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May 24, 2024

Jeff Warren, Director
County of El Dorado
2850 Fairlane Court
Placerville, CA 95667

Subject: Base Year 2024 Rate Analysis of El Dorado Disposal Service

Crowe LLP (Crowe) has completed its analysis of El Dorado Disposal Service's (EDDS) Base Year 2024 Rate Application (Application). The County of El Dorado (County) contracted with Crowe to conduct an analysis of the Application, and to provide potential refuse collection rate changes for the County to consider effective July 1, 2024. This letter report documents the results of our analysis, and is organized as follows:

1. Purpose of Analysis
2. Summary
3. Background of Analysis
4. Scope of Analysis
5. Rate Setting Adjustments
6. WERS Gate Rate Adjustment
7. Results of Analysis.

1. Purpose of Analysis

The purpose of the 2024 Base Year Rate Analysis of El Dorado Disposal Service (Analysis) is to assist the County with establishing their solid waste collection rates charged by El Dorado Disposal Service EDDS. The analysis was conducted in accordance with the County's *Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas* (Manual). This Manual was developed and incorporated into the County's franchise agreement with EDDS in 2014.

The information in this Analysis is based on estimates, assumptions and other data developed by Crowe from information provided by EDDS, knowledge of and participation in other studies, data supplied by the County, and other sources deemed to be reliable.

In the course of preparing this Analysis, we have not conducted an audit, review, or compilation of any financial or supplemental data used in the accompanying Analysis. We have made certain projections of revenues and expenses 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 County. 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.

2. Summary

The Analysis indicates a proposed rate increase of 7.50 percent for El Dorado County, effective July 1, 2024. This compares to EDDS's requested rate increase of 8.21 percent. Current and proposed selected residential and commercial rates are shown in **Tables 1** and **2** below:

Table 1
El Dorado Disposal Service
Selected Residential Rates with 7.50 Percent Rate Increase
(Base Year 2024)

Service Level	Current Rate (Per Customer, Per Month)	Proposed Rate (Per Customer, Per Month)	Proposed Rate Increase (Per Customer, Per Month)
Area A: One 32-Gallon Can	\$36.21	\$38.93	\$2.72
Area B: One 32-Gallon Can	\$31.15	\$33.49	\$2.34
Area C: One 32-Gallon Can	\$31.39	\$33.74	\$2.35

Table 2
El Dorado Disposal Service
Commercial Bin Rates, One Time per Week Collection, with 7.50 Percent Rate Increase
(Base Year 2024)

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	\$132.24	\$142.16	\$9.92
2 Yard Bin--Once per Week	\$228.99	\$246.16	\$17.17
3 Yard Bin--Once per Week	\$342.00	\$367.65	\$25.65
4 Yard Bin--Once per Week	\$450.01	\$483.76	\$33.75
5 Yard Bin--Once per Week	\$562.48	\$604.66	\$42.18
6 Yard Bin--Once per Week	\$675.03	\$725.65	\$50.62
8 Yard Bin--Once per Week	\$861.32	\$925.91	\$64.59
Area B			
1 Yard Bin--Once per Week	\$132.24	\$142.16	\$9.92
2 Yard Bin--Once per Week	\$228.99	\$246.16	\$17.17
6 Yard Bin--Once per Week	\$675.04	\$725.66	\$50.62
Area C			
1 Yard Bin--Once per Week	\$148.78	\$159.94	\$11.16
2 Yard Bin--Once per Week	\$257.60	\$276.92	\$19.32
3 Yard Bin--Once per Week	\$396.05	\$425.75	\$29.70
4 Yard Bin--Once per Week	\$571.30	\$614.14	\$42.84
6 Yard Bin--Once per Week	\$858.00	\$922.35	\$64.35

3. Background of Analysis

The County is responsible for overseeing regional cooperation regarding solid waste, and coordinating solid waste program planning and reporting. The County has an exclusive franchise agreement with EDDS for collection and disposal of refuse. EDDS provides exclusive refuse collection, recycling, and transfer station operations to the County in accordance with terms specified in its franchise agreement.

County rate setting follows the County's *Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas* (Manual). The Manual allows EDDS to submit a base year rate application for the rate year 2021. Our analysis was conducted in accordance with Steps 2, 3, and 4 in Section 2 of the Manual.¹

Rate setting has generally followed an approximately three-year cycle with the prior base year rate analysis conducted for rate year 2021. Recently approved rate changes are as follows:

- 2012 – 1.00 percent rate increase – base year
- 2013 – 1.00 percent rate increase – interim year
- 2014 – 0.00 percent rate increase – interim year
- 2015 – 1.96 percent rate increase – base year
- 2016 – 1.75 percent rate increase – interim year
- 2017 – 1.51 percent rate increase – interim year
- 2018 – 5.02 percent rate increase – base year
- 2019 – 2.86 percent rate increase – interim year
- 2020 – Residential (6.69 percent plus \$0.19 rate increase), Commercial (5.29 percent) – interim/extraordinary year
- 2021 – 5.52 percent rate increase – base year
- 2022 – 4.07 percent rate increase – interim year
- 2022 – \$3.07 rate increase (West Slope Area A) – special rate increase for organics collection
- 2023 – 5.21 percent rate increase – interim year

In **Table 3**, we summarize selected residential rates since 2019.

Table 3
El Dorado Disposal Service
Selected Residential Rates
(2019 to 2023)

Service Level	2019	2020	2021	2022	2023
Area A: One 35-Gallon Can	\$26.57	\$28.54	\$30.12	\$34.42 ²	\$36.21
Area B: One 35-Gallon Can	\$25.09	\$26.96	\$28.45	\$29.61	\$31.15
Area C: One 35-Gallon Can	\$25.29	\$27.17	\$28.67	\$29.84	\$31.39

On November 30, 2023, EDDS submitted its original base year rate application to the County for rate year 2024 requesting a 7.80 percent increase. On April 26, 2024, EDDS subsequently revised its application with completed year 2023 information, resulting in an 8.20 increase request (hereafter referred to as the

¹ The County 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.

