



Progressive Waste Solutions of TX, Inc.

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Seguin, TX 78155
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Mr. Doug Faseler, City Manager
City of Seguin
210 E. Gonzales
Seguin, TX 78155-5643

October 6, 2015

Dear Mr. Faseler:

As your partner in providing solid waste services to the City of Seguin, Progressive Waste Solutions of TX, Inc. (formerly IESI TX Corporation) always strives to provide the highest quality services at the lowest possible price. As you are aware, our costs of labor, health insurance, disposal and fuel increase every year.

We respectfully submit a rate adjustment based on the agreement as outlined on pages 7-8 in Section 10 Rate Adjustment, paragraph E. Fuel Cost Adjustment, in the event the semi-annual average price of fuel is less than the base price, the fuel cost adjustment shall be a downward adjustment to all rates and in accordance with the chart in Exhibit "D" of the contract, Fuel Surcharge Table. Since the six month period of the year February 28th, 2015, fuel costs had decreased and the effect was a fuel cost adjustment decrease. The six month fuel cost adjustment of the year is calculated as follows:

Fuel Cost Adjustment:

Trash

	<u>March 30, 2015</u>	<u>September 28, 2015</u>
Exhibit "D" Base Line Unit Price	\$11.15/Mo.	\$11.15/Mo.
Average Price per Gallon	\$2.675/Gal.	\$2.323/Gal. (\$2.617- 6 mo. avg.)
Exhibit "D" Adjusted Unit Trash Rate	\$11.31/Mo.	\$10.94/Mo.
Current Contract Trash Price/Home	\$12.25/Mo.	\$11.88/Mo. (Adjusted)
Effective % Cost Adjustment		-0.0302%

Recycling

- Recycling is separate from the trash and therefore, the fuel surcharge table is not applicable to the recycling rates. However, the semi-annual fuel cost adjustment is applicable by the percentage change in the average price of diesel fuel during the six month period. The effective percentage of fuel cost adjustment would be a decrease of -0.0302% for recycling. However, the contract provides that the recycling rate cannot go below \$3.00 per month, and since there are no other applicable increases in the rate adjustment for the period of March 30, 2015 to September 30, 2015, the recycling rate will not be impacted by the fuel cost adjustment for this six month period and will remain at \$3.00 per month.

Contract Recycling Price/Home	\$ 3.00/Mo.	\$ 2.91/Mo. (Adjusted)
Effective % Cost Adjustment		-0.0302%
(Contract Net Recycling Price cannot go below \$3.00/Mo.)		\$ 3.00/Mo. (per contract)

Total

Current Total Contract Trash Price/Home	\$12.25/Mo.	<u>\$11.88/Mo. (Adjusted)</u>
Current Total Contract Recycle Price/Home	\$ 3.00/Mo.	<u>\$ 3.00/Mo. (Adjusted)</u>
Current Total Contract Price/Home	\$15.25/Mo.	<u>\$14.88/Mo. (Adjusted)</u>
Total Adjusted Cost/Home/Month		<u>-\$ 0.37/Mo.</u>

We are also requesting a Consumer Price Index (CPI-U) price adjustment per our agreement for all services as listed in Exhibit "A" Rates for Collection and Disposal of Refuse for the City of Seguin. The criteria we are basing our request is outlined on page 6, in Section 10. Rate Adjustment (A) CPI-U Adjustment of our current agreement, dated October 1, 2008. The CPI percentage for the time frame detailed on the above page and paragraph 0.2% (based on September 1, 2014 to August 31, 2015) and is based upon the Consumer Price Index for All Urban Wage Earners (All Items). However, the CPI-U Adjustment occurs after the Initial Rate has been adjusted in accordance to Section 10. Rate Adjustment (E) Fuel Cost Adjustment as shown above and, the rate adjustments are calculated as follows:

Residential - CPI-U Cost Adjustment:

The listed CPI-U adjustment for the period of October 2014 through September 2015 = 0.2%

<u>August 2014 Index</u>	<u>August 2015 Index</u>
237.852	238.316

$$238.316 - 237.852 = 0.464 / 237.852 = 0.0019 \times 100 = 0.2\%$$

	<u>October 2014</u>	<u>October 2015</u>
Base Trash Rate/Home/Mo.	\$ 12.25/Mo.	\$11.88/Mo. (Adjusted)
0.2% CPI-U Cost Adjustment	\$ 0.00	+ <u>\$ 0.02/Mo.</u>
New Trash Rate/Home/Mo.		<u>\$11.90/Mo.</u>
Base Recycling Rate/Home/Mo.	\$ 3.00/Mo.	\$ 3.00/Mo. (Adjusted)
0.2% CPI-U Cost Adjustment	\$ 0.00	+ <u>\$ 0.01/Mo.</u>
New Recycling Rate/Home/Mo.		<u>\$ 3.01/Mo.</u>
<u>New Total Residential Rate:</u>		<u>\$14.91/Mo.</u>

As shown above, the total semi-annual fuel cost adjustment of - 0.0302% plus the CPI-U adjustment of + 0.2% will equal a total adjustment to rates of **-\$0.34 month for all residential accounts.**

We are requesting that this rate decrease would be scheduled to take effect on October 1, 2015. The new rates would be as scheduled on following Exhibit "A".

If you have any questions do not hesitate to contact me at 830-372-9303. We truly appreciate the opportunity to be your solid waste service provider and look forward to continuing our public-private partnership.

Best Regards,

James R. Hare

James R. Hare
District Municipal Marketing Manager
Progressive Waste Solutions of TX, Inc.

Attachment

EXHIBIT "A"

Residential Rate Schedule Proposed to be Effective October 1, 2015

-3.2 % Fuel Cost Adjustment (March 30, 2015- September 28, 2015)

+ 0.2% CPI-U Cost Adjustment (August 2014- August 2015)

Residential Collection:

(-3.0% + 0.2% = - 2.8%)

	<u>Current Rate</u>	<u>New Rate</u>
Residential Trash Service Once Per Week:	\$12.25 Per Month	\$11.90 Per Month
Residential Recycling Service Once Per Week:	<u>\$ 3.00 Per Month</u>	<u>\$ 3.01 Per Month</u>
Total Residential Service Rate	\$15.25 Per Month	\$14.91 Per Month

Sludge Services:

(-3.0% + 0.2% = - 2.8%)

Sludge Haul Fee	\$199.76 Per Haul	\$194.17 Per Haul
Disposal Fee:	\$ 18.33 Per Yard	\$ 17.82 Per Yard