ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, March 15, 2012, 5:00 p.m.
ABAG Conference Room
MetroCenter—8th and Oak Streets
Oakland, CA

		Recommendation **
1.	**Public Comments**	**Information**
*2.	**Minutes of the January 19, 2012 Meeting**	**Action**
*3.	**Financial Reports – ABAG** *The December 2011 and January 2012 Financial reports are enclosed with the agenda packet.*	**Action**
4.	**Update on Budget Discussions Regarding Long-Term Funding for Planning and Research** *An oral report will be provided.*	**Information**
	THE FOLLOWING ITEM WILL BE DISCUSSED IN CLOSED SESSION PURSUANT TO THE REQUIREMENTS OF THE RALPH M. BROWN ACT.	
5.	**Public Employee Performance Evaluation** *Title: Executive Director*	**Action/ Information**
6.	**Adjournment**	**Action**

* Attachments enclosed with packet.

** The Committee may take action on any item on the agenda, which action may be the recommended action, any other action or no action.

ABAG FINANCE AND PERSONNEL COMMITTEE

Summary Minutes

January 19, 2012

Members Present	Jurisdiction
Supervisor Rose Jacobs Gibson, Chair	County of San Mateo
Supervisor David Cortese	County of Santa Clara
Supervisor John Gioia	County of Contra Costa
Mayor Mark Green	City of Union City
Supervisor Scott Haggerty	County of Alameda
Supervisor Barbara Kondylis	County of Solano
Supervisor Mark Luce	County of Napa
Vice Mayor Peter McHugh	City of Milpitas
Councilmember Julie Pierce	City of Clayton
Councilmember A. Sepi Richardson	City of Brisbane

Members Not in Attendance	
Supervisor Susan Adams	County of Marin

Officers and Staff Present
Ezra Rapport, Executive Director
Patricia Jones, Assistant Executive Director
Kenneth Moy, Legal Counsel
Herbert Pike, Finance Director
Judy Kelly, Director of SFEP
Susan Hsieh, Assistant Finance Director
Caitlin Sweeney, Sr. Environmental Specialist

Guests:

Supervisor David Rabbitt	County of Sonoma
Councilmember Dave Hudson	City of San Ramon

1) The meeting was called to order at 5:00 p.m.

2) Supervisor Rose Jacobs Gibson and Councilmember A. Sepi Richardson were unanimously re-elected as Chair and Vice-Chair, respectively. /M/Kondylis/S/McHugh

3) Summary Minutes of the November 17, 2011 meeting were approved. /M/McHugh/S/Kondylis/C/approved.

F&PC AGENDA ITEM #2

4) Pike provided an overview of the October and November 2011 Financial Reports. /M/McHugh/S/Richardson/C/approved.

5) Rapport and Pike presented the Proposed Work Program, Budget and Membership Dues--FY 2012-13 for review.
/M/Pierce/S/Kondylis/C/ to recommend to the Executive Board to forward to the General Assembly for approval.

6) Pike presented a resolution to establish a trust for ABAG employees through the California Government Voluntary Employees Beneficiary Association (CALGOVEBA). /M/Richardson/S/Kondylis/C/ to recommend adoption by the Executive Board.

7) Closed Session re Public Employee Performance Evaluation/Executive Direction. No reportable action.

8) Closed Session conference with legal counsel re Crandall v ABAG—Notice of Claim received. Reportable Action—The Committee recommended rejection of the claim.

9) Meeting adjourned at 6:00 p.m.

TO: Finance and Personnel Committee

DT: January 26, 2012

FM: Herbert Pike, Finance Director

Re: Financial Reports --December 2011

The following are highlights of the financial reports for December 2011.

Overall Summary (Figures 3, 4, 7 & 8)

Through December 31st, the Agency's net financial operating gain of about $189 thousand is higher than in previous years, the largest factor being the surplus in indirect overhead to-date attributed to the diversion of accounting, information technology and administrative support personnel away from indirect overhead and charging directly to several new energy projects. The Association's cash balance is $1.97 million higher than the end of December the prior year. A significant portion of current year's cash balance is committed for grant funded activities.

Cash on Hand (Figure 1)

Cash on hand decreased to $2.89 million as of December 31st from $4.02 million on November 30th. The decrease of $1.13 million is partly attributed to a payment in the amount of $620 thousand. The funds were deposited into a CalPERS trust account to fund for the FY 10-11 OPEB liability. In addition, large payments were issued to consultants and contractors for services provided in prior months. The December balance includes approximately $762 thousand invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The December 31st cash balance is approximately $1.97 million greater than the prior year. In the current fiscal year, the Association received large advances from a few granting agencies to fund for future project activities.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about $4.71 million on December 31st, a decrease of $963 thousand from the month prior. The month to month decrease is mainly due to a $666 thousand decrease in billed grants receivables and a $254 thousand decrease in unbilled receivables. Some outstanding invoices were paid by granting agencies and less expenditure incurred during the month resulting in a decline in receivables. Receivables are approximately $1.44 million higher than they were a year prior reflecting the higher grant activity level in the current fiscal year, especially in energy-related grant activity.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses through December 31st, the sixth month of the new fiscal year, amounted to about $12.67 million, or 45.3 percent, of the adjusted budgeted annual expense of $28.0 million for FY 2011-12. The substantial upward adjustment is due to some large grants (funded through ARRA) that have strict requirements to spend the funds, primarily to contractors, before the end of the current fiscal year.

F&PC AGENDA ITEM #3-A

Actual vs. Budgeted Revenues (Figure 10)
As of December 31st, total revenues amounted to about $12.86 million, or 45.2 percent, of the revised budgeted annual revenue of $28.05 million for FY 11-12.

As of December 31st, both revenues and expenses are below projections for the first six months of FY 2011-12 (50 percent). These positions are largely due to the timing of consultant and sub-contractor expenses that are grant funded and for which there is a customary lag between the rendering of the service and the conversion to an expense and receivable when the contractors submit their bills.

Fund Equity (Figure 5)
As of December 31st, general fund equity was approximately $1.27 million, a slight decrease of $7 thousand from prior month. The Agency's restricted fund equity, consisting of capital, self-insurance, building maintenance and reserves, remained unchanged at $560 thousand. That is $50 thousand over the previous year to reflect the discussed minimum annual reserve increase in reserves of $50 thousand per year.

Indirect Cost (Figure 6)
The Agency's actual indirect cost (overhead) rate was 37.89 percent, or 5.06 percent below target. The lower than expected rate reflects the diversion of substantial central services efforts toward new grants, especially energy grants. Unless new grants are awarded later in the year, it is expected that the grants will end and staff will move toward allocable overhead costs that will cause the rate to rise.

ABAG FINANCIAL REPORTS

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* Cash on Hand ..... Figure 1
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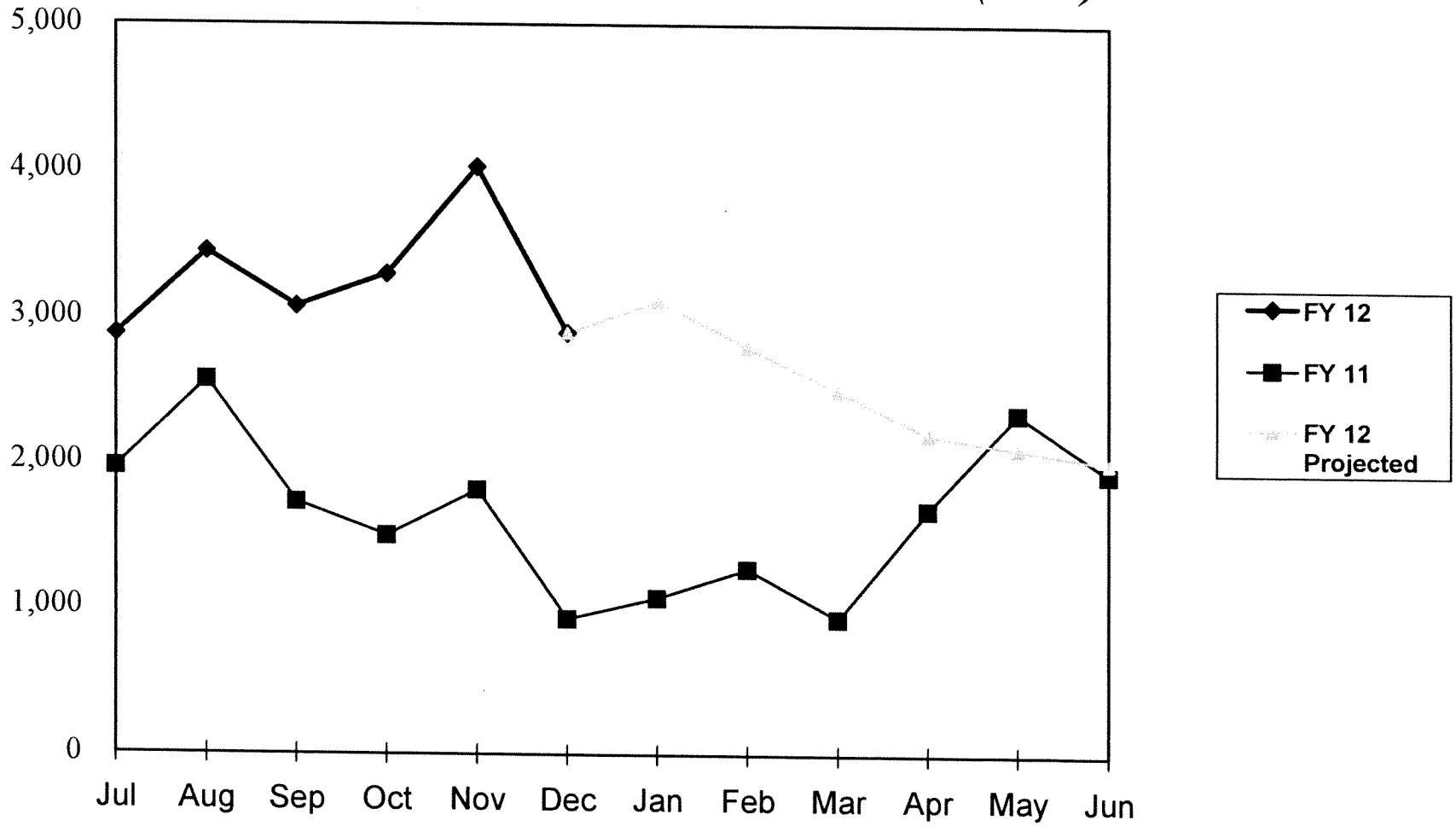
* Indirect Cost Rate (% of Direct Labor Cost) ..... Figure 6
* Composition of Expenses ..... Figure 7
* Composition of Revenues ..... Figure 8
* Actual vs. Budgeted/Projected Expenses ..... Figure 9
* Actual vs. Budgeted/Projected Revenues ..... Figure 10

