.
- 2018 – 8.81 percent rate increase for City of South Lake Tahoe; 6.81 percent rate increase for Douglas County; and 9.34 percent rate increase for El Dorado County – base year.
- 2019 – 3.11 percent rate increase for the City of South Lake Tahoe and El Dorado County; and 3.05

¹ The JPA allows for the franchise hauler to submit an interim year rate application in each of the “interim” two (2) years between “base” years, should the franchised hauler want to request an increase in rates.

percent increase for Douglas County – interim year.

- 2020 – 2.93 percent rate increase for the City of South Lake Tahoe and El Dorado County; and 2.87 percent increase for Douglas County – interim year.
- 2021 – 9.04 percent rate increase for City of South Lake Tahoe; 5.77 percent rate increase for Douglas County; and 7.11 percent rate increase for El Dorado County – base year.

Table 2
South Tahoe Refuse
Selected Residential Rates
(2014 to 2021)

| Service Level | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| City of South Lake Tahoe | | | | | | | | |
| Unlimited Service | \$25.40 | \$26.13 | \$26.13 | \$26.55 | \$28.89 | \$29.79 | \$30.66 | \$33.43 |
| Douglas County | | | | | | | | |
| 1, 32-gallon can | \$16.95 | \$17.44 | \$17.44 | \$17.72 | \$18.93 | \$19.51 | \$20.07 | \$21.50 |
| El Dorado County | | | | | | | | |
| Unlimited Service | \$29.20 | \$29.98 | \$29.98 | \$30.47 | \$32.38 | \$34.38 | \$35.39 | \$37.43 |

On August 25, 2021, STR submitted its Application to the JPA for rate year 2022. **Attachment B** includes a copy of the Application. The interim year application process requires STR to project one component of the rate, the projected change in landfill disposal costs. In accordance with the Manual, the JPA then determines the remaining portion of the rate change which is based on the applicable Consumer Price Index (CPI). As shown in Attachment B, STR projected that landfill disposal costs will increase by 4.45 percent in 2022.

We used STR internally prepared financial information and operational data for rate years 2021 (actual) and 2022 (projected), and additional information and data Crowe requested of STR. This Analysis does not constitute an audit of STR financial information.

D. Scope of Analysis

Our scope of services included the following tasks:

- Identify applicable Consumer Price Index (U.S. Garbage and Trash, CUUR0000SEHG02)
- Request additional data and clarification from STR
- Complete the interim year rate change worksheet and determine new rates
- Assess rate impacts of a fee increase to fund additional Clean Tahoe (CT) program costs
- Prepare the draft report
- Receive comments from the JPA and STR
- Prepare the final report.

For this Analysis, we performed the following tasks:

- Assessed if the Application was mathematically accurate and logically consistent
- Verified that the Application complied with the terms and conditions of the Manual
- Assessed supporting data, worksheets, and documentation
- Obtained support for actual 2021 landfill disposal tonnage and the assumptions used to project 2022

tonnage and tipping fees

- Prepared the draft and final reports
- Participated in JPA and Member Agency preparation and meeting(s), as required.

Crowe submitted a data request to STR on October 29, 2021. STR provided timely responses to our data request. STR furnished the information requested.

E. Results of Analysis

The results of the Analysis consist of two components: 1) Interim Year Rate Change Analysis and 2) Clean Tahoe Rate Analysis. The Interim Year Rate Change Analysis details changes to the applicable Consumer Price Index (CPI) and projected changes to landfill disposal costs allowed in accordance with the Interim Year process described in the Manual. The Clean Tahoe Rate Analysis details rate impacts to the City of South Lake Tahoe and El Dorado County needed to fund incremental new CT Program costs.

Interim Year Rate Change Analysis

In its Application, STR projected increases in 2022 landfill disposal costs of 4.45 percent driven by the following factors:

- A contractually obligated 3.00 percent increase in tipping fee rates at Lockwood (shown in Attachment B)
- Increase in municipal solid waste (MSW) tonnage resulting from an increase in permanent residents serviced
- Increase in alternative daily cover (ADC) tonnage
- Decrease in construction and demolition (C&D) tonnage.

