

SERVICE PROVIDER AGREEMENT

This SERVICE PROVIDER AGREEMENT (“**Agreement**”) is entered into this ____ day of March 2025 (“**Effective Date**”), by and between the CITY OF ALAMEDA, a municipal corporation (“the **City**”), and HF&H CONSULTANTS, a California LLC, whose address is **590 YGNACIO VALLEY ROAD, SUITE 105, WALNUT CREEK, CALIFORNIA 94596** (“**Provider**”), in reference to the following facts and circumstances:

RECITALS

- A. The City is a municipal corporation duly organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California and the Charter of the City.
- B. The City is in need of the following services: Solid Waste Consulting Services, including performing the annual rate review process for solid waste services and on-call consulting services related to various solid waste policies and programs. City staff issued an RFP on January 24, 2025 and after a submittal period of thirteen (13) days received four timely submitted proposals. Staff reviewed the proposals and selected the service provider that best meets the City’s needs
- C. Provider possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein.
- D. Whereas, the City Council authorized the City Manager to execute this agreement on March 18, 2025.
- E. The City and Provider desire to enter into an agreement for annual rate adjustment review and on-call consulting services related to solid waste polices and programs.

AGREEMENT

NOW, THEREFORE, in consideration of the forgoing, which are incorporated herein by reference, and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the City and Provider agree as follows:

1. TERM:

The term of this Agreement shall commence on the 18 day of March 2025, and shall terminate on the 17 day of March 2029, unless terminated earlier as set forth herein.

2. SERVICES TO BE PERFORMED:

Provider agrees to do all necessary work at its own cost and expense, to furnish all labor, tools, equipment, materials, except as otherwise specified, and to do all necessary work included in Exhibit A as requested. Provider acknowledges that the work plan included in Exhibit A is tentative and does not commit the City to request Provider to perform all tasks included therein.

3. COMPENSATION TO PROVIDER:

a. By the 7th day of each month, Provider shall submit to the City an invoice for the total amount of work done the previous month. Pricing and accounting of charges are to be according to the fee schedule as set forth in Exhibit B and incorporated herein by this reference. Extra work must be approved in writing by the City Manager or their designee

b. Compensation for work done under this Agreement, shall not exceed as follows:

FY 24-25 total compensation shall not exceed \$100,000

FY 25-26 total compensation shall not exceed \$100,000

FY 26-27 total compensation shall not exceed \$100,000

FY 27-28 total compensation shall not exceed \$130,000

FY 28-29 total compensation shall not exceed \$100,000

Total five-year compensation shall not exceed **\$530,000**

4. TIME IS OF THE ESSENCE:

Provider and the City agree that time is of the essence regarding the performance of this Agreement.

5. STANDARD OF CARE:

Provider shall perform all services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Provider represents that it is skilled in the professional calling necessary to perform all services contracted for in this Agreement. Provider further represents that all of its employees and subcontractors shall have sufficient skill and experience to perform the duties assigned to them pursuant to and in furtherance this Agreement. Provider further represents that it (and its employees and subcontractors) have all licenses, permits, qualifications, and approvals of whatever nature that are legally required to perform the services (including a City Business License, as needed); and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Provider shall perform (at its own cost and expense and without reimbursement from the City) any services necessary to correct errors or omissions which are caused by Provider's failure to comply with the standard of care provided for herein. Any employee of the Provider or its sub-providers who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of any services under this Agreement, or a threat to the safety of persons or property (or any employee who fails or refuses to perform the services in a manner acceptable to the City) shall be promptly removed by the Provider and shall not be re-employed to perform any further services under this Agreement.

6. INDEPENDENT PARTIES:

Provider hereby declares that Provider is engaged as an independent business and Provider agrees to perform the services as an independent contractor. The manner and means of conducting the services and tasks are under the control of Provider except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other

right of employment will be acquired by virtue of Provider's services. None of the benefits provided by the City to its employees, including but not limited to unemployment insurance, workers' compensation plans, vacation and sick leave, are available from the City to Provider, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any compensation due to Provider. Payments of the above items, if required, are the responsibility of Provider. Any personnel performing the services under this Agreement on behalf of Provider shall also not be employees of City and shall at all times be under Provider's exclusive direction and control.

7. IMMIGRATION REFORM AND CONTROL ACT (IRCA):

Provider assumes any and all responsibility for verifying the identity and employment authorization of all of its employees performing work hereunder, pursuant to all applicable IRCA or other federal, or state rules and regulations. Provider shall indemnify, defend, and hold the City harmless from and against any loss, damage, liability, costs or expenses arising from any noncompliance of this provision by Provider.

8. NON-DISCRIMINATION:

Consistent with the City's policy and state and federal law that harassment and discrimination are unacceptable conduct, Provider and its employees, contractors, and agents shall not harass or discriminate against any job applicant, City employee, or any other person on the basis of any kind of any statutorily (federal, state or local) protected class, including but not limited to: race, religious creed, color, national origin, ancestry, disability (both mental and physical) including HIV and AIDS, medical condition (e.g. cancer), genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, pregnancy, political affiliation, military and veteran status or legitimate union activities. Such non-discrimination shall include but not be limited to all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, or termination. Provider agrees that any violation of this provision shall constitute a material breach of this Agreement.

9. HOLD HARMLESS:

a. To the fullest extent permitted by law, Provider shall indemnify, defend (with counsel acceptable to the City) and hold harmless the City, its City Council, boards, commissions, officials, employees, agents and volunteers ("Indemnitees") from and against any and all loss, damages, liability, obligations, claims, suits, judgments, costs and expenses whatsoever, including reasonable attorney's fees and costs of litigation ("Claims"), arising from or in any manner connected to Provider's performance of its obligations under this Agreement or out of the operations conducted by Provider even if the City is found to have been negligent. If the Claims filed against Indemnitees allege negligence, recklessness or willful misconduct on the part of Provider, Provider shall have no right of reimbursement against Indemnitees for the costs of defense even if negligence, recklessness or willful misconduct is not found on the part of Provider. Provider shall not have any obligations to indemnify Indemnitees if the loss or damage is found to have resulted solely from the negligence or the willful misconduct of the City. The defense and indemnification obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

b. As to Claims for professional liability only, Provider’s obligation to defend Indemnitees (as set forth above) is limited as provided in California Civil Code Section 2782.8.

c. Provider’s obligation to indemnify, defend and hold harmless Indemnitees shall expressly survive the expiration or early termination of this Agreement.

10. INSURANCE:

a. On or before the commencement of the terms of this Agreement, Provider shall furnish the City’s Risk Manager with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with Sections 10.b. (1) through (4). The Certificate Holder should be The City of Alameda, 2263 Santa Clara, Ave., Alameda, CA 94501. Such certificates, which do not limit Provider’s indemnification, shall also contain substantially the following statement:

“Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days’ advance written notice to the City of Alameda. Attention: Risk Manager.”

Provider shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company licensed to offer insurance business in the State of California with a current A.M. Best’s rating of no less than A:VII or Standard & Poor’s Rating (if rated) of at least BBB unless otherwise acceptable to the City. Provider shall deliver updated insurance certificates to the City at the address described in Section 17.f. prior to the expiration of the existing insurance certificate for the duration of the term of Agreement. Endorsements naming the City, its City Council, boards, commissions, officials, employees, agents, and volunteers as additional insured shall be submitted with the insurance certificates.


Provider Initials

b. COVERAGE REQUIREMENTS:

Provider shall maintain insurance coverage and limits at least as broad as:

(1) Workers’ Compensation:

Statutory coverage as required by the State of California, as well as a Waiver of Subrogation (Rights of Recovery) endorsement.

(2) Liability:

Commercial general liability coverage in the following minimum limits:

Bodily Injury:	\$1,000,000 each occurrence \$2,000,000 aggregate - all other
Property Damage:	\$1,000,000 each occurrence \$2,000,000 aggregate

If submitted, combined single limit policy with per occurrence limits in the amounts of \$2,000,000 and aggregate limits in the amounts of \$4,000,000 will be considered equivalent to the required minimum limits shown above. Provider shall also submit declarations and policy endorsements pages. Additional Insured Endorsement naming the City, its City Council, boards, commissions, officials, employees, agents, and volunteers is required. The Additional Insured Endorsement shall include primary and non-contributory coverage at least as broad as the CG 2010.

