FINAL REPORT

City of Turlock

Detailed Review of Solid Waste Rate Adjustment Effective February 1, 2027

Submitted electronically: October 27, 2026

R3

October 27, 2026

Mr. Will Richards
Municipal Services Director
City of Turlock
156 S. Broadway, Ste. 270
Turlock, CA 95380
submitted via email: WRichards@turlock.ca.us

SUBJECT: Detailed Review of Solid Waste Rate Adjustment Effective February 1, 2027 – Final Report

Dear Mr. Richards,

R3 Consulting Group, Inc. (R3) is pleased to submit the attached report detailing the results of our review of Turlock Scavenger's (Scavenger) cost of service review application for the City of Turlock (City) for 2027. Per the rate setting methodology detailed in Section 22 and Exhibit J of the Amended and Restated Agreement No. 2024-12 between the City of Turlock and Turlock Scavenger Company for Solid Waste Handling Services effective July 1, 2023 (Agreement), 2027 rates must be established by a detailed rate review process, which uses actual revenues and expenses to develop projected revenues, expenses, and the rate adjustment for the rate year five.

The objectives of the engagement were to:

- Verify the calculations in Scavenger's rate application are complete, correct and aligned with the methodology outlined in Exhibit J of the Agreement.
- Make adjustments and recommendations, as necessary, to ensure that the rate adjustment requested in the rate application is appropriate in compensating Scavenger for the services provided and fair to City residents.

Scavenger's original application was for rate adjustments of +2.68% for collection services. After our review, the annual rate adjustment for collection services is +2.53%. Postponed implementation of the adjustment to February 1, 2027 will add +0.23% for a total 2027 rate adjustment of +2.76%.

Scavenger's rate application also included the annual adjustment to City-paid street sweeping costs as defined by Exhibit A of the Agreement, which requested an increase of +2.85%. Using the similar methodology applied to the review of the collection adjustment R3 determined the sweeping charge adjustment to be +3.01% (excluding the implementation postponement adjustment which is not applicable to street sweeping charges).

With the adjustments detailed in the following report, R3 finds both the collection rate adjustment and the street sweeping charges adjustment to be accurate per the requirements of the Agreement and reasonable. A summary of our findings and recommendations is provided in the attached report. We appreciate the opportunity to continue to be of service to the City. If you have any questions, please contact us.

Sincerely,

Nikki Burke | *Sr. Managing Consultant*
R3 Consulting Group, Inc.
707.480.9384 | nburke@r3cgi.com

Garth Schultz | *Principal*
R3 Consulting Group, Inc.
510.292.0853 | gschultz@r3cgi.com

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1. EXECUTIVE SUMMARY

Background

Solid Waste Services

According to the terms of the Amended and Restated Agreement No. 2024-12 Between City of Turlock and Turlock Scavenger Company for Solid Waste Handling Services ("Agreement")[1], Turlock Scavenger Company ("Scavenger") provides franchised solid waste services to residents and businesses within the City of Turlock ("City"), including the collection of garbage, recyclable materials, organics, debris box services, bulky item collections and drop off events.

Scavenger further supports the City through a range of programs focused on waste diversion and regulatory compliance. These services include outreach, education, compliance monitoring, and technical assistance, particularly for commercial and multi-family customers. These efforts are designed to support the City in meeting State regulatory requirements, including those mandated under Senate Bill 1383, which requires organic material collection for all customers.

In addition to its core collection services, Scavenger offers street sweeping services for all City streets on a schedule requested by the City for additional compensation as defined in the Agreement.

City Rate Adjustments History

In 2022, the City completed a rate study which determined that the collection rates in effect for the City were not sufficient to cover collection costs. The City adopted multi-year rate adjustment steps to correct the imbalance. Residential rates were restructured and all rates increased starting April 1, 2022 with additional planned annual adjustments between +10% and +15% in January 2023 and +5% to +7% in January 2024. Beginning in January 2025, Scavenger was eligible for index-based refuse rate adjustments (RRI) of up to +5% annually plus incremental fixed adjustments of approximately +1% to +2%. Scavenger waived the RRI portion of the 2025 adjustment and opted to apply only the approximately +1.2% fixed adjustment portion as defined in the Agreement. This reduced City collection rates by around 2%. In 2026, the RRI resulted in an adjustment of approximately +3.5% per the RRI calculation as laid out in the Agreement.

The Agreement provides for annual rate adjustments effective each January 1 for collection rates as defined in Exhibit J. Per the Agreement rate setting methodology, 2027 collection rates must be established by a cost-of-service process, also known as a detailed rate review (DRR). The DRR uses actual revenues and expenses to develop projected expenses, which are then used to calculate the necessary rate adjustment. This adjustment is used to establish rates that generate the revenues necessary to cover Scavenger's expenses for collection services for the City.

