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May 24, 2022

Jeffrey Warren, Director, REHS
County of El Dorado
2850 Fairlane Court, Bldg C
Placerville, CA 95667

Subject: **2023 Tahoe Truckee Sierra Disposal Interim Year Rate Analysis for Rates Effective July 1, 2022 – Final Report**

Crowe LLP (Crowe) has completed its analysis of Tahoe Truckee Sierra Disposal's (TTSD) 2023 Interim Year Rate Application (Application). El Dorado County (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, 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 – 2023 Rate Structure
- Attachment B – 2023 Interim Year Rate Application
- Attachment C – 2023 Interim Year Worksheet
- Attachment D – Consumer Price Index Data.

A. Purpose of Analysis

The purpose of the 2023 Interim Year Rate Analysis of TTSD (Analysis) is to assist the County with establishing solid waste collection rates charged by TTSD. The Analysis was conducted in accordance with the County's *Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas* (Rate Manual), incorporated into the Tahoe Truckee Sierra Disposal Franchise Agreement, approved by the County Board of Supervisors on October 27, 2015.

In the course of preparing this Analysis, we have not conducted an audit, review, or compilation of any financial or supplemental data. 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.

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

Crowe worked at the direction of the County 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 TTSD internal controls or assessing control risks, tests of accounting records and responses to inquiries by obtaining corroborating evidential matter, and certain other procedures ordinarily performed during an audit, examination, or review. Thus, this engagement was not intended to provide assurance that we would become aware of significant matters that would be disclosed in an audit, examination, or review.

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 these services; evaluated the adequacy and results of the services performed; and accepted responsibility for the results of the services.

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

B. Summary

Our Analysis supports a rate increase of 4.72 percent for the El Dorado West Shore area, effective July 1, 2022. Current 2022 and calculated 2023 residential rates, for selected service levels, are shown in **Table 1**. Current 2022 and calculated 2023 commercial rates, for selected service levels, are shown in **Table 2**. The comprehensive 2022-23 rate structure is provided in **Attachment A** of this report.

Table 1
Tahoe Truckee Sierra Disposal
Residential Rates with a 4.72 Percent Rate Increase for the El Dorado West Shore area
(Effective July 1, 2022)

Service Level	Current Rate (Per Customer, Per Month)	Requested Rate (Per Customer, Per Month)	Rate Increase (Per Customer, Per Month)
1, 32-Gallon Can	\$31.18	\$32.65	\$1.47
2, 32-Gallon Cans	\$41.14	\$43.08	\$1.94
1, 32-Gallon Can (Senior)	\$25.42	\$26.62	\$1.20
Extra, 32-Gallon Can	\$5.37	\$5.62	\$0.25

Table 2
Tahoe Truckee Sierra Disposal
Commercial Rates with a 4.72 Percent Rate Increase for the El Dorado West Shore area
(Effective July 1, 2022)

Service Level	Current Rate (Per Customer, Per Month)	Requested Rate (Per Customer, Per Month)	Rate Increase (Per Customer, Per Month)
32-Gallon Service	\$7.17	\$7.51	\$0.34
3-yd, EOW, MSW Dumpster	\$269.75	\$282.48	\$12.73
4-yd, 2XW, MSW Dumpster	\$856.79	\$897.22	\$40.43
6-yd, 2XW, MSW Dumpster	\$1,301.95	\$1,363.39	\$61.44
3-yd Cardboard-only, 2XW	\$340.07	\$356.12	\$16.05
4-yd, Extra Service	\$169.26	\$177.25	\$7.99

C. Background of Analysis

The County is responsible for overseeing solid waste and coordinating solid waste program planning and reporting. In 2015, the County prepared the Rate Manual, which guides rate setting for the unincorporated areas of the County served by TTSD (including Meeks Bay and Tahoma).

The County followed the Interim Year Rate Setting Process in Section 3 of the Rate Manual for the interim rate year 2023. The Rate Manual allows TTSD to submit an interim year rate application for the rate year 2023. Our Analysis was conducted in accordance with Steps 1 and 2 in Section 3 of the Rate Manual.¹ Recently approved rate changes are as follows²:

- 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 – 7.43 percent rate increase – base year.

