

Analysis of Tahoe Truckee Sierra Disposal 2024 Base Year Rate Application

County of El Dorado

June 25, 2024



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Background and Scope of Analysis

Background and Scope of Analysis

- On April 15, 2024, Tahoe Truckee Sierra Disposal (TTSD) submitted its base year rate application. TTSD requested:
 - A 15.32 percent increase to all residential and commercial refuse collection rates.
 - This increase would cover a projected \$104,961 net shortfall.
- 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 TTSD.

Primary Rate Change Drivers

- COLA increases in labor wage rates for drivers and mechanics.
- Increases in truck and equipment costs (O&M, insurance, fuel).
- Increases in Eastern Regional Landfill (ERL) tipping fee rates.
- Increases in the operating ratio (profit) to reach the target identified in the Rate Manual.
- Normal escalation of costs. Note: the percentage change in the applicable Garbage and Trash Consumer Price Index (CPI) over the past year was higher than in recent years at 5.56 percent.

Prior Rate Changes

Since 2012, County rates have increased as follows:

- 2012 – 5.00 percent rate increase
- 2013 – 1.00 percent rate increase
- 2014 – No rate adjustment
- 2015 – 1.52 percent rate increase – base year
- 2016 – 1.75 percent rate increase – interim year
- 2017 – 1.51 percent rate increase – interim year
- 2018 – 1.92 percent rate increase – base year
- 2019 – 6.00 percent rate increase – interim year
- 2020 – 1.00 percent rate increase – interim year
- 2021 – 7.4 percent rate increase – base year
- 2022 – 4.72 percent rate increase – interim year
- 2023 – 5.19 percent rate increase – interim year

Approach

Background and Scope of Analysis *(cont.)*

- Assessed if the Application was mathematically accurate and logically consistent
- Verified the Application complied with Rate Manual terms and conditions
- Analyzed financial and operational data for reasonableness
- Assessed supporting data, worksheets, and documentation
- Analyzed historical actual, estimated, and projected revenues and expenses
- Analyzed cost allocation methods for reasonableness
- Analyzed the assignment of revenues and expenses to the County (vs other areas served by the company)
- Obtained and analyzed support for the assumptions used to project revenues and expenses
- Confirmed the use of the allowed operating ratio (the profit method)

Results of Analysis

Results of Analysis

Description	EDDS Request	Crowe Calculation
Total Revenue Shortfall	\$104,961	\$85,064
Total Current Estimated Rate Revenues	\$684,966	\$712,475
Total Percent Rate Increase (All Sectors)	15.32%	11.94%

Proposed Residential Refuse Collection Rates

Service Level	Current Rate (Per Customer, Per Month)	Proposed Rate (Per Customer, Per Month)	Proposed Rate Increase (Per Customer, Per Month)
Unincorporated West Lake Tahoe Basin			
One 32-Gallon Can	\$34.34	\$38.44	\$4.10
Two 32-Gallon Can	\$45.32	\$50.73	\$5.41
Senior Rate – One 32-Gallon Can	\$28.00	\$31.34	\$3.34
Extra 32-Gallon Can (per can)	\$5.91	\$6.62	\$0.71

Proposed Selected Commercial Refuse Collection Rates

Service Level	Current Rate (Per Customer, Per Month)	Proposed Rate (Per Customer, Per Month)	Proposed Rate Increase (Per Customer, Per Month)
Unincorporated West Lake Tahoe Basin			
3 yd 1 per week	\$430.82	\$482.26	\$51.44
4 yd 1 per week	\$538.56	\$602.86	\$64.30
4 yd 2 per week	\$943.79	\$1,056.47	\$112.68
6 yd 1 per week	\$756.54	\$846.86	\$90.32

Questions