



# **City of Kingsburg Solid Waste and Street Sweeping Rate Study**

**Final Report  
May 18, 2022**



**LECHOWICZ + TSENG**  
MUNICIPAL CONSULTANTS

909 Marina Village Parkway #135  
Alameda, CA 94501  
(510) 545-3182  
[www.LTmuniconsultants.com](http://www.LTmuniconsultants.com)



## TABLE OF CONTENTS

SECTION 1:	INTRODUCTION AND EXECUTIVE SUMMARY .....	1
1.1	Background and Need for Rate Adjustments .....	1
1.2	Requirements of Proposition 218 .....	1
1.3	Rate Study Process .....	2
1.4	Proposed Rates .....	3
1.5	Rate Impacts .....	4
SECTION 2:	CURRENT RATES AND CUSTOMER BASE .....	5
SECTION 3:	REVENUE REQUIREMENT AND CASH FLOW .....	9
3.1	Revenues .....	9
3.2	Street Sweeping Expenses .....	9
3.3	Solid Waste Costs .....	10
3.4	Net Revenues .....	11
3.5	Cash Flow Projection .....	12
SECTION 4:	COST ALLOCATION AND RATE DESIGN .....	14
4.1	Cost Allocation Results .....	14
4.2	Proposed Rates .....	15
4.3	Bill Impacts and Rate Survey .....	19

## LIST OF TABLES

Table 1: Proposed Changes to Most Popular Rate Categories .....	3
Table 2: Street Sweeping Estimated Service Charge Current Revenues.....	5
Table 3: Estimated Solid Waste Service Charge Current Revenues – Residential Refuse .....	6
Table 4: Estimated Solid Waste Service Charge Current Revenues – Commercial Refuse.....	7
Table 5: Estimated Solid Waste Service Charge Current Revenues – Recycling and Organics .....	8
Table 6: Estimated FY 2023 Direct Street Sweeping Costs .....	9
Table 7: MVD Rates vs City Rates Billed to Customers for Most Popular Rate Categories .....	10
Table 8: FY 2023 Cost Increase .....	11
Table 9: Net Revenues .....	11
Table 10: Cash Flow Projection .....	13
Table 11: Cost Allocation .....	14
Table 12: Proposed Residential Solid Waste Rate Adjustments .....	15
Table 13: Proposed Commercial Trash and Recycling Rate Adjustments.....	16
Table 14: Proposed Commercial Organic Rate Adjustments and Other Charges.....	18
Table 15: Proposed Street Sweeping Rate Adjustments .....	19

## SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY

---

### 1.1 Background and Need for Rate Adjustments

The City of Kingsburg (City) engaged Lechowicz & Tseng Municipal Consultants to complete a rate study for the solid waste enterprise which comprises both refuse disposal and street sweeping service. The primary objective of this study is to recommend rates which promote the financial health and stability of the solid waste fund, while minimizing the impact of any proposed rates changes on customers. The study covers the five-year period beginning in fiscal year (FY) 2023 through FY 2027.

The City franchises its solid waste disposal service to Mid Valley Disposal (MVD), and Central Valley Sweeping (CVS) provides street sweeping. MVD provides the City with a comprehensive schedule of services and rates for refuse, recycling, and organic waste pickup and disposal for a variety of customer categories. The City then sets rates to cover provider (MVD and CVS) costs plus City administrative expenses.

The City has not increased its solid waste rates since 2009 and revenues are insufficient to cover the cost of providing service. The solid waste fund has operated at a deficit each year for the past five years and the deficit is projected to grow absent a rate adjustment. Each year MVD increases its rates based on inflation plus additional costs are expected this year, and into the future, for compliance with Senate Bill (SB) 1383 – Bill to Reduce Organic Waste. MVD will offer new categories of service for commercial organics waste recycling and the City will have new direct expenses for procurement of biofuels and compost. Regarding street sweeping service, CVS has expanded its services for Kingsburg to include sweeping roadway medians and the City has new costs associated with disposal of swept refuse. Rate adjustments are needed to cover these increasing costs.

### 1.2 Requirements of Proposition 218

Proposition 218, the “Right to Vote on Taxes Act”, was approved by California voters in November 1996 and is codified as Articles XIIC and XIID of the California Constitution. Proposition 218 establishes requirements for imposing any new or increasing any existing property-related fees and charges. Substantive requirements that apply to water, sewer, storm drain, and solid waste (garbage) rates and charges include:

1. **Cost of Service** - Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the “cost of service”.
2. **Intended Purpose** - Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
3. **Proportional Cost Recovery** - The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.

4. **Availability of Service** - No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
5. **General Government Services** - No fee or charge may be imposed for general governmental services where the service is available to the public at large.

Moreover, Proposition 218 established procedural requirements for voter approval of utility rate increases which include:

1. **Noticing Requirement** – The City must mail a notice of the proposed rate increases to all affected property owners or ratepayers. The notice must specify the amount of the fee, the basis upon which it was calculated, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.
2. **Public Hearing** – The City must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
3. **Rate Increases Subject to Majority Protest** - At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners or ratepayers submit written protests against the proposed rate increases, the increases cannot be adopted.

Charges for water, sewer, storm drain, and refuse collection are exempt from additional voting requirements of Proposition 218, provided the charges do not exceed the cost of providing service and are adopted pursuant to procedural requirements of Proposition 218.

### 1.3 Rate Study Process

The following is a brief description of the rate study process:

- **Revenue Requirements** - Revenue requirements are analyzed via financial plans developed from the solid waste fund budget and known cost increases from Central Valley Sweeping and Mid Valley Disposal.
- **Cost of Service Allocation** - The cost of service process builds on the financial plan analysis and assigns City overhead and administrative costs to solid waste and street sweeping services.
- **Rate Design** - Rate design involves developing a rate structure that proportionately recovers costs from customers. The City's rate structure conforms with the underlying rates billed by Mid Valley Disposal. No major rate structure adjustments are recommended beyond adding new commercial organics recycling categories.

## 1.4 Proposed Rates

The current and proposed rate changes to the most popular rate categories are shown below in Table 1. The detailed listing of rates for all customer categories is provided beginning on page 15. The first rate change is proposed to go into effect September 1, 2022, with subsequent increases proposed for July 1 each year thereafter through July 1, 2026. Solid waste rates are proposed to be increased in FY 2024 through 2027 by the percentage increase in cost from Mid Valley Disposal. Likewise, street sweeping rates are proposed to be increased annually by the percentage increase in costs from Central Valley Sweeping following the initial rate change. The rates below in Table 1 include 5.5% inflationary increases each year as an example. The actual rate change will depend on the cost increases determined by MVD and CVS.

