

City Council Meeting  
July 6, 1983

REQUEST FOR RATE INCREASE FROM SANITARY CITY DISPOSAL CO., INC. Following introduction of the matter by City Manager Glaves, Assistant City Manager Glenn reported that on Tuesday afternoon, July 21, 1983, he had received a request from Sanitary City Disposal Company, Inc., to increase all residential and commercial rates by 12.0%.

Mr. Glenn met with Mr. David Vaccarezza and his accountant, Marshall Peters, to review his request. His request is based upon an agreed-upon formula which basically allows Sanitary City to recapture their projected costs, plus 6%.

Their proposal includes new pieces of equipment and additional staff. Mr. Glenn indicated he did not have sufficient time to carefully analyze these management decisions. According to Mr. Vaccarezza, there will be a payoff on these investments in lower potential costs in the future.

Their operating budget is 8.7% greater than last year's. To this must be added \$12,539 for fuel adjustment charges.

However, based upon the projections made by Mr. Vaccarezza, including the additional staff and equipment, a 10.0% rate adjustment is appropriate.

Discussion followed with questions being directed to Staff.

ORDINANCE NO.  
1289 INTRODUCED  
INCREASING  
SANITARY CITY  
DISPOSAL COMPANY  
REFUSE RATES

Council Member Pinkerton then moved for introduction of Ordinance No. 1289 amending Section 11-3 of the City Code of the City of Lodi, entitled "Collection Rates for Garbage Services: thereby increasing refuse rates within the City for all residential and commercial refuse by 10%". The motion was seconded by Council Member Murphy and carried by unanimous vote of all those Council Members present.

LODI SANITARY CITY DISPOSAL CO., INC.  
 FORECASTED STATEMENT OF INCOME  
 Twelve Months Ending March 31, 1984

K1

<u>OTHER EXPENSES:</u>	<u>Actual Year Ended 3/31/82</u>	<u>Adjustments</u>	<u>Forecasted FYE 3/31/84</u>
Advertising	\$ 2,228	\$ 11 (5)	\$ 2,239
Auto Expense	7,165	35 (5)	7,200
Accounting and Legal	20,144	101 (5)	20,245
Amortization	119	-	119
Bussiness Promo.	19,150	96 (5)	19,246
City Franchise Fee	223,629	-	223,629
Depreciation	3,774	1,641 (9)	5,415
Dues and Subscriptions	2,724	14 (5)	2,738
Transfer station fees	260,171	(7,598)(10)	252,573
Equipment Leases	8,324	42 (5)	8,366
Employee Group Insurance	7,340	(4,068)(3)	3,272
Interest	89,289	(25,560)(11)	63,729
Office Supplies and Expense	17,980	90 (5)	18,070
Officers Life Insurance	31,476	(31,476)(12)	-
Payroll Taxes	7,154	(1,032)(4)	6,122
Salaries - Office	56,162	2,920 (2)	59,082
Salaries - Officers	50,729	895 (11)	51,624
Taxes and Licenses	4,104	21 (5)	4,125
Telephone	3,844	19 (5)	3,863
Utilities	13,628	68 (5)	13,696
Workers Compensation Insurance	3,981	(3,666)(6)	315
Sub Contract Hauling	38,014	190 (5)	38,204
<b>TOTAL</b>	<b>\$ <u>871,129</u></b>	<b><u>(\$67,257)</u></b>	<b>\$ <u>803,872</u></b>

See Accompanying Summary of Significant Forecast Assumptions and  
 Summary of Significant Accounting Policies.

# COUNCIL COMMUNICATION

TO THE CITY COUNCIL  
FROM THE CITY MANAGER'S OFFICE

DATE

JUNE 30, 1983

NO.

K1

SUBJECT Request For Rate Increase  
From Sanitary City Disposal Company, Inc.

On Tuesday afternoon, June 21, 1983, I received a request from Sanitary City Disposal Company, Inc. to increase all residential and commercial rates by 12.0%.

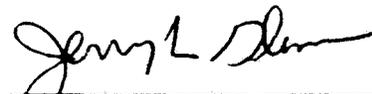
I met with Mr. David Vaccarezza and his accountant, Marshall Peters, to review his request. His request is based upon an agreed-upon formula which basically allows Sanitary City to recapture their projected costs, plus 6%.

Their proposal includes new pieces of equipment and additional staff. I have not had sufficient time to carefully analyze these management decisions. According to Mr. Vaccarezza, there will be a payoff on these investments in lower potential costs in the future.

Their operating budget is 8.7% greater than last year's. To this must be added \$12,539 for fuel adjustment charges.

However, based upon the projections made by Mr. Vaccarezza, including the additional staff and equipment, a 10.0% rate adjustment is appropriate.

Council should understand there was insufficient time to make an in depth study of the operations including the appropriateness of the amount of equipment, charges for transfer station, inter-company charges and the like.



JERRY L. GLENN  
Assistant City Manager

JLG:vc

attachments

K1

ORDINANCE NO.

