



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 7

Advisory Council Recruitment

**Administration Committee Meeting
February 17, 2021**

**Greg Nudd
Deputy Air Pollution Control Officer
gnudd@baaqmd.gov**

Presentation Outcome



Update on Advisory Council Recruitment

Presentation Outline



- Review of California Health and Safety Code
- Background on recruitment (June 2020-February 2021)
- Review of qualified candidates:
 - Panel of Community Advocates
 - Administration Committee
- Board of Directors Selection of Candidates

Presentation Requested Action



None, Informational Only

Review of California Health and Safety Code



- California Health and Safety Code, Sections 40260-40268:
- Council shall consist of:
 - Air District Board of Directors Chair, who shall serve as an ex officio member
 - Seven members who shall be skilled and experienced in the fields of air pollution, climate change, or the health impacts of air pollution.
 - Members shall be selected to include a diversity of perspectives, expertise, and backgrounds
- Council members shall hold office for a term of two years and until the appointment and qualification of his successor
- Shall meet not less than four times a year

Background on Recruitment



- Positions were posted on the Air District website on June 29, 2020
- Notices were posted on recruiting sites
- Community groups were encouraged to notify qualified individuals
- Air District eblast sent to over 1,000 interested stakeholders
- Received feedback from Ad Hoc Committee on Equity, Access, and Inclusion and community to recruit more diverse candidates in November 2020
- Air District continued recruiting through the winter, encouraging additional applicants
- Recruitment closes February 17, 2021

Review of Qualified Candidates



- Air District will complete initial screening of qualifications
- Panel of community advocates will complete a review of qualified candidates and provide feedback
- Administration Committee will review candidates with feedback provided by the community panel on March 17, 2021
- Administration Committee will provide recommendations to the full Board of Directors

Board of Directors Selection of Candidates



- Board of Directors will receive recommendations from Administration Committee
- Advisory Council members will be selected at the April 7, 2021 meeting of the Board of Directors
- Anticipate first meeting of the Advisory Council by mid-May 2021

Feedback Requested/Prompt



None. Questions?



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MANAGEMENT
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AGENDA: 8

Second Quarter Financial Report Fiscal Year Ending (FYE) 2021

Administration Committee Meeting
February 17, 2021

Stephanie Osaze
Finance Manager
sosaze@baaqmd.gov

Presentation Outcome



Provide a General Fund financial summary for the second quarter ending December 31, 2020

Presentation Outline



General Fund Reporting on 2nd Quarter financial results (July 1, 2020 – Dec 31, 2020):

- Revenues
- Expenditures
- Investments
- General Fund Balance and Outstanding Liabilities
- Purchasing Report

Presentation Requested Action



To receive and file the Second Quarter financial summary report

2nd Quarter Results FYE 2021



Major Categories	FYE 2021 Budget	FYE 2021 Actual (as of 12/31/2020)	Percentage of Budgeted Revenues
County receipts	\$38,770,162	\$15,815,602	41%
Permit Fees	\$33,544,227	\$29,440,963	88%
Title V Permit Fees	\$5,085,389	\$3,541,768	70%
Asbestos Fees	\$1,625,000	\$2,070,767	127%
Toxic Inventory Fees	\$628,357	\$952,220	152%
Community Health Impact	\$1,000,000	\$0	0%
Penalties and Settlements	\$1,500,000	\$1,025,884	68%
Interest Revenue	\$832,711	\$500,670	60%
Total Revenues	\$82,985,846	\$53,347,874	64%

Revenue Comparison



Prior Year vs. Current Year

Major Categories	FYE 2020 (As of 12/31/2019)	FYE 2021 (As of 12/31/2020)	\$ DIFFERENCE
County receipts	\$13,552,606	\$15,815,602	\$2,262,996
Permit Fee receipts	\$28,170,205	\$29,440,963	\$1,270,758
Title V Permit Fees	\$4,868,477	\$3,541,768	(\$1,326,709)
Asbestos Fees	\$2,434,061	\$2,070,767	(\$363,293)
Toxic Inventory Fees	\$931,143	\$952,220	\$21,077
Community Health Impact	\$0	\$0	\$0
Penalties and Settlements	\$809,355	\$1,025,884	\$216,529
Interest Revenue	\$712,829	\$500,670	(\$212,160)
TOTAL REVENUES	\$51,478,674	\$53,347,874	\$1,869,199

2nd Quarter Results FYE 2021

General Fund - Expenditures



Major Categories	FYE 2021 Budget	FYE 2021 Actual (as of 12/31/2020)	Percentage of Budgeted Expenditures
* Personnel - Salaries	\$52,536,901	\$24,222,686	46%
* Personnel - Benefits	\$28,677,675	\$14,476,235	50%
Operational Services and Supplies	\$27,243,515	\$11,180,306	41%
Capital Outlay	\$4,236,448	\$2,530,750	60%
Total Expenditures	\$112,694,539	\$52,409,977	47%

* Consolidated (Includes Special Funds)

Expenditure Comparison

Prior Year vs. Current Year



Major Categories	FYE 2020 (As of 12/31/2019)	FYE 2021 (As of 12/31/2020)	\$ DIFFERENCE
*Personnel - Salaries	\$22,493,982	\$24,222,686	\$1,728,704
*Personnel - Benefits	\$13,029,166	\$14,476,235	\$1,447,069
Operational Services and Supplies	\$14,245,822	\$11,180,306	(\$3,065,516)
Capital Outlay	\$3,781,477	\$2,530,750	(\$1,250,727)
TOTAL EXPENDITURES	\$53,550,447	\$52,409,977	(\$1,140,470)

***Consolidated includes Special Funds**

2nd Quarter Results FYE 2021

Investments



Cash and Investments with County Treasury:

(Based on Dec 2020 Account Balance)

General Fund	\$63,496,674
TFCA	\$122,234,438
MSIF	\$49,217,388
Carl Moyer	\$79,081,580
CA Goods Movement	\$21,134,331
AQ Projects	\$1,600,145
Vehicles Mitigation	\$2,478,540
TOTAL	<u>\$339,243,094</u>

Fund Balance and Outstanding Liabilities



FUND BALANCES	6/30/2019 Audited	6/30/2020 Unaudited	6/30/2021 Projected
DESIGNATED: *			
Economic Contingency	19,084,769	20,082,966	21,294,922
Napa/Sonoma Fireplace Replacement Grant	1,000,000	0	0
Pension & Post Employment Liability	2,000,000	3,000,000	3,000,000
Technology Implementation Office	0	3,350,000	3,350,000
Woodsmoke Grant	1,000,000	1,000,000	1,000,000
TOTAL DESIGNATED	\$23,084,769	\$27,432,966	\$28,644,922
UNDESIGNATED	22,332,894	27,173,496	18,801,858
TOTAL UNDESIGNATED	\$22,332,894	\$27,173,496	\$18,801,858
TOTAL DESIGNATED & UNDESIGNATED	45,417,663	54,606,462	47,446,780
BUILDING PROCEEDS:	209,489	0	0
TOTAL FUND BALANCE	\$45,627,152	\$54,606,462	\$47,446,780
* Designated Fund Balances are subject to change at Board's discretion.			
OUTSTANDING LIABILITIES			
CalPERS Pension Retirement			86,309,901
Other Post Employment Benefits			18,368,386
Certificate of Participation Notes			21,556,670
TOTAL OUTSTANDING LIABILITIES			\$126,234,957

Purchasing Reporting Requirements



- **Section 4.3 of the Purchasing Procedures states:**
Recurring payments of routine business needs, such as utilities, licenses, office supplies, etc., that are more than **\$100,000** shall be presented in the Quarterly Financial Report.
- ☐ In an effort of full disclosure, list also includes benefit payments.



FYE 2021 Vendor Payments

Cumulative Vendor Payments in Excess of \$100,000 without Board Review

	VENDOR NAME	AMOUNT PAID (July 2020 - Dec 2020)	Explanation
1	Accountemps	\$110,028	Temporary Staffing Services
2	Alliant Insurance Services	\$662,377	Various Business Insurance Policies
3	Bay Area Headquarters Authority	\$963,976	Shared Services & Common Areas
4	Benefits Coordinators Corp.	\$574,854	Life Insurance Plan & LTD Insurance
5	CA Public Employee Retirement System	\$3,494,216	Health Insurance Plan
6	CA Public Employee Retirement System	\$9,587,929	Retirement Benefits & 457 Supplemental Plan
7	CAPCOA	\$587,854	Pass through EPA grants
8	Cubic Transportation Systems	\$254,171	Clipper Transit Subsidy
9	Denovo Ventures LLC.	\$105,799	Financial system hosting & support services
10	Enterprise Fleet Services	\$332,675	Fleet Leasing and Maintenance services
11	Hartford Life Ins Co.	\$480,971	457 Supplemental Insurance
12	P&A Administrative Services	\$126,547	Flexible Spending & Cobra Benefit Services
13	Preferred Benefit Insurance AD	\$367,005	Dental Insurance Plan
14	Wang Brothers Investment LLC	\$272,974	Richmond Site Lease
15	Verizon Wireless	\$110,342	Cell phone services

Feedback Requested/Prompt



Provide a General Fund Financial Summary for the Second Quarter ending December 31, 2020



BAY AREA
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DISTRICT

AGENDA: 9

Air District Financial Plan Overview

**Administration Committee Meeting
February 17, 2021**

**Jeff McKay
Chief Financial Officer
jmckay@baaqmd.gov**

Presentation Outcome



The Committee will be updated on the Air District's Financial Plan including the five-year financial forecast. With this information the Committee will be ready to enter the Fiscal Year Ending (FYE) 2022 budget cycle.

