



MEMORANDUM

To: Mayor and Members of the Oelwein City Council
From: Kluesner Sanitation, LLC
Date: September 22, 2026
Re: Request for Temporary Fuel Surcharge

Kluesner Sanitation, LLC respectfully requests that the City of Oelwein approve a temporary fuel surcharge for residential solid waste/recycling collection due to significant and unexpected increases in diesel fuel costs.

Fuel represents a significant variable cost in providing collection services. The rates currently charged to the City were established almost four years ago during a period of substantially lower and less volatile diesel prices and did not contemplate the sustained fuel costs we are currently experiencing. Kluesner Sanitation has absorbed these increases to date, however, current conditions have reached a point where we believe a temporary adjustment is necessary.

We are requesting we use the attached Fuel Surcharge Schedule, which is an industry standard and is designed to directly tie the surcharge to the prevailing price of diesel fuel according to the U.S. Energy Information Administration (EIA) Midwest Retail On-Highway Diesel Fuel Price, providing an independent and publicly available benchmark for determining the surcharge. We propose using the most recently published EIA Midwest diesel price as of the date of each invoice. The EIA index is published weekly.

Under the proposed schedule, no fuel surcharge would apply while the EIA Midwest diesel price remains below \$5.00 per gallon. Once the index reaches the applicable threshold, a per-household surcharge would be assessed according to the attached sliding scale. As the EIA Midwest diesel price increases or decreases, the surcharge would adjust accordingly.

Using the EIA Midwest diesel index ensures that the calculation is based on a published third-party measure of regional diesel costs rather than Kluesner Sanitation's individual fuel purchases or an internally determined fuel price. This provides both the City and Kluesner Sanitation with a consistent, transparent, and readily verifiable method for administering the surcharge.

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The proposed surcharge is not intended to permanently increase the City's base collection rate. It is intended to provide relief from extraordinary fuel costs only during periods in which diesel prices are substantially elevated. The mechanism works in both directions: as the EIA Midwest diesel price declines, the surcharge would decline according to the same schedule and would be eliminated entirely when the index falls below the established threshold of \$5.00.

Kluesner Sanitation values its relationship with the City of Oelwein and remains committed to providing reliable and efficient collection services to its residents. We believe the proposed schedule provides an equitable way to address extraordinary fuel costs while giving the City a transparent and predictable method for determining any applicable surcharge.

We respectfully request that the City Council approve the attached Fuel Surcharge Schedule for application to residential collection services provided under our agreement with the City.

Please contact me at jobrien@kluesnerconstruction.com or 563-513-8523 with questions.

Thank you,
Jack O'Brien
Kluesner Sanitation

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