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## DISPOSAL SERVICE, INC.

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

November 1, 2019

Re: 2<sup>nd</sup> Revised Proposal to Recycle Processing Agreement

Dear City Council,

After continued talks with City Staff, we would like to propose the following changes to our current agreement:

1. Increase materials processing cost to \$68.00 / ton. Based on June 2019 posted prices, the cost per ton would be approximately \$35.25.
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."

Johns is prepared to offer the City the following benefits which will help defray costs now and ensure higher returns for the City in the years to come:

1. In place of a zero floor, Johns will put in place a "floor" at -\$40.00 per ton, to offer the City protection from markets continuing to decline. The City will not have to pay more than \$40.00 per ton for the remainder of this agreement.
2. Increase revenue share to 90 / 10 with the City receiving 90% of all profits from material sales (up from 80% currently).
3. Extend our contract for two additional years (thru 12/31/2024).
4. Preset increases for the duration of the contract:

2020: Processing at \$68.00 / ton  
2021: Processing at \$71.00 / ton  
2022: Processing at \$74.00 / ton  
2023: Processing at \$77.00 / ton  
2024: Processing at \$80.00 / ton

These proposed changes would take effect on January 1, 2020.

Sincerely,

Nate Austin  
Municipal Sales Manager

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