
South County Sanitary Service
2022 Base Year Rate Adjustment Application

Summary**NIPOMO COMMUNITY SERVICE DISTRICT**

| Requested Increase | | | |
|----------------------------|------|-----------------------------|---------------|
| Digester Expense | 6.2% | | |
| Capital Purchases | 5.9% | Market Rate Wage Adjustment | 5.6% |
| Commingled Processing Fee | 1.9% | Other | 1.7% |
| 1. Rate Increase Requested | | | 21.27% |

| Rate Schedule | | | | |
|-----------------------------------|--------------|----------------|----------------|----------|
| Rate Schedule | Current Rate | Increased Rate | Adjustment (a) | New Rate |
| Single Family Residential | | | | |
| 2. Economy Service (1 - can curb) | \$ 20.24 | \$4.30 | | \$24.54 |
| 4. Standard Service (2- can curb) | \$ 29.00 | \$6.17 | | \$35.17 |
| 5. Premium Service (3 - can curb) | \$ 38.02 | \$8.09 | | \$46.11 |

(a) Calculated rates are rounded up to the nearest \$0.01.

| | | |
|---|--|---------------|
| 6. Multiunit Residential and Non-residential | Rate increases of | 21.27% |
| | will be applied to all rates in each structure | |
| | with each rate rounded to the nearest \$0.01 | |

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: Jeff Clarin

Title: District Manager

Signature:

Date: 10/20/21
Revised 2/18/22

South County Sanitary Service 2022 Base Year Rate Adjustment Application

| Financial Information | Historical | | Current | Projected | |
|-----------------------|------------|------|---------|-----------|------|
| | | | | Base Year | |
| | 2019 | 2020 | 2021 | 2022 | 2023 |

(from Pg. 4)

Section I-Allowable Costs

| | | | | | |
|----------------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| 6. Direct Labor | \$3,258,214 | \$3,614,140 | \$3,638,218 | \$3,922,681 | \$4,040,361 |
| 7. Corporate Overhead | \$350,343 | \$356,299 | \$359,149 | \$378,184 | \$389,529 |
| 8. Office Salaries | \$688,788 | \$768,706 | \$758,312 | \$835,736 | \$859,332 |
| 9. Other General and Admin Costs | \$4,482,056 | \$4,990,560 | \$5,899,433 | \$5,614,771 | \$7,809,122 |
| 10. Total Allowable Costs | \$8,779,401 | \$9,729,705 | \$10,655,112 | \$10,751,372 | \$13,098,345 |

Section II-Allowable Operating Profit

| | | | | | |
|--------------------------------|-----------|-----------|-------------|-----------|-------------|
| 11. Operating Ratio | 97.3% | 98.2% | 103.6% | 92.0% | 92.0% |
| 12. Allowable Operating Profit | \$245,196 | \$179,075 | (\$366,502) | \$934,902 | \$1,138,986 |

Section III-Pass Through Costs

| | | | | | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 13. Tipping Fees | \$2,754,458 | \$2,924,849 | \$3,012,594 | \$4,730,341 | \$2,978,173 |
| 14. Franchise Fees | \$1,482,198 | \$1,629,121 | \$1,652,070 | \$1,454,123 | \$1,497,747 |
| 15. AB939 Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| 16. Payments to Affiliated Companies* | \$281,020 | \$337,664 | \$377,981 | \$438,302 | \$477,779 |
| 17. Total Pass Through Costs | \$4,517,676 | \$4,891,634 | \$5,042,645 | \$6,622,767 | \$4,953,699 |

* Affiliate Payments include interest, lease payments, and transportation

Section III-Pass Through Costs

| | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| 18. Revenue Requirement | \$13,542,273 | \$14,800,414 | \$15,331,255 | \$18,309,041 | \$19,191,030 |
| 19. Total Revenue Offsets (from Page 3) | \$13,542,273 | \$14,800,414 | \$15,331,255 | \$15,260,678 | \$15,413,625 |