(3) Automotive:

Comprehensive automobile liability coverage (any auto) in the following minimum limits:

Bodily injury:	\$1,000,000 each occurrence
Property Damage:	\$1,000,000 each occurrence

or

Combined Single Limit:	\$2,000,000 each occurrence
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Additional Insured Endorsement naming the City, its City Council, boards, commissions, officials, employees, agents, and volunteers is required.

As to commercial general liability and automobile liability insurance, such insurance will provide that it constitutes primary insurance with respect to claims insured by such policy, and, except with respect to limits, that insurance applies separately to each insured against whom claim is made or suit is brought. Such insurance is not additional to or contributing with any other insurance carried by or for the benefit of the City.

(4) Professional Liability:

Professional liability insurance which includes coverage appropriate for the professional acts, errors and omissions of Provider's profession and work hereunder, including, but not limited to, technology professional liability errors and omissions if the services being provided are technology-based, in the following minimum limits:

\$2,000,000 each claim

Technology professional liability errors and omissions shall include, or be endorsed to include, property damage liability coverage for damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of the City in the care, custody, or control of Provider. If not covered under Provider's liability policy, such "property" coverage of the City may be endorsed onto Provider's Cyber Liability Policy as covered property as follows: cyber liability coverage in an amount sufficient to cover the full replacement value of damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of the City that will be in the care, custody, or control of Provider.

c. SUBROGATION WAIVER:

Provider hereby agrees to waive rights of subrogation that any insurer of Provider may acquire from Provider by virtue of the payment of any loss. Provider agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether the City has received a waiver of subrogation endorsement from the insurer. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by Provider, its employees, agents and subcontractors.

d. FAILURE TO SECURE:

If Provider at any time during the term hereof should fail to secure or maintain the foregoing insurance, the City shall be permitted to obtain such insurance in Provider's name or as an agent of Provider and shall be compensated by Provider for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

e. ADDITIONAL INSURED(S):

The City, its City Council, boards, commissions, officials, employees, agents, and volunteers shall be named as additional insured(s) under all insurance coverages, except workers' compensation and professional liability insurance. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy. Additional Insured coverage under Provider's policy shall be primary and non-contributory and will not seek contribution from the City's insurance or self-insurance. Any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits shall be available to the additional insured(s).

f. SUFFICIENCY OF INSURANCE:

The insurance limits required by the City are not represented as being sufficient to protect Provider. Provider is advised to consult Provider's insurance broker to determine adequate coverage for Provider. The coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of the coverage carried by or available to Provider; whichever is greater.

g. EXCESS OR UMBRELLA LIABILITY:

If any Excess or Umbrella Liability policies are used to meet the limits of liability required by this Agreement, then said policies shall be true "following form" of the underlying policy coverage, terms, conditions, and provisions and shall meet all of the insurance requirements stated in this Agreement, including but not limited to, the additional insured, SIR, and primary insurance requirements stated therein. No insurance policies maintained by the indemnified parties or Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until all the primary and excess liability policies carried by or available to the Provider are exhausted. **If a Provider is using an Excess Liability policy to supplement any insurance coverage required by this Agreement, they must submit the Excess Liability policy in full.**

11. CONFLICT OF INTEREST:

Provider warrants that it is not a conflict of interest for Provider to perform the services required by this Agreement. Provider may be required to fill out a conflict of interest form if the services provided under this Agreement require Provider to make certain governmental decisions or serve in a staff capacity as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. PROHIBITION AGAINST TRANSFERS:

a. Provider shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of the City Manager. Provider shall submit a written request for consent to transfer to the City Manager at least thirty (30) days in advance of the desired transfer. The City Manager or their designee may consent or reject such request in their sole and absolute discretion. Any attempt to do so without said consent shall be null and void, and any assignee, sublessee, hypothecate or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money against the City under this Agreement may be assigned by Provider to a bank, trust company or other financial institution without prior written consent.

b. The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock, membership interest, partnership interest, or the equivalent, which shall result in changing the control of Provider, shall be construed as an assignment of this Agreement. Control means fifty percent or more of the voting power of Provider.

13. APPROVAL OF SUB-PROVIDERS:

a. Only those persons and/or businesses whose names and resumés are attached to this Agreement shall be used in the performance of this Agreement. However, if after the start of this Agreement, Provider wishes to use sub-providers, at no additional costs to the City, then Provider shall submit a written request for consent to add sub-providers including the names of the sub-providers and the reasons for the request to the City Manager at least five (5) days in advance. The City Manager may consent or reject such requests in their sole and absolute discretion.

b. Each sub-provider shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance (as applicable) in reasonable conformity to the insurance carried by Provider.

c. In addition, any tasks or services performed by sub-providers shall be subject to each provision of this Agreement. Provider shall include the following language in their agreement with any sub-provider: "Sub-providers hired by Provider agree to be bound to Provider and the City in the same manner and to the same extent as Provider is bound to the City."

d. The requirements in this Section 13 shall not apply to persons who are merely providing materials, supplies, data or information that Provider then analyzes and incorporates into its work product.

14. PERMITS AND LICENSES:

Provider, at its sole expense, shall obtain and maintain during the term of this Agreement, all appropriate permits, certificates and licenses, including a City business license that may be required in connection with the performance of the services and tasks hereunder.

15. REPORTS:

a. Each and every report, draft, work product, map, record and other document produced, prepared or caused to be prepared by Provider pursuant to or in connection with this Agreement shall be the exclusive property of the City.

b. No report, information or other data given to or prepared or assembled by Provider pursuant to this Agreement shall be made available to any individual or organization by Provider without prior approval of the City Manager or their designee.

c. Provider shall, at such time and in such form as City Manager or their designee may require, furnish reports concerning the status of services and tasks required under this Agreement.

16. RECORDS:

a. Provider shall maintain complete and accurate records with respect to the services, tasks, work, documents and data in sufficient detail to permit an evaluation of Provider's performance under the Agreement, as well as maintain books and records related to sales, costs, expenses, receipts and other such information required by the City that relate to the performance of the services and tasks under this Agreement (collectively the "**Records**").

b. All Records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Provider shall provide free access to the Records to the representatives of the City or its designees during regular business hours upon reasonable prior notice. The City has the right to examine and audit the Records, and to make copies or transcripts therefrom as necessary, and to allow inspection of all proceedings and activities related to this Agreement. Such Records, together with supporting documents, shall be kept separate from other documents and records and shall be maintained by Provider for a period of three (3) years after receipt of final payment.

c. If supplemental examination or audit of the Records is necessary due to concerns raised by the City's preliminary examination or audit of records, and the City's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of this Agreement or failure to act in good faith, then Provider shall reimburse the City for all reasonable costs and expenses associated with the supplemental examination or audit.

17. NOTICES:

a. All notices shall be in writing and delivered: (i) by hand; or (ii) sent by registered, express, or certified mail, with return receipt requested or with delivery confirmation requested from the U.S. postal service; or (iii) sent by overnight or same day courier service at the party's respective address listed in this Section.

b. Each notice shall be deemed to have been received on the earlier to occur of: (x) actual delivery or the date on which delivery is refused; or (y) three (3) days after notice is deposited in the U.S. mail or with a courier service in the manner described above (Sundays and City holidays excepted).

c. Either party may, at any time, change its notice address (other than to a post office box address) by giving the other party three (3) days prior written notice of the new address.

d. All notices, demands, requests, or approvals from Provider to the City shall be addressed to the City at:

City of Alameda
Public Works
950 W. Mall Square, Room 110
Alameda, CA 94501
Attention: Marc Green, Program Specialist
Ph: (510) 747-7958

e. All notices, demands, requests, or approvals from the City to Provider shall be addressed to Provider at:

HF&H Consultants, LLC
201 Civic Drive, Suite 230
Walnut Creek, CA 94596
ATTENTION: Marva Sheehan, CPA
Ph: (925) 977-6950

f. All updated insurance certificates from Provider to the City shall be addressed to the City at:

City of Alameda
Public Works Department
950 W. Mall Square, Room 110
Alameda, CA 94501
ATTENTION: Jeanette Navarro, Executive Assistant
Ph: (510) 747-7900
jnavarro@alamedaca.gov

18. SAFETY:

a. Provider will be solely and completely responsible for conditions of all vehicles owned or operated by Provider, including the safety of all persons and property during performance of the services and tasks under this Agreement. This requirement will apply continuously and not be limited to normal working hours. In addition, Provider will comply with all safety provisions in conformance with U.S. Department of Labor Occupational Safety and Health Act, any equivalent state law, and all other applicable federal, state, county and local laws, ordinances, codes, and any regulations that may be detailed in other parts of the Agreement. Where any of these are in conflict, the more stringent requirements will be followed. Provider's failure

to thoroughly familiarize itself with the aforementioned safety provisions will not relieve it from compliance with the obligations and penalties set forth herein.

b. Provider will immediately notify the City within 24 hours of any incident of death, serious personal injury or substantial property damage that occurs in connection with the performance of this Agreement. Provider will promptly submit to the City a written report of all incidents that occur in connection with this Agreement. This report must include the following information: (i) name and address of injured or deceased person(s); (ii) name and address of Provider's employee(s) involved in the incident; (iii) name and address of Provider's liability insurance carrier; (iv) a detailed description of the incident; and (v) a police report.