² Reflects the 4.07 percent increase, plus a \$3.07 increase (for organics collection), from 2021 rates, effective January 1, 2023.

Application). We enclose a copy of the Application in **Attachment A**. EDDS's Application to the County projected the 8.2 percent rate increase is needed to cover a \$1,707,003 net shortfall for fiscal year 2024.

We relied on EDDS audited financial statements, internally prepared financial information, and operational data for our analysis. EDDS provided audited financial statements for rate year 2022, prepared by Aldrich CPAs + Advisors LLP. EDDS also provided internally prepared financial information and operational data for rate years 2023 (estimated) and 2024 (projected), and additional information and data requested by Crowe.

4. Scope of Analysis

Our scope of services included the following tasks:

1. Verify the completeness of EDDS's Base Year 2024 Application
2. Analyze the Base Year 2024 Application and prepare responses
3. Identify rate adjustments, by line item, and rate adjustment tables
4. Analyze proposed adjustments with the County and EDDS representatives, and clarify outstanding issues
5. Determine the revenue requirement and associated rate adjustments
6. Prepare a draft report
7. Prepare a final report
8. Participate at the County meeting.

For this analysis, we performed the following tasks:

- Assessed if the Application was mathematically accurately and logically consistent
- Verified that the Application complied with the terms and conditions of the Manual
- Reconciled the Application to EDDS's Rate Year 2022 audited financial statements
- Analyzed EDDS financial information, operational data, and projections 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
- Obtained and analyzed support for the assumptions used to project Rate Year 2024 revenues and expenses
- Confirmed the use of the allowed operating ratio
- Confirmed the franchise fee calculation
- Confirmed the accuracy of EDDS's calculated revenue requirement and associated rate adjustment
- Performed facility and operations site visit
- Prepare draft and final reports
- Participate in County preparation and meeting(s).

The County entered into a contract with Crowe to provide these services. We submitted a detailed data request to EDDS on April 15, 2024. We also performed virtual "fieldwork" interviews with EDDS staff in April 2024.

5. Rate Setting Adjustments

In this section, we identify adjustments to the EDDS rate application for rate year 2024. Total adjustments result in a projected 2024 revenue shortfall of \$1,565,864. **Attachment B** includes the rate model with Crowe's rate adjustments summarized.

Adjustments are organized to generally match the organization provided in EDDS's rate application. The EDDS rate application is organized consistent with the guidance provided in the Base Year Rate Setting Process for allowable revenue and expense categories contained in the Manual, using the template located in Appendix F-3 of the Manual. The remainder of this subsection is organized as follows:

Revenues

- Residential Collection Revenues
- Commercial Collection Revenues
- Recycled Material Sales

Operating Expenses

- Operating Expense Allocation
- Expense Escalation
- Direct Labor
- Equipment Costs and Facility Costs
- Landfill Disposal Costs
- Office Salaries
- General and Administrative Costs

Operating Profit

Pass-Through Costs

- Other Disposal Costs
- Franchise Fees

Revenues

Residential Collection Revenues

EDDS estimated residential collection revenues to increase by 12.2 percent between 2022 and 2023 to \$12,650,560. EDDS projected residential collection revenues to increase by 3.8 percent between 2023 and 2024 to \$13,128,588. We annualized the three months of 2024 residential revenues using the revenue trend experienced for the remaining nine months of the prior year with removal of the impact of the July 1, 2023 rate change of 5.2 percent (i.e., April-Dec of 2023).

Impact(s):

- Increase Residential Collection Revenues by \$67,215 for 2024.

Commercial and Industrial (Roll Off) Collection Revenues

EDDS estimated commercial and roll off collection revenues to increase by 1.04 percent between 2022 and 2023 to \$7,584,227. EDDS projected commercial and roll off collection revenues to increase by 0.88 percent between 2023 and 2024 to \$7,651,103. We annualized the three months of 2024 commercial and roll off revenues using the revenue trend experienced for the remaining nine months of the prior year with removal of the impact of the July 1, 2023 rate change of 5.2 percent (i.e., April-Dec of 2023).

Impact(s):

- Increase Commercial Collection Revenues by \$32,711 for 2024.

Net Recycled Material Sales – Materials Recovery Facility (MRF) and Recycling Sales

Recycled materials are picked up by EDDS and delivered to the El Dorado Disposal MRF/TS where the materials are weighed as inbound material. Materials are subsequently unloaded on the ground and pushed into a covered storage area using a loader, where the material is staged for transport out of the facility. Materials are top-loaded into a long haul truck where they are then weighed as outbound material and transported to a processing facility. Processing facilities used during this time included Cal-Waste in Galt, Cold Canyon Processing in San Luis Obispo and Pacific Recycling in Ukiah. El Dorado pays a processing fee as well as a transportation cost to move the material to the processing facility destination. EDDS is charged the net of recycled materials sales less processing and transportation costs.

Between 2022 and 2023, EDDS showed net MRF sale of recyclables (i.e., materials sales less processing fee and transportation) improved by 20 percent, but still represented a net loss of \$1,065,410. EDDS estimated revenues associated with the MRF sale of recyclables to decline by 2 percent between 2023 and 2024 to a loss of \$1,086,718.

Impact(s):

- No adjustment to Recycled Material Sales in 2024.

