

ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, March 19, 2009, 5:00 p.m.
 ABAG Conference Room B
 MetroCenter—8th and Oak Streets
 Oakland, CA

<u>Est. Time in Minutes</u>		<u>Recommendation**</u>
2	1. Public Comments	Information
5	2. Election of Officers <i>Following ABAG's Committee Rules and Procedures, the Committee will elect a Chair and Vice Chair.</i>	Action
2	*3. Minutes of the January 15, 2009 Meeting	Action
5	*4. Financial Reports – ABAG <i>The January 2009 report is enclosed with the agenda packet. The February 2009 report will be sent under separate cover.</i>	Information
5	*5. Authorization to Increase Line of Credit with Collateralization <i>Staff will present a recommendation to take necessary steps to collateralize an increase in ABAG's line of credit to \$2 million.</i>	Action
5	*6. Contract with Independent Auditor—Maze & Associates <i>Following review of five proposals, staff will recommend the award of a new contract with Maze & Associates.</i>	Action
3	*7. ABAG Support to the Bay Area Council Economic Institute (BACEI) <i>As described in the attached staff memo, Executive Board's approval is requested for financial support to BACEI for FY 2009-2010.</i>	Action
5	*8. Bylaw Amendment re Scheduling of the Annual Meeting of the General Assembly <i>Committee will consider a recommendation to the Executive Board to amend the Bylaws to provide greater flexibility in setting the date.</i>	Action
5	*9. Authorization to Purchase Computer Hardware and Contract for Software and Consultant Services to Implement PECAS Land Use Modeling System <i>Committee will consider referral to Executive Board Consent Calendar authorization to purchase computer equipment and contract for consultative services.</i>	Action

TO: Finance and Personnel Committee

DT: February 26, 2009

FM: Herbert Pike, Finance Director

Re: Financial Reports
--January 2009

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

Cash on Hand (Figure 1)

Cash on hand increased to about \$1.24 million on January 31 from \$1.09 million on December 31. The January balance includes approximately \$0.62 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. Much of the increase in cash from the prior month is attributed to the decrease in receivables noted below. The January 31 cash balance is approximately \$59 thousand more than the prior year. While higher compared to a year ago, the current cash balance includes approximately \$300 thousand designated to cover the Annual Required Contribution (ARC) to amortize the Agency's unfunded liability for Other Post Employment Benefits (retiree health care) over the next 30 years.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$3.43 million on January 31, compared to \$3.72 million a month prior. Compared to January 31 the year prior, the total reflects an increase of approximately \$1.0 million. It is feared that the continued reduction in State staffing and requested furloughs may slow reimbursements in the succeeding months. Also, some projects to be supported by State bond sales are still awaiting reimbursement because of the State's cash flow and budget impasse has delayed bond issuance. It is projected to be at least another 2 months or more before the bonds are issued and payments are made. Staff will seek to accelerate collections from other Federal and local funding sources.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses on January 31 amounted to about \$10.81 million, or 40.50%, of the approved budget of \$26.7 million for FY 08-09.

Actual vs. Budgeted Revenues (Figure 10)

At January 31, total revenues amounted to about \$10.63 million, or 39.81%, of the approved budget of \$26.7 million for FY 08-09.

As of January 31, both revenues and expenses are below budget for the first seven month of FY 08-09. These positions are largely due to the timing of consultant and sub-contractor expenses that are grant funded. These are typically multi-year programs and their budget balances at fiscal year-end (June 30, 2009) will be carried forward to the following year. However, several Estuary and Bay Trail projects have been suspended due to budget issues at the State. There is a concern that they may not be continued.

Fund Equity (Figure 5)

As of January 31, general fund equity was approximately \$0.93 million. The decline from \$0.97 million as of December 31 is attributed to two holidays in January. The agency's restricted fund equity, consisting of building bond interest, capital, self-insurance and building maintenance, remains unchanged at \$510 thousand.

AGENDA ITEM 4

Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 40.43% of direct labor cost as of January 31, or about 94% of the budgeted rate of 43.00% for FY 08-09. Overhead expenditures are expected to slightly escalate during the last five months of the fiscal year, bringing the actual closer to the budgeted rate of 43.0%.

Overall (Figures 3, 4, 7 & 8)

At January 31, the agency's finances are reasonably close to forecast with a modest deficit of roughly \$183 thousand, or 1.7% of the year-to-date revenues. It appears that this fiscal year is adequately funded if the State issues infrastructure bonds and removes the suspension of several awarded contracts. ABAG is being impacted by the State's cash flow problems and delays in reimbursements as seen in increased accounts receivable. Some projects funded through the State have been suspended until the certain State bonds are issued. At present, there appears to be sufficient funding to cover grant-funded staff affected by the suspended projects into April.

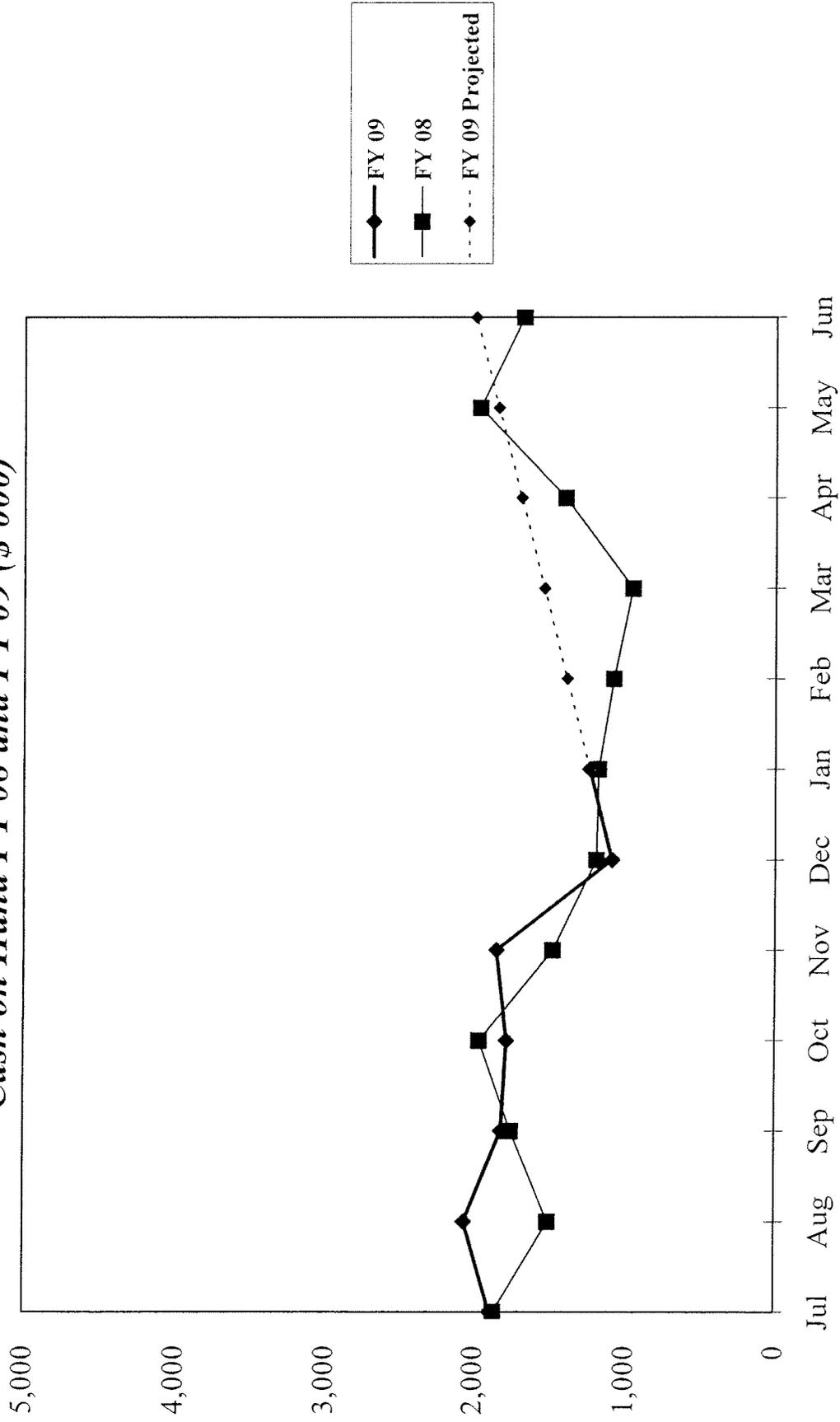
ABAG FINANCIAL REPORTS

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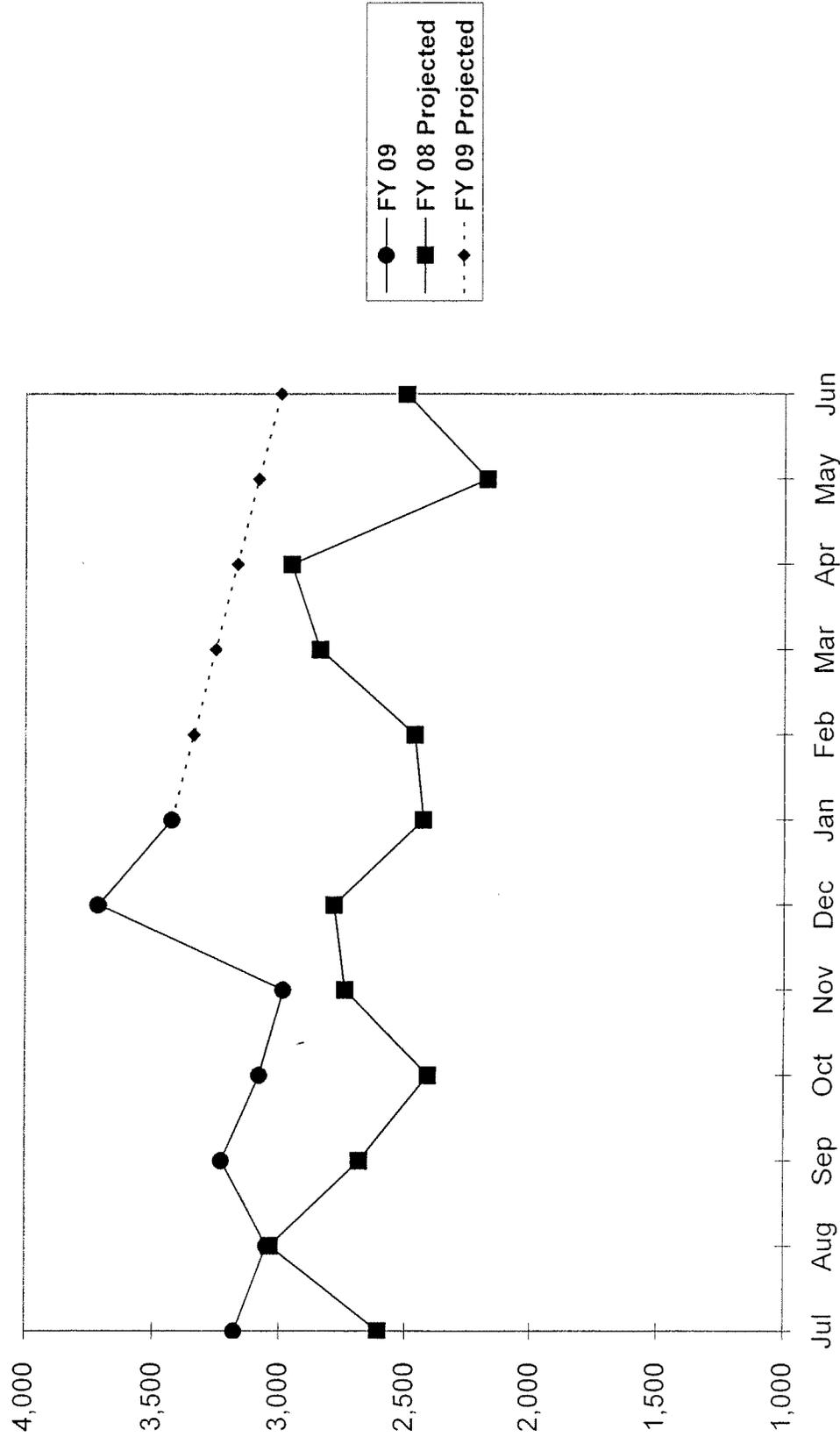
ABAG Financial Indices

Cash on Hand FY 08 and FY 09 (\$'000)



