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July 27, 2018

Mr. Richard Michaud  
Director of Public Works  
City of Coral Springs  
9500 W. Sample Road  
Coral Springs, Florida 33065

*Re:* Exclusive Franchise Agreement between Coral Springs, Florida, and Waste Pro of Florida, Inc. for the Collection of Solid Waste and Recyclable Materials (the "Franchise Agreement").

Dear Mr. Michaud:

This Firm represents Waste Pro of Florida, Inc. ("Waste Pro") with respect to the above referenced Franchise Agreement. I am writing regarding Waste Pro's request for an extraordinary rate adjustment under the Franchise Agreement, as well as the City of Coral Springs' recent decision to change the solid waste disposal site under the agreement.

First, regarding Waste Pro's request for an extraordinary rate adjustment, Section 38.6.1 of the Franchise Agreement provides in pertinent part that "[o]nce each Operating Year, before April 1, the Contractor may petition the City Manager for a Rate adjustment on the basis of extraordinary and unusual changes in the cost of its operations that could not reasonably be foreseen by a prudent Person." In his letter dated June 25, 2018, Waste Pro's Regional Vice President, Russell Mackie, requested a rate adjustment pursuant to Section 38.6.1 of the Franchise Agreement. The City of Coral Springs declined to consider Mr. Mackie's request, on the basis that any request for an extraordinary rate increase for this Operating Year must have been submitted prior to April 1, 2018. We believe that the City of Coral Springs' refusal to consider Waste Pro's extraordinary rate increase on the basis of alleged lack of timeliness ignores the surrounding circumstances and the parties' prior dealings.

As you know, Mr. Mackie's June 25, 2018 letter was far from the first time that Waste Pro informed the City of Coral Springs that its operating costs had increased substantially, and in amounts that could not have been foreseen when the parties negotiated the Franchise Agreement in 2013. In November 2017, Waste Pro informed the City of Coral Springs of the cost increases and that a rate increase under the Franchise Agreement was necessary and appropriate. The parties then discussed how to address Waste Pro's increased costs, including discussions regarding Waste Pro

taking over the disposal of solid waste from Wheelabrator, as a way to increase revenue to Waste Pro to offset its increased costs. Based upon those discussions, Waste Pro began preparing a comprehensive proposal under which Waste Pro would provide solid waste disposal services to the City of Coral Springs. Waste Pro prepared that proposal in reliance on the City of Coral Springs' representations that it would consider such a proposal from Waste Pro as a way to address Waste Pro's increased costs, and in lieu of requesting an extraordinary rate increase under Section 38.6.1 of the Franchise Agreement.

Prior to Waste Pro submitting its proposal, however, the City of Coral Springs elected to extend its solid waste disposal contract with Wheelabrator. By the time the City of Coral Springs elected to do so, in June 2018, the April 1, 2018 deadline for Waste Pro to request an extraordinary rate increase pursuant to section 38.6.1 of the Franchise Agreement had passed. Waste Pro did not petition for an extraordinary rate increase under section 38.6.1 prior to the April 1, 2018 date because it relied in good faith on the City of Coral Springs' assurances that it would consider Waste Pro's solid waste disposal proposal as an alternative way to offset its increased costs. Had the City of Coral Springs not led Waste Pro to believe that it would consider a solid waste disposal proposal, Waste Pro would have petitioned for an extraordinary rate increase prior to April 1, 2018. Because the City of Coral Springs induced Waste Pro to seek to recoup its increased operating costs through a proposal to dispose of solid waste, rather than requesting an extraordinary rate increase under section 38.6.1 of the Franchise Agreement, the City improperly refused to consider Mr. Mackie's request for an extraordinary rate increase.

