



Approval of Contractor for Building Appliances Rules Advertising, Communications, and Outreach Services

Finance and Administration Committee

December 17, 2025

Viet Tran

Deputy Executive Officer

Public Affairs

Appliance Rule RFP Overview

- Air District staff recently completed an RFP process for the following services for the Appliance Rule implementation work for:
 - Advertising
 - Media Relations
 - Social Media
 - Contractor Outreach
 - Public Opinion Surveys

Proposals Received

- 19 RFP submissions were received for Advertising, Communications and Outreach Services for the Appliance Rule implementation campaign from:
 - **Allison & Partners**
 - BC Design Haus
 - **Civic Edge Consulting**
 - Contigo Communications
 - **Convey, Inc.**
 - D&A Communications Inc.
 - **Environmental Justice Solutions**
 - Fenton Communications Inc.
 - Holkas Consulting
 - Lab Communications Group, Inc.
 - MG Media Creative
 - MIXO ADS INC.
 - Next Steps Marketing
 - Polytechnic Marketing
 - Porter Communications,
 - **School of Thought, Inc.**
 - Serotonin Creative Consultancy
 - The Engine is Red
 - True North Inc. dba True North Advertising
- Air District staff reviewed proposals and conducted interviews with the top five firms

RFP Evaluation Criteria

- Proposal evaluation and scoring criteria included:

Criteria	Application	Interview
Technical Expertise	30 points	30 points
Skill & Experience of Team	25 points	25 points
Approach to the Proposal	20 points	20 points
Cost	15 points	
Local/Green Business	5 points	
References	5 points	
Total Points	100 points	75 points

Firm Evaluation Scores

Active Submissions			
	Total	A - Proposal	B - Interview
Firm	/ 175 pts	/ 100 pts	/ 75 pts
Allison & Partners LLC	152.38	86.38	66
School of Thought, Inc	143.39	83.39	60
Civic Edge Consulting	135.94	84.44	51.5
Convey, Inc.	126.50	83	43.5
Environmental Justice Solutions	118	86	32

Recommended Action

Recommend the Board of Directors approve:

- Up to a two-year contract with Allison & Partners LLC, as the lead contractor for the work outlined in the RFP, at the Air District's discretion, based on the contractor's performance, with contract cost not to exceed \$2,500,000; and
- Authorization to transfer \$2,500,000 from Appliance Rules Outreach Reserve Designation to program 301 to cover the cost of the contract.

Questions & Discussion

For more information:

Viet Tran | Deputy Executive Officer of Public Affairs | vtran@baaqmd.gov



Revised Administrative Code with New Section 10 - Employment

Finance and Administration Committee

December 17, 2025

Clif Brady

Human Resources Manager

Human Resources

Recommended Action

Recommend to the Board of Directors that the Board adopt the Proposed Revised Administrative Code, which includes the new Section 10 - Employment

Overview of Changes

Streamlined Administrative Code

- Legacy Administrative Code Division III – *Personnel* replaced with a new Section 10 - *Employment* creating a streamlined governance document granting specific authorities to the Executive Officer (EO)/APCO regarding personnel matters
- Policies more appropriate for a Personnel Policy Manual were removed, and are being revised and placed in Personnel Manual along with new policies
- Employee benefits and conditions of employment removed providing coverage in Memorandum of Understanding (MOU) for represented employees and in benefits resolution for unrepresented employees

Administrative Code Redline Summary

Existing Section	Change	Summary
Section 10 – Conflicts of Interest	New Language	Add new language and becomes Section 10 - Employment
Section 10 – Conflicts of Interest	Renumber	Becomes Section 11
Section 11 – California Environmental Quality Act (“CEQA”)	Renumber	Becomes Section 12
Section 12 – Transition Provisions, Interpretation of the Code	Renumber and Revise	Becomes Section 13 maintaining references to the repeal of Divisions I and II, the adoption of the Employer-Employee Relations Resolution (“EERR”) on January 1, 2024 and revises language relative to the creation of personnel policies

Summary of Authorities – Section 10

Function	Current Authority (Division III)	New Authority (Section 10)
Personnel Policies	Board of Directors	Executive Officer
Employee Discipline, Early Workday Release, and Underfilling position	n/a (new)	Executive Officer
Salary Schedule	Board of Directors	unchanged
Salaries for New Hires	Board of Directors	unchanged
Y-Rating	Board of Directors	unchanged
Reservation of Rights	Board of Directors	unchanged
At-Will Employee Classifications	Board of Directors	unchanged
Classification Plan	Board of Directors	unchanged

Detailed Changes - Section 10 Employment

Section	Section/Topic	Detail
10.1	Personnel Policies	APCO - Development, Maintenance and Administration of Personnel Policies
10.2	APCO Authority	<ul style="list-style-type: none">• Discipline• Early Workday Release with Compensation• Underfilling of positions
10.3	Salaries and Benefits	Annual Board of Directors adoption of Salary Schedule and Employee Benefits Resolution
10.4	New Hire Salary	Retains Board of Directors authority for new hire employee salary steps
10.5	Y-Rating	Retains Board of Directors authority for Y-rating

Detailed Changes – Section 10 (cont.)

Section	Section/Topic	Detail
10.6	Reservation of Rights	Retains Board of Directors rights to alter section 10 subject to meet and confer requirements
10.7	At-Will Employment	Retains definitions for At-Will employee classifications, appointments and terminations Provides salary step adjustment discretion to EO/APCO
10.8	Limited-term Contract Employee	Retains definitions, adds language for conversion and/or return to permanent positions
10.9	Classification Plan	Retains Board of Directors Authority for adopting and maintain Classification Plan: added language to allow for non-substantive changes by EO/APCO
10.10	Units	Retains definitions of 5 staff units

Authority and Coverage by Employee Group: Who? What?