Operating Expenses**Operating Expense Allocation**

For 2024, EDDS allocated personnel-related operating expenses across El Dorado County, El Dorado Hills, Cameron Park, Placerville, and non-franchised areas using a labor hour allocation by jurisdiction methodology. In 2023, EDDS determined that 54 percent of labor hours were incurred in El Dorado County, with remaining the balance of 46 percent inclusive of El Dorado Hills, Cameron Park, Placerville, and non-franchised areas. EDDS used this labor allocation factor to allocate labor costs to each jurisdiction, including the County. We verified that the allocation calculation was supportable and correctly applied.

Impact(s):

- Verified EDDS provided supporting documentation for the allocation percentage used for operating expense allocations.

Direct Labor

EDDS estimated total direct labor expenses to increase by approximately \$199,348, or 4.08 percent, from 2022 to 2023. EDDS projected total direct labor expenses of \$5,333,243 or a 4.94 percent increase between 2023 and 2024. This projected direct labor increase reflects various wage and benefit increases, including:

- Wages increase of 5.30 percent in 2022 and 4.70 percent in 2023 for cost of living (COLA) adjustments for all employees
- Headcount increases between 2022 and 2024 (2 drivers, 1 mechanic)
- Group insurance expense increase of 5.5 percent from 2022 to 2023 and 5 percent from 2023 to 2024.

We made a minor adjustment to the G&A portion of this labor category to correct for a typo in the model.

Impact(s):

- Decrease in Direct Labor expenses by \$11,820 in 2024.

Truck, Equipment and Facility Costs

EDDS estimated truck, equipment costs and facility costs to increase by approximately \$248,189, or 6.58 percent, between 2022 and 2023. EDDS projected truck, equipment and facility costs to increase by \$322,608 or 8.02 percent, between 2023 and 2024 (largely driven by an escalation of these costs by between 4 and 6 percent depending on the subcategory). This projected 2024 increase also accounts for the following cost changes:

- EDDS estimated depreciation to increase by approximately \$400,000, or 37 percent between 2022 and 2024 for fleet updates (6 side loader trucks, 3 rear loader trucks, 5 roll-off trucks, 2 pickup trucks, 5 new truck bodies) in response to CARB vehicle compliance requirements as well as additional carts and bins.
- EDDS estimated building and property repair costs to increase by \$89,443 between 2022 and 2024. This increase accounts for asphalt, fencing, carpet, air conditioning and a planned paving project in truck parking area.
- EDDS estimated fuel expense to increase by \$85,944, or 7.75 percent in 2024 due to the projected diesel price paid (from \$4.88 to \$5.01 per gallon).

Impact(s):

- No change in Truck, Equipment and Facilities expenses for 2024.

Office Salaries

EDDS estimated office salaries to increase by approximately \$23,188, or 2.42 percent, between 2022 and 2023. EDDS projected office salaries to increase by \$33,722, or 3.44 percent, between 2023 and 2024 to \$1,014,842. This two year increase generally accounts for the following:

- Increases to supervisory salaries of \$75,670 (28%)
- Escalations to employee salaries and wages of 5 percent in 2024.

Impact(s):

- No change in Office Salaries expenses for 2024.

Disposal Costs

EDDS estimated allowable landfill disposal costs to increase by approximately \$574,765, or 18.33 percent, between 2022 and 2023. EDDS projected allowable landfill disposal costs to increase by \$344,731, or 9.29 percent between 2023 and 2024 to \$4,056,000.

EDDS estimated pass-through landfill disposal costs to increase by approximately \$492,019, or 38.1 percent, between 2022 and 2023. EDDS projected allowable landfill disposal costs to increase by \$165,820, or 9.30 percent between 2023 and 2024 to \$1,948,748.

Based on the most current available tipping fee rates expected in July 2024, of \$115.99 per ton for municipal solid waste (MSW) and \$134.21 per ton for organics processing, we made an upward adjustment from the Application amounts of \$112.93 per ton and \$130.67 per ton. This is to fully reflect an annual increase of 5.56 percent for each respective material type's tipping fee rate.

Impact(s):

- Increase to Disposal Costs (Pass Through) of \$104,874 in 2024.

General and Administrative Costs

EDDS estimated General and Administrative Costs to increase by \$33,598, or 3.58 percent, between 2022 and 2023. EDDS estimated General and Administrative Costs to increase by \$33,485, or 3.44 percent, between 2023 and 2024 to \$1,006,571. EDDS escalated most G&A subcategories by 4 percent in 2024. Additionally EDDS expected some expenditures to return to pre-Covid levels in 2023 (e.g., advertising/promotions, meetings, dues/subscriptions, bad debt).

This expense category also includes corporate allocations for engineering, tax, legal, PR, human resources, compliance, corporate accounting, IT, training, and recruiting. The projected corporate overhead falls below the cap in the Rate Manual of 3 percent of gross revenues (reference: page D-4) for 2022, 2023, and 2024.

Impact(s):

- No adjustment to General and Administrative Costs in 2024.

Operating Profit

In accordance with the Manual, a profit is allowed, based on a targeted operating ratio ranging between 87 and 93 percent. In a base year, if rates change, EDDS applies a 90 percent operating ratio for the base year calculation. In the Application, EDDS used a 90 percent operating ratio for El Dorado County.

We calculated operating profit, based on our adjustments to the projected 2024 allowable operating costs. We decreased operating profits by \$1,313 in 2024 based on the other adjustments noted above.

Impact(s):

- Decrease in Operating Profits by \$1,313 in 2024.

Interest Expense

In accordance with the Manual, interest is a pass through expense. In its application, EDDS projected interest expense of \$446,916 for 2024. This interest expense was based on a weighted average cost of capital (WACC) for the company of 7.06 percent applied to EDDS's net book value of trucks, containers, buildings/equipment, and office equipment.

Rather than allow the WACC, we allowed the company an average interest rate based on its most recent cost of debt financing of 5.00 percent. We decreased operating interest expense by \$130,432 in 2024 based on this interest rate reduction.