On May 22, 2022, TTSD submitted an Application (**Attachment B**) to the County requesting to increase collection rates by 4.71 percent, effective July 1, 2022. Crowe has reviewed TTSD's Application and found it consistent with the requirements set forth in the approved Rate Manual.

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 Formal rate setting was incorporated into the County's franchise agreement with TTSD in 2015. Rate changes prior to 2015 were included in this report for historical purposes.

In its Application, TTSD projected increases in 2023 landfill disposal costs of 12.82 percent and increases in 2023 non-landfill disposal costs of 4.07 percent. TTSD defined its total change in disposal costs, 12.82 percent, as the sum of the year-over-year change in transfer station tipping fees, 7.04 percent, and year-over-year change in disposal tons, 5.39 percent. Non-landfill disposal costs of 4.07 percent represent 85 percent of the percent change in the Consumer Price Index from December 2020 to December 2021. Based on prior year actual results from the Base Year, TTSD indicated that landfill disposal costs represent 4.60 percent of total costs, while non-landfill disposal costs represent 95.40 percent of total costs. When incorporating a year-over-year increase in franchise fees, TTSD requested a weighted percent increase in rates of 4.71 percent in its Application.

D. Scope of Analysis

Our scope of services included the following tasks:

- Identify applicable Consumer Price Index (U.S. Garbage and Trash)
- Request additional data and clarification from TTSD
- Determine new rates
- Prepare the draft report
- Receive comments on the draft report
- 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 Rate Manual
- Assessed supporting data and documentation
- Prepared the draft and final reports
- Participated in County and Member Agency preparation and meeting(s), as required.

E. Results of Analysis

Crowe has evaluated TTSD's Application and rate increase request and has determined that a rate increase of 4.72 percent is consistent with the terms of the interim year rate setting procedures contained within the Rate Manual. In accordance with the Rate Manual, the calculation of the allowable rate increase of 4.72 percent is provided in the worksheet in Attachment C (see also **Attachment D** for the applicable CPI calculation used for the Analysis). Note that we made a minor adjustment to TTSD's request to include the prior Base Year Crowe adjusted figures in Section 1 of the worksheet which changed the weightings slightly from those included in TTSD's application. A full rate schedule reflecting a 4.72 percent increase to collection rates is provided in **Attachment A**.