2027 Detailed Rate Review Application

Scavenger submitted the 2027 DRR on June 30, 2026, consistent with Section 22.3 and Exhibit J of the Agreement. Prior collection rate changes had reflected RRI adjustments, the DRR, as submitted by Scavenger this year, was the first such review under this Agreement. The 2027 DRR rate adjustment application requested a 2.68% increase in collection rates with a proposed effective date of January 1, 2027. The City engaged R3 Consulting Group, Inc. ("R3") to perform a comprehensive review of Scavenger's application. This review included an evaluation of all submitted materials for completeness and compliance with the procedures established in the Agreement between Scavenger and the City, as well as verification of the mathematical accuracy and logical consistency of the supporting documentation.

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1 Available on the City's website at: https://www.cityofturlock.org/watersewergarbageservice/garbageservices/

Methodology and Adjustments

R3 reviewed Scavenger's DRR application for accuracy, completeness and logical consistency. R3 met with Scavenger representatives on multiple occasions to review documentation, request additional information, and verify the information provided. R3 focused on the reasonableness of costs, the accuracy of the allocation of costs between Scavenger operations in the City and other areas, and compliance with allowable costs as defined in Exhibit J.

Adjustments to Rate Application for Collection Rates

R3 identified the following adjustments to Scavenger's DRR application in accordance with Exhibit J of the Agreement, described in more detail in Section 3 of this report:

- Amortized the expense incurred for the City's review of the DRR across three years, which is the prescribed number of years until the subsequent DRR per the Agreement. This adjustment resulted in an overall 0.15% decrease in the requested adjustment for collection services.
- Rounded the adjustment factor resulting from the DRR to the nearest hundredth per Exhibit J #2 (g) 2. This resulted in a 0.004% decrease in the requested adjustment.

The changes result in a rate adjustment of +2.53% for collection rates which is 0.15% lower than the originally recommended +2.68% adjustment.

When implementing a cost-based rate adjustment, according to Proposition 218 (Prop 218) the City must notify all rate payers at least 45 days prior to approval of the rate adjustment and hold a public hearing to receive any protests against the proposed adjustment. If more than 50% of accounts protest the rate adjustment, the City cannot approve the proposed adjustment.

The timing requirements of Prop 218 required the City to postpone implementation of the 2027 rate adjustment until February 1, 2027 (Postponed Implementation). To properly account for the change in the effective date from January 1, 2027 to February 1, 2027, there will be an additional 0.23% increase applied. Rates will not change on January 1, 2027. Rates effective February 1, 2027 will increase by 2.53% plus 0.23% for a total adjustment of +2.76%. The +0.23% from the Postponed Implementation will be subtracted from the rate adjustment calculated according to the RRI methodology in the Agreement for rates effective January 1, 2028.

Cost-of-Service and Proportionality

R3 found that the resulting rates that would be charged to ratepayers effective February 1, 2027, are not more than necessary to cover the cost of providing solid waste services as per the Agreement. Additionally, R3 found that the rates charged for different service levels are proportionately scaled to represent differences in the cost of providing service.

2027 Solid Waste Collection Rates

Table 1 below presents a representative selection of the current collection rates and the recommended rates reflecting the adjusted DRR rate application. The full list of rates is included in Exhibit 1.

Table 1: Comparison of 2026 and 2027 Monthly Solid Waste Rates

COLLECTION RATES	Current Rates 2026	Recommended Rates 2027	Difference ($)
96-Gallon Bundled	$40.81	**$41.94**	$1.13
2-Cubic Yard Garbage 1x/wk.	$145.37	**$149.39**	$4.02
4-Cubic Yard Garbage 1x/wk.	$221.60	**$227.72**	$6.12
Drop Box Pull Rate	$528.19	**$542.77**	$14.58

Adjustments to City Sweeping Charges

Per Exhibit A of the Agreement, Scavenger is also eligible for an annual adjustment to the street sweeping charges. Street sweeping charges are paid by the City and are not directly charged to ratepayers. Scavenger included this annual index-based adjustment request for a +2.85% adjustment to City-paid street sweeping charges with the DRR submission. R3 reviewed the street sweeping adjustment proposed by Scavenger. R3 identified the following adjustments to the proposed street sweeping charges, described in more detail in Section 3 of this report:

- Adjusted methodology to estimate the missing Bureau of Labor Statistics (BLS) Index value for October 2025, which resulted from the United States Government shutdown occurring in October/November 2025. This change resulted in a 0.23% decrease in the adjustment to street sweeping charges.
- Updated the BLS Index value for June 2026, which was not available at the time of submission. This update resulted in a 0.40% increase in the adjustment to street sweeping charges.

The changes result in a calculated cost adjustment for City-paid sweeping charges of +3.01%, which is 0.16% higher than the originally proposed +2.85% charge adjustment. The street sweeping charges are not subject to Prop 218 and will increase effective January 1, 2027.

2027 City Street Sweeping Charges

Table 2 below presents the current street sweeping charges and the recommended charges reflecting the adjustments detailed above.

