

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

**January 8, 2025  
Garth Schultz**

# Executive Summary

- 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 South County Sanitary Service (SCSS) and are funded through solid waste rates
- 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

- SCSS submitted a cost-based rate adjustment application for 2025 per existing methodology and schedule
- The last cost-based adjustment occurred in 2022, with CPI adjustments in 2023 and 2024
- Existing rate adjustment methodology was established in 1994 and is outdated
- The District along 9 other Agencies in San Luis Obispo County and SCSS'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 and Rate Adjustment

Oceano Community Services District	Revised Adjustment
Collection Services	\$761,000
Profit Allowance	68,490
Post-Collection Services	427,779
Franchise Fee	133,111
<b>Total Cost Projections</b>	<b>1,390,380</b>
Revenue at Current (2024) Rates	1,330,724
<b>Shortfall without Rate Adjustment</b>	<b>(59,655)</b>
<b>Recommended Rate Adjustment</b>	<b>4.98%</b>

### ➤ 2025 Monthly Residential Rates

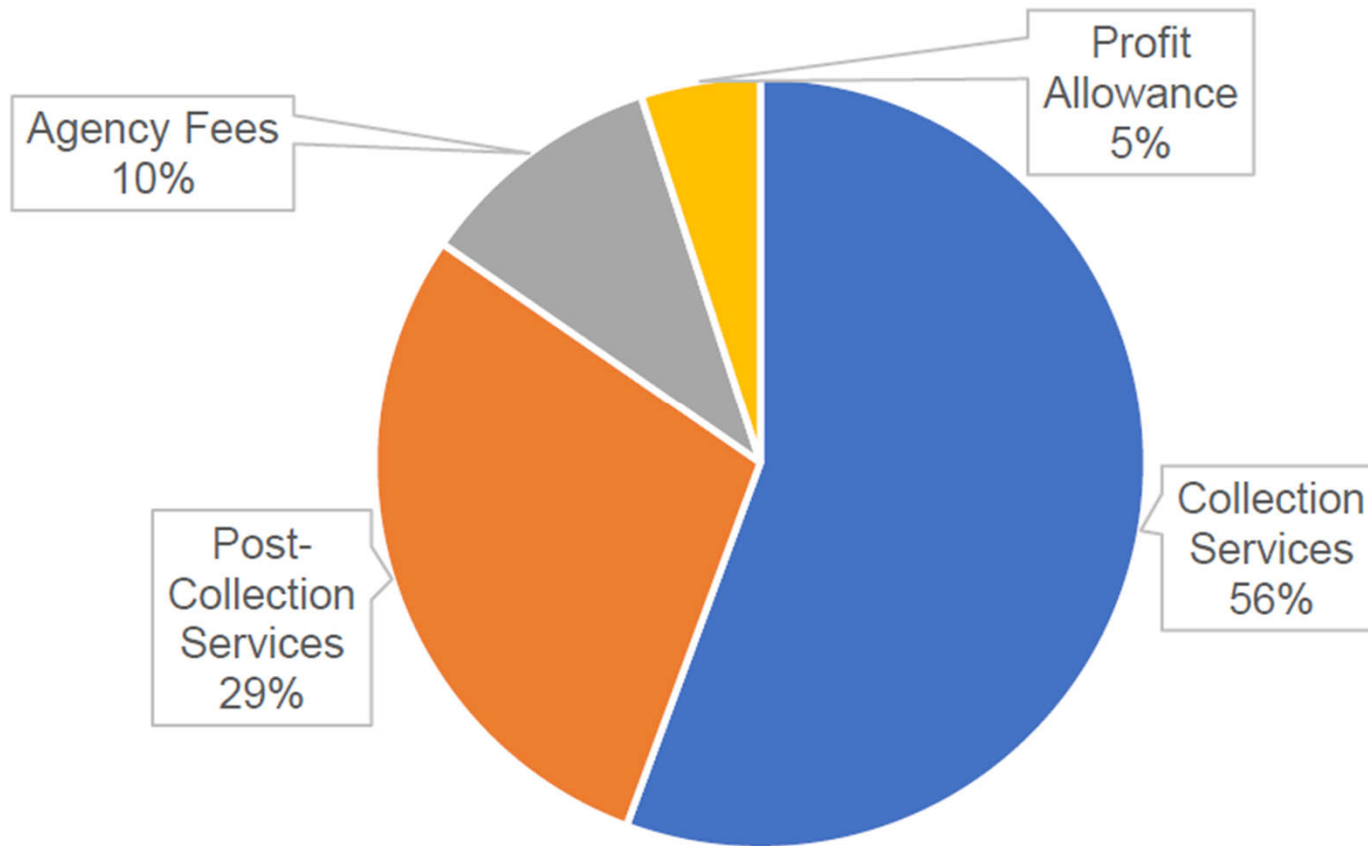
Service Level	2024	2025	Change
32-gallon	\$ 20.37	\$ 21.38	\$ 1.01
64-gallon	29.31	30.77	1.46
96-gallon	57.38	60.24	2.86

