

Substantive garbage rate increase on South Shore



South Tahoe Refuse plans to raise rates beginning Jan. 1. Photo/LTN

By Kathryn Reed

One of the largest rate increases ever requested by South Tahoe Refuse is expected to go into effect Jan. 1.

While the respective jurisdictions still must approve the increase, the Waste Management Joint Powers Authority board this week signed off on it. South Lake Tahoe customers would see an 8.81 percent increase, El Dorado County 9.34 percent and Douglas County 6.81 percent. On a monthly residential bill this would equate to an increase of \$2.34 to \$28.89, \$2.85 to \$33.32 and \$1.21 to \$18.93, respectively.

STR had wanted a 10 percent increase, but the auditing firm tasked with analyzing the proposal came back with the lower rates.

According to the report from Crowe Horwath, without the rate increase STR has a projected revenue shortfall of \$1,370,489

for 2018.

The larger increase in large part has to do with a credit from the construction of the resource recovery facility (RRF) going away.

“STR removed the RRF fund credit which had been paid to JPA jurisdiction ratepayers, to account for excess rate revenues collected during the construction of the RRF. On March 2, 2012, the JPA approved a RRF fund credit of \$4,722,285, with a six-year payback period, applied in base years, beginning in 2012,” the report says.

Beginning in 2018 that credit is gone.

“This is the most significant factor in causing rates to increase for 2018, and effectively represents approximately 50 percent of the requested rate increase,” the report states.

Lake Tahoe News asked STR President Jeff Tillman if these sorts of rate increases will become the norm.

“I certainly hope not to see these,” Tillman told *LTN*. “That’s why we said it could be spread over two years.”

It will be up to the individual jurisdictions to OK the full increase for 2018, or for it to be split with two-thirds of the proposal taking affect next year and the remainder in 2019.

Other reasons for the rate increase are labor and disposal expenses. Employees are getting a 3.4 percent raise, health insurance has gone up 6.7 percent, and workers’ comp bills soared 19.4 percent.

The South Lake Tahoe-based refuse company per its contract is permitted every three years to come back with a base rate adjustment. This is what these increases are. However, the company may seek interim rate increases as well, which in large part are based on the Consumer Price Index. Those

increases are usually 2 to 3 percent. Rates at the start of this year went up less than 2 percent in each jurisdiction, with no increase in 2016.