



Staff Report

January 10, 2023

TO: Honorable Mayor and Members of the Town Council
FROM: Merrill Buck, Town Engineer
RE: Approval of a Contract with R3 Consulting Group for SB 1383 Regulatory Compliance and Solid Waste Program Management Services

Recommendation

Staff recommends that the Town Council adopt a resolution authorizing the Town Manager to execute a contract for on-call professional services with R3 Consulting Group, Inc. in the amount of \$160,000, and authorizing the Town Manager to approve contract amendments for up to 10% of the contract amount, if necessary, to accommodate changes or modifications in scope.

Issue Statement and Discussion

In November 2020, the California Department of Resources Recycling and Recovery (CalRecycle) finalized regulations under SB 1383, formalizing statewide requirements to reduce the amount of organic waste disposed in landfills. This far-reaching bill mandated many new requirements, which public agencies had to implement, document, and enforce.

SB 1383 program efforts which staff has completed to date have included:

- Submission of a Notice of Intent to Comply to CalRecycle which gave the Town an extension until the end of 2022 to comply with SB 1383 requirements.
- Adoption of an Ordinance creating a new Waste Collection and Disposal Chapter in the Town's Municipal Code.
- The completion of a low population waiver exempting the Town, for five years, from some of the organic waste collection requirements.
- Approval of an agreement with the County of Placer to have the County complete edible food program capacity planning, education, and inspection services, on behalf of the Town.
- Construction of community compost and wood chip give-away bins, and the stockpiling of material to satisfy the Town's recovered organic waste procurement target.
- Collaboration with CalRecycle on a Corrective Action Plan, as a follow up to the Notice of Intent to Comply, to address potential SB 1383 violations and noncompliance.

Solid waste compliance and annual reporting requirements have become so complex, that they are testing the ability of staff to manage without investing a significant amount of time to adequately understanding all the regulations. Better to hire a consultant that specializes in this area. Hiring a consultant also has the advantage of retaining institutional knowledge. A consultant, under an ongoing contract, will continue to perform. Whereas a lag in compliance could occur, if the duties were managed by internal staff, should there be a staffing turnover, where the replacement staff member would have to repeat all the time involved, with getting up to speed.

In November 2022, the Public Works Department issued a Request for Qualifications (RFQ) seeking Solid Waste Management proposals from qualified professionals. The scope of work included SB 1383 related administrative duties, including the completion of a compliance audit, monitoring and documenting our food recovery program administered by the County, reviewing our organics collection practices with Recology, managing the compost and wood mulch procurement program, completing annual reports, working on a new waste hauler franchise agreement, and processing Recology rate increase requests.

On December 7, 2022, the Town received two (2) proposals. One from R3 Consulting Group, Inc. out of Roseville, California, and one from APTIM Environmental and Infrastructure, LLC out of Concord. Following a review of the proposals, R3 Consulting Group was selected as being the most qualified to meet the Town's needs based upon their technical qualifications, familiarity with providing similar services, strength of their staff, and understanding of the work to be done.

R3 has been providing specialized solid waste management consulting services to public agencies for over 20 years. Areas of expertise include legislative compliance and diversion mandate assessments, stakeholder coordination, solid waste program documentation and reporting, franchise waste hauler contract negotiation assistance and rate adjustment reviews.

The contract with R3 will be drafted using the Town's standard "Consultant Contract for Services" agreement template. Their work scope and fee are included as Attachment B. The term of the contract is proposed for two years with up to three (3) additional, one-year renewal periods. On average, services to be performed by R3 are estimated to be a one-quarter time (25%) Full Time Equivalence (FTE) over the first year, transitioning to a 15% FTE over subsequent years. The Town does not have surplus office space, so the majority of the work will occur outside Town Hall, in the consultant's office.

CEQA Requirements

The proposed action is not subject to review under CEQA pursuant to Section 15060(c)(3), as it is not a project, and Section 15061(b)(3), which exempts administrative items since they will not result in any direct or indirect physical change in the environment.