For 2022, STR projects municipal solid waste (MSW) tonnage to increase by 4,469 tons or 8.8 percent from 2021 levels, alternative daily cover (ADC) tonnage to increase by 3,302 tons or 29 percent from 2021 levels, and construction and demolition (C&D) tonnage to decrease by 1,135 tons or 12 percent from 2021 levels.

The applicable change in June 2020 to June 2021 U.S. Garbage and Trash CPI (index reference: CUUR0000SEHG02) for this interim year was 4.13 percent (as shown in **Attachment D**). The index changed from 496.679 to 517.202 year over year. The Manual calls for use of 85% of the index for non-landfill disposal costs (see line 9 of the worksheet in Attachment C). Note that this change in CPI is applied to 92.45 percent of STR costs (see reference on line 5 of the worksheet in Attachment C).

After obtaining additional tonnage and tipping fee data from STR, we analyzed historical and estimated tipping fee costs for the two facilities used by STR (Lockwood Landfill and Carson City Landfill) and found evidence that the total tipping fee costs are increasing for the combined facility usage and disposal materials mix. We consequently projected a 4.45 percent increase in total tipping fees (see line 21 of the worksheet in Attachment C). Note that this change in landfill disposal costs is applied to 7.55 percent of STR costs (see reference on line 6 of the worksheet in Attachment C).

As a result of the Analysis of the Application and based on the calculations provided in the interim year worksheet in Attachment C, the calculation supports a 2022 interim year rate increase of 3.77 percent for the City of South Lake Tahoe and El Dorado County, and a 3.69 percent interim year rate increase for Douglas County.

Clean Tahoe Rate Analysis

The CT Program in South Lake Tahoe provides litter pickup, abatement of illegal dumping, and routine servicing of multiple trash receptacles along Highway 50. Incremental new CT Program costs which were assessed as part of the prior base year rate analysis are planned to be funded through increases to City of South Lake Tahoe 2022 rates. We obtained and evaluated additional supporting documentation and financial information necessary to calculate the rate increase required to fund the incremental new CT Program costs.

We calculated that CT Program costs for the City of South Lake Tahoe residential customers will need to increase from \$0.40 per month to \$0.70 per month, or an increase of \$0.30 per month. To simplify CT Program funding, for 2022, the City of South Lake Tahoe intends to shift CT Program costs from a surcharge on the bill² to part of the base collection rate. This change is reflective of the City's desire for STR to pay the CT Program directly rather than the current practice of STR remitting the CT Program surcharge to the City who then pays the CT Program. Thus, effective January 1, 2022, CT Program costs will be incorporated into City 2022 base collection rates (as shown in Attachment A). In **Table 3**, we present the combined interim year rate increase and the CT Program's rate increase for City of South Lake Tahoe unlimited 2022 residential services.

Table 3
South Tahoe Refuse
City of South Lake Tahoe
Residential Rates with a 3.77 Percent Interim Year (IY) Rate Increase and a
\$0.30 Clean Tahoe Program Cost Increase
(Interim Year 2022)

| Service Level | Current 2021 Rates (Per Customer, Per Month) | 2022 IY Rate Increase (Per Customer, Per Month) | 2022 Clean Tahoe Program Cost Increase | Total Combined IY and CT Program Rate Increase | Total Rate |
|---------------------------------|--|---|--|--|------------|
| City of South Lake Tahoe | | | | | |
| Unlimited Service | \$33.43 | \$1.26 | \$0.30 | \$1.56 | \$34.99 |

* * * * *

If you have any questions regarding this Analysis, or any of the contents of this letter report, please do not hesitate to contact Erik Nylund at (415) 230-4963.

