



Date: July 11, 2024

To: Board of Directors

From: David Aranda, Interim General Manager

Subject: Discussion and Approval in Moving Forward with Developing A Request for Proposal Regarding the Performance of A Solid Waste Study that Includes Justification for the Franchise Fee Revenue and Cost of Services for Solid Waste.

Recommendation

Approve the Interim General Manager (IGM) to develop and submit a Request for Proposal (RFP) for contracting work to determine and justify cost of solid waste service and franchise fee revenue.

Background

There are a number of important needs that exists revolving around the solid waste services provided to Kensington and overseen by the District. A recent court case of franchise fee revenue and subsequent review by Best Best & Kreiger suggest a justification of the revenue received by the District and how it is used.

The need to either renew a contract with the current solid waste hauler or search for another vendor is on the horizon with the current contract expiring in 2025. The need to update and improve the wording of the contract with Bay View and the County regarding solid waste needs revisions and updates.

Historically, in the middle 2010's the District was contracting for a solid waste cost of service study which helped determine if the rate Kensington residents were paying was fair and justified by the cost of the service. The budget for fiscal year 2025 includes consulting costs for these studies and thus the IGM is requesting from the Board approval moving forward with developing an RFP that would be sent to vendors that specialize in this field.

Attached are some historical documents that might give the board members an idea of past work done in this regard. The contract with Bay View and Contra Costa County is on the District Web site.

Exhibit(s)

- 2013 Bay View Rate Review & Setting of the Rate Hearing
- 2019 HF&H Proposal to Assist with Review Bay View Refuse and Recycling Services Increased Services and Rate Application Review Methodology

Memorandum

Kensington Police Department



To: KPPCSD Board of Directors

APPROVED YES NO

From: Gregory E. Harman, General Manager/ Chief of Police

FORWARDED TO:

Date: Thursday, October 10, 2013

Subject: New Business Item #4- 2013 Bay View Rate Review & Setting of the Rate Hearing

Background. Last year, the District and its solid waste collection provider, Bay View Refuse & Recycling Services, Inc. ("Bay View") entered into arbitration over certain demands made by Bay View pursuant to the Franchise Agreement, dated September 11, 1997 ("Agreement"). On April 20, 2013, the parties entered into a settlement agreement, in which (1) the parties dismissed the arbitration, (2) Bay View released all claims against the District, (3) both parties agreed to bear their own attorney's fees and costs, and (4) the District agreed to complete a 2013 rate review, (a) which would be the last rate review through the end of the Agreement term and (b) the only other rate increase would be those determined by increases in CPI ("Settlement Agreement"). The final order dismissing the arbitration with prejudice was issued on July 1, 2013.

Pursuant to the Settlement Agreement, in May 2013 the District engaged HF&H Consultants, LLC ("HF&H") to conduct a detailed review of Bay View's 2014 Rate Application ("Rate Study"). On September 13, 2013, the draft Rate Study was issued and reviewed during the next three weeks by District staff and Bay View representatives. The final Rate Study is attached for your review (Attachment 1).

Summary of Requested Board Action. At the October 16, 2013 District Board meeting, the Board will be tasked with setting the maximum proposed rates, to be effective January 1, 2014, for solid waste collection services and directing the General Manager/ Chief of Police to mail notice of a Rate Hearing to be held in December, preferably during the December 12, 2013 regularly scheduled Board meeting.

Rate Study Results. HF&H analyzed Bay View's expenses and projections by reviewing actual financial statements and work papers, and determining the reasonableness of expenses by comparing them to industry standards and actual financial data gleaned from HF&H's comparison data collected during hundreds of rate reviews. The Rate Study recommends changes to Bay View's initial rate application and identifies a targeted revenue amount of \$1,242,935, which should be sufficient for Bay View to earn net revenue in accordance with the Agreement terms. To reach this

targeted revenue rate, HF&H has provided two options for the District to consider in the setting of the rates. (See page 5 of the Rate Study.)

Option #1 is a uniform 21.8% rate increase in all service categories. This option would increase the mini can rate from \$25.20 to \$30.69 and the 32 gallon rate from \$34.29 to \$41.77 per month.

Option #2 includes a rate structure change and would increase the mini can rate from \$25.20 to \$36.50, a 44.8% increase in the rate. The 32 gallon can would be increased from \$34.29 to \$40.50, a 18.1 % increase.

Staff recommends Option #2. Setting the rates at these levels will:

1. Help mitigate future revenue erosion due to recent and projected customer "downsizing" of cans.
2. Better align rates with costs incurred to insure that mini-can customers are paying their share of the cost of service.
3. Maintain a proper financial incentive to recycle more and reduce waste going to landfills.

Comparison to Other Jurisdictions. Even though HF&H provides a customized, current analysis of Bay View's revenue requirements in 2014, some may wish to compare proposed rates to neighboring jurisdictions. In presenting this comparison, please keep in mind that every jurisdiction has a unique solid waste contract and customer composition and may be in different stages of rate adjustments. In using the Comparable Rates Chart of 27 Jurisdictions, of which 24 agencies are in Contra Costa County and 4 agencies are in Alameda County, the proposed District rates for both Options #1 and #2 are highest in the comparison. (Attachment 2)

However, a fairer comparison of rates may be made by comparing to rates for those communities that offer back door service similar to the District. The Single Family Service - Backyard Service Rate Table, prepared by HF&H, includes 7 comparison agencies. (Attachment 3) The proposed District rates for both Options #1 and #2 would be third highest in comparison, with Orinda and Piedmont having higher rates.

Mini-Can Rate Structure Change. The mini can was introduced in 2000 with the primary goal of incentivizing recycling. Option #2 proposes a rate structure change that would close the differential between the mini can and the 32-gallon can. The rate gap between these two service types has risen from a \$4.16 differential in 2000 to a \$9.09 differential in 2013.

There may be some concern that the rate structure change and relative increase in the mini can rate may trigger a consumer response to not recycle and jeopardize the District's compliance with California Integrated Waste Management Act's 50% diversion mandate. Since 2005, when single stream recycling was implemented, the District has

consistently exceeded this mandate and diverted the following percentages from landfills:

2005	58%	2006	58%	2007	58%
2008	57%	2009	60%	2010	61%
2011	59%	2012	61%		

Even with the rate structure change, it seems unlikely that mini can customers would choose to pay more, migrate up to the larger can size, and choose to reduce their recycling efforts as to create a material decrease in diversion rates.

Staff Recommendation.