Table 2: Comparison of 2026 and 2027 City Street Sweeping Charges

STREET SWEEPING	Current rates 2026	Recommended Rates 2027	Difference ($)
Curb Miles-rate per curb mile	$26.05	**$26.83**	$0.78
Monthly Downtown Municipal lots	$194.09	**$199.93**	$5.84
Hourly Rate for Extra Sweep Service	$61.29	**$63.13**	$1.84

Adjustment Agreement

R3 has reviewed our findings with Scavenger and the City. Scavenger reviewed our adjustments and findings, and comments were incorporated in our final analysis, as appropriate. Scavenger confirmed their understanding of the adjustments identified by R3 in the review process and agreed with the final recommended rate and charge adjustment percentages.

2. RATE REVIEW APPROACH

Rate Adjustments

For interim rate years, Scavenger's solid waste rates are adjusted based on inflation using an index-based methodology called a "refuse rate index" or "RRI". Per the Agreement, the 2027 rate application is required to include a comprehensive cost-of-service review or DRR. The DRR evaluates actual operational expenses and service metrics, including staffing levels, collection routes, route hours, customer counts, and service levels. Unlike RRI rate adjustments, DRR adjustments reflect actual operating cost increases, which may vary from the index-based escalators applied during the previous interim rate years.

For DRR years, Scavenger is required to submit supporting documentation including audited financial statements from prior fiscal years, projected compensation for both the DRR year and the following year, as well as supporting documentation for key assumptions, projections, and allocation methodologies to ensure that costs are appropriately attributed to services provided within the City.

2027 Submission

Scavenger submitted its DRR application according to the requirements of the Agreement requesting a +2.68% adjustment to its solid waste service, recommended to take effect on January 1, 2027. The submission followed the methodology detailed in the Agreement.

In developing its projections for 2027, Scavenger incorporated direct costs associated with garbage, organics, and recycling collection services within the City, as well as transfer, processing, and disposal expenses. The projections also included labor and vehicle-related costs. Scavenger's compensation for these services is derived exclusively from ratepayer revenues, which are set to recover operating, allocated, and pass-through costs, in addition to providing a reasonable return.

Certain Scavenger operating costs are allocated between franchised services within the City and Scavenger's operations outside City limits. For the submission, Scavenger allocated these shared expenses according to methodologies including route hours, subscriptions or revenue, as appropriate.

Scope of Review

The City engaged R3 to review Scavenger's DRR application according to Exhibit J of the Agreement. R3's review focused on the reasonableness of Scavenger's rate adjustment request given the supporting documentation. R3 confirmed the mathematical accuracy and logical consistency of the rate application and reviewed the allocation methodologies, which are incorporated into the 2027 rate adjustments.

R3 started its review by assessing Scavenger's rate application, and all supporting documentation provided, comparing Scavenger's calculations and methodologies against the Agreement. These procedures included the following activities:

- Reviewing Scavenger's revenues for fiscal year (FY) 23-24, FY 24-25, FY 25-26 and projections for FY 26-27.
- Reviewing Scavenger's audited financial statements for FY 22-23, FY 23-24, FY 24-25 and tying those numbers to the rate application to ensure accuracy and third-party validation.
- Reviewing the appropriateness of Scavenger's categorization of expenses.
- Reviewing the changes in Scavenger's expenses and understanding drivers of change.
- Reviewing current subscription levels for Scavenger.
- Reviewing Scavenger's projection of the cost of operations including but not limited to:
    - Forecasted labor-related costs
    - Forecasted vehicle-related costs
    - Forecasted fuel costs
    - Forecasted disposal and material processing costs
    - Forecasted other costs.

After the initial reviews, R3 completed the following steps:

- Provided Scavenger questions for additional information and clarification until all information was presented clearly and fully documented.
- Developed recommended adjustments for the rate application and street sweeping charges.
- Reviewed these adjustments with Scavenger to ensure agreement.
- Confirmed that the resulting rates are not more than necessary to cover the cost of providing solid waste services as per the Agreement.
- Reviewed the collection rates charged for different service levels to ensure they are proportionately scaled to represent differences in the cost of providing service.
- Developed the recommended adjustments and detailed them in this report.

Limitations

Our conclusions are based on review of Scavenger's financial projections, the Agreement, and Exhibit J. Since projections are forward-looking, actual results may vary significantly due to unforeseen events. The findings reflect only the procedures performed to meet the City's objectives and do not represent an audit under formal standards. Additional procedures could produce different, possibly material, findings.

This report is for the City of Turlock and should not be used by others who have not agreed to or assumed responsibility for the adequacy of these procedures.

