



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: City Manager’s Office

**Prepared by: Cory Bytof,
Sustainability Program Manager**

City Manager Approval: _____

TOPIC CONTRACT FOR SB 1383 COMPLIANCE PLANNING

SUBJECT RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH R3 CONSULTING GROUP, INC. IN AN AMOUNT NOT TO EXCEED \$155,096 FOR SENATE BILL 1383 PLANNING WORK FOR THE CITIES OF SAN RAFAEL AND LARKSPUR; TOWNS OF ROSS, FAIRFAX, AND SAN ANSELMO; THE LAS GALLINAS VALLEY SANITARY DISTRICT; AND THE COUNTY OF MARIN

RECOMMENDATION

Adopt a resolution authorizing the City Manager to enter into a contract with R3 Consulting Group, Inc. in an amount not to exceed \$155,096 for Senate Bill 1383 planning work for the cities of San Rafael and Larkspur; Towns of Ross, Fairfax, and San Anselmo; the Las Gallinas Valley Sanitary District; and the County of Marin.

EXECUTIVE SUMMARY

This report describes the need for a contract with our 3rd party rate reviewer for Marin Sanitary Service (“MSS”) rate setting to conduct a planning project with the City of San Rafael and other MSS franchising agencies (“Franchisors”) for compliance with Senate Bill 1383. This project will assist the Franchisors with development of processes, programs, ordinances, outreach, procurement, reporting, and other activities related to compliance with the law. The \$155,096 cost of the contract would be split equitably amongst ratepayers in all the jurisdictions and applied to the 2022 rates.

BACKGROUND

Senate Bill 1383

Senate Bill 1383 (SB 1383) is a State law that requires cities to reduce emissions of short-lived climate pollutants (SLCP). It sets targets to reduce organic waste disposal 50% by 2020 and 75% by 2025, and to rescue at least 20% of currently disposed surplus food by 2025 for people to eat. Arguably, the most extensive waste legislation in the history of the State of California, this law mandates that cities, towns, and counties do the following:

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

- Increase collection and recycling
- Procure mulch and compost
- Enable edible food recovery efforts
- Pass and enforce local legislation requiring businesses and residents to compost

In addition, it imposes other mandates on counties, and requires county-wide coordination for some of the requirements. Notably, SB 1383 allows for significant fines on local jurisdictions for not complying with the law's requirements. Local planning and ordinances must be in place by January 1, 2022.

Marin Sanitary Service Agency Collaboration

Several local agencies within Marin County have franchise agreements with Marin Sanitary Service (MSS) to provide refuse collection and recycling services to customers in their jurisdictions. Many of these agencies have similar contracts with MSS and share the same rate setting methodology. These agencies are the cities of San Rafael and Larkspur; the Towns of Ross, Fairfax, and San Anselmo; the County of Marin; and the Las Gallinas Valley Sanitary District. Due to common interests and common contracts, these Franchisors have agreed to work together in order to share costs and resources and achieve economies of scale.

For example, the Franchisors work together to make certain that ratepayers (citizens and businesses) are being properly charged for the various levels of service provided, by jointly hiring a 3rd party consultant to review MSS' annual rate application. In 2017 and 2018 the Franchisors worked together to update the financial methodology used to set customer rates to be simplified, streamlined, and to increase accountability. In each of these instances the City of San Rafael has been the lead agency on behalf of the Franchisors for contracting with consultants to assist with the projects.

ANALYSIS

Although Marin Sanitary Service has always been a leader and is further along than many other haulers in terms of recycling of organic materials, there is still a lot of work to be done for compliance with SB 1383. Some of these activities include procuring more carts, changing messaging and color coding, increasing outreach and education, and arranging for the processing and diversion of significant amounts of new organic materials such as food scraps, paper, and untreated wood products. In addition, the City and the other MSS franchising agencies will need to develop ordinances and enforcement mechanisms, conduct outreach, procure mulch and/or compost, conduct tracking and reporting, and engage in a county-wide partnership to address edible food recovery.

To ensure consistency and achieve economies of scale, the City and the other MSS franchising entities have chosen to work with our 3rd party rate reviewer R3 Consulting Group, Inc. As in the past, the Franchisors have agreed that the City would be lead agency and run the engagement, including overseeing the contract, billing, and administration on behalf of the other Franchisors.

R3's proposal is Attachment A to the staff report. It includes convening all franchisors as well as MSS and other stakeholders to develop pathways to compliance. Tasks include helping the jurisdictions develop materials and processes to achieve compliance with the basics of the law, assistance with identifying changes needed to MSS's activities, training, reporting, and presentations to decision-making bodies. All work is to be done in time for the end of year rate-setting process so that any new programs and activities can be included in the rate request for 2022.

