



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

September 7, 2017

Request for Proposals# 2017-014

Comprehensive Financial Analysis

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SECTION I – SUMMARY

The Bay Area Air Quality Management District (“Air District”) requests proposals from qualified firms to perform a comprehensive financial analysis of the Air District’s General Fund Reserves, investment options and strategies to pay down its pension benefits and other post-employment benefits (OPEB) obligations.

To respond to this RFP, an interested company should submit one (1) electronic copy (in Microsoft Word or Adobe PDF file format) of its proposal to:

Cynthia Zhang, Purchasing Agent
Bay Area Air Quality Management District
375 Beale Street, San Francisco, CA 94105
czhang@baaqmd.gov

**Proposals must be received electronically at the Air District office
by 4:00 PM on September 28, 2017.
Late proposals will not be considered.**

Proposals must address all information requested in this RFP. A proposal may add information not requested in this RFP, but the information should be in addition to, not instead of, the requested information and format. Minority business enterprises, women’s business enterprises, and Certified Green Businesses are encouraged to submit proposals. **Any questions regarding this RFP should be directed to Cynthia Zhang via email: czhang@baaqmd.gov.**

SECTION II – BACKGROUND

A. Air District Overview

The Air District is the regional governmental agency responsible for the control of air pollution from stationary sources in the Bay Area Air Basin, which encompasses the counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, the western half of Solano, and the southern half of Sonoma. The Air District is governed by a twenty-four (24) member Board of Directors as established in California Health and Safety Code Sections 40220, *et seq.* The Board of Directors includes representatives from all the counties within the Air District's jurisdiction. The Executive Officer / Air Pollution Control Officer for the Air District is Jack P. Broadbent.

The Air District's fund structure includes the General Fund and Special Revenue Fund. The Air District's Fiscal Year 2017-2018 Budget is \$154 million, which includes the General Fund Budget of \$95 million. The estimated unrestricted General Fund reserve is \$31 million. The Air District's current reserve policy is 20% of the General Fund Expenditures.

The Air District currently provides a retirement pension benefit plan through California Public Employee Retirement Systems (CalPERS) and contracts with California Employers' Retiree Benefit Trust (CERBT) to prefund its OPEB obligations. As of the most recent valuation dates, the Air District's unfunded liabilities are as follows:

- a) June 30, 2016 valuation for Pension Retirement Unfunded Accrued Liability (UAL) is \$77 million with a funded ratio of 73%
- b) June 30, 2015 valuation for OPEB UAL is \$33 million with a funded ratio of 47%

California Health and Safety Code Section 40270-40276 outlines financial provisions for the Air District, specifically addressing how debt is incurred, as well as, identifying a designated treasurer for custody of the Air District's funds. Currently, the County of San Mateo (the County) serves as the Air District's treasurer and all funds are deposited with the County and all investments are directed by the County Treasurer (subject to the County's investment policy).

SECTION III – INSTRUCTIONS TO BIDDERS

A. General

1. All proposals must be made in accordance with the conditions of this RFP. Failure to address any of the requirements is grounds for rejection of this proposal.
2. All information should be complete, specific, and as concise as possible.
3. Proposals should include any additional information that the respondent deems pertinent to the understanding and evaluation of the bid.
4. The Air District may modify the RFP or issue supplementary information or

guidelines during the proposal preparation period prior to the due date.
Please check our [website](#) for updates prior to the due date.

5. Proposals shall constitute firm offers. Once submitted, proposals cannot be altered without the written consent of the Air District, but proposals may be withdrawn.
6. The Air District reserves the right to reject any and all proposals.
7. All questions must be in written form or emailed directly to Cynthia Zhang, Purchasing Agent, and arrive no later than **4:00 p.m. on September 20, 2017**. All questions will be answered in writing and posted on the [BAAQMD RFP webpage](#) by **6:00 p.m. on September 25, 2017**.
8. The cost for developing the proposal is the responsibility of the bidder, and shall not be chargeable to the Air District.

B. Submittal of Proposal

All proposals must be submitted according to the specifications set forth in Section V – Proposal Format, Content and Submittal, and this section. Failure to adhere to these specifications may be cause for the rejection of the proposal.

