

LEGISLATIVE ID

#120416B



October 1, 2012

Steve Joplin
Solid Waste Manager
City of Gainesville
405 NW 39th Ave.
Gainesville, FL 32609

Re: Extension of current solid waste collection agreement between WCA and the City of Gainesville

Steve,

WCA has made a corporate decision to upgrade our hauling companies in the next five years with equipment that runs on compressed natural gas, CNG. We find that the advancement in engines and equipment has met the reliability expectations that we and our customers require from our fleets. WCA would like to make our Gainesville Hauling operation, our first conversion in the company. We believe that residents in Gainesville are very environmentally conscience and they have government leaders who have implemented policies that would support such a project. This project for WCA and the City of Gainesville would help meet the goals of using alternative fuels for City of Gainesville work.

CNG vehicles provide a number of benefits for the environment and the City of Gainesville. They have much lower emissions of greenhouse gas producing particulates, almost 50% less than conventional diesel operating vehicles. The new vehicles operate 30% quieter than our current fleet and the fuel is a domestic fuel that does not rely on imports from other regions of the globe. There are over 300 years of natural gas reserves at current levels to support this application of alternative fuels. The other benefit is that CNG is less expensive than diesel and those savings would be passed on to the residents of Gainesville. The current outlook for diesel by the Department of Energy is continued volatility in pricing due to geo-political instability in oil producing regions of the world.

WCA is proposing the following to the City of Gainesville –

- Granting one of the two five year extensions for the current curbside collection contract that expires 9/30/16. This would allow for WCA to make the \$18,000,000 investment in equipment for its hauling company in Gainesville.

- WCA would negotiate the current contract to allow for continued support of the City of Gainesville's goal of 75% waste diversion by 2020. This would allow flexibility for future needs in waste diversion applications.
- WCA would buy CNG from GRU, Gainesville's utility, at a price to be negotiated.
- WCA would renegotiate the Fuel Adjustment for Diesel to a CNG rate, a savings of over \$300,000 per year at the current pricing for diesel and the potential of over \$1,000,000 thru the current term of the contract.
- WCA would not seek a rate adjustment on the five year extension for the first two years and would have a negotiated rate already in place for years three, four and five. This would allow the City of Gainesville to have a defined rate structure in place thru 10/30/21.

WCA believes after serious consideration that the CNG project that we are proposing is a win for the environment, a win for the residents of Gainesville and a win for WCA.

Sincerely,

Bob J. Shires
Regional Vice President
WCA Waste Corporation
5002 SW 41st Blvd.
Gainesville, FL 32608

cc: Teresa Scott, Public Works Director, City of Gainesville