



## AGENDA REPORT

**Meeting Date:** December 18, 2007  
**Item Number:** F-9  
**To:** Honorable Mayor & City Council  
**From:** John Garcia, Solid Waste Manager   
**Subject:** AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND HF&H CONSULTANTS, LLC (FORMERLY HILTON FARNKOPF AND HOBSON, LLC) FOR SOLID WASTE CONSULTING SERVICES; AND  
APPROVAL OF A PURCHASE ORDER TO HF&H CONSULTANTS, LLC IN THE AMOUNT OF \$50,000 FOR FY 07-08 FOR THE SERVICES  
**Attachments:** Agreement

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### **RECOMMENDATION**

Staff recommends that City Council approve an agreement with HF&H Consultants, LLC for solid waste consulting services in the amount not to exceed \$275,000.00, and approve issuance of a purchase order in the amount of \$50,000.00 for FY 07-08.

### **INTRODUCTION**

The City of Beverly Hills has sought HF&H Consultants, LLC to continue its longstanding relationship in performing expert analysis in the field of solid waste. The Environmental Utilities Division of the Department of Public Works and Transportation continues to search for efficiencies in its operation and effective financial management. HF&H Consultants, LLC has a strong record in performing these tasks.

### **DISCUSSION**

HF&H Consultants, LLC successfully advised the City of Beverly Hills through the commercial solid waste request for proposal process and has a long history of assisting the City in solid waste analysis that include rates and operational audits. As the City of Beverly Hills begins to re-evaluate the commercial and residential operations and multiple issues that arise from addressing the complexities of the solid waste industry, HF&H Consultants, LLC is recommended to assist the City again.

This agreement will engage HF&H Consultants, LLC for three years to accomplish the following tasks:

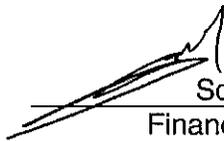
- perform financial and rate analyses - FY 07-08, FY 08-09, and FY 09-10
- review rate adjustment requests submitted by Crown Disposal Co., Inc. - FY 07-08
- provide contracting assistance for commercial collecting services - FY 07-08, FY 08-09, and FY 09-10
- assist in negotiation of extension agreement for residential mixed waste processing services - FY 08-09
- evaluate residential mixed waste processing options - FY 08-09
- review Crown's reports, tonnage and billings - FY 08-09 and FY 09-10
- meetings, briefings and evaluation of implementation issues - FY 07-08, FY 08-09, and FY 09-10

**FISCAL IMPACT**

The total amount of this agreement is \$275,000.00 for the fiscal years 07-08, 08-09, and 09-10. HF&H Consultants, LLC will perform the scope of work on time and material basis with monthly billings based on hours worked and expenses incurred.

The funds are available in the Solid Waste Enterprise Fund.

<u>Fiscal Year</u>	<u>Amount</u>	<u>Program/Account No.</u>
07-08	\$50,000.00	8305201 - 73120 8305202 - 73120
08-09	\$110,000.00	8305201 - 73120 8305202 - 73120
09-10	\$ 115,000.00	8305201 - 73120 8305202 - 73120

  
\_\_\_\_\_  
Scott Miller  
Finance Approval

  
\_\_\_\_\_  
David Gustavson  
Approved By

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND  
HF&H CONSULTANTS, LLC (FORMERLY HILTON FARNKOPF  
AND HOBSON, LLC) FOR SOLID WASTE CONSULTING  
SERVICES

NAME OF CONSULTANT: HF&H CONSULTANTS, LLC (Formerly  
Hilton Farnkopf and Hobson, LLC)

RESPONSIBLE PRINCIPAL  
OF CONSULTANT: Laith B. Ezzet, Senior Vice President

CONSULTANT'S ADDRESS: 3990 Westerly Place, Suite 195  
Newport Beach, California 92660  
Attention: Laith B. Ezzet, Senior Vice  
President

CITY'S ADDRESS: City of Beverly Hills  
455 N. Rexford Drive  
Beverly Hills, CA 90210  
Attention: Shana Epstein, Environmental  
Utilities Manager

COMMENCEMENT DATE: July 1, 2007

TERMINATION DATE: June 30, 2010

CONSIDERATION: Not to exceed \$275,000, based on the rates set  
forth in Exhibit A

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND  
HF&H CONSULTANTS, LLC (FORMERLY HILTON FARNKOPF  
AND HOBSON, LLC) FOR SOLID WASTE CONSULTING  
SERVICES

THIS AGREEMENT is made by and between the City of Beverly Hills (hereinafter called "City"), and HF & H CONSULTANTS, LLC (hereinafter called "Consultant").