**Table 1: Proposed Changes to Most Popular Rate Categories  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

Customer Category	Current	Sep 1, 2022	*Example Rates Assuming +5.5%/yr Inflation			
			Jul 1, 2023	Jul 1, 2024	Jul 1, 2025	Jul 1, 2026
Single Family Refuse 96 Gallon (Inc 96 gallon for Organics and Recycling)	\$27.60	\$35.48	\$37.44	\$39.50	\$41.66	\$43.95
Senior Residential Refuse 64 Gallon Container (Inc organics and recycling)	\$26.60	\$33.98	\$35.94	\$38.00	\$40.16	\$42.45
Commercial Refuse 96 Gallon Barrels 1X week	\$19.55	\$31.64	\$33.38	\$35.22	\$37.16	\$39.20
2 Yard Bins 1X week	\$76.30	\$123.52	\$130.31	\$137.48	\$145.04	\$153.01
2 Yard Bins 2X week	\$103.45	\$185.33	\$195.53	\$206.28	\$217.63	\$229.59
3 Yard Bins 1X week	\$118.45	\$181.41	\$191.39	\$201.91	\$213.02	\$224.73
3 Yard Bins 2X week	\$148.90	\$236.53	\$249.54	\$263.27	\$277.74	\$293.02
3 Yard Bins 3X week	\$228.85	\$370.47	\$390.84	\$412.34	\$435.02	\$458.94
Commercial Recycling One 96 Gallon Barrel 1X week	\$5.75	\$11.53	\$12.17	\$12.84	\$13.54	\$14.29
Commercial Organics One 96 Gallon Barrel 1X week	\$4.60	\$10.61	\$11.19	\$11.80	\$12.45	\$13.14
Residential Street Sweeping	\$2.10	\$4.17	\$4.40	\$4.64	\$4.89	\$5.16
Commercial Street Sweeping (\$/LF)**	\$0.20	\$0.40	\$0.42	\$0.44	\$0.47	\$0.49

*\*Example rates shown for illustrative purposes. Actual rate increases will be equal to the annual % increase from the City's service providers up to 10% per year.*

*\*\*Apartments with 3 or more units will be charged the commercial Linear front footage rate (Minimum charge equal to residential rate).*

## 1.5 Rate Impacts

Figure 1 below shows the projected solid waste bill for a single family residential customer over the next five years. The bill includes refuse, recycling, and organics pickup and disposal. The figure below does not include street sweeping charges.

**Figure 1: Executive Summary - Sample Monthly Bill Impacts**

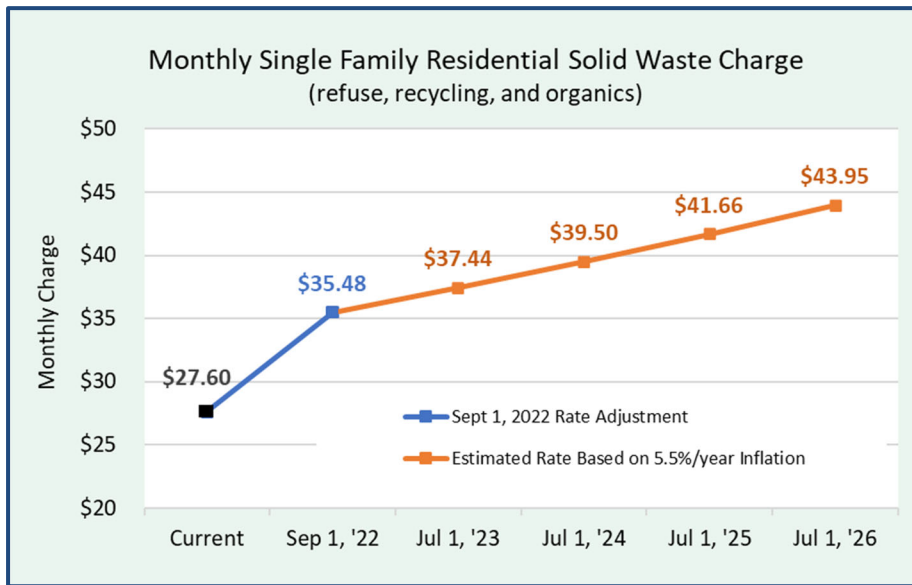
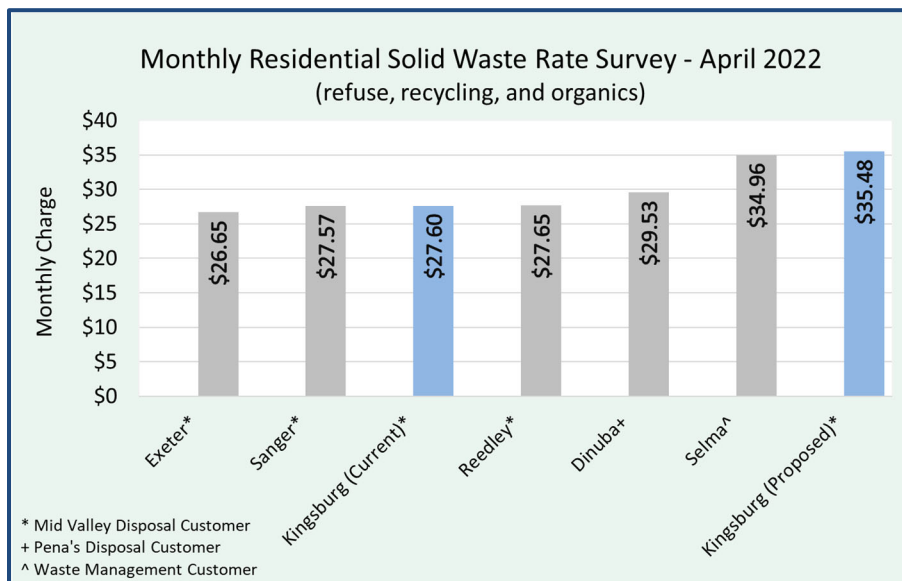


Figure 2 provides a bill survey comparing the City's current and proposed typical single family monthly solid waste bill with corresponding bills from other local agencies.

**Figure 2: Executive Summary - Solid Waste Bill Survey**



## SECTION 2: CURRENT RATES AND CUSTOMER BASE

This section describes the City’s street sweeping and solid waste customer base and estimated rate revenues.

Approximately 3,600 customers receive street sweeping service, see Table 2. Single family and multifamily residential customers are billed \$2.10 per month and non-residential customers are billed \$0.20 per linear foot of street frontage per month. Annually, the City collects about \$143,300 in street sweeping rate revenue.