19. TERMINATION:

a. In the event Provider fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Provider shall be deemed in default in the performance of this Agreement. If such default is not cured within two (2) business days after receipt by Provider from the City of written notice of default, specifying the nature of such default and the steps necessary to cure such default, the City may thereafter immediately terminate the Agreement forthwith by giving to Provider written notice thereof.

b. The foregoing notwithstanding, the City shall have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) days' prior written notice to Provider as provided herein.

c. Upon termination of this Agreement either for cause or for convenience, each party shall pay to the other party that portion of compensation specified in this Agreement that is earned and unpaid prior to the effective date of termination. The obligation of the parties under this Section 19.c. shall survive the expiration or early termination of this Agreement.

20. ATTORNEYS' FEES:

In the event of any litigation, including administrative proceedings, relating to this Agreement, including but not limited to any action or suit by any party, assignee or beneficiary against any other party, beneficiary or assignee, to enforce, interpret or seek relief from any provision or obligation arising out of this Agreement, the parties and litigants shall bear their own attorney's fees and costs. No party or litigant shall be entitled to recover any attorneys' fees or costs from any other party or litigant, regardless of which party or litigant might prevail.

21. HEALTH AND SAFETY REQUIREMENTS.

Provider acknowledges that the City shall have the right to impose, at the City's sole discretion, requirements that it deems are necessary to protect the health and safety of the City employees, residents, and visitors. Provider agrees to comply with all such requirements, including, but not limited to, mandatory vaccinations, the use of personal protective equipment (e.g. masks), physical distancing, and health screenings. Provider also agrees to make available to the City, at the City's request, records to demonstrate Provider's compliance with this Section.

22. COMPLIANCE WITH ALL APPLICABLE LAWS:

During the term of this Agreement, Provider shall keep fully informed of all existing and future state and federal laws and all municipal ordinances and regulations of the City of Alameda which affect the manner in which the services or tasks are to be performed by Provider, as well as all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. Provider shall comply with all applicable laws, state and federal and all ordinances, rules and regulations enacted or issued by the City. Provider shall defend, indemnify, and hold City (including its officials, directors, officers, employees, and agents) free and harmless from any claim or liability arising out of any failure or alleged failure to comply with such laws and regulations pursuant to the indemnification provisions of this Agreement.

23. CONFLICT OF LAW:

This Agreement shall be interpreted under, and enforced by the laws of the State of California without regard to any choice of law rules which may direct the application of laws of another jurisdiction. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the courts of the County of Alameda, State of California.

24. WAIVER:

A waiver by the City of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

25. INTEGRATED CONTRACT:

Subject to the language of Section 30, the Recitals and exhibits are a material part of this Agreement and are expressly incorporated herein. This Agreement represents the full and complete understanding of every kind or nature whatsoever between the parties hereto, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by written execution signed by both the City and Provider.

26. PREVAILING WAGES:

Provider is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq. as well as California Code of Regulations, Title 8, Section 1600, et seq., (“Prevailing Wage Laws”) which require the payment of prevailing wage rates and the performance of other requirements on “public works” and “maintenance” projects. Provider agrees to fully comply with such Prevailing Wage Laws if the services are being performed as part of an applicable “public works” or “maintenance” project as defined by the Prevailing Wage Laws and if the total compensation is \$1,000 or more. City, upon Provider’s request, shall provide Provider with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Provider shall make copies of the prevailing rates of per diem wages for each craft, classification, or type of worker needed to execute the services available to interested parties upon request; and

shall post copies at the Provider's principal place of business and at the project site. Provider shall defend, indemnify, and hold the City (its elected officials, officers, employees, and agents) free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

27. CAPTIONS:

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

28. COUNTERPARTS:

This Agreement may be executed in any number of counterparts (including by fax, PDF, DocuSign, or other electronic means), each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

29. SIGNATORY:

By signing this Agreement, signatory warrants and represents that they executed this Agreement in their authorized capacity and that by their signature on this Agreement, they or the entity upon behalf of which they acted, executed this Agreement.

30. CONTROLLING AGREEMENT:

In the event of a conflict between the terms and conditions of this Agreement (as amended, supplemented, restated or otherwise modified from time to time) and any other terms and conditions wherever contained, including, without limitation, terms and conditions included within exhibits, the terms and conditions of this Agreement shall control and be primary.

31. MULCH PROCUREMENT REQUIREMENTS

Providers of landscaping maintenance, renovation, and construction shall:

a. Use compost and SB 1383 eligible mulch, as practicable, produced from recovered organic waste, for all landscaping renovations, construction, or maintenance performed for the City, whenever available, and capable of meeting quality standards and criteria specified. SB 1383 eligible mulch used for land application shall comply with [14 CCR, Division 7, Chapter 12, Article 12](#) and must meet or exceed the physical contamination, maximum metal concentration and pathogen density standards specified in [14 CCR Section 17852\(a\)\(24.5\)\(A\)\(1\) through \(3\)](#).

b. Maintain the following records for compost and SB 1383 eligible mulch and submit to the City upon request:

- (1) General description of how and where the product was used and applied;
- (2) Source of product, including name, physical location, and contact information for each entity, operation, or facility from whom the compost and/or SB 1383 eligible mulch were procured;

- (3) Type of product
- (4) Quantity of each product; and,
- (5) Invoice or other record demonstrating purchase or procurement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have each caused this Agreement to be duly executed on its behalf as of the Effective Date.

HF&H CONSULTANTS, LLC
a Limited Liability Company



Robert Hilton
President

CITY OF ALAMEDA
a municipal corporation

Jennifer Ott
City Manager



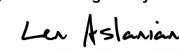
Rick Simonson
Senior Vice President

RECOMMENDED FOR APPROVAL

DocuSigned by:

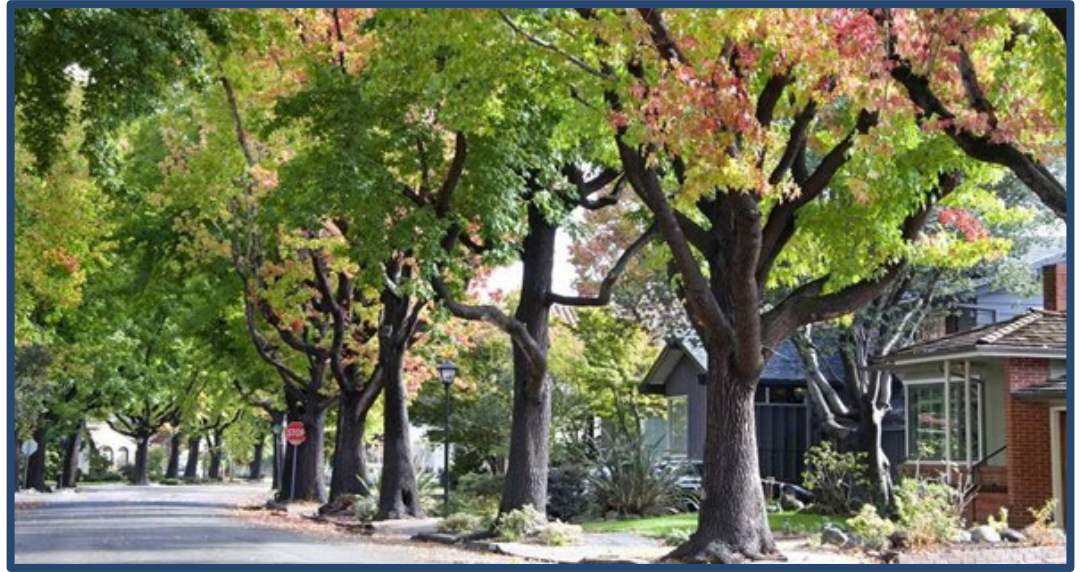

Erin Smith
Public Works Director

APPROVED AS TO FORM:
City Attorney

DocuSigned by:


Len Astorian
Assistant City Attorney

Exhibit A - Scope of Works



HF&H understands the City's goals and objectives for this project and has reviewed the City's requested scope of services. This section presents our understanding of the scope of services and our proposed methodology for performing annual rates services.