Presentation Outline



- Historical Financial Condition/Trends
- Current Financial and Economic Outlook
- Financial Forecast
- Unfunded Liabilities
- Financial Policies

Presentation Requested Action



Information only, no action needed

Plan Purpose



Purpose: Capture and retain Air District pre-budget planning processes in a document

- Forecasts
- Policies
- Investment Options

Plan Purpose (cont.)



- Provides a Five-Year Fiscal Forecast:
Fiscal Year (FY) 2022-2026
- Third Year of Implementation
- Living Document (updated annually)

Historical Financial Conditions/Trends



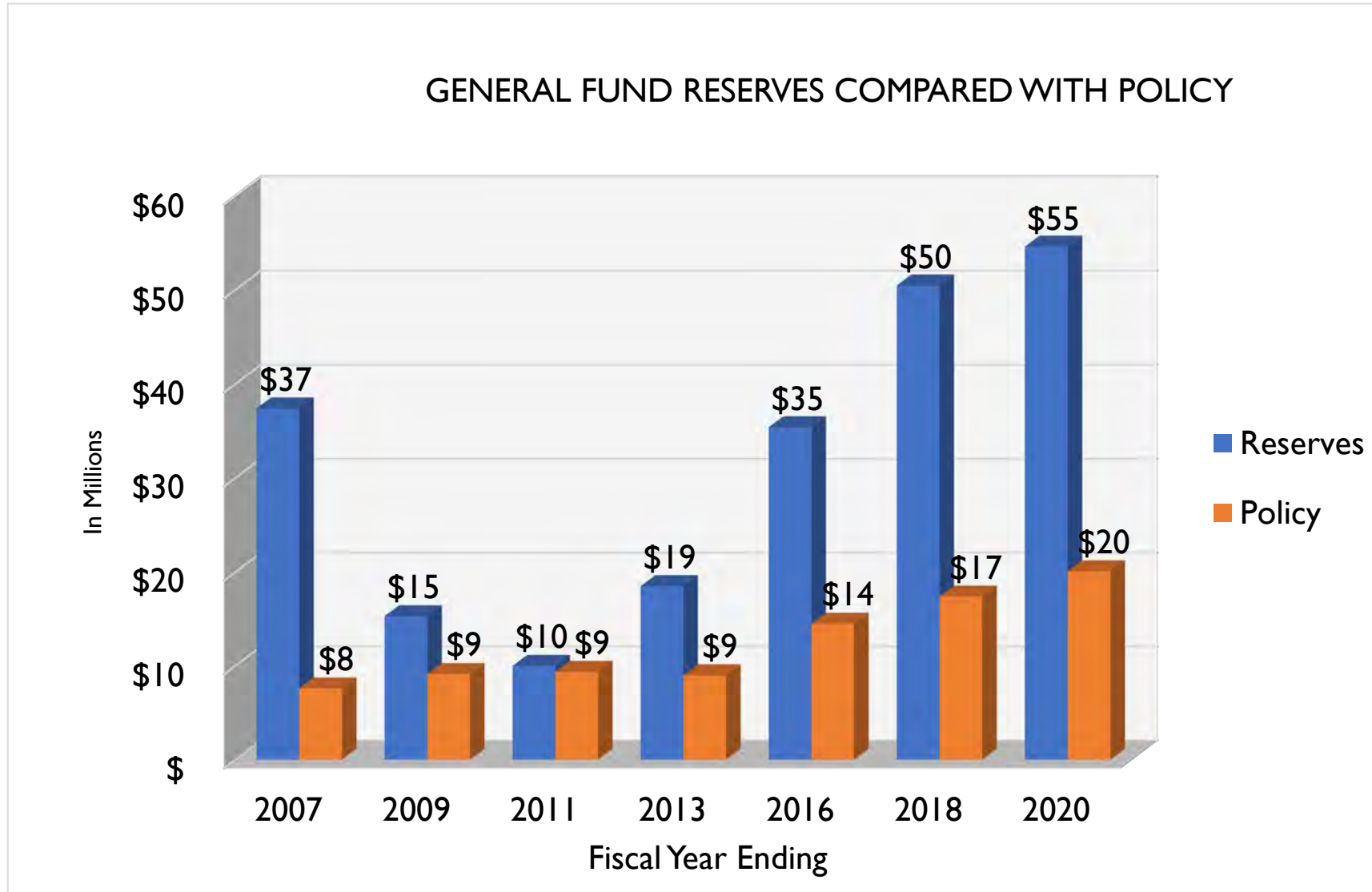
- Historical Reserves
 - Use of Reserves During the Downturn
- Historical Revenue Trends
 - Covers two largest Revenue Sources
 - Cost Recovery Trends and Policy
- Historical Expenditure Trends

Actions Taken During Downturn

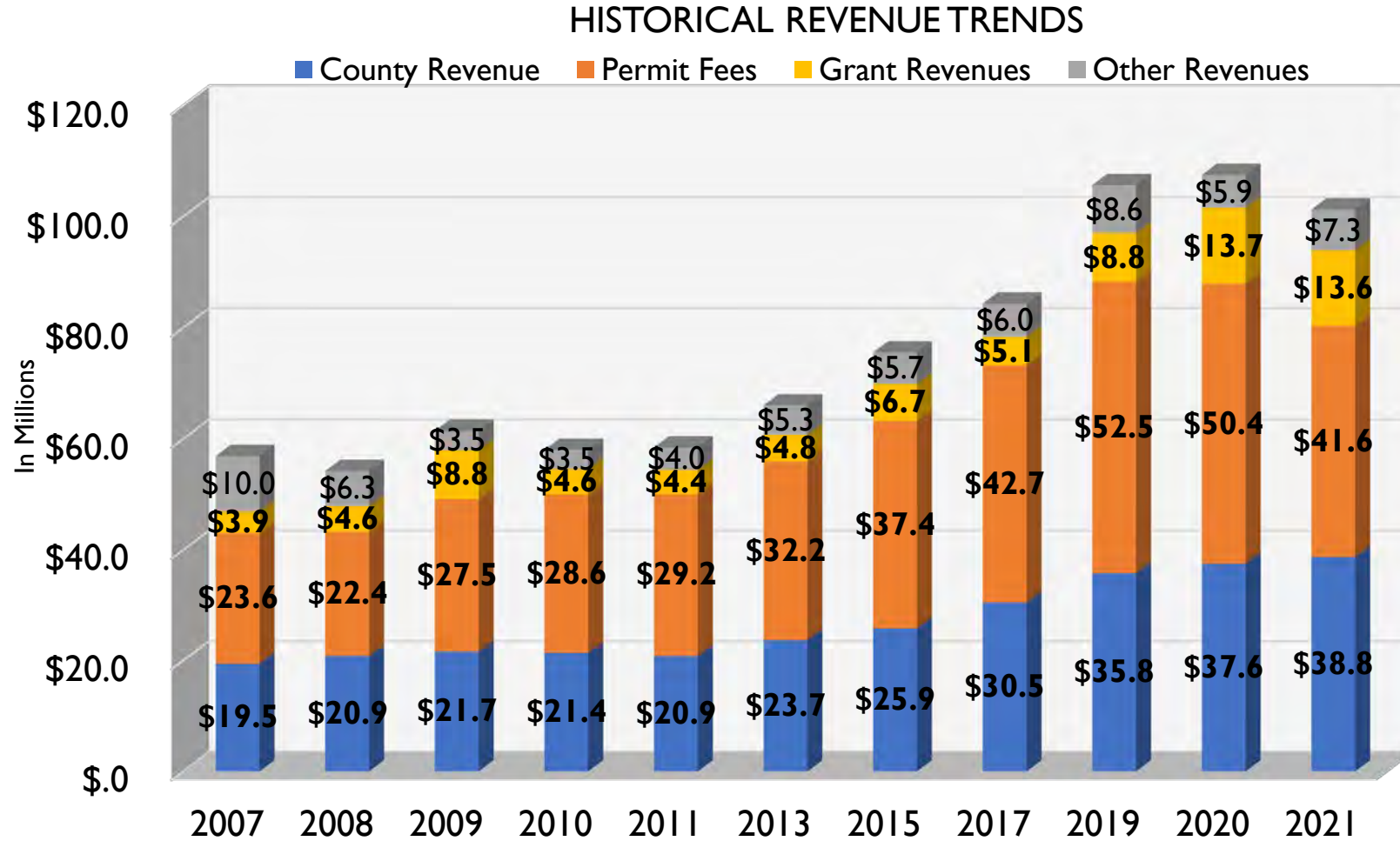


- Use of Reserves
- Reduced Staffing through Attrition
- Postponed Expenditures
- Deferred Capital Investment
- Initiated the Cost Recovery Policy