**Table 2: Street Sweeping Estimated Service Charge Current Revenues  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

<b>Customer Category</b>	<b>No. of Accts</b>	<b>Linear Feet [1]</b>	<b>Monthly Rate</b>	<b>Estimated Monthly Revenue</b>	<b>Current Service Charge Revenue</b>
Single Family Residential	3,281		\$2.10	\$6,890	\$82,681
Multi Family Residential	147		\$2.10	\$309	\$3,704
Commercial & Industrial	<u>194</u>	23,702.79	\$0.20	<u>\$4,741</u>	<u>\$56,887</u>
<b>Total</b>	<b>3,622</b>			<b>\$11,939</b>	<b>\$143,272</b>

1 - Commercial customers are charged per linear foot of street frontage

Table 3, Table 4, and Table 5 present solid waste customer counts and estimated revenues for refuse, recycling, and organic waste services. Each customer is billed a flat rate per month based on container size and number of pickups per week. The majority of customers are single family residential customers who are charged \$25.10 for refuse service plus an additional \$2.50 per month for recycling service. In total, it is estimated that the City collects about \$1.775 million in solid waste rate revenues per year.

**Table 3: Estimated Solid Waste Service Charge Current Revenues – Residential Refuse  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

<b>Customer Category</b>	<b>Monthly Charge</b>	<b>Count</b>	<b>Current Revenue</b>	<b>% of Total SW Revenue</b>	
<b>Single Family Residential</b>					
One 96 Gallon Barrel	\$25.10	3,171	\$955,105	53.8%	
Two 96 Gallon Barrels	\$34.25	47	\$19,317	1.1%	
1 Yard Bin	\$52.35	14	\$8,795	0.5%	
Additional Green Waste Container	\$11.60	71	\$9,883	0.6%	
<b>Senior Citizen Residential</b>					
64 Gallon Container	\$24.10	184	\$53,213	3.0%	
Mobile Homes	\$18.20	0	\$0	0.0%	
<b>Multifamily</b>					
Base Rate	\$25.10	19	\$5,723	0.3%	
Granny Flat	\$44.85	29	\$15,608	0.9%	
Two 96 Gallon Barrels	\$34.25	10	\$4,110	0.2%	
Green Waste 1x Week	\$4.60	16	\$883	0.0%	
Additional Green Waste Container	\$11.60	3	\$418	0.0%	
Locking Device	\$25.00	4	\$883	0.0%	
1 Yard Bins	1x Week	\$57.35	22	\$15,140	0.9%
	2x Week	\$95.00	5	\$5,700	0.3%
2 Yard Bins	1x Week	\$76.30	33	\$30,215	1.7%
	2x Week	\$103.45	16	\$19,862	1.1%
3 Yard Bins	1x Week	\$118.45	8	\$11,371	0.6%
	2x Week	\$148.90	3	\$5,360	0.3%
	3x Week	\$228.85	3	\$8,239	0.5%
4 Yard Bins	1x Week	\$143.75	3	\$5,175	0.3%
	2x Week	\$194.20	1	\$2,330	0.1%
	3x Week	\$262.65	<u>1</u>	<u>\$3,152</u>	<u>0.2%</u>
<b>Total Residential Refuse</b>		<b>3,663</b>	<b>\$1,180,483</b>	<b>66.5%</b>	

**Table 4: Estimated Solid Waste Service Charge Current Revenues – Commercial Refuse  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

<b>Customer Category</b>		<b>Monthly Charge</b>	<b>Count</b>	<b>Current Revenue</b>	<b>% of Total SW Revenue</b>
96 Gallon Barrels	1x Week	\$19.55	93	\$21,818	1.2%
	2x Week	\$34.50	3	\$1,242	0.1%
	3x Week	\$51.75	1	\$621	0.0%
Locking Device for Bins		\$25.00	15	\$4,500	0.3%
1 Yard Bins	1x Week	\$57.35	18	\$12,388	0.7%
	2x Week	\$95.00	10	\$11,400	0.6%
	3x Week	\$120.00	0	\$0	0.0%
	4x Week	\$172.35	0	\$0	0.0%
	5x Week	\$189.65	1	\$2,276	0.1%
	6x Week	\$248.50	0	\$0	0.0%
1.5 Yard Bin	2x Week	\$71.55	1	\$859	0.0%
2 Yard Bins	1x Week	\$76.30	34	\$31,130	1.8%
	2x Week	\$103.45	25	\$31,035	1.7%
	3x Week	\$162.55	6	\$11,704	0.7%
	4x Week	\$221.30	0	\$0	0.0%
	5x Week	\$280.55	1	\$3,367	0.2%
	6x Week	\$339.55	0	\$0	0.0%
3 Yard Bins	1x Week	\$118.45	18	\$25,585	1.4%
	2x Week	\$148.90	23	\$41,096	2.3%
	3x Week	\$228.85	16	\$43,939	2.5%
	4x Week	\$311.10	1	\$3,733	0.2%
	5x Week	\$378.80	7	\$31,819	1.8%
	6x Week	\$472.30	0	\$0	0.0%
3 Yard Bin 12 Customer Share		\$19.74	12	\$2,843	0.2%
4 Yard Bins	1x Week	\$143.75	6	\$10,350	0.6%
	2x Week	\$194.20	8	\$18,643	1.1%
	3x Week	\$262.65	7	\$22,063	1.2%
	4x Week	\$355.00	1	\$4,260	0.2%
	5x Week	\$479.60	1	\$5,755	0.3%
	6x Week	\$647.85	0	\$0	0.0%
6 Yard Bins	1x Week	\$155.40	7	\$13,054	0.7%
	2x Week	\$311.20	1	\$3,734	0.2%
	3x Week	\$458.28	0	\$0	0.0%
	4x Week	\$605.35	0	\$0	0.0%
	5x Week	\$756.80	1	\$9,082	0.5%
	6x Week	\$908.20	0	\$0	0.0%
6 Yard Compactor	1x Week	\$310.80	1	\$3,730	0.2%
	2x Week	\$622.40	0	\$0	0.0%
	3x Week	\$916.55	0	\$0	0.0%
	4x Week	\$1,210.70	0	\$0	0.0%
	5x Week	\$1,515.95	0	\$0	0.0%
	6x Week	\$1,816.45	0	\$0	0.0%
<b>Total Commercial Refuse</b>			<b>318</b>	<b>\$372,024</b>	<b>21.0%</b>

**Table 5: Estimated Solid Waste Service Charge Current Revenues – Recycling and Organics  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