Rates Services

Understanding

The City's franchise agreement with ACI requires an annual adjustment to the residential and commercial ratepayer's solid waste collection rates. This process requires the review of an application submitted to the City by ACI, calculation of different indices applied to certain cost centers, review of tonnage and reconciliation of actual tipping fees, and review of any City fees in order to calculate the required rate increase for the coming rate period.

Methodology

Index-Based Rate Reviews: HF&H designed and negotiated the rate adjustment mechanism, specific to the unique conditions in Alameda, and therefore have a highly nuanced understanding of the issues that will arise during these reviews. Furthermore, HF&H has managed this type of rate review with ACI on behalf of the City since the inception of the current franchise agreement with ACI and during prior franchise agreements. HF&H's unique and superior understanding of these dynamics ensures that we will be the most efficient and the most likely to protect ratepayer interests. During the term of the City's requested service period, the franchise agreement with ACI will require index-based rate adjustments to set rates effective on July 1, 2025; July 1, 2026; July 1, 2027; and July 1, 2029. HF&H would perform the tasks described in this Section during fiscal years 2024-25, 2025-26, 2026-27, and 2028-29.

Cost-Based Rate Review: The franchise agreement requires a cost-based rate adjustment to be performed in order to set rates for Rate Period 8, effective July 1, 2028. This process requires a comprehensive audit of ACI's revenues and cost of operations to validate company claims, determine allowable costs to hold the company to their cost and operating proposal, reconcile one-time issues, and translate rate adjustment factors into rates for customers. HF&H designed and negotiated the rate adjustment mechanism, and has done this type of rate adjustment with ACI before. Any other consultant that tries to do this work will create an extended timeline and numerous complications with ACI that HF&H has already worked through.



HF&H would perform the tasks described in this Section during fiscal year 2027-28.

Additional As-Needed Services

HF&H understands that the City may also request that the selected consultant provide additional as-needed services. HF&H has the diversity of expertise and the subject matter depth required to support the City in all of the requested areas. We offer the information below to help the City understand how we are organized and what tools we have to support those needs.

Performance Review and Audit Expertise

In addition to the scheduled annual rate adjustments, HF&H is aware of the following specific, likely events in the contract:

Performance Reviews and Audits: Article 6.3 of the franchise agreement with ACI of San Ramon allows the City to perform one performance review, and/or one detailed financial audit during the term of the agreement to ensure ACI has fulfilled its financial and operational obligations under the agreement. With the halfway mark of the ACI agreement's term approaching during the term of this Request for Proposal's scope, the City may wish to exercise one or both of these review options. When assisting with the creation of the franchise agreement with ACI, HF&H designed this performance review to be able to conduct a detailed and robust audit of the numerous requirements of the agreement, including performance of direct services, education and outreach, diversion standards, fee payment, billing of customers, and complaints. This contract management tool, if used appropriately, is likely to provide the City with an early check-in on the health of the franchise and will likely result in numerous actionable findings and recommendations for systemic improvement. This process can also provide insight into new issues that may arise and could or should be addressed through an amendment process or incorporated into future RFPs.

Since such reviews and audits are not scheduled in the franchise agreement, the City may conduct such reviews and audits at any point during the term of the franchise agreement. HF&H strongly recommends utilizing this process in the coming contract years. Upon the City's decision to conduct an audit and/or review and select HF&H to participate, the project would be scoped separately by HF&H based on the extent of the audit. Such scope may exceed the annual on-call services as budgeted in the Fee Estimate section of this proposal.

Extraordinary Rate Adjustments: In addition to the above likely events in the contract, ACI has the opportunity to request consideration for an extraordinary rate adjustment at any time, which may include, but is not limited to, a change in law such as SB 54 or unforeseen circumstances (e.g., the pandemic, changes in the recycling market). HF&H is uniquely positioned to understand the specific and global factors that may lay beneath the surface of the request such that additional compensation may not only be deemed unsubstantiated, but may in fact demonstrate ACI is collecting more revenue than they could provide a basis for, or at least additional consideration during, future rate adjustments.

SB 1383 & SB 54 Expertise

In addition to meeting challenging diversion rates and sustainability goals, the City is facing increasing regulatory oversight and pressure from SB 1383 (California's Short Lived Climate Pollutant Reduction Mandate), and in the near future, SB 54 (Plastic Pollution Prevention and Packaging Producer Responsibility Act), both monumental, industry-changing laws that require prescriptive and significant changes in local systems, programs, and funding structures. At this juncture, the City requires a new approach that considers the current cultural, social, regulatory, and economic climate, employs new and creative strategies,



and maintains feasibility and compliance. This will require a holistic view of what it means to be sustainable with a zero waste focus in Alameda. HF&H will work closely with City staff to align on a strategic approach that threads upstream, midstream, and downstream programs to not only comply with a specific diversion number or regulation, but to ensure the various social, economic, and environmental benefits of a zero waste community are realized, including a healthier community, a clean and safe Alameda, and a thriving local economy.

HF&H is the most engaged of any public-sector oriented consulting firm in California in SB 1383, only the industry and environmental lobbyists have spent more time on this. We have attended every workshop, participated as an invited panelist for two of them, commented on and/or met with CalRecycle to provide input on every draft, hosted Local Government Summits on SB 1383 in Oakland and Long Beach in June 2018, prepared summary and detailed compliance checklists for local government managers, and negotiated several franchise agreements that attempt to anticipate the requirements of SB 1383. We were also competitively selected to prepare the first SB 1383 plan in the State (for the Central Contra Costa Solid Waste Authority).

HF&H is one of the most, if not the most, respected public voice on SB 1383. HF&H has assisted more than 100 agencies throughout California with the implementation of all aspects of SB 1383. In fact, several agencies have hired HF&H to work with their communities and stakeholders to fully support their SB 1383 compliance requirements. As the City takes the next steps forward on the path to compliance with SB 1383, no other consultant can provide the range of support and depth of expertise in comparison to HF&H.

We will draw on our experience to offer the City a comprehensive range of options, including popular and commonplace programs designed for both diversion and compliance, and programs that are new, creative, and specific. HF&H will also utilize our legislative expertise to anticipate and respond to policies that can leverage statewide legislation and funding, including the recently passed Plastic Pollution Prevention and Packaging Producer Responsibility Act, SB 54. SB 54 will have profound impacts on the types of packaging materials generated by producers, the recyclability and compostability of covered material categories, and potential opportunities for funding for local jurisdictional collection systems, litter abatement activities, and programming. HF&H has been a leader in the SB 54 rulemaking and implementation process and was recently selected by CalRecycle to conduct the statewide SB 54 Needs Assessment. This monumental project will identify the current state of recycling for jurisdictions, processing facilities, and end markets across the state, and analyze what is needed to meet the ambitious waste diversion and environmental justice goals set forth in the SB 54 statute. Both our relationship with CalRecycle and expertise with SB 54 position HF&H as an integral resource for the City of Alameda and their zero waste goals.

[HF&H's Government Agency Program Information Database](#)

HF&H's knowledge of the industry is unrivaled and we continue to build our knowledge capacity by attracting talent from within the industry and from municipalities that have been deeply involved in this work for decades. We have developed an extensive database of industry operations and financial data from assessing current operations and evaluating proposals from most of the solid waste providers working in California. While other consultants speak about their "data collection and analysis" capabilities, the collection and use of data is a HF&H hallmark: a tool we use to ensure our clients receive the best match of services and costs. For example:



- We were selected by CalRecycle for the 2009-2010 Statewide Commercial Recycling Cost Study, amongst our competitors, to determine the cost of mandatory commercial recycling in California, largely based on the information contained in this database. The reason: no other consulting firm could offer access to the same type of detailed operational and cost data, and prior attempts by other firms to collect this data from the industry were unsuccessful. For example, on the first stakeholder call with industry, CalRecycle staff queried the participants to request cost-related data. The first response came from Waste Management, who declined to provide data for the study but stated that “HF&H already has it.”
- Prior to the implementation of StopWaste’s Mandatory Recycling Ordinance, StopWaste and five of its member agencies hired HF&H to conduct a cost, diversion, and climate analysis to understand the costs and benefits associated with implementing mandatory recycling and mandatory organics programs. In the City of Livermore, there was a “change in law” contract reopener in the event that costs for a new program exceeded 2% of their current revenues. HF&H’s analysis demonstrated that the costs would be close to, but less than, that 2% threshold. Their franchisee accepted the analysis, with reservation that they may return if they experienced greater impacts. Years later, that contract has not been reopened on the basis of that change in law.

