ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, January 21, 2010, 5:00 p.m.
ABAG Conference Room
MetroCenter—8th and Oak Streets
Oakland, CA

Est. Time in Minutes			Recommendation
2	1.	**Public Comments**	**Information**
3	2.	**Election of Officers** *Following ABAG's Committee Rules and Procedures, the Committee will elect a Chair and Vice Chair.*	**Action**
3	*3.	**Minutes of the November 19, 2009 Meeting**	**Action**
5	*4.	**Amendments to ABAG's Investment Policy** *The Committee requested staff to update ABAG's Investment Policy to reflect State-mandated caps on mutual fund investments. Additional edits are incorporated.*	**Action**
5	*5.	**Financial Reports – ABAG** *The October November 2009 Financial reports are enclosed with the agenda packet.*	**Action**
10	*6.	**Review of Proposed Work Program, Budget and Membership Dues--FY 2010-2011** *The Committee will make a recommendation to the Executive Board on the proposed FY 10-11 operating budget and membership dues.*	**Action**
10	*7.	**Raise Minimum Threshold for Bringing Purchases and Contract to Executive Board for Pre-Authorization** *The Executive Director recommends an increase in the Executive Director's authority to enter into contracts to $50,000 and to accept grants to $100,000.*	**Information**
		THE FOLLOWING ITEM WILL BE DISCUSSED IN CLOSED SESSION PURSUANT TO THE REQUIREMENTS OF THE RALPH M. BROWN ACT.	
10	8.	**Conference with Legal Counsel—Existing Litigation** *Home Builders Association of Northern California vs ABAG*	
	9.	**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

November 19, 2009

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

Officers and Staff Present
Henry Gardner, Executive Director
Ezra Rapport, Deputy Executive Director
Patricia Jones, Assistant Executive Director
Kenneth Moy, Legal Counsel
Brian Kirking, Information Technology Director
Herbert Pike, Finance Director
Susan Hsieh, Assistant Finance Director

Guests/Presenter
Cory Biggs, Maze & Associates

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

1) There were no public comments.

2) Minutes of the November 19, 2009 meeting were approved as presented. /M/McHugh/S/Jacob-Gibson/C/approved.

3) Pike summarized the August and September 2009 financial reports for ABAG. Emphasis was on the slow recovery from the State creating high receivables and low cash balance. Also discussed was the payment of the Annual Required Contribution (ARC) for FY 2008-09 in December 2009. /M/Green/S/Cortese/C/ to accept reports.

AGENDA ITEM 3

4) Gardner reported on annual membership dues having been received from all but three of the 101 cities and all nine of the counties. ABAG has been working with the three cities and payment of their dues is anticipated shortly.

5) Pike reported that the audited financial statements, single audit and management comments for ABAG as of June 30, 2009, had been completed and the auditor rendered no adverse findings and the few findings from the prior year had been resolved. Biggs from Maze & Associates then discussed the audit and answered any questions by the Committee out of the presence of staff. After the return of staff, McHugh did raise the issue in the notes that there is a state-mandated limit on the holding of money market funds. Staff agreed to review the Investment Policy and present recommended revisions to the Committee in January. /M/Harrington/S/McHugh/C/ to forward reports to the Executive Board with a recommendation to accept.

6) The committee reviewed proposed Resolution 09-19 to formally authorize the loan of up to $700,000 to fund improvements authorized at the last meeting. The purchasing contracts to effect the renovation, including partitions and cubicle furniture, a new telephone system and wiring, and painting were also discussed. /M/Green/S/Jacob Gibson/C/ to recommend the Executive Board adopt the Resolution and authorize the purchase contracts.

7) At a special closed session, the Committee reviewed with Counsel recent litigation filed by Home Builders Association of Northern California against ABAG, actions to-date, potential future actions and the potential funding required..

8) Meeting was adjourned at 5:45 p.m.

Date: January 21, 2010

To: ABAG Finance and Personnel Committee

From: Herbert L. Pike, Finance Director

Subject: Update of ABAG Investment Policy

During the course of the Finance and Personnel Committee discussions on November 19, 2009, staff was requested to return at the next meeting to incorporate State and other constraints on investments not already reflected in the existing Investment Policy. During the course of staff review, other changes ranging from nominal editorial changes to deletion of obsolete references. Attachment 4-A reflects the proposed new Investment Policy, while Attachment 4-B offers the mark-ups of the existing Investment Policy.

The changes include:

- Deletion of exceptions related to the Metro Center Building Bond reserve fund rendered moot by pay-off of the Bond in December, 2009.
- Deletion of references to the defunct FSLIC.
- Add a limit of "20% of portfolio" on investments in Money Market Funds backed by banks and/or mutual funds. Further restrict such investments to no more than 10% in any on issuer.
- Reduce the maximum term to maturity to 180 days from the previous 270 days for Commercial Paper back by Corporations Liquidity.
- Increased reference to FDIC deposit guarantees from $100,000 to $250,000.

None of these proposed changes has any immediate impact on the Agency's current portfolio; all current investments are solely in the State's Local Agency Investment Fund (LAIF) or in the local bank checking account.

ASSOCIATION OF BAY AREA GOVERNMENTS

INVESTMENT POLICY

Adopted:	**July 17, 2003**
Reaffirmed:	**January 19, 2006**
Revised:	**September 18, 2008**
Revised:	**January 21, 2010**

ATTACHMENT 4-A

Association of Bay Area Governments
Investment Policy

1.0 Policy

It is the policy of the Association of Bay Area Governments (ABAG) to invest public funds in a manner which will provide the highest investment return consistent with maximum security while meeting the daily cash flow demands of ABAG and conforming to all state and local statutes governing the investment of public funds.

2.0 Scope

This investment policy applies to activities of ABAG with regard to investing the financial assets that arise from ABAG's operation.

3.0 Prudence

The investment portfolio of ABAG will be managed under the Prudent Person Rule which states, in essence, that "a trustee shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The application of this rule opens up a broad spectrum of investment opportunities as long as the investment is deemed prudent and is permissible under currently effective legislation of the State of California and this policy.

4.0 Objectives

It is the objective of this policy to provide a system which will accurately monitor and forecast revenues and expenditures so that ABAG can invest funds to the fullest extent possible. Funds of ABAG will be invested in accordance with sound treasury management principles with the following priorities:

1. Safety of invested funds
2. Maintenance of sufficient liquidity to meet cash flow needs
3. Attainment of maximum possible yields consistent with the above principles

4.1 Safety

A. To protect the value of the principal and interest of the invested funds, ABAG will invest only in the safest securities which include those backed by the U. S. Government or its agencies; those which have insurance on principal backed by the FDIC; or those which have legally required collateral backing of the invested principal.

B. ABAG's investment portfolio shall be diversified by type of investment, issuer and maturity dates to protect against changes in the market.

C. With the exception of CalTRUST, ABAG will not place any funds with any institution which is less than three (3) years old.

4.2 Liquidity

Maturity dates of investments shall be timed to provide funds for scheduled administrative and operating expenses.

The State Local Agency Investment Fund (LAIF) shall be used as one means of providing liquidity. However, because of the limitation in number of transactions allowed per month, some pre-planning will be necessary. CalTRUST will be used as an investment option to augment LAIF.

4.3 Yield

ABAG seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives and cash flow consideration. Purchase and sale of securities should be made on the basis of competitive offers and bids, when practical, to obtain the highest possible rates.

5.0 Designation of Treasurer

ABAG's Finance Director is hereby designated as treasurer. An investment team made up by the Finance Director, the Executive Director, and the Financial Services Manager shall advise the Treasurer on investment of ABAG's funds. The Treasurer is responsible for ensuring all investment activities are within the guidelines of these policies. ABAG shall develop and maintain administrative procedures for the operation of the investment program. In order to optimize total return through active portfolio management, resources shall be allocated to the investment program. This commitment of resources shall include financial and staffing considerations.

6.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the President any material financial interests in financial institutions that conduct business with ABAG or its affiliated entities, and they shall further disclose any large personal financial/investment positions that could be related to the performance of ABAG, particularly with regard to the time of purchases and sales.

7.0 Authorized Financial Dealers and Institutions

The Finance Director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of California. These may include primary or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No deposit of public funds shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director with the following: audited financial statements, proof of National Association of Security Dealers certification, trading resolutions, proof of state registration, and certificate of having read ABAG's investment policy.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Finance Director. A current audited financial statement is required to be on file for each financial institution and broker/dealer through which ABAG invests.

8.0 Authorized and Suitable Investments

The following is a summary of the authorized investment instruments and the applicable limitations to each:

Type	Backed by	Limits	Term to maturity
Local Agency Investment Fund (LAIF)	State Treasurer	As determined by State Treasurer	On demand
Investment Trust of California (CalTRUST)	CalTRUST	As determined by CalTRUST	On demand
Money Market Funds	Banks/mutual funds	20% of port-folio	On demand
Investment Agreements	Financial institutions		On demand
U.S. Treasury Bills	U.S. Treasury		To one year
U.S. Treasury Notes	U.S. Treasury		To one year
U.S. Govt. Agency Issues (e.g. FNMA, GNMA)	Federal Agen-cies		6 mos. to 1 year

Banker's Acceptances	Accepting Bank	40% of port-folio	Up to 180 days
Certificates of deposit with banks or savings and loan associations	FDIC or FSLIC insured	10% of port-folio per institution	To one year
Negotiable certificates of deposit	Issuing Bank	30% of port-folio	14 days to one year
Repurchasing Agreements	Issuing Bank/ Collateralized	10% of port-folio	Not to exceed 15 days
Commercial Papers	Corporations Liquidity	10% of port-folio	Up to 180 days

See Appendix A for description of above securities

8.1 Prohibited Investment Practices and Instruments

Certain investment practices and instruments are inconsistent with the first objective of this policy--safety of invested funds, and are therefore prohibited:

ABAG shall not engage in leveraged investing, such as in margin accounts or any form of borrowing for the purpose of investment.

ABAG shall not invest in instruments whose principal and interest have no backing as described in Section 1.A. of this policy. Examples of these instruments are options and future contracts.

ABAG shall not invest in securities with floating coupon interest rates.

With the exception of investments in the Local Agency Investment Fund (LAIF), CalTRUST and certificates of deposit that are insured by the FDIC, the Pool shall invest in securities that are rated within the top two rating categories of a nationally recognized rating service (e.g. Standard & Poor's and Moody's).

9.0 Collateralization

Collateralization will be required on two types of investments: certificates of deposit and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level

of security for all funds, the collateralization level will be (102%) of market value of principal and accrued interest.

ABAG chooses to limit collateral to U. S. Treasury and Federal Agency securities.

Collateral will always be held by an independent third party with whom ABAG has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to ABAG and retained.

10.0 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by ABAG shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director and evidenced by safekeeping receipts.

11.0 Diversification

ABAG will diversify its investments by security type and institution. With the exception of the California State Local Agency Investment Fund and U. S. Treasury securities, no more than 50 % of ABAG's total investment portfolio will be invested in a single security type or with a single financial institution.

12.0 Maturity

To the extent possible, ABAG will attempt to match its investments with anticipated cash flow requirements, and strive to limit average maturity of the investment portfolio to less than seven years.

13.0 Internal Control

The Finance Director shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

14.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

14.1 Market Yield Benchmark

For its operating funds, ABAG will strive to achieve an average rate of return that is no lower than the average rate of return from the California State Local Agency Investment Fund

15.0 Reporting

The Finance Director will submit a monthly investment report which summarizes total investment return and budgetary expectations. The report shall also disclose all investment transactions during the period as well as a complete list of securities in the portfolio showing type, institution, coupon rate, effective yield and current market value.

16.0 Policy Adoption

ABAG's investment policy shall be adopted by resolution of the Board of Directors. The policy shall be reviewed by the Finance Committee and any modification made thereto must be approved by the Board.

Appendix A

Explanation of Allowable Instruments

Local Agency Investment Fund (LAIF). The LAIF was established by the State of California to enable treasurers to place funds in a pool for investments. There is a limitation of $15 million per agency subject to a maximum of 15 total transactions per month. ABAG uses this fund when interest rates are declining as well as for short-term investments and liquidity.

Investmnet Trust of California (CalTRUST). Shares of beneficial interest issued by the Investment Trust of California (CalTRUST), pursuant to California Government Code Section 6509.7; and authorized for local agency investment by California Government Code Section 53601(o). As a public agency, CalTRUST's investment portfolio is subject to the same Government Code restrictions and limitations as ABAG's, although its portfolio may contain investments not otherwise permitted under this policy. As such, the portion of ABAG's assets invested in CalTRUST shall be governed by the CalTRUST investment policy.

Money Market Funds. Diversified investment funds which invest in government-backed securities, provide daily liquidity and have no risk in principal. No more than 10 percent of the agency's funds may be invested in one issuer.

Investment Agreements. Government investment contracts with financial institutions rated within the two top rating categories of a nationally recognized rating agency; provided that if such rating falls below the two top rating categories of such agency, the investment agreement shall allow for the option to replace such financial institution or shall provide for the investment agreement to be fully collateralized by U.S. Treasury and Agency securities, provided further that if so collateralized the agency or its trustee, as the case may be, has a perfected first security lien on the collateral.

U.S. Treasury Bills. Commonly referred to as T-Bills, these are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three-month, six-month, and one-year maturities. T-Bills do not accrue interest but are sold at a discount to pay face value at maturity.

U.S. Treasury Notes. These are marketable, interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years. Interest is paid semi-annually.

U.S. Government Agency Issues. Include securities which fall into these categories: 1) Issues which are unconditionally backed by the full faith and credit of the United States, 2) Issues

which are conditionally backed by the full faith and credit of the United States and 3) Issues which are not backed by the full faith and credit of the United States.

Issues which are unconditionally backed by the full faith and credit of the United States include: Small Business Administration (SBA) and General Services Administration (GSA).

Issues which are not backed by the full faith and credit of the United States include: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Farm Credit System, Banks for Cooperation (Co-ops), Federal Lands Banks (FLB), and Federal Intermediate Credit Banks (FICB).

While all the above issues are not unconditionally backed by the full faith and credit of the United States, they do in fact have defacto backing from the federal government, and it would be most unlikely that the government would let any of these agencies default on its obligations.

Banker's Acceptance. This is a negotiable time draft (bill of exchange) with a maturity of six months or less drawn on and accepted by a commercial bank. Banker's acceptances are usually created to finance the import and export of goods, the shipment of goods within the United States and storage of readily marketable staple commodities.

Certificate of Deposit (CDs) is a receipt for funds deposited in a Bank or Savings and Loan Association for a specified period of time at a specified rate of interest. The first $250,000 of a certificate of deposit is guaranteed by the Federal Deposit Insurance Corporation (FDIC). CD's with a face value in excess of $250,000 can be collateralized by Treasury Department Securities, which must be at least 110% of the face value of the CD's, in excess of the first $250,000, or by first mortgage loans which must be at least 150% of the face value of the CD balance in excess of the first $250,000.

Negotiable Certificate of Deposit is a form of Certificate of Deposit, usually supported only by the strength of the institution, but can be sold at any time. Interest on CD's with maturities of one year or less is typically paid at maturity, while interest on CD's with maturities over one year is typically paid semi-annually.

Repurchase Agreement (REPOS) is a contractual arrangement between a financial institution, or dealer, and an investor. This agreement normally can run for one or more days. The investor puts up his funds for a certain number of days at a stated yield. In return, he takes a given block of securities as collateral. At maturity, the securities are repurchased and the funds repaid plus interest.

Commercial Paper notes are secured promissory notes of industrial corporations, utilities and bank holding companies. Notes are in bearer form starting at $100,000. State law limits an agency to invest in United States corporations having assets in excess of five hundred million dollars with an "A" or higher rating. ABAG may not invest more than 30% of idle cash in commercial papers.

ASSOCIATION OF BAY AREA GOVERNMENTS

INVESTMENT POLICY

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Adopted: July 17, 2003
Reaffirmed: January 19, 2006
Revised: September 18, 2008
Revised: January 21, 2010

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ATTACHMENT 4-B

Association of Bay Area Governments
Investment Policy

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1.0 Policy

It is the policy of the Association of Bay Area Governments (ABAG) to invest public funds in a manner which will provide the highest investment return consistent with maximum security while meeting the daily cash flow demands of ABAG and conforming to all state and local statutes governing the investment of public funds.

2.0 Scope

This investment policy applies to activities of ABAG with regard to investing the financial assets that arise from ABAG's operation.

Deleted: Investments for the MetroCenter Building Bond reserve fund and the Revenue Anticipation Note proceeds shall follow the investment guidelines in the bond indentures of these respective bond issues.

3.0 Prudence

The investment portfolio of ABAG will be managed under the Prudent Person Rule which states, in essence, that "a trustee shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The application of this rule opens up a broad spectrum of investment opportunities as long as the investment is deemed prudent and is permissible under currently effective legislation of the State of California and this policy.

4.0 Objectives

It is the objective of this policy to provide a system which will accurately monitor and forecast revenues and expenditures so that ABAG can invest funds to the fullest extent possible. Funds of ABAG will be invested in accordance with sound treasury management principles with the following priorities:

1. Safety of invested funds
2. Maintenance of sufficient liquidity to meet cash flow needs
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4.1 Safety

A. To protect the value of the principal and interest of the invested funds, ABAG will invest only in the safest securities which include those backed by the U. S. Government or its agencies; those which have insurance on principal backed by the FDIC; or those which have legally required collateral backing of the invested principal.

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B. ABAG's investment portfolio shall be diversified by type of investment, issuer and maturity dates to protect against changes in the market.

C. With the exception of CalTRUST, ABAG will not place any funds with any institution which is less than three (3) years old.

4.2 Liquidity

Maturity dates of investments shall be timed to provide funds for scheduled administrative and operating expenses.

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The State Local Agency Investment Fund (LAIF) shall be used as one means of providing liquidity. However, because of the limitation in number of transactions allowed per month, some pre-planning will be necessary. CalTRUST will be used as an investment option to augment LAIF.

4.3 Yield

ABAG seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives and cash flow consideration. Purchase and sale of securities should be made on the basis of competitive offers and bids, when practical, to obtain the highest possible rates.

5.0 Designation of Treasurer

ABAG's Finance Director is hereby designated as treasurer. An investment team made up by the Finance Director, the Executive Director, and the Financial Services Manager shall advise the Treasurer on investment of ABAG's funds. The Treasurer is responsible for ensuring all investment activities are within the guidelines of these policies. ABAG shall develop and maintain administrative procedures for the operation of the investment program. In order to optimize total return through active portfolio management, resources shall be allocated to the investment program. This commitment of resources shall include financial and staffing considerations.

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6.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the President any material financial interests in financial institutions that conduct business with ABAG or its affiliated entities, and they shall further disclose any large personal financial/investment positions that could be related to the performance of ABAG, particularly with regard to the time of purchases and sales.

7.0 Authorized Financial Dealers and Institutions

The Finance Director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of California. These may include primary or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No deposit of public funds shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director with the following: audited financial statements, proof of National Association of Security Dealers certification, trading resolutions, proof of state registration, and certificate of having read ABAG's investment policy.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Finance Director. A current audited financial statement is required to be on file for each financial institution and broker/dealer through which ABAG invests.

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Investment Agreements	Financial institutions		On demand
U.S. Treasury Bills	U.S. Treasury		To one year
U.S. Treasury Notes	U.S. Treasury		To one year
U.S. Govt. Agency Issues (e.g. FNMA, GNMA)	Federal Agencies		6 mos. to 1 year

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Banker's Acceptances	Accepting Bank	40% of port-folio	Up to 180 days
Certificates of deposit with banks or savings and loan associations	FDIC or FSLIC insured	10% of port-folio per institution	To one year
Negotiable certificates of deposit	Issuing Bank	30% of port-folio	14 days to one year
Repurchasing Agreements	Issuing Bank/ Collateralized	10% of port-folio	Not to exceed 15 days
Commercial Papers	Corporations Liquidity	10% of port-folio	Up to 180 days

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See Appendix A for description of above securities

8.1 Prohibited Investment Practices and Instruments

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9.0 Collateralization

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ABAG chooses to limit collateral to U. S. Treasury and Federal Agency securities.

Collateral will always be held by an independent third party with whom ABAG has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to ABAG and retained.

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14.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

14.1 Market Yield Benchmark

For its operating funds, ABAG will strive to achieve an average rate of return that is no lower than the average rate of return from the California State Local Agency Investment Fund

Deleted: ; current market Certificate of Deposit rates for the MetroCenter Building Bond reserve fund (bond indenture restricts investments in CD's only); and for the Revenue Anticipation Note proceeds, a rate of return that is in accordance with the Revenue Anticipation Note bond indenture.¶

15.0 Reporting

The Finance Director will submit a monthly investment report which summarizes total investment return and budgetary expectations. The report shall also disclose all investment transactions during the period as well as a complete list of securities in the portfolio showing type, institution, coupon rate, effective yield and current market value.

16.0 Policy Adoption

ABAG's investment policy shall be adopted by resolution of the Board of Directors. The policy shall be reviewed by the Finance Committee and any modification made thereto must be approved by the Board.

Appendix A

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U.S. Treasury Bills. Commonly referred to as T-Bills, these are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three-month, six-month, and one-year maturities. T-Bills do not accrue interest but are sold at a discount to pay face value at maturity.

U.S. Treasury Notes. These are marketable, interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years. Interest is paid semi-annually.

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which are conditionally backed by the full faith and credit of the United States and 3) Issues which are not backed by the full faith and credit of the United States.

Issues which are unconditionally backed by the full faith and credit of the United States include: Small Business Administration (SBA) and General Services Administration (GSA).

Issues which are not backed by the full faith and credit of the United States include: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Farm Credit System, Banks for Cooperation (Co-ops), Federal Lands Banks (FLB), and Federal Intermediate Credit Banks (FICB).

While all the above issues are not unconditionally backed by the full faith and credit of the United States, they do in fact have defacto backing from the federal government, and it would be most unlikely that the government would let any of these agencies default on its obligations.

Banker's Acceptance. This is a negotiable time draft (bill of exchange) with a maturity of six months or less drawn on and accepted by a commercial bank. Banker's acceptances are usually created to finance the import and export of goods, the shipment of goods within the United States and storage of readily marketable staple commodities.

Certificate of Deposit (CDs) is a receipt for funds deposited in a Bank or Savings and Loan Association for a specified period of time at a specified rate of interest. The first $250,000 of a certificate of deposit is guaranteed by the Federal Deposit Insurance Corporation (FDIC). CD's with a face value in excess of $250,000 can be collateralized by Treasury Department Securities, which must be at least 110% of the face value of the CD's, in excess of the first $250,000, or by first mortgage loans which must be at least 150% of the face value of the CD balance in excess of the first $250,000.

Negotiable Certificate of Deposit is a form of Certificate of Deposit, usually supported only by the strength of the institution, but can be sold at any time. Interest on CD's with maturities of one year or less is typically paid at maturity, while interest on CD's with maturities over one year is typically paid semi-annually.

Repurchase Agreement (REPOS) is a contractual arrangement between a financial institution, or dealer, and an investor. This agreement normally can run for one or more days. The investor puts up his funds for a certain number of days at a stated yield. In return, he takes a given block of securities as collateral. At maturity, the securities are repurchased and the funds repaid plus interest.

Commercial Paper notes are secured promissory notes of industrial corporations, utilities and bank holding companies. Notes are in bearer form starting at $100,000. State law limits an agency to invest in United States corporations having assets in excess of five hundred million dollars with an "A" or higher rating. ABAG may not invest more than 30% of idle cash in commercial papers.

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TO: Finance and Personnel Committee

DT: November 30, 2009

FM: Herbert Pike, Finance Director

Re: Financial Reports
--October 2009

The following are highlights of the financial reports for October 2009.

Cash on Hand (Figure 1)
Cash on hand decreased to $2.46 million on October 31 from $2.64 million on September 30. The October balance includes approximately $1.98 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The October 31 cash balance is approximately $675 thousand higher than the prior year, modestly greater than the roughly $565 thousand owed to fund the prior year's required contribution for future retiree health insurance obligations. The increased receivables noted below (largely from the State), continue to adversely impact the Agency's cash on hand.

Receivables (Figure 2)
Receivables from grant and service programs amounted to about $3.04 million on October 31, a decrease of $19 thousand from the month prior. Compared to October 31 the year prior, the total reflects a decrease of approximately $38 thousand. While marginally improved from both the prior month and the prior year, the total receivables are still over $631 thousand higher than two years prior, before the State budget crises commenced.

Actual vs. Budgeted Expenses (Figure 9)
Total expenses through October 31 amounted to about $5.34 million, or 17.76%, of projected annual expenses of $30.09 million for FY 09-10.

Actual vs. Budgeted Revenues (Figure 10)
At October 31, total revenues amounted to about $5.24 million, or 17.42%, of projected annual revenue of $30.09 million for FY 09-10.

As of October 31, both revenues and expenses are below "projected" annual totals. While revenues and expenditures might be expected to be one-third after the first four months of the new fiscal year, they are less than projections, largely due to the timing of consultant and sub-contractor expenses that lag in getting the billings in for the work performed and, consequently, getting billed and reimbursed for completed work.

Fund Equity (Figure 5)
As of October 31, general fund equity was approximately $952 thousand, a decrease of $43 thousand from September 30. The difference reflects the excess of expenditures over revenues. Since grant revenue is earned as spent, the shortfall derives primarily from non-grant activities which included indirect overhead support, Agency Administration, Communications, and other like activities. While

much of this is covered by membership dues that are received early in the fiscal year and then spent down over the course of the year, others represent fixed reimbursements or generated revenues such as event registration proceeds. The agency's restricted fund equity, consisting of building bond interest, capital, self-insurance and building maintenance, remained unchanged at $510 thousand.

Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 46.48% of direct labor cost as of October 31, or about 3.53% above the budgeted rate of 42.95% for FY 09-10. Most of the excess charges are due to revised allocations of employees' time between Agency Administration/Communications and General Overhead. These issues have been identified and rates are expected to slowly converge toward the expected rate over the next several months.

Overall (Figures 3, 4, 7 & 8)

At October 31, the Agency's net financial position is reasonably close to forecast with a modest deficit of roughly $102 thousand, or 1.95% of year-to-date revenues. Both "cash on hand" and "receivables" have remained relatively stable; but still adversely impacted by the State's lingering budget issues. The Agency looks forward to making its contributions ($565,000) for retiree medical benefits deferred from the prior fiscal year in December.

ABAG FINANCIAL REPORTS

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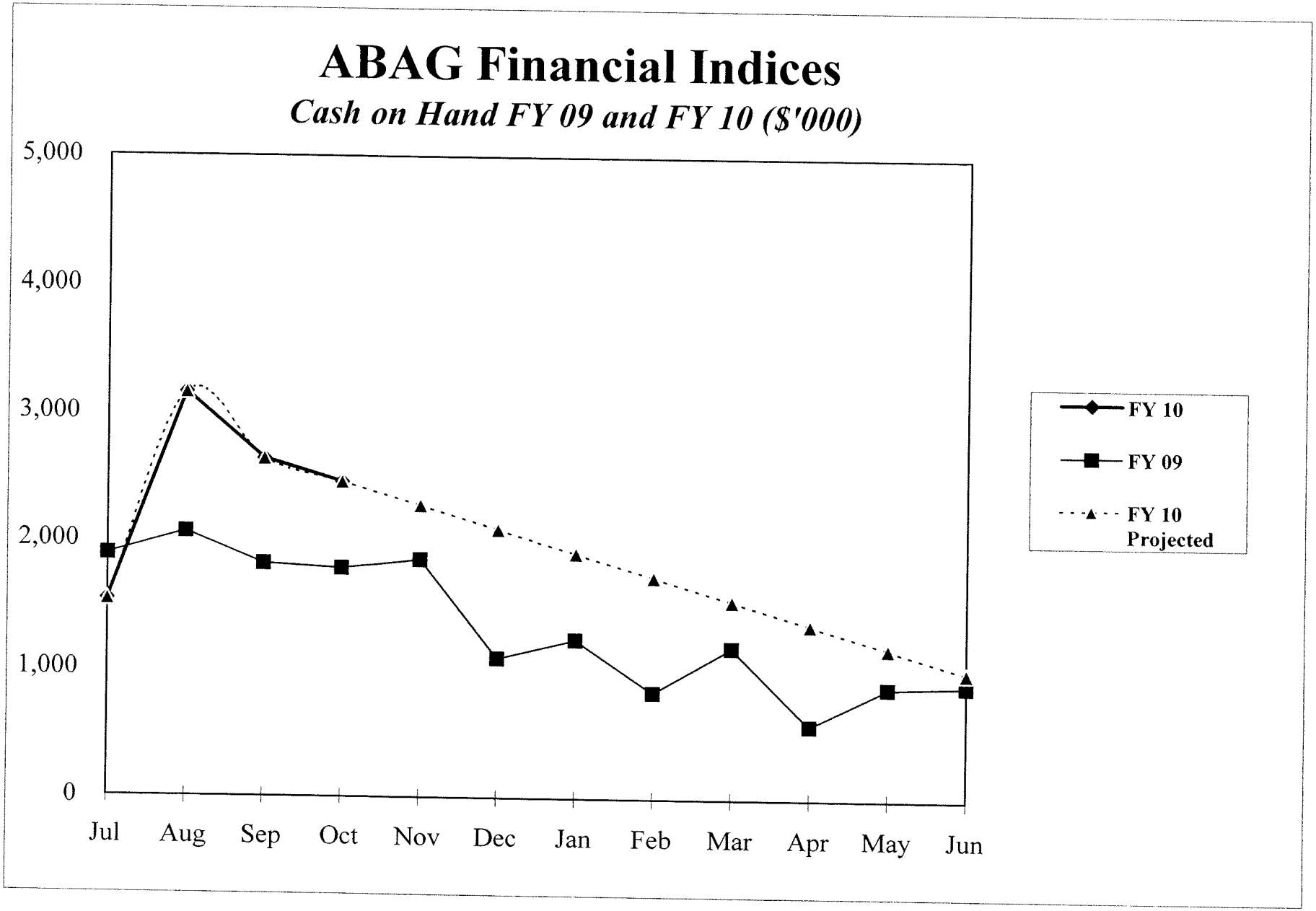
* Composition of Expenses .....Figure 7
* Composition of Revenues ..... Figure 8
* Actual vs. Budgeted Expenses ..... Figure 9
* Actual vs. Budgeted Revenues ..... Figure 10
* Description of Charts

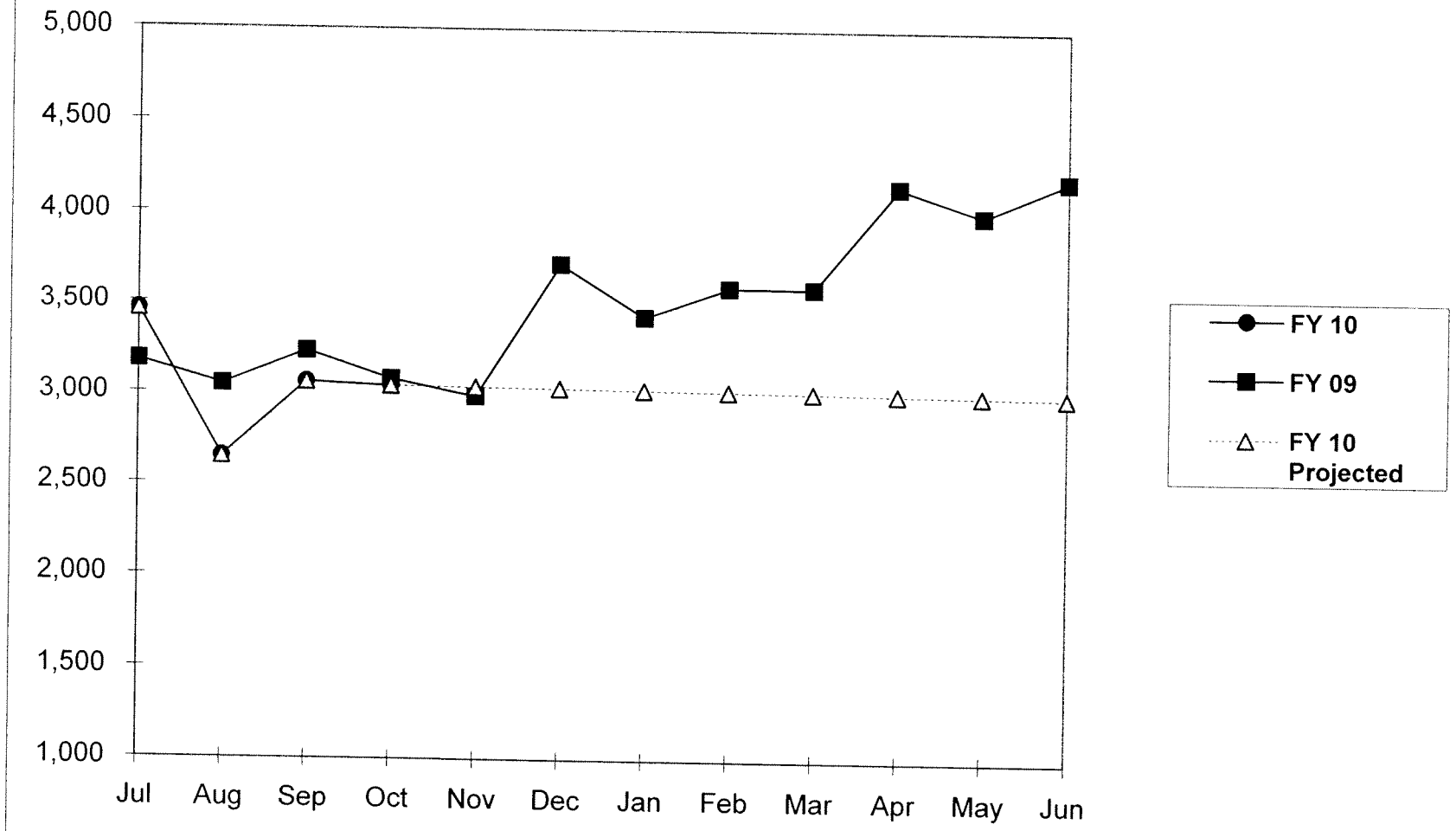


Source: ABAG -INDICES 2009-10.xls

FIGURE 1

ABAG Financial Indices

Accounts Receivable FY 09 and FY 10 ($'000)



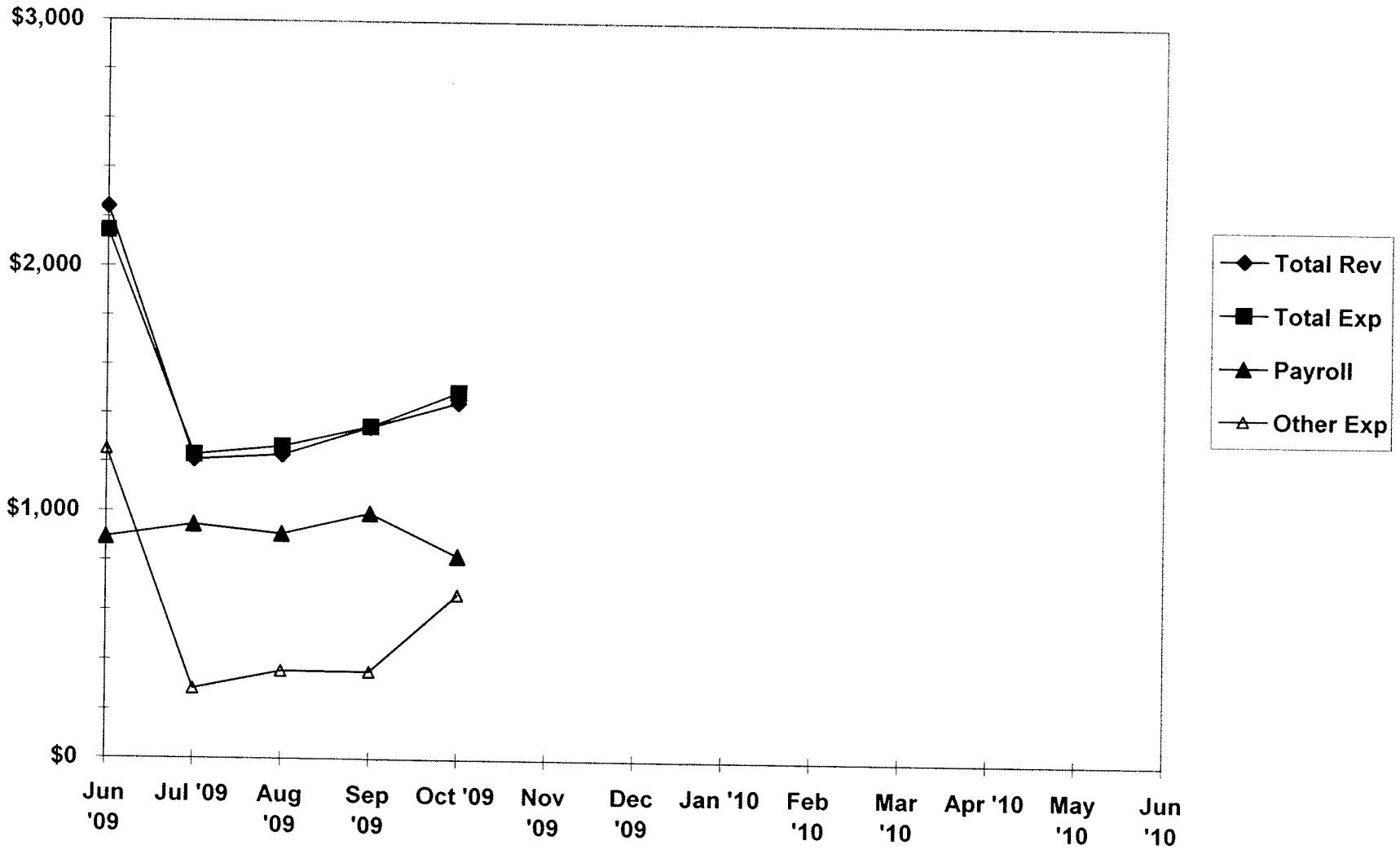
Source: ABAG -INDICES 2009-10.xls

FIGURE 2

ABAG Financial Indices

Current Month Revenues & Expenses

FY 09-10 ($'000)



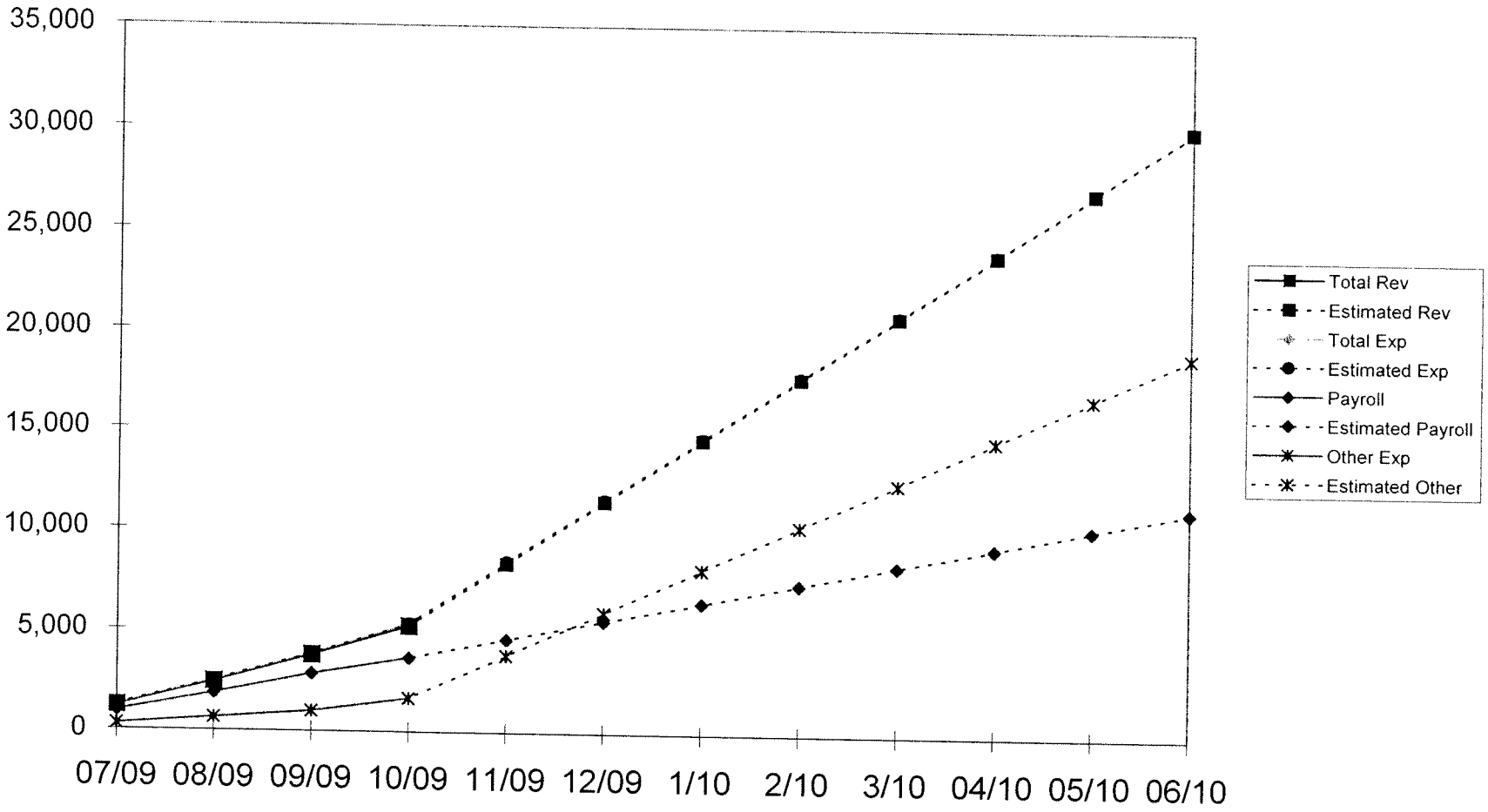
Source: ABAG- INDICES 2009-10.xls

FIGURE 3

ABAG Financial Indices

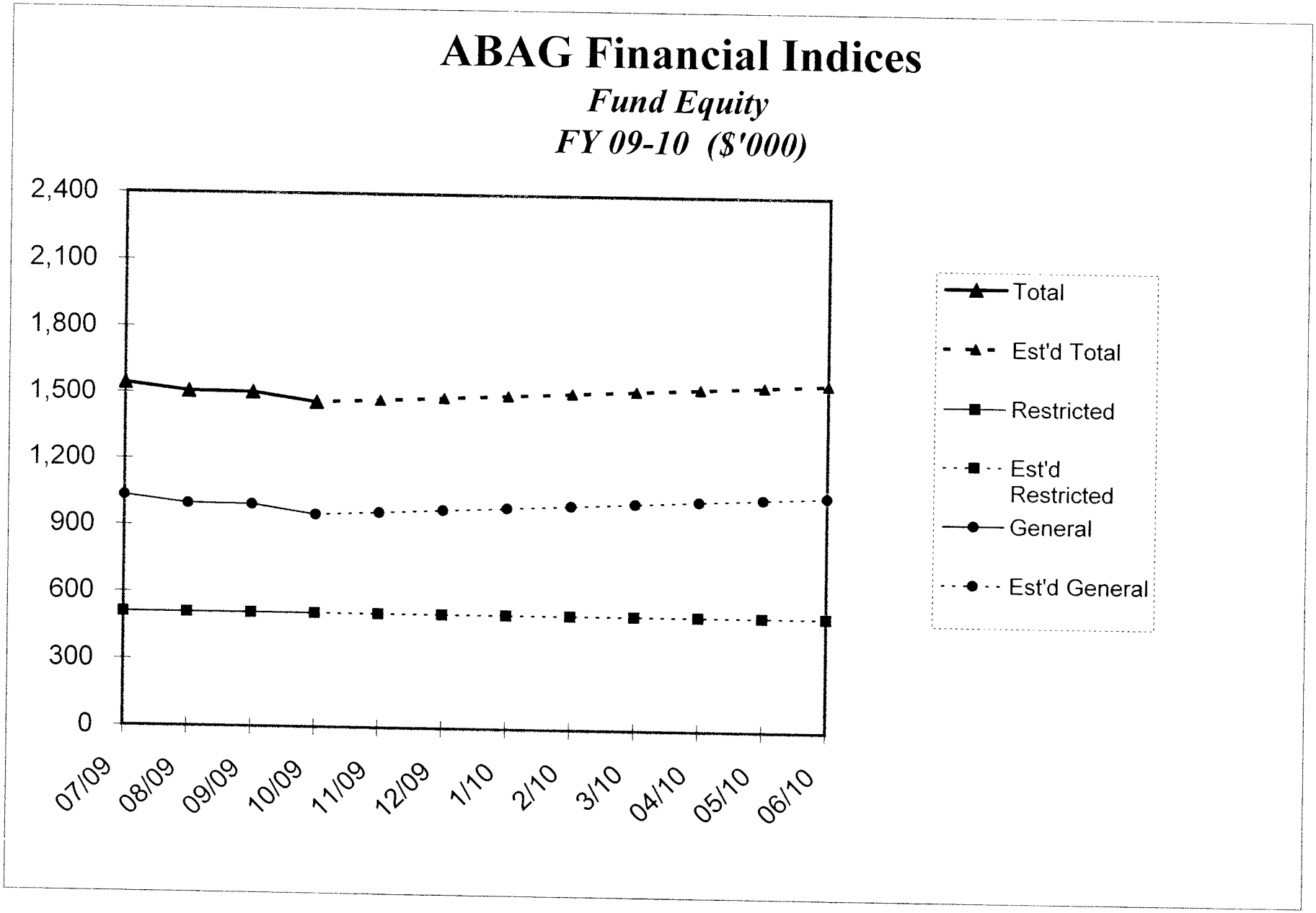
Year-to-date Revenues & Expenses

FY 09-10 ($'000)



Source: ABAG - INDICES 2009-10.xls

FIGURE 4



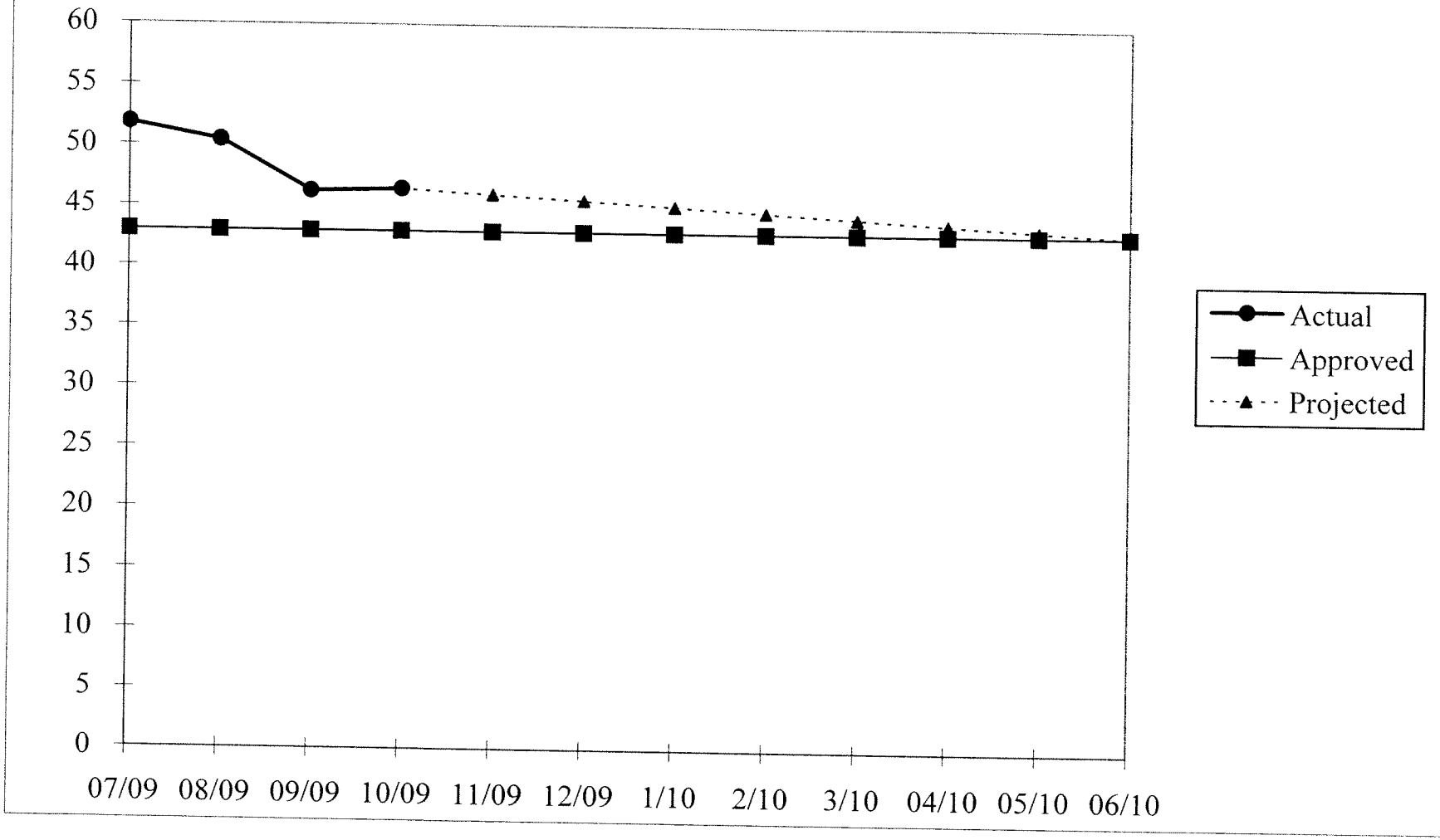
Source: ABAG - INDICES 2009-10.xls

FIGURE 5

ABAG Financial Indices

Indirect Cost Rate (% of Direct Labor Cost)

