

REPORT

County of Sacramento

2026 SOLID WASTE RATE STUDY

submitted electronically on August 27, 2026



R3

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1. STUDY OVERVIEW

Executive Summary

Sacramento County (County) retained R3 Consulting Group (R3) to evaluate the long-term financial sustainability of the Department of Waste Management and Recycling (DWMR) Solid Waste Enterprise Fund (Enterprise Fund) and to develop a financially sustainable schedule of residential collection rates and facility fees. R3 developed an integrated ten-year financial model incorporating operating revenues and expenses, capital investment, fleet replacement, financing, and reserve requirements across the Enterprise Fund.

The Study's central finding is straightforward: existing rates and fees are not sufficient to support projected operating and capital requirements over the planning horizon. Without additional revenue, Enterprise Fund reserves are projected to decline rapidly, reaching approximately 0.3 months of operating expenditures by FY 2027/28 and becoming negative in FY 2028/29. Delaying adjustments would therefore increase the likelihood that the County would need larger corrective rate increases in future years.

R3 recommends a measured five-year rate and fee plan that preserves service reliability, funds planned capital and fleet needs and maintains reserves near the County's planning objective. The first adjustment would take effect January 1, 2027, with subsequent annual adjustments occurring each January 1 thereafter.

The recommended plan is based on the financial requirements of the Enterprise Fund rather than on peer rates. Regional comparisons were used as a reasonableness check and indicate that the proposed residential and facility charges remain generally competitive, notwithstanding differences in service levels and operating conditions among agencies.

The recommended schedule provides sufficient revenue to support projected operations, planned capital investment, and reserve objectives while giving customers a predictable multi-year rate path. Because the model covers ten years, the County can also reassess future adjustments annually as actual budgets, capital schedules, revenues, and operating conditions change.

Recommendation at a Glance

Figure 0: Summary Recommendations

Decision Item	Recommended Plan
Initial effective date	January 1, 2027
Future annual cycle	On Each January 1
30-gallon residential rate	6.5% per adjustment through the five-year schedule
60- and 90-gallon residential rates	4.5% per adjustment through the five-year schedule
Weighed facility fees	NARS: 4.5% per adjustment; Kiefer: 4.5% initially, increasing in later years as shown in Figure 1
Reserve objective	Approximately 2 months of operating expenditures as minimum, plus additional reserves to fund capital projects

Recommended Action

- » Adopt the five-year residential collection and facility fee adjustment schedule shown in Figure 1, beginning January 1, 2027, and subsequent annual January 1 adjustments.
- » Use the Rate Model as an annual financial planning tool and update it each year for actual operating results, adopted budgets, capital program changes, customer and tonnage trends, and revised economic assumptions.

- » Maintain a minimum Enterprise Fund reserves at approximately two months of operating expenditures, plus additional reserves to fund capital projects, recognizing that reserve levels may fluctuate from year to year based on the timing of major capital expenditures and other one-time events.
- » Continue to evaluate cost recovery by major line of business so future adjustments can reflect differing cost pressures among residential collection, Kiefer Landfill, North Area Recovery Station (NARS), and other Enterprise activities.

Financial Consequence of No Rate Action

The Enterprise Fund is currently operationally stable, but the financial model shows that this position is not sustainable under existing rates. Labor, equipment maintenance, fuel, contracted services, regulatory compliance, fleet replacement, landfill development, and other capital costs are projected to grow faster than recurring operating revenues. In addition, any trajectory that is below the 2-month operating reserve would materially reduce the County's ability to absorb operating volatility, emergency costs, or changes in the capital program and would ultimately require corrective action. Maintaining adequate reserves is also important to preserve the Enterprise Fund's ability to meet any necessary future debt service coverage ratios, and future debt obligations and maintain the County's ability to secure financing on reasonable terms for future capital needs.

Under the no-rate-adjustment case, which assumes no new loans would be secured, the projected year-end reserves fall from approximately 2.2 months of operating expenditures in FY 2026/27 to 0.3 months in FY 2027/28, negative 0.5 months in FY 2028/29, negative 1.6 months in FY 2029/30, and negative 3.7 months in FY 2030/31.

The principal funding requirements driving the recommendation are:

- » Inflationary increases in the cost of labor, equipment maintenance, fuel, utilities, processing, and other ongoing operations;
- » Major capital investment, including development of Module 5 at Kiefer Landfill to provide continued disposal capacity;
- » Costs associated with state-mandated programs, including continued SB 1383 organics collection, initial impacts of California Air Resources Board (CARB) Advanced Clean Fleet regulations for state and local government fleets, recent amendments to CARB's Landfill Methane Regulation that significantly change existing requirements, and other compliance activities;
- » Planned collection vehicle and equipment replacement needed to maintain service reliability;
- » A second annual bulky waste pickup opportunity for residential customers; and
- » Maintenance of adequate Enterprise Fund reserves to manage operating and economic uncertainty.

Recommendation and Financial Strategy

R3 evaluated multiple operating and financing scenarios over the ten-year model horizon and developed a five-year rate schedule designed to generate sufficient recurring revenue while avoiding unnecessary near-term increases. Each scenario was tested against customer impacts, annual operating results, capital funding requirements, reserve sufficiency, and long-term financial sustainability.

The recommended strategy evaluates the Solid Waste Enterprise Fund as an integrated system. Although residential collection, Kiefer Landfill, NARS, commercial franchise activities, and enterprise support functions have distinct revenue and cost characteristics, they share administrative functions, capital assets, financing requirements, and reserves.