RECITALS

A. City desires to have certain services provided (the "services") as set forth in Exhibit A, attached hereto and incorporated herein.

B. Consultant represents that it is qualified and able to perform the services.

NOW, THEREFORE, the parties agree as follows:

Section 1. Consultant's Services. Consultant shall perform the services described in Exhibit A in a manner satisfactory to City and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions.

Section 2. Time of Performance. Consultant shall perform the services on or by the Termination Date set forth above.

Section 3. Compensation. City agrees to compensate Consultant, and Consultant agrees to accept in full satisfaction for the services required by this Agreement the Consideration set forth above and more particularly described in Exhibit A. Said Consideration shall constitute reimbursement of Consultant's fee for the services as well as the actual cost of any equipment, materials, and supplies necessary to provide the services (including all labor, materials, delivery, tax, assembly, and installation, as applicable). City shall pay Consultant said Consideration in accordance with the schedule of payment set forth in Exhibit B, attached hereto and incorporated herein.

Section 4. Independent Contractor. Consultant is and shall at all times remain, as to City, a wholly independent contractor. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as herein set forth. Consultant shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City.

Section 5. Assignment. Consultant shall not assign or attempt to assign any portion of this Agreement without the prior written approval of City.

Section 6. Consultant: Responsible Principal(s). The Responsible Principal(s) set forth above shall be principally responsible for Consultant's obligations under this Agreement and shall serve as principal liaison between City and Consultant. Designation of another Responsible Principal by Consultant shall not be made without the prior written consent of City.

Section 7. Personnel. Consultant represents that it has, or shall secure at its own expense, all personnel required to perform Consultant's services under this Agreement. As a material part of the consideration for the Agreement, Consultant shall provide the services of hardware, software, installation and maintenance services. Other personnel may be authorized to perform work under this Agreement subject to the prior written approval of City's Risk Manager.

Section 8. Interests of Consultant. Consultant affirms that it presently has no interest and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the services contemplated by this Agreement. No person having any such interest shall be employed by or be associated with Consultant.

Section 9. Insurance.

(a) Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive General Liability Insurance, with minimum limits of Two Million Dollars (\$2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by Consultant.

(b) Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive Vehicle Liability Insurance covering personal injury and property damage, with minimum limits of One Million Dollars (\$1,000,000) per occurrence combined single limit, covering any vehicle utilized by Consultant in performing the services required by this Agreement.

(c) Consultant shall at all times during the term of this Agreement, carry, maintain and keep, in full force and effect, a policy or policies of Professional Liability Insurance (errors and omissions) with minimum limits of One Million Dollars (\$1,000,000) per claim and in the aggregate. Any deductibles or self-insured retentions attached to such policy or policies must be declared to and be approved by City. Further, Consultant agrees to maintain in full force and effect such insurance for one year after performance of work under this Agreement is completed.

(d) Consultant agrees to maintain in force at all times during the performance of work under this Agreement workers' compensation insurance as required by law.

(e) Consultant shall require each of its sub-consultants or sub-contractors to maintain insurance coverage which meets all of the requirements of this Agreement.

(f) The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least a B+, VII in the latest edition of Best's Insurance Guide.

(g) Consultant agrees that if it does not keep the aforesaid insurance in full force and effect City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may take out the necessary insurance and pay, at Consultant's expense, the premium thereon.

(h) At all times during the term of this Agreement, Consultant shall maintain on file with the City Clerk a certificate or certificates of insurance on the form set forth in Exhibit C, attached hereto and incorporated herein, showing that the aforesaid policies are in effect in the required amounts. Consultant shall, prior to commencement of work under this Agreement, file with the City Clerk such certificate or certificates. The policies of insurance required by this Agreement shall contain an endorsement naming the City as an additional insured. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to City, and specifically stating that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

(i) The insurance provided by Consultant shall be primary to any coverage available to City. The policies of insurance required by this Agreement shall include provisions for waiver of subrogation.