FY 09-10



Source: ABAG- INDICES 2009-10.xls

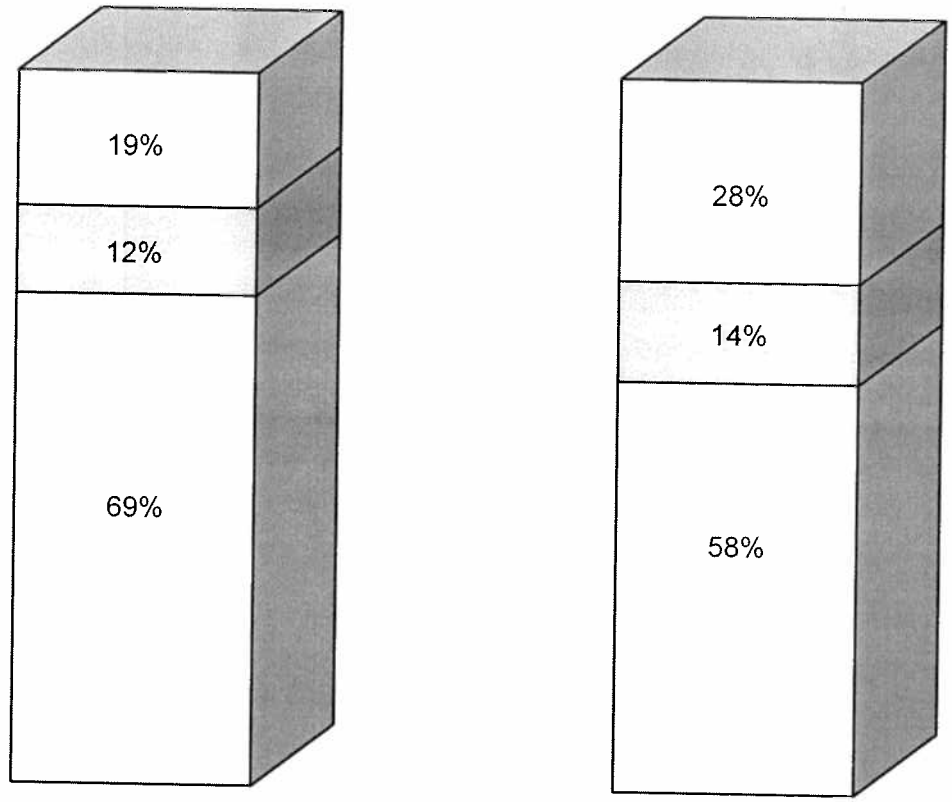
FIGURE 6

ABAG Financial Indices

Composition of Expenses FY 09--FY 10

Year to Date

($'000)



	FY09-10 Expenses (Total $5,343)	FY08-09 Expenses (Total $5,887)
☐ Consultants	$1,009	$1,664
☐ Others	$658	$836
☐ Payroll	$3,676	$3,387

Source: ABAG -INDICES 2009-10.xls

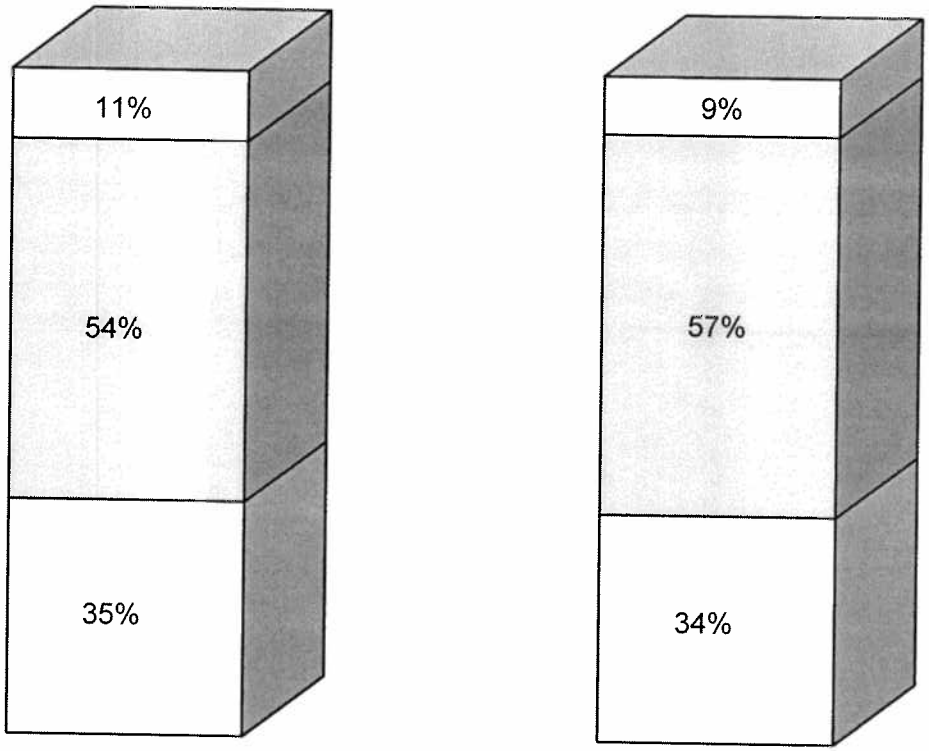
Figure 7

ABAG Financial Indices

Composition of Revenues FY 09--FY 10

Year to Date

($'000)



	FY 09-10 Revenue (Total $5,241)	FY 08-09 Revenue (Total $6,110)
☐ Membership	$555	$534
☐ Grants	$2,849	$3,503
☐ Services & Others	$1,837	$2,073

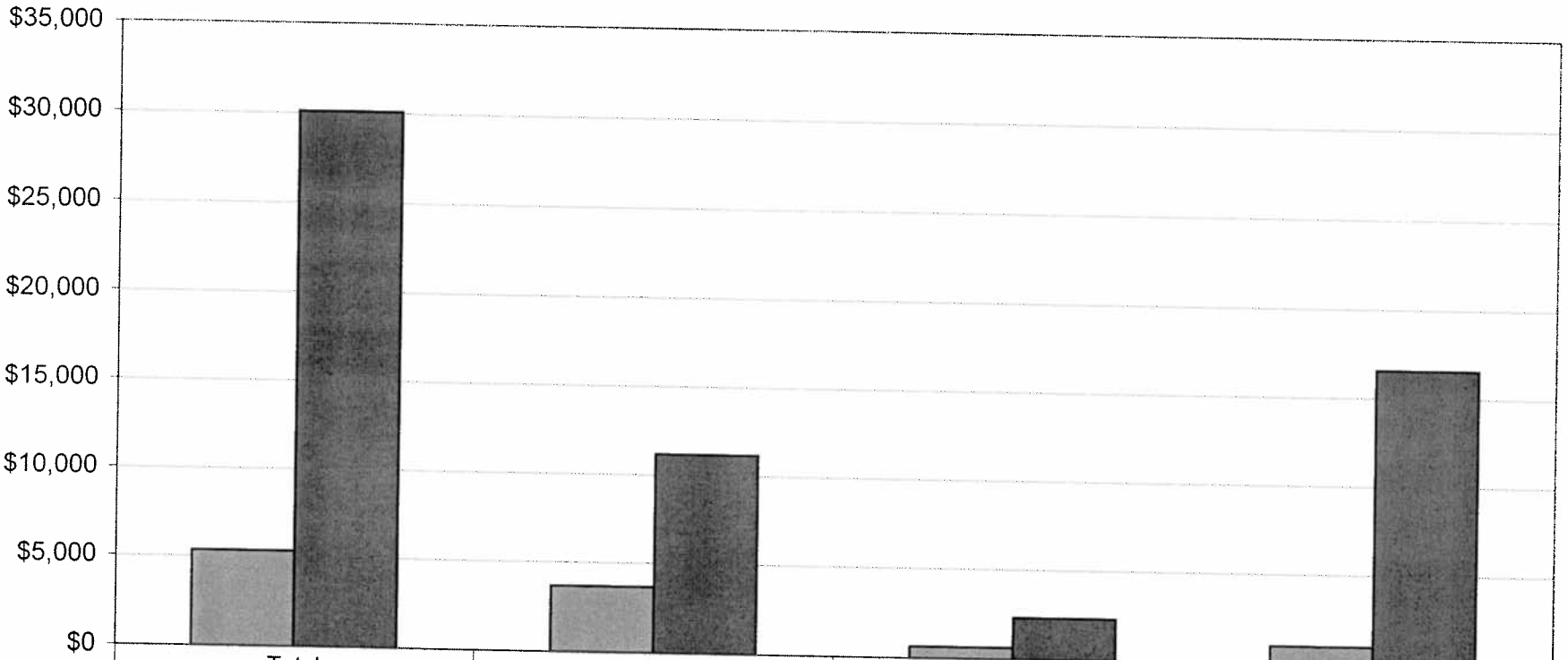
Source: ABAG --- INDICES 2009-10.xls

Figure 8

ABAG Financial Indices

Actual vs Projected Expenses--FY 09-10

Year to Date ($'000)



	Total	Payroll	Other	Consultants
Actual	$5,343	$3,676	$658	$1,009
Projected	$30,092	$11,178	$2,336	$16,578

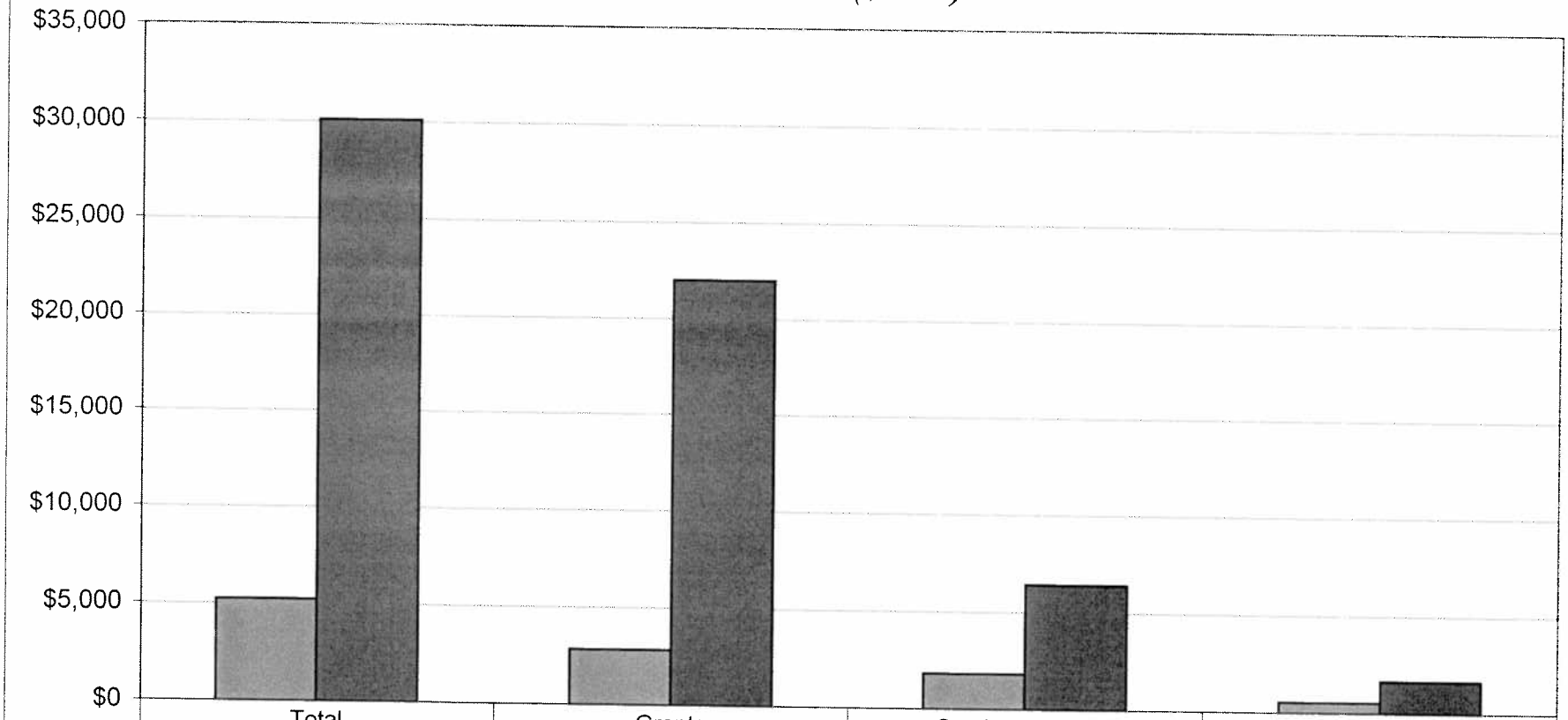
Source: ABAG -- INDICES 2009-10.xls

Figure 9

ABAG Financial Indices

Actual vs Projected Revenues--FY 09-10

Year to Date ($'000)



	Total	Grants	Services & Other	Membership
Actual	$5,241	$2,849	$1,837	$555
Projected	$30,092	$22,000	$6,421	$1,671

Source: ABAG --INDICES 2009-10.xls

Figure 10

Description of Charts

Figure 1 -- Cash on Hand

Cash on hand represents the sum total of cash deposited at our bank and the Local Agency Investment Fund (LAIF). This chart shows fluctuation patterns of cash on hand for the current and last fiscal years.

Figure 2 -- Accounts Receivable

Accounts receivable tracked by this chart include receivables generated by grants and service programs over two fiscal years. This chart reflects the reasonableness of our receivable levels. We usually have about six weeks' worth of our annual revenues in receivables.

Figure 3 -- Current Month Revenues and Expenses

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 agency.

Figure 4 -- Year-to-date Revenues and Expenses

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 agency.

Figure 5 --Fund Equity

Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building bond interest, building maintenance, self-insurance and capital. These restricted equities represent the agency's equities set aside for specific purposes as approved by the Finance and Personnel Committee. Total equity is the sum total of general and restricted equities.

Figure 6 -- Indirect Cost Rate (% of Direct Labor Cost)

This chart 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 A-87.

Figure 7 – Composition of Expenses

This chart compares expenses for current and last fiscal years. It groups expenses into two broad categories -- payroll costs and other expenses.

Figure 8 -- Composition of Revenues

Presents a break down of total revenues into four main sources -- membership, grants, services and others. This chart compares revenue sources between current and last fiscal years.

Figure 9 -- Actual vs. Budgeted Expenses

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

Figure 10 -- Actual vs. Budgeted Revenues)

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

TO: Finance and Personnel Committee

DT: December 30, 2009

FM: Herbert Pike, Finance Director

Re: Financial Reports
--November 2009

The following are highlights of the financial reports for November 2009.

Cash on Hand (Figure 1)
Cash on hand decreased to $1.98 million on November 30 from $2.46 million on October 31. The November balance includes approximately $1.38 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The November 30 cash balance is approximately $122 thousand higher than the prior year, but this is substantially less than the some $565 thousand in deferred retiree health benefit accruals that have been deferred over the last year and due in December. Some $217 thousand of the decrease is attributed to the spending down of prepaid Bay Trail grants paid out to cities. The balance of the reduction in cash balance is attributed to the three holidays (Veterans' Day, Thanksgiving and the Day After Thanksgiving) for which we have to pay out salary to employees without the benefit of garnering offsetting grants receivable).

Receivables (Figure 2)
Receivables from grant and service programs amounted to about $3.09 million on November 30, a decrease of $53 thousand from the month prior. The reduction results from the non-billable hours paid out without offsetting grant revenue earned because of the three holidays. Compared to November 30 the year prior, the total reflects an increase of approximately $108 thousand.

Actual vs. Budgeted Expenses (Figure 9)
Total expenses through November 30 amounted to about $6.91 million, or 22.96 percent, of projected annual expenses of $30.09 million for FY 09-10.

Actual vs. Budgeted Revenues (Figure 10)
At November 30, total revenues amounted to about $6.61 million, or 22.14 percent, of projected annual revenue of $30.09 million for FY 09-10.

As of November 30, both revenues and expenses are below "projected" annual totals. While revenues and expenditures might be expected to be 41.7 percent after the first five months of the new fiscal year, they are less than projections, largely due to the timing of consultant and sub-contractor expenses that lag in getting the billings in for the work performed and, consequently, getting billed and reimbursed for completed work.

Fund Equity (Figure 5)
As of November 30, general fund equity was approximately $804 thousand, a decrease of $148 thousand from October 31. Again, the primary cause of this reduction is the non-billable holiday pay incurred because of the three holidays. The Agency's restricted fund equity, consisting of building

bond interest, capital, self-insurance and building maintenance, remained unchanged at $510 thousand.

Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 46.23 percent of direct labor cost as of November 30, or about 3.28% above the budgeted rate of 42.95 percent for FY 09-10. Most of the excess charges are due to revised allocations of employees' time between Agency Administration/Communications and General Overhead. These issues have been identified and rates are expected to slowly converge toward the expected rate over the next several months.

Overall (Figures 3, 4, 7 & 8)

At November 30, the Agency's net financial position is reasonably close to forecast with a deficit of roughly $300 thousand, or 4.50 percent of year-to-date revenues. Cash on hand and fund balance both reflect decreases that will need to be redressed in the new calendar year. December will be expected to see further reduction in the cash on hand and fund balance as the Agency's deferred contribution of $565 thousand, annual buy back of excess leave, and heavy holiday and vacation usage will all have adverse impacts on one or both.

ABAG FINANCIAL REPORTS

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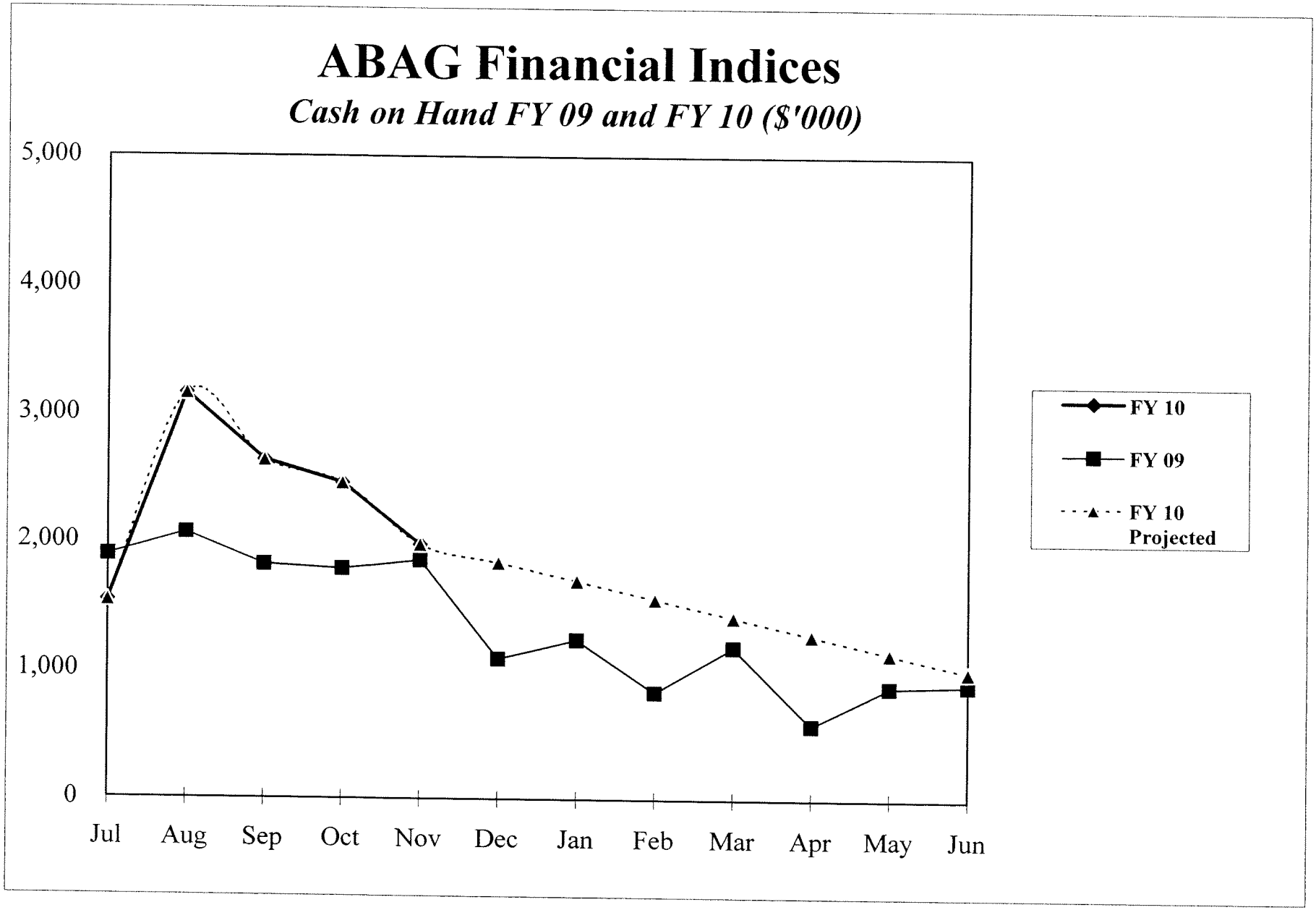
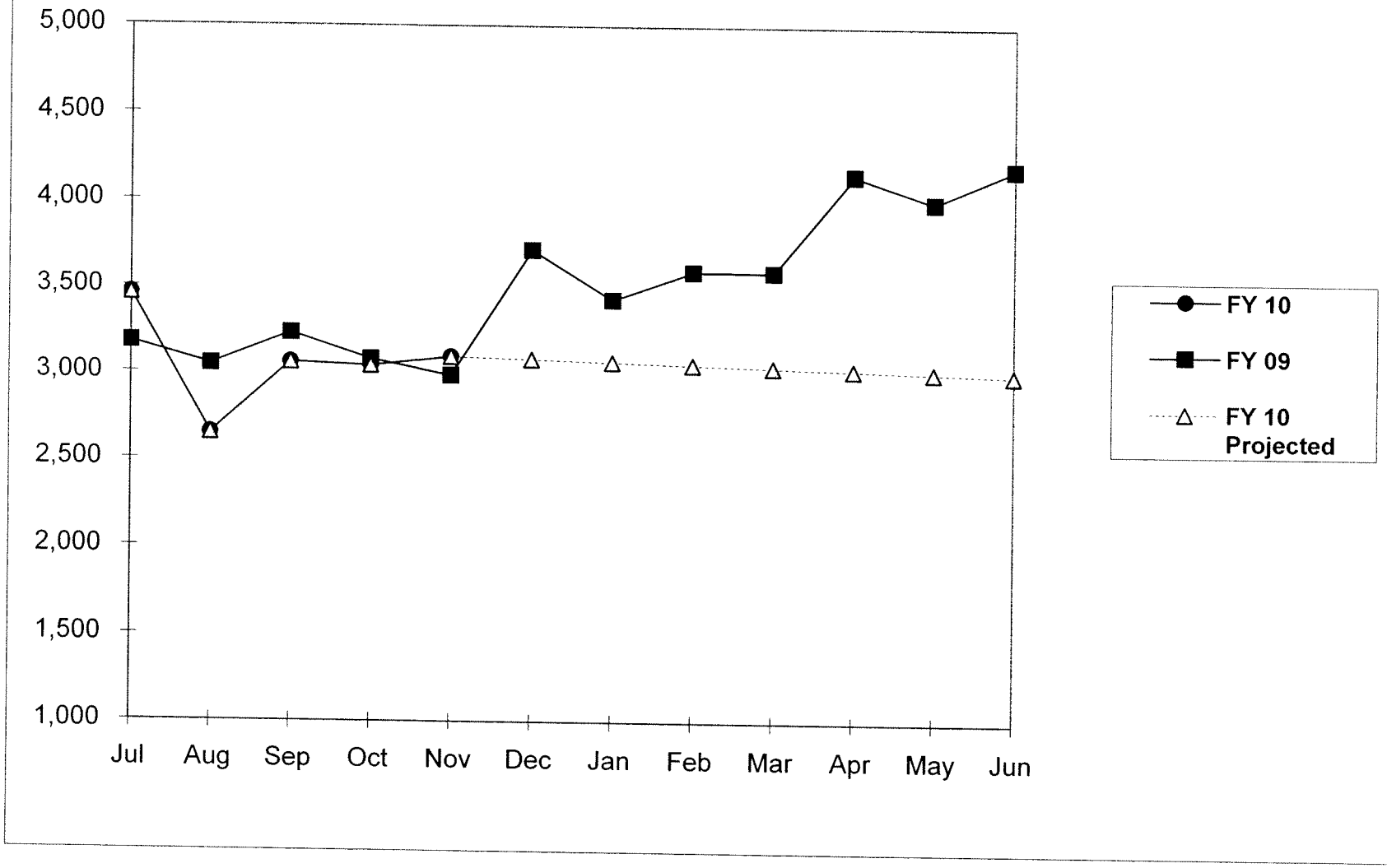


Source: ABAG -INDICES 2009-11.xls

FIGURE 1

ABAG Financial Indices

Accounts Receivable FY 09 and FY 10 ($'000)



