



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 located at the bottom left of the document.

COPY

MUNICIPAL RECYCLING AND WASTE AGREEMENT

This Municipal Recycling and Waste Agreement (the "Agreement") is entered into on July 1, 2021 (the "Effective Date"), by and between Davis County Regional Service Agency, ("Agency") as agent and on behalf of Davis County ("County") and each of the following municipalities: Bloomfield, Pulaski and Drakesville, Iowa (each a "City" collectively "Cities") and Waste Management of Iowa, Inc. ("WM").

Recitals

- A. Cities desire to provide its citizens with environmentally sound solid waste collection and disposal and recyclable materials collection.
- B. WM and its affiliates have extensive experience in providing solid waste and recyclable materials collection, disposal and processing; and The County and Cities have determined that it would be in the best interests of its citizens to allow Agency, on behalf of Cities, to contract with WM for the collection of its residential solid waste and recyclable materials according to the terms and conditions contained herein.

Agreements

I. DEFINITIONS

- a. Acceptable Waste - shall mean all non-hazardous solid waste generated by households in the ordinary course including food wastes and discarded papers, cardboard, plastics, cloth, glass and metal materials, but excluding Excluded Waste as defined herein. Waste shall be considered "Acceptable Waste" only if properly contained with 96-gallon Carts placed at the curbside on the proper weekly collection day. Additional Acceptable Waste is allowed if properly placed in a resident provided container or bag with a Additional Waste sticker affixed to each container. As used herein, the term "waste" shall mean Acceptable Waste unless the context demonstrates otherwise. Title to Acceptable Waste shall transfer to WM upon collection in WM vehicles.
- b. Excluded Waste - shall mean, without limitation, any regulated quantity of a Hazardous Waste or Hazardous Substance as defined by federal, state or local laws or regulations; containerized wastes, the contents of which are not able to be identified; sludges; waste from a pollution control process or cleanup of a spill of a chemical substance or commercial product; waste tires; biohazards or regulated medical waste; friable asbestos; construction and demolition waste; soil, sod, tree branches and stumps; paint; motor oil; excessive storm debris or debris resulting from weather events such as hurricanes or tropical storms; or any item too large or heavy to be contained within a 96-gallon Cart; or any waste or material that is prohibited from being received, managed or disposed of at the disposal facility. Title to and liability for Excluded Waste shall remain with the resident that generated the Excluded Waste at all times.
- c. Recyclables or Recyclable Materials - are defined in Exhibit A. Title to Recyclable Materials shall transfer to WM upon collection in WM vehicles.
- d. Residential Unit - shall mean a dwelling within the corporate limits of the City. Apartment or condominium buildings with four (4) or more individual dwellings shall not be considered Residential Units and are, therefore, not covered by this Agreement.
- e. Bulk Items shall mean household items that will not fit in the provided 96-gallon cart will not be collected at curbside. Each residence located inside of the limits of the member Cities will be provided a punch card allowing delivery of bulk items to the Rural Deposit Station, 722 Karr Street, Bloomfield, Iowa. Each card will allow delivery of six (6) bulk items per year, punch cards will be delivered to each member City for distribution.

II. TERM

The initial term of this Agreement shall be for five (5) years commencing on July 1 2021 ("Commencement Date"), and ending on June 30 2026, and thereafter shall automatically renew for successive renewal terms of one-year each, unless either Party gives the other Party written notice of its intention to terminate the Agreement at least ninety days prior to the end of the then-current term. All notices shall be served by certified mail, return receipt requested, or by a nationally recognized overnight courier service.

