



Progressive

Waste Solutions

May 21, 2014

Mr. Eric Hopes
Environmental Services
City of McKinney
1550 S. College
McKinney, Texas 75069

Dear Mr. Hopes,

As you are aware, June 1st is Progressive Waste Solution's annual price adjustment request deadline. Please accept this letter as our formal annual rate adjustment request for fiscal year 2014 - 2015.

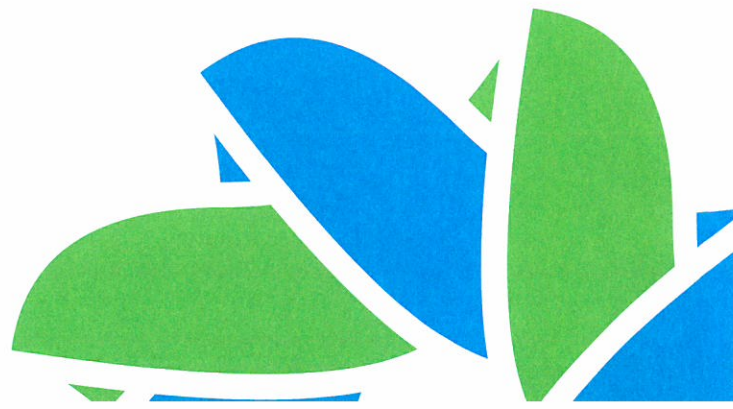
Pursuant to the terms of our agreement contained in the "Rate Adjustments" section of the Contract between the City of McKinney and PWS, our rates may be adjusted by 75 % of the net change in the CPI for the Dallas/Fort Worth area on an annual basis. Currently, the Bureau of Labor and Statistics reports an increase in the Consumer Price Index for "All Urban Consumers" in the Dallas/Ft. Worth area from March 2013 to March 2014 (last reported data) of 1.039%. The allowed 75% of the total CPI for the aforementioned time period is 0.78%.

Progressive Waste Solutions respectfully submits for your consideration, the 0.78 % rate increase for all residential and commercial customers falling under the license agreement between PWS and City of McKinney. Upon approval, the effective date for this adjustment would be October 1, 2014. I have attached the backup for your review.

We truly value and appreciate your business. Call or email me with any questions.

Sincerely,

Tim Oliver
District Manager
Progressive Waste Solutions of TX, Inc.



Consumer Price Index - All Urban Consumers
Original Data Value

Series Id: CUURA316SA0, CUUSA316SA0
 Not Seasonally Adjusted
 Area: Dallas-Fort Worth, TX
 Item: All items
 Base Period: 1982-84=100
 Years: 2004 to 2014

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2004	175.7	177.7	177.7	179.1	179.1	179.1	179.1	179.1	179.7	179.7	179.9	178.7	178.7	177.8	179.6
2005	180.0	181.3	181.3	183.5	183.5	184.3	184.3	184.3	188.9	188.9	187.8	184.7	184.7	182.0	187.4
2006	188.6	188.4	188.4	191.2	191.2	191.7	191.7	191.7	192.0	192.0	188.4	190.1	190.1	189.7	190.5
2007	188.890	190.156	190.156	192.779	192.779	194.286	194.286	194.286	194.847	194.847	196.465	193.245	193.245	191.057	195.433
2008	197.079	198.596	198.596	202.357	202.357	206.413	206.413	206.413	205.883	205.883	200.051	201.791	201.791	200.118	203.463
2009	198.623	200.039	200.039	199.311	199.311	200.663	200.663	200.663	201.802	201.802	201.958	200.544	200.544	199.494	201.595
2010	202.106	201.982	201.982	202.108	202.108	200.227	200.227	200.227	201.882	201.882	201.168	201.624	201.624	201.908	201.339
2011	203.199	206.967	206.967	208.794	208.794	208.602	208.602	208.602	209.255	209.255	209.283	207.933	207.933	206.768	209.097
2012	209.203	212.618	212.618	212.226	212.226	211.267	211.267	211.267	214.033	214.033	212.901	212.227	212.227	211.520	212.935
2013	213.696	216.465	216.465	215.670	215.670	216.979	216.979	216.979	217.068	217.068	215.450	215.995	215.995	215.550	216.441
2014	216.291	218.715	218.715												