Stakeholder Engagement

Having assisted many agencies, including Alameda, with franchising-related projects in recent years, HF&H is very familiar with the questions and comments stakeholders typically have and the sensitivities that must be navigated. HF&H also understands the importance of transparency and we appreciate that the City has identified stakeholder outreach as a key element of this project. HF&H has performed this sort of outreach in various different ways for many communities throughout the State. Dependent on factors such as timing, integration with the City’s current stakeholder engagement activities, and the desired depth and range of outreach, there are trade-offs to consider, and as such, selecting a consultant with significant experience in this area is critical in designing an effective outreach plan.

HF&H recognizes that real data from the public can be an invaluable resource in evaluating new service options and determining the best suited implementation strategy for the City. HF&H has performed surveying work for several agencies in recent years and will build upon what we have learned to solicit, analyze, and report data from businesses and other stakeholders in the City. When we supported the City of San Jose with its analysis of commercial franchise options, and then its transition from a non-exclusive franchise system to an exclusive commercial franchise system, we helped the City plan its public input process; developed a 20-question survey to solicit input from businesses about their recycling needs, service priorities, and cost of service; and, drafted a 70-question survey for the City’s 24 non-exclusive haulers regarding services provided and preferences on the future franchise system and policies.

Work Plan - Index-Based Rate Adjustment

Task 1. Preliminary Application Review

Kick-off Meeting. We will prepare for and conduct a meeting with the City and ACI to receive ACI’s application and obtain an explanation for any unanticipated changes in ACI’s compensation; provide an initial request for documents and information necessary to conduct our review; identify the individuals at the City, HF&H, and ACI that will be the main points of contact during the review; and, establish a schedule to conduct our field work.



Review Completeness & Compliance. We will review the application to ensure that it is complete and in compliance with the methodology described in the Agreement; and, if necessary, request information necessary to bring the application into compliance.

Review Mathematical Accuracy and Logical Consistency. We will review the application to verify that the rate application is mathematically correct, that the rows and columns of numbers add down and across as intended, and that the stated assumptions were in fact used in the projection calculations. Also, we will review the application to ensure the application is internally consistent and agrees with the supporting schedules and worksheets.

Verify Projected Expenses Based on Allowable Expenses Escalated by Proper Index. We will verify that ACI correctly calculated their projected compensation using the current allowable expenses (as approved by the City Contract Manager last year), as well as the correct percentage changes in CPI (in accordance with the ACI Franchise Agreement (Agreement)).

Task 2: Expense Review

Review Labor-Related Expenses. We will verify ACI has correctly projected union-related wages in accordance with the agreed-upon methodology described in the Agreement.

Review Vehicle-Related Expense. We will verify ACI has correctly projected vehicle-related expenses in accordance with the agreed-upon methodology described in the Agreement.

Review of Solid Waste Disposal Expense. We will verify that solid waste disposal costs have been calculated in accordance with the Agreement and the disposal agreement with Waste Management. We will compare the tonnage from the most recently completed 12-month period to the period 12 months prior and seek explanations for material variances.

Review of Organics Material Processing Expense. We will verify that organics material processing costs have been calculated in accordance with the Agreement. We will compare the tonnage from the most recently completed 12-month period to the period 12 months prior and seek explanations for material variances.

Review of Recyclable Material Tonnage and Processing Expense. We will verify that recyclable material processing costs have been calculated in accordance with the Agreement. We will compare the tonnage from the most recently completed 12-month period to the prior 12-month period and seek explanations for material variances. Additionally, HF&H will review ACI's calculation of the recyclable materials processing cost adjustment, using results from the waste characterization study.

Review of Depreciation and Interest Expense. We will review ACI's calculation of depreciation and related interest expense to determine if it was calculated in accordance with the Agreement.

Review Calculation of City Reimbursements. We will determine if the current rates include a Waste Management Recycling and Program Fee (AB 939 fee), Infrastructure Impacts Mitigation Fee, Doolittle Landfill Maintenance Fee, City Parks Fee, and the consulting costs associated with determining the rates. The reimbursements specified in the Agreement are to be adjusted annually by CPI.

Summarize Recommended Adjustments. We will summarize our recommended adjustments and calculate ACI's allowed compensation. Based on the recalculated compensation, we will determine the rate adjustment based on the current rate period's approved revenue requirement.

Review Work Papers and Preliminary Findings. We will prepare and review our work papers documenting the results of our analysis and our preliminary findings.



Task 3: Review and Update Balancing Account

In accordance with Section 8.4 of the Agreement, HF&H will review and include an updated “Due to/from ACI” (Balancing Account) after the addition of the prior completed rate period’s revenue reconciliation adjustment and interest reconciliation adjustment.

Task 4: Prepare and Present Findings and Recommendations

Meet with City and ACI to Review Preliminary Findings. We will meet once with the City and ACI staff to review our preliminary findings, receive comments and any additional information, and adjust our preliminary findings, as appropriate.

Prepare Draft Report. Based on the completion of each of the above tasks, we will develop a draft report for review by City and ACI staff. This draft report will basically function as a working document intended to solicit comments and direction.

Prepare Final Report. As appropriate, we will incorporate City and ACI staff comments and prepare a final report.

Task 5: Engagement Management

We will prepare and amend detailed work plans, monitor engagement progress, and provide sufficient resources to ensure timely completion of the engagement. HF&H will review analytical results and interim findings, review the draft and final reports, and respond to questions regarding the progress of the engagement and other issues.

Optional Task 6: Prepare for and Attend Council Meeting

If requested by the City, we will present our recommendations to the Alameda City Council at one public hearing and will be available at that meeting to answer questions from Council members and members of the public. If additional public hearings or Council meetings are necessary, we would be pleased to participate on a time-and-materials basis.

Optional Task 7: On-Call Services

If requested by the City, HF&H will assist with other rate-related or technical services that are not set forth in Tasks 1 through 5 above. Prior to performing services under this Task, HF&H will request written authorization for a specific scope of work and budget from the City.

Hours Estimate

HF&H estimates the following hours for the above scope of work for index-based rate reviews support.



Figure 1. Index-Based Rate Adjustment Hours Estimate

Task Description		Executive	Sr Project Manager	Project Manager	Senior Associate	Associate Analyst	Admin	Total Hours
Task 1	Preliminary Application Review	0	0	4	10	23	0	37
Task 2	Expense Review	0	8	14	29	55	0	106
Task 3	Review and Update Balancing Account	4	0	16	20	0	0	40
Task 4	Prepare and Present Findings & Recommendations	2	2	14	20	24	6	68
Task 5	Engagement Management	0	0	10	4	0	0	14
Task 6 (Optional)	Prepare for and Attend Council Meeting	0	0	14	12	2	0	28
Total Hours								293

Work Plan - Cost-Based Rate Adjustment

Task 1: Preliminary Application Review

Kick-off Meeting. We will review background information prior to conducting the kick-off meeting with the City and ACI. During this meeting, we will also: receive ACI’s application and obtain an explanation for any unanticipated changes in ACI’s compensation for Rate Period 8; provide an initial request for documents and information necessary to conduct our review; identify the individuals at the City, HF&H, and ACI that will be the main points of contact during the review; and, establish a schedule to conduct HF&H’s review of ACI’s application.

Review Completeness & Compliance. We will review the application to ensure that it is complete and in compliance with the methodology described in the Agreement; and, if necessary, request information necessary to bring the application into compliance.

Review Mathematical Accuracy and Logical Consistency. We will review the application to verify that the rate application is mathematically correct, that the rows and columns of numbers add down and across as intended, and that the stated assumptions were in fact used in the projection calculations. Also, we will review the application to ensure the application is internally consistent and agrees with the supporting schedules and worksheets.

Verify Projected Expenses Based on Allowable Expenses Escalated by Proper Index. We will verify that ACI calculated their Rate Period 8 compensation using only allowable expenses and correct percentage change increases to CPI (in accordance with the Agreement).

Task 2: Revenue and Expense Review

Reconcile Application to Financial Statements and General Ledger. We will reconcile the Rate Period 6 revenues and expenses (as reported in the application) to ACI’s audited financial statements and general ledger. HF&H will verify that adjusted costs are reasonable and compliant with Exhibit E2 Section 2.A.2 of the Agreement.



