

# **2025 Solid Waste Rate Adjustment & New Rate Adjustment Methodology: Cambria Community Services District**

**November 14, 2024  
Garth Schultz**

## Recommended Action

- **Receive presentation on recommended adjustments to solid waste rates effective January 1, 2025**
- **Set a public hearing for January 16, 2025, pursuant to Article XIID of the California Constitution (Proposition 218)**
- **Provide direction to issue 45-day notices to solid waste customers regarding rate adjustment public hearing and protest instructions**

- Solid waste services are critical services and are required for health and safety as well as compliance with State laws
- The District's solid waste collection operations are contracted out to Mission Country Disposal (MCD) and are funded through solid waste rates
- Rate revenues are adjusted per the District's rate setting methodology – every 3 years based on MCD's actual costs and otherwise annually by CPI
- The District may authorize up to 5-years of solid waste rate adjustments at a time – there are no ongoing automatic adjustments outside of Board authorization

- Existing rate adjustment methodology was established in 1994 and is outdated
- The last cost-based adjustment occurred in 2022, with CPI adjustments in 2023 and 2024
- MCD submitted a cost-based rate adjustment application for 2025 per existing methodology and schedule
- The District along 9 other Agencies in San Luis Obispo County and MCD's parent company (Waste Connections) all see benefit in a new approach to annual rate adjustments

# 2025 Rate Adjustment and New Methodology

## ➤ 2025 Cost-Based Rate Adjustment

- Projects future costs based on recent actual costs per audited financial statements
- Increases in organics processing costs
- Increases in landfill disposal costs
- Inflation-related increases in collection costs
- Removal of prior limitations on corporate overhead
- Updated profit allowance

### ➤ 2025 Cost Projections

Cambria Community Services District	Original Adjustment	Revised Adjustment
Collection Services	\$1,961,999	\$1,955,476
Profit Allowance	170,609	175,993
Post-Collection Services	828,185	828,185
Agency Fees	267,905	263,809
<b>Total Cost Projections</b>	<b>3,228,699</b>	<b>3,223,463</b>
Revenue at Current Rates	2,882,493	2,882,493
<b>Surplus / Shortfall</b>	<b>(346,206)</b>	<b>(340,970)</b>
Franchise Fee Adjustment Factor	0.77%	0.76%
<b>Rate Adjustment Factor</b>	<b>12.78%</b>	<b>12.59%</b>

### ➤ 2025 Rate Adjustment Outcomes

<b>Original Adjustment per 1994 Rate Manual</b>	<b>12.78%</b>
Revised Depreciation Schedule	-1.62%
Remove Limitation on Corporate Overhead	0.94%
Service Enhancements	0.45%
Updated Profit Allowance	0.19%
Recalculated District Fees	-0.15%
<b>Revised Adjustment for New Methodology</b>	<b>12.59%</b>

### ➤ 2025 Monthly Residential Rates

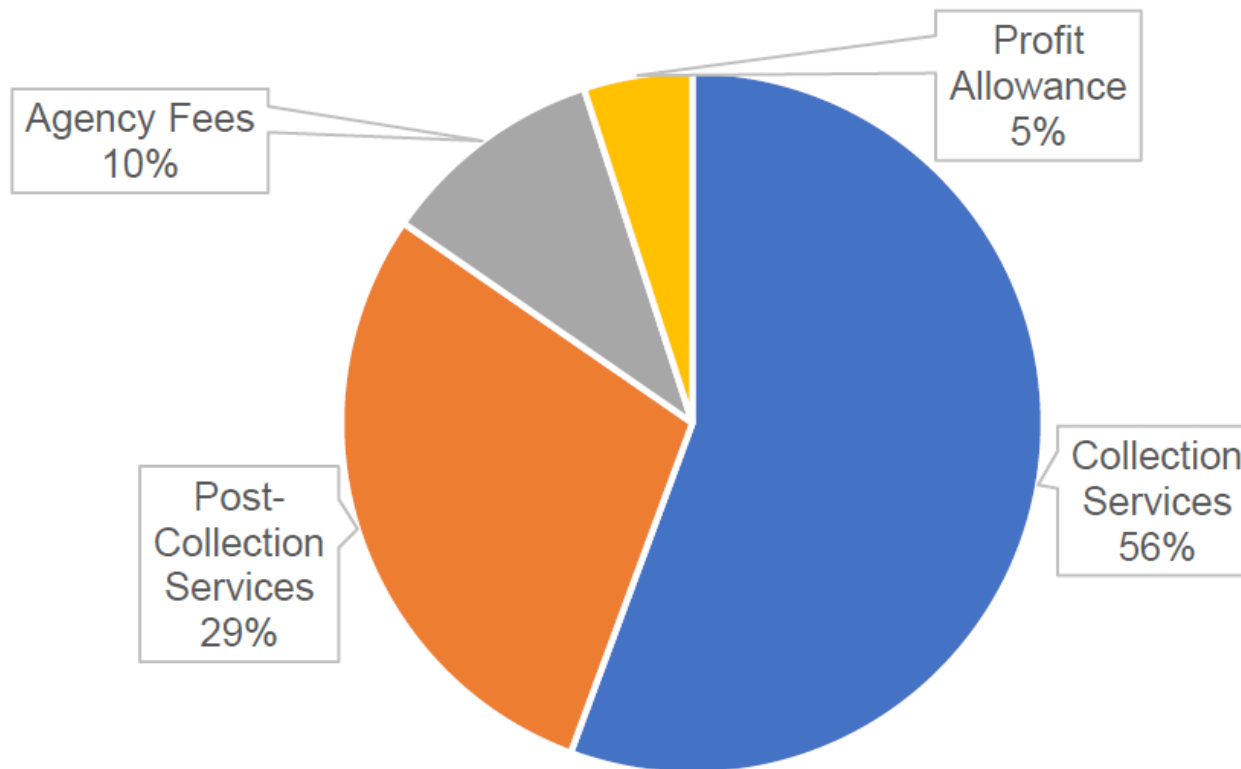
Service Level	2024	2025	Change
32-gallon	\$41.52	\$46.75	\$5.23
64-gallon	83.03	93.48	10.45
96-gallon	124.55	140.23	15.68



