



Waste Management
 5500 S. Quebec St.
 Suite 250
 Greenwood Village, CO 80111
 C 720-413-5511

January 24, 2022

Jennifer Woods
 Interim Town Manager
 Town of Hudson
 50 S Beech St.
 Hudson, CO 80642

Re: Annual CPI and Inflation Cost Recovery Rate Adjustments

Dear Ms. Woods:

It has been a pleasure serving the citizens of Hudson. Waste Management sincerely values your patronage and looks forward to continuing our partnership.

As you know, the US economy has been experiencing adverse impacts caused by inflation driven primarily by the response to COVID-19, as well as labor market and supply chain constraints. For WM, disruptions in the supply chain for critical materials and equipment, labor shortages, and significant increases in fuel costs have substantially increased WM's cost to provide services to your community.

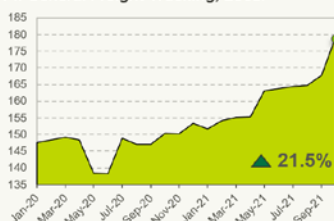
The following are just examples of some of our industry's inflationary increases over the last several months.

- Steel Pricing - WM needs for solid waste and recycling vehicles and containers have increased more than 200% over the past 12 months.
- Labor Shortages - Frontline labor costs, which comprise a substantial portion of WM's overall collection costs, have nearly doubled since 2020. As a result, many economists project continued labor shortages and upward pressure on labor and critical material costs.
- Fuel Increases – WM is seeing 40% plus increases in fuel for both diesel and CNG vehicles to service our communities and customers
- Resin/HDPE Increases – Carts to service our customers has increased over 50% vs. 2020

PPI: General Freight Trucking, Local

General Freight Trucking is an index that reflects the changes in WM's industry. The index is up over 21% since January of 2020. Along with both PPI and CPI, the General Freight Trucking index is at an unprecedented high level.

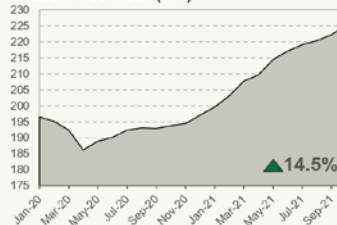
PPI: General Freight Trucking, Local



PPI: Producer Price Index

U.S. producer prices increased solidly in October, driven by surging costs for fuel and motor vehicle production, suggesting that high inflation could persist for a while amid tight global supply chains related to the pandemic.

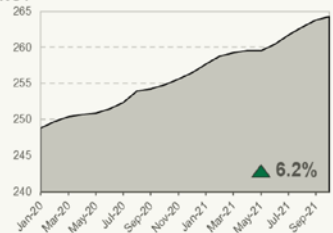
Producer Price Index (PPI)



WST:

Water and Sewer and Trash Collection Services

WST





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Due to these unforeseen and extraordinary market conditions, which the parties could not anticipate at the time the contract was executed, WM respectfully requests an extraordinary increase per residential customer per month, to allow WM's compensation to better keep pace with WM's operating costs to provide critical services in your community.

Based on the current methodology outlined in Services Contract, section 17(b), for CPI and Extraordinary Adjustments, the rates will be adjusted effective March 1, 2022 as outlined below:

Summary of Adjustments

- CPI – The change in the Consumer Price Index for All Urban Consumers: Water and sewer and trash collections services ("CPI") for the 12-month period ending nearest, but at least sixty days (60) prior to adjustment date was 3.57%. This percentage increase will be applied to all service components in the rate exhibit.
- PPI – The change in the Producer Price Index for Total Manufacturing Industries ("PPI") for the 12-month period ending nearest, but at least sixty days (60) prior to adjustment date was 12.18%. The Inflationary Cost Recovery Adjustment of 8.61% (the difference between PPI and CPI) is applied in the rate exhibit below.

Attached is the rate exhibit, CPI Index and PPI Index which demonstrates how we calculated the annual adjustments.

Our goal continues to be to provide the highest quality, environmentally responsible service to the Town of Hudson. If you have any additional questions, I can be reached at 720-413-5511.

Sincerely,

A handwritten signature in black ink, appearing to read 'Curtis Gardner'.

Curtis Gardner
Public Sector Solutions Manager



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Rate Exhibit – Effective March 1, 2022