Admin Code

All Air District Staff

Personnel Policies Manual
(PPM)

Benefits Resolution

Unrepresented Staff
(Executive, Management
& Confidential)

Salaries & Benefits

MOU

Represented Employees

Salaries & Benefits

Personnel Policies (unless
superseded by MOU)

Next Steps



Next Steps

- **Meet and Confer with Employee's Association (EA) – ongoing**
 - 18 of 35 Policies - FINAL drafts under EA review
- **Consideration for Board Approval – February 2026**
- **Implementation for Unrepresented Air District staff – March 2026**
 - Air District information session and staff training

Personnel Policies Status

Policy	Personnel Policy Section	Tentative Adoption
Equal Employment Opportunity (EEO)	General Administration	December 2025
Family and Medical Leave Act (FMLA)	General Administration	TBD
Lactation	General Administration	December 2025
Categories of Employment	Recruitment and Selection	December 2025
References and Background	Recruitment and Selection	December 2025
Personnel Onboarding	Recruitment and Selection	December 2025
Categories of Employment	Recruitment and Selection	December 2025
Performance Evaluation	Employment Practices	January 2026
Outside Employment	Personnel Conduct	January 2026

Personnel Policies Status (cont.)

Policy	Personnel Policy Section	Tentative Adoption
Pregnancy Related Leave	General Administration	January 2026
Smoke Free Workplace	Personnel Conduct	January 2026
Workplace Violence, Combating Workplace Violence	Personnel Conduct	January 2026
Prohibition on Drugs and Alcohol	Personnel Conduct	January 2026
Workplace Safety	Personnel Conduct	January 2026
Policy Against Discrimination and Harassment	Personnel Conduct	January 2026
Personnel File	Employment Practices	January 2026
Overtime	Employment Practices	January 2026
Work Schedule, Attendance, Time Off for Voting	Employment Practices	January 2026

Recommended Action

Recommend to the Board of Directors that the Board adopt the Proposed Revised Administrative Code, which includes the new Section 10 - Employment

Questions & Discussion

For more information:

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Cost Recovery Strategy for Amendments to Regulation 3: Fees for Fiscal Year 2027

Finance and Administration Committee

December 17, 2025

Fred Tanaka | Senior Manager | Engineering Division

Leonid Bak | Senior Advanced Projects Advisor | Regulatory Development Division

Presentation Outline

- Cost Recovery Background
- Economic Update and Forecast
- Cost Recovery Trends
- Cost Recovery Strategies
- Other Related Considerations
- Next Steps

Cost Recovery Background

The Board adopted the current Cost Recovery and Containment Policy in December 2022

- Outlines the strategy to recover costs from fee-based programs
- The Policy's goal is to work towards recovering 100% of the costs from administering fee-based programs

Cost Recovery Background

What are the elements of the Cost Recovery and Containment Policy?

- Recover 100% of the costs from administering fee-based programs.
- Continuously implement feasible cost containment measures.
- Analyze cost recovery on an overall basis AND by individual fee schedules.
- Utilize a three-year average to provide stability
- Periodically have our program reviewed by an independent contractor.

Cost Recovery Background

Why is annual cost recovery analysis necessary?

- The variables impacting cost recovery change year to year
- Several fee schedules are grossly under-recovered
- By law, we cannot charge more in permit fees than the actual costs of the Air District's programs in the most recent fiscal year (plus inflation adjustment)
- State law also limits us to a 15% maximum permit fee increase per year

Cost Recovery Background

What is fee recoverable work?

Example Activities Covered by Regulation 3 Fees	Example Activities Not Covered by Regulation 3 Fees
<ul style="list-style-type: none">• Permitting programs• Notification programs (asbestos, open burn)• Compliance assistance/enforcement of permitted and registered facilities• Source Testing at permitted facilities• Rule development for regulated industries• Emissions inventory from regulated industries• Other (e.g., Regulation 11-18 Health Risk Assessments)	<ul style="list-style-type: none">• Assembly Bill (AB) 617 Community Engagement & Outreach• Climate change work for non-permitted sources• Communications• Mobile sources• Planning• Rule development for non-permitted sources• Strategic Incentives – “Grants” (e.g., wood-burning device replacement, Carl Moyer Program, vehicle buy-back)

Cost Recovery Background

What is a fee schedule?

- A list of fees that apply to specific activities, programs, or source types.

Examples:

- Activity-based fee schedule: Hearing Board, Asbestos Operations
 - Program-based fee schedule: Toxic Inventory Fees, Major Stationary Source Community Air Monitoring
 - Source type fee schedule: Combustion of Fuels, Solvent Evaporating Sources charged either during a permit application or permit renewal
 - Emissions-based fee schedule
- Fees can either be charged at the time of the activity or at permit renewal.