* * * * *

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

Attachment A
2023 Rate Structure

Summary

Rate Change

1. Percent Rate Change Requested	4.72%
<i>Residential Rate Schedule</i>	

Rate Schedule (per customer, per month)	Current Rate	Rate Adjustment	New Rate
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2. El Dorado West Shore			
<i>Residential Collection Rates:</i>			
1, 32-Gallon Can	\$ 31.18	\$ 1.47	\$ 32.65
2, 32-Gallon Cans	\$ 41.14	\$ 1.94	\$ 43.08
1, 32-Gallon Can (Senior)	\$ 25.42	\$ 1.20	\$ 26.62
Extra, 32-Gallon Can (Per Can)			
	\$ 5.37	\$ 0.25	\$ 5.62
<i>Commercial Collection Rates:</i>			
Commercial Can, 32-Gallon Service	\$ 7.17	\$ 0.34	\$ 7.51
3-yd, EOW, MSW Dumpster Service	\$ 269.75	\$ 12.73	\$ 282.48
3-yd, 1XW, MSW Dumpster Service	\$ 391.10	\$ 18.46	\$ 409.56
3-yd, 2XW, MSW Dumpster Service			
	\$ 698.63	\$ 32.97	\$ 731.60
3-yd, 3XWW, MSW Dumpster Service	\$ 1,006.24	\$ 47.48	\$ 1,053.72
4-yd, 1XW, MSW Dumpster Service	\$ 488.92	\$ 23.07	\$ 511.99
4-yd, 2XW, MSW Dumpster Service			
	\$ 856.79	\$ 40.43	\$ 897.22
4-yd, 3XW, MSW Dumpster Service	\$ 1,313.81	\$ 62.00	\$ 1,375.81
6-yd, 1XW, MSW Dumpster Service	\$ 686.80	\$ 32.41	\$ 719.21
6-yd, 2XW, MSW Dumpster Service			
	\$ 1,301.95	\$ 61.44	\$ 1,363.39
6-yd, 3XW, MSW Dumpster Service	\$ 1,917.33	\$ 90.48	\$ 2,007.81
3-yd CardBoard-only, 1XW	\$ 210.85	\$ 9.95	\$ 220.80
3-yd CardBoard-only, 2XW			
	\$ 340.07	\$ 16.05	\$ 356.12
4-yd CardBoard-only, 1XW	\$ 249.31	\$ 11.76	\$ 261.07
4-yd CardBoard-only, 2XW	\$ 380.54	\$ 17.96	\$ 398.50
6-yd CardBoard-only, 1XW			
	\$ 328.53	\$ 15.50	\$ 344.03
6-yd CardBoard-only, 2XW	\$ 587.14	\$ 27.71	\$ 614.85
3-yd, Extra Service	\$ 130.61	\$ 6.16	\$ 136.77
4-yd, Extra Service			
	\$ 169.26	\$ 7.99	\$ 177.25
6-yd, Extra Service	\$ 204.56	\$ 9.65	\$ 214.21
3-yd, Cardboard-Only, Extra Service	\$ 77.25	\$ 3.65	\$ 80.90
4-yd, Cardboard-Only, Extra Service			
	\$ 93.97	\$ 4.43	\$ 98.40
6-yd, Cardboard-Only, Extra Service	\$ 95.92	\$ 4.53	\$ 100.45
Extra Yardage left-out on route (Per Yard)	\$ 25.05	\$ 1.18	\$ 26.23



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Attachment B
2023 Interim Year Rate Application

Interim Year Rate Application

Are you applying for an interim rate change at the time? Yes No

If yes, complete Section 1 below, sign, and submit this application to the County.

If no, sign below, and submit this form to the County.

Section I - Consumer Price Index (CPI) Information

CPI - All Urban Consumers
Not Seasonally Adjusted
U.S. City Average
Garbage and Trash Collection (CUUR0000SEHG02)
All Items
December 1983=100
U.S. Department of Labor, Bureau of Labor Statistics

	Month	Year	CPI Data
1.	December	2020	508.190
2.	December	2021	532.538

Section II - % Change in CPI

3. % Change in CPI

Section III - 85 % Change in CPI (But Not to Exceed 6% or fall Below 1%)

4. 85% Change in CPI or 6% (greater of)
(Please Note, this % figure does not include additional adjuster for disposal costs, appearing on next pages.)

Section IV - Certification

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: **Mary Collins** Title: President, Tahoe Truckee Sierra Disposal

Signature: Date: 5-24-22 (updated for Final Gate Fees)

Attachment B
2023 Interim Year Rate Application (continued)

