

MINUTES FOR THE NEWBERG FINANCE COMMITTEE

Monday, December 21, 1998
Newberg Public Safety Building

Members Present: Chuck Cox Lisa Helikson Robert Larson

Others Present: Duane Cole, City Manager
Kathy Tri, Finance Director

Chair Cox called the committee to order at 7:08 p.m. A quorum was not present.

CONTINUED BUSINESS:

Request to increase garbage rates: Steve Donovan and Mike McCullough from Newberg Garbage Service were present to provide the committee additional information regarding the proposed Newberg Garbage Service request to increase garbage rates 10.62%, effective January 1, 1999.

The members reviewed the responses to Fred Howe's request on how much it cost to collect Newberg's garbage and if the service subsidizes other services. Steve Donovan pointed out that actually the County area is subsidizing Newberg. Because of what the cost of service study showed, they will be approaching the County and Dundee to discuss rate changes. Chuck Cox asked what if they lost Dundee's service. Mr. Donovan responded that like other businesses, they would be downsizing, reducing the fleet and employees. Chuck Cox also asked about administrative expenses. Mike McCullough responded that the model spreads administrative costs by customer. Other costs are allocated on other bases. The cost to serve model is intended to be fair and equitable in spreading all the costs of garbage collection among the various classes of customers. It recognizes the different levels of service--customer base, tonnage, and method of disposal. The County is using this methodology for its garbage rate studies. Mr. Donovan added that the return on revenue is the most common methodology for a cost to service study. Other possible models include return on rate or modified equity. Portland and Multnomah County (Metro) do annual reviews of rate requirements using these methods. However, these models take considerable time and staff.

Bob Larson noted that the NGS should have been in two years ago for a rate increase. Mr. McCullough agreed but stated that the mechanism wasn't in place to do the rate study. He noted that Yamhill County is requiring an annual review.

Kathy Tri indicated that at the January 19 meeting the Council would receive a consolidated report and two recommendations: (1) a rate increase of 7.23% plus a 3.39% increase pending Yamhill County action on disposal costs and (2) periodic review of rate needs, at least every two years.

ADJOURNMENT: The committee moved to adjourn at 7:55 p.m.

fincom12.98