Fee Schedules & Percent of Fee Schedule Revenue (FYE 2025)

Fee Schedule	% of Sch. Revenue	Fee Schedule	% of Sch. Revenue
A - Hearing Board Fees	<1%	H - Semiconductor and Related Operations	<1%
B - Combustion of Fuels	22.6%	I - Dry Cleaners – Permitted	0%
C - Stationary Containers for the Storage of Organic Liquids	4.7%	K - Solid Waste Disposal Sites	<1%
D - Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants & Terminals	12.3%	L - Asbestos Operations	5.5%
E - Solvent Evaporating Sources	7.2%	N - Toxic Inventory Fees	1.8%
F - Miscellaneous Sources: Unclassified	6.6%	P - Major Facility Review Fees - Title V	11.1%
G1 - Miscellaneous Sources: e.g., Compost operations, soil remediation	8.2%	R - Equipment Registration Fees	<1%
G2 - Miscellaneous Sources: e.g., Asphaltic concrete, furnaces	2.5%	S - Naturally Occurring Asbestos Operations	<1%
G3 - Miscellaneous Sources: e.g., Metal melting, cracking units	2.2%	T - Greenhouse Gas Fees	5.9%
G4 - Miscellaneous Sources: e.g., Cement kilns, sulfur removal & coking units	3.9%	V - Open Burning	<1%
G5 - Miscellaneous Sources: Refinery flares	2.6%	W - Petroleum Refining Emissions Tracking Fees	<1%

