



# Solutions through Collaboration

Phelan Pinon Hills CSD  
FY 2024 Solid Waste Cost-of-Service Study

Submittal Date:

September 20, 2023

# Scope of Services

Phelan Pinon Hills CSD (CSD) requested a cost-of-service analysis for the CSD's solid waste services, including trash, recycling and organics. The detailed scope below describes each task and sets forth how we envision working through this engagement.

## TASK 1: DATA COLLECTION AND KICK-OFF MEETING

As part of the project initiation, we will meet with staff to discuss solid waste service lines, data needs, number and type of solid waste fees, and number of accounts by type of service line. We will go over a proposed timeline, with meeting dates and deliverables for each task. To ensure a productive kick-off meeting, we will first provide a data request of the items required for developing a financial plan, cost-of-service analyses, and corresponding rates. Ideally, the kick-off meeting will be scheduled two weeks after providing the data request to allow ample time to compile and review the data. During our meeting, we will discuss the following items:

1. Current financial position of the solid waste enterprise
2. Any contracts with third-party haulers
3. Maintenance of facilities and apparatus
4. Equipment leases (if any)
5. Policy considerations, state mandates, and any regulatory requirements to address
6. Reserve policies and if any adjustments should be made to rates

The kick-off meeting will conclude with an initial framework of the study, clear lines of communication between us and CSD staff, and specific dates for scheduled meetings.

**Meetings:** One (1) kick-off webinar with staff.

**Deliverable:** Data request, agenda for kick-off discussion, and meeting minutes.

## TASK 2: FINANCIAL PLAN UPDATE

Financial planning incorporates numerous considerations besides projecting operating expenses. Utilities need to account for changes service lines demands, new State regulations, and reserves funding. Therefore, a comprehensive financial plan reviews various aspects of a utility.

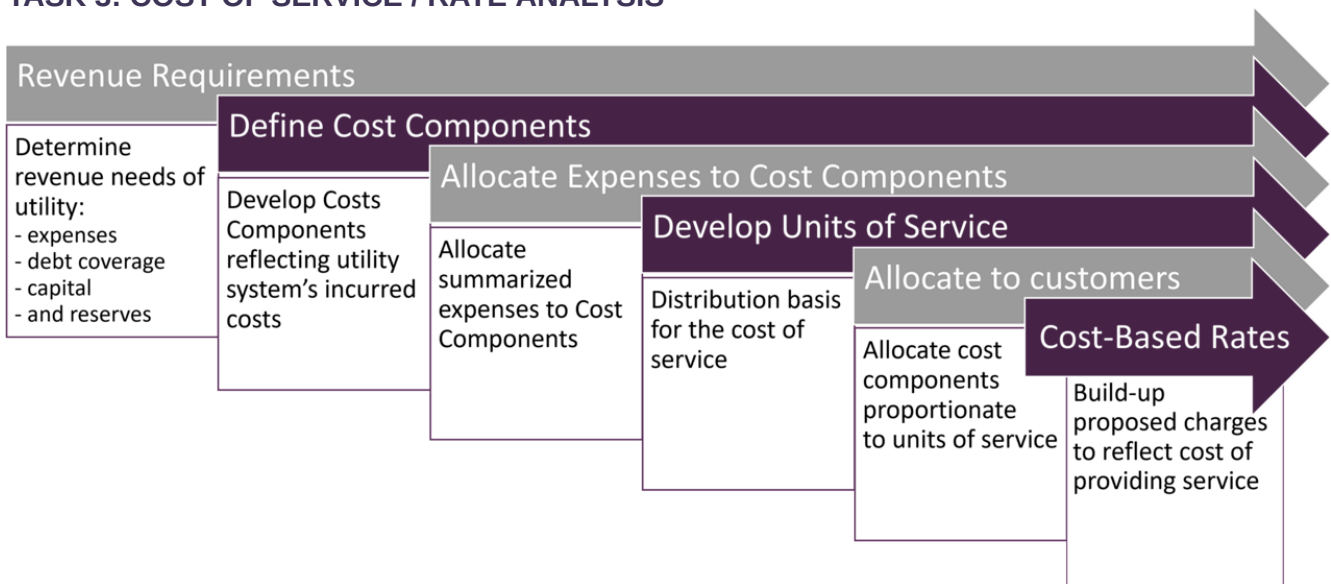


We will review the CSD revenue requirements to ensure all costs are captured, including reserves for the enterprise. We will develop a financial plan model with FY 2023 actuals and FY 2024 budget. Expenses will be projected over the planning period and will incorporate separate inflationary categories including, but not limited to, salaries, benefits, equipment, and third-party expenses. We will calculate existing rate revenue using the raw billing data and compare it to actual revenues within the latest audited financials. Doing so will provide an initial quality assurance check that the raw billing data and units of service driving the financial plan model is fundamentally sound for forecasting future revenue needs. This will also allow us to model any changes to the solid waste service lines.

**Meetings:** Webinars as needed to review updated financial plan.

**Deliverable:** Financial Plan model.

### TASK 3: COST OF SERVICE / RATE ANALYSIS



The cost of service analysis is a critical component and directly ties to how rates will adjust, which ultimately impacts customer bills and provides a sound nexus between costs incurred and the proposed rates. A solid waste usage analysis will be conducted to capture total tonnage and growth projections through the financial plan and rate model. We will dive into these issues as we design new rates that are cost-based through a systematic approach.

Expenses will be summarized based on functional categories which would then be allocated to cost components to show the make-up of the proposed service line charges. The end result will clearly and succinctly show the cost components that make up the rates.

**Meetings:** Webinars as needed to review the cost-of-service and rate analysis .

**Deliverable:** Solid Waste rate model identifying rate for each service line.

#### **TASK 4: TECHNICAL MEMORANDUM**

Once the analysis is completed and rates finalized, we will draft a technical memorandum describing the cost-of-service analysis and corresponding rates by service line.

**Meetings:** Conference calls as needed to finalize technical memorandum.

**Deliverable:** Technical memorandum.

# Budget

Below is our not-to-exceed amount based on our billable rates by staff position. We identify the number of hours and cost for each task. Any adjustments to our fee will be based on changes requested to the proposed scope of services. Any in-person meeting will be in addition to the proposed fee, based on our billable rates and direct travel expenses.

Tasks	Description	H. Isaac Principal \$235	A. Boehling Principal \$235	L. Demine Sr. Consultant \$200	Estimated Hours	Total Cost
1	Data Collection and Kick-Off Meeting	8	8	4	20	\$4,560
2	Financial Plan Development	8	32	16	56	\$12,600
3	Cost-of-Service / Rate Analysis	24	24	8	56	\$12,880
4	Technical Memorandum	24	8	4	36	\$8,320
<b>Total</b>		<b>64</b>	<b>72</b>	<b>32</b>	<b>168</b>	<b>\$38,360</b>

## Hourly Rate Schedule

Principal	\$235
Sr. Consultant	\$200