Actual Reserves and Policy



Historical Revenues



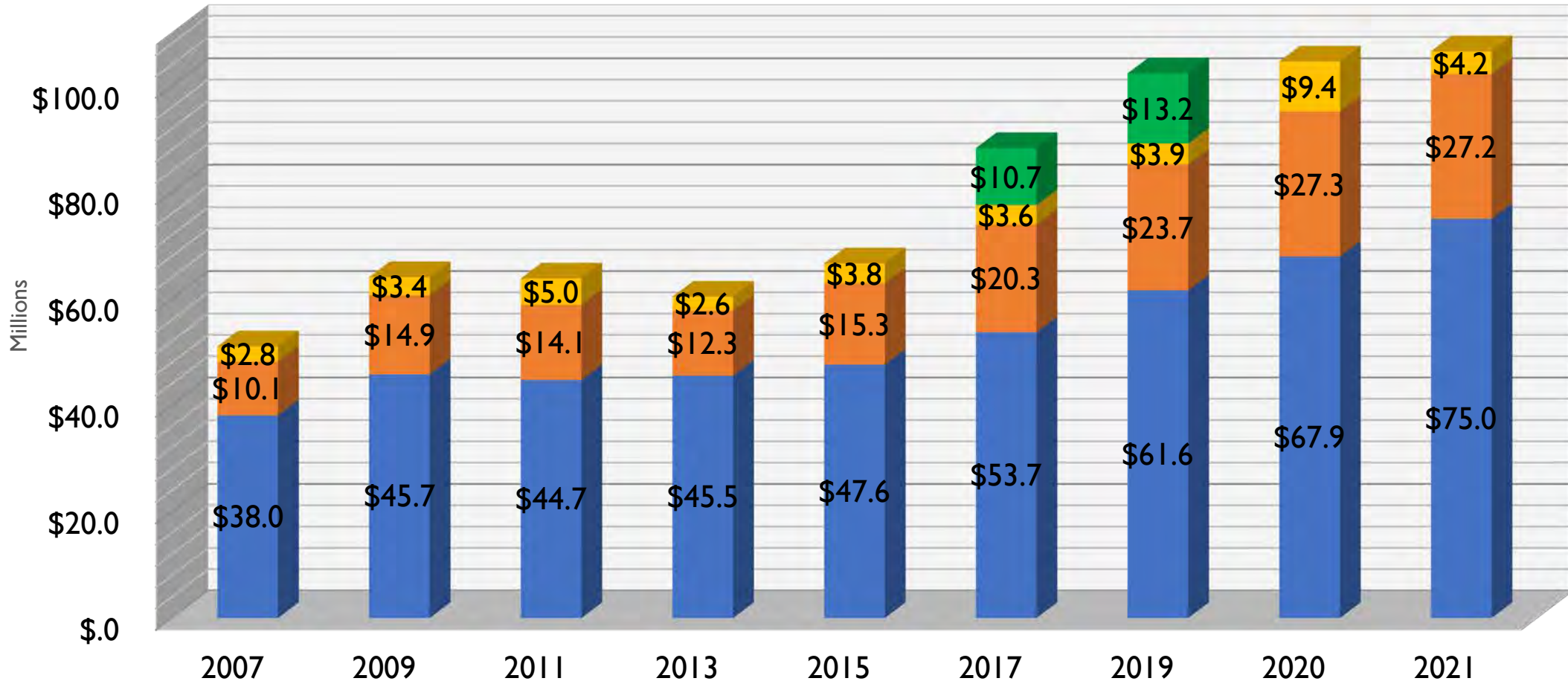
FY 2007 - 2020 Actuals | FY 2021 Approved Budget



Historical Expenditures

EXPENDITURE TRENDS

■ Personnel ■ Services & Supplies ■ Capital ■ Property Acquisition



Fiscal Year Ending 2007- 2020 Actuals | 2021 Approved Budget

Cost Recovery Overview



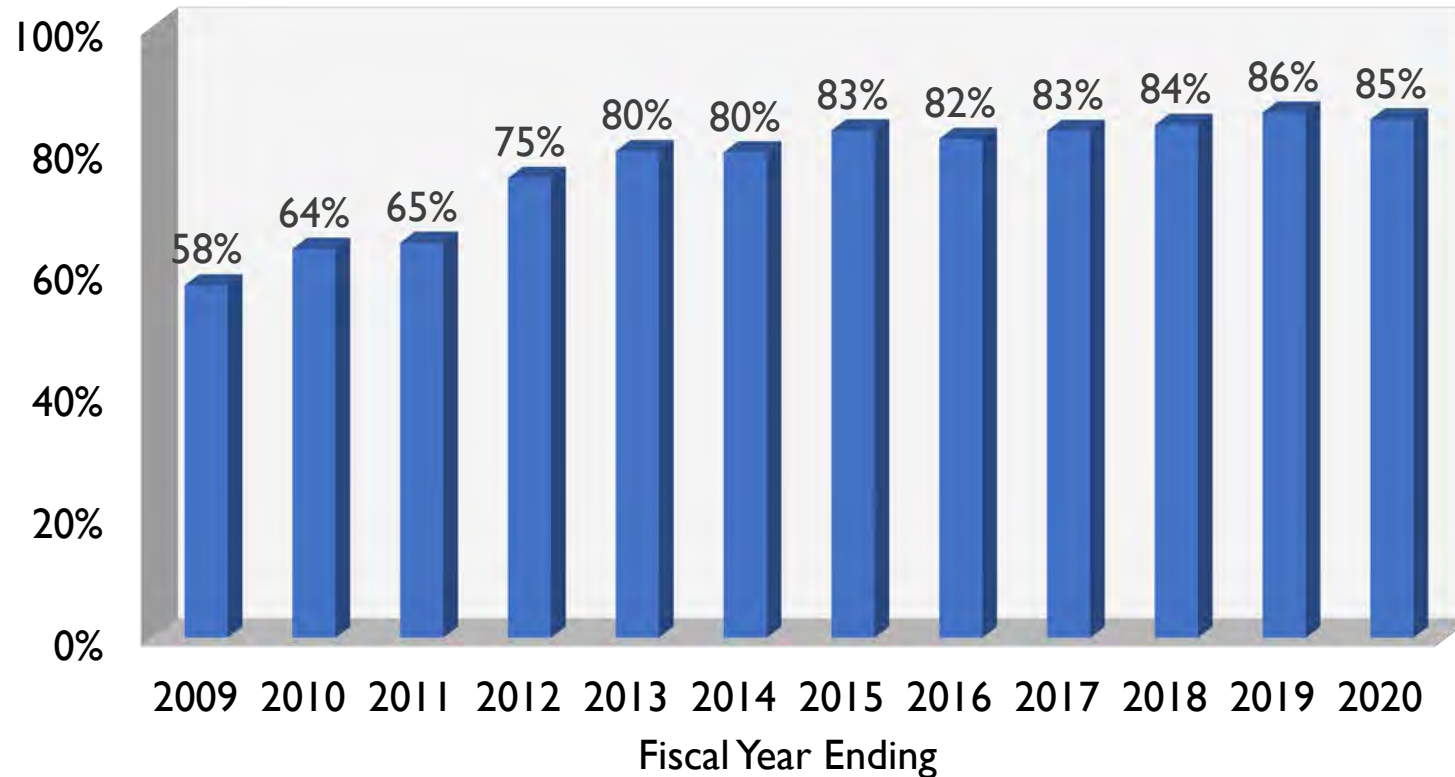
Cost Recovery Policy Established in FYE 2012:

- Projected 6.4% annual fee increase
- 85% minimum funding target
- Regulated community gains predictable fees
- Budget Advisory Group (1st meeting held on January 19, 2021)

Cost Recovery Fee Increases



COST RECOVERY TRENDS USING A 3-YR AVERAGE



FYE 2021 Approved Budget Overview



- \$106 Million (M) General Fund Budget
- Includes Use of Reserves of \$ 5 M
- No Amendment to Existing Fee Schedules
- New Fee Schedule (Assembly Bill 617) \$1 M / year
- Budget 414 of the previously approved 415 Full-Time Equivalent (FTE)
- No Increase in Services and Supplies
- Addresses Retirement Liabilities
- Includes 3.1% Cost of Living Adjustment (COLA)

Current Financial Outlook



FYE 2021 General Fund Budget:

- General Fund Budget is \$106 million (M)
- Projected Revenues expected to be higher than initial budget
- Projected Expenditures on target

Current Reserves



- Board Approved Use of Reserves in FYE 2021:
 - Balanced Budget Deficit = \$5 M
- Minimum Policy: 20% of Budget = \$21 M
- Reserves above Minimum Policy = \$33 M
- Total Reserves = \$54 M

Reserves Designations



Reserves may be expended over a period of years)

(Funds not encumbered - could be changed at the Board's discretion)

General Fund Reserves	
	\$M
Reserves Balance June 30, 2020	54
<u>Less: Designations*</u>	
Pension Liability	(3)
Woodsmoke Grants	(1)
Revolving Loan Program	(3)
Economic Contingency (20% of Budget)	(21)
Total Designations	(28)
<u>Less: Use of Reserves</u>	
Richmond Facility Improvements	(2)
Use to Balance FY2021 Budget	(5)
Total Use of Reserves	(7)
AVAILABLE GENERAL FUND RESERVES	19
<i>*Designations subject to change at Board's Direction</i>	

Economic Outlook - Economic Indicators for the United States

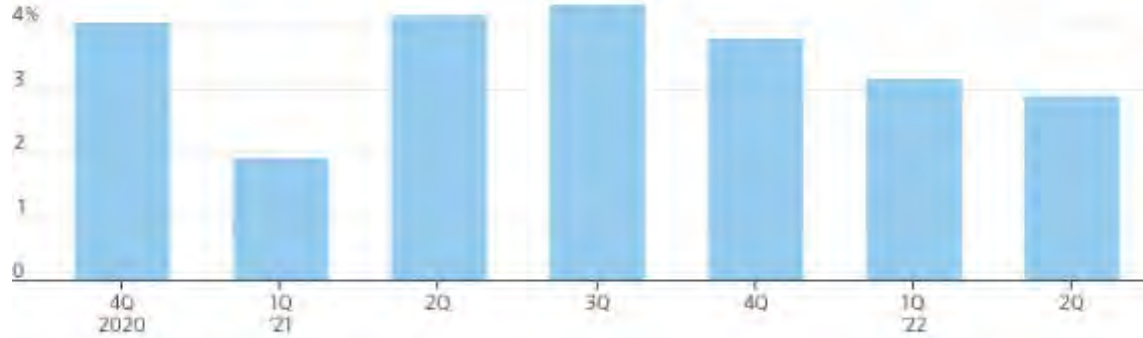


The economic growth in the US is expected to stay robust...

