

Justification for a Non-Competitive Procurement Process

Grant to Ross & Associates Environmental Consulting, Ltd.

Introduction

Before WCI, Inc. was created, technical and contracted support for the Western Climate Initiative (“WCI”), an informal organization of US states and Canadian provinces, was provided through the Western Governors’ Association (“WGA”). States and provinces contributed funds to the WGA to further the objectives of the WCI, including work on carbon pricing. As the work with the WGA ended, unused funds (approximately \$192,000) were transferred to WCI, Inc. In May 2014, the WCI, Inc. Board of Directors designated the WGA funds for “logistical and technical support for discussions about carbon pricing among US states and Canadian provinces.”

The Pacific Coast Collaborative (“PCC”) is a working group consisting of the states of Oregon, California, and Washington and the province of British Columbia. Ross & Associates Environmental Consulting, Ltd. (“Ross”) is the Secretariat for the PCC. WCI, Inc. has received a proposal for Ross to convene a working group of technical staff from PCC member entities and facilitate a series of eight (8) hour-long conference calls and a one-day in person technical workshop of this working group to discuss carbon pricing program design and implementation (“Proposal”). The amount of the grant award is \$15,000 (USD).

A copy of the Grant Agreement for Ross and a budget for the Proposal are attached (“Grant Agreement”).

Justification for Noncompetitive Procurement Process

WCI, Inc. legal counsel assisted in the preparation of this justification. The following factors have been identified to support sole source justification. While it does not appear that entering into agreements for grants of the WGA Funds was intended to be covered by the WCI, Inc. Procurement Policy (“Policy”), the terms of the broadly drafted Policy likely encompasses the Grant Agreement. Section VI of the Policy provides for conditions under which the competitive procurement process may be waived. Section VI (K) allows for the Board to waive the competitive process for “Other conditions as determined by the Board.”

The selection of Ross without a competitive process is justified by policy and operational considerations. On the policy side, Ross is uniquely placed to provide the services set forth in the Grant Agreement. Ross is the Secretariat for the PCC. As Secretariat, Ross is already engaged with the PCC members’ leadership and technical staff. The proposed carbon pricing discussions would be integrated into an existing framework of collaboration that includes policy and technical coordination on a variety of topics. (The PCC website, <http://pacificcoastcollaborative.org/>, includes information on these other elements.) Introducing a new party to the PCC process and its members would complicate and interfere with the work Ross is already doing as Secretariat. A new provider would need to spend additional time getting to know the entities, technical staff and each entity’s regulatory system, delaying progress and increasing the amount of overhead expenditures required. Some of the proposed conversations are time-sensitive, and a full competitive procurement process would delay progress and likely decrease the effectiveness of the proposed activities.

The grant to Ross also is recommended, in this instance, as a wise use of WCI, Inc. resources. The grant award is a relatively small amount of funds. The time and expense to WCI, Inc., in consultation with PCC jurisdictions' staff, to develop a Request for Proposal, answer questions from any potential bidders, score bidders' proposals and enter into the Grant Agreement would very likely exceed the entire amount of the grant.

Given the justifications discussed above, it is the recommendation of the Executive Director and WCI, Inc. legal counsel that awarding Ross the grant on a non-competitive process provides the best value to achieve the Board's purposes in designating funds for logistical and technical support of carbon pricing discussions.

EXHIBIT A

GRANT AGREEMENT

THIS GRANT AGREEMENT (“**Agreement**”), dated as of October 12, 2017 (“**Effective Date**”), is by and between Western Climate Initiative, Inc. (“**WCI, Inc.**”), and Ross & Associates Environmental Consulting, Ltd., DBA Ross Strategic (“**Ross**”).

