



Date: June 9, 2026

Honorable Mayor and Council Members:

Author and title: Erin Brewster, Sustainability Program Manager

Title: **Adopt Resolution 2026-25 Establishing Solid Waste Rates for Fiscal Year 2026/27.**

Jen Callaway, Town Manager

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**Recommended Action:** That Council:(1) conduct a public hearing and adopt Resolution 2026-25 establishing residential and commercial solid waste rates and authorizing the Nevada County Auditor-Controller to place direct charges on the secured tax roll for solid waste collection services in CSA 7, Tax Area 03; and (2) authorize the Town Manager to execute a contract with Tahoe Truckee Disposal Co., Inc. (dba Tahoe Truckee Sierra Disposal), for up to \$20,000 for fiscal year 2026/27 costs of extending residential yard waste programs, to be funded from Solid Waste Fund reserves.

**Executive Summary:** This item requests Council approval of the annual adjustments to residential and commercial solid waste rates, which in FY 2026/27 include a 3.92% residential rate increase and 0.75% commercial rate increase, not including the Town's Administrative Fee. In lieu of a franchise fee, the proposed FY 2026/27 rates include a one-time fee that is directed into a Rate Stabilization Fund in the Solid Waste Fund reserves, which will be used to mitigate future rate increases. In addition to approving the rate schedule, adopting Resolution 2026-25 will authorize the Nevada County Auditor-Controller to collect the annual residential parcel charge for bundled trash, recycling, and organic waste collection services on the property tax roll. Town staff also recommends extending certain residential yard waste collection programs an extra month in 2026 due to an early start, and requests approval to utilize funding from the new Rate Stabilization Fund to cover the associated costs.

**Discussion:** As part of the ongoing process for the Town to administer the Solid Waste Franchise Agreement with Tahoe Truckee Sierra Disposal (TTSD), it is necessary to establish rates for residential and commercial solid waste collection services. Included in the rate-setting process is a public hearing on the proposed residential and commercial solid waste collection rates conducted by the Town Council and adoption of a resolution (Attachment 1) establishing the rates for the upcoming fiscal year.

The resolution also authorizes the Nevada County Auditor-Controller to collect the approved annual rate for residential solid waste collection services through a direct charge on the property tax roll. Commercial solid waste services and any supplemental residential services are directly billed to customers by TTSD. If approved, these rates will be effective July 1, 2026, through June 30, 2027.

A notice of the proposed residential annual solid waste rate and this public hearing was mailed to all residential property owners in Truckee on April 24, 2026. Residents may submit a formal written protest of the proposed rate increase to the Town Clerk's office. If written protests against the proposed rate increases are not presented by a majority of the property owners of the identified parcels upon which the rates are proposed to be imposed, as well as tenants directly responsible for payment of the solid waste collection rates, the Town Council will be authorized to impose the rate increases proposed in Exhibit A to Attachment 1. As of June 1, 2026, the Town Clerk had received no protest letters about this rate increase. Staff will provide the Council with an updated number at the public hearing.

## **Rate Calculations**

The franchise agreement establishes the rate adjustment methodology for each rate period of the ten-year agreement, using either an index-based or cost-based adjustment. The proposed rates for Rate Period 9 (FY 2026/27) use an index-based methodology, which calculates the rate adjustment factor using a weighted mix of the year-over-year changes in the Employment Cost Index, Consumer Price Index, Motor Vehicle Maintenance and Repair Index, and Fuel Price Index.

Also included in the rate adjustment calculations are pass-through costs for disposal and processing of materials at the Eastern Regional Landfill Material Recovery Facility and other disposal sites, as well as certain Town-applied fees. The Town fees included in the Rate Period 9 calculations are the AB 939 fee (applied only to commercial services), as well as a fee of 5% of gross revenues, less other Town-applied fees that will be placed in a Rate Stabilization Fund (a more detailed explanation can be found in the following section). The FY 2026/27 rates do not include a franchise fee.

The Town contracted with an independent consultant, HF&H Consultants, L.L.C., to review TTSD's rate application for Rate Period 9 (see Attachment 2). Costs and revenues are calculated separately for residential and commercial services. Based on the index-based methodology outlined in Exhibit B1 of the franchise agreement, HF&H determined that TTSD is entitled to a 3.92% increase in residential service rates and a 0.75% increase in commercial service rates.

These rate adjustment factors do not include the Town's Administrative Fee, which is calculated separately based on the Town's budgeted Solid Waste Program operating costs. The annual residential rate is also adjusted slightly after the application of the 3.92% increase to result in an amount that can be evenly divided into 12 identical monthly payments for customers billed directly by TTSD. The full list of proposed residential and commercial rates for FY 2026/27 can be found in Exhibit A to Attachment 1.

## **Rate Stabilization Fund**

The rate calculation methodology in the current franchise agreement includes a 5% franchise fee that pays into the Town's General Fund. This fee is intended to recover costs such as repairing damage to roadways associated with the solid waste hauler's use of public property and infrastructure. However, a recent court ruling (*Rogers v. City of Redlands*) determined that fees intended to recover road repair costs associated with damage from heavy collection vehicles conflict with a section of the California Vehicle Code. While there is currently legislation pending (Senate Bill 922) to amend the Vehicle Code to clarify that recovery of these costs is allowed, Town staff do not recommend including a franchise fee in the rates until this bill or similar legislation is adopted. Jurisdictions in California may, however, include in their rate calculations, contributions to a reserve balance intended to stabilize solid waste rates.