Growth Chart

Economists surveyed by the WSJ expect a lull in growth in the first quarter of 2021

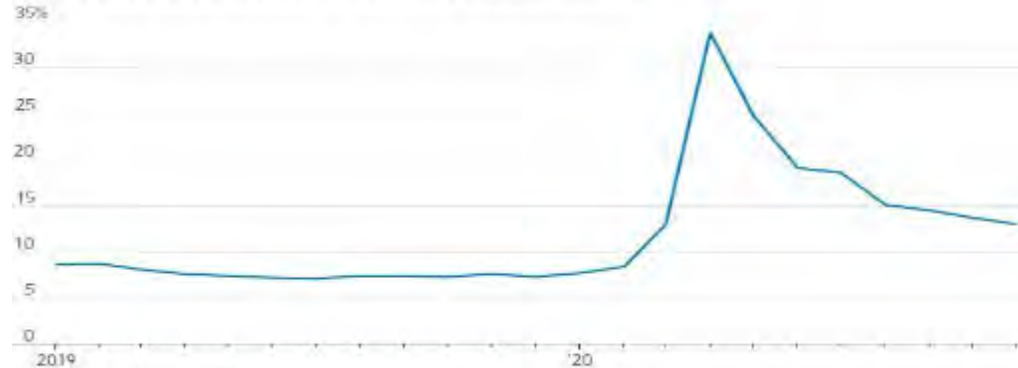
U.S. gross domestic product, change from prior quarter



Note: Inflation and seasonally adjusted annual rate
Source: WSJ survey

Saving has dramatically increased during 2020...

Saving as a share of personal disposable income, monthly

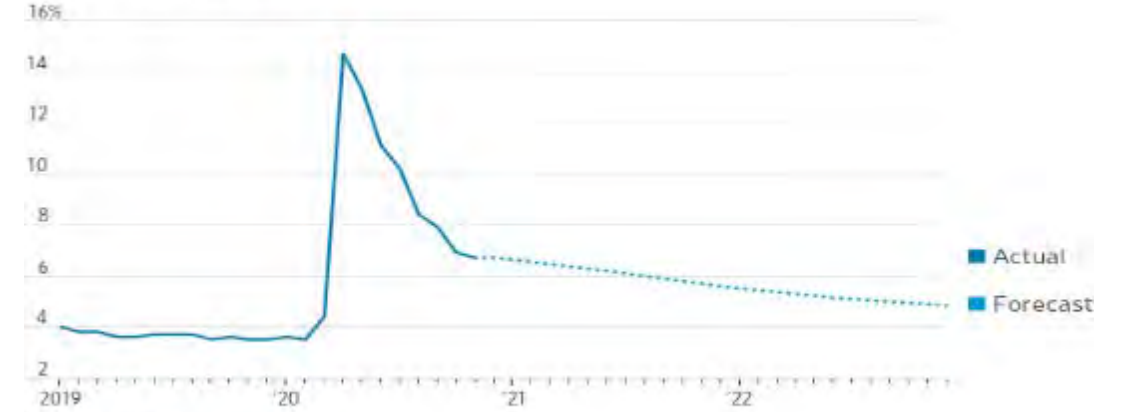


Note: Seasonally adjusted annual rate
Source: Commerce Department via the St. Louis Fed

Inflation remains below the Federal Reserve's long-run objective through the end of 2021 because the demand for certain goods and services continues to be low. Federal Reserve projects inflation to average about 2.2% over the next 10 years.

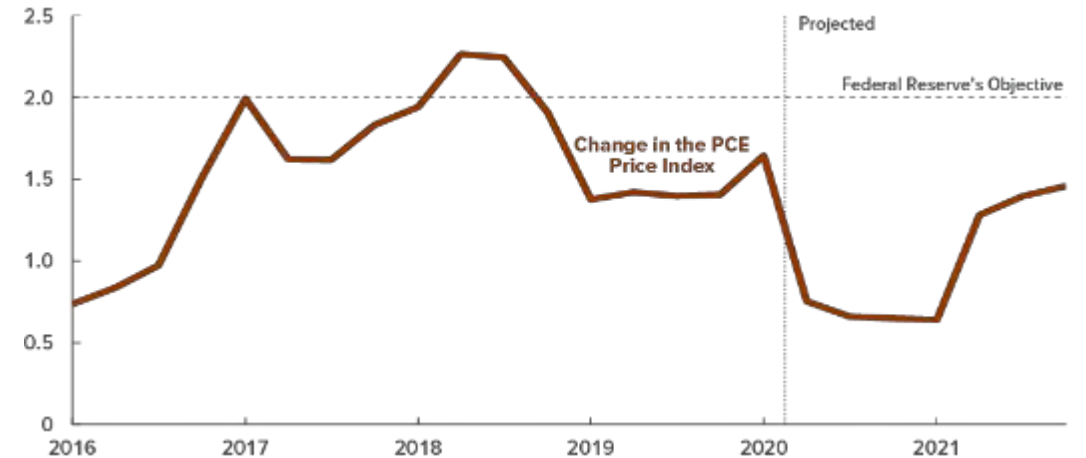
...as employment recovers. However, the nation's unemployment rate will not decline to the pre-pandemic levels until 2023

U.S. unemployment rate



Note: Seasonally adjusted
Sources: Labor Department, WSJ survey

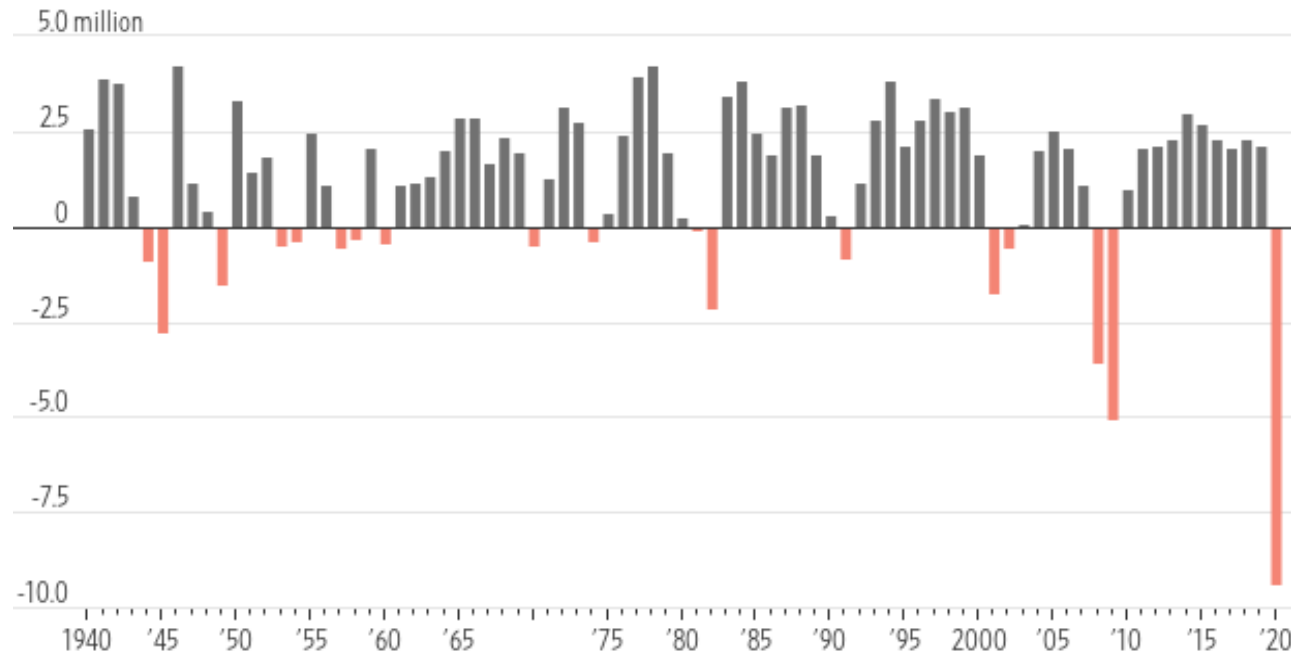
...although inflation is expected to remain subdued



2020: Worst Labor Market Conditions on Record



Annual change in nonfarm payrolls

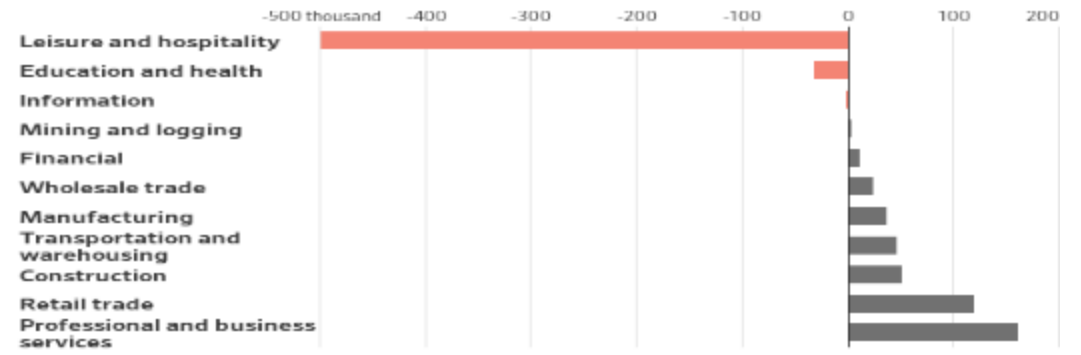


Note: Seasonally adjusted
Source: Labor Department

Looking at racial disparities in the labor market, it is worth pointing to the sharply rising jobless numbers among Hispanic men and women, even as the rates for other racial/ethnic groups continue declining.