AN ORDINANCE AMENDING SECTION 11-3 OF THE  
CITY CODE OF THE CITY OF LODI, ENTITLED  
"COLLECTION RATES FOR GARBAGE SERVICES".

The City Council of the City of Lodi does ordain as follows:

Section 1. Section 11-3 of the City Code of the City of Lodi is hereby repealed and re-enacted to read in full as follows:

Section 11-3. Collection Rates.

The monthly rates to be charged for garbage collection service shall be as follows:

A. For any private dwelling house or residence, the rate for one weekly garbage collection shall be:

(1) For the first container of thirty gallons or less and not to exceed sixty pounds, Four Dollars and Forty Five Cents (\$4.45)

(2) For each additional container of thirty gallons or less and not to exceed sixty pounds, Two Dollars and Fifteen Cents (\$2.15)

B. Owners of flats, apartments or the tenants or lessees thereof shall pay an amount equal to Four Dollars and Forty Five Cents (\$4.45) times the number of apartment units owned or occupied.

C. For owners or tenants of business houses, the monthly rates shall be:

(K1)

(I) Class A Commercial Collection service which exceeds the capacity of one 6 cubic yard container:

16 yds. to 40 yds.            \$3.50 per yard  
Compacted Loads:            Rate \$5.90 per yard

(II) Class B Commercial Collection service when requires either daily or weekly and the waste can be accommodated by a one to 6 cubic yard container service, the monthly rates shall be:

WEEKLY SERVICE

NO. OF							
YDS.	CONTAINERS	1	2	3	4	5	6
1	1	\$39.84	\$60.73	\$ 61.59	\$104.34	\$125.60	\$146.82
	2	51.25	83.50	115.75	150.70	183.53	216.41
	3	62.62	106.26	149.93	197.08	241.51	285.96
2	1	51.25	83.50	115.75	150.70	183.59	216.41
	2	74.02	129.04	184.07	243.43	299.48	355.51
	3	96.78	174.58	252.37	336.19	415.41	494.61
3	1	62.62	106.26	149.93	197.08	241.51	285.96
	2	96.78	174.58	252.37	336.19	415.41	494.61
	3	130.94	242.92	354.87	475.28	589.30	703.30

(KL)

NO. OF							
YDS.	CONTAINERS	1	2	3	4	5	6
4	1	86.77	151.29	215.82	285.43	351.12	416.83
	2	137.19	258.08	376.01	502.90	622.97	743.02
	3	193.56	364.88	536.18	720.36	874.80	1069.24
	4	246.95					
5	1	100.11	177.99	255.86	339.80	419.09	498.37
	2	166.66	311.48	456.10	611.63	758.57	906.14
	3	233.61	444.97	656.35	883.47	1098.68	1313.87
	4						1721.64
6	1	113.47	204.69	295.90	394.17	487.13	579.90
	2	193.56	364.88	536.18	720.36	894.80	1069.24
	3	273.66	525.08	776.48	1046.58	1302.55	1558.55

III. Class C Commercial Collection service when required either daily or weekly and the waste can be accommodated by one to six - thirty gallon cans not exceeding sixty pounds per can. The monthly rates shall be:

K1

NO. OF CONTAINERS	1	2	3	4	5	6
1	\$ 6.24	\$12.01	\$17.79	\$23.57	\$41.24	\$49.36
2	10.25	20.02	41.87	55.62	69.38	83.12
3	14.22	39.38	58.73	78.11	97.49	116.85
4	21.36	59.37	88.72	118.10	144.94	176.84
5	39.96	79.34	118.72	158.09	197.46	236.81
6	49.98	99.34	148.72	198.08	247.87	296.81

K1

LODI SANITARY CITY DISPOSAL CO., INC.  
RATE ADJUSTMENTS  
FOR THE YEAR ENDING MARCH 31, 1983

COMPUTATION OF ALLOWABLE PROFIT

Total Operating Expenses (Per Forecasted Statement of Income)	\$1,551,970
Less: City Franchise	(223,629)
City Service	( 38,204)
Basis For Profit	<u>\$1,290,137</u>
ALLOWABLE PROFIT @ 6%	<u>\$ 77,408</u>

COMPUTATION OF ADDITIONAL REVENUES REQUIRED

Total Operating Expenses	\$1,551,970
Add: Profit @ 6%	77,408
Shop Personnel (\$20,000 Salary x 60% LSCD)	12,000
Fuel Adjustment	12,539
Less: Franchise Fees - Last Year	(223,629)
	<u>1,430,288</u>
Amount Representing Franchise Fees Income Should Be Approximately	252,404
Less: Projected Income Before Rate Adjustment (Per Forecasted Statement of Income) (Note 1)	<u>1,682,692</u>
ADDITIONAL REVENUES REQUIRED	<u>153,331</u>