Interim Year Rate Change Worksheet				
Summary				
Rate Change				
1.	Percent Rate Change Requested			4.71%
Garbage Collection Rate Schedule				
Rate Schedule (per customer, per month except as indicated otherwise)				
		Current Rate	Rate Adjustment	New Rate
2.	Residential Collection Rates			
	One 32-Gallon Can	\$ 31.18	\$ 1.47	\$ 32.65
	Two 32-Gallon Cans	\$ 41.14	\$ 1.94	\$ 43.08
	Senior Rate - One 32-Gallon Can	\$ 25.42	\$ 1.20	\$ 26.62
	Extra 32-Gallon Can (per can)	\$ 5.37	\$ 0.25	\$ 5.62
	Commercial Collection Rates			
	Commercial Can (32-Gallon) Service (per can, minimum 1 can per week, 1x per week service only)	\$ 7.17	\$ 0.34	\$ 7.51
	MSW Dumpster Service			
	3-Yard EOW	\$ 269.75	\$ 12.71	\$ 282.46
	3-Yard 1XW	\$ 391.10	\$ 18.42	\$ 409.52
	3-Yard 2XW	\$ 698.63	\$ 32.91	\$ 731.54
	3-Yard 3XW	\$ 1,006.24	\$ 47.39	\$ 1,053.63
	4-Yard 1XW	\$ 488.92	\$ 23.03	\$ 511.95
	4-Yard 2XW	\$ 856.79	\$ 40.35	\$ 897.14
	4-Yard 3XW	\$ 1,313.81	\$ 61.88	\$ 1,375.69
	6-Yard 1XW	\$ 686.80	\$ 32.35	\$ 719.15
	6-Yard 2XW	\$ 1,301.95	\$ 61.32	\$ 1,363.27
	6-Yard 3XW	\$ 1,917.33	\$ 90.31	\$ 2,007.64
	Cardboard-only Dumpster Service			
	3-Yard Cardboard 1XW	\$ 210.85	\$ 9.93	\$ 220.78
	3-Yard Cardboard 2XW	\$ 340.07	\$ 16.02	\$ 356.09
	4-Yard Cardboard 1XW	\$ 249.31	\$ 11.74	\$ 261.05
	4-Yard Cardboard 2XW	\$ 380.54	\$ 17.92	\$ 398.46
	6-Yard Cardboard 1XW	\$ 328.53	\$ 15.47	\$ 344.00
	6-Yard Cardboard 2XW	\$ 587.14	\$ 27.65	\$ 614.79
	Extra Service requested above subscription level:			
	3-Yard	\$ 130.61	\$ 6.15	\$ 136.76
	4-Yard	\$ 169.26	\$ 7.97	\$ 177.23
	6-Yard	\$ 204.56	\$ 9.63	\$ 214.19
	3-Yard Cardboard	\$ 77.25	\$ 3.64	\$ 80.89
	4-Yard Cardboard	\$ 93.97	\$ 4.43	\$ 98.40
	6-Yard Cardboard	\$ 95.92	\$ 4.52	\$ 100.44
	Extra Yardage left out on-route (per yard)	\$ 25.05	\$ 1.18	\$ 26.23
Year: '22-'23 Rate Year				



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Attachment B
2023 Interim Year Rate Application (continued)

Interim Year Rate Change Worksheet			
Financial Information			
Section I - Base Year Costs			
Base Year Operating Costs (Other Than Disposal)			
		Total Allowable Operating Costs	\$ 589,475.27
1.	Plus:	Allowable Operating Profit	\$ 65,497.25
2.	Plus:	Total Pass Through Costs	\$ 31,552.09
3.	Minus:	Disposal Costs (Pass Through)	\$ (31,552.09)
4.	Equals:	Total Operating Costs (Other Than Disposal)	\$ 654,972.52 95.40%
5.			
Base Year Disposal Costs			
6.	Plus:	Disposal Costs (Pass Through)	\$ 31,552.09
7.	Equals:	Total Disposal Costs	\$ 31,552.09 4.60%
8.		Base Year Revenue Requirement (without Franchise Fees)	\$ 686,524.61 100.00%
Section II - Changes in Costs			
Change in Operating Costs (Other Than Disposal Costs)			
9.		Projected Change in Consumer Price Index	4.79%
10.		Projected 85 Percent Change in Consumer Price Index	4.07%
Change in Disposal Costs			
11.		Prior Year Transfer Station Tipping Fee Per Ton	\$ 25.00
12.	Multiplied by:	Prior Year Actual Disposal Tons	1,262
13.	Equals:	Total Prior Year Disposal Costs	\$ 31,552.09
14.		Projected Interim Year Transfer Station Tipping Fee Per Ton	\$ 26.76
15.	Multiplied by:	Projected Interim Year Disposal Tons	1,330
16.	Equals:	Total Projected Interim Year Disposal Costs	\$ 35,597.50
17.		Projected Change in Disposal Costs	12.82%
Section III - Calculation of Percent Change in Rates			
Weighted Change in Operating Costs (Other Than Disposal)			
18.		Operating Costs as % of Base Yr. Revenue Requirement	95.40%
19.	Multiplied by:	Projected 85 Percent Change in Consumer Price Index	4.07%
20.	Equals:	Weighted Change in Operating Costs	3.89%
Weighted Change in Total Disposal Costs			
21.		Total Disposal Costs as % of Base Yr. Revenue Requirement	4.60%
22.	Multiplied by:	Projected Change in Total Disposal Costs	12.82%
23.	Equals:	Weighted Change in Total Disposal Costs	0.59%
Total Change			
24.		Total Percent Change in Costs	4.47%
25.	Divided by:	Adjustment for Franchise Fees (1-5%)	0.95
26.	Equals:	Percent Change in Existing Rates	4.71%
Year: '22-'23 Rate Year			
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Attachment C
2023 Interim Year Worksheet