Financial and/or Policy Implications

The proposed contract with R3 Consulting totals \$160,000 over a two-year term, which exceeds the Town Manager's purchase authority limit of \$50,000 for service contract. The contract authorization must therefore be made by Council. Funding for the recommended contract, along with authorizing the Town Manager to approve contract amendments for up to 10% of the contract amount, is available from the Town's Solid Waste Fund 560 which has a current balance of approximately \$270,000.

Attachment

- A. Resolution
- B. Work Plan and Cost Estimate

TOWN OF LOOMIS

RESOLUTION NO. 23 - _____

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOOMIS
AUTHORIZING THE TOWN MANAGER TO EXECUTE A CONTRACT FOR
PROFESSIONAL SERVICES WITH R3 CONSULTING GROUP IN THE AMOUNT OF \$160,000

WHEREAS, the Public Works Department requires additional staff to assist with solid waste regulatory compliance and overall solid waste program management; and

WHEREAS, the duties envisioned require specialized knowledge, in a part-time capacity, which the Town feels can best be provided under a professional services contract; and

WHEREAS, in November 2022, the Town released a Request for Qualifications (RFQ) for Solid Waste Management on-call professional services and a total of two (2) proposals were received; and

WHEREAS, following a review and ranking of the proposals, R3 Consulting Group out of Roseville, California was determined by staff to be the most qualified firm for the professional services contract based upon their technical qualifications, familiarity with providing similar services, strength of staff, and understanding of the work to be done; and

WHEREAS, the Town has negotiated a scope of services with R3 in the amount of \$160,000 over a two-year term, with up to three (3) additional, one-year renewal periods, and is recommending a contract award, along with authorization for the Town Manager to approve contract amendments for up to 10% of the approved contract amount; and

WHEREAS, the Town’s Solid Waste Fund 560 has sufficient funds to cover the cost of the proposed contract amount; and

WHEREAS, the Town Manager recommends that it is in the Town’s best interest to enter into a professional services agreement with R3 to perform the required services.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Town Council of the Town of Loomis hereby authorizes the Town Manager to execute a contract for on-call professional services with R3 Consulting Group in the amount of \$160,000; and be it

FURTHER RESOLVED that the Town Manager is authorized to approve contract amendments for up to 10% of the approved contract amount; and be it

FURTHER RESOLVED that the on-call contract will be drafted using the Town’s standard “Consultant Contract for Services” agreement template.

PASSED AND ADOPTED this 10th day of January 2023 by the following vote:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAINED:**

Mayor

ATTEST:

Deputy Town Clerk

WORK PLAN & AVAILABILITY

Task 1 Compliance Analysis

Task 1.1 Kick-off Meeting and Project Management

Upon Town authorization to proceed, R3 will facilitate a virtual project kick-off meeting with Town staff. The meeting will provide an opportunity to review the project objectives, R3's project approach, schedule, and data availability. The kick-off meeting will serve to set the expectations, project responsibilities, milestones and timeline for the Scope of Work and establish the best means for ongoing communication and collaboration between R3 and the Town for the duration of this engagement.

At this meeting or sooner, R3 will develop an information request from the Town or Recology. After the Project Kick-off Meeting, R3 will provide meeting minutes including notes, schedule, and milestones. Ongoing coordination will continue throughout the project through virtual meetings, schedule updates and/or status reports.

Task 1.2 Conduct Comprehensive Solid Waste Analysis of Current Programs

As mentioned in Task 1.1, upon authorization to proceed, R3 will provide the Town with a preliminary list of documents to review in support of this scope of work.

R3 will provide an overview of current services and analyze those services as compared to the latest solid waste and recycling/organics trends, best management practices related to both franchise agreement services and terms and conditions, and updates of recent legislation (AB 341, AB 1826, SB 1383), all of which should be addressed in the Town's amended franchise agreement.

Requested documents may include, but will not necessarily be limited to, the following:

- › Current exclusive franchise agreement and all amendments.
- › Current rate tables.
- › Prior engagement / direction from Town Council (as related to the franchise agreement amendments).
- › Correspondences with CalRecycle, including the 2021 Electronic Annual Report.

The requested items, along with documents already in R3's files, will assist with our analysis of the Town's current agreement and solid waste program. R3 will provide a matrix of current and recommended new services.

