



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

October 22, 2018

Dear Mr. Faseler:

As your partner in providing solid waste services to the City of Seguin, Waste Connections Lone Star, Inc. d/b/a WC of Texas 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 March 26<sup>th</sup>, 2018, fuel costs had increased and the effect was a fuel cost adjustment increase. However, in Section 10 E. Fuel Cost Adjustment of the Agreement it states that in the event the six (6) month average fuel cost exceeds the "Base Price" there shall be an upward adjustment of the price based on the Fuel Surcharge Table. Since the past six (6) month fuel average was \$2.992 per gallon and is below the \$3.02 per gallon Base Price for trash and the \$3.00 per gallon Base Price for recycling, there would not be a fuel cost adjustment to the current contract price at this time. The six month fuel cost adjustment of the year is calculated as follows:

#### **Fuel Cost Adjustment:**

<b><u>Trash</u></b>	<b><u>March 26, 2018</u></b>	<b><u>September 24, 2018</u></b>
Exhibit "D" Base Line Unit Price	\$11.15/Mo.	\$11.15/Mo.
Average Price per Gallon	\$2.823/Gal. (\$2.741- 6 mo. avg.)	\$3.052/Gal. (\$2.992- 6 mo. avg.)
Exhibit "D" Adjusted Unit Trash Rate	\$10.96/Mo.	\$11.13/Mo.
Current Contract Trash Price/Home	\$12.31/Mo.	<b>\$12.31/Mo. (Adjusted)</b>
Effective % Cost Adjustment		0.00%

#### **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. As stated above the six (6) month average fuel cost was \$2.992 per gallon and did not exceed the \$3.00 per gallon Base Price for recycling. Therefore, the effective percentage of fuel cost adjustment would be 0.00% for recycling will be impacted as identified below.

Contract Recycling Price/Home	\$ 3.11/Mo.	\$ 3.11/Mo. (Adjusted)
Effective % Cost Adjustment		0.00%
<i>(Contract Net Recycling Price cannot go below \$3.00/Mo.)</i>		<b><u>\$0.00/Mo.</u></b>
<b><u>Total</u></b>		<b>\$ 3.11/Mo. (per contract)</b>
Current Total Contract Trash Price/Home	\$12.31/Mo.	<b><u>\$12.31/Mo. (Adjusted)</u></b>

Current Total Contract Recycle Price/Home	<u>\$ 3.11/Mo.</u>	<u>\$ 3.11/Mo. (Adjusted)</u>
Current Total Contract Price/Home	\$15.42/Mo.	<u>\$15.42/Mo. (Adjusted)</u>
Total Adjusted Cost/Home/Month		<u>\$ 0.00/Mo.</u>

We are 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 2.2% (based on September 1, 2017 to August 31, 2018) 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 September 2017 through August 2018 = 2.3%

September 2017 Index  
246.819

September 2018 Index  
252.439

$$252.439 - 246.819 = 5.62 / 246.819 = 0.0228 \times 100 = 2.3\%$$

	<u>October 2017</u>	<u>October 2018</u>
Base Trash Rate/Home/Mo.	\$ 12.31/Mo.	\$12.31/Mo. (Adjusted)
2.3% CPI-U Cost Adjustment	\$ 0.00	+ <u>\$ 0.28/Mo.</u>
New Trash Rate/Home/Mo.		<u>\$12.59/Mo.</u>
Base Recycling Rate/Home/Mo.	\$ 3.11/Mo.	\$ 3.11/Mo. (Adjusted)
2.3% CPI-U Cost Adjustment	\$ 0.00	+ <u>\$ 0.07/Mo.</u>
New Recycling Rate/Home/Mo.		<u>\$ 3.18/Mo.</u>

**New Total Residential Rate:** \$15.77/Mo.

As shown above, the total semi-annual fuel cost adjustment of 0.00% plus the CPI-U adjustment of 2.3% will equal a total adjustment to rates of **\$0.35 month for all residential accounts.**

We are requesting that this rate increase would be scheduled to take effect on October 1, 2018. 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  
Waste Connections

Attachment

## EXHIBIT “A”

### Residential Rate Schedule Proposed to be Effective October 1, 2018

0.0 % Fuel Cost Adjustment (March 26, 2018- September 24, 2018)

2.3% CPI-U Cost Adjustment (September 2017- August 2018)

#### Residential Collection:

	<u>Current Rate</u>	<u>New Rate</u>
Residential Trash Service Once Per Week:	\$12.31 Per Month	\$12.59 Per Month
Residential Recycling Service Once Per Week:	<u>\$ 3.11 Per Month</u>	<u>\$ 3.18 Per Month</u>
<b>Total Residential Service Rate</b>	\$15.42 Per Month	\$15.77 Per Month

#### Sludge Services:

Sludge Haul Fee	\$200.99 Per Haul	\$205.61 Per Haul
Disposal Fee:	\$ 18.45 Per Yard	\$ 18.87 Per Yard