

June 20, 2025

Mr. Sean Grayson, City Manager
City of Nevada City
317 Broad Street
Nevada City, CA 95959
submitted via email: sean.grayson@nevadacityca.gov

Mr. Tim Kider, City Manager
City of Grass Valley
125 E. Main Street
Grass Valley, CA 95945
timk@cityofgrassvalley.com

SUBJECT: Local Buyback and Compost Facility Feasibility Study – R3 Proposal

Dear Mr. Grayson and Mr. Kider,

R3 Consulting Group, Inc. (R3) is pleased to submit the attached proposal to the City of Nevada City and the City of Grass Valley (collectively, the Cities) for a Local Buyback and Compost Facility Feasibility Study (Study).

Introduction

The objective of the Study is to provide the Cities with an analysis relative to the feasibility of developing a facility for the processing of compost and drop-off of CRV beverage containers and other source separated recyclable materials. This study is intended to provide general direction to the Cities and offer guidance on methods by which to proceed with a project of this scope.

Project Team

Katelyn Scholz, Managing Consultant, will serve as Project Lead and primary point of contact for this engagement. Kate will be supported by **Nate Forst**, Principal, and **Jordan Lane**, Managing Consultant, who together will have primary responsibility for completing our scope of work. Our team is also able to draw upon additional staff members on an as-needed basis.

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Thank you for this opportunity to be of service to the Cities. If you have any questions regarding our proposal or need additional information, please contact me.

Sincerely,



Katelyn Scholz | *Managing Consultant*
R3 Consulting Group, Inc.
650.799.3213 | kscholz@r3cgi.com

Please note our new office address:

1504 Eureka Rd, Ste 220
Roseville, CA 95661

1. SCOPE OF WORK

Background

WM is the operator of Nevada County-owned McCourtney Road Transfer Station (MRTS), located at 14741 Wolf Mountain Rd., Grass Valley. From the MRTS, WM transports green waste and other organics to composting facilities that are, at a minimum, 36 miles away. WM also operates a buy-back center for CRV on County-owned land adjacent to MRTS.

For the following reasons, the Cities are considering the development of alternative facilities for various waste streams:

- » The Cities have a preference for keeping organic waste within the community for processing and use of the finished organic waste product, as well as identifying a more economically beneficial solution.
- » Several buyback centers have closed in recent years, and the current location of the buy-back center is inconvenient for many residents of Nevada City and Grass Valley.
- » The local community has created grassroots processes for managing film plastic, food waste and other waste products, and the jurisdictions would like to support the community effort.
- » The region generates a notable amount of cannabis waste, and the Cities believe capturing this material could be a revenue stream that can help support localized efforts.

This proposed scope aims to fulfill a cooperative planning task for both Cities, who jointly are interested in understanding what services can be localized to their communities. It is anticipated that should this project move forward, Nevada City will serve as the contracting agency.

Scope of Work

R3 is proposing to conduct an initial evaluation of the opportunity for the Cities to develop a local site for management of discreet material types. This feasibility analysis will be high-level such that it will help guide the jurisdictions on a potential course. This analysis will not result in final costs or an implementable technical protocol, but rather is intended to be an initial viability check towards aligning on a proper course forward to manage local waste.

Task 1 Policy and Regulation Framework

1. Research California Redemption Value (CRV) and the Bottle Bill by conducting research and compiling information about the current state of CRV and statewide status of buyback centers.
2. Research general permitting requirements for compost handling facilities, with a particular focus on cannabis handling, and associated regulatory requirements.
3. Research other agencies (JPAs, Cities, and Counties) that operate or contract to operate buyback centers and/or small to medium scale composting facilities throughout the State by conducting online research and phone calls.
4. Establish communication with CalRecycle staff responsible for the Bottle Bill administration as well as local LEA staff to gather information and identify solutions.

Task 2 Market Analysis

1. Assess Buyback and composting facilities within a 60-mile radius of the McCourtney Road Transfer Station.
2. Conduct outreach with existing grassroots recycling groups, including film plastic group, to understand their processes, the material they collect, and their niche in the market.

3. Document local buyback centers that have closed in the last ten years and gather data on gaps created by their absence.
4. Research the generation of cannabis waste in the region and local handling procedures currently in place.
5. Document tonnage trends of covered waste streams over the past few years to understand potential throughput.

Task 3 Financial Analysis

1. Research grant funding and other financial resources available for the development of buyback centers and composting facilities.
2. Understand costs associated with existing processing of material per collection and processing agreements with WM.
3. Develop preliminary proforma establishing planning level estimated expenses and revenues and project an approximate ROI.

Task 4 General Siting Parameters

1. Develop guardrails for requirements for facility relative to zoning, space requirements, and accessibility based on anticipated volume and user type(s).

Task 5 Benefit Analysis, Recommendations and Deliverable

1. Based on gathered information and analysis, determine benefits and drawbacks associated with this type of project.
2. Depending on the outcomes of the research, suggest alternatives (if viable) to the initial concept of the project.
3. Develop a framework for next steps to further develop an implementable project, with greater emphasis on technical analysis and more detailed financial forecasting.
4. Provide a succinct draft memo, provide one round of edits according to staff direction, and deliver one final memo including options and a recommendation, as applicable.

Project Deliverables

- Electronic Draft and Final Memo Reports.

2. PROJECT BUDGET

R3 proposes to complete the project for a total fee of **\$25,000**. For cost-effective service delivery, R3's pricing is fixed and **Table 1**, below, show the payment schedule. Any additional consulting services beyond those proposed will be charged at the standard rates shown in **Table 2**, below. Fees for the additional work will be billed monthly at the first of each month, for the preceding month, and are due within 30 days of the invoice date.

Table 1: Payment Schedule

INSTALLMENT	FEE TYPE	DUE DATE	COST
1	Engagement Fee	Upon Contract Execution	\$ 5,000
2	Analysis Fee	Within 30 Days of Receiving Draft Results and/or Report	\$ 10,000
3	Completion Fee	Within 30 Days of Study Completion	\$ 10,000

Table 2: Standard Rates Fiscal Year 2025-26

CLASSIFICATION	RATE
Principal / Sr. Director	\$ 340 per hour
Director	\$ 305 per hour
Sr. Managing Consultant	\$ 265 per hour
Managing Consultant	\$ 240 per hour
Sr. Consultant	\$ 220 per hour
Consultant	\$ 200 per hour
Associate Consultant	\$ 185 per hour
Expert Witness	1.5x Rates Listed Above
REIMBURSABLE COSTS	
Consultants/Subcontractors	Cost plus 10%
Lodging and meals	Direct cost
Travel - Private or company car	At Current Federal Rate
Travel - Other	Direct cost
Delivery and other expenses	Direct cost