TO THE HONORABLE MAYOR AND COUNCIL:

DATE: January 26, 2016

SUBJECT: APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT WITH R3 CONSULTING GROUP, INC. IN AN AMOUNT NOT TO EXCEED $131,300 TO CONDUCT THE PREPARATION OF THE BASE YEAR RATE REVIEW AND PROVIDE ON-GOING SUPPORT AND COORDINATION OF SOLID WASTE AND RECYCLING SERVICES (GENERAL FUND)

Report in Brief

The City has contracted with R3 Consulting Group, Inc. since April 3, 2014 to assist staff with preparation of mandated reports for submittal to CalRecycle to retain compliance with state and local regulations regarding solid waste and recycling. R3 Consulting Group also assists City staff in coordinating with Concord Disposal Service (CDS) to meet new mandates such as AB 1826 Organics Recycling, and conducting the annual review of rate increases using the RRI (Refuse Rate Index) adjustment methodology, as required within the City’s franchise agreement. Staff recommends approval of a professional services agreement with R3 Consulting Group, Inc. (Attachment #1) in an amount not to exceed $131,300 for the performance of a Base Year rate review of CDS during 2016 and other similar ongoing services over an 18-month period.

Background

On February 5, 2014, the City issued a request for proposals (RFP #2279) to retain the services of a consultant to assist with solid waste and recycling services and coordination. Through the RFP process, the City retained the services of R3 Consulting Group, Inc. in April 2014. Section L of the RFP provided language indicating that the contract could be renewed for up to four (4) one-year terms for a negotiated amount. The proposed scope of work associated with the updated contract in the amount of $131,300 will exceed the $50,000 threshold and requires City Council’s authorization.

The City’s contract with R3 Consulting Group, Inc. (R3) was due to expire on January 7, 2016. Staff coordinated an amendment letter with R3 on December 16, 2015 extending the agreement to March 31, 2016. Concord Disposal Service is anticipated to submit a request for a 2016 “Base Year” review and rate increase; therefore, the scope of work and contract amount is larger than typical of an interim year (those years between the Base Year) review. Base Year reviews are comprehensive reviews of the provider’s operations, revenue, expenses, and due to the time and cost involved are scheduled every 6 years. After completing a new Base Year Review in 2016, the next review will be due in 2022. In addition to the Base Year Review, the City Attorney’s office is in the process of consolidating the City’s Franchise Agreement and 12 Amendments to that Agreement with CDS, so additional consulting services have been included in the scope of work with R3 to support this effort.
APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT WITH R3 CONSULTING GROUP, INC. IN AN AMOUNT NOT TO EXCEED $131,300 TO CONDUCT THE PREPARATION OF THE BASE YEAR RATE REVIEW AND PROVIDE ON-GOING SUPPORT AND COORDINATION OF SOLID WASTE SERVICES (GENERAL FUND)

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Discussion

The Scope of Work includes: (1) to prepare a Base Year rate review, (2) to provide support to staff, as needed, in terms of the re-statement of the franchise agreement, and (3) to provide general support of the City’s on-going solid waste management and diversion programs including ensuring compliance with state regulations. The Scope of Work also includes the provision of technical assistance to comply with and provide effective accounting of the City’s diversions as required in new legislation including AB 341 (Commercial Recycling) and AB 1826 (Organics Recycling), and as the City continues to increase those efforts.

In addition to the rate review work, the consultant will continue to provide assistance with preparation of the City’s annual recycling report to CalRecycle, and household hazardous waste reporting. The Scope of Work, including the schedule and budget, are attached to the contract (Exhibit A to Attachment #1). The proposed schedule for the Scope of Work is approximately 18 months from kick off, anticipated to be completed at the end of August 2017.

Fiscal Impact

The contract would have a negligible impact on the general fund. One-half of the contract amount is funded by Concord Disposal Service, and franchise fees the City receives fund the remaining balance.

Public Contact

The agenda for this meeting was posted. The consultant was provided a copy of the report.

Recommendation for Action

Staff recommends that the City Council approve a Professional Services Agreement with R3 Consulting Group, Inc. in an amount not to exceed $131,300 to conduct the preparation of the Base Year Rate Review request by CDS and provide ongoing support and coordination of solid waste services for an approximately 18-month period, and authorize the City Manager to make final revisions as needed, and execute the contract.

Prepared by: Joan Ryan, AICP
Senior Planner
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Attachment 1: Professional Services Agreement with Exhibit A – Scope of Work
THIS AGREEMENT ("Agreement") is entered into on January 26, 2016 between the City of Concord ("CITY") and R3 Consulting Group, Inc., 1512 Eureka Road, Suite 220, Roseville, CA 95661 ("CONSULTANT").

THE PARTIES ENTER THIS AGREEMENT based upon the following facts, understandings and intentions:

The CITY desires to contract with CONSULTANT to provide the professional services described in Section 2 of this Agreement, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and promises of the parties herein contained, the parties hereto agree as follows:

1. **TERM.** This Agreement shall commence on January 26, 2016 and expire on August 31, 2017.

A. **Extension of Term.** Upon mutual written agreement by the parties, the term of this Agreement may be extended for four (4) additional period(s) of one year each commencing upon the expiration of the initial or extended term, subject to the same terms and conditions of this Agreement. CONSULTANT shall give written notice of its request for extension of the term of the Agreement to the City’s Authorized Representative, as identified in Section 4 below, at least thirty (30) days prior to expiration of the initial or extended term.

The extension(s) of the term of this Agreement shall be subject to a review of CONSULTANT’S performance in accordance with the terms and conditions of this Agreement and shall be subject to City approval. Such extension of time shall be in writing by a duly executed Amendment to this Agreement.

2. **SCOPE OF SERVICES.** Subject to such policy direction and approvals provided by the CITY's Authorized Representative, CONSULTANT shall perform the services as specified in the CONSULTANT’s Response, dated January 7, 2016, attached hereto as Exhibit A, and incorporated by reference as though fully restated herein. CITY retains all rights of approval and discretion with respect to the projects and undertakings contemplated by this Agreement.

