

# **2025 Solid Waste Rate Adjustment & New Rate Adjustment Methodology: Cayucos Sanitary District**

**November 21, 2024  
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# 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- Existing rate adjustment methodology was established in 1994 and is outdated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

Cayucos Sanitary District	Original Adjustment	Revised Adjustment
Collection Services	\$873,074	\$870,906
Profit Allowance	65,715	78,382
Post-Collection Services	368,536	368,536
Agency Fees	119,216	130,147
<b>Total Cost Projections</b>	<b>1,426,540</b>	<b>1,447,971</b>
Revenue at Current Rates	1,282,686	1,282,686
<b>Surplus / Shortfall</b>	<b>(143,854)</b>	<b>(165,285)</b>
Franchise Fee Adjustment Factor	1.25%	1.43%
<b>Rate Adjustment Factor</b>	<b>12.47%</b>	<b>14.32%</b>

### ➤ 2025 Rate Adjustment Outcomes

<b>Original Adjustment per 1994 Rate Manual</b>	<b>12.47%</b>
Revised Depreciation Schedule	-1.62%
Remove Limitation on Corporate Overhead	0.94%
Service Enhancements	0.51%
Updated Profit Allowance	0.99%
Recalculated District Fees	1.03%
<b>Revised Adjustment for New Methodology</b>	<b>14.32%</b>

➤ 2025 Monthly Residential Rates

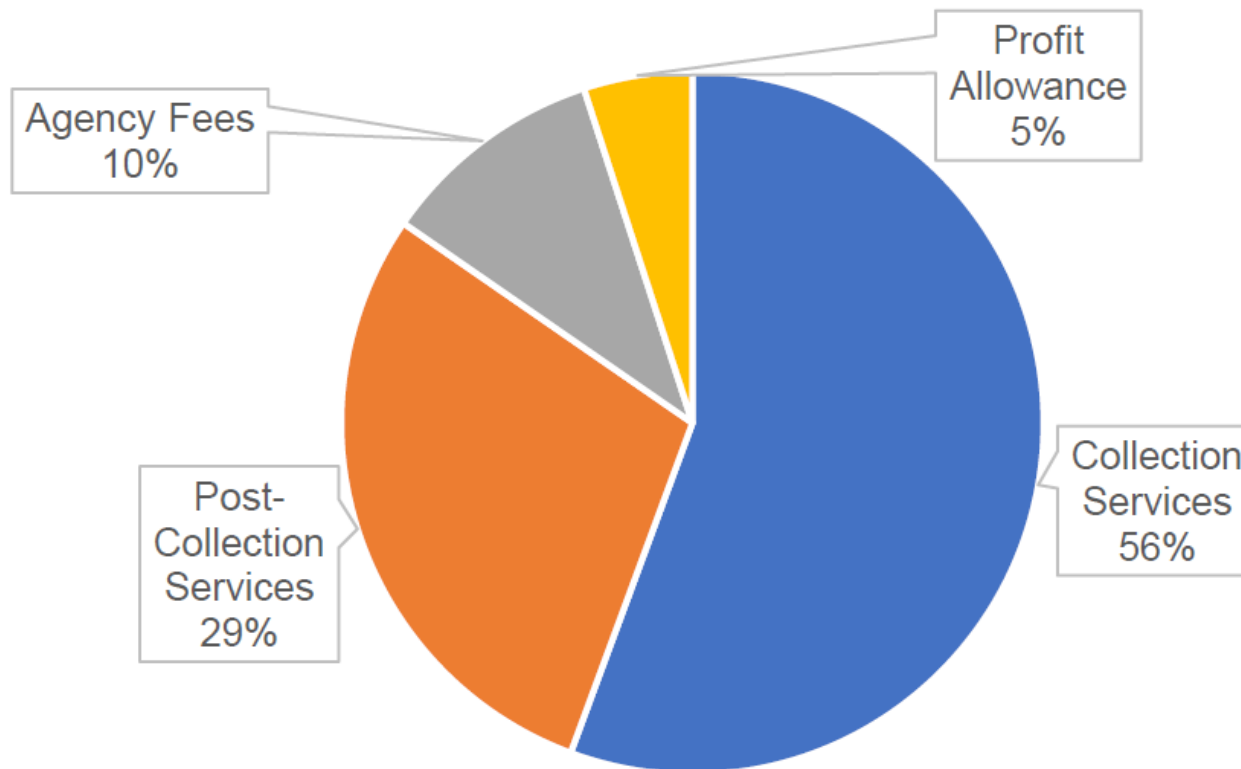
Service Level	2024	2025	Change
32-gallon	\$ 32.60	\$ 37.27	\$ 4.67
64-gallon	38.52	44.04	5.52
96-gallon	44.48	50.85	6.37



