



Office of the City Manager

CONSENT CALENDAR

July 16, 2013

To: Honorable Mayor and Members of the City Council

From:  Christine Daniel, City Manager

Submitted by: Andrew Clough, Director, Public Works

Subject: Contract: HF&H Consultants, LLC, for a Sustainable Refuse Services Rate Study

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a contract with HF&H Consultants, LLC, for a sustainable refuse services rate study and notice process, for an amount not to exceed \$122,792 for the period July 17, 2013 through July 30, 2014.

FISCAL IMPACTS OF RECOMMENDATION

Funds for this contract are available in the FY 2014 Refuse Fund (820) budget. The Contract Management System number is K2CKX.

CURRENT SITUATION AND ITS EFFECTS

The last rate study for the City's refuse services was conducted in 2007. During the review, the consultant was asked to create a model to ensure the City was in compliance with Proposition 218 and supply sufficient revenue requirements for solid waste services for residential and commercial customers. While the model was sufficient for its original purposes, a new sustainable rate structure model is required. Since the 2007 model, there have been substantial changes in the amount of recyclables and garbage collected by the Public Works, Zero Waste Division (formerly Solid Waste Management), along with cost control improvements in collection services and operations. The objective of this study is to establish a sustainable rate structure that will support delivery of the City's refuse services. The City Attorney has determined that the City must ensure that its rate structure is reasonable and meets the evolving standards of applicable law. Proposition 218 established a set of procedures and requirements that local government must follow to levy a property-based assessment or fee. Once the study is completed, the recommended rates will come back to Council for adoption.

HF&H will develop a sustainable rate structure for all customers based on appropriate cost of service allocations. The development of the rate structure will be accomplished through the use of a rate model that is based on documented operational and financial data. The rate model will incorporate the various Refuse Fund revenues and expenses, along with documentation of the associated operational requirements and zero waste

goals for the City. This information will form the basis for the cost of service analysis in support of Proposition 218 compliance. The rate model will be developed in a manner that gives the City a highly effective tool for ongoing rate analysis.

**BACKGROUND:**

In May 2013 the City issued a Request for Proposals (RFP) Specification No. 13-10752-C to analyze the City's refuse rates and develop a Proposition 218-compliant and sustainable rate structure, and 2 proposals were submitted. A panel comprised of the Public Works Zero Waste Division Manager, Acting Administrative & Fiscal Services Manager, and a representative from both the Zero Waste Commission and Office of Budget and Fiscal Management interviewed both vendors and selected HF&H Consultants, LLC. The panel concluded that HF&H demonstrated the best understanding of the project scope, including Proposition 218 compliance, recycling goals, and rate structures relating to zero waste, and presented the lowest bid.

HF&H Consultants, LLC is a management consulting firm with a focus on municipalities, which was established in 1997 specifically to serve municipal agencies responsible for solid waste management. HF&H has more than 24 years of solid waste operations and consulting experience, and during that time has conducted hundreds of solid waste management consulting projects for clients throughout the Bay Area and California. Specifically, HF&H is currently assisting or recently completed financial analysis and rate modeling projects for cities that include: Santa Monica, Alameda, Livermore, San Rafael, and Brentwood. In addition, HF&H is very familiar with Proposition 218 compliance issues, and has recently assisted several California jurisdictions with the public notification and public hearing requirements of Proposition 218.

**RATIONALE FOR RECOMMENDATION**

The City is required to comply with Proposition 218, which sets out detailed rules for local governments to follow in levying or increasing fees and assessments, and requires specific knowledge of the law, and of extensive rate and cost analysis. Staff does not have in-house resources with the time or expertise to perform the necessary analysis for the rate review process.

**ALTERNATIVE ACTIONS CONSIDERED**

If the City were to choose not to conduct a rate study, rates could not be adjusted to address current operations and services, and would leave a Fund deficit.

**CONTACT PERSON**

Ken Etherington, Manager, Zero Waste Division, Public Works, 981-6359  
Danielle Habr, Acting Manager, Administrative & Fiscal Services, Public Works, 981-6317

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT: HF&H CONSULTANTS, LLC FOR A REFUSE SERVICE RATE STUDY

WHEREAS, the Zero Waste Division operates refuse collection and recycling services of interest to the public; and

WHEREAS, the California State Constitution imposes requirements on local governments that set rates for property-related solid waste services; and

WHEREAS, the City does not have the in-house resources nor expertise to conduct a rate study, and therefore solicited written proposals from qualified firms or individuals to evaluate and update refuse rates in accordance with all legal requirements; and

WHEREAS, the City issued a request for proposals (Specification No. 13-10752-C) in May 2013 and, based on their submittal and interview, selected HF&H Consultants, LLC to prepare a Refuse Services Rate Study; and

WHEREAS, funding for this contract is available in the FY 2014 Refuse Fund (820) budget; and the CMS No. is K2CKX.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley authorizes the City Manager to execute a contract and any amendments with HF&H Consultants, LLC, for a refuse service rate study in an amount not to exceed \$122,792 for the period from July 17, 2013 through June 30, 2014.

