



June 20, 2003

Mayor Nancy Edmonson  
City of Shoreacres  
601 Shoreacres Blvd.  
Shoreacres, TX 77571

Dear Mayor Edmonson:

BFI Waste Services commitment to you, our customer, is to insure the waste collection services provided to the City of Shoreacres be delivered in the professional and efficient manner that you have come to expect. We have taken pride in our "Partnership" with the City of Shoreacres and it's residents.

Like other service companies, however, BFI is constantly faced with increases in the costs associated with providing quality service to our customers. As a service provider company, it is vital we attract quality employees by offering a competitive wage and benefits package. We must also operate and maintain state of the art collection equipment to provide the level of service expected. In addition to labor and equipment, one of the highest costs of providing our service is the disposal costs' associated with the material collected. BFI landfills, while owned by BFI, are a separate entity with their own cost center. Some of these increases and additional costs can be controlled and/or absorbed by BFI without affecting customer pricing. Others, which are generally beyond the control of BFI, have a potentially broad enough effect that BFI must ask our customers to share them.

Therefore, it will be necessary for BFI to petition for a rate adjustment to our current residential contract in Shoreacres. I am basing the adjustment on the Consumer Price Index (CPI) for the Houston-Galveston area. As you know, the CPI tracks the increase or decrease in costs associated with business practices. These costs do look at all aspects of the business, including employee benefits, wages, operational supplies, fuel and equipment. The CPI is currently at 2.61% based on the month of April 2003. However, our current contract puts a cap of 2% on the CPI rate adjustment. This would amount to an additional \$0.16 per month per resident for residential collection.

In addition, I am also petitioning for a pass through of a disposal increase imposed on all landfills in the Houston Marketplace, effective May 1, 2003. While the increase is at a six-percent (6%) per cubic yard, the increase will equate to a 1.6% for residential waste collected or \$0.13 per month. I have included a calculation that shows how the percentage breaks down.

The combined increase will amount to a (3.6%) overall increase on the current rates. The new residential rate will increase from \$8.00 per resident, per month to \$8.29 per resident, per month or an additional \$ 0.29. This rate adjustment will become effective October 1, 2003 allowing the City of Shoreacres to factor the increase into this year's budget.

We have appreciated the opportunity to provide waste collection services to the City of Shoreacres. We look forward to continuing to provide the quality of service BFI demands and our customers expect. Should you wish to discuss this rate adjustment, I will be available at your convenience.

Sincerely,

**BFI Waste Services of Texas, LP**

A handwritten signature in cursive script that reads "Patty Welborn".

Patty Welborn  
Public Sector Acct. Mgr.

# RATE ADJUSTMENT CALCULATION

## CITY OF SHOREACRES

### LANDFILL DISPOSAL INCREASE:

BFI allows for 70 lbs. per residential unit per week.

70 lbs. X 4.33 weeks / month = 303 lbs. collected per residential unit per month

303 lbs. divided by 800 lbs. per compacted yard = 0.37875 cubic yards per residential unit per month

.037875 X \$.35 disposal increase per yard = \$.13 per resident per month or 1.6%

### CPI INCREASE:

April 2002 - 156.8

April 2003 - 160.9

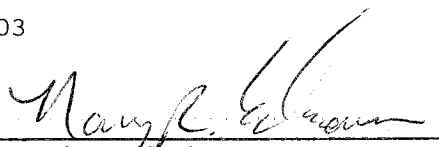
160.9 - 156.8 = 4.1

4.1 divided by 156.8 = 0.0261 or 2.61% / \$0.16 additional per month per resident


Capped at 2%

<u>SERVICE</u>	<u>CURRENT RATE</u>	<u>PROPOSED INCREASE</u>	<u>PROPOSED NEW RATE</u>
Residential Service	\$8.00	\$0.29	\$ 8.29
Recycling Services	\$2.00	\$ .00	\$ 2.00