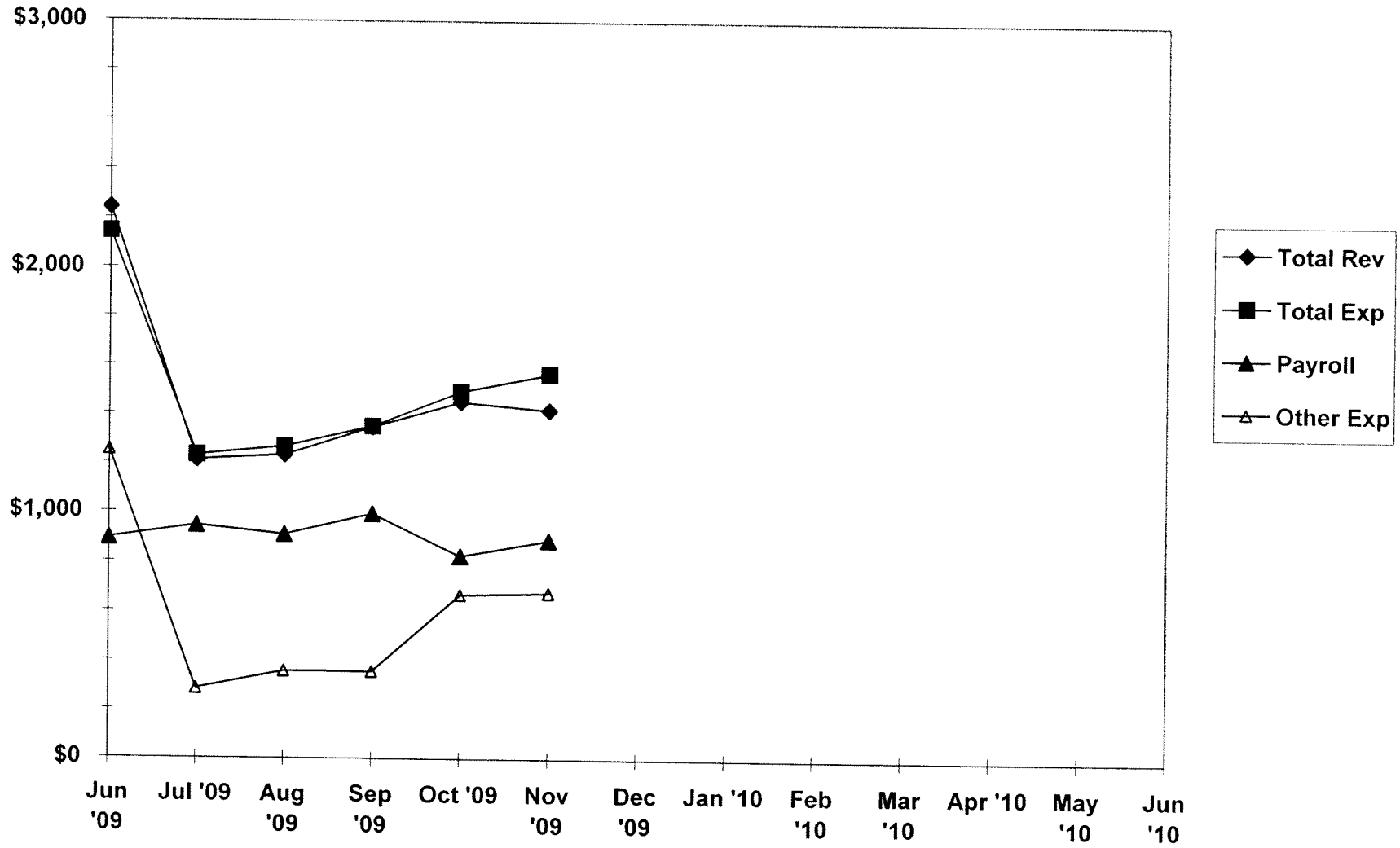
Source: ABAG -INDICES 2009-11.xls

FIGURE 2

ABAG Financial Indices

Current Month Revenues & Expenses

FY 09-10 ($'000)



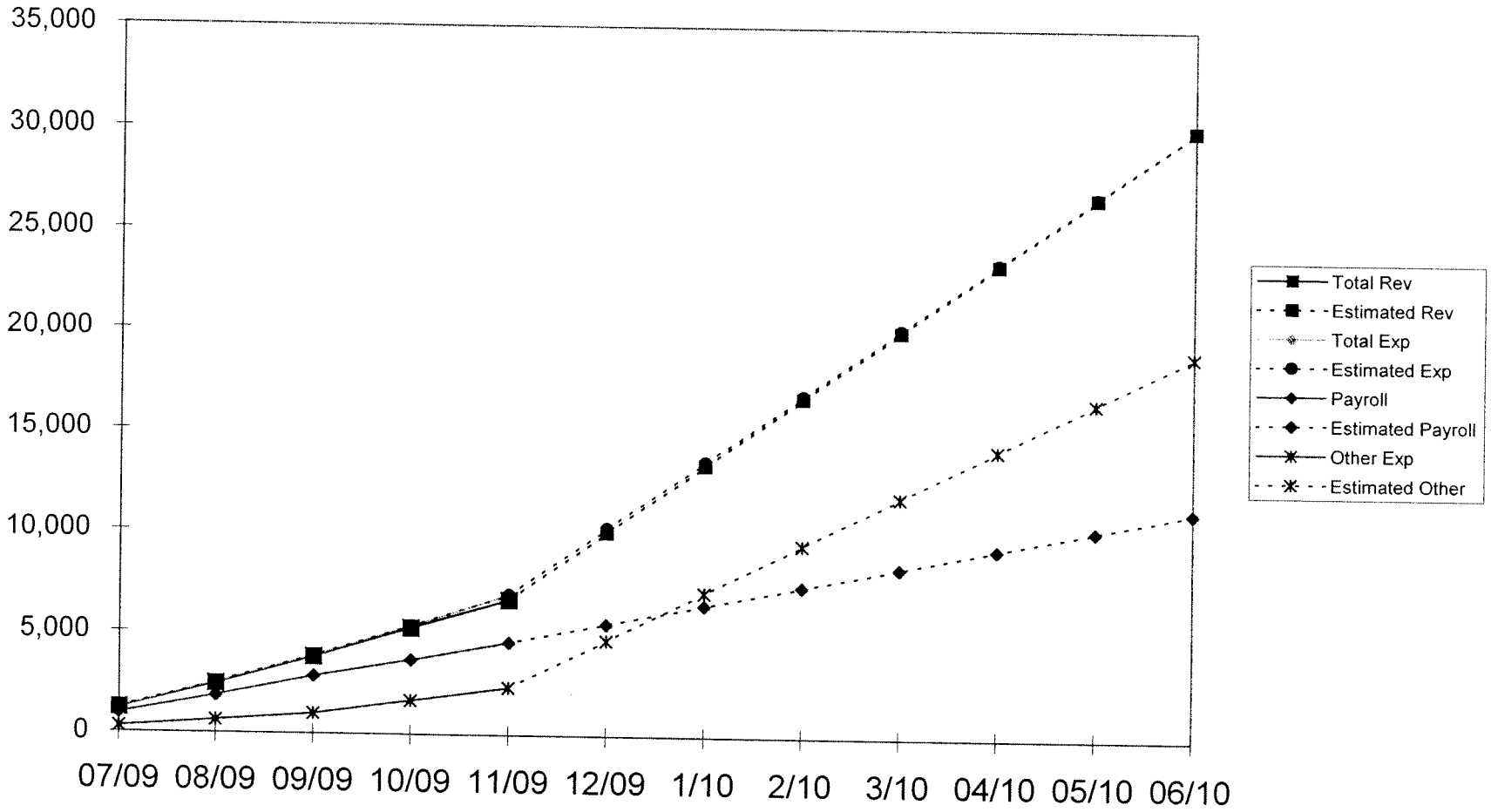
Source: ABAG- INDICES 2009-11.xls

FIGURE 3

ABAG Financial Indices

Year-to-date Revenues & Expenses

FY 09-10 ($'000)



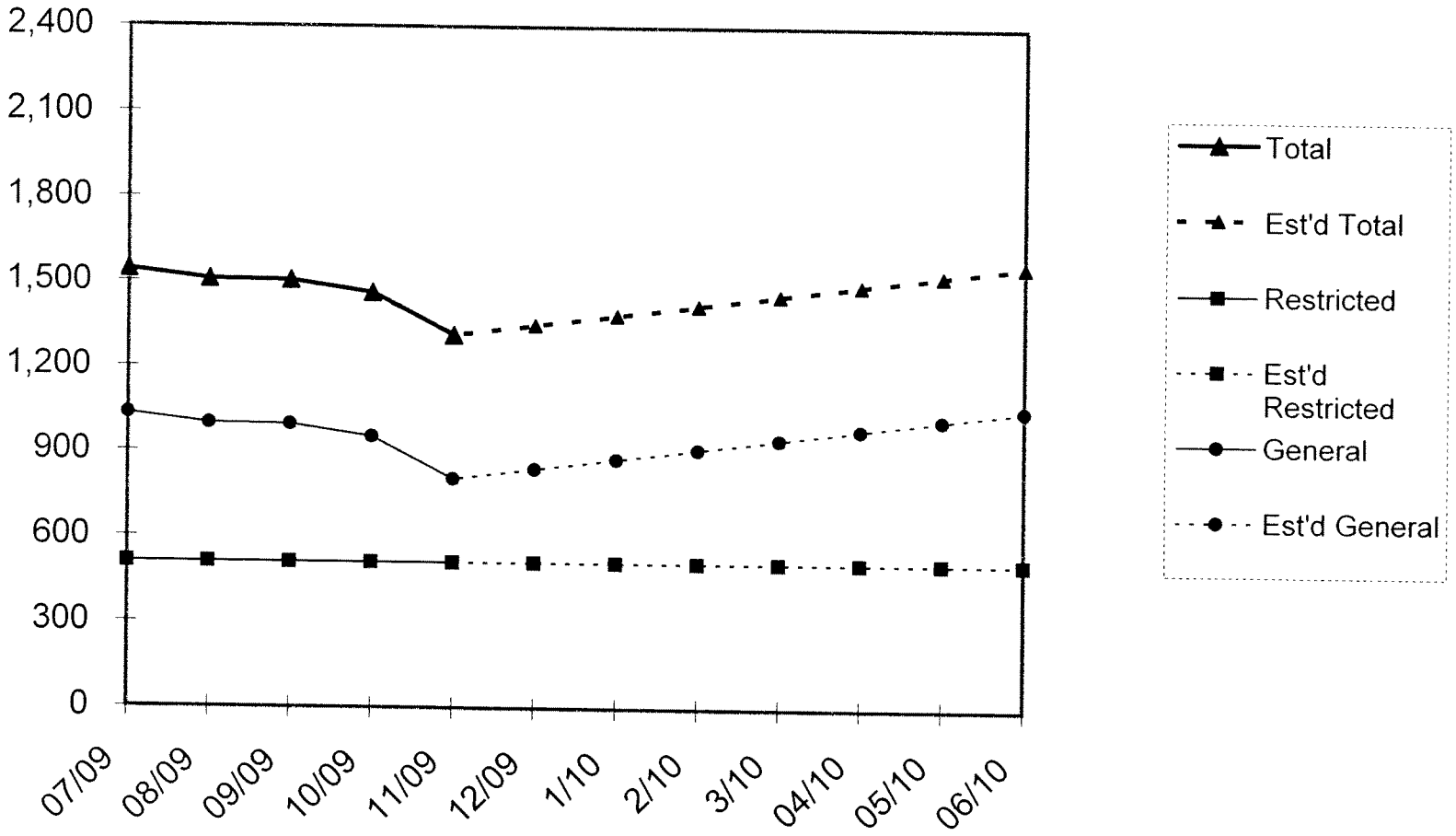
Source: ABAG - INDICES 2009-11.xls

FIGURE 4

ABAG Financial Indices

Fund Equity

FY 09-10 ($'000)



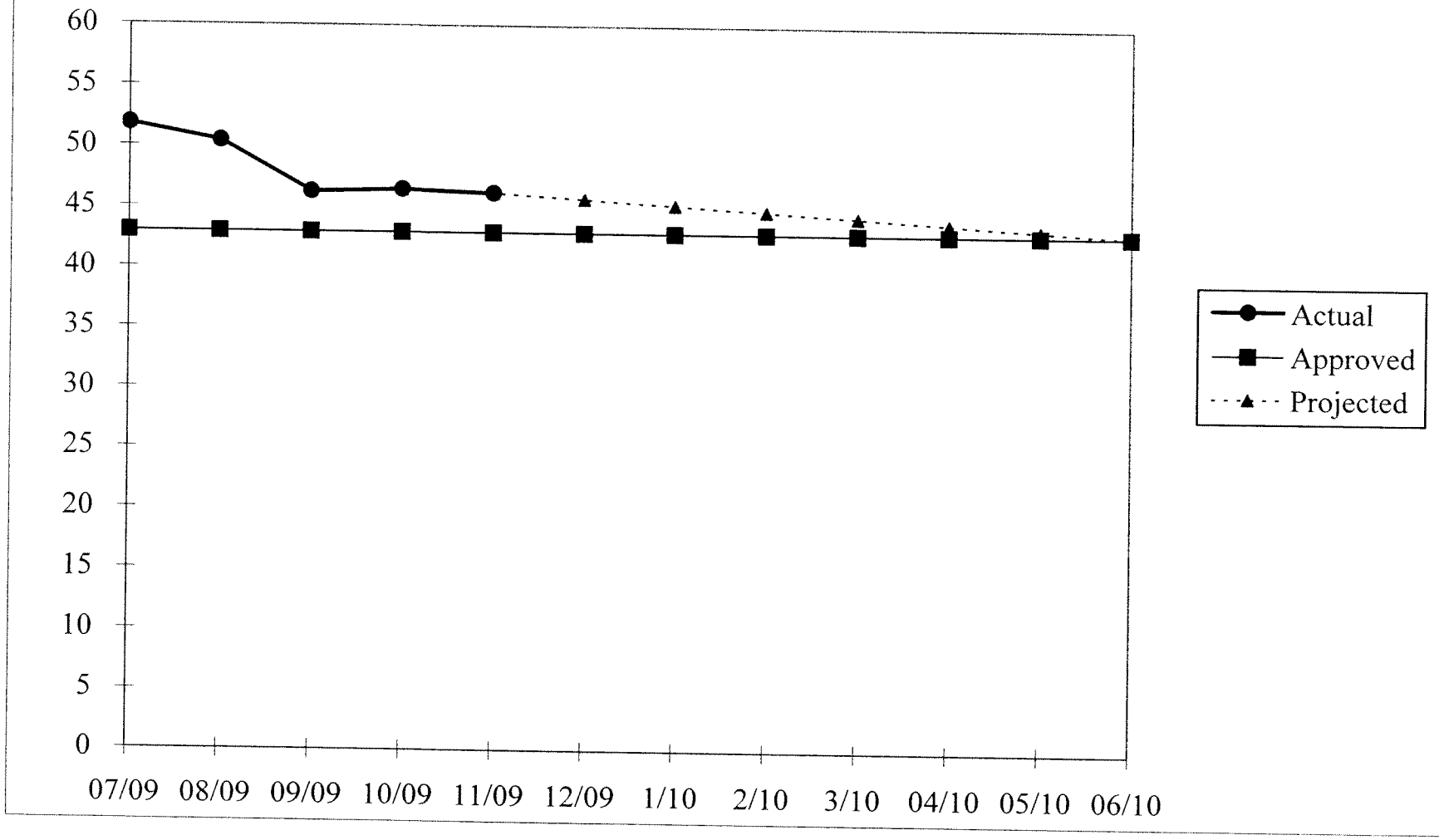
Source: ABAG - INDICES 2009-11.xls

FIGURE 5

ABAG Financial Indices

Indirect Cost Rate (% of Direct Labor Cost)

FY 09-10



Source: ABAG- INDICES 2009-11.xls

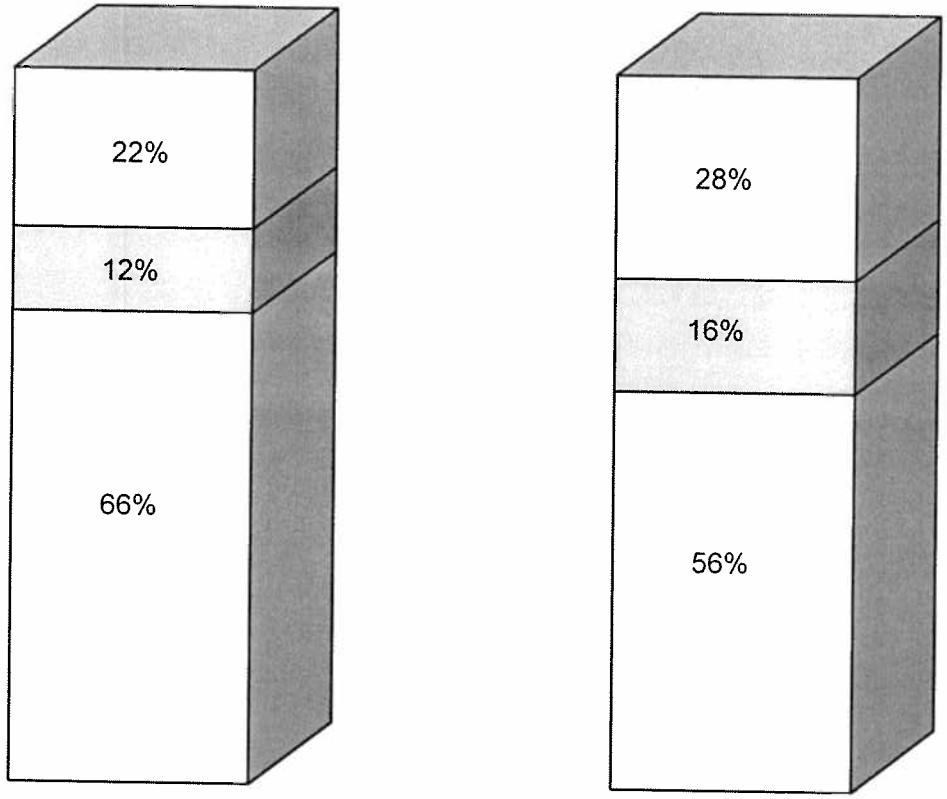
FIGURE 6

ABAG Financial Indices

Composition of Expenses FY 09--FY 10

Year to Date

($'000)



	FY09-10 Expenses (Total $6,910)	FY08-09 Expenses (Total $7,701)
☐ Consultants	$1,533	$2,182
☐ Others	$811	$1,227
☐ Payroll	$4,566	$4,292

Source: ABAG -INDICES 2009-11.xls

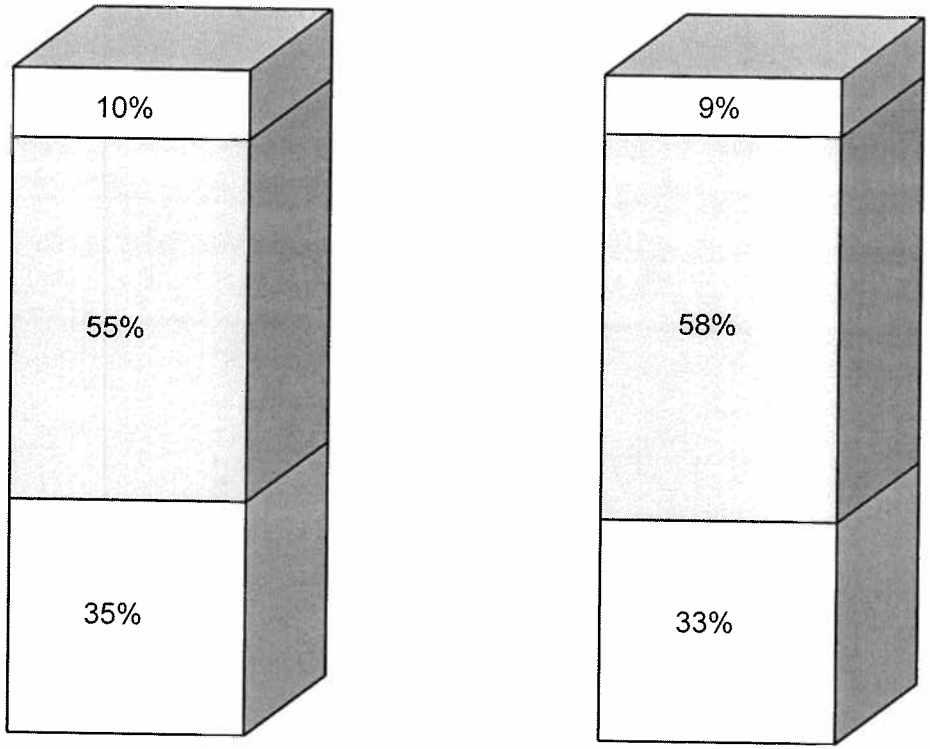
Figure 7

ABAG Financial Indices

Composition of Revenues FY 09--FY 10

Year to Date

($'000)



	FY 09-10 Revenue (Total $6,661)	FY 08-09 Revenue (Total $7,603)
☐ Membership	$695	$668
☐ Grants	$3,640	$4,418
☐ Services & Others	$2,326	$2,517

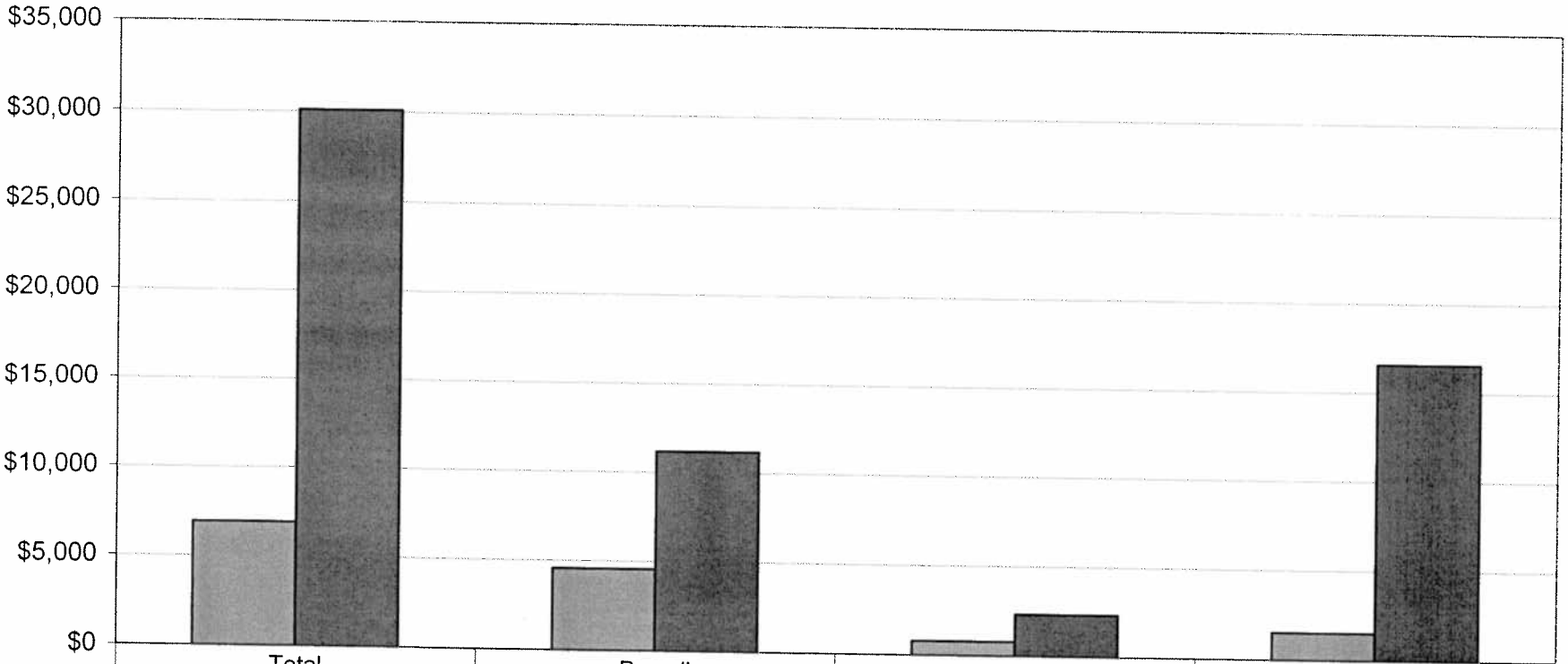
Source: ABAG --- INDICES 2009-11.xls

Figure 8

ABAG Financial Indices

Actual vs Projected Expenses--FY 09-10

Year to Date ($'000)



	Total	Payroll	Other	Consultants
Actual	$6,910	$4,566	$811	$1,533
Projected	$30,092	$11,178	$2,336	$16,578

Source: ABAG -- INDICES 2009-11.xls

Figure 9

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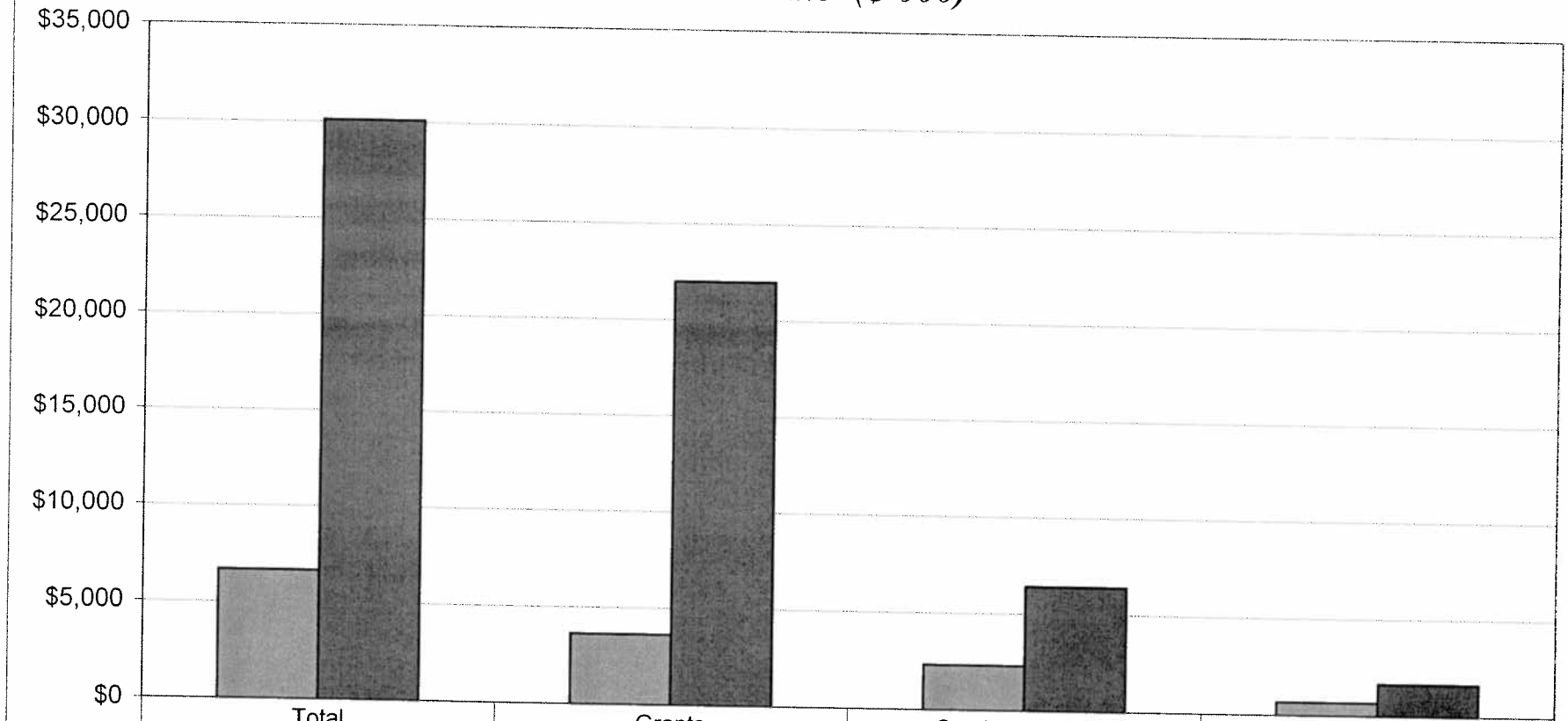
Actual vs Projected Revenues--FY 09-10

Year to Date ($'000)



	Total	Grants	Services & Other	Membership
Actual	$6,661	$3,640	$2,326	$695
Projected	$30,092	$22,000	$6,421	$1,671

Source: ABAG --INDICES 2009-11.xls

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Figure 4 -- Year-to-date Revenues and Expenses

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 agency.