December 2020 Jobs report shows the worst situation is in the leisure and hospitality sector, with other sectors in recovery.

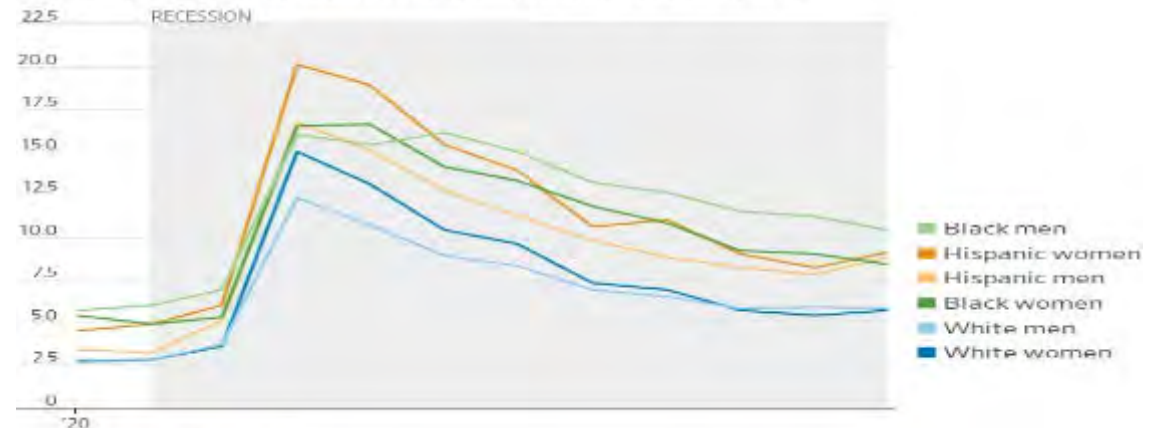
Change in employment from November to December by sector



Note: Seasonally adjusted
Source: Labor Department

Men and Women at Work

Unemployment rate by race/ethnicity and gender, age 20 and over

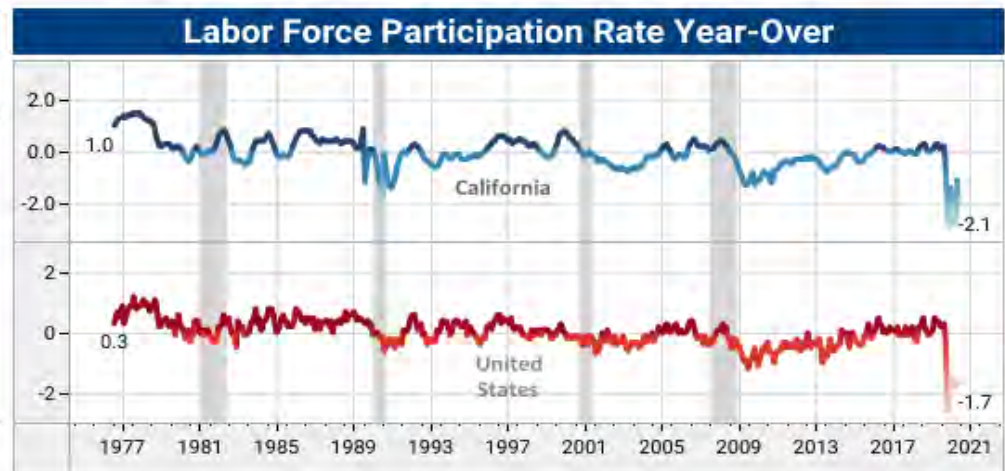
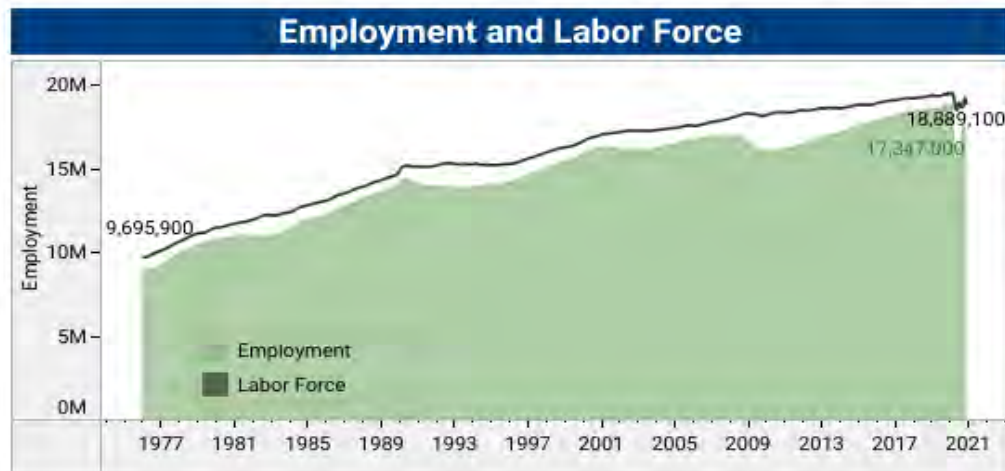
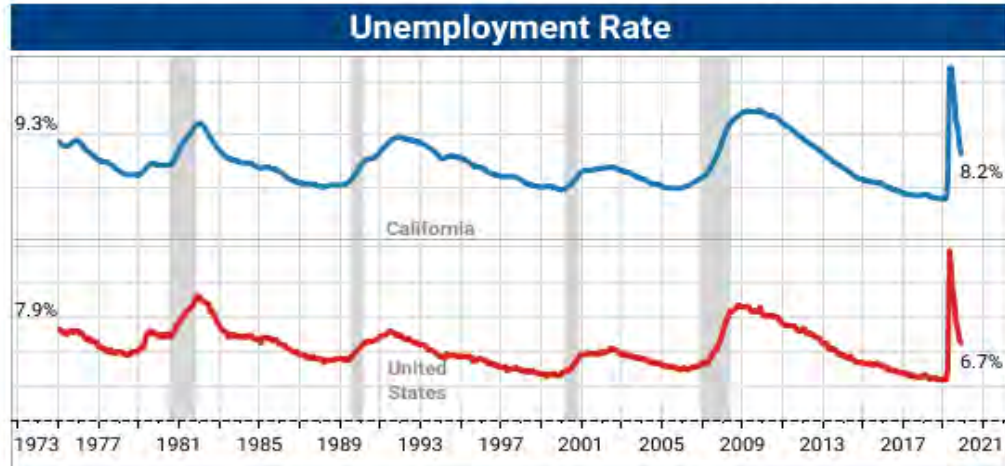