R3 recommends the five-year schedule shown in **Figure 1**. The recommended schedule includes the second annual bulky waste pickup opportunity, financing for Kiefer Landfill Module 5 Phase 1, and pay-as-you-go for Module 5 Phase 2. The recommended rate path is intended to maintain service and capital funding while keeping reserves near the County's planning objective and avoiding the substantially larger corrections that would be required if adjustments were deferred.

Figure 1: Recommended Five-Year Residential Collection Rate and Facility Fee Plan

RATE/REVENUE ADJUSTMENT	Current Adj.	Current Rate	Effective 1/1/27	Rate 1/1/27	Effective 1/1/28	Rate 1/1/28
Residential Collection 30 GAL	0.0%	\$36.63	6.5%	\$39.01	6.5%	\$41.55
Residential Collection 60 GAL	0.0%	\$41.03	4.5%	\$42.88	4.5%	\$44.81
Residential Collection 90 GAL	0.0%	\$49.85	4.5%	\$52.09	4.5%	\$54.44
NARS Normal Refuse Facility Fee (Weighed)	0.0%	\$89.90	4.5%	\$93.95	4.5%	\$98.20
NARS Transfer Minimum Scale Charge	0.0%	\$50.00	\$5.00	\$55.00	\$0.00	\$55.00
NARS Transfer Pickup Truck Load (Non-Weighed)	0.0%	\$40.00	\$5.00	\$45.00	\$0.00	\$45.00
KLF Normal Refuse Facility Fee (Weighed)	0.0%	\$61.35	4.5%	\$64.10	4.5%	\$67.00
KLF Minimum Scale Charge	0.0%	\$45.00	\$5.00	\$50.00	\$0.00	\$50.00
KLF Pickup Truck Load (Non-Weighed)	0.0%	\$35.00	\$5.00	\$40.00	\$0.00	\$40.00
RATE/REVENUE ADJUSTMENT	Effective 1/1/29	Rate 1/1/29	Effective 1/1/30	Rate 1/1/30	Effective 1/1/31	Rate 1/1/31
Residential Collection 30 GAL	6.5%	\$44.25	6.5%	\$47.12	6.5%	\$50.19
Residential Collection 60 GAL	4.5%	\$46.82	4.5%	\$48.93	4.5%	\$51.13
Residential Collection 90 GAL	4.5%	\$56.89	4.5%	\$59.45	4.5%	\$62.12
NARS Normal Refuse Facility Fee (Weighed)	4.5%	\$102.60	4.5%	\$107.20	4.5%	\$112.00
NARS Transfer Minimum Scale Charge	\$0.00	\$55.00	\$0.00	\$55.00	\$0.00	\$55.00
NARS Transfer Pickup Truck Load (Non-Weighed)	\$0.00	\$45.00	\$0.00	\$45.00	\$0.00	\$45.00
KLF Normal Refuse Facility Fee (Weighed)	5.5%	\$70.70	5.5%	\$74.60	6.5%	\$79.45
KLF Minimum Scale Charge	\$0.00	\$50.00	\$0.00	\$50.00	\$0.00	\$50.00
KLF Pickup Truck Load (Non-Weighed)	\$0.00	\$40.00	\$0.00	\$40.00	\$0.00	\$40.00

The first adjustment occurs January 1, 2027, with annual adjustments occurring each January 1. The schedule should be reviewed annually through the Rate Model rather than treated as a substitute for ongoing financial monitoring.

The recommended plan is therefore both a rate-setting action and a financial-management framework: it provides a defined path for the next five years while preserving the County's ability to modify future adjustments if actual costs, revenues, capital needs, or other operating conditions differ materially from current projections.

Limitations

In preparing this Study, R3 relied on operational, financial, and other supporting information provided by the County, which was assumed to be accurate and reliable for purposes of the analyses and findings presented herein. R3 did not independently audit or otherwise verify the underlying source data provided by the County.

The Financial Model and associated analyses developed as part of this Study include various projections of revenues, expenditures, capital costs, reserve balances, and other financial metrics over the planning period. Those projections are based on assumptions, estimates, and other information provided by the County, and further developed by both the County and R3. While R3 reviewed the assumptions and resulting projections for general reasonableness and consistency with available information, actual financial and operational results will vary from projected amounts due to future events and circumstances that cannot be fully predicted or controlled. Such variations may be material and could affect the conclusions, recommendations, and financial outlook presented in this Study.

This Study was prepared in consideration of applicable laws, regulations, and relevant legal authorities related to solid waste enterprise funding, rate setting, and cost recovery. However, this Study is not intended to provide legal advice or legal interpretation. Any questions regarding the application or interpretation of legal requirements, including Proposition 218 and other applicable statutory or regulatory provisions, should be directed to qualified legal counsel.

2. OBJECTIVES & BACKGROUND

Objectives

R3 was retained by the County to conduct a comprehensive financial review and rate study (Study) of the County's Solid Waste Enterprise Fund (Enterprise Fund). The primary goal of the Study is to evaluate the long-term financial sustainability of solid waste operations and develop recommendations for residential collection rates, landfill tipping fees, transfer station fees, and other solid waste service charges sufficient to recover projected costs while maintaining the financial integrity of the Enterprise Fund.

