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April 3, 2024

Mr. Felipe Melchor
General Manager
ReGen Monterey
P.O. Box 1670
Marina, CA 93933

Subject: Proposal to Assist in Fiscal Year Ending 2025 Franchise Management for ReGen Monterey on behalf of its Member Agencies

Dear Mr. Melchor,

HF&H Consultants, LLC (HF&H) is pleased to provide you with this proposal to assist the Monterey Regional Waste Management District dba ReGen Monterey (ReGen Monterey) with the continued management of franchise agreements for several of ReGen Monterey's Member Agencies. This proposal letter provides you with our proposed scope of services and fees.

SCOPE OF SERVICES

HF&H has prepared this scope of services based on the objective of assisting ReGen Monterey and Member Agencies in the management of several aspects of the franchise agreements between the Member Agencies and GreenWaste Recovery (GWR). In particular, HF&H would perform the following tasks.

Task 1 – Review Contractor's Quarterly Reports

Starting with the Quarter 3 2024 reports, on a quarterly basis, HF&H will receive, review, and summarize the franchise reports from GWR for each of the seven agencies they serve. This review will include identifying and documenting any obvious deficiencies, errors, and/or inaccuracies and seeking clarification or restatement of those items with GWR. HF&H will summarize key elements of the reports (revenues, tonnage, diversion, customer service, AB 341/AB 1826/SB 1383 compliance, and service levels) into tables and graphs, similar to those used in the Calendar Year 2021 TAC meetings with new and additional reporting to reflect SB 1383 implementation and use of the new template described under Task 7 of this proposal. This review will not constitute an audit and HF&H will rely upon the representations of the contractor with respect to the values reported. If any or all of the agencies desire a more thorough audit or reconciliation of the reported values, such review would be outside the scope of this task.

Annual Fees Task 1: \$12,500

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Task 2 – Review Contractor's Annual Report

Starting with the Annual Report of activities in 2024, HF&H will receive and review the Annual Report from GWR for each of the seven agencies they serve. This review is intended to both verify compliance with the annual reporting requirements of the agreement and to understand and advise ReGen Monterey and its Member Agencies regarding the nature of issues, challenges, and opportunities reported by GWR. HF&H will provide a memorandum summarizing any significant areas of concern, recommendations, or conclusions resulting from this review.

This task does not include any significant review or coordination with GWR or ReGen Monterey related to the annual public education and outreach plan. HF&H understands that ReGen Monterey staff will be central to the public education and outreach elements of the franchise management. While HF&H is happy to provide a cursory review of materials and casual observations or suggestions related to them, this is not HF&H's area of expertise and significant efforts in this regard would be outside the scope of this task.

Annual Fees Task 2: \$2,500

Task 3 – Review Franchise Fee Payments

Starting with the Quarter 3 2024 franchise fee payment reports, HF&H will review the franchise revenues reported and resultant fees paid to each of the Member Agencies. HF&H will work with GWR to prepare reconciliations between billed revenues, service levels, and rates in each agency. HF&H will include summary trends and any concerns or issues identified related to these revenues and fee payments in the quarterly reporting done in Task 1. Because franchise fees are paid on gross receipts (rather than billed revenues) this reconciliation will not be precise but will serve as a macro-level indicator of any inconsistencies in the reporting. This review does not constitute a franchise fee audit, which would require a more thorough reconciliation of all franchise receipts and billings by agency. Such a review would be outside the scope of this task.

Annual Fees Task 3: \$2,500

Task 4 – Review Contractor's Annual Rate Adjustment Application

Starting with the rate application due April 1, 2025, to be effective July 1, 2025, HF&H will receive, review, and report to the Member Agencies on the accuracy and compliance of the rate application. This task will include verifying contract compliance with regard to: 1) the indices used in the adjustment; 2) the weighting of those indices; 3) the tonnage and tip fees reported for the disposal/processing components of the rates; 4) any changes in governmental fees on the fee component of the rates; and, 5) the accurate application of the resultant percentage changes in the various rate components to the rate schedules approved by each agency through the franchise agreements.

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HF&H's effort on this task is reliant on the accurate and complete submittal of the rate application to the agencies. If HF&H determines that the submittal is inaccurate or incomplete, HF&H will stop work, notify GWR and the Member Agencies of the deficiencies, and will not proceed with work until the deficiencies are remedied. HF&H will work with ReGen Monterey staff to reconcile reported tonnage values to the information in the ReGen Monterey's scale system. If inconsistencies are identified in the tonnages reported, HF&H will rely on GWR and ReGen Monterey staff to resolve those inconsistencies. The scope of this task is specific to the use of the index-based adjustment methodology in the agreements. In the event that either a Member Agency or GWR requests a cost-based rate adjustment, that effort would be outside the scope of this task.