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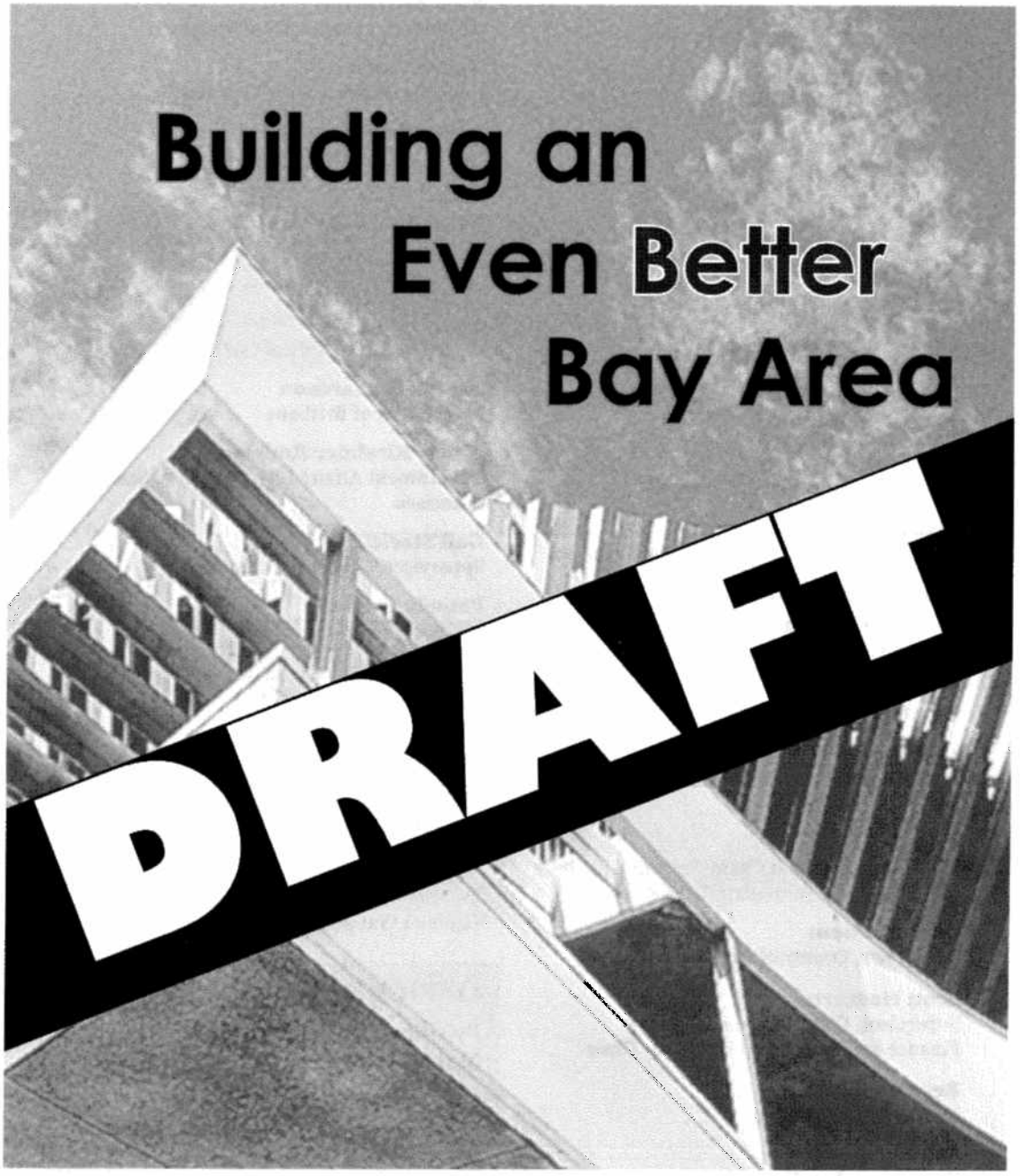
Presents a comparison of actual and budgeted total revenues as well as component categories: membership dues, grants, services and other.

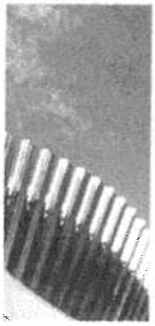
PROPOSED

BUDGET AND WORK PROGRAM

FISCAL YEAR 2010 - 2011



Association Of Bay Area Governments



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FROM THE EXECUTIVE DIRECTOR

The challenges of local and regional governments continue unabated. The State's fiscal crisis has worsened and more cuts are all but certain. This will have a direct impact on cities, counties, and regional agencies. While this fiscal deterioration continues, we are faced with increased demands for services, new unfunded State mandates, constraints on ability to raise new revenues, and increasing expectations to address climate change and greenhouse gas emissions.

Last year, with the leadership of Senator Mark DeSaulnier, we aggressively pursued SB 406, legislation that would have provided funding for cities, counties, ABAG and MTC to develop plans pursuant to SB 375, the Sustainable Communities Strategy. This funding would assist in the planning and development of Priority Development Areas and would strengthen overall regional coordination to deal with climate change. We were successful in getting the legislation through both the Senate and the Assembly, but we failed to secure the governor's approval. We will try again in 2010.

ABAG has undertaken major efforts to establish a Regional Solar Energy Efficiency District. There are still some hurdles to overcome, most especially identifying a financing structure that results in low interest rates to make the program feasible for homeowners. However, we believe that by working with other associations across the State, we will find a viable solution. We hope to be able to start the program in the next fiscal year.

Henry Gardner
ABAG Executive Director

FOCUS continues to gain momentum with over 125 approved Priority Development Areas and nearly 100 Priority Conservation Areas, covering a majority of our member jurisdictions. In close collaboration with MTC, we have been able to identify initial funding for planning and small grants for infrastructure improvements. Many of the Priority Development Areas will require significant funding for implementation. These needs will have to be met through a combination of local, state, regional, and federal funding sources. We will play an active role in identifying funding to assist in these projects. *Projections 2009*, the housing report and the annual Economic Outlook report have been widely distributed, frequently quoted as authoritative resources, and the symposia well attended throughout the Bay Area.

Hazardous mitigation and earthquake preparedness and recovery are high priorities for 2010. Resiliency is the key to government, civic, and economic continuity following a disaster. We have engaged local governments, the business community and nonprofit organizations around the region in identifying actions that we can take before a disaster, which should provide the greatest probability that a major disaster will not result in protracted recovery. We have been successful in seeking grants from FEMA and the State Office of Emergency Services to fund our work in this area.

Our service programs continue to thrive and reach new milestones. Approximately 300 of the 500 miles of the Bay Trail have been developed. The Green Business Program has certified over 2000 businesses and public agencies. ABAG Finance Authority for Nonprofit Corporations has issued more than $7 billion dollars of tax-exempt bond financings to assist in the development of affordable housing, hospital construction, school, and senior care facilities. ABAG Power was successful

Executive Letter cont. on page 2

Executive Letter cont. from page 1

in pursuing litigation that resulted in the return of over $1.8 million from the gas and electric programs. ABAG PLAN serves as the insurance provider for 31 of our member jurisdictions, including a comprehensive risk management program. The Estuary Partnership had a year of several distinguished accomplishments, including a highly successful State of the Estuary conference and several major state and federal grants, of which a substantial amount went directly to cities and counties as we improve the San Francisco Bay Delta-Estuary.

Senate Bill 375, the Sustainable Communities Strategy (SCS), requires ABAG and MTC to link the Regional Housing Needs Allocation (RHNA) with the Regional Transportation Plan, a level of coordination and outreach that goes far beyond what we have done in the past. SB 375 is intended to result in planning that reduces reliance on automobiles and results in reductions of greenhouse gas emissions. New resources will be required to complete the SCS in a manner that has substance and the possibility of actually reducing greenhouse gas emissions and vehicle miles traveled. Under the best of circumstances, this will be a challenge. Elected official engagement is paramount as we undertake this work.

All of these activities require major funding. ABAG has a long and successful record of securing contracts and grants to fund 93% of our programs, projects, and services. Membership dues constitute approximately 7% of total revenues. Many of the grants we receive require matching funds, and membership dues are our primary source for meeting this requirement. For several years there was no increase in dues. In order to avoid major increases at any one time, the Executive Board made the decision to increase dues gradually, in accordance with the Bay Area CPI. Accordingly, for FY 2010-11 the proposed increase is 7%, with the actual increase being slightly higher for jurisdictions that had an increase in population. We are most appreciative of the support we continue to receive from our members.

Notwithstanding the challenges of diminished financial resources, 2010 will no doubt be a year of intense collaboration and coordination among cities, counties, and the regional agencies, pursuing the common vision of developing an even better Bay Area.

Some Retired and Present ABAG Staff Members - 2009

EXECUTIVE BOARD HIGHLIGHTS

During the past year ABAG's 38-member Executive Board has deliberated on a number of issues of critical importance to our membership, including, but not limited to, finding a stable source of income for ABAG. We had hoped to accomplish this funding through the passage of SB 406 (DeSaulnier), but we were sidetracked by the Governor's veto. Other important deliberations and decisions included the State mandated Regional Housing Need Allocation (RHNA) Determination methodology and allocations, and SB 375 (Steinberg), legislation that is designed to reduce greenhouse gas emissions through land use and transportation planning.

As part of the RHNA deliberations in 2007 San Jose, San Francisco, and Oakland agreed to accept larger housing allocations with the understanding that ABAG would target infrastructure resources, as they came available, to them in exchange for carrying the additional housing load. During the past year, we have worked with state and other funding agencies in an effort to fulfill this agreement. Infill development in older, established central cities is a core part of the FOCUS Initiative, which places emphasis on Priority Development Areas and Priority Conservation Areas. The Board also spent many hours exploring Policy-based Projections, and the establishment of the San Francisco Bay Restoration Authority. Development of a regional Solar Energy Efficiency District was among the variety of other issues that the Executive Board directed its attention.

The economic climate has been difficult for the majority of our cities and counties over this last year. Even as the economy shows some signs of improvement, because of the State's continuing fiscal crisis we expect that Fiscal Year 2010-11 will continue to be a challenge for our members and ABAG as an organization. We are committed to continuing our quest for a stable source of income for ABAG and for cities and counties and will continue to work on this issue during the next fiscal year.

During the next two years of my term as ABAG President, working with Marin County Supervisor Susan L. Adams, I plan to reach out to member jurisdictions to not only inform you of what we are doing, but to hear your concerns and find out how ABAG can be of assistance to you in the work that you do. I also want to seek your support and participation in ABAG's programs and services and encourage you to take advantage of the myriad of services, workshops, and conferences that ABAG conducts throughout the year.

Mark Green
ABAG President,
Union City Mayor

Susan Adams
ABAG Vice President,
Supervisor, County of Marin

Association Of Bay Area Governments

Planning and Service Programs

Fiscal Year 2010 - 2011

ABAG PLANNING PROGRAMS

During Fiscal Year 2010-2011 the Association of Bay Area Governments' Planning Programs will build upon existing partnerships with the region's local jurisdictions to advance a regional planning program that recognizes links between focused growth and transportation infrastructure. Under the provisions of the recently enacted SB 375, the region must develop a Sustainable Community Strategy, integrating regional land use and transportation planning. As a component of that work effort, ABAG will identify and assess key issues and challenges related to accommodating most of the Bay Area's growth in the Priority Development Areas (PDAs) that accommodate the region's most robust transit service. Working with local jurisdictions and our partner regional agencies, ABAG will secure funding to support planning and development in the PDAs that provides for the needs of existing and future residents, is resource conserving and socially equitable, and brings new vitality to our region's transit-served neighborhoods. ABAG will work with key partners including public resource agencies, local governments, and the region's land and water conservation to secure funding and advance permanent protection of the Priority Conservation Areas (PCAs), the Bay Area's conservation priorities.

SB 375 requires that California's metropolitan regions reduce climate change impacts related to automobiles and light trucks. To accomplish this, regions must address significant land-use and growth challenges as part of a strategy for how the region will accommodate its growth and significantly reduce vehicle miles traveled. In FY2010-2011 ABAG, the Metropolitan Transportation Commission (MTC) local jurisdictions, congestion management agencies, transit providers, and other stakeholder entities will work together to develop a Sustainable Communities Strategy (SCS) that provides a policy framework to address some key challenges related to the implementation of successful transit-oriented, infill development, and encompasses regional policies.

The paragraphs below provide an overview of ABAG's planning initiatives related to regional land-use planning and describe the agency's well-regarded and closely-related special purpose planning programs. Noted programs include the Bay Area Green Business Program, Earthquake and Hazard Mitigation and Preparedness, the San Francisco Bay Trail, and the San Francisco Estuary Partnership.

City of Campbell Downtown *photo: Brad Perks*

FOCUS IS A KEY COMPONENT OF SB 375

The San Francisco Bay Area's regional Blueprint Plan is entitled FOCUS, an integrated regional development and conservation strategy designed to map a more positive approach to future growth in the San Francisco Bay Area. FOCUS promotes a more compact land

Planning Programs cont. on page 4

ABAG PLANNING PROGRAMS

Planning Programs cont. from page 3

use pattern for the Bay Area. It unites the efforts of four regional agencies into a single program that links land use and transportation by encouraging the development of complete, livable communities near transit, and promotes conservation of the region's most significant resource lands. FOCUS is led by ABAG in partnership with the Metropolitan Transportation Commission (MTC) and with support from the Bay Area Air Quality Management District (BAAQMD) and the Bay Conservation and Development Commission (BCDC). FOCUS is a collaborative effort that links regional planning programs with planning and implementation being advanced at the local and sub-regional level by local governments, congestion management agencies, transit providers, and non-governmental organizations throughout the Bay Area. In the past two years, FOCUS has emerged as integral part of ABAG and MTC's regional land-use and transportation planning programs and has served as a mechanism for advancing synergies between a various planning efforts across the Bay Area.

The Bay Area has taken a major step forward toward a comprehensive regional growth strategy embodied in the FOCUS Program. In 2009 ABAG's Planning Program coordinated a third call for Priority Development Area applications from local jurisdictions. There are now more than 127 Priority Development Areas in 60 Bay Area jurisdictions, and nearly 100 Priority Conservation Areas (PCAs). In collaboration with local jurisdictions, the region has for the first time developed a regional development and conservation strategy based upon a link between local plans and regional agency objectives relative to where new growth should be directed.

PDAs are transit-served, infill areas where there is either an adopted neighborhood-level plan that will accommodate housing in a mixed-use context or a vision to create such a plan at the local level. *Projections 2009* forecasts that more than two-thirds of the region's growth through 2035 can be accommodated in the PDAs, despite the fact that PDAs encompass only 3% of the region's land area. The FOCUS program emphasizes planning and infrastructure support for the development of complete communities, not just for isolated infill projects. The objective is the achievement of areas that are well planned with good housing choices, transit options, and walkable amenities and services to address the day-to-day needs of both current and future residents.

FOCUS provides a strong foundation upon which to build the Bay Area's SB 375 plans and policies.

During this fiscal year, ABAG, working collaboratively with local governments, our partner regional agencies, congestion management agencies, and key stakeholders, will amplify the FOCUS program to assist local jurisdictions with successful planning and implementation of PDAs as complete communities. This will be achieved by moving Planned PDAs (areas that have a neighborhood-level plan) closer to implementation, and advancing more potential PDAs (areas that do not have a neighborhood-level plan) to Planned status. ABAG's Planning Program will identify integrated planning and policy measures that are necessary for the PDAs to accommodate most of the Bay Area's future growth in a manner that provides for a high quality of life, a sound economic future, and incorporates state and regional Climate Change goals for an even better Bay Area.

Priority Conservation Areas (PCAs) are areas of regional significance that have broad community support and an urgent need for protection. A total of 98 PCAs were adopted by the ABAG Executive Board in 2008. Despite severe local fiscal and economic challenges, ABAG has worked with local governments to enact policies to preserve several of these PCAs. During this fiscal year ABAG will continue to work with the State Coastal Conservancy and other land conservation entities, including private foundations, to secure new funding and direct existing funding to preserve the region's Priority Conservation Areas.

Planning Programs cont. on page 5

ABAG PLANNING PROGRAMS

Planning Programs cont. from page 4

Regional Planning Committee

The Regional Planning Committee (RPC) is one of ABAG's key standing committees and includes representation from local governments, as well as public agency and non-profit organizations. Organizations represented on the RPC include those with an emphasis on affordable housing, education, environmental protection, the home building industry, and smart growth. The RPC hears issues of regional concern, covering a range of planning issues, and makes policy recommendations to the ABAG Executive Board on these issues. The RPC has an important role to play given ABAG's expanding role in coordinating planning initiatives in the Bay Area.

In 2009, the RPC advanced a significant effort pertaining to Regional Recovery Planning. Recovery Planning pertains to the period from six months to several years after a major disaster. The RPC has been developing expertise from a policy perspective regarding important issues that will need to be addressed following a major event in preparation for the RPC's role as the Regional Recovery Planning body for the Bay Area. Given the prediction that the Hayward Fault will experience a major seismic event in the relative near term, the RPC's work on recovery planning is critically important and will be further advanced through an expanded partnership with local governments, utility districts, economic development interests, and federal and state agencies in this fiscal year. As SB 375 is developed, the RPC will consider key policy issues relative to the development of the Bay Area's Sustainable Communities Strategy.

Clearinghouse

ABAG provides information to public and private agencies and the public related to public capital improvement projects and their potential environmental impacts. In 2006, ABAG streamlined the operation of the clearinghouse providing improved access to and distribution of public review documents.

Regional Airport Planning Commission

The Regional Airport Planning Commission (RAPC) is a joint committee of ABAG, the Metropolitan Transportation Commission, and the Bay Conservation and Development Commission. It oversees preparation of the Regional Airport Systems Analysis, which then becomes part of the Regional Transportation Plan. RAPC also provides a forum for discussion of land use, non-air transportation, and environmental issues related to airports.

Intergovernmental Coordination

In Fiscal Year 2010-2011, coordination between the ABAG Planning Program and our regional agency partners, as well as local governments, will reach unprecedented new levels. As work advances on the SB 375 Sustainable Communities Strategy, local-regional collaboration and an unprecedented level of engagement will be critically important to ensure that the region's local governments, congestion management agencies, and policymakers develop a sense of ownership of the Bay Area's Sustainable Communities Strategy.

Oakland Housing - PDA *photo: Brad Perks*

ABAG PLANNING PROGRAMS

In Fiscal Year 2010-2011

ABAG will work with the state government, our regional agency partners, and the non-profit community to identify and provide for an expanding range of incentives for development in priority areas. Incentives will be provided on a competitive basis to jurisdictions that seek to advance and prioritize development in areas that are served by public transit, and that provide proximity to employment centers.

ABAG will work cooperatively with state resource agencies, local governments, and regional open space entities to advance the protection of the region's priority conservation areas.

ABAG will work with its regional partners and community stakeholders in defining a work program that will both meet the requirements of SB 375 and identify the region's opportunities for sustainable development, mobility, and economic growth. ABAG will assist in advocating for policies and legislative actions that will advance the agenda of a sustainable and resilient Bay Area.

Specifically, ABAG will advance FOCUS as follows:

- Manage Station Area Planning efforts in more than 20 PDAs
- Provide Technical Assistance to PDAs
- Identify model infrastructure projects in PDAs for Transportation for Livable Communities (TLC) program funding
- Engage with local communities on key issues pertaining to the PDAs as complete communities (e.g. transit service, schools, urban parks, services, equity issues, public health).
- Identify potential VMT reduction strategies for the PDAs and related transportation corridors.
- Establish a tracking system and coordinate funding efforts pertaining to the PCAs.

Regional Planning Committee
In Fiscal Year 2010-2011

The RPC will address and make policy recommendations to the Executive Board onimportant regional planning issues including considerations relative to implementation of FOCUS, development of SB 375 policy, and issues related to its role as the Regional Recovery Planning body for the Bay Area.

Clearinghouse
In Fiscal Year 2010-2011

ABAG will continue its clearinghouse functions, including tracking of public projects to allow review and discussion of regionally significant projects.

Regional Airport Planning Commission
In Fiscal Year 2010-2011

ABAG will staff and provide leadership to advance RAPC's work program.

Intergovernmental Coordination
In Fiscal Year 2010-2011

ABAG planning staff will expand upon previous efforts to advance the agency's leadership role in coordinating regional planning initiatives in the Bay Area

For further information,
contact Ken Kirkey at 510-464-7955
or e-mail KenK@abag.ca.gov.

HAZARDOUS WASTE ALLOCATION / BAY AREA GREEN BUSINESS PROGRAM

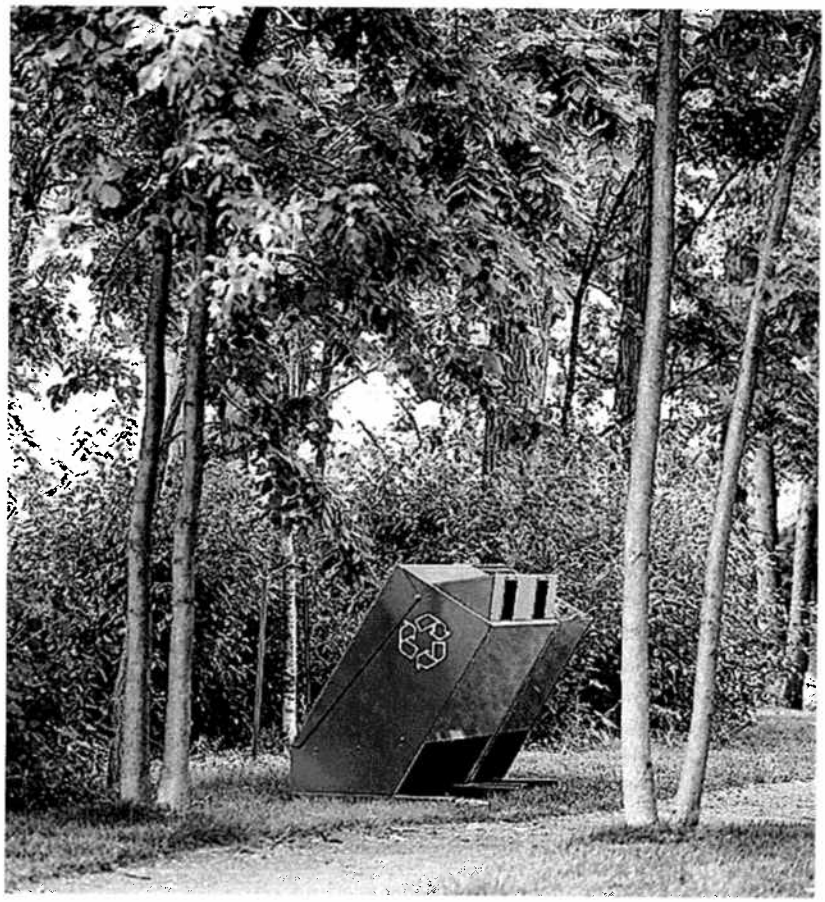
Since 1989, the Hazardous Waste Management Facility Allocation Committee (http://www.abag.ca.gov/hazwaste/) has directed the development of innovative programs that help to build a better Bay Area by protecting the environment and public health. Working in partnership with regional and state agencies, the Committee established and oversees the implementation of a "fair-share" allocation process for hazardous waste management facilities; initiated and coordinates the Bay Area Green Business Program; and identifies new opportunities to reduce the amount and ensure proper management of hazardous wastes.

ABAG staff analyzes the wastes generated in the region, and develops waste-reduction recommendations for Committee review. Current initiatives include support for Extended Producer Responsibility, which would shift the responsibility for safe management of spent batteries, fluorescent lights, pharmaceuticals, computers, and similar products away from local governments and back to manufacturers. The Committee also promotes implementation of Environmentally Preferable Purchasing programs as a source reduction tool.