3. **PAYMENT.** The compensation to be paid to CONSULTANT including payment for
professional services and reimbursable expenses shall be at the rate and schedules provided in detail on page 15 in Exhibit A. However, in no event shall the amount CITY pays CONSULTANT exceed **One Hundred Thirty One Thousand, Three Hundred Dollars ($131,300)** for the term of this Agreement. Any Amendment to this Agreement that includes an increase to this compensation amount shall be made in accordance with Section 5 below.

CONSULTANT may submit monthly statements for services rendered; all statements shall include adequate documentation demonstrating work performed during the billing period. It is intended that CITY review such statement and pay CONSULTANT for services rendered within 30 days of receipt of a statement that meets all requirements of this Agreement. Payment by CITY shall not be deemed a waiver of unsatisfactory work, even if such defects were known to the CITY at the time of payment.

4. **AUTHORIZED REPRESENTATIVES.** Authorized representatives shall represent CITY and CONSULTANT in all matters pertaining to the services to be ordered by CITY or rendered by CONSULTANT under this Agreement except where approval for the CITY is specifically required by the City Council. The CITY’s authorized representative is **Valerie J. Barone, City Manager.** The CONSULTANT’s authorized representative is **William Schoen, Principal.**

5. **AMENDMENT TO AGREEMENT.** This Agreement may be amended in writing, subject to approval by both parties. If additional services are requested by CITY other than as described in the above Scope of Services, this Agreement may be amended, modified, or changed by the parties subject to mutual consent and in accordance with the CITY’s Municipal Code by execution of an Amendment by authorized representatives of both parties setting forth the additional scope of services to be performed, the performance time schedule, and the compensation for such services.

A. **Amendment for Additional Compensation.** CITY’s Authorized Representative is authorized to execute amendments to the Agreement on behalf of CITY, including amendments providing for additional compensation to CONSULTANT not to exceed $50,000 during the fiscal year, including the base contract amount, throughout the term of this Agreement. Any additional compensation to CONSULTANT that is $50,000 or more for the fiscal year, including the
base contract amount, must be approved by City Council.

Consultant’s failure to secure CITY’s written authorization for additional compensation or changes to the Scope of Work shall constitute a waiver of any and all right to adjustment in the price or time due, whether by way of compensation, restitution, quantum meruit, or similar relief.

6. **INDEPENDENT CONTRACTOR.** Both parties understand and acknowledge that CONSULTANT, its agents, employers and subcontractors are and shall at all times remain as to the CITY wholly independent contractors. Neither the CITY nor any of its officers or employees shall have any control over the manner by which the CONSULTANT performs this Agreement and shall only dictate the results of the performance. CONSULTANT shall not represent that CONSULTANT or its agents, employees or subcontractors are agents or employees of the CITY, and CONSULTANT shall have no authority, express or implied, to act on behalf of the CITY in any capacity whatsoever as an agent, and shall have no authority, express or implied, to bind the CITY to any obligation whatsoever, unless otherwise provided in this Agreement.

As an independent contractor, CONSULTANT shall not be eligible for any benefits, which the City may provide to its employees and all persons, if any, hired by CONSULTANT shall be employees or subcontractors of CONSULTANT and shall not be construed as employees or agents of the CITY in any respect. CONSULTANT shall receive no premium or enhanced pay for work normally understood as overtime, i.e., hours that exceed forty (40) hours per work week, or work performed during non-standard business hours, such as in the evenings or on weekends. CONSULTANT shall not receive a premium or enhanced pay for work performed on a recognized holiday. CONSULTANT shall not receive paid time off for days not worked, whether it be in the form of sick leave, administrative leave, or for any other form of absence. CONSULTANT shall pay all taxes, assessments and premiums under the federal Social Security Act, any applicable unemployment insurance contributions, Workers Compensation insurance premiums, sales taxes, use taxes, personal property taxes, or other taxes or assessments now or hereafter in effect and payable by reason of or in connection with the services to be performed by CONSULTANT.

7. **STANDARD OF PERFORMANCE.** CONSULTANT represents and warrants to
CITY that CONSULTANT is skilled and able to provide such services described in the Scope of Work and that such services shall be performed in an expeditious manner, and with the degree of skill and care that is required by current, good, and sound procedures and practices. CONSULTANT further agrees that the services shall be in conformance with generally accepted professional standards prevailing at the time work is performed.

8. PERFORMANCE BY CONSULTANT. CONSULTANT shall not employ other consultants, subconsultants, experts, or contractors without the prior written approval of the CITY. Notwithstanding the foregoing, CITY shall not be obligated or liable for payment hereunder to any party other than the CONSULTANT. CONSULTANT hereby designates the CONSULTANT’S representative as the person primarily responsible for the day-to-day performance of CONSULTANT’S work under this Agreement. CONSULTANT shall not change the CONSULTANT’S representative without the prior written consent of the CITY. Unless otherwise expressly agreed by the CITY, CONSULTANT’S representative shall remain responsible for the quality and timeliness of performance of the services, notwithstanding any permitted or approved delegation hereunder.

9. OWNERSHIP AND MAINTENANCE OF DOCUMENTS. All documents furnished by CONSULTANT pursuant to this Agreement are instruments of CONSULTANT’s services in respect to this project. They are not intended nor are represented to be suitable for reuse by others except CITY on extensions of this project or on any other project. Any reuse without specific written verification and adoption by CONSULTANT for the specific purposes intended will be at user’s sole risk and without liability or legal exposure and expenses to CONSULTANT, including attorney’s fees arising out of such unauthorized reuse.

CONSULTANT’s records, documents, calculations, and all other instruments of service pertaining to actual project shall be given to CITY at the completion of the project. The CITY reserves the right to specify the file format that electronic document deliverables are presented to the CITY.

10. INDEMNIFICATION. CONSULTANT agrees to defend, indemnify and hold
harmless the CITY, its officers, officials, employees, agents and volunteers from and against any and all claims, demands, actions, losses, damages, injuries, and liability (including all attorney's fees and other litigation expenses) arising out of the CONSULTANT’s performance under the terms of this Agreement. This indemnification obligation on CONSULTANT’S part shall not apply to demands, actions, losses, damages, injuries, and liability arising out of sole negligence or willful misconduct on the part of CITY.

11. **INSURANCE.** CONSULTANT shall, at its own expense, procure and maintain in full force at all times during the term of this Agreement the following insurance:

   A. **Commercial General Liability Coverage.** CONSULTANT shall maintain commercial general liability insurance with limits of no less than one million dollars ($1,000,000) combined single limit per occurrence or two million dollars ($2,000,000) aggregate limit for bodily injury, personal injury, and property damage.

