



Date: June 10, 2025

Honorable Mayor and Council Members:

Author and title: Erin Brewster, Sustainability Program Manager

Title: **Adoption of Residential and Commercial Solid Waste Collection Service Rates for Fiscal Year 25-26**

Jen Callaway, Town Manager

Recommended Action:

- (1) Adopt Resolution 2025-41 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 3.
- (2) Direct staff to evaluate a special circumstances rate adjustment for enhanced commercial recycling services and return to the Town Council with a proposal for consideration.

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, 2025, for the 2025-2026 Fiscal Year.

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 and tenants directly responsible for payment of the solid waste service fees, the Town Council will be authorized to impose the rate increases proposed in Exhibit A to Attachment 1. As of May 30 2025, the Town had not received any protest letters about this proposed rate increase. Staff will provide the Council with an updated number at the public hearing.

The Town entered into the current franchise agreement with TTSD on July 1, 2018, to provide enhanced recycling and trash collection services to residents and businesses in Truckee. Most notably, the franchise agreement includes source-separated recycling and yard waste collection programs as well as food scraps collection for businesses, which support the Town's efforts to comply with the requirements of Assembly Bill 1826 and Senate Bill 1383. These new programs were phased in over a period of three years to help alleviate the burden of increased costs. Rate period eight (RP8) of the ten-year franchise agreement will begin on July 1, 2025, with all services fully phased in Town-wide. More than 7,000 residential recycling carts and 13,000 yard waste carts are now in use throughout Truckee.

Rate Calculations

The franchise agreement establishes the rate adjustment methodology for each rate period of the ten-year agreement, using either an index-based adjustment or a cost-based adjustment. The proposed rates for RP8 use a cost-based adjustment methodology, which involves a review of the actual cost of operations and operational statistics (staffing levels, routes, route hours, customers, service levels, etc.) by customer classification and forecasts expected compensation and gross receipts for the coming rate period. Also included in both calculation methodologies are pass-through costs for the tipping fees for collected materials based on the scheduled fees at the Eastern Regional Landfill Material Recovery Facility. The intent of performing periodic cost-based adjustments (required for rate periods four and eight in the franchise agreement) is to examine the actual costs to serve the Town's ratepayers, excluding non-allowable costs (e.g. labor and vehicle costs incurred due to route hours exceeding proposed route hours, charitable contributions, fines and penalties), instead of relying on TTSD's proposed costs from the beginning of the franchise agreement and limiting adjustments to inflationary indices.

The Town contracted with an independent consultant, HF&H, to review TTSD's rate application for RP8 (see Attachment 2). Costs and revenues are calculated separately for residential and commercial services. Based on the cost-based methodology outlined in Exhibit B-2 of the franchise agreement, HF&H determined that TTSD is entitled to a 4.753% increase in residential service rates and a 2.722% increase in commercial service rates. The commercial rate adjustment factor includes the AB 939 fee that is applied only to commercial accounts. The rate adjustment factors do not include the Town's Administrative Fee, which is calculated separately based on the Town's budgeted Solid Waste Fund operating costs. The annual residential rate is adjusted slightly after the rate increase is applied to result in an amount that can be evenly divided into 12 identical monthly payments for customers billed directly by TTSD. The proposed residential and commercial rates for FY 25-26 can be found in Attachment 1.

These proposed rate adjustments include a one-time adjustment in the cardboard drop-off program to move 50% of the costs from residential to commercial program. The cardboard drop-off bins are intended for residential customers and are currently fully funded by residential rates. TTSD has informed Town staff that drivers servicing the drop-off containers at the Nevada County Sheriff's Station location observed increasing and heavy use by commercial entities, contributing to overflow and illegal dumping of cardboard when bins are full. Based on observations from TTSD employees and Town staff, it is estimated that businesses currently represent approximately half of total usage of the cardboard drop-off bins. Town of Truckee Municipal Code section 6.01.060 requires commercial generators to subscribe to recycling services provided by TTSD at a level sufficient to handle the volume of recyclable materials produced by the business or self-haul recyclable materials to a recycling processing facility and maintain records of all materials delivered including receipts and weight tickets. Use of the cardboard drop-off bins is not compliant with these requirements, which are state-mandated regulations created by SB 1383. Cardboard bin service is available to Truckee businesses at a very low rate, equal to only 10% of the cost of the equivalent volume and frequency of trash. Once-weekly collection of a 3-yard cardboard bin is \$40.31 per month under the proposed FY 25-26 rates. Businesses with physical space constraints that do not allow for recycling containers may also be exempt from diverting cardboard from the landfill under state regulations.