Staff recommends that the Board set maximum rates, to be effective January 1, 2014, for solid waste collection services at the Option #2 rates as shown in Figure 4 of the Rate Study and below:

Mini Can	\$36.50
32 Gallon	\$40.50
2- 32 Gallon	\$81.00
3- 32 Gallon	\$121.50
2-45 Gallon Cans	\$86.50
Other	\$63.00

Staff also recommends that the Board direct the General Manager/ Chief of Police to mail notice of a Rate Hearing to be held in December, preferably during the December 12, 2013 regularly scheduled Board meeting, in order to allow for and meet the 45 day notification requirement.

Attachment 1: HF&F Consultants, LLC "Review of Bay View Refuse & Recycling Services, Inc.'s 2014 Rate Application."

Attachment 2: Comparable Rates of 27 Jurisdictions

Attachment 3: Single Family Service- Backyard Service Rate Table



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October 3, 2013

Mr. Greg Harman
General Manager/Chief of Police
Kensington Police Protection and Community Services District
217 Arlington Avenue
Kensington, CA 94707

Reference Number: S3842

Subject: Review of Bay View Refuse & Recycling Services, Inc.'s 2014 Rate Application

Dear Mr. Harman:

This report documents HF&H Consultants, LLC's (HF&H) Final findings and recommendations from our review of Bay View Refuse & Recycling Services Inc.'s (Bay View) application for a 28.5% increase to its refuse and recycling rates, effective January 1, 2014 (Application), that was submitted to the Kensington Police Protection and Community Services District (District).

BACKGROUND

Bay View's compensation for providing refuse and recycling services to Kensington residents and business is described in the District's Franchise Agreement with Bay View dated September 11, 1997 (Franchise Agreement). Services for residential and commercial customers include weekly collection of solid waste and recyclable materials utilizing a split-body truck operating 5 days a week, Monday through Friday, for approximately 2,100 customers. The split-body truck allows Bay View to reduce the number of trips on the District's streets by collecting solid waste and recyclable materials simultaneously. Additionally, Bay View operates a green waste collection route 10 days per month, providing twice monthly service. In addition, Bay View provides collection services to District and County facilities. Currently, residents are required to place their recyclable material and green waste containers at the curbside for collection, while solid waste containers are collected from the customer's back or side yard.

In a letter dated May 23, 2009, Bay View requested a 28.5% rate increase effective January 1, 2014 over the levels currently in place for 2013. The District engaged HF&H to perform a comprehensive review of Bay View's Application to determine the necessary rate adjustment, in accordance with Section 9.4 of the Franchise Agreement.



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SUMMARY OF RESULTS

Summary of Recommended Adjustments

As summarized in Figure 1, Bay View projected a 2014 revenue shortfall (at current rates) of \$289,718, requiring a rate increase of 28.5%. Based on our review, in accordance with the scope of work detailed below, HF&H recommends reducing Bay View's 2014 projected revenue shortfall to \$222,443 (a \$67,000 reduction). The HF&H adjusted Application requires a rate increase of 21.8%.

**Figure 1
 HF&H Adjusted Rate Application**

	BAY VIEW 2014 Rate Application	Recommended Adjustments	HF&H 2014 Adjusted Application
Projected Operating Expenses:			
1	Salaries and Benefits	\$ 484,000	\$ 484,000
2	Dump Fees	100,000	100,000
3	Legal	15,000	15,000
4	Accounting	18,000	18,000
5	Debris Box Rental	17,000	18,600
6	Depreciation	4,000	4,000
7	Fuel	41,000	41,000
8	Truck Rental (Green Waste)	107,000	90,445
9	Insurance	48,000	48,000
10	Truck Licenses	3,000	3,000
11	Management Fee (executive compensation)	132,000	132,000
12	General and Administrative	16,000	16,000
13	Parts and Tires	18,000	18,000
14	Rent - Office and Yard	62,000	52,081
15	Repairs and Maintenance	65,000	37,902
16	Total Operating Expenses	\$ 1,130,000	\$ 1,078,028
17	Allowance for Profit @ 12.00%	\$ 135,600	\$ 129,363
18	Total Operating Expenses before Pass-throughs	\$ 1,265,600	\$ 1,207,392
Plus: Pass-through Expenses			
19	County Franchise Fee @ 3.00%	\$ 39,306	\$ 37,288
20	District Franchise Fee @ 2.00%	26,204	24,859
21	County Hazardous Waste Fee	11,000	11,000
22	Audit Fees	18,000	18,000
23	Total Contractor Compensation	\$ 1,360,110	\$ 1,298,538
Less: Recycling and Other Income			
24	Recycling Revenue	\$ (18,000)	\$ (21,000)
25	Debris Box Revenue	(29,000)	(31,703)
26	Other Revenue	(2,900)	(2,900)
27	Net Expenses (A) (to be raised from collection rates)	\$ 1,310,210	\$ 1,242,935
28	Projected 2013 Rate Revenue at Current Rates (B)	\$ 1,020,492	\$ 1,020,492
29	Projected Revenue Surplus/(Shortfall) [B - A]	\$ (289,718)	\$ (222,443)
30	Proposed 2014 Rate Increase/(Decrease)	28.5%	21.8%

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Explanation of Projected Shortfall

As shown in the following figure, since Bay View's last detailed review (for rates effective January 2010), Bay View's Net Expenses has increased \$218,000 (Figure 2, Line 10), which is a 21.3% increase over the four-year period, or an average of 5.3% per year. While Bay View's allowable net expenses have increased 5.3% per year, Bay View's actual revenue has decreased 0.1% per year (Figure 2, Line 11) during that same time period, despite rate increases of 3.9% in 2012 and 2.8% in 2013. Over the same four-year period, the average annual increase in the CPI was 2.2%.