   B. **Automobile Liability Coverage.** CONSULTANT shall maintain automobile liability insurance covering all vehicles used in the performance of this Agreement providing a one million dollar ($1,000,000) combined single limit per occurrence for bodily injury, personal injury, and property damage.

   C. **Professional Liability Coverage (Errors and Omissions).** CONSULTANT shall maintain professional liability insurance with coverage for all negligent errors, acts or omissions committed by CONSULTANT, its agents and employees in the performance of this Agreement. The amount of this insurance shall be not less than one million dollars ($1,000,000) on a claims made annual aggregate basis or a combined single limit per occurrence basis.

   D. **Compliance with State Workers’ Compensation Requirements.** CONSULTANT covenants that it will insure itself against liability for Workers’ Compensation pursuant to the provisions of California Labor Code §3700, et seq. CONSULTANT shall, at all times, upon demand of the City, furnish proof that Workers' Compensation Insurance is being maintained by it in force and effect in accordance with the California Labor Code. The insurer shall also agree to waive all rights of subrogation against the CITY, its officers, officials, employees and...
volunteers for losses arising from work performed by CONSULTANT for CITY. This provision shall not apply upon written verification by CONSULTANT that CONSULTANT has no employees.

E. **Other Insurance Provisions.** The policies are to contain, or be endorsed to contain the following provisions:

1. **Additional Insured.** CITY, its officers, agents, employees, and volunteers are to be covered as an additional insured as respects: Liability arising out of activities performed by or on behalf of CONSULTANT and operations of CONSULTANT, premises owned, occupied, or used by CONSULTANT. The coverage shall contain no special limitations on the scope or protection afforded to CITY, its officers, officials, employees, or volunteers.

   Except for worker's compensation and professional liability insurance, the policies mentioned in this subsection shall name CITY as an additional insured and provide for notice of cancellation to CITY. CONSULTANT shall also provide timely and prompt notice to CITY if CONSULTANT receives any notice of cancellation or nonrenewal from its insurer.

2. **Primary Coverage.** CONSULTANT'S insurance coverage shall be primary insurance with respect to CITY, its officers, officials, employees, and volunteers. Any insurance, risk pooling arrangement, or self-insurance maintained by CITY, its officers, officials, employees, or volunteers shall be in excess of CONSULTANT'S insurance and shall not contribute with it.

3. **Reporting Provisions.** Any failure to comply with the reporting provisions of the policy shall not affect the coverage provided to the CITY, its officers, officials, employees, or volunteers.

4. **Verification of Coverage.** CONSULTANT shall furnish CITY with certificates of insurance and the original endorsements effecting coverage required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The aforementioned policies shall be issued by an insurance carrier having a rating of Best A-7 or better which is satisfactory to the City Attorney and shall be delivered to CITY at the time of the execution of this Agreement or before work commences.
Such policies and certificates shall be in a form approved by the City Attorney. CITY reserves the right to require complete certified copies of all required insurance policies at any time.

12. **TIME OF PERFORMANCE.** The time of performance of the services under this Agreement is of the essence, and all time deadlines identified in this Agreement or Scope of Services shall be strictly construed.

13. **SUSPENSION OF WORK.** CITY may, at any time, by ten (10) days’ written notice, suspend further performance by CONSULTANT. All suspensions shall extend the time schedule for performance in a mutually satisfactory manner, and CONSULTANT shall be paid for services performed and reimbursable expenses incurred prior to the suspension date. During the period of suspension, CONSULTANT shall not receive any payment for services, or expenses, except for reasonable administration expenses, incurred by CONSULTANT by reason of such suspension.

14. **TERMINATION.** CITY may terminate this Agreement for any reason upon ten (10) days written notice to the other party. CITY may terminate the Agreement upon five (5) days written notice if CONSULTANT breaches this Agreement. In the event of any termination, CONSULTANT shall promptly deliver to the CITY any and all finished and unfinished reports or other written, recorded, photographic, or visual materials, documents, data, and other deliverables (“Work Materials”) prepared for the CITY prior to the effective date of such termination, all of which shall become CITY’s sole property. After receipt of the Work Materials, CITY will pay CONSULTANT for the services performed as of the effective date of the termination.

15. **COMPLIANCE WITH CIVIL RIGHTS.** During the performance of this contract, CONSULTANT agrees as follows:

A. **Equal Employment Opportunity.** In connection with the execution of this Agreement, CONSULTANT shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, or national origin. Such actions shall include, but not be limited to, the following: employment, promotion, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training including apprenticeship.
B. **Nondiscrimination Civil Rights Act of 1964.** CONSULTANT will comply with all federal regulations relative to nondiscrimination in federally assisted programs.

C. **Solicitations for Subcontractors including Procurement of Materials and Equipment.** In all solicitation, either by competitive bidding or negotiations, made by CONSULTANT for work to be performed under a subcontract including procurement of materials or leases of equipment, each potential subcontractor, supplier or lessor shall be notified by CONSULTANT of CONSULTANT’S obligation under this Agreement and the regulations relative to nondiscrimination on the grounds of race, religion, color, sex, or national origin.

16. **CONFLICT OF INTEREST.**

A. CONSULTANT covenants and represents that neither it, nor any officer or principal of its firm, has, or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of CITY or which would in any way hinder CONSULTANT’s performance of services under this Agreement. CONSULTANT further covenants that in the performance of the Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the CITY. CONSULTANT agrees to at all times avoid conflicts of interest, or the appearance of any conflicts of interest, with the interests of the CITY in the performance of this Agreement.

B. CONSULTANT is not a designated employee within the meaning of the Political Reform Act because CONSULTANT:

1. Will conduct research and arrive at conclusions with respect to its rendition of information, advice, recommendation or counsel independent of the control and direction of the CITY or of any CITY official, other than normal contract monitoring; and

2. Possesses no authority with respect to any CITY decision beyond the rendition of information, advice, recommendation or counsel. (2 Cal. Code Regs. § 18700(a)(2).)