Very truly yours,

Crowe LLP

² City of South Lake Tahoe surcharges will decrease \$0.40, the amount equal to existing CT Program costs. Both existing (\$0.40) and incremental new CT Program costs (\$0.30) will be incorporated within 2022 base collection rates. City of South Lake Tahoe surcharges will decrease from \$0.90 to \$0.50, which will cover street sweeping (\$0.25) and nuisance abatement (\$0.25).

Attachment A 2022 Residential Rate Structure

| | |
|--|-------|
| 1. Percent Rate Change Requested (City of South Lake Tahoe and El Dorado County) | 3.77% |
| Percent Rate Change Requested (Douglas County) | 3.69% |

| Rate Schedule (per customer, per month) | Current Rate | Residential Surcharge (City only) | Clean Tahoe Program Surcharge Reduction | Updated Residential Surcharge (City only) | Current Rate with Updated Residential Surcharge (City only) | Rate Adjustment Applied to Current Rate | New Rate without Updated Residential Surcharge | Updated Clean Tahoe Program Cost | New Rate with Surcharge and Clean Tahoe Cost |
|--|--------------|-----------------------------------|---|---|---|---|--|----------------------------------|--|
| 2. City of South Lake Tahoe | | | | | | | | | |
| 2.1. Unlimited service | \$ 33.43 | \$ 0.90 | \$ (0.40) | \$ 0.50 | \$ 33.93 | \$ 1.26 | \$ 34.69 | \$ 0.70 | \$ 35.89 |
| 2.2. Mandated pickup per 32-gallon can/bag | \$ 7.14 | \$ - | \$ - | \$ - | \$ 7.14 | \$ 0.27 | \$ 7.41 | \$ - | \$ 7.41 |
| 2.3. Mandated pickup per cubic yard | \$ 47.79 | \$ - | \$ - | \$ - | \$ 47.79 | \$ 1.80 | \$ 49.59 | \$ - | \$ 49.59 |
| 2.4. Qualified senior rate | \$ 22.20 | \$ 0.90 | \$ (0.40) | \$ 0.50 | \$ 22.70 | \$ - | \$ 22.20 | \$ 0.70 | \$ 23.40 |
| 2.5. House service - 1 can | \$ 38.29 | \$ 0.90 | \$ (0.40) | \$ 0.50 | \$ 38.79 | \$ 1.44 | \$ 39.73 | \$ 0.70 | \$ 40.93 |
| 2.6. House service - 2 cans | \$ 43.17 | \$ 0.90 | \$ (0.40) | \$ 0.50 | \$ 43.67 | \$ 1.63 | \$ 44.90 | \$ 0.70 | \$ 46.00 |
| 2.7. House service - 3 cans | \$ 48.02 | \$ 0.90 | \$ (0.40) | \$ 0.50 | \$ 48.52 | \$ 1.81 | \$ 49.83 | \$ 0.70 | \$ 51.03 |
| 2.8. Residential - All other services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3. Douglas County | | | | | | | | | |
| | Current Rate | | | | | Rate Adjustment Applied to Current Rate | | Updated Clean Tahoe Program Cost | New Rate |