RECITALS

- A. WHEREAS, the Western Governors’ Association contributed funds to WCI, Inc.
- B. WHEREAS, at its meeting May 2 and 14, 2014, the WCI, Inc. Board of Directors resolved that “the funds contributed by the Western Governors’ Association are designated for logistical and technical support for discussions about carbon pricing among US states and Canadian provinces.” (“**WGA Fund Purposes**”)
- C. WHEREAS, a proposal has been submitted by Ross to WCI, Inc. whereby Ross would convene and provide facilitation support for the Pacific Coast Collaborative working group with technical staff from Oregon, Washington, California, and British Columbia to assist each other with carbon pricing program design and implementation (“**Proposal**”), a copy of which is attached hereto as Exhibit B.
- D. WHEREAS, WCI, Inc. and Ross each agree and acknowledge that the purposes and activities set forth in the Proposal are consistent with the WGA Fund Purposes.

AGREEMENT

In consideration of the mutual covenants of the parties hereto as hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

Grant of Fund. Within [ten (10) business days] after the Effective Date, WCI, Inc. shall make a grant to Ross of \$15,000 (“**Grant Funds**”). Ross agrees to only use the Grant Funds consistent with the purposes and activities set forth in the Proposal. No Grant Funds may be used for any purpose other than as set forth in the Proposal without the prior written consent of WCI, Inc.

Grant Activities. In exchange for the Grant Funds, Ross shall perform the activities set forth in the Proposal including, without limitation, providing the Final Report to WCI, Inc. within __ days after completion of the Proposal activities.

WCI, Inc. Names and Logos. Ross agrees that it shall not use WCI, Inc.’s name, logo or insignia, or otherwise identify WCI, Inc. in any form of publicity or disclosure without the prior written permission of the WCI, Inc., which permission may be given or withheld in the WCI Inc.’s sole discretion.

Governing Law/Venue. This Agreement shall be made under, construed in, and governed by the laws of the State of California, exclusive of its choice of law provisions, and where applicable by virtue of preemption, under the laws of the United States of America. Both parties unless prohibited by law hereby consent to personal Jurisdiction and venue in the courts of the State of California, or in any federal court located in California, for any suits brought under the terms of or related to the Agreement.

Compliance with Laws. Ross will comply with all federal, state, municipal, and local laws, rules, and regulations that may be applicable to the Agreement or in the performance of Ross of the activities set forth in the Proposal.

Assignment. Ross may not assign the Agreement nor any interest in the Agreement, either in whole or in part, without the prior written consent of WCI, Inc.

Entire Agreement. This Agreement, including the Proposal, constitutes the complete understanding of both parties as indicated by the signatures of the authorized representatives as of the dates indicated below. There is no promise or obligation on the part of WCI, Inc. to provide Ross with any further funding for the Proposal activities or for any other activity or purpose. This Agreement may only be modified if agreed to in writing by both parties.

Information Requests. At any time, WCI, Inc. may request Ross to supply such information as it deems necessary for WCI, Inc. to comply with federal or state laws applicable to WCI, Inc. and/or this Agreement. Ross shall furnish the requested information to WCI, Inc. within a reasonable time, but in no event not later than twenty (20) days, following the receipt of such request.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement as of the Effective Date.

Western Climate Initiative, Inc.

By: Signature on File

Name: Greg Tamblyn

Its: Executive Director

Ross Strategic

By: Signature on File

Name: Lorretta Ahouse

Its: Chief Operating Officer

EXHIBIT B

STATEMENT OF WORK

Pacific Coast Collaborative Carbon Pricing Technical Working Group

Proposed Statement of Work

A. BACKGROUND

California, Oregon, Washington, and British Columbia joined together regionally through the Pacific Coast Collaborative through an MOU signed in 2008 to create a forum for leadership and information sharing on issues facing Pacific North America. The Governors and Premier of BC signed the Pacific Coast Action Plan on Climate and Energy in 2013, and in 2016 signed the Pacific Coast Climate Leadership Action Plan to reaffirm key climate and clean energy commitments, set more ambitious goals, and extend collaboration into new areas. At the same time, the PCC leaders signed the 2016 Pacific North America Climate Leadership Agreement to catalyze collaboration with the Mayors of Los Angeles, San Francisco, Oakland, Seattle, Portland, and Vancouver to put the West Coast on a path to achieve 80 percent reduction in greenhouse gases by 2050 by transforming vehicle, building, energy, and waste sectors.