Impact(s):

- Decrease in Interest Expense by \$130,432 in 2024.

Franchise Fees

EDDS calculated and allocated projected franchise fees, based on 2024 projected collection revenues and transfer fees, multiplied by franchise fee rates. The Manual allocates franchise fees based on gross residential, commercial, and recycling revenues. El Dorado County receives five (5) percent of gross revenues, plus \$8.10 per ton of outbound MSW tons.

We projected franchise fees of \$1,498,000 for 2024.

Impact(s):

- Decrease in Franchise Fees of \$2,522 in 2024.

6. WERS Gate Rate Adjustment

On February 29, 2024, EDDS submitted a request for an increase in the gate rates charged at the WERS Facility (see **Attachment C**). EDDS calculated this increase based on 85 percent of the 2022 to 2023 change in the CPI, All Urban Consumers, U.S. City Average – Garbage and Trash Collection (85 percent of 7.28 percent, equals 6.19 percent). EDDS requested a 6.00 percent increase.³

The Franchise Agreement (Rate Manual, page D-4) specifies that “tipping fee rates charged by EDDS at the WERS will be escalated each year from the initial base year by the same index used for interim rate setting (i.e., eighty-five (85) percent of the annual percentage change in the most recent actual, not forecasted, change in the Consumer Price Index, All Urban Consumers, U.S. City Average – Garbage and Trash Collection (December 1983=100, series CUUR0000SEHG02).”

Using Rate Manual guideline, the calculation was based on 85% of the change in the December 2002 to December 2023 Consumer Price Index, All Urban Consumers, U.S. City Average – Garbage and Trash Collection. This equals 6.54 percent (602.164 less 565.185/565.185). The calculation results in a calculated WERS gate rate increase of 5.56 percent.⁴ This is 0.44 percent below the 6.00 percent amount requested by EDDS.

7. Results of Analysis

Crowe’s Analysis of the Application, and as shown in Attachment B, results in a 7.50 percent rate increase to cover a \$1,565,864 revenue shortfall for El Dorado County, assuming an implementation date of July 1, 2024.

This Analysis is substantially different from an audit, examination, or review in accordance with Generally Accepted Auditing Standards, the objective of which is to express an opinion regarding EDDS financial statements. Accordingly, we do not express such an opinion. Crowe’s services and work product were performed in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants (“AICPA”) and do not constitute an audit, review or examination in accordance with standards established by the AICPA.

In the preparation of this Analysis, Crowe relied upon the information provided to Crowe without verification or investigation.

Crowe worked at the direction of the County of El Dorado in providing our services and preparing this Analysis. The County determined and approved the scope included within Crowe’s work. The County will review this report and will determine to accept this Analysis and how to implement the results of Crowe’s services.

The consulting services did not contemplate obtaining the understanding of EDDS internal controls or assessing control risk, tests of accounting records and responses to inquiries by obtaining corroborating evidential matter, and certain other procedures ordinarily performed during an audit or examination. Thus,

³ Based on a cap (maximum) annual rate change of 6.00 percent (reference: Rate Manual, pages 1-6, 3-2).

⁴ This calculation is consistent with the prior rate years (RY) 22-23 and 23-24 WERS rate treatment which used 85% of the prior year December to December change in Consumer Price Index, All Urban Consumers, U.S. City Average – Garbage and Trash Collection as the basis for the calculation. For RY 22-23, the calculation was 85% of 4.79% or 4.07%. For RY 23-24, the calculation was 85% of 6.13% or 5.21% (December 2021 to December 2022).

this engagement was not intended to provide assurance that we would become aware of significant matters that would be disclosed in an audit or examination.

As part of this Analysis, the County 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 our services; evaluate the adequacy and results of the services performed; accept responsibility for the results of the services; and establish and maintain internal controls, including monitoring ongoing activities. The County has the ultimate authority to recommend and approve rate changes.

Crowe's services and its work product are intended for the benefit and use of the County only. The Services and Deliverables were not planned or intended for use or reliance by any other person or entity.

Crowe's fees are not dependent upon the outcome of this report and Crowe is independent with respect to any other economic interests.

* * * * *

We appreciate the contribution of El Dorado County management and your input and direction on this project. We also thank EDDS management for its timely responses to our data requests. If you have any questions regarding this report, please call Erik Nylund at (415) 230-4963, or by email at erik.nylund@crowe.com.

Very truly yours,

Crowe LLP

Attachment A:

**2024 Base Year Rate Application,
Rate Comparison and
Audited Financial Statement Excerpt (Schedule of Operating
Expenses for Year Ended December 31, 2022)**



WASTE CONNECTIONS INC.
Connect with the Future®

Waste Connections of California, Inc. d/b/a
El Dorado Disposal Services (EDDS)
P.O. Box 1270
Diamond Springs, CA 95619
(530) 626-4141

Mr. Jeff Warren
Director, Environmental Services
County of El Dorado
2850 Fairlane Court, Bldg. C
Placerville, CA 95667

Re: Base Year Rate Application

November 30, 2023

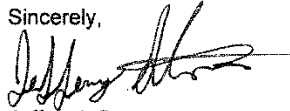
Dear Mr. Warren,

Pursuant to Appendix D of the El Dorado Disposal Service Franchise Agreement, dated October 21st, 2014, we are requesting a base year rate adjustment to all services provided by El Dorado Disposal Services (EDDS) in Areas A, B and C. The calculated rate adjustment is based on the 2024 Base Year Rate Application. We are currently waiting for the external auditor, Aldrich Advisors, to complete the audit for the 2022 financials and will provide that to you in the upcoming weeks upon completion. We will also provide supporting documentation regarding the changes from the 2022 financials to 2023 actuals and finally 2024 projections, as needed, and as per requested by Crowe LLP as part of the rate application review process.