### ➤ Service Enhancements

- **Customer Assistance Program:** 20% low-income discount provided to residential customers using 32-gallon cart service (or below) and using existing District practices on low-income relief for their offered utility type services
- **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

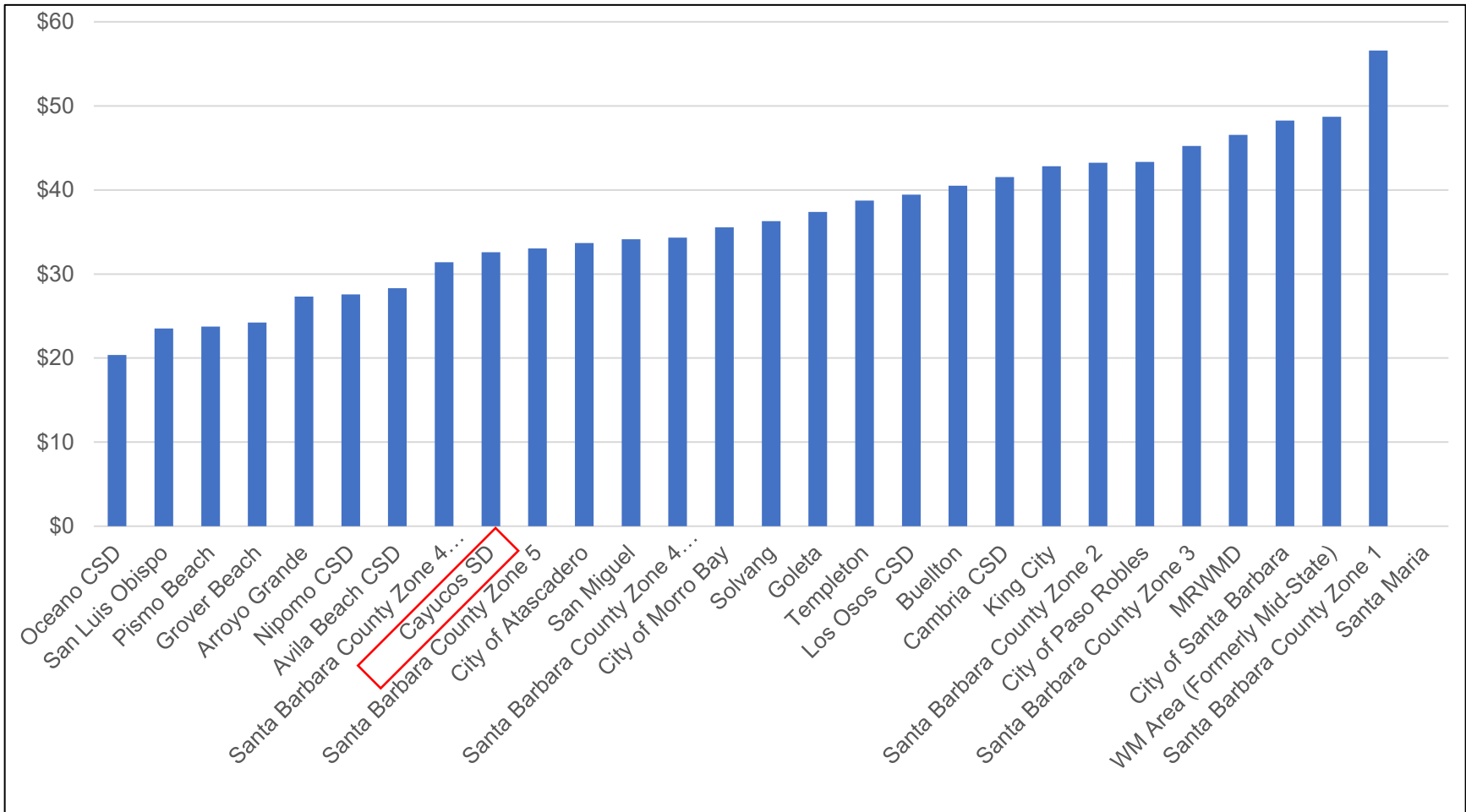