Oceano CSD			
Cart Size	Counts	% of Accts	
32	729	38%	
64	943	50%	
96	231	12%	
Total	1,903	100%	

### ➤ Service Enhancements

- **Customer Assistance Program: Optional for District consideration:** 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 via voucher program
- **Annual Cart Exchange:** Once annual exchange of a residential garbage, recycling, or organics cart per customer account

### ➤ Overall Look at Solid Waste Costs

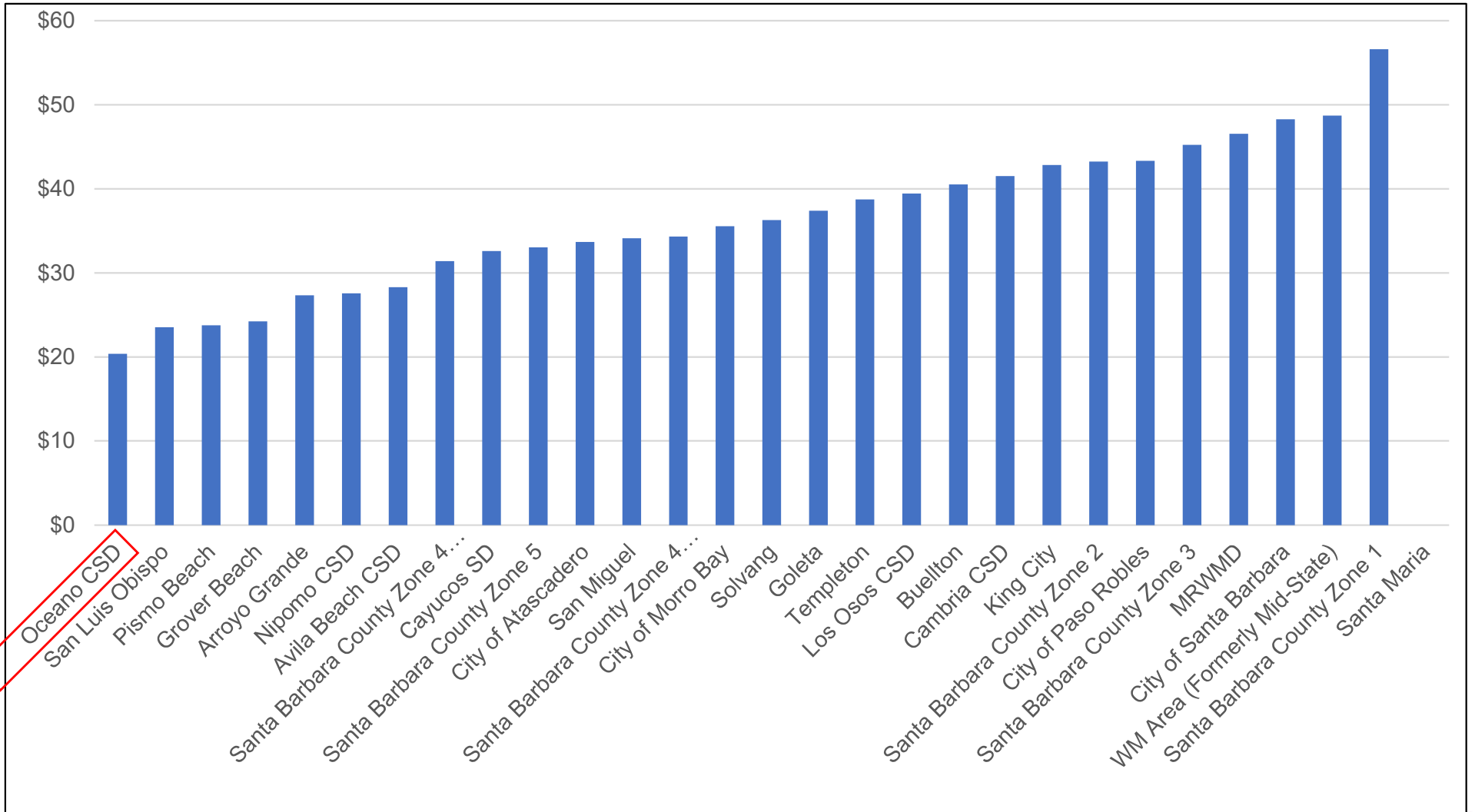