In lieu of collecting a franchise fee in FY 2026/27, Town staff are recommending a one-time fee set at 5% of gross revenues (less other Town fees) to create a Rate Stabilization Fund that will mitigate costs that would otherwise impact rates in FY 2026/27 and future rate periods. Unlike the franchise fee, this revenue will be directed into the Solid Waste Fund, which is an enterprise fund that supports the Town's costs for administering the solid waste program. 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, such as extending the 2026 green waste season.
- Mitigating rate impacts from capital projects funded by the Solid Waste Fund.
- Provide additional cash stabilization for the Solid Waste fund between July and January, when the first property tax payment is received for the year. This helps prevent the General Fund from having to subsidize cash flows in the Solid Waste Fund before the first installment is received.

The suspension of the franchise fee provides a limited-time opportunity to build up solid waste fund reserves in a way that is cost-neutral to ratepayers compared to the franchise fee and will mitigate future rate increases.

Generally, there are more significant rate increases associated with the start of a new franchise agreement due to the hauler’s investment in new equipment and infrastructure. Without bolstering Solid Waste Fund reserves at this time, the reserve balance is unlikely to be sufficient to support a rate buydown or other rate stabilization strategy while also supporting capital projects. In recent years, staff have chosen to fund solid waste capital projects from the Solid Waste Fund reserves rather than incorporate these into the Administrative Fee calculations each year to reduce volatility in rates but will need to change this practice if reserves are too low.

HF&H estimates that this FY 2026/27 fee will contribute \$574,724 to the Rate Stabilization Fund, which for reference is roughly one month of operating expenses for the Solid Waste Fund. This should provide a sufficient balance to support a residential rate buydown similar to the one in FY 2023/24 (\$350,000), a commercial rate buydown, and offsetting smaller costs such as an extension of the 2026-yard waste programs. This fee is currently proposed only for Rate Period 9 (FY 2026/27). If legislation is adopted addressing the ability of jurisdictions to recover costs for road repair from solid waste collection vehicles, staff anticipate including a franchise fee in future rate years.

***Proposed Residential Rates for FY 2026/27***

The total proposed annual residential parcel charge for FY 2026/27 (including the Town’s Administrative Fee) is \$533.16, a 3.47% increase. This amount was noticed in the annual residential services mailer, which was posted and mailed on April 24, 2026, to all residential property owners subject to the parcel charge as required by Proposition 218 (see Attachment 3). Table 1 shows the annual residential rates for each year of the current franchise agreement. This agreement included rollout of source-separated recycling and yard waste collection programs for residents, which support the Town’s efforts to comply with the requirements of Senate Bill 1383. These new programs were phased in over a period of three years to help mitigate the impact on rates. More than 7,000 residential recycling carts and 13,600 residential yard waste carts are now in use in Truckee.

*Table 1: Residential Solid Waste Service Rates*

<b>Fiscal Year</b>	<b>Annual Residential Solid Waste Parcel Charge</b>	<b>Cost of Residential Bundled Service Per Month</b>
2018-2019	\$338.86	\$28.24
2019-2020	\$360.40	\$30.03
2020-2021	\$391.22	\$32.60
2021-2022	\$397.42	\$33.12
2022-2023	\$423.48	\$35.29
2023-2024	\$462.36	\$38.53
2024-2025	\$486.36	\$40.53
2025-2026	\$515.28	\$42.94
<b>2026-27 (proposed)</b>	<b>\$533.16</b>	<b>\$44.43</b>

The annual residential solid waste parcel charge is comprised of two elements: (1) the base rate provided to TTSD for solid waste collection and processing services, subject to the calculated percentage increase described in the previous section, and (2) the Town’s Administrative Fee. The Administrative Fee covers the Town’s costs for providing programs and services related to solid waste collection services, which are outlined in the Solid Waste Fund operating budget. This includes the Keep Truckee Green Division’s staffing and program costs for support of trash, recycling, and organics collection services, as well as waste and litter reduction initiatives.

Other Keep Truckee Green programs, such as those focused on building decarbonization and climate action planning, are funded by the Town’s General Fund and are not factored into the Administrative Fee calculations. The Administrative Fee is charged to all accounts, both residential and commercial. Table 2 details the adjustments to the Town’s administrative Fee during the current franchise agreement.