| 3.1. 1, 32-gallon can | \$ 21.50 | | | | | \$ 0.79 | | | \$ 22.29 |
| 3.2. 2, 32-gallon cans | \$ 41.37 | | | | | \$ 1.53 | | | \$ 42.90 |
| 3.3. 3, 32-gallon cans | \$ 63.08 | | | | | \$ 2.33 | | | \$ 65.41 |
| 3.4. 4, 32-gallon cans | \$ 82.98 | | | | | \$ 3.06 | | | \$ 86.04 |
| 3.5. One extra 32-gallon can (also the seasonal service rate) | \$ 101.90 | | | | | \$ 3.76 | | | \$ 105.66 |
| 3.6. On-call 32-gallon can billed monthly/arrears | \$ 5.39 | | | | | \$ 0.20 | | | \$ 5.59 |
| 3.7. Per cubic yard | \$ 34.71 | | | | | \$ 1.28 | | | \$ 35.99 |
| 3.8. 1, 45-gallon can | \$ 26.06 | | | | | \$ 0.96 | | | \$ 27.02 |
| 3.9. 2, 45-gallon cans | \$ 50.10 | | | | | \$ 1.85 | | | \$ 51.95 |
| 3.10. 3, 45-gallon cans | \$ 76.34 | | | | | \$ 2.82 | | | \$ 79.16 |
| 3.11. One extra 45-gallon can (also the seasonal service rate) | \$ 6.57 | | | | | \$ 0.24 | | | \$ 6.81 |
| 4. El Dorado County - Area A | | | | | | | | | |
| | Current Rate | | | | | Rate Adjustment Applied to Current Rate | | Updated Clean Tahoe Program Cost | New Rate |
| 4.1. Unlimited service | \$ 37.43 | | | | | \$ 1.41 | | | \$ 38.84 |
| 4.2. Mandated pickup per 32-gallon can/bag | \$ 7.84 | | | | | \$ 0.30 | | | \$ 8.14 |
| 4.3. Mandated pickup per cubic yard | \$ 44.88 | | | | | \$ 1.69 | | | \$ 46.57 |
| 4.4. Qualified senior rate | \$ 26.58 | | | | | \$ - | | | \$ 26.58 |
| 4.5. House service per can | \$ 4.74 | | | | | \$ 0.18 | | | \$ 4.92 |
| 4.6. Residential - All other services | \$ - | | | | | \$ - | | | \$ - |
| El Dorado County - Area B | | | | | | | | | |
| | Current Rate | | | | | Rate Adjustment Applied to Current Rate | | Updated Clean Tahoe Program Cost | New Rate |
| 4.1. 1, 32-gallon can | \$ 18.60 | | | | | \$ 0.70 | | | \$ 19.30 |
| 4.2. 2, 32-gallon cans | \$ 24.98 | | | | | \$ 0.94 | | | \$ 25.92 |
| 4.3. 3, 32-gallon cans | \$ 30.18 | | | | | \$ 1.14 | | | \$ 31.32 |
| 4.4. 4, 32-gallon cans | \$ 35.38 | | | | | \$ 1.33 | | | \$ 36.71 |
| 4.5. 1, 45-gallon can | \$ 21.59 | | | | | \$ 0.81 | | | \$ 22.40 |
| 4.6. 2, 45-gallon cans | \$ 26.26 | | | | | \$ 0.99 | | | \$ 27.25 |
| 4.7. 3, 45-gallon cans | \$ 33.51 | | | | | \$ 1.26 | | | \$ 34.77 |
| 4.2. One extra can 32- or 45-gallon | \$ 5.75 | | | | | \$ 0.22 | | | \$ 5.97 |