ABAG Financial Indices

Figure 1--*Cash on Hand--FY 11 and FY 12 ($'000)*

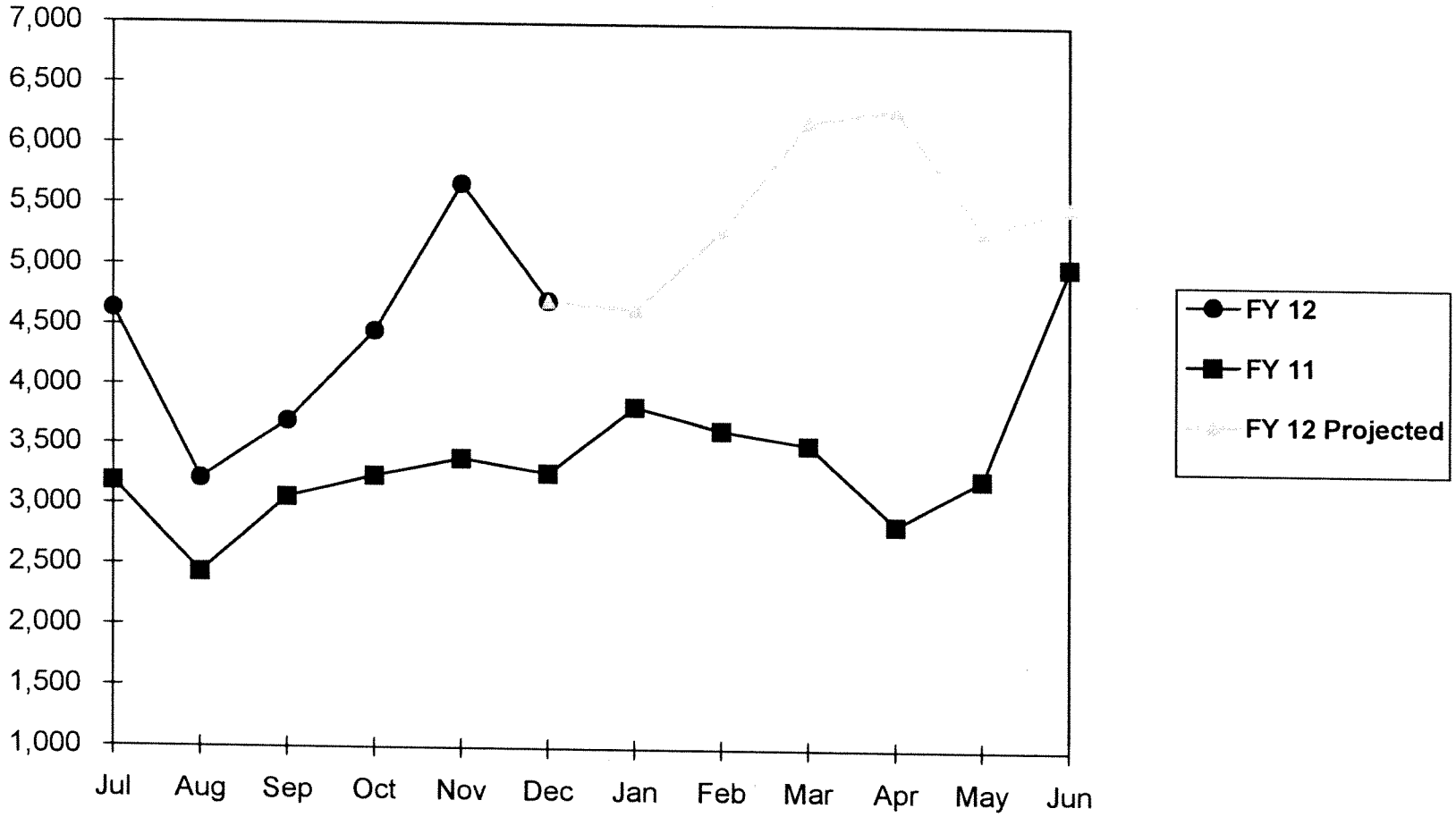


Represents the sum total of cash deposited at our bank and the Local Agency Investment Fund. This chart shows fluctuation patterns of cash on hand for the current and prior fiscal years.

Source: ABAG -INDICES 2011-12.xls

ABAG Financial Indices

Figure 2--*Accounts Receivable--FY 11 and FY 12 ($'000)*



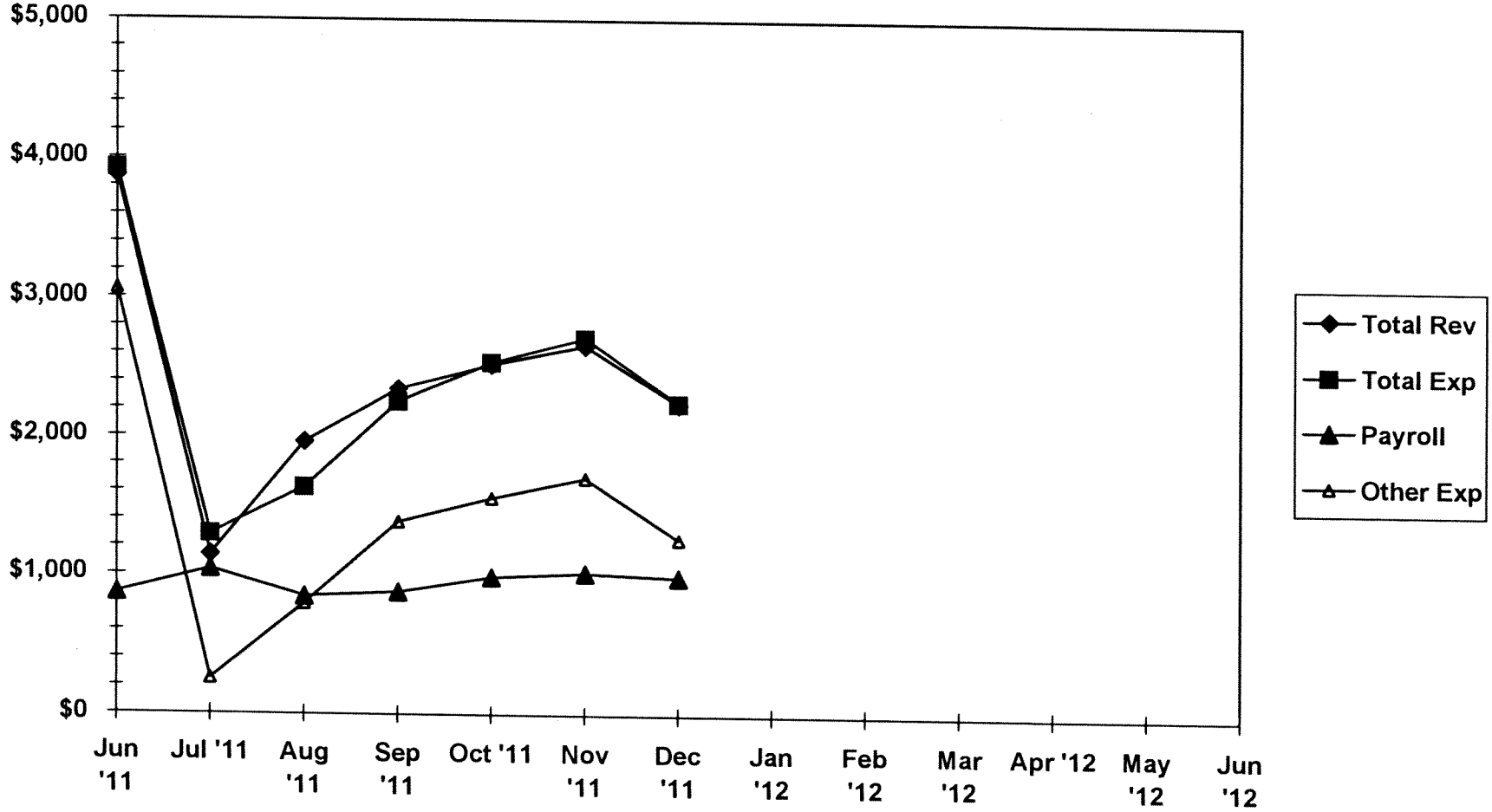
Accounts receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels; usually have about six weeks' worth of annual revenues in receivables.

Source: ABAG -INDICES 2011-12.xls

ABAG Financial Indices

Figure 3--*Current Month Revenues & Expenses*

FY 11-12 ($'000)

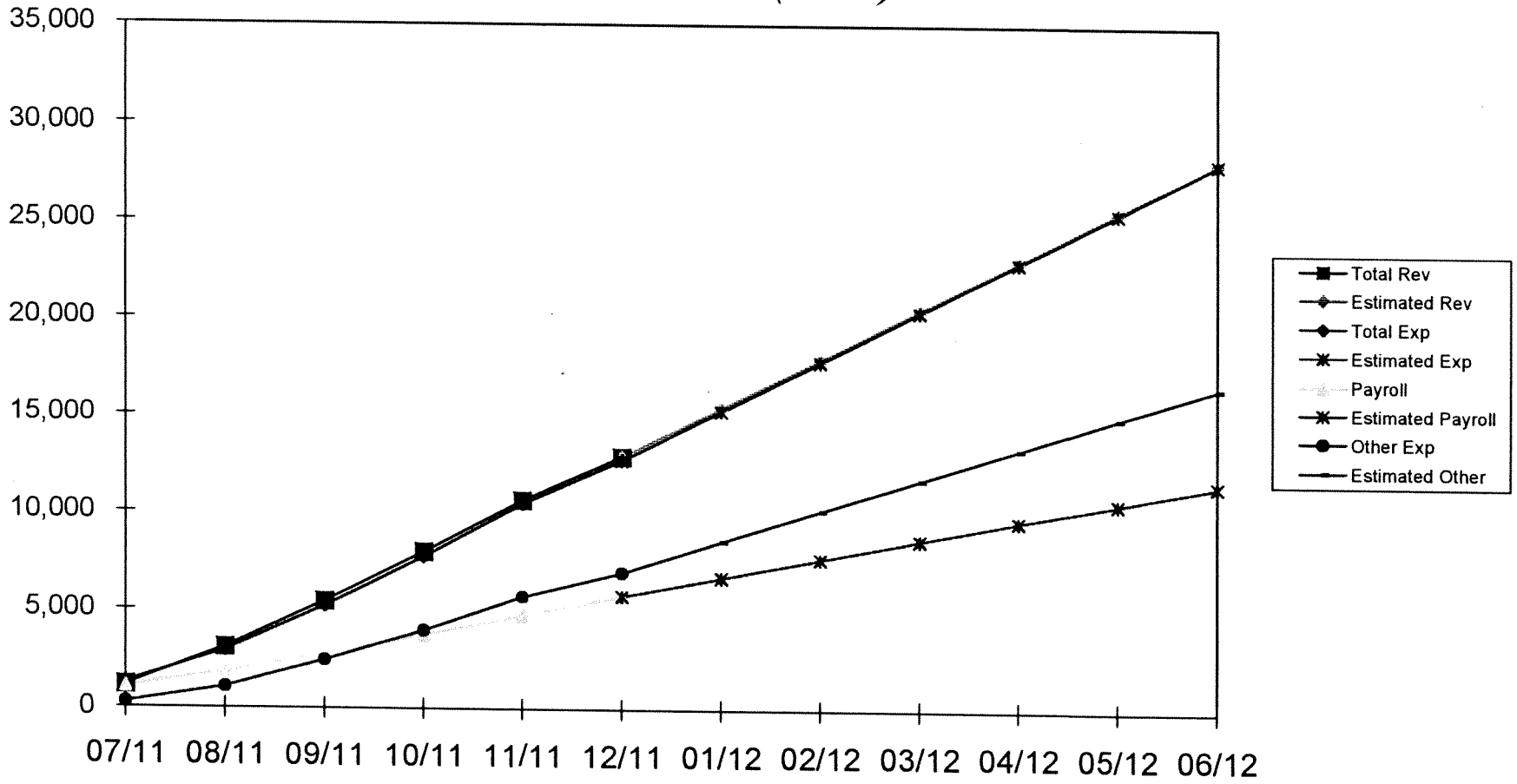


Presents month by month total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall current month net surplus (or deficit) for the Association.

