

**CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION  
FINANCING AUTHORITY**

***Consideration of Contract with Blue Sky Consulting Group, LLC for  
Technical Assistance Services for the Sales and Use Tax Exclusion Program  
in an Amount Not to Exceed \$500,000.00***

**Tuesday, March 21, 2017**

Prepared by: *Dallas Aicega, Analyst*

**REQUEST**

Staff requests approval of the proposed Agreement (or “Contract”) with Blue Sky Consulting Group, LLC (“Blue Sky”) to provide technical assistance for the Sales and Use Tax Exclusion (“STE”) Program (the “Program”) to the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) in an amount not to exceed \$500,000.00 during the term April 1, 2017 (or upon approval by the Department of General Services (“DGS”) through March 31, 2019. The \$500,000.00 contract maximum includes an optional third-year extension, which is available at CAEATFA’s discretion.

**SUMMARY**

**Background.** SB 71 created the STE Program specifically for manufacturers of Alternative Source products, components, or systems and Advanced Transportation technologies. SB 1128 authorized the inclusion of Advanced Manufacturing, as defined, projects eligible for financial assistance under the STE Program, and added a maximum STE allocation of \$100 million that CAEATFA may award in any calendar year. In order to implement the changes contained in each bill the Authority hired a technical consultant to assist with program development which included public workshops, other efforts with stakeholders, experts, and other state agencies, the drafting and modification of regulations and application materials, and review of certain applications and technologies.

AB 199, signed by Governor Jerry Brown on October 11, 2015, added a fourth category of projects eligible under the STE Program: projects which process or utilize recycled feedstock not in a manner that constitutes disposal (“Recycled Feedstock”). AB 199 amended Public Resources Code 26011.8, adding further clarity to the definition of Recycled Feedstock.

Recycled Feedstock applicants are subject to a net benefits test similar to the one currently used for Alternative Source and Advanced Transportation applications. Recycled Feedstock applicants must demonstrate fiscal benefits through a methodology consistent with the evaluation criteria used for other STE projects. Applicants must also demonstrate environmental benefits, measured based on increases in the total amount of recycled materials produced and the corresponding reduction in greenhouse gas emissions. The proposed contract will provide CAEATFA access to a technical expert to assist in refining the Recycled Feedstock application evaluation process, as recommended by program participants and stakeholders alike.

Blue Sky will also assist with program development to include: public workshops, data analysis, drafting and modification of regulations, assistance with reporting requirements, and review and evaluation of application materials as needed.

**Request for Proposal Process.** On January 6, 2017, CAEATFA Staff advertised a Request for Proposal (“RFP”) on Cal eProcure, as well as on the CAEATFA website. Staff received several inquiries on the RFP from interested firms. On the proposal deadline, February 15, 2017, the Authority received one proposal, which was considered responsive to the RFP.

Staff developed an evaluation process that included an Evaluation Committee consisting of CAEATFA staff and management. Proposals were evaluated based on the characteristics and point values outlined below. A proposer could earn a maximum of 100 points. Blue Sky received a total average score of 98 from the Evaluation Committee:

- 1) Overall experience demonstrating its ability to successfully complete the scope of services defined in the RFP and the firm’s experience, personnel and references. (30 points)
- 2) Experience as Contractor to state or other government programs. (20 points)
- 3) Qualifications of the individuals to be assigned to the contract on the basis of background and experience in related work as detailed in the RFP. (15 points)
- 4) Evaluation of the actual fees proposed, including the reasonableness of rates, estimated cost detail and effectiveness (given value of services to be obtained), and cost effectiveness (given the experience and qualifications of firm and its personnel). For evaluation purposes, the cost proposals included a Sample Task Order to establish reasonability of rates and project time allocations. (35 points)

**Overview of Blue Sky Consulting Group.** Blue Sky brings a depth of knowledge and its direct experience with the development and early administration of the existing STE Program to assist CAEATFA in evaluating and developing modifications to more effectively incorporate Recycled Feedstock and develop a broader STE Program structure that successfully accommodates Advanced Transportation, Alternative Source, Advanced Manufacturing, and Recycled Feedstock projects. Blue Sky was founded by Tim Gage and Matthew Newman in 2005, and has offices in Emeryville and Sacramento.