While the cardboard drop-off bins have only been marketed to residents and not to businesses, Keep Truckee Green staff have not specifically informed all businesses they are prohibited from using these bins. Accordingly, staff recommend additional education and outreach to businesses before beginning stricter enforcement. Keep Truckee Green staff are working to improve signage at the drop-off sites indicating bins are for residential use only, educate businesses on recycling requirements, and increase enforcement for illegal dumping of excess cardboard and other materials. In the meantime, this temporary adjustment will ensure that residents do not subsidize commercial use of the bins while staff work to bring businesses into compliance with state-mandated recycling requirements.

Proposed Residential Rates for FY 25-26

The total proposed annual residential parcel charge for FY 25-26 (including the Town’s Administrative Fee) is \$515.28, a 5.95% increase. This amount was noticed in the annual residential mailer, which was posted and mailed on April 26, 2025, 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.

Table 1: Residential Solid Waste Service Rates FY 2019-2026

Fiscal Year	Annual Residential Solid Waste Parcel Charge	Cost of Residential Service Per Month
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 (proposed)	\$515.28	\$42.94

The total annual residential rate 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 above rate calculation. The Administrative Fee is charged to all accounts, both residential and commercial, and is included in the parcel charge for the annual residential rate. Table 2 details the adjustments to the Town’s Administrative Fee.

Table 2: Town of Truckee Administrative Fee, FY 2023-2026

Fiscal Year	Monthly Administrative Fee	Total Annual Cost
2022-2023	\$3.78	\$45.36
2023-2024	\$3.89	\$46.68
2024-2025	\$3.59	\$43.08
2025-2026 (proposed)	\$4.24	\$50.88

While the Town’s Administrative Fee decreased from FY 23-24 to FY 24-25, the proposed FY 25-26 Administrative Fee does include an increase of \$0.65 per month (\$7.80 per year). This is primarily due to the addition of a new Administrative Technician position in the Keep Truckee Green Division, 80% of which will be funded by the Solid Waste Fund. This position will provide administrative support including processing invoices and payment requests, supporting grant program administration, maintaining online databases of recycling and food scraps collection services, and supporting recordkeeping requirements for state laws and Town ordinances. The position will also serve as a primary point of contact with the public, responding to phone and email inquiries about the Town’s trash, recycling, and organic waste collection programs as well as waste and litter reduction initiatives. Some of these duties are currently being performed by existing staff, but the division lacks sufficient capacity to cover the full administrative and recordkeeping requirements of the Solid Waste Program that have expanded significantly in recent years due to the regulations created by SB 1383.

Beginning in 2017-2018, the Keep Truckee Green team has hired a CivicSpark Fellow each year (with the exception of FY 22-23) to provide supplemental support for waste reduction and sustainability programs. CivicSpark was an AmeriCorps program designed to increase local government capacity to address climate change and other key priorities. Due to the sudden termination of AmeriCorps grants in April 2025 and the uncertainty about the future of the AmeriCorps program in general, Keep Truckee Green will no longer have a CivicSpark Fellow after the current service year ends in August 2025. This new Administrative Technician position will prevent the Keep Truckee Green division from losing overall staff capacity and better support the expanded administrative and recordkeeping needs of the Solid Waste Program, as CivicSpark Fellows were prohibited from performing administrative work.

Comparison of Residential Rates and Services

The collection services funded by the annual residential rate include:

- 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 recycling cart serviced every-other-week, year-round
 - Unlimited blue bags collected weekly
 - Cardboard drop-off dumpster service at two locations in Town (year-round)
- Yard Waste:
 - Up to three 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 6 cubic yards of yard waste at Eastern Regional Landfill Material Recovery Facility
- Food Scraps:
 - Food scraps drop-off at three locations in Town (year-round)
 - Food scraps drop-off at the Slow Food Lake Tahoe Community Garden or Truckee Farmers Market (May through October)

Truckee’s trash rates are comparable to other nearby jurisdictions utilizing a three-container collection system (trash, recycling, and organic waste) to comply with SB 1383. Table 3 compares the proposed FY 25-26 monthly residential bundled trash rates in Truckee with other Tahoe-area jurisdictions utilizing a three-container system as of January 1, 2025.

Table 3: Truckee-Tahoe Residential Trash Rate Comparison

Residential Rate	Effective January 1, 2025		Effective July 1, 2025
	City of South Lake Tahoe	El Dorado County (Area A)	Town of Truckee
Monthly Bundled Trash Rate (32 gallons)	\$44.72	\$47.87	\$42.94
Extra trash (per 32 gallon can)	\$9.37	\$10.03	\$7.62

All residential monthly trash rates compared in Table 3 include 32 gallons of weekly trash service as well as every-other-week recycling and yard waste cart service (seasonal). City of South Lake Tahoe and El Dorado County residents are eligible for up to two recycling and two yard-waste carts each, but otherwise curbside collection programs are similar. These two jurisdictions represent the only other collection programs in the Truckee-Tahoe area that do not have a low population waiver from SB 1383 and have implemented a three-container collection system to comply with state organics diversion requirements.