The objectives of the Study were to perform the research and analyses necessary to evaluate DWMR's solid waste rates and fees and recommend a five-year rate and fee forecast. Specifically, the Study was designed to:

- » Develop an Excel-based Rate Model that projects the financial condition of the Solid Waste Enterprise Fund over a ten-year planning period and allows DWMR to evaluate operating, capital investment, financing, and rate scenarios;
- » Evaluate the adequacy of existing residential rates and facility fees to recover the cost of providing services.
- » Conduct a high-level cost-of-service analysis to evaluate the relationship between revenues generated by the Enterprise's major business activities and the associated costs of providing those services.
- » Develop recommended residential collection rate and facility fee adjustments, with an initial adjustment effective January 1, 2027, and subsequent annual adjustments each January 1;
- » Conduct a rate comparison between the County and similar operations and facilities in the region to be used as a comparative baseline for existing rates and proposed rates developed from the rate study; and
- » Assist the County with the Proposition 218 Public Hearing process.

The Study provides the County with a practical financial planning tool to support annual budget development, long-term capital planning, reserve management, and future rate evaluations. The Rate Model projects financial performance over a ten-year horizon to identify longer-term operating, capital, financing, and regulatory needs; the primary decision focus of this Study is the recommended five-year schedule of residential collection rate and facility fee adjustments.

Background

Sacramento County (County) is located at the northern end of California's Central Valley. The County began providing residential waste collection service in the unincorporated area in 1968. The Department of Waste Management and Recycling (DWMR), within the County's Community Services Agency, manages the Solid Waste Enterprise Fund and is responsible for operation, maintenance, and development of the solid waste management system in unincorporated Sacramento County, including:

- » Residential curbside collection services for garbage, recycling, organics, used oil/filters and bulky waste pickup to more than 600,000 residents through 165,000 household accounts across 800 square miles of the unincorporated area.
- » Transfer and disposal services for residential, commercial, and self-haul customers at its regional facilities – the North Area Recovery Station (NARS), Kiefer Landfill (KLF), and two drop-off facilities for household hazardous waste.
- » Regulation of commercial solid waste and recycling requirements for businesses/commercial and multifamily properties.

DWMR's solid waste infrastructure includes KLF, NARS, the South Area Transfer Station (not currently open to the public), and two closed landfills in post-closure care.

The Solid Waste Enterprise Fund is a self-supporting enterprise fund. Revenues are derived primarily from residential service charges and facility fees at KLF and NARS, which together account for

approximately 90 percent of DWMR's total revenues. DWMR's revenues must be adequate to finance operations, capital improvements, landfill closure and post-closure costs, and meet reserve fund targets. Though the Solid Waste Enterprise Fund operates as a single enterprise fund, revenue streams are divided into two major categories:

1. Rate revenue – service charges for residential solid waste collection from households in the unincorporated County (ratepayers); and
2. Facility revenue – primarily facility fees at KLF and NARS from commercial waste haulers and self-haulers.

The County Board of Supervisors last adopted residential rate schedules in 2022 with the last increase effective July 1, 2025. The County Board of Supervisors last adopted facility fee schedules for KLF and NARS in 2021 with the last increase effective January 1, 2026. The recommended schedule in this Study begins January 1, 2027, with subsequent annual adjustments each January 1 thereafter for both residential collection rates and facility fees.

The County's commercial collection operations are provided by private haulers through a non-exclusive franchise system. Commercial fund activities are included in the Study; however, the County does not set commercial collection rates. Commercial franchise fees and related revenues and expenses are incorporated into the Rate Model, but commercial collection rates are not evaluated or projected.

The County previously completed separate collection and facility fee studies in 2021. Those studies addressed projected operating and capital costs, SB 1383 implementation, customer impacts, and reserve sufficiency through FY 2025-26. The current study updates and integrates those analyses using current budgets, capital plans, customer and tonnage data, and a ten-year planning horizon.

Cost of Service Rate Adjustments

A high-level cost-of-service analysis was conducted to evaluate the relationship between revenues and expenses across major service categories. The review was intended to inform rate-setting decisions and assess relative funding needs among residential collection, commercial collection-related activities, landfill operations, transfer station operations, and other Enterprise Fund functions.

Because the County operates these functions within a unified enterprise structure, certain administrative, capital, and support costs are shared across multiple services. Accordingly, the cost-of-service analysis should be viewed as a planning and rate-setting tool rather than a precise allocation of every Enterprise Fund cost to an individual customer or transaction.

The analysis indicates that the existing rate structure reflects the services provided; however, projected operating costs, capital requirements, and revenue needs differ among service categories. Recommended rate adjustments therefore vary by service type to better align future revenues with anticipated funding requirements. The analysis considered the following major lines of business:

- » Residential Collection
- » Commercial Collection
- » KLF weighed and non-weighed services
- » NARS weighed and non-weighed services

The high-level cost-of-service analysis assigned direct revenues and expenses where practicable and allocated shared costs among the major lines of business using reasonable allocation factors. Its purpose was to evaluate relative revenue sufficiency and inform differentiated rate adjustments so that revenues generated by each major service category more closely align with the costs attributable to that category.

Because actual cost of service can fluctuate from year to year due to tonnage, customer activity, inflation, capital timing, and other factors, the analysis was not intended to establish an exact annual revenue-to-cost match for every individual service or customer class. Rather, it provides a reasonable planning basis for the recommended rate adjustments.

3. RATE MODEL ANALYSIS

The recommended rate strategy is designed to achieve four objectives: maintain service reliability at lowest possible rates, preserve reserve adequacy, support planned capital investments, and minimize future rate volatility. Rather than delaying action and requiring substantial one-time increases in later years, the recommended approach incorporates measured adjustments over a five-year period. The first adjustment is effective January 1, 2027. The ten-year Rate Model provides the longer-term financial perspective needed to evaluate the sustainability of that five-year rate plan.

