

Special Council Meeting
January 6, 2015, 6:00 p.m.
City of Oswego, Kansas

Present: Councilmembers Jane Rea, Susan Bringle, Dee Brown, Kelly Vance, Darren Tynan and Bill Owens with Mayor Glenn Fischer presiding.

Also present: City Superintendent Calvin Jurgensen, Deputy City Clerk Renee Cochran, Beth Warren, Heather Brown, Marna George, Brenda Richardson, Roger Vance and Larry Richardson.

Refuse Truck Purchase

At the December 30, 2014 Special Meeting Supt. Jurgensen reported that the transmission in the primary refuse truck had gone out. A new transmission would cost the city \$7,000 and had just recently been replaced in 2012. A mechanic also said the truck will soon need new injectors due to the miles and make of the motor. Jurgensen looked in to options and found some used trucks but they already had high mileage. So Jurgensen recommended purchasing a new truck and trading in the old truck. After some discussion on possible makes and models it was the consensus to have Supt. Jurgensen obtain a hard quote on purchasing a new Peterbilt with the current truck as a trade in.

At the meeting Jurgensen provided a quote from Peterbilt of Joplin for \$144,300 for a Peterbilt 337 with 20 Yard Loadmaster Body. The dealer offered a \$14,000 trade allowance for the 2006 Sterling Trash Truck for a balance of \$130,300. The quote also provided a 2 year/250,000 mile base warranty on the engine.

Council reviewed information gathered by Clerk Eddington about the feasibility of allowing a private hauler to take over the trash service for the city. It was discussed that there would still be some operating expenses associated with the sanitation department as well as additional services the city provides that would not be covered by a private hauler. If the city was no longer charging customers there would be no way to generate the revenue to cover those costs. After some additional discussion Rea made a motion and Bringle seconded to approve the quote from Peterbilt of Joplin and purchase the new trash truck. Mayor Fischer called for a vote with Brown, Bringle, Rea and Vance voting yea and Owens and Tynan voting nay. Motion carried.

Water, Sewer & Refuse Rates

Beth Warren, Ranson Financial, attended the meeting to answer any questions the council had about the Utility Rate Review that she had completed for the city.

Sewer Rates

Warren said that the study showed that there is approximately a \$17,000 deficit for the upcoming year with the current sewer rates. The analysis concluded that the system should provide sufficient revenue to pay total forecasted expenditures and debt service with a rate increase of 7½%. This includes the recommended 5% margin and an inflation factor of 3% per year. The current rate of \$17.40 for residential customers would see an increase of \$1.31 for a monthly charge of \$18.71. The Step 1 would increase from \$1.35 to 1.45 so for an average customer who

uses 5,000 gallons per month the bill would increase from \$22.80 to \$24.51. Supt. Jurgensen said that although there had not been any big expenses last year, the panels on the lift stations (which are very expensive) are getting in bad shape and will need to be replaced soon. He said the increase would help cover those costs.

Water Rates

Warren presented four (4) scenarios for the proposed water rate increases. None of the scenarios included the 5% margin or 3% inflation factor.

- Version A - Current Rate Structure remains the same. Currently there is approximately \$146,000 shortfall with the current rate structure. A 24½ % increase would be needed to cover the forecasted expenditures and debt service. The minimum for residential customers is currently \$21.41 and with the increase would be \$26.12 per month. An average customer who uses 5,000 gallons would see an increase of \$55.49 to \$69.09.
- Version B – Multiple Units would each be charged the minimum base rate. The shortfall with this version is \$133,000 and a 22% increase would be needed to cover expenses. The minimum charge would increase from \$21.41 to \$26.12. After some discussion the council decided to eliminate this as one of the options.
- Version C – Multiple Units would each be charged a flat rate of \$10 (instead of the minimum base rate). The shortfall with this version is approximately \$133,000 so 24.25% increase would be needed to cover expenses. The minimum charge would increase from \$21.41 to \$26.60 per month. An average customer using 5,000 gallons would see an increase of \$55.49 to \$68.95.
- Version D – Rural Users would be charged double instead of one and a half times the rate. The shortfall with this version is \$146,000 so a 23 ¼ % increase is recommended to cover expenses. Council discussed that this might cause rural customers to seek water service from the Rural Water Districts and asked staff to check in to the water rates at Chetopa, Altamont and Big Hill.

Council discussed the fact that no recommended 5% margin or 3% to allow for inflation was included in the amounts and asked Warren to add back in the 3% inflation rate. Council then asked that the issue be put back on the agenda for the regular January Council Meeting.

Refuse Rates

Council reviewed information provided by staff on the proposed increases for trash service. The current minimum residential refuse rate is \$14.35 and staff is recommending a \$1.00 increase to cover expenses. For commercial service a proposal was presented to increase the dumpster rate \$1.00 for each cu yd. Council felt that the increase should be at least the same percent as what the residential customers would be paying (7%). Council asked staff to prepare a spreadsheet with a side by side comparison between current rates, rates with the proposed \$1 per cu yd and rates with a 7% increase. Council will revisit this at the January Council Meeting.

Brown made a motion and Rea seconded to adjourn the meeting at 7:36pm. Motion carried.

Mayor Glenn Fischer

Attest:

Deputy City Clerk Renee Cochran