17. **COMPLIANCE WITH LAWS.** CONSULTANT shall comply with all applicable Federal, State of California, and local laws, rules, and regulations and shall obtain all applicable licenses, including a business license with the City of Concord, and permits for the conduct of its
business and the performance of the services.

18. **CHOICE OF LAW.** This Agreement shall be construed and interpreted in accordance with the laws of the State of California, excluding any choice of law rules which may direct the application of the laws of another jurisdiction. In the event that suit shall be brought by either party hereunder, the parties agree that trial of such action shall be held exclusively in a state court in the County of Contra Costa, California.

19. **NON-WAIVER.** The waiver by either party of any breach of any term, covenant, or condition contained in the Agreement, or any default in their performance of any obligations under the Agreement shall not be deemed to be a waiver of any other breach or default of the same or any other term, covenant, condition, or obligation, nor shall any waiver of any incident of breach of default constitute a continuing waiver of same.

20. **ENFORCEABILITY; INTERPRETATION.** In the event that any of the provisions or portions of application of any of the provisions of the Agreement are held to be illegal or invalid by a court of competent jurisdiction, CITY and CONSULTANT shall negotiate an equitable adjustment in the provisions of the Agreement with a view toward affecting the purpose of the Agreement. The illegality or invalidity of any of the provisions or portions of application of any of the provisions of the Agreement shall not affect the legality or enforceability of the remaining provisions or portions of application of any of the provisions of the Agreement. This Agreement shall be interpreted as though it was a product of a joint drafting effort and no provisions shall be interpreted against a party on the ground that said party was solely or primarily responsible for drafting the language to be interpreted.

21. **INTEGRATION.** All exhibits identified in this Agreement are attached hereto and incorporated herein by reference. The Agreement contains the entire agreement and understanding between the parties as to the subject matter of this Agreement. It merges and supersedes all prior or contemporaneous agreements, commitments, representation, writings, and discussions between CONSULTANT and CITY, whether oral or written.

22. **SUCCESSORS AND ASSIGNS: NO THIRD PARTY BENEFICIARIES; NO JOINT VENTURE.** CITY and CONSULTANT respectively, bind themselves, their successors,
assigns, and legal representatives to the terms and obligations of this Agreement. CONSULTANT shall not assign or transfer any interest in the Agreement without the CITY's prior written consent, which consent shall be in the CITY’s sole discretion. Any attempted assignment or transfer in breach of this provision shall be void. This Agreement is not intended and shall not be construed to create any third party benefit. This Agreement is not intended and shall not be construed to create a joint venture or partnership between the parties. CONSULTANT, its officers, employees and agents shall not have any power to bind or commit the CITY to any decision.

23. **FINANCIAL RECORDS.** Records of CONSULTANT’s direct labor costs, payroll costs, and reimbursable expenses pertaining to this project covered by this Agreement will be kept on a generally recognized accounting basis and made available to CITY if and when required.

24. **NOTICES.** All notices required hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or by personal delivery to the CITY's address as shown below, or such other places as CITY or CONSULTANT may, from time to time, respectively, designate in a written notice given to the other. Notice shall be deemed received three (3) days after the date of the mailing thereof or upon personal delivery.

To CITY: 
Valerie J. Barone, City Manager  
City of Concord  
1950 Parkside Drive, MS/01A  
Concord, CA 94519-2578  
Phone: (925) 671-3175  
Valerie.Barone@cityofconcord.org

To CONSULTANT: 
Garth Schultz, Principal  
R3 Consulting Group, Inc.  
1512 Eureka Road, Suite 220  
Roseville, CA 95661  
Phone: (510) 647-9674  
Fax: (916) 782-7824  
gschultz@r3cgi.com

25. **NON-LIABILITY.** No member of the CITY and no other officer, employee or agent of the CITY shall be personally liable to CONSULTANT or otherwise in the event of any default or breach of the CITY, or for any amount which may become due to CONSULTANT or any successor in
interest, or for any obligations directly or indirectly incurred under the terms of this Agreement.

26. **EXECUTION.** Each individual or entity executing this Agreement on behalf of Applicant represents and warrants that he or she or it is duly authorized to execute and deliver this Agreement on behalf of Applicant and that such execution is binding upon Applicant.

This Agreement may be executed in several counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least one copy hereof shall have been signed by both parties hereto. In approving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

**IN WITNESS WHEREOF,** the parties have executed this Agreement in one (1) or more copies as of the date and year first written above.

**CONSULTANT**

By: ____________________________________
Name: William Schoen
Title: Principal
Address: 1512 Eureka Road, Suite 220
         Roseville, CA 95661
Telephone: (916) 782-7821

**CITY OF CONCORD, a Municipal Corporation**

By: ____________________________________
Name: Valerie J. Barone
Title: City Manager
Address: 1950 Parkside Drive, MS/01
         Concord, CA 94519
Telephone: (925) 671-3150

**APPROVED AS TO FORM:**

City Attorney

**ATTEST:**

City Clerk

**FINANCE DIRECTOR'S CERTIFICATION:**

Concord, California

Date: _____________________________, 2016
I HEREBY CERTIFY THAT ADEQUATE FUNDS EXIST OR WILL BE RECEIVED DURING THE CURRENT FISCAL YEAR 2015/16 TO PAY THE ANTICIPATED EXPENSES TO BE INCURRED PURSUANT TO THIS CONTRACT. THE SUM OF $131,300, Account Code 10016001Z01.

Finance Director's Signature

Overview

Purpose

The purpose of this proposal is to provide the City with options, scopes and budgets for:

- Performing a detailed “Base Year Rate Review” of CDS;
- Supporting the City’s interests in re-stating the Agreement with CDS, including anticipated negotiation, document review and editing, and related services as directed by the City; and
- Performing general solid waste, recycling and general environmental policy and program consulting services, supporting the City’s efforts to:
  - Conduct annual review of RRI adjustments;
  - Retain general compliance with state and local regulations;
  - Execute program elements to meet requirements of legislation;
  - Ensure the viability and sustainability of the City’s existing solid waste management and diversion systems;
  - Update the City’s Municipal Code for conformance with legislative changes and consistency with franchised services; and
  - Analyze and provide recommendations to other key environmental policy and programs concerns.

Project Approach

R3’s approach to this project is one of mutual collaboration towards accomplishing key solid waste, recycling, and environmental goals as a partner with the City. To this end, we are prepared to provide a combination of task specific and on-site staff support, as needed.