<b>Customer Category</b>		<b>Monthly Charge</b>	<b>Count</b>	<b>Current Revenue</b>	<b>% of Total SW Revenue</b>
<b>RESIDENTIAL RECYCLING</b>					
48 Gallon		\$2.50	3,460	\$103,800	5.8%
96 Gallon		\$5.00	369	\$22,140	1.2%
Multifamily 48 Gallon		\$2.50	1	\$30	0.0%
Multifamily 64 Gallon		\$4.00	1	\$48	0.0%
Multifamily 96 Gallon		\$5.00	141	\$8,460	0.5%
Multifamily 1 Yard Bin		\$34.50	3	\$1,242	0.1%
Multifamily 3 Yard Bin		\$46.00	5	\$2,760	0.2%
<b>Total Residential Recycling</b>			<b>3,980</b>	<b>\$138,480</b>	<b>7.8%</b>
<b>COMMERCIAL RECYCLING</b>					
64 Gallon	1x Week	\$4.00	0	\$0	0.0%
96 Gallon	1x Week	\$5.75	183	\$12,627	0.7%
Locking Device for Bins		\$25.00	5	\$1,500	0.1%
1 Yard Bins	1x Week	\$34.50	8	\$3,312	0.2%
	2x Week	\$69.00	1	\$828	0.0%
	3x Week	\$103.50	0	\$0	0.0%
1 Yard 12 Customer Share		\$2.88	24	\$829	0.0%
2 Yard Bins	1x Week	\$43.70	3	\$1,573	0.1%
	2x Week	\$100.50	2	\$2,412	0.1%
	3x Week	\$131.10	0	\$0	0.0%
3 Yard Bins	1x Week	\$52.90	26	\$16,505	0.9%
	2x Week	\$121.70	9	\$13,144	0.7%
	3x Week	\$158.70	2	\$3,809	0.2%
4 Yard Bins	1x Week	\$67.85	5	\$4,071	0.2%
	2x Week	\$135.70	0	\$0	0.0%
	3x Week	\$203.55	2	\$4,885	0.3%
6 Yard Bins	1x Week	\$97.75	4	\$4,692	0.3%
	2x Week	\$195.50	3	\$7,038	0.4%
	3x Week	\$293.25	1	\$3,519	0.2%
<b>Total Commercial Recycling</b>			<b>278</b>	<b>\$80,744</b>	<b>4.5%</b>
<b>COMMERCIAL ORGANICS/GREEN WASTE</b>					
96 Gallon Barrel	1x Week	\$4.60	34	\$1,877	0.1%
	2x Week	\$9.20	3	\$331	0.0%
	3x Week	\$13.80	3	\$497	0.0%
Additional Green Waste Can		\$11.60	6	\$835	0.0%
<b>Total Commercial Organics/Green Waste</b>			<b>46</b>	<b>\$3,540</b>	<b>0.2%</b>
<b>TOTAL ESTIMATED REVENUES</b>				<b>\$1,775,271</b>	<b>100%</b>

## SECTION 3: REVENUE REQUIREMENT AND CASH FLOW

Proposition 218 requires that utility rates be based on the reasonable cost of providing service to customers. The cost of service includes annual operating expenses and the accumulation of appropriate reserves. The cost of service was developed based on the FY 2022 budget, MVD and CVS estimated costs, and reserve recommendations based on City input.

### 3.1 Revenues

As described in the prior section, street sweeping service charges are projected to generate about \$143,000 in current annual revenues and solid waste service charges are projected to generate about \$1.775 million in current annual revenues. Other revenue sources include penalty fees; however, penalty fees are projected to generate only small amounts of revenue over the next five years.

### 3.2 Street Sweeping Expenses

In FY 2022, direct street sweeping expenses consist of the City's monthly payments to Central Valley Sweeping budgeted at \$176,000 for the year. This amount does not include City administration and management of street sweeping service. The City only collects about \$143,000 in street sweeping rate revenue, leading to an expected loss of \$33,000 in direct costs. FY 2023 street sweeping expenses are provided in Table 6. Annual costs are projected to increase to about \$230,000 consisting of CVS's payments to sweep the current service area, previously un-swept roadway medians, and sweep new streets. In prior years, the City composted swept refuse at no cost. However, that option is no longer available and the City expects to pay about \$33,600 for disposal in FY 2023.

**Table 6: Estimated FY 2023 Direct Street Sweeping Costs  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

Sweeping of general service area	\$176,000
Sweeping median on Sierra from Bethel Avenue to Marion (new)	\$7,670
Sweeping median on Simpson from Sierra Street to Gilroy (new)	\$7,800
Sweeping new streets on Kern from 18 <sup>th</sup> to Road 16 and Road 16 from Kern to Avenue 400 (West side only - new)	\$4,550
Disposal of refuse (new)	<u>\$33,600</u>
Total Estimated Annual Payment	\$229,620

### 3.3 Solid Waste Costs

Mid Valley Disposal sets rates for various customer service categories which the City passes onto residents. Via its contractual arrangement, MVD is permitted to increase rates annually by inflation. However, the City may only increase rates to residents as permitted by the Proposition 218 approval process. The City has not conducted a Proposition 218 approval process in many years and thus the City's rates have fallen behind the actual costs charged by MVD. Table 7 compares MVD's estimated FY 2023 rates with the City's current rates for several of the most widely used categories. The MVD rate is higher than the City's current rates for all categories shown.

<b>Table 7: MVD Rates vs City Rates Billed to Customers for Most Popular Rate Categories Solid Waste and Street Sweeping Rate Study City of Kingsburg</b>			
<b>Customer Category</b>	<b>MVD Rate FY 2023 (SB 1383 +8% inflation)</b>	<b>Current Rate City Bills to Customers</b>	<b>City Rate Minus MVD Rate (Loss)</b>
<b>Residential</b>			
Single Family (96 gal - 3 bin)	\$29.65	\$27.60	(\$2.05)
Senior Refuse (64 gal - 3 bin)	\$28.15	\$26.60	(\$1.55)
<b>Commercial Refuse</b>			
96 Gallon Barrel 1X week	\$25.78	\$19.55	(\$6.23)
2 Yard Bins 1X week	\$100.62	\$76.30	(\$24.32)
2 Yard Bins 2X week	\$150.98	\$103.45	(\$47.53)
3 Yard Bins 1X week	\$147.79	\$118.45	(\$29.34)
3 Yard Bins 2X week	\$192.69	\$148.90	(\$43.79)
3 Yard Bins 3X week	\$301.81	\$228.85	(\$72.96)
<b>Commercial Recycling</b>			
One 96 Gallon Barrel 1X week	\$9.40	\$5.75	(\$3.65)
<b>Commercial Organics</b>			
One 96 Gallon Barrel 1X week	\$8.64	\$4.60	(\$4.04)

Table 8 shows projected total cost increases in the solid waste fund for FY 2023. The biggest expense is refuse services through MVD. The City has no control over these costs, which are entirely set by MVD and are adjusted each year based on inflation. In FY 2023, MVD services are projected to increase by nearly 40% from FY 2022 levels due to a combination of inflation and increased costs related to implementing SB 1383. Of the amount paid to MVD, the City deducts 15% of multifamily and commercial rate revenue as franchise fees. In its budget, the City also accounts for additional franchise fees as a separate line item.

