



Date: June 14, 2022

Honorable Mayor and Council Members

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Title: **Public Hearing for Adoption of Residential and Commercial Solid Waste Service Rates**

Approved By: \_\_\_\_\_ Jen Callaway, Town Manager

**Recommended Action:** Council conduct a Public Hearing and approve residential and commercial solid waste rate schedules effective July 1, 2022; and adopt Resolution 2022-30 requesting the Nevada County Auditor to collect the residential fee on the Nevada County property tax roll.

**Discussion:** As part of the ongoing process for the Town to administer the Solid Waste Franchise Agreement it is necessary to establish rates for residential and commercial solid waste services. Included in the rate setting process is a Public Hearing conducted by the Town Council and adoption of a resolution establishing the rates for the upcoming year. Once approved, residential rates for the residential trash and recycling services will be placed on the Nevada County property taxes for collection whereas commercial rates and any supplemental residential service rates are direct billed by the hauler. Approved rates will be effective July 1, 2022.

Commencing July 1, 2018, the Town entered into a new Franchise Agreement with Tahoe Truckee Sierra Disposal to provide enhanced recycling and trash services. Town Council affirmed the community's environmental commitment by investing in heavily improved programs. Most notably, the new programs moved to source-separated recycling and yard waste collection. The programs were developed in a way that phased in new programs over a period of three years to help alleviate the burden of increased costs, starting fiscal year 2018-2019. We are now entering the fifth year of the Franchise Agreement and yard waste and recycling cart service have been phased in town-wide. A total of 11,484 yard waste carts and 6,613 recycling carts are now in use across all Truckee neighborhoods. The residential annual solid waste rates over the last five years are listed below:

Year	Residential Annual Solid Waste Service Rate
2017-2018	\$292.86
2018-2019	\$338.86
2019-2020	\$360.40
2020-2021	\$391.22
2021-2022	\$397.42
2022-2023 (proposed)	\$423.48

### Rate Calculation

In the current contract, TTSD and the Town are obligated to review the rates for a cost-based adjustment prior to year four (FY 21/22). Due to the many demands of the COVID-19 pandemic, TTSD and the Town mutually agreed last year to delay this cost-based review by one year. TTSD and the Town intended to utilize a cost-based rate adjustment this year; however, to the Town and our consultant HF&H

did not receive all necessary documentation from TTSD in time to conduct the lengthy cost-based review rate adjustments this fiscal year. With assistance from our consultant HF&H, it was decided that the rate period five adjustment will follow an index-based review, and a cost-based review will be conducted for rate period six, for application in fiscal year 2023-2024.

The proposed rates for fiscal year 2022-2023 were calculated using the index-based adjustment methodology as outlined in the franchise agreement by applying a weighted mix of the year-over-year changes in the Employment Cost Index (ECI), Consumer Price Index (CPI), Motor Vehicle maintenance and repair index, and Fuel Price indices. Also included in the calculation are pass-through tipping fees for collected materials based on the scheduled fees at the Eastern Regional Landfill, including a 5.05% solid waste tipping fee increase, and a 22.44% green waste tipping fee increase for the processing of our materials. These increases are related to increased labor costs at the facility, challenges with the global recycling economy, and significant challenges finding reliable outlets for the growing volume of green waste materials. Increased costs for green waste disposal are attributed to a significant portion of green waste materials being composted, which costs more than the current combination of composting materials and disposing of green waste as alternative daily cover.

**Residential Rates**

Based upon the above mentioned formula, TTSD is entitled to a rate increase of 8.04%, however the Franchise Agreement caps index-based annual rate adjustments at 7%. While 7% is a substantial increase, staff recommend that this increase is justified given the significant labor, fuel, and disposal costs experienced over the past year. The total annual proposed rate is comprised of two elements: 1) Base solid waste collection and processing services and 2) Town administration fee. The total annual residential rate for solid waste services is proposed to increase from \$397.42 to \$423.48.

	<b>Annual Total</b>
Solid Waste Base Rate	\$378.12
Town of Truckee Administrative Fee	\$45.36
<b>Total Annual Proposed Residential Solid Waste Rate</b>	<b>\$423.48</b>

**Residential Services**

The base residential programs as funded by the rates above are detailed below:

**Landfill Materials**

- One 32-gallon trash can serviced per week
- Scheduled overage pickups (four times per year per customer)
- Free bulky item collection (two times per year per customer)

**Recyclables**

- One residential recycling cart serviced every-other week year-round
- Blue bags collected weekly
- Cardboard drop-off dumpster service

**Yard Waste**

- Up to three yard-waste carts serviced every-other week May-November
- Subsidized 6-yard yard waste bins available May-October
- Free drop-off of up to 6 yards of material at Eastern Regional Landfill

**Compost Drop-off**

- Drop-off food scraps at one of three collection bins

**Online Customer Service Portal**

- Online system for account management, email notifications, online billing, and special pick-up requests

Commercial Rates

Based on the same above formula, commercial rates were determined to increase 3.27%. However, last year’s rate adjustment calculations resulted in a 3.91% decrease for commercial sector rates. As described in the Franchise Agreement, the Town elected not to decrease the commercial rates, but rather keep them flat, resulting in a “roll-under” amount of \$137,866. Last year’s “roll under” amount will be applied as a credit against this year’s rate increase, resulting in no adjustment to this year’s commercial rates. A list of available commercial services is provided in Attachment 2.

In addition to the adjustments for the rates paid to the hauler, commercial customers are also assessed a \$3.62/month AB939 compliance fee to support the Solid Waste Fund and provide necessary funding for commercial waste reduction program development and contract administration. This includes the technical assistance provided to businesses to comply with state laws, such as AB 939, AB 1826, and SB 1383, and to properly set up new services. Town staff work closely with businesses to rectify compliance issues and set up in-house trainings. Receptacles for back-of-house, signage, and educational materials are also made available to businesses through the Town’s outreach staff.

As a result of postponing the cost-based rate adjustment for rate period five, the Town and TTSD have agreed that rate period six rates (effective July 1, 2023) will be determined using the cost-based methodology. Therefore, a rigorous analysis of the actual costs of services will be compared with the revenues to formulate the new cost of service during fiscal year 2022/2023. Due to significant increases in operating costs, as described above, it is anticipated that such analysis will result in additional rate increases. To ensure that the Town and HF&H have sufficient time to complete this cost-based rate adjustment, this work is already underway.

Administrative Fee

The Town Administration Fee provides funding for the management of the franchise agreement, regulatory compliance, outreach and education, and waste reduction focused programming for Keep Truckee Green. The Administrative Fee funds Keep Truckee Green programs, which are also partially funded by the general fund. Most notably in the past fiscal year, staff convened a working group to provide input on draft Single-use Foodware Reduction ordinance policies and implementation. These activities will continue in the next fiscal year, as staff work to implement the draft policy in addition to expanding the green box program.

**Priority:**

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

**Fiscal Impact:** Approval of above listed recommendation will provide sufficient revenue to maintain a balanced Solid Waste Fund.

**Public Communication:**

- Agenda posting
- Notice of public hearing in the *Sierra Sun*
- Direct mail of Prop 218 notice to all residents

**Attachments:**

1. Resolution 2022-30
2. Review of Tahoe Truckee Sierra Disposal Rate Adjustment Application for FY 2022-23
3. Residential and Commercial Solid Waste Rates Schedule for FY 22/23
4. Prop 218 Residential Notice