



**Agreement No. 026-A-07/08-BOS Between the
County of El Dorado and
NewPoint Group, Incorporated**

THIS AGREEMENT NO. 026-A-07/08-BOS made and entered by and between the County of El Dorado, a political subdivision of the State of California (hereinafter referred to as "County"), acting by and through County Service Area No. 10, a lawfully established County Service Area as defined by Government Code Section 25210 et seq., and NewPoint Group, Incorporated, a corporation duly qualified to conduct business in the State of California, whose principal place of business is 2555 Third Street, Suite 215, Sacramento, CA 95818 (hereinafter referred to as "Consultant").

W I T N E S S E T H

WHEREAS, County has determined that it is necessary to obtain a Consultant to provide a solid waste rate and service review study of the County of El Dorado for the Environmental Management Department; and

WHEREAS, Consultant has represented to County that it is experienced and competent to perform the special services required hereunder and County has determined to rely upon such representations; and

WHEREAS, it is the intent of the parties hereto that such services are in conformity with all applicable federal, state and local laws; and

WHEREAS, County has determined that the provisions of such services provided by Consultant are in the public's best interest, are more economically and feasibly performed by outside independent consultants as well as authorized by El Dorado County Charter, Section 210 (b) (6) and/or Government Code 31000;

NOW, THEREFORE, County and Consultant mutually agree as follows:

ARTICLE I

Scope of Services: Consultant shall perform all professional and technical services and shall make available Consultants own personnel, materials and equipment necessary to perform the services, work, and tasks designated as outlined in Exhibit "A" marked "Scope of Work" incorporated herein and made by reference a part hereof (hereafter the "Work").

ARTICLE II

Standards for Work: Consultant will strive to perform services in a manner consistent with that level of care and skill ordinarily exercised by other members of the Consultant's profession currently practicing in the same locality and under similar conditions. No other representation, express or implied, is included or intended in this agreement, or in any report, opinion, document, or other instrument of service.

ARTICLE III

Term: This Agreement shall become effective when fully executed by both parties hereto and shall expire one (1) year from the date of execution thereof.

ARTICLE IV

Compensation for Services:

- A. For services provided herein, County agrees to pay Consultant upon receipt of itemized invoices detailing a description of work performed. Payments shall be made within forty-five (45) days following County's receipt and approval of invoices.

Hourly rates for Work performed shall be specified as follows:

Director and Principal level personnel.....	\$ 150.00 per hour
Senior Associates.....	\$ 135.00 per hour
Associates.....	\$ 115.00 per hour

In addition to the above, the County shall reimburse Consultant for the actual, reasonable and necessary expense of travel in accordance with the El Dorado County Board of Supervisor's Travel Policy No. D-1 as set forth in Exhibit "B" attached hereto and incorporated herein. County shall also reimburse Consultant for reasonable costs without markup of mailing, photocopying and long distance telephone calls.

- B. The total payment under this Agreement to Consultant **SHALL NOT EXCEED Seventy Two Thousand Three Hundred Twenty Dollars and No Cents (\$72,320).**

ARTICLE V

Consultant Reporting: Reports on Services rendered by Consultant shall be submitted to County in the format, and under the conditions, outlined in the "Work."

ARTICLE VI

Deliverables: Deliverables are outlined in Exhibit "A" marked "Scope of Work". Failure to submit requested deliverables shall be grounds for termination of the Agreement, as provided in Article XIII.

ARTICLE VII

Ownership of Data: Upon completion or earlier termination of all work under this Agreement, ownership and title to all reports, documents, plans, (including digitized plans) specifications and estimates produced as part of this Agreement will automatically be vested in the County and no further Agreement will be necessary to transfer ownership to the County. The Consultant shall furnish the County all necessary copies of data needed to complete the review and approval process. Any reuse of such materials shall be done at the sole risk of the County.

ARTICLE VIII

Changes to Agreement: This Agreement may be amended by mutual consent of the parties hereto. Said amendments shall become effective only when in writing and fully executed by duly authorized officers of the parties hereto. There shall be no change in the Consultant's Administrator or sub consultants without prior written approval by the County's Administrator.

ARTICLE IX

Consultant to County: It is understood that the services provided under this Agreement shall be prepared in and with cooperation from County and its staff. It is further agreed that in all matters pertaining to this Agreement, Consultant shall act as Consultant only to County and shall not act as Consultant to any other individual or entity affected by this Agreement nor provide information in any manner to any party outside of this Agreement that would conflict with Consultant's responsibilities to County during term hereof.

ARTICLE X

Assignment and Delegation: Consultant is engaged by County for its unique qualifications and skills as well as those of their personnel. Consultant shall not subcontract, delegate, or assign services to be provided, in whole or in part, to any other person or entity without prior written consent of County.

ARTICLE XI

Independent Consultant/Liability: Consultant is, and shall be at all times, deemed independent and shall be wholly responsible for the manner in which it performs services required by terms of this Agreement. Consultant exclusively assumes responsibility for acts of its employees, associates, and sub consultants, if any are authorized herein, as they relate to services to be provided under this Agreement during the course and scope of their employment.

Consultant shall be responsible for performing the work under this Agreement in a safe, professional, skillful and a workmanlike manner and shall be liable for its own negligence and negligent acts of its employees and sub consultants. County shall have no right of control over the manner in which work is to be done and shall, therefore, not be charged with responsibility of preventing risk to Consultant or its employees or sub consultants.

ARTICLE XII

Fiscal Considerations: The parties to this Agreement recognize and acknowledge that County is a political subdivision of the State of California. As such, El Dorado County is subject to the provisions of Article XVI, Section 18 of the California Constitution and other similar fiscal and procurement laws and regulations and may not expend funds for products; equipment or services not budgeted in a given fiscal year. It is further understood that in the normal course of County business, County will adopt a proposed budget prior to a given fiscal year, but that the final adoption of a budget does not occur until after the beginning of the fiscal year.