ABAG Financial Indices

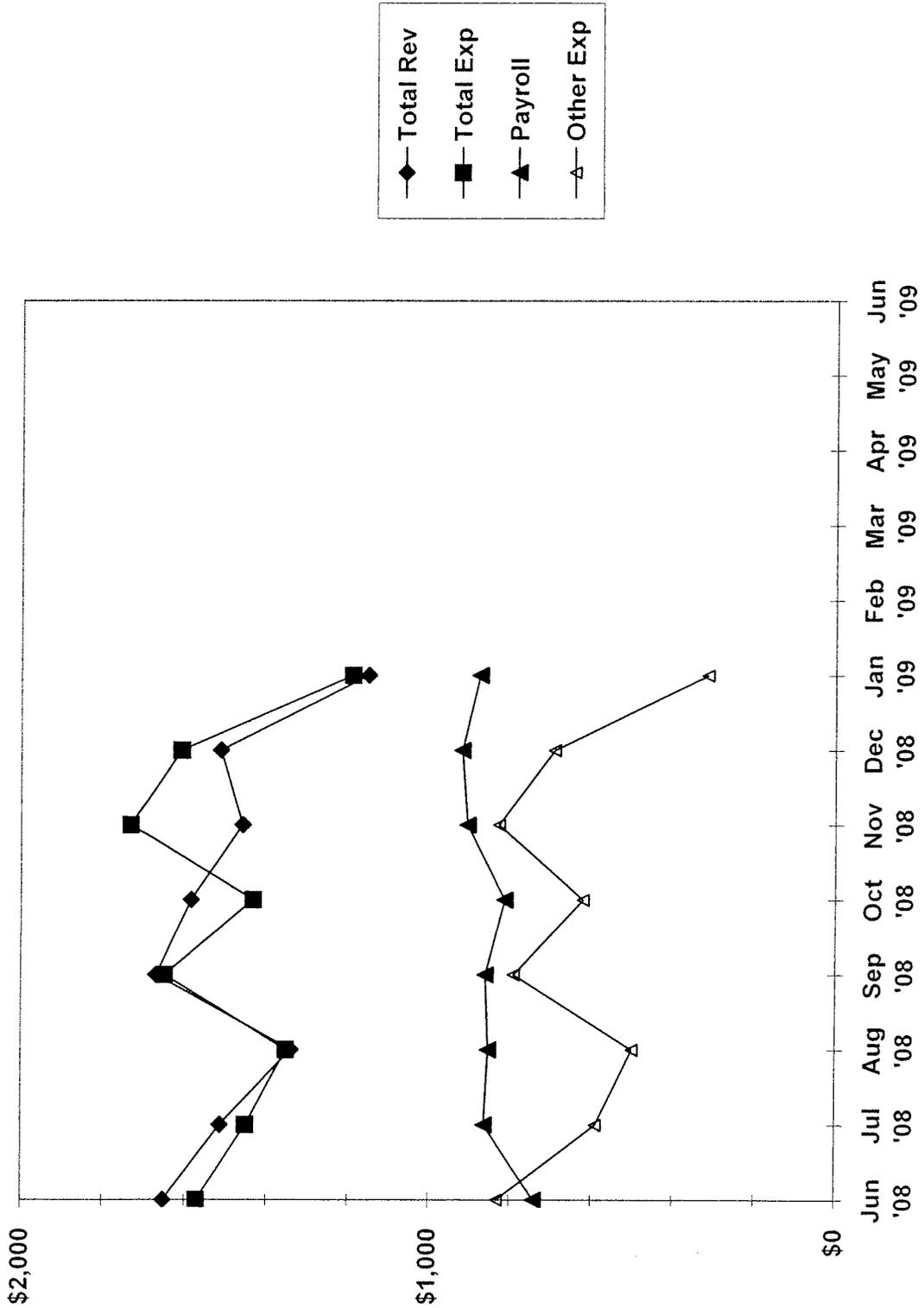
Accounts Receivable FY 08 and FY09 (\$'000)



ABAG Financial Indices

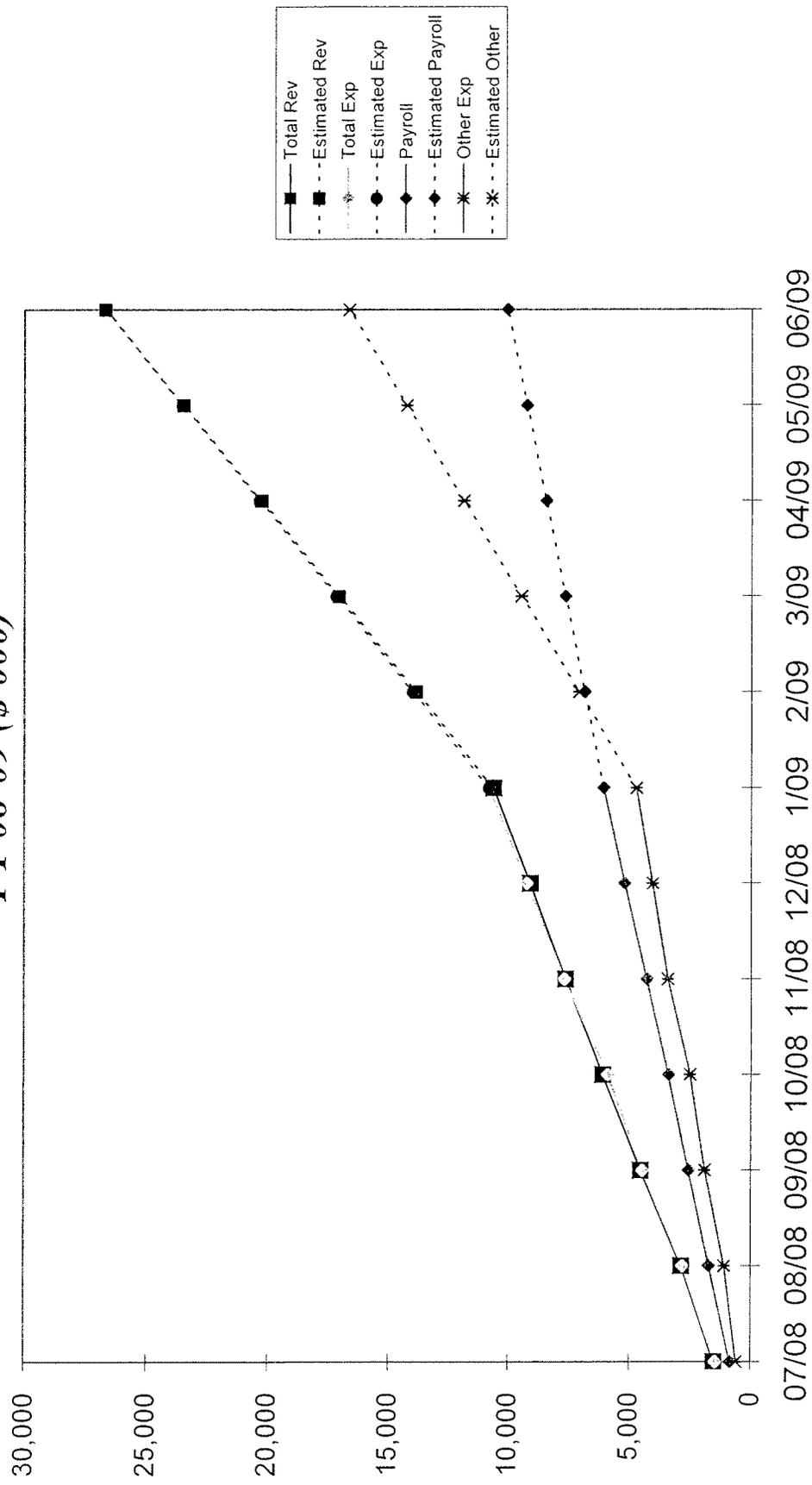
Current Month Revenues & Expenses

FY 08-09 (\$'000)



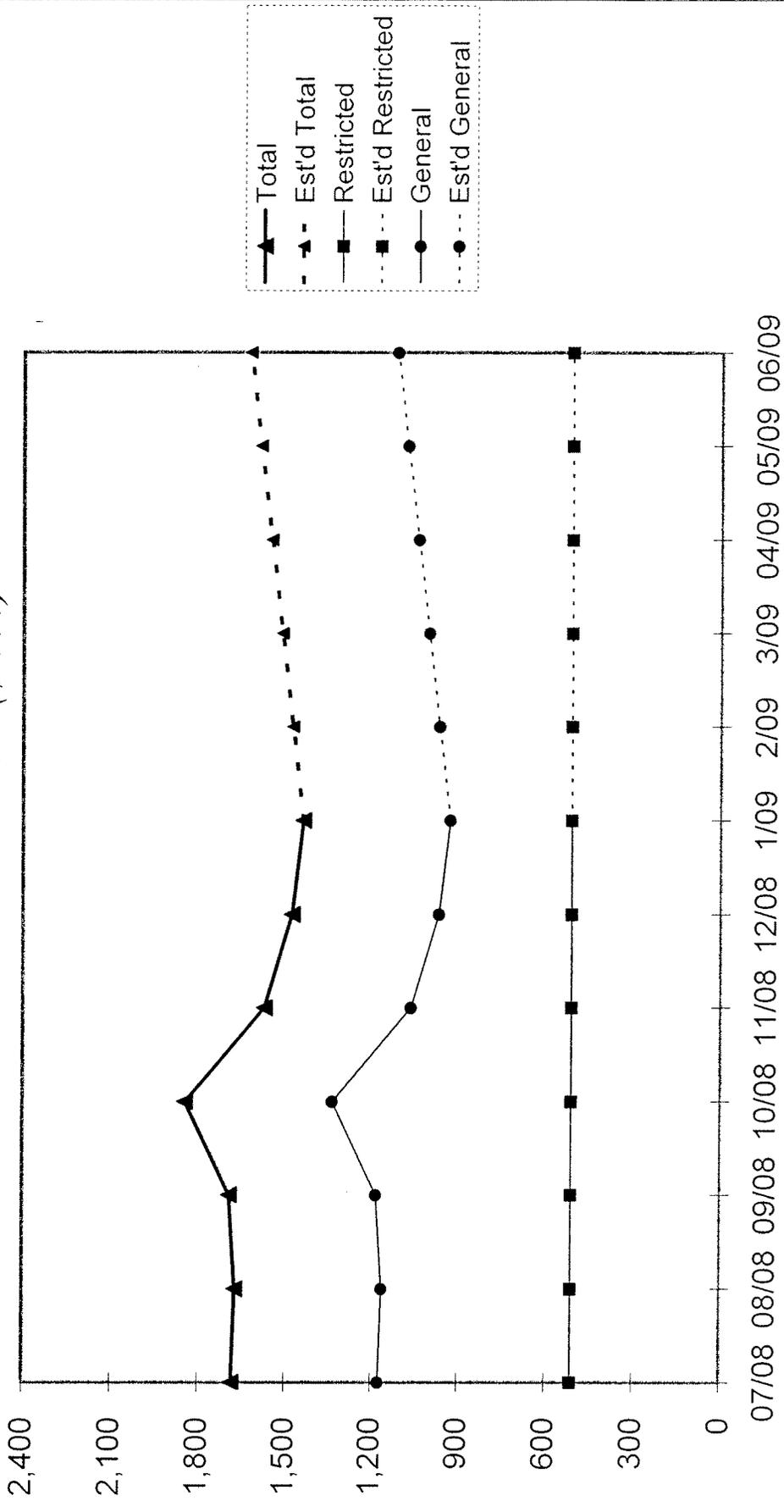
ABAG Financial Indices

Year-to-date Revenues & Expenses FY 08-09 (\$'000)