Section III-Pass Through Costs

| | |
|-----------------------------|-------------|
| 20. Net Shortfall (Surplus) | \$3,048,363 |
|-----------------------------|-------------|

| | | Oceano | Nipomo |
|--|---------------|---------------|---------------|
| 21. Total Residential and Non-residential Revenue without increase in Base Year (pg.5, line 76) | \$15,260,678 | \$15,260,678 | \$15,260,678 |
| 22. Percent Change in Residential and Non-residential Revenue Requirement | 19.98% | 19.98% | 19.14% |
| 23. Franchise Fee Adjustment Factor (1 - 6 percent) | 90.000% | 95.000% | 90.000% |
| | 22.19% | 21.03% | 21.27% |
| Limitation due to cumulative increases | | | |
| 24. Percent Change in Existing Rates | 22.19% | 21.03% | 21.27% |

South County Sanitary Service

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Revenue Offset Summary

| | Section VII - Revenue Offsets | | | | |
|---|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Historical | | Current | Projected | |
| | 2019 | 2020 | 2021 | Base Year 2022 | 2023 |
| <i>Residential Revenue (without increase in Base Yr.)</i> | | | | | |
| 28. Single Family Residential | \$7,924,043 | \$8,627,550 | \$8,780,617 | \$8,769,933 | \$8,857,632 |
| Multiunit Residential Dumpster | | | | | |
| 29. Number of Accounts | | | | | |
| 30. Revenues | | | | | |
| 31. Less Allowance for Uncollectible Resi Accounts | \$0 | \$0 | \$0 | \$0 | \$0 |
| 32. Total Residential Revenue | \$7,924,043 | \$8,627,550 | \$8,780,617 | \$8,769,933 | \$8,857,632 |
| <i>Non-residential Revenue (without increase in Base Yr.)</i> | | | | | |
| Account Type | | | | | |
| Non-residential Can | | | | | |
| 33. Number of Accounts | | | 11 | 11 | 12 |
| 34. Revenues | | | \$5,513 | \$5,568 | \$5,624 |
| Non-residential Wastewheeler | | | | | |
| 35. Number of Accounts | | | 503 | 508 | 513 |
| 36. Revenues | | | \$544,220 | \$549,662 | \$555,159 |
| Non-residential Dumpster | | | | | |
| 37. Number of Accounts | | | 1,576 | 1,592 | 1,608 |
| 38. Revenues | \$5,613,237 | \$6,171,381 | \$5,983,795 | \$5,917,531 | \$5,976,706 |
| 39. Less: Allowance for Uncollectible Non-resid | \$0 | \$0 | \$0 | \$0 | \$0 |
| 40. Total Non-residential Revenue | \$5,613,237 | \$6,171,381 | \$6,533,528 | \$6,472,761 | \$6,537,488 |
| 45. Interest on Investments | \$0 | \$0 | \$0 | \$0 | \$0 |
| 46. Other Income | \$4,993 | \$1,483 | \$17,111 | \$17,984 | \$18,505 |
| 47. Total Revenue Offsets | \$13,542,273 | \$14,800,414 | \$15,331,255 | \$15,260,678 | \$15,413,625 |

