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December 23, 2022

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 1 Solid Waste Services Procurement Process

Dear Jennifer Auletta,

HF&H Consultants, LLC (HF&H) is pleased to provide this proposal to assist the City of San Leandro (City) in preparing for, and in obtaining Council direction for conducting a process to procure solid waste collection, processing, and disposal services. 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. The City is currently in discussions with ACI regarding award of a short-term extension to the agreement 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 will entail five general steps:

1. Obtaining City Council direction regarding the design and conduct of the procurement process.
2. Developing a draft request for proposal (RFP) package(s) defining the requested services, leading the proposal evaluation and contractor selection process, and developing a draft agreement, for City Council review and approval.
3. Finalizing and issuing the RFP package(s) and managing communications with the proposer(s) during proposal development.
4. Evaluating the submitted proposal(s); identifying a short-list for City Council consideration, as applicable; conducting any necessary CEQA work; and conducting negotiations with one or more proposers.
5. Recommending contractor selection and contract award(s) for City Council consideration; assisting the City team in finalizing the agreement(s) for administrative execution.

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This proposal addresses “Phase 1,” consisting of Steps 1 and 2 as outlined above. The Council’s key decisions resulting from Steps 1 and 2 will be whether specific services are to be procured on a sole-source basis, through limited competition with specified service providers, and/or through a full competitive process. These decisions will reflect local market conditions as well as City and ratepayer needs. While the results of Steps 1 and 2 will broadly define the tasks and level of effort required for Steps 3 through 5, the scopes of work that will be necessary to complete Steps 3 through 5 will also be a function of factors such as the number of proposals, the number of parties the City team negotiates with, and the degree to which CEQA analysis is required. Cities are commonly reimbursed by the selected vendor(s) for consultant and attorney costs associated with conducting a procurement, with the vendor(s) recovering the cost over the agreement term through rate revenue.

HF&H will be separately available to assist the City Attorney with key legal issues, including options for addressing the California Supreme Court’s recent *Zolly v Oakland* decision.

Scope of Work

HF&H proposes the following tasks for Steps 1 and 2.

Task 1 Develop and Assist in Negotiating a Short-Term ACI Extension

HF&H will develop a draft short-term extension to the City’s franchise agreement with ACI for City team review and comment, and will develop up to two revised versions and a final version. HF&H will support, and as requested participate in City negotiations with ACI. Our scope and fee estimate assume a simple extension based on continuation of current contractual terms and does not provide for detailed analysis or negotiation of significant changes to substantive provisions of the current agreement.

Task 2 Support Development of an Integrity Policy

City Council adoption of an integrity policy can help ensure the conduct of a fair, equitable, and transparent process. HF&H will assist the City as requested in drafting an integrity policy for Council consideration to govern communications between all parties, including Council members, City management and staff, service providers participating in the process, and consultants.

Task 3 Assist in Defining the Procurement Process

HF&H will further assist the City team in identifying the full range of available options for procuring collection, processing, and disposal services, with analysis of the pros and cons of each option. This effort will build on materials developed to-date for discussion with the City team. HF&H will assist the City in developing recommendations to Council for the procurement approach and process, including definition of the roles of the various parties, key milestone activities, and target completion dates.

Task 4 Define the RFP Package

HF&H will assist the City team in defining the elements of the RFP package by facilitating a “design intake” process that addresses the specific required services and key policy issues for collection, processing, and disposal. This process generally entails three to four meetings of about three hours each. HF&H will

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facilitate the topic-by-topic discussion. HF&H will use the final document to develop the RFP package for Task 5.

Task 5 Develop Draft RFP Package

HF&H will develop a draft RFP, proposal forms, and agreement addressing the services and key policy issues identified during Task 4 for City team review and comment, and will prepare a final draft version of the two documents for Council review. We anticipate building on similar materials we've recently developed on behalf of other Alameda County jurisdictions, tailored to the City's specific needs. Prior to starting start work for this task, we will consult with the City team on the best options for use of relevant materials.

Task 6 Support City Team in City Council Meetings and Communications

HF&H will develop draft Council presentation materials for City team review and comment and will prepare revised and final versions addressing comments. HF&H staff will be available to attend, and to participate in Councilmember briefings and up to three Council work sessions and/or regular meetings.

Task 7 Other Meetings and Communications

HF&H will be available for up to 98 hours for planning and coordination meetings, calls, and email communication with the City team, and to support and participate in other meetings or communications with the Council, service providers, etc.