Unlike a traditional rate model that evaluates either residential collection services or solid waste facility operations independently, the model developed for this Study incorporates the financial activities of the County's entire Solid Waste Enterprise Fund. The Fund encompasses residential curbside collection, Kiefer Landfill (KLF), the North Area Recovery Station (NARS), commercial franchise revenues, enterprise administration, capital improvements, fleet replacement, and reserve funding within a single integrated financial framework.

Because the County operates all solid waste activities within one enterprise fund, rather than maintaining separate operating, capital, or fleet replacement funds, the model evaluates the financial condition of the Enterprise as a whole. This integrated approach recognizes that many administrative functions, capital assets, and reserve balances support multiple operating divisions and therefore must be evaluated from an enterprise-wide perspective.

The model was developed as both a rate-setting tool and a long-term financial planning model capable of evaluating alternative operating assumptions, capital investment strategies, reserve funding policies, and multi-year rate adjustment scenarios. As financial conditions evolve, the model can be updated to incorporate revised budgets, actual financial results, customer growth, capital projects, and changing operational priorities without redevelopment of the underlying financial framework.

Rate Model Development

R3 developed an integrated Rate Model that projects revenues, operating expenses, capital expenditures, financing activity, and reserve balances for the County's Solid Waste Enterprise Fund over a ten-year planning period. The model incorporates residential collection, Kiefer Landfill (KLF), the North Area Recovery Station (NARS), commercial franchise-related activity, enterprise administration, fleet replacement, and other capital needs. Rate adjustment scenarios were then evaluated to identify a five-year schedule that supports projected costs and maintains reasonable reserve levels.

The rate model projects the financial condition of the Enterprise Fund over a ten-year planning period. The planning horizon was selected to provide sufficient visibility into long-term operating trends, fleet replacement cycles, capital investment needs, reserve funding requirements, and anticipated changes in revenues and expenditures.

A multi-year planning approach provides several advantages over annual budgeting alone, including:

- » Early identification of future funding shortfalls.
- » Evaluation of long-term reserve adequacy.
- » Improved coordination of vehicle replacement and capital improvement programs.
- » Development of predictable multi-year rate adjustment strategies.
- » Improved understanding of future financial risks.

The County's approved FY 26/27 Budget formed the initial basis for the Rate Model. Global adjustment factors can be applied to major revenue and expense categories, while individual line items can be overridden when a more specific projection is available. The model separately tracks annual surplus or shortfall, beginning and ending operating reserves, rate and tipping fee levels, capital and vehicle spending, and cost-of-service allocations. **Figure 2** below describes the main objects in the rate model.

Figure 1: Description of Rate Model Components

Model Component	Function
Rate Model Summary	Summarizes projected revenues, expenses, annual surplus/shortfall, reserves, and resulting rates.
Budget Projections	Projects the detailed County budget and allows line-item overrides and one-time items.
Line-of-Business Cost of Service	Assigns direct and allocated costs to collection, NARS, Kiefer, and other functions.
Allocation Factors	Documents the metrics used to distribute shared costs among lines of business.
CIP and Vehicle Lists	Schedules capital and vehicle expenditures and links them to annual financial projections.
Subscriptions and Tonnage	Projects customer accounts, service levels, transactions, and material tonnage.
Economic and Index Support	Documents inflation and other escalation assumptions used in the model.

Revenue Projections

The Fund receives revenues from several major sources, each of which was projected independently based on historical trends, adopted budgets, operational expectations, and future planning assumptions.

Without rate adjustments, but assuming capital expense financing, the County is projected to recognize approximately \$195 million in total revenues and financing sources in FY 2026/27, with major sources including residential service charges, disposal fees, and capital financing. Recurring operating revenues are driven primarily by user fees and therefore change only modestly without periodic rate adjustments, apart from customer growth, service-level changes, and other non-rate factors.

Major revenue categories evaluated in the financial model include:

- » Residential curbside collection service charges.
- » Kiefer Landfill facility fees.
- » North Area Recovery Station facility fees.
- » Sale of recyclable materials and recovered products.
- » Investment earnings.
- » Financing proceeds and loans.
- » Grants and reimbursements.
- » Commercial collection franchise fees.
- » Other miscellaneous operating revenues.

For purposes of the Study, projected recurring revenues were adjusted primarily through residential collection rate and facility fee changes. Financing proceeds, grants, investment earnings, and other non-rate sources were modeled separately based on the applicable planning assumptions.

Because the Fund relies primarily on user fees rather than tax revenues, maintaining sufficient revenue growth through periodic rate adjustments is essential for preserving long-term financial sustainability.

Expense Projections

Projected expenditures were developed using the adopted operating budget as the baseline and adjusted to reflect anticipated changes in staffing, inflation, contractual obligations, capital investment requirements, regulatory compliance, and other operational needs.

Major expenditure categories evaluated include:

Personnel

Personnel expenditures include salaries, overtime, retirement contributions, health insurance, payroll taxes, workers' compensation, and other employee-related costs. Personnel costs represent one of the Fund's largest operating expenditures and are projected to increase over the planning period consistent with anticipated labor cost escalation.

Operations and Maintenance

Operating expenditures include vehicle maintenance, equipment maintenance, fuel, utilities, contractual services, supplies, insurance, communications, information technology, professional services, and other day-to-day operating costs.

Facility Operations

Disposal-related, processing-related, and other facility expenditures include landfill operations, transfer station operations, environmental monitoring, regulatory compliance, equipment operation, and facility maintenance.