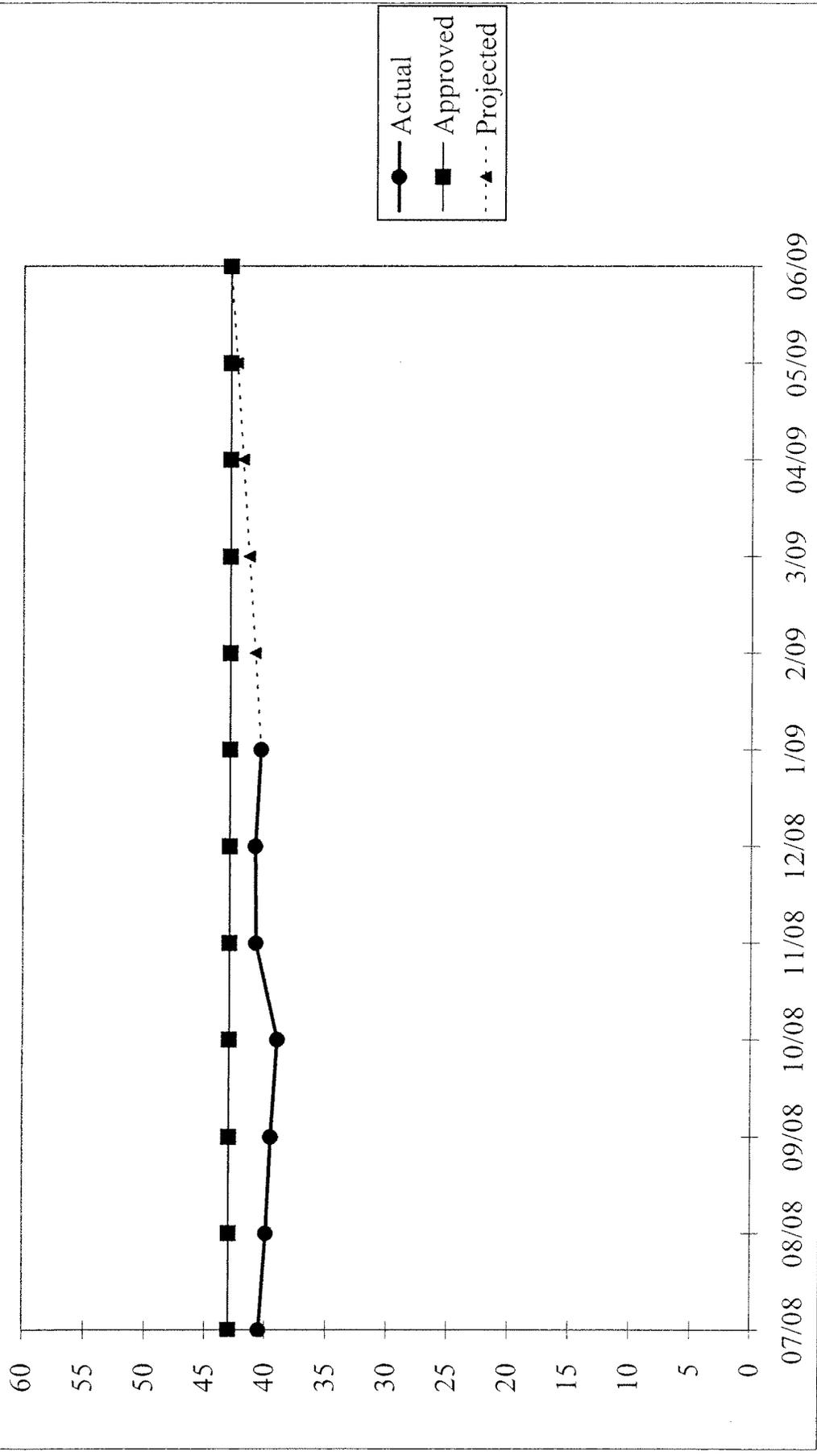


ABAG Financial Indices

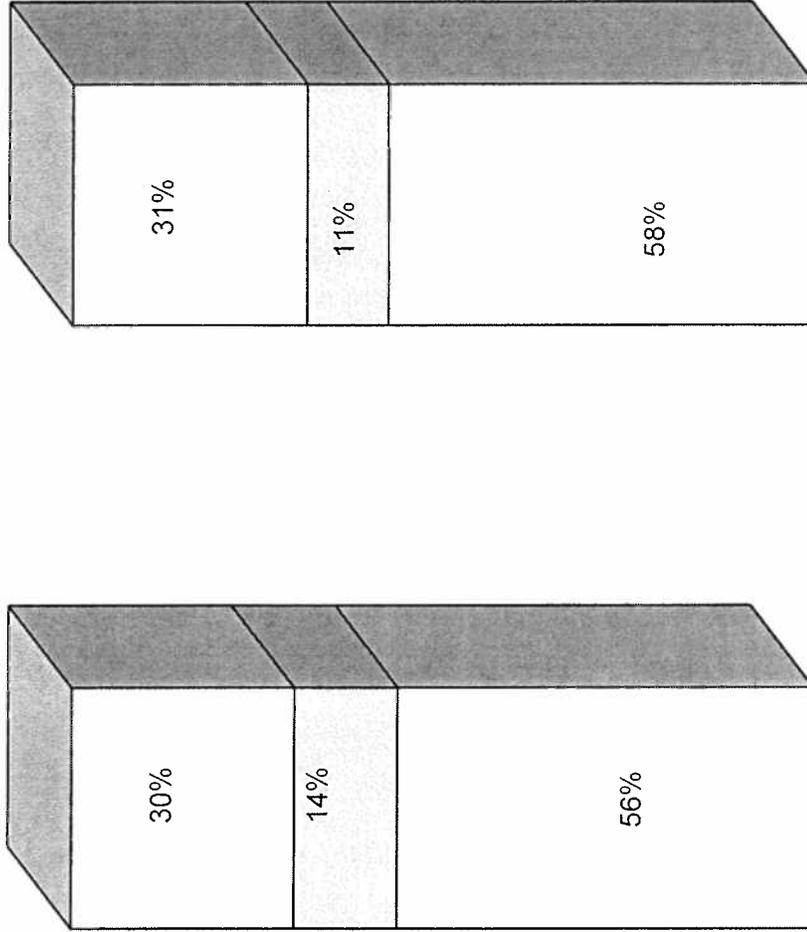
Fund Equity
FY 08-09 (\$'000)



ABAG Financial Indices
Indirect Cost Rate (% of Direct Labor Cost)
FY 08-09

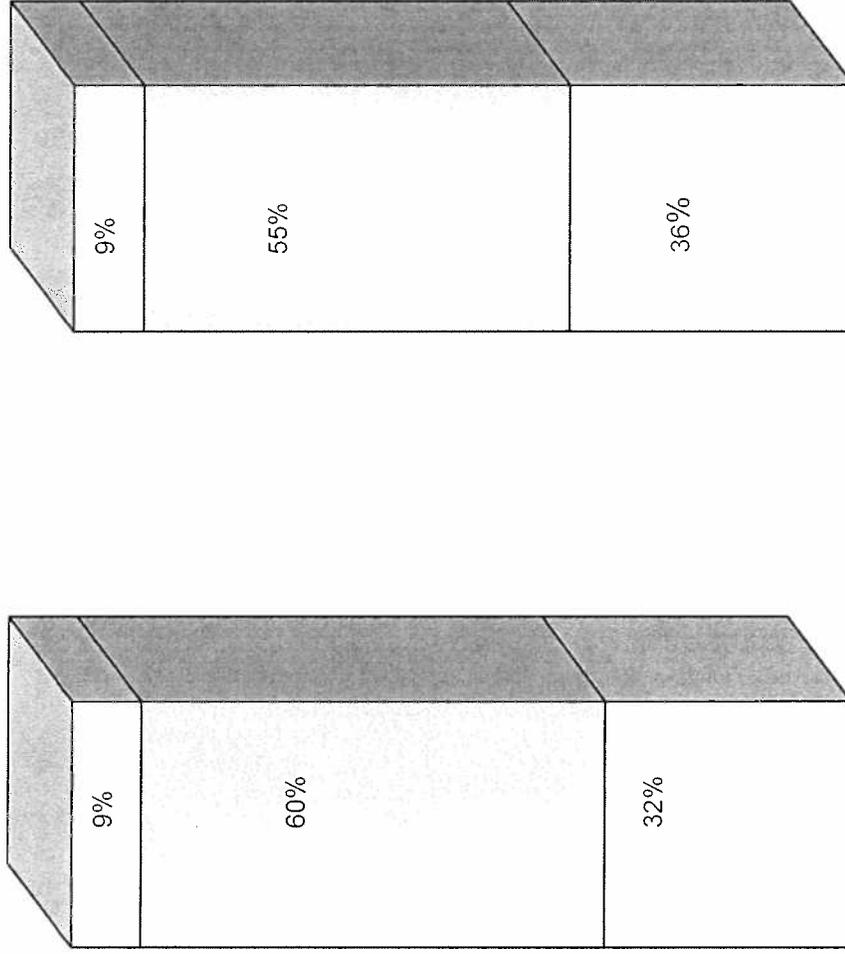


ABAG Financial Indices
Composition of Expenses FY 08 -- FY 09
Year to Date
(\$'000)



	FY08-09 Expenses (Total \$10,811)	FY07-08 Expenses (Total \$9,743)
<input type="checkbox"/> Consultants	\$3,215	\$3,052
<input type="checkbox"/> Others	\$1,510	\$1,071
<input type="checkbox"/> Payroll	\$6,085	\$5,620

ABAG Financial Indices
Composition of Revenues FY 08-- FY 09
Year to Date
(\$'000)

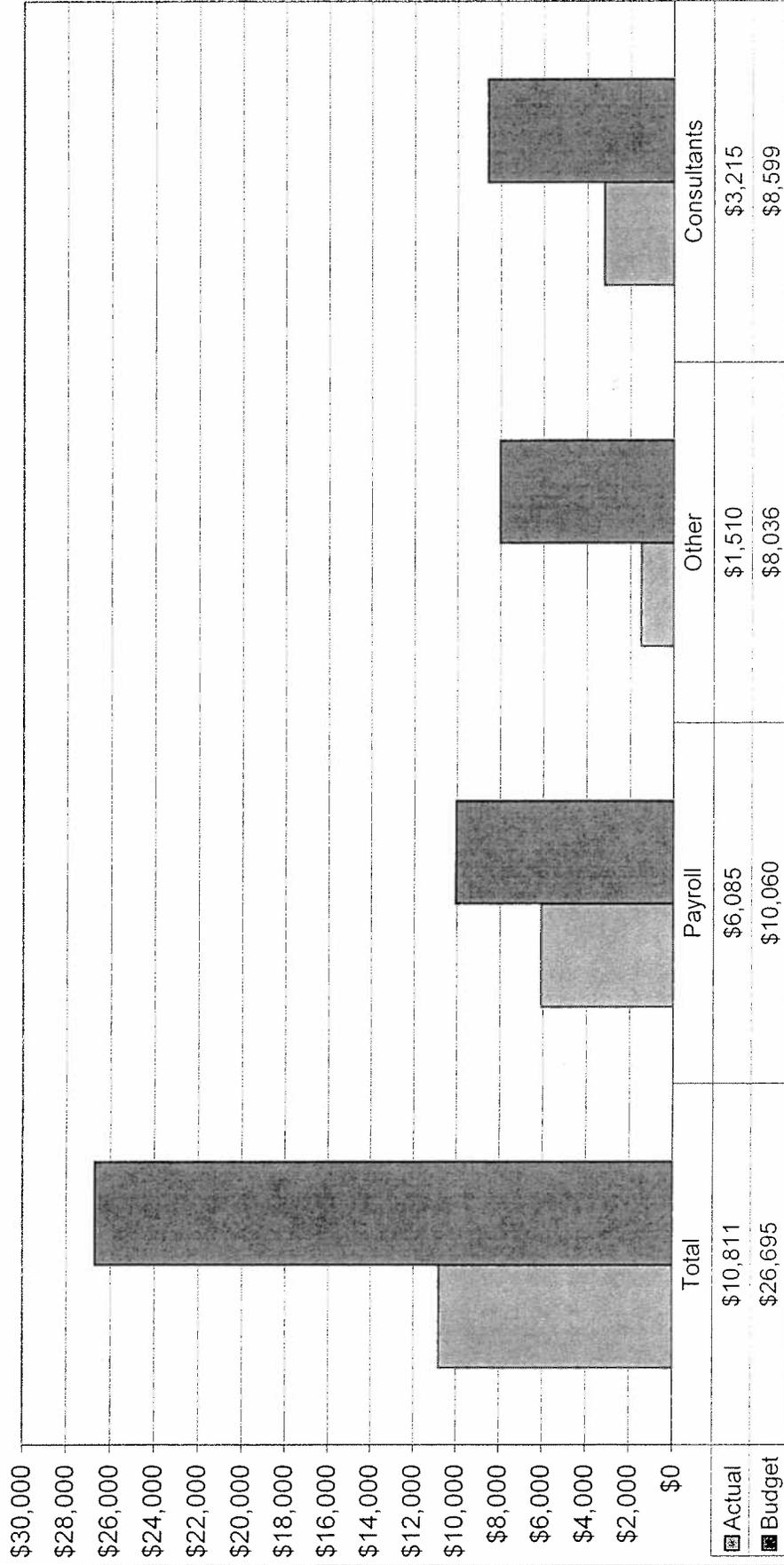


	FY 08-09 Revenue (Total \$10,628)	FY 07-08 Revenue (Total \$9,823)
<input type="checkbox"/> Membership	\$935	\$877
<input type="checkbox"/> Grants	\$6,339	\$5,380
<input type="checkbox"/> Services & Others	\$3,354	\$3,566