**Table 8: FY 2023 Cost Increase  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

	<b>FY 2022 Estimate</b>	<b>FY 2023 Projection</b>
<b>Revenues</b>		
Solid Waste Charges	\$1,775,300	
Street Sweeping Charges	143,300	
Misc	<u>0</u>	
<b>Total Revenues</b>	<b>1,918,600</b>	
<b>Expenses</b>		
Refuse Services (MVD)	1,280,700	\$1,772,000
Franchise Fees	80,000	117,500
Street Sweeping Services (CVS)	176,000	229,600
City Admin & Overhead	<u>430,900</u>	<u>472,500</u>
<b>Total Expenses</b>	<b>1,967,600</b>	<b>2,591,600</b>
<b>Net Revenue</b>	<b>(\$49,000)</b>	

### 3.4 Net Revenues

The solid waste fund has been operating in a deficit for the past five years, as detailed below in Table 9. For FY 2022, net revenues are projected at approximately -\$49,000. If rates are not increased, the solid waste fund will continue to operate in a deficit.

**Table 9: Net Revenues  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 ACTUAL</b>	<b>FY 2021 PROJECTED</b>	<b>FY 2022 PROJECTED</b>
Total Revenues	\$1,909,680	\$1,858,470	\$1,921,866	\$1,916,000	\$1,918,600
Total Expenses	<u>\$1,924,290</u>	<u>\$1,986,773</u>	<u>\$1,967,169</u>	<u>\$1,933,631</u>	<u>\$1,967,600</u>
<b>NET REVENUES</b>	<b>(\$14,610)</b>	<b>(\$128,303)</b>	<b>(\$45,303)</b>	<b>(\$17,631)</b>	<b>(\$49,000)</b>

### 3.5 Cash Flow Projection

Over the five-year rate study period, rate increases are proposed such that the following objectives are met:

- 1) Fund Mid Valley Disposal and Central Valley Sweeping's service costs
- 2) Fund the solid waste enterprise's overhead and administrative costs
- 3) Comply with new legislation (SB 1383)
- 4) Meet fund reserve targets

The major driver for the solid waste rate increase is aligning the rates with MVD's costs. The FY 2023 rate increase is proposed to set rates at the MVD cost plus an adder to cover City administration, costs to comply with SB 1383, and accumulation of reserves. The solid waste enterprise's main administrative costs include City staffing expenses, insurance, and transfer to the General Fund for City overhead. It is anticipated that the City will spend about \$30,000 in FY 2023 to procure biofuels and compost in order to comply with SB 1383. For illustrative purposes, solid waste and street sweeping expenses are projected to increase by 5.5% annually in FY 2024 to FY 2027.

The fourth financial goal listed above is the accumulation of reserves to meet fund targets. As discussed, the solid waste fund is operating at a deficit and the current fund balance is negative, reflecting past borrowing from the General Fund to cover operations. The cash flow presented in this report assumes a \$0 starting fund balance with positive net revenues accumulated into solid waste fund reserves. It is recommended that the solid waste fund accumulate a reserve equal to 15% of annual operating expenses (about \$500,000) by FY 2027. The reserve can be used as needed by the City to cover any unanticipated costs that may arise associated with compliance with SB 1383.

Table 10 provides the cash flow projection for the next five years with proposed revenue increases. It is assumed that the first rate increase will go into effect September 1, 2022. As a result, FY 2023 reflects two months of rate revenues at the current rates and ten months at the proposed rates. Subsequent rate increases will go into effect July 1 of each year thereafter. For the September 1, 2022 rate change, not every customer will have the same bill increases due to the realignment of the City's rates with the rates charged by MVD. The rate change for each customer will thus depend on the category of service received. Generally, commercial customers will have larger bill increases and residential customers will have smaller bill increases. In Years 2 through 5, rates are proposed to increase based on an inflationary cost passthroughs each year. Cost passthroughs of 5.5% are shown for illustrative purposes. The actual percent increase will depend on the rates charged by MVD and CVS.

**Table 10: Cash Flow Projection  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

	Budget	YEARS 1-5: PROPOSITION 218				
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Fund Balance		\$0	\$54,300	\$162,700	\$276,000	\$394,400
Effective Date		Sep 1, 2022	Jul 1, 2023	Jul 1, 2024	Jul 1, 2025	Jul 1, 2026
Inflation			5.50%*	5.50%*	5.50%*	5.50%*
<b>Revenues</b>						
Solid Waste Charges	1,775,300	2,379,100	2,637,300	2,782,400	2,935,400	3,096,800
Street Sweeping Charges	143,300	260,800	299,900	316,400	333,800	352,200
Refuse Penalty	0	5,000	15,000	15,000	15,000	15,000
Street Sweeping Penalty	<u>0</u>	<u>1,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
<b>Total Revenues</b>	1,918,600	2,645,900	2,954,200	3,115,800	3,286,200	3,466,000
<b>Expenses</b>						
Operating Expenses						
Salaries & Benefits	232,400	239,400	252,600	266,500	281,200	296,700
Supplies & Communications	31,400	32,300	34,100	36,000	38,000	40,100
Insurance & Risk Management	41,600	42,800	45,200	47,700	50,300	53,100
Refuse Services (MVD) [1]	1,280,700	1,772,000	1,973,100	2,081,600	2,196,100	2,316,900
Street Sweeping Services (CVS)	176,000	229,600	242,200	255,500	269,600	284,400
Franchise Fees [1]	80,000	117,500	131,900	139,200	146,900	155,000
Other Professional Services	21,200	21,800	23,000	24,300	25,600	27,000
Procurement	0	28,800	30,400	32,100	33,900	35,800
Depreciation	4,300	4,400	4,600	4,900	5,200	5,500
Transfer Out - Overhead [2]	<u>100,000</u>	<u>103,000</u>	<u>108,700</u>	<u>114,700</u>	<u>121,000</u>	<u>127,700</u>
<b>Total Expenses</b>	1,967,600	2,591,600	2,845,800	3,002,500	3,167,800	3,342,200
<b>Net Revenue</b>	(49,000)	54,300	108,400	113,300	118,400	123,800
<b>Ending Fund Balance</b>		54,300	162,700	276,000	394,400	518,200
Minimum Balance Target [3]	295,100	388,700	426,900	450,400	475,200	501,300
Target Met?	<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>yes</i>

\*Illustrative increase based on estimated inflation of +5.5% annually

1 - Cost increase is assumed to go into effect September 1, 2022

2 - Overhead transfer was determined by Willdan Financial Services - see City of Kingsburg Cost Allocation Plan Table

2: Allocated Costs to Recipient Departments (Full CAP)

3 - 15% of Operating Expenses

## SECTION 4: COST ALLOCATION AND RATE DESIGN

The revenue requirements detailed in the previous section determine the amount of revenue to be recovered from solid waste and street sweeping rates, and the cost of service allocation determines how revenues will be recovered from customers. Proposition 218 requires that public agencies providing “property-related service” (including solid waste) set rates and charges that are based on the cost of providing those services and are proportional to how customers take service.