shall remit the License Fee along with all other compensation collected from these Customers to the City, net of Contractor's fees outlined in **Exhibit "B"**. The City expressly reserves the right to adjust the charges to Customers while maintaining the Contractor's compensation described in **Exhibit "B"**.

3.4 Modification of Contractor Compensation:

- a. Base Compensation described in **Exhibit "B"** shall remain effective for a period commencing on the date hereof and continuing through September 30, 2009. Thereafter, annually beginning on October 1, 2009, and on each successive October 1 thereafter until the termination of this agreement, the Base Compensation may be adjusted as provided herein below.
- b. If requested by Contractor, the Contractor's Base Compensation shall be considered by the City Council for increase or decrease upon the City's receipt and review of appropriate documentation by Contractor, as the case may be, based on Contractor's ability to cover increases in documented costs resulting from (1) changes in any laws, ordinances, regulatory requirements or guidelines (including changes in construction or interpretation thereof or changes in the manner or method of enforcement thereof); (2) documented increased costs due to changes in location of disposal facilities and/or documented increases in disposal costs; or (3) documented increased direct costs of operations, over and above the CPI, including but not limited to changes in fuel costs. Any proposed adjustment shall be submitted to City no more than once every 12 months, on or before June 1, to be effective on October 1.
- c. Contractor may petition the City Council for CPI adjustments to the Base Compensation described in **Exhibit "B"** no more than once every twelve (12) months, on or before June 1, to be effective October 1, annually during the term of this Agreement, to reflect changes in the cost of operations, as reflected by fluctuations in the Price Wage Earners and Clerical Workers (CPI-U, All Items) published by the U.S. Department of Labor, Bureau of Labor Statistics, Dallas-Fort Worth area, in the "March - April" report. The compensation may be adjusted for the ensuing twelve (12) month period by a percentage not to exceed seventy-five percent (75%) of the net percentage change of the CPI-U, All Items Index.

If the index specified above is discontinued, the parties hereto shall agree by April 1 of the then current year to substitute another equally authoritative measure of change in the purchasing power of the U. S. dollar for CPI as may then be available so as to carry out the intent of this provision. If the Bureau of Labor Statistics designates an index with a new title or code number or table number as being the continuation of the index cited herein, the new index shall be used. If the specific "Dallas-Fort Worth" index is discontinued, but the "U.S. City Average" remains, the latter index shall be used. Otherwise, a substitute shall be agreed upon by the parties.

- d. All changes in the Contractor's Base Compensation, which the Contractor may request or petition to receive under this Agreement, shall require approval by the City Council.
- e. If a customer requests Solid Waste Collection or disposal services that are not described on **Exhibit "B"**, Contractor shall so advise City and propose a reasonable fee for such services. The City Manager, or designee, shall authorize such services at a reasonable fee, as he determines it, for a time not to exceed thirty (30) calendar days, or other time reasonably necessary to obtain City Council approval of and amendment to the City rate and **Exhibit "B"**.

3.5 Deposits: Customer deposits received by the City for existing Commercial, industrial or temporary roll-off Customers are primarily for the purpose of satisfying City requirements for utility services, but the Contractor shall have a claim on any of these funds currently in the City's possession in the event a Commercial, industrial or temporary roll-off Customer that has paid such a deposit to the City defaults on payments due to the Contractor. Furthermore, Contractor shall be entitled to collect deposits from new Commercial, industrial, and temporary roll off Customers consistent with the Contractor's set rate as approved by the City for Commercial Garbage customers.