



7/12/22

Davis County Regional Service Agency
100 Courthouse Square
Bloomfield, IA
52537

Re: Inflation Cost Recovery Related to Trash and Recycling Collection Operations

Dear Agency Leadership:

Waste Management of Iowa, Inc. (“WM”) is proud to be your community’s service provider and grateful for your business. WM is also proud of the essential work our frontline collection and recycling crews performed throughout the Force Majeure event of the COVID-19 pandemic and continue to provide your community despite lingering and difficult supply chain and inflationary disruptions.

In 2021, the Agency voted to continue the solid waste and recycling collection program with WM by implementing a new Contract, which will continue through June 30, 2026. Recognizing that industry costs can increase outside of WM’s control (such as after China’s ban on contaminated American recycling volumes), the City approved language in this new Contract that allows for the passthrough to the City of any increase in costs due to uncontrollable circumstances. Such passthroughs keep the solid waste and recycling program fiscally sustainable in Davis County.

Through 2022, the U.S. economy has been experiencing the unexpected adverse impacts of inflation caused in large part by an economy re-emerging from COVID-19 but hampered additionally by labor and supply chain constraints. Not since the years immediately following WWII or the 1970-80s has the U.S. experienced inflationary price increases at these levels. Due to this inflation, WM has experienced very large percentage cost increases in tires, oil, carts, steel, fuel, labor rates, etc. Many economists are projecting continued upward pressure on critical material costs and labor in the months ahead.

These are uncontrollable circumstances and extraordinary market conditions which the parties could not anticipate at the time the contract was executed. From May 2021 to May 2022, across our regional service area, WM has experienced an increase of 14.87% in the costs outside of our control when incorporating the increase in labor rates, fuel rates, and raw supply costs used in maintenance such as oil, tires, steel & resins for new containers, etc.

WM is already bearing these costs. Indeed, as your community partner, we have been for some months, as inflation and fuel rates have risen. However, as contractually allowed through the “Changes in Law” Section of our service agreement, we now need to pass these costs through to the Agency. Based on the residential rates we currently charge in your community of \$15.72 for trash and recycling, this calculates as a \$2.34 per home per month increase. We will implement this increase of \$2.34 per home, per month, for services performed on and after July 1, 2022 in place of the 3% annual rate increase the contract otherwise calls for.

As your community partner, WM is as committed as ever to provide best-in-class service to our customers and the communities we call home. This inflation is a difficult issue that needs addressing, and we appreciate your partnership during these unusual market conditions. Please reach out if you have any questions,

Sincerely,
Ammon Taylor
Area Manager of Public Sector Solutions

A handwritten signature in black ink, appearing to read 'Ammon Taylor', is written below the typed name.