(j) Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

Section 10. Indemnification. Consultant agrees to indemnify, hold harmless and defend City, City Council and each member thereof, and every officer, employee and agent of City, from any claim, liability or financial loss (including, without limitation, attorneys fees and costs) arising from any intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Consultant or any person employed by Consultant in the performance of this Agreement.

Section 11. Termination.

(a) City may cancel this Agreement at any time upon five (5) days written notice to Consultant. Consultant agrees to cease all work under this Agreement on or before the effective date of such notice.

(b) In the event of termination or cancellation of this Agreement by City, due to no fault or failure of performance by Consultant, Consultant shall be paid full compensation for all services performed by Consultant, in an amount to be determined as follows: For work done in accordance with all of the terms and provisions of this Agreement, Consultant shall be paid an amount equal to the amount of services performed prior to the effective date of termination or cancellation; provided, in no event shall the amount of money paid under the foregoing provisions of this paragraph exceed the amount which would be paid Consultant for the full performance of the services required by this Agreement.

Section 12. City's Responsibility. City shall provide Consultant with all pertinent data, documents, and other requested information as is available for the proper performance of Consultant's services.

Section 13. Information and Documents. All data, information, documents and drawings prepared for City and required to be furnished to City in connection with this Agreement shall become the property of City, and City may use all or any portion of the work submitted by Consultant and compensated by City pursuant to this Agreement as City deems appropriate.

Section 14. Changes in the Scope of Work. The City shall have the right to order, in writing, changes in the scope of work or the services to be performed. Any changes in the scope of work requested by Consultant must be made in writing and approved by both parties.

Section 15. Notice. Any notice required to be given to Consultant shall be deemed duly and properly given upon delivery, if sent to Consultant postage prepaid to the Consultant's address set forth above or personally delivered to Consultant at such address or other address specified to City in writing by Consultant.

Any notice required to be given to City shall be deemed duly and properly given upon delivery, if sent to City postage prepaid to City's address set forth above or personally delivered to City at such address or other address specified to Consultant in writing by City.

Section 16. Attorney's Fees. In the event of litigation between the parties arising out of or connected with this Agreement, the prevailing party in such litigation shall be entitled to recover, in addition to any other amounts, reasonable attorney's fees and costs of such litigation.

Section 17. Entire Agreement. This Agreement represents the entire integrated agreement between City and Consultant, and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both City and Consultant.

Section 18. Governing Law. The interpretation and implementation of this Agreement shall be governed by the domestic law of the State of California.

Section 19. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, at Beverly Hills, California.

CITY OF BEVERLY HILLS  
A Municipal Corporation

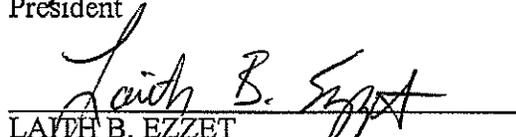
\_\_\_\_\_  
JIMMY DELSHAD  
Mayor of the City of Beverly Hills, California

ATTEST:

\_\_\_\_\_  
BYRON POPE  
City Clerk (SEAL)

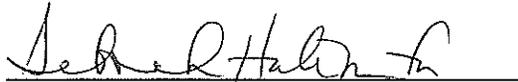
CONSULTANT: HF & H CONSULTANTS,  
LLC (formerly HILTON FARNKOPF AND  
HOBSON, LLC)

  
\_\_\_\_\_  
ROBERT D. HILTON  
President

  
\_\_\_\_\_  
LAITH B. EZZET  
Senior Vice President

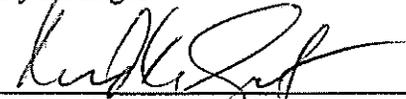
[Signatures continue]

APPROVED AS TO FORM

  
LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:

\_\_\_\_\_  
RODERICK J. WOOD  
City Manager

  
\_\_\_\_\_  
DAVID D. GUSTAVSON  
Director of Public Works & Transportation

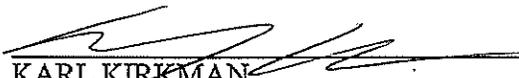
  
\_\_\_\_\_  
KARL KIRKMAN  
Risk Manager

EXHIBIT A  
SCOPE OF WORK

**Task 1: Perform Financial and Rate Analyses**

Consultant shall assist City in its evaluation of the cost and rate impacts associated with various budgeting, operational, contractual, and service changes that may be implemented. The analysis shall include the costs of the both City's municipal residential solid waste operations, as well as the contracted commercial solid waste operations.