Notwithstanding any other provision of this Agreement to the contrary, County shall give notice of cancellation of this Agreement in the event of adoption of a proposed budget that does not provide for funds for the services, products, or equipment subject herein. Such notice shall become effective upon the adoption of a final budget, which does not provide

funding for this Agreement. Upon the effective date of such notice, this Agreement shall be automatically terminated and County released from any further liability hereunder.

In addition to the above, should the Board of Supervisors during the course of a given year for financial reasons reduce, or order a reduction, in the budget for any County department for which services were agreed to be performed, pursuant to this paragraph in the sole discretion of the County, this Agreement may be deemed to be canceled in its entirety subject to payment for services performed prior to cancellation.

ARTICLE XIII

Default, Termination, and Cancellation:

- A. **Default:** Upon the occurrence of any default of the provisions of this Agreement, a party shall give written notice of said default to the party in default (notice). If the party in default does not cure the default within ten (10) days of the date of notice (time to cure), then such party shall be in default. The time to cure may be extended in the discretion of the party giving notice. Any extension of time to cure must be in writing, prepared by the party in default for signature by the party giving notice and must specify the reason(s) for the extension and the date in which the extension of time of to cure expires.

Notice given under this section shall specify the alleged default and the applicable Agreement provision and shall demand that the party in default perform the provisions of this Agreement within the applicable period. No such notice shall be deemed a termination of this Agreement unless the party giving notice so elects in this notice, or the party giving notice so elects in a subsequent written notice after the time to cure has expired.

- B. **Bankruptcy:** This Agreement, at the option of the County, shall be terminable in the case of bankruptcy, voluntary or involuntary, or insolvency of Consultant.
- C. **Ceasing Performance:** County may terminate this Agreement in the event Consultant ceases to operate as a business, or otherwise becomes unable to substantially perform any term or condition of this Agreement.
- D. **Termination or Cancellation without Cause:** County may terminate this Agreement in whole or in part seven (7) calendar days upon written notice by County for any reason. If such prior termination is effected, County will pay for satisfactory services rendered prior to the effective dates as set forth in the Notice of Termination provided to Consultant, and for such other services, which County may agree to in writing as necessary for Agreement resolution. In no event, however, shall County be obligated to pay more than the total amount of the Agreement. Upon receipt of a Notice of Termination, Consultant shall promptly discontinue all services affected, as of the effective date of termination set forth in such Notice of Termination, unless the notice directs otherwise. In the event of termination for default, County reserves the right to take over and complete the work by Agreement or by any other means.

ARTICLE XIV

Notice to Parties: All notices to be given by the parties hereto shall be in writing and served by depositing same in the United States Post Office, postage prepaid and registered. Notices to County shall be in duplicate and addressed as follows:

County of El Dorado
Environmental Management Department
Attn: Gerri Silva, Director
2850 Fairlane Ct.
Placerville, CA 95667

or to such other location as the County directs.

Notices to Consultant shall be addressed as follows:

NewPoint Group, Inc.
Attn.: James A. Gibson, Ph.D.
2855 Third Street, Suite 215.
Sacramento, CA 95818

ARTICLE XV

Indemnity: The Consultant shall defend, indemnify, and hold the County harmless against and from any and all claims, suits, losses, damages and liability for damages of every name, kind and description, including attorneys fees and costs incurred, brought for, or on account of, injuries to or death of any person, including but not limited to workers, County employees, and the public, or damage to property, or any economic or consequential losses, which are claimed to or in any way arise out of or are connected with the Consultant's services, operations, or performance hereunder, regardless of the existence or degree of fault or negligence on the part of the County, the Consultant, sub consultant(s) and employee(s) of any of these, except for the sole, or active negligence of the County, its officers and employees, or as expressly prohibited by statute. This duty of Consultant to indemnify and save County harmless includes the duties to defend set forth in California Civil Code Section 2778.

ARTICLE XVI

Insurance: Consultant shall provide proof of a policy of insurance satisfactory to the El Dorado County Risk Manager and documentation evidencing that Consultant maintains insurance that meets the following requirements:

- A. Full Worker's Compensation and Employer Liability Insurance covering all employees of Consultant as required by law in the State of California.
- B. Commercial General Liability Insurance of not less than One Million Dollars (\$1,000,000) combined a single limit per occurrence for bodily injury and property damage.
- C. Automobile Liability Insurance of not less than One Million Dollars (\$1,000,000) is required in the event motor vehicles are used by the Consultant in the performance of the Agreement.

- D. In the event Consultant is a licensed professional, and is performing professional services under this Agreement, professional liability (for example, malpractice insurance) is required with a limit of liability of not less than One Million Dollars (\$1,000,000) per occurrence.
- E. Consultant shall furnish a certificate of insurance satisfactory to the El Dorado County Risk Manager as evidence that the insurance required above is being maintained.
- F. The insurance will be issued by an insurance company acceptable to the Risk Management Division, or be provided through a partial or total self-insurance likewise acceptable to the Risk Management Division.
- G. Consultant agrees that the insurance required above shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires at any time or times during the term of this Agreement, Consultant agrees to provide at least thirty (30) days prior to a said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of a term of the Agreement, or for a period of not less than one (1) year. New certificates of insurance are subject to the approval of the Risk Management Division and Consultant agrees that no work or services shall be performed prior to the giving of such approval. In the event the Consultant fails to keep in effect at all times insurance coverage as herein provided, County may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such events.
- H. The certificate of insurance must include the following provisions stating that:
 - 1. The insurer will not cancel the insures coverage without thirty (30) days prior written notice to County, and;
 - 2. The County of El Dorado, its officers, officials, employees, and volunteers are included as additionally insured, but only insofar as the operations under this Agreement is concerned. This provision shall apply to all liability policies except workers' compensation and professional liability insurance policies.
- I. The Consultant's insurance coverage shall be primary insurance as respects the County, it officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
- J. Any deductibles or self-insured retention must be declared to and approved by the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the County, its officers, officials, employees, and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- K. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the County, its officers, officials, employees, or volunteers.