Year:

Attachment A
2022 Commercial Rate Structure

| | |
|--|--------------|
| 1. Percent Rate Change Requested (City of South Lake Tahoe and El Dorado County) | 3.77% |
| Percent Rate Change Requested (Douglas County) | 3.69% |

| Rate Schedule (per customer, per month) | Current Rate | Rate Adjustment Applied to Current Rate | New Rate with Adjustment | Updated Clean Tahoe Program Cost | New Rate with Updated Clean Tahoe Cost |
|--|--------------|---|--------------------------|----------------------------------|--|
| 2. City of South Lake Tahoe | | | | | |
| 2.1. per cubic yard | \$ 38.64 | \$ 1.46 | \$ 40.10 | \$ 0.39 | \$ 40.49 |
| 2.3. per 32-gal can/bag | \$ 5.32 | \$ 0.20 | \$ 5.52 | \$ 0.05 | \$ 5.57 |
| 2.5. per 45-gal can/bag | \$ 6.61 | \$ 0.25 | \$ 6.86 | \$ 0.07 | \$ 6.93 |
| 2.7. compacted rate per yard | \$ 54.23 | \$ 2.05 | \$ 56.28 | \$ 0.55 | \$ 56.82 |
| 3. Douglas County | | | | | |
| 3.1. per cubic yard | \$ 31.55 | \$ 1.16 | | | \$ 32.71 |
| 3.3. per 32-gal can/bag | \$ 4.95 | \$ 0.18 | | | \$ 5.13 |
| 3.5. compacted rate per yard | \$ 40.78 | \$ 1.50 | | | \$ 42.28 |
| 4. El Dorado County - Area A | | | | | |
| 4.1. per cubic yard or extra cubic yard | \$ 44.88 | \$ 1.69 | \$ 46.57 | | \$ 46.57 |
| 4.2. per 32-gal can/bag or extra 32-gal can/bag | \$ 7.84 | \$ 0.30 | \$ 8.14 | | \$ 8.14 |
| 4.3. compacted rate per yard or extra compacted yard | \$ 60.09 | \$ 2.27 | \$ 62.36 | | \$ 62.36 |
| El Dorado County - Area B | | | | | |
| 4.1. per cubic yard | \$ 19.58 | \$ 0.74 | | | \$ 20.32 |
| 4.3. per 32-gal can/bag | \$ 5.18 | \$ 0.20 | | | \$ 5.38 |
| 4.5. compacted rate per yard | \$ 44.52 | \$ 1.68 | | | \$ 46.20 |

Year:

Attachment B
2022 Interim Year Rate Application

| | | Lockwood | Carson City | Total |
|--|--|---------------|-----------------|-----------------|
| Change in Landfill Disposal Costs | | | | |
| | Prior Year Landfill Tipping Fees Per Ton (rounded) | \$ 20.52 | \$ 19.96 | \$ 20.00 |
| <i>Multiplied by:</i> | Prior Year Landfill Tons | 4,630.01 | 66,961.16 | 71,591.17 |
| | Add Adjustment for Rounding | \$ - | \$ - | |
| <i>Equals:</i> | Total Prior Year Landfill Disposal Costs | \$ 95,010.25 | \$ 1,336,474.96 | \$ 1,431,485.21 |
| | Projected Interim Year Landfill Tipping Fees Per Ton | \$ 21.02 | \$ 18.83 | \$ 19.12 |
| <i>Multiplied by:</i> | Projected Interim Year Landfill Tons | 10,480.16 | 67,697.00 | 78,177.16 |
| | Add Adjustment for Rounding | - | - | |
| <i>Equals:</i> | Total Projected Interim Year Landfill Disposal Costs | \$ 220,241.96 | \$ 1,274,878.55 | \$ 1,495,120.51 |
| | Projected Change In Landfill Disposal Costs | 131.81% | -4.61% | 4.45% |

Provide an explanation of any changes in landfill disposal costs (i.e., landfill tipping fees paid by the franchise hauler, landfill tonnage). Attach supporting documentation to this application as appropriate.

- 1.) Prior year Lockwood and Carson tipping fee per ton have been calculated using a weighted-average rate for MSW, C&D and ADC. See attached Lockwood tipping fee increase letter effective April 1, 2021. Also see attached tonnage detail schedule for more information.
- 2.) Projected interim year tipping fee per ton for Lockwood was calculated based on a minimum 3.00% increase consistent with section IV(b) of the Lockwood agreement. The projected interim year tipping fee per ton for Carson is calculated based on current contract rates in effect which are fixed and will not increase for the first five years of the contract.
- 3.) Disposal cost increase is the result of an increase in MSW tons, which is partially offset by a decrease in C&D tons, combined with a higher cost per ton disposal fee at the Lockwood Landfill as a result of the annual 3% tip fee increase under the contract. MSW and ADC tons are projected to increase approximately 4,469 tons and 3,302 tons, while C&D tons are projected to decrease approximately 1,135 tons. The increase in MSW tonnage is the result of a significant increase in the number of second homes and vacation homes, which historically represented approximately 50% of the homes serviced, now being occupied year-round as a result of the COVID-19 pandemic as many people from the Bay Area have moved to South Lake Tahoe to work remotely.