Source: ABAG- INDICES 2011-12.xls

ABAG Financial Indices

Figure 4--Year-to-date Revenues & Expenses
FY 11-12 ($'000)



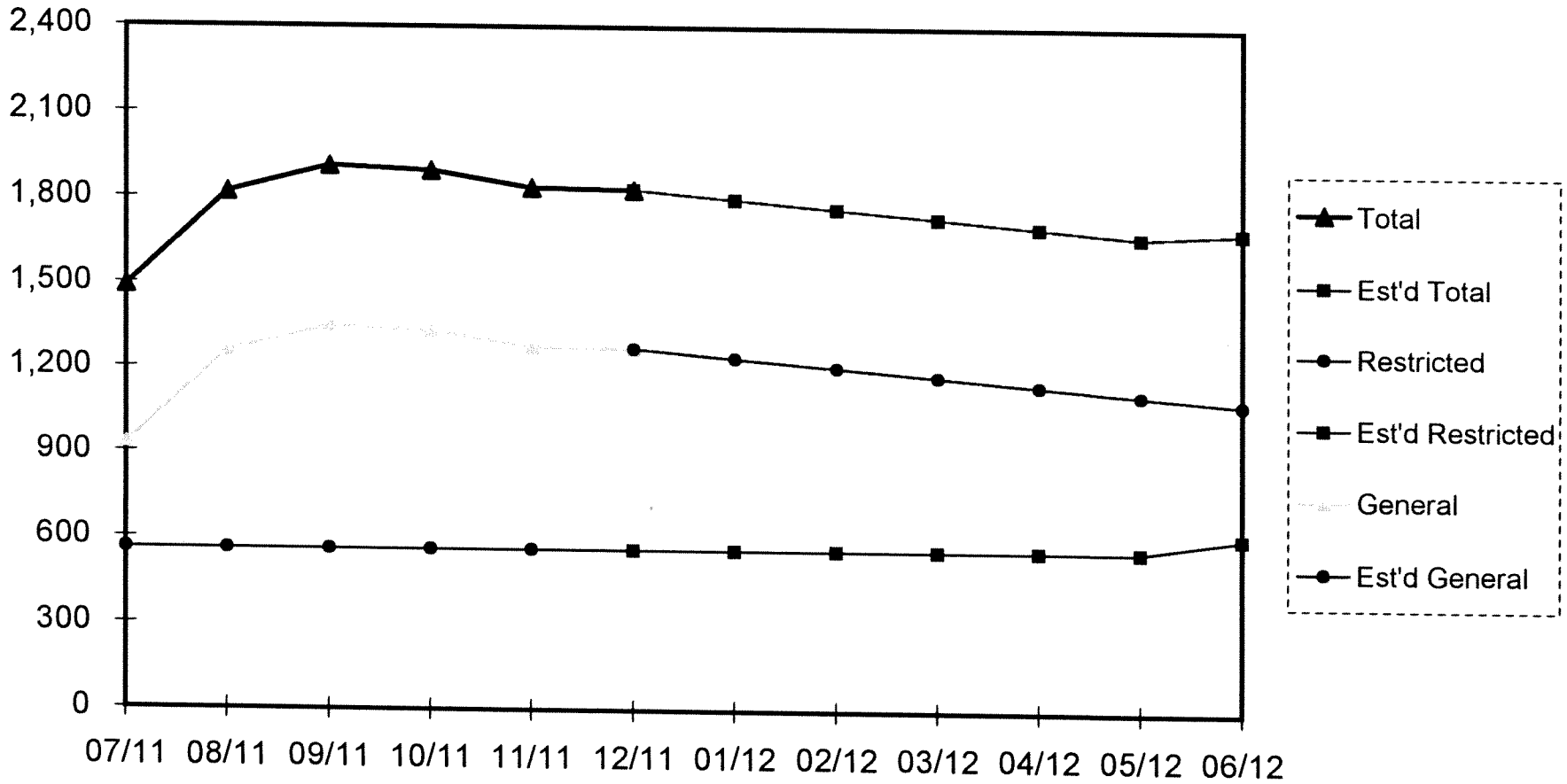
Presents year-to-date total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall year-to-date net surplus (or deficit) for the Association.

Source: ABAG - INDICES 2011-12.xls

ABAG Financial Indices

Figure 5--*Fund Equity*

FY 11-12 ($'000)

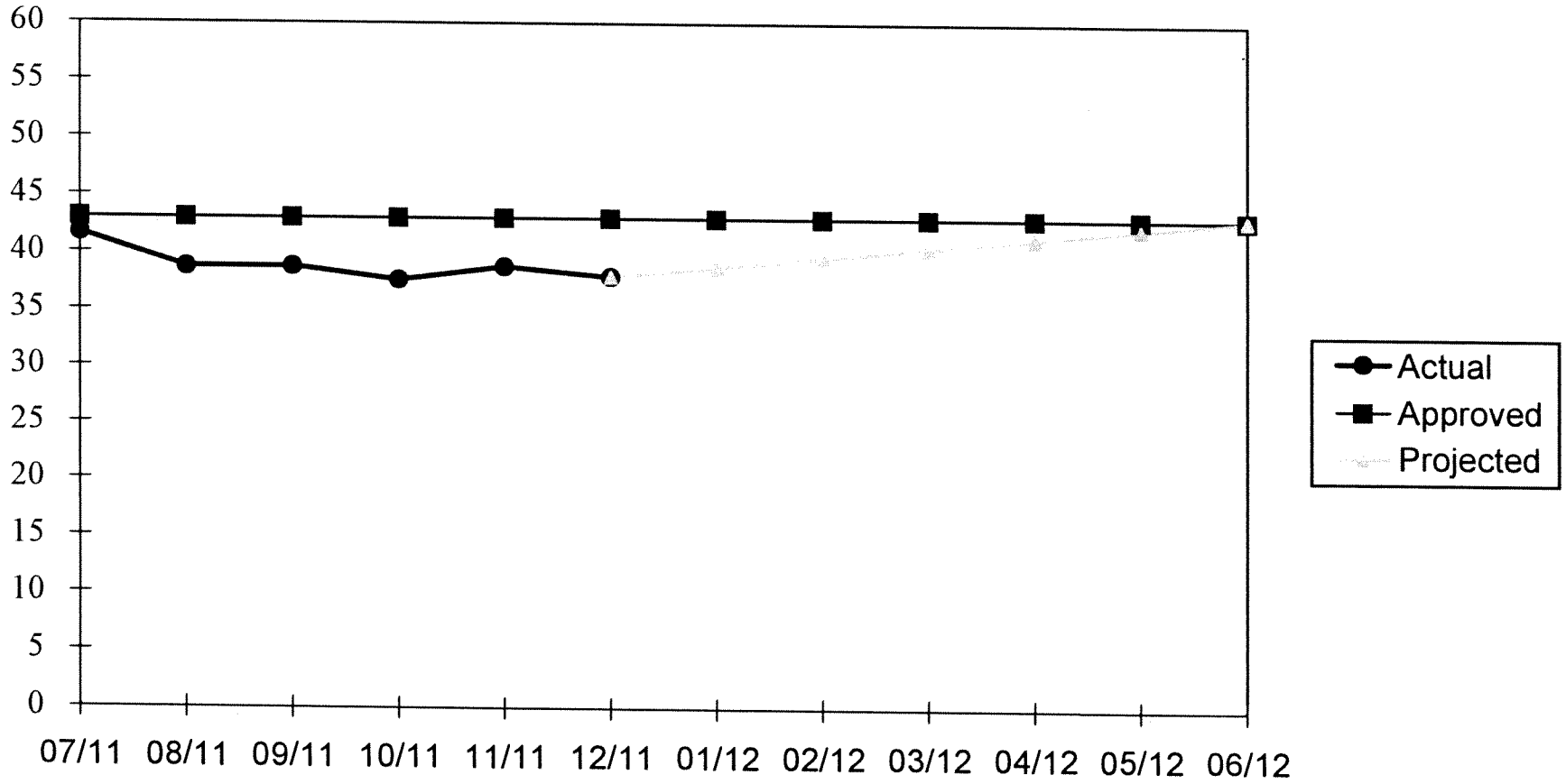


Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvement interest, building maintenance, self-insurance, capital and contingency reserve. These restricted equities represent the Association's equities set aside for specific purposes. Total equity is the sum total of general and restricted equities.

Source: ABAG - INDICES 2011-12.xls

ABAG Financial Indices

Figure 6--*Indirect Cost Rate (% of Direct Labor Cost)*
FY 11-12

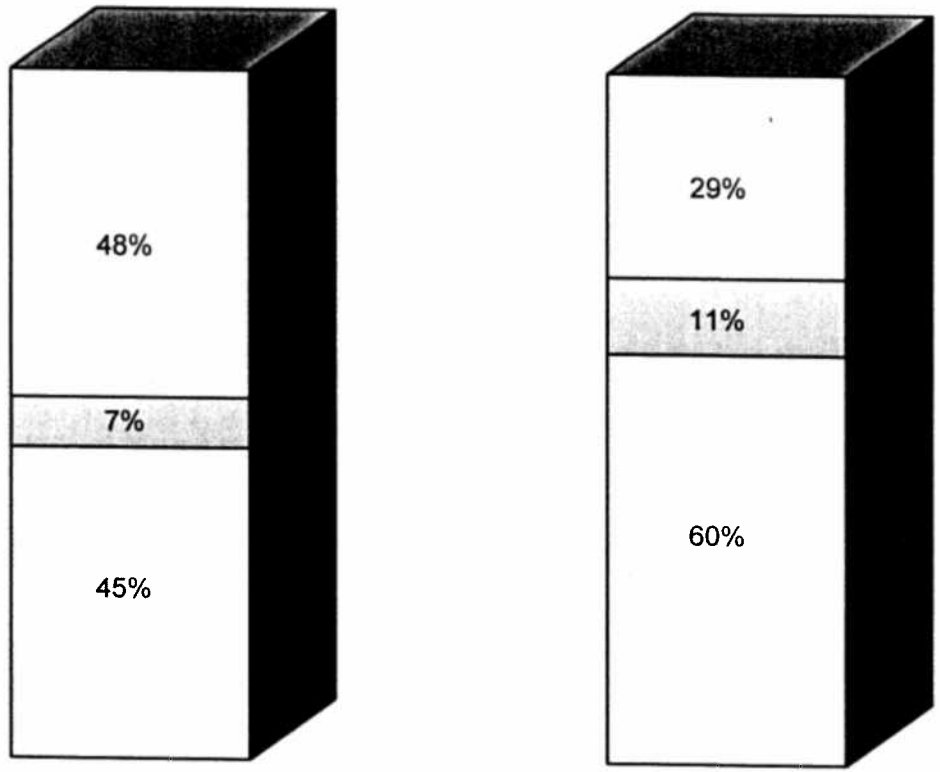


Shows a comparison between the actual indirect cost rate and the approved rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with OMB Circular A-87.