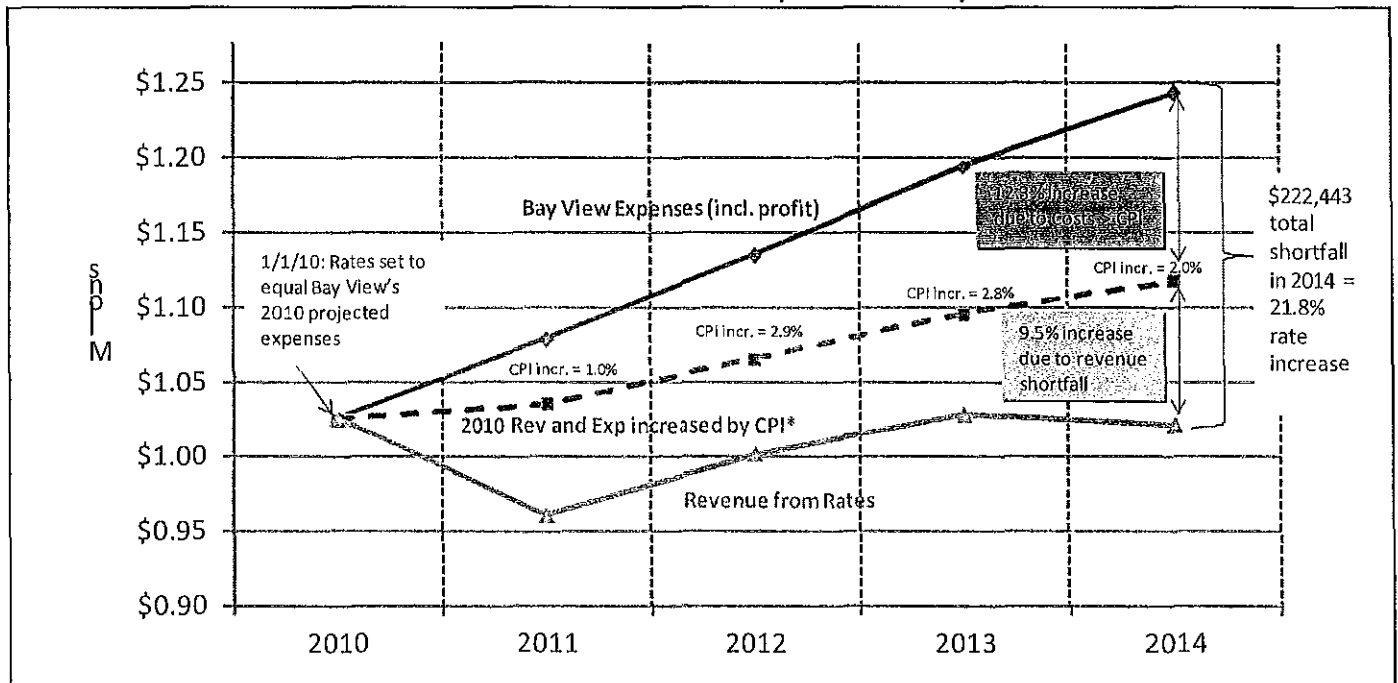
Figure 2
2010 versus 2014 Expense and Revenue Variance

	2010 Detailed Review Results	2014 Detailed Review Results	Variance	Average Annual % Change
Projected Operating Expenses:				
1 Bay View Operating Expenses	\$ 1,027,045	\$ 1,207,392	\$ 180,347	4.4%
Pass-through Expenses				
2 County Franchise Fee @	\$ 32,399	\$ 37,288	\$ 4,890	3.8%
3 District Franchise Fee @	21,599	24,859	3,260	3.8%
4 County Hazardous Waste Fee	11,157	11,000	(157)	-0.4%
5 Audit Fees	15,000	18,000	3,000	5.0%
6 Total Contractor Compensation	\$ 1,107,200	\$ 1,298,538	\$ 191,339	4.3%
Less: Recycling and Other Income				
7 Recycling Revenue	\$ (27,248)	\$ (21,000)	\$ 6,248	-5.7%
8 Debris Box Revenue	(46,252)	(31,703)	14,549	-7.9%
9 Other Revenue	(8,627)	(2,900)	5,727	-16.6%
10 Net Expenses	\$ 1,025,073	\$ 1,242,935	\$ 217,862	5.3%
(to be raised from collection rates)				
11 Collection Rate Revenue	\$ 1,025,073	\$ 1,020,492	\$ (4,581)	-0.1%

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As illustrated in Figure 3, the significant increase is attributable to two main factors: 1) Bay View's costs to provide service (primarily fuel, union wages, health care premiums, and other insurance costs) have exceeded the average annual increase in CPI (5.3% versus 2.2%) and, 2) actual revenue has not kept pace with the CPI rate increases.

Figure 3
2010 – 2014 Revenue and Expense Summary



* This line represents the anticipated revenues and expenses during the intervening years between comprehensive reviews (conducted every four years, 2010 and 2014 in this case). In accordance with the Agreement, rates are increased during these intervening years based on the percentage change in CPI, as it was anticipated that costs would increase similarly to the change in CPI. It should be noted, rates were not adjusted in 2011; therefore, the District approved a 3.9% in 2012 (1.0% for 2011 and 2.9% for 2012).

These cost increases, which have exceeded the 2.2% average annual increase in the CPI, are driven primarily by:

- Union wage and health care cost increases (\$94,000 or a 6.0% average annual increase);
- Driver and general liability insurance cost increases (\$24,000 or a 24.4% average annual increase);
- Management fee increase (\$15,000 or 3.0% average annual increases, per the Franchise Agreement);
- Fuel cost increases (\$14,000 or a 12.6% average annual increase); and,
- Legal cost increases (\$12,000 or a 100% average annual increase), which is the result of necessary union negotiations as the union labor agreement will expire February 2014.



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The decrease in revenues (Figure 2, Line 11), despite two rate increases during the four-year period, is largely due to the migration of customers from larger 32-gallon containers to the 20-gallon mini-can. The 20-gallon mini-can rate is approximately \$9.00 less per month.

Rate Adjustment Alternatives

In past years, the District-approved rates have increased at a uniform percentage for all service levels. As a result, the differential between the 32-gallon rate and the 20-gallon mini-can rate has increased from \$4.16 per month (when the mini-can was introduced in 2000) to a \$9.09 differential in 2013. As customers reduce their container size, less revenue is generated; however, there is not an equal reduction to the costs to drive by and collect the materials. Collection costs are the same regardless of the container size. Without an equal reduction in costs, the decreasing revenues need to be made up by increasing rates. Figure 4 presents two options for adjusting rates: Option #1 reflects a uniform 21.8% increase to all rates; and, Option #2 reflects increasing the mini can rate by a greater percentage than other service levels. Both options are projected to generate the needed \$1,243,000 in rate revenue for 2014.

We recommend Option #2, for the following reasons:

- Help mitigate future revenue erosion due to recent and projected customer "downsizing";
- Better align rates with the costs incurred (to ensure that mini-can customers are paying their share of the cost of service);
- Maintain a proper financial incentive to recycle more and reduce solid waste going into landfills.