FYE 2025 Fee Schedule Revenue: \$65.1 million

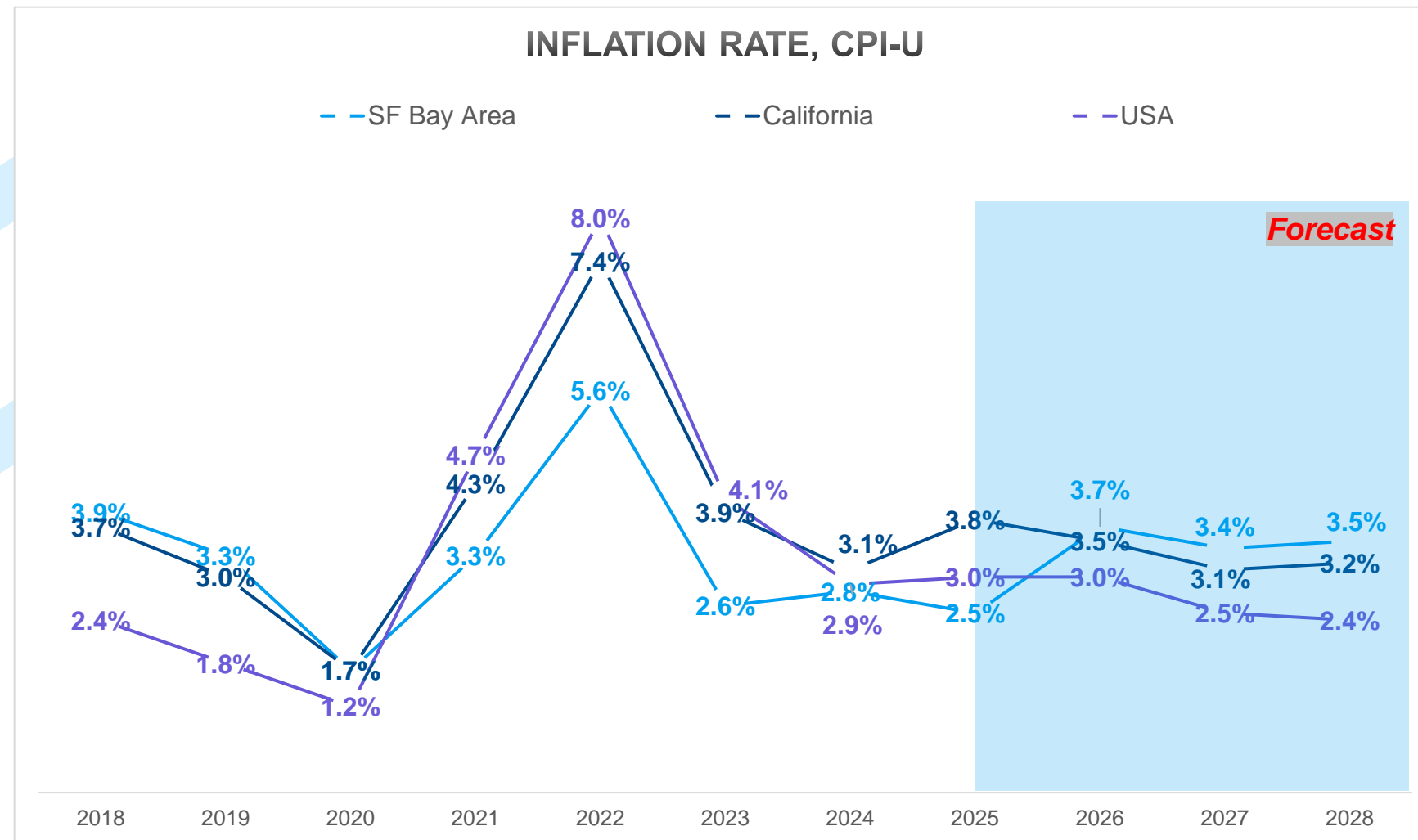


Economic Forecast

Leonid Bak
Economist



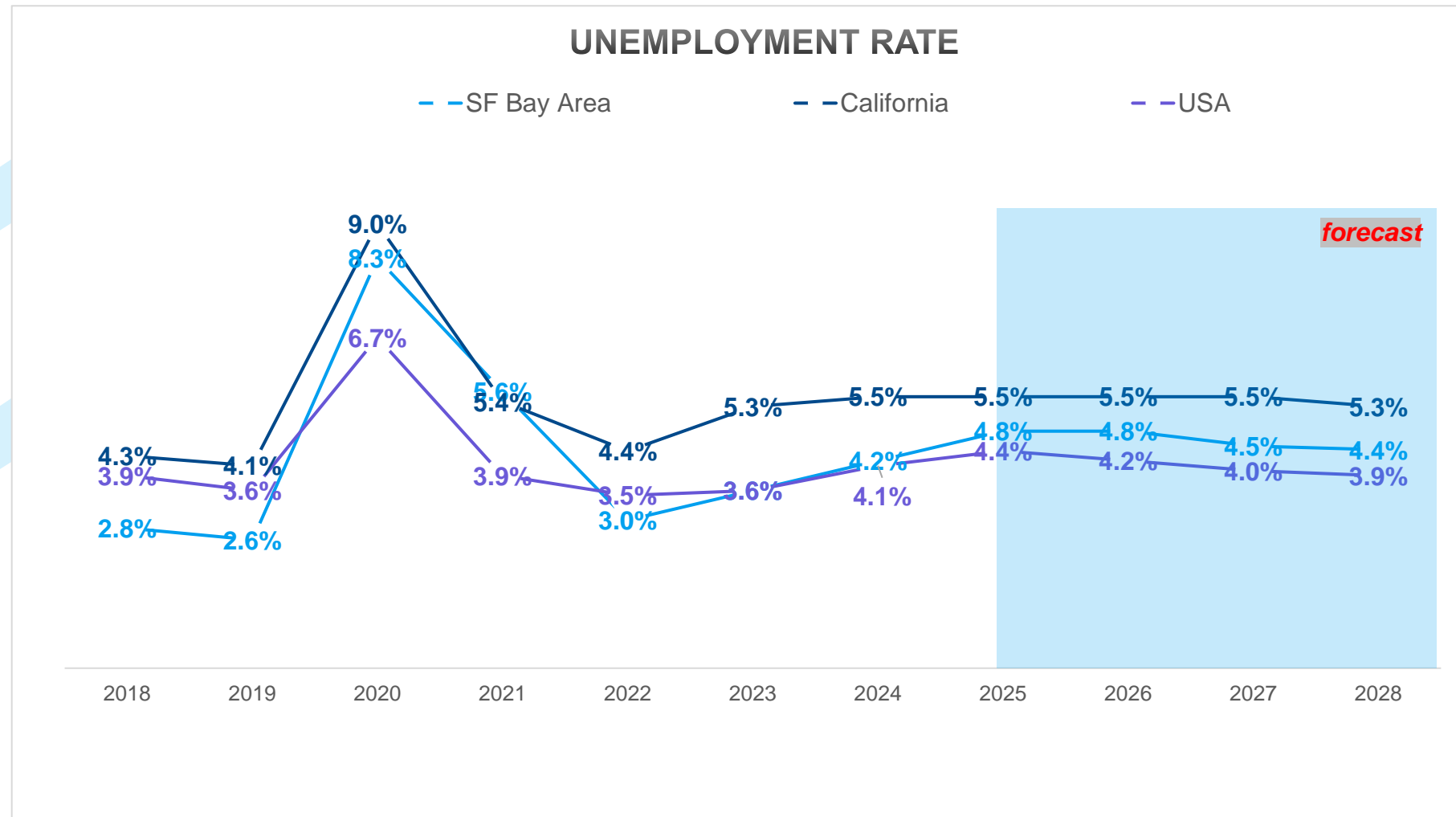
Economic Update and Forecast: Inflation



Based on data from: US Dept of Commerce - BLS; CA Dept of Industrial Relations; CA Dept. of Finance, IMF World Economic Output

- Inflation in 2025 was expected to rise higher than it actually did (due to tariffs)
- “Affordability crisis” while overall inflation is low (due to “sticky prices” factors)
- Somewhat higher inflation in the US, but close to historical average for CA and Bay Area, is projected for the forecast period.
 - CA and Bay Area inflation is projected to remain above 3% (energy costs, tariffs, immigration enforcement, AI investments)