As part of this task, we will provide the Town in an electronic report format, an update of recent legislation, including AB 341, AB 1826, and SB 1383. Information will include suggestions and/or recommendations for solid waste programs that the Town may wish to consider.

R3 will include draft points for inclusion on the amended agreement that include the following key elements:

- › Summary update of recent legislation, including AB 341, AB 1826, and SB 1383.
- › Results of our analysis of the current franchise agreement and services, including recommendations for the amendment to the franchise agreement.
- › Modifications to collection services and programs to incorporate recent legislative regulations and remain flexible enough to adapt to significant change in the future.
- › Efficient and environmentally friendly designed program requirements, including zero emission vehicles.
- › Industry best practices focused on compliant collection programs, high levels of customer service, and transparency in rate setting and contractor performance.

Task 1 Deliverables

- Matrix of potential new services.
- Draft points for inclusion in the amended agreement, as noted above.
- Draft and final report combining these findings.

Task 2 Coordination with Key Stakeholders

R3 will attend state and regional meetings, on behalf of the Town, to monitor solid waste issues. R3 will track legislation and anticipated State of California regulations that will impact the Town's recycling and waste reduction program. R3 will participate in meetings with CalRecycle, Placer County, Placer Local Task Force (LTF), Western Placer Waste Management Authority (WPWMA) and other applicable agencies on behalf of the Town, as well as assume responsibility for all ongoing communication with the Town's local assistance and market development representatives. We will report to Town staff on all pertinent issues and will bring follow-up actions from these regional and state agency coordination meetings.

Task 2 Deliverables

- Up to fifteen (15) meetings annually, comprised of:
 - » Four (4) Placer LFT meetings.
 - » Six (6) WPWMA meetings.
 - » Five (5) other meeting with stakeholders such as Recology, County, LTF, WPWMA, and/or CalRecycle.

Task 3 Solid Waste Program Management

Task 3.1 Waste Hauler Agreement Administration

Quarterly Meetings

R3 will act as Town staff and assume responsibility for the tracking and on-time submittal of all reports and required deliverables, per the residential solid waste collection contract. Our team will assist in monitoring Recology's residential and commercial programs and contractual obligations, and will remain accessible to all residential and commercial customers for guidance on disposal, recycling, and proper solid waste management. We will schedule quarterly meetings with Recology and prepare agenda items to review contract compliance components, tonnage and diversion reports, and any current and upcoming solid waste activities.

Contract Compliance Monitoring Schedule

The Town would greatly benefit from a Contract Compliance Monitoring Schedule for managing its solid waste collection contract with Recology. The Contract Compliance Monitoring Schedule will include a calendar of reporting requirements and details, outreach and education to customers, and assessment of liquidated damages terms.

Task 3.2 Report Preparation

R3 will compile and maintain records pertaining to the Electronic Annual Report (EAR). We will complete and file all reports required by CalRecycle to support the Town's compliance with the state's 50% AB 939 diversion goals. R3 will prepare the EAR to describe the activities undertaken through the programs adopted in the Town's Source Reduction and Recycling Element and Household Hazardous Waste (HHW) Element. We will also prepare any additional required reports to meet SB 1383 requirements, beginning with the EAR due on August 1, 2023, and annually thereafter during the term of our service agreement.

R3 will also prepare a response to requested data with other agencies, such as Placer County, pertaining to the Town's solid waste program as requested.

Task 3.3 General Program and Staff Support

Ongoing coordination will be conducted on a monthly basis throughout the project with the Town Contract Manager either through virtual meetings or status reports. We have budgeted for most meetings, including check-in meetings with the Town staff and Recology to be virtual. The budget includes up to four (4) in-person meetings annually. R3 will seek Town approval of additional costs - before they are incurred - for any required, in-person attendance beyond the four (4) meetings budgeted.

R3 will provide as-needed solid waste consulting services, as requested. While the nature of on-call services makes it difficult to determine which services R3 may be asked to perform, we have prepared a list of services that we envision we may be asked to provide (see list below).

Our team is also available to provide additional solid waste related services not included on our list as directed by the Town. The specific tasks to be performed and the amount of time to be allocated to each task will be dependent upon the Town's requests and the Town's not-to-exceed budget.