Based on the calculations per the rate-making manual, EDDS is eligible for a 7.9% rate increase as of 7/1/2024. We've enclosed a proposed rate schedule showing the percentage changes and potential rates as of 7/1/2024, for County Areas A, B and C and the other jurisdictions served by EDDS as well. Rate changes for non-County serviced areas are based on CPI estimations for 2024. Please note that we've utilized the same allocation methodology for 2023 and 2024 that was used to prepare the audited 2022 financials.

Jeff, as always, we value our partnership with the County very much and our goal is to agree on reasonable rates for our customers. We appreciate your consideration and look forward to hearing from you.

Sincerely,



Jeffrey L Stevens

Divisional Controller
Waste Connections of California, Inc. d/b/a
El Dorado Disposal Services

Cc: Sue VanDelinder
Dan Schooler
John Perkey



Base Year Rate Application

Summary

1. Percentage Rate Change Requested 8.2%

Rate Schedule (per customer, per month)	EDCO-A			EDCO-B			EDCO-C		
	Current Rate	Rate Adjustment	New Rate	Current Rate	Rate Adjustment	New Rate	Current Rate	Rate Adjustment	New Rate
2.1 135-gallon cart	\$ 36.21	\$ 2.97	\$ 39.18	\$31.15	\$ 2.56	\$ 33.71	\$31.39	\$ 2.58	\$ 33.97
2.2 235-gallon cart	\$ 52.94	\$ 4.35	\$ 57.29	\$46.62	\$ 3.83	\$ 50.45	\$44.76	\$ 3.68	\$ 48.44
2.3 335-gallon cart	\$ 70.60	\$ 5.80	\$ 76.40	\$62.31	\$ 5.12	\$ 67.43	\$50.82	\$ 4.17	\$ 54.99
2.4 435-gallon cart	\$ 86.64	\$ 7.12	\$ 93.75	\$77.57	\$ 6.37	\$ 83.94	\$59.71	\$ 4.90	\$ 64.61
2.5 164-gallon cart	\$ 45.67	\$ 3.75	\$ 49.42	\$42.44	\$ 3.49	\$ 45.93	\$44.76	\$ 3.68	\$ 48.44
2.6 196-gallon cart	\$ 52.94	\$ 4.35	\$ 57.29	\$51.15	\$ 4.20	\$ 55.35	\$50.82	\$ 4.17	\$ 54.99
2.7 164-gallon cart (senior)	\$ 41.11	\$ 3.38	\$ 44.49	\$38.19	\$ 3.14	\$ 41.33	\$40.28	\$ 3.31	\$ 43.59
2.8 196-gallon cart (senior)	\$ 47.65	\$ 3.91	\$ 51.56	\$46.04	\$ 3.78	\$ 49.82	\$45.72	\$ 3.76	\$ 49.48
2.9 Extra Can (35-gallon)	\$ 36.21	\$ 2.97	\$ 39.18	\$31.15	\$ 2.56	\$ 33.71	\$31.39	\$ 2.58	\$ 33.97
2.10 Residential - Extra	\$ 5.83	\$ 0.48	\$ 6.31	\$ 5.83	\$ 0.48	\$ 6.31	\$ 5.83	\$ 0.48	\$ 6.31

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by El Dorado County.

Name: Jeff Stevens Title: Division Controller

Signature: Date: 4/26/2024

Fiscal Year: 2024

1 2 3 4 5 6 7 8 9

Base Year Rate Application

Financial Information for Unincorporated County Area

2022	2023	2024
Actual Audited Prior Year	Estimated Current Year	Projected Base Year

Section I--Allowable Costs

3 Direct Labor	\$4,883,060	\$5,082,408	\$5,333,243
4 Truck, Equipment, and Facility Costs	\$3,771,958	\$4,020,147	\$4,342,755
5 Disposal Costs (Profit Allowed = Transfer Station Less Landfill Disposal)	\$3,136,503	\$3,711,268	\$4,056,000
6 Office Salaries	\$957,932	\$981,120	\$1,014,842
7 General and Administrative Costs	\$939,488	\$973,086	\$1,006,571
8 Total Allowable Operating Costs	\$13,688,941	\$14,768,029	\$15,753,410

Section II--Allowable Profit

9 Operating Ratio	90.00%	90.00%	90.00%
10 Allowable Operating Profit	\$1,520,993.41	\$1,640,892.07	\$1,750,378.90

Section III--Pass Through Costs without Franchise Fees

11 Disposal Costs (Pass Through = Landfill Disposal)	\$1,290,909	\$1,782,928	\$1,948,748
11a Interest	\$446,916	\$446,916	\$446,916
12 Total Pass Through Costs	\$1,737,825	\$2,229,844	\$2,395,664

Section IV--Revenue Requirement without Franchise Fees

13 Total Allowable Operating Costs (Line 8) plus Allowable Operating Profit (Line 10) plus Total Pass Through Costs (Line 12)	\$16,947,759	\$18,638,765	\$19,899,453
26 Residential Revenues Subtotal			
27 Less: Allowance for Uncollectible Residential Accounts			
28 Total Residential Revenues (without Rate Change in Base Year)	\$11,272,943	\$12,650,560	\$13,128,588
29 Commercial and Industrial Revenues			
30 Less: Allowance for Uncollectible Commercial and Industrial Accounts			
31 Total Commercial and Industrial Revenues (without Rate Change in Base Year)	\$7,506,209	\$7,584,227	\$7,651,103
32 Net Recycled Material Sales	(\$1,331,981)	(\$1,065,410)	(\$1,086,718)
33 Total Revenues (Lines 28 + 31 + 32)	\$17,447,171	\$19,169,377	\$19,692,972

Section VI--Net Shortfall (Surplus)