Source: ABAG- INDICES 2011-12.xls

ABAG Financial Indices

Figure 7-- Composition of Expenses FY 11--FY 12
Year to Date
($'000)



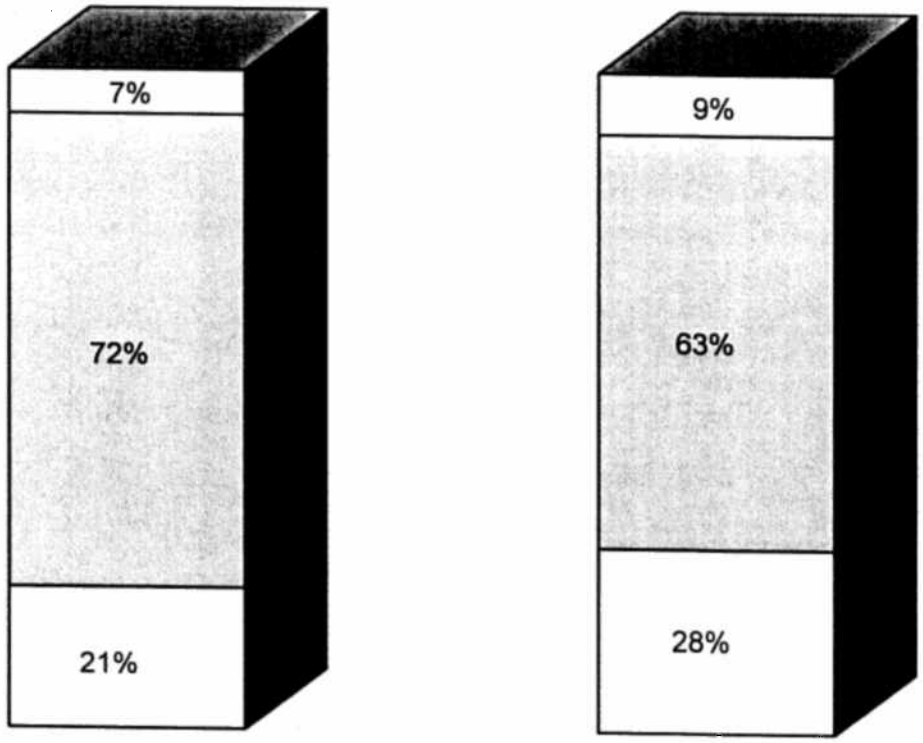
	FY11-12 Expenses (Total $12,671)	FY10-11 Expenses (Total $9,293)
☐ Consultants	$6,015	$2,730
☐ Others	$922	$1,029
☐ Payroll	$5,734	$5,534

This chart compares expenses for current and prior fiscal year. It groups expenses into three broad categories--payroll costs, consultants and other expenses.

Source: ABAG -INDICES 2011-12.xls

ABAG Financial Indices

Figure 8-- Composition of Revenues FY 11--FY 12
Year to Date
($'000)



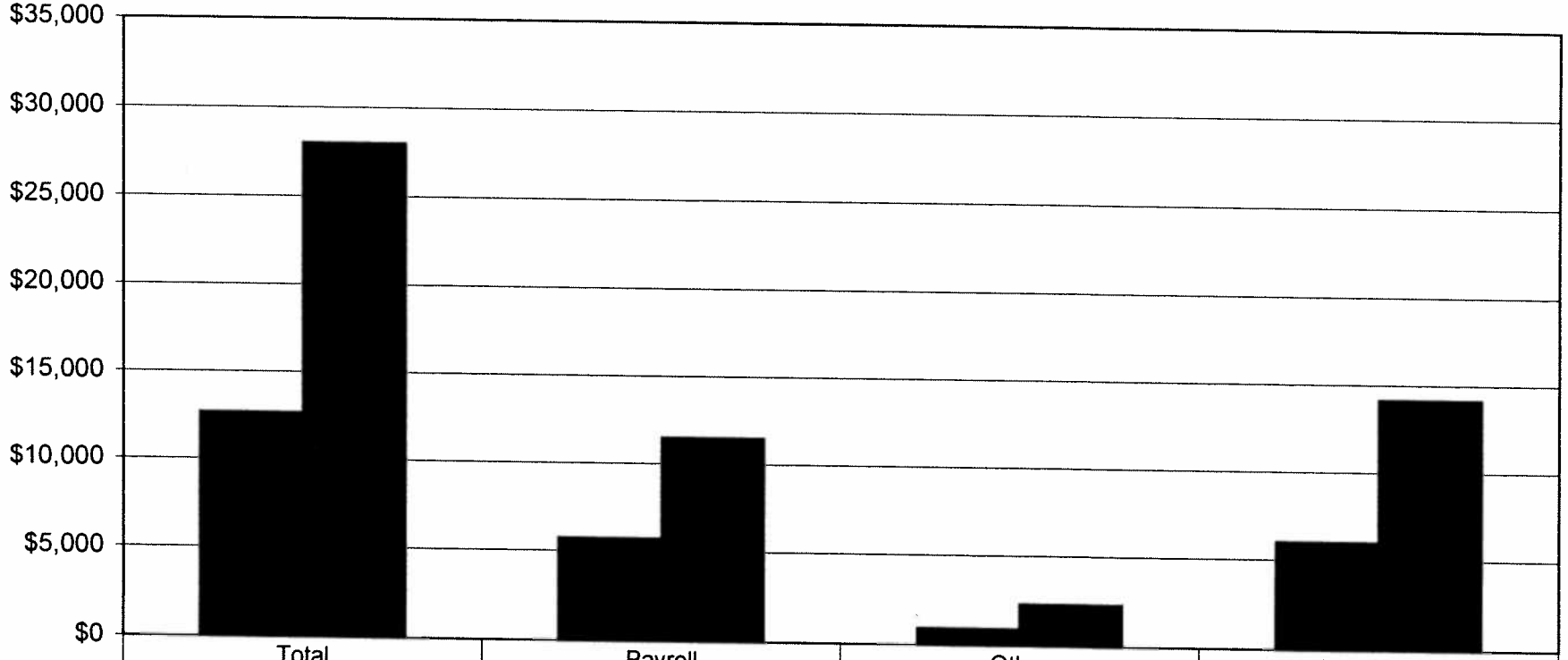
	FY 11-12 Revenue (Total $12,860)	FY 10-11 Revenue (Total $9,091)
☐ Membership	$866	$845
☐ Grants	$9,256	$5,721
☐ Services & Others	$2,738	$2,525

Presents a breakdown of total revenues into four main sources–membership, grants, services and others. This chart compares revenue sources between current and prior fiscal year.

Source: ABAG --- INDICES 2011-12.xls

ABAG Financial Indices

Figure 9--*Actual vs Projected Expenses--FY 11-12*
Year to Date ($'000)



	Total	Payroll	Other	Consultants
Actual	$12,671	$5,734	$922	$6,015
Projected	$28,000	$11,500	$2,340	$14,160

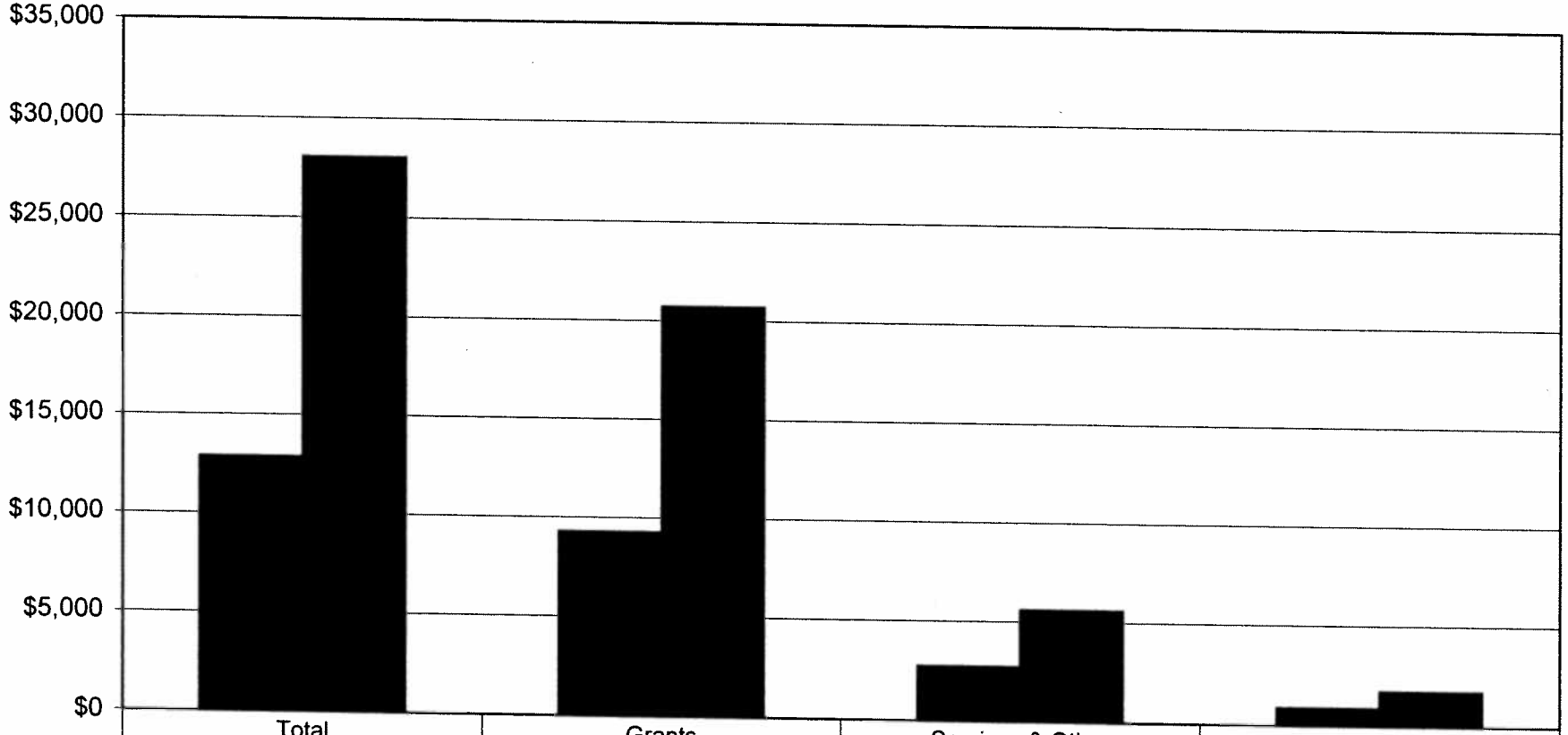
Presents a comparison of actual and budgeted/projected total expenses as well as component categories: payroll costs, consultants and other expenses.