R3 estimates the cost of the engagement to be an amount not to exceed \$155,096. This would be an addition of approximately 0.32% on the rates. However, Zero Waste Marin is deliberating funding the majority of the engagement, which could bring the direct cost to ratepayers down to \$44,380, equaling approximately 0.09% rate impact. In any case, the Franchisors would pool their resources to ensure that the rate is distributed equitably across all ratepayers in the MSS service area.

COMMUNITY OUTREACH

The City has posted this via our standard Council agenda packet channels through City Manager's Snapshot and agenda posting notification emails.

FISCAL IMPACT

No direct fiscal impact to the City of San Rafael as the costs will be added to the MSS rates as a pass-through as per normal procedures. This rate impact is yet to be determined but would be an addition of between 0.09% and 0.32% to customer rates attributed in the 2022 rate year depending on the outcome of the Zero Waste Marin budget proposal to help fund these engagements.

RECOMMENDED ACTION

Adopt a resolution authorizing the city manager to enter into a contract with R3 Consulting Group, Inc. In an amount not to exceed \$155,096 for Senate Bill 1383 planning work for the Cities of San Rafael and Larkspur, Towns of Ross, Fairfax and San Anselmo, the Las Gallinas Valley Sanitary District and the County of Marin.

ATTACHMENTS

- Attachment A: R3 Proposal SB 1383 Planning & Implementation Assistance
- Attachment B: Resolution

April 21, 2021

Cory Bytof
Sustainability Program Manager, City of San Rafael
1400 Fifth Avenue, San Rafael, CA 94901
submitted via email: Cory.Bytof@cityofsanrafael.org

SUBJECT: Proposal for SB 1383 Planning and Implementation Assistance

Dear Mr. Bytof (on behalf of the MSS Franchisors),

R3 Consulting Group, Inc. (R3) is pleased to submit this proposal to provide the City of San Rafael (City) – serving as the lead agency on behalf of the Franchisors of Marin Sanitary Service (MSS), comprised of the City, the Towns of Ross, Fairfax and San Anselmo, the City of Larkspur, County of Marin, and Las Gallinas Valley Sanitary District (collectively “MSS Franchisors”) – in Senate Bill (SB) 1383 planning assistance and initial implementation. We are well positioned to provide the requested services to the Franchisors, having worked with you and MSS since 2017 while also simultaneously gaining experience assisting other clients throughout California in planning for SB 1383 compliance.

R3 has been actively tracking the development of SB 1383 regulations and has participated in the associated rule-making process up through the law’s finalization as of November 3, 2020. We have gained a thorough understanding of the regulations and are helping clients prepare for implementation. SB 1383 has complex requirements which affect many aspects of solid waste collection and post-collection systems. While haulers can assist in implementation of many aspects of the law, agencies ultimately bear responsibility for its implementation. Via this project, we will work with you to establish a coordinated approach for all MSS Franchisors, thus facilitating a cost-effective and smooth transition into implementation for the MSS, each of your agencies, and, of course, for your solid waste customers.

While a coordinated MSS-area-wide approach will result in greater economies of scale for the City and the other MSS Franchisors, certain tasks (in particular ordinance revision and procurement policy development) will require agency-specific efforts. As such, this proposal includes tasks that will be completed for all MSS Franchisors as well as specific tasks that will be customized for each agency as appropriate. Please note that this proposal, and its costs, assume that all MSS Franchisors will elect to participate in the project.

Rose Radford will serve as Project Manager and primary point of contact for this engagement. **Garth Schultz** will serve as Principal-in-Charge and will work with Rose throughout the project. We appreciate the opportunity to submit our proposal to the City. Should you have questions regarding our proposal or need additional information, please do not hesitate to reach out directly.

Sincerely,



Rose Radford | *Project Manager*
R3 Consulting Group, Inc.
415.347.9536 | rradford@r3cgi.com



Garth Schultz | *Principal-in-Charge*
R3 Consulting Group, Inc.
510.292.0853 | gschultz@r3cgi.com

1. SCOPE OF WORK

Task 1 – Project Kick-off and Coordination

Task 1.1 Kick-off Meeting

Upon City authorization to proceed, R3 will facilitate a project kick-off meeting with designated representatives of the MSS Franchisors. 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 and timeline for the Scope of Work and establish the best means for ongoing communication and collaboration between R3 and the MSS Franchisors for the duration of this engagement.

One item of importance for discussion during the kick-off meeting will be how R3, the City, the Franchisors and MSS will work collaboratively to ensure that this project provides the best possible outcomes for customers and ratepayers, while still achieving meaningful compliance with the law. R3 understands that the City and the Franchisors do not intend for this SB 1383 planning and implementation exercise to be a "check-the-box" exercise that results in compliance without due consideration of how to ensure the resultant outcomes are good for customers, good for the environment, and good for the economy. R3 whole-heartedly embraces this intention and has the on-the-ground experience working with commercial business and other parties in Marin County on organics collection programs and other similar policies. We will bring best practices gleaned from these experiences to bear in working with the Franchisors throughout the course of the project.

