



148 Stone Park Court | Durham, NC 27703

February 16, 2016

Mr. Bryan Gruesbeck
Town Manager
Town of Pittsboro
PO Box 759
Pittsboro, N.C. 27312

Dear Mr. Gruesbeck,

We appreciate the time we were granted at the last Board Meeting to present our proposal to extend the current agreement for solid waste and recycling collection. The purpose of this letter is to address the questions that were raised at the meeting. It is our hope that by providing additional information the Board would agree that extending the current agreement for an additional two years would be beneficial to the Town of Pittsboro.

First, questions were raised regarding participating in group meetings and our ability to offer additional recycling services. We would like to make it clear we are willing and ready to participate in group meetings with Town Staff and/or residents to assist the Town in meeting solid waste and recycling goals. In addition, Waste Industries has the ability to offer a variety of recycling services above and beyond the curbside services provided to the Town today. As a solid waste collection company we do not handle liquid items such as cooking or engine oil. However, we would be willing to explore options for composting with the Town, if this is an additional service the Town desires. Waste Industries also has the ability to assist with E-waste (electronic waste) collection and recycling. Once again we stand ready to explore these options and others with the Town. We are confident we have the skills and resources required.

The second question that was raised related to the fuel surcharge clause in the current Solid Waste Collection, Transportation, and Disposal Agreement. The agreement states in section 9 (b) "Beginning with the second billing by Contractor under this Agreement, Contractor may include a fuel surcharge (which may be positive or negative) based on increases and decreases in the cost of fuel based upon the market price on the last day of the month immediately preceding the billing as compared to the Base Rate." Waste Industries chose not to implement the fuel surcharge upon the second billing and to date has never implemented the fuel surcharge. In addition to the fuel surcharge clause, the agreement states in section 9 (a) the service fee will be adjusted annually using "Table 1 of the Consumer Price Index for All Urban Consumers (CPI-U): U.S. City Average, by expenditure category and commodity and service group, Water and Sewer and Trash Collection Services". Upon the first anniversary date and there forward Waste Industries

has requested the annual CPI adjustment using the expenditure category and commodity and service group, Garbage and Trash Collection instead. The reason being this subgroup best represents our industry, but in addition has historically been considerably lower than the Water, Sewer, and Trash Collection Services group resulting in significant savings to the Town of Pittsboro. To best illustrate how this approach has saved money for the Town, please see the table below that lists the per unit price for residential collection for each contract year based on using the Garbage and Trash Collection Index versus the Water, Sewer, and Trash Collection Services Index along with the fuel surcharge based on the average price per gallon of Diesel in each contract year.

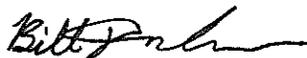
Contract Year	Per Unit rate w/Garbage and Trash Collection CPI	Per Unit rate w/Water, Sewer, and Trash CPI and Fuel Surcharge	Per Unit Savings	Annualized Savings
2011-12	\$10.74	\$10.73	(\$0.01)	(\$180)
2012-13	\$10.97	\$11.25	\$0.28	\$5,040.00
2013-14	\$11.29	\$11.85	\$0.56	\$10,080.00
2014-15	\$11.59	\$12.24	\$0.65	\$11,700.00
2015-16	\$11.77	\$12.59	\$0.82	\$14,760.00
2016-17 (Anticipated)	\$12.02	\$12.98	\$0.96	\$17,280.00

Waste Industries recognizes that we chose not to implement the fuel surcharge and based on current diesel prices a surcharge would equate to a monthly credit to the Town. However, by not implementing this surcharge and using only the Garbage and Trash Collection Index for annual CPI adjustments to the service fee it is clear the Town has realized significant savings based on the chart above.

In conclusion, the agreement allowed Waste Industries to implement a fuel surcharge, but did not mandate it. Comparing adjustments to service fees over the last 5 years to the agreement's adjustment language also appear advantageous to the Town. We would also mention disposal costs have increased by 8.6% since January 2015. We have not requested nor do we intend to request an adjustment for this expense though the agreement allows for it. Therefore, considering all the above factors we find our proposal to extend the agreement for an additional two years, accompanied with an annual adjustment of 2.1%, to be fair and reasonable.

Once again we appreciate the opportunity to serve the Town of Pittsboro and we are hopeful we can extend our partnership. Our dedicated employees stand ready to serve.

Sincerely,



Bill Davidson
General Manager

Modified Exhibit A

New Collection Monthly Rates

Residential Pricing		\$12.02
Hand Commercial	95 gal. cart	\$12.02
Once per week	4 cubic yard	\$43.21
Once per week	6 cubic yard	\$64.84
Once per week	8 cubic yard	\$86.38
Twice per week	4 cubic yard	\$86.38
Twice per week	6 cubic yard	\$129.58
Twice per week	8 cubic yard	\$172.75