III. SERVICES

- a. WM shall furnish the labor, equipment, licenses, permits, and other requirements necessary to provide Acceptable Waste and Recyclable Materials collection to all Residential Units of the Cities, which currently consists of approximately 1,336 Residential Units (the "Service"). As part of the Service, WM shall:
 - i. Cart Supply. Each Residential Unit has already been provided a 96-gallon Cart for Acceptable Waste. New Residential Units will be provided a 96-gallon Cart for Acceptable Waste as the Units are added to the City. The Carts and equipment WM furnishes Residents and the City shall remain WM's property. Collection will be limited to the contents of the cart. Additional volumes must be contained in 33-gallon bags/container and will require an additional trash tag affixed to the bag/container. Stickers will be made available to the Agency and member cities at a charge of \$ 2.50 per tag.
 - ii. Bin Supply. Each Residential Unit has already been provided a 19-gallon Bin for Recyclable Materials. New Residential Units will be provided a 19-gallon Bin for Recyclables as Units are added in a City. The Bins WM furnishes Residents shall remain WM's Property.
 - iii. Acceptable Waste Collection Frequency, Days and Times. Acceptable Waste shall be collected from the curbside once per week from each Residential Unit on a weekday or weekdays to be agreed by WM and City. Collections shall occur during ordinary hours but in no instance earlier than 6:00 am. All Acceptable Waste must be placed at the curb for collection no later than 6:00 A.M. on scheduled day of collection. WM reserves the right to change the service day with advance written notice to the City and Residents.
 - iv. Recyclable Materials Collection Frequency, Days and Times. WM shall provide recycling collection services to Residential Units on a weekly basis, subject to the terms and conditions in Exhibit A. WM reserves the right to change the service day with advance

written notice to the City and Residents. The City and Residential Units shall ensure that only materials acceptable in accordance with Exhibit A are placed in the Bin. WM reserves the right to refuse recycling services where the materials are not properly segregated from waste or other non-recyclable material.

- v. Exclusions from the Service - Notwithstanding anything to the contrary herein, the Service shall not include Bulky Items, yard waste collection, construction or demolition waste collection, or Christmas tree collection. Services to commercial establishments are not covered by this Agreement.
- vi. Disposal. WM shall dispose or arrange to dispose of the Acceptable Waste, Recyclables and Recyclable Materials collected by WM under this Agreement only at the Ottumwa / Wapello County Landfill and/or the Ottumwa / Wapello County Recycling facilities, Ottumwa, Iowa.
- vii. Holiday Schedule. The following shall be designated holidays on which the Service shall not be provided: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the succeeding Friday, Christmas Eve, Christmas Day. If a designated holiday falls on a regularly scheduled Service day, the Service will be performed on the next weekday.
- viii. Cartor Bin Replacement. WM shall replace at no charge to the City or the Individual Residential Unit any Cartor Bin that becomes damaged or destroyed during the provision of the Service, or that becomes unusable because of ordinary wear and tear. However, if a Cart or Bin in the possession of a Residential Unit is lost, stolen, damaged, or destroyed through no fault of WM, the occupant of the Residential Unit shall be responsible to compensate WM for the replacement of such Cart or Bin. The Residential Unit shall be billed separately for such replacement cost.
- b. Compliance with Laws. The Service and Additional Service shall be performed in accordance with all applicable statutes, laws, rules, regulations and ordinances.
- c. Personnel and Equipment. The Service and Additional Service shall be performed by properly trained and licensed personnel in adequate numbers and with adequate vehicles and equipment to complete the Service in a safe and timely manner.
- d. Complaints and Missed Pick-Ups. All complaints as to WM's provision of the Service, including alleged missed pick-ups, shall be given prompt and courteous attention. WM shall attempt to resolve all complaints promptly, and shall cure all missed pick-ups that are not the result of *force majeure* events within one (1) weekday, conditions permitting.
- e. Anti-Discrimination. In performing the Service, WM shall not discriminate against any person on the basis of race, religion, sex, national origin, political affiliation, or physical and mental disability.
- f. Exclusive. The City grants the exclusive right to perform the Services set forth in this Agreement. The City agrees that it will not allow anyone other than WM to lease carts to residents or engage in the collection of residential waste within the City.

IV. HOUSE COUNT AND ADJUSTMENTS

The estimated house count for each City at the commencement of the term is Bloomfield - 1,152 Residential Units; Pulaski - 112 Residential Units and Drakesville - 72 Residential Units; however, the Parties shall verify this house count prior to the initial billing under this Agreement and shall adjust the house count for billing purposes accordingly. Either Party may propose a prospective adjustment to the house count at any time during the term of this Agreement upon reasonable notice to the other Party, which adjustment shall be investigated jointly by the Parties to establish a new house count to apply thereafter. WM shall keep accurate route sheets and/or a Residential Unit database that shall be provided to City promptly upon its request.