Contingency

Our fee estimate includes 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 1 and 5, and for HF&H participation in additional meetings as needed. Note that the contingency may not be adequate to develop a separate RFP package for post-collection services (processing and/or disposal) should that be necessary. 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 1 work on a time-and-materials basis, based on the rates contained in Attachment A, and with a total not-to-exceed budget of \$137,050. The fee estimate includes specific task work budgeted at \$121,010 and a contingency of \$15,540. The following table provides our estimate of the hours, by position, that will be required to complete the scope of work described above. As 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 Hours	Proposed Cost
		\$ 330	\$ 305	\$ 245	\$ 160	\$ 150	\$ 145		
Task 1	Develop, Assist in Negotiating an ACI Extension								
1A	Prepare Draft Extension	0	2	0	0	0	0	2	\$610
1B	Prepare Up to Two Revisions of the Extension	1	2	1	0	0	0	4	\$1,185
1C	Prepare Final Extension	0	1	1	0	0	1	3	\$695
1D	Provide Support During Discussions with ACI	2	6	6	2	0	0	16	\$4,280
Task 1		3	11	8	2	0	1	25	\$6,770
Task 2	Support Development of an Integrity Policy								
2A	Provide Assistance as Requested	1	4	2	0	0	1	8	\$2,185
Task 2		1	4	2	0	0	1	8	\$2,185
Task 3	Assist in Defining the Procurement Process								
3A	Identify and Describe Options	1	6	8	4	0	0	19	\$4,760
Task 3		1	6	8	4	0	0	19	\$4,760
Task 4	Define RFP Package								
4A	Review Background Material	1	4	8	5	0	0	18	\$4,310
4B	Populate Design Intake Document with Current Services	2	4	12	12	0	0	30	\$6,740
4C	Facilitate Up to Four Design Intake Meetings	8	12	16	0	0	0	36	\$10,220
Task 4		11	20	36	17	0	0	84	\$21,270
Task 5	Develop Draft RFP Package								
5A	Develop Draft RFP, Proposal Forms, and Agreement	4	16	40	24	16	4	104	\$22,820
5B	Develop Revised RFP, Proposal Forms, and Agreement	2	12	20	16	12	2	64	\$13,870
Task 5		6	28	60	40	28	6	168	\$36,690

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Preliminary Schedule

The following are key preliminary monthly milestones for the Phase 1 activities described above:

December

- City staff and ACI discuss short-term extension.
- City prepares City Council communication policy.

January

- City Council work session to review key issues related to the procurement process.
- City Council considers approval of communications policy and ACI extension.

January – February

- HF&H facilitates the process with the City team to identify the components of the RFP package.

March

- City Council work session(s) covering key issues and options to shape the procurement.
- City Council to provide direction on staff recommendations

Late April – Early May

- City Council reviews and comments on draft RFP package.

May

- City releases RFP package.

The HF&H Team

Rob Hilton, HF&H's President, will serve as the Principal-in-Charge and Project Advisor. Rob specializes in conducting municipal service solid waste contracting processes and has recently assisted the cities of Alameda and San Ramon, and the CVSan (Castro Valley) in negotiating new SB 1383-compliant service agreements with ACI. Rob also has extensive experience in negotiating with other key service providers in the East Bay, such as Waste Management (WM). He understands ACI's approach to providing service and how they have supported other agencies' compliance with SB 1383 and other applicable law. Rob will participate in the design intake process, review the draft RFP and agreement, and participate in negotiations.

Peter Deibler, HF&H Senior Manager, will serve as Project Director. Peter has over 30 years of experience in the waste management field. He specializes in policy, regulatory, financial, and legal issues related to procurement of collection and facility services, SB 1383 program development, regulatory compliance, and contractor performance, and is currently assisting the City with SB 1383 compliance. He has been directly involved in negotiating well over \$3 billion in solid waste contracts on behalf of municipal agencies, including recent agreements with ACI affiliates on behalf of Sunnyvale and agreements with WM on behalf of Stockton and municipalities in Santa Clara County. Recent Alameda County work includes supporting Oakland with contracting issues, conducting a performance review of an ACI affiliate on behalf of Pleasanton, and a funding analysis for StopWaste. Other current and recent clients include the counties

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of Kern, Monterey, San Diego, Santa Clara, Santa Cruz, and Stanislaus, and the cities of Cupertino and San Jose.

Felisia Castañeda is an HF&H Senior Associate and will serve as Project Manager and primary day-to-day contact with the City team. Felisia has expertise in franchise agreement drafting and negotiations, SB 1383 compliance, contract management, policy and ordinance development, and education and outreach. She is managing HF&H's current SB 1383 compliance assistance to the City, working in close coordination with ACI. She has recently provided contracting and negotiations support to Oakland. Other current and recent clients include the cities of Carlsbad, Oceanside, and Merced County, the San Luis Obispo Integrated Waste Management Authority, and Stanford University.


Peter and Felisia will engage the services of other HF&H staff with the appropriate skills for assigned tasks to provide the best type and level of expertise and experience, as necessary.

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.

Very truly yours,
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 ARRANGEMENTS

(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.