Please note that we have budgeted for all meetings to be virtual, including check-in meetings with agency staff, MSS, as well as presentations to Councils/Boards, and other bodies. Additional costs will be incurred for required attendance at in-person meetings; R3 will seek City approval of additional costs before they are incurred.

Task 1.2 Information Request

Upon authorization to proceed, R3 will provide the MSS Franchisors and MSS with a preliminary list of documents in support of this Scope of Work.

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

- › Customer rate sheets;
- › Education and outreach information provided by MSS to customers;
- › Copies of most recent monthly and annual reports, including tonnage reporting; and
- › Other relevant data.

The provided information and materials, along with the documents already in R3's files, will assist with our analysis and ultimate drafting of our Final Analysis Report and Findings.

Task 2 – Analysis of Current Programs and Implementation Pathways

There are aspects of the law, such as procurement policy, that would benefit from in-depth research, engagement with industry and public-sector partners, and a detailed cost/benefit analysis. Planning for requirements such as edible food recovery and reporting necessitates engagement with other agencies in Marin County. Options for enforcement, which is required to begin in 2024, should be explored in concert with interagency departments and other agencies in the County. Other aspects of the law, such as municipal code updates, are self-contained and could be easily accomplished by each agency without coordination with other agencies, though there are benefits to regional coordination.

R3 has been following SB 1383 regulations closely on behalf of many clients and has developed a user-friendly SB 1383 action plan that we will customize according to the MSS Franchisors' needs. SB 1383 touches upon many aspects of solid waste management, many of which are currently the responsibility of

the franchised haulers via agreements, while others are jurisdictional responsibilities, and some may already be the responsibility of either the County or Zero Waste Marin.

R3 will assess SB 1383 preparedness by beginning with our action plan template, and for each requirement:

1. Determining if there is a similar existing requirement via another legislation such as Assembly Bill (AB) 1826, and indicating which party(ies) are responsible for the similar requirement;
2. If there is a similar existing requirement, assessing current compliance activities conducted by the party responsible against the upcoming requirements of the law and identifying changes that need to be made, assuming no changes in responsible party; and
3. If there is no similar requirement (such as for edible food recovery), R3 will assess current conditions and make recommendations that provide a pathway to compliance.

Gaps in compliance will be identified through this process, along with opportunities for program improvements.

SB 1383 jurisdiction responsibilities can be broken up into five major compliance areas, described in more detail in sub-tasks 2.1 - 2.5:

- › Education and Outreach;
- › Inspection and Enforcement, including the assessment of penalties and contamination monitoring;
- › Edible Food Recovery Programs;
- › Purchasing Policy Changes; and
- › Collection Service Adjustments.

Based on similar reviews for other jurisdictions, pathways are likely to include the following:

- › Implementing universal roll-out by providing organic waste collection services (including food waste) to all residents and businesses;
- › Establishing a food recovery program in coordination with Marin County and/or other agencies as appropriate;
- › Providing enhanced education and outreach to the community, which involves potential changes to content and frequency of mailers and on-site outreach as appropriate;
- › Hiring a dedicated officer for enforcement of the law's requirements;
- › Procuring more recyclable and recovered organic products;
- › Gathering a significant amount of information for reporting to CalRecycle, both during the initial planning and reporting process, and on an ongoing basis as a part of Electronic Annual Reports to CalRecycle (reporting is currently completed by Zero Waste Marin); and
- › Monitoring and enforcing compliance through the agencies' municipal codes.

It should be noted that the tracking and reporting requirements of SB 1383 are substantial. We are aware that MSS has already engaged Recyclist, which is a data management system designed to facilitate tracking of outreach and education efforts and associated collateral such as photos and exemption forms. While Recyclist may be effective for ongoing reporting for SB 1383, the agencies may need to coordinate reporting activities with Zero Waste Marin (currently the designated AB 939 reporting entity for jurisdictions in Marin County). Reporting is built in to all the programmatic implementation steps outlined in this task, and recommendations on reporting will be included as a part of all sub-tasks listed below.

It should also be noted that many of these tasks would benefit from a coordinated regional approach. As a part of some of these tasks, R3 proposes to engage various agencies active in Marin County in order to facilitate collaboration. However, this scope of work is specifically designed to facilitate the MSS

Franchisors' implementation of SB 1383, and as such, engagement with regional actors and the County is focused on specific topic areas.

Task 2.1 Education and Outreach

Data shows that on-the-ground technical assistance is key to effective program implementation, from signing businesses up for organics service to reduce contamination by more effective sorting. We are aware that low contamination is a key requirement of the MSS Food to Energy program and that contamination monitoring via route audits is also a requirement of SB 1383 (see Task 2.5, Collection Service Adjustments).