- L. The insurance companies shall have no recourse against the County of El Dorado, its officers and employees or any of them for payment of any premiums or assessments under any policy issued by any insurance company.
- M. Consultants' obligations shall not be limited by the foregoing insurance requirements and shall survive expiration of this Agreement.
- N. In the event Consultant cannot provide an occurrence policy, Consultant shall provide insurance covering claims made as a result of performance of this Agreement for not less than three (3) years following completion of performance of this Agreement.
- O. Certificates of insurance shall meet such additional standards as may be determined by the contracting County Department either independently or in consultation with the Risk Management Division, as essential for protection of the County.

ARTICLE XVII

Interest of Public Official: No official or employee of County who exercises any functions or responsibilities in review or approval of services to be provided by Consultant under this Agreement shall participate in or attempt to influence any decision relating to this Agreement which affects personal interest or interest of any corporation, partnership, or association in which he/she is directly or indirectly interested; nor shall any such official or employee of County have any interest, direct or indirect, in this Agreement or the proceeds thereof.

ARTICLE XVIII

Interest of Consultant: Consultant covenants that Consultant presently has no personal interest or financial interest, and shall not acquire same in any manner or degree in either: 1) any other Agreement connected with or directly affected by the services to be performed by this Agreement; or, 2) any other entities connected with or directly affected by the services to be performed by this Agreement. Consultant further covenants that in the performance of this Agreement no person having any such interest shall be employed by Consultant.

ARTICLE XIX

Withholding (Form 730): In accordance with changes in Internal Revenue Law, OASDI (Old Age, Survivors, & Disability Insurance) and income taxes may be withheld from any payments made under terms of this Agreement if Consultant falls under "Contract-Employee" category as determined by County prior to execution of Agreement.

ARTICLE XX

California Residency (Form 590): All independent Consultants providing services to the County must file a State of California Form 590, certifying their California residency or, in the case of a corporation, certifying that they have a permanent place of business in California. The Consultant will be required to submit a Form 590 prior to execution of an Agreement or County shall withhold seven (7) percent of each payment made to the Consultant during the term of the Agreement. This requirement applies to any agreement/contract exceeding \$1,500.00.

ARTICLE XXI

Tax Payer Identification Number (Form W-9): All independent Consultants or Corporations providing services to the County must file a Department of the Treasury Internal Revenue Service Form W-9, certifying their Taxpayer Identification Number.

ARTICLE XXII

California Forum and Law: Any dispute resolution action arising out of this Agreement, including, but not limited to, litigation, mediation, or arbitration, shall be brought in El Dorado County, California, and shall be resolved in accordance with the laws of the State of California. Consultant waives any removal rights it might have under Code of Civil Procedure Section 394.

ARTICLE XXIII

Administrator: The County Officer or employee with responsibility for administering this Agreement is Gerri Silva, Director, or her successor.

ARTICLE XXIV

Authorized Signatures: The parties to this Agreement represent that the undersigned individuals executing this Agreement on their respective behalf are fully authorized to do so by law or other appropriate instrument and to bind upon said parties to the obligations set forth herein.

ARTICLE XXV

Partial Invalidity: If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

ARTICLE XXVI

Venue: Any dispute resolution action arising out of this Agreement, including, but not limited to, litigation, mediation or arbitration, shall be brought in El Dorado County, California, and shall be resolved in accordance with the laws of the State of California. Consultant waives any removal rights it might have under Code of Civil Procedure Section 394.

ARTICLE XXVII

Confidentiality: Consultant shall maintain the confidentiality and privileged nature of all records together with any knowledge therein acquired, in accordance with all applicable State and Federal laws and regulations, as they may now exist or may hereafter be amended or changed. Consultant, and all Consultants staff, employees and representatives, shall not use or disclose, directly or indirectly at any time, any said confidential information, other than to the County Environmental Management Department for the purpose of, and in the performance of the Agreement. This confidentiality agreement shall survive after the expiration or termination of this Agreement.

ARTICLE XXIII

Entire Agreement: This document and the documents referred to herein or exhibit(s) hereto is the entire Agreement between the parties and they incorporate or supersede all prior written or oral Agreements or understandings.

REQUESTING DEPARTMENT CONCURRENCE:

By: Gerri Silva

Gerri Silva, M.S., REHS

Director of Environmental Management Department

Dated: Feb. 8, 2008

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year last below written.

- - COUNTY OF EL DORADO - -

Dated: 2/12/08

By: *Norma Santiago*
NORMA SANTIAGO SECOND VICE-CHAIRMAN
Board of Supervisors

ATTEST:

Cindy Keck, Clerk of the
Board of Supervisors

Dated: 2/12/08

By: *Marcie McDaniel*

- - CONSULTANT - -

Dated: 6 February 2008

By: *James A. Gibson*
James A. Gibson, Ph.D., Director
NewPoint Group, Inc.

ATTEST:

Dated: 6 February 2008

By: *Edward R. Kaempfer*
"Corporate Secretary"
NewPoint Group, Inc.

EXHIBIT "A"

SCOPE OF WORK

1. Phase I Work Plan – Scope of Work

Task 1 – Compare and Analyze Current County Rates and Service Levels

We will obtain supporting documentation for current rates and service levels from the County and the companies. We will require this information for both the residential and commercial sectors.