Economic Update and Forecast: Unemployment

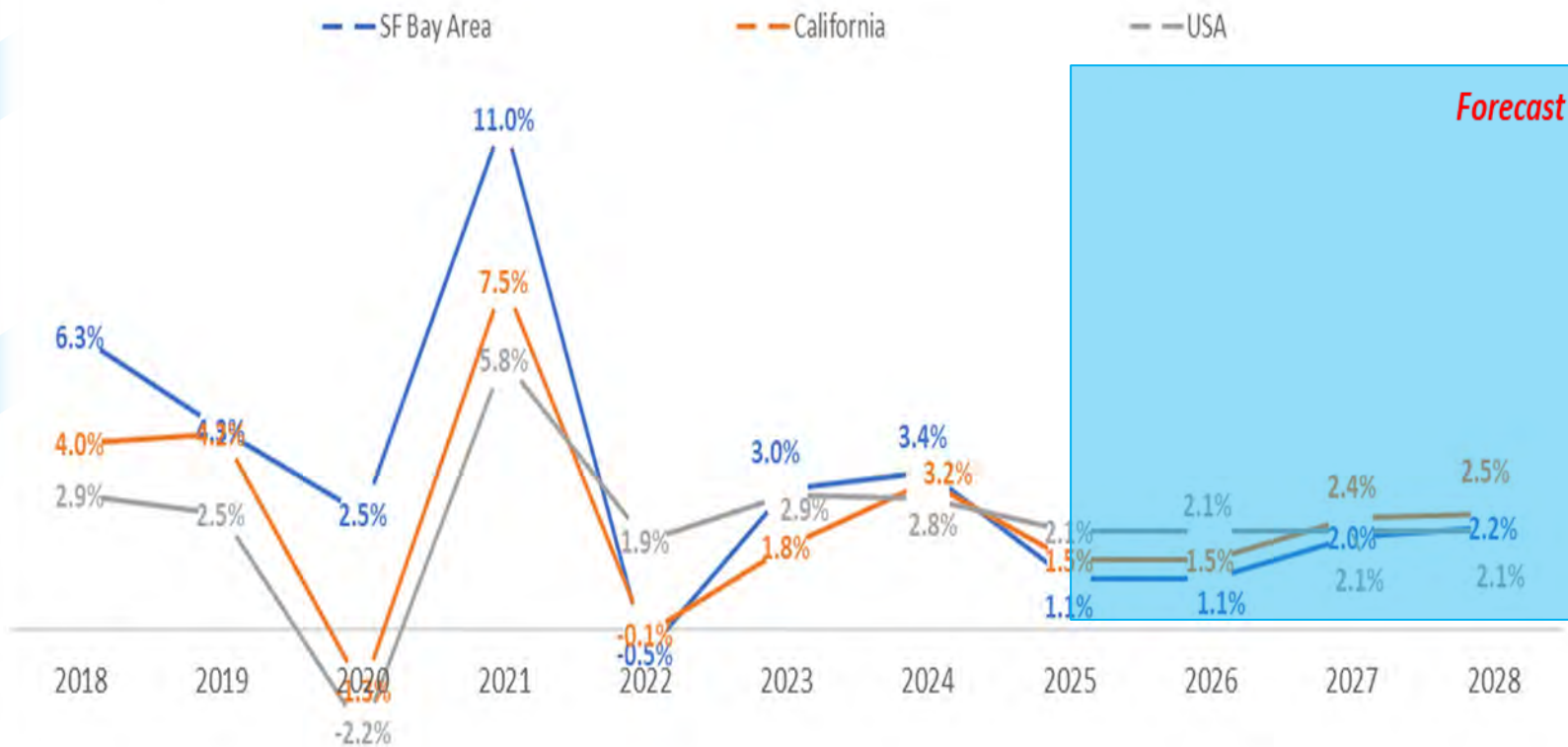


- Unemployment rate is stable, but higher than in the past;
- Labor Market for Bay Area has been worse in the second half of 2025.
- High interest rates and tech changes could continue to impact jobs growth negatively
- Layoffs across multiple sectors: from retail and tourism to biotech and information services
 - Many “white collar” jobs lost

Based on data from: US Dept of Commerce - BLS; CA Dept of Industrial Relations; CA Dept. of Finance, IMF World Economic Output

Economic Update and Forecast –Economic Performance

ECONOMIC PERFORMANCE, REAL GROSS DOMESTIC PRODUCT (GDP) CHANGE



- 2025 actual US economic performance is better than earlier expectations (despite downside risks due to tariffs, high interest rates);
- California's economy is slower in 2025 than US average; projected to remain lower in the next few years;
- Bay Area's economy in 2025 is lower than both US and CA averages;
 - AI investment with limited boost, questionable sustainability
- Forecast period with high uncertainty for actual economic performance

Based on data from: International Monetary Fund-World Economic Output, Wouters Kluwer-Blue Chip Econ Indicators Consensus Forecast, US Commerce Dept. (BEA), US Federal Reserve, CA Dept of Finance

Cost Recovery Trends



Cost Recovery Trends: By Fee Schedule

FYE 2023 - 2025 Average Revenue	Number of Fee Schedules, (change from previous year)	Percentage of Fee Schedule Revenue
110% or more of costs	5 (NC)	18.6%
100 to <110% of costs	2 (+1)	34.9%
95 to < 100% of costs	2 (NC)	9.8%
75 to < 95% of costs	2 (NC)	15.0%
50 to < 75% of costs	5 (-1)	20.0%
25 to < 50% of costs	3 (NC)	0.8%
Less than 25% of costs	2 (NC)	0.9%

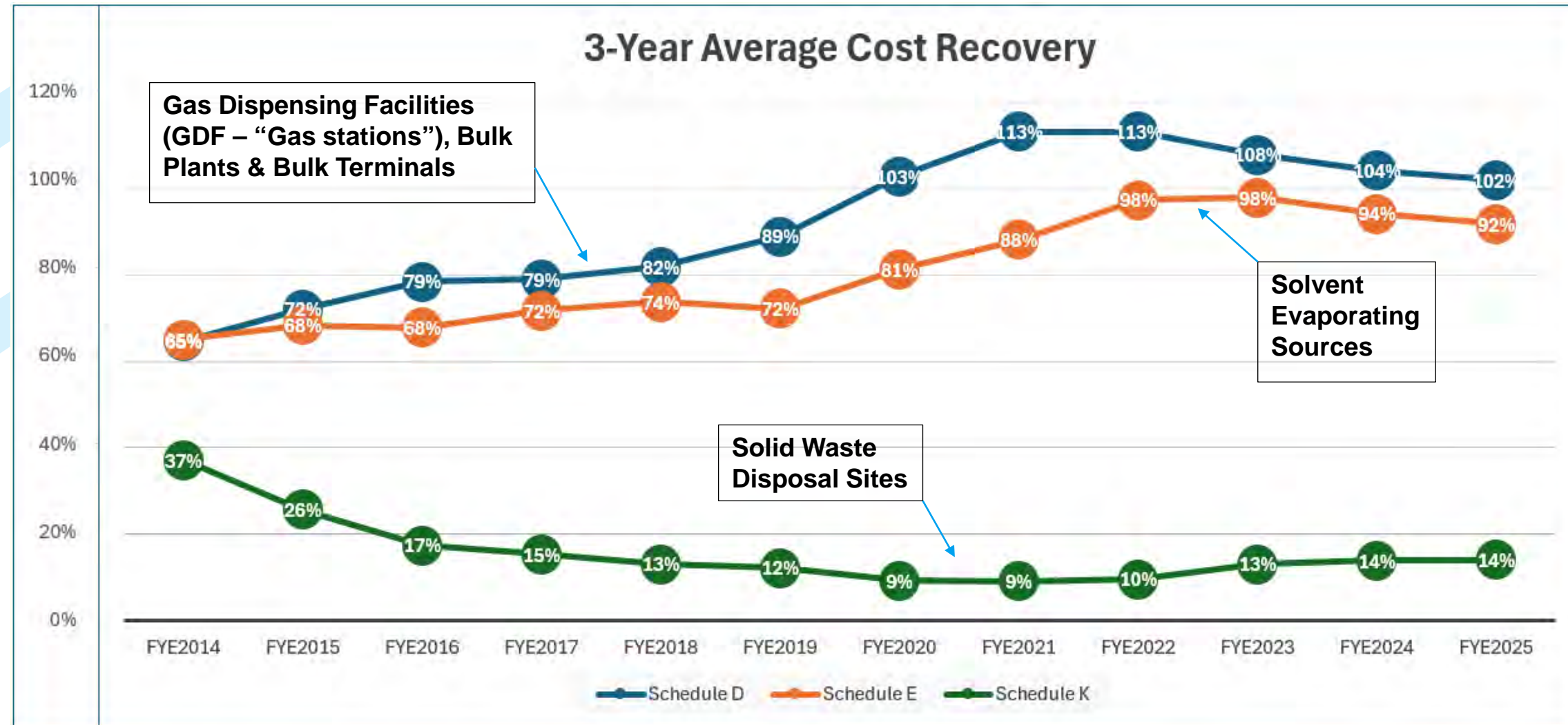
➤ Specific fee schedule cost recovery levels are published in the Cost Recovery reports