SB 1383 requires education and outreach activities – generally in alignment with AB 1826 education and outreach – including the following:

- › Monitoring of businesses that generate 2 or more cubic yards of solid waste per week;
- › Conducting site visits to encourage correct participation and sign-up for non-compliant accounts;
- › Waste assessments, especially in the case of exemption requests or reported self-haul or back-haul activities;
- › Annual mailers, which will need to include the new requirements of SB 1383 such as multi-family recycling instructional materials provided to new tenants on move-in, front-of-house sorting containers including recycling and organics containers with labels and correct color coding; and
- › Education and outreach targeted at Tier I and Tier II covered generators under the edible food recovery requirements, which differ from the organics recycling requirements of AB 1826 and will likely require staff to facilitate relationship-building between covered generators and recovery organizations.

While these activities are familiar to MSS and MSS Franchisors and ramping up to AB 1826 covered generator thresholds will likely facilitate most education and outreach activities required under the new regulations, R3 anticipates additional staff effort related to education and outreach. This will likely require increased staffing for the party(ies) identified as responsible for these requirements, including MSS and the Franchisors' staff.

This Education and Outreach task will be completed for MSS Franchisors as a whole, and not substantially customized for each MSS Franchisor.

Task 2.2 Inspection and Enforcement

Inspection and enforcement requirements included in SB 1383 represent a departure from the AB 1826 requirements in that penalties are required to be assessed on businesses not in compliance with the recycling requirements, including: signing up, participating, placing containers for recycling and organics in the front- and back-of-house, and self/back-hauling in compliance with the state's requirements.

In summary, SB 1383 introduces:

- › Penalties for non-compliant businesses (under the organics recycling requirements, the requirement to right-size containers, and the requirements to provide educational material as well as the edible food recovery requirements described in Task 2.3) in alignment with the SB 1383 penalty structure introduced in the regulations;
- › Penalties for haulers, including franchised haulers and the self-haul sector for not diverting organic material according to the requirements;
- › Penalties for regulated entities for not providing adequate reporting (this includes edible food recovery organizations);
- › Investigation of complaints of non-compliance by members of the public or other entities;

- › Contamination monitoring via periodic (current regulations require annual) route audits for every route and a representative portion of customers; or via monitoring at post-collection facilities;
- › A defined “waiver” system similar to the exemption system for AB 1826, except that organics generation thresholds are lower (10 gallons or less for customers below 2 cubic yards of solid waste service, and 20 gallons or less for customers at or above 2 cubic yards), inspection of businesses subject to waiver and adequate documentation is required, and re-inspection on a prescribed basis (now every 5 years). Note that physical space limitations are included as a possible waiver rationale. R3 generally recommends that exemption/waiver authority resides in jurisdiction or authority staff and not the hauler; and
- › Required reporting to CalRecycle on all site visits, penalties, waivers.

Via this task, R3 will further refine our staffing impact analysis, and research compliance fee mechanisms and alternative options for enforcement.

While the inspections required by the regulations can reasonably be performed by the hauler, others (such as the edible food recovery enforcement and the front-of-house container placement) are not appropriate to include in hauler responsibilities. Moreover, the regulations clearly state that authority for enforcement cannot be delegated to a private entity. Based upon the SB 1383 planning assistance R3 has conducted for other agencies, R3 anticipates at this time that at least one part-time enforcement staff with the ability to issue citations will be needed for the City of San Rafael; and some level of additional enforcement staff will be needed for the other agencies.

This Inspection and Enforcement task will be completed separately for each MSS Franchisor.

Task 2.3 Edible Food Recovery Programs

Establishing and implementing food recovery programs can be challenging, but R3 is aware of a number of edible food recovery organizations that are already operating in Marin County.

The County is responsible for a number of the key aspects of planning for SB 1383, including:

- › Inspection of all food-serving businesses via Environmental Health for enforcement of state minimum standards; and
- › Planning for edible food capacity in the County, including identification of edible food recovery organizations and assessment of those organizations’ capacity, as well as any need for additional capacity in the County.

As such, R3 proposes to initially engage the County and request available information about the County’s current edible food recovery planning efforts, as well as current activities conducted by County Environmental Health inspectors and collateral already developed by the County. We will assist the agencies in exploring opportunities for regional coordination and interagency collaboration related to edible food recovery, with an eye toward going “above and beyond” basic requirements to design a program that effectively captures edible food that was previously disposed, and provides it to people in need.