V. FEES AND PAYMENTS FOR SERVICES

- a. Service Fee per Residential Unit. The fee per Residential Unit, per month, shall be Fifteen Dollars and Seventy-two Cents (\$15.72). The monthly fee paid to WM by the Member City shall be calculated based upon the current house count at the time each invoice is generated, times the fee per Residential Unit [e.g., Current House Count x Fee = Monthly Invoice Amount].
- b. Center Operation Fee. County shall pay WM a monthly fee of \$11,569.00 per month. This monthly fee is subject to an annual increase as set forth herein.
- c. Annual Increase. Annually, the monthly fee per Residential Unit and the Center operation fee shall be adjusted on each anniversary of the effective date of this Agreement by three percent (3%).
- d. Invoices and Payment - Weekly Residential Services. WM will submit monthly invoices to the City and the City shall have thirty (30) days from the invoice date to remit payment in full. Payment by City shall be made by check or wire transfer or ACH debit. The maximum interest shall be 2.5% per month applied to balances due and unpaid beyond the due date.
- e. Changes in Law. Notwithstanding anything to the contrary in this Agreement, WM may modify the rates to account for any increase in costs due to uncontrollable circumstances, including, without limitation, changes in local, state or federal laws or regulations, disposal or processing costs, third party transportation costs, imposition of taxes, fees or surcharges, municipal franchise fee increases and acts of God such as floods, fires, etc.

VI. DEFAULT AND TERMINATION

The failure of either Party to perform a material obligation under this Agreement shall be considered a breach of this Agreement, and the breaching Party shall be in default. In the event of default, the non-defaulting Party shall give written notice of the default, and the defaulting Party shall have: (i) ten (10) days from the receipt of the notice to cure any failure to pay money under this Agreement, or (ii) thirty (30) days from the receipt of the notice to cure any other default under this Agreement. If the defaulting Party fails to cure the breach within the allotted time, the non-defaulting Party may, at its option, immediately terminate the Agreement. In the event of a default, the defaulting Party agrees to pay all damages caused by said default, to include, without limitation reasonable attorneys' fees and costs associated with enforcement of this Agreement. Under no circumstances shall the Parties be liable for any consequential, indirect, punitive or special damages for any alleged default under this Agreement.

VII. FORCE MAJEURE

WM's performance of the Service and Additional Service may be suspended and its obligations hereunder excused during the pendency of a cause or causes beyond its reasonable control, such as by way of example and not limitation: acts of war, public enemy, civil disturbance, riot or disorder; epidemic or pandemic; acts of God such as landslide, lightning, earthquake, fire, storm, the impending approach of a storm, or flood; explosion; restraining orders, interference by civil or military authorities, strike, statute, ordinance, government order or ruling; or

other similar causes. In the event of an occurrence of a *force majeure* event, WM shall notify the Agency and its members immediately, in writing, describing the particulars of the circumstances preventing performance of the Service and its expected duration. Notice shall be provided after the effect of such occurrence has ceased.

VIII. INDEMNIFICATION

a. To the fullest extent permitted by law, the Agency, the County and each City agree to indemnify, defend, and hold WM harmless from and against all claims and actions, suits, debts, damages, liabilities and costs whatsoever, including but not limited to attorneys' fees and costs of defense, based upon or arising out of the Agency, the County or a City's breach of this Agreement, and based upon or arising out of any injuries (including death) to persons, or damage to property, to the extent caused in whole or in part by the negligent acts or omissions of the Agency, a City or the County, or any of its directors, officers, employees, agents, or subcontractors, in the performance of this Agreement.

b. WM agrees to indemnify, defend, and hold the Agency, the members of the Agency, the County, and each member City and their officers harmless from and against all claims and actions, suits, debts, damages, liabilities and costs whatsoever, including but not limited to attorneys' fees and costs of defense, based upon or arising out of the breach of this Agreement, and based upon or arising out of any injuries (including death) to persons, or damage to property, to the extent caused in whole or in part by the negligent acts or omissions of WM, or any of its directors, officers, employees, agents, or subcontractors, in the performance of this Agreement.

c. Notwithstanding any provisions to the contrary, WM shall not be responsible for any damage to pavement or curbing that is the result of ordinary wear and tear during the performance of the Service.

d. The indemnification obligations of this section shall survive the termination or expiration of this Agreement for any reason.