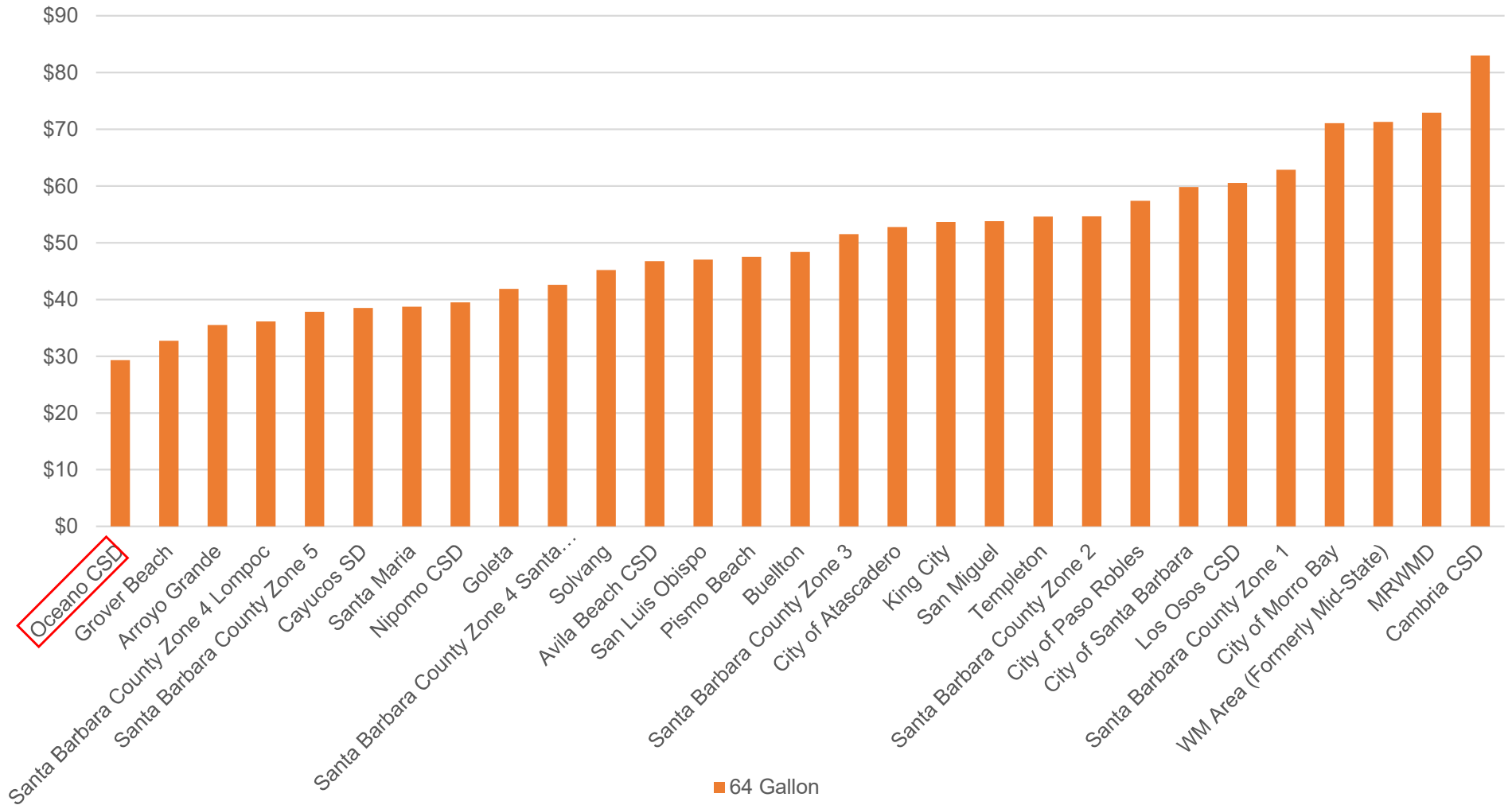
- **New Rate Adjustment Methodology**
  - **Amendment to Franchise Agreement with SCSS will be brought forward for Board consideration at a later date**
  - Enhances rate stability, predictability, fairness, transparency, ease of administration, and cost-effectiveness
  - Capped CPI adjustments to SCSS 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