On-call support services may include:

- › Providing technical assistance and guidance to Town staff on any issues related to solid waste, recycling, and organics.
- › Providing guidance on compliance with State regulations, including, but not limited to SB 1383 SB 1016, AB 939, AB 341, AB 1826, AB 1594, AB 1669, AB 901, and AB 876.
- › Monitoring and advising Town staff on State regulations including any policy issues or areas of concern.
- › Transition to mandatory organics collection services.
- › Site visits to provide additional education to non-compliant businesses.

Task 3 Deliverables

- Contract Compliance Monitoring Schedule.
- Workbook tracking compliance with the requirements set forth in the Agreement through the Contract Compliance Monitoring Schedule.
- Gather and maintain records in preparation of completing the annual reporting for CalRecycle.
- On-call support services, as requested.

Task 4 Negotiation Assistance

Task 4.1 Develop Deal Points for Amendment to the Agreement

If the Town directs R3 to assist in negotiations with Recology, we will begin by using the existing agreement along with previous discussions conducted during Task 1.

In instances where proposed contractual requirements will be significantly different from those in the current agreement, we will prepare draft language for Recology to consider during the negotiation process. The final list of potential changes to the agreement will be presented to Town Council for approval and incorporated into the negotiation process.

We will work with Town staff to develop “Deal Points” to guide the negotiation process with Recology. If requested by Town staff, we will present the Deal Points to the Town Council for their input and direction.

The Deal Points will include outlined issues, such as:

- › “Value” to Recology for extending the agreement term.
- › Concessions (programs, rates, franchise/pavement impact fee payments, reimbursement for the negotiation process, etc.) to be provided by Recology as a condition of an amended agreement.
- › Agreement language to incorporate industry best practices and new legislative requirements such as SB 1383, AB 341, and AB 1826.
- › Compensation method.
- › New/expanded recycling or organic waste programs.
- › A schedule for concluding negotiations/terminating negotiations that allows for the Town to pursue a competitive proposal process if negotiations are not successful.

Task 4.2 Conduct Negotiations with Recology

Based on the results from the above, and direction from Town staff and/or Town Council, we will assist the Town in negotiations with Recology. This will include attending meetings with Town staff, preparation of negotiation session agendas, and attendance at negotiation sessions (virtual and in-person). During the negotiation process, we will review and analyze cost and program data presented by Recology.

To the extent required, written responses will be prepared and presented. We will meet with Town staff during the negotiation process for status updates and to discuss the status of ongoing strategy.

Task 4.3 Prepare Amendment to the Agreement

Based on the results of the negotiations, R3 will assist the Town in drafting an amendment to agreement for review by the Town and Recology. The amendment will build on the current agreement but will add necessary programmatic changes to address legislative requirements, and performance measures to provide the hauler and the Town with clear criteria to monitor hauler performance.

The amendment will establish minimum service standards for inclusion in the agreement that are both quantifiable and easily measured to verify compliance. Upon review and agreement between the Town and Recology, the amendment will be put in final form.

Task 4.4 Present Amendment to Town Council

We will assist the Town in preparing a PowerPoint presentation that discusses the negotiation process and amendment that has resulted from those negotiations. We will also develop any necessary handouts for provision at the Town Council meeting, at the direction of the Town. We will be available to present the PowerPoint to the Town Council or assist staff in the presentation as requested.

Task 4 Deliverables

- One (1) electronic memorandum including the recommended deal points, to be discussed with the Town prior to negotiations with Recology.
- A preliminary negotiation schedule.
- Attendance at and preparation for up to three (3) planning meetings with Town staff.
- Attendance and moderation at up to four (4) negotiation sessions with Recology.
- Negotiation session agendas and other applicable material for negotiations.
- One (1) PowerPoint presentation of the amendment to the Town Council.
- Attendance and presentation at one (1) Town Council meeting.
- One (1) Finalized amendment in electronic format.

Task 5 Rate Adjustment Application Review & Public Outreach

Task 5.1 Review of Rate Adjustment Application

The Town's current agreement does not include a specific rate adjustment compensation methodology. R3 will review the Contractor's written request for a rate adjustment and provide recommendations to Town staff.