34 Net Shortfall (Surplus) without Franchise Fees (Line 13 - Line 33)	-\$499,412	-\$530,613	\$206,481
35 Residential, Commercial, and Industrial Franchise Fees	\$1,379,636	\$1,456,544	\$1,500,522
36 Net Shortfall (Surplus) with Franchise Fees (Lines 34 + 35)	\$880,224	\$925,932	\$1,707,003

Section VII--Percent Change in Rates

37 Total Residential, Commercial, and Industrial Revenues Prior to Rate Change (Line 28 + 31)	\$18,779,152	\$20,234,787	\$20,779,690
38 Percent Change in Existing Residential/Commercial/Industrial Rates (Line 36 + Line 37)	4.7%	4.6%	8.2%

Operating Information

Base Year Rate Application

Prior Year Audited Information
Current Year Estimated Information
Percentage Change
Base Year Projected
Percentage Change

	Prior Year Audited Information	Current Year Estimated Information	Percentage Change	Base Year Projected	Percentage Change
Section VIII--Operating Data					
39 Residential Accounts	21,055	22,547	7.1%	22,598	2.0%
40 Multi-Family Accounts					
41 Commercial Accounts	748	970	16.3%	897	2.0%
42 Industrial Accounts	41	79	92.7%	81	2.5%
43 Total Accounts	21,844	23,496	7.6%	23,566	2.0%
44 Residential Refuse Tons	21,839	23,206	6.3%	24,134	4.0%
45 Residential Recycling Tons	7,873	7,720	-1.9%	7,882	2.1%
46 Residential Organics Tons	5,724	6,131	7.1%	6,377	4.0%
47 Commercial Refuse Tons	8,413	8,340	-0.9%	9,298	4.0%
48 Commercial Recycling Tons	1,059	1,048	-1.0%	1,070	2.1%
49 Commercial Organics Tons	106	114	7.1%	118	4.0%
50 Industrial Refuse Tons	9,242	9,820	6.3%	10,213	4.0%
51 Industrial Recycling Tons	700	685	-2.1%	701	2.1%
52 Industrial Organics Tons	871	933	7.1%	970	4.0%
*Feet Drop Boxes Provided					
51 (Monthly)	112	120	7.4%	129	7.4%
52 *Feet Bins Provided	40	40	0.0%	40	0.0%

EOCO-A

Prior Year Audited Information
Current Year Estimated Information
Percentage Change
Base Year Projected
Percentage Change

	Prior Year Audited Information	Current Year Estimated Information	Percentage Change	Base Year Projected	Percentage Change
53 1 Yard Bin--Once per Week	133,724	138,113	5.2%	150,141	7.9%
54 2 Yard Bin--Once per Week	228,539	240,192	5.2%	255,358	7.9%
55 3 Yard Bin--Once per Week	342,000	359,822	5.2%	388,229	7.9%
56 4 Yard Bin--Once per Week	450,011	473,446	5.2%	510,192	7.9%
57 5 Yard Bin--Once per Week	562,448	591,719	5.2%	638,611	7.9%
58 6 Yard Bin--Once per Week	675,031	710,201	5.2%	766,339	7.9%
59 8 Yard Bin--Once per Week	861,132	906,119	5.2%	977,881	7.9%

Prior Year Audited Information
Current Year Estimated Information
Percentage Change
Base Year Projected
Percentage Change

	Prior Year Audited Information	Current Year Estimated Information	Percentage Change	Base Year Projected	Percentage Change
53 1 Yard Bin--Once per Week	133,724	138,113	5.2%	150,141	7.9%
54 2 Yard Bin--Once per Week	228,539	240,192	5.2%	255,358	7.9%
55 3 Yard Bin--Once per Week	N/A	N/A	0.0%	N/A	7.9%
56 4 Yard Bin--Once per Week	N/A	N/A	0.0%	N/A	7.9%
57 5 Yard Bin--Once per Week	N/A	N/A	0.0%	N/A	7.9%
58 6 Yard Bin--Once per Week	675,041	710,211	5.2%	766,410	7.9%
59 8 Yard Bin--Once per Week	N/A	N/A	0.0%	N/A	7.9%

Prior Year Audited Information
Current Year Estimated Information
Percentage Change
Base Year Projected
Percentage Change

	Prior Year Audited Information	Current Year Estimated Information	Percentage Change	Base Year Projected	Percentage Change
53 1 Yard Bin--Once per Week	148,728	156,653	5.2%	168,621	7.9%
54 2 Yard Bin--Once per Week	293,460	271,102	-5.2%	292,540	7.9%
55 3 Yard Bin--Once per Week	391,005	416,689	5.2%	449,664	7.9%
56 4 Yard Bin--Once per Week	571,300	601,061	5.2%	648,611	7.9%
57 5 Yard Bin--Once per Week	N/A	N/A	0.0%	N/A	7.9%
58 6 Yard Bin--Once per Week	853,000	902,710	5.2%	974,112	7.9%
59 8 Yard Bin--Once per Week	N/A	N/A	0.0%	N/A	7.9%

EOCO-C

Prior Year Audited Information
Current Year Estimated Information
Percentage Change
Base Year Projected
Percentage Change

	Prior Year Audited Information	Current Year Estimated Information	Percentage Change	Base Year Projected	Percentage Change
60 1 Yard Bin--Twice per Week	264,049	278,271	5.2%	300,281	7.9%
61 2 Yard Bin--Twice per Week	457,381	481,841	5.2%	519,356	7.9%
62 3 Yard Bin--Twice per Week	683,981	715,672	5.2%	776,551	7.9%
63 4 Yard Bin--Twice per Week	899,381	946,871	5.2%	1,021,721	7.9%
64 5 Yard Bin--Twice per Week	1,124,981	1,183,591	5.2%	1,277,231	7.9%
65 6 Yard Bin--Twice per Week	1,349,939	1,420,321	5.2%	1,532,691	7.9%
66 8 Yard Bin--Twice per Week	1,722,671	1,812,421	5.2%	1,955,481	7.9%
67 6 Yard Box per Pull	228,671	240,551	5.2%	259,611	7.9%
68 10 Yard Box per Pull	333,061	350,411	5.2%	378,111	7.9%
69 20 Yard Box per Pull	587,911	618,541	5.2%	667,471	7.9%
70 30 Yard Box per Pull	740,551	779,111	5.2%	840,771	7.9%
71 40 Yard Box per Pull	878,751	924,531	5.2%	997,671	7.9%