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Cost Summary for Base Year

| Description of Cost | BASE YEAR | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| | Labor | \$3,020,612 | \$3,353,557 | \$3,377,752 | \$3,642,382 |
| Payroll Taxes | \$237,602 | \$260,583 | \$260,466 | \$280,299 | \$288,708 |
| 48. Total Direct Labor | \$3,258,214 | \$3,614,140 | \$3,638,218 | \$3,922,681 | \$4,040,361 |
| 49. Corporate Overhead | \$370,263 | \$387,844 | \$460,472 | \$484,877 | \$499,423 |
| Less limitation (enter as negative) | (\$19,920) | (\$31,545) | (\$101,323) | (\$106,693) | (\$109,894) |
| Total Corporate Overhead | \$350,343 | \$356,299 | \$359,149 | \$378,184 | \$389,529 |
| Office Salaries | \$642,368 | \$722,755 | \$701,402 | \$773,471 | \$795,199 |
| Payroll Taxes - Office | \$46,420 | \$45,951 | \$56,910 | \$62,265 | \$64,133 |
| 50. Total Office Salaries | \$688,788 | \$768,706 | \$758,312 | \$835,736 | \$859,332 |
| Bad Debt | \$12,541 | \$12,182 | \$15,064 | \$15,064 | \$15,064 |
| Allocated expenses | \$0 | \$0 | \$0 | \$0 | \$0 |
| Bonds expense | \$6,877 | \$5,221 | \$5,153 | \$5,426 | \$5,589 |
| Depreciation | \$406,756 | \$535,997 | \$1,129,264 | \$1,534,705 | \$1,827,206 |
| Drive Cam fees | \$21,242 | \$19,353 | \$20,599 | \$21,690 | \$22,341 |
| Dues and Subscriptions | \$20,483 | \$5,793 | \$19,974 | \$21,033 | \$21,664 |
| Facilities | \$59,584 | \$43,035 | \$29,218 | \$30,766 | \$31,689 |
| Gas and oil | \$914,400 | \$821,425 | \$947,541 | \$952,847 | \$980,712 |
| Insurance | \$860,855 | \$1,062,848 | \$1,225,897 | \$1,361,460 | \$1,402,304 |
| Laundry (Uniforms) | \$33,527 | \$29,461 | \$29,837 | \$31,418 | \$32,361 |
| Legal and Accounting | \$43,392 | \$46,291 | \$51,310 | \$53,890 | \$55,428 |
| Miscellaneous and Other | \$7,943 | \$5,614 | \$5,144 | \$5,416 | \$5,579 |
| Office Expense | \$211,414 | \$229,923 | \$254,048 | \$268,409 | \$276,461 |
| Operating Supplies | \$59,319 | \$83,727 | \$73,903 | \$77,820 | \$80,155 |
| Other Taxes | \$37,649 | \$40,287 | \$39,285 | \$41,236 | \$42,399 |
| Outside Services | \$1,128,991 | \$1,244,791 | \$1,231,253 | \$328,750 | \$2,120,266 |
| Public Relations and Promotion | \$5,119 | \$8,013 | \$7,639 | \$7,654 | \$7,663 |
| Postage | \$21,635 | \$8,711 | \$12,894 | \$13,578 | \$13,985 |
| Permits | \$60,344 | \$67,486 | \$92,393 | \$97,290 | \$100,208 |
| Relocation | \$18,530 | \$30,701 | \$22,040 | \$22,040 | \$22,040 |
| Rent | \$3,000 | \$2,250 | \$11,023 | \$12,497 | \$12,872 |
| Telephone | \$13,294 | \$36,444 | \$36,121 | \$38,035 | \$39,176 |
| Tires | \$100,399 | \$127,834 | \$144,039 | \$151,673 | \$156,223 |
| Travel | \$27,991 | \$8,712 | \$12,431 | \$13,091 | \$13,483 |
| Truck Repairs | \$389,414 | \$492,848 | \$464,015 | \$488,608 | \$503,266 |
| Utilities | \$17,357 | \$21,613 | \$19,349 | \$20,375 | \$20,986 |
| 51. Total Other Gen/Admin Costs | \$4,482,056 | \$4,990,560 | \$5,899,433 | \$5,614,771 | \$7,809,122 |
| 52. Total Tipping Fees | \$2,754,458 | \$2,924,849 | \$3,012,594 | \$4,730,341 | \$2,978,173 |
| 53. Total Franchise Fee | 1,482,198.00 | \$1,629,121 | \$1,652,070 | \$1,454,123 | 1,497,747.16 |
| 54. Total AB 939/Regulatory Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| 55. Total Lease Pmt to Affil Co.'s | \$142,332 | \$170,111 | \$172,663 | \$181,814 | \$187,268 |
| 55a. Interest Expense (to affiliate) | \$87,922 | \$133,282 | \$162,043 | \$213,214 | \$247,236 |
| 55b. Total Transportation to Affil Co.'s | \$50,766 | \$34,271 | \$43,275 | \$43,275 | \$43,275 |
| 56. Total Cost | \$13,297,077 | \$14,621,339 | \$15,697,757 | \$17,374,139 | \$18,052,043 |