R3's review will include a comparison of the Town's current and proposed customer rates, rate structure and solid waste services to those of up to 5 selected neighboring jurisdictions and other similar communities in Placer County and the surrounding area. R3 will prepare an overview of the Town's current and proposed customer rates as compared to the rates of those neighboring communities. This will allow the Town to draw an effective comparison between the Town's current and proposed rates and solid waste operations to the current rates and operations of other local communities. A memorandum summarizing Recology's rate adjustment process and our findings will be provided to the Town.

Task 5.2 Public Outreach

R3 will prepare a notice for the Town to mail out to all affected property owners that will include information about the rate adjustment process.

Specifically, the notice will include:

- › A clear statement about the current rates and timeline for adjustments.
- › A brief description of the rate adjustment process.
- › An impact section that projects what the average customer pays now and the anticipated effect on the rate increase, over time.

Task 5.3 Meetings and Presentations

R3 will be available for a virtual meeting with either Town staff or the Subcommittee to discuss the findings from Task 5.1. In addition, we will virtually attend one Town Council meeting to present the findings from Task 5.1.

Task 5 Deliverables

- A memorandum summarizing the rate adjustment process.
- A summary of the rate adjustment methodology which applies to this adjustment.
- A reproducible postcard for public outreach related to the rate adjustment.
- A PowerPoint Presentation.
- Attendance at one (1) virtual meeting with Town staff and one (1) virtual Town Council meeting.

Project Team Availability

R3 employees are available a minimum of 40 hours per week, and we forecast, schedule, and assign all project work on a quarterly basis. R3 guarantees to have employee capacity available, throughout the duration of the contract, to ensure all requirements are met.

COST

Project Budget

We propose to complete the Project Plan of Work in calendar year 2023 on a time-and-materials basis for a not-to-exceed budget totaling **\$100,000**. Our project budget includes labor and project expenses for the work and deliverables as listed in **Tasks 1–5**. We would be happy to discuss changes to our scope or budget as may be needed to align with the Town’s needs.

Task	Hours	Cost
1 Compliance Analysis	20	\$4,075
2 Coordination with Key Stakeholders	45	\$9,575
3 Solid Waste Program Management	250	\$48,500
4 Negotiation Assistance	125	\$24,900
5 Rate Adjustment Application Review & Public Outreach	60	\$12,550
Total	500	\$99,600

Contract Renewal Budget Breakdown

For each additional contract year, R3 proposes a not-to-exceed budget of **\$60,000**, plus the standard annual Consumer Price Index (CPI) increase. We are confident in our ability to reduce the annual budget for the second and consequent years, given the first year will require additional time to conduct negotiations with Recology and to set up monitoring systems for tracking the amended solid waste collection contract.

Task	Hours	Cost
1 Compliance Analysis	0	\$0
2 Coordination with Key Stakeholders	45	\$9,575
3 Solid Waste Program Management	195	\$37,700
4 Negotiation Assistance	0	\$0
5 Rate Adjustment Application Review & Public Outreach	60	\$12,550
Total	300	\$59,825

Assumptions

Our project budget, listed above, assumes all costs involved for this engagement. R3 does not include additional markups for overhead nor overtime, and has no subconsultants listed for this project. Additionally, reimbursable expenses are charged at direct cost.

Standard Hourly Rate Schedule

In the table below, we have provided the hourly billing rates for the R3 Project Team that may be involved in providing solid waste consultant services. These rates are effective July 1, 2022 and are subject to periodic adjustments based on CPI.

CLASSIFICATION	HOURLY RATE
Principal	\$ 285 per hour
Sr. Director	\$ 285 per hour
Director	\$ 240 per hour
Sr. Managing Consultant	\$ 220 per hour
Managing Consultant	\$ 200 per hour
Sr. Consultant	\$ 190 per hour
Consultant	\$ 170 per hour
Associate Consultant	\$ 155 per hour
REIMBURSABLE COSTS	
Consultants/Subcontractors	Cost plus 10%
Lodging and meals	Direct cost
Travel — Private or company car	At Current Federal Rate
Travel — Other	Direct cost
Delivery and other expenses	Direct cost

Payments

Unless otherwise agreed in writing, fees for work completed will be billed monthly at the first of each month for the preceding month and will be payable within 30 days of the invoice date.