



Legislation Details (With Text)

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**In control:** City Council Regular Meeting

**On agenda:** 1/17/2023      **Final action:**

**Title:** Consideration of a Resolution Approving an Agreement with HF&H Consultants, LLC to Perform Up to Five Biennial Compliance Audits on the City’s Franchise Agreement with Waste Management During the Agreement Term and Appropriate \$100,000 in Mostly-Reimbursable Funds from the General Fund (Public Works Director Lee).  
 A) ADOPT RESOLUTION NO. 23-0008  
 B) APPROPRIATE FUNDS

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Resolution No. 23-0008, 2. Agreement - HF&H Consultants, LLC.

Date	Ver.	Action By	Action	Result
1/17/2023	1	City Council Regular Meeting		

**TO:**  
Honorable Mayor and Members of the City Council

**THROUGH:**  
Bruce Moe, City Manager

**FROM:**  
Erick Lee, Public Works Director  
Anna Luke-Jones, Senior Management Analyst

**SUBJECT:**  
Consideration of a Resolution Approving an Agreement with HF&H Consultants, LLC to Perform Up to Five Biennial Compliance Audits on the City’s Franchise Agreement with Waste Management During the Agreement Term and Appropriate \$100,000 in Mostly-Reimbursable Funds from the General Fund (Public Works Director Lee).  
**A) ADOPT RESOLUTION NO. 23-0008**  
**B) APPROPRIATE FUNDS**

**RECOMMENDATION:**  
Staff recommends that the City Council adopt Resolution No. 23-0008 approving an agreement with HF&H Consultants, LLC to perform up to five biennial compliance audits on the City’s franchise agreement with Waste Management and appropriating \$100,000 from the General Fund.

**FISCAL IMPLICATIONS:**  
The first audit under the proposed agreement with HF&H Consultants, LLC is scheduled to be performed during the current fiscal year and will cost the City \$80,000 with a contingency of \$20,000 to cover any additional requests made by the City outside the scope of work. The cost of subsequent

audits will be determined in future years.

Under the current franchise agreement, Waste Management will reimburse the City for the cost of the first audit up to \$80,000. Waste Management will also reimburse each biennial audit thereafter up to a maximum of \$50,000, escalated according to the Consumer Price Index (CPI) from the base year of 2020.

An appropriation of \$100,000 from the available unreserved General Fund balance is required to establish the first audit and its contingency within the budget. General Fund revenues will be adjusted by \$80,000 to include the reimbursement from Waste Management into the budget.

#### **BACKGROUND:**

The City awarded an agreement to Waste Management for integrated solid waste management services in August 2019. Services under this agreement began on July 1, 2020. The current agreement is a seven-year term with three one-year optional extensions. If all extension years are utilized, the agreement would expire on June 30, 2030.

#### **DISCUSSION:**

The proposed agreement with HF&H Consultants, LLC is to perform four biennial compliance audits on the City's franchise agreement with Waste Management, with an option for a fifth compliance audit in the event that the City exercises an extension of the franchise agreement. Section 7.2.6 of the franchise agreement with Waste Management lays out the scope and costs of audits. The agreement states that the scope of these audits are limited to compliance with terms of the agreement, customer service levels and billing, fee payments, gross receipts, tonnage, calculation of Customer Recycling rebates, and verification of Diversion rate. As indicated in the agreement, the first audit will be based on Waste Management's reports and records for the one-year period from the start of the Agreement through June 30, 2021. Subsequent audits will occur in two-year periods ending on June 30 in 2023, 2025, 2027, and 2029.

Under the agreement, the City's selects the auditor and manages the audit, and Waste Management will reimburse the City for these costs. The scope of work is listed in Exhibit A of the agreement. The City is also adding a \$20,000 contingency for each audit to cover any additional requests made by the City outside the scope of work. The contingency is to be paid by the City as it is outside the franchise agreement requirements and will not be reimbursed by Waste Management.

HF&H Consultants, LLC has been competitively and directly sourced as a solid waste consulting firm for the City of Manhattan Beach several times over the last 20 years. They have assisted the City in the solid waste franchise negotiations and bidding processes for the agreements that began in 2001, 2011 and 2020, assisted the Environmental Task Force with solid waste industry knowledge, and assisted with the ordinance establishing the food waste recycling program in 2015. HF&H Consultants, LLC is an industry leader in solid waste consulting and has long-term established knowledge of the Manhattan Beach agreements, programs, and project delivery expectation levels.

#### **PUBLIC OUTREACH:**

After analysis, staff determined that public outreach was not required for this issue.

#### **ENVIRONMENTAL REVIEW:**

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of

the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

**LEGAL REVIEW:**

The City Attorney has approved the agreement as to form.

**ATTACHMENTS:**

1. Resolution No. 23-0008
2. Agreement - HF&H Consultants, LLC