Administrative Services

Administrative expenditures support financial management, customer service, engineering, environmental compliance, human resources, procurement, information technology, and executive oversight.

Capital Expenditures

Capital expenditures include planned investments in vehicles, facilities, infrastructure, heavy equipment, information systems, and other long-lived assets necessary to maintain reliable service delivery. This includes collection vehicles and landfill cell construction.

Reserve Policy

The model tracks beginning and ending operating reserves, reserves as a percentage of annual operating expenditures, and the equivalent number of months of operating expenditures. For planning purposes, the County seeks to maintain reserves of approximately two months of operating expenditures plus additional reserves to fund capital projects. This range is intended to provide liquidity for operating volatility, emergency repairs, timing differences in major capital expenditures, and other enterprise risks without accumulating materially more cash than is reasonably needed for identified purposes.

Financial Assumptions

The expense projections contained in the model are based upon a series of planning assumptions developed through review of County budgets, historical financial performance, discussions with County staff, and professional judgment regarding anticipated future operating conditions.

The principal assumptions include:

- » Annual inflation applied to operating expenditures based on the nature of each cost category.
- » Personnel cost escalation reflecting anticipated salary and benefit increases.

- » Projected customer account growth where applicable.
- » Planned fleet replacement schedules.
- » Capital improvement expenditures identified by the County, including landfill cell construction.
- » Projected investment earnings on reserve balances.
- » Continuation of existing service levels unless otherwise identified.
- » Maintenance of reserve funding objectives throughout the planning period.

These assumptions provide a reasonable basis for long-term financial planning while recognizing that actual financial performance will vary as economic conditions, regulatory requirements, and operational priorities evolve.

Recommended Rate Adjustment

R3 and County staff developed the recommended rate adjustment schedule shown in **Figure 4**. The figure presents the recommended adjustments and the projected year-end reserve balance, expressed in months of operating expenditures. This analysis includes not only a consideration of the immediate 5-year time horizon, but also considerations of a longer 10-year horizon to verify long-term stability.

We considered the evaluation criteria listed below to help develop the recommended rate adjustment schedule.

- » Customer rate impacts.
- » Annual operating results.
- » Organic processing costs.
- » Projected cash flow and revenue sufficiency.
- » Reserve fund balances, with a planning objective of approximately two to three months of operating expenditures.
- » Capital funding capacity.
- » Long-term financial sustainability.

The first recommended rate and fee adjustments are effective January 1, 2027, and subsequent adjustments every January 1 thereafter.

Figure 4: Recommended Rate Adjustment Schedule and Projected Reserve Levels - Scenario A

RATE/REVENUE ADJUSTMENT SERVICE	Effective 1/1/27	Effective 1/1/28	Effective 1/1/29	Effective 1/1/30	Effective 1/1/31
Residential Collection 30 GAL	6.5%	6.5%	6.5%	6.5%	6.5%
Residential Collection 60 GAL	4.5%	4.5%	4.5%	4.5%	4.5%
Residential Collection 90 GAL	4.5%	4.5%	4.5%	4.5%	4.5%
NARS Transfer Facility Fee (Weighed)	4.5%	4.5%	4.5%	4.5%	4.5%
NARS Transfer Facility Fee (Non-Weighed)	\$5.00	\$0.00	\$0.00	\$0.00	\$0.00
Kiefer Landfill Facility Fee (Weighed)	4.5%	4.5%	5.5%	5.5%	6.5%
Kiefer Landfill Facility Fee (Non-Weighed)	\$5.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Service Fees	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Rate Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
FYE Reserve Fund (Months of Expenditures)	3.5	3.3	3.6	3.8	2.8
FYE Reserve Fund WITHOUT Rate Adjust. or Loans	2.2	0.3	-0.5	-1.6	-3.7

The 'Non-Weighed' category shown above corresponds to flat-rate service options provided at the facilities, including car and pickup-truck loads and certain unit-based charges for items such as tires. These flat-rate charges are projected to increase by \$5.00 per unit on January 1, 2027, and remain unchanged during the remainder of the five-year rate period.

Clean green waste and wood waste facility fees were held constant throughout the planning period at \$115.65 per ton.

The analysis demonstrates that relatively small differences in assumptions and annual rate adjustments can materially affect reserve balances and long-term financial performance. The Recommended Rate Adjustment is intended to balance revenue sufficiency and customer impacts while reducing the likelihood of larger corrective adjustments in future years.

Rates and Fees

The County's existing residential collection rates and disposal facility fees provide the primary recurring revenue supporting the Enterprise Fund. The Recommended Rate Adjustment builds upon the current rate structure by applying the first adjustment on January 1, 2027, and subsequent annual adjustments each January 1. This schedule is intended to maintain cost recovery while providing a predictable and transparent path for future rate changes.

Figure 5 presents current rates and fees alongside the projected charges under the five-year Recommended Scenario. The columns correspond to the effective dates of the recommended adjustments rather than implying that each rate is in effect for the entire fiscal year.