- Enclosures:
- FYE 2022 Tonnage Detail
 - Lockwood Tipping Fee Increase Letter

Section III--Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the South Lake Tahoe Basin Waste Management Authority.

Name: Jeffery R. Tillman

Title: President

Signature:

Date:

Attachment B
2022 Interim Year Rate Application (continued)

STR
Landfill Tipping Fees and Tonnage

| Twelve Months | ACTUAL | | | ACTUAL | | | ACTUAL | | |
|---------------|--------------------------------------|--------------|--------------|---|-----------------|--------------|--------------------------|-----------------|--------------|
| | Lockwood Landfill (7/1/20 - 6/30/21) | | | Carson City Landfill (7/1/20 - 6/30/21) | | | TOTAL (7/1/20 - 6/30/21) | | |
| | Tons | Tip Fee \$ | Rate per Ton | Tons | Tip Fee \$ | Rate per Ton | Tons | Tip Fee \$ | Rate per Ton |
| MSW | 3,838.43 | \$ 77,176.33 | \$ 20.11 | 46,998.47 | \$ 1,127,963.20 | \$ 24.00 | 50,836.90 | 1,205,139.53 | \$ 23.71 |
| C&D | - | \$ - | | 8,637.82 | \$ 207,307.68 | \$ 24.00 | 8,637.82 | \$ 207,307.68 | \$ 24.00 |
| C&D as ADC | 791.58 | \$ 17,833.92 | \$ 22.53 | - | \$ - | | 791.58 | 17,833.92 | \$ 22.53 |
| Green Waste | - | \$ - | | 50.17 | \$ 1,204.08 | \$ 24.00 | 50.17 | 1,204.08 | \$ - |
| ADC | - | \$ - | | 11,274.70 | \$ - | \$ - | 11,274.70 | \$ - | \$ - |
| Total | 4,630.01 | \$ 95,010.25 | \$ 20.52 | 66,961.16 | \$ 1,336,474.96 | \$ 19.96 | 71,591.17 | \$ 1,431,485.21 | \$ 20.00 |

| Annual FYE 2022 | PROJECTED | | | PROJECTED | | | PROJECTED | | |
|-----------------|--------------------------------------|---------------|--------------|---|-----------------|--------------|--------------------------|-----------------|--------------|
| | Lockwood Landfill (7/1/21 - 6/30/22) | | | Carson City Landfill (7/1/21 - 6/30/22) | | | TOTAL (7/1/21 - 6/30/22) | | |
| | Tons | Tip Fee \$ | Rate per Ton | Tons | Tip Fee \$ | Rate per Ton | Tons | Tip Fee \$ | Rate per Ton |
| MSW | 8,859.38 | \$ 183,693.56 | \$ 20.73 | 46,446.08 | \$ 1,114,705.92 | \$ 24.00 | 55,305.46 | 1,298,399.48 | \$ 23.48 |
| C&D | - | \$ - | | 6,673.86 | \$ 160,172.56 | \$ 24.00 | 6,673.86 | 160,172.56 | \$ 24.00 |
| C&D as ADC | 1,620.77 | \$ 36,548.40 | \$ 22.55 | - | \$ - | | 1,620.77 | 36,548.40 | \$ 22.55 |
| Green Waste | - | \$ - | | - | \$ - | | - | \$ - | \$ - |
| ADC | - | \$ - | | 14,577.06 | \$ - | \$ - | 14,577.06 | \$ - | \$ - |
| Total | 10,480.16 | \$ 220,241.96 | \$ 21.02 | 67,697.00 | \$ 1,274,878.48 | \$ 18.83 | 78,177.15 | \$ 1,495,120.44 | \$ 19.12 |

| Change | | |
|-------------|--------------|--------|
| MSW | 4,468.56 | 8.8% |
| C&D | (1,963.96) | |
| C&D as ADC | 829.19 | |
| | (1,134.77) | -12.0% |
| Green Waste | | |
| ADC | 3,302.36 | 29.3% |
| Total | 6,636.15 | 9.3% |
| | \$ 63,635.23 | 4.45% |