Section I - Base Year Costs		
Base Year Operating Costs (Other than Disposal Costs)		
	Amount	% of Total
Total Allowable Operating Costs	\$575,284.00	
Allowable Operating Profit	63,920.00	
Total Pass-through Costs	31,552.09	
Less: Disposal Costs (Pass-through)	31,552.09	
Total Operating Costs (Other than Disposal Costs)	\$639,204.00	95.30%
Base Year Disposal Costs		
Disposal Costs (Pass-through)	\$31,552.09	
Total Disposal Costs	\$31,552.09	4.70%
Base Year Revenue Requirement (without Franchise Fees)		
Total Operating Costs & Disposal Costs	\$670,756.09	100.00%
Section II - Changes in Costs		
Change in Operating Costs (Other than Disposal Costs)		
	Amount	
Projected Change in Consumer Price Index	4.79%	
85% of Projected Change in Consumer Price Index	4.07%	
Change in Disposal Costs		
Prior Year Transfer Station Tipping Fee Per Ton	\$25.00	
X Prior Year Actual Disposal Tons	1,262.00	
Total Prior Year Disposal Costs	\$31,552.09	
Projected Interim Year Transfer Station Tipping Fee per Ton	\$26.76	7.04%
X Projected Interim Year Disposal Tons	1,330.00	5.39%
Total Projected Interim Year Disposal Costs	\$35,590.80	12.80%
Projected Change in Disposal Costs		
% Change in YoY Total Disposal Costs	12.80%	
Section III - Calculation of Percent Change in Rates		
Weighted Change in Operating Costs (Other than Disposal)		
	Amount	
Operating Costs as a % of Base Year Revenue Requirement	95.30%	
X 85% of Projected Change in Consumer Price Index	4.07%	
Weighted Change in Operating Costs	3.88%	
Weighted Change in Total Disposal Costs		
Total Disposal Costs as a % of Base Year Revenue Requirement	4.70%	
X Projected Change in Total Disposal Costs	12.80%	
Weighted Change in Total Disposal Costs	0.60%	
Total Change		
Total % Change in Costs	4.48%	
/ Adjustment for Franchise Fees (1%-5%)	95.00%	
% Change in Existing Rates	4.72%	

Attachment D
Consumer Price Index (CPI) Data

Series Title	Garbage and trash collection in U.S. city average, all urban consumers, not seasonally adjusted
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
2020	M12	2020 Dec	508.19
2021	M01	2021 Jan	512.722
2021	M02	2021 Feb	517.27
2021	M03	2021 Mar	518.505
2021	M04	2021 Apr	518.579
2021	M05	2021 May	516.44
2021	M06	2021 Jun	517.202
2021	M07	2021 Jul	521.185
2021	M08	2021 Aug	524.408
2021	M09	2021 Sep	529.934
2021	M10	2021 Oct	530.114
2021	M11	2021 Nov	529.053
2021	M12	2021 Dec	532.538

Consumer Price Index as of December 2020	508.190
Consumer Price Index as of December 2021	532.538
Change in Consumer Price Index	24.348
Percent Change in Consumer Price Index	4.79%