

April 3rd, 2025

City of Corona

Andrew Farah
Lead Water Reclamation Operator
Hill Canyon Treatment Plant
755 Public Safety Way
Corona, CA 92878
Phone: (951) 415-1134
Email: Andrew.Farah@CoronaCA.gov

RE: Trailer Rental Charges

Dear Andrew,

Good speaking with you today and as discussed, I am providing a detailed explanation for the planed necessary adjustment in applying our trailer rental charge. The adjustment is driven by rising acquisition costs for trailer units, escalating expenses for maintenance parts and regulatory licenses, and the impact of pending tariff increases by the U.S. government. These factors, combined drive the replacement value and have directly negatively affected our cost structure.

Since post Covid, we have experienced significant cost increases in acquiring new trailer units due to supply chain disruptions and higher raw material prices. We recognize the costs of our most recent purchases, which have been consistently rising, leading to higher operational expenses. Additionally, the cost of maintenance parts has surged due to ongoing supply chain constraints and vendor pricing adjustments.

The pending U.S. tariff increases on imported goods—including steel, aluminum, and various vehicle components—are expected to further inflate these costs, making routine repairs and maintenance more expensive than already experienced increases. These additional costs will be reflected in our financials as we continue to procure new parts at higher prices.

Furthermore, licensing and compliance costs have increased, driven by evolving regulatory standards. Ensuring that our fleet remains fully compliant with safety and environmental regulations has added to our overall expenses.

Given these industry-wide cost pressures, including the potential impact of the pending tariffs, we plan to adjust our pricing structure or in the City of Corona's case for rental fees which Synagro and haulers have covered previously to sustain operational efficiency and maintain the quality of our rental services fleet. Effective July 1st we will provide one staged trailer at no charge with any additional trailers at a rental fee of \$1,500.00/Month.

We remain committed to transparency and cost control, and we appreciate your understanding as we navigate these challenges. If you have any questions or require further clarification, feel free to contact me at: Phone- 323.843.7265 or Email: robertford@SYNAGRO.com with any questions.

Sincerely,

Robert B Ford

Sr Business Development Manager

Sincerely,

Carol Davalos

West Area Fleet Director

Attachment: Market Details

Trailer Market Details
(Excluding Pending Tariff Impacts)

Summary on Rising Costs of Belt Trailers and Maintenance (2023-2025)
Prepared for Synagro

Introduction

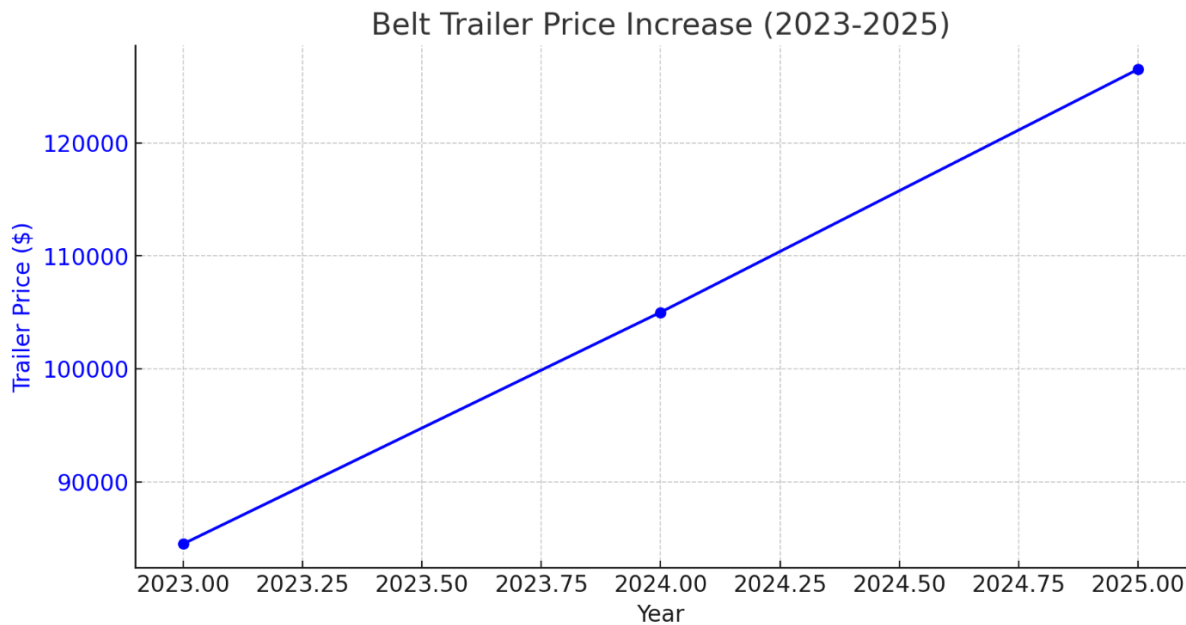
This report outlines the significant increase in the cost of belt trailers and their maintenance over the past three years. The data presented justifies the growing expenses associated with trailer procurement and upkeep. Industry trends, supply chain disruptions, and inflation have all contributed to these rising costs.

