



7/29/22

VIA Email: gharrison@hmmw.com

Gayla R. Harrison
129 West Fourth Street
P.O Box 250
Ottumwa, IA
52501

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

Dear Miss Harrison:

Thank you for your letter, dated July 25th, 2022, representing the City of Bloomfield in response to WM's inflation cost recovery letter, dated July 12, 2022, sent to the City of Bloomfield, a member of the Davis County Regional Service Agency (the Agency). I am grateful for the City Council's invitation to attend the August 4th, 2022 Council meeting at 7:00 p.m. I will be in attendance and ask for a spot on the Agenda.

WM's calculated increase of 14.87% in the costs outside of our control is based on the weighted cost increases we have incurred in labor rates, fuel rates, and raw supply costs used in maintenance such as oil, tires, steel & resin for new containers, etc. The exact breakdown of this calculation is proprietary to our operations and will not be shared publicly. However, at a high level, I can share that substantial increases beyond the norm in labor rates and huge increases in fuel rates both played a large part in this weighted calculation.

For example, the fuel rates increased over 78% from the last week of June, 2021 (just before contract implementation) to the last week of June, 2022. The attached "Weekly Midwest No 2 Diesel Retail Prices" file provided by the US Energy Information Administration demonstrates these calculations (see the bottom of the "Data 1" tab). Fuel is a primary operating cost in our services.

Additionally, the "Producer Price Index for General Freight Trucking, Local" (PPI) shows a change of 18.07% in costs from June, 2021 to June, 2022. The attached "PPI General Freight Trucking Local" file provided by the US Federal Reserve demonstrates these calculations (see the bottom of the file). The PPI is much more in line with WM's operating costs than the Consumer Price Index (CPI). WM is a producer, not a consumer.

These increases in fuel and the PPI since the contract inception are due to uncontrollable circumstances which the parties could not anticipate at the time the contract was executed and as publicly available data, strongly reinforce WM's calculation of 14.87%. While we reiterate this calculation as the needed increase, we will agree in partnership with the City and the Agency to delay its implementation until September 1, 2022. Additionally, WM agrees to review this increase in 12 months for potential reduction in rates down to the otherwise contractually detailed monthly charges.

WM is as committed as ever to provide best-in-class service to our customers and the communities we call home. We value our relationship with the City of Bloomfield and the Agency. Please reach out if you have any questions.

Sincerely,
Ammon Taylor
Area Manager of Public Sector Solutions

Cc: City of Bloomfield
Ron Bride, Davis County Regional Service Agency
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cityofpulaski@netins.net