Review Labor-Related Expenses. We will review and verify the reasonableness of ACI's payroll expense for each department (e.g., residential solid waste, commercial recycling, and debris box). HF&H will verify labor-related costs match the provision of services required by the Agreement and that the number of labor hours do not exceed the maximum allowable labor hours provided for in Exhibit G1 of the Agreement).

HF&H will verify that ACI correctly projected union-related wages in accordance with the agreed-upon methodology described in the Agreement.

Review Vehicle-Related Expense. We will review and verify the reasonableness of ACI's vehicle-related expenses for each department (e.g., residential solid waste, commercial recycling, and debris box). We will verify vehicle-related costs match the provision of services required by the Agreement and that the number of routes, route hours, and gallons of fuel do not exceed the maximum allowable routes, route hours, or gallons of fuel as provided for in Exhibit G1 of the Agreement.

Review of Solid Waste Disposal Expense. We will verify that solid waste disposal costs have been calculated in accordance with the Agreement, as well as the Waste Management disposal agreement. We will compare tonnage from the most recently completed 12-month period to the period 12 months prior and seek explanations for material variances.

Review of Organics Material Processing Expense. We will verify that organics material processing costs have been calculated in accordance with the Agreement. We will compare the tonnage from the most recently completed 12-month period to the period 12 months prior and seek explanations for material variances.

Review of Recyclable Material Tonnage and Processing Expense. We will verify recyclable material processing costs have been calculated in accordance with the Agreement. We will compare tonnage from the most recently completed 12-month period to the prior 12-month period and seek explanations for material variances. Additionally, HF&H will review ACI's calculation of recyclable material processing cost adjustment, using results from the waste characterization study.

Review of Depreciation and Interest Expense. We will review ACI's calculation of depreciation and related interest expense to determine that calculations were made in compliance with the Agreement.

Review Calculation of City Reimbursements. The current rates include a Waste Management Recycling and Program Fee (AB 939 fee), Infrastructure Impacts Mitigation Fee, Doolittle Landfill Maintenance Fee, City Parks Fee, and consulting costs associated with determining rates. The reimbursements specified in the Agreement are to be adjusted by CPI, annually. HF&H will review ACI's justification and support for key assumptions made during ACI's projection of the reimbursements to be included in ACI's revenue requirement calculations.

Review of Rate Revenue. We will review and verify the accuracy of ACI's reconciliation of actual Rate Period 6 revenue compared to its allowable Rate Period 6 compensation. We will conduct a variance analysis comparing the projected Rate Period 7 revenue to actual Rate Period 7 revenue. HF&H will use six months of actual Rate Period 7 revenue to annualize. We will request explanations for variances.

HF&H will require the assistance of ACI to project Rate Period 8 revenue based on current rates and subscriptions levels. We will use the projected Rate Period 8 revenue when determining the rate adjustments necessary to generate sufficient revenue to cover ACI's Rate Period 8 allowable compensation.

Summarize Recommended Adjustments. We will summarize our recommended adjustments and calculate ACI's Rate Period 8 compensation.



Review Work Papers and Preliminary Findings. We will prepare and review our work papers documenting the results of our analysis and our preliminary findings.

Task 3: Review and Update Balancing Account

In accordance with Section 8.4 of the Agreement, HF&H will review and include an updated “Due to/from ACI” (Balancing Account) after the addition of the Rate Period 6 revenue reconciliation adjustment and interest reconciliation adjustment.

Task 4: Prepare and Present Findings and Recommendations

Meet with City and ACI to Review Preliminary Findings. We will meet once with City and ACI staff to review our preliminary findings, receive comments and any additional information, and adjust our preliminary findings, as appropriate.

Prepare Draft Report. Once we have completed each of the above tasks, HF&H will use the information to develop a draft report for review by City and ACI staff. This draft report will function as a working document intended to solicit comments and direction.

Prepare Final Report. As appropriate, HF&H will incorporate City and ACI staff comments and prepare the final report.

Task 5: Engagement Management

We will prepare and amend detailed work plans, monitor engagement progress, and provide sufficient resources to ensure timely completion of the engagement. HF&H will review analytical results and interim findings, review the draft and final reports, and respond to questions regarding the progress of the engagement and other issues.

Optional Task 6: Prepare for and Attend Council Meeting

If requested by the City, HF&H will present our recommendations to the Alameda City Council at one public hearing and will be available at that meeting to answer questions from Council members and members of the public. If additional public hearings or Council meetings are necessary, HF&H would be pleased to participate on a time-and-materials basis.

Hours Estimate

HF&H estimates the following hours for the above scope of work for cost-based rate reviews support.



Figure 2. Cost-Based Rate Adjustment Hours Estimate

Task Description	Executive	Sr Project Manager	Project Manager	Senior Associate	Associate Analyst	Admin	Total Hours
Task 1 Preliminary Application Review	0	2	12	12	37	0	63
Task 2 Revenue and Expense Review	2	12	13	63	120	0	210
Task 3 Review and Update Balancing Account	8	0	8	12	24	0	52
Task 4 Prepare and Present Findings & Recommendations	0	2	16	20	24	8	70
Task 5 Engagement Management	0	0	10	4	0	0	14
Task 6 (Optional) Prepare for and Attend Council Meeting	0	0	14	12	2	0	28
Total Hours							437

Fee Estimate

To provide the City with the requested annual rates support and other unanticipated as-needed services that may arise, HF&H proposes to work on a time-and-materials basis for a not-to-exceed total budget of \$530,000 during the five year contract term, as shown below by fiscal year.

Year	Rate Reviews	As-Needed Services	Total Fee Estimate
Fiscal Year 2024-25	\$70,000 (Index Review)	\$30,000	\$100,000
Fiscal Year 2025-26	\$70,000 (Index Review)	\$30,000	\$100,000
Fiscal Year 2026-27	\$70,000 (Index Review)	\$30,000	\$100,000
Fiscal Year 2027-28	\$100,000 (Cost Review)	\$30,000	\$130,000
Fiscal Year 2028-29	\$70,000 (Index Review)	\$30,000	\$100,000



Professional Fees

Hourly rates for professional and administrative personnel through December 31, 2025 are listed below, and will adjust by 3.5% on January 1 of each year of the contract.

<u>Position</u>	<u>Rate</u>
Executive	\$330 - \$365
Senior Project Manager	\$305 - \$325
Project Manager	\$275 - \$285
Senior Associate	\$225 - \$270
Associate Analyst	\$185 - \$205
Assistant Analyst	\$160 - \$180
Administrative Staff	\$135 - \$170

(Effective January 1, 2025)¹

Direct Expenses

Standard charges for common direct expenses are as follows:

Automobile Travel	Prevailing IRS mileage rate
Airfare and Public Transit	Actual Cost

Billing Policies

Our policy is to bill for our services based on the standard hourly rates of the staff member assigned, multiplied by the time required to perform the client-related tasks, plus the direct expenses as described above. In implementing this policy, we adhere to the following practices:

It is our standard practice to e-mail invoices to our clients, although hard copies of invoices can be sent to clients on request.

We round to the nearest one-quarter hour (e.g., if two hours and 55 minutes are spent on a task, it is recorded as three hours, if two hours and 5 minutes are spent on a task, it is recorded as two hours). A minimum charge of one-quarter hour is charged for any client work performed in a day.

We do not markup out-of-pocket expenses; however, we may charge administrative or professional time related to the provision of the goods and services associated with these charges.

If subcontractors are used, HF&H reserves the right to charge a 10% markup.

Mileage fees are based on the round-trip distance from the point of origin.

If a client's change to a previously scheduled meeting results in penalties being assessed by a third party (e.g., airline cancellation fee), then the client will bear the cost of these penalties.

While no minimum fee for a consulting engagement has been established, it is unlikely (given the nature of our services) that we can gain an understanding of a client's particular requirement, identify alternatives, and recommend a solution in less than twenty-four consulting hours.



¹ Litigation Support and Expert Witness Services are not covered by this schedule of fees and expenses.

Insurance

We maintain the following policies of insurance with carriers doing business in California:

- Commercial General Liability Insurance (\$2,000,000 Occurrence/\$4,000,000 Aggregate)
- Workers' Compensation (\$1,000,000)
- Professional Liability Insurance (\$2,000,000 Occurrence/\$2,000,000 Aggregate)
- Hired and Non-Owned Auto Liability² (\$2,000,000)
- Umbrella Liability (\$3,000,000 Occurrence/\$3,000,000 Aggregate)
- Cyber Liability (\$1,000,000 Each Claim)

All costs incurred in complying with additional coverages or limits (excluding additional insured and waiver of subrogation endorsements) become the responsibility of the client and are not included in the fees for services or direct charges but are billed in addition to the contract at cost, plus any professional or administrative fees.