Note: Seasonally adjusted.
Source: Labor Department

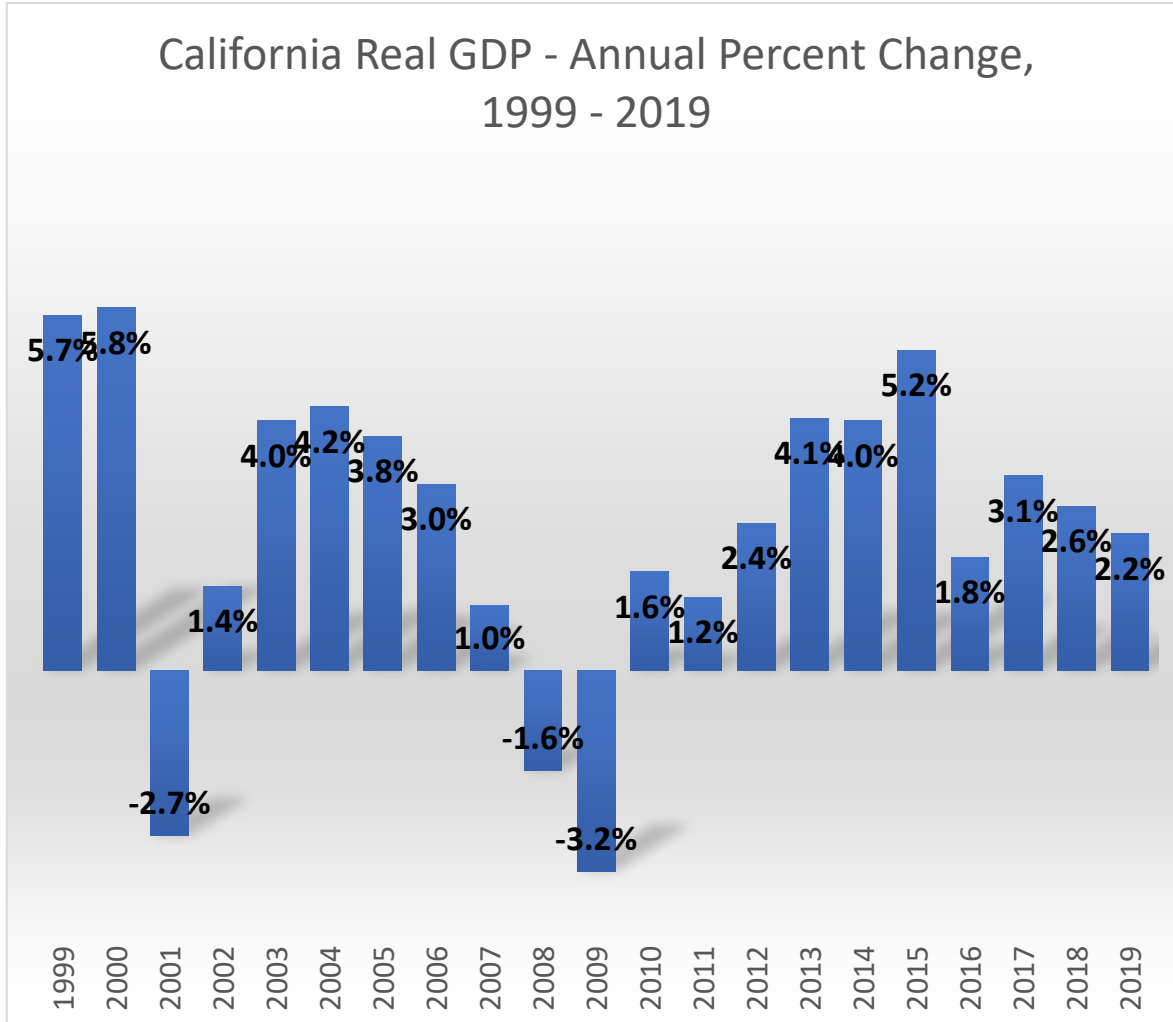
Economic Outlook – California Labor Market



CALIFORNIA SEASONALLY ADJUSTED LABOR FORCE, UNEMPLOYMENT RATE, AND LABOR FORCE PARTICIPATION RATE



Economic Outlook – Economic Growth in California



- California's Economy has ***had a remarkable growth*** after the Great Recession of 2008-2009.
- But ***many pressures in the economy appeared even before COVID***, such as housing affordability challenges, not enough housing built near employment centers, and pressures on companies related to regulation and taxation.
- ***COVID-19 has accelerated many of these transitions*** that have been taking place, with many large companies choosing to relocate headquarters out of state.
- Mostly, these were efficiency moves, due to state taxation optimization. However, ***it is bad signaling, which may lead to larger capital and labor drain out of state.***

Bay Area's Labor Market Trends and Analysis



- Jobs recovery is underway in the Bay Area
- Unemployment Rates have been falling over the past few months
- However, risks to the jobs recovery remain, especially, the ones related to the resurgence of the virus
- It may take longer to return to the pre-COVID unemployment rates in the Bay Area

- By sector, jobs are close to the pre-pandemic levels in the following sectors: financial activities, construction, government and information
- However, jobs in wholesale trade, retail, manufacturing, transportation, leisure, and education and health services will take some time to recover
- Biggest problem: Leisure and Hospitality sector, probably will not recover until after the pandemic is over

Unemployment Rates						
Metro Area	Feb 20	Apr 20	July 20	Aug 20	Sept 20	Oct 20
Oakland	3.0%	14.2%	12.2%	9.5%	9.2%	7.9%
San Francisco	2.2%	12.1%	10.3%	7.9%	7.7%	6.5%
San Jose	2.7%	12.0%	9.5%	7.3%	7.0%	6.0%
Santa Rosa	2.8%	14.5%	10.0%	7.5%	7.2%	6.2%
Napa	3.2%	16.1%	10.6%	8.0%	7.5%	6.6%
Vallejo	3.9%	15.1%	12.5%	9.8%	9.6%	8.5%
San Rafael	2.3%	11.2%	9.0%	6.8%	6.5%	5.4%
Bay Area	2.7%	13.1%	10.8%	8.3%	8.0%	6.9%

Bay Area Job Trends by Sector					
Industry	Feb 20	April 20	Sept 20	Apr-Oct Job Change	% Recovered
Construction	209,000	156,900	206,300	49,400	94.8%
Manufacturing	367,000	327,500	341,300	13,800	34.9%
Wholesale Trade	118,200	106,600	108,200	1,600	13.8%
Retail Trade	334,100	278,300	312,400	34,100	61.1%
Transp. & Wareh.	109,000	95,400	101,100	5,700	41.9%
Information	238,100	216,500	214,200	-2,300	
Financial Activities	202,000	195,800	202,600	6,800	109.7%
Prof & Bus Serv.	793,100	737,300	773,700	36,400	65.2%
Educ & Health Serv.	627,600	558,300	587,000	28,700	41.4%
Leisure & Hosp.	436,900	217,500	318,600	101,100	46.1%
Government	488,600	475,300	448,500	-26,800	
Total Non-Farm	4,068,900	3,470,400	3,736,700	266,300	44.5%

Source: State of California Employment Development Department (Seasonally Adjusted).

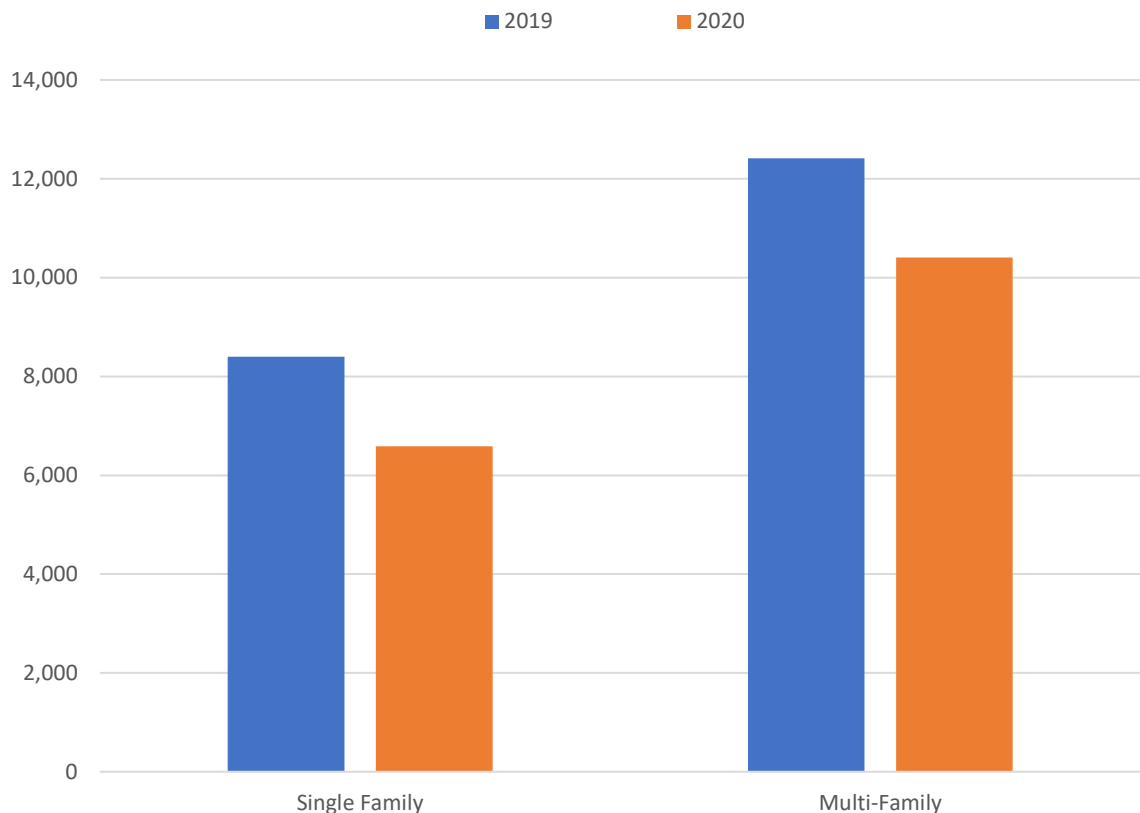
Analysis: Stephen Levy, Director of the Center for Continuing Study of the California Economy; Bay Area Council Economic Institute

Source: State of California Employment Development Department
 Analysis: Stephen Levy, Director of the Center for Continuing Study of the California Economy; Bay Area Council Economic Institute

Construction Activity and Property Taxes



Bay Area Construction Activities - Residential Permits



Source: US Census

- **Bay Area Residential Construction permits declined by over 18% per year** (based on year-to-date data from November 2020 vs. November 2019). Permits for single family homes declined even more, by nearly 22% per year.
- **In comparison, statewide, residential construction activity was down 2%**, compared with November 2019, although construction is rebounding strongly in the second half of 2020
- However, both statewide and in the Bay Area, **non-residential (commercial) construction activity is very weak**, with no signs of recovery. The number for non-residential construction are well below both recent averages as well as what was normal levels in 2019

Construction Activity and Property Taxes (cont.)