### ➤ Service Enhancements

- **Free Bulky Waste Collections:** No charge collection for one bulky item during clean-up weeks
- **Annual Cart Exchange:** Once annual exchange of a residential garbage, recycling, or organics cart per customer account

### ➤ Overall Look at Solid Waste Costs

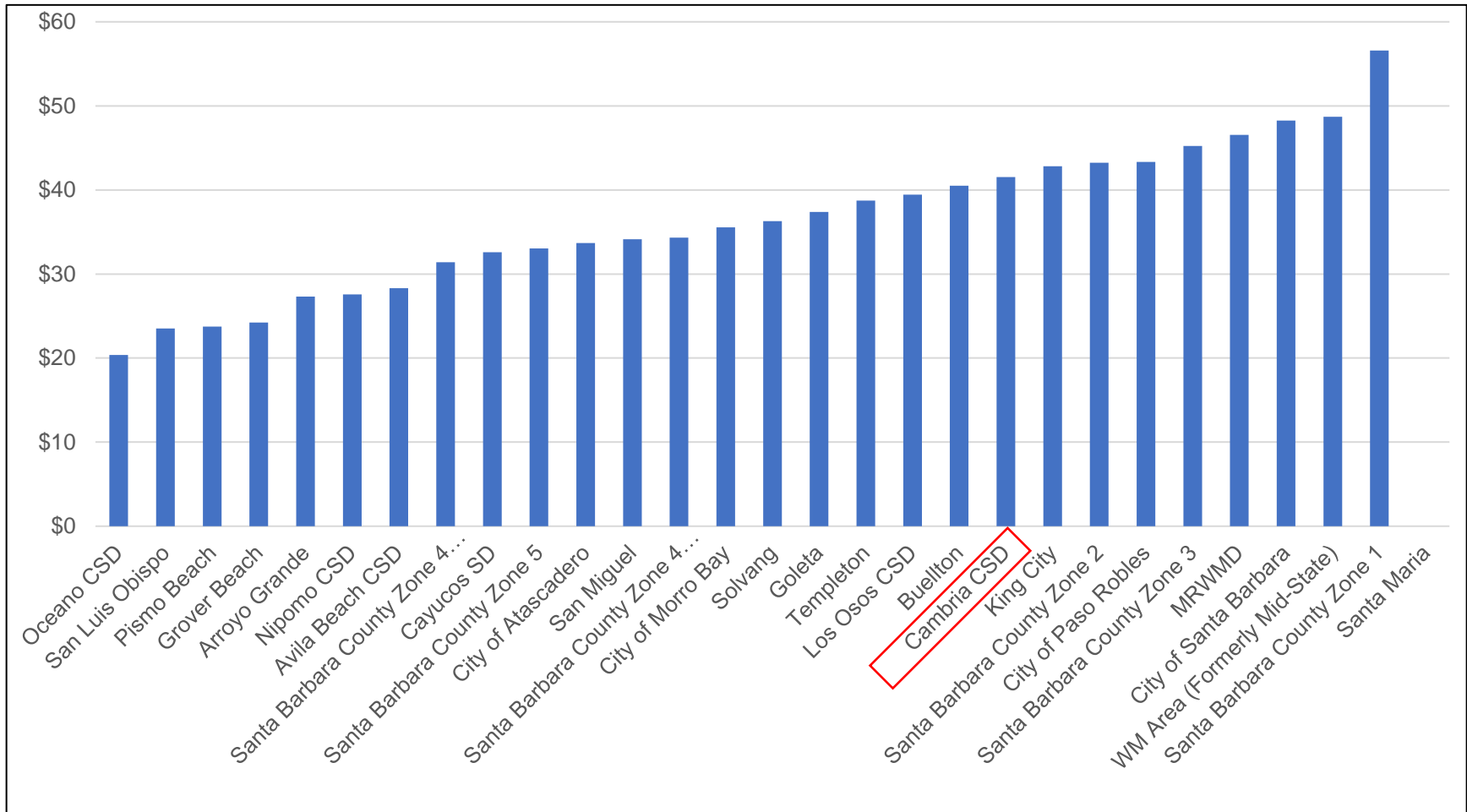


### ➤ New Rate Adjustment Methodology

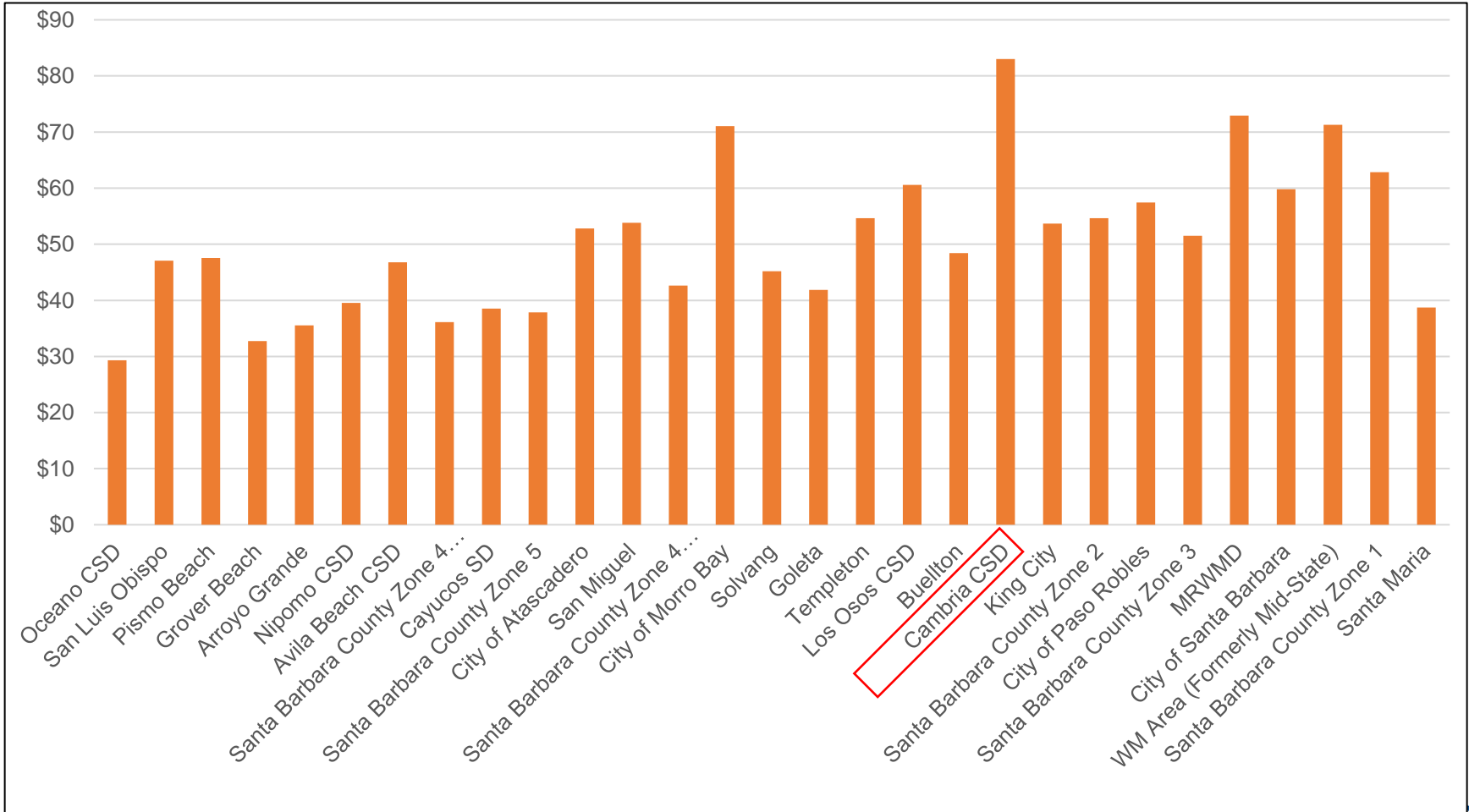
- Enhances rate stability, predictability, fairness, transparency, ease of administration, and cost-effectiveness
- Capped CPI adjustments to MCD Collection and Post-Collection Services – 2% floor, 5% ceiling with roll-overs
- Revenue balancing mechanism – surplus or shortfall revenues carries forward to future years
- Less frequent cost-based adjustments – no more frequently than every 5 years
- Extraordinary Adjustments – E.g., CARB fleet electrification mandate

