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April 16, 2026

Erin Brewster  
Sustainability Program Manager  
Town of Truckee  
10183 Truckee Airport Road  
Truckee, CA 96161

*Sent via email: [ebrewster@townoftruckee.com](mailto:ebrewster@townoftruckee.com)*

**Subject: Review of Tahoe Truckee Sierra Disposal Rate Adjustment Application and Recommendations for RP9 (FY 2026-27)**

Dear Erin Brewster,

At your request, HF&H Consultants, LLC (HF&H) has reviewed the application for the July 1, 2026 Rate Adjustment (Application) submitted by Tahoe Truckee Sierra Disposal (TTSD) for solid waste rates in the Town of Truckee (Town), to be effective for Rate Period (RP) 9, Fiscal Year (FY) 2026-27. Based on our review of the Application, we recommend a 3.92% rate adjustment factor (including contributions to the Rate Stabilization Fund but excluding Town Administrative Fee) for residential services and a 0.76% rate adjustment factor (including Rate Stabilization Fund contributions and the AB 939 Fee but excluding Town Administrative Fee) for commercial services. The rate adjustment factors should be applied to the residential and commercial rates to calculate rates effective July 1, 2026 through June 30, 2027. Most of these adjustments are attributed to inflation, the removal of revenue credits applied by the Town in the prior year, and disposal and processing cost increases.

## **RP9 Rate Adjustment and Methodology (FY 2026-27)**

Rates for RP9, effective July 1, 2026, have been determined using the index-based methodology prescribed in Exhibit B1 of the Franchise Agreement for the Collection and Processing of Discarded Materials between the Town and TTSD (Agreement).

TTSD requested a rate increase of 3.98% for the residential sector and 0.81% for the commercial sector to reflect its compensation adjustment for RP9. HF&H reviewed TTSD's RP9 application for mathematical accuracy and correct calculation in accordance with Exhibit B1 of the Agreement. During our review, we revised TTSD's calculated annual percentage changes for the Employment Cost Index and Fuel Pricing Index to bring them into alignment with the methodology found in the Agreement. Additionally, we found the application contained inaccurate rollover and rollunder projection amounts. After the adjustments, we determined the need for a residential rate increase of 3.92% and a commercial rate adjustment of 0.76%. The resulting rate adjustments are due to the following components:

- 3.86% average inflationary increase in Labor-Related Costs
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- 6.16% inflationary increase in Vehicle-Related Costs (excluding fuel)
- 12.61% inflationary decrease in Fuel Costs
- 2.59% inflationary increase in All Other Costs
- 3.85% increase in residential Disposal and Processing Costs
- 5.43% decrease in commercial Disposal and Processing Costs
- Inclusion of \$129,703 in AB 393 costs as part of commercial Town Fees

Commercial costs include the increased Commercial Recycling Program costs of \$96,711 approved by the Town in addition to the normal methodology outlined in the Agreement. The impact of this added cost is offset by a decrease in overall commercial disposal tonnage and the removal of the Recycling Drop-Off Fee, which was a one-time adjustment in RP8 (FY 2025-26). As a result, the net commercial rate adjustment remains limited to a 0.76% increase, even with the inclusion of the Commercial Recycling Program cost.

## Rate Stabilization Fund

Since the Agreement's effective date, the Town and TTSD have negotiated various expansions of programs and provided levels of service, which result in cost impacts to provide services. Per Section 10.1.D of the Agreement, "The Town shall reserve the right to set other fees as it deems necessary, subject to Town Council approval."

For RP9, the Town has elected to create a rate stabilization fund. In lieu of collecting a Franchise Fee, Town staff has directed TTSD to provide 5% of gross revenues less other fees (such as the AB939 Fee) —which will be placed into a rate stabilization fund to address potential future costs that may impact rates in subsequent RPs. This amount is equal to what had previously been designated as a Franchise Fee, and therefore the reallocation of these funds to the Rate Stabilization Fund has no impact on rates. Franchise revenues are restricted for purposes related to the provision of solid waste services and are not allocated to the Town's general fund starting in RP9. The Town intends to use this fund in the following ways:

- Mitigating anticipated rate increases from the start of a new franchise agreement
- Offsetting cost impacts from unanticipated service changes
- Mitigating rate impacts from capital projects funded by the Solid Waste Fund

## Conclusion

Based on the results of the work performed, the Town and TTSD agree to an overall increase of 3.92% for the residential sector and 0.76% for the commercial sector for RP9.



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HF&H appreciates the opportunity to be of service to the Town. Should you have any questions or concerns, please do not hesitate to reach out to me directly at (925) 977-6964 or [dhilton@hfh-consultants.com](mailto:dhilton@hfh-consultants.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Hilton'.

Rob Hilton  
President

A handwritten signature in blue ink, appearing to read 'Dave Hilton'.

Dave Hilton  
Senior Project Manager