

Analysis of El Dorado Disposal Service 2025 Interim Year Rate Application

County of El Dorado

July 22, 2025



Agenda

1	Background and Scope of Analysis
2	Result of Analysis
3	Questions

Background and Scope of Analysis

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- On March 1, 2023, El Dorado Disposal Service (EDDS) submitted its interim year rate application requesting:
 - A 3.62 percent increase to all residential and commercial refuse collection rates, plus
 - An 2.74% increase to fund cost overruns for the transfer station/MRF construction at 4100 Throwita Way.
- Crowe was engaged by the County as an independent third-party to review the rate application.
- We followed the County's rate setting process which is contained in the County's Solid Waste Rate Setting Policies and Procedures Manual. This Rate Manual is incorporated into the County's franchise agreement with EDDS.

Results of Analysis

Results of Analysis

The allowable rate increase is 85 percent of the percent change in CPI from December 2023 to December 2024 of 4.26 percent which equals 3.62 percent (0.85 x 4.26 percent).

Bureau of Labor Statistics

Consumer Price Index for All Urban Consumers (CPI-U)
Original Data Value

Series Id: CUUR0000SEHG02
Not Seasonally Adjusted
Series Title: Garbage and trash collection in U.S. city average, all
Area: U.S. city average
Item: Garbage and trash collection
Base Period: DECEMBER 1983=100
Years: 2015 to 2025

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2
2015	427.734	429.248	429.235	429.807	431.234	430.813	431.229	432.967	433.843	434.829	436.428	436.996		
2016	437.205	438.296	437.699	437.676	438.317	437.858	438.607	439.358	439.707	440.311	443.343	444.745		
2017	446.266	447.699	446.987	447.129	447.272	448.046	448.328	448.717	449.008	452.196	453.820	453.596		
2018	453.354	454.915	455.230	458.722	462.887	465.041	465.579	470.457	471.026	472.535	486.650	485.935	458.358	475.364
2019	475.687	477.474	478.569	479.449	480.865	480.984	482.138	483.987	484.346	486.133	486.485	486.708	478.838	484.966
2020	491.003	494.429	495.288	494.432	494.946	496.679	498.564	500.882	501.756	503.315	504.970	508.190	494.463	502.946
2021	512.722	517.270	518.505	518.579	516.440	517.202	521.185	524.408	529.934	530.114	529.053	532.538	516.786	527.872
2022	533.078	538.313	540.719	542.564	544.546	547.554	548.187	548.706	558.254	561.090	563.816	565.185	541.129	557.540
2023	570.412	575.697	576.773	580.124	587.431	589.812	596.167	597.347	596.997	597.569	601.631	602.164	580.042	598.646
2024	606.773	610.551	610.015	611.073	609.538	611.946	614.089	615.880	619.640	621.632	627.127	627.807	609.983	621.029
2025	629.803													
Dec-23		602.164												
Dec-25		627.807												
CPI % Increase		4.26%												
EDCO Adj		85%												
Total		3.62%												

Rate Change for MRF/Transfer Station Cost Overrun

EDDS's request to initiate an additional rate adjustment for cost overruns at the transfer station/MRF was based on the "Unforeseen Circumstances," clause of the *Solid Waste Rate Setting Policies and Procedures Manual* (Rate Manual), which is incorporated into the EDDS Franchise Agreement with the County, which specifies the following:

"The County should consider a proposed revision in a franchise hauler's rates whenever the franchise hauler can establish to the satisfaction of the County that Unforeseen Circumstances have arisen that have or will materially affect the franchise hauler's revenues of costs under this Manual."