Attachment B
2022 Interim Year Rate Application (continued)



Lockwood Regional Landfill
2401 Canyon Way
Sparks, NV 89434
(775) 342-0401
(775) 342-2328 - Fax

March 31, 2021

Mr. Jeff Tillman
General Manager
South Tahoe Refuse, Inc.
2140 Ruth Avenue
South Lake Tahoe, CA 96150

Dear Mr. Tilman:

We have contacted the Bureau of Labor Statistics and obtained the percentage change in the Consumer Price Index-U.S. City Average-Garbage and Trash Collection Series ID CUUR0000SEHG02 for the annual period year 2021 vs year 2020. Per the Bureau of Labor Statistics, the annual percentage change in the Consumer Price Index increased 1.23% during this period.

Accordingly, pursuant to Section IV (b) of the agreement, the increase to disposal rates, which the company will put into effect as of April 1, 2021, will be 3.00%. Your rate will increase to \$20.58 per ton from the current rate of \$19.98 per ton.

Please call me anytime at (775) 343-7372 if you have any questions.

Sincerely,



Julio Sandoval
Waste Management

cc:
Jonathan Crabtree
Kentry Tan
Greg Martinelli
Maria Davis

**Attachment C
Interim Year Worksheet**

| Section I--Base Year Costs | | | |
|--|-----------------------|---|-----------------------|
| Base Year Operating Costs (Other Than Landfill Disposal) | | | |
| 1. | | Total Allowable Operating Costs | 16,718,266 |
| 2. | <i>Plus:</i> | Allowable Operating Profit | 2,405,533 |
| 3. | <i>Plus:</i> | Total Pass Through Costs | 958,912 |
| 4. | <i>Minus:</i> | Landfill Disposal Costs | 1,515,427 |
| 5. | <i>Equals:</i> | Total Operating Costs (Other Than Landfill Disposal) | \$ 18,567,284 92.45% |
| Base Year Landfill Disposal Costs | | | |
| 6. | | Total Landfill Disposal Costs | \$ 1,515,427 7.55% |
| 7. | | Base Year Revenue Requirement | \$ 20,082,711 100.00% |
| Section II--Changes in Costs | | | |
| Change in Operating Costs (Other Than Landfill Disposal) | | | |
| 8. | | Projected Change in Consumer Price Index | 4.13% |
| 9. | | Projected 85 Percent Change in Consumer Price Index | 3.51% |
| Change in Landfill Disposal Costs | | | |
| 10. | | Prior Year Total Landfill Tipping Fees Per Ton | \$ 20.00 |
| 11. | <i>Multiplied by:</i> | Prior Year Total Landfill Tons | 71,591.17 |
| 12. | <i>Equals:</i> | Total Prior Year Total Landfill Disposal Costs | \$ 1,431,485.21 |
| 13. | | Projected Interim Year Total Landfill Tipping Fees Per Ton | \$ 19.12 |
| 14. | <i>Multiplied by:</i> | Projected Interim Year Total Landfill Tons | 78,177.15 |
| 15. | <i>Equals:</i> | Total Projected Interim Year Total Landfill Disposal Costs | \$ 1,495,120.44 |
| 16. | | Projected Change In Total Landfill Disposal Costs | 4.45% |
| Section III--Calculation of Percent Change in Rates | | | |
| Weighted Change in Operating Costs (Other Than Landfill Disposal) | | | |
| 17. | | Operating Costs as % of Base Yr. Revenue Requirement | 92.45% |
| 18. | <i>Multiplied by:</i> | Projected 85 Percent Change in Consumer Price Index | 3.51% |
| 19. | <i>Equals:</i> | Weighted Change in Operating Costs | 3.25% |
| Weighted Change in Total Landfill Disposal Costs | | | |
| 20. | | Total Landfill Disposal Costs as % of Base Yr. Revenue Requirement | 7.55% |
| 21. | <i>Multiplied by:</i> | Projected Change in Total Landfill Disposal Costs | 4.45% |
| 22. | <i>Equals:</i> | Weighted Change in Total Landfill Disposal Costs | 0.34% |
| Total Change | | | |
| 23. | | Total Percent Change in Costs | 3.58% |
| 24. | <i>Divided by:</i> | Adjustment for Franchise Fee (1 - 5%) | 95.00% |
| 25. | <i>Equals:</i> | Percent Change in Existing Rates (City of South Lake Tahoe and El Dorado County) | 3.77% |
| 26. | | Total Percent Change in Costs | 3.58% |
| 27. | <i>Divided by:</i> | Adjustment for Franchise Fee (1 - 3%) | 97.00% |
| 28. | <i>Equals:</i> | Percent Change in Existing Rates (Douglas County) | 3.69% |