IX. INSURANCE

WM shall maintain at its own cost and expense the following minimum limits of occurrence-based insurance during the term of this Agreement:

	<u>Type</u>	<u>Amount</u>
A.	Worker's Compensation	Statutory
B.	Employer's Liability	\$ 3,000,000.00
C.	Comprehensive General Liability	\$ 5,000,000.00 per occurrence \$ 6,000,000.00 aggregate
D.	Automobile Liability (owned and non-owned)	
	i. Bodily Injury	\$ 1,000,000.00 per occurrence
	ii. Property Damage Liability	\$ 1,000,000.00 per occurrence
E.	Excess/Umbrella	\$ 15,000,000.00 per occurrence

The Agency, County and each City, its elected and appointed officials and employees, shall be included as additional insured parties under the CGL, Automobile and Excess/Umbrella coverages. Prior to commencement of the Service, WM shall deliver to City a certificate of insurance evidencing the required coverages. This certificate shall provide that any change restricting or reducing coverage, or the cancellation of any policies under which certificates are issued, shall not be valid unless at least 30 days' written notice of cancellation is provided.

X. MISCELLANEOUS PROVISIONS

a. Agency Authority. The Agency represents and warrants that it is authorized to enter into this Agreement on behalf of the County and Cities.

b. City Authority. Each City represents and warrants that the Agency is authorized to act as its agent in handling the pertinent matters of this Agreement.

c. Performance Review. Before the end of the 2nd year of the Term, the parties shall mutually determine a date to meet and discuss WM's performance in accordance with the Agreement. Waste Management shall be allowed reasonable time (30 days) to remedy any deficiencies prior to initiation of any cancellation action.

d. Independent Contractor. WM shall perform the Service as an independent contractor. WM, its officers, employees, agents, contractors or subcontractors, are not and shall not be considered employees, agents or servants of the City for any purpose whatsoever under this Agreement or otherwise. WM at all times shall have exclusive control of the performance of the Service. Nothing in this Agreement shall be construed to give the City any right or duty to supervise or control WM, its officers, employees, agents, contractors, or subcontractors, nor to determine the manner in which WM shall perform its obligations under the Agreement.

e. Amendments. No amendment to this Agreement shall be made except upon the written consent of both Parties.

f. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Parties hereto with respect to the subject matter and supersedes any prior and contemporaneous agreements and understandings, express or implied.

g. Waiver. A waiver by either Party of any breach of any provision hereof shall not be taken or held to be a waiver of any subsequent breach, whether similar or dissimilar, or as a waiver of any provision itself. No payment or acceptance of compensation for any period subsequent to any breach shall be deemed a waiver of any right or acceptance of defective performance.

h. Severance. In the event that any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid, or unenforceable, the balance of this Agreement shall remain in effect and binding on the Parties.

i. Choice of Law. This Agreement shall be governed by the laws of the state where the services are being performed, without regard to choice of law rules.

j. Assignment. Neither Party may assign its rights and obligations under this Agreement without the prior written consent of the other Party, except that WM may assign its rights and obligations under this Agreement to any WM affiliate without the City's consent. An assignment shall not relieve the assignee of any obligations under this Agreement.

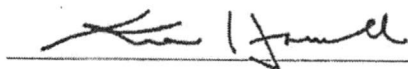
k. Notice. All notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by certified mail, return receipt requested, or by overnight courier, with copies to counsel for the respective Parties.

IN WITNESS THEREOF, the parties have executed this Agreement as of the Effective Date indicated above.

Waste Management of Iowa, Inc.