Figure 5: Current and Projected Residential Collection Rates and Select Facility Fees - Recommended Scenario A

RATE/REVENUE ADJUSTMENT SERVICE	Current Rate	Effective 1/1/27	Effective 1/1/28	Effective 1/1/29	Effective 1/1/30	Effective 1/1/31
Residential Collection 30 GAL Monthly	\$36.63	\$39.01	\$41.55	\$44.25	\$47.12	\$50.19
Residential Collection 60 GAL Monthly	\$41.03	\$42.88	\$44.81	\$46.82	\$48.93	\$51.13
Residential Collection 90 GAL Monthly	\$49.85	\$52.09	\$54.44	\$56.89	\$59.45	\$62.12
NARS Normal Refuse Facility Fee (Weighed)	\$89.90	\$93.95	\$98.20	\$102.60	\$107.20	\$112.00
NARS Minimum Scale Charge	\$50.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00
NARS Pickup Truck Load (Non-Weighed)	\$40.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00
KLF Normal Refuse Facility Fee (Weighed)	\$61.35	\$64.10	\$67.00	\$70.70	\$74.60	\$79.45
KLF Minimum Scale Charge	\$45.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
KLF Pickup Truck Load (Non-Weighed)	\$35.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00

Cost-of-Service Rate Analysis

As part of the Study, R3 performed a high-level cost-of-service review to evaluate the relationship between the Enterprise Fund's primary revenues and the costs associated with each major service

category. The review considered residential collection, commercial collection-related activities, landfill operations, transfer station operations, and shared enterprise support costs.

The analysis indicates that the County's existing rate structure generally assigns costs in a manner consistent with the services provided. The recommended adjustments preserve the overall rate structure while varying adjustments by service category to reflect projected differences in operating costs, capital investment requirements, and reserve funding needs.

This approach provides continuity for customers while improving the alignment of revenues and projected costs among the major service categories and supporting the overall financial sustainability of the Enterprise Fund.

4. RATE AND FEE COMPARISONS

As part of this Study, R3 conducted a regional rate and fee survey to compare the County's existing and proposed rates and fees with those of comparable public agencies and solid waste facilities. The purpose of the survey is to provide context for the County's rates relative to neighboring jurisdictions and similar publicly operated solid waste systems. While these comparisons are useful in understanding regional market conditions, they are intended to supplement, rather than replace, the financial analysis contained within this Study.

The recommended rates and fees presented herein are based on the County's projected cost of providing service, operating requirements, capital investment needs, and long-term financial objectives. Accordingly, the rate survey should not be interpreted as establishing a target rate or average rate that the County should seek to match. Rather, it provides an indication of how the County's rates compare to those of similar agencies operating under different financial, operational, and regulatory conditions.

Collection Rate Comparison

Residential solid waste rates vary considerably among California jurisdictions due to differences in service levels, operational responsibilities, collection frequency, labor markets, disposal arrangements, recycling programs, fleet ownership, infrastructure, and regulatory requirements.

Many jurisdictions also include services that are not directly comparable, such as street sweeping, household hazardous waste programs, bulky item collection, container replacement, or other utility-related services within a single monthly charge. Conversely, some agencies recover those costs through separate assessments or enterprise funds. Additionally, some agencies collect residential recycling every week, whereas the County and other agencies collect residential recycling every other week (every two weeks).

Because of these differences, direct comparisons between monthly residential rates should be interpreted cautiously. Nevertheless, the survey provides useful insight into the County's relative position within the regional marketplace and demonstrates whether proposed residential rate adjustments remain generally consistent with comparable agencies.

Figure 6 compares the County's current and initially proposed residential collection rates with selected regional jurisdictions with similar collection frequency. At the proposed January 1, 2027, rates, the County's 60-gallon and 90-gallon monthly rates would remain below the surveyed peer average by approximately \$3.60 and \$5.80, respectively, while the 30-gallon rate would be approximately \$0.86 above the peer average. These differences are modest relative to the variation in service packages across the surveyed agencies and do not alter the cost-based basis for the recommended County rates.

Figure 6: Residential Collection Rate Comparison

Residential Single Family						Service Information	
Jurisdiction/City	County	Effective Date	30-35 Gallon	60-64 Gallon	90-96 Gallon	Rec. Freq.	Org. Freq.
City of Folsom	Sacramento	7/1/2025	N/A	\$51.00	\$58.00	Bi-Weekly	Weekly
City of Sacramento	Sacramento	1/1/2024	\$46.32	\$52.35	\$57.59	Bi-Weekly	Weekly
City of Lodi	San Joaquin	4/1/2026	\$39.44	\$56.68	\$63.05	Bi-Weekly	Weekly
City of Galt	Sacramento	3/1/2026	\$45.10	\$52.03	\$80.75	Bi-Weekly	Weekly
County of Sacramento (Current)	Sacramento	7/1/2025	\$36.63	\$41.03	\$49.85	Bi-Weekly	Weekly
County of Sacramento (Proposed)	Sacramento	1/1/2027	\$39.01	\$42.88	\$52.09	Bi-Weekly	Weekly
City of Elk Grove	Sacramento	7/1/2026	\$32.46	\$37.64	\$48.06	Bi-Weekly	Weekly
City of Rancho Cordova	Sacramento	1/1/2025	\$33.11	\$39.67	\$53.25	Bi-Weekly	Weekly
City of Citrus Heights	Sacramento	1/1/2026	\$30.77	\$34.20	\$42.64	Bi-Weekly	Weekly
50th Percentile (excl. Sacramento County)			\$36.28	\$51.00	\$58.00		
75th Percentile (excl. Sacramento County)			\$43.69	\$53.06	\$61.29		
Average (excl. Sacramento County)			\$38.16	\$46.47	\$57.90		
Proposed Sacramento County Rate - Peer Average			\$0.86	-\$3.60	-\$5.80		
<u>Notes:</u> *2 - 32 gallon cart rate instead of a 60-64 gallon container rate and 3 - 32 gallon cart rate instead of 90-96 gallon container rate.							

Figure 7, on the following page, provides additional context regarding selected services included in residential rates. Comparing supplemental services helps explain differences in monthly charges among jurisdictions and provides a clearer picture of the overall service package received by customers.