Invoices and Payment for Services

Our time reporting and billing system has certain standard formats that are designed to provide our clients with a detailed invoice of the time and charges associated with their engagement and we typically discuss these with our clients at our kick-off meeting. We are also pleased to provide our clients with a custom invoice format, but we will have to bill the client for time spent conforming our invoices to their unique requirements.

Billings for professional services and charges are submitted every month, in order that our clients can more closely monitor our services.

² HF&H Consultants does not own any company automobiles.



POLICY NUMBER: OBF-D681476-07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESSOWNERS LIABILITY SPECIAL BROADENING ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SUMMARY OF COVERAGES	Limits	Page
1. Additional Insured by Contract, Agreement or Permit	Included	1
2. Additional Insured - Broad Form Vendors	Included	2
3. Alienated Premises	Included	3
4. Broad Form Property Damage - Borrowed Equipment, Customers Goods and Use of Elevators	Included	3
5. Incidental Malpractice (Employed Nurses, EMT's and Paramedics)	Included	3
6. Personal and Advertising Injury - Broad Form	Included	4
7. Product Recall Expense	Included	4
Product Recall Expense Each Occurrence Limit	\$25,000 Occurrence	5
Product Recall Expense Aggregate Limit	\$50,000 Aggregate	5
Product Recall Deductible	\$500	5
8. Unintentional Failure to Disclose Hazards	Included	6
9. Unintentional Failure to Notify	Included	6

This endorsement amends coverages provided under the Businessowners Coverage Form through new coverages and broader coverage grants. This coverage is subject to the provisions applicable to the Businessowners Coverage Form, except as provided below.

The following changes are made to **SECTION II - LIABILITY:**

1. Additional Insured by Contract, Agreement or Permit

The following is added to **SECTION II - LIABILITY, C. Who Is An Insured:**

Additional Insured by Contract, Agreement or Permit

a. Any person or organization with whom you agreed in a written contract, written agreement or permit to add such person or organization as an additional insured on your policy is an additional insured only with respect to liability for "bodily injury", "property damage", or "personal and advertising injury" caused, in whole or in part, by your acts or omissions, or the acts or omissions of those acting on your behalf, but only with respect to:

- (1) "Your work" for the additional insured(s) designated in the contract, agreement or permit;

(2) Premises you own, rent, lease or occupy; or

(3) Your maintenance, operation or use of equipment leased to you.

b. The insurance afforded to such additional insured described above:

(1) Only applies to the extent permitted by law; and

(2) Will not be broader than the insurance which you are required by the contract, agreement or permit to provide for such additional insured.

(3) Applies on a primary basis if that is required by the written contract, written agreement or permit.

(4) Will not be broader than coverage provided to any other insured.

(5) Does not apply if the "bodily injury", "property damage" or "personal and advertising injury" is otherwise excluded from coverage under this Coverage Part, including any endorsements thereto.

- c. This provision does not apply:
- (1) Unless the written contract or written agreement was executed or permit was issued prior to the "bodily injury", "property damage", or "personal injury and advertising injury".
 - (2) To any person or organization included as an insured by another endorsement issued by us and made part of this Coverage Part.
 - (3) To any lessor of equipment:
 - (a) After the equipment lease expires; or
 - (b) If the "bodily injury", "property damage", "personal and advertising injury" arises out of sole negligence of the lessor.
 - (4) To any:
 - (a) Owners or other interests from whom land has been leased if the "occurrence" takes place or the offense is committed after the lease for the land expires; or
 - (b) Managers or lessors of premises if:
 - (i) The "occurrence" takes place or the offense is committed after you cease to be a tenant in that premises; or
 - (ii) The "bodily injury", "property damage", "personal injury" or "advertising injury" arises out of structural alterations, new construction or demolition operations performed by or on behalf of the manager or lessor.
 - (5) To "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" or the offense which caused the "personal and advertising injury" involved the rendering of or failure to render any professional services by or for you.

- d. With respect to the insurance afforded to these additional insureds, the following is added to **SECTION II - LIABILITY, D. Liability and Medical Expense Limits of Insurance**:

The most we will pay on behalf of the additional insured for a covered claim is the lesser of the amount of insurance:

1. Required by the contract, agreement or permit described in Paragraph a.; or
2. Available under the applicable Limits of Insurance shown in the Declarations.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations

- e. All other insuring agreements, exclusions, and conditions of the policy apply.

2. Additional Insured - Broad Form Vendors

The following is added to **SECTION II - LIABILITY, C. Who Is An Insured**:

Additional Insured - Broad Form Vendors

- a. Any person or organization that is a vendor with whom you agreed in a written contract or written agreement to include as an additional insured under this Coverage Part is an insured, but only with respect to liability for "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business.
- b. The insurance afforded to such vendor described above:
 - (1) Only applies to the extent permitted by law;
 - (2) Will not be broader than the insurance which you are required by the contract or agreement to provide for such vendor;
 - (3) Will not be broader than coverage provided to any other insured; and
 - (4) Does not apply if the "bodily injury", "property damage" or "personal and advertising injury" is otherwise excluded from coverage under this Coverage Part, including any endorsements thereto
- c. With respect to insurance afforded to such vendors, the following additional exclusions apply:

The insurance afforded to the vendor does not apply to:

 - (1) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reasons of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
 - (2) Any express warranty unauthorized by you;

- (3) Any physical or chemical change in the product made intentionally by the vendor;
 - (4) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instruction from the manufacturer, and then repackaged in the original container;
 - (5) Any failure to make such inspection, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business in connection with the sale of the product;
 - (6) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
 - (7) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor;
 - (8) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
 - (a) The exceptions contained within the exclusion in subparagraphs (4) or (6) above; or
 - (b) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
 - (9) "Bodily injury" or "property damage" arising out of an "occurrence" that took place before you have signed the contract or agreement with the vendor.
 - (10) To any person or organization included as an insured by another endorsement issued by us and made part of this Coverage Part.
 - (11) Any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.
- d. With respect to the insurance afforded to these vendors, the following is added to **SECTION II - LIABILITY, D. Liability and Medical Expense Limits of Insurance:**

The most we will pay on behalf of the vendor for a covered claim is the lesser of the amount of insurance:

- 1. Required by the contract or agreement described in Paragraph a.; or
- 2. Available under the applicable Limits of Insurance shown in the Declarations;

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

3. Alienated Premises

SECTION II - LIABILITY, B. Exclusions, 1. Applicable To Business Liability Coverage k. Damage to Property, paragraph (2) is replaced by the following:

- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises and occurred from hazards that were known by you, or should have reasonably been known by you, at the time the property was transferred or abandoned.

4. Broad Form Property Damage - Borrowed Equipment, Customers Goods, Use of Elevators

- a. The following is added to **SECTION II - LIABILITY, B. Exclusions, 1. Applicable To Business Liability Coverage, k. Damage to Property:**

Paragraph (4) does not apply to "property damage" to borrowed equipment while at a jobsite and not being used to perform operations.

Paragraph (3), (4) and (6) do not apply to "property damage" to "customers goods" while on your premises nor to the use of elevators.

- b. For the purposes of this endorsement, the following definition is added to **SECTION II - LIABILITY, F. Liability and Medical Expenses Definitions:**

- 1. "Customers goods" means property of your customer on your premises for the purpose of being:
 - a. Worked on; or
 - b. Used in your manufacturing process.

- c. The insurance afforded under this provision is excess over any other valid and collectible property insurance (including deductible) available to the insured whether primary, excess, contingent or on any other basis.

5. Incidental Malpractice - Employed Nurses, EMT's and Paramedics

SECTION II - LIABILITY, C. Who Is An Insured, paragraph 2.a.(1)(d) does not apply to a nurse,

emergency medical technician or paramedic employed by you if you are not engaged in the business or occupation of providing medical, paramedical, surgical, dental, x-ray or nursing services.