Trailer Cost Trends

In example belt trailer prices have seen a steady increase from 2023 to 2025. Based on market data, prices have shifted as follows:

- **2023:** Belt trailers ranged from **\$68,000 to \$101,000**.
- **2024:** Prices varied, but some new listings exceeded **\$100,000**.
- **2025:** A **2026 model** was recently listed for **\$126,500**, indicating a continued upward trend.

Graph: Belt Trailer Price Increase (2023-2025)

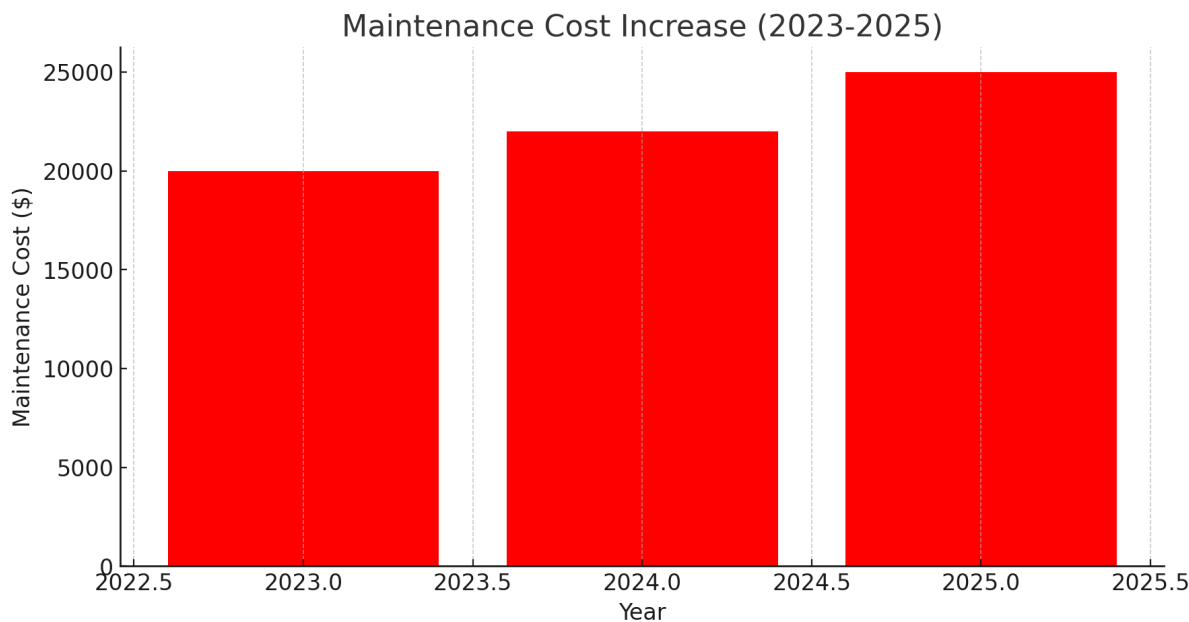


Maintenance Cost Trends:

The cost of maintaining belt trailers has also increased, primarily due to rising labor costs, parts availability issues, and material inflation. Industry sources indicate:

- **Belt and chain replacements** now cost **\$21,000–\$25,000**, with a lifespan of approximately five years.
- **Structural repairs**, such as fixing cross members and frame damage, can cost **up to \$18,000**.
- **Preventive maintenance**, including hydraulic system checks, filter changes, and component inspections, has seen increased costs due to higher material and labor expenses.

Graph: Maintenance Cost Increase (2023-2025)



Factors Contributing to Cost Increases:

Several key factors have driven these rising expenses:

- **Supply Chain Disruptions:** Delays and shortages in steel, rubber, and hydraulic components have impacted both trailer manufacturing and repair costs.
- **Inflation:** The rising cost of raw materials, labor, and transportation has affected the overall cost structure of both purchasing and maintaining belt trailers.
- **Increased Demand:** As waste management and agricultural sectors expand, demand for belt trailers has grown, further driving up prices.

In Summary:

Given the ongoing increases in trailer acquisition and maintenance costs, it is essential to factor these trends into budgeting and operational planning. The justification for rising expenses is supported by industry data, and further cost projections should be considered when planning future investments in belt trailer equipment.