ABAG Financial Indices

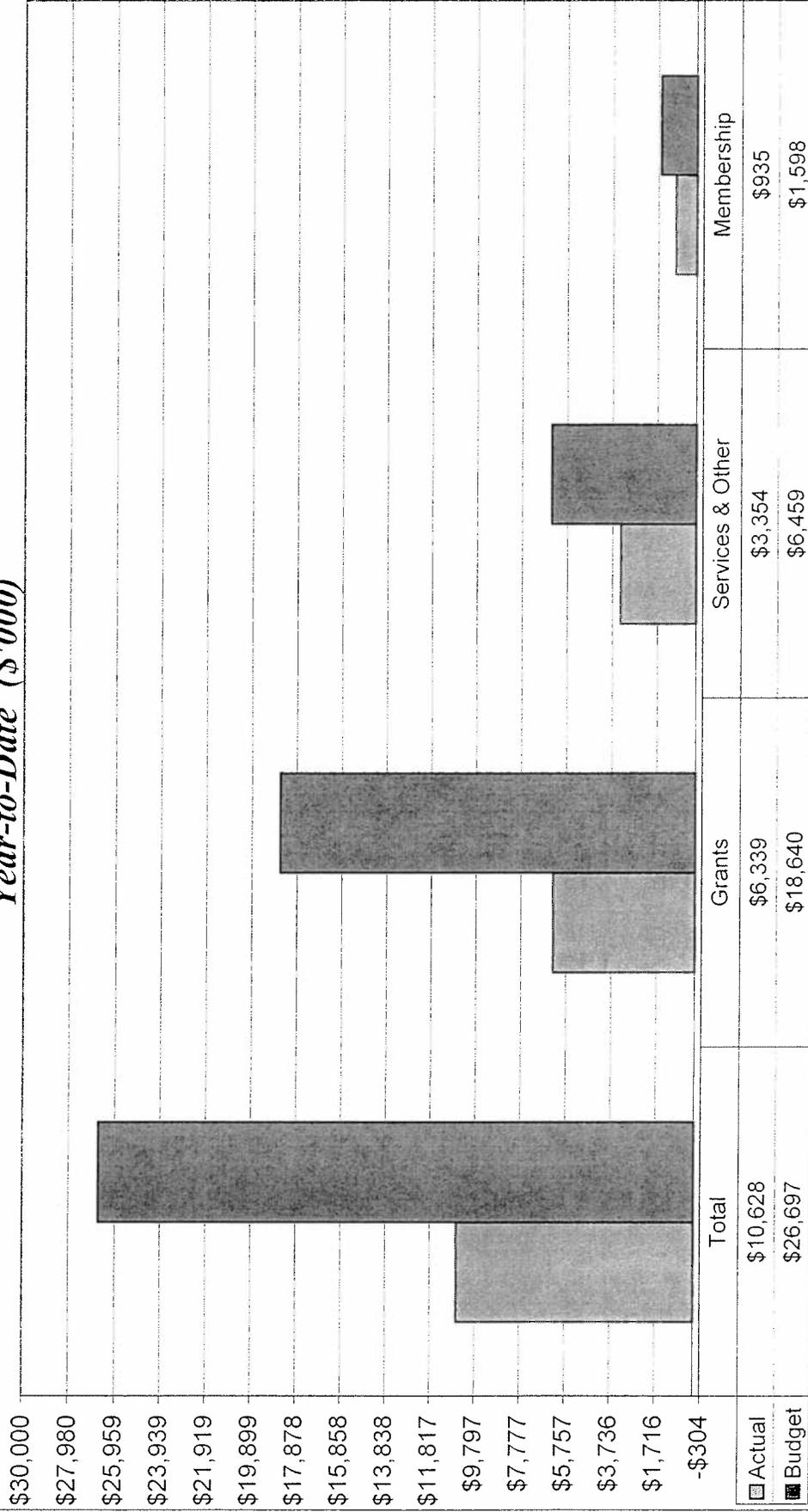
Actual vs Budgeted Expenses--FY 08-09

Year-to-Date (\$'000)



ABAG Financial Indices

Actual vs Budgeted Revenues--FY 08-09
Year-to-Date (\$'000)



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: March 17, 2009

FM: Herbert Pike, Finance Director

Re: Financial Reports
--February 2009

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

Cash on Hand (Figure 1)

Cash on hand decreased to about \$835 thousand on February 28 from \$1.24 million on January 31. The February balance includes approximately \$369 thousand invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. Much of the decrease in cash from the prior month is attributed to the \$164 thousand increase in receivables noted below and the impact of a shortened month offering fewer work hours to charge to grants. The February 28 cash balance is approximately \$247 thousand less than the prior year. Making the year to year comparison more discouraging, the current cash balance includes approximately \$300 thousand designated to cover the Annual Required Contribution (ARC) to amortize the Agency's unfunded liability for Other Post Employment Benefits (retiree health care) over the next 30 years. This OPEB liability is expected to be more than \$500 thousand by the end of the current fiscal year.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$3.59 million on February 28, compared to \$3.43 million a month prior. Compared to February 28 the year prior, the total reflects an increase of approximately \$1.13 million. It is feared that the continued reduction in State staffing and requested furloughs may slow reimbursements in the succeeding months. Also, some projects to be supported by State bond sales, although restarted, are still awaiting reimbursement until the bonds are sold which, in turn, is waiting for an improved credit rating of the State and an improved bond market. It is projected to be at least another 2 months or more before the bonds are issued and payments are made. Staff will seek to accelerate collections from other Federal and local funding sources.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses on February 28 amounted to about \$12.34 million, or 46.22%, of the approved budget of \$26.7 million for FY 08-09.

Actual vs. Budgeted Revenues (Figure 10)

At February 28, total revenues amounted to about \$11.96 million, or 44.78%, of the approved budget of \$26.7 million for FY 08-09.

As of February 28, both revenues and expenses are below budget for the first eight months of FY 08-09. These positions are largely due to the timing of consultant and sub-contractor expenses that are grant funded. These are typically multi-year programs and their budget balances at fiscal year-end (June 30, 2009) will be carried forward to the following year. However, several Estuary projects have been suspended due to budget issues at the State. There is a concern that they may not be continued.

Fund Equity (Figure 5)

As of February 28, general fund equity was approximately \$0.80 million. The decline from \$0.93 million as of January 31 is attributed primarily to the shorter February work month. The agency's restricted fund equity, consisting of building bond interest, capital, self-insurance and building maintenance, remains unchanged at \$510 thousand.

Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 41.02% of direct labor cost as of February 28, or about 95.4% of the budgeted rate of 43.00% for FY 08-09. Overhead expenditures are expected to continue to escalate during the last four months of the fiscal year, bringing the actual closer to the budgeted rate of 43.0%.

Overall (Figures 3, 4, 7 & 8)

At February 28, the agency's finances are reasonably close to forecast with a modest deficit of roughly \$383 thousand, or 3.2% of the year-to-date revenues. It appears that this fiscal year is adequately funded if the State issues infrastructure bonds and removes the suspension of several awarded contracts. ABAG is being impacted by the State's cash flow problems and delays in reimbursements as seen in increased accounts receivable. Some projects funded through the State have been suspended until the certain State bonds are issued. At present, there appears to be sufficient funding to cover grant-funded staff affected by the suspended projects.

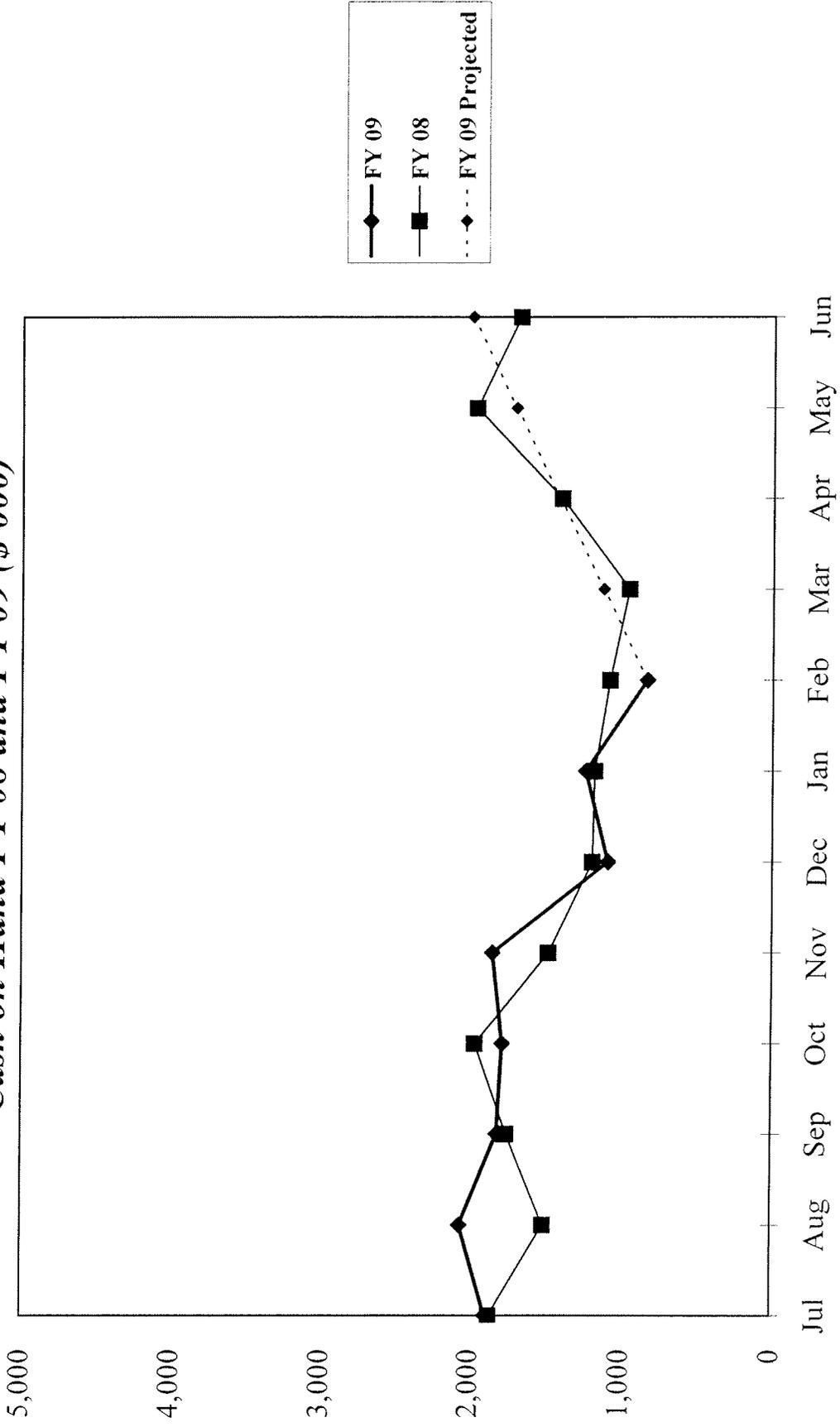
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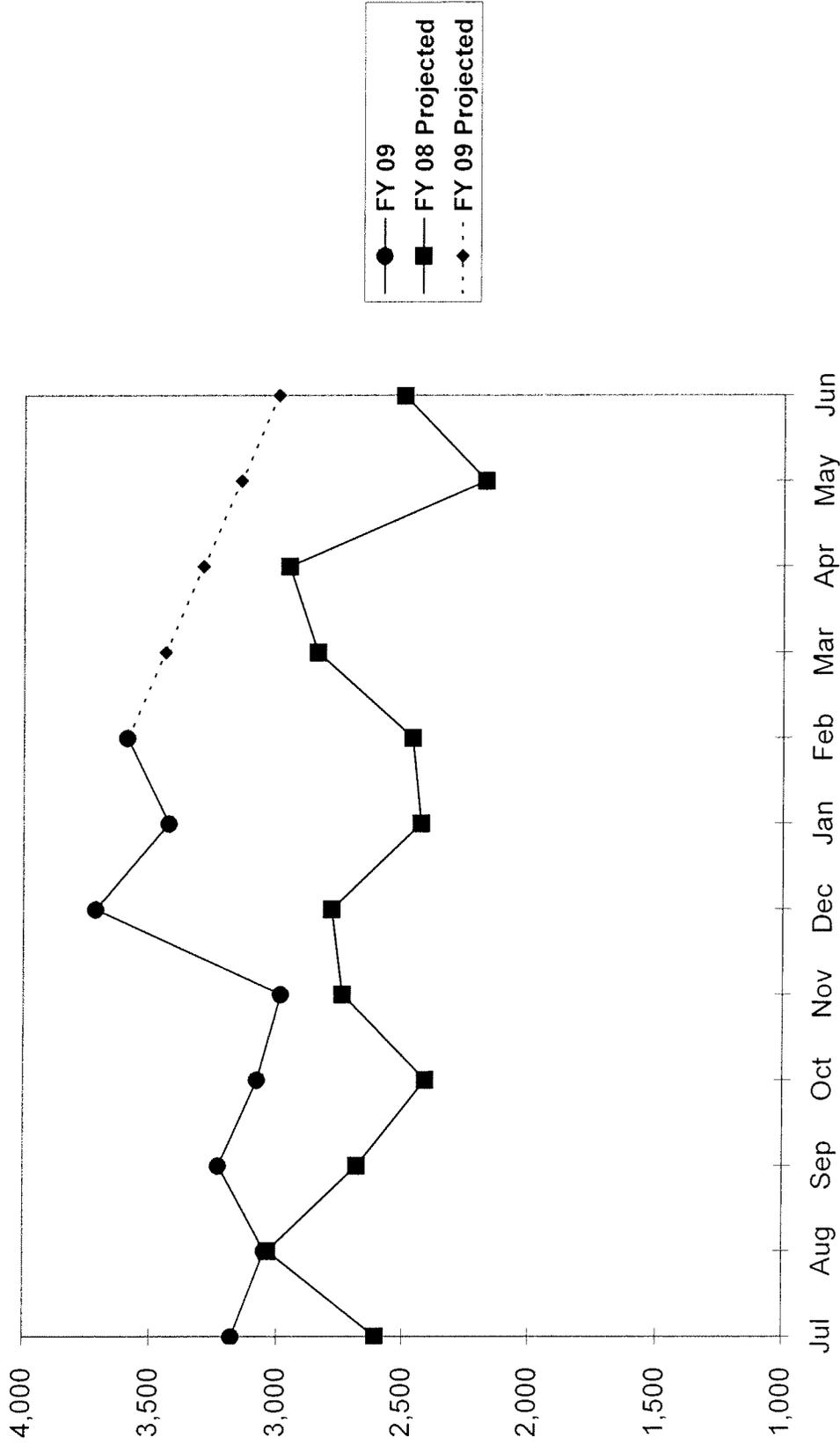
ABAG Financial Indices