- Economic boom in the Bay Area, driven by the technology companies is likely not sustainable.
- Most counties in the Bay Area benefitted from higher real property prices, both for commercial and residential properties.
- In the near term, economic growth is expected to stay steady in the Bay Area, although likely not as robust as over the past 10 years.
- Despite comparatively high office and retail vacancy rates and mounting problems with commercial properties due to COVID-19, increases on the residential side should compensate these negative impacts in the short term (1-2 years).
- As the table shows, real property assessments increased across the Bay Area far higher than the typical long-run average of 2% per year, although assessments are likely to decline over the next few years.
- Based on recent trends and on expectations of slower but steady economic growth over the next few years, most likely impact to the Air District's budget from COVID-related changes in county property taxes would range from -2% to +3%, with the central tendency around 0 to slightly positive, compared with previous projections.

Aggregate Bay Area Counties 2020-2021 Property Assessments

	<i>Percent Increase Over Prior Year</i>
Alameda	6.80
Contra Costa	4.88
Marin	4.64
Napa	5.30
San Francisco	7.63
San Mateo	7.02
Santa Clara	6.87
Solano	4.94
Sonoma	4.60
<i>Bay Area Average Increase</i>	5.85

Source: Santa Clara County Assessor's Annual Report, 2020

Financial Forecast



- Five-year General Fund (GF) Financial Forecast
- Forecast long term GF Revenues and Expenditures based on:
 - Revenue and Expenditure Trends
 - Current Financial Policies
 - Key Economic and Financial Assumptions

Forecast Summary



- The Forecast is cautiously optimistic showing a positive fiscal outlook over the next five years
- Some of the **Key Assumptions** driving the results are:
 - Assembly Bill 617 State Funding continues
 - Cost Recovery Policy of 85% continues
 - Staffing increases (Additional 9 FTEs in FY 2022; 424 Full Time Employees)
 - Continue Funding Other Post-Employment Benefit (OPEB) and Pension
- ***These assumptions will change during the budget process***

Five-Year Financial Forecast

Key Revenue Assumptions



Permit Revenues are determined by the fees incurred for providing permitting related services to the regulated communities of the nine Bay Area Counties

- Annual revenue increases averaged 6.6% over the past three years, due to strong economic conditions
- New fee to recover costs of California Air Resources Board's Criteria Pollutants and Toxic Emissions Reporting Regulation

Five-Year Financial Forecast

Key Revenue Assumptions (cont.)



Permit Revenues (continued):

- Forecast assumes a conservative increase of 3% over the next five years
- **Current Cost Recovery level** ranges between 82% and 85% over the next five years as vacancies are filled

Five-Year Financial Forecast

Key Expenditure Assumptions



Personnel costs include benefits, such as salaries, health, vision, dental, life insurance, as well as pension and OPEB costs. Forecast assumes:

- 4% increase in first year; 3% annual increase over the remaining four years of the five-year plan
- 3% vacancy savings is projected in the first three years with savings gradually declining to 2% in the last two years as vacancies are filled
- Staffing increase in authorized budget positions

Five-Year Financial Forecast



Five Year General Fund Financial Forecast

	FYE 2021 Budget	FYE 2022 Projected	FYE 2023 Projected	FYE 2024 Projected	FYE 2025 Projected	FYE 2026 Projected
REVENUES						
Property Tax	\$38,770,162	\$39,545,565	\$40,731,932	\$41,953,890	\$43,212,507	\$44,508,882
Permits/Fees	\$41,623,723	\$51,563,887	\$53,110,804	\$54,704,128	\$56,345,251	\$58,035,183
Grant Revenues	\$4,601,447	\$4,601,447	\$4,637,462	\$4,673,838	\$4,710,577	\$4,747,682
AB 617 Funding	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000
Other Revenues	\$4,618,711	\$5,539,018	\$5,613,938	\$5,690,346	\$5,768,271	\$5,847,744
	\$98,614,043	\$110,249,917	\$113,094,136	\$116,022,202	\$119,036,606	\$122,139,492
Transfer from Special Funds	\$2,700,886	\$1,200,886	\$1,224,904	\$1,249,402	\$1,274,390	\$1,299,878
Use of/(Transfer to) Fund Balance	\$5,159,682	\$ (2,784,363)	\$ (1,172,858)	\$ (794,443)	\$ (1,976,092)	\$ (1,708,142)
TOTAL REVENUES	\$106,474,611	\$108,666,440	\$113,146,181	\$116,477,161	\$118,334,904	\$121,731,227
EXPENDITURES						
Personnel & Benefits (net Pension/OPEB)	\$57,597,447	\$58,626,446	\$60,364,957	\$62,084,690	\$63,854,422	\$65,701,635
Retirement Pension (Pension)	\$10,763,501	\$12,191,219	\$13,899,868	\$14,627,137	\$13,806,492	\$15,419,748
Other Post Employment Benefits (OPEB)	\$6,633,700	\$6,010,525	\$6,051,372	\$6,098,651	\$6,148,160	\$5,201,799
Services and Supplies	\$27,243,515	\$27,601,802	\$28,381,713	\$29,129,447	\$29,897,849	\$30,687,505
Capital Expenditures	\$4,236,448	\$4,236,448	\$4,448,270	\$4,537,236	\$4,627,981	\$4,720,540
TOTAL EXPENDITURES	\$106,474,611	\$108,666,440	\$113,146,181	\$116,477,161	\$118,334,904	\$121,731,227

Unfunded Liabilities-OPEB



- **Medical Retirement (OPEB):**
 - Obligation: \$72 M
 - Funded: \$54 M (75%)
 - Unfunded: \$18 M (25%)
- **Funding Policy: 90% Funded Level**
 - Three-Year Target Date (FYE 2025)
 - \$4 M Annual Discretionary Funding
 - Redirect \$4 M Discretionary Funding to CalPERS Pension after reaching target funding level

Unfunded Liabilities-Pension



- **CalPERS Retirement:**
 - Obligation: \$341 M
 - Funded: \$250 M (73%)
 - Unfunded: \$91 M (27%)
- **Funding Policy: 90% Funded Level**
 - 90% Target Date (FYE 2030)
 - \$1 M Annual Discretionary Funding
 - \$4 M Redirect Discretionary Funding from OPEB

Next Steps



- **March 11, 2021:** Budget Advisory Group Meeting to discuss FYE 2022 Proposed Budget and Proposed Fee Regulation Amendments
- **March 17, 2021:** Presentation of the FYE 2022 Proposed Budget and Proposed Fee Regulation Amendments
- **April 21, 2021:** Committee Refers FYE 2021 Proposed Budget to Board of Directors

Feedback Requested/Prompt



- No Action Requested
- With this information, the Committee is ready to enter the FYE 2022 budget cycle.



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AGENDA: 10

Contract for Spare the Air Advertising and Messaging Campaigns

**Administration Committee Meeting
February 17, 2021**

**Kristine Roselius
Communications Director
kroselius@baaqmd.gov**

Presentation Outcome



Recommend Board of Directors approve Spare the Air Advertising, Communications and Evaluation Services contract:

Spare the Air Summer Campaign		Spare the Air Winter Campaign	
Advertising	\$600,000	Advertising	\$600,000
Media Relations	\$200,000	Media Relations	\$200,000
Social Media	\$75,000	Social Media	\$75,000
Employer Program	\$200,000	Public Opinion Surveys	\$50,000
Public Opinion Surveys	\$50,000	In-Language Option Surveys	\$69,000*
TOTAL (not to exceed)	\$1,125,000		\$925,000 \$994,000*
Fiscal Year TOTAL			\$1,950,000 FYE 2022 & FYE 2023 \$2,019,000 FYE 2024

Presentation Outline



- Spare the Air Request for Proposals (RFP) Background
- Proposals Received
- RFP Evaluation Criteria
- Firm Evaluation Scores
- Staff Recommendation

Presentation Requested Action



Staff recommends Board of Directors approve:

- Allison+Partners as the lead contractor for the Spare the Air Advertising, Communications, and Evaluation Services;
- One year contract with the option to renew each year for three years;
- Contract cost not to exceed \$1,950,000 for FYE 2022 & FYE 2023 and \$2,019,000 for FYE 2024.