The PCC previously convened a monthly information-sharing call for technical staff from Oregon and Washington to connect about carbon pricing and clean fuels. In the 2017 legislative session, a third of Oregon legislators signed on as co-sponsors to SB1070, which calls for the creation of a market-based system for capping and reducing greenhouse gas emissions. SB 1070 remains on the table for the 2018 session with the support of Oregon Governor Kate Brown. The carbon trading system would link to other market-based programs and apply to sources emitting more than 25,000 tons of CO₂e per year.

A regional carbon pricing working group will create a forum for California and BC to share lessons learned from their carbon pricing programs with Oregon and Washington, including California's efforts to renew cap-and-trade this year, and the recent power-sharing agreement between the NDP and Green parties in BC proposing to increase the carbon tax by \$5/tonne annually.

B. OBJECTIVE

The objective of this project is for Ross Strategic to launch and provide facilitation support to a PCC working group on carbon pricing so that the states of Oregon, Washington, and California and Province of British Columbia can share information and assist with regional alignment on carbon pricing programs.

C. SCOPE OF WORK

Under the direction of WCI, Inc. and in coordination with the Pacific Coast Collaborative (PCC) jurisdictions of Oregon, Washington, California, and British Columbia, Ross will provide convening, facilitation, project management, and logistical support to the PCC to form a working group for technical staff to collaborate on carbon pricing program design and implementation.

D. TASKS

Task 1: Project Management

Ross will manage the project for cost-effective implementation of the tasks below and communicate activities and progress through quarterly reports and a final report upon project completion.

Task 2: Convene and Facilitate a Regional Working Group

Ross will convene a working group with technical staff identified by each of the PCC state/province in fall 2017 and facilitate up to eight (8) hour-long conference calls for work group coordination. This support includes:

- Scheduling of calls with technical staff identified by Oregon, Washington, California, and British Columbia
- Discussion topic planning and agenda development
- Preparation of discussion materials, as directed by the working group
- Facilitation and note-taking on each call by two (2) Ross Strategic staff
- Tracking and coordination of action items and follow up

The jurisdictions have identified the following topics for regional coordination within the working group (note: this list is not exhaustive):

- Strategies and program design considerations for working with stakeholder groups, including:
 - Regulated industry
 - Electric utilities
 - Natural gas utilities
 - Agriculture
 - Forestry
 - Environmental justice
 - Transportation fuels
 - Trucking/AAA
 - Labor
- Leakage
 - Observed/modeled effects in jurisdictions with pricing programs
 - Control mechanisms considered and in use
- Methods for quantifying and communicating the benefits of carbon pricing, including:
 - Economic growth

- Jobs
- Public health
- Data verification, including methods, process, and considerations for specific sectors

Task 3: Support for a One-Day In-Person Carbon Pricing Technical Workshop

Ross Strategic will support convening, facilitation, and documentation of a one-day, in-person technical workshop on carbon pricing. The workshop will invite all technical staff from the working group to meet in-person for a day to share information and discussion topics identified for the working group for regional coordination. This includes:

- Coordination of workshop logistics, including date, time, and location
- Agenda development
- Preparation of relevant discussion materials
- Coordination with technical experts as directed
- Note-taking during the workshop
- Tracking and coordination of action items and follow up
- Support for participant travel

E. PROPOSED BUDGET

We anticipate that the project would cost approximately \$15,000 and involve 112 hours at the hourly rates listed below. The budget assumes travel for two (2) Ross Strategic staff and 2 technical experts identified by the working group to a one-day, in-person workshop in Portland, Oregon during 2018.

Ross Strategic bases this proposed budget on the following break-down of hours and estimated costs.

Task/Cost	Hours	Labor	Travel/ODCs	Task Totals
Task 1: Project Management	12	\$1,000		\$1,000
Task 2: Convene and Facilitate a Regional Working Group	56	\$6,100	\$600	\$6,700
Task 3: Support for a One-Day In-Person Carbon Pricing Technical Workshop	44	\$4,700	\$2,600	\$7,300
Totals	112	\$11,800	\$3,200	
Project Total		\$15,000		

Tom Beierle\$163.00

Ryann Child\$78.00

Fiscal\$97.00