After engaging with the County, R3 will then prepare a list of strategies appropriate for the agencies to implement or support. These could include:

- › Connecting potential donors to potential recipients;
- › Providing small grants to food recovery organizations for refrigerators or vehicles;

- › Distributing model food recovery agreements to surplus food generators, based upon CalRecycle’s model agreement;
- › Coordinating efforts with County Environmental Health for distribution of food recovery information to commercial food generators or training of food recovery organizations in safe food handling procedures; and
- › Coordinating efforts with the County to ensure that food-insecure recipients are matched with food distribution organizations.

The Edible Food Recovery Programs task will be completed for MSS Franchisors as a whole, and not substantially customized for each MSS Franchisor.

Task 2.4 Purchasing Policy Changes

SB 1383 requires changes to each agency’s purchasing policies, including procurement of recycled-content paper, compost and/or mulch product from post-collection facilities, use of natural gas from post-collection facilities, and use of electricity from qualifying post-collection sources.

Via this task, R3 will calculate the required amounts of product for each agency and will assist the agencies as necessary in gathering information about current purchasing quantities of qualifying materials from the various agency departments involved. Informational interviews with up to four related industry and public sector partners will be arranged, including:

- › Central Marin Sanitation Agency, the agency that receives processed food scraps from MSS and introduces those food scraps into its digesters for conversion into natural gas;
- › Marin Community Choice Energy, a non-profit renewable electricity provider that the agencies partner with, and which has already obtained energy from some qualifying sources;
- › Marin Carbon Project or other solutions-based collaboratives that focus on the use of compost, mulch, and biosolids, including strategic spreading of recovered organic content in open space; and
- › The Wildfire Prevention Authority or another public agency partner to explore the existing generation of woody matter and the highest and best use of that matter for environmental purposes.

R3 will also conduct limited research to gather information on the use of the products required for procurement to assist the MSS Franchisors in determining the most beneficial procurement strategy that will align with the requirements of SB 1383.

This Purchasing Policy Changes task will be completed for MSS Franchisors as a whole, and not substantially customized for each MSS Franchisor; although R3 will calculate recovered organics procurement targets separately for each agency.

Task 2.5 Collection Service Adjustments

Although MSS is currently conducting a range of activities for AB 1826 compliance, R3 initially expects that these activities will need to be expanded and adjusted to facilitate compliance with SB 1383.

Specifically, the Franchisors and MSS will need to explore the following types of adjustments in collection programs:

- › Establishment or expansion of recycling and composting collection services to all customers to address SB 1383 requirements;
- › Route audits for contamination monitoring;
- › Edible food recovery outreach and education and designation of responsibilities between hauler, agencies, and County staff;

- › Diversion and program monitoring and reporting;
- › Coordination and task designation between the agencies and the hauler; and
- › Collection container labeling adjustment to align with SB 1383 requirements for all new carts and bins placed into service. These labels may be printed and not include graphics, but they must include a list of allowed and dis-allowed materials. While commercial bin labels may be compliant, it is possible that CalRecycle will require labels to be placed on all residential carts as well. Moreover, if MSS is currently using black containers for the Food to Energy program, those carts will need to have their lids changed to the yellow color to be compliant.

R3 will prepare a list of the adjustments that the MSS Franchisors may consider requesting MSS to make, and present that list to MSS during one virtual meeting to discuss operational feasibility, benchmarking, and costs, with universal service for all businesses as a significant point of discussion.

The information gathered during that meeting will be synthesized, analyzed, and provided as guidance to the MSS Franchisors. This will identify which activities are best suited for MSS to perform, as well as determining marginal activities that may benefit from MSS's assistance or involvement. We will provide the analysis and recommendations in our final report to the MSS Franchisors, as a part of Task 4, and will be available to assist the MSS Franchisors in negotiations for an amendment to the MSS agreement, or a mutually agreed-upon letter of understanding (see optional Task 5).

This Collection Service Adjustments task will be completed for MSS Franchisors as a whole, and not substantially customized for each MSS Franchisor. With this task, R3 will also provide an estimate of initial costs of implementation for implementation of the SB 1383 requirements by the MSS Franchisors based upon our recommended implementation approach. This cost estimate may be further adjusted depending upon agency interests and the final implementation strategy during rate-setting in late 2021.

Task 2.6 Ongoing Coordination

R3 will arrange regular check-ins (approximately five meetings) by conference call with agency staff throughout the duration of the project. R3 will advise agency staff of upcoming interviews and coordinate agency staff availability to join in these meetings, with the ultimate goal of positioning staff to proceed with implementation of the programmatic requirements after the planning process is complete. This task includes regular check-ins with the MSS Franchisor staff as a whole, as well as individual meetings with each agency (up to two per agency, in addition to the combined meetings with all Franchisors).

Task 3 – Municipal Code Update

R3 proposes to provide limited implementation assistance to the MSS Franchisors in preparing a municipal or district code update in alignment with SB 1383 requirements.