Figure 7: Residential Additional Services Included in Rates

Residential Additional Services			
Jurisdiction/City	County	Bulky Waste Pickups	HHW/Other Services
City of Folsom	Sacramento	3 free pickups	Free Door 2 Door HHW curbside collection
City of Sacramento	Sacramento	2 free appointments per year and one free dump coupon	Limited curbside collection and Free drop off at nearby facility
City of Lodi	San Joaquin	Annual curbside cleanup event	Annual HHW and e-waste drop off events
City of Galt	Sacramento	One 3.5 CY "Handy-Hauler" per year	Free drop off in Elk Grove and annual HHW events
County of Sacramento (Current)	Sacramento	One appointment for 5 CY every 12 months	Limited curbside collection, and free drop off at nearby facility
County of Sacramento (Proposed)	Sacramento	Two appointments for 5 CY every 12 months	Limited curbside collection, and free drop off at nearby facility
City of Elk Grove	Sacramento	3 free pickups per year and one free dump coupon	Limited curbside collection, and free drop off at nearby facility
City of Rancho Cordova	Sacramento	3 free pickups per year	Limited curbside collection and free drop off at nearby facility
City of Citrus Heights	Sacramento	3 neighborhood clean ups per year up to 10 CY each	Limited curbside collection and Free drop off at nearby facility

Facility Fee Comparison

Kiefer Landfill (KLF) operates within a competitive regional disposal market that includes both publicly and privately operated landfills. Disposal fees are influenced by numerous factors including available disposal capacity, operating costs, environmental compliance obligations, host fees, transportation costs, capital investments, remaining landfill life, and local market conditions.

Unlike residential collection rates, landfill and transfer station fees often vary by customer type, material classification, vehicle type, weight, and other operating factors. Accordingly, no single fee provides a complete comparison between facilities. **Figure 8** presents representative weighed facility fees and unweighted or minimum charges to illustrate general regional pricing; per-ton, per-cubic-yard, and flat-rate charges should not be interpreted as directly equivalent.

The North Area Recovery Station (NARS) is a transfer station that serves as one of the County's primary public disposal facilities, accepting a broad range of waste streams from residents, commercial haulers, contractors, and self-haul customers. Similar to landfills, transfer station fee structures typically differ among agencies based on operating hours, accepted materials, disposal destinations, recycling opportunities, equipment configuration, and customer mix. Accordingly, comparisons are intended to illustrate general regional pricing rather than direct one-to-one equivalency.

The survey indicates that current and proposed rates for KLF and NARS are generally competitive within the regional market while supporting continued site operations, environmental compliance, future landfill cell development, capital improvements, and long-term closure and post-closure obligations.

Figure 8 presents regional facility pricing in two distinct forms: weighed MSW and organics tipping fees, generally expressed on a per-ton basis, and unweighted or minimum self-haul charges, which are often based on vehicle size, volume, or a minimum transaction. Because these charge structures are not

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Rate and Fee Comparisons

directly interchangeable, the table should be used to understand the County's general market position rather than to rank facilities on a single common price basis.

Figure 8: Regional Facility Fee Comparison - Weighed Tipping Fees and Unweighted/Minimum Charges

Landfill	County	Owner / Operator	Eff. Date	MSW Tip Fee	Greenwaste / Organics
McCourtney Road Transfer Station	Nevada	Nevada County/WM	7/1/2026	\$96.87	\$ 66.91
Feather River Disposal	Plumas	Plumas County	7/1/2025	\$ 130.40	
Fairmead Landfill	Madera	Caglia Environmental	8/1/2025	\$ 125.74	\$ 44.65
Red Bluff Landfill	Tehama	Tehama County	7/1/2025	\$ 117.73	
Delleker Transfer Station	Plumas	Plumas County	1/1/2025	\$ 112.30	
Western Placer Regional Landfill	Placer	WPWMA	7/1/2025	\$ 109.25	\$ 85.00
TTSD Transfer Station	Nevada	TTSD	1/1/2025	\$ 109.92	\$ 16.90
Glenn County	Glenn	Glenn County	8/1/2025	\$ 105.00	\$ 105.00
GreenWaste Zanker Florin-Perkins PUBLIC	Sacramento	GreenWaste	2/17/2025	\$29 per CY	\$28 per CY
GreenWaste Zanker Florin-Perkins COMMERCIAL	Sacramento	GreenWaste	1/1/2026	\$ 97.00	\$ 75.00
Recology Yuba Sutter IW	Yuba	Recology	10/25/2025	\$ 95.00	\$ 95.00
North Area Recovery Station (NARS) PROJECTED	Sacramento	Sacramento County	1/1/2027	\$ 93.95	\$ 115.65
Buena Vista Landfill	Santa Cruz	Santa Cruz County	7/1/2023	\$ 93.00	\$ 63.00
Yolo County Central Landfill	Yolo	Yolo County	7/1/2026	\$ 90.00	\$ 90.00
North Area Recovery Station (NARS)	Sacramento	Sacramento County	1/1/2026	\$ 89.90	\$ 115.65
L&D Landfill	Sacramento	L&D	1/1/2025	\$ 84.40	\$ 84.40
Lovlace MRF & TS	San Joaquin	San Joaquin County	1/1/2026	\$ 78.78	
Kern County - All County Landfills	Kern	Kern County	7/1/2025	\$ 67.25	
John Smith Landfill	San Benito	San Benito County	not listed	\$ 65.50	\$ 34.50
Kiefer Landfill PROJECTED	Sacramento	Sacramento County	1/1/2027	\$ 64.11	\$ 115.65
Kiefer Landfill	Sacramento	Sacramento County	1/1/2026	\$ 61.35	\$ 115.65