Cash on Hand FY 08 and FY 09 (\$'000)



ABAG Financial Indices

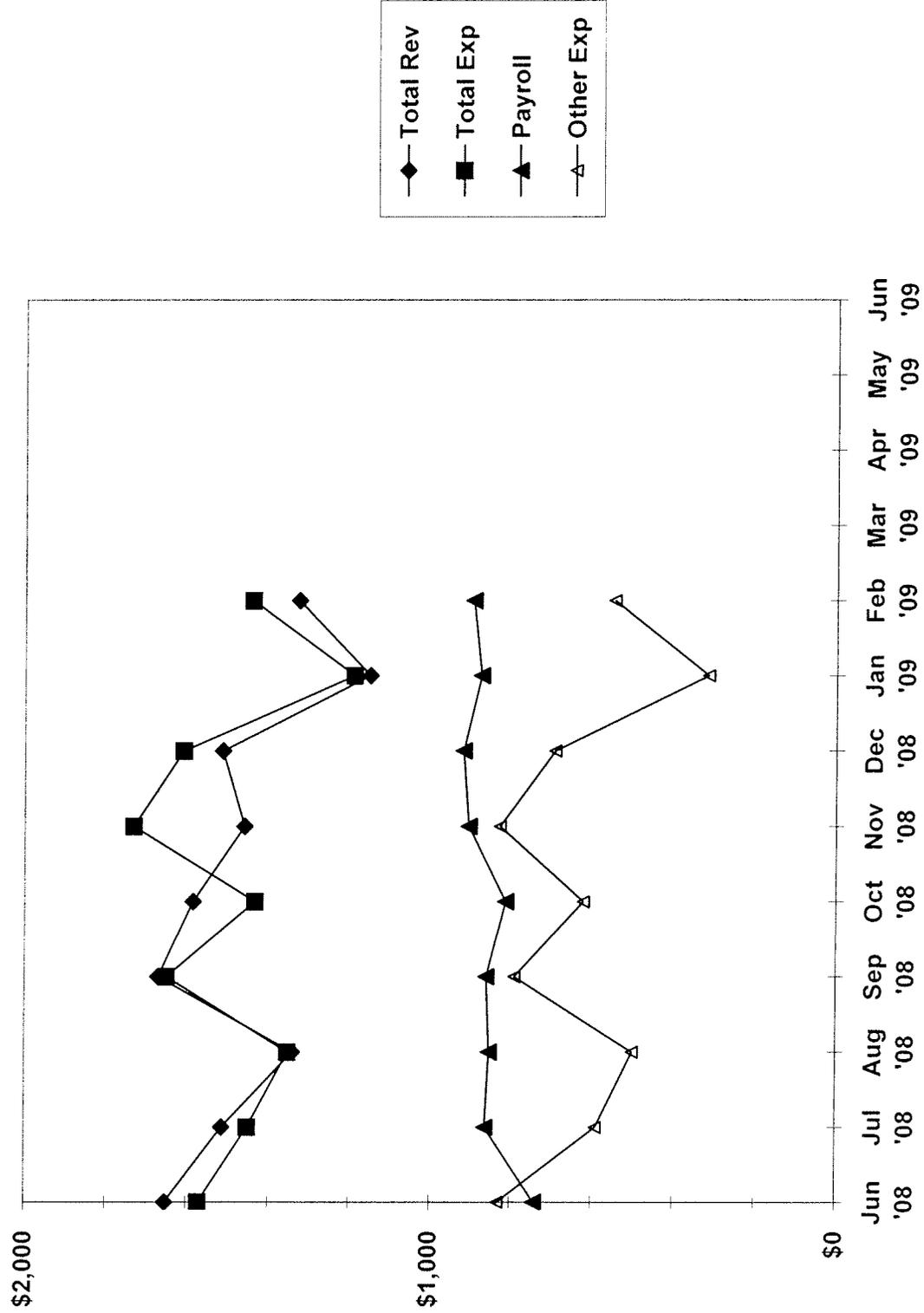
Accounts Receivable FY 08 and FY09 (\$'000)



ABAG Financial Indices

Current Month Revenues & Expenses

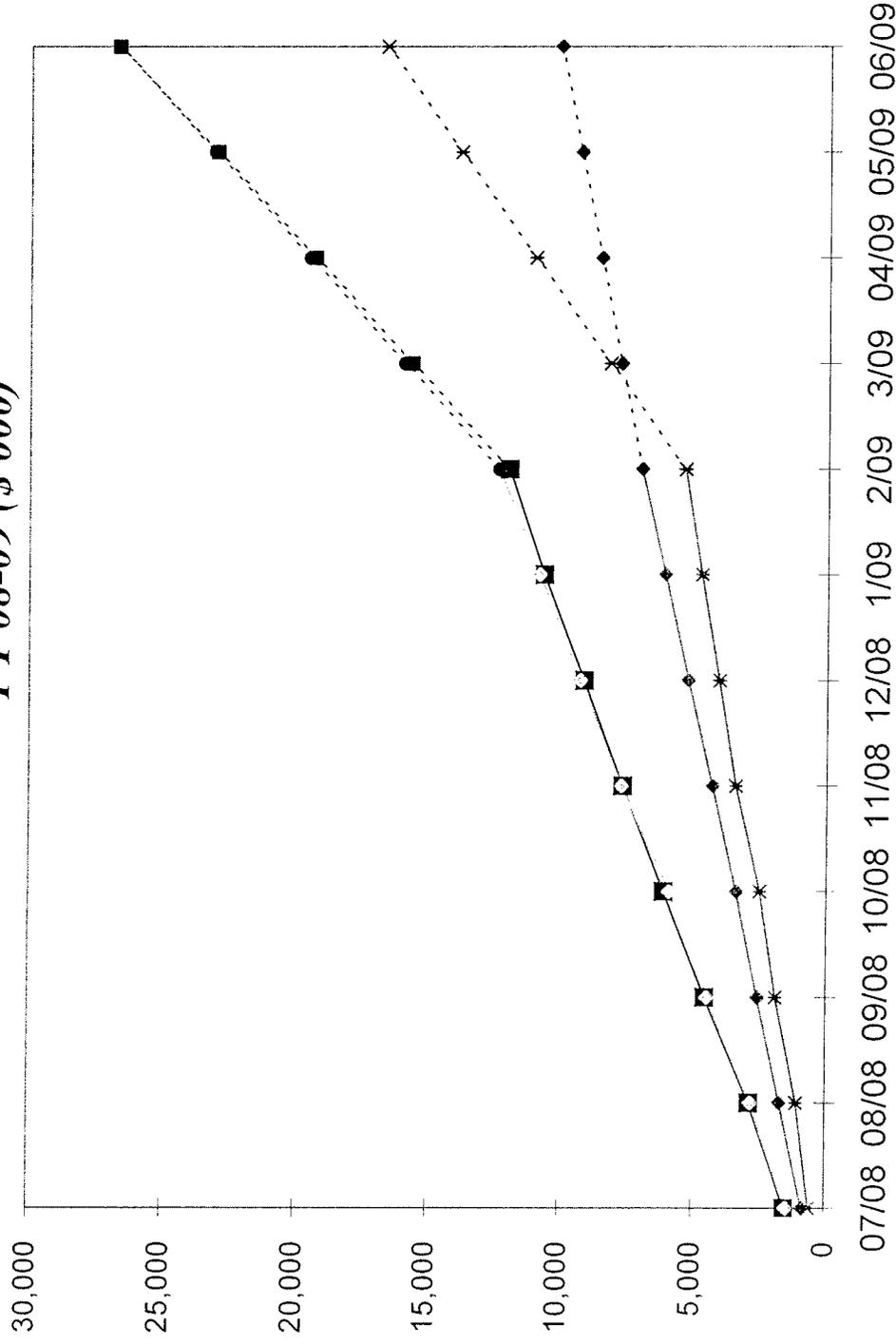
FY 08-09 (\$'000)



ABAG Financial Indices

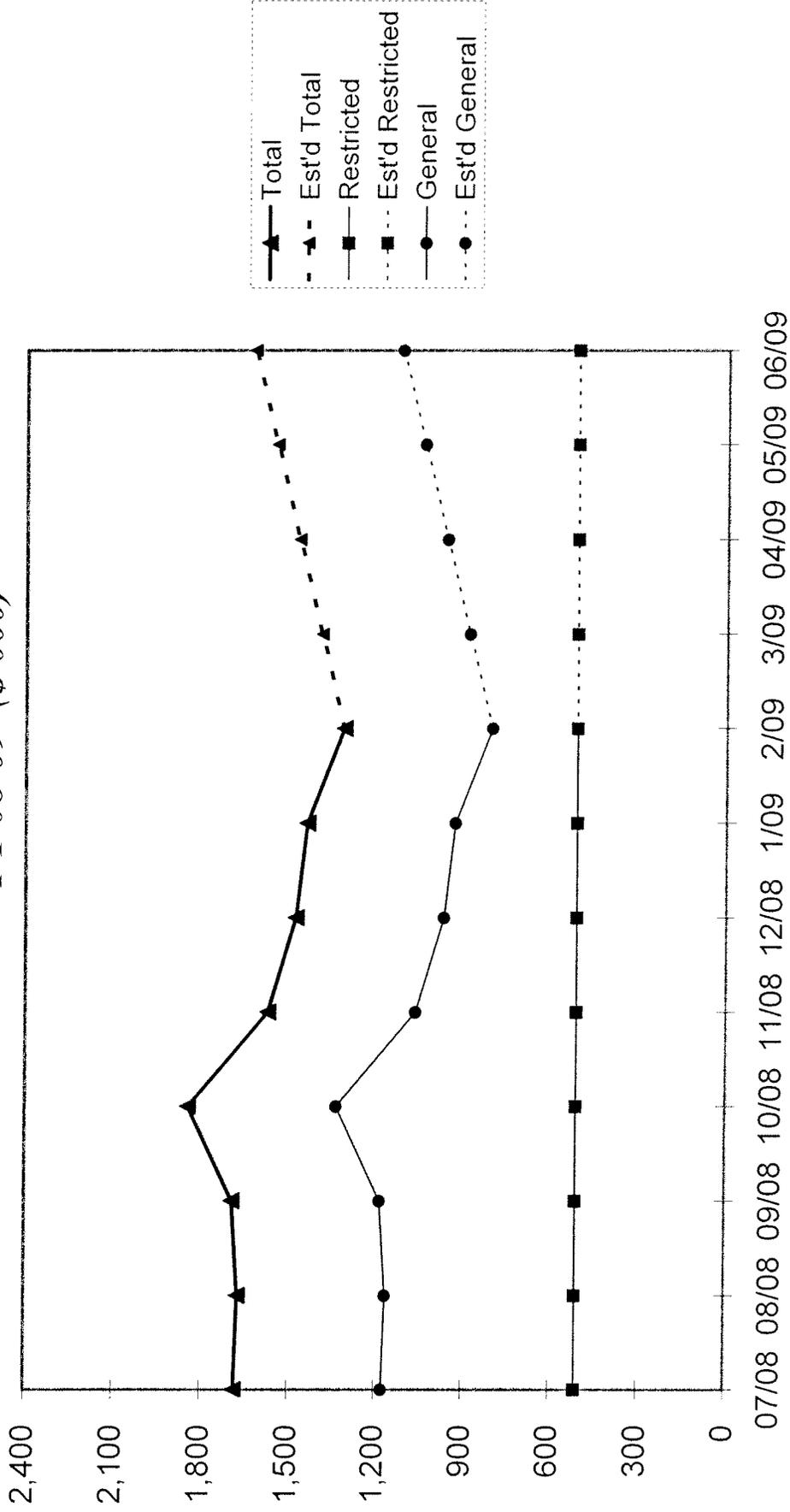
Year-to-date Revenues & Expenses

FY 08-09 (\$'000)



