



MEMORANDUM

To: Erin Brewster, Sustainability Program Manager – Town of Truckee
From: Dave Hilton, Senior Project Manager - HF&H Consultants
cc: Ray Labadie, CFO - Tahoe Truckee Sierra Disposal
Date: October 27, 2025
Re: Review of Tahoe Truckee Sierra Disposal, Inc. Recycling Program Proposal

Dear Erin Brewster,

Following are the findings from HF&H Consultants, LLC's (HF&H) review of Tahoe Truckee Sierra Disposal (TTSD) Commercial Recycling Program Proposal (Proposal) provided to the Town of Truckee (Town) on May 28, 2025.

EXECUTIVE SUMMARY

TTSD has provided a Commercial Recycling Program Proposal at the request of the Town to provide potential service options that would increase recycling service frequency for commercial customers. TTSD currently provides recycling cart service to commercial customers once a week on either Wednesday or Thursday. TTSD has proposed changing the commercial recycling collection service to allow for multiple collections per week, rather than a single weekly collection for customers who wish to participate.

TTSD has submitted a proposal to the Town outlining the cost increases necessary to implement more frequent recycling service, should the Town choose to proceed. TTSD has stated that the annual cost would be \$96,711, which would equate to a commercial rate increase of 2.11%. HF&H has reviewed this proposal and believes it to be reasonable both financially and methodologically.

FINDINGS

HF&H verified and reviewed the methodology of TTSD's Proposal and found no outstanding errors in calculation. HF&H requested a breakout of costs so that each line-item can be correctly categorized and adjusted based on the appropriate index during future rate adjustments. HF&H compared TTSD's proposed cost to previously provided cost forms and found it to be in line with previous costs and therefore a reasonable estimate of costs to provide the proposed services. HF&H reviewed the TTSD's projected customer participation and associated cost for reasonableness and found the following:

- A. TTSD built its cost estimates around the assumption that the customers likely to participate in this program would come from the 155 commercial customers that have multiple recycling containers out of the 326 total commercial customers. It is likely that the remaining 171 commercial customers with only one recycling container already receive sufficient service without multiple time per week pick-up. Specifically, TTSD is Estimating 83 commercial customers with 2 recycling carts having a 25% likelihood of participating (resulting in 21 new stops) and 72 commercial customers
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with 3 or more recycling carts having a 90% likelihood of participating (resulting in 65 new stops) for a total of 86 new stops when applying the percentage likelihood of participating to the number of customers in each class. The assumption that the likelihood of participation increases with the higher level of current service being subscribed to is demonstrated in these assumptions and is a reasonable assumption.

- B. TTSD projects approximately 86 additional recycling stops per week, which is expected to increase total commercial rates by 2.11%. The breakdown of the projected cost increases (in 2025–2026 dollars) is provided below:
1. Labor-Related cost increase of \$26,087 (based on an additional 8 hours of labor)
 2. Vehicle-Related cost increase of \$12,821 (based on 8 additional hours of equipment cost)
 3. Fuel cost increase of \$18,418 (based on additional route and stops)
 4. Direct Depreciation increase of \$19,633 (inclusion of additional usage of bins and trucks not currently in use in the Town)
 5. Profit increase of \$8,551 (in accordance with the additional costs above)
 6. Recycling material processing cost of \$6,421 (based on the projected increase amount of material collected)
 7. Franchise fee increase of \$4,839 (result of the additional costs above)

HF&H verified the proposed additional costs by reviewing actual annual costs provided through TTSD's cost forms, which were submitted during the cost-based rate review in 2025. HF&H then recalculated the per hour cost of labor-related costs, vehicle-related costs, fuel costs, and direct depreciation and compared those costs seen in the cost-based year to the proposed operating cost estimates found in TTSD's proposal. Recycling material processing costs are reasonable based on benchmark data from TTSD's recycling program costs. Profit and franchise fees are recalculated and align with the stipulated amounts noted in the franchise agreement between the Town and TTSD. Through this comparative benchmark analysis, HF&H found TTSD's Proposal and cost estimates reasonable. These proposed costs can be seen in Table 1 below.



