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June 23, 2023

Jennifer Auletta
Deputy Public Works Director
City of San Leandro
Department of Public Works
14200 Chapman Road
San Leandro, CA 94578

Via email: jauletta@sanleandro.org

Subject: Proposal to Assist City with Phase 2 Solid Waste Services Procurement Process

Dear Jennifer Auletta,

HF&H Consultants, LLC (HF&H) is pleased to provide this proposal to continue to assist the City of San Leandro (City) to complete the solid waste procurement strategy approved by the City Council. We appreciate the trust inherent in the City's request for our assistance with this important task. Provision of solid waste services is often the largest municipal/private entity contract with a direct financial impact for ratepayers. We do not take this responsibility lightly.

The City's franchise agreement with Alameda County Industries (ACI) to provide solid waste, recyclables, and organics collection, processing, and disposal services ends on February 1, 2025. On June 5, 2023 the City Council approved a short-term extension option with ACI to provide the City the opportunity to conduct a full and considered procurement process prior to entering into the next long-term agreement(s).

The overall procurement process entails five general steps, as described in our Phase 1 proposal. During Phase 1, the City Council approved the separation of the procurement processes for collection and post-collection (material processing and disposal) services. The following steps are amended from the Phase 1 proposal to reflect the addition of the post-collection procurement process, which overlaps with the collection procurement process. It is anticipated that the City Council will award both a collection agreement and a post-collection agreement(s) in the Spring of 2024. The City's general procurement steps include:

1. Obtaining City Council direction regarding the design and conduct of the procurement process.
2. Developing draft request for proposal (RFP) packages that define the requested services; leading design of the proposal evaluations and contactor selection processes; and, developing draft agreements for City Council review and approval.
3. Finalizing and issuing the RFP packages and managing communications with the proposers during proposal development.

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4. Evaluating the submitted proposals; identifying a short-list for City Council consideration, as applicable; supporting conduct of CEQA compliance analysis, as needed; supporting stakeholder engagement; and, conducting negotiations with proposers.
5. Recommending contractor selection and contract awards for City Council consideration; and, assisting the City team in finalizing the agreements for administrative execution.

During Phase 2, HF&H will (under a separate agreement with the City Attorney) assist the City with such analyses as are necessary to comply with the requirements of Proposition 218, Proposition 26, case law, and the California Supreme Court's recent *Zolly v. Oakland* decision in support of the recommended awards.

Cities are commonly reimbursed by the selected vendor(s) for consultant and attorney costs associated with conducting procurements, with the vendor(s) recovering the cost over the agreement term through rate revenue.

Scope of Work

HF&H proposes the following tasks for this "Phase 2" of the City's procurement process. The scope of work described in this proposal will amend the current, "Phase 1" contract to include a new series of tasks, represented as Tasks 11-19. Tasks 11 and 12 complete the work for Task 5 of Phase 1 with the additional preparations to develop the draft RFP package for the City's post-collection procurement.

Task 11 Complete Development of Collection RFP Package

In Task 11, HF&H will complete preparation of the sole source RFP documents, which will provide the basis for the collection services negotiations with ACI. HF&H will perform the following tasks:

1. Complete development of a draft collection franchise agreement, a draft "mini-RFP," and draft proposal cost forms (Collection RFP Package) for all policy, business term, service, and regulatory compliance areas required for the upcoming collection franchise. The term mini-RFP recognizes that the package to be sent to ACI will not request qualifications.
2. Provide the draft Collection RFP Package to City staff for review and comment, followed by one (1) meeting or conference call to review and discuss the comments. HF&H requests that the City consolidate all comments into one response document and ensure that a single party is assigned to clarify issues and resolve any conflicting comments/direction that may have been provided.
3. Prepare a final Collection RFP Package based on final City comments. HF&H will distribute the Collection RFP Package to ACI, or support City staff in distributing the Collection RFP Package to ACI.

Task 12 Develop Post-Collection RFP Package

HF&H will draft a separate set of documents that will form the basis for managing a targeted competitive process for procuring post-collection services from invited proposers. HF&H will perform the following subtasks as part of Task 12:

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1. Develop a draft post-collection services agreement and a draft RFP (Post-Collection RFP Package) based on the Phase 1 Process Design Outline for all policy, business term, service, and regulatory compliance areas required for the post-collection services agreement.
2. Provide the draft Post-Collection RFP Package to City staff for review and comment, followed by one (1) meeting or conference call to review and discuss the comments. HF&H requests that the City consolidate all comments into one response document and ensure that a single party is assigned to clarify issues and resolve any conflicting comments/direction that may have been provided.
3. Prepare a final Post-Collection RFP Package based on final City comments. HF&H will distribute the Post-Collection RFP Package, or support City staff in managing the competitive process by distributing the Post-Collection RFP Package to invited respondents.