Figure 4
 Rate Adjustment Options

Service Type	Projected Customer Count 2014	Current Monthly Rate	Est. 2014 Revenue @ Current Rates	Option #1			Estimated 2014 Rate Revenue	Option #2			Estimated 2014 Rate Revenue
				Monthly Rates (eff. 1/1/14)				Monthly Rates (eff. 1/1/14)			
				\$ Chg	% Chg			\$ Chg	% Chg		
1-20 Gallon Can	479	\$ 25.20	\$ 144,850	\$ 30.69	\$ 5.49	21.8%	\$ 176,427	\$ 36.50	\$ 11.30	44.8%	\$ 209,802
1-32 Gallon Can	1,450	34.29	596,646	41.77	7.48	21.8%	726,715	40.50	6.21	18.1%	704,700
2-32 Gallon Cans	160	68.35	131,232	83.25	14.90	21.8%	159,841	81.00	12.65	18.5%	155,520
3-32 Gallon Cans	11	102.62	13,546	124.99	22.37	21.8%	16,499	121.50	18.88	18.4%	16,038
2-45 Gallon Cans	14	84.19	14,144	102.54	18.35	21.8%	17,227	86.50	2.31	2.7%	14,532
Other	2	61.67	1,480	75.11	13.44	21.8%	1,803	63.00	1.33	2.2%	1,512
Total # of Accounts	2,116		\$ 901,897				\$ 1,098,511				\$ 1,102,104
Apartments/Commercial		\$ 9,883	\$ 118,594			21.8%	144,448			18.8%	140,890
Projected 2014 Rate Revenue (before rate adj)			\$ 1,020,492	Total (after rate adj)			\$ 1,242,959	Total (after rate adj)			\$ 1,242,994
			(Target Revenue = \$1,242,935)								



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SCOPE OF WORK

HF&H determined, through review of: the Franchise Agreement; Bay View's most recently audited financial statements; and, documents provided by Bay View, that Bay View's revenues, expenses and rates were consistent with the benchmarks established in the Franchise Agreement.

To determine the reasonableness of Bay View's expenses, we compared them to industry standards based on recent competitive proposals and our benchmark database that contains actual and proposed operational and financial data collected during our hundreds of rate reviews and contract procurement projects.

The specific items were determined based on an HF&H-prepared variance analysis of expense line items from Bay View's financial statements. The detailed review of specific expense items included, but is not necessarily limited to, the following:

- Wages and Benefits
- Depreciation
- Expenses Paid to Related Parties
- Disposal / Processing Expenses
- General and Administrative Expenses

The review of Bay View's rate revenue was based on then-current rates and current customer subscription level. We calculated the actual revenues that should have been generated within the District in 2013, compared these to the reported revenues, and obtained explanations for any significant variances. We verified the calculation of projected 2014 revenues based on actual customer accounts at the current rates and Bay View's projected migration of customers from larger 32-gallon cans to the 20-gallon mini can. In recent years, residents have been reducing the size of their solid waste container as they have been placing more materials in their recycling containers.

Our review was substantially different in scope than an examination in accordance with Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. However, Cowden Neale, LLP has issued an unqualified opinion of Bay View's 2012 Financial Statements.

Our conclusions are based on the review of Bay View's projections of its financial results of operations for the forthcoming rate year (i.e. January 1, 2014 – December 31, 2014). Actual results of operations will usually differ from projections, because events and circumstances frequently do not occur as expected, and the difference may be significant.



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SUMMARY OF ANALYSES

Salaries & Benefits

Section 9.4 of the Franchise Agreement states "Contractor will recover its reasonable costs for furnishing all labor...necessary to perform all the services required by this Agreement..." HF&H reviewed the basis for Bay Views requested \$484,000 in Salaries and Benefits. The projected 2014 expense includes \$275,000 in wages, vacation pay, holiday pay, sick leave; \$24,000 of payroll taxes; \$54,000 workers compensation expense; \$99,000 health and welfare expense; and \$32,000 in pension expenses.

The current Collective Bargaining Agreement (CBA) between Teamsters Local 315 and Bay View is due to expire February 28, 2014. HF&H noted the driver's wages per the CBA increased 3.4% each year during the period from 2010 through 2013. The Health and Welfare expense increased an average of 9.1% and the Pension expense varied between 0.9% and 3.8%, depending on job classification, each year for the same period. HF&H reviewed current premium invoices and verified Bay View's reported expense.

Because the outcome of a new CBA is unknown at this time Bay View assumed a 4.0% increase for wages and taxes, an additional 7.4% or \$150 per month for Health and Welfare and 2.0% for Pension contributions. HF&H finds these assumptions reasonable based on recent increases experienced by other haulers in other Bay Area jurisdictions.

HF&H noted that Bay View's Workers Compensation expense increased significantly from \$18,171 in 2011 to an estimated expense of \$56,260 in 2013, an increase of approximately 90% each year. Due to accidents incurred from 2011 on involving employees of both Bay View and Bay Cities the modification rate used to calculate Bay Views premiums is high. If no other accidents occur Bay Views premiums should drop in 2014. Therefore, Bay View has assumed a 5% decrease in Workers Compensation expense compared to their actual 2013 expense.

Bay View's projected \$484,000 in Salaries and Benefits is a \$94,000 increase from the District-approved expenses in 2010. This is an average overall average annual increase of 6% which is consistent with the greater than CPI increase in HF&H noted in most of the expenses listed in this category. No adjustment is necessary.

Dump Fees

HF&H reviewed the Agreement for Landfill Services (LF Agreement) entered into March 10, 2003, between Bay View, West Contra Costa Sanitary Landfill (WCCSL) and Potrero Hills Landfill, Inc. (PHL) and noted per Section 14 of the LF Agreement, tip fees are to be adjusted every March 1 by CPI, All Urban Consumers. We further noted per Section 23 of the LF Agreement, the term of the Agreement is 10 years from the date of execution (March 10, 2013) with an option to extend an additional 10 years.



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Bay View's projected dump fees are \$100,000, which is a \$1,460 decrease from the District-approved expenses in 2010. Despite annual increases in the per-ton tip fees, total dump fees have decreased over the four year period between reviews. This is consistent with the trend of customers subscribing to small collection containers (20-gallon mini cans instead of the larger 32-gallon cans). No adjustment is necessary.

Legal

Bay View projected legal costs of \$15,000, which is a \$12,000 increase from the District-approved expenses in 2010, an average annual increase of 100%. This projection was not based on actual expense incurred during 2012 (which amounted to over \$100,000). As noted in the arbitration settlement agreement between the District and Bay View, attorneys' fees and other litigation expenses cannot be passed through to the ratepayers. Therefore, we verified that the projected legal fees were not based on actual costs incurred during 2012 and adjusted for inflation.

The \$15,000 represents approximately 25 hours of legal representation, primarily for negotiations support when the current CBA between Teamsters Local 315 and Bay View expires February 28, 2014.