The analysis shall include a projection of the total rate revenue requirement, and the percentage rate increase to residential and commercial rates in order to meet the rate revenue requirement. The analysis may also include a comparison of actual rate revenues and costs to those projected in the prior year.

**Task 2: Review Rate Adjustment Requests Submitted by Crown**

Crown Disposal ("Crown") is City's commercial solid waste handling contractor. Crown also performs mixed processing of City's residential waste that is delivered to Crown's material recovery facility by City crews. Crown is allowed to request an annual rate adjustment. At City's written request, Consultant shall verify the accuracy of the rate adjustment calculations for consistency with the rate adjustment formula contained in the agreement between Crown and City. At City's written request, Consultant shall also calculate the value of rate adjustments waived in prior years.

**Task 3: Provide Contracting Assistance for Commercial Collection Services**

City's commercial waste hauling contract with Crown expires on March 31, 2010. The City has an option to extend the agreement by up to 24 months. Alternatively, City could negotiate a new agreement with Crown prior to the expiration of the term, or seek competitive proposals for a new agreement from other companies. Consultant shall assist City as directed in writing with the contracting process by preparing an updated solid waste agreement. If a competitive process is pursued, Consultant shall prepare the RFP and assist in evaluation of the proposals and negotiation of final terms. If a renegotiation process is followed, Consultant shall assist with contract negotiations and finalization of the agreement.

If the agreement is to be renegotiated, Consultant recommends starting two years prior to expiration of the current agreement, in order to allow sufficient time for a competitive process in the event that the negotiations are not successful. Based on the March 2010 expiration date, Consultant recommends beginning negotiations in April 2008.

**Task 4: Assist in Negotiation of Extension Agreement for Residential Mixed Waste Processing Services**

Crown provides mixed waste processing services for City's residential refuse at Community Recycling's MRF. These services are contracted through March 31, 2010. At City's written request, Consultant shall assist City in the negotiation of the terms of an extension of this agreement.

**Task 5: Evaluate Residential Mixed Waste Processing Options**

If City is unable to extend its residential mixed waste processing agreement, it will need to consider alternative facilities. There are a limited number of MRFs providing these services in the region, and most of the facilities are not located near City. Consultant shall assist City with evaluation of transportation and processing costs to use alternative facilities.

### **Task 6: Review Crown's Reports, Tonnage Data and Billings**

City entered into a new exclusive contract with Crown to provide commercial solid waste collection, recycling, and disposal services effective April 1, 2004 for a term of six years. An initial performance audit was performed after the first year of service. The audit identified certain activities that were not being performed in accordance with the agreement.

Contractor is required to submit various reports to the City. At City's written direction, Consultant shall review the information contained in these reports to verify the accuracy of reported tonnage, account information, and contractor billings to City, and other information required under the agreement.

City will be responsible for providing Consultant with copies of reports submitted by Crown, and ensuring that Crown cooperates in providing requested documents and making its staff available in a timely manner to answer questions.

Consultant's scope of work shall be limited to reviewing Crown's support for the information reported to City by reviewing documents for sample periods made available to Consultant by Crown. If Crown is unwilling or unable to provide adequate supporting documentation, Consultant shall be limited in its ability to determine that the information reported to City is accurate.

### **Task 7: Meetings, Briefings and Evaluation of Implementation Issues**

Consultant anticipates that there will be a variety of planning meetings and project briefings with City staff, the Public Works Commission, and the City Council during the term of the engagement, as well as requested analyses of various implementation issues associated with alternative collection strategies. Consultant shall perform the supporting analyses, conduct the requested briefings, and attend the various meetings based on time and materials under this task.

### **STAFFING**

Laith Ezzet, Senior Vice President, shall be the project manager. Mr. Ezzet has directed all of Consultant's previous projects for City over the past 14 years, including rate studies, cost analyses of the City's collection and transfer station operations, evaluation of waste hauling proposals, and contract negotiation assistance. Other employees with appropriate skills and experience for the assigned tasks may assist him.

### **SCHEDULE**

The specific schedule shall be determined after project initiation. Services are anticipated to begin during FY 2007/2008 and continue over a period of approximately three fiscal years (FY 2007/2008, 2008/2009, and 2009/2010).

