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## **SCS SYSTEMS LLC**

April 1, 2022

### **SCS Systems LLC Pricing Increases**

We have just completed an annual audit and review of our Maintenance Contract Agreements. We have enjoyed a business relationship with Atlas Meadows for almost 6 years. We have endeavored to maintain our pricing as long as we were able to. Our last price adjustment to Atlas Meadows was in September 2018. In light of the rapidly changing economic conditions, we find it imperative that we adjust our fees to be in alignment with our costs. We are writing to give a 30-day notice of our need to increase your monthly fee to \$510.00. This new rate will begin on your next invoice in May.

We have prepared this letter as an update to our valued customers, many of whom have been with SCS Systems for many years. In August of 2020, SCS Systems LLC was purchased in its entirety by Michigan Waste and Environmental Services Inc. All contracts remained intact and have continued to be honored without interruption. Many of these contracts have remained at the same pricing for ten or more years without adjustment for inflation even though labor, fringe benefits and overheads have increased substantially.

As everyone should be aware of by now, our Country currently is experiencing the worst inflation in 45 years. This has severely impacted our industry and our company. Our labor costs are rising again, fuel costs have doubled and part quotes from our suppliers are good for only 1-2 weeks depending upon commodity and most of our parts have doubled or tripled in the past year alone. Vehicle replacement costs have risen 35-40%!

Our technicians are highly trained and are required to be licensed through the State of Michigan. There are labor shortages in almost every business sector, but it is extremely challenging to find and attract appropriately trained and licensed individuals in the wastewater industry. We are blessed with some of the best in the State.

As a result of all the factors listed above, we are making adjustments to Contract Fees only where absolutely necessary. In addition, we are raising our hourly emergency and repair service fees to account for inflation. A detailed rate sheet will be provided as a separate document.

We realize that this will not be welcome news to any of our customers, however, we simply cannot absorb these costs any longer and are regrettably forced to pass them on in order to remain in business.

Thank you for your business!

Please feel free to call with any questions.