PASSED AND APPROVED THIS 14th DAY OF JULY, 2003

  
\_\_\_\_\_  
Mayor, City of Shoreacres

ATTEST

  
\_\_\_\_\_  
City Secretary

Consumer Price Index  
Urban Wage Earners and Clerical Workers (CPLW)  
Houston-Galveston-Brazoria, TX  
All Items  
1982-84=100

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG	Percent Change:	
														Dec-Dec	Avg-Avg
1971	37.4			37.4			38.0			38.4			37.9	4.1%	3.6%
1972	38.6			39.1			39.2			39.6			39.2	3.1%	3.4%
1973	39.9			40.9			41.2			42.7			41.5	7.8%	5.9%
1974	43.6			44.8			46.4			48.3			46.3	13.1%	11.6%
1975	49.9			50.6			52.0			52.9			51.7	9.5%	11.7%
1976	54.0			54.5			55.5			57.0			55.6	7.8%	7.5%
1977	57.5			59.1			60.0			60.4			59.6	6.0%	7.2%
1978	61.6			63.6			66.1			67.0		68.4	65.1	13.2%	9.2%
1979		69.9		71.3		65.0	73.5			75.8		73.4	73.4	12.7%	12.7%
1980		78.9		80.6		82.3	83.2			84.4		85.3	82.1	10.6%	11.9%
1981		87.0		88.7		90.7	91.4			92.7		93.6	90.3	9.7%	10.0%
1982		94.1		94.7		97.4	98.8			98.7		99.0	96.9	5.8%	7.3%
1983		99.4		99.5		100.2	100.8			101.0		99.6	100.1	0.6%	3.3%
1984		101.4		101.8		103.2	104.5			104.8		103.7	103.1	4.1%	3.0%
1985		103.7		104.3		105.0	105.1			105.0		104.7	104.6	1.0%	1.5%
1986		104.7		102.7		103.7	103.6			103.9		102.9	103.6	-1.7%	-1.0%
1987		104.3		106.1		106.4	107.1			108.1		107.4	106.4	4.4%	2.7%
1988		108.1		108.1		109.4	110.6			111.4		111.4	109.7	3.7%	3.1%
1989		112.9		113.5		114.5	114.9			115.8		115.8	114.4	3.9%	4.3%
1990		118.9		118.6		120.0	121.9			124.7		124.4	120.9	6.6%	5.7%
1991		124.4		123.6		125.2	124.9			127.4		127.2	125.3	3.1%	3.6%
1992		126.9		128.4		129.2	129.8			130.7		129.2	128.9	1.6%	2.9%
1993		131.3		131.3		132.4	132.7			136.1		136.0	133.0	5.3%	3.2%
1994		136.3		136.2		137.0	138.8			139.0		137.8	137.4	1.3%	3.3%
1995		138.9		137.6		139.5	139.8			140.9		140.5	139.4	2.0%	1.5%
1996		140.8		142.3		142.2	142.2			142.5		143.0	142.0	1.8%	1.9%
1997		143.6		144.1		144.1	144.9			146.3		144.5	144.5	1.0%	1.8%
1998		144.7		144.8		145.1	146.1			146.9		144.8	145.4	0.2%	0.6%
1999		145.0		146.6		147.1	147.9			149.9		149.2	147.4	3.0%	1.4%
2000		150.5		151.4		153.1	153.1			155.4		154.9	152.8	3.8%	3.7%
2001		156.7		157.8		158.4	157.0			157.8		158.2	157.1	0.2%	2.8%
2002		154.3		156.8		156.7	158.0			160.3		158.0	157.2	1.8%	0.1%
2003		161.7		160.9										NA	NA

SOURCE: U.S. Bureau of Labor Statistics, CPI Program  
LAST UPDATED: May 16, 2003

BLS Dallas, 214-767-9613, Fax-On-Demand Code 9120  
NOTE: Indexes for Apr. - Aug. 2000 were revised on 9-28-2000.