Source: ABAG -- INDICES 2011-12.xls

ABAG Financial Indices

Figure 10--*Actual vs Projected Revenues--FY 11-12*

Year to Date ($'000)



	Total	Grants	Services & Other	Membership
Actual	$12,860	$9,256	$2,738	$866
Projected	$28,050	$20,719	$5,600	$1,731

Presents a comparison of actual and budgeted/projected total revenues as well as component categories: membership dues, grants, services and other.

Source: ABAG –INDICES 2011-12.xls

TO: Finance and Personnel Committee

DT: February 29, 2012

FM: Herbert Pike, Finance Director

Re: Financial Reports --January 2012

The following are highlights of the financial reports for January 2012.

Overall Summary (Figures 3, 4, 7 & 8)

Through January 31st, the Agency's net financial operating gain of about $102 thousand is higher than in previous years, the largest factor being the surplus in indirect overhead to-date attributed to the diversion of accounting, information technology and administrative support personnel away from indirect overhead and charging directly to several new energy projects. The Association's cash balance is $2.04 million higher than the end of January the prior year. A significant portion of current year's cash balance is committed for grant funded activities.

Cash on Hand (Figure 1)

Cash on hand increased to $3.11 million as of January 31st from $2.89 million on December 31st. The increase of $223 thousand is attributed primarily to payments from granting agencies for expenditures billed in prior months. The January balance includes approximately $764 thousand invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The January 31st cash balance is approximately $2.05 million greater than the prior year. In the current fiscal year, the Association received large advances from a few granting agencies. The grant funds will be used for future program activities such as the design and construction of the Bay Trail Project and energy incentives for Bay Area homeowners.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about $4.65 million on January 31st, a decrease of $63 thousand from the month prior. The month to month decrease reflects a $525 thousand decrease in billed grants receivables offset by a $462 thousand increase in unbilled receivables. Effective and efficient management of receivables/grant billings resulted in lower billed receivable balance. Increase in project expenditures resulted in higher unbilled receivable balance. Receivables are approximately $815 thousand higher than they were a year prior reflecting the higher grant activity level in the current fiscal year, especially in energy-related grant activity.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses through January 31st, the seventh month of the new fiscal year, amounted to about $15.47 million, or 55.3 percent, of the adjusted budgeted annual expense of $28.0 million for FY 2011-12. The substantial upward adjustment is due to some large grants (funded through ARRA) that have strict requirements to spend the funds, primarily to contractors, before the end of the current fiscal year.

F&PC AGENDA ITEM #3-B

Actual vs. Budgeted Revenues (Figure 10)
As of January 31st, total revenues amounted to about $15.58 million, or 55.5 percent, of the revised budgeted annual revenue of $28.05 million for FY 11-12.

As of January 31st, both revenues and expenses are below projections for the first seven months of FY 2011-12 (58.3 percent). These positions are largely due to the timing of consultant and sub-contractor expenses that are grant funded and for which there is a customary lag between the rendering of the service and the conversion to an expense and receivable when the contractors submit their bills. As some large grants expire, revenues and expenses are expected to increase toward the end of the fiscal year.

Fund Equity (Figure 5)
As of January 31st, general fund equity was approximately $1.18 million, a decrease of $87 thousand from prior month. The Agency's restricted fund equity, consisting of capital, self-insurance, building maintenance and reserves, remained unchanged at $560 thousand. That is $50 thousand over the previous year to reflect the discussed minimum annual reserve increase in reserves of $50 thousand per year.

Indirect Cost (Figure 6)
The Agency's actual indirect cost (overhead) rate was 37.64 percent, or 5.31 percent below target. The lower than expected rate reflects the diversion of substantial central services efforts toward new grants, especially energy grants. The rate is expected to increase in the next few months after a sizeable energy project wraps up in March 2012. It will allow some staff to divert their focus and resources back into the overhead functions.

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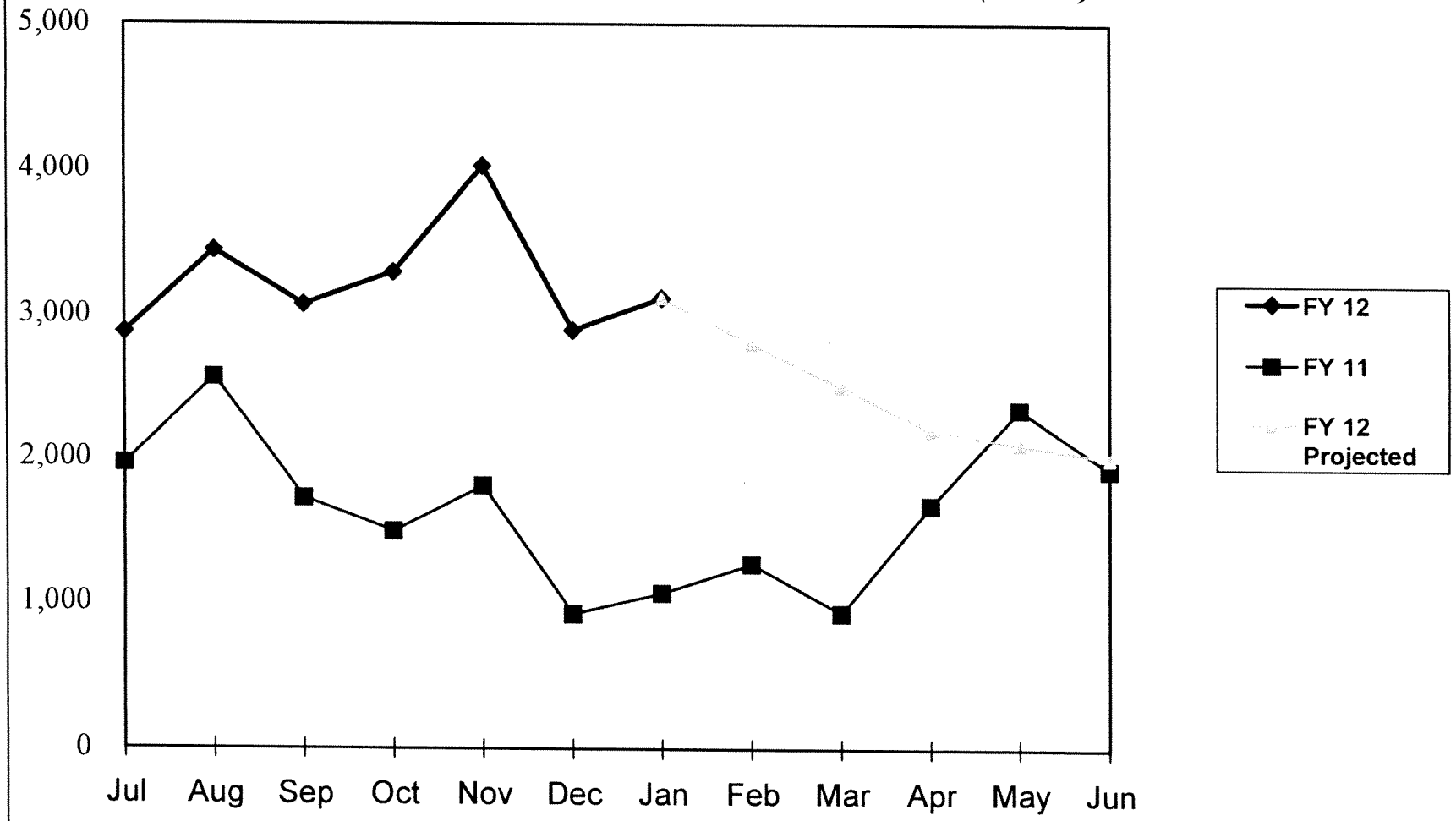
ABAG Financial Indices

Figure 1--*Cash on Hand--FY 11 and FY 12 ($'000)*



Represents the sum total of cash deposited at our bank and the Local Agency Investment Fund. This chart shows fluctuation patterns of cash on hand for the current and prior fiscal years.

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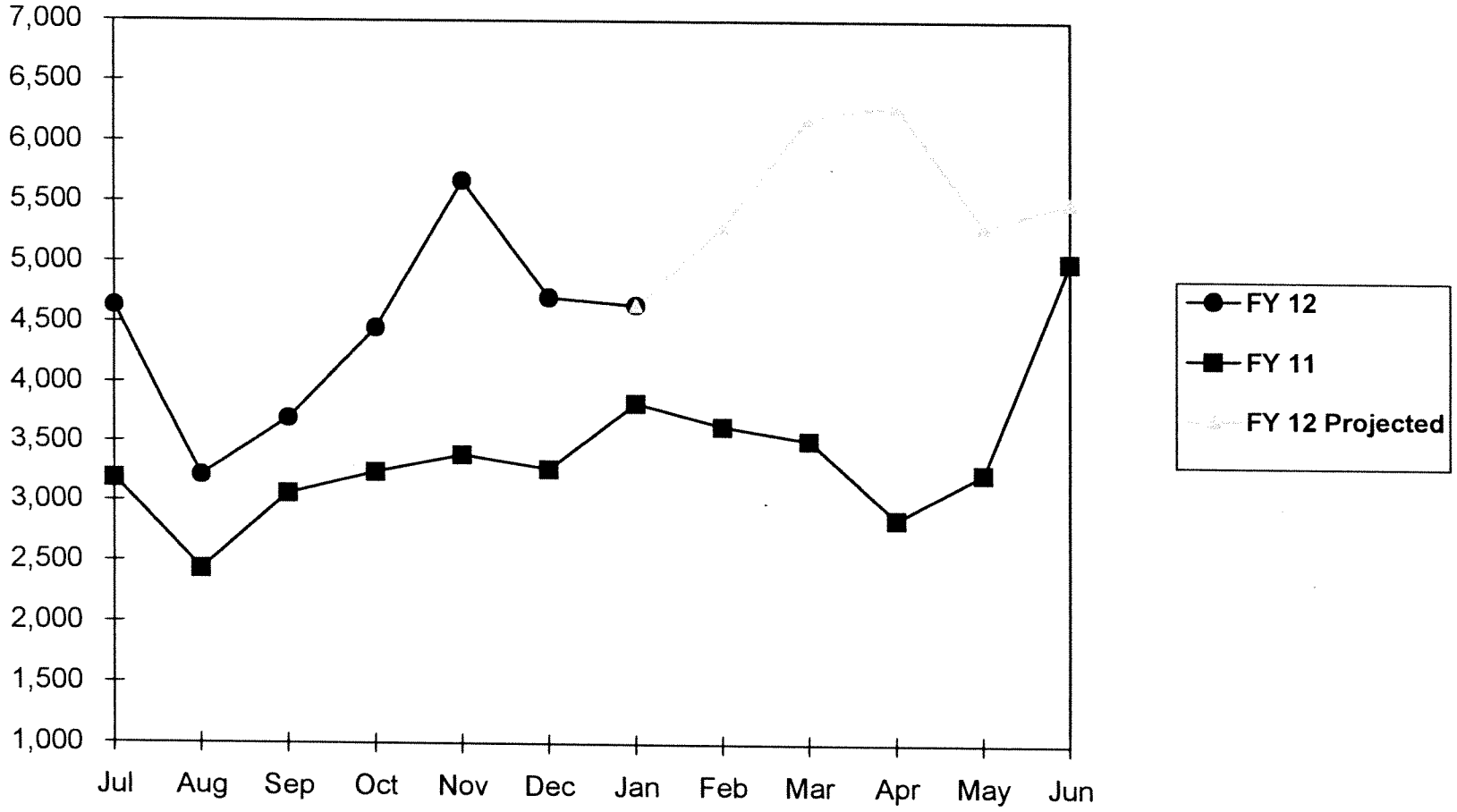
ABAG Financial Indices