Accounting

Per Section 8 of the Franchise Agreement, Bay View is required to provide to the District annual financial statements compiled by an independent certified public accountant in accordance with Generally Accepted Accounting Principles. Per a discussion with the Audit firm of Cowden Neale, LLP Certified Public Accountants, currently providing this service to Bay View, approximately one half of their hours billed are for annual audit services. Annual audit services are treated as a pass-through expense in the Application (see Exhibit C of the Agreement). The remaining service is shown in the operation expenses section of the Application. Bay View is invoiced monthly for services provided for annual audits, quarterly reporting to District and ongoing monthly accounting services. The annual cost to Bay View for accounting was \$40,000 in 2012 per the Audited Financial Statement. Per Bay View's Application they are projecting \$18,000 (Figure 1, Line 22) in pass-through expenses and \$18,000 in operating expenses for a total of \$36,000. This is a decrease from 2012 and appears reasonable. No adjustment necessary.

Depreciation

Per Exhibit D of the Franchise Agreement, fixed assets are depreciated using straight line depreciation and a useful life of seven years. Bay View projected 2014 depreciation expenses of \$4,000. HF&H tied Bay View's projected depreciation expense to their independently audited Fixed Asset sub ledger without



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exception. HF&H noted all fixed assets with a remaining useful life were depreciated using straight-line and seven years as their useful life.

Fuel

Bay View projected 2014 fuel costs of \$41,000, which is a \$13,723 increase from District-approved expenses in 2010, an average annual increase of 12.6%. We calculated the average annual change in the CPI for No. 2 Diesel Fuel in 2011, 2012, and YTD 2013. We found the average annual change in the CPI was 12.15% (35.77% in 2011, 3.13% in 2012, and -2.44% in 2013). Therefore, Bay View's projected fuel costs appear to be reasonable, no adjustment necessary.

Insurance

Bay View projected annual insurance costs of \$48,000, which is a \$23,733 increase from the District-approved expenses in 2010, an average annual increase of 24.4%. HF&H requested a copy of the annual invoice for the renewal policy effective 1/1/13. Bay View's actual 2013 insurance expense increased to \$47,000. The 2014 Application cost requested by Bay View represents a minor increase of \$1,000 from the 2013 policy. Bay View's projected insurance expense appears reasonable and no adjustment is recommended.

Truck Licenses

Bay View projected 2014 Truck License expense of \$3,000, a \$1,000 decrease from the District-approved 2010 expenses of \$4,000. HF&H obtained the most recent DMV Registration Renewal Notices from Bay View for the four vehicles indicated on Bay View's Fixed Asset Listing and found Bay View's projected Truck License expenses reasonable, no adjustment necessary.

General and Administrative (includes executive compensation)

Bay View projected 2014 general and administrative costs of \$148,000, including executive compensation in the amount of \$132,000. In accordance with Exhibit D of the Franchise Agreement, Bay View Refuse Inc. and Bay Cities Refuse Services, Inc., companies controlled by the sole stockholder, Louis Figone, provide executive management services to Bay View and charge a management fee in lieu of an executive salary at a rate of \$80,000 per year, commencing September 11, 1997, and adjusted every January 1 by 3.0%. HF&H verified the accuracy of the \$117,000 calculation without exception, as shown in Figure 5 below.



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Figure 5
Executive Compensation

Year	Base/prior yr	CPI Increase %	CPI Increase \$	New Rate
	80,000	3.00%	2,400	82,400
1998	82,400	3.00%	2,472	84,872
1999	84,872	3.00%	2,546	87,418
2000	87,418	3.00%	2,623	90,041
2001	90,041	3.00%	2,701	92,742
2002	92,742	3.00%	2,782	95,524
2003	95,524	3.00%	2,866	98,390
2004	98,390	3.00%	2,952	101,342
2005	101,342	3.00%	3,040	104,382
2006	104,382	3.00%	3,131	107,513
2007	107,513	3.00%	3,225	110,739
2008	110,739	3.00%	3,322	114,061
2009	114,061	3.00%	3,422	117,483
2010	117,483	3.00%	3,524	121,007
2011	121,007	3.00%	3,630	124,637
2012	124,637	3.00%	3,739	128,377
2013	128,377	3.00%	3,851	132,228
2014	\$ 132,228			

Bay View's 2014 projected general and administrative costs (excluding executive compensation discussed above) are \$16,000 (Figure 1, Line 12), which equals the 2010 District-approved general and administrative costs; therefore, Bay's View's projected general and administrative costs are reasonable and no adjustment is necessary.

Parts & Tires

Bay View projected parts & tires expense of \$18,000 in 2014, which is a \$6,000 increase from District-approved expenses in 2010, an average annual increase of 12.5%. Based on discussions with Bay View and the review of recent actual tire prices, the increase is attributable to: 1) significant increase in tire prices; and, 2) the purchase of new tires in 2014 to replace the tires that can no longer be re-capped; therefore, no adjustment is necessary.

Repairs & Maintenance

Bay View projected repairs & maintenance expenses of \$65,000 in 2014, which is a \$53,000 increase, compared to Bay View's District-approved expenses in 2010. Per discussions with Bay View, the



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significant increase in repairs & maintenance expenses for 2014 is due to approximately \$50,000 in capital repairs necessary for their recycling collection vehicle. The recycling collection vehicle is 8 years old and capital repairs of this nature are typical. With only 20 months remaining in the term of the Franchise Agreement, it is less costly to Bay View and the ratepayers to repair the vehicle instead of replacing the vehicle.

Bay View's significantly increased repairs & maintenance expenses are reasonable; however, the cost of the capital repairs should be amortized over the remaining term of the agreement (i.e., 20 months); therefore, we recommend decreasing Bay View's Repairs & Maintenance expenses by \$27,098 (Figure 1, Line 15). If this adjustment is not done, ratepayers would be paying the capital repair costs a second time in 2015 (as rates will be adjusted by the change in CPI on January 1, 2015, in accordance with the Franchise Agreement).

Related-Party Transactions

There are related-party transactions (amounts paid to affiliated entities to Bay View) included in Bay View's 2014 projections at rates that have been discussed and allowed by the District in previous reviews. HF&H notes the following accounts have been classified as related-party transactions because they are amounts that are paid to affiliated entities: Debris Box Rental, Truck Rental (Green Waste), and Rent (Office and Yard). In accordance with Exhibit D of the Franchise Agreement, and data from haulers with similar operations, we reviewed Bay View's related-party transactions projections for reasonableness. Presented below are the results of our analyses.

Debris Box Rental

Due to the relatively small size of the District's service area, Bay View's contracts with Bay City Refuse Services, Inc., Bay View's sister company, to provide the labor and vehicle (on a per pull basis) to collect debris boxes within the District's service area. By doing this, Bay View does not incur the entire cost of purchasing a debris box collection vehicle and employing a full-time driver to provide on average two debris box pulls per week.