3. FINDINGS AND ADJUSTMENTS

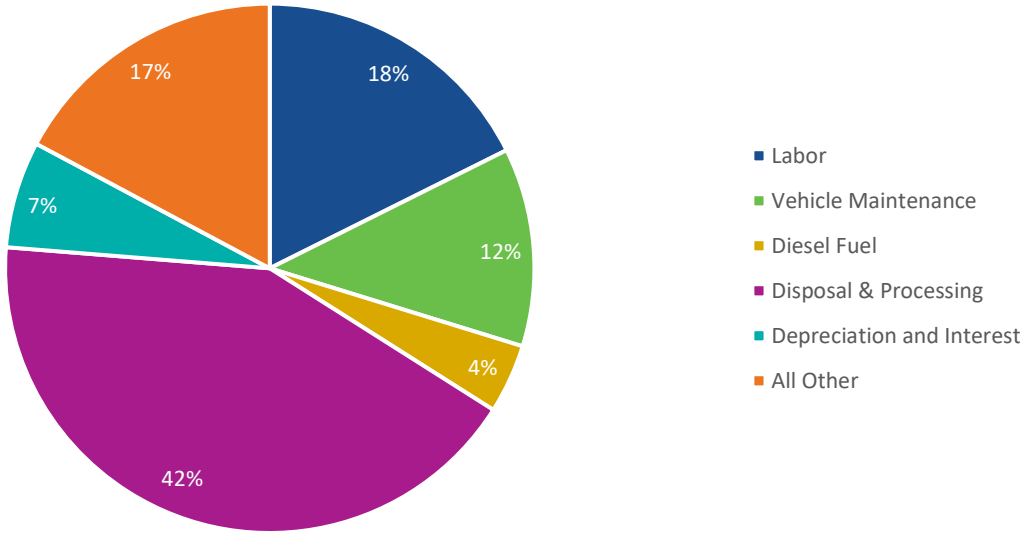
Findings

Reasonableness of Scavenger's Rate Application

In the DRR application, Scavenger provided financial statements for operations in the City, as well as audited financial statements for operations in the overall operating area for Scavenger, which includes the City and unincorporated County areas around the City. The rate application included:

- City costs by category (labor, vehicles, fuel, disposal, composting, recycling, G&A, etc.) that were supported in Scavenger's financial records and found reasonable and appropriate for a privately-held solid waste collection operation like Scavenger. **Chart 1** below provides a representation of the major costs for Scavenger's operations in the City.

Chart 1: Scavenger 2026 Cost Distribution



- Projections of costs that R3 found to be reasonable and appropriate. Scavenger projected each expense line item based on known changes including:
  - Depreciation, insurance, and utilities for a maintenance shop completed near the end of FY 25-26.
  - Increased labor costs including promotion and hiring of operations management personnel, increased health benefit costs, and increased management salaries to move toward standard baseline.
  - Vehicle purchase costs and the resulting impacts on maintenance and tire purchases.
  - Changes in recruitment spending based on currently open and newly filled positions.
  - Updated account software costs related to moving from an installed version that is no longer supported to cloud-based subscription model.
- Revenue projections consistent with year-to-date (YTD) run rates and subscription level calculations. Revenues for Scavenger have been driven by increased rates, increases in commercial subscription levels (as seen throughout the industry as businesses recover from COVID) and significant growth in debris box revenues.

- Overall, Scavenger's projected total costs increased by 11% for 2027. The increase was driven by:
  - Costs associated with the new maintenance shop including property taxes, land and building costs, and insurance.
  - Two new automated side loader vehicles acquired in mid-2026 plus the associated increases in insurance and taxes.
  - Labor costs due to personnel changes, including retirement of a long-term operations manager who had been filling two roles, increase in California paid sick leave requirement from 3 days to 5 days, and increases in management salaries toward industry standard levels after years at rates significantly below norms.
  - Increases toward normal repair and maintenance levels following decreases in 2026 resulting from acquisition of five new collection vehicles, which did not require standard maintenance levels in year one.

Scavenger's fiscal manager responded quickly to requests for information and provided additional detail, as needed, to explain all variances or unusual changes. Scavenger demonstrated itself to be a company that has controlled costs (as evidenced by low rates of adjustment since the last DRR) and benefited from increased subscriptions. While Scavenger's costs have increased in the last two years, the increases are reasonable and reflect a history of strict financial management. Scavenger has offset their cost increases with revenue growth independent of rate increases. Additionally, many of the cost increases position Scavenger for financially sound operations and reasonable cost increases for the foreseeable future, including seven new trucks and a new maintenance facility that will allow the company to operate without needing further additional shop capacity for the next two to three decades.

Rate Adjustments Meet and Do Not Exceed Cost-of-Services

The rate adjustment is calculated to meet Scavenger's projected costs of providing solid waste services per the Agreement. R3 has reviewed Scavenger's costs and revenue projections and have found that the resultant rates (after R3's adjustments) will not exceed the cost of providing service. See next section for additional details.

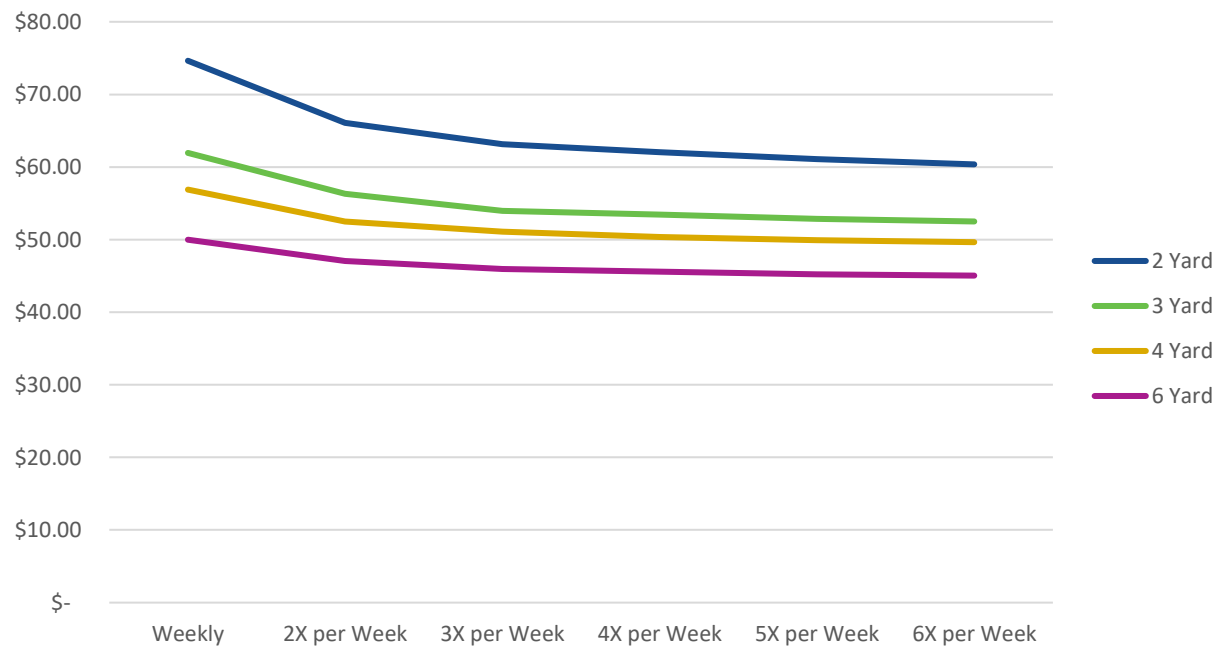
Rates Are Proportionate to Cost-of-Service

R3 analyzed the proposed solid waste service rates for adequacy with respect to proportionate allocation of costs among solid waste service customers. R3 found that the City's current (and thus also proposed) solid waste rate structure proportionately allocates costs to service types and container sizes based on the relative differences in cost associated with providing service to each type of customers.

All customers in the City choosing to subscribe to cart collection service (including both residential and commercial) have the option to subscribe to only the 96- gallon container. Thus, all cart customers pay the same rate for the same service.

Proportionality in cost-of-service is also demonstrated at the larger "bulk" solid waste subscription levels. This service is collected in large bins measured in cubic yards that can be collected more frequently than once per week. The per-cubic-yard cost-of-service for those subscribed to the larger container sizes (and higher collection frequencies) is proportionately less than those subscribed to the smaller container sizes (and lower collection frequencies). This is demonstrated in **Chart 2**, on the following page, which shows the proposed monthly service rate per-cubic-yard for bulk refuse collected in cubic yard bins (which are available to commercial and multi-family customers).

Chart 2: Monthly Bin Service Rates per Cubic Yard per Weekly Collection



Adjustments to Collection Rate Application

Detailed Rate Study Fee and Expense Timing

Per Section 22.3 of the Agreement, a DRR will be conducted for rate year 5 (2027) and can be requested every three years thereafter. Scavenger's submission included a $40,000 fee for the DRR in the projected 2027 expenses. R3 adjusted the expense associated with conducting a DRR in the projected rate year 5 to reflect the City's outside consulting costs (via contract with R3) for review of the 2027 DRR ($50,000) and amortized the fee over the life of the DRR (three years from rate year 5 to rate year 8). This change reduced the projected year expenses by $23,333 resulting in a -0.15% reduction to the collection rate adjustments for 2027.

Rounding of Rate Adjustment Factor

Per Exhibit J Section 2(g)2, the adjustment factor resulting from the DRR should be rounded to the nearest hundredth percent. This change has a minimal impact on customer rates. For customers with a 6 cubic yard garbage container collected six times weekly rates would be reduced by $0.06 per month.

Postponed Rate Adjustment Implementation

Due to the requirements of Prop 218, the 2027 rate adjustment will be postponed from the January 1, 2027 timing indicated in the Agreement to February 1, 2027. Scavenger agreed to the postponed timing with a further adjustment to the rates to account for the additional revenue Scavenger would not receive in January 2027 as a result of the change in implementation date. R3 calculated the impact of the Postponed Implementation to be a +0.23% adjustment. The total rate adjustment on February 1, 2027 will be +2.76%.

The +0.23% related to the Postponed Implementation will be effective through December 31, 2027 and will be subtracted from the RRI rate adjustment calculated according to the methodology laid out in the Agreement for rates effective January 1, 2028.

Adjustment to City Street Sweeping Charges

Per Exhibit A of the Agreement, City-paid street sweeping charges are adjusted annually. The adjustment is based on the percentage change in the Consumer Price Index (CPI) 12-month average value for the most recently available year over the prior year (July-June) as calculated in the Bureau of Labor Statistic (BLS) index "CUURS49BSA0: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted." The street sweeping rates are not subject to a cost of service or DRR review within the term of the Agreement, nor are the City-paid street sweeping charges subject to Prop 218. R3 identified two modifications to the proposed adjustment to City-paid street sweeping charges.

Missing Bureau of Labor Statistics Index

During the United States Government shutdown in October 2025, the BLS failed to release index values for hundreds of indices that BLS tracks and publishes. Scavenger submitted the street sweeping adjustment with the October 2025 value left blank, which resulted in a higher average value for July 2025 – June 2026 and a higher percentage increase for 2025/2026 over 2024/2025.

Previously, R3 conducted an analysis to determine the most accurate methodology to address the missing BLS index values. Based on analysis of projected values as compared to actual values observed over the last ten years, R3 determined that estimating a missing BLS value based on the index value of the prior month or published period over the same period for the prior year provides the estimate that most closely matched actual values. This provides the additional benefit of allowing calculation of the estimated index value without waiting for the subsequent month to be published. Therefore, R3 estimated the October 2025 CPI value as follows:

October 2025 = August 2025[2] / August 2024 X October 2024 = 357.99 / 349.29 X 349.37 = 358.07

R3 entered this estimated October 2025 CPI value of 358.07 in place of the blank value submitted by Scavenger. This changed the average annual adjustment from +2.85% to +2.61%. R3 notes that the City or its future consultants should ensure the same methodology is used to calculate the average CPI value for October 2025 for calculation of the adjustment to the 2028 street sweeping charges.

Latest Available Bureau of Labor Statistics Index

When Scavenger submitted the City-paid street sweeping adjustment on June 30, 2026, the June CPI data was not yet available. BLS typically publishes index values 4-8 weeks after the period ends. As is standard with index-based adjustments, the application was updated to include the June CPI, when it became available. The street sweeping adjustment calculation, including the now available June 2026 CPI value of 369.91, resulted in an increase in the average annual adjustment from +2.61% (following R3's adjustment) to +3.01% to be effective January 1, 2027. This change increased the per curb mile rate by an overall $0.04 over the submitted rate.

[2] CPI Series ID: CUURS49BSA0 is published every two months. August is the most recent data prior to October. This index can be located at the following web address: https://data.bls.gov/cgi-bin/srgate

4. RECOMMENDED RATES AND NEXT STEPS

2027 Rate Adjustments

Rate Adjustment Calculation

The City bills customers monthly for solid waste collection in arrears for services provided. Scavenger provides the City with monthly information enabling the City to provide all customers with itemized bills, detailing charges for services, including the applicable rates (subject to the maximum rates set forth in the Agreement), as well as the period of service to which the bill applies.

Scavenger initially estimated 2026 revenues based on fiscal year-to-date March 2026 revenues, which were annualized for the remaining months of the year. R3 verified this estimate with several methodologies, including a detailed export of customer subscriptions and a reconciliation that accounted for on-call debris box revenues, as well as other industry-standard revenue projection methodologies. R3 determined Scavenger's revenue projection to be reasonable.

R3 calculated the total projected 2027 revenue requirement to be $21,532,208, including the R3 recommended adjustments (detailed in Section 3), franchise fees and allowable profit (as defined in Exhibit J of the Agreement). Projected 2026 revenues at current rates and subscription levels were calculated to be $21,000,159. This resulted in an estimated revenue shortfall – prior to the 2027 rate adjustment – of $532,049. Accordingly, a rate adjustment is proposed to align revenues with projected expenses, consistent with the terms of the Agreement.

The recommended rate adjustment is +2.53%, effective January 1, 2027, as demonstrated below. The recommended rate adjustment was then further increased to account for implementation of the rate adjustment on February 1, 2027 to enable Scavenger to recover the full annual revenue shortfall of $532,049 in the span of the implemented rates increase (February 2027 through December 2027) as presented in **Table 3**, below.

Table 3: Comparison of 2026 and 2027 Monthly Solid Waste Rates

Recommended Rate Adjustment Calculation			
2026 Projected Revenues @ Current Rates	$ 21,000,159		
Less: Adjusted 2027 Revenue Requirement	$ 21,532,208		
Revenue Shortfall	-$532,049		
Recommended Rate Adjustment	**$532,049 / $21,000,159**	**=**	**2.53%**
Adjustment Calculation for Postponed Implementation			
January 2027 Revenue Effect	$532,049 / 12 months	=	$44,337
Annualized Implementation	$44,337 / 11 months * 12 months	=	$48,368
Additional Adjustment for Postponed Implementation	$48,368 / $21,000,159	=	0.23%
Recommended Adj. February 1, 2027 – December 31, 2027	**2.53% + 0.23%**	**=**	**2.76%**

Recommended Rates & Rate Comparison

Table 4, below, presents selected current 2026 rates alongside rates reflecting the recommended increase. As shown, the estimated monthly impact to residential customers is approximately $1 per month. See **Exhibit 1** for the full rate chart with all recommended rates.

Table 4: Comparison of 2026 and 2027 Monthly Solid Waste Rates

COLLECTION RATES	Current Rates 2026	Recommended Rates 2027	Difference ($)
96-Gallon Bundled	$40.81	**$41.94**	$1.13
2-Cubic Yard Garbage 1x/wk.	$145.37	**$149.39**	$4.02
4-Cubic Yard Garbage 1x/wk.	$221.60	**$227.72**	$6.12
Drop Box Pull Rate	$528.19	**$542.77**	$14.58

Turlock recommended rates are lower than comparable rates in Stanislaus and nearby counties. Residential 96-gallon collection rates are nearly $15 less than the comparable average. Commercial collection rates range from $14 to over $130 below the comparable average. **Table 5,** below, provides a comparison of the recommended rates with collection rates in comparable and neighboring areas.

Table 5: Turlock Recommended 2027 Rates vs. Comparables

	Turlock Proposed	Comparable Avg. (Excl. Turlock)	*Difference*	Comparables				
				Lodi	Manteca	Los Banos	Modesto	Bertolotti Unincorp. Stanislaus
Effective Date:	**2/1/2027**			4/1/2026	1/1/2026	7/1/2026	7/1/2026	7/1/2026
96 gallons	**$41.94**	$56.46	*-$14.52*	$63.05	$58.72	$49.03	$59.51	$52.00
2 yards	**$149.39**	$209.51	*-$60.12*	$259.95	$219.04	NA	$156.36	$202.70
3 yards	**$185.97**	$256.95	*-$71.98*	$330.87	$240.43	$194.60	$234.55	$284.30
4 yards	**$227.72**	$335.61	*-$107.89*	$401.95	$261.81	NA	$312.73	$365.95
6 yards	**$300.15**	$431.42	*-$131.27*	$543.89	$306.16	$308.82	$469.09	$529.15

Table 6 below provides current and projected City-paid street sweeping charges for services provided by Scavenger.

Table 6: Comparison of 2026 and 2027 City-Paid Street Sweeping Charges

STREET SWEEPING	Current rates 2026	Recommended Rates 2027	Difference ($)
Curb Miles-rate per curb mile	$26.05	$26.83	$0.78
Monthly Downtown Municipal lots	$194.09	$199.93	$5.84
Hourly Rate for Extra Sweep Service	$61.29	$63.13	$1.84

Next Steps

To complete the solid waste rate adjustments described above, the schedule will be:

Table 7: Summary of Next Steps & Timeline of Future Rate Adjustments

IMMEDIATE NEXT STEPS	Date(s)
Bring rates and Proposition 218 Noticing to City Council	November 17, 2026
Mail Proposition 218 Notices to Customers	November 23, 2026
Complete Minimum 45-day Noticing Period	November 24, 2026 – January 8, 2027
Receive and Review Protests, if any (City Council Meeting)	January 12, 2027
Consider Rate Approval (City Council Meeting)	January 12, 2027
FUTURE STEPS	**Date(s)**
2028 and 2029 RRI Rate Adjustments (per the Agreement, Exhibit J)	Due September 30, 2027 & 2028
2030 DRR Rate Adjustment (At City or Scavenger Request)	Due June 30, 2029

As defined in Exhibit J of the Agreement, City collection rates will change by the RRI methodology for 2028 and 2029, then the City can request or Scavenger can elect to submit a DRR rate application for 2030 rates. The Agreement requires that Scavenger conduct a billing review at least every two years. R3 recommends the City review the results of the latest billing review from Scavenger and continue to request the billing review results every two years. The City also has the right under the Agreement to conduct a performance review, which includes a billing review, documentation verification, and confirmation of compliance with the requirements of the Agreement. The City may consider requesting a performance review prior to the 2030 DRR rate setting process to ensure that Scavenger is in compliance with the Agreement. Should Scavenger not be in compliance, the City could then direct required changes, as necessary, before the cost-based rate adjustment is considered.

EXHIBITS

Exhibit 1 – Recommended Rate Chart

Proposed Solid Waste Rates (Effective February 1, 2027)						
Residential Collection Rate			**Commercial Cart Collection**			
96-Gallon Garbage (Bundled)	$ 41.94		Each Cart (Garbage, Recycling, Organics)			$ 41.93
Commercial Garbage Bin Collection						
Subscription Size	Collection Frequency					
	1/week	2/week	3/week	4/week	5/week	6/week
2 Cubic Yard	$ 149.39	$ 264.67	$ 379.21	$ 496.63	$ 611.17	$ 724.89
3 Cubic Yard	$ 185.97	$ 338.31	$ 486.02	$ 641.77	$ 793.73	$ 945.69
4 Cubic Yard	$ 227.72	$ 420.51	$ 613.29	$ 806.35	$ 999.42	$ 1192.48
6 Cubic Yard	$ 300.15	$ 564.82	$ 827.18	$ 1095.35	$ 1358.09	$ 1622.75
Additional Recycling Bin Volume Collection						
Subscription Size	Collection Frequency					
	1/week	2/week	3/week	4/week	5/week	6/week
2 Cubic Yard	$ 149.39	$ 264.67	$ 379.21	$ 496.63	$ 611.17	$ 724.89
3 Cubic Yard	$ 185.97	$ 338.31	$ 486.02	$ 641.77	$ 793.73	$ 945.69
4 Cubic Yard	$ 227.72	$ 420.51	$ 613.29	$ 806.35	$ 999.42	$ 1192.48
6 Cubic Yard	$ 300.15	$ 564.82	$ 827.18	$ 1095.35	$ 1358.09	$ 1622.75
Drop Box						
				Per Pull Rate*		
All Sizes (Maximum 7 Day Rental)				$ 542.77		
*Drop Box Rates **will** include the posted Per Pull Rate plus actual the per ton Tipping Fees incurred.						
Special Fees						
Special Item				**Rate**		
Carts						
Additional Residential Carts						
Garbage Cart				$ 12.71		
Recycling Cart				$ 13.97		
Garden Refuse				$ 15.24		
Damaged Cart Replacement						
95-Gallon Garbage				$ 95.27		
Cart Clean/Exchange (first time)				$ 31.76		
Non proper service placement for handicap or elderly				$ 25.40		
Special Pick-Up (Go Back) /Overage				$ 19.06		

Proposed Solid Waste Rates (Effective February 1, 2027)	
Contamination	Special Pickup Charge+ $25 fee for the second and each additional occurrence.
Bins	
3 Cubic Yard Temporary Bin	$ 124.68
Additional Dump	$ 124.68
Compactor (Per Yard Per Pull)	$ 26.71
Special Pick-Up	$ 45.92
Clean & Replace (Plus Extra Dump Fee)	$ 45.92
Extra Collection (Plus Extra Dump Fee)	$ 45.92
Gate Rate	$ 26.25
Push Out Fee per each dump	$ 26.25
Lock bar install/maint- monthly	$ 5.25
Replacement/damage(other than normal wear)	$ 65.61
Special Pick-Up (Go Back) /Overage	25% of Monthly Service Rate
Contamination	Special Pickup Charge+ 25% of monthly rate for the second and each additional occurrence.
Large Item Collection Items	
Console/Big Screen TV	$ 30.48
Computer Monitor	$ 30.48
Small E-Waste	$ 12.71
Large E-Waste	$ 31.77
Universal Waste Non Refrig appl	$ 31.77
Refrig, AC etc.	$ 38.11
Tires	
Passenger	$ 8.89
Passenger w Rim	$ 15.25
Truck	$ 19.06
Truck with Rim	$ 27.95
Tractor and Heavy Equip	$80-$600
Mattress/Box Spring	$ 12.71
Hard To handle fee	$ 167.71

Exhibit 2 – 2027 Rate Adjustment Calculation and Adjustments

Item	As Submitted	Adjustments	R3 Recommended
Labor	$2,860,481		$2,860,481
Vehicle Maintenance	1,967,214		1,967,214
Diesel Fuel	685,200		685,200
Disposal & Processing	6,859,196		6,859,196
Depreciation and Interest	1,058,682		1,058,682
All Other[3]	2,790,164	(23,333)[4]	2,766,830
Total Expenses	**$16,220,936**	**$(23,333)**	**$16,197,603**
Operating Ratio (88.5%)	$2,107,805	$(3,032)	$2,104,773
Franchise Fees (15.0%)	3,234,484	(4,653)	3,229,831
Revenue Requirement	**$21,563,226**	**$(31,018)**	**$21,532,208**
Postponed Implementation	-	48,368	48,368
Adjusted Annual Revenue Requirement	**$21,563,226**	**$17,350**	**$21,580,576**
Current Revenue	$21,000,159		$21,000,159
Rate Adjustment	***2.68%***		***2.76%***

[3] All Other includes employee benefits and insurance; pension & profit sharing; facility & vehicle insurance; licenses; rent; supplies; utilities; legal, accounting and other professional services; IT expenses; and taxes.

[4] Amortize DRR over three years.