Figure 2--*Accounts Receivable--FY 11 and FY 12 ($'000)*



Accounts receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels; usually have about six weeks' worth of annual revenues in receivables.

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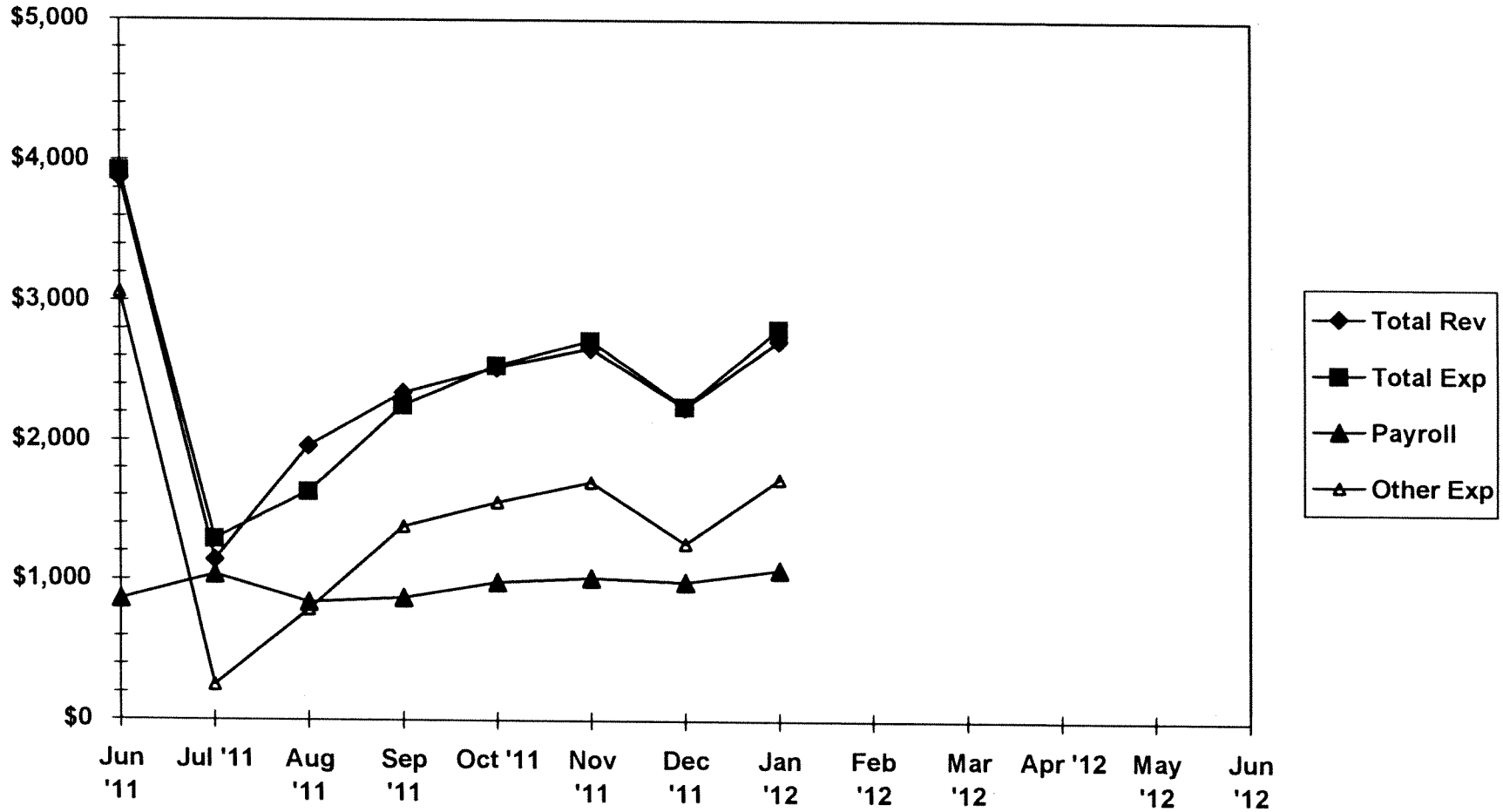
ABAG Financial Indices

Figure 3--*Current Month Revenues & Expenses*

FY 11-12 ($'000)

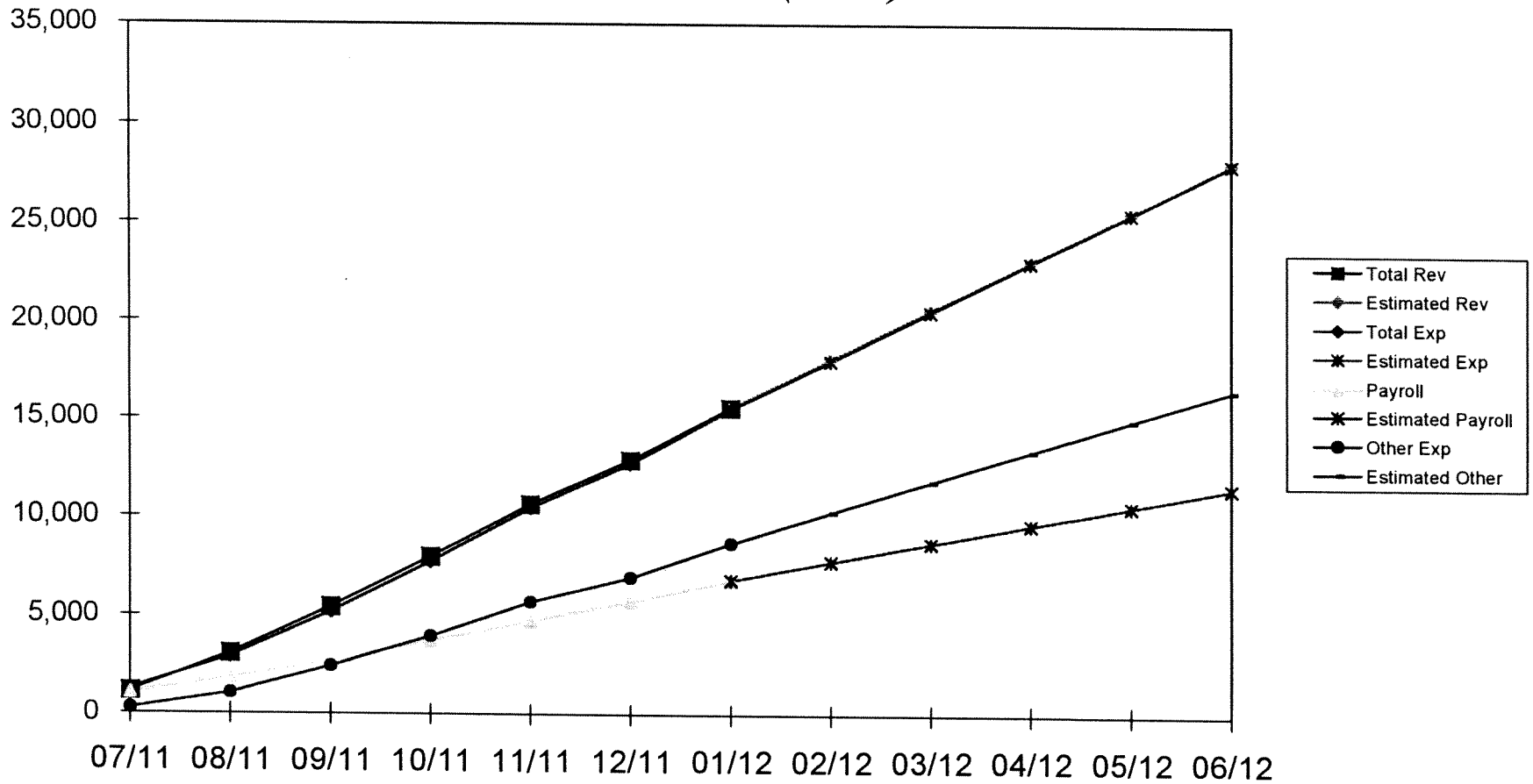


Presents month by month total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall current month net surplus (or deficit) for the Association.