Spare the Air RFP Background



- Communications Office recently completed an RFP process for the following services for Spare the Air campaigns:
 - Advertising
 - Media Relations
 - Social Media
 - Employer Outreach
 - Public Opinion Surveys

Proposals Received



- 11 RFP responses were received for Advertising, Communications, and Evaluation Services for the Spare the Air campaigns from:
 - Allison+Partners
 - Bastion Elevate LLC
 - BMWL
 - Built by PN Industries, Inc.
 - Creative Digital Agency, Inc.
 - Hearst Bay Area
 - Kamrin Communications, Inc.
 - Next Steps Marketing
 - Pro시오 Communications
 - Sensis
 - School of Thought
- Proposals were reviewed by:
 - Communications Director
 - Communications Manager
 - Public Information Officers from the Air District and Metropolitan Transportation Commission

RFP Evaluation Criteria

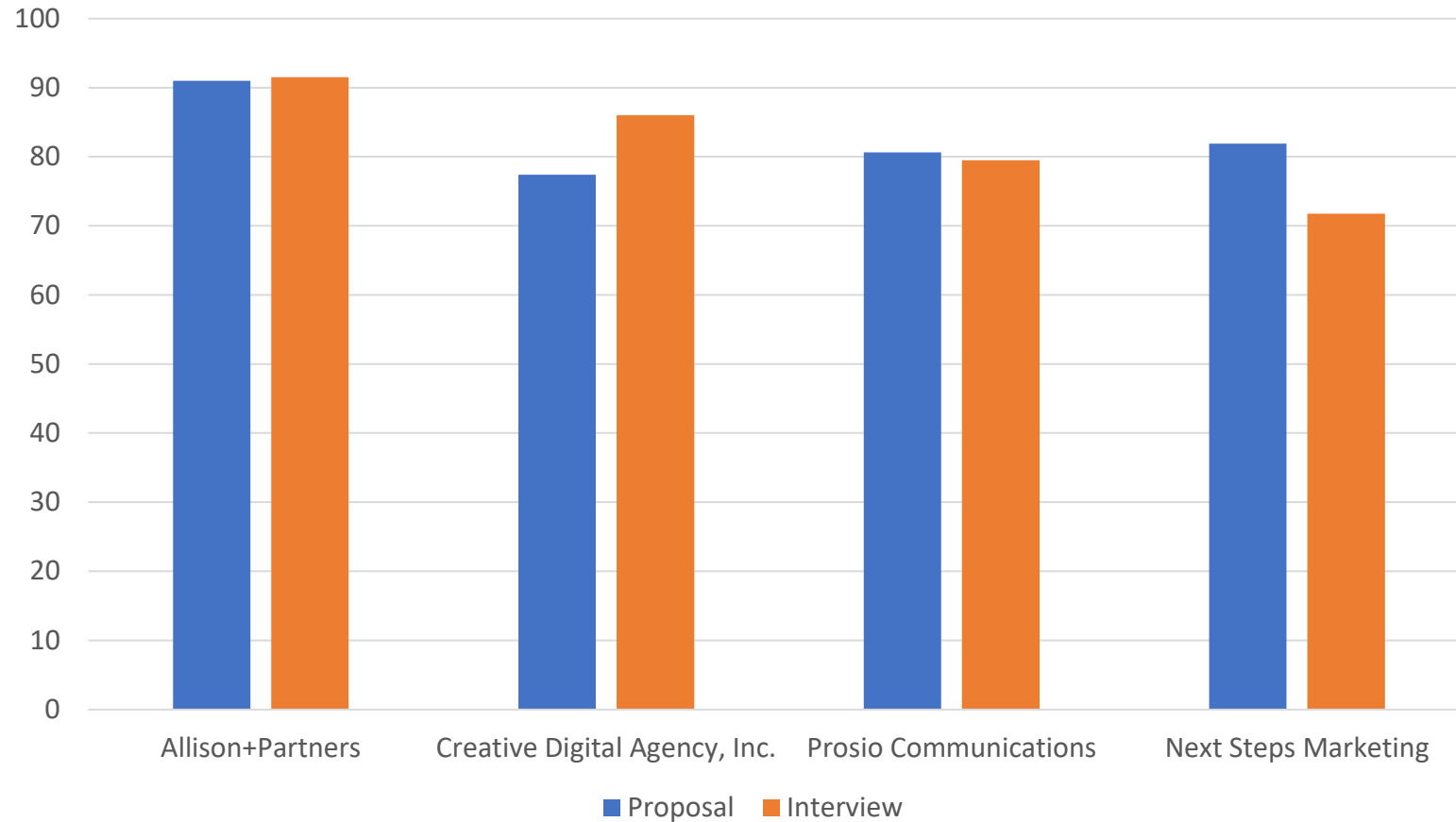


- Proposal evaluation:
 - Technical Expertise 30 points
 - Skill and Experience of Team 20 points
 - Approach to the Proposal 20 points
 - Cost 15 points
 - Local/Green Business 10 points
 - References 5 points
- TOTAL 100 points**

Firm Evaluation Scores



Proposal and Interview Scores



Feedback Requested/Prompt



None. Questions?



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AGENDA: 11

Proposed Contract Extension for Climate Tech Finance Program

**Administration Committee Meeting
February 17, 2021**

**Derrick Tang
Manager
dtang@baaqmd.gov**

Presentation Outcome



- The Committee will be updated on progress to date in the Air District's Climate Tech Finance program.
- The Committee will consider recommending the Board of Directors authorize the extension and amendment of an agreement with the California Infrastructure and Economic Development Bank (IBank) to continue support for loans and loan guarantees.

Presentation Outline



- Climate Tech Finance program overview
- Progress to date
- Existing agreement with IBank
- Proposed extension with IBank

Presentation Requested Action



Consider recommending the Board of Directors authorize the Executive Officer/APCO to negotiate and execute an agreement with IBank to continue support for loans and loan guarantees under the Air District's Climate Tech Finance program

Program Overview



Working Capital for Business Growth

*Loan guarantees of up to
\$2.5M or 90%*

Loans for Buying Climate Tech

*Low-interest loans of up to
\$30M over 30 years*



Program Timeline

- 2018** Board of Directors authorizes APCO to negotiate an agreement with IBank not to exceed \$4,185,000 to fund a loan program (8/1/18)
- 2019** Air District launches Climate Tech Finance, engages with over 1,000 Bay Area organizations
- 2020** Climate Tech Finance executes two loan guarantees and approves six more for funding

Progress to Date (Feb 2021)

2

Funded Projects

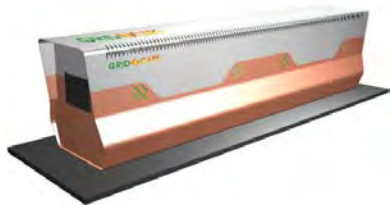
8

Pre-Funded Projects

43

Projects Under Review

Funded Projects



Technology	Bay Area GHG Reduction (CO ₂ e)	Air District Encumbrance	Total Loan Amount
<i>SW/TCH Maritime:</i> Hydrogen fuel cell ferry	2,000 tons per year	\$250,000	\$5,000,000 over 5 years
<i>Gridscape Solutions:</i> Renewable microgrids as a service	2,200 tons per year	\$100,000	\$1,000,000 over 1 year

Total Air District Commitment **\$350,000**

Total Loan Amount Supported **\$6,000,000**

Pre-Funded Projects



Residential Battery Systems
with Integrated Demand-Response



Demand Response
Software



Battery-Boosted
EV Fast Charger



In-Road Energy
Recovery at Toll Gates



Cooling Technology for
Data Centers



Low-Carbon
Aggregate for Concrete



Ultracapacitor
Technology



Solar-Powered
EV Chargers

Total Air District Commitment

\$1,700,000

Total Loan Amount Supported

\$20,000,000

Existing Agreement with IBank



IBank Participation

Air District Participation

Direct Loans for Public Sector	<ul style="list-style-type: none"> • Up to \$30M • 2-3% interest 	<ul style="list-style-type: none"> • Contribute up to \$1M or 25% of loan • 0% interest to reduce overall rate • Allocated \$3M (FYE 2019)
Loan Guarantees for Small Businesses	<ul style="list-style-type: none"> • Up to \$2.5M* • Up to 80% guarantee 	<ul style="list-style-type: none"> • Up to 10% additional guarantee • Allocated \$1M (FYE 2019)

*In 2019, IBank reduced its maximum loan guarantee to \$1M *except* for Climate Tech Finance projects, which remained at \$2.5M maximum

Changes in Proposed Extension



Increase Air District participation in loan guarantees

- Make all funds available for either loans or loan guarantees
- Maintain \$2.5M maximum guarantee
 - For loan guarantees up to \$1M, IBank guarantees 80% and Air District guarantees 10% (unchanged)
 - For loan guarantees above \$1M, IBank guarantees up to \$1.5M max and Air District guarantees up to \$1M max
 - Expect even split between projects \leq \$1M and $>$ \$1M

Changes in Proposed Extension



Allow Air District to leverage funds for its portion of loan guarantees

- Currently, the Air District encumbers 100% of its portion of a guarantee
- Amended agreement would allow Air District to leverage guarantee funds up to 2:1
 - Air District would encumber 50% of its portion of a guarantee
 - Allows Air District to execute twice as many loan guarantees (projecting 3-5 per year)
 - Leverage is disclosed to lenders as part of loan guarantee execution; states that if Air District's entire guarantee portfolio defaulted in full, only 50% of the guarantee amount is paid
- IBank currently leverages its loan guarantee funds ~5:1 (can go as high as 10:1)
- Funds are encumbered but not transferred except in the event of default
 - Historical default rates <3%; loss rates <1%

Terms that Remain Unchanged



- Total value of agreement remains \$4,185,000 (allocated FYE 2019)
- Air District portion of loan is repaid in 5 years or less
- Air District portion of losses in loans and loan guarantees is borne by Air District
- Air District liability cannot exceed Air District's portion of loans and loan guarantees or total value of agreement (\$4,185,000), whichever is less
- Air District may terminate program at any time and recover unallocated funds
- Staff will regularly report to Air District Board on loan guarantees
- Staff will report to Air District Board before public sector loans

Feedback Requested/Prompt



Consider recommending the Board of Directors authorize the Executive Officer/APCO to negotiate and execute an agreement with IBank to continue support for loans and loan guarantees under the Air District's Climate Tech Finance program