Table H-1
Phase I

NewPoint Group Task	Task Description	County Scope of Services Task
<i>Phase I</i>		
1	Compare and Analyze Current County Rates and Service Levels	1
2	Survey Comparable Rates and Service Levels	2
3	Identify Diversion Levels, Rates, and Service Levels of Comparable Jurisdictions Meeting AB939 Goals	3
4	Recommend Adjustments to County Rates and Service Levels	4
5	Identify Rate or Service Level Problems and Recommend Solutions	5
6	Recommend an Effective and Efficient Residential Collection System and Rate Schedule	6
7	Survey Profitability Levels	7
8	Survey Industry Standard Profitability, Productivity, and Efficiency Standards	8
9	Value Franchise Agreements	9
10	Survey Comparable Franchise Fees	Requested by County
11	Participate in Meetings to Convey Study Results to County Staff, Board of Supervisors, Companies, and Districts	NPG Added
12	Prepare Draft and Final Report	NPG Added

For the residential sector, we will analyze various factors that might contribute to rate differences such as:

- Backyard versus at curbside service
- Commercial offsets, where applicable
- Cost structure differences
- Density differences
- Hard-to-serve areas
- Hauling distances
- Participation rates (refuse, recycling, and yardwaste)
- Profitability levels
- Transfer station and landfill tipping fees.

Table H-2
El Dorado Disposal Service 64-Gallon
and 96-Gallon Cart Rates per Month

Area	64-Gallon Cart	96-Gallon Cart
Cameron Park	\$21.63	\$21.97
El Dorado Hills	\$21.83	\$30.59
Other Unincorporated Areas	\$26.28	\$26.92

Within a given rate category we will calculate medians, means, variances, standard deviations, and maximum and minimum rates. We will assess whether rate differences are specific to a given company (e.g., all rates for a particular company are higher or lower than average).

For example, in Table H-2, above, we show El Dorado Disposal Service cart rates charged to Cameron Park, El Dorado Hills, and unincorporated County. El Dorado Hills has a much larger difference between the 64-gallon and 96-gallon cart rates than in the other two service areas shown. Further, for the Cameron Park and unincorporated County areas, there is little difference in the 64- and 96-gallon rates, so

customers may have little incentive to select the cart size most appropriate for their refuse generation level.

We expect we will need to contact each company to better understand the exact services provided for a given rate. For example, some County areas combine recycling and yardwaste services into one rate while others specify additional charges for recycling or yardwaste services. Where possible, we will identify reasons for rate disparities across service areas (like the ones shown in Table H-2).

We will develop a set of matrices that show the rates and service levels. We will prepare this information in Microsoft Excel.

Deliverable: Matrices of Current County Rates and Service Levels with Supporting Explanations

Task 2 – Survey Comparable Rates and Service Levels

We will survey residential and commercial rates of at least ten (10) comparable jurisdictions to El Dorado County. Comparable jurisdictions likely will include some of those identified in Table H-3, on the next page. For the survey, we will collect data for the full range of residential and commercial services and rates. We will compare our results with County rates and services obtained in Task 1.

We will work with County staff to agree on the format and content of the survey. We will prepare and verify with the County the list of the residential and commercial services and rates to survey. We will attempt to obtain additional important comparative survey data including:

- Allowable profit levels
- Collection frequencies for each service (e.g., weekly, biweekly)
- Diversion levels

- Franchise fee levels
- Mandatory/non-mandatory service
- Service location (curbside, backyard)
- Transfer station and tipping fees.

We will calculate differences between average County rates and surveyed rates. We will compare service levels and explain service differences. We will assess reasons for differences between County rates and these comparative jurisdictions.

We will use a variety of methods to obtain current survey information, including reviewing website information and contacting company customer service representatives. If necessary, we will contact jurisdiction representatives to validate survey results and understand reasons for rate and service differences. We may need to prepare formal data requests for this information, with County staff sponsorship.

**Table H-3
Potential Comparative Jurisdictions**

No.	City/County	Comment	Service Provider(s)
1	Amador County	Adjacent county	Waste Management
2	Butte County	Similar population	Norcal
3	Calaveras County	Similar geography	SEI Solid Waste and Calaveras Disposal
4	Contra Costa County	Multiple haulers, higher cost	Allied Waste Services, Republic, and Garaventa Enterprises
5	Merced County	Similar population	Gilton, City of Merced
6	Monterey County	Similar urban/rural mix	Allied Waste Services, Monterey City Disposal Service, and Waste Management
7	Nevada County	Similar population	Waste Management
8	Placer County	Similar population, adjacent county	Auburn Placer Disposal Service, Tahoe Truckee Sierra Disposal
9	San Luis Obispo County	Similar urban/rural mix, split regional haulers	Mid State Solid Waste & Recycling, Mission Country Disposal, Morro Bay Garbage, Paso Robles Disposal, San Luis Garbage, San Miguel Garbage, South County Sanitary Service
10	Shasta County	Similar climate	Anderson-Cottonwood Disposal, City of Redding
11	Stanislaus County	Split regional haulers	Bertolotti, Gilton, Modesto Disposal (Waste Mgt.), Turlock Scavenger
12	Sutter County	Neighboring	Norcal (Yuba-Sutter Waste Disposal)
13	Tuolumne County	Neighboring	ACES Waste Services, Inc, Amador Disposal, Rowley's Debris Box Service
14	Yuba County	Neighboring	Norcal (Yuba-Sutter Waste Disposal)
15	City of Elk Grove	Neighboring	Allied Waste Services
16	City of Folsom	Adjacent	City
17	City of Roseville	Neighboring	City
18	Town of Truckee	Same service provider	Tahoe-Truckee Sierra Disposal

We will develop a set of tables that show the comparative rates and service levels. We will prepare this information in Microsoft Excel.

Deliverable: Comparative Rate and Service Level Survey with Supporting Explanations

Task 3 – Identify Diversion Levels, Rates, and Service Levels of Comparable Jurisdictions Meeting AB 939 Goals

We will provide the County with the rates, and service levels, of a minimum of ten (10) comparable jurisdictions that have met the 50 percent Assembly Bill 939 (AB 939) diversion requirement. Some of these ten jurisdictions may overlap with the ten jurisdictions used in Task 2. We will identify new, creative, and effective rate and service level approaches these jurisdictions use to exceed the AB 939 goal.