Task 13 Manage Sole-Source Collection Proposal Evaluation

In Task 13, HF&H will assist City staff in responding to questions and issues on the sole source Collection RFP Package to ACI and evaluate materials subsequently provided by ACI. HF&H will perform the following tasks:

1. Conduct pre-negotiations meetings (up to two (2)) with ACI during the preparation of the Collection RFP Package (Task 11) to inform the approach to issues where the City desires cooperative development of solutions or where the operational nature of the issue requires contractor input.
2. Address clarifying questions from ACI regarding the sole source Collection RFP process generally, as well as specific questions related to the Collection RFP Package documents.
3. Evaluate, clarify, and analyze proposal materials submitted by ACI in response to the sole source Collection RFP. Perform cost analysis and due diligence.

Task 14 Conduct Sole Source Collection Negotiations

HF&H will support the City in negotiations with ACI to finalize the collection services agreement. HF&H will perform the following tasks:

1. Facilitate up to four (4) negotiations meetings with ACI and the City negotiating team.
2. Prepare for and attend one (1) City Council Meeting and/or conduct Council briefings to present the status and/or results of the negotiations process and receive City Council input. Presentation will include relevant rate comparisons to benchmark proposed services and costs.
3. Facilitate one (1) final negotiation meeting following receipt of City Council and stakeholder input.
4. Prepare for and attend one (1) City Council Meeting to present the final negotiated agreement and proposed costs.

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5. Assist (upon City Council award) with final agreement document preparation. Note that this proposal assumes that City staff will manage final legal review and document production for signatures.

Task 15 Manage Post-Collection Proposal Evaluation

In Task 15, HF&H will assist City staff in issuing the Post-Collection RFP Package to invited proposers and evaluate materials provided in the proposals. HF&H will perform the following tasks:

1. Manage the Post-Collection RFP Package release and pre-proposal process, including preparing for and attending one (1) pre-proposal meeting, receiving and responding to proposer questions, and issuing RFP addenda as needed.
2. Conduct the review and necessary clarification of submitted proposals for RFP compliance, followed by detailed proposal clarification, and technical and cost proposal evaluation, including proposer interviews and facility tours.

Task 16 Conduct Competitive Post-Collection Negotiations

HF&H will support the City in negotiating the costs and terms of the post-collection contract with the two invited proposers. HF&H will perform the following tasks:

1. Facilitate up to four (4) total negotiations meetings with one or both proposers and the City negotiating team.
2. Prepare for and attend one (1) City Council Meeting and/or conduct Council briefings to present the proposal evaluation results and receive City Council input. Presentation will include relevant rate comparisons to benchmark proposed services and costs.
3. Facilitate one (1) final negotiation meeting following receipt of City Council input.
4. Prepare for and attend one (1) City Council Meeting to present the final negotiated agreement and proposed costs.
5. Assist (upon City Council award) with final agreement document preparation. Note that this proposal assumes that City staff will manage final legal review and document production for signatures.

Task 17 Support with Supplemental Procurement Steps

In procuring collection and post-collection services, the City may need to engage in one (1) or more supplemental tasks including conducting stakeholder engagement, performing a California Environmental Quality Act (CEQA) analysis, and procuring ancillary services from third parties that fall outside the scope of the final collection and/or post-collection service packages. The level of detail required for each of these tasks will be dependent on the results of Tasks 13 through 16 above and cannot be accurately predicted. HF&H has reserved up to seventy (70) hours to assist with the following supplemental procurement steps as needed:

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1. Supporting Stakeholder Engagement. It can be useful to survey ratepayers regarding price sensitivity for optional services prior to recommending contract award(s) to the Council. Should the city elect to do so, HF&H will assist City staff in developing questions for a stakeholder engagement survey in collaboration with a City-designated survey firm. HF&H will assist in structuring the survey and in utilizing the results.
2. Supporting CEQA Analysis. HF&H will provide support to the City in evaluating the need for a CEQA analysis on transportation impacts and facility use for collection and post-collection services and provide consultation to the City's environmental department as needed relating to the CEQA analysis. HF&H does not currently anticipate that significant CEQA analysis will be necessary.
3. Procuring Ancillary Services. HF&H will support the City in designing and developing an RFP package, as needed, for procuring specialized ancillary services, such as illegal dumping collection. HF&H will be available to assist the City in evaluating ancillary service proposals, negotiating a final agreement, and recommending final contractor(s) selection to Council, as necessary.