NEW RATES

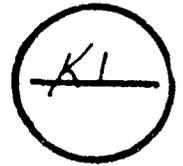
1st Can	\$ 4.45
2nd Can	\$ 2.15

PERCENTAGE OF INCREASE ON COMMERCIAL ACCOUNTS 10.0%

PROOF OF ALLOWABLE PROFIT FOR YEAR ENDING MARCH 31, 1984

Income Should Be Approximately	\$1,682,692	100.0%
Less: Total Operating Expenses, Less This Year's Franchise Fees (\$1,551,970-223,629)	(1,328,341)	79.0%
Franchise Fees - Next Year (Projected)	(252,404)	15.0%
Fuel Adjustment	(12,539)	.7%
Shop Personnel	(12,000)	.7%
ALLOWABLE PROFIT - FOR YEAR ENDING MARCH 31, 1984	<u>\$ 77,408</u>	<u>4.6%</u>

INDI SANITARY CITY DISPOSAL CO., INC.  
 FORECASTED STATEMENT OF INCOME  
 Twelve Months Ending March 31, 1984



	Actual Year Ended 3/31/83	Adjustments	Forecasted F/Y/E 3/31/84
<u>TOTAL GROSS INCOME (Note 1)</u>	<u>\$1,486,003</u>	<u>\$ 43,358 (1)</u>	<u>\$1,529,361</u>
<u>OPERATING EXPENSES</u>			
<u>Payroll Expenses</u>			
Salaries	\$ 328,898	\$ 17,103 (2)	\$ 346,001
Employees' Grp. Ins.	41,600	- (3)	41,600
Payroll Taxes	40,539	(2,825) (4)	37,714
Uniforms and Laundry	3,244	16 (5)	3,260
Workers Comp. Ins.	22,558	31,255 (6)	53,813
Pension Plan	5,629	986 (7)	6,615
<u>TOTAL PAYROLL EXPENSE</u>	<u>\$ 442,468</u>	<u>\$ 46,535</u>	<u>\$ 489,003</u>
<u>EQUIPMENT EXPENSES</u>			
Gas and Oil	\$ 52,019	\$ (3,069) (8)	\$ 48,950
Insurance	19,974	100 (5)	20,074
Licenses & Highway Use Tax	10,092	50 (5)	10,142
Repairs and Maintenance	41,508	208 (5)	41,716
Tires	22,991	115 (5)	23,106
Depreciation	89,055	7,745 (9)	96,800
Supplies and Other	18,216	91 (5)	18,307
<u>TOTAL EQUIPMENT EXPENSE</u>	<u>\$ 253,855</u>	<u>\$ 5,240</u>	<u>\$ 259,095</u>
<u>OTHER EXPENSES (Schedule)</u>	<u>\$ 871,129</u>	<u>\$(67,257)</u>	<u>\$ 803,872</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>\$1,567,452</u>	<u>\$(15,482)</u>	<u>\$1,551,970</u>
<u>INCOME (LOSS) FROM OPERATIONS</u>	<u>\$ (81,449)</u>	<u>\$ 58,840</u>	<u>\$ (22,609)</u>
<u>OTHER INCOME ( EXP.)</u>			
Gain (Loss) on Sale Equip.	\$ 5,575	\$ (5,575) (13)	\$ -
<u>INCOME BEFORE PROVISION FOR INCOME TAXES</u>	<u>\$ (75,874)</u>	<u>\$ 53,265</u>	<u>\$ (22,609)</u>

SEE ACCOMPANYING SUMMARY of SIGNIFICANT FORECAST ASSUMPTIONS  
 AND SUMMARY of SIGNIFANCT ACCOUNTING POLICIES.

ORDINANCE NO. 1289

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CITY CODE OF THE CITY OF LODI, ENTITLED  
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1

2

3

4

5

6

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All of the above rate schedules shall be effective

on all bills which are prepared on or after August 1, 1983.

Section 2. All ordinances and parts of ordinances in

conflict herewith are repealed insofar as such conflict may exist.

Section 3. This ordinance shall be published one time

in the "Lodi News Sentinel", a daily newspaper of general

circulation printed and published in the City of Lodi and shall  
be in force and take effect thirty days from and after its  
passage and approval.

Approved this 20th day of July, 1983

*Evelyn O'Sullivan*

Mayor

Attest:

*Alice M. Reimche*  
Alice M. Reimche  
City Clerk

State of California

County of San Joaquin, ss.

I, Alice M. Reimche, City Clerk of the City of Lodi, do  
hereby certify that Ordinance No. 1289 was introduced at  
a regular meeting of the City Council of the City of Lodi

held July 6, 1983 and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held July 20, 1983 by the following vote:

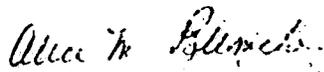
Ayes: Council Members - Pinkerton, Snider & Olson (Mayor)

Noes: Council Members - None

Absent: Council Members - Murphy & Reid

Abstain: Council Members - None

I further certify that Ordinance No. 1289 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

  
Alice M. Reimche  
City Clerk

Approved as to form



Ronald M. Stein

City Attorney