We will calculate differences between average County rates and rates of jurisdictions meeting the AB 939 goal. We will assess reasons for differences between County rates and these comparative jurisdictions. We will examine to what degree these jurisdictions use rate structure pricing incentives for customers to reduce refuse generation.

We will develop a set of tables that show the comparative rates and service levels for those jurisdictions exceeding the AB 939 goal. We will prepare this information in Microsoft Excel.

Deliverable: Comparative Rate and Service Levels of Jurisdictions Meeting AB 939 Goals with Supporting Explanations

Task 4 – Recommend Adjustments to County Rates and Service Levels

We will provide the County with recommendations for a process the County can use to adjust its rates and service levels to achieve greater regional consistency. We will outline an approach the County can use to move toward a more regionalized rate structure and common services offering. We will fully develop the County's rate and service level options in the County Waste Management Plan identified in Phase II of the work plan.

We will use actual data and analyses from prior tasks as support for our recommendations. We will carefully develop our recommended approach so that it is realistic based on current rate and service level disparities.

We will develop a set of recommendations in a short letter report. We will use Microsoft Word.

Deliverable: Recommendations for Process to Adjust County Rates and Service Levels

Task 5 – Identify Rate or Service Level Problems and Recommend Solutions

We will identify problem areas within the current waste management system. Where possible we will recommend viable solutions for these problems. This information also will feed our Phase II work efforts.

We will visit each MRF/transfer station. We will tour each MRF/transfer facility with a company representative to identify and understand the facility's operations, logistics, equipment, efficiencies, materials processing, volumes, and capacity.

We also will evaluate the impacts to the County of a proposed new west slope MRF/transfer facility (owned by Waste Connections). In support of this work, we will obtain and review available MRF site plans, facility and equipment cost estimates, financing terms, correspondence between the company and the County, and other available facility data/information. We will identify and understand the proposed facility's operations, logistics, equipment, efficiencies, materials processing, volumes, capacity, and potential for rate impacts to the County.

We will review the County rate setting methodologies. We will identify rate setting methodology inconsistencies. We will obtain and review past County rate review documents to understand issues with these methodologies.

We will develop a set of recommended solutions, and a process to address these solutions, in a letter report. We will use Microsoft Word.

Deliverable: Recommendations for Process to Resolve Rate or Service Level Problems

Task 6 – Recommend an Effective and Efficient Residential Collection System and Rate Schedule

We will provide the County with potential options for a new efficient and effective residential collection system that is designed to increase County AB 939 diversion levels. We will outline a process the County can use to develop, evaluate, and implement such a new AB 939-focused residential collection system and rate structure.

We will explore the option of a three cart system across the County (i.e., for refuse, recycling, and yardwaste). We will assess the potential for the County to implement a tiered

residential rate structure tied to the customer's choice of a 32-, 64-, and 96-gallon refuse cart.

We will evaluate whether the County could benefit from a more linear rate structure (e.g., where the price of each larger can/cart size is more than twice that of the smaller cart size). We will assess the potential for "rate shock" to customers, were a new rate structure uniformly implemented across the entire County.

Our recommendations for new residential collection system options will provide the County limited utility without proceeding with Phase II of this work plan. During Phase II, we will develop County stakeholder consensus and actual action steps to move toward a new preferred collection system, services, and rate structure. We expect that the County can use results of this task as an initial starting point for these Phase II system planning efforts.

We will develop our recommendations and process in a letter report. We will use Microsoft Word.

Deliverable: Recommended Options and Process to Develop Effective Residential Collection System and Rate Structure

Task 7 – Survey Profitability Levels

We will survey profitability levels for the companies serving County areas. We also will survey the profitability levels of least ten (10) comparable jurisdictions outside the County.

A jurisdiction typically provides its franchised hauler with an operating ratio return on allowable operating costs. The operating ratio is defined as:

$$\text{Operating ratio (OR)} = \frac{\text{allowable costs}}{(\text{allowable costs} + \text{allowable profit})}$$

The most common method that California jurisdictions use to determine franchised waste

management company profitability is the operating ratio. Though rare, some jurisdictions also use other return methods, such as return on equity, return on assets, or weighted average cost of capital.

We will identify the types of costs that each comparative jurisdiction considers in applying the operating ratio, including: (1) allowable costs, (2) pass-through costs, and (3) non-allowable costs. This information is critical for making “apples to apples” profitability comparisons between jurisdictions.

We will address whether a jurisdiction calculates profit on an earnings before interest and tax basis (EBIT) or on an earnings before tax basis (EBT). We find that interest is an important allowable cost consideration because interest is large for heavily leveraged companies or those that have financed recent capital investments with debt.

Our survey will examine profitability incentives for each comparative jurisdiction. For example, some jurisdictions allow their franchised companies a range of profitability (e.g., to encourage operating efficiencies) while others, such as the County’s South Lake Tahoe area, tie profitability levels to diversion outcomes.

We will determine the average profitability of these other jurisdictions and compare it to County profitability levels. We will develop a set of tables that show the comparative profitability levels. We will prepare this information in Microsoft Excel.

Deliverable: Comparable Jurisdiction Profitability Survey with Supporting Explanations

Task 8 – Survey Industry Standard Profitability, Productivity, and Efficiency Standards

We will conduct a survey of industry standards for waste management company profitability, productivity, and efficiencies. Prior to conducting this survey, we will work with County staff to identify the types of data the County expects from this survey.

For the profitability portion of this survey, we will draw on our database of returns for publicly held and privately held companies.¹ We have over ten years of this historical data. The historical industry standard operating ratio return is 90 percent.