### 4.1 Cost Allocation Results

Table 11 provides the proposed cost allocation based on FY 2024 operating expenses. Administrative and overhead expenses are allocated to solid waste or street sweeping services based on the ratio of MVD or CVS costs and franchise fees to total service provider costs. Other costs can be directly assigned to either solid waste or street sweeping as appropriate. In total, solid waste service is responsible for about 90% of annual costs and street sweeping service is responsible for about 10%. In FY 2024, street sweeping service is responsible for about \$300,000 in expenses and the solid waste service is responsible for about \$2.64 million in expenses.

**Table 11: Cost Allocation  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

Category	FY 2024 Costs	Solid Waste		Street Sweeping	
		%	\$	%	\$
Operating Expenses					
Salaries & Benefits	\$252,600	89.68%	\$226,535	10.32%	\$26,065 [1]
Supplies & Communications	\$34,100	89.68%	\$30,581	10.32%	\$3,519 [1]
Insurance & Risk Management	\$45,200	89.68%	\$40,535	10.32%	\$4,665 [1]
Refuse Services (MVD)	\$1,973,100	100.00%	\$1,973,100	0.00%	\$0
Street Sweeping Services (CVS)	\$242,200	0.00%	\$0	100.00%	\$242,200
Franchise Fees	\$131,900	100.00%	\$131,900	0.00%	\$0
Other Professional Services	\$23,000	89.68%	\$20,626	10.32%	\$2,374 [1]
Procurement	\$30,400	100.00%	\$30,400	0.00%	\$0
Depreciation	\$4,600	89.68%	\$4,125	10.32%	\$475 [1]
Transfer Out - Overhead	<u>\$108,700</u>	89.68%	<u>\$97,481</u>	10.32%	<u>\$11,219</u> [1]
Total Operating Expenses	\$2,845,800		\$2,555,284		\$290,516
<b>Proposed Cost Allocation</b>		89.79%		10.21%	
Contribution to reserves net of non-rate revenues	\$91,400		\$82,069		\$9,331
Total FY 2024 Rate Revenues	\$2,937,200		\$2,637,400		\$299,800
			89.79%		10.21%

1 - Ratio of service provider costs plus franchise fees

## 4.2 Proposed Rates

The following tables provide the proposed solid waste and street sweeping rate changes. The first rate change is proposed to go into effect September 1, 2022. The rates are derived based on Mid Valley Disposal and Central Valley Sweeping cost increases plus City administrative expenses (as allocated in Table 11). The projected rates for subsequent years will be calculated according to inflationary cost passthroughs. 5.5% annual inflation is estimated for illustrative purposes in the tables below.

<b>Table 12: Proposed Residential Solid Waste Rate Adjustments Solid Waste and Street Sweeping Rate Study City of Kingsburg</b>						
<b>RESIDENTIAL MONTHLY CHARGES</b>	<b>Current</b>	<b>Sep 1, 2022</b>	<b>*Example Rates Assuming +5.5%/yr Inflation</b>			
			<b>Jul 1, 2023</b>	<b>Jul 1, 2024</b>	<b>Jul 1, 2025</b>	<b>Jul 1, 2026</b>
<b>Refuse and Organics</b>						
96 Gal Refuse Barrel & Organics	\$25.10	\$32.41	\$34.20	\$36.08	\$38.06	\$40.15
Two 96 Gal Refuse Barrel & Organics	\$34.25	\$44.23	\$46.66	\$49.23	\$51.94	\$54.79
Add'l Green Waste Container	\$11.60	\$11.60	\$12.24	\$12.91	\$13.62	\$14.37
Senior Citizen Rate - 64 gal container	\$24.10	\$30.91	\$32.70	\$34.58	\$36.56	\$38.65
<b>Recycling</b>						
96 Gal Container	\$2.50	\$3.07	\$3.24	\$3.42	\$3.60	\$3.80
96 Gal Container (each) for Multi-family Units	\$5.00	\$9.40	\$9.91	\$10.46	\$11.03	\$11.64
3 Yard Bin (each)	\$46.00	\$69.66	\$73.49	\$77.53	\$81.80	\$86.30
<b>Other Charges</b>						
Residential Container Return Delivery	\$45.00	\$50.05	\$52.80	\$55.70	\$58.77	\$62.00
64 gal container replacement	New	\$110.03	\$116.08	\$122.47	\$129.21	\$136.31
96 gal container replacement	\$65.00	\$129.92	\$137.06	\$144.60	\$152.56	\$160.95
Container extra pickup	\$6.05	\$10.61	\$11.19	\$11.80	\$12.45	\$13.14
Container Cleaning	\$75.00	\$110.03	\$116.08	\$122.47	\$129.21	\$136.31
Passenger Car Tire Collection & Disposal	New	\$15.91	\$16.78	\$17.71	\$18.68	\$19.71
Truck Tires Collection & Disposal	New	\$29.96	\$31.61	\$33.35	\$35.18	\$37.12
Tractor Tires Collection & Disposal	New	\$75.56	\$79.72	\$84.11	\$88.73	\$93.61
Bulky Items – Curbside Collection (3 items or less not to exceed 500lbs)	New	\$128.59	\$135.67	\$143.13	\$151.00	\$159.30
Excess Bulky Item Minimum	New	\$53.03	\$55.94	\$59.02	\$62.27	\$65.69
Excess Bulky Item Maximum	New	\$265.14	\$279.72	\$295.11	\$311.34	\$328.46
<b>One time set up fee for Special Events/Pick-up</b>						
96 Gallon Container	New	\$39.77	\$41.96	\$44.27	\$46.70	\$49.27
3 Yard Bin	New	\$249.23	\$262.94	\$277.40	\$292.66	\$308.75
Delivery	New	\$59.66	\$62.94	\$66.40	\$70.05	\$73.90
<b>Contamination Charges **</b>						
Second Warning	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Third Warning	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Fourth and each Addl.	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00

*\*Example rates shown for illustrative purposes. Actual rate increases will be equal to the annual % increase from the City's solid waste service provider up to 10% per year.*

*\*\*Contamination charges are not proposed to increase.*

**Table 13: Proposed Commercial Trash and Recycling Rate Adjustments**  
**Solid Waste and Street Sweeping Rate Study**  
**City of Kingsburg**