Second, the City of Coral Springs compounded its error, and the harm to Waste Pro, by opting to change the solid waste disposal site from the Wheelabrator North to the Wheelabrator South facility. Notably, during the parties' discussions regarding Waste Pro's escalating costs under the Franchise Agreement, the City's representatives repeatedly assured Waste Pro that the City had no intention of changing the solid waste disposal facility. When Waste Pro's representatives, including Mr. Mackie, expressed their opinion that Wheelabrator would insist on a change to the Wheelabrator South facility, the City's representatives disagreed. On June 22, 2018, however, the City informed Waste Pro that it had decided to designate Wheelabrator South as the solid waste disposal site, as of July 2, 2018. The City's decision was not only contrary to its prior representations – which were relied upon by Waste Pro – but the City also failed to inform Waste Pro of its decision until after the April 1, 2018 deadline for Waste Pro to request an extraordinary rate increase under Section 38.6.1.

As Mr. Mackie explained in his June 25, 2018 letter, the City's designation of Wheelabrator South as the solid waste disposal site will substantially increase Waste Pro's operating costs, and will impair or prevent its ability to perform under the Franchise Agreement. In order to adhere with the strict requirements of the Franchise Agreement, Waste Pro will need to add a minimum of two additional residential collection routes, and it will be required to purchase at least four additional trucks, at a cost of \$330,000 to \$350,000 per vehicle. Waste Pro will also be required to hire additional drivers to perform the new collection routes, as its current drivers would not be able to complete the routes without exceeding Department of Transportation rules limiting driving time. As Mr. Mackie noted, there is a significant shortage in qualified drivers, and Waste Pro's costs to hire

new drivers will far exceed the costs at the time the Franchise Agreement was negotiated.

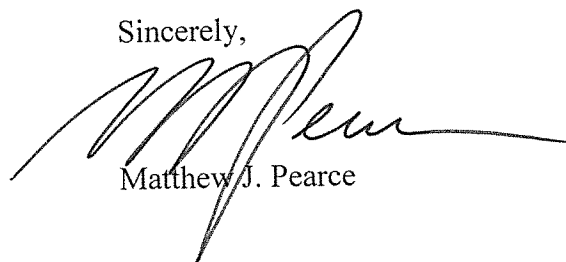
The City of Coral Springs' refusal to consider Waste Pro's request for an extraordinary rate increase, coupled with its decision to change the solid waste disposal site to Wheelabrator South, will likely prevent Waste Pro from meeting the Franchise Agreement's requirements. In order for Waste Pro to continue performing under the Franchise Agreement, Waste Pro requests the following from the City of Coral Springs. First, Waste Pro requests that the City delay implementation of any change in the solid waste disposal site until April 2019, at the earliest. If the City of Coral Springs agrees to do so, Waste Pro will agree to forego any request for an extraordinary rate increase for this Operating Year. Instead, Waste Pro would request the following rate increases, effective April 1, 2019: (1) an increase of \$4.25 per residential unit per month, (2) an increase of \$2.20 per cubic yard for commercial Front End Load service, and (3) an increase of \$70.00 per pull for Roll Off containers.

If the City of Coral Springs is unwilling to grant these requests, Waste Pro will pursue all available remedies under the Franchise Agreement, including termination for cause. If Waste Pro is forced to terminate the Franchise Agreement, the City of Coral Springs will be in a much less advantageous position than when the Franchise Agreement was negotiated in 2013, due to the change in economic conditions that have substantially increased Waste Pro's costs. Any replacement hauler will demand substantially higher rates than those in the Franchise Agreement.

Waste Pro has always viewed the City of Coral Springs as a partner under the Franchise Agreement, and it has worked diligently to deliver the level of service that the City expects and deserves. Waste Pro looks forward to continuing its partnership with the City, but in order to do so, the City of Coral Springs must recognize and address the substantial change in circumstances from when the Franchise Agreement was negotiated. The changes requested by Waste Pro herein will allow the partnership to continue in a way beneficial to both parties.

If the City of Coral Springs requires any additional information from Waste Pro, please let me know as soon as possible. Thank you.

Sincerely,



Matthew J. Pearce

MJP/brs