For the productivity and efficiency portion for the survey, we will provide the County with several relevant industry operating metrics. Among those used in the industry are:

Collection measures

- Number of households collected per day per worker and per truck
- Number of crew per route
- Time spent on and off route
- Transfer station and landfill round-trip distance and time

Customer service measures

- Surveys of customer satisfaction
- Customer complaint levels

Direct labor measures

- Wage rates, including benefits
- Overtime levels

Vehicle measures

¹ Sources for this database include company 10-k reports, data from companies that assemble and consolidate private company tax return results, and information from our work for other jurisdictions.

- Number of collection vehicles in the fleet and the number used per day
- Makes, models, condition, and age of current equipment
- Vehicle productivity (e.g., average weight per load, compaction rates)

Cost measures

- Total system cost per ton
- Operations and maintenance costs (as a percentage of total costs)
- General and administrative costs (as a percentage of total costs)
- Corporate overhead allocations (as a percentage of total costs)
- Management fee allocations (as a percentage of total costs).

Other measures

- Accident numbers
- Workers' compensation claims
- Employee absentee rates.

We will develop a set of tables that show the comparative industry data. We will prepare this information in Microsoft Excel.

Deliverable: Industry Profitability, Productivity and Efficiency Survey with Supporting Explanations

Task 9 – Value Franchise Agreements

We will obtain from the County recent financial statements, rate review documents, and other revenue/cost information for each of the six franchised companies. For each company, we will estimate the value of the franchise agreement over a fifteen (15) year time horizon.

We will use discounted profitability cash flow analyses to estimate the present value of the estimated cash flows for a ten year franchise term. We will work with the County and companies to

identify reasonable assumptions for such factors as revenue growth, rate changes, cost increases, and planned capital outlays (e.g., new trucks, equipment, containers, or facilities). We will discount this cash flow stream to the present value using a reasonable discount factor (e.g., the company's current borrowing rate or cost of capital).

We caution that these franchise agreement values will only be estimates to use for County planning purposes. These estimates will not represent actual market values of the franchise agreements were the franchises sold to other parties. We also caution the County that this information should not be used in the context of County negotiations for franchise agreement terms and conditions.

We will develop our valuation findings into a short letter report. We will use Microsoft Word.

Deliverable: Franchise Agreement Valuations

Task 10 – Survey Comparable Franchise Fees (*not included in original RFP, but requested by County staff*)

We will survey franchise fees paid by comparable jurisdictions in California. This survey will include a minimum of twenty (20) jurisdictions.

Franchise haulers typically pay franchise fees based on a percentage of their gross revenues. The County currently requires franchise companies to remit franchise fees of five (5) percent of gross revenues.

For the twenty comparable jurisdictions, we will calculate the average percentage of gross revenues that franchise fees represent and how the franchise fees are used by the comparable jurisdiction. We will compare this average to

current County franchise fee levels and applications of use.

We will develop our franchise fee findings into a letter report. We will use Microsoft Word.

Deliverable: Franchise Fee Survey with Supporting Explanations

Task 11 – Participate in Meetings to Convey Study Results to County Staff, Board of Supervisors, Companies, and Special Districts *(not a specific task included in original RFP)*

We will participate in up to six (6) meetings with various project stakeholders over the course of the project. We will use these meetings to convey our project results and answer questions on findings and recommendations. We expect that these stakeholders could include:

- County Environmental Management Department staff
- El Dorado County Solid Waste Advisory Committee
- County Board of Supervisor Members
- Franchised collection companies
- Cameron Park Community Service District staff

- El Dorado Hills Community Service District staff
- City of Placerville staff.

Deliverable: Up to six (6) meetings

Task 12 – Prepare Draft and Final Report *(not a specific task included in original RFP)*

We will assemble all of the interim project deliverables from Tasks 1 to 11 into a formal report. We will provide the County with a draft copy of the report for review and comment. We will incorporate comments, as needed, and issue a final report.

The final report will be a formal bound report with sections, dividers, and charts and exhibits. We will provide the County with up to ten (10) bound copies of the report and a CD copy of the final report.

Deliverable: Draft due June 30th, 2008 and Final Reports due August 31st, 2008.

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EXHIBIT "B"

El Dorado County

Board of Supervisor's Travel Policy No. D-1



COUNTY OF EL DORADO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject: TRAVEL	Policy Number D-1	Page Number: 1 of 14
	Date Adopted: 12/22/1987	Revised Date: 05/25/1999

BACKGROUND:

This policy applies to County officers and employees as well as members of boards and commissions required to travel in or out of county for the conduct of County business. This policy also provides for expenses of public employees from other jurisdictions when specifically referenced in policy provisions set forth below.

For ease of reference, the Travel Policy is presented in the following sections:

1. General Policy
2. Approvals Required
3. Travel Participants and Number
4. Mode of Transport
5. Reimbursement Rates
 - a. Maximum Rate Policy
 - b. Private Auto
 - c. Meals
 - d. Lodging
 - e. Other
6. Advance Payments
7. Compliance – Responsibility of Claimant
8. Procedures



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BOARD OF SUPERVISORS POLICY

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POLICY:

1. General Policy

- a. County officers and employees should not suffer any undue loss when required to travel on official County business, nor should said individuals gain any undue benefit from such travel.
- b. County officers or employees compelled to travel in the performance of their duties and in the service of the County shall be reimbursed for their actual and necessary expenses for transportation, parking, tolls, and other reasonable incidental costs, and shall be reimbursed within maximum rate limits established by the Board of Supervisors for lodging, meals, and private auto use. "Actual and necessary expenses" do not include alcoholic beverages.
- c. Travel arrangements should be as economical as practical considering the travel purpose, traveler, time frame available to accomplish the travel mission, available transportation and facilities, and time away from other duties.
- d. Employees must obtain prior authorization for travel, i.e., obtain approvals before incurring costs and before commencing travel.
- e. Receipts are required for reimbursement of lodging costs, registration fees, public transportation and for other expenses as specified, or as may be required by the County Auditor-Controller.