*Table 2: Town of Truckee Administrative Fee*

<b>Fiscal Year</b>	<b>Annual Administrative Fee (Included in Residential Annual Parcel Charge)</b>	<b>Monthly Administrative Fee (for direct-billed customers only)</b>
2018-2019	\$45.70	\$3.81
2019-2020	\$39.28	\$3.27
2020-2021	\$46.58	\$3.88
2021-2022	\$44.02	\$3.67
2022-2023	\$45.36	\$3.78
2023-2024	\$46.68	\$3.89
2024-2025	\$43.08	\$3.59
2025-2026	\$50.88	\$4.24
<b>2026-2027 (proposed)</b>	<b>\$50.52</b>	<b>\$4.21</b>

The increase in the Administrative Fee from FY 2024/25 to FY 2025/26 was primarily due to the addition of an Administrative Technician position in the Keep Truckee Green Division, 80% of which was funded by the Solid Waste Program budget. This position provides administrative support, including recordkeeping requirements for compliance with SB 1383 and technical assistance to businesses in complying with state and local regulations. The proposed FY 2026/27 Administrative Fee is slightly lower than the current fee, reflecting a small decrease in the Solid Waste Program operating budget for FY 2026/27.

***Residential Collection Services***

Standard residential collection services in Truckee are covered under a “bundled” rate that includes the following services:

- **Trash:**
  - One resident-provided 32-gallon trash can, serviced once per week.
  - Scheduled overage pickups (up to three additional 32-gallon containers four times per year).
  - Two free bulky item pickups per year.
- **Recyclables:**
  - One 64-gallon recycling cart serviced every other week, year-round.
  - Unlimited blue bags collected weekly (must be securely tied and cannot contain trash or other non-recyclable materials).
  - Cardboard drop-off dumpster service at two locations in Town (year-round).
- **Yard Waste:**
  - Up to three 96-gallon yard waste carts serviced every other week, May through November.
  - Subsidized week-long rental of 6-yard bins for yard waste, available May through October.
  - Free drop-off of up to six cubic yards of yard waste at Eastern Regional Landfill Material Recovery Facility, May through October.
- **Food Scraps:**
  - Year-round food scraps drop-off at three locations in Town.
  - Seasonal food scraps drop-off at the Slow Food Lake Tahoe Community Garden or Truckee Farmers Market (May through October).

These bundled services are included in the annual residential parcel charge, as well as for direct-billed residential customers who pay the monthly “single-can” trash rate. Additional services such as servicing

of additional trash or recycling containers, cart delivery, or trip fees are not included in the bundled rate and are billed separately to residents.

### ***Extension of 2026 Yard Waste Programs***

Staff also requests Council approval to extend some of the residential green waste programs by an additional month and to utilize up to \$20,000 of the new Rate Stabilization Fund to cover these costs.

Due to the unusually warm winter and early snowmelt, residents began inquiring about options to support defensible space clearing by late March, and staff made the decision to start the residential yard waste drop-off and dumpster rental programs a month early in April. There was no change to the curbside yard waste cart collection program, which will operate from May through November as usual. The franchise agreement includes operation of up to six months of these programs in the rate calculations and grants the Town flexibility to adjust the season earlier or later depending on the weather and other conditions. Because these two programs started a month early, they will also end a month early (at the end of September) unless funding is approved to extend them through their usual end date in October.

Staff recommends approving an extension of these programs through October and authorizing the Town Manager to execute a contract with TTSD for up to \$20,000 to cover the additional costs of extending the yard waste drop-off and dumpster rental season to seven months. At the end of the yard waste season, TTSD will bill the Town on the actual incremental cost for the program extension, based on costs including additional use of yard waste dumpsters and the tipping fee for the additional yard waste received.

### ***Next Franchise Agreement***

The current ten-year franchise agreement with TTSD ends on June 30, 2028, unless extended by the Town. In November 2025, the Town Council authorized the Town Manager to execute a contract with HF&H Consultants, L.L.C., for consultant services to develop a new solid waste franchise agreement. Town staff and HF&H began conducting residential and commercial engagement to use to inform the collection services available under the next agreement. Staff anticipate presenting the results of this engagement and the recommendations for residential and commercial services to Council in August 2026.

The Town Council also authorized the Town Manager to approve a one-year extension of the current franchise agreement with TTSD, if deemed necessary, to accommodate the timeline for development of the next franchise agreement. At this time, staff have not yet determined if an extension will be necessary.

### **Priority:**

<input type="checkbox"/> Enhanced Communication	<input type="checkbox"/> Climate and Greenhouse Gas Reduction	<input type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/> Core Service

**Fiscal Impact:** If approved, the solid waste rates attached as Exhibit A to Attachment 1 will provide sufficient revenue to support the programs outlined in the proposed FY 2026/27 Solid Waste Program operating budget through the Town's Administrative Fee and AB 939 fee. Approval of the new one-time fee that will be directed to a Rate Stabilization Fund will provide an estimated \$574,724 in revenue to the Solid Waste Fund reserves in FY 2026/27, with the intent to use these funds to offset future rate increases. The Solid Waste Fund is an enterprise fund, fully funded by Town fees applied to solid waste rates and receives no support from the Town's general fund.

**Public Communication:** Agenda posting, direct mailing of the Proposition 218 notice and residential services mailer (Attachment 3) to all residential property owners subject to the solid waste parcel charge, and notice of a public hearing in the *Sierra Sun*.

**Attachments:**

1. Resolution 2026-25
2. Review of Tahoe Truckee Sierra Disposal Rate Application
3. Proposition 218 Notice and Residential Services Mailer