2022 Base Year Rate Adjustment Application

Base Year Revenue Offset Summary

For Information Purposes Only

| Description of Revenue | Section VII-Revenue Offsets | | | | | | |
|--|-----------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|-----------------|
| | Overall | Franchise | Refuse | Collection | | | Non-franchise |
| | Total | Total | Arroyo | Pismo | Grover | Unincorporated | Total |
| <i>Residential Revenue (without increase in Base Year)</i> | | | | | | | |
| 57. Single Family Residential | \$8,769,933 | \$8,769,933 | \$1,826,861 | \$1,185,972 | \$1,173,008 | \$4,584,092 | |
| <i>Multiunit Residential Dumpster</i> | | | | | | | |
| 58. Number of Accounts | 0 | 0 | | | | | |
| 59. Revenues | \$0 | \$0 | | | | | |
| 60. Less Allowance for Uncollectable | \$0 | \$0 | | | | | |
| 61. Total Residential Revenue | \$8,769,933 | \$8,769,933 | \$1,826,861 | \$1,185,972 | \$1,173,008 | \$4,584,092 | \$0 |
| <i>Non-residential Revenue (without increase in Base Year)</i> | | | | | | | |
| Account Type | | | | | | | |
| <i>Non-residential Can</i> | | | | | | | |
| 62. Number of Accounts | 11 | 11 | 5 | 1 | 4 | 2 | |
| 63. Revenues | \$5,568 | \$5,568 | \$1,416 | \$280 | \$1,033 | \$2,840 | |
| <i>Non-residential Wastewheeler</i> | | | | | | | |
| 64. Number of Accounts | 503 | 503 | 139 | 136 | 98 | 131 | |
| 65. Revenues | \$549,662 | \$549,662 | 149,429 | 195,948 | 84,569 | 119,716 | |
| <i>Non-residential Dumpster</i> | | | | | | | |
| 66. Number of Accounts | 1,576 | 1576 | 402 | 229 | 321 | 625 | 0 |
| 67. Revenues | \$5,917,531 | \$5,917,531 | \$1,577,642 | \$1,333,364 | \$828,238 | \$2,178,286 | |
| 68. Less: Allowance for Uncollectable Non-residential Accounts | \$0 | \$0 | | | | | |
| 69. Total Non-residential Revenue | \$6,472,761 | \$6,472,761 | \$1,728,486 | \$1,529,592 | \$913,840 | \$2,300,842 | \$0 |
| 74. Interest on Investments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 75. Other Income | \$17,984 | \$0 | \$0 | \$0 | \$0 | \$0 | \$17,984 |
| 76. Total Revenue Offsets | \$15,260,678 | \$15,242,694 | \$3,555,347 | \$2,715,564 | \$2,086,848 | \$6,884,935 | \$17,984 |

South County Sanitary Service

2022 Base Year Rate Adjustment Application

Operating Information

| Historical | | | | Current | | Projected | | |
|------------|---------|------|---------|---------|---------|-----------|---------|------|
| | Percent | | Percent | | Percent | Base Year | Percent | |
| 2019 | Change | 2020 | Change | 2021 | Change | 2022 | Change | 2023 |

