



Via Email

June 1, 2024

Mr. Eric Hopes
Environmental Services Manager
City of McKinney
Municipal Service Center, North Campus
3501 N. Central Expressway
McKinney, TX 75071

RE: Organic Waste Processing Services Agreement

Mr. Hopes:

The LETCO Group, LLC dba Living Earth (“LETCO”) requests a 5% cost adjustment to its agreement with the City of McKinney for the Processing of Organic Waste, effective October 1, 2024.

Per Section 11.3. of the Organic Waste Processing Services Agreement, the contract rates, subject to City approval, shall be adjusted on October 1, 2024, and every October 1st thereafter for the term of the Agreement. The adjustment shall be based on the year-over-year change in the average value of the U.S. Consumer Price Index: Urban Consumer – Garbage and Trash Collection over the 12-month period ended September.

The most recent CPI Urban Consumer – Garbage and Trash Collection data available to support our request is for the period ending April 30, 2024. The unadjusted percent change April 2023-April 2024 is 5.3% (Exhibit A). The current contract rate is \$30.00 per ton Organic Waste Processing Services 0 tons - 5,000 tons and \$29.00 per ton 5,001 - 10,000 tons. The maximum annual cost adjustment allowed, per Section 11.1 (v), shall not exceed 5%.

LETCO’s requested cost adjustment would change the processing rate as follows:

Tonnage Range - Incremental	Current Per Ton Processing Rate	Requested Rate Effective Oct 1, 2024
0 tons – 5,000 tons	\$ 30.00	\$ 31.50
5,000 tons – 10,000 tons	\$ 29.00	\$ 30.45

Section 11.1 (v) The annual cost adjustment shall neither exceed 5% in any single year nor exceed a cumulative increase of 20% over a four-year period.

EXHIBIT A

Table 7. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, April 2024, 12-month analysis table [1982-84=100, unless otherwise noted]								
Indent Level	Expenditure category	Relative importance Mar. 2024	Twelve Month		Twelve Month		Twelve Month	
			Unadjusted percent change Apr. 2023-Apr. 2024	Unadjusted effect on All Items Apr. 2023-Apr. 2024 ⁽¹⁾	Standard error, median price change ⁽²⁾	Largest (L) or Smallest (S) unadjusted change since: ⁽³⁾ Date	Largest (L) or Smallest (S) unadjusted change since: ⁽³⁾ Percent change	
0	All items	100.000	3.4		0.10	S-Feb. 2024	3.2	
4	Water and sewer and trash collection services ⁽⁴⁾	1.089	5.3	0.056	0.37	-	-	
5	Water and sewerage maintenance	0.765	5.3	0.040	0.36	L-Sep. 2015	5.7	
5	Garbage and trash collection ⁽¹²⁾	0.325	5.3	0.016	0.86	S-Sep. 2022	5.3	
Footnotes:								
(12) Indexes on a December 1983=100 base.								

Thank you for your consideration of our annual rate adjustment request. Please let us know if you have any questions or require any other information at this time.

Sincerely,



Lora Hinchcliff
 Director of Strategic Partnerships
 The LETCO Group, LLC dba Living Earth
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Cc: Hector Chairez, General Manager, DFW