Scope of Work

Task 1  Base Year Rate Review

The City contracts with CDS for residential and commercial solid waste collection via the Agreement. A formal structure for establishing residential solid waste collection rates is provided by the Rate Setting Process and Methodology Manual for Residential Solid Waste Fee (Manual).


The Manual provides rate change policies, provides application forms, specifies reporting formats, and identifies required supporting documents. The Manual specifies procedures for requesting, reviewing, and adopting residential rate changes. In each of the “interim years” between base years, a Rate Refuse Index is utilized to adjust rates during interim years.
The City regulates rates for residential solid waste, curbside recycling and yardwaste collection. Residential rates are set to cover allowable costs and allow a reasonable profit to the hauler for providing residential refuse, curbside recycling, and yardwaste collection services. The City does not specifically regulate commercial and industrial rates. Commercial and industrial rates are set by CDS. During “base years,” in the process of setting residential rates the City examines all revenues and costs of CDS including residential, commercial, and industrial sectors. Without specifically setting commercial and industrial rates, the City thus effectively considers the impacts of the commercial and industrial businesses on residential rates.

In practice, for most “base years,” when the City has approved increases to residential rates, the City has assumed that CDS will increase its commercial and industrial rates at the same level as residential rates. In some years, CDS does set commercial and industrial rates at these same levels, and in others commercial and industrial rate changes have differed from the residential rate changes. Per the 12th Amendment to the Agreement, base year detailed reviews are to take place every six years, with the next scheduled review anticipated in FY 2016/2017, and CDS’s rate application due to the City by September 1, 2016, for rates to be effective July 1, 2017.

R3 understands that CDS may request an early Base Year Rate Review, for rates to be effective July 1, 2016. This proposal anticipates conducting either the normal Base Year Rate Review, or an early Base Year Rate Review; however, we should note that conducting an early Base Year Rate Review will require CDS, the City, and R3 to act very quickly in order to complete the review for rates to be effective July 1, 2016.

As with all our rate review projects, we will approach this engagement with the objective of reviewing CDS’s Base Year Rate Application (Application) to confirm that:

- It is mathematically accurate and logically consistent;
- It is consistent with applicable terms and conditions of the Agreement and Manual (or the alternate streamlined approach proposed by R3); and
- The bases for its projections are reasonable and supported with appropriate documentation, as applicable.

Our specific approach, which is presented below, mirrors the base year rate setting methodology specified in the Manual. We suggest that this work scope be reviewed during the Kick-Off Meeting (Task 1.2) to ensure that all parties fully understand the project objectives, schedule, deliverables, expectations and communication protocol.

**Task 1.1 Initial Document Review**

In advance of the Project Kick-Off Meeting (Task 1.2) R3 will review CDS’s Application and supporting documentation. The objective of this task is to familiarize ourselves with the Application to provide for productive discussion during the Kick-Off meeting. As part of this task we will also perform an initial review of the Application for completeness in support of Task 1.3 below.

**Deliverables:**

- Initial review of Application and supporting documents; and
- Initial determination of completeness of Application.
**Task 1.2  Project Kick-Off Meeting**

We propose to facilitate a project Kick-Off Meeting with designated City staff, CDS representatives and R3. Prior to the Kick-Off Meeting, R3 will prepare an agenda and data request based on our Task 1.1 Initial Document Review.

Meeting objectives include:

- Reviewing requested information;
- Identifying and reviewing any major financial and/or operational issues impacting revenue and expense differences between the current and prior Base Year Applications; and
- Discussing other relevant information.

*Deliverable:*

- Kick-off meeting agenda.

**Task 1.3  Verify Completeness of Application**

This task will build upon the initial review of the Application conducted in Task 1.1. R3 will confirm that the Application complies with all of the requirements of the Manual. This will include confirmation that all required forms and supporting documents have been properly submitted and completed. As part of this task we will also review the Application to confirm that it is mathematically accurate and logically consistent and will perform an initial assessment of the reasonableness of each revenue and expense line item projection in support of our more detailed review as conducted in Task 1.5.

If during the Completeness Review, R3 finds that the Application is not complete, R3 will request the missing documentation or information. Finally, a Completeness Notification will be provided to the City and CDS.

*Deliverables:*

- An assessment of the accuracy and consistency of the Application.
- Initial assessment of the reasonableness of each revenue and expense line item projection along with a detailed list of questions and requested information by revenue and expense line item, as necessary.
- A Completeness Notification.

**Task 1.4  Detailed Rate Review**

In developing our approach for this Task, R3 has anticipated that City and CDS will provide unlimited access to all required financial and operational records. In the event access to those records is not provided, or the records are unavailable, we will modify our testing to include those records that are available and will indicate in our report the extent to which our scope of testing was limited. In the event that the lack of records prevents us from reaching a conclusion in regards to any of the items being tested, we will state that fact in our report.

**Task 1.4.1  Review Actual and Projected Revenue Requirements**

R3 will review and analyze cost and operating profit. We will calculate and review percentage changes in cost for the three years identified in the Application, and take note of any significant changes. If these changes are not adequately explained in the Application, R3 will request additional clarification from CDS.
Task 1.4.2 Review Actual and Projected Revenue

In this task, R3 will review the Projected Revenues. Current Residential Rates will be verified and any changes in the number of customers serviced will be checked for an explanation by CDS. The three years of commercial and residential revenues required by the Application will be verified with actual data or reasonableness of projections as required by the Manual. Commercial revenues in the base year will be reviewed for anticipated rate changes. We will also review the rate schedules and account information submitted by CSD to determine average rate changes and changes in the number of accounts serviced.

R3 will also review the allowances for residential and commercial accounts and the assumptions related to those figures and the Revenue from the sale of recycled materials per the Manual.

Task 1.4.3 Review and Verify Operating Ratio

R3 will verify that the Operating Ratio is accurate. We will also re-calculate the allowable operating profit to confirm that it has been calculated correctly.

Task 1.4.4 Determine Components of Requested Change in Residential Rates

R3 will review the following financial elements of the Application to determine the proportion of the requested change in rates of each:

- Cost;
- Commercial revenues;
- Residential revenues;
- Recycled material revenues; and
- Operating profit/loss.