# Regional Comparison

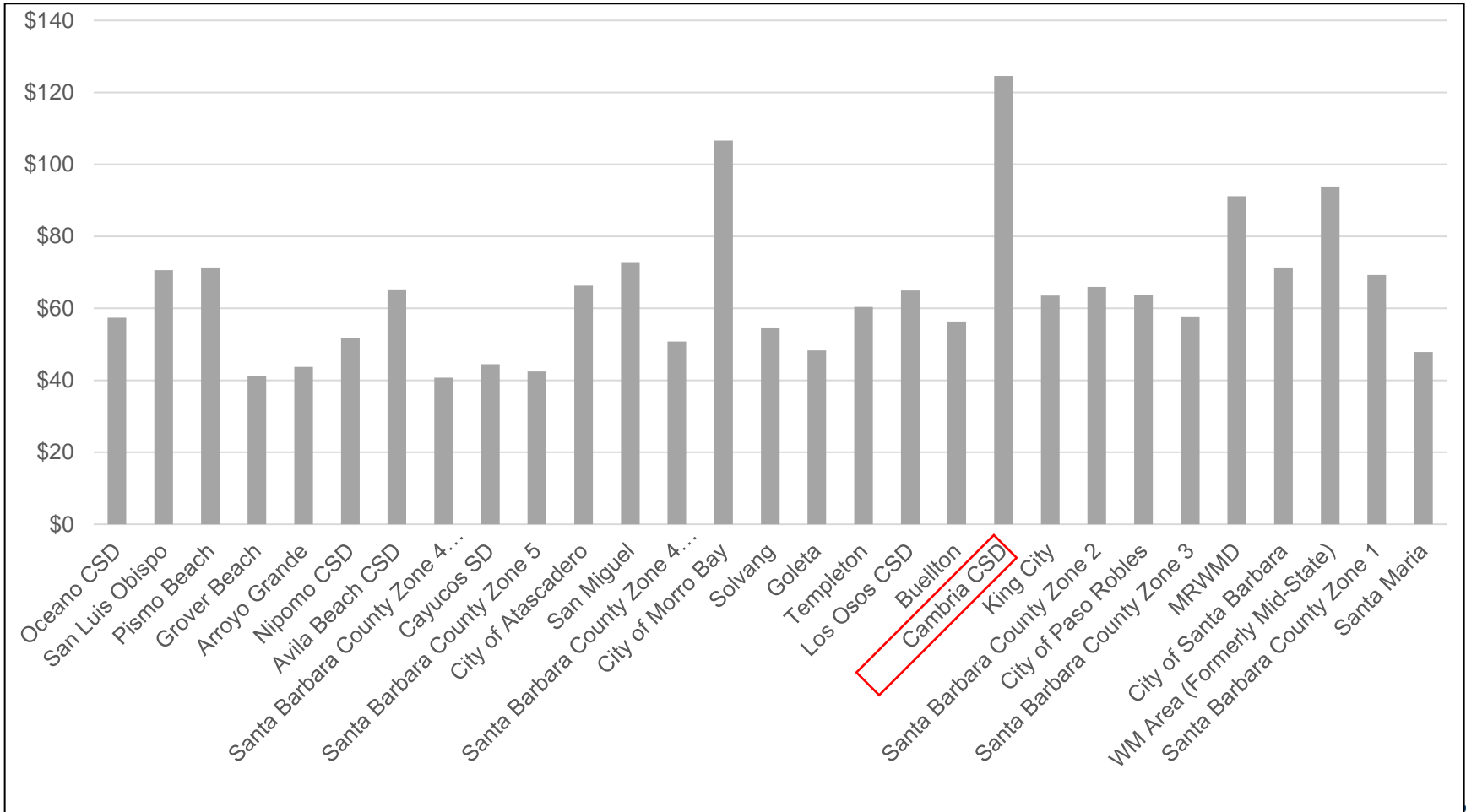
## Monthly 32-Gallon Cart Rates



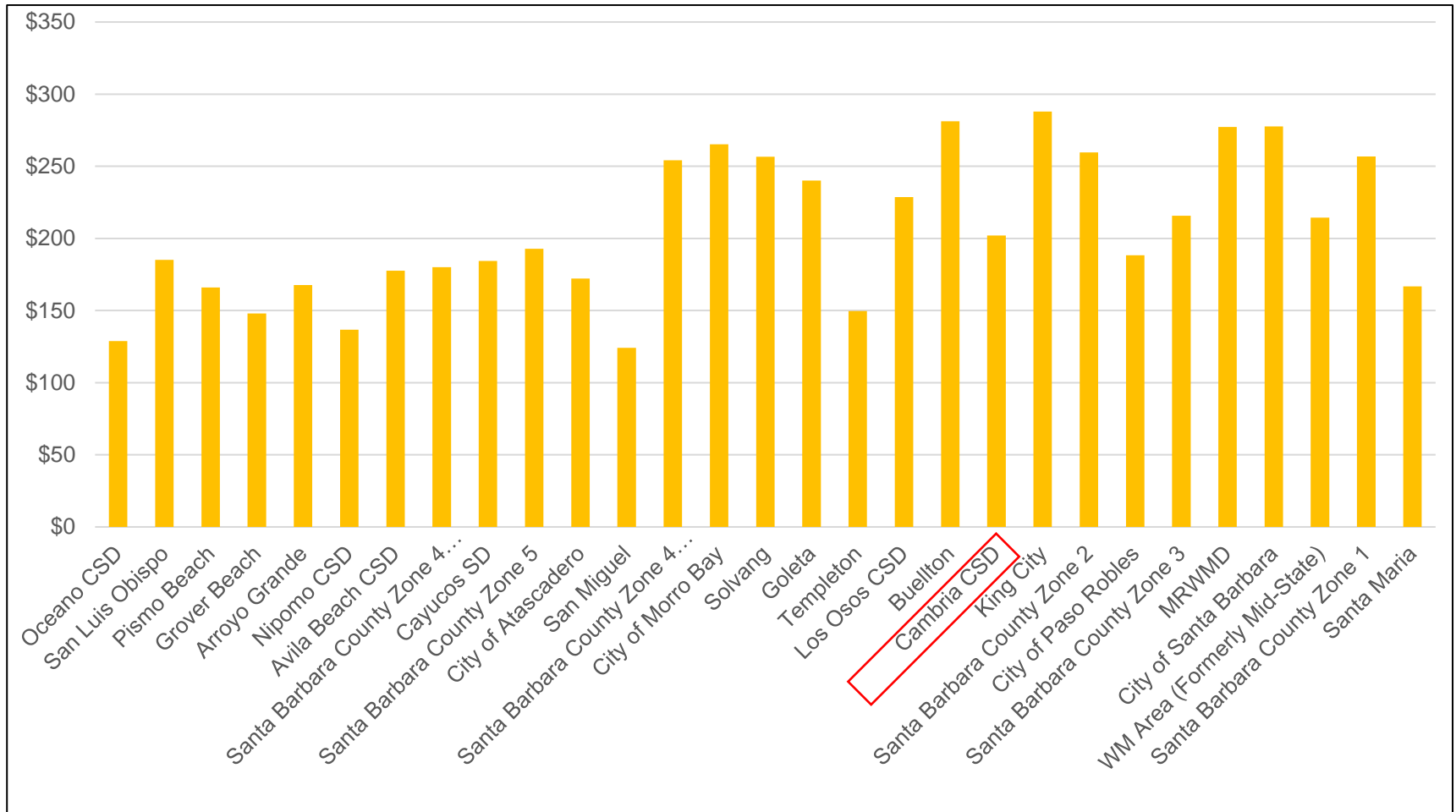
### Monthly 64-Gallon Cart Rates



### Monthly 96-Gallon Cart Rates



### Monthly 2-CY Bin Rates



## Recommended Action

- **Receive presentation on recommended adjustments to solid waste rates effective January 1, 2025**
- **Set a public hearing for January 16, 2025, pursuant to Article XIID of the California Constitution (Proposition 218)**
- **Provide direction to issue 45-day notices to solid waste customers regarding rate adjustment public hearing and protest instructions**