Source: ABAG- INDICES 2012-01.xls

ABAG Financial Indices

Figure 4--Year-to-date Revenues & Expenses
FY 11-12 ($'000)



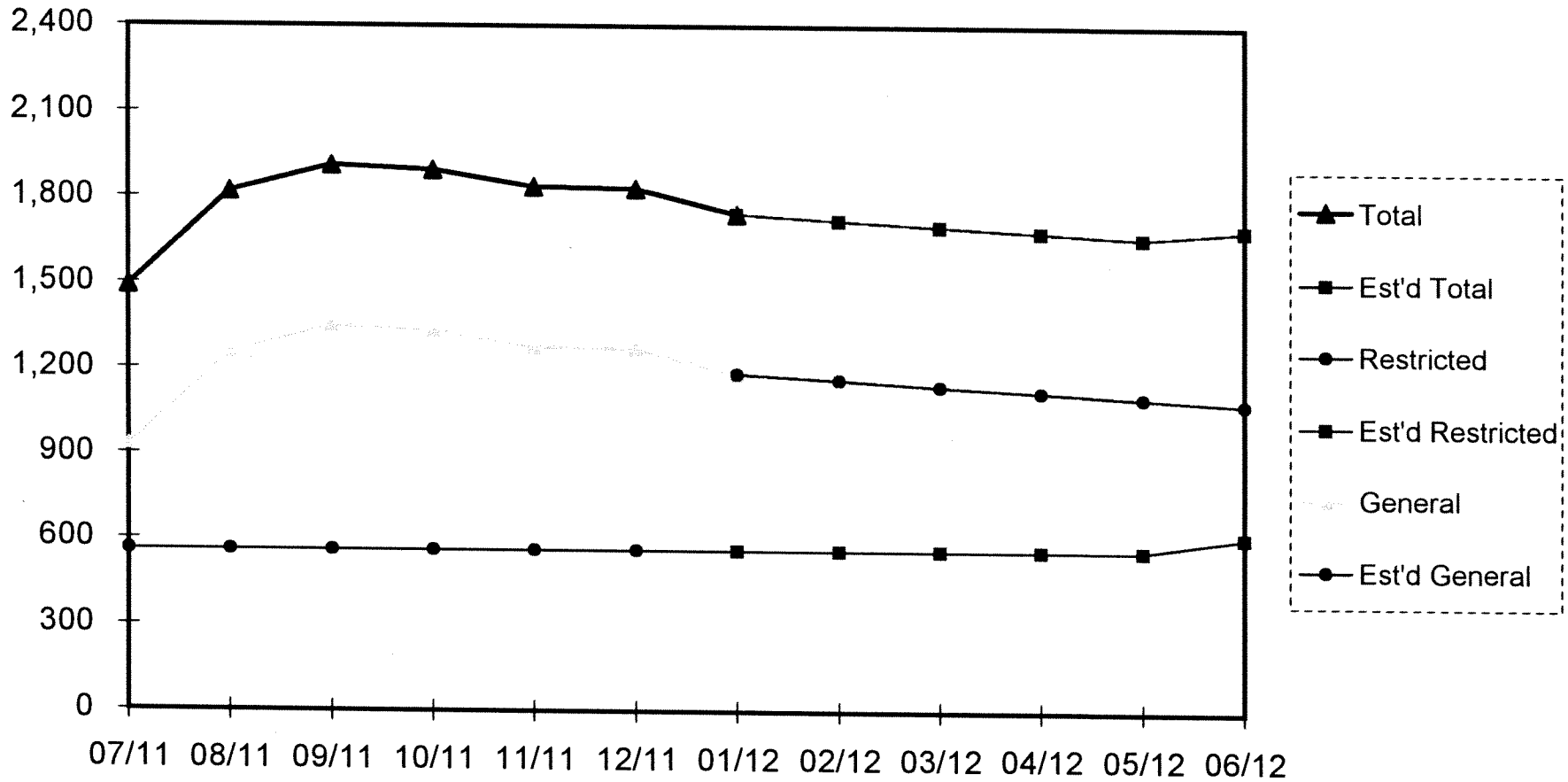
Presents year-to-date total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall year-to-date net surplus (or deficit) for the Association.

Source: ABAG - INDICES 2012-01.xls

ABAG Financial Indices

Figure 5--*Fund Equity*

FY 11-12 ($'000)



Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvement interest, building maintenance, self-insurance, capital and contingency reserve. These restricted equities represent the Association's equities set aside for specific purposes. Total equity is the sum total of general and restricted equities.

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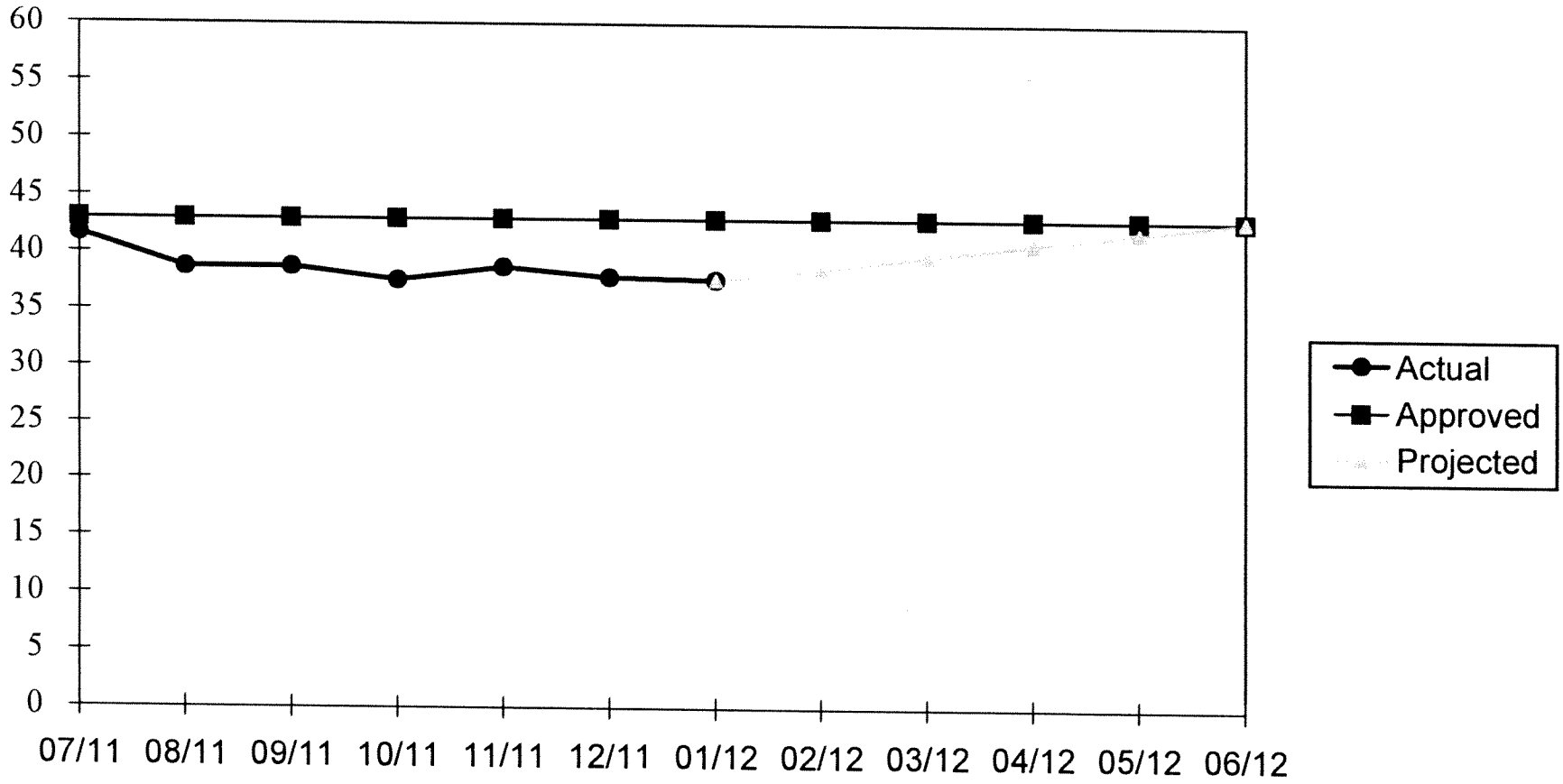
ABAG Financial Indices

Figure 6--*Indirect Cost Rate (% of Direct Labor Cost)*
FY 11-12

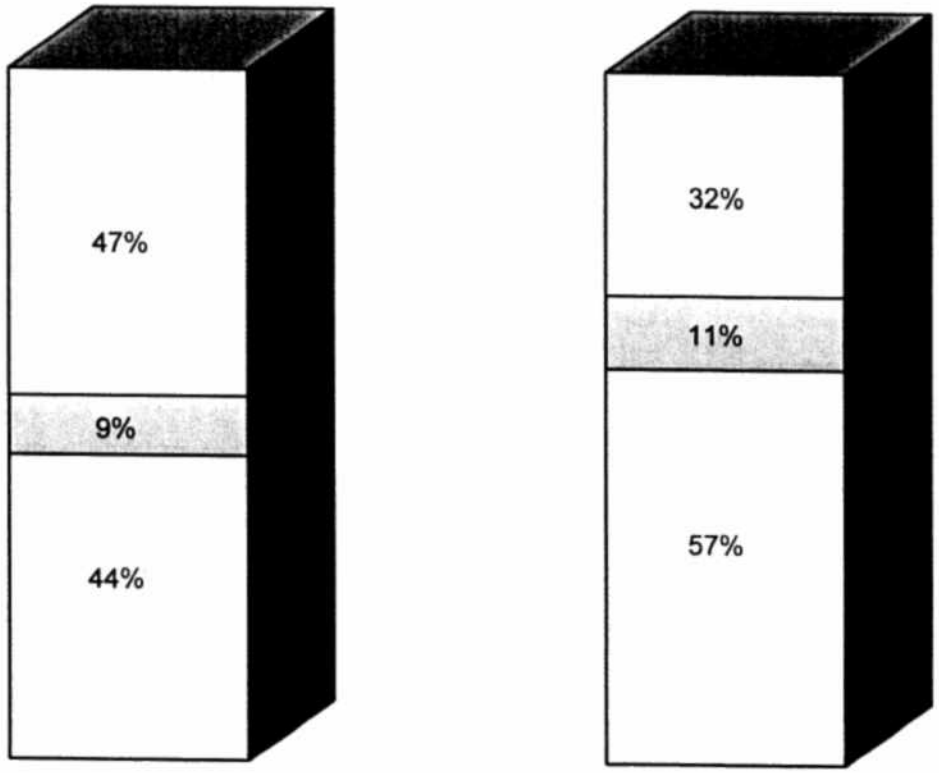


Shows a comparison between the actual indirect cost rate and the approved rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with OMB Circular A-87.

Source: ABAG- INDICES 2012-01.xls

ABAG Financial Indices

Figure 7-- Composition of Expenses FY 11--FY 12
Year to Date
($'000)



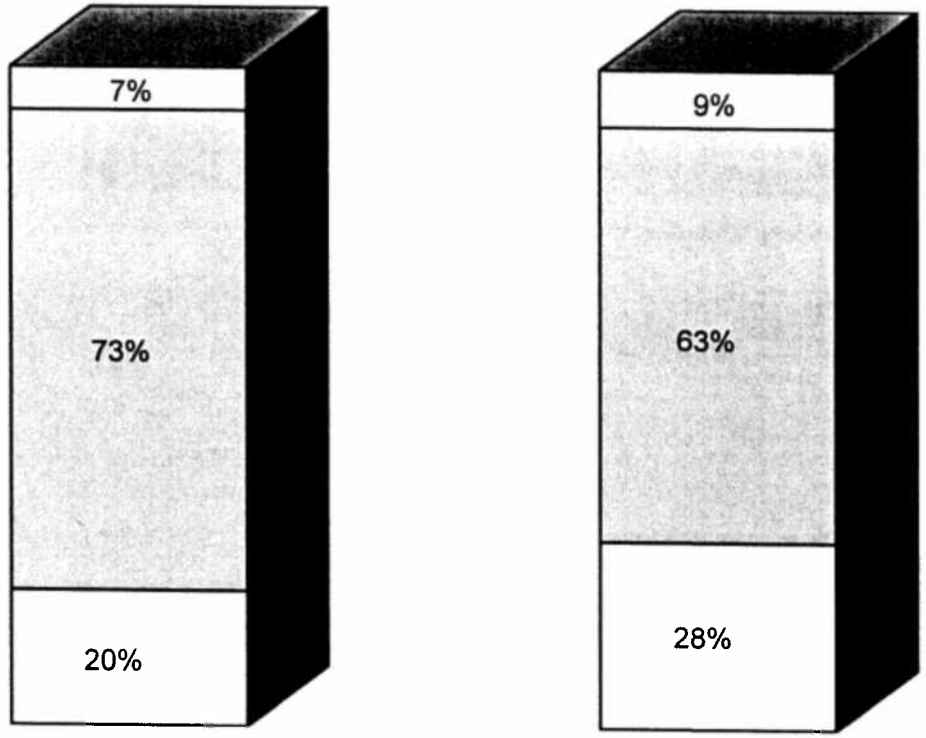
	FY11-12 Expenses (Total $15,473)	FY10-11 Expenses (Total $11,630)
☐ Consultants	$7,314	$3,738
☐ Others	$1,349	$1,249
☐ Payroll	$6,810	$6,643

This chart compares expenses for current and prior fiscal year. It groups expenses into three broad categories--payroll costs, consultants and other expenses.