Additionally, the 6th Amendment of the Franchise Agreement between the County and EDDS specifies the following as it relates to seeking rate increases related to transfer station/MRF improvements where costs are in excess of the 2014 maximum project estimate of \$12M:

- *"An increase in refuse Collection rates or Transfer Station I MRF rates to compensate Contractor for any estimated costs of the new Transfer Station I MRF improvements that are in excess of the 2014 maximum project estimate may only be requested and considered by the Board if the estimated costs significantly exceed Contractor's original 2014 maximum estimate. Contractor will provide the actual agreed upon cost when completed, and Contractor must furnish an itemized list of the final facility costs, by asset name, asset description, asset number, acquisition date, and acquisition cost. This asset listing shall be retained in County files and listed as an attachment to the Franchise Agreement."*

Rate Change for MRF/Transfer Station Cost Overrun

(continued)

We performed the following procedures to validate the additional \$12.7M in transfer station/MRF cost overruns between 2020 and 2025¹:

- Toured the site to visually inspect facility components and “ground truth” source of facility changes
- Interviewed financial, engineering, and operational personnel to understand the basis for capital cost changes between 2020 and 2025
- Tested 30 transactions to the invoice level, representing \$14.8M in spend (39%); validated with invoice copies and proof of payment
- Verified various rolling stock capital costs were similar to similar published costs
- Verified the accuracy of the calculation for the 2.74 percent increase (~10 year payback with 10% internal rate of return).

¹Due to change in circumstances, in 2020, the capital costs for the transfer station/MRF project were estimated at \$25.6 million. In 2020, the Board approved a 3.23 percent rate increase to cover overruns up to the \$25.6 million capital cost estimate (reference Crowe report; dated June 17, 2020).

Rate Change for MRF/Transfer Station Cost Overrun

(continued)

Conclusion:

- Waste Connections furnished an itemized list of the final facility costs of \$38.7M, by asset name, asset description, asset number, acquisition date, and acquisition cost as required by Amendment #6 of the Franchise Agreement.
- The 2.74 percent increase to cover the transfer station/MRF cost overruns from 2020 to 2025 is supported by the documentation provided by Waste Connections.

Proposed Residential Rates

Service Level	Current Rate (Per Customer, Per Month)	Proposed Rate (Per Customer, Per Month)	Proposed Rate Increase (Per Customer, Per Month)
Area A: One 35-Gallon Can	\$38.93	\$41.41	\$2.48
Area B: One 35-Gallon Can	\$33.49	\$35.62	\$2.13
Area C: One 35-Gallon Can	\$33.74	\$35.89	\$2.15

Proposed Commercial Rates

Service Level	Current Rate (Per Customer, Per Month)	Proposed Rate (Per Customer, Per Month)	Proposed Rate Increase (Per Customer, Per Month)
Area A			
1 Yard Bin--Once per Week	\$149.56	\$159.07	\$9.51
2 Yard Bin--Once per Week	\$259.00	\$275.47	\$16.47
3 Yard Bin--Once per Week	\$386.81	\$411.41	\$24.60
4 Yard Bin--Once per Week	\$508.97	\$541.34	\$32.37
5 Yard Bin--Once per Week	\$636.17	\$676.63	\$40.46
6 Yard Bin--Once per Week	\$763.47	\$812.03	\$48.56
8 Yard Bin--Once per Week	\$974.15	\$1,036.11	\$61.96
Area B			
1 Yard Bin--Once per Week	\$149.56	\$159.07	\$9.51
2 Yard Bin--Once per Week	\$259.00	\$275.47	\$16.47
3 Yard Bin--Once per Week	\$386.81	\$411.41	\$24.60
4 Yard Bin--Once per Week	\$508.97	\$541.34	\$32.37
5 Yard Bin--Once per Week	\$636.17	\$676.63	\$40.46
6 Yard Bin--Once per Week	\$763.47	\$812.03	\$48.56
8 Yard Bin--Once per Week	\$974.15	\$1,036.11	\$61.96
Area C			
1 Yard Bin--Once per Week	\$161.73	\$172.02	\$10.29
2 Yard Bin--Once per Week	\$323.49	\$344.06	\$20.57
3 Yard Bin--Once per Week	\$447.93	\$476.42	\$28.49
4 Yard Bin--Once per Week	\$646.15	\$687.25	\$41.10
6 Yard Bin--Once per Week	\$970.42	\$1,032.14	\$61.72

Questions