Bay View has projected 2014 debris box rental expense of \$17,000, based on 57 pulls at \$304.92 per pull, which equates to \$243.94 per hour (based on the average round-trip time of 1 hour and 15 minutes). To test the reasonableness of Bay View's \$243.94 per hour rate, HF&H compared the cost per hour to proposals received for similar services in a competitive procurement process. HF&H found the competitively proposed per-hour rates ranged from \$236.27 per hour to \$308.61 per hour; therefore, Bay's View's projected debris box rental costs appear reasonable. However, during our review we found debris box activity is increasing in the District. We recommend increasing the projected number of debris box pulls from 57 to 61, which increases Bay View's Debris Box Rental expenses by \$1,600 (Figure 1, Line 5) and increases projected revenue by \$2,703 (Figure 1, Line 25).



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Truck Rental (Green Waste)

Similar to debris box rental, Bay City Refuse Services Inc., Bay View's sister company, provides the green waste collection vehicle that is used 960 hours per year to provide twice monthly green waste collection services. Through out the year Bay View has found it is necessary to utilize a second truck on certain days to accommodate the allowed unlimited green waste collection. HF&H looked at the most recent twelve-month period to determine the number of days an additional truck is needed. The green waste dump statements and tonnage was used to support the estimated twenty one days or 168 hours per year (21 days X 8 hours). Two trucks are needed for the Annual Clean-up which takes place over five days or 80 hours per year. (2 trucks X 5 days X 8 hours). Additionally a different truck is needed approximately 260 hours per year to collect the two yard bins throughout the service area. In total Bay View is requesting \$107,000 compensation for an estimated 1,468 hours for truck rental for 2014. The rental expense of \$72.89 per hour (\$107,000 divided by 1,468 hours) covers depreciation, interest, repairs and maintenance, parts and tires, licenses, and insurance.

HF&H compared this rate to the District-approved hourly rate of \$56.54 during the 2010 review, escalated by the annual increase in the CPI, Figure 6. The calculated rate per this method was \$61.61 per hour or \$90,445 annually when multiplied by the 1,468 estimated truck hours. Therefore, we recommend decreasing Bay View's Green Waste Truck Rental allowable expenses by \$16,555 (Figure 1, Line 8).

Figure 6
Green Waste Truck Rental Hourly Rate Calculation

Year	Hourly Rate in Current Year	CPI Increase % YOY June	CPI Increase \$	Hourly Rate for Following Year
2010 Approved	\$ 56.54	1.07%	\$ 0.61	\$ 57.15
2011	57.15	2.43%	\$ 1.39	58.53
2012	58.53	2.64%	\$ 1.54	60.08
2013	60.08	2.56%	\$ 1.54	61.61
2014	\$ 61.61			

Rent – Office and Yard

HF&H notes the allowable monthly rent at the commencement of the Franchise Agreement in 1998, in accordance with Exhibit D, was \$2,823.56 (made up of \$1,462.55 per month for office and yard space plus \$1,361.01 per month for allocated mechanic salary and benefits expenses based on 8 hours per week). To test the reasonableness of Bay View's 2014 projections we compared their monthly rent expense projection of \$5,167 per month to the allowable expense in accordance with Exhibit D of the Franchise Agreement adjusted annually by the percentage change in the CPI. As shown in Figure 7 below, increasing Bay View's agreed-upon rent expense in 1998 (the commencement date of the current Franchise Agreement) by the annual change in CPI results in a rent expense of \$4,340 in 2014, or \$827

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less than Bay View's projected rent expense; therefore, we recommend decreasing Bay View's allowable related-party rent expense by \$9,919 (\$827 x 12 months; Figure 1, Line 14).

It should be noted that the Franchise Agreement is silent with regard to reasonable related-party rental expense after the first year of operations (which was 1998). Due to the uniqueness of the property (therefore no comparable rental rates are available) and absent specific agreed-upon escalators in the Franchise Agreement for future allowable rental expense, we relied on an inflationary index published by the Bureau of Labor Statistics. Actual market rates may vary. This same analysis was conducted during our review of Bay View's 2010 rate application and Bay View's requested 2010 rental expense of \$4,000 was within \$17/month of the index-based calculation.

Figure 7
Rent – Office Yard

Year	Monthly Rent		CPI Increase % YOY June	CPI Increase \$	Monthly Rent for Following Year
	in Current Year				
1998	\$ 2,824		3.44%	\$ 97	\$ 2,921
1999	2,921		3.81%	111	3,032
2000	3,032		4.25%	129	3,161
2001	3,161		6.59%	208	3,369
2002	3,369		1.20%	41	3,409
2003	3,409		1.60%	55	3,464
2004	3,464		1.38%	48	3,512
2005	3,512		1.11%	39	3,551
2006	3,551		3.93%	139	3,690
2007	3,690		3.36%	124	3,814
2008	3,814		4.19%	160	3,974
2009	3,974		0.23%	9	3,983
2010	3,983		1.07%	43	4,026
2011	4,026		2.43%	98	4,123
2012	4,123		2.64%	109	4,232
2013	4,232		2.56%	108	4,340
2014	\$ 4,340				

Profit

Per Section 9.3 and 9.4 of the Franchise Agreement, Bay View is allowed a benchmark pre-tax profit margin of 12% of Bay View's reasonable reimbursable costs. HF&H recalculated the profit based on the recommended adjustments described above and included in Figure 1, which results in a decrease of \$6,321 (Figure 1, Line 17).



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Pass-Through Fees

Franchise Fees

In accordance with Section 23 of the Franchise Agreement, County franchise fees and District franchise fees are calculated at 3% and 2%, respectively, of Bay View's compensation. As a result of the recommended reductions to Bay View's compensation discussed above and summarized on Figure 1, Bay View's projected franchise fee obligation was overstated.

As a result, HF&H recommends decreasing Bay View's County franchise fee obligation (and therefore their 2014 compensation) by \$2,043 (Figure 1, Line 19) and Bay View's District franchise fee obligation by \$1,362 (Figure 1, Line 20).

County Hazardous Waste Fee

Bay View projected 2014 Hazardous Waste Fees of \$11,000, which is a \$157 decrease from the District-approved expenses for 2010; the last year Bay View's expenses were audited. Bay View's projected Hazardous Waste Fees payable to the County appear to be reasonable; we do not recommend an adjustment.

