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## DISPOSAL SERVICE, INC.

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June 20, 2019

The City of West Allis  
Attn: Dave Wepking, Director of Public Works  
6300 W. McGeoch Ave.  
West Allis, WI 53219

Re: Proposed Changes to Recycle Processing Agreement

Dear City Council,

We sincerely appreciate the unanimous recommendation of the Public Works Committee to City Staff to negotiate changes to our current Recycle Processing Agreement as a result of catastrophic downturns in local, national, and international recycling markets. We would propose the following changes to our current agreement:

1. Increase materials processing cost to \$85.00 / ton. Based on June 2019 posted prices, the cost per ton would be approximately \$49.00.
2. Remove "zero floor" language which guarantees a zero payment from the City.
3. Remove all payment language which includes "high side" pricing or "premiums" as these no longer exist.

In exchange for these changes, Johns is prepared to offer the City the following benefits which will take effect when markets return:

4. Increase revenue share to 90 / 10 with the City receiving 90% of all profits from material sales (up from 80% currently).
5. Johns will waive all future increases on processing costs for the remainder of the contract. Monthly rebates or payments will be based strictly on posted material prices.

These proposed changes would take effect on January 1, 2020. As you consider our request, please keep in mind that our estimated losses on the City's materials in 2018 and 2019 exceeds \$160,000.00.

Sincerely,

A handwritten signature in black ink, appearing to read "Nate Austin".

Nate Austin  
Municipal Sales Manager

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