Special Rate Adjustment for Commercial Recycling Services

State regulations created by SB 1383 and the Town of Truckee Municipal Code require all businesses and multi-family properties to subscribe to recycling service or self-haul recyclables to a processing facility that can divert these materials from landfill. Currently, TTSD's commercial collection service for mixed recyclables is limited to 64 or 96-gallon carts that are serviced once a week per generator. Other materials, including trash, cardboard, and food scraps, can be collected in bins (commonly referred to as dumpsters), and service is offered multiple times per week. The program constraints on mixed recycling collection create a unique challenge for this waste stream, requiring a significant amount of storage space for the number of recycling carts needed to accommodate a full week's worth of recyclable materials.

The Town Development Code requires all new commercial and multi-family developments to build enclosures that screen all trash and recycle containers from view and secure containers from wildlife. This means enclosures must be large enough to store an adequate number of containers for the volume of waste generated by the customer, taking into account potential container sizes and frequency of service. Keep Truckee Green staff review new development applications for compliance with these requirements. The Town has seen an increase in applications for larger multi-family and commercial properties in the last few years. Some proposed developments would be required to store upwards of 20-30 recycle carts to comply with state and Town requirements to divert their mixed recyclables from landfill, in addition to trash, cardboard, and food waste containers. The storage space required for this number of carts is extremely burdensome for businesses to plan for and creates servicing challenges for TTSD. Examples of recent large projects submitted for permit review include the Tahoe Donner Ski Lodge (8 recycle carts), Old Trestle (10 recycle carts), Bluebird Truckee Multi-family Residential Project (20 recycle carts), Railyard Hotel (30 recycle carts), and Railyard Parcels 5 & 6 (44 recycle carts). If recycling service was offered more than once weekly and/or in bins instead of only carts, this could substantially reduce the amount of space required for these enclosures.

Staff intend to propose expanded mixed recycling services as part of the next franchise agreement to address these challenges. While the largest of these potential developments may not be fully operational until the next franchise agreement is in effect, some of these projects will likely need service before the current franchise agreement ends on June 30, 2028. There are also many current commercial and multi-family customers that are already struggling to accommodate the necessary number of recycling carts. Of the 326 commercial customers with mixed recycling service, 72 have three or more recycle carts and 24 have six or more carts (up to 15). Town staff have asked TTSD to explore potential interim changes to increase commercial recycling service ahead of the next franchise agreement. After an initial evaluation, TTSD believe they could accommodate twice-weekly collection of recycling carts for interested generators, which would allow commercial and multi-family buildings to reduce the number of recycle carts by up to half in the near term. If a commercial rate adjustment to accommodate this additional service is approved by Town Council, TTSD could be ready to implement this change as early as fall 2025.

The franchise agreement includes a provision allowing for special-circumstance rate adjustments, including due to a Town-directed change in scope of services. Staff recommends further evaluation of TTSD's proposal to expand recycling collection services to twice weekly under the current franchise agreement. If Council approves staff's recommendation to evaluate a special circumstances rate adjustment, staff will work with HF&H to evaluate a rate adjustment proposal from TTSD and return to Council with a recommendation, likely in September 2025. The Town's contract with HF&H includes on-call consulting services, which are included in the Solid Waste Program budget. If the special rate adjustment is approved by Council, any change in rates would not take effect until the expanded service becomes available.

Next Franchise Agreement

The current 10-year franchise agreement with TTSD ends on June 30, 2028. Staff will begin the process of developing a Request for Proposals (RFP) for a new franchise agreement in FY 25-26 and expect to

issue the RFP in FY 26-27. The new franchise agreement will provide an opportunity to make changes to the collection programs offered, the rate structure, and address remaining SB 1383 requirements. This will include a more comprehensive solution to the current program constraints for collection of mixed recyclables. Staff anticipate presenting recommended program changes to the Town Council in early 2026 to receive direction on what to include in the RFP for the next franchise agreement.

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: The rates included in Exhibit A of Resolution 2025-41 (Attachment 1) are based on the costs to both TTSD and the Town for providing collection services. The Administrative Fee is based on the costs included in the proposed Solid Waste Fund operating budget for FY 2025-26, which is a separate item for Council consideration. Approval of proposed solid waste rates will provide sufficient revenue to support the programs outlined in the FY 2025-26 budget. The Solid Waste Fund is an enterprise fund fully funded by Town fees applied to solid waste rates (Administrative Fee and AB 939 Fee) and receives no support from the Town’s general fund.

Public Communication: Agenda posting, as well as 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 a notice of public hearing in the *Sierra Sun*.

Attachments:

1. Resolution 2025-41
2. Review of TTSD Rate Period Eight Contractor’s Compensation Application
3. Proposition 218 Notice and Residential Services Mailer