NON-RESIDENTIAL MONTHLY CHARGES	Current	Sep 1, 2022	*Example Rates Assuming +5.5% Annual Inflation			
			Jul 1, 2023	Jul 1, 2024	Jul 1, 2025	Jul 1, 2026
<b>Commercial Trash</b>						
96 Gallon Container						
1x per week	\$19.55	\$31.64	\$33.38	\$35.22	\$37.16	\$39.20
2x per week	\$34.50	\$55.83	\$58.90	\$62.13	\$65.55	\$69.16
3x per week	\$51.75	\$83.77	\$88.38	\$93.24	\$98.37	\$103.78
2 yard bin						
1x per week	\$76.30	\$123.52	\$130.31	\$137.48	\$145.04	\$153.01
2x per week	\$103.45	\$185.33	\$195.53	\$206.28	\$217.63	\$229.59
3x per week	\$162.55	\$257.52	\$271.68	\$286.62	\$302.39	\$319.02
4x per week	\$221.30	\$332.78	\$351.08	\$370.39	\$390.76	\$412.25
5x per week	\$280.55	\$440.91	\$465.16	\$490.75	\$517.74	\$546.22
6x per week	\$339.55	\$549.67	\$579.91	\$611.80	\$645.45	\$680.95
3 yard bin						
1x per week	\$118.45	\$181.41	\$191.39	\$201.91	\$213.02	\$224.73
2x per week	\$148.90	\$236.53	\$249.54	\$263.27	\$277.74	\$293.02
3x per week	\$228.85	\$370.47	\$390.84	\$412.34	\$435.02	\$458.94
4x per week	\$311.10	\$503.62	\$531.32	\$560.54	\$591.37	\$623.90
5x per week	\$378.80	\$613.20	\$646.93	\$682.51	\$720.05	\$759.65
6x per week	\$472.30	\$764.57	\$806.62	\$850.99	\$897.79	\$947.17
4 yard bin						
1x per week	\$143.75	\$223.65	\$235.95	\$248.92	\$262.61	\$277.06
2x per week	\$194.20	\$311.31	\$328.44	\$346.50	\$365.56	\$385.66
3x per week	\$262.65	\$446.55	\$471.11	\$497.02	\$524.36	\$553.20
4x per week	\$355.00	\$574.68	\$606.28	\$639.63	\$674.81	\$711.92
5x per week	\$479.60	\$776.38	\$819.08	\$864.13	\$911.66	\$961.80
6x per week	\$647.85	\$1,048.75	\$1,106.43	\$1,167.28	\$1,231.48	\$1,299.21
6 yard bin						
1x per week	\$155.40	\$251.58	\$265.41	\$280.01	\$295.41	\$311.66
2x per week	\$311.20	\$503.55	\$531.25	\$560.47	\$591.29	\$623.81
3x per week	\$458.28	\$741.87	\$782.68	\$825.73	\$871.14	\$919.05
4x per week	\$605.35	\$979.98	\$1,033.88	\$1,090.75	\$1,150.74	\$1,214.03
5x per week	\$756.80	\$1,225.15	\$1,292.53	\$1,363.62	\$1,438.62	\$1,517.74
6x per week	\$908.20	\$1,470.21	\$1,551.08	\$1,636.39	\$1,726.39	\$1,821.34
6 yard compactor						
1x per week	\$310.80	\$503.16	\$530.83	\$560.03	\$590.83	\$623.32
2x per week	\$622.40	\$1,007.11	\$1,062.50	\$1,120.94	\$1,182.59	\$1,247.63
3x per week	\$916.55	\$1,483.75	\$1,565.36	\$1,651.45	\$1,742.28	\$1,838.11
4x per week	\$1,210.70	\$1,959.97	\$2,067.77	\$2,181.49	\$2,301.48	\$2,428.06
5x per week	\$1,515.95	\$2,450.29	\$2,585.06	\$2,727.24	\$2,877.23	\$3,035.48
6x per week	\$1,816.45	\$2,940.43	\$3,102.15	\$3,272.77	\$3,452.77	\$3,642.68

NON-RESIDENTIAL MONTHLY CHARGES	Current	Sep 1, 2022	*Example Rates Assuming +5.5% Annual Inflation			
			Jul 1, 2023	Jul 1, 2024	Jul 1, 2025	Jul 1, 2026
<b>Commercial Recycling</b>						
64 Gallon Container						
1x per week	\$4.00	\$9.28	\$9.79	\$10.33	\$10.90	\$11.50
96 Gallon Container						
1x per week	\$5.75	\$11.53	\$12.17	\$12.84	\$13.54	\$14.29
2 yard bin						
1x per week	\$43.70	\$70.66	\$74.55	\$78.65	\$82.97	\$87.54
2x per week	\$100.50	\$162.68	\$171.62	\$181.06	\$191.02	\$201.53
3x per week	\$131.10	\$212.11	\$223.78	\$236.09	\$249.07	\$262.77
3 yard bin						
1x per week	\$52.90	\$85.51	\$90.21	\$95.17	\$100.41	\$105.93
2x per week	\$121.70	\$197.00	\$207.83	\$219.26	\$231.32	\$244.04
3x per week	\$158.70	\$256.90	\$271.03	\$285.94	\$301.66	\$318.25
4 yard bin						
1x per week	\$67.85	\$109.79	\$115.83	\$122.20	\$128.93	\$136.02
2x per week	\$135.70	\$219.24	\$231.30	\$244.02	\$257.45	\$271.61
3x per week	\$203.55	\$329.44	\$347.56	\$366.67	\$386.84	\$408.11
6 yard bin						
1x per week	\$97.75	\$158.22	\$166.92	\$176.11	\$185.79	\$196.01
2x per week	\$195.50	\$376.03	\$396.72	\$418.54	\$441.56	\$465.84
3x per week	\$293.25	\$474.60	\$500.70	\$528.24	\$557.30	\$587.95

*\*Example rates shown for illustrative purposes. Actual rate increases will be equal to the annual % increase from the City's solid waste service provider up to 10% per year.*

**Table 14: Proposed Commercial Organic Rate Adjustments and Other Charges  
Solid Waste and Street Sweeping Rate Study  
City of Kingsburg**