Prior Year Audited Information
Current Year Estimated Information
Percentage Change
Base Year Projected
Percentage Change

	Prior Year Audited Information	Current Year Estimated Information	Percentage Change	Base Year Projected	Percentage Change
67 6 Yard Box per Pull	228,551	240,551	5.3%	259,621	7.9%
68 10 Yard Box per Pull	317,115	333,671	5.2%	360,071	7.9%
69 20 Yard Box per Pull	587,941	618,571	5.2%	667,511	7.9%
70 30 Yard Box per Pull	740,571	779,115	5.2%	840,791	7.9%
71 40 Yard Box per Pull	878,791	924,571	5.2%	997,721	7.9%

Prior Year Audited Information
Current Year Estimated Information
Percentage Change
Base Year Projected
Percentage Change

	Prior Year Audited Information	Current Year Estimated Information	Percentage Change	Base Year Projected	Percentage Change
67 6 Yard Box per Pull	361,961	380,821	5.2%	410,951	7.9%
68 10 Yard Box per Pull	468,691	494,161	5.2%	533,251	7.9%
69 20 Yard Box per Pull	668,941	705,351	5.2%	759,531	7.9%
70 30 Yard Box per Pull	1,041,971	1,096,261	5.2%	1,182,991	7.9%
71 40 Yard Box per Pull	1,275,251	1,339,591	5.2%	1,455,571	7.9%

Base Year Rate Application

Allocations of Indirect Costs from Consolidated Level to Unincorporated County

	Costs Allocated to Unincorporated County	Total Costs	Percent Allocation	Required Allocation Method
Actual Audited Year				
72 Direct labor	4,883,060	9,189,852	53%	Direct Labor Hours
73 Truck, Equipment, and Facility Costs	3,771,946	7,087,949	53%	
Trucking	2,277,950	4,329,405	53%	Truck Usage
Fuel	1,240,463	2,290,415	54%	Gallons
Repair and Maintenance	253,533	468,129	54%	Equipment Usage
Property Rent	-	-	-	Square Footage
74 Office Salaries	957,932	1,900,662	50%	Direct Labor Hours
75 General and Administrative Costs	939,488	1,873,531	50%	Direct Labor Hours

	Costs Allocated to Unincorporated County	Total Costs	Percent Allocation	Required Allocation Method
Estimated Current Year				
72 Direct labor	5,082,408	9,568,866	53%	Direct Labor Hours
73 Truck, Equipment, and Facility Costs	4,002,651	7,251,671	55%	
Trucking	2,594,357	4,651,370	56%	Truck Usage
Fuel	1,103,006	2,036,613	54%	Gallons
Repair and Maintenance	305,287	563,688	54%	Equipment Usage
Property Rent	-	-	-	Square Footage
74 Office Salaries	981,120	1,920,580	51%	Direct Labor Hours
75 General and Administrative Costs	973,086	2,057,472	47%	Direct Labor Hours

Rate Comparison

Current Rates						
2023	ED Hills	CP	Pville	County Area A	County Area B	County Area C
35gl	\$ 36.71	\$ 37.25	\$ 30.86	\$ 36.21	\$ 31.15	\$ 31.39
35gl Sr	\$ 27.35	\$ 28.05	\$ 23.00	\$ 32.59	\$ 28.04	\$ 28.25
64gl	\$ 39.01	\$ 41.23	\$ 45.42	\$ 45.67	\$ 42.44	\$ 44.76
96gl	\$ 51.96	\$ 51.22	\$ 53.59	\$ 52.94	\$ 51.15	\$ 50.82
F1YD1W	\$ 115.25	\$ 148.83	\$ 129.16	\$ 139.13	\$ 139.13	\$ 150.45
F2YD1W	\$ 199.43	\$ 257.71	\$ 223.52	\$ 240.92	\$ 240.92	\$ 300.92

These are expected rates as of
7/1/2024 using CPI estimates

	4.35%	3.92%	4.35%	7.91%	7.91%	7.91%
2024	ED Hills	CP	Pville	County Area A	County Area B	County Area C
35gl	\$ 38.30	\$ 38.71	\$ 32.20	\$ 39.07	\$ 33.61	\$ 33.87
35gl Sr	\$ 28.54	\$ 29.15	\$ 24.00	\$ 35.17	\$ 30.26	\$ 30.48
64gl	\$ 40.71	\$ 42.85	\$ 47.40	\$ 49.28	\$ 45.80	\$ 48.30
96gl	\$ 54.22	\$ 53.23	\$ 55.92	\$ 57.13	\$ 55.20	\$ 54.84
F1YD1W	\$ 120.26	\$ 154.66	\$ 134.78	\$ 150.14	\$ 150.14	\$ 162.35
F2YD1W	\$ 208.11	\$ 267.81	\$ 233.24	\$ 259.98	\$ 259.98	\$ 324.73

Excerpt from Audited Financial Statement (pages 7, 8)**WASTE CONNECTIONS OF CALIFORNIA, INC.
DBA EL DORADO DISPOSAL
FRANCHISE AGREEMENT WITH THE COUNTY OF EL DORADO
Schedule of Operating Expenses
For the Year Ended December 31, 2022**