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- f. Requests for travel authorization and reimbursement shall be processed using forms specified by the County Auditor and Chief Administrative Office.
- g. The Chief Administrative Officer may, at his or her sole discretion, authorize an exception to requirements set forth in this Travel policy, based on extenuating circumstances presented by the appropriate, responsible department head. Any exception granted by the Chief Administrative Office is to be applied on a case-by-case basis and does not set precedent for future policy unless it has been formally adopted by the Board of Supervisors.

2. Approvals Required

- a. Department head approval is required for all travel except by members of the County Board of Supervisors. Department heads may delegate approval authority when such specific delegation is approved by the Chief Administrative Officer. However, it is the expectation of the Chief Administrative Officer that department heads take responsibility for review and approval of travel.
- b. Chief Administrative Office approval is required when travel involves any of the following:
 - (1) Transportation by common carrier (except BART), e.g., air, train, bus.
 - (2) Car rental.
 - (3) Out-of-county overnight travel.
 - (4) Members of boards or commissions, or non-county personnel.



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- (5) Any exceptions required for provisions within this policy, e.g., travel requests not processed prior to travel, requests exceeding expense guidelines or maximums.
- c. It remains the discretion of the Chief Administrative Officer as to whether or not costs of travel which were not authorized in advance will be reimbursed, and whether or not exceptional costs will be reimbursed.
3. Travel Participants and Number
- a. Department heads and assistants should not attend the same out-of-county conference; however, where mitigating circumstances exist, travel requests should be simultaneously submitted to the Chief Administrative Office with a justification memorandum.
- b. The number of travel participants for each out-of-county event, in most instances, should be limited to one or two staff members, and those individuals should be responsible for sharing information with other interested parties upon return.
- c. If out-of-county travel involves training or meetings of such technical nature that broader representation would be in the best interest of the County, the department head may submit a memo explaining the situation to the Chief Administrative Office, attached to travel requests, requesting authorization for a group of travelers.
- d. Board of Supervisors members shall be governed by the same policies governing County employees except for the following:



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- (1) A member of the Board of Supervisors requires NO specific authorization.
- (2) The following expenses incurred by a member of the Board of Supervisors constitute a County charge:
 - (a) Actual expenses for meetings and personal travel, necessarily incurred in the conduct of County Business. This includes but is not limited to mileage incurred while traveling to and from the Board members' residence and the location of the chambers of the Board of Supervisors while going to or returning from meetings of the Board of Supervisors.
- e. Non-County personnel travel expenses are not normally provided for since only costs incurred by and for county officers and employees on county business are reimbursable. However, reimbursement is allowable for county officers (elected officials and appointed department heads) and employees who have incurred expenses for non-county staff in the following circumstances.
 - (1) Meals for persons participating on a Human Resources interview panel when deemed appropriate by the Director of Human Resources.
 - (2) Conferences between County officials and consultants, experts, and public officials other than officers of El Dorado County, which are for



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the purpose of discussing important issues related to County business and policies.

- (3) Transportation expenses for a group of County officers and employees and their consultants, and experts on a field trip to gain information necessary to the conduct of County business.
- (4) Lodging expenses for non-county personnel are NOT reimbursable except when special circumstances are noted and approved in advance by the Chief Administrative Office. Otherwise, such expenses must be part of a service contract in order to be paid.

4. Mode of Transport

- a. Transportation shall be by the least expensive and/or most reasonable means available.
- b. Private auto reimbursement may be authorized by the department head for county business travel within county and out of county. Reimbursement shall not be authorized for commuting to and from the employee's residence and the employee's main assigned work site, unless required by an executed Memorandum of Understanding between the County and a representing labor organization, or one-time, special circumstances approved by a department head.
- c. Out of county travel by county vehicle or private vehicle may be authorized if the final destination of the trip does not exceed a four (4) hour driving distance from the County offices. Any exception to this policy must receive



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prior approval from the Chief Administrative Officer. If air travel would be more economical, but the employee prefers to drive even though travel by car would not be in the County's best interest, the County will reimburse transportation equal to the air travel; transportation costs over and above that amount, as well as any extra days of lodging and meals, etc., will be considered a personal, not reimbursable cost of the traveler.

d. Common carrier travel must be in "Coach" class unless otherwise specifically authorized in advance by the Chief Administrative Officer. Generally, any costs over and above coach class shall be considered a personal, not reimbursable expense of the traveler.

(1) Rental cars may be used as part of a trip using public transportation if use of a rental car provides the most economical and practical means of travel. The use of a rental car must be noted on the Travel Authorization in advance and authorized by the Department Head and Chief Administrative Officer. Justification for the use of the rental car must accompany that request. Rental car costs will not be reimbursed without prior authorization except in the case of emergencies. Exceptions may be granted at the sole discretion of the Chief Administrative Officer or designated CAO staff.

5. Reimbursement Rates

a. Maximum rates for reimbursement may not be exceeded unless due to special circumstances documented by the department head and approved by the Chief Administrative Officer. The amount of any reimbursement



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above the maximum shall be at the sole discretion of the Chief Administrative Officer.

b. Private Auto

Travel by private auto in the performance of "official County business" shall be reimbursed at the Federal rate as determined by the Internal Revenue Service.

Mileage for travel shall be computed from the employee's designated work place. If travel begins from the employee's residence, mileage shall be calculated from the residence or work place, whichever is less. (For example, an employee who lives in Cameron Park and drives to a meeting in Sacramento, leaving from the residence will be paid for mileage from the residence to Sacramento and back to the residence.)