Task 1.4.5 Review Performance Data

R3 will review and analyze the actual and percentage increases of the performance data included in the Application. Any change of operating statistics greater than two percent will be investigated.

Task 1.4.6 Balance Actual Revenues with Projected Revenue Requirements

R3 will balance projected and actual financial results for the prior base year (2012 Base Year) during the Base Year rate setting process.

Task 1.4.7 Request Additional Clarification and Data, if Necessary

After the analysis is complete, R3 will request clarification or additional data from CDS as needed.

Task 1.4.8 Document Staff Review and Prepare a Written Response

R3 will document and prepare a memorandum which will list the activities completed during the review process.

Deliverable:

- A memorandum listing the activities completed during the review process.

Task 1.5 Survey of Rates in Similar Service Areas

R3 will conduct a market survey, by telephone, of similar jurisdictions residential and commercial rates. Per the Solid Waste Fee Survey Sample in the Manual, the jurisdictions surveyed will include the Central Contra Costa Solid Waste Authority, Antioch, Clayton, Martinez, Pittsburg,
and Pleasant Hill. Please note that R3 will be happy to modify the survey jurisdictions upon request by the City. The results will be compiled into a table format that will include charts in order to easily compare the City’s rates to neighboring jurisdictions.

R3 will then summarize the results in a report given to the Franchised Hauler that will include the number of agencies surveyed, average monthly charge for one can service, and average charge for once a week bin commercial service of a three cubic yard bin.

**Deliverables:**
- An electronic copy of the survey for City Staff review; and
- A report summarizing the market survey intended for CDS.

**Task 1.6 Draft Report and Recommendations**

R3 will prepare a Draft Report which will include the following sections:
- Executive summary;
- Rate change review;
- Analysis and discussion of rate change Application;
- Recommendation; and
- Attachments, including the Rate Change Application, Revised Rate Schedule, Audited Financial Statements, Results of the Rate Survey, and any other relevant information.

Copies of the Draft Report will be provided to CDS and for public review at least two weeks prior to the Public Hearing discussed in Task 1.7. The results of the Public Hearing will be included in the Draft Report, and before finalizing the report in Task 1.8, R3 will revise the Draft Report as appropriate based on the comments received from CDS and the public.

**Deliverables:**
- One hard copy and an electronic copy of the Draft Report for CDS; and
- One hard copy and an electronic copy of the Draft Report for the City (Note: we would be happy to provide additional hard copies of the Draft Report to the City if requested).

**Task 1.7 Public Hearing**

R3 will present the findings of the Draft Report at one public hearing. Presentations will be prepared in MS PowerPoint™.

**Deliverable:**
- Presentation of study findings and recommendations at one (1) public hearing.

**Task 1.8 Final Report and Recommendations**

R3 will incorporate relative comments from City Staff, CDS and the public hearing into the Final Report.

**Deliverable:**
- Ten (10) hard copies (if requested by the City) and an electronic copy of Final Report.
Task 1.9 Meetings and Presentation

Task 1.9.1 Meetings

R3 will be available to participate in up to three (3) meetings with City staff during the course of the engagement. Additional meetings can be scheduled if necessary, if budget allows or on a time and materials basis. R3 staff will also be available for teleconferencing with City staff throughout the course of the engagement.

Task 1.9.2 Presentation

R3 will present the study findings and recommendations to the City Council. Presentations will be prepared in MS PowerPoint™. Ten (10) copies of the presentation will also be provided.

Deliverables:

- Attendance at up to three (3) meetings with City staff.
- Presentation of study findings and recommendations to the City Council.

Task 2 Franchise Restatement Negotiation Support

The City’s Agreement with CDS has been amended many times since July 14, 1980. When agreements have multiple amendments, as in this case, they can be difficult to understand and follow.

The City is leading the effort to complete a restatement of the Agreement, with anticipated consideration and execution in 2016. This task is intended to provide support and advice to the City as it seeks to complete this process, which can and may require ongoing negotiations between the City and CDS. Additionally, given CDS’s request for an early FY 15/16 Base Year Rate Review (which would take effect July 1, 2016) the City may be in a position to negotiate inclusion of additional terms in the Agreement that would be of benefit to the City, including:

- Quarterly and Annual Reporting requirements of diversion, HHW programs, and other key programs of interest to the City as necessary for the City’s annual regulatory reporting;
- Quarterly and Annual reporting of CDS’s safety modification factor and California Highway Patrol “Mister” Report;
- Inclusion of a streamlined “Detailed Rate Review” approach in lieu of the current Rate Manual.

Deliverables:

- Provide advice and support to the City during restatement and potential negotiation of terms in the Agreement.

Task 3 FY 2016/2017 RRI Review

R3 Consulting Group will review CDS’s Refuse Rate Index (RRI) Rate adjustment request for fiscal year (FY) 2016/2017 to confirm that:

1. Per the 12th Amendment to the Agreement, CDS’s next Base Year Rate Review is scheduled to occur in FY 2016/2017, with the Base Year Rate Review application due on September 1, 2016.

2. Alternatively, should the City or CDS opt not to consider the anticipated FY 2015/2016 Base Year Rate Review, Task 3 would apply to the FY 2015/2016 RRI adjustment.
The correct indices were used;
- It is mathematically accurate; and
- It is consistent with applicable terms and conditions of the Agreement.

Our review will include the following steps:
- Confirming that CDS provided the required information;
- Verifying that CDS correctly calculated and applied the changes in the RRI indices;
- Verifying that CDS correctly calculated and applied the correct Disposal Expense per the Disposal Contract;
- Verifying that CDS correctly recalculated the Maximum Rates to reflect changes in the RRI and Disposal Expense;
- Making any necessary corrections to CDS’s calculations and Maximum Rates and verifying the changes with City Staff and CDS;
- Preparing a memorandum summarizing the results of CDS’s RRI adjustment request for City Staff; and
- Preparing the amendment to the Agreement, containing the FY2016/17 Maximum Rates sheets for approval by City Council.

**Deliverables:**
- Review of preliminary findings with City and CDS;
- Letter Report describing findings and recommended rate adjustment; and
- 2016/17 RRI Letter Report describing findings and recommended rate adjustment.