➤ Over 63% of fee schedule revenue is at least 95% recovered.

➤ Less than 2% of fee schedule revenue is grossly under-recovered.

NC = No change

Cost Recovery Trends: Examples By Schedule



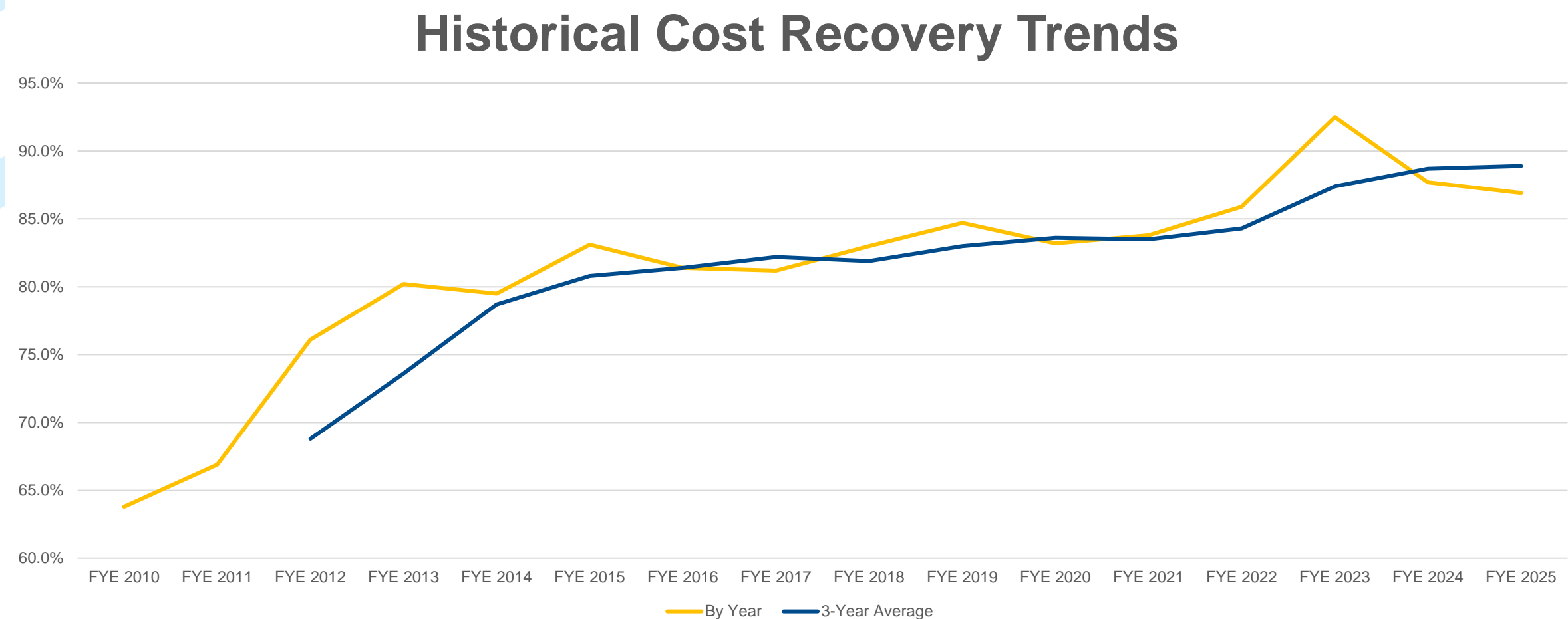
Cost Recovery Trends

Recently adopted fees not specific to fee schedules

- They have a positive impact on overall cost recovery

Fee Description	Adopted Year	Fee based on % of Renewal Fees	Applicability
AB 617 Community Health Impact	2020	5.7%	Title V facilities
AB 617 Criteria Pollutant and Toxic Air Contaminant Reporting (CTR)	2021	4.4%	All permitted facilities
Overburdened Community (OBC)	2022	15%	Permitted facilities in an overburdened community