The mileage reimbursement rate represents full reimbursement, excluding snow chain installation and removal fee, for expenses incurred by a County officer or employee (e.g., fuel, normal wear and tear, insurance, etc.) during the use of a personal vehicle in the course of service to El Dorado County.

c. Meals

Actual meal expenses, within maximum allowable rates set forth below, may be reimbursed routinely out-of-county travel, and for in-county overnight travel. Meals will not be provided for in-county travel or meetings which do not involve overnight lodging, unless special circumstances are involved such as the following:



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- (1) When meals are approved as part of a program for special training sessions, conferences, and workshops;
- (2) when employees traveling from the western slope of the county to Lake Tahoe and vice-versa are required to spend the entire work day at that location;
- (3) when the Director of Human Resources deems it appropriate to provide meals to a Human Resources interview panel;
- (4) when Senior Managers and/or Executives of El Dorado County or the El Dorado County Water Agency meet with executives of other governmental agencies, community organizations, or private companies in a breakfast, lunch or dinner setting in order to conduct County business. While such meetings are discouraged unless absolutely necessary to the efficient conduct of County or Water Agency business, such expenses for County managers require approval by the Chief Administrative Officer.

Actual costs of meals may be reimbursed up to a total of \$40 per day without regard to how much is spent on individual meals (e.g., breakfast, lunch, dinner, snacks), and without receipts. If an employee is on travel status for less than a full day, costs may be reimbursed for individual meals within the rates shown below.

Breakfasts may be reimbursed only if an employee's travel consists of at least 2 hours in duration before an employee's regular work hours. Dinner



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may be reimbursed if travel consists of at least 2 hours in duration after an employee's regular work hours.

Maximum Allowable Meal Reimbursement

Breakfast	\$8.00
Lunch	\$12.00
Dinner	\$20.00
Total for full day	\$40.00/day

d. Lodging

- (1) Lodging within county may be authorized by a department head if assigned activities require an employee to spend one or more nights in an area of the county which is distant from their place of residence (e.g., western slope employee assigned to 2-day activity in South Lake Tahoe).
- (2) Lodging may be reimbursed up to \$125 per night, plus tax, single occupancy. The Chief Administrative Office may approve extraordinary costs above these limits on a case by case basis when the responsible department head and Chief Administrative Office determine that higher cost is unavoidable, or is in the best interest of the County.
- (3) Single rates shall prevail except when the room is occupied by more than one County employee. However, nothing in this policy shall be construed to require employees to share sleeping accommodations



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while traveling on County business. In all travel, employees are expected to secure overnight accommodations as economically as possible and practical.

- (4) Lodging arrangements should be made, whenever possible and practicable, at hotels/motels which offer a government discount, will waive charges to counties for Transient Occupancy Tax, or at which the County has established an account. When staying at such a facility, the name of the employee and the department must appear on the receipt of the hotel/motel bill.

e. Other Expenses

All other reasonable and necessary expenses (i.e., parking, shuttle, taxi, etc.) will be reimbursed at cost if a receipt is submitted with the claim. Receipts are required except for those charges where receipts are not customarily issued, for example, bridge tolls and snow chain installation and removal fees. When specific cost guidelines are not provided by the county, reasonableness of the expense shall be considered by the department head and Chief Administrative Officer before deciding whether to approve.

Reasonable costs for snow chain installation and removal may be claimed and reimbursed. The purchase cost of snow chains would not be an allowable charge against the county.

6. Advance Payments



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The Auditor may provide advance funds for estimated "out of pocket" expenses up to seventy-five percent (75%), but no less than \$50.00. The "out of pocket" expenses may include meals, taxi and public transportation, lodging, parking, and pre-registration costs.

7. Compliance - Claimant Responsibility

It is the responsibility of the claimant to understand and follow all policies and procedures herein in order to receive reimbursement for mileage, travel and expense claims. Any form completed improperly or procedure not followed may result in the return of a claim without reimbursement.

8. Procedures:

- a. Authorization to incur expenses must be obtained as set forth in this County policy, and as may be directed by the department.
- b. Requests for advance funds for anticipated travel expenses itemized on the Travel Authorization Request form are obtained by indicating this need on that form prior to processing the request.
- c. Forms which require Chief Administrative Office approval should be submitted to the Chief Administrative Office, after department head approval, at least 7 to 10 days prior to travel to allow time for processing through County Administration and Auditor's Department.
- d. Cancellation of travel, requires that any advanced funds be returned to the Auditor Controller's office within five (5) working days of the scheduled



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departure date. If the advance is not returned within this time frame, the employee could jeopardize their standing to receive advances in the future.

- e. Travel Claims are due to the Auditor within 30 days after completion of travel. Personal Mileage and Expense Claims are due to the Auditor within 15 days after the end of each calendar month. The due date may be extended if deemed appropriate by the County Auditor. Claims must itemize expenses as indicated on claim forms, and must be processed with receipts attached.
- f. Reimbursements will be provided expeditiously by the County Auditor upon receipt of properly completed claim forms. The Auditor's Office shall promptly review claims to determine completeness, and if found incomplete, will return the request to the claimant noting the areas of deficiency.
- g. Personal Mileage and Expense Claim forms should be completed for each calendar month, one month per claim form. These monthly claims are due to the Auditor within 15 days following the month end; however, the deadline may be extended if deemed appropriate by the County Auditor. If monthly amounts to be claimed are too small to warrant processing at the end of a month (i.e., if cost of processing would exceed the amount being claimed), the claims for an individual may be accumulated and processed in a batch when a reasonable claim amount has accrued. In any event, such claims shall be made and submitted to the County Auditor for accounting and payment within the same fiscal year as the expense was incurred.
- h. Expense Claim Form



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For the purpose of travel and meeting expenses, the claim form is to be used for payments to vendors. The employee must obtain Department Head approval and submit the claim to the Auditor's Office within sixty (60) days of the incurred expense.