To motivate and reward environmentally-responsible business practices, in 1996 the Committee launched the Bay Area Green Business Program (www.greenbiz.ca.gov). This award-winning Program offers technical assistance and recognizes small businesses that comply with environmental laws and implement dozens of additional measures to prevent pollution, conserve resources, and reduce waste and greenhouse gas emissions. More than 2,000 Green Businesses and Public Agencies have been recognized for their efforts to build a better Bay Area.

BAY AREA
GREEN BUSINESS PROGRAM

HAZARDOUS WASTE ALLOCATION / BAY AREA GREEN BUSINESS PROGRAM



In Fiscal Year 2010-2011

- Analyze and report on 2008-2009 Hazardous Waste data.
- Monitor and advise the Legislative and Governmental Organizations Committee on legislative and other efforts to implement Extended Producer Responsibility.
- Develop and distribute tools and resources to speed implementation of Environmentally Preferable Purchasing programs.
- Increase the number of certified green businesses in the Bay Area to 2,500.
- Complete development of a web-based measurement system to streamline the process and track the environmental benefits of Green Business participation.
- Convert Green Business listings to a searchable database that will make it easier for Bay Area residents and businesses to find certified Green Businesses.

For further information,
contact Ceil Scandone at 510-464-7961
or e-mail CeilS@abag.ca.gov.

SAN FRANCISCO BAY TRAIL

In 2009, the Bay Trail will celebrate the 20th anniversary of the Bay Trail Plan. Regional collaboration has resulted in the completion of nearly 300 of the planned 500 miles of recreational and alternative commute trails around the Bay. All cities and counties the trail passes through support this monumental endeavor and park and open space districts, transit agencies, bicycle coalitions, and public works departments have joined forces to complete this spectacular vision of a "ring around the bay."

As the Bay Trail comes together segment by segment, these shoreline communities are rediscovering their waterfronts through the creation of new parks and destination areas close to the bay. By providing opportunities for healthy lifestyles, shoreline recreation, and bicycle and pedestrian corridors in combination with compact housing development and connections to transit, these communities along the Bay Trail are investing in a sustainable future.

The vision of the San Francisco Bay Trail is a continuous 500-mile shoreline path along the edge of San Francisco Bay that will form a trail system crossing seven toll bridges and connecting nine counties, 47 shoreline cities and over 130 local, regional and state parks. The Association of Bay Area Governments administers the Bay Trail Project that plans, promotes, and advocates for implementation. Project staff provides regional oversight and coordination, technical assistance, education and outreach, and seeks funding for planning, design, construction, and maintenance.

The Bay Trail Project accomplished several major tasks in 2008: an additional $3 million was authorized from Proposition 84 bringing the current grant program to $6 million for Bay Trail planning and construction projects throughout the region; the project received an increased grant award of $175,000 from MTC's bridge toll funds and $60,000 from ABAG for administration of the project; a $100,000 grant from the Goldman Fund was secured in coordination with the Bay Area Ridge Trail Council to move forward with completing the Carquinez Strait Scenic Loop Trail; staff initiated the Regional Sign Installation Plan to identify locations for new signs along completed sections of the Bay Trail; and the Bay Trail's landmark wildlife and public access study was published in the *Journal of Wildlife Management*.

Ribbon Cutting Installation of bicycle/pedestrian bridge—final gap in South San Francisco's eight miles of Bay Trail. (L-R: Laura Thompson, Bay Trail Project Manager, ABAG; Doug Button, President, South San Francisco Scavengers; Mark Addiego, Vice Mayor, South San Francisco; Karyl Matsumoto, Mayor, South San Francisco; Dan Sherman, Chair, South San Francisco Bicycle and Pedestrian Committee; Jon Bergschneider, HCP, Inc.; Rich Garbarino, Council Member, South San Francisco; Sean Garrone, Chair, South San Francisco Parks and Recreation Commission; Pedro Gonzalez, Council Member, South San Francisco).

SAN FRANCISCO BAY TRAIL

In Fiscal Year 2010-2011

- In partnership with the Coastal Conservancy, solicit, review and award grants to local jurisdictions for planning, design and construction of Bay Trail segments under the $6 million grant program provided through Proposition 84.
- Administer awarded Bay Trail planning, design and construction grant contracts.
- Continue to update and use the Gap Analysis Study data to identify and initiate new spending opportunities and new Bay Trail grants.
- Pursue short and long-term funding strategies for project administration, trail development and maintenance.
- Finalize opportunities for new Bay Trail segments through continued participation in the South Bay Salt Pond Restoration Planning Process.
- Continue to work with ABAG's FOCUS program and the Metropolitan Transportation Commission's Regional Transportation Plan to highlight trails as components of a sustainable region and a regional transportation system.
- Advocate for bicycle and pedestrian access to and across Bay Area toll bridges, including the west span of the Bay Bridge and the Richmond-San Rafael Bridge as well as safe and seamless connections to the Carquinez, Benicia-Martinez and East Span Bay bridges.
- Complete the installation of Bay Trail signs along all complete sections of the Bay Trail.
- Update the Bay Trail website to create a valuable resource for regional partners and the public about progress of the Bay Trail.
- Publish the *Bay Trail Rider* newsletter; meet regularly with elected officials, agency and local government staff and media contacts; and plan and host trail dedications and other public events.

For further information,
contact Laura Thompson at 510-464-7935
or e-mail Laurat@abag.ca.gov.

SAN FRANCISCO ESTUARY PROJECT

– 2009 Accomplishments

The San Francisco Estuary Partnership and its partners completed many projects and activities in 2009 that support the Project's mandate to protect, enhance, and restore the San Francisco Bay-Delta Estuary through implementation of actions in the Comprehensive Conservation and Management Plan (CCMP). Paramount among this year's effort, the Partnership organized and managed the highly successful 9th biennial State of the Estuary Conference which was held in October 2009, and the December 2009 Public Workshop on the status of the new state water legislation. Continuing in our efforts to keep the CCMP current, the Project developed the first SFEP Strategic Plan which was endorsed by the Implementation Committee in November 2009 as the statement for current SFEP priorities.

The Partnership staff, agency and NGO partners, consultants, and contractors work on over 60 projects in a wide arena of program areas, all directed at improving the health of the estuary. Public outreach efforts continue to expand with a major revision of the website, several on-the-ground tours to highlight good water quality management techniques, conducting workshops, producing new fact sheets, and the continuing production of our well regarded Estuary newsletter.

Judy Kelly, SFEP Director, and U.S. EPA Administrator Lisa Jackson at the 2009 State of the Estuary Conference

SFEP's current budget is $16,328,208 with much of this funding going out to partner entities to accomplish the work called for in the CCMP.

Continuing projects include:

- The project focused on developing methods to reduce methyl mercury and low dissolved oxygen in Suisun Marsh;
- Working with the Regional Water Quality Control Boards (RWQCB-San Francisco Bay and North Coast) and other partners, to complete a stream and wetland protection policy for the two regions;
- With partners, work designed to prevent the introduction and spread of invasive species to the Estuary through a signage program at wetland sites describing the need for spartina eradication, and through the implementation of a statewide Management Plan for Aquatic Nuisance Species;
- Technical support services to the Santa Clara Valley Water District, Alameda County Flood Control Program, Caltrans, and the San Francisco Public Utilities Commission;
- Technical and communication assistance to the RWQCB including administration of projects for implementation of Total Maximum Daily Loads [limiting pollutants into waterways of the state], and oversight of environmental projects mandated as part of the RWQCB's Administrative Civil Liability fines
- Outreach/education through the Boater Education Program, publication of Estuary newsletter; and organizing erosion control workshops.

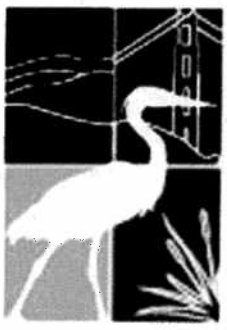
SAN FRANCISCO ESTUARY PROJECT

In Fiscal Year 2010-2011

In keeping with this year's ABAG Budget Theme of *Building an Even Better Bay Area*, SFEP and partners will continue to focus efforts on projects that help to restore and protect our natural resources. In addition to the on-going projects that will continue through the next year, SFEP will be:

- Managing a $5 million regional trash capture project with partners from around the region;
- Working with partners, implement seven new projects related to water quality improvements in the North Bay; develop new low impact development concepts to clean urban stormwater; and implement restoration projects in San Francisco and the shoreline and bed of the bay;
- Working with partners, developing the application of the State's Watershed Assessment Framework as a tool for integrating and communicating watershed health indicators for the San Francisco Estuary;
- Developing the background and assessments for a new evaluation of the environmental state of the bay and estuary which will result in a major new report planned for late 2010;
- Working with BCDC, the California Coastal Conservancy, and NOAA on the San Francisco Bay Subtidal Habitat Goals Project, a collaborative interagency effort to establish a comprehensive and long-term management vision for protection, restoration, and appropriate use of San Francisco Bay Subtidal habitats;
- Assisting the CALFED Bay Delta Program with organizing the 3-day 6th biennial Science Conference in September with over expected 1200 attendees and managing subcontracts for science experts working on Bay Delta issues; and
- Working with the Urban Pesticide Committee and EcoWise to reduce pesticide use in urban creeks and promote Integrated Pest Management practices.

See our website for more details at www.sfestuary.org



For further information,
contact Judy Kelly at 510-622-8137
or e-mail jakelly@waterboards.ca.gov.

EARTHQUAKE AND HAZARD MITIGATION AND RECOVERY

Natural disasters come from many sources in the Bay Area and include various earthquake related hazards such as ground shaking, liquefaction, landsliding, fault surface rupture, and tsunamis. The Bay Area is also subject to various weather-related hazards including wildfires, floods, landslides, drought, and climate change.

Disaster planning encompasses hazard mitigation, disaster response, and disaster recovery. ABAG focuses on mitigation and recovery planning.

ABAG's Hazard Mitigation initiatives have focused on four efforts during the 2009-2010 fiscal year:

- Encouraging quality seismic retrofits of single-family homes through (1) promoting use of the "Standard Plan Set A" developed by a number of professional organizations and ABAG and seeking opportunities for homeowner incentives;
- Finalizing the assessment of soft story multifamily residential buildings in Oakland and expanding the assessment to the City of Sebastopol, developing innovative approaches for mitigation, and implementing these mitigation strategies;
- Assessing the issues related to water system vulnerability, including pipelines and the interaction with sewage systems in a project funded, in part, by FEMA, and using resources of the Sewer Smart program at ABAG; and
- Updating the multi-jurisdictional Local Hazard Mitigation Plan for the San Francisco Bay Area, including collaborating with 114 cities, counties, and special districts to ensure that the revised plan incorporates the findings of the disaster recovery initiatives and makes stronger connections between hazards, vulnerabilities, and mitigation strategies to address them.

ABAG's Disaster Recovery initiative has focused on two efforts during the 2009-2010 fiscal year:

- Continuing discussion and training of the Regional Planning Committee on issues related to disaster recover and investigating the best mechanism to ensure that RPC has an active role in disaster recovery after future Bay Area disasters.
- Developing of a model disaster recovery plan, using the City of Oakland as a pilot project funded, in part, by the City of Oakland.

EARTHQUAKE AND HAZARD MITIGATION AND RECOVERY

In Fiscal Year 2010-2011

- Continue ongoing project efforts related to developing innovative approaches to hazard mitigation and updating the multi-jurisdictional Local Hazard Mitigation Plan.
- Seek to continue to assess the vulnerability of soft-story multi-family residential buildings in the Bay Area, and continue to develop innovative approaches for mitigation, and implement these mitigation strategies
- Begin the second phase of developing Oakland's model Disaster Recovery Plan and begin developing a model Disaster Recovery Plan for the City of San Jose, funded in part, by both cities.
- Developing a regional recovery plan focusing on developing a post-disaster governance structure and a pre-disaster decision making framework to ensure a speedy recovery of the region after a major disaster.
- Improve the effectiveness of the popular earthquake and hazards website by updating the design and format, revising its hazard map explanations, and improving risk communication techniques, funded by U.S. Geological Survey.

For further information,
contact Jeanne Perkins at 510-464-7934
or e-mail JeanneP@abag.ca.gov.

ABAG POWER

ABAG Publicly Owned Energy Resources (ABAG POWER) is a joint powers agency (JPA) formed by ABAG to acquire energy on behalf of local governments, as well as provide energy management and telecommunication services. ABAG POWER currently offers natural gas aggregation to 38 local governments and special districts in the Pacific Gas and Electric (PG&E) service territory. ABAG POWER provides a public sector approach to pooled purchasing, and each public agency is guaranteed a voice in program operations and decisions through its representative to the ABAG POWER Board of Directors and Executive Committee. ABAG and ABAG POWER are also working to expand their energy conservation and management services to local jurisdictions through the implementation of energy efficiency and renewable energy programs. In order to expand its programs, ABAG is pursuing various federal, state and local funding opportunities.

Gas Aggregation Program

The natural gas purchasing pool has now completed its thirteenth year of operation. ABAG POWER purchases natural gas on behalf of members and arranges for it to be delivered to the PG&E system for distribution. The goal of ABAG POWER's Natural Gas Program is to provide both cost savings and price stability. These goals differ from that of PG&E which is incentivized to provide low cost gas on a near term (monthly) basis. ABAG POWER stabilizes its gas prices by layering in longer term gas purchases, with the alternate objective of diversifying its gas purchase portfolio. The Program uses a continuous three year ahead planning cycle to design its purchasing strategy. Although market rates for gas have moved up somewhat in recent months, prices remain significantly lower than the highs seen during the summer of 2008. One main reason for the retreat in prices is the overall down-turn in the economy. Prices are now expected to edge slowly higher in the near future.

Price volatility remains a significant risk. There are many factors that can cause significant price volatility, including: abnormal weather patterns, increased demand from gas powered electric generators, restrictions in gas transportation capacity and/or imports, the price of oil, regulatory actions, and political instability. In addition, an increased focus on environmental issues may cause regulatory actions that produce increased costs for using petroleum products, including natural gas.

Other ABAG Energy Initiatives

ABAG Energy Watch. In 2009 ABAG completed the successful implementation of the ABAG Energy Watch program. The partnership program with PG&E was designed to assist local governments achieve energy and cost savings by improving energy efficiency in public facilities, and assist in creating community-wide energy savings through energy policies and programs. At its conclusion the program had assisted over 60 cities, counties, and special districts in the ABAG region, and completed over 300 individual energy efficiency projects. These projects resulted in an estimated annual savings of approximately 25,400,000 kWh, and a reduction in greenhouse gases of 8,830 metric tons (CO_2e) per year.

POWER cont. on page 18

ABAG POWER Meeting - 2009

ABAG POWER

POWER cont. from page 17

Green Communities. In 2010, ABAG expects to provide assistance under the new "Green Communities" program being developed by PG&E. This program will assist local governments to implement their Climate Action efforts.

ARRA Funding Applications. ABAG has taken the lead in coordinating with interested local governments in its service territory to propose a Regional Residential Building Retrofit Program. As lead applicant and fiscal sponsor, ABAG in partnership with participating local governments seeks to achieve the following objectives:

- Collaborate on program design and implementation
- Reduce program design and implementation costs for each participating County-wide program through shared activity
- Reduce confusion among contractors and homeowners with more program uniformity
- Leverage early adopter programs, e.g. Sonoma and Alameda Counties

In addition, ABAG is coordinating with three other regions in the state (Sacramento, LA County and San Diego) to implement a building retrofit program using Department of Energy Retrofit Ramp-Up funds.

Energy Financing District. ABAG continues to assess how best to implement a regional energy financing district (PACE/AB 811). At the present time these programs are not able to provide financing to scale at interest rates below 6% without government subsidies. An effort is now being made at the federal level to support AB 811 bonds as a means to making progress on climate action goals.

In the mean time, ABAG is seeking to develop customer friendly pathways to coordinate and synergize energy efficiency retrofits, renewable energy installations, incentives, and financing mechanisms.

In Fiscal Year 2010-2011

- Continue to provide cost effective natural gas aggregation and delivery services for local governmental agencies. This will include active solicitations among natural gas marketers, and the addition of new gas suppliers, as necessary, to continue receiving the most competitive pricing. The program will pursue longer-term fixed price gas products in order to stabilize program costs.
- The Program will look for additional ways of improving the customer service aspects of the program, in particular with respect to billing and analysis functions. ABAG POWER Board is currently implementing a pilot project that will test the program's ability to provide additional energy data analysis services.
- Although ABAG POWER primarily supplies natural gas to smaller "core" customers, it also implements a "noncore" program to supply larger facilities. Qualified, noncore customers can take advantage of lower gas transportation rates that are not available to PG&E customers. ABAG POWER currently supplies gas to three noncore facilities (City of Santa Rosa, City of Watsonville, County of San Mateo). We will continue to encourage additional participants in both the core and noncore programs.

For further information, contact Jerry Lahr at 510-464-7908 or e-mail JerryL@abag.ca.gov.

ABAG PLAN CORPORATION

ABAG PLAN continues to work with its members to create and sustain risk management and insurance services. In 1985 when there was a lack of affordable insurance for local government, we turned a crisis situation into a success story by providing more flexible, affordable, and efficient coverage to sustain activities considered too risky by the insurance industry. We have also expanded into new services, such as skate and swim parks, which member local governments didn't have before.

Today, ABAG PLAN Corporation provides property, liability, and crime coverage to 31 cities and towns in the Bay Area. For almost a quarter century ABAG PLAN has grown to exceed $50 million in assets, return over $20 million in dividends, and save its members over $70 million in premiums. In addition, the SHARP pool provides affordable Workers Compensation coverage to member cities by pooling losses up to $250,000 and purchasing pooled coverage and reinsurance for larger losses.

ABAG PLAN's success has enabled members to improve their organizations and communities by providing grants for better risk management programs, including sidewalks, playgrounds, parks, and police operations. As the fiscal realities of today become even more apparent and risks continue to increase, budgets are stretched more than ever. In ABAG PLAN, members have at their disposal an excellent resource to assist them in maintaining and improving the health and safety of their citizens and employees. ABAG and its members are working together to share resources and best practices that will continue to help our members weather the changes ahead and build an even better Bay Area.

Association of Bay Area Governments
PLAN CORPORATION
Pooled Liability Assurance Network

City of Morgan Hill Aquatic Center

ABAG PLAN CORPORATION

Sewer Smart Summit - 2009

In Fiscal Year 2010-2011

Liability Program

- Maintain stable loss funding rate
- Fully implement ITC policy and reserves for pre 7-1-08 claims
- Complete conversion to new claims management software

Property Program

- Stable premium and extend coverage with the existing $5,000 SIR
- Property appraisals and boiler inspections for key facilities
- Expand our subrogation investigation to ensure full collection of property damage losses from responsible parties, saving members tens of thousands of dollars
- Expand our ongoing claim file reviews with each member

Risk Management Programs

- Expand training through on-line course opportunities
- Continue award-winning Sewer Smart Summit program
- Provide incentive grants for implementing best practices
- Increase focus on managing cities' ADA risks

For further information,
contact Darrell Dearborn at 510-464-7969
or e-mail DarrellD@abag.ca.gov.

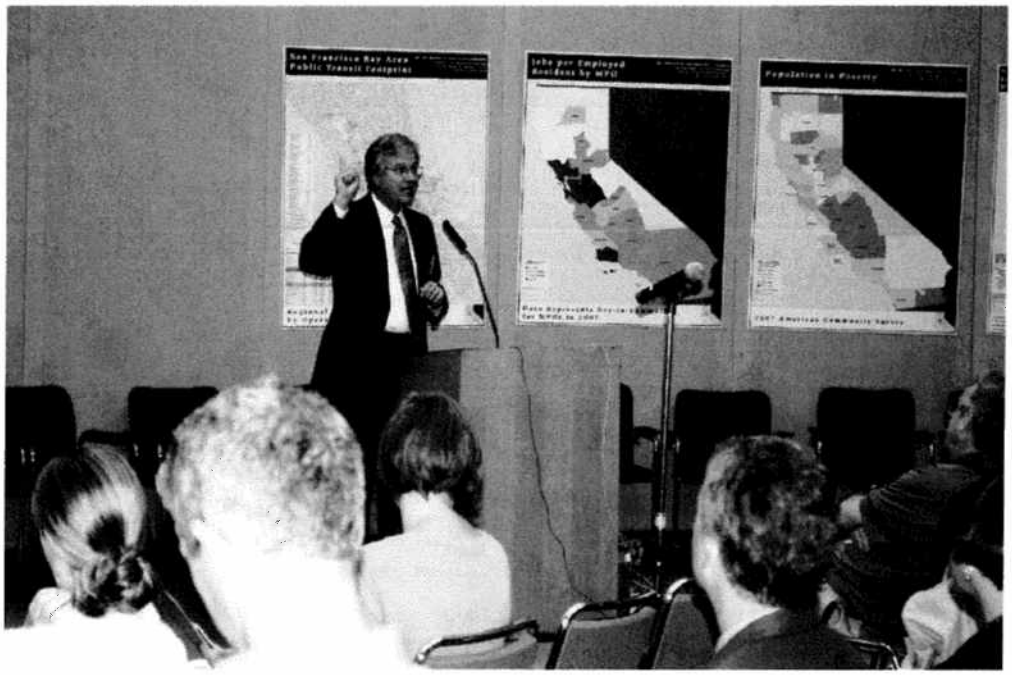
RESEARCH, DATA AND ANALYSIS

As we completed the Projections forecast in early 2009, we began transitioning to work on the SB 375 process, specifically on the Sustainable Communities Strategy (SCS) that it calls for. The SCS will replace the Projections forecast as an input into the Regional Transportation Plan (RTP); nevertheless, the SCS remains a forecast of land use, though a more extensive one. The SCS is intended to have greater interaction with the transportation scenarios that are considered in the RTP. Additional engagement will be required, done much earlier in the process than historically undertaken in past outreach efforts.

ABAG and MTC staff have already begun to work jointly on policy, outreach, and technical issues. The discussions with local governments about SB 375 and the Sustainable Communities Strategy has much in common with the *Projections 2009* process. We intend to continue those discussions in various ways throughout 2010 and 2011. Working with our regional partner agencies, we will need to involve local jurisdictions, county congestion management agencies, nongovernmental organizations, and the general public in discussing the means and methods that the region will accommodate future growth. While state legislation appropriately focuses on greenhouse gas reduction, the SCS will promote a broader set of goals and objectives that our members would like to see as outcomes in this process.

We need to think about how to best accommodate one and a half to two million more people who will be living in the Bay Area over the next thirty years in a way that

Research cont. on page 22



ABAG Research Director Paul Fassinger speaks to the audience at the 2009 Projections Forecast Conference

Research cont. from page 21

can maintain – and even improve – the quality of life in this region. The discussion generated by *Projections 2009* covered a number of broad policy issues that we will continue to explore. These issues include: the need to match resources, particularly infrastructure resources to areas expected to see growth; consideration of jobs housing balance; equity in responding to regional growth; and the impact of land use patterns on a variety of local and regional issues like water use, school enrollment, and crime.

SB 375 will substantially improve our forecasting work. During 2010, ABAG and MTC will be working with the California Air Resources Board on setting a greenhouse gas target for our region. The factors considered and the methodologies used will be important to encourage greenhouse gas reductions in our region. The implementation of SB 375 will also require new levels of cooperation between ABAG and MTC staff at a technical level. Models will be key tools in developing and assessing alternative land use and transportation strategies. Both agencies will be upgrading their computer models. We will be insuring that those models interface and staff are able to work together to produce the information needed by decision makers and the public during the development of the SCS. These alternative strategies will be developed in cooperation with the other regional agencies and our local partners to insure that they are meaningful.

ABAG's staff has worked closely with MTC staff to evaluate the impacts land use and transportation on not only the carbon emission target, but on several other performance targets as well. For the SCS process we will be working with the other regional agencies, CMAs, and local governments at each stage of the process.

While we expect this to be a major effort in the next few years. We believe that it can provide better planning in our region through increased coordination and a clearer focus on specific goals.

The SCS is designed to increase the coordination of new housing and infrastructure in our region. Our annual housing report and survey is expected to focus on housing, and particularly affordable housing as components in the SCS process.

In Fiscal Year 2010-2011

- Work with our partners to develop Regional Targets for the Sustainable Communities Strategy (SCS).
- Develop and test a new regional land use model, PECAS, that will allow us to make coordinated land use and transportation forecasts with MTC.
- Work with our partners to produce scenarios for the SCS.
- Produce the Annual Housing Report and coordinate it with our SCS work.
- Develop and Present the Bay Area's 22nd annual Short Term Economic Forecast.

For further information, contact Paul Fassinger at 510-464-7928 or e-mail PaulF@abag.ca.gov.

ABAG FINANCIAL SERVICES

ABAG Financial Services Programs provide convenient, cost saving, and secure means to meet the capital financing needs of public agencies and their nonprofit partners serving the public interest. To date the Agency has provided more than $7 billion in low cost investment capital for projects in more than 200 local jurisdictions. The Agency helps its Members to provide for construction of new hospitals and medical clinics, transit systems, affordable housing, schools, museums, water and wastewater systems, and other Member-owned infrastructure. The Agency takes special focus on assisting in the construction and preservation of affordable housing, providing financing to date for more than 10,000 units in nearly one-hundred affordable apartment communities.