ABAG Financial Indices

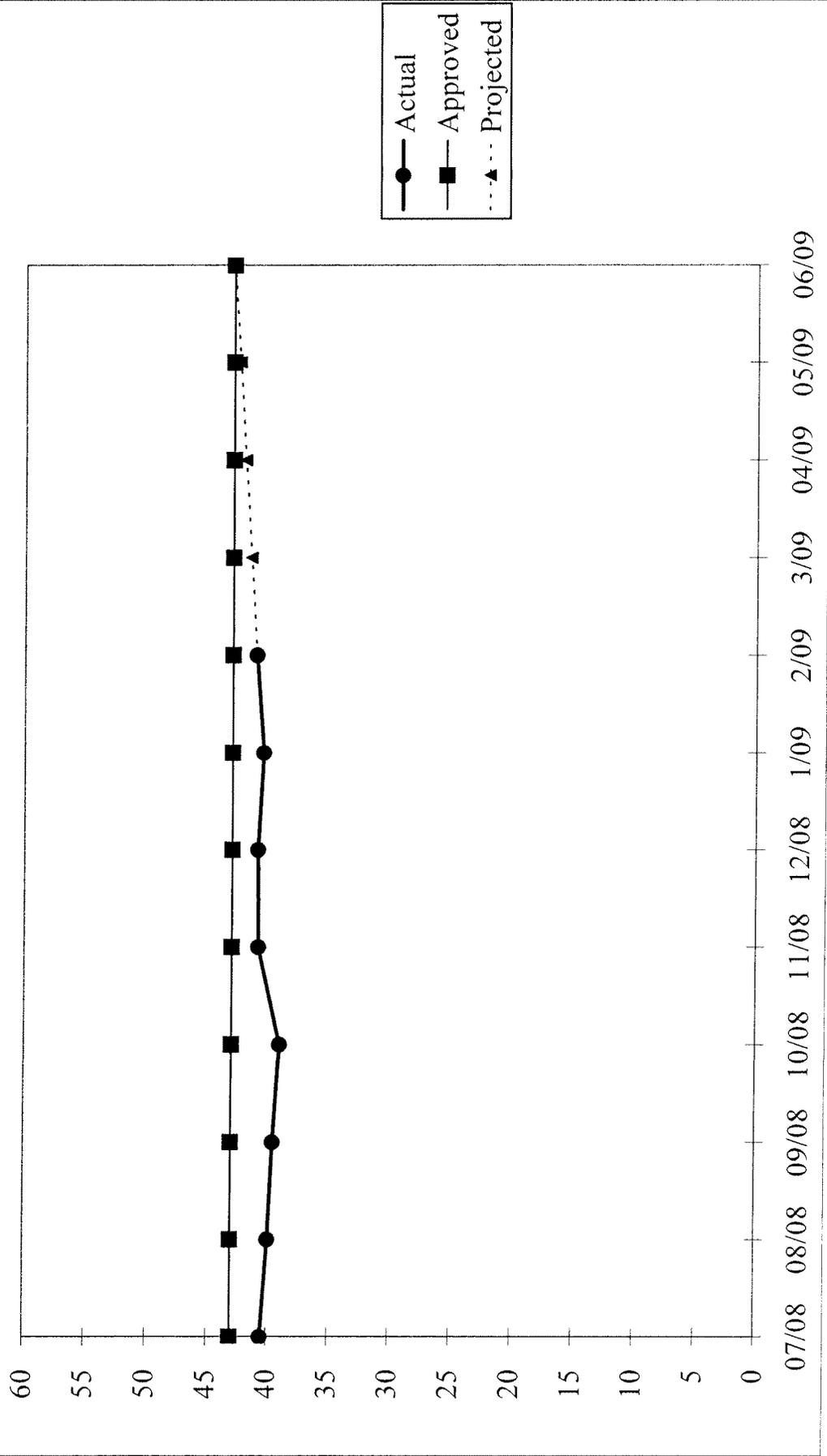
Fund Equity
FY 08-09 (\$'000)



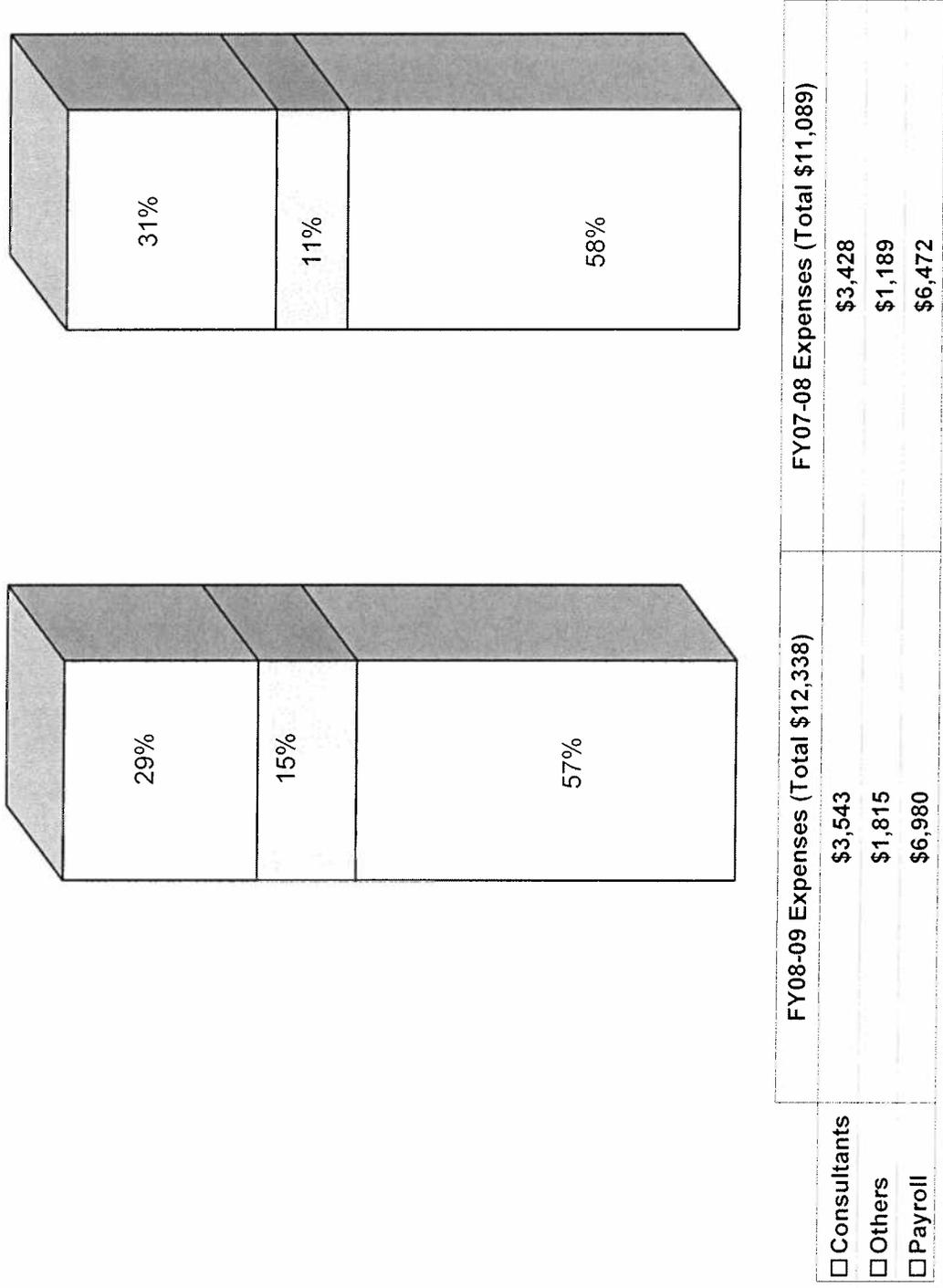
ABAG Financial Indices

Indirect Cost Rate (% of Direct Labor Cost)

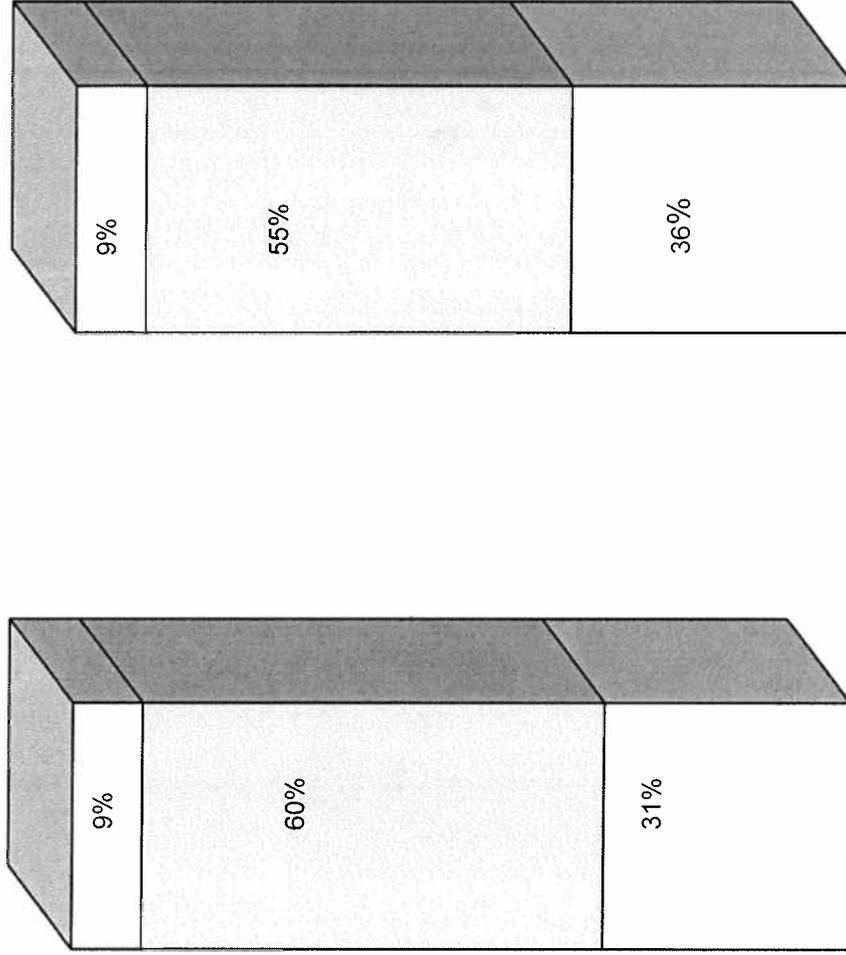
FY 08-09



**ABAG Financial Indices
Composition of Expenses FY 08 -- FY 09
Year to Date
(\$'000)**



**ABAG Financial Indices
Composition of Revenues FY 08-- FY 09
Year to Date
(\$'000)**

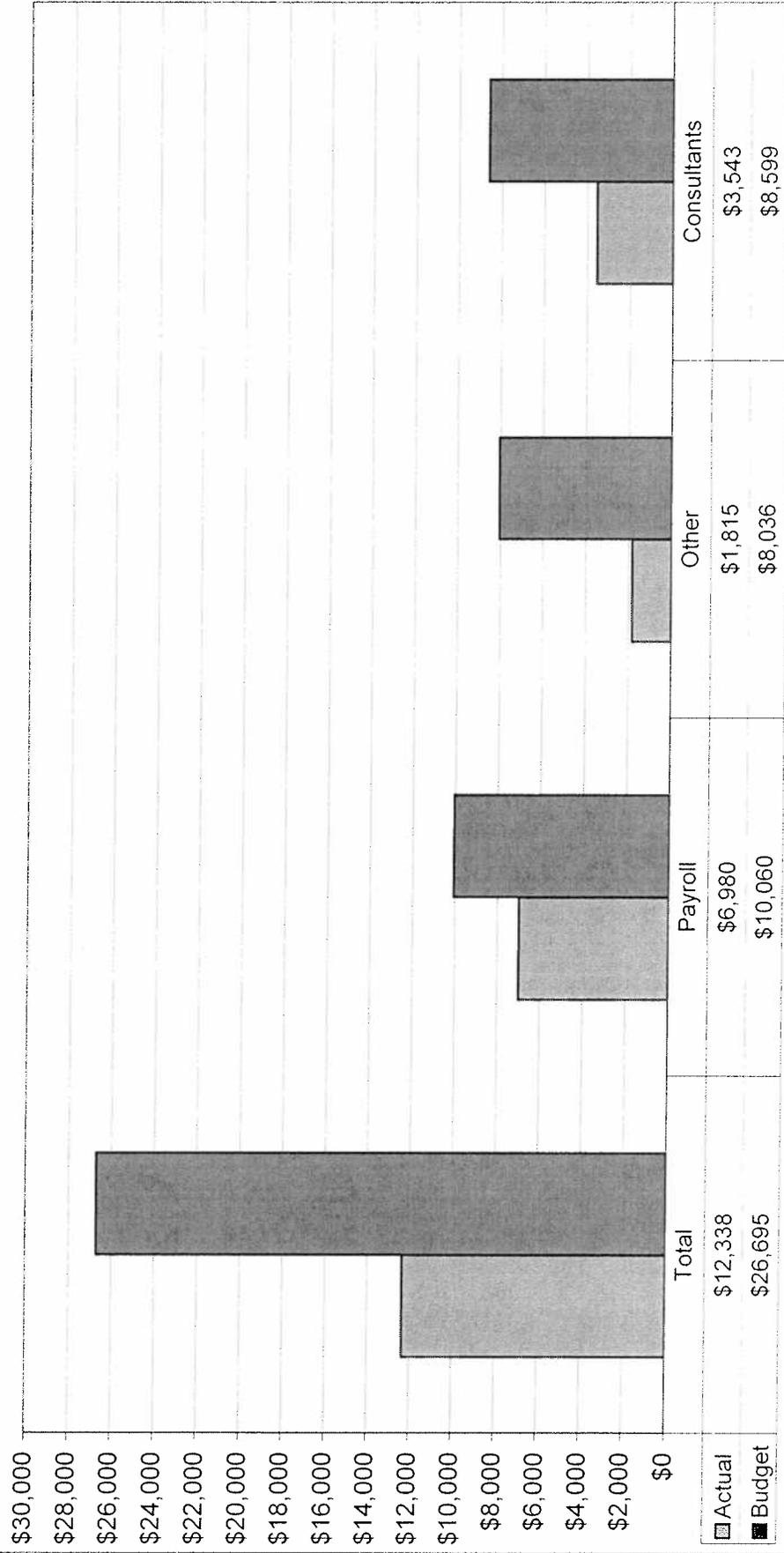


	FY 08-09 Revenue (Total \$11,955)	FY 07-08 Revenue (Total \$11,143)
<input type="checkbox"/> Membership	\$1,068	\$1,004
<input type="checkbox"/> Grants	\$7,123	\$6,110
<input type="checkbox"/> Services & Others	\$3,763	\$4,029