6. Personal Injury - Broad Form

a. **SECTION II - LIABILITY, B. Exclusions, 2. Additional Exclusions Applicable only to "Personal and Advertising Injury"**, paragraph e. is deleted.

b. **SECTION II - LIABILITY, F. Liability and Medical Expenses Definitions, 14.** "Personal and advertising injury", paragraph b. is replaced by the following:

b. Malicious prosecution or abuse of process.

c. The following is added to **SECTION II - LIABILITY, F. Liability and Medical Expenses Definitions, Definition 14.** "Personal and advertising injury":

"Discrimination" (unless insurance thereof is prohibited by law) that results in injury to the feelings or reputation of a natural person, but only if such "discrimination" is:

(1) Not done intentionally by or at the direction of:

- (a) The insured;
- (b) Any officer of the corporation, director, stockholder, partner or member of the insured; and

(2) Not directly or indirectly related to an "employee", not to the employment, prospective employment or termination of any person or persons by an insured.

d. For purposes of this endorsement, the following definition is added to **SECTION II - LIABILITY, F. Liability and Medical Expenses Definitions:**

1. "Discrimination" means the unlawful treatment of individuals based upon race, color, ethnic origin, gender, religion, age, or sexual preference. "Discrimination" does not include the unlawful treatment of individuals based upon developmental, physical, cognitive, mental, sensory or emotional impairment or any combination of these.

e. This coverage does not apply if liability coverage for "personal and advertising injury" is excluded either by the provisions of the Coverage Form or any endorsement thereto.

7. Product Recall Expense

a. **SECTION II - LIABILITY, B. Exclusions, 1. Applicable To Business Liability Coverage,**

o. Recall of Products, Work or Impaired Property is replaced by the following:

o. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

If such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it, but this exclusion does not apply to "product recall expenses" that you incur for the "covered recall" of "your product".

However, the exception to the exclusion does not apply to "product recall expenses" resulting from:

- (4) Failure of any products to accomplish their intended purpose;
- (5) Breach of warranties of fitness, quality, durability or performance;
- (6) Loss of customer approval, or any cost incurred to regain customer approval;
- (7) Redistribution or replacement of "your product" which has been recalled by like products or substitutes;
- (8) Caprice or whim of the insured;
- (9) A condition likely to cause loss of which any insured knew or had reason to know at the inception of this insurance;
- (10) Asbestos, including loss, damage or clean up resulting from asbestos or asbestos containing materials; or
- (11) Recall of "your products" that have no known or suspected defect solely because a known or suspected defect in another of "your products" has been found.

b. The following is added to **SECTION II - LIABILITY, C. Who Is An Insured**, paragraph 3.b.:

"Product recall expense" arising out of any withdrawal or recall that occurred before you acquired or formed the organization.

c. The following is added to **SECTION II - LIABILITY, D. Liability and Medical Expenses Limits of Insurance:**

Product Recall Expense Limits of Insurance

a. The Limits of Insurance shown in the SUMMARY OF COVERAGES of this endorsement and the rules stated below fix the most that we will pay under this Product Recall Expense Coverage regardless of the number of:

- (1) Insureds;
- (2) "Covered Recalls" initiated; or
- (3) Number of "your products" withdrawn.

b. The Product Recall Expense Aggregate Limit is the most that we will reimburse you for the sum of all "product recall expenses" incurred for all "covered recalls" initiated during the policy period.

c. The Product Recall Each Occurrence Limit is the most we will pay in connection with any one defect or deficiency.

d. All "product recall expenses" in connection with substantially the same general harmful condition will be deemed to arise out of the same defect or deficiency and considered one "occurrence".

e. Any amount reimbursed for "product recall expenses" in connection with any one "occurrence" will reduce the amount of the Product Recall Expense Aggregate Limit available for reimbursement of "product recall expenses" in connection with any other defect or deficiency.

f. If the Product Recall Expense Aggregate Limit has been reduced by reimbursement of "product recall expenses" to an amount that is less than the Product Recall Expense Each Occurrence Limit, the remaining Aggregate Limit is the most that will be available for reimbursement of "product recall expenses" in connection with any other defect or deficiency.

g. Product Recall Deductible

We will only pay for the amount of "product recall expenses" which are in excess of the \$500 Product Recall Deductible. The Product Recall Deductible applies separately to each "covered recall". The limits of insurance will not be reduced by the amount of this deductible.

We may, or will if required by law, pay all or any part of any deductible amount, if applicable. Upon notice of our payment

of a deductible amount, you shall promptly reimburse us for the part of the deductible amount we paid.

The Product Recall Expense Limits of Insurance apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for the purposes of determining the Limits of Insurance.

d. The following is added to **SECTION II - LIABILITY, E. Liability and Medical Expense General Conditions, 2. Duties in the Event of Occurrence, Offense, Claim or Suit:**

You must see to it that the following are done in the event of an actual or anticipated "covered recall" that may result in "product recall expense":

(1) Give us prompt notice of any discovery or notification that "your product" must be withdrawn or recalled. Include a description of "your product" and the reason for the withdrawal or recall;

(2) Cease any further release, shipment, consignment or any other method of distribution of like or similar products until it has been determined that all such products are free from defects that could be a cause of loss under this insurance.

e. For the purpose of this endorsement, the following definitions are added to **SECTION II - LIABILITY, F. Liability and Medical Expenses Definitions:**

1. "Covered recall" means a recall made necessary because you or a government body has determined that a known or suspected defect, deficiency, inadequacy, or dangerous condition in "your product" has resulted or will result in "bodily injury" or "property damage".

2. "Product recall expense(s)" means:

a. Necessary and reasonable expenses for:

- (1) Communications, including radio or television announcements or printed advertisements including stationary, envelopes and postage;

- (2) Shipping the recalled products from any purchaser, distributor or user to the place or places designated by you;
 - (3) Remuneration paid to your regular "employees" for necessary overtime;
 - (4) Hiring additional persons, other than your regular "employees";
 - (5) Expenses incurred by "employees" including transportation and accommodations;
 - (6) Expenses to rent additional warehouse or storage space;
 - (7) Disposal of "your product", but only to the extent that specific methods of destruction other than those employed for trash discarding or disposal are required to avoid "bodily injury" or "property damage" as a result of such disposal, you incur exclusively for the purpose of recalling "your product"; and
- b. Your lost profit resulting from such "covered recall".
- f. This Product Recall Expense Coverage does not apply:
- (1) If the "products - completed operations hazard" is excluded from coverage under this Coverage Part including any endorsement thereto; or
 - (2) To "product recall expense" arising out of any of "your products" that are otherwise excluded from coverage under this Coverage Part including endorsements thereto.
- 8. Unintentional Failure to Disclose Hazards**
- The following is added to **SECTION II - LIABILITY, E. Liability and Medical Expenses General Conditions:**
- Representations**
- We will not disclaim coverage under this Coverage Part if you fail to disclose all hazards existing as of the inception date of the policy provided such failure is not intentional.
- 9. Unintentional Failure to Notify**
- The following is added to **SECTION II - LIABILITY, E. Liability and Medical Expenses General Conditions, 2. Duties in the Event of Occurrence, Offense, Claim or Suit:**
- Your rights afforded under this Coverage Part shall not be prejudiced if you fail to give us notice of an "occurrence", offense, claim or "suit", solely due to your reasonable and documented belief that the "bodily injury", "property damage" or "personal and advertising injury" is not covered under this Policy.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

insured's rights against all those other insurers.

- c. When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:
 - (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - (2) The total of all deductible and self-insured amounts under all that other insurance.
- d. We will share the remaining loss, if any, with any other insurance that is not described in this provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations for this Coverage.

e. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable Limit of Insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable Limit of Insurance to the total applicable limits of insurance of all insurers.

- f. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so; but we will be entitled to the insured's rights against all those other insurers.

I. Premiums

- 1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
- 2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the

premium in accordance with our rates and rules then in effect.

- 3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
 - a. Paid to us prior to the anniversary date; and
 - b. Determined in accordance with paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

- 4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that is not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

J. Premium Audit

- 1. This policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
- 2. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- 3. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

K. Transfer of Rights of Recovery Against Others to Us

- 1. Applicable to **SECTION I - PROPERTY** Coverage:

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
 - (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to SECTION II - LIABILITY Coverage:

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair such rights. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

We waive any right of recovery we may have against any person or organization with whom you have a written contract, permit or agreement to waive any rights of recovery against such person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard".

This condition does not apply to Medical Expenses Coverage.

L. Transfer of Your Rights and Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured. If you die, your rights and duties will be transferred to your legal representative but only while that legal representative is acting within the scope of their duties as your legal representative. Until your legal representative is appointed, anyone with proper temporary custody of your property will have your rights and duties but only with respect to that property.