### **FEES**

Consultant shall perform the scope of work based on time and materials. The estimated total cost over three fiscal years is \$275,000. Estimated costs by task are summarized below. Fees may be shifted among tasks and among years to meet City's study priorities. Actual costs may be higher or lower than estimated amounts, depending on the level of support requested by City for specific tasks. If City attempts to renegotiate its commercial solid waste agreement with Crown, and if negotiations are unsuccessful and the City then pursues an RFP process, then the costs may be higher than estimated.

Task Number and Description	FY 2008	FY 2009	FY 2010
1. Perform financial and rate analyses	\$ 40,000	\$ 10,000	\$ 40,000
2. Review contractor rate adjustment request	2,000	0	0
3. Procure new commercial waste hauling agreement	5,000	50,000	50,000
4. Negotiate extension of residential processing agmt.	0	5,000	0
5. Evaluate mixed waste processing options	0	15,000	0
6. Review Crown reports, tonnage and billings	0	20,000	15,000
7. Meetings, briefings, and implementation issues	3,000	10,000	10,000
Total fees and expenses:	\$50,000	\$110,000	\$115,000

Consultant shall submit invoices once per month based on the number of hours worked multiplied by our hourly billing rates, plus expenses incurred. Hourly rates through June 30, 2008 are shown below and are subject to an adjustment of 3.5% on July 1 of each year.

Staff Classification	Rate
Senior Vice President	\$230
Director	\$195
Senior Associate	\$165 to \$190
Associate	\$135 to \$160
Professional Assistant	\$95

City shall reimburse Consultant for the following expenses reasonably incurred by Consultant in the performance of this Agreement.

Automobile travel (*Or as adjusted by IRS allowance)	\$0.485 per mile*
Document reproduction (in-house, over 25 pages/run)	\$0.15 per page
Color printing/color copies (in-house)	\$0.75 per page
Subcontractors	Actual + 15%
Postage, overnight mail, and other out of pocket costs	Actual cost

## EXHIBIT B

### Schedule of Payment

Consultant shall submit an itemized statement to City for its services performed, which shall include documentation setting forth in detail a description of the services rendered and the hours of service. City shall pay Consultant the amount of such billing within thirty (30) days of receipt of same.



**EXHIBIT C**

**CERTIFICATE OF INSURANCE**

This is to certify that the following endorsement is part of the policy(ies) described below:

**NAMED INSURED**

**COMPANIES AFFORDING COVERAGE**

**ADDRESS**

A.  
B.  
C.

COMPANY (A. B. C.)	COVERAGE	POLICY NUMBER	EXPIRATION DATE	LIMITS		
				B.I.	P.D.	AGGREGATE
	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> GENERAL LIABILITY <input type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS <input type="checkbox"/> BLANKET CONTRACTUAL <input type="checkbox"/> CONTRACTOR'S PROTECTIVE <input type="checkbox"/> PERSONAL INJURY <input type="checkbox"/> EXCESS LIABILITY <input type="checkbox"/> WORKERS' COMPENSATION <input type="checkbox"/>					

It is hereby understood and agreed that the **City of Beverly Hills**, its City Council and each member thereof and every officer and employee of the City shall be named as joint and several assureds with respect to claims arising out of the following project or agreement:

It is further agreed that the following indemnity agreement between the **City of Beverly Hills** and the named insured is covered under the policy: Contractor agrees to indemnify, hold harmless and defend City, its City Council and each member thereof and every officer and employee of City from any and all liability or financial loss resulting from any suits, claims, losses or actions brought against and from all costs and expenses of litigation brought against City, its City Council and each member thereof and any officer or employee of City which results directly or indirectly from the wrongful or negligent actions of contractor's officers, employees, agents or others employed by Contractor while engaged by Contractor in the (performance of this agreement) construction of this project.

It is further agreed that the inclusion of more than one assured shall not operate to increase the limit of the company's liability and that insurer waives any right of contribution with insurance which may be available to the **City of Beverly Hills**.

In the event of cancellation or material change in the above coverage, the company will give **30 days** written notice of cancellation or material change to the certificate holder.

Except to certify that the policy(ies) described above have the above endorsement attached, this certificate or verification of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate or verification of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

DATE: \_\_\_\_\_

BY: \_\_\_\_\_  
Authorized Insurance Representative

AGENCY: \_\_\_\_\_

TITLE: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_

RM02.DOC REVISED 10/14/96.