**Task 4   Self-Haul Tonnage Analysis for 2015 EAR**

Self-haul tonnages attributed to the City appear to be high relative to the City’s overall waste stream. Accordingly, self-haul tonnages may be over reported or may be reported incorrectly. R3 has met with CDS and County staff to review how point-of-origin for self-haul tonnages are tracked, what type of tonnage is reported, and conversion factors to converting volume estimates to tonnage.

Now, in preparation for the 2015 Electronic Annual Report (EAR) to CalRecycle, the City needs to submit explanation of the high (and increasing) self-haul tonnages as reported through the State’s Disposal Reporting System (DRS). R3 will prepare this explanation and justification on the City’s behalf for inclusion in the 2015 EAR.

**Deliverables:**
- Prepare explanation of high and increasing self-haul tonnages for City’s and CalRecycle’s review and submittal in the 2015 EAR.

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3 Per September 4, 2015 email from JoAnn Jaschke, CalRecycle’s Local Assistance Representative to the City of Concord.
Task 5  AB 341 and AB 1826 Commercial Technical Assistance

This task continues R3’s prior work for the City to increase diversion. For this project to be successful there needs to not only be an effective accounting of the City’s current diversion programs in support of the preparation of the Annual Report, but also an analysis of the effectiveness of those programs so that opportunities for improvement can be identified and effectively pursued.

Data needs to be tracked and reported with key benchmarks for each program that provide an effective basis for measuring the associated program performance. Special emphasis will be placed on support of the City’s and CDS’s efforts to increase diversion, particularly as it relates to the commercial and multi-family sectors and programs targeting those sectors, including CDS’s commercial wet/dry collection system. We want to emphasize the importance of establishing key benchmarks for each program as a key to the success of the programs and in support of improving the effectiveness of the City’s diversion programs.

Without an appropriate metric for each program, the City cannot effectively measure the effectiveness of a program and the City’s ability to accurately report progress becomes more difficult. For each program, R3 will document the current metric, if any, used to track and evaluate the program and, if applicable, make a recommendation for new or improved metrics. In recommending any new metric, R3 will work with City staff to determine metrics that are not only useful and informative, but also easily produced by the responsible party.

Task 5.1  Mandatory Commercial Recycling Compliance Review

R3 will review CDS details of commercial subscribers subject to AB 341, and confirm the number of current total AB 341 covered generators, total compliant covered generators, and total non-compliant covered generators. In addition, R3 will review the AB 341 non-compliance list of covered generators and recommend options for obtaining compliance. This information will be included in the City’s 2015 Annual Report.

Task 5.2  Mandatory Commercial Organic Recycling Opportunities Analysis

Similar to Task 5.2 above, R3 will review CDS details of commercial subscribers subject to AB 1826 to determine the number of current covered generators under AB 1826 under the 5 year-phase in schedule starting with 8 cubic yards of organics generated in 2016 and decreasing to 2 cubic yards of total solid waste generation in 2020. From this base data, R3 will develop a “master list” of targeted accounts by service level and minimum implementation year to begin the process of ensuring compliance with AB 1826. We suggest that this analysis be done in coordination with CDS.

Task 5.3  Commercial Subscriber Audits

Many of the commercial and multi-family units are provided recycling services by CDS, but all may not be properly subscribed to the correct level of service. Additionally, there have been significant reductions reported by CDS regarding the number of AB 341 covered generators in the last several years. This task will seek to identify the potential reasons for those reductions, in preparation for CalRecycle’s annual site visit in 2016, at which time CalRecycle staff has indicated it will desire additional information about this ongoing trend.

For this task, which builds on Task 5.1 and 5.2 above, R3 will work with City staff and CDS staff to develop the list of the largest generators, as measured by total service volume, as well as generators that either have not subscribed to CDS’ recycling and/or organics services or appear
to be unsubscribed. Next R3 staff will conduct site audits of most promising generators to determine if more recycling or organics diversion can be achieved, what are the potential impediments to increased diversion, and recommendations for each generator to increase recycling and/or organics diversion. In calendar year 2016, R3 has assumed a total of 25 waste audits will be conducted, including City buildings and facilities.

**Deliverables:**

- Conduct analysis of potential additional diversion;
- Provide summary of program changes needed to increase diversion;
- Conduct approximately 25 waste audits; and
- Memo presenting results and recommendations.

### Task 6  
**C&D Program Support**

Construction and demolition debris (C&D) is one of the waste streams identified by the State with significant potential for additional diversion from landfills. Diversion of 50% of C&D materials is required by the State for many building projects that require local building permits, per CALGreen. Monitoring and documenting local compliance with CALGreen can require significant effort on the part of any City; R3 works with our clients to maximize the diversion resulting from implementation CALGreen and/or local C&D ordinances, while also minimizing local administrative burdens. R3 is able to provide a cost-effective solution to C&D waste management plan reviews, staff education and training, and overall C&D program management.

Utilizing our expertise and knowledge of C&D programs, we will monitor projects as requested by the City, and identify any anomalies or potential issues with completed projects’ reported data. R3 will meet with the City’s Engineering and Public Works Staff to identify potential diversion not currently being tracked that may be occurring through a range of projects, including Capital Improvement Projects. At the direction of the City, R3 will work with the City to identify the impact of illegal C&D haulers within the City, and will recommend approaches to addressing the impacts of these activities. We may also provide review and certification of select C&D processing facilities, or other topics related to C&D diversion, subject to the budget limitations for this task.

**Deliverables:**

- Regular review of C&D data and documents as requested by the City; and
- Memo regarding C&D tracking and recommendation for improvements to projects and reporting methodology.

### Task 7  
**Municipal Code Review and Alignment**

R3 will review the current municipal code to ensure the regulations are reflected in the restated franchise agreement. Additionally, R3 will make recommendations regarding the incorporation of recently passed legislation (listed above) and changes needed to assist the City in meeting its 75% diversion goal.

**Deliverables:**

- Review current municipal code; and
Provide recommendations/examples of revised municipal code language.

Task 8   2015 and 2016 EAR and DTSC Annual Reporting

This Task will include both the AB 939 Electronic Annual Report (EAR) submitted to CalRecycle, and the Household Hazardous Waste annual report (HHW Report) submitted to both CalRecycle and the Department of Toxic Substances Control (DTSC) for 2015 and 2016.