ABAG Finance Authority for Nonprofit Corporations
A program created by
Association of Bay Area Governments

Facilities at Lucile Salter Packard Children's Hospital in Palo Alto. Financed with Bonds Issued by the ABAG Finance Authority

In Fiscal Year 2010-2011

- Economical funding for developers of affordable multi-family housing, independent schools, hospitals, clinics, and other voluntary healthcare providers through the various programs of the ABAG Finance Authority;
- Tax-Exempt Lease financing through ABAG Credit Pooling and ABAG Leasing, programs providing the lowest available cost source for funding for both major lease secured projects and smaller capital equipment needs; and,
- Continue to offer comprehensive services to meet the land-secured and economic development financing needs of member agencies.

The Agency will also continue to offer its industry leading tax-allocation bond product benefiting the Redevelopment Agencies of its Membership, and its credit-enhanced, pooled financing vehicle for Water and Wastewater Districts. Both of these financing pools provide easy access and low cost funding for the smaller borrowing needs of special districts in the Agency's member jurisdictions.

For further information, contact Clarke Howatt at 510-464-7932 or e-mail ClarkeH@abag.ca.gov.

ABAG TRAINING CENTER

The ABAG Training Center has been an ABAG service program since 1979, created to provide economical alternatives for local government employees to obtain professional development training. Early course offerings were in the fields of management, environmental planning, housing, and computer technology and were held in classrooms at our facility and elsewhere. Through the years, the training needs of our members and clients have changed. Today, our courses focus on safety training required by the Occupational Safety and Health Administration (OSHA) and the Department of Transportation (DOT). These courses reach students in the Bay Area and around the world through our webbased identity, www.hazmatschool.com.

Increasing our client base provides a means to support the continued training of our members' employees at a reduced price, and hazmatschool.com has been very successful at achieving this goal. More than 7,000 students receive training through hazmatschool.com each year.

ABAG's early entry into this field has allowed us to develop a strong catalog of courses, a good reputation, and capable student management and course enrollment and delivery systems. We have forged a partnership with Safety Compliance Management Inc. (SCM) of San Ramon, which continues to work well. SCM provides expert course content and Remote InstructorsT who are easily accessible to online students.

Throughout Fiscal Year 2009-10 we have continued the practice of refreshing course material to keep it up to date and performing small technical changes to make the training experience easier for users as well as their supervisors and corporate training coordinators. We renewed our affiliation with the U.S. General Services Administration (GSA), aiding our marketing to Federal Agencies and Departments. Although we captured less new business this year than in previous years, we retained a number of large state and corporate clients. This provides a strong foundation on which to grow again as economic conditions improve.

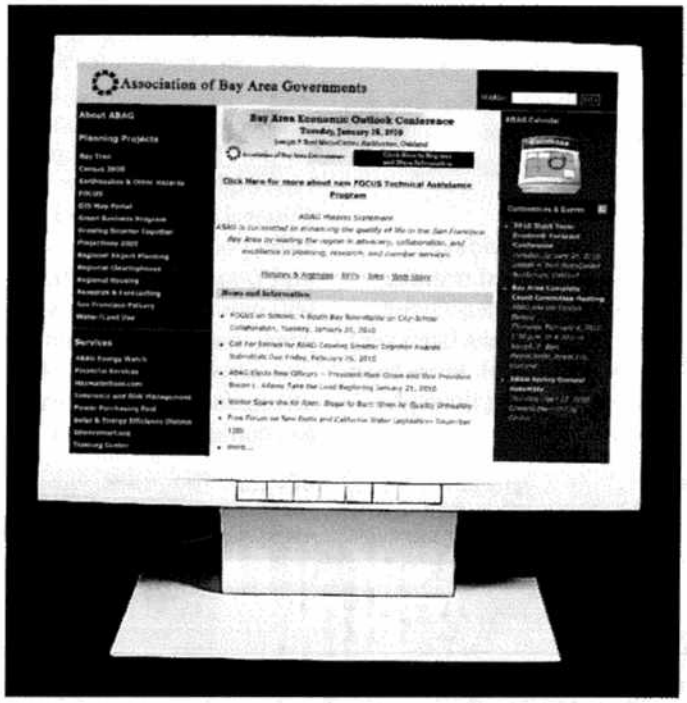
In Fiscal Year 2010-2011

- Add new courses and industry specific versions of existing courses in order to be ready when companies begin hiring new employees.
- Ensure the technical infrastructure is in place to accommodate future growth.
- Strive as we grow to maintain personalized service and a worthwhile training experience for our members and clients.

For further information, contact Brian Kirking at 510-464-7996 or e-mail BrianK@abag.ca.gov.

ABAG WEB SERVICES

ABAG's website, www.abag.ca.gov, dates back to 1994. It was the first website for a Council of Governments and the second for a California public agency. In addition to expanding the reach of ABAG programs, our early move to the web provided an opportunity to support our members and other public agencies as they made similar moves. Beginning in 1995 and continuing today, ABAG offers web hosting and custom development at a competitive cost to our members and other public agencies. Our hosted clients, currently numbering fourteen, avoid the need for on-site web servers and much of the related infrastructure. Clients utilize reliable, efficient virtual servers at our facility. We assist agencies with both the technical and the design aspects of web development, including Web 2.0 technologies such as blogs and RSS feeds.



In Fiscal Year 2010-2011

- Continue to offer web services that provide a stable and cost-effective option to agencies expanding or simply reassessing their web strategy.
- Increase our focus on ABAG programs and affiliated projects. More than ever, the Internet plays a key role in exchanging information and coordinating project activities. ABAG's leadership will be maintained by inproving usability and adding collaboration features to facilitate increased interaction among staff, elected officials, citizens, and other stakeholders.

For further information,
contact Stephen Attaway at 510-464-7924
or e-mail StephenA@abag.ca.gov.

FISCAL MANAGEMENT SERVICES

For a number of years, ABAG has offered fiscal management services to Bay Area public purpose entities. These services include accounting, financial reports, cash management, investments, debt issuance, and other related financial support services. The following is a summary of significant entities currently receiving fiscal management services:

Agency	Type of Business	Assets ($ millions) 6/30/09	Year Services Started
ABAG PLAN Corporation	General, property, public officials liability insurance	$48.7	1986
ABAG Comp Shared Risk Pool	Workers comp insurance	$3.4	1989
ABAG Finance Authority for Nonprofit Corporations	Conduit debt insurance for public entities	$3.5	1990
ABAG Publicly Owned Energy Resources	natural gas aggregation pool	$7.4	1997
San Francisco Bay Area Water Emergency Transit Authority	Development of water transit	$39.7	2000

City Hall, City of Foster City

For further information, contact Herbert Pike at 510-464-7902 or e-mail HerbertP@abag.ca.gov.

LEGISLATIVE ACTIVITIES

ABAG's Legislation and Governmental Organization Committee (L&GO), which is composed of elected officials from throughout the region, reviewed and considered a total of 30 state bills and two Federal bills during the past 2009 Legislative session. 2009 legislative priorities included a concerted pursuit of resources and incentives for a stable source of funding for ABAG planning and energy efficiency community district financing to assist local governments and support related climate change land use-transportation solutions. An important part of ABAG's legislative outreach centered on briefing legislators early in the bill process on these regional priorities and proposed solutions. Seven of the bills tracked by ABAG became law and four were vetoed. Unfortunately the critically needed funding and financing-related bills, SB 406 and SB 279, were vetoed by the Governor after successfully passing through the legislature.

Legislation considered in 2009 reflected the full range of Committee legislative priorities: addressing local planning, transit-oriented, infill and redevelopment issues; clarifying sustainable communities strategies and relationship to transportation and land use planning; securing regional blueprint funding as well as community development, planning and transportation fees; delineating integrated regional water management planning, water supply, and state watershed policies; and securing community facilities districts and energy efficiency and infrastructure financing. Special bills, also considered, included addressing illegal gun sales and improving the ammunition and firearm surrender process; solid waste impact of single-use carryout bags; hazard mitigation and seismic safety retrofit programs, climate change and renewable energy policies; and local government policies on city council replacement appointments and declaration of bankruptcy.

ABAG legislative actions also included recommending model ordinances and resolutions for use by local governments to address the critical issue of youth gun violence. Reflecting recommendations from ABAG's Youth Gun Violence Task Force about keeping illegal handguns and ammunition out of the hands of young people, three model ordinances and two resolutions were distributed to our

Legislative cont. on page 28

L-R: Assemblymember Jerry Hill, Assemblymember Ira Ruskin and Assemblymember Tom Ammiano at the ABAG Legislative Reception, January 2009

LEGISLATIVE ACTIVITIES

Legislative cont. from page 27

membership to adapt and adopt. The three model ordinances encompassed regulating firearms dealers and ammunition sellers, the reporting of lost or stolen firearms, and prohibiting the possession of large capacity ammunition magazines. Resolutions for encouraging law enforcement to send letters to prospective handgun purchasers and to obtain and use Department of Justice information about prohibited armed persons were also provided.

In addition, a Pre-Tax Commuter Benefits model ordinance that would help employers offer a pre-tax benefits program to encourage employees to use public transit or van pools was disseminated. This model ordinance was based on the successful ordinance enacted in San Francisco.

ABAG Past President and San Mateo County Supervisor, Rose Jacobs Gibson, (then President), with Senator Mark DeSaulnier at the ABAG Legislative Reception, January 2009

In Fiscal Year 2010-2011

- Pursue state and federal legislation addressing focused integrated planning and environmentally healthy communities.
- Work with legislators on developing a stable source of income for regional planning agencies that includes innovative financing and resources and incentives for planning, infrastructure, and services to assist local governments.
- Continue to closely monitor finance reform and the fiscal impacts of potential unfunded mandates on local government.

For further information, contact
Patricia Jones at 510-464-7933, e-mail PatJ@abag.ca.gov,
or Kathleen Cha at 510-464-7922, e-mail KathleenC@abag.ca.gov.

COMMUNICATIONS

Raising the level of active participation by local governments and other stakeholders in ABAG planning initiatives and services was an integral part of regional efforts to build a better Bay Area in 2009. The Communications Department focused its outreach strategies on keeping ABAG members informed and engaged. Timely communications were disseminated to include more extensive online news alerts with links to conference proceedings, best practice case studies, and presentation audio archives. Updates on ABAG initiatives and regional research were provided at symposia and workshops and through publications such as *Service Matters*, *Risk Matters*, and *POWER Matters*.

To further recognize the innovative leadership and achievements of local governments, ABAG presented the Third Annual 2009 "Growing Smarter Together" awards at ABAG's 2009 Spring General Assembly—"SB 375 and Sustainable Land Use and Transportation Planning." The awardees included San Ramon for its Housing Rehabilitation Program, San Mateo County for the HEART-Housing Endowment and Regional Trust, Union City for implementation efforts within the City's Intermodal Station District, and Alameda County Public Works Department for the Peralta Creek Restoration Project. The City of Berkeley received the first Urban Design award for the Oxford Plaza and David Brower Center project. These cities and counties were recognized for their achievements in planning and building transit-oriented development, revitalizing their communities, and promoting community partnerships while preserving and protecting the environment. The best practice efforts of these awardees were documented in a special DVD on view at www.abag.ca.gov/smarter.html. This section of ABAG's website also features video highlights of past recipients.

The Fall General Assembly focused on "Planning and Development during Economic Downturns" and the role of public-private partnership in moving toward long term sustainable and equitable local and regional development. This regional forum provided a platform for forging old and new partnerships with federal, state, and regional partners, including HUD, U.S. EPA, MTC, BAAQMD, BCDC, and more.

Communications cont. on page 30

ABAG Spring 2009 General Assembly, Growing Smarter Together Award Winners in Public Private Partnership Award Category to San Mateo County. (L-R: HEART Executive Director Chris Mohr, ABAG Past President Rose Jacobs Gibson, San Mateo County Supervisor (then President), Carole Groom, and East Bay PG&E Public Affairs Manager Tom Guarino).

COMMUNICATIONS

Communications cont. from page 29

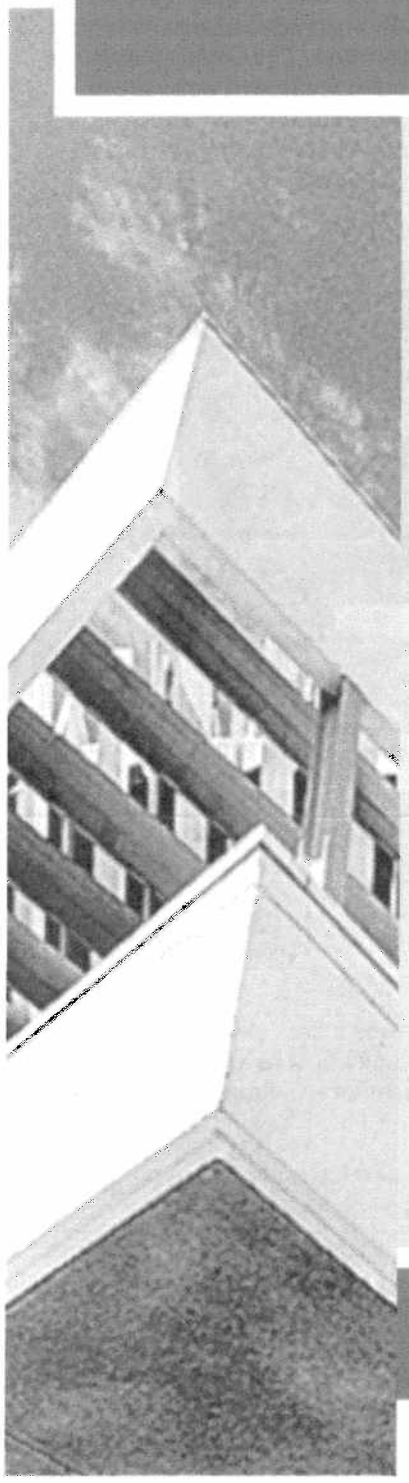
Visibility strategies included sustained media outreach to highlight findings and significance of the two General Assemblies, conferences on "Being Sewer Smart," Eco-Purchasing, FOCUS forums, Estuary Partnership, and other significant projects. Press briefings and press interviews with policymakers, ABAG staff, and Executive Board members were coordinated to feature in-person analysis of regional issues and local government priorities. Media coverage included articles and TV and radio interviews on subjects such as: short term economic trends, long term regional Projections and Priorities, and FOCUS initiatives and priority development and priority conservation areas. Hazard mitigation and long-term disaster recovery planning, energy efficiency and solar financing, green business and eco-purchasing, and risk management issues like sewer back-up and backflow prevention also received significant coverage. The Communications Department also facilitated widespread coverage of the many events and celebrations marking the Bay Trail's 20th Anniversary in 2009.

ABAG President and Mayor of Union City, Mark Green, speaks at the Spring 2009 General Assembly

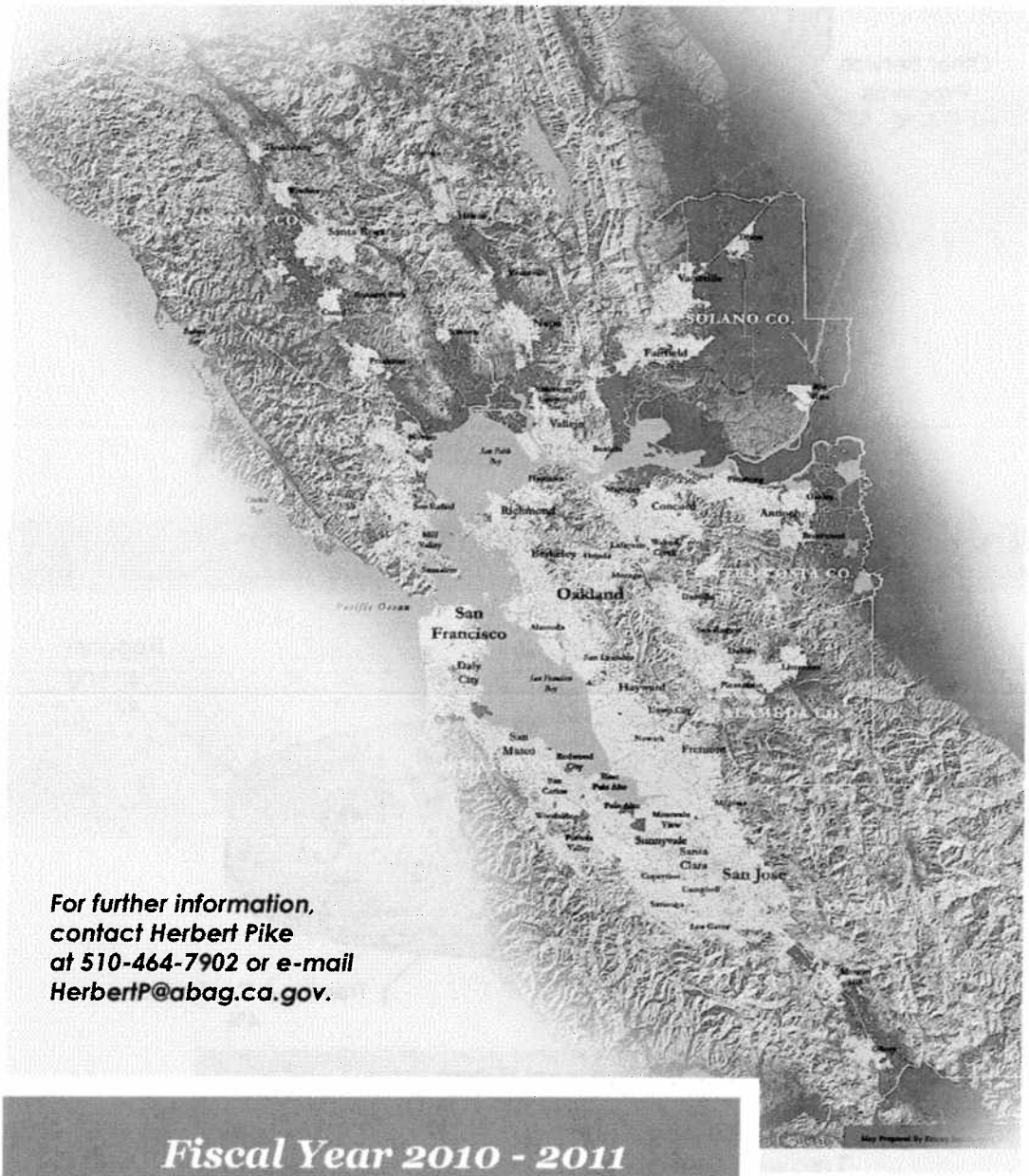
In Fiscal Year 2010-2011

- Support implementation of a Speakers Bureau of local government officials and staff to promote ABAG programs and services.
- Facilitate increased ABAG visibility through region-wide media outreach to feature sustainable community strategies, noting the significance and impact of steps taken by local governments and community members to reduce the region's carbon footprint and greenhouse gas emissions.
- Work in partnership with other regional agencies to develop and implement an outreach and public engagement strategy for SB 375 implementation.

For further information, contact
Patricia Jones at 510-464-7933, e-mail PatJ@abag.ca.gov,
or Kathleen Cha at 510-464-7922, e-mail KathleenC@abag.ca.gov.



Budget Highlights, Member Dues, and Organization

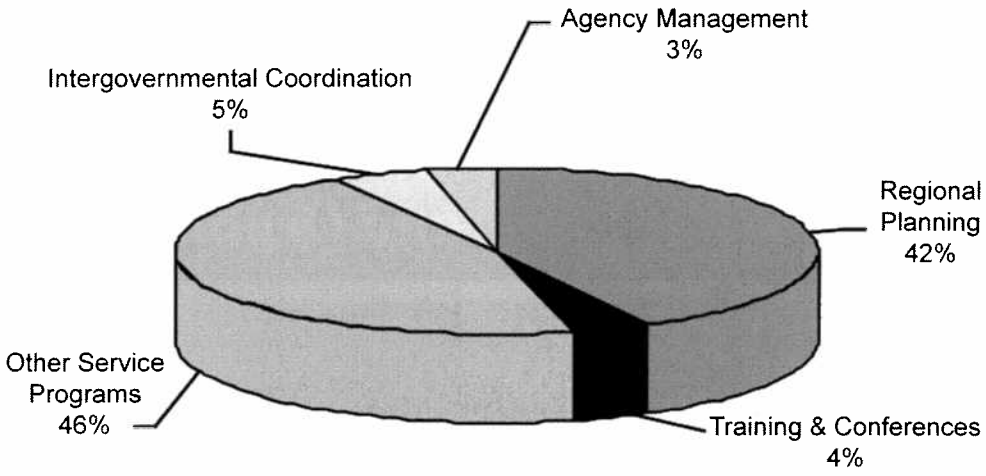


For further information, contact Herbert Pike at 510-464-7902 or e-mail HerbertP@abag.ca.gov.

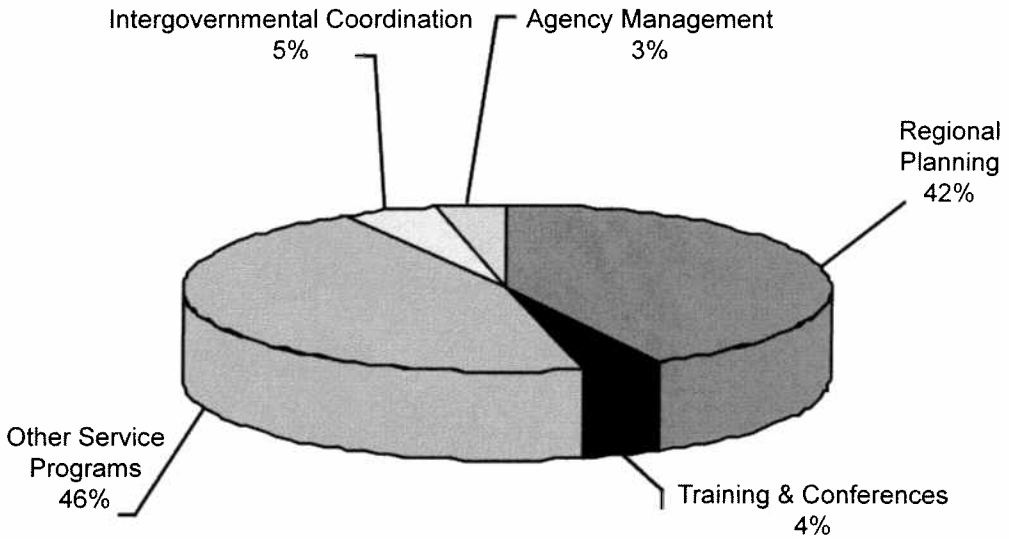
Fiscal Year 2010 - 2011

SUMMARY OF REVENUES AND EXPENSES BY PROGRAM GROUP

Fiscal Year 2010 - 2011



Revenues by Program Group	
Regional Planning	9,737,490
Training & Conferences	895,000
Other Service Programs	10,519,002
Intergovernmental Coordination	1,135,000
Agency Management	807,610
Total	**23,094,101**



Expenditures by Program Group	
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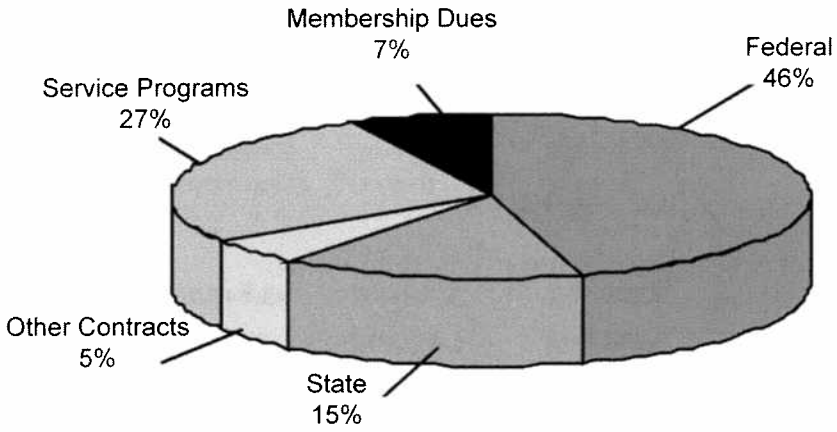
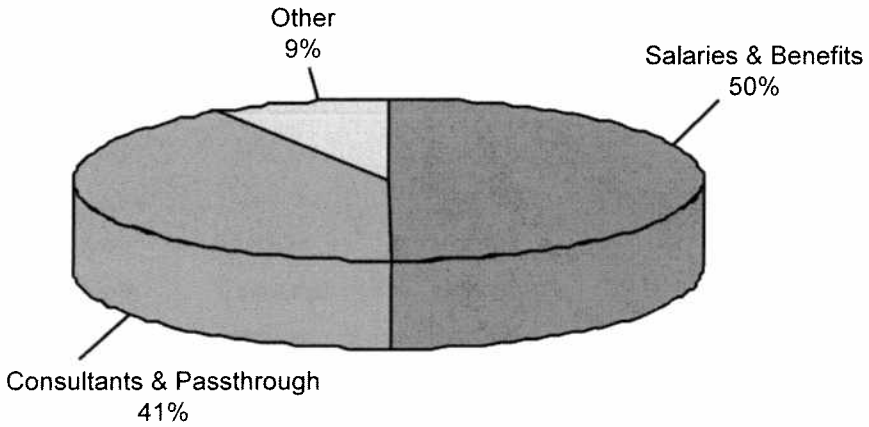
Training & Conferences	895,000
Other Service Programs	10,519,002
Intergovernmental Coordination	1,135,000
Agency Management	807,610
Total	**23,094,101**