Davis County Regional Service Agency as agent and
on behalf of Davis County and Cities,

Signature:



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Name:

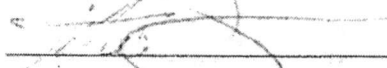
Kent Harrell

Title:

Area Director Public Sector

City of Drakesville, Iowa

Signature:



Printed

Name:

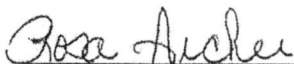
Robert Sampson

Title:

MAYOR

City of Pulaski, Iowa

Signature:



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Name:

Rosa Archer

Title:

Council Member

Signature:



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Name:

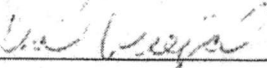
Ronald Bledsoe

Title:

Captain

City of Bloomfield, Iowa

Signature:



Printed

Name:

Daniel Wiegand

Title:

Mayor

EXHIBIT A
SINGLE STREAM SPECIFICATIONS

RECYCLABLES must be dry, loose (not bagged), unshredded, empty, and include ONLY the following:

Aluminum cans	Newspaper
PET bottles with the symbol #1 - with screw tops only	Mail
HDPE plastic bottles with the symbol #2 (milk, water bottles detergent, and shampoo bottles, etc.)	Uncoated paperboard (ex. cereal boxes; food and snack boxes)
PP plastic bottles and tubs with symbol # 5 - empty	Uncoated printing, writing and office paper
Steel and tin cans	Old corrugated containers/cardboard (uncoated)
Glass food and beverage containers* - brown, clear, or green	Magazines, glossy inserts and pamphlets

NON-RECYCLABLES include, but are not limited to the following:

Plastic bags and bagged materials (even if containing Recyclables)	Microwavable trays
Porcelain and ceramics	Mirrors, window or auto glass
Light bulbs	Coated cardboard
Soiled paper, including paper plates, cups and pizza boxes	Plastics not listed above including but not limited to those with symbols #3*, #4*, #6*, #7* and unnumbered plastics, including utensils
Expanded polystyrene	Coat hangers
Glass and metal cookware/bakeware	Household appliances and electronics
Hoses, cords, wires	Yard waste, construction debris, and wood
Flexible plastic or film packaging and multi-laminated materials	Needles, syringes, IV bags or other medical supplies
Food waste and liquids, containers containing such items	Textiles, cloth, or any fabric (bedding, pillows, sheets, etc.)
Excluded Materials or containers which contained Excluded Materials	Napkins, paper towels, tissue, paper plates, and paper cups
Any paper Recyclable materials or pieces of paper Recyclables less than 4" in size in any dimension	Propane tanks, batteries
Cartons*	Aseptic Containers*

DELIVERY SPECIFICATIONS:

Material delivered by or on behalf of Agency may not contain Non-Recyclables or Excluded Materials. "Excluded Materials" means radioactive, volatile, corrosive, flammable, explosive, biomedical, infectious, bio-hazardous or toxic substance or material, or regulated medical or hazardous waste as defined by, characterized or listed under applicable federal, state, or local laws or regulations, materials containing information (in hard copy or electronic format, or otherwise) which information is protected or regulated under any local, state or federal privacy or data security laws, including, but not limited to the Health Insurance Portability and Accountability Act of 1996, as amended, or other regulations or ordinances or other materials that are deleterious or capable of causing material damage to any part of WM's property, its personnel or the public or materially impair the strength or the durability of WM's structures or equipment.

WM may reject in whole or in part, or may process, in its sole discretion, Recyclables not meeting the specifications, including wet materials, and Agency shall pay WM for all increased costs, losses and expenses incurred with respect to such non-conforming Recyclables including costs for handling, processing, transporting and/or disposing of such non-conforming Recyclable Materials which charges may include an amount for WM's operating or profit margin ("Cost"). Without limiting the foregoing, and Agency shall pay a contamination charge for additional handling, processing, transporting and/or disposing of Non-Recyclables, Excluded Materials, and/or all or part of non-conforming loads and additional charges may be assessed for bulky items such as appliances, concrete, furniture, mattresses, tires, electronics, pallets, yard waste, propane tanks, etc.

WM reserves the right upon notice to discontinue acceptance of any category of materials set forth above as a result of market conditions related to such materials and makes no representations as to the recyclability of the materials. Collected Recyclables for which no commercially reasonable market exists may be landfilled at Agency's Cost.

* Glass may not be accepted in all locations. Cartons, aseptic containers and other plastics may be allowed if approved in writing by WM.

V6 February 2019