NON-RESIDENTIAL MONTHLY CHARGES	Current	Sep 1, 2022	*Example Rates Assuming +5.5% Annual Inflation			
			Jul 1, 2023	Jul 1, 2024	Jul 1, 2025	Jul 1, 2026
<b>Commercial Organics</b>						
64 Gallon Container						
1x per week	New	\$9.15	\$9.65	\$10.18	\$10.74	\$11.33
2x per week	New	\$17.90	\$18.88	\$19.92	\$21.02	\$22.17
3x per week	New	\$26.51	\$27.97	\$29.51	\$31.13	\$32.85
96 Gallon Container						
1x per week	\$4.60	\$10.61	\$11.19	\$11.80	\$12.45	\$13.14
2x per week	\$9.20	\$19.75	\$20.84	\$21.99	\$23.19	\$24.47
3x per week	\$13.80	\$28.83	\$30.42	\$32.09	\$33.86	\$35.72
1.5 yard bin						
1x per week	New	\$99.43	\$104.90	\$110.67	\$116.75	\$123.17
2x per week	New	\$159.08	\$167.83	\$177.06	\$186.80	\$197.08
3x per week	New	\$218.74	\$230.77	\$243.46	\$256.85	\$270.98
<b>Other Commercial Charges</b>						
Locking Device	\$25.00	\$39.77	\$41.96	\$44.27	\$46.70	\$49.27
Container Return Delivery	\$45.00	\$67.61	\$71.33	\$75.25	\$79.39	\$83.76
Container Cleaning	\$75.00	\$119.31	\$125.88	\$132.80	\$140.10	\$147.81
<b>Container Replacement Charges</b>						
96 Gallon	\$65.00	\$106.06	\$111.89	\$118.04	\$124.54	\$131.38
2 Yard Bin	\$425.00	\$994.28	\$1,048.96	\$1,106.65	\$1,167.52	\$1,231.73
3 Yard Bin	\$520.00	\$1,093.70	\$1,153.86	\$1,217.32	\$1,284.27	\$1,354.91
4 Yard Bin	\$680.00	\$1,259.42	\$1,328.68	\$1,401.76	\$1,478.86	\$1,560.19
6 Yard Bin	\$750.00	\$1,425.13	\$1,503.51	\$1,586.20	\$1,673.44	\$1,765.48
<b>Extra Pick-up</b>						
96 Gallon	\$6.05	\$15.91	\$16.78	\$17.71	\$18.68	\$19.71
2 Yard Bin	\$54.65	\$88.49	\$93.36	\$98.49	\$103.91	\$109.62
3 Yard Bin	\$77.65	\$124.62	\$131.47	\$138.70	\$146.33	\$154.38
4 Yard Bin	\$97.20	\$157.10	\$165.74	\$174.85	\$184.47	\$194.61
6 Yard Bin	\$111.55	\$180.30	\$190.21	\$200.67	\$211.71	\$223.35
<b>Contamination Charges**</b>						
Second Warning	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Third Warning	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Fourth and each Addl.	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00

*\*Example rates shown for illustrative purposes. Actual rate increases will be equal to the annual % increase from the City's solid waste service provider up to 10% per year.*

*\*\*Contamination charges are not proposed to increase.*

**Table 15: Proposed Street Sweeping Rate Adjustments**  
**Solid Waste and Street Sweeping Rate Study**  
**City of Kingsburg**

Customer Category	Current (\$/month)	Sep 1, 2022	*Example Rates Assuming +5.5% Annual Inflation			
			Jul 1, 2023	Jul 1, 2024	Jul 1, 2025	Jul 1, 2026
Residential Street Sweeping (\$/dwelling unit)	\$2.10	\$4.17	\$4.40	\$4.64	\$4.89	\$5.16
Commercial Street Sweeping (\$/LF)** (LF – linear front footage)	\$0.20	\$0.40	\$0.42	\$0.44	\$0.47	\$0.49

\*Example rates shown for illustrative purposes. Actual rate increases will be equal to the annual % increase from the City’s street sweeping service provider up to 10% per year.

\*\*Apartments with 3 or more units will be charged the commercial Linear front footage rate (Minimum charge equal to residential rate).

### 4.3 Bill Impacts and Rate Survey

Figure 3 below shows the projected solid waste bill for a single family residential customer over the next five years. The bill includes refuse, recycling, and organics pickup and disposal. The figure below does not include street sweeping charges.

**Figure 3: Sample Monthly Bill Impacts - Single Family Residential**

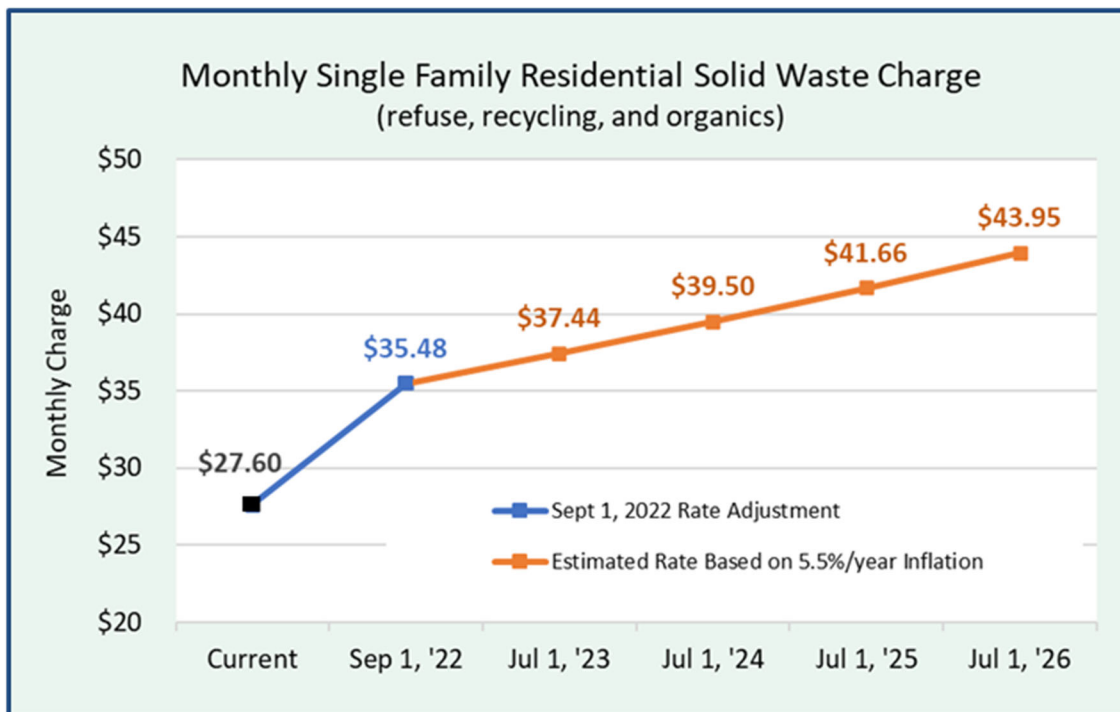


Figure 4 provides a bill survey comparing the City’s current and proposed typical single family monthly solid waste bill with corresponding bills from other local agencies. The figure below does not include street sweeping charges.

**Figure 4: Monthly Bill Survey - Solid Waste**