SB 1383 requires updates to the municipal or district codes of every jurisdiction in California, aligning with the following requirements in the regulations:

- › Universal service for organic waste diversion;
- › Other business and hauler requirements under the regulations, described more fully in Task 2, above;
- › Penalties for non-compliance and the mechanism for assessing such penalties;
- › Enforcement of CALGreen construction and demolition debris recycling requirements and container design requirements; and the Model Water Efficient Landscape Ordinance, Title 23, Division 2, Chapter 2.7 of the California Code of Regulations.

This task is limited to updates on municipal code language to align with SB 1383 and does not include other revisions such as modernizing code language or alignment with franchise agreement language.

We are aware that the self-haul requirements of SB 1383 are of particular interest to the City of San Rafael. Via this task, we will also prepare one short memorandum that describes the requirements of SB 1383 and how they are enacted in the model municipal code as well as the proposed municipal code. We will provide an explanation on how self-haul regulation is envisioned in SB 1383, how it might be implemented, and benefits/drawbacks to the proposed approach.

We recommend that the MSS Franchisors develop municipal/district code updates using the model municipal code provided by CalRecycle as a basis and adapt that municipal code in accordance with legal counsel's preference and R3's professional judgement. Via this task, R3 will work directly with legal counsel and City staff to prepare an ordinance for adoption by each agency, will be available to present and introduce the proposed ordinances at one virtual Council/Board meeting, and will attend one additional virtual Council/Board meeting to answer questions for final adoption, per agency.

Please note that ordinance revisions outside of SB 1383 requirements may require additional effort than is anticipated herein. Should the City or the agencies wish to explore other solid waste-related municipal code changes, R3 would be happy to assist pending approval of additional contract expenses for work outside of SB 1383.

Task 4 – Training, Reporting, and Presentations

R3 will arrange a combined SB 1383 training meeting to provide MSS Franchisor staff with additional information about the law and suggests that agency management be engaged if not already for that meeting. This training will be conducted virtually, and a copy of the presentation and an associated handout will be provided beforehand to participants. We will present our findings to date and our recommendations for next steps during that meeting and gather information from agency staff on feasibility and preferences.

R3 will prepare a draft analysis report for City of San Rafael review which includes the following key elements:

- › A summary update of recent legislation, including AB 341, AB 1826, AB 901, AB 1594 and SB 1383, all of which should be addressed in the City's new Agreement(s);
- › A summary of the research, interviews, recommendations and outcomes from Tasks 2 and 3;
- › Suggested best practices to include as part of the Agreement(s) updates and/or letters of understanding with the hauler.

As part of this task, we will provide an electronic version of the draft analysis report to the City of San Rafael for comments. At the City staff's preference, we will be available for one additional meeting to review findings and address the City's comments on the draft report.

Following discussion with the City, R3 will revise our draft report and provide the MSS Franchisors with a second interim draft analysis report. We will be available to meet with each MSS Franchisor staff one additional time to provide revisions and address comments, and thereafter will compile our final draft report.

R3 will also be available to provide one virtual presentation to each Council/Board with findings and recommendations resulting from the tasks above.

Optional Task 5 – Negotiations with MSS

The role of the hauler is key in designing an effective SB 1383 implementation plan. We will already have identified roles for the hauler to fill and met with MSS to explore options on those roles as a part of Task 2.5. After resolution of those conversations, R3 expects that MSS will either propose an amendment to their Agreement with the MSS Franchisors, or request that a letter of understanding or other less formal agreement be agreed upon and signed.

Regardless of the mechanism, we expect that implementation of the SB 1383 requirements will involve changes to the MSS costs of operation likely to impact rates. If the MSS Franchisors so desire, R3 can assist the Franchisors in negotiating the rate impacts and finalize the language on program requirements and design for those elements of implementation for which each chooses to engage MSS. In this proposal, we have provided for up to five additional meetings with MSS, and the drafting of an amendment or letter of understanding as an optional task.

Deliverables

- › Two (2) Draft Analysis and Findings Reports, including an SB 1383 preparedness matrix;
- › One (1) municipal code update for each agency;
- › Two (2) virtual Council/Board meetings [one (1) presentation and one (1) to answer questions] prior to adoption of each municipal code update;
- › One (1) Final Analysis Report and Findings in electronic format;
- › One (1) virtual presentation, per agency, to Council or Board on findings and recommendations;
- › *(Optional)* Amendment or letter of understanding with MSS.

2. PROJECT SCHEDULE

R3 is available to begin work on this project as soon as indicated by the City. R3 proposes the following schedule for work completion, with the project beginning in May 2021 and completing by the end of December 2021.

This schedule provides ample time to complete the required project effort, achieve compliance with SB 1383 starting May 2021 (pending appropriate agency action), and incorporate project results into the regularly scheduled MSS 2022 rate adjustment and setting process.