Cost Recovery Trends - Overall





Strategies and Next Steps



Cost Recovery Strategies – Historical

Revenue from Fee Schedule (3-year average)	FYE 2018	FYE 2019 & 2020	FYE 2021 (Covid)	FYE 2022	FYE 2023	FYE 2024 & 2025	FYE 2026
110% or more of costs	-	-	-	-	-	-	-
100 to <110% of costs	-	-	-	CPIw	+15%	CPIw	CPIw
95 to < 100% of costs	CPIw	CPIw	-	CPIw	+15%	+15%	CPIw
85 to < 95% of costs	+7%	+7%	-	+7%	+15%	+15%	+15%
75 to < 85% of costs	+8%	+8%	-	+8%	+15%	+15%	+15%
50 to < 75% of costs	+9%	+9%	-	+9%	+15%	+15%	+15%
Less than 50% of costs	+9%	+15%	-	+15%	+15%	+15%	+15%

Note
difference
from prior
years

CPIw: The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers

Cost Recovery Strategies: Smoothing Option

$$100\% - \text{CRR} + \text{CPIw} = \text{Next FYE proposed increase (Min 0\%, Max 15\%)}$$

CRR: Cost recovery rate, 3-year average

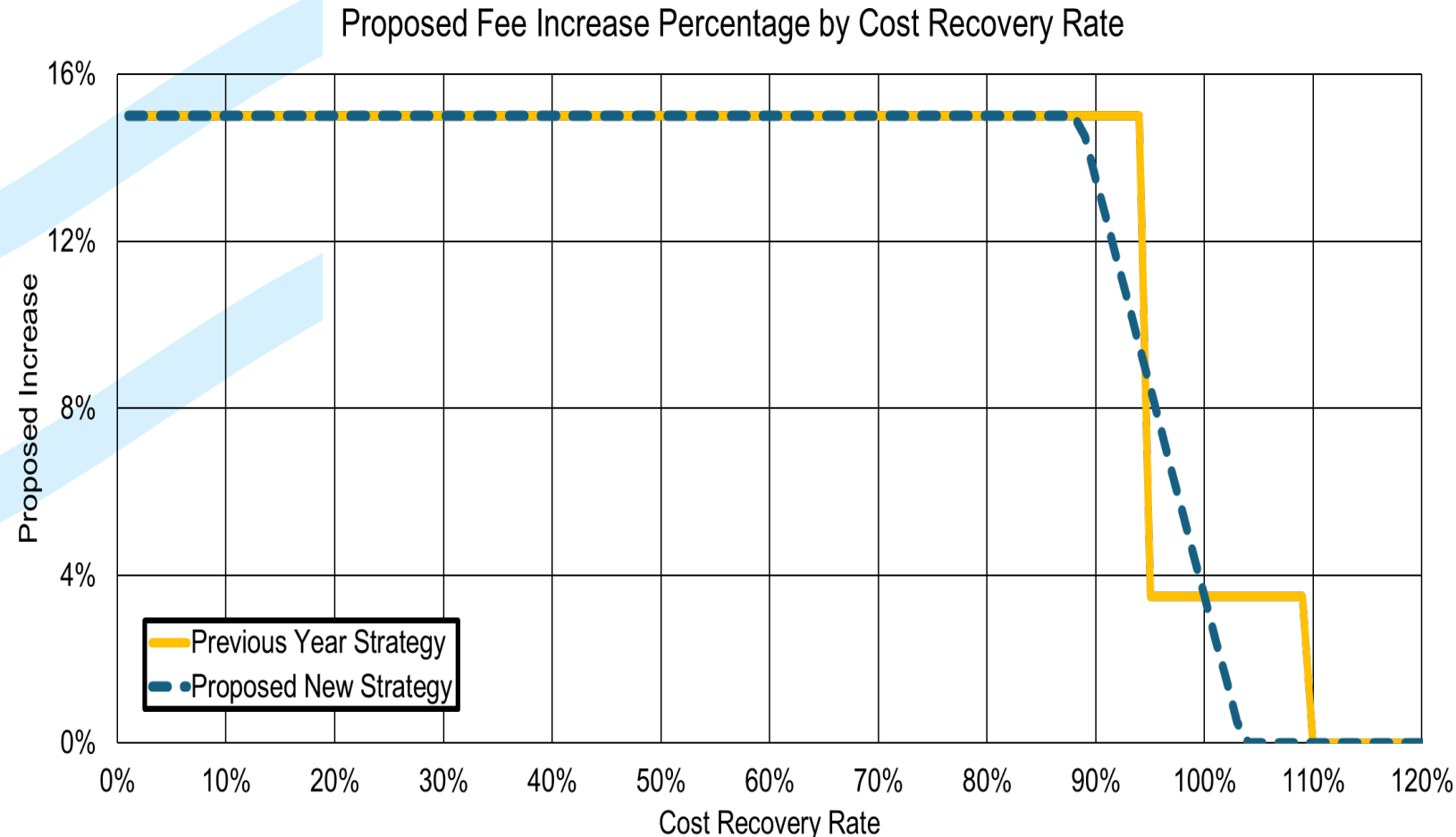
CPIw: The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers

- If this strategy was utilized in the most recent amendments, the fees for a fee schedule recovering at 90% would have been increased by 12.8% rather than 15%.