1. Due Date – All proposals are due no later than **4:00 p.m., September 28, 2017**, and should be submitted electronically to:

Cynthia Zhang, Purchasing Agent
Bay Area Air Quality Management District
375 Beale Street, Suite 600; San Francisco, CA 94105
czhang@baaqmd.gov

2. Proposals received after the time and date provided previously specified will not be considered.
3. Signature – All proposals should be signed by an authorized representative of the bidder.
4. Submittal – Submit one (1) electronic copy (in Microsoft Word or Adobe Acrobat PDF file format). Electronic submissions submitted via email will be acknowledged with a return email. Late proposals will not be accepted. Any correction or re-submission of proposals will not extend the submittal due date.
5. Grounds for Rejection – A proposal may be immediately rejected at any time if it arrives after the deadline, is not in the prescribed format, or is not signed by an individual authorized to represent the firm.
6. Disposition of the Proposals – All responses to this RFP become property of the Air District and will be kept confidential until a recommendation for award of a contract has been announced. Thereafter, submittals are subject to public inspection and disclosure under the California Public Records Act. If a

respondent believes that any portion of its submittal is exempt from public disclosure, it may mark that portion “confidential.” The Air District will use reasonable means to ensure that such confidential information is safeguarded, but will not be held liable for inadvertent disclosure of the information. Proposals marked “confidential” in their entirety will not be honored, and the Air District will not deny public disclosure of any portion of submittals so marked.

By submitting a proposal with portions marked “confidential,” a respondent represents it has a good faith belief that such portions are exempt from disclosure under the California Public Records Act and agrees to reimburse the Air District for, and to indemnify, defend, and hold harmless the Air District, its officers, employees, and agents, from and against, any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses, including without limitation, attorneys’ fees, expenses, and court costs of any nature whatsoever, arising from or relating to the Air District’s non-disclosure of any such designated portions of a proposal. The Air District will withhold or disclose documents, including portions of proposals marked confidential, as required under the California Public Records Act, as determined by the Air District in its sole discretion.

7. Modification – Once submitted, proposals, including the composition of the contracting team, cannot be altered without prior written consent of the Air District. All proposals shall constitute firm offers valid for ninety (90) days from the September 28, 2017, due date.

C. Interviews

1. The Air District, at its option, may interview bidders. The interviews will be for the purpose of clarifying the proposals.
2. Submittal of new proposal material at an interview will not be permitted, unless it is specifically requested by the Air District.
3. Interviews may involve a presentation and/or a question-and-answer session.

SECTION IV – SCOPE OF WORK

The Air District seeks a consultant who will conduct a comprehensive financial analysis and provide recommendations on the Air District’s General Fund Reserves, investment options and strategies on how to pay down its long-term obligations. The selected consultant will provide the following services as described below: **(Note: this may not be a complete list of all services required to complete the comprehensive financial analysis. The firm is expected to provide a more detailed scope of work in their response to the RFP):**

- A. Evaluate the Air District’s General Fund Reserves and provide:**

- I. Reserve policy that the Air District's Board of Directors can consider for formal adoption. The policy should include appropriate reserve balance for the Air District's operations.
- II. Options on how to use excess reserves balance above the recommended fund balance policy level based on the strategies that are recommended as a part of this comprehensive analysis
- III. Alternative investment tools the Air District can utilize to maximize its fund in compliance with the California Health and Safety Code Section 40270-40276

B. Evaluate the Air District's Pension Retirement Obligation and provide:

- I. Recommendation(s) on a long-term strategy to address paying down this obligation
- II. Cost-benefit analysis on prefunding above the annual required pension contribution amount
- III. Funding policy with recommendations on prefunding amount based on the long-term strategy and developing a payment schedule
- IV. Options on types of financial vehicles available to the Air District to invest prefund dollars to maximize investments while minimizing risks. Options should include whether prefund dollars are made directly to CalPERS or a 115 Trust Fund. Identify the pros and cons to each option.

C. Evaluate the Air District's Other Post-Employment Benefit (OPEB) obligation and provide:

- I. Recommendation(s) on a long-term strategy to address paying down this obligation.
- II. Cost-benefit analysis on prefunding above the annual required pension contribution amount
- III. Funding policy with recommendations on prefunding amount based on the long-term strategy and developing a payment schedule
- IV. Options on types of financial vehicles available to the Air District to invest prefund dollars to maximize investments while minimizing risks. Options should include whether pre-fund dollars should be made directly to CERBT, a 115 Trust Fund, or some other investment. Identify the pros and cons for each option.

D. Provide a report and present recommendations to the Executive Management, Air Districts Budget & Finance Committee and Board of Directors, if needed.

- E. Provide a project timeline** for meeting the project deadline of December 31, 2017.

SECTION V – PROPOSAL, FORMAT, CONTENT AND SUBMITTAL

A. Content of Proposal

Submitted proposals must follow the format outlined below and include all requested information. Failure to submit proposals in the required format can result in the proposal being eliminated from evaluation and consideration.