### ➤ New Rate Adjustment Methodology

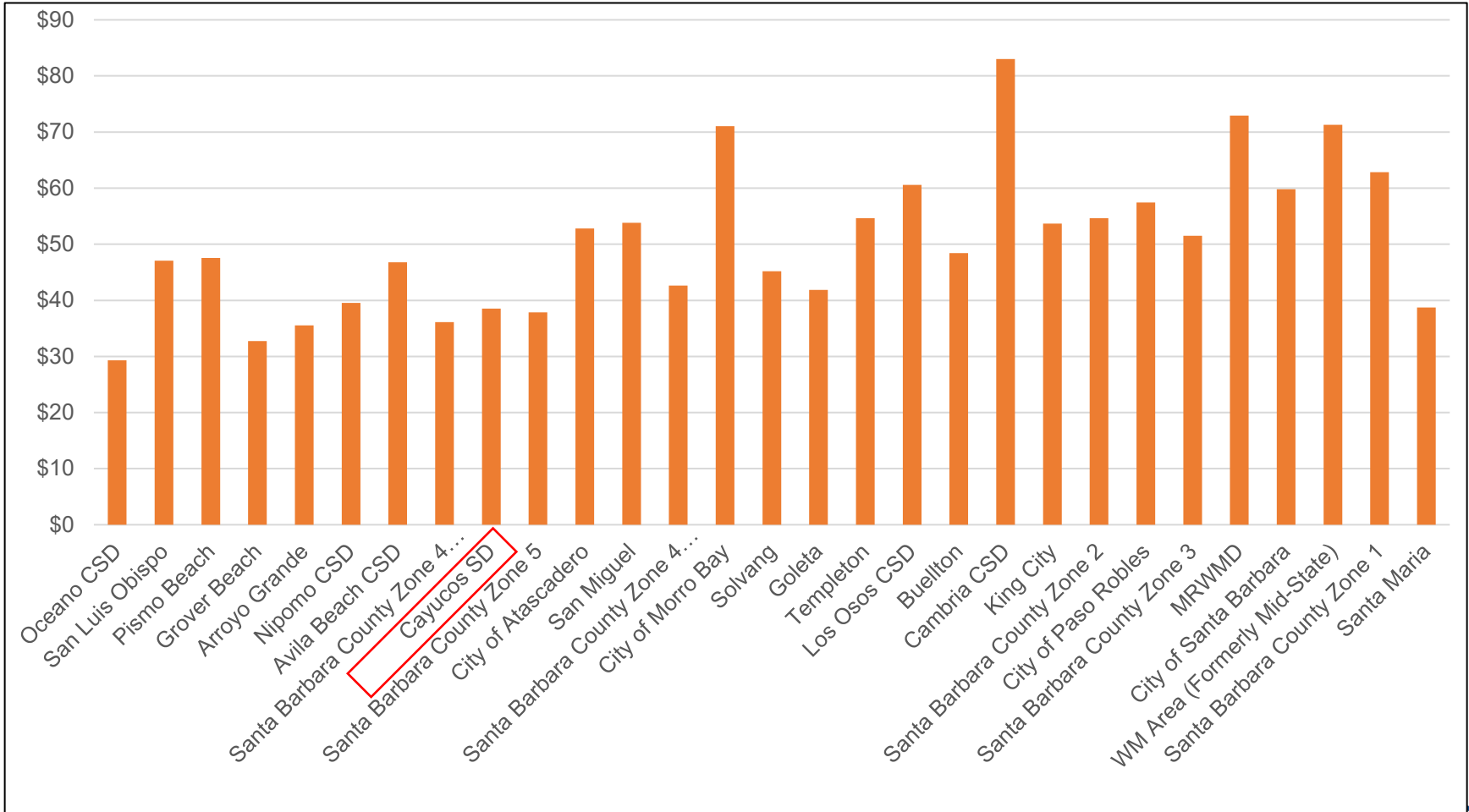
- Enhances rate stability, predictability, fairness, transparency, ease of administration, and cost-effectiveness
- Capped CPI adjustments to MCD Collection and Post-Collection Services – 2% floor, 5% ceiling with roll-overs
- Revenue balancing mechanism – surplus or shortfall revenues carries forward 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