Revenue

Recycling Revenue

Bay View's 2014 projected revenue (\$18,000) from the sale of recyclable materials collected from the District's residents and businesses was based on the average of actual revenues received in 2010, 2011, and 2012, the same methodology used in prior applications. During our review, additional analysis revealed the average was understated by \$3,000. As a result, HF&H recommends increasing (therefore decreasing net expenses to the District) Bay View's projected revenue from the sale of recyclable materials by \$3,000 (Figure 1, Line 24).

Debris Box Revenue

As discussed above in Debris Box Rental expense, our review found the number of debris box collections have trended higher over the past couple a years and anticipate this trend to continue. Bay View's application did assume some increase in debris box pulls; however, using year-to-date actual for 2013, it appears debris box pulls will increase even greater than Bay View projected. As a result, HF&H



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recommends increasing (therefore decreasing the net expenses to the District) Bay View's projected revenue from debris box pulls by \$2,703 (Figure 1, Line 25).

Other Revenue

Consistent with past rate applications, Bay View projected Other Revenue (i.e., container rental, extra pickups, etc.) based on the average actual revenues received in 2010, 2011, and 2012. No adjustment necessary.

Collection Revenue

Bay View's projected revenue from collection rates was based on customer subscriptions levels as of May 2013 adjusted for assumed migration (during 2014 and 2015) of customers from larger containers (one or multiple 32-gallon cans down to the smaller 20-gallon mini can). Such migration to the smaller mini can has been happening steadily since 2007, as residents are recycling more material and less is being placed in their solid waste container.

**Figure 8
Single-Family Residential Service Levels**

Service Level	Customer Count as of		
	May 2013	Projected 2014 - 2015	Variance # of Accts
1-20 Gallon Mini-Can	432	479	47
1-32 Gallon Can	1490	1450	(40)
2-32 Gallon Cans	165	160	(5)
3-32 Gallon Cans	13	11	(2)
45 Gallon	14	14	-
50 Gallon	2	2	-
Total	2,116	2,116	-

Based on current rates and the residential customer service level assumptions summarized above, Bay View's projected 2014 revenue before a rate increase of \$1,020,492 are reasonable; no adjustment necessary.

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**Figure 9
 Collection Rate Revenue Projections**

Service Type	Projected Customer Count	Current Monthly Rate	Est. 2014 Revenue @ Current Rates
Residential Single-Family			
1-20 Gallon Can	479	\$ 25.20	\$ 144,850
1-32 Gallon Can	1,450	34.29	596,646
2-32 Gallon Cans	160	68.35	131,232
3-32 Gallon Cans	11	102.62	13,546
1-45 Gallon	14	84.19	14,144
Other	2	61.67	1,480
Total # of Accounts	2,116		\$ 901,897
Apartments/Commercial		\$ 9,883	\$ 118,594
Total Projected 2014 Rate Revenue (before rate adj)			\$ 1,020,492

* * *

We would like to express our appreciation to Bay View management and staff for their assistance. In addition, we express our appreciation to each of you for assistance and guidance during the course of the review. Should you have any questions, please call me at 925-977-6957.

Very truly yours,
 HF&H CONSULTANTS, LLC



Richard J. Simonson, CMC
 Vice President

cc: Colleen Costine, HF&H Consultants
 Louis Figone, Bay View Refuse and Recycling Services

COMPARABLE RATES AS OF JULY 2013

Jurisdiction	20 Gallon	Jurisdiction	32/35 Gallon	Jurisdiction	64 Gallon	Jurisdiction	96 Gallon
Kensington	\$ 36.50	Kensington	\$ 40.50	Kensington	N/A	Kensington	N/A
El Cerrito	\$ 27.09	El Cerrito	\$ 38.10	El Cerrito	\$ 74.57	El Cerrito	N/A
Castro Valley	\$ 23.17	Castro Valley	\$ 35.93	Castro Valley	\$ 62.40	Castro Valley	\$ 88.91
Orinda	\$ 28.20	Orinda	\$ 32.52	Orinda	\$ 62.51	Orinda	\$ 93.50
Pinole	\$ 26.96	Pinole	\$ 31.82	Pinole	\$ 56.58	Pinole	\$ 82.08
Pittsburg	N/A	Pittsburg	\$ 31.05	Pittsburg	\$ 37.95	Pittsburg	\$ 42.55
El Sobrante	\$ 25.50	El Sobrante	\$ 31.01	El Sobrante	\$ 59.42	El Sobrante	\$ 88.50
Pleasanton	N/A	Pleasanton	\$ 30.59	Pleasanton	N/A	Pleasanton	\$ 36.30
Richmond	\$ 24.97	Richmond	\$ 30.51	Richmond	\$ 58.19	Richmond	\$ 86.68
Hercules	\$ 25.08	Hercules	\$ 29.94	Hercules	\$ 52.94	Hercules	\$ 76.69
Oakley	N/A	Oakley	\$ 29.10	Oakley	\$ 40.70	Oakley	\$ 46.15
San Pablo	\$ 23.49	San Pablo	\$ 29.02	San Pablo	\$ 55.23	San Pablo	\$ 82.28
Martinez	\$ 19.35	Martinez	\$ 27.73	Martinez	\$ 30.91	Martinez	\$ 64.95
Livermore	\$ 17.61	Livermore	\$ 27.51	Livermore	\$ 53.34	Livermore	\$ 86.21
Lafayette	\$ 23.40	Lafayette	\$ 26.74	Lafayette	\$ 50.45	Lafayette	\$ 75.68
Concord	N/A	Concord	\$ 26.40	Concord	\$ 35.60	Concord	\$ 43.60
Antioch	\$ 22.47	Antioch	\$ 26.39	Antioch	\$ 42.61	Antioch	\$ 50.04
Benecia	\$ 22.16	Benecia	\$ 26.18	Benecia	\$ 32.73	Benecia	\$ 45.13
San Ramon	\$ 20.94	San Ramon	\$ 25.89	San Ramon	\$ 44.95	San Ramon	\$ 71.82
Clayton	\$ 23.70	Clayton	\$ 25.08	Clayton	\$ 36.44	Clayton	\$ 39.70
Moraga	\$ 21.18	Moraga	\$ 24.46	Moraga	\$ 48.91	Moraga	\$ 73.37
Danville	\$ 21.18	Danville	\$ 23.81	Danville	\$ 40.89	Danville	\$ 60.70
Pleasant Hill	\$ 20.19	Pleasant Hill	\$ 23.36	Pleasant Hill	\$ 31.88	Pleasant Hill	\$ 47.81
Brentwood	N/A	Brentwood	\$ 22.71	Brentwood	\$ 33.76	Brentwood	\$ 40.52
County	\$ 18.98	County	\$ 21.55	County	\$ 41.04	County	\$ 61.56
Dublin	N/A	Dublin	\$ 20.31	Dublin	\$ 37.31	Dublin	\$ 54.30
Walnut Creek	\$ 16.26	Walnut Creek	\$ 19.29	Walnut Creek	\$ 36.87	Walnut Creek	\$ 55.32