ABAG Financial Indices

Actual vs Budgeted Expenses--FY 08-09

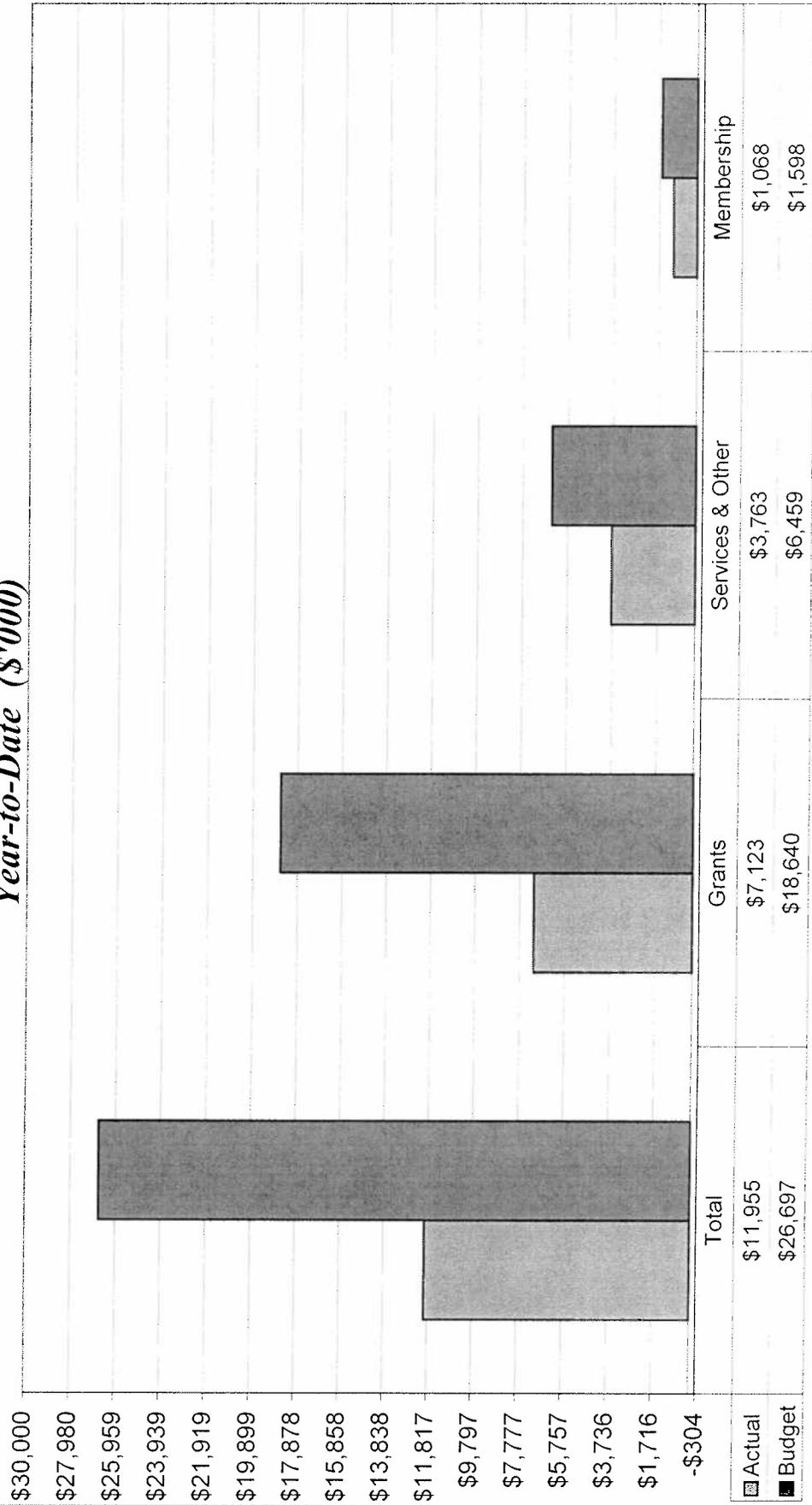
Year-to-Date (\$'000)



ABAG Financial Indices

Actual vs Budgeted Revenues--FY 08-09

Year-to-Date (\$'000)



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TO: Finance and Personnel Committee

DT: February 26, 2009

FM: Herbert L. Pike, Finance Director

RE: Authorizing to Increase
Line of Credit with
Collateralization

In the mid-1990's, the Committee authorized the establishment of a \$1,000,000 line of credit (LOC) at Bank of the West. It is a revolving LOC with a term of 1 year and a floating rate of interest equal to the Bank's prime lending rate, with a minimum (floor) rate of 4%. Repayment is interest only monthly, with principal at maturity, and there is no penalty for prepayment. The original objective of the LOC was to provide ABAG an emergency source of cash. In 2000, the Committee expanded the purpose of the LOC to serve all ABAG affiliated entities as well, subject to the approval of the terms of the LOC by the board of the borrowing entity.

In spite of the suspension of several projects by the State, ABAG's fund balance remains healthy. However, because of delays in State-related reimbursements for work completed, ABAG receivables have climbed approximately \$1 million over the prior year which constricts the Agency's cash balance. To be cautious, ABAG inquired as to the availability of increasing the line of credit to \$2,000,000. In consultation with Bank of the West, they sought some collateralization to commit a full \$2 million. Collateral would be a second deed of trust on ABAG's interest in the real property located at 101 Eighth Street in the commitment amount of \$2,000,000. The direct cost to secure the line of credit would be a \$1500 fee, title insurance costs, completion of an Environmental Assessment of the property, recording costs, and any ancillary legal fees. Total direct cost is estimated to be between \$3,500 to \$4,000.

Staff Recommendation

Finance and Personnel Committee is requested to forward this item to the Executive Board for passage of the attached resolution to authorize increasing ABAG's line of credit to \$2,000,000 collateralized by a second deed of trust on ABAG's interest in the real property at 101 Eighth Street, and to authorize access to said line of credit if and when needed to meet cash flow needs.

ATTACHMENT

ADGENDA ITEM 5

**ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD**

RESOLUTION NO. 07-09

**RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR
TO INCUR DEBT ON BEHALF OF THE AGENCY**

WHEREAS, the Association of Bay Area Governments (ABAG) has an existing secured credit facility (line of credit) with Bank of the West with a limit of One Million Dollars (\$1,000,000); and

WHEREAS, the Bank of the West, East Bay Commercial Banking Office has made a written commitment to increase the limit on the exiting line of credit to Two Million Dollars (\$2,000,000) subject to certain conditions, including but not limited to, ABAG providing collateral in the form of a Second Deed of Trust on the ABAG Condominium Unit located at 101 8th Street, Oakland, California; and

WHEREAS, in December 2008, the State of California suspended all activities under specified state grants, including several which fund ABAG programs such as the Bay Trail and the San Francisco Estuary Project; and

WHEREAS, the State of California does not anticipate authorizing resumption of most activities under the suspended grants until June 2009, and delayed reimbursement for those resumed, which is likely to cause cash flow problems in the near term,

NOW THEREFORE BE IT RESOLVED: the Executive Board of the Association of Bay Area Governments hereby authorizes the Executive Director to:

- 1) negotiate, execute, deliver and record any and all documents reasonably necessary to increase the limit on ABAG's existing line of credit with Bank of the West to Two Million Dollars (\$2,000,000), including, without limitation, a Second Deed of Trust on the ABAG Condominium Unit located at 101 8th Street, Oakland, California; and
- 2) draw on the line of credit in such amounts and at such times as may be prudent to ensure the continuing operation of ABAG's programs and projects, with the understanding that all draws will be reported to the Finance and Personnel Committee.

The foregoing adopted by the Executive Board this 19th day of March 2009.

Rose Jacobs Gibson
President

Certification of Executive Board Approval

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 07-09**

I, the undersigned, the appointed and qualified Secretary-Treasurer of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 19th day of March 2009.

Henry L. Gardner
Secretary-Treasurer

Approval as To Legal Form

Kenneth K. Moy
Legal Counsel

February 26, 2009

TO: Finance and Personnel Committee

FM: Herbert L. Pike, Finance Director

RE: **Authorization of a Contract with Maze & Associates to Examine the Financial Statements for ABAG and its Affiliated Entities**

On January 12, 2009, a Request for Proposal was issued for the "Selection of Financial Auditor for the Association of Bay Area Governments and Affiliated Entities." Products from the Contract would be Opinion Audits of ABAG (including the Finance Corp. and BALANCE Foundation), ABAG Pooled Liability Assurance Network Corporation (PLAN), ABAG Comp Shared Risk Pool (SHARP), ABAG Finance Authority for Nonprofit Corporations (FAN), and ABAG Publicly-Owned Energy Resources (POWER) and a Single Audit of ABAG Programs funded by Federal agencies. The term of the contract would be for three years commencing with fiscal year ending June 30, 2009, with an option to renew for two additional years.

At a mandatory Bidder's Conference on February 3, 2009, six audit firms were in attendance. On February 20, 2009, proposals were received from five of the six audit firms. All five proposals met the specified qualifications; however, three that stood out with the breadth and depth of their experience and abilities were:

	<u>3-year Fixed Price</u>
• Macias Gini & O'Connell LLP	\$228,000
• Mayer Hoffman McCann P.C.	\$259,340
• Maze & Associates	\$202,545

Of the top three, staff recommends contracting with Maze & Associates. They demonstrated the most familiarity and consistent expertise across all of the unique areas of the Agency's affiliated entities, and offered the lowest. They also offer, at no additional cost, year-round support and telephone consultation on pertinent issues. This would be the second engagement for Maze & Associates with ABAG, the first being for the previous contract that covered the last six years.

Staff Recommendation

Recommend the Executive Board Authorize a contract with Maze & Associates for Financial Auditor services for three years commencing with fiscal year ending June 30, 2009, with an option to renew for two additional years.

February 25, 2009

TO: Finance Committee

FM: Herbert L. Pike, Finance Director

RE: **ABAG Financial Support to the Bay Area Council Economic Institute—FY 09-10**

The Bay Area Council Economic Institute (BACEI), formerly Bay Area Economic Forum is a partnership of ABAG and the Bay Area Council (BAC). It was formed in 1988 as a public-private partnership of business, government, university, labor and community leaders to analyze and implement programs to strengthen the region's competitive economy and quality of life. ABAG currently appoints 1/3 of the BACEI Board members and provides a variety of other ongoing support to the BACEI's programs.

The BACEI obtains its funding from a variety of sources, including Bay Area Council, ABAG, grants, contracts and other fund-raising activities. ABAG has been providing financial support to BACEI over the past several years: \$100,000 in FY 02-03, \$70,000 in FY 03-04, \$60,000 in FY 04-05, and \$50,000 annually since FY 05-06.

Attached is a summary of BACEI's major program activities for the past year as well as continuing and new program initiatives going forward.

Staff Recommendation

Continue to work with the BACEI staff and Board of Directors to analyze and implement programs to strengthen the region's economy and competitiveness. Staff is requesting authorization for the FY 09-10 ABAG support to BACEI in the amount of \$50,000.