Attachment D
Consumer Price Index (CPI) Data

| | |
|-------------------|---|
| Series Title | Garbage and trash collection in U.S. city average, all urban consumers, not seasonally adjusted |
| Series ID | CUUR0000SEHG02 |
| Seasonality | Not Seasonally Adjusted |
| Survey Name | CPI for All Urban Consumers (CPI-U) |
| Measure Data Type | Garbage and trash collection |
| Area | U.S. city average |
| Item | Garbage and trash collection |

| Year | Period | Label | Observation Value |
|------|--------|----------|-------------------|
| 2019 | M01 | 2019 Jan | 475.687 |
| 2019 | M02 | 2019 Feb | 477.474 |
| 2019 | M03 | 2019 Mar | 478.569 |
| 2019 | M04 | 2019 Apr | 479.449 |
| 2019 | M05 | 2019 May | 480.865 |
| 2019 | M06 | 2019 Jun | 480.984 |
| 2019 | M07 | 2019 Jul | 482.138 |
| 2019 | M08 | 2019 Aug | 483.987 |
| 2019 | M09 | 2019 Sep | 484.346 |
| 2019 | M10 | 2019 Oct | 486.133 |
| 2019 | M11 | 2019 Nov | 486.485 |
| 2019 | M12 | 2019 Dec | 486.708 |
| 2020 | M01 | 2020 Jan | 491.003 |
| 2020 | M02 | 2020 Feb | 494.429 |
| 2020 | M03 | 2020 Mar | 495.288 |
| 2020 | M04 | 2020 Apr | 494.432 |
| 2020 | M05 | 2020 May | 494.946 |
| 2020 | M06 | 2020 Jun | 496.679 |
| 2020 | M07 | 2020 Jul | 498.564 |
| 2020 | M08 | 2020 Aug | 500.882 |
| 2020 | M09 | 2020 Sep | 501.756 |
| 2020 | M10 | 2020 Oct | 503.315 |
| 2020 | M11 | 2020 Nov | 504.970 |
| 2020 | M12 | 2020 Dec | 508.190 |
| 2021 | M01 | 2021 Jan | 512.722 |
| 2021 | M02 | 2021 Feb | 517.270 |
| 2021 | M03 | 2021 Mar | 518.505 |
| 2021 | M04 | 2021 Apr | 518.579 |
| 2021 | M05 | 2021 May | 516.440 |
| 2021 | M06 | 2021 Jun | 517.202 |
| 2021 | M07 | 2021 Jul | 521.185 |
| 2021 | M08 | 2021 Aug | 524.408 |
| 2021 | M09 | 2021 Sep | 529.934 |

| | |
|---|--------------|
| Consumer Price Index as of June 2020 | 496.679 |
| Consumer Price Index as of June 2021 | 517.202 |
| Change in Consumer Price Index | 20.523 |
| Percent Change in Consumer Price Index | 4.13% |