Table 1: TTSD's Calculated Increase for Increase in Recycling Program

Commercial	HF&H RY 8 Revised Application	Additional 2x per week Cart Service	New Total RY 8 Revised App
Annual Cost of Operations			
Labor-Related Costs	\$659,121	\$26,087	\$685,208
Vehicle-Related Costs	271,789	12,821	284,610
Fuel Costs	110,584	18,418	129,002
Other Costs	6,398	0	6,398
Direct Depreciation	463,129	19,633	482,763
Total Allocated Costs - Labor, Vehicle, Fuel & Other	1,155,847	0	1,155,847
Total Allocated Costs - Depreciation & Start-Up	4,059	0	4,059
Total Annual Cost of Operations	\$2,670,928	\$76,960	\$2,747,888
Profit (90%)	\$296,770	\$8,551	\$305,321
Pass-Through Costs			
Mixed materials collected	\$1,135,235	\$0	\$1,135,235
Recyclable materials collected	31,736	6,421	38,157
Foodscraps materials collected	20,882	0	20,882
C&D materials collected	51,201	0	51,201
Interest Expense	91,854	0	91,854
Total Pass-Through Costs	\$1,330,907	\$6,421	\$1,337,329
Total Costs before Town Fees	\$4,298,605	\$91,932	\$4,390,537
Recyclable Drop Off - Move to Commercial	\$63,447	\$0	\$63,447
Franchise Fees	232,804	4,839	237,643
AB 939 Fee	126,432	0	126,432
Total Costs with Franchise Fees	\$4,721,289	\$96,771	\$4,818,060
Gross Rate Revenues	\$4,596,167		\$4,596,167
Commercial Rate Adjustment	2.72%	2.11%	4.83%

RECOMMENDATION

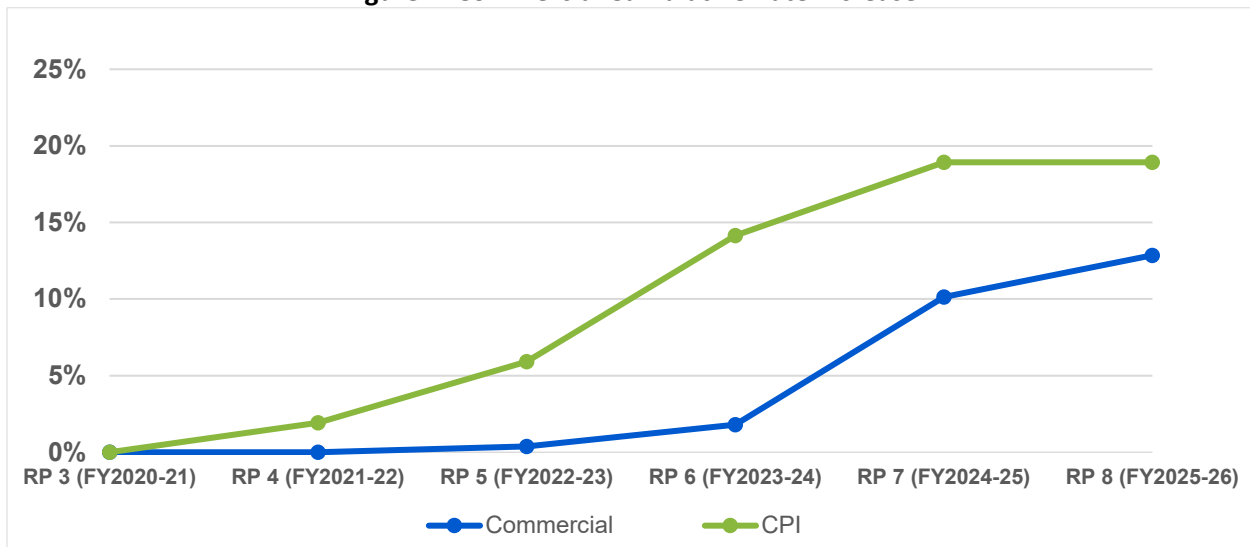
HF&H has determined the proposal to be reasonable and therefore recommends that the Town review and consider TTSD's Proposal, should they wish to adopt this program. The Town should be mindful that these projections of potential customer participation, costs, and revenues are estimates, and that changes in customer subscriptions or behavior may drastically alter the projected outcomes contained within the Proposal. Additionally, there may be complications arising from confusion around the programmatic changes for customers which the Town should be sensitive to, particularly with the relatively short time remaining on the Town's contract with TTSD.



HF&H recommends the Town use some portion of its current reserves to offset the cost of the additional recycling pick up. The Town and TTSD have discussed a potential roll-out date of the increased recyclables service to be April 1, 2026. This would result in one quarter of service and associated costs, estimated to be \$24,193. The Town has also indicated that they may have up to \$78,000 in ongoing cost savings, which could be applied to the commercial sector in July of 2026. This would result in as little as \$18,771 increase, which would need to be covered by rate increases to the commercial sector. This would represent a 0.40% increase to commercial rates.

Figure 1 below illustrates how the TTSD’s commercial collection rates have increased during the last 5 years in comparison to the consumer price index - all urban consumers (CPI) growth over the same period of time. As demonstrated in the figure below, commercial service cost and rate increase over the past 5 years have been 6.07% lower than basic CPI adjustments, indicating that commercial rate payers have benefitted from relatively low increases in rates.

Figure 1: Commercial Cumulative Rate Increase



It is our recommendation that the additional costs of this enhanced and expanded commercial recycling program be applied to all commercial rates, as all commercial customers may be eligible to participate. Should the Town wish to implement specific rates for customers who enroll in this expanded recycling service, it may risk deterring participation in the program. Additionally, charging for this service would break from the Town’s current practice of providing bundled service rates which are charged based on solid waste generation and container capacity.