Advertising fees	\$	49,456
Corporate overhead allocations		327,677
Amortization expense		69,589
Bad debts		49,785
Bond expense		749
Bonuses and commissions		81,948
Building and property maintenance		138,903
Communications		16,448
Computer supplies		10,801
Contract labor		1,937
Contributions		2,426
Credit card fees		92,214
Credit collections		14,107
Data processing		50,003
Depreciation expense		1,424,338
Disposal		4,487,764
Drive cam fees		33,360
Dues and subscriptions		5,065
Employee and community activity		33,968
Employee relocation expenses		17,612
Equipment and vehicle rental		5,224
Equipment maintenance and repair		65,243
Excursions and meetings		1,388
Freight		2,306
Fuel expense		1,263,614
Group insurance		793,071
Insurance		308,836
Interest allocation		446,916
Legal and professional		81,887
Licenses		106,952
Lodging		3,594
Carried forward	\$	9,987,181

WASTE CONNECTIONS OF CALIFORNIA, INC.
DBA EL DORADO DISPOSAL
FRANCHISE AGREEMENT WITH THE COUNTY OF EL DORADO
 Schedule of Operating Expenses, continued
 For the Year Ended December 31, 2022

Brought forward	\$ 9,987,181
Meals and entertainment	9,763
Miscellaneous	279
Monitoring and maintenance	4,905
Office supplies	49,586
Oil and grease	58,164
Operating supplies	116,116
Outside repairs	28,118
Overtime wages	577,022
Parts and materials	412,153
Payroll taxes	316,284
Pension and profit sharing	109,910
Permits	2,000
Processing fees MRF	1,331,981
Property taxes	66,424
Safety and training	46,001
Safety bonuses	72,977
Salaries	803,007
Taxes	1,379,844
Telephone	18,681
Tires	139,851
Towing	7,510
Travel	14,098
Uniforms	28,221
Utilities	38,455
Vacation and sick pay	191,336
Wages	2,458,445
	<u>\$ 18,268,312</u>

Attachment B: Crowe Rate Model with Adjustments

Attachment B Adjustments to Fiscal Year 2024 Rate Application

	FY2024 Base Year Projection	Crowe Recommended Adjustments	Adjusted Amount
Allowable Operating Expenses			
Direct Labor	\$ 5,333,243	(11,820) \$	5,321,423
Truck, Equipment, and Facility Costs	4,342,755	-	4,342,755
Disposal Costs (Profit Allowed = Transfer Station Less Landfill Disposal)	4,056,000	-	4,056,000
Office Salaries	1,014,842	-	1,014,842
General and Administrative Costs	1,006,571	-	1,006,571
Total Allowable Operating Expenses	\$ 15,753,410	\$ (11,820)	\$ 15,741,590
Allowable Profit			
Operating Ratio	90%	90%	90%
Total Allowable Operating Profit	\$ 1,750,379	\$ (1,313)	\$ 1,749,066
Pass Through Costs without Franchise Fees			
Disposal Costs (Pass Through = Landfill Disposal)	\$ 1,948,748	\$ 104,874	\$ 2,053,622
Interest	446,916	(130,432)	316,484
Total Pass Through Costs	\$ 2,395,664	\$ (25,559)	\$ 2,370,105
Revenue Requirement Without Franchise Fees	\$ 19,899,453	\$ (38,692)	\$ 19,860,761
Revenues			
Total Residential Revenues (without Rate Change in Base Year)	\$ 13,128,588	\$ 67,215	\$ 13,195,802
Total Commercial and Industrial Revenues	7,651,103	32,711	7,683,814
Total Recycled Material Sales	(1,086,718)	-	(1,086,718)
Total Revenues	\$ 19,692,972	\$ 99,926	\$ 19,792,898
Net Shortfall (Surplus) without Franchise Fees	\$ 206,481	\$ (138,617)	\$ 67,864
Residential, Commercial, and Industrial Franchise Fees	\$ 1,500,522	\$ (2,522)	\$ 1,498,000
Net Shortfall (Surplus) with Franchise Fees	\$ 1,707,003	\$ (141,139)	\$ 1,565,864
Total Residential, Commercial, and Industrial Revenues Prior to Rate Change	\$ 20,779,690	\$ 99,926	\$ 20,879,616
Percent Change in Existing Residential/Commercial/Industrial Rates	8.21%		7.50%



Mr. Jeffrey Warren
May 24, 2024

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Attachment C: WERS Facility CPI Request

Mr. Jeffrey Warren
May 24, 2024



WASTE CONNECTIONS INC.
Connect with the Future™

Waste Connections of California, Inc. d/b/a
El Dorado Disposal Services (EDDS)
P.O. Box 1270
Diamond Springs, CA 95619
(530) 626-4141

Mr. Jeffrey Warren
Director, Environmental Services
County of El Dorado
2850 Fairlane Court, Bldg. C
Placerville, CA 95667

Re: Interim Year Rate Application


February 29th, 2024

Dear Mr. Warren,

Pursuant to Appendix D of the El Dorado Disposal Service Franchise Agreement, dated October 21st, 2014, we are requesting an interim year rate adjustment to all services provided by El Dorado Disposal Services (EDDS) at the WERS Facility. The calculated CPI increase of 6.19% is based on 85% of the annual percentage change in the CPI, All Urban Consumers, U.S. City Average – Garbage and Trash Collection, for the (2022 to 2023) twelve-month period. Per the 'Agreement', we are requesting a CPI increase of 6.00% effective July 1st, 2024.

We appreciate your consideration and look forward to hearing from you. If you have any questions or need further information, please feel free to contact me at (530) 313-8305.

Sincerely,



Jeff England

Site Manager
Waste Connections of California, Inc. d/b/a
El Dorado Disposal Services

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