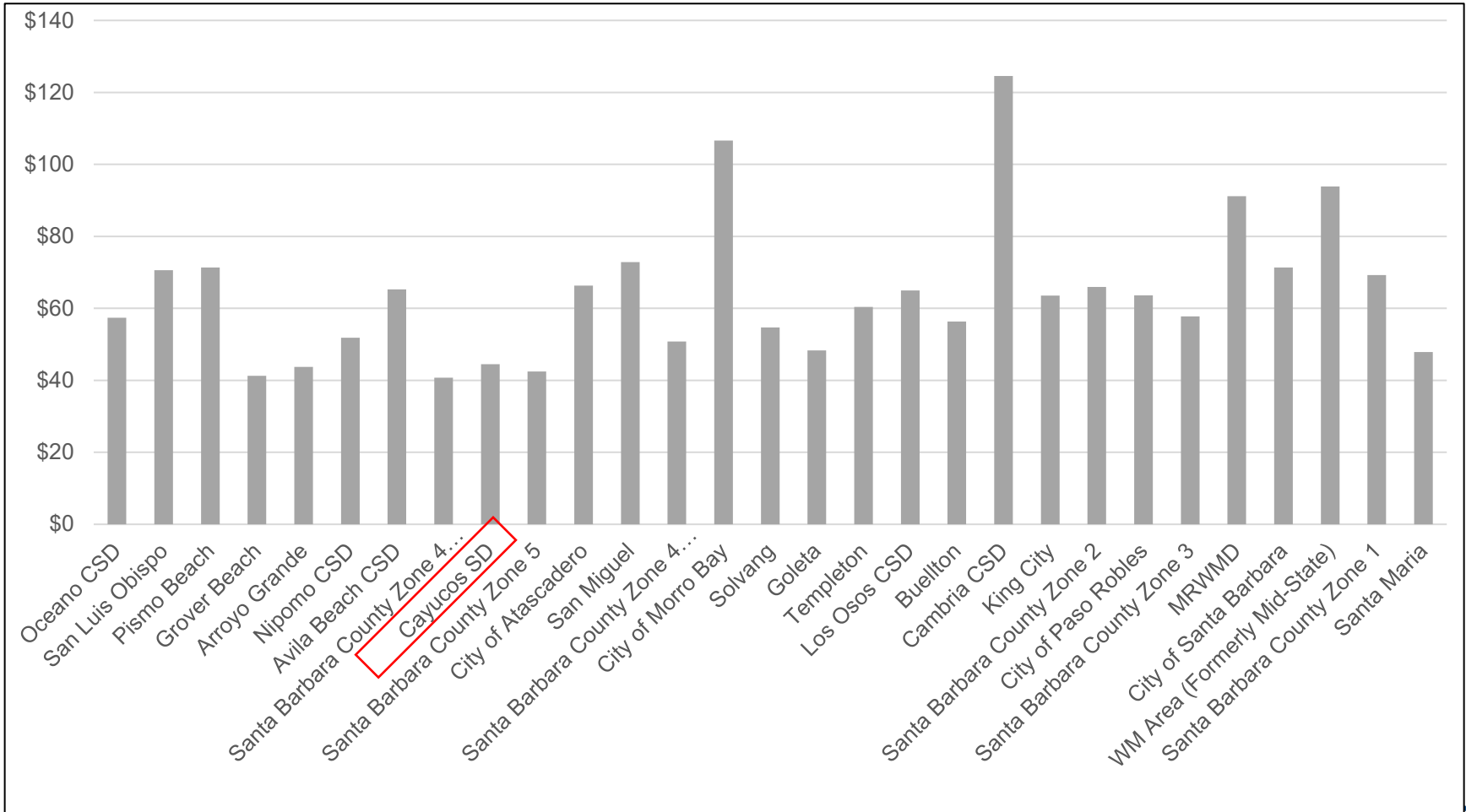
## Monthly 32-Gallon Cart Rates



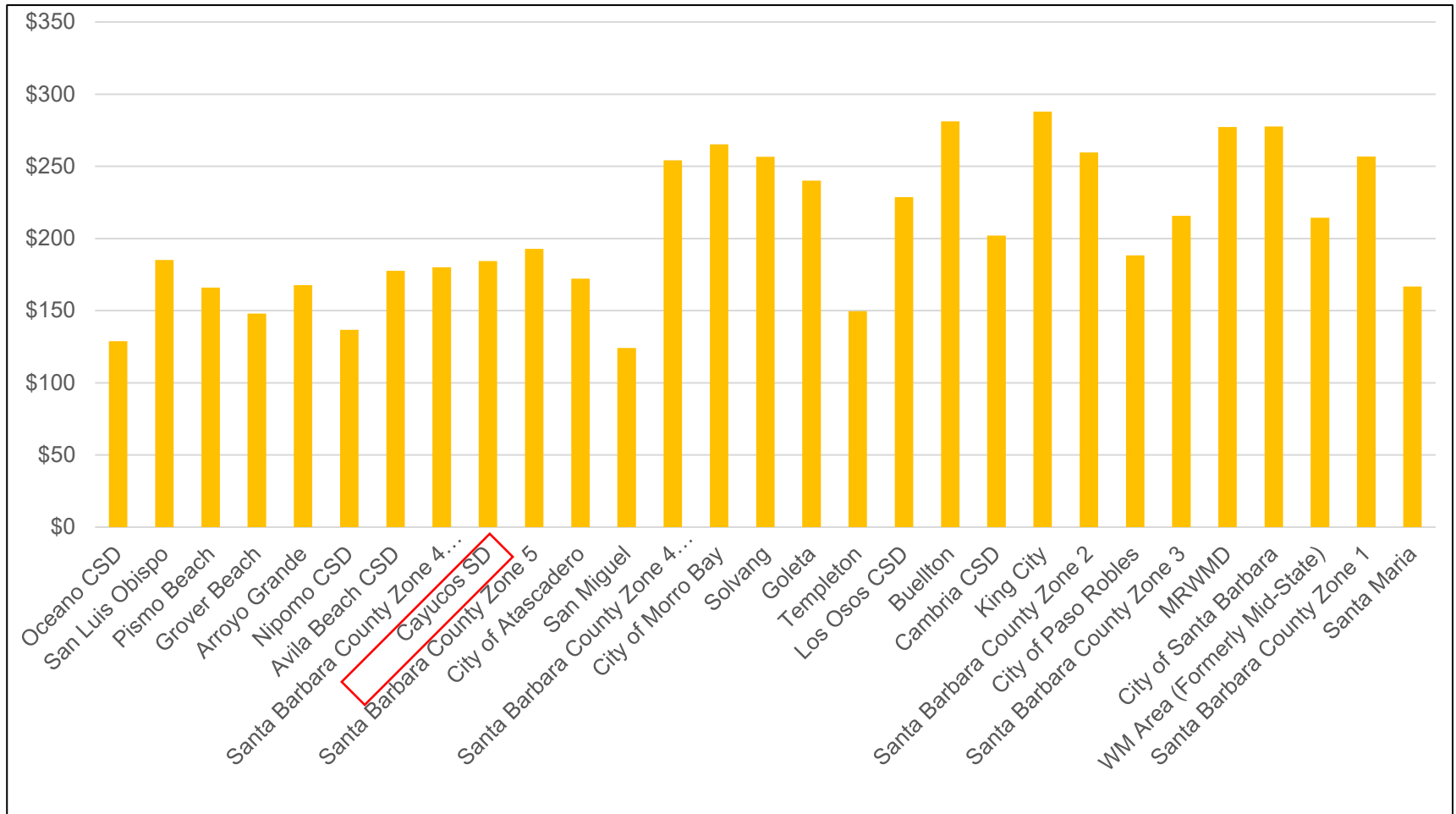
### Monthly 64-Gallon Cart Rates



### Monthly 96-Gallon Cart Rates



### Monthly 2-CY Bin Rates



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