1. Technical Proposal

- a. Cover Letter (Section I) – Must include the name, address, and telephone number of the company, and must be signed by the person(s) authorized to represent the firm.
- b. Firm Contact Information – Provide the following information about the firm:
 - Address and telephone number of office nearest to San Francisco, California and the address and phone number of the office that each of the proposed staff members are based out of if different.
 - Name of firm’s representative designated as the contact and email address
 - Name of project manager, if different from the individual designated as the contact
- c. Table of Contents – Clearly identify material contained in the proposal by section
- d. Summary (Section II) – State overall approach to the Comprehensive Financial Analysis, including the objectives and scope of work.
- e. Program Schedule (Section III) – Provide projected milestones or benchmarks for completing the project within the total time allowed.
- f. Firm Organization (Section IV) – Provide a statement of your firm’s background and related experience in providing similar services to governmental organizations, if any. Describe the technical capabilities of the firm and, in particular, the firm’s experience in preparing similar financial analysis services. Provide references of similar projects including contact name, title, and telephone number for all references listed.
- g. Project Organization (Section V) – Describe the proposed management structure, program monitoring procedures, and organization of the engagement team. Provide a statement detailing your approach to the project, specifically addressing the firm’s ability and willingness to commit and maintain staffing to successfully conclude the project on the

proposed schedule.

- h. Assigned Personnel (Section VI) – Provide the following information about the staff to be assigned to the project:
 - List all key personnel assigned to the project by level and name. Provide a description of their background, along with a summary of their experience in providing similar services for governmental agencies, and any specialized expertise they may have. Background descriptions can be a resume, CV, or summary sheet. Substitution of project manager or staff will not be permitted without prior written approval of the Air District’s assigned program manager.
 - Provide a statement of the availability of staff in any local office with requisite qualifications and experience to conduct the requested project.
 - Provide a statement of education and training programs provided to, or required of, the staff identified for participation in the project. Make particular mention of with reference to experience dealing with governmental agencies, procedures, and financial regulations.
- i. Retention of Working Papers (Section VII) – All working papers are the property of the Air District. Include a statement acknowledging that if your firm is awarded the contract, you will retain project related papers and related reports for a minimum of five (5) years.
- j. Subcontractors (Section VIII) – List any subcontractors that will be used, the work to be performed by them, and the total number of hours or percentage of time they will spend on the contract.
- k. Conflict of Interest (Section IX) – Address possible conflicts of interest with other clients affected by contractors’ actions performed by the firm on behalf of the Air District. The Air District recognizes that prospective bidders may have contracts to perform similar services for other clients. Include a complete list of such clients for the past three (3) years with the type of work performed and the total number of years performing such tasks for each client. The Air District reserves the right to consider the nature and extent of such work in evaluating the proposal.
- l. Additional Data (Section X) – Provide other essential data that may assist in the evaluation of the proposal (e.g. green business certification, etc).

2. Cost Proposal

- a. Name and Address – The Cost Proposal must have the name and complete address of the bidder in the upper, left hand corner.
- b. Cost Proposal – The Cost Proposal must list the fully-burdened hourly rates and the total number of hours estimated for each level of professional and administrative staff to be used to perform the tasks

required by this RFP. In addition, costs should be estimated for each of the components of the Scope of Work.

- c. The Cost Proposal does not need to be a separate, sealed document.

SECTION VI – PROPOSAL EVALUATION

A panel of Air District staff will evaluate all proposals. The panel will recommend the selection of the contractor to the Air Pollution Control Officer (APCO), who will, in turn, make a recommendation to the Air District Board of Directors. The Air District Board of Directors must approve the contract to carry out the work described in this RFP. An example of a typical contract for professional services used by the Air District is included in Section VIII.

Proposal will be evaluated on the following criteria:

Criteria	Description	Percentage
Expertise	Technical expertise, size and structure of the firm and personnel assigned to RFP tasks; firm's ability to perform and complete the work in a professional and timely manner.	25%
Skill	Past experience of the firm and, in particular, experience of the team working on projects of similar scope for other governmental agencies.	25%
Approach	Responsiveness of the proposal, based upon a clear understanding of the work to be performed.	20%
Cost	Cost or cost effectiveness and resource allocation strategy.	20%
References	References of the firm	5%
Firm's Specialty Focus Area	Local Business*	5%
Total		100%

* The Air District gives preferences to local businesses and those that are certified as green businesses by a government agency or independent private rating organization. Local business refers to firm's headquarters located in the 9 counties of the Air District's jurisdiction.

The Air District reserves the right to reject any and all proposals submitted and/or request additional information.

If two or more proposals receive the same number of points, the Air District will accept the lower cost offer.

SECTION VII – SCHEDULE

Comprehensive Financial Analysis Proposal Schedule

Milestones	Dates
RFP Release Date	September 7, 2017
Last Date to Submit Questions	September 20, 2017
Answers Provided Via Website by	September 25, 2017
Proposal Submission Due Date	September 28, 2017
Finalist Interviews (if needed)	October 9-13, 2017*
Selection of Finalist	October 20, 2017*
Commencement of Contract	November 1, 2017*

* Dates are tentative and subject to change

SECTION VIII – SAMPLE CONTRACT

A sample professional services contract to carry out the work described in this RFP is available on the Air District's website at <http://www.baaqmd.gov/about-the-air-district/request-for-proposals-rfp-rfq/samples-previous>