Task 18 Additional Support for City Council Communications

Task 18 provides for up to thirty-two (32) hours to support City staff in additional Council communications, including preparing for and participating in Councilmember briefings, and drafting and/or reviewing Council staff reports.

Task 19 Other Meetings and Communications

HF&H will be available for up to seventy (70) hours for planning and coordination meetings, calls, and email communication with the City team, and to support and participate in other meetings or communications as needed.

Contingency

Our fee estimate includes sixty (60) hours to further assist the City team should the necessary level of effort exceed that anticipated for any of the above tasks, as well as to assist with any other issues that may arise. In particular, the contingency can allow for additional drafts or revisions for materials developed in Tasks 11 through 19, and for HF&H participation in additional meetings as needed. HF&H will consult with the City's project manager prior to use of the contingency.

Fee Estimate

HF&H proposes to perform the Phase 2 work on a time-and-materials basis, based on the rates contained in Attachment A, and with a total not-to-exceed budget of \$279,820, including a contingency of \$15,220. The following table provides our estimate of the hours (by position) that HF&H will require to complete the scope of work described above. Since this is an estimate, HF&H reserves the right to reallocate budget across tasks and staff positions to best meet the needs of each task.

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		Rob Hilton	Peter Deibler	Felisia Castaneda	Assoc Analyst	Asst Analyst	Admin	Total	Proposed
		\$ 330	\$ 305	\$ 245	\$ 160	\$ 150	\$ 145	Hours	Cost
Task 11 Complete Development of Collection RFP Package									
11.1	Draft Collection RFP Package	4	8	24	12	0	0	48	\$11,560
11.2	Review Collection RFP Package w/ City Staff	2	2	4	0	0	0	8	\$2,250
11.3	Finalize Collection RFP Package	2	8	16	8	0	16	50	\$10,620
	Task 11	8	18	44	20	0	16	106	\$ 24,430
Task 12 Develop Post-Collection RFP Package									
12.1	Draft Post-Collection RFP Package	4	12	40	24	0	16	96	\$20,940
12.2	Review Post-Collection RFP Package w/ City Staff	2	2	4	0	0	0	8	\$2,250
12.3	Finalize Post-Collection RFP Package	2	8	20	16	8	8	62	\$12,920
	Task 12	8	22	64	40	8	24	166	\$ 36,110
Task 13 Manage Sole-Source Collection Proposal Evaluation									
13.1	Conduct Pre-Negotiation Meetings with ACI	0	8	8	0	0	0	16	\$4,400
13.2	Manage Pre-Submittal Clarifications	1	4	12	0	0	0	17	\$4,490
13.3	Evaluate Proposal from ACI	6	20	40	24	24	0	114	\$25,320
	Task 13	7	32	60	24	24	0	147	\$ 34,210
Task 14 Conduct Sole Source Collection Negotiations									
14.1	Facilitate Negotiations Meetings (up to 4)	16	24	32	0	0	0	72	\$20,440
14.2	Present Preliminary Results to City Council	4	8	16	12	0	0	40	\$9,600
14.3	Facilitate Final Negotiation Meeting	4	6	8	0	0	0	18	\$5,110
14.4	Present Final Results to City Council	4	8	12	4	0	0	28	\$7,340
14.5	Assist in Finalizing Agreement	0	4	16	0	0	0	20	\$5,140
	Task 14	28	50	84	16	0	0	178	\$ 47,630

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		Rob Hilton	Peter Deibler	Felisia Castaneda	Assoc Analyst	Asst Analyst	Admin	Total Hours	Proposed Cost
		\$ 330	\$ 305	\$ 245	\$ 160	\$ 150	\$ 145		
Task 15	Manage Post-Collection Proposal Evaluation								
15.1	Manage Pre-Proposal Process	2	8	20	0	0	4	34	\$8,580
15.2	Evaluate Proposals (up to 2)	8	20	32	16	16	0	92	\$21,540
	Task 15	10	28	52	16	16	4	126	\$ 30,120
Task 16	Conduct Competitive Post Collection Negotiations								
16.1	Facilitate Negotiations Meetings (up to 4)	16	24	32	0	0	0	72	\$20,440
16.2	Present Preliminary Results to City Council	4	8	16	12	0	0	40	\$9,600
16.3	Facilitate Final Negotiation Meeting	4	6	8	0	0	0	18	\$5,110
16.4	Present Final Results to City Council	4	8	12	0	0	0	24	\$6,700
16.5	Assist in Finalizing Agreement	0	4	12	0	0	0	16	\$4,160
	Task 16	28	50	80	12	0	0	170	\$ 46,010
Task 17	Support with Supplemental Procurement Steps								
17.1	As Needed Support	4	20	30	12	2	2	70	\$17,280
	Task 17	4	20	30	12	2	2	70	\$17,280
Task 18	Additional Support for City Council Communications								
18.1	Additional Support As Needed	2	12	18	0	0	0	32	\$8,730
	Task 18	2	12	18	0	0	0	32	\$8,730