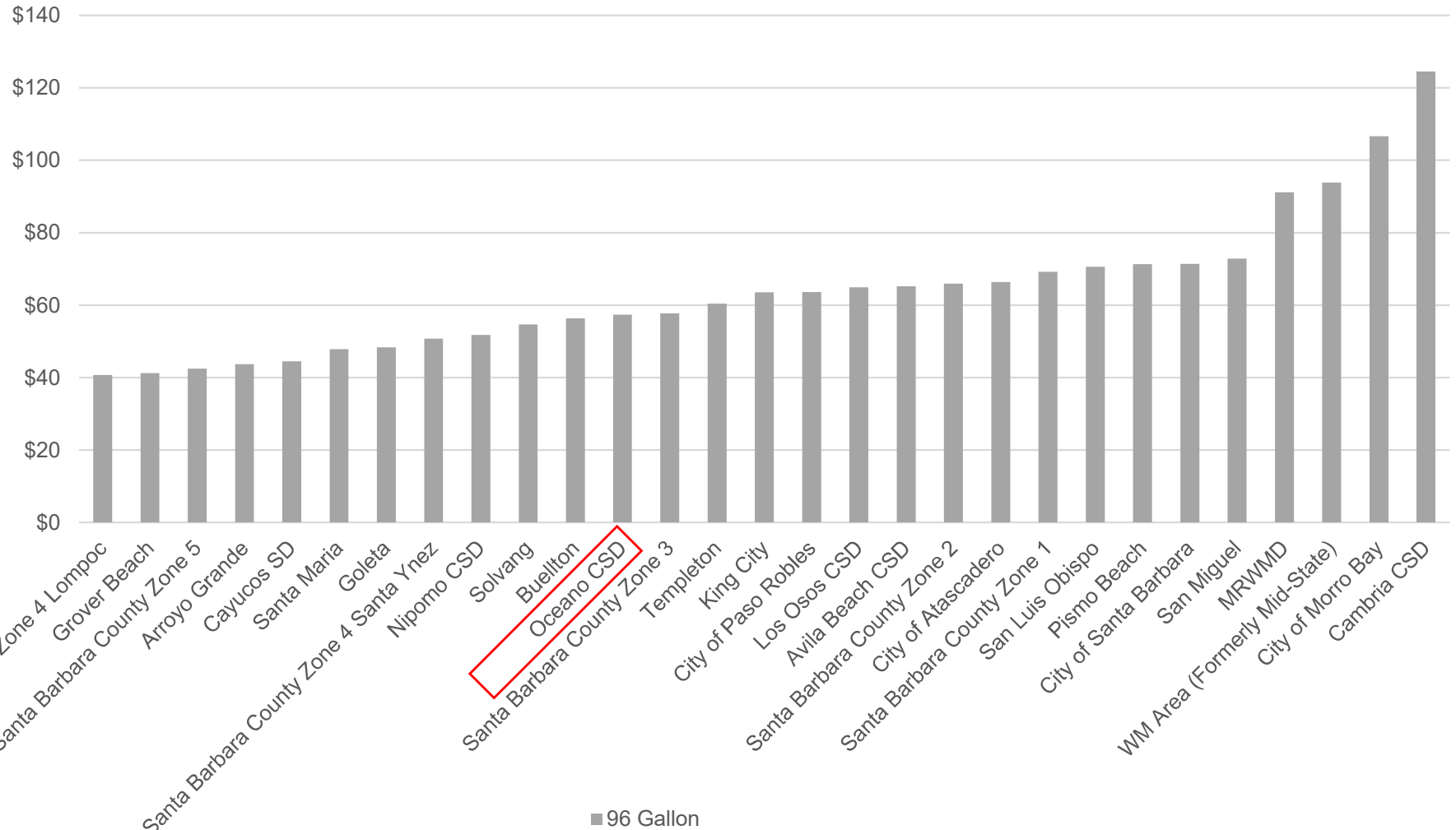
## Monthly 32-Gallon Cart Rates



### Monthly 64-Gallon Cart Rates



### Monthly 96-Gallon Cart Rates



### Monthly 2-CY Bin Rates