Cost Recovery Strategies for FYE 2027

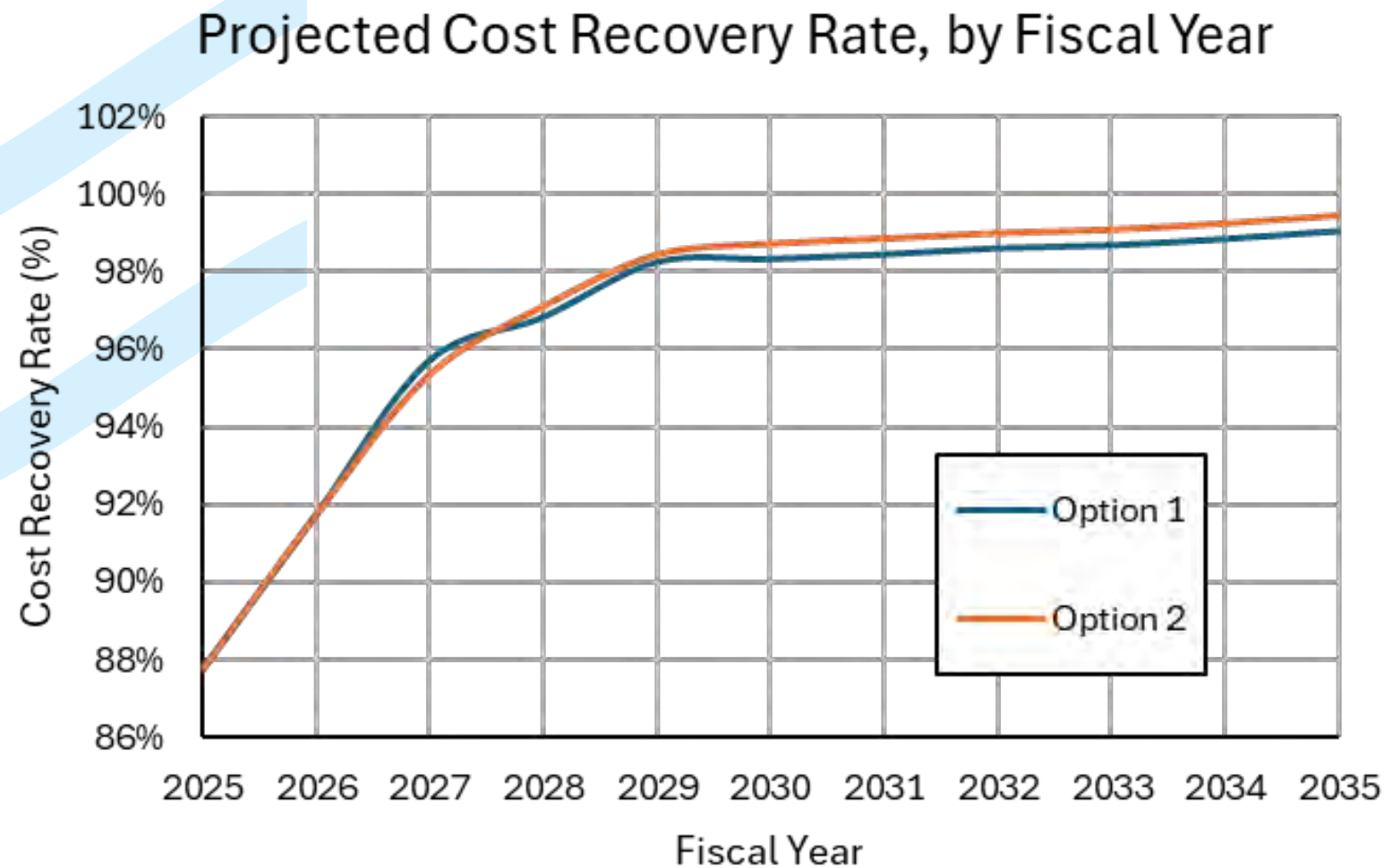
Revenue from Fee Schedule (3-year average)	Option 1 – Previous Year	Option 2 – Smoothing (Min 0%, Max 15%)
110% or more of costs	-	100% - CRR + CPIw
100 to <110% of costs	CPIw	100% - CRR + CPIw
95 to < 100% of costs	CPIw	100% - CRR + CPIw
85 to < 95% of costs	15%	100% - CRR + CPIw
75 to < 85% of costs	15%	100% - CRR + CPIw = 15%
50 to < 75% of costs	15%	100% - CRR + CPIw = 15%
Less than 50% of costs	15%	100% - CRR + CPIw = 15%

Proposed Fee Change Strategy



- Maximum of 15% fee increase
- Smoother increases above 85% Cost Recovery Rate (CRR)
- Chart assumes 3.5% CPIw
- Fee increase amount is 0% when CRR is $\geq 100\% + \text{CPIw}$

Potential Strategy Impact



- Assume steady 3.5% CPIw
- No reduction of fees above 100% cost recovery
- Modest difference between strategies

Other Related Considerations

- Prepare Request for Proposals to review Cost Recovery and Containment practices.
 - Include opportunities for forward-thinking strategies.
 - Review opportunities to address grossly under-recovered fee schedules.

Next Steps

- Use the cost recovery strategy as the basis for the Regulation 3 rule development process.
- Continue to align rule development effort with the Strategic Plan.
- Prepare for the rule workshop in February 2026.

Next Steps: Budget and Rule Development Schedule

Description	Date
Finance and Administration Committee briefing	December 17, 2025
Public workshop for Regulation 3 amendments	February 2026
Community Workshop for Proposed Budget & FYE 2027 Proposed Fee Regulation Amendments	March 2026
Finance and Administration Committee briefing	March 18, 2026
Finance and Administration Committee briefing (If needed)	April 15, 2026
First public hearing on budget & Regulation 3 to receive testimony	April 29, 2026
Written comments on proposed amendments to Regulation 3 due	May 8, 2026
Second public hearing on budget and Regulation 3 to consider adoption	June 3, 2026
Budget and fee amendments effective, if adopted	July 1, 2026

Questions & Discussion

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