Task 8.1   AB 939 Electronic Annual Reports

Review Prior Year’s Annual Report

The EAR is the City’s self-assessment of its progress in implementing the Integrated Waste Management Act. Two of the major requirements of the Annual Report are:

- Documenting the diversion rate; and
- Providing CalRecycle with information regarding the implementation, management, and result of diversion/recycling programs within the City.

Meet with CDS to Review Current Programs

CDS is responsible or has involvement in the majority of the City’s solid waste management and diversion programs. R3 will meet with CDS to review all programs and document all relevant and necessary information in the Program Matrix. Particular attention will be paid to new programs that have been implemented, including CDS’s commercial recycling program and the wet/dry recycling program.

As necessary, R3 will follow up with CDS to assure that all available information is accurately reported in the Program Matrix and the Annual Report. As part of this task, we will review with CDS what, if any, benchmarks they have established and track for purposes of gauging the performance of the various programs. In cases where there are no established benchmarks, R3 will work with CDS to identify appropriate benchmarks that can be used going forward.

During the last two reporting cycles information required from CDS for both the EAR and the HHW Report has been inconsistent and not readily available. CDS should be tracking all data required for the EAR and HHW Report on a regular and ongoing basis. Our project budget assumes that CDS will provide the City with quarterly and annual reports of all information required for the EAR and HHW Report on a timely basis (e.g., within 45 days after the end of each quarter). We will develop a report format for inclusion in the restated Agreement and for CDS’s use starting with the 2015 EAR Annual Report data.

Develop Needs List

Based on R3’s review of the City’s programs and discussion with City staff and CDS, R3 will identify any additional information or data needs for the various programs for inclusion in the Annual Report. Information requests will then be submitted to the various parties, as applicable, to obtain the required information.

Evaluate Special Waste Report

R3 will evaluate the Special Waste Report at Keller Canyon Landfill to determine whether waste attributed to Concord was produced in the City and can be reported within the Annual Report. R3 will also assist the City with the review of County DRS data, Allied Waste’s CCTRS reports and other quarterly reports, as directed by the City.
Draft and Final Annual Report

Utilizing the information gathered, R3 will draft the Annual Report and provide a draft to the City for review and comment. R3 will then finalize the Annual Report and submit to the City for submittal to CalRecycle. At the City’s discretion, R3 will upload the information to CalRecycle’s website for submittal.

Task 8.2 Universal Waste and Household Hazardous Waste Report

R3 will coordinate with CDS and other relevant contractors to collect the data needed to complete the HHW Report (Form 303b). Then, R3 will prepare and submit a Household Hazardous Waste annual report to CalRecycle and the Department of Toxic Substances Control (DTSC), including Form 303b. In addition, R3 will notify the City of any additional required reporting for sharps and pharmaceuticals.

Deliverables:
- Review of Prior Year’s Annual Report;
- One (1) meeting with CDS staff to review current programs and progress;
- Needs List containing additional requested information from City staff;
- One (1) electronic draft Annual Report for review by City staff; and
- Two (2) hard copies and one (1) electronic copy of the final Annual Recycling Report (the electronic copy will be submitted online to CalRecycle by August 1 annually).
- Submit DTSC reporting electronically by October 1 annually;

Task 9 Quarterly Coordination Meetings & As-Needed Support

R3 will coordinate with City Staff to and participate in meetings with City Staff, CDS or other groups as directed by the City. Topics to be may include:
- CDS’ current programs;
- CDS’ new programs (split body, re-route, expanded commercial recycling, etc.);
- Legislative changes and subsequent programmatic updates;
- CDS performance (diversion, implementation of new/expanded programs, etc.); and
- Any identified problems and potential solutions.

Deliverables:
- Meetings as requested by the City;
- Other work as requested by the City that is not specifically included in Tasks 1 through 8 above;
- Coordinate with City Staff and CDS on agenda items and/or other materials to be discussed at the quarterly meetings; and
- Attend four (4) quarterly meetings targeting March, June, September and December.
### Budget

<table>
<thead>
<tr>
<th>Task</th>
<th>FY 15/16 Budget</th>
<th>FY 16/17 Budget</th>
<th>Total Cost by Task</th>
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<tbody>
<tr>
<td>1 FY 15/16 Early Base Year Rate Review (Paid by CDS)</td>
<td>$65,000</td>
<td>-</td>
<td>$65,000</td>
</tr>
<tr>
<td>2 Franchise Restatement Negotiation Support (Paid by CDS)</td>
<td>$25,000</td>
<td>-</td>
<td>$25,000</td>
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<tr>
<td>3 FY 16/17 RRI Review (or FY 15/16 if Base Year Delayed)</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
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<tr>
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<td>$6,000</td>
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<td>6 C&amp;D Program Certifications and Support</td>
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<td>$2,900</td>
<td>$4,100</td>
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<tr>
<td>7 Municipal Code Review and Amendment</td>
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<td>$2,900</td>
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<tr>
<td>8 2015 and 2016 EAR and DTSC Reporting</td>
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<td>$9,800</td>
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<td>9 Quarterly Coordination Meetings &amp; As-needed Support</td>
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<td><strong>$131,300</strong></td>
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### Schedule

Our proposed schedule for this engagement is detailed in the table below.

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<tr>
<th>Task</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td></td>
<td>Jan</td>
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</tbody>
</table>
Billing Rates and Charges

R3 reserves the right to shift hours among tasks and/or qualified staff, including staff that may not be listed in this proposal, if and as deemed appropriate by R3. R3 also reserves the right to utilize any budgeted expenses for project staff expenses for hours worked on project tasks rather than bill those expenses.

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<thead>
<tr>
<th>Category</th>
<th>Hourly Rate</th>
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<tbody>
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<td>Principal / Project Director</td>
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<tr>
<td>Senior Manager</td>
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<td>Manager</td>
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<td>Senior Associate</td>
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**REIMBURSABLE COSTS** (Included in hourly rates)

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<tr>
<td>Travel — Private or company car</td>
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<tr>
<td>Travel — Other</td>
<td>Direct cost</td>
</tr>
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<td>Delivery and other expenses</td>
<td>Direct cost</td>
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Payments

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Escalation

Fees will be escalated annually in accordance with the change in the Consumer Price Index.
2016 Billing Rates and Charges

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