

Expect garbage rates on South Shore to rise

By Kathryn Reed

South Tahoe Refuse customers on the South Shore are likely to see their rates to go up by more than 3 percent starting Jan. 1.

The garbage company is asking for a 3.7 percent hike in South Lake Tahoe and Douglas County, and 3.5 percent in El Dorado County.

Terry Trease, STR's controller, told *Lake Tahoe News* the increase is needed to keep up with the annual spike in the disposal fee the company pays at the landfill, rising insurance costs, and adjustment to the interest rate on the outstanding \$10 million loan for the facilities.

Employees received a 2 percent pay hike on July 1. Workers also received raises two years ago. Trease said there were no raises during the height of the recession.

When the economy took a turn, STR reduced the employees' pension contribution from 10 percent to 3 percent. It is now at 4½ percent.

The Waste Management Joint Powers Authority this week discussed the potential rate hike. This board – made up Nancy McDermid from Douglas County, JoAnn Conner of South Lake Tahoe and Norma Santiago with El Dorado County – is the first to vote on any potential increase. Then the three take the proposal to their respective boards. The JPA board members will vote at a special meeting on Oct. 23. It could not happen Sept. 10 because rate review was not complete.

An independent consultant is tasked with analyzing STR's

proposal and then making a recommendation to the JPA board. It is possible the recommendation would be for a lower rate increase; seldom is the outcome a higher rate. That person will dissect STR's revenues and expenses, factor in allowable profit and then make a recommendation.

"A certain percentage of our costs go up no matter what we do," Trease told the JPA board. "We've cut operations as much as we can. We are trying to do more with less."

STR, per its franchise contract, may ask for a rate increase every three years. In the interim years rate hikes are based on the Consumer Price Index, with fuel costs being one of the main factors. Rates increased at the start of this year for all three jurisdictions: 2.78 percent increase in South Lake Tahoe and El Dorado County, and 2.73 in Douglas County. Per month, this equated to 69 and 79 cents for city and El Dorado County residents, and 45 cents for Douglas residents with one 32-gallon can.

Part of the rate review will be to analyze STR's proposal to alter the loan it has to pay for the South Lake Tahoe plant. The current interest rate is 1½ percent, but it's a variable rate. With projections calling for interest rates to escalate after the new year, the company wants to obtain a more secure rate so it plans to lock in a rate of 3 percent for a three-year period. (The loan will be paid off in 10 years.)

Trease told *LTN*, "This gives us protection."

He said they looked at going for a longer term fixed rate, but those rates were between 5 and 6 percent. Before the 1½ percent was secured, STR was paying 4 percent. It is trying to stay below that number.