TASK	START DATE	COMPLETION DATE
1. Project Kick-Off and Coordination	May 2021	May 2021
2. Analysis of Current Programs and Pathways	June 2021	July 2021
3. Municipal Code Update	July 2021	September 2021
4. Final Analysis, Reporting, and Presentations	September 2021	December 2021
5. <i>(Optional)</i> Negotiations with MSS	July 2021	October 2021

3. PROJECT BUDGET

R3 proposes a contract with the City of San Rafael as the lead agency, providing for the scope of services for all MSS Franchisors. Payment for work performed under this scope of services is rate-recoverable MSS as a pass-through-cost. The proposed contract amount of **\$155,096** is a not-to-exceed amount based on time and materials for all Franchisors.

TASK		7-Agency Total
1	Project Kick-off and Coordination	\$2,674
2	Education and Outreach	\$5,462
	Inspection and Enforcement	\$16,819
	Edible Food Recovery Programs	\$7,762
	Purchasing Policy Changes	\$9,056
	Collection Service Adjustments	\$7,906
	Ongoing Coordination and Cost Estimates	\$8,481
3	Municipal Code Update	\$38,467
4	Training, Reporting, and Presentations	\$14,087
Subtotal Tasks 1-4		\$110,716
5	(Optional) Negotiations with MSS	\$24,150
Total Tasks 1-5		\$134,866
15% Contingency		\$20,230
Not-to-Exceed Grand Total		\$155,096

Billing Rates

In the table below, we have provided our hourly billing rates for R3 that may be involved in providing the City solid waste consultant services.



CLASSIFICATION	HOURLY RATE
Principal	\$225 per hour
Project Director	\$215 per hour
Senior Project Manager	\$190 per hour
Project Manager	\$185 per hour
Senior Project Analyst	\$165 per hour
Senior Administrative Support	\$160 per hour
Project Analyst	\$155 per hour
Associate Analyst	\$145 per hour
Administrative Support	\$125 per hour
REIMBURSABLE COSTS	
Consultants/Subcontractors	Cost plus 10%
Lodging and meals	Direct cost
Travel - <i>Private or company car</i>	At Current Federal Rate
Travel - <i>Other</i>	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.

4. FIRM QUALIFICATIONS

About R3

Incorporated in California in 2002, R3 is a California Certified Small Business with offices in Roseville and Davis, California. Our firm is led by two principals, Richard Tagore-Erwin and Garth Schultz, who have 40+ years of combined solid waste expertise.

We specialize in providing a diverse range of solid waste management consulting services exclusively to public agencies, including rate and financial reviews, competitive procurement and/or extension negotiations of collection, processing and disposal services; development, implementation and monitoring of service contracts and franchise agreements; and legislative compliance.

R3 works exclusively for public agencies and does not work for any private solid waste management companies. We do, however, have very good professional working relationships with private sector service providers - which is valuable in negotiations.

Food Waste Reduction Planning / Food Recovery

R3 assists clients with the development, implementation, and evaluation of their organics and food waste reduction programs. Our extensive experience has allowed R3 to address a variety of issues that typically confront our municipal clients during the implementation of their various programs and facilities, including inter-jurisdictional coordination, planning requirements, diversion mandates, regulatory compliance, community outreach, and public education.

Our organics-related services include the following:

- › Developing and evaluating existing organics programs;
- › Analyzing options for program improvement and potential new programs to implement;
- › Identifying businesses subject to compliance with SB 1383;
- › Monitoring and tracking covered generator compliance;
- › Designing and assessing public education and outreach materials and methods for notifying businesses of their requirements and compliance options;
- › Developing franchised hauler tracking methods for necessary reporting, public education and outreach, and compliance monitoring requirements;
- › Performing on-site waste assessments and material characterizations and providing hands-on technical assistance to regulated businesses to support their compliance;
- › Facilitating private sector diversion opportunities, including food donations and recycle/reuse vendors; and
- › Planning for end-use markets for compost product and SB 1383 implementation.

Legislative Compliance

R3 provides a full range of planning, design, implementation, monitoring, and administrative services in support of regulatory compliance with AB 1826 (Mandatory Commercial Organics Recycling), SB 1383 (Short-Lived Climate Pollutants), AB 341 (Mandatory Commercial Recycling), AB 1594 (Ban on Green Material ADC Diversion Credit), as well as new legislation such as AB 1669 (Displaced Employees), AB 901 (Solid Waste Reporting Requirements), and AB 876 (Organics Management Infrastructure Planning).

California has adopted aggressive legislation to reduce waste sent to the landfill and many jurisdictions are not fully prepared to meet their requirements under AB 341, AB 1594 and AB 1826. Our understanding of these legislative requirements and our hands-on experience assisting our clients with implementing effective AB 341 and AB 1826 programs and preparing for the requirements of AB 1594, AB 1669, SB 1383, and AB 901 has helped us to develop effective compliance strategies and implementation plans that leverage existing franchised hauler resources and contractual requirements.