Service	2021 Rate	CPI Increase-3.57%	2022 CPI Rate	Inflationary Recovery-8.61%	Final 2022 Rate
Weekly Curbside Collection - 1st Cart	\$ 12.52	\$ 0.45	\$ 12.97	\$ 1.08	\$ 14.04
Weekly Curbside Collection - 2nd Cart	\$ 5.50	\$ 0.20	\$ 5.70	\$ 0.47	\$ 6.17
Bi-Weekly Curbside Recycling Collection	\$ 7.12	\$ 0.25	\$ 7.37	\$ 0.61	\$ 7.99
Weekly Agricultural Zoned Residential Dumpster Trash Collection-2yd	\$ 33.49	\$ 1.20	\$ 34.69	\$ 2.88	\$ 37.57
Weekly Agricultural Zoned Residential Dumpster Trash Collection-3yd	\$ 48.73	\$ 1.74	\$ 50.47	\$ 4.20	\$ 54.67
Weekly Agricultural Zoned Residential Dumpster Trash Collection-4yd	\$ 64.96	\$ 2.32	\$ 67.28	\$ 5.59	\$ 72.87
Spring & Fall Clean-Ups 30 Yard Roll Off	\$ 335.58	\$ 11.98	\$ 347.56	\$ 28.89	\$ 376.45

CPI for All Urban Consumers (CPI-U) Original Data Value

Series Id: CUUR0000SEHG, CUUS0000SEHG
 Not Seasonally Adjusted
 Series Title: Water and sewer and trash collection services in
 Area: U.S. city average
 Item: Water and sewer and trash collection services
 Base Period: DECEMBER 1997=100
 Years: 2011 to 2021

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2
2011	175.754	177.194	177.694	178.033	178.521	178.640	179.820	180.762	181.569	181.916	182.254	182.758		
2012	183.984	185.499	186.280	187.473	187.788	188.489	189.750	191.927	191.833	192.370	192.921	193.237		
2013	194.553	195.505	195.981	196.319	196.727	196.989	198.173	198.736	198.804	199.759	200.004	200.203		
2014	201.169	202.149	202.657	203.084	203.124	203.396	205.022	206.171	206.363	207.633	208.562	209.414		
2015	210.243	211.397	211.738	212.153	212.542	212.863	213.873	215.844	216.173	216.380	217.004	217.386		
2016	218.370	219.036	219.649	220.506	221.360	221.396	221.358	222.554	223.111	223.420	224.399	224.745		
2017	226.411	227.277	227.553	228.133	228.396	228.599	229.008	229.772	230.142	230.614	231.522	231.842		
2018	232.977	233.858	234.215	235.141	235.878	236.493	237.186	238.439	238.512	238.936	241.774	242.204	234.760	239.509
2019	241.606	242.011	242.611	243.490	243.774	244.322	244.943	245.549	245.903	246.741	247.364	247.567	242.969	246.345
2020	248.846	249.751	250.359	250.673	250.921	251.435	252.401	253.974	254.266	254.781	255.650	256.456	250.331	254.588
2021	257.722	258.763	259.204	259.581	259.542	260.400	261.706	262.810	263.747	264.278	264.580	265.365	259.202	263.748

January - 2021 through December - 2021 Total	3137.698
January - 2020 through December - 2020 Total	3029.513
Change in 12-Month CPI Measure	108.185
Percent Change in 12-Month CPI	3.57%

PPI Industry Data Original Data Value

Series Title: PPI industry group data for Total manufacturing industries, not seasonally adjusted
 Series ID: PCUOMFG--OMFG--
 Seasonality: Not Seasonally Adjusted
 Survey Name: PPI Industry Data
 Measure Data Type: Total manufacturing industries
 Industry: Total manufacturing industries
 Item: Total manufacturing industries

Year	Period	Label	Observation Value	Point to Point	3 Month YoY	6 Month YoY	12 Mo Rolling Avg
2021	M03	2021 Mar	207.900	8.11%	4.55%	1.87%	-0.84%
2021	M04	2021 Apr	210.100	12.90%	8.30%	4.20%	0.74%
2021	M05	2021 May	215.100	13.87%	11.60%	6.67%	2.30%
2021	M06	2021 Jun	217.900	14.56%	13.78%	9.09%	3.79%
2021	M07	2021 Jul	219.492	14.14%	14.19%	11.24%	5.19%
2021	M08	2021 Aug	220.114	14.05%	14.25%	12.93%	6.52%
2021	M09	2021 Sep	221.858	15.01%	14.40%	14.10%	7.91%
2021	M10	2021 Oct	225.428	16.38%	15.15%	14.67%	9.41%
2021	M11	2021 Nov	227.002	16.71%	16.04%	15.15%	10.91%
2021	M12	2021 Dec	226.286	15.04%	16.04%	15.22%	12.18%



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Contract Name Hudson, CO

Current average monthly rate / home \$ 12.52

Index Month 2021 Dec

Index % Change				\$ Increase based on Index			
Point to Point	3 Month YoY	6 Month YoY	12 Mo Rolling Avg	Point to Point	3 Month YoY	6 Month YoY	12 Mo Rolling Avg

PPI All	PPI - Total manufacturing industries	15.04%	16.04%	15.22%	12.18%	\$ 1.88	\$ 2.01	\$ 1.91	\$ 1.52
WST	CPI - Water and sewer and trash collection services in U.S. city average, all urban consumers	3.47%	3.56%	3.60%	3.57%	\$ 0.43	\$ 0.45	\$ 0.45	\$ 0.45