The project team will be directed by Tim Gage and Matthew Newman, and will be supported by other members of Blue Sky. Mr. Gage and Mr. Newman both have significant experience in addressing the environmental and economic issues related to public policy decisions and effective public administration.

The project team for Blue Sky’s services specializes in analyzing the intersection of public policy and economics, specifically looking at the economic, fiscal, and environmental effects of public policy changes. In addition to its experience in quantitative data analysis, the team knows

how to present complex analytical findings in clear and concise terms that are readily understandable by a lay audience of policy makers, business leaders and the public.

Blue Sky will be the sole Contractor responsible for all work under the proposed Contract.

**Contract Terms.** The Contract will be for a two-year term with an option to extend for an additional year at CAEATFA’s discretion. The Contractor will be compensated subsequent to providing specific services. The compensation amount shall not exceed \$500,000.00 for the term of the contract.

The Authority will manage expenditures and compensate the Contractor through task orders. A task order is a contracting term that is broadly used by an entity that wishes to enter into contracts to acquire services when the exact quantities of future deliveries are not known at the time of contract award. A task order will identify a “not-to-exceed” amount of compensation for specific types of services over a period of time. The Contractor will provide a work plan and timetable for CAEATFA’s approval, and submit invoices toward a specific task order. The Contractor may be asked to assist with other related tasks as needed, if mutually agreed to by and between CAEATFA and the Blue Sky. The hourly rates and compensation schedules used in a task order will utilize the rate and fee schedule the Authority accepted in Blue Sky’s Proposal.

The Executive Director has delegated authority under a resolution passed by the Board to approve contracts in amounts up to \$300,000.00. As the proposed Contract exceeds this amount, staff is requesting Board approval of the new Agreement.

**Recommendation.** Staff recommends approval of the attached Resolution to authorize the Executive Director to execute a Contract with Blue Sky for consulting services for development and implementation of a sales and use tax exclusion program structure for recycled feedstock in an amount not to exceed \$500,000.00.

**RESOLUTION OF THE CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE BLUE SKY CONSULTING GROUP, LLC FOR TECHNICAL ASSISTANCE SERVICES FOR THE SALES AND USE TAX EXCLUSION PROGRAM**

March 21, 2017

**WHEREAS**, the California Alternative Energy And Advanced Transportation Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Alternative Energy And Advanced Transportation Financing Authority Act (Division 16 (commencing with Section 26000) of the California Public Resources Code) (the “Act”); and

**WHEREAS**, the Authority has identified a need to contract with Blue Sky Consulting Group, LLC for the provision of technical assistance services including, but not limited to, application review, changes to program evaluation methods, data collection and analysis, compliance and reporting assistance, and participation in public workshops and meetings; and

**WHEREAS**, the Authority has undergone a competitive process to identify an appropriate Contractor to provide consulting services and economic and environmental technical expertise, and determined that Blue Sky Consulting Group, LLC has the ability and expertise to provide technical assistance services for the Authority.

**NOW, THEREFORE, BE IT RESOLVED** by the Authority, as follows:

**Section 1.** The Authority hereby authorizes the execution of a Contract with the Authority for the provision of consulting services in connection with the Authority’s Sales and Use Tax Exclusion Program, in an amount not to exceed \$500,000.00.

**Section 2.** The term of the Contract shall begin on April 1, 2017 (or upon approval by DGS) and shall continue through March 31, 2019.

**Section 3.** The Executive Director shall execute and submit the Contract to the Department of General Services for approval.

**Section 4.** This resolution shall take effect immediately upon its approval.