We ensure that all regulatory requirements are being met and that our clients are taking the necessary steps to remain in compliance with the law. We assist jurisdictions with meeting these requirements by providing a coordinated approach that is logical and cost-effective, and draws upon our operational, public policy, and public education and outreach capabilities.

Relevant Experience

R3's project team brings a unique level of relevant experience and knowledge of solid waste solutions that can help you deliver the organics programs and policy that your community needs.

In the past 3 years alone, R3 has assisted 30+ clients with legislative compliance plans. Our work, with a sampling shown below, covers everything from agreement negotiations, policy and ordinances development, legislative compliance, to stakeholder engagement.

Project Team Qualifications

Below is a brief summary of roles and responsibilities for each project team member. More information on their qualifications can be found within their resumes, located in the following pages.

Name / Role**Specialty****Responsibilities****Garth Schultz**
Principal-in-Charge*Legislative Compliance, Rate Analysis, Strategic Analysis, Project Leadership*

Garth will provide project oversight as Principal, as well as analytical support as needed. He will contribute his expertise developing strategies for straightforward legislative compliance and organics planning.

**Rose Radford**
Project Manager*Legislative Compliance Guidance, Ordinance Revisions, Capacity Analysis, Project Management*

Rose will be the Project Manager and will be the primary point of contact. She will be responsible for overseeing the team, providing analytical review, and leading stakeholder engagement and presentations. Throughout the entire engagement, she will be ensuring all the City services are being met for the project.

**Carrie Baxter**
Analytical Support*Legislative Compliance Guidance, Collection Agreement Negotiations and Procurement Assistance, Ordinance Revisions, Rate Analysis, Project Management*

Carrie will bring her thorough understanding of SB 1383 and AB 827, AB 341, and AB 1826 and provide key analytical support to assist in analyzing capacity needs and guidance on regulatory requirements.

**Claire Wilson**
Analytical Support*Legislative Compliance Guidance, Reporting, Ordinance Revisions, Edible Food Recovery, Education and Outreach*

Claire will provide analytical support to assist in providing guidance on regulatory requirements. She will assist in the strategizing and development of outreach materials.

**Kristy Dalay**
Analytical Support*Legislative Compliance Guidance, Rate and Data Analysis, Education and Outreach*

Kristy will provide support for record keeping and reporting, as required under SB 1383, and assist in creating outreach materials for ongoing educational purposes.

RESOLUTION NO.

RESOLUTION OF THE SAN RAFAEL CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH R3 CONSULTING GROUP, INC. IN AN AMOUNT NOT TO EXCEED \$155,096 FOR SENATE BILL 1383 PLANNING WORK FOR THE CITIES OF SAN RAFAEL AND LARKSPUR; TOWNS OF ROSS, FAIRFAX, AND SAN ANSELMO; THE LAS GALLINAS VALLEY SANITARY DISTRICT; AND THE COUNTY OF MARIN

WHEREAS, the City of San Rafael must comply with California Senate Bill 1383, the Short-Lived Climate Pollution Act, which requires a set of actions be completed by January 1, 2022; and

WHEREAS, the City of San Rafael shares similar franchise agreements with Marin Sanitary Service as the City of Larkspur; Towns of Ross, Fairfax, and San Anselmo; the County of Marin; and Las Gallinas Valley Sanitary District, hereinafter "Franchisors"; and

WHEREAS, the Franchisors have collectively agreed to enter into an agreement with R3 Consulting Group, Inc. to engage in planning work for SB 1383 on behalf of the Franchisors; and

WHEREAS, the Franchisors have agreed to equitably share the costs of, and have the City of San Rafael be the lead agency in, this engagement with R3 Consulting Group on behalf of the Franchisors and conduct all aspects of the contract including billing and invoicing on behalf of the Franchisors; and

WHEREAS, the City of San Rafael is in receipt of a proposal by R3 Consulting Group, Inc dated April 21, 2021, with a not-to-exceed amount of \$155,096 to conduct SB 1383 planning work with the Franchisors;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN RAFAEL DOES RESOLVE, DETERMINE AND ORDER AS FOLLOWS: The City Manager is authorized to enter into a contract with R3 Consulting Group, Inc. in an amount not to exceed \$155,096 for Senate Bill 1383 planning work as set forth in the consultant's April 21, 2021 proposal, for the Cities of San Rafael and Larkspur; Towns of Ross, Fairfax, and San Anselmo; the Las Gallinas Valley Sanitary District; and the County of Marin.

I, Lindsay Lara, City Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of San Rafael, held on Monday, the 3rd of May, 2021, by the following vote, to wit:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:

LINDSAY LARA, City Clerk