SUMMARY OF REVENUES BY FUNDING SOURCE AND EXPENSES BY CATEGORY

Fiscal Year 2010 - 2011



Revenues by Funding Source	
Federal	10,485,903
State	3,533,587
Other Contracts	1,209,000
Service Programs	6,173,002
Membership Dues	1,692,610
Total	**23,094,101**



Expenses by Category	
Salaries & Benefits	11,513,019
Consultants & Passthrough	9,464,083
Other	2,116,999
Total	**23,094,101**

PROPOSED OPERATING BUDGET

ABAG Proposed Operating Budget Revenues and Expenses

	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Estimated (Dec 2009)	FY 10-11 Proposed (Dec 2009)
REVENUES				
Federal	2,526,780	3,764,207	15,845,058	10,485,903
State	4,909,806	4,847,700	5,370,315	3,533,587
Other Contracts	2,697,051	2,795,006	1,300,190	1,209,000
Service Programs	5,754,653	5,580,642	5,905,600	6,173,002
Membership Dues	1,528,146	1,602,539	1,670,843	1,692,610
Total Revenues	17,416,435	18,590,094	30,092,006	23,094,101
EXPENSES				
Salaries and benefits	9,453,452	10,510,691	11,177,688	11,513,019
Consultant services	4,693,162	5,223,924	13,607,463	5,888,992
Passthrough	1,082,496	946,335	2,970,680	3,575,091
Equipment and supplies	194,177	218,485	233,382	240,000
Printing	146,760	145,182	305,077	175,000
Conference and meeting	264,500	352,651	295,800	300,000
Depreciation	238,336	169,067	184,100	150,000
Interest	78,303	59,256	60,000	72,000
Building maintenance	208,563	238,992	264,000	275,000
Utilities	66,735	79,881	80,000	85,000
Insurance	137,439	142,669	180,000	190,000
Postage	69,942	71,273	83,412	80,000
Telephone	47,704	56,298	60,000	60,000
Committee (per diem)	68,100	69,450	87,500	90,000
Other	348,813	370,093	502,904	400,000
Total Expenses	**17,098,482**	**18,654,250**	**30,092,006**	**23,094,102**
Net Surplus/(Deficit)	317,953	(64,156)	0	0

PROPOSED REVENUES BY FUNDING SOURCES

ABAG Proposed Operating Budget

	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Estimated (Dec 2009)	FY 10-11 Proposed (Dec 2009)
REVENUES				
FEDERAL REVENUES				
EPA - Environmental Programs	610,616	1,129,245	6,503,833	2,300,000
MTC--FTA	242,868	188,928	282,740	291,222
MTC--FHWA	1,514,428	1,528,209	1,856,403	1,073,084
MTC-STP Exchange	0	300,000	572,000	589,160
Federal Aviation Administration	29,251	55,759	0	0
U.S. Geological Survey	25,037	0	41,000	39,000
U.S. Fish & Wildlife Services	7,416	0	0	0
(1)NOAA	1,166	303,993	48,484	0
U.S. Dept. of Agriculture	37,448	22,540	0	0
(2) FEMA	58,550	210,483	40,541	175,000
(3) ARRA	0	0	6,156,582	6,018,437
U.S. Dept. of Interior	0	0	343,475	0
U.S. Dept. of Homeland Security	0	25,049	0	0
Subtotal	**2,526,780**	**3,764,207**	**15,845,058**	**10,485,903**
STATE REVENUES				
MTC - TDA	908,525	908,571	843,288	868,587
Bay Trail	1,374,037	175,048	307,613	175,000
Cal Trans	450,197	471,336	310,957	340,000
(4) DBW	105,935	234,631	0	0
RWQCB	1,458,411	1,374,148	394,028	400,000
California Resources Agency	572,370	774,436	641,291	700,000
Proposition 84	0	909,578	2,826,013	1,000,000
DWR	36,695	250	47,125	50,000
UNIV. OF CA	3,635	-298	0	0
Subtotal	**4,909,806**	**4,847,700**	**5,370,315**	**3,533,587**
OTHER CONTRACTS				
BALANCE Foundation	17,295	23,615	24,000	24,000
Haz Waste MOU Committee	97,249	102,001	106,240	110,000
MTC-JPC	78,459	67,089	66,057	70,000
BAAQMD-JPC	61,319	67,089	66,057	70,000
Santa Clara--SFEP	63,801	105,788	118,673	120,000
Fiscal Agent Services	73,698	109,210	89,126	100,000
Alameda County SFEP	103,733	112,133	131,135	135,000
Coastal Conservancy	96,636	73,214	97,926	100,000
Bay Area Ridge Trail Council	0	25,000	26,667	0
Bay Trail--Misc.	5,139	0	0	0
Admin. Civil Liability/Northbay Outreach	19,480	43,170	65,585	60,000
Rose Foundation-IPM	7,350	461	577	0
(5) BACWA Estuary	100,937	24,656	0	0
PG&E-Energy Efficiency	1,768,612	1,801,720	250,000	250,000
SFPUC - Estuary	110,632	110,635	134,577	125,000
AMBAG Forecast	34,094	9,809	0	0
SF Estuary Institute	205	0	44,000	0
Friends of the Estuary	55,690	29,433	72,828	35,000
Urban Land Institute	2,722	0	0	0
Other Local Match/FEMA grants	0	89,985	6,742	10,000
Subtotal	**2,697,051**	**2,795,006**	**1,300,190**	**1,209,000**
SERVICE PROGRAMS				
Data Center	69,098	43,658	80,000	70,000
Publications	9,185	1,296	4,600	5,000
Training	697,894	559,177	640,000	665,000
Financial Services	1,542,181	1,411,568	1,600,000	1,750,000
Workers' Compensation	72,211	88,960	101,165	104,200
ABAG PLAN Corp.	2,553,565	2,756,615	2,743,049	2,825,000
Bay Trail Nonprofit	5,139	9,593	9,000	9,000
Web Hosting	35,010	35,540	25,000	25,000
POWER Purchasing Pool Fees	313,075	342,549	370,736	389,273
Conference Services	280,998	229,458	227,050	230,000
Other	176,296	102,226	105,000	100,529
Subtotal	**5,754,653**	**5,580,642**	**5,905,600**	**6,173,002**
MEMBERSHIP DUES				
ABAG Dues (local and cooperating)	**1,528,146**	**1,602,539**	**1,670,843**	**1,692,610**
Total Revenues	**17,416,435**	**18,590,094**	**30,092,006**	**23,094,101**

(1) NOAA - National Oceanic and Atmospheric Administration (2) FEMA - Federal Emergency Management Agency (3) ARRA - American Recovery and Reinvestment Act (4) DBW - California Department of Boating and Waterways (5) BACWA - Bay Area Clean Water Agencies

PROPOSED REVENUES AND EXPENDITURES BY PROGRAM

Fiscal Year 2010 - 2011

EXPENSES BY PROGRAM AREA	REVENUE SOURCES							General Fund Equity
	Total Expenses	Federal Contracts	State Contracts	Other Contracts	Services Programs	Member-ship Dues	Total Revenues	
REGIONAL PLANNING								
Data and Analysis	1,150,893	835,944	314,949				1,150,893	0
Planning Services	2,610,936	1,617,522	993,413				2,610,936	0
Bay Trail	837,687	213,463	555,224		9,000	60,000	837,687	0
SF Estuary	4,778,974	2,643,974	1,490,000	575,000		70,000	4,778,974	0
Earthquake Mitigation	225,000	175,000		10,000		40,000	225,000	0
Haz Waste MOU Committee	110,000			110,000			110,000	0
Other Planning	24,000			24,000			24,000	0
Subtotal	9,737,490	5,485,903	3,353,587	719,000	9,000	170,000	9,737,490	0
TRAINING & CONFERENCES								
Training Center	665,000				665,000		665,000	0
Conference Services	230,000				230,000		230,000	0
Subtotal	895,000	0	0	0	895,000	0	895,000	0
OTHER SERVICE PROGRAMS								
Web Hosting	25,000				25,000		25,000	0
Power Purchasing Pool	389,273				389,273		389,273	0
Energy Efficiency	5,250,000	5,000,000		250,000			5,250,000	0
Data Center/Publications	75,000				75,000		75,000	0
Financial Services	1,750,529				1,750,529		1,750,529	0
ABAG PLAN Corp.	2,825,000				2,825,000		2,825,000	0
Workers' Compensation	104,200				104,200		104,200	0
Fiscal Agent Services	100,000			100,000			100,000	0
Subtotal	10,519,002	5,000,000	0	350,000	5,169,002	0	10,519,002	0
INTERGOV. COORDINATION								
Communications Group	850,000		110,000			740,000	850,000	0
Intergov. Coordination	210,000		70,000	140,000			210,000	0
Legislation	75,000					75,000	75,000	0
Subtotal	1,135,000	0	180,000	140,000	0	815,000	1,135,000	0
AGENCY MANAGEMENT	807,610				100,000	707,610	807,610	0
Total	23,094,101	10,485,903	3,533,587	1,209,000	6,173,002	1,692,610	23,094,101	0

PROPOSED ABAG MEMBERSHIP DUES

Assessments include increase in membership fee from $641 for FY 09-10 to $644 for FY 10-11 in accordance with CPI increase of 0.42 percent.

Jurisdiction	Population 1/1/09	Approved FY 09-10 Dues	Proposed FY 10-11 Dues
COUNTY OF ALAMEDA	1,556,657	$133,912	$135,555
Alameda	74,683	$13,257	$13,128
Albany	16,884	$3,500	$3,516
Berkeley	107,178	$17,873	$18,001
Dublin	47,922	$8,593	$8,796
Emeryville	10,087	$2,289	$2,360
Fremont	215,636	$29,198	$29,489
Hayward	150,878	$22,548	$22,827
Livermore	84,409	$14,505	$14,696
Newark	44,035	$8,074	$8,135
Oakland	425,068	$45,476	$46,053
Piedmont	11,165	$2,522	$2,543
Pleasanton	70,097	$12,224	$12,389
San Leandro	82,472	$14,224	$14,384
Union City	73,977	$12,868	$13,014
COUNTY OF CONTRA COSTA	1,060,435	$95,214	$96,307
Antioch	100,957	$17,177	$17,314
Brentwood	51,908	$9,211	$9,457
Clayton	10,864	$2,468	$2,492
Concord	124,599	$19,752	$19,925
Danville	43,043	$7,863	$7,966
El Cerrito	23,440	$4,592	$4,631
Hercules	24,480	$4,762	$4,808
Lafayette	24,087	$4,701	$4,742
Martinez	36,348	$6,765	$6,827
Moraga	16,204	$3,375	$3,400
Oakley	34,468	$6,268	$6,508
Orinda	17,669	$3,613	$3,650
Pinole	19,383	$3,893	$3,941
Pittsburg	63,771	$11,303	$11,369
Pleasant Hill	33,547	$6,296	$6,351
Richmond	104,513	$17,530	$17,707
San Pablo	31,808	$5,925	$6,055
San Ramon	63,176	$10,557	$11,274
Walnut Creek	65,860	$11,569	$11,706
COUNTY OF MARIN	258,618	$32,655	$32,888
Belvedere	2,158	$1,007	$1,011
Corte Madera	9,739	$2,253	$2,301
Fairfax	7,434	$1,897	$1,908
Larkspur	12,255	$2,709	$2,729
Mill Valley	14,006	$3,000	$3,026
Novato	52,921	$9,551	$9,621
Ross	2,401	$1,047	$1,052
San Anselmo	12,644	$2,776	$2,795
San Rafael	58,363	$10,434	$10,498
Sausalito	7,532	$1,912	$1,925
Tiburon	8,941	$2,152	$2,165

PROPOSED ABAG MEMBERSHIP DUES

Assessments include increase in membership fee from $641 for FY 09-10 to $644 for FY 10-11 in accordance with CPI increase of 0.42 percent.

Jurisdiction	Population 1/1/09	Approved FY 09-10 Dues	Proposed FY 10-11 Dues
COUNTY OF NAPA	137,571	$21,173	$21,358
American Canyon	16,503	$3,402	$3,451
Calistoga	5,331	$1,540	$1,551
Napa	77,831	$13,462	$13,636
St. Helena	5,960	$1,645	$1,658
Yountville	3,263	$1,194	$1,199
COUNTY AND CITY OF SAN FRANCISCO			
County	845,559	$77,323	$79,311
City		$77,323	$79,311
COUNTY OF SAN MATEO	745,858	$70,624	$71,426
Atherton	7,468	$1,908	$1,914
Belmont	26,250	$5,059	$5,109
Brisbane	3,938	$1,295	$1,314
Burlingame	29,060	$5,532	$5,588
Colma	1,623	$915	$920
Daly City	107,099	$17,836	$17,993
East Palo Alto	33,174	$6,215	$6,287
Foster City	30,429	$5,776	$5,820
Half Moon Bay	13,208	$2,851	$2,891
Hillsborough	11,395	$2,551	$2,582
Menlo Park	31,865	$5,976	$6,065
Millbrae	21,536	$4,265	$4,308
Pacifica	39,995	$7,353	$7,448
Portola Valley	4,671	$1,427	$1,438
Redwood City	77,819	$13,489	$13,634
San Bruno	43,811	$8,001	$8,097
San Carlos	28,839	$5,530	$5,550
San Mateo	96,557	$16,459	$16,654
S. San Francisco	65,020	$11,318	$11,571
Woodside	5,666	$1,594	$1,608
COUNTY OF SANTA CLARA	1,857,621	$157,074	$159,359
Campbell	40,420	$7,445	$7,520
Cupertino	55,840	$10,003	$10,091
Gilroy	51,508	$9,300	$9,393
Los Altos	28,458	$5,434	$5,485
Los Altos Hills	8,889	$2,138	$2,156
Los Gatos	30,497	$5,774	$5,832
Milpitas	70,817	$12,229	$12,505
Monte Sereno	3,619	$1,248	$1,259
Morgan Hill	39,814	$7,285	$7,417
Mountain View	74,762	$12,953	$13,141
Palo Alto	64,484	$11,257	$11,484
San Jose	1,006,892	$90,317	$92,072
Santa Clara	117,242	$18,842	$19,113
Saratoga	31,679	$5,993	$6,033
Sunnyvale	138,826	$21,265	$21,496

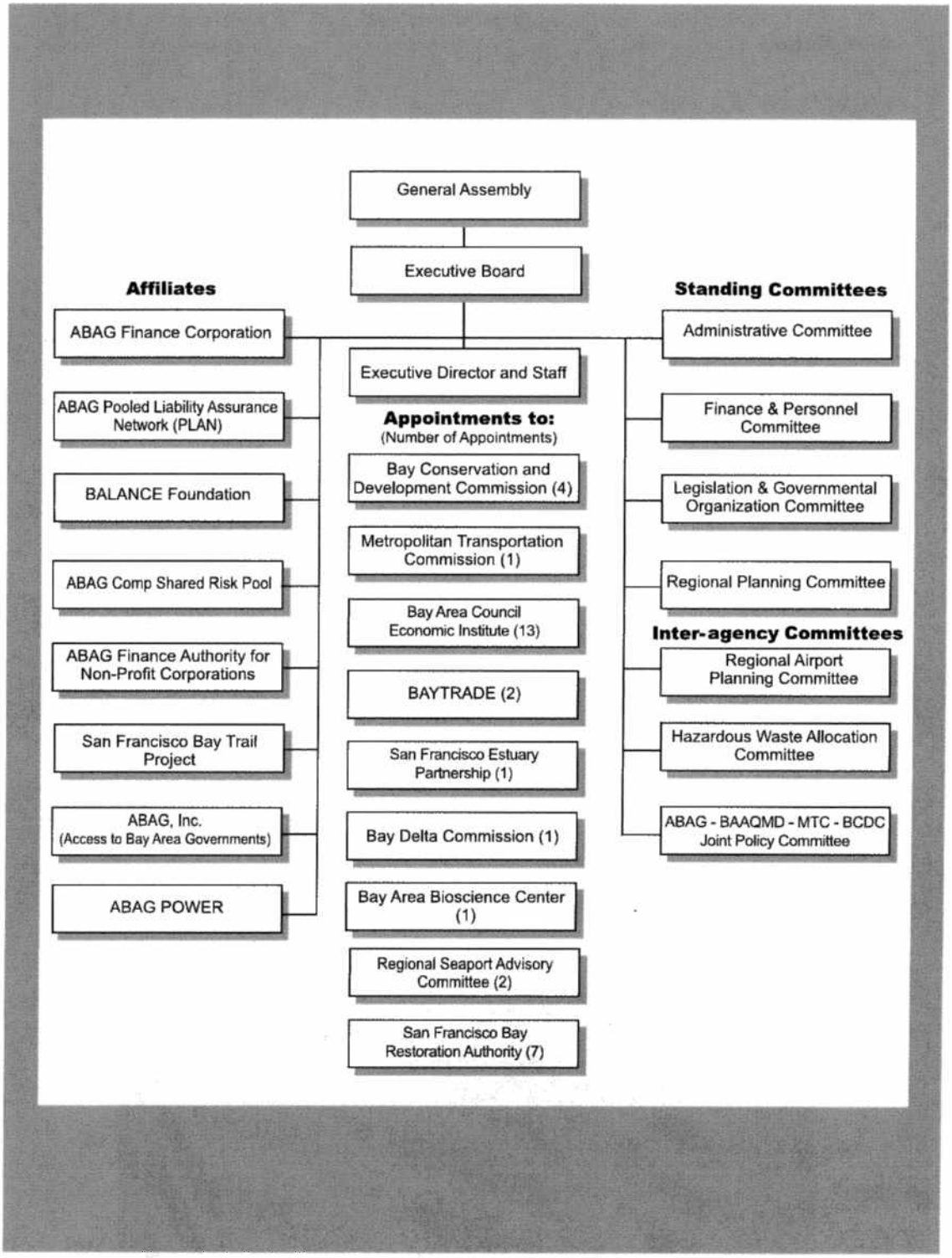
PROPOSED ABAG MEMBERSHIP DUES

Assessments include increase in membership fee from $641 for FY 09-10 to $644 for FY 10-11 in accordance with CPI increase of 0.42 percent.

Jurisdiction	Population 1/1/09	Approved FY 09-10 Dues	Proposed FY 10-11 Dues
COUNTY OF SOLANO	426,729	$45,994	$46,185
Benicia	27,977	$5,381	$5,403
Dixon	17,573	$3,619	$3,633
Fairfield	106,440	$17,880	$17,920
Rio Vista	8,222	$2,009	$2,042
Suisun City	28,856	$5,418	$5,553
Vacaville	96,450	$16,640	$16,636
Vallejo	121,055	$19,457	$19,534
COUNTY OF SONOMA	486,630	$50,540	$50,922
Cloverdale	8,595	$2,094	$2,106
Cotati	7,409	$1,917	$1,904
Healdsburg	11,782	$2,624	$2,648
Petaluma	57,739	$10,303	$10,397
Rohnert Park	43,020	$7,937	$7,962
Santa Rosa	161,496	$23,733	$24,000
Sebastopol	7,734	$1,948	$1,959
Sonoma	9,970	$2,326	$2,340
Windsor	26,676	$5,142	$5,182
Totals		$1,661,843	$1,683,610
DUES PER CAPITA RATES			
First 50,000		0.1694142	0.1701257
Next 50,000		0.1604976	0.1611717
Next 100,000		0.1099706	0.1104325
Remaining Population		0.0787627	0.0790935

Vineyards, Sonoma County

ABAG ORGANIZATIONAL STRUCTURE



Name	Year Started	Purpose	Assets ($000's) 6/30/09	Revenues ($000's) FY 08/09	No. of Members	Board of Directors	Legal Structure
ABAG Finance Corporation	1985	Serve as a lessor in debt financings for ABAG members and other jurisdictions.	71	1	N/A	ABAG F&PC	501(c)(4)
ABAG Pooled Liability Assurance Network Corporation (ABAG PLAN Corporation)	1986	Provide general liability, property and public officials' errors and omissions insurance coverage to member cities in the pool; also, provide loss prevention programs, claims administration, police training and other risk management services.	48,715	11,211	31	Separate	501(c)(4)
BALANCE Foundation (Bay Area Leaders Addressing the Challenge of the Economy and the Environment)	1987	Raise funds to study and provide a forum for regional issues. Serve as advocate for programs to promote economic development and protect the environment.	402	113	N/A	ABAG Pres, Vice Pres. and one other director	501(c)(3)
ABAG Comp Shared Risk Pool (SHARP)	1989	Provide workers' compensation insurance coverage to member jurisdictions in the pool; provide claims administration services.	3,431	667	4	Separate	JPA
ABAG Finance Authority for Non-profit Corporations	1990	Serve as conduit issuer of debt financings for non-profit and other organizations.	3,503	1,599	70	Separate	JPA
San Francisco Bay Trail Project	1990	Develop and maintain regional Bay Trail around the San Francisco Bay.	83	30	N/A	Separate	501(c)(3)
ABAG, Inc. (Access to Bay Area Governments)	1994	Promote efficiency in governments by improving intergovernmental coordination and cooperation and citizen access through education, training and computer networks.	0	559	N/A	ABAG F&PC	501(c)(3)
ABAG POWER	1997	Purchase natural gas and electricity (electricity currently suspended) on behalf of local governments and special districts in Northern California.	7,417	9,162	38	Separate	JPA

Association Of Bay Area Governments

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Mark Green
President

Marin County Supervisor
Susan L. Adams
Vice President

San Mateo County Supervisor
Rose Jacobs Gibson
Immediate Past President

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ABAG Mission Statement

ABAG is committed to enhancing the quality of life in the San Francisco Bay Area by leading the region in advocacy, collaboration, and excellence in planning, research, and member services.

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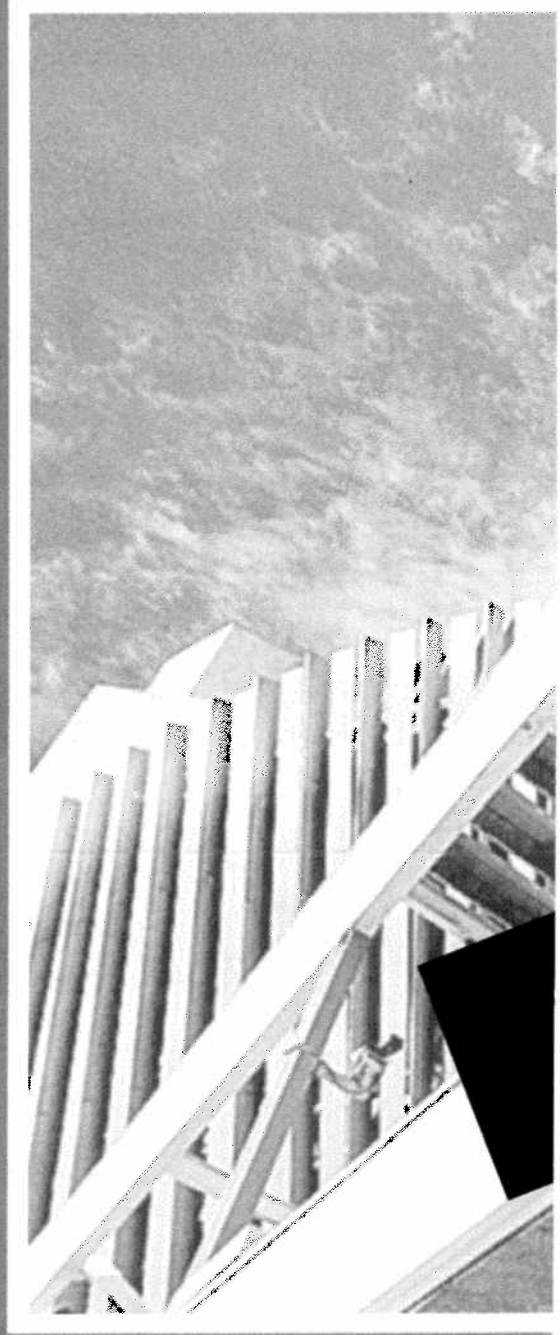

Publication#: 00000000

Date: January 21, 2010

To: ABAG Finance and Personnel Committee

From: Henry L. Gardner, Executive Director

Subject: Revised Thresholds for Seeking Authorization of Purchases, Contracts and Grants

At the Finance and Personnel Committee of November 19, 2009, the Committee requested a recommendation for increasing the threshold before seeking pre-authorization of grants and purchases. The current policy is requires prior approval by the Executive Board before executing any contract for services, payment for which is to exceed $20,000. The same $20,000 threshold applies to purchases or lease-purchases. Grant applications and acceptance of grant awards in excess of $40,000 also require prior Executive Board approval. With the Executive Board regular meeting occurring every two months, much of the Agency's business needs to be handled through the Executive Committee by teleconference to meet critical grant deadlines, and to obtain critical supplies and services. In addition, the current limits were established in the early 1990's. Like many of the jurisdictions within ABAG's service area, it is recommended that the boards and committees concentrate more on the larger issues before them and delegate the handling of the lesser grants, contracts and purchases to the Executive Director. However, to keep boards and committees fully informed, it is proposed that an information report be submitted bi-monthly describing all purchases, grants and contracts initiated since the preceding meeting that span the prior (existing) thresholds and the new proposed thresholds.

Below is a visual summary of thresholds requiring Executive Board approval:

	Existing	**Proposed**
Contracts for Services	$20,000	$ 50,000
Purchasing/Lease Purchasing	$20,000	$ 50,000
Grant Applications/Awards	$40,000	$100,000
Report on lesser amounts?	n/a	YES