Section IX-Operating Data

*Residential**Accounts*

| | | | | | | | | | | |
|-----|--------------------|--------|-------|--------|--------|--------|------|--------|------|--------|
| 77. | Arroyo Grande | 5,827 | 1.1% | 5,890 | 0.6% | 5,924 | 1.0% | 5,983 | 1.0% | 6,043 |
| | Grover Beach | 4,216 | 0.4% | 4,233 | 0.4% | 4,249 | 1.0% | 4,291 | 1.0% | 4,334 |
| | Pismo Beach | 3,816 | 0.1% | 3,819 | 0.2% | 3,828 | 1.0% | 3,866 | 1.0% | 3,905 |
| | Oceano CSD | 1,863 | 0.4% | 1,870 | 1.6% | 1,899 | 1.0% | 1,918 | 1.0% | 1,937 |
| | Nipomo CSD | 4,066 | 0.8% | 4,097 | 0.9% | 4,135 | 1.0% | 4,176 | 1.0% | 4,218 |
| | County | 6,881 | 2.2% | 7,034 | 1.4% | 7,130 | 1.0% | 7,201 | 1.0% | 7,273 |
| | | 26,669 | 1.0% | 26,943 | 0.8% | 27,165 | 1.0% | 27,437 | 1.0% | 27,711 |
| 78. | Routes-Garbage | 7 | 26.5% | 9 | -13.9% | 8 | 0.0% | 8 | 0.0% | 8 |
| 79. | Routes-Recycling | 6 | 26.5% | 8 | -13.9% | 7 | 0.0% | 7 | 0.0% | 7 |
| 80. | Direct Labor Hours | 28,522 | 26.5% | 36,082 | -13.9% | 31,059 | 0.0% | 31,059 | 0.0% | 31,059 |

*Non-residential Garbage**Accounts*

| | | | | | | | | | | |
|-----|--------------------|--------|-------|--------|--------|--------|------|--------|------|--------|
| 80. | Arroyo Grande | 490 | 0.2% | 491 | 0.6% | 494 | 1.0% | 499 | 1.0% | 504 |
| | Grover Beach | 438 | 0.7% | 441 | 0.5% | 443 | 1.0% | 447 | 1.0% | 452 |
| | Pismo Beach | 386 | 1.8% | 393 | -0.5% | 391 | 1.0% | 395 | 1.0% | 399 |
| | Oceano CSD | 190 | 0.5% | 191 | 0.5% | 192 | 1.0% | 194 | 1.0% | 196 |
| | Nipomo CSD | 214 | -2.3% | 209 | 0.0% | 209 | 1.0% | 211 | 1.0% | 213 |
| | County | 508 | -5.9% | 478 | 2.5% | 490 | 1.0% | 495 | 1.0% | 500 |
| | | 2,226 | -1.0% | 2,203 | 0.7% | 2,219 | 1.0% | 2,241 | 1.0% | 2,264 |
| 81. | Routes-garbage | 8 | 26.5% | 10 | -13.9% | 8 | 0.0% | 8 | 0.0% | 8 |
| | Routes-recycling | 3 | 26.5% | 4 | -13.9% | 4 | 0.0% | 4 | 0.0% | 4 |
| 82. | Direct Labor Hours | 22,871 | 26.5% | 28,933 | -13.9% | 24,905 | 0.0% | 24,905 | 0.0% | 24,905 |

*Recyclable Materials - All areas-Commingled Recycling (in tons)**Accounts*

| | | | | | | | | | | |
|-----|----------------|--------|-------|--------|------|--------|------|--------|------|--------|
| 83. | Tons Collected | 13,275 | -4.0% | 12,740 | 3.0% | 13,123 | 3.0% | 13,516 | 1.0% | 13,651 |
|-----|----------------|--------|-------|--------|------|--------|------|--------|------|--------|

Recyclable Materials - All areas-Greenwaste Recycling

| | | | | | | | | | | |
|--|--------------------|--------|-------|--------|--------|--------|------|--------|------|--------|
| | Routes | 5 | 26.5% | 7 | -13.9% | 6 | 0.0% | 6 | 0.0% | 6 |
| | Tons Collected | 13,631 | -0.9% | 13,511 | 3.0% | 13,916 | 3.0% | 14,334 | 1.0% | 14,477 |
| | Direct Labor Hours | 10,934 | 26.5% | 13,833 | -13.9% | 11,907 | 0.0% | 11,907 | 0.0% | 11,907 |

| | | | | | | | | | | |
|--|------------------------|--------|-------|--------|------|--------|------|--------|------|--------|
| | Garbage Tons Collected | 43,020 | -3.5% | 41,507 | 3.0% | 42,752 | 3.0% | 44,034 | 1.0% | 44,475 |
|--|------------------------|--------|-------|--------|------|--------|------|--------|------|--------|