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Rate and Fee Comparisons

Landfill	County	Owner / Operator	Eff. Date	MSW Tip Fee	Greenwaste / Organics
North County Recycling Center and Sanitary Landfill	San Joaquin	San Joaquin County	1/1/2026	\$ 60.93	
Neal Road Landfill	Butte	Butte County	10/1/2025	\$ 56.18	
Fink Road Landfill	Stanislaus	Stanislaus County	7/10/2025	\$ 49.68	
Foothill Sanitary Landfill	San Joaquin	San Joaquin County	7/1/2025	CLOSED TO PUBLIC	
Hwy 59 Landfill	Merced	Merced County RWA	7/1/2025	\$ 43.05	\$ 56.62
Billy Wright Landfill	Merced	Merced County RWA	7/1/2025	\$ 43.05	\$ 56.62
Ponderosa Transfer Station	Yuba	Recology	10/1/2025	\$ 25.39	
ORD Ranch Road Transfer Station	Butte	City of Gridley	2023	\$ 14.00	
Sierra Waste Recycling & Transfer Station	Sacramento	GreenWaste	1/1/2026	Doesn't accept MSW	\$ 70.00

				Auto	SUV	P/U Truck	Van
				OR MINIMUM CHARGE			
McCourtney Road Transfer Station	Nevada	Nevada County/WM	7/1/2026	none listed			
Feather River Disposal	Plumas	Plumas County	7/1/2025	\$26.15	\$32.55	\$39.75	\$28.05
Fairmead Landfill	Madera	Caglia Environmental	8/1/2025	\$22.39 = 3 x 33 gallons			
Red Bluff Landfill	Tehama	Tehama County	7/1/2025	\$18.83 up to 320 lbs.			
Delleker Transfer Station	Plumas	Plumas County	1/1/2025	\$24.80	\$30.90	\$37.75	\$46.60
Western Placer Regional Landfill	Placer	WPWMA	7/1/2025	\$25.25			
TTSD Transfer Station	Nevada	TTSD	1/1/2025	\$11.50 per Cubic Yard			
Glenn County	Glenn	Glenn County	8/1/2025	\$25.00 (up to 420 lbs)			
GreenWaste Zanker Florin-Perkins PUBLIC	Sacramento	GreenWaste	2/17/2025	\$60.00			
GreenWaste Zanker Florin-Perkins COMMERCIAL	Sacramento	GreenWaste	1/1/2026	\$65.00			
Recology Yuba Sutter IW	Yuba	Recology	10/25/2025	\$27.50 max 560 pounds			
North Area Recovery Station (NARS) PROJECTED	Sacramento	Sacramento County	1/1/2027	\$15.00	\$25.00	\$45.00	\$55.00

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Rate and Fee Comparisons

Buena Vista Landfill	Santa Cruz	Santa Cruz County	7/1/2023	\$28.00			
Yolo County Central Landfill	Yolo	Yolo County	7/1/2026	\$12.00	\$22.00	\$32.00	
North Area Recovery Station (NARS)	Sacramento	Sacramento County	1/1/2026	\$10.00	\$20.00	\$40.00	\$50.00
L&D Landfill	Sacramento	L&D	1/1/2025	\$50.00			
Lovell MRF & TS	San Joaquin	San Joaquin County	1/1/2026	\$21.75	\$35.00	\$25.00	\$38.50
Kern County - All County Landfills	Kern	Kern County	7/1/2025	\$13.91	\$31.31	\$39.42	
John Smith Landfill	San Benito	San Benito County	not listed	none listed			
Kiefer Landfill PROJECTED	Sacramento	Sacramento County	1/1/2027	\$15.00	\$25.00	\$40.00	\$50.00
Kiefer Landfill	Sacramento	Sacramento County	1/1/2026	\$10.00	\$20.00	\$35.00	\$45.00
North County Recycling Center and Sanitary Landfill	San Joaquin	San Joaquin County	1/1/2026	\$18.00	\$31.00	\$22.75	\$32.50
Neal Road Landfill	Butte	Butte County	10/1/2025	\$12.00			
Fink Road Landfill	Stanislaus	Stanislaus County	7/10/2025	\$12.00	\$18.00	\$24.00	\$30.00
Foothill Sanitary Landfill	San Joaquin	San Joaquin County	7/1/2025	\$14.00	\$16.50	\$22.00	
Hwy 59 Landfill	Merced	Merced County RWA	7/1/2025	\$19.00			
Billy Wright Landfill	Merced	Merced County RWA	7/1/2025	\$19.00			
Ponderosa Transfer Station	Yuba	Recology	10/1/2025	Any size \$25.39, material over bed is by the yard			
ORD Ranch Road Transfer Station	Butte	City of Gridley	2023	\$14.00			
Sierra Waste Recycling & Transfer Station	Sacramento	Sierra Waste	1/1/2026	\$60.00			

Limitations

Rate and fee comparisons should be interpreted cautiously because direct 'apples-to-apples' comparisons are rarely possible. Facilities and jurisdictions differ in service levels, accepted materials, operating practices, fee structures, and included programs. Additionally, for facilities, location is often a significant factor as transportation costs can far exceed facility rates. Where data were available, comparative residential rates were adjusted to remove identified street sweeping costs. The comparisons presented in this Study are therefore intended to provide regional context and should not be used as a substitute for the County's own financial analyses.