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## DISPOSAL SERVICE, INC.

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October 23, 2018

Re: Recycle Processing 2019

The City of West Allis  
 Attn: Dave Wepking – DPW Director  
 7525 West Greenfield Avenue  
 City of West Allis, WI 53214

Dear Dave,

While it has been a pleasure working with the City over this past year, our industry has been faced with the devastating impacts of China’s National Sword Policy which took effect on Jan. 1, 2018. As a result of the poor recycle markets, Johns Disposal is struggling with a few conditions within our contract. Contract 3, d: states “In low market times, Johns Disposal will not charge the City if the cost of processing exceeds the rebate value of the material. Therefore, the City will never pay the Processor for services provided.” Also, contract 3, a: states “Johns Disposal will pay \$10 per ton over the posted high side price.” Current market pricing has forced us to remove all premiums from payments as it is impossible to pay premiums on negatively valued materials.

Beginning in April 2018 the cost to process the recycling has exceeded material value as listed below:

April 2018	Tons: 308.74	Rate -\$6.38	Total: -\$1,969.76
May 2018	Tons: 384.70	Rate -\$9.01	Total: -\$3,466.15
June 2018	Tons: 354.04	Rate -\$7.98	Total: -\$2,825.24
July 2018	Tons: 353.77	Rate -\$7.99	Total: -\$2,826.62
August 2018	Tons: 367.07	Rate -\$7.99	Total: -\$2,932.89
September 2018	Tons: 315.45	Rate -\$8.67	Total: -\$2,734.95

**Total: -\$16,755.61**

Due to the catastrophic impacts of poor recycling markets, we are requesting that the City amend our agreement to remove both “zero floor” pricing and “high side pricing” in order to reflect real market values. If the City is unable or unwilling to make these changes and share in the negative values, then we would request that the City let us out of this Contract. We are not requesting that the City reimburse us for our current losses of \$16,755.61, but to help us continue to keep our doors open by negating future losses.

Please fee free to contact me with any questions. I’d be happy to set up a time to meet to discuss further as well.

Sincerely,

Dan Jongetjes  
 General Manager  
 Johns Disposal Service, Inc.