Source: ABAG -INDICES 2012-01.xls

ABAG Financial Indices

Figure 8-- Composition of Revenues FY 11--FY 12
Year to Date
($'000)



	FY 11-12 Revenue (Total $15,575)	FY 10-11 Revenue (Total $11,489)
☐ Membership	$1,010	$986
☐ Grants	$11,394	$7,270
☐ Services & Others	$3,171	$3,233

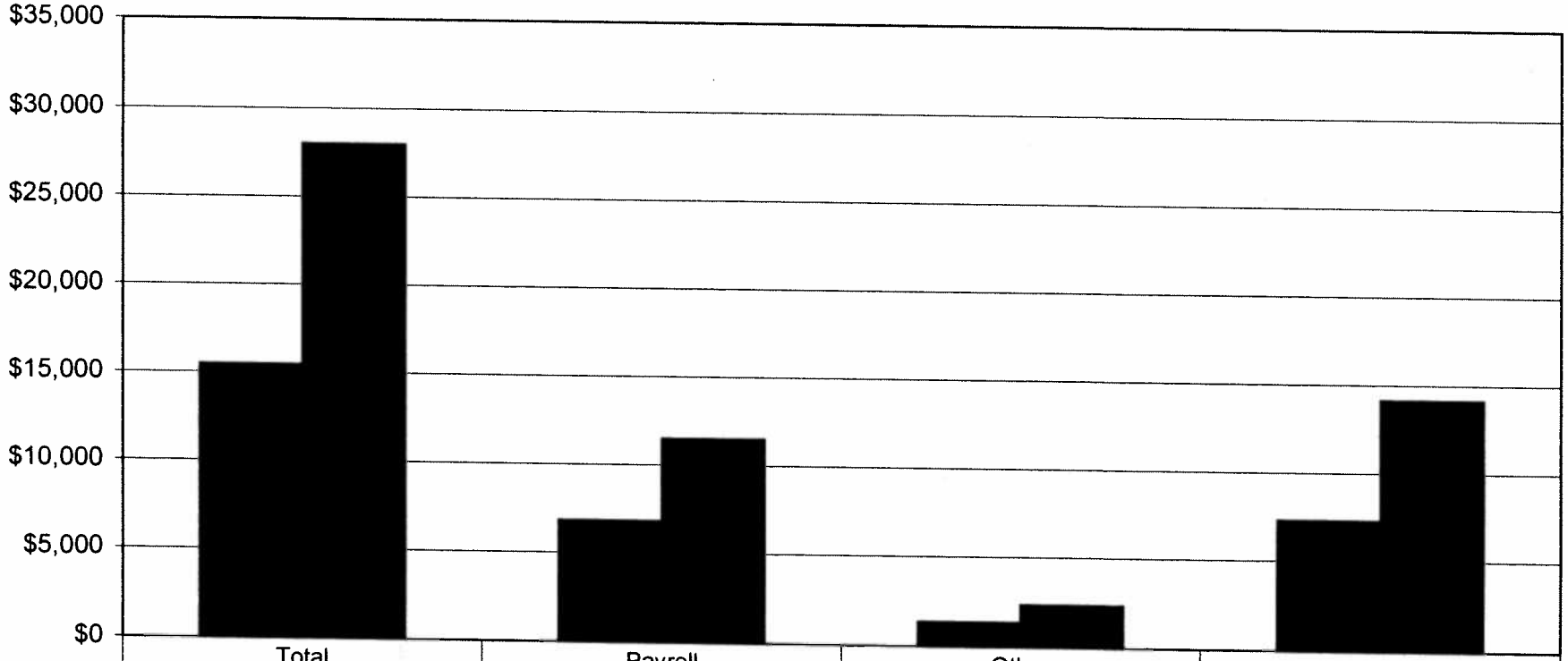
Presents a breakdown of total revenues into four main sources--membership, grants, services and others. This chart compares revenue sources between current and prior fiscal year.

Source: ABAG --- INDICES 2012-01.xls

ABAG Financial Indices

Figure 9--*Actual vs Projected Expenses--FY 11-12*

Year to Date ($'000)



	Total	Payroll	Other	Consultants
Actual	$15,473	$6,810	$1,349	$7,314
Projected	$28,000	$11,500	$2,340	$14,160

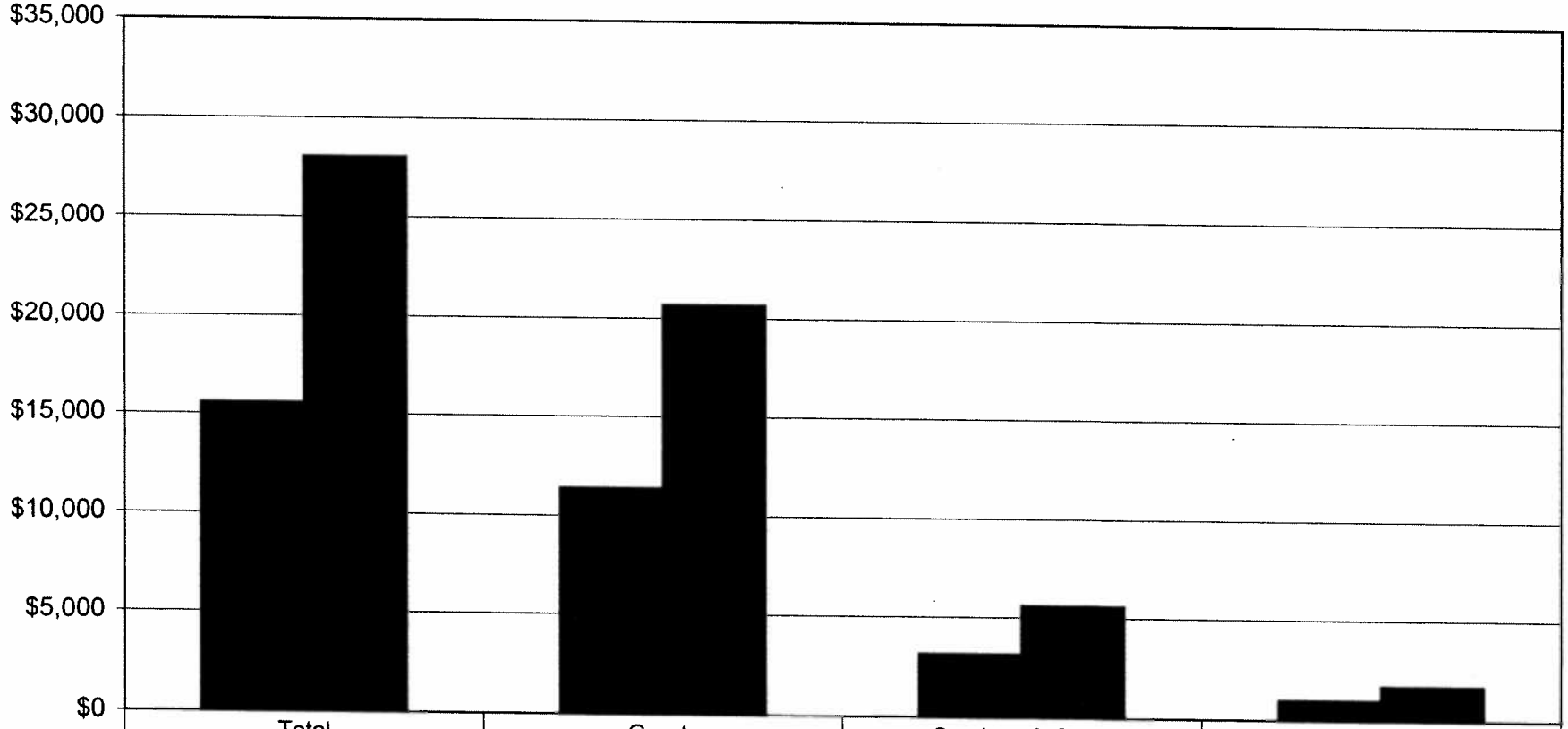
Presents a comparison of actual and budgeted/projected total expenses as well as component categories: payroll costs, consultants and other expenses.

Source: ABAG -- INDICES 2012-01.xls

ABAG Financial Indices

Figure 10--*Actual vs Projected Revenues--FY 11-12*

Year to Date ($'000)



	Total	Grants	Services & Other	Membership
■ Actual	$15,575	$11,394	$3,171	$1,010
■ Projected	$28,050	$20,719	$5,600	$1,731

Presents a comparison of actual and budgeted/projected total revenues as well as component categories: membership dues, grants, services and other.

Source: ABAG --INDICES 2012-01.xls

ASSOCIATION OF BAY AREA GOVERNMENTS
FINANCE & PERSONNEL COMMITTEE

TABLE OF FINANCIAL REPORT DATA ELEMENTS
(thousands of dollars)

Index Description	Jan-12	Dec-11	Nov-11	Jan-11	Dec-10
Cash	3,112	2,889	4,022	1,067	922
Receivables	4,645	4,708	5,671	3,830	3,273
Payroll Cost-YTD	6,810	5,734	4,748	6,643	5,534
-Month	1,076	986	1,014	1,109	935
Total Other Expense-YTD	8,663	6,937	5,675	4,987	3,759
-Month	1,726	1,262	1,702	1,228	939
Total Expenses-YTD	15,473	12,671	10,423	11,630	9,293
-Month	2,802	2,248	2,716	2,337	1,874
Total Revenues-YTD	15,575	12,860	10,620	11,489	9,091
-Month	2,715	2,240	2,659	2,398	1,771
Fund Equity-General	1,182	1,269	1,276	880	819
Total Restricted	560	560	560	510	510
Total Fund Equity	1,742	1,829	1,836	1,390	1,329
Approved Overhead	42.95%	42.95%	42.95%	42.95%	42.95%
Overhead Rate %	37.64%	37.89%	38.73%	44.39%	45.35%