Annual Fees Task 4: \$50,000

Task 5 – Provide General Support

ReGen Monterey and its Member Agencies have requested ongoing support and technical assistance from HF&H as it faces significant turnover in staff. HF&H will be available on an on-call basis to provide support with various questions and issues related to the contract for each of the Member Agencies. The types of services HF&H may provide include: 1) research and responses to questions regarding legislation; 2) review of reports or contract questions by Member Agencies and their contractors; and, 3) support with internal issues at ReGen Monterey or Member Agencies with regards to procurement, CalGreen, MWELO, 4) offering insight into SB1383 organics management tracking and residue origin reporting to the Member Agencies; and 5) other similar items as needed. This task is not intended to be used for detailed scope requests by any individual Member Agency or ReGen Monterey. Should the need for additional more detailed or comprehensive work arise, we will provide a detailed proposal to ReGen Monterey or Member Agency who has requested such work directly.

Annual Fees Task 5: \$8,000

Task 6 – Facilitate Monthly Review Meetings with Technical Advisory Committee (TAC)

HF&H will participate in monthly virtual TAC meetings of ReGen Monterey's Member Agencies. These meetings shall serve as the venue for communicating the findings, areas of concern, and recommendations related to Tasks 1 through 5 above in addition to reporting out on Task 8. These meetings shall also serve as the venue for discussing public education and outreach, operational issues, customer service performance, and other aspects of the contract that may not necessarily be covered by this scope of work. These meetings are subject to some modification based on availability of Member Agency and ReGen Monterey staff, but Task 1 and Task 2 report results are intended to occur at the August 2024, November 2024, March 2025, and June 2025 TAC meetings to allow adequate time for the review and analysis of such reports prior to the meetings. This task includes preparation for meetings along with follow-up regarding items discussed during the monthly meetings which may need to be researched by HF&H.

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Annual Fees Task 6: \$12,500

Task 7 – Develop New Reporting Templates

HF&H will thoroughly review Member Agency franchise agreements in order to prepare a revised template for Quarterly and Annual Reports submitted by GWR. These new templates are designed to ensure all data required by the reporting section of the Franchise Agreements is completed in full and will allow for better data management, tracking, and analysis.

Annual Fees Task 7: \$8,000

Task 8 – Monitor Contract Compliance

HF&H will continue to monitor compliance with the terms of the Member Agencies' franchise agreements. This process will include monthly review of key provisions and implementation dates, and the identification of any potential issues or non-compliance. HF&H will conduct monthly compliance reviews to assess the franchisee's adherence to the terms of the contract and franchise agreement. To the extent HF&H becomes aware of or identifies emerging issues that need attention or further investigation or evaluation, this work may include on-site visits, review of records, and interviews with GWR personnel. HF&H has assumed in this scope the need for regular maintenance items such as reminders or requests for submittal of reports or records. In the event of non-compliance, we will report any issues to the Member Agency for resolution. Based on the nature of the compliance issue, HF&H may need to develop and propose a new scope of work in order to work with GWR and the Member Agency or Agencies to develop and implement a plan to address the issue, depending on the size and nature. This may include additional training, revised policies and procedures, or other remediation measures. HF&H will maintain comprehensive records, including the results of audits and any steps taken to address non-compliance issues.

Annual Fees Task 8: \$24,000

LIMITATION TO SCOPE

This scope of work is limited to the various reviews and reporting described above. If significant issues or concerns arise that require additional effort to resolve, HF&H anticipates that the ReGen Monterey, GreenWaste, and/or Member Agency staff will be responsible for completing those follow-up activities. In addition, this scope of work is not intended to include work for individual Member Agencies related to rate setting or adoption of rates by their elected bodies. To the extent that these or other out of scope issues arise and/or additional work is identified during these efforts, HF&H will work with ReGen Monterey and impacted Member Agencies to determine the most appropriate way to proceed with that work, including who would be best suited to perform the task and, if HF&H were engaged, who would be responsible for paying any related costs.

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FEE PROPOSAL

HF&H proposes to perform the scope of services described above in Tasks 1-8 on a flat fee basis for \$120,000. HF&H would invoice ReGen Monterey for this work in quarterly installments upon the conclusion of each of the four quarterly TAC meetings described in Task 6. Each quarterly installment will be for \$30,000.

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HF&H appreciates the opportunity to be of continued assistance to ReGen Monterey and its Member Agencies. If you have any questions or concerns about this proposal, please do not hesitate to contact me directly at (925) 977-6959 or rchilton@hfh-consultants.com.

Very truly yours,
HF&H CONSULTANTS, LLC
_____, 2024

Accepted on behalf of the Monterey Regional Waste
Management District dba ReGen Monterey this ____ day of

Rob Hilton
President

Felipe Melchor
General Manager