Attachment



Bay Area Council Economic Institute

The Bay Area Council Economic Institute is a public-private partnership of business, labor, government and higher education that works to support the economic vitality and competitiveness of California and the Bay Area. Its work builds on the twenty-year record of economic analysis and policy leadership of the Bay Area Economic Forum, which merged with the Bay Area Council in January 2008. The Association of Bay Area Governments (ABAG) is a key institutional partner. The Economic Institute also supports and manages the Bay Area Science and Innovation Consortium (BASIC), a partnership of Northern California's leading scientific research institutions and laboratories.

Through its economic and policy research and partnerships, the Economic Institute addresses major issues impacting the competitiveness, economic development and quality of life of the region and the state, including infrastructure, globalization, science and technology, and governance. By providing fact-based economic analysis, and by convening leaders from diverse communities and sectors, the Institute provides the intellectual infrastructure for policy initiatives that impact the competitiveness of the state and regional economies. Recent Institute priorities have included: reforming California's electricity markets; using public-private partnerships to expand California's infrastructure; state budget reform; the re-design of California's international trade and investment programs; human capital; building bridges to key global partners such as China, Canada and India; advancing policies that support technology and business innovation; advancing the Bay Area's leadership in renewable energy technology; bringing new research funds and programs to the Bay Area; and economic education.

The Institute's Board of Trustees, which oversees the development of its products and initiatives, is composed of leaders representing business, labor, government, higher education, science and technology, philanthropy and the community.

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Bay Area Council Economic Institute

2008 – 2009 Program

In 2008 the Economic Institute produced and disseminated number of major analytical reports on the Bay Area's economy and key issues that will impact its future competitiveness. It followed up on these and earlier reports by organizing programs – most specifically with China – designed to showcase Bay Area companies and universities, develop partnerships, and attract investment to the region.

Administratively, the Institute operates with a staff of four, including the President/CEO, a Vice President responsible for its science and technology affiliate BASIC, a coordinator/analyst and an executive assistant. It is continuing to expand its outreach and communications capacity, to reach and support local government leaders, state and federal executive and legislative leaders, Bay Area businesses, labor, universities and civic organizations. The Institute functions as the Bay Area's leading organization for public-private leadership on economic issues across sectors and communities, and as its leading source of fact-based analysis on the regional economy.

The Institute's 2009 program includes production of several major reports on the regional economy and its global competitiveness. In choosing its issues, high priority is being given to the current economic downturn, and to strategies for near-term recovery and long-term competitiveness. Special attention is also being given to industries such as clean tech that have particular promise for regional growth and leadership.

Completed Reports (2008)

Human Capital

In February 2008 the Institute released a report on Human Capital in the Bay Area, assessing the importance of a diverse, educated and flexible workforce to the region's economy, and analyzing the issues that will affect the Bay Area's ability to attract and retain a competitive workforce.

Bay Area Economic Profile

In March the Institute released its 2008 Bay Area Economic Profile report, the sixth in a series produced every other year since 1995. The study, which is widely distributed to business, government, labor, university, civic and other leaders, is produced with support from McKinsey & Company.

International Trade

In September the Institute released the 2008 edition of its report series International Trade and the Bay Area Economy. Produced every other year since 2004, the report assesses trade trends, the importance of trade to the region, and related policy developments.

California High-Speed Rail

In October 2008 the Institute released a report on the economic impacts of bringing high-speed rail to the Bay Area. The project was done under a contract with the California High-Speed Rail Authority, as one of six analyses on major regions of the state. The assessment was widely circulated in advance of the November ballot, where a \$10 billion bond measure to finance the high-speed rail project was approved by voters.

Reports Underway (2009)

Managing Recession

The Institute is working with support from Booz & Company to produce a report on how Bay Area companies are managing through the current recession, and how they are positioning themselves to benefit from an eventual recovery. Approximately sixty interviews with senior executives are underway across a range of industries, with the objective of identifying effective corporate and public policy strategies. Interviews are also being conducted with senior managers of agencies such as SFMuni, BART, the Port of Oakland and San Francisco International Airport, and further interviews are planned with regional government leaders. The report is targeted for release in April.

Mapping the Bay Area's Global Connections

A study on the Bay Area's global linkages is in its final draft and should be ready for release in May. The first effort of its kind in the nation, the report will assess the region's economic and demographic connections to the rest of the world, and present the findings in graphic form. Sponsors include San Francisco International Airport, the San Jose Redevelopment Agency and San Jose State University. A release event will be held in San Jose.

Bay Area Ties to India

A major report on the Bay Area's economic and other ties with India, a successor to the Institute's 2007 report on the Bay Area's ties with China, is nearing completion and will be published in April/May. The product of more than 150 interviews with regional business, government, university and community leaders both here and in India, the report will assess the unique connections between the Bay Area and one of the world's most dynamic economies, and identify both business opportunities and key public policy issues. Release events are planned in San Francisco and Silicon Valley.

Pensions and Health Care

Work has begun to frame and develop an analysis of city and county public employee pension and health care liabilities in California and the Bay Area, and their public policy implications.

Climate Change and Cleantech

Work is also underway, with support from McKinsey & Company, to frame and develop a strategic analysis of the region's clean tech sector, and of strategies to grow the clean tech industry and exercise regional leadership in climate change management.

Bay Area Economic Forecast

The Institute held its second annual Bay Area Economic Forecast conference series, jointly presented with Beacon Economics, in September/October 2008. Half-day programs were held in Oakland (East Bay), San Jose (South Bay) and San Francisco (North Bay). Participants included San Jose Mayor Chuck Reed, former Oakland City Manager Robert Bobb, and ABAG Executive Director Henry Gardner. Detailed sub-regional forecast books were distributed to participants at each event, and a composite regional forecast was distributed electronically to regional leaders including county supervisors, mayors, city council members, and city administrators.

Planning is underway for the third annual Bay Area Economic Forecast series. As with the 2007 and 2008 forecasts, half-day public forums will be held in September/October 2009 in San Jose, Oakland and San Francisco, with documents distributed in both hard copy and electronically.

Other Programs and Activities

Bay Area Science and Innovation Consortium (BASIC)

The Institute supports and manages the Bay Area Science and Innovation Consortium (BASIC), a partnership of the region's five major research universities, its five national laboratories, its non-profit research institutions and many of its leading corporate laboratories. BASIC is currently focusing on strategies to support the Bay Area's competitiveness through innovation. Activities planned for 2009 include a report on the region's role in global innovation networks, now being developed by a sponsored fellow from Stanford's School of Engineering, a Top Ten Innovations awards event, and an assessment of challenges to the region's biotech workforce.

Innovation-Based Economic Development Model

BASIC and the Institute developed an Innovation-Based Economic Development Model under the US Department of Labor's WIRED (Workforce Innovations in Regional Economic Development) grant, that presents proposals ideas for how to update economic development strategies to meet the challenges of 21st Century economic competitiveness. The model, which can be accessed on the Institute's website, will support BASIC's biotech workforce project.

US-China Greentech Summit

The Institute managed the development of the US-China Greentech Summit, held in Shanghai November 13-15, 2008. The project, led by the Bay Area Council and its Chinese partner the

Yangtze Council, followed on the Institute's 2006 report on the Bay Area's economic links with China, *Ties that Bind*, and BASIC's 2007 report on renewable energy research underway at Bay Area federal, university and corporate laboratories. Over 400 Chinese and U.S. participants participated in the event, which was designed to showcase Bay Area and California cleantech capabilities and facilitate US-China partnerships to address climate change. San Francisco Mayor Gavin Newsom keynoted the opening session.

Inbound Chinese Investment

As a follow-up to the conference, the Institute is working to assist several Chinese renewable energy companies with plans to establish headquarters, research and manufacturing operations in the Bay Area. In partnership with ChinaSF, the Institute is playing a facilitating role for communications between the Chinese companies and city and economic development partners in several Bay Area cities and counties. The attraction of Chinese investment, particularly in the renewable energy sector, has particular promise for the region given its strong R&D base, environmental orientation, and historical links to China.

US-China Green Cities Conference

As another follow-on to the Shanghai conference, the Institute is developing a joint Bay Area Council-Asia Society green cities conference, to be held in San Francisco in May. The event will focus on green building policy and design, with a particular focus on Bay Area capabilities.

CalAPEC

The Institute is serving as fiscal agent and spearhead for California's bids to host the 2011 Asia Pacific Economic Cooperation (APEC) Conference, which will be held in the United States. The 2009 conference will be held in Singapore, and 2010 in Tokyo. The host city will receive approximately 20,000 visitors over a one week period, including as many as 23 heads-of-state. Related events would be held throughout the region. San Francisco, Los Angeles, Honolulu and New York have submitted bids to the US Department of State. In addition to the summit, there will also be several opportunities to host high profile ministerial meetings, including the Asia-Pacific region's Trade, Energy and Environment ministers. Efforts to marshal political support are underway with Bay Area Congressional leaders. A decision is expected this summer.

Priority Regional Initiatives

Regional Economic Recovery Plan

The Economic Institute has been designated by California's Business, Transportation and Housing Agency (BT&H) to lead the framing and development of a regional economic recovery workplan, to guide the allocation of both Federal stimulus dollars and economic development funds available to the state over the next two years. Issues to be addresses will include near and medium-term project prioritization and funding, regulatory streamlining to facilitate fund deployment, the business environment, and innovation strategies. The plan, which is due at BT&H by June 1, will be developed in partnership with Bay Area economic development organizations, and interested jurisdictions, businesses, universities and other stakeholders.

Regional Climate Change Management

The Institute is working with the Regional Agencies Joint Policy Committee and the Bay Area's leading business organizations (the Bay Area Council, Silicon Valley Leadership Group and Joint Venture: Silicon Valley Network), to develop a regional strategy for addressing and managing climate change. Under this proposal, the Institute would form a partnership with the Joint Policy Committee to help integrate and focus the diverse climate change initiatives currently underway in the region, with the goal of making the Bay Area the state and national model for regional climate change management, and the acknowledged national and global leader for clean energy technology. As proposed, the project will support the regional agencies in their regulatory role, and leverage private sector, environmental community and labor resources to advance key regional objectives in areas such as land use and transportation, climate change adaptation, information dissemination, and project finance. McKinsey & Company will provide analytical and strategy support, and preliminary discussions have begun for foundation support.



MEMO

To: Executive Board
via Finance and Personnel Committee
Association of Bay Area Governments

Fr: Kenneth K. Moy
Legal Counsel

Re: General Assembly

Dt: February 24, 2009

The Bylaws of the Association of Bay Area Governments (ABAG) requires the annual meeting of the General Assembly to be held prior to May 1 of each year. This provision precluded ABAG coordinating the General Assembly with the Bay Area Air Quality Management District's (BAAQMD) *Climate Action Summit*, scheduled for May 4. The requested action will not salvage this effort but avoids future conflicts.

The proposed change grants the Executive Board the discretion to schedule the General Assembly so long as it occurs prior to the end of the fiscal year. ABAG's Members will still receive thirty (30) days prior notice of the annual meeting.

Requested Action:

Staff requests the Finance and Personnel Committee recommend that the Executive Board forward to the General Assembly an amendment to the Bylaws to permit greater flexibility in scheduling the annual meeting. Changes are displayed below with deletions in strikeout and additions in bold.

VI. B. MEETINGS

(1) ~~The annual meeting of the General Assembly shall be held prior to May 1.~~ The time, date, and location of the annual meeting of the General Assembly shall be determined by the Executive Board, **provided it is no later than June 30.**

2) Notice of the annual meeting of the General Assembly shall be given to the delegates of each Member city and Member county at least thirty (30) days prior to the meeting. An agenda for the meeting shall accompany the notice.

AGENDA ITEM 8

M E M O

Date: March 19, 2009
To: ABAG Finance & Personnel Committee
From: Paul Fassinger, Research Director
Re: Computer Hardware Purchase for PECAS Land Use Modeling System

Summary

Staff requests authorization of \$25,000 to purchase an HP multi-core server required to run the PECAS modeling software.

This item is on the Executive Board agenda as a consent item.

Background

The server would be purchased under California's Western States Contracting Alliance contract. The amount required for the purchase is up to \$25,000. The hardware specifications and costs are based on those from other regional agencies running the PECAS modeling software.

Staff is currently working with the UC Davis Information Center for the Environment to develop a land use forecasting model for the Bay Area region using the PECAS modeling software. Because of its complexity, this model requires a multi-core server to operate.

AGENDA ITEM 9



M E M O

Date: March 19, 2009
To: ABAG Finance & Personnel Committee
From: Paul Fassinger, Research Director *ff*
Re: PECAS Land Use Modeling System

Summary

Staff is requesting authorization to enter into a sole source agreement for computer software and training in an amount up to \$500,000. The software is needed to meet new land use modeling requirements. Any agreement would be made in phases in order to ensure that funding from state and federal sources have been identified.

This item is on the Executive Board agenda as a consent item.

Background

Staff requests authorization to enