

City of Creswell
Finance Committee Meeting Minutes
July 19, 2006

City Administrator Mark Shrives called the Finance Committee Meeting to order.

Committee Members Present:

Ron Hanson Cathy Morgan
Tim Demanett

Staff Present:

Mark Shrives City Administrator
Layli Nichols Finance Director/ Recorder

Audience: 2

Press: 0

I. P & J Disposal – Rate Increase Proposal

City Administrator Mark Shrives distributed information regarding the Garbage Franchise and history of rates and increases. Mr. Shrives explained there were several options included in the packet ranging from a 10% to a 25% overall increase in rates.

Mark Johnson of P & J Disposal gave a presentation regarding the proposed rates citing soaring fuel costs and increased personal service costs among other increasing expenses as reasons the rates need to be increased. Mr. Johnson further explained when the City's population exceeded 4,000 their company became obligated by state regulations to provide recycling service to all customers within municipal city limits. This unfunded mandate presented new expenses in terms of Capital Outlay to purchase bins, as well as labor to process the increased recycling. Mr. Johnson explained recycling revenues do not offset the labor costs. He did note that as a result of a grant obtained through the City of Creswell, his company was not obligated to cover the cost of purchasing the bins.

Mr. Johnson said P & J Disposal is currently negotiating a contract with Professional Collections Services Inc., to provide collections services for uncollectible accounts. He said they are also discussing the possibility of requiring a service deposit for all new accounts. Discussion ensued regarding deposits and it was noted that as a private entity, P & J Disposal would have to track, maintain, and pay interest on any service deposit required. Finance Director Layli Nichols said deposits are a lot of work to track and maintain, and Mr. Johnson said he is still researching the option.

Mr. Johnson explained the company's current revenues do not allow for capital improvement projects. He noted in the near future the company would need to replace the garbage truck, as well as replace several dumpsters. Mr. Johnson said the City's estimate is for 300 new homes to be built within the city in the next few years. To minimize impact, he would like to add a 2% annual increase as part of their proposal. This built in incremental increase would help to keep their revenue more in alignment with rising expenses over time.

Mr. Johnson proposed a 20% increase to existing fees, with the annual 2% increase included in the resolution. Ron Hanson said 20% is a big jump to occur all at once, but understands the circumstances and feels the rate increase is overdue. Tim Demanett

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agreed with Mr. Hanson. City Administrator Mark Shrives said it would be a good idea to publish notice of the proposed increase and hold a public hearing at the next council meeting.

Ron Hanson asked if a revenue projection had been created, showing the need for such a large increase. He also asked if P & J Disposal created a working budget for revenues and expenditures each year, noting that their company is no longer a small business. Mark and Andrea Johnson agreed their business has grown over the past few years. They said they would put together a revenue projection and budget to bring to the council meeting.

The Finance Committee discussed the rate increase options presented, and decided on a recommendation to the council of a 20% overall increase to the current rate structure, as well as including the annual increment of 2% from this point forward.

There being no further business to come before the committee, the meeting was adjourned.

Committee Chair, Ron Hanson

City Recorder, Layli Nichols