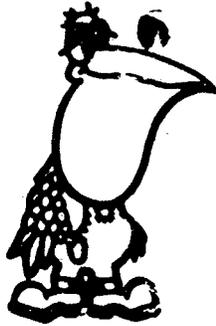


CC 228

CITY COUNCIL MEETING
AUGUST 1, 1984

Page 227

STATUS REPORT Assistant City Manager Glenn gave a brief status report on
ON SANITARY CITY the Sanitary City Disposal Company, Inc., rate increase
DISPOSAL COMPANY request.
INC. RATE
INCREASE REQUEST



May 11, 1984

Honorable Mayor and Members of the City Council
City of Lodi - City Hall
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However, our current agreement with the City of Lodi concludes in June of 1989. Consequently, this has hampered our ability to establish a long-term financial plan to meet the ongoing equipment needs. Therefore, Sanitary City Disposal Company is requesting the City of Lodi to extend the term of the agreement between the City of Lodi and Sanitary City Disposal Company to the year 1994, with an option to the year 1999.

In looking at the needs of Sanitary City Disposal Company in terms of its ability to plan on a long-term basis, you must recognize a major problem in its ability to acquire adequate financing. As you know, solid waste collection requires the use of highly mechanized equipment of substantial cost. The efficiency and level of service in its operation is directly effected by the condition of its equipment.

The average life of well-maintained equipment is approximately seven years. Consequently, it is necessary for Sanitary City Disposal Company to replace equipment throughout its contract with the City. The problem of financing this equipment exists because amortization schedules for this type of equipment are based on life of five to seven years. Financial institutions look to the ongoing capabilities of our business when we seek financing. When we approach later years in our agreement with the City, financial institutions question our ability to meet pay-back schedules due to the termination date of the contract.

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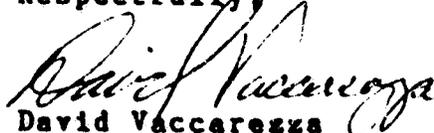
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Respectfully,


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Jerry Glenn

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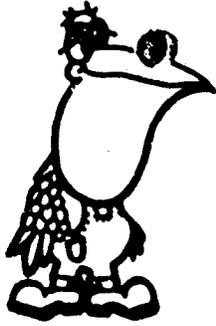
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Should you have any questions regarding the Council's position on this matter, please do not hesitate to call.

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AR:dg



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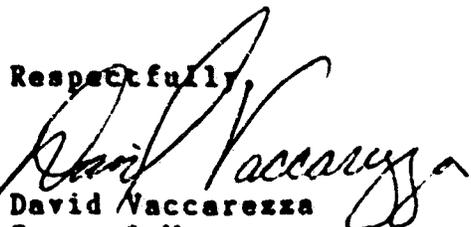
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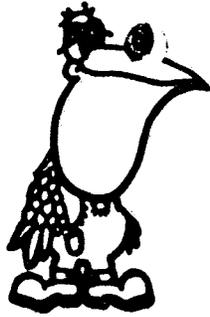
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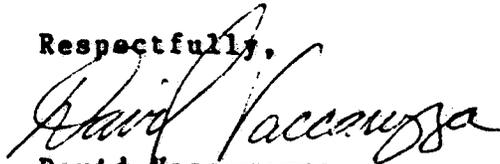
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