Single Family Service - Backyard Service

	<u>County</u>	<u>Danville</u>	<u>Lafayette</u>	<u>Moraga</u>	<u>Orinda</u>	<u>Walnut Creek</u>	<u>Piedmont</u>
20-gal minicart	28.44	30.64	32.86	30.64	37.66	25.72	52.31
32-gal cart	31.01	33.27	36.20	33.92	41.98	28.75	57.58
64-gal cart	50.50	50.35	59.91	58.37	71.97	46.33	not offered - cu
96-gal cart	71.02	70.16	85.14	82.83	102.96	64.78	not offered - cu

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December 5, 2019

Ms. Eileen Nottoli
Kensington Police Protection and Community Services District
217 Arlington Avenue
Kensington, CA 94707

Subject: Proposal to Assist with Review Bay View Refuse and Recycling Service's Increased Services and Rate Application Review Methodology

Dear Eileen:

HF&H Consultants, LLC (HF&H) is pleased to submit this proposal to the Kensington Police Protection and Community Services District (District) to provide technical assistance to the District related to its contract with Bay View Refuse and Recycling Services, Inc. (Bay View).

Background

The District and Bay View have been discussing the potential to extend their current contract through 2033. As part of these discussions, the District has inquired about additional services that may be required under state legislature, most notably SB 1383. Both the District and Bay View have agreed that there is a need for a future rate review to "true up" actual expenses incurred by Bay View and ensure that they are being compensated fairly for these services. As such, the District has requested that HF&H assist with creating a proposed methodology for the future review of these expenses.

Scope of Work

We will perform the scope of work described below for a not to exceed fee of \$4,995 (\$6,835 with Optional Task). We have provided a list of tasks we will complete along with the proposed staff and the required hours to complete each task. If additional effort is required (e.g., more meetings or additional analysis), we will obtain approval prior to proceeding.

SCOPE OF WORK
1. Project Initiation – We will prepare for and meet with District staff and Bay View staff via conference call to discuss the scope of work and review Bay View's Financial Reports.

Ms. Eileen Nottoli
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SCOPE OF WORK	
2.	Prepare Draft Rate Adjustment Methodology Language – We will draft contract language describing methodology to perform the proposed review of Bay View’s actual costs in 2023. This language will include methodology for the inclusion of existing and anticipated future services (i.e. every week organics collection, HHW collection on request, etc.), the reasonableness of these costs to prior rate applications, performance standards and non-allowable costs, and acceptable levels of profit when compared to prior year baselines.
3.	Discuss Proposed Rate Review Methodology and Revise Appropriately – Review proposed methodology with both District and Bay View staff and receive comments.
4.	Finalize Rate Adjustment Methodology Language – Incorporate comments from Task 3 as needed and Finalize proposed rate review methodology for inclusion in District Staffs Addendum to the Agreement.
5.	Optional Task – Should the District desire HF&H will prepare for and attend one board meeting to support the District’s Proposed Addendum.

Budget

Kensington Police Protection and Community Services District Technical Assistance - Rate Review Methodology Fee Estimate						
		M Sheehan	D Hilton	Administrative	Total	Proposed
		\$265	\$195	\$120	Hours	Cost
Task 1	Project Initiation	1	2	0	3	\$ 655
Task 2	Prepare Draft Rate Adjustment Methodology Language	2	8	2	12	\$ 2,330
Task 3	Discuss Proposed Rate Review Methodology and Revise Appropriately	2	3	0	5	\$ 1,115
Task 4	Finalize Rate Adjustment Methodology Language	1	2	2	5	\$ 895
Task 5	Attend Board Meeting (Optional)	4	4	0	8	\$ 1,840
Total Budget Without Optional Task		6	15	4	33	\$ 4,995
Total Budget With Optional Task						\$ 6,835

SCHEDULE

We are prepared to start the project once we have received authorization to proceed. We anticipate the completion of the project no later than the end of January of 2020.

Ms. Eileen Nottoli
December 5, 2019
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* * * *

If this proposal meets with your approval, please execute it by having an authorized District official sign below and return a copy to me. Please call me at (925) 977-6961 if you have any questions.

Very truly yours,
HF&H CONSULTANTS, LLC



Marva M. Sheehan, CPA
Vice President

ATTACHMENT A: HF&H Standard Hourly Rates and Billing Arrangements

Approve scope of work at a not to exceed fee of fixed fee \$4,995 and other terms and conditions of the work to be performed by HF&H Consultants, LLC for the Kensington Police Protection and Community Services District as documented in this proposal dated December 5, 2019.

Approved:

Signature

Date

Print Name

Title

ATTACHMENT A: STANDARD HOURLY RATES AND BILLING ARRANGEMENTS

(Effective January 1, 2019)¹

Professional Fees

Hourly rates for professional and administrative personnel are as follows:

<u>Position</u>	<u>Rate</u>
President	\$290
Senior Vice President & Vice President	\$255 - \$285
Senior Project Manager	\$225 - \$250
Senior Associate/Project Manager	\$195 - \$235
Associate Analyst	\$145 - \$180
Assistant Analyst	\$120 - \$140
Administrative Staff	\$99 - \$120

Direct Expenses

Standard charges for common direct expenses are as follows:

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

Billing Policies

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

- It is our standard practice to e-mail invoices to our clients, although hard copies of invoices can be sent to clients on request.
- We round to the nearest one-quarter hour (e.g., if two hours and 55 minutes are spent on a task, it is recorded as three hours, if two hours and 5 minutes are spent on a task, it is recorded as two hours). A minimum charge of one-quarter hour is charged for any client work performed in a day.
- We do not markup out-of-pocket expenses, however, we may charge administrative or professional time related to the provision of the goods and services associated with these charges.
- If subcontractors are used, HF&H reserves the right to charge a 5% markup should the subcontractor's services require cumbersome administrative oversight (e.g., multiple subcontractors; engagement turns out to solely require services of subcontractor, but HF&H as the prime must prepare billings).
- Mileage fees are based on the round-trip distance from the point of origin.
- If a client's change to a previously scheduled meeting results in penalties being assessed by a third party (e.g., airline cancellation fee), then the client will bear the cost of these penalties.

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

ATTACHMENT A: STANDARD HOURLY RATES AND BILLING ARRANGEMENTS

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

Insurance

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

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

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

Invoices and Payment for Services

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

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

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