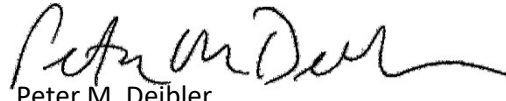
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HF&H sincerely appreciates the opportunity to continue assisting the City. We are happy to discuss any requested adjustments to our proposal. If you have any questions or concerns regarding this proposal, please do not hesitate to contact Peter at (925) 977-6968 or pdeibler@hfh-consultants.com; or, Rob at (925) 977-6959 or rchilton@hfh-consultants.com.

Sincerely,
HF&H CONSULTANTS, LLC



Rob Hilton
President



Peter M. Deibler
Senior Project Manager

Attachment A: Standard Hourly Rates and Billing Arrangements

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ATTACHMENT A: STANDARD HOURLY RATES AND BILLING ARRANGMENTS

(Effective January 1, 2023)¹

Professional Fees

Hourly rates for professional and administrative personnel are as follows:

<u>Position</u>	<u>Rate</u>
Executive	\$300 - \$330
Senior Project Manager	\$285 - \$305
Project Manager	\$245 - \$280
Senior Associate	\$220 - \$230
Associate Analyst	\$175 - \$185
Assistant Analyst	\$150 - \$160
Administrative Staff	\$115 - \$145

Direct Expenses

Standard charges for common direct expenses are as follows:

Automobile Travel	Prevailing IRS mileage rate
Airfare and Public Transit	Actual Cost

Billing Policies

Our policy is to bill for our services based on the standard hourly rates of the staff member assigned, multiplied by the time required to perform the client-related tasks, plus the direct expenses as described above. In implementing this policy, we adhere to the following practices:

- It is our standard practice to e-mail invoices to our clients, although hard copies of invoices can be sent to clients on request.
- We round to the nearest one-quarter hour (e.g., if two hours and 55 minutes are spent on a task, it is recorded as three hours, if two hours and 5 minutes are spent on a task, it is recorded as two hours). A minimum charge of one-quarter hour is charged for any client work performed in a day.
- We do not markup out-of-pocket expenses, however, we may charge administrative or professional time related to the provision of the goods and services associated with these charges.
- If subcontractors are used, HF&H reserves the right to charge a 5% markup should the subcontractor's services require cumbersome administrative oversight (e.g., multiple subcontractors; engagement turns out to solely require services of subcontractor, but HF&H as the prime must prepare billings).
- Mileage fees are based on the round-trip distance from the point of origin.

¹ Litigation Support and Expert Witness Services are not covered by this schedule of fees and expenses.

ATTACHMENT A: STANDARD HOURLY RATES AND BILLING ARRANGMENTS

- If a client's change to a previously scheduled meeting results in penalties being assessed by a third party (e.g., airline cancellation fee), then the client will bear the cost of these penalties.

While no minimum fee for a consulting engagement has been established, it is unlikely (given the nature of our services) that we can gain an understanding of a client's particular requirement, identify alternatives, and recommend a solution in less than twenty-four consulting hours.

Insurance

We maintain the following policies of insurance with carriers doing business in California:

- Comprehensive General Liability Insurance (\$2,000,000 Occurrence/\$4,000,000 Aggregate)
- Workers' Compensation (\$1,000,000)
- Professional Liability Insurance (\$2,000,000 Occurrence/\$2,000,000 Aggregate)
- Hired and Non-Owned Auto Liability² (\$2,000,000)
- Umbrella Liability (\$3,000,000 Occurrence/\$3,000,000 Aggregate)

All costs incurred in complying with additional coverages or limits (excluding additional insured and waiver of subrogation endorsements) become the responsibility of the client and are not included in the fees for services or direct charges but are billed in addition to the contract at cost, plus any professional or administrative fees.

Invoices and Payment for Services

Our time reporting and billing system has certain standard formats that are designed to provide our clients with a detailed invoice of the time and charges associated with their engagement. (We typically discuss these with our clients at our kick-off meeting.) We are also pleased to provide our clients with a custom invoice format but we will have to bill the client for time spent conforming our invoices to their unique requirements.

Billings for professional services and charges are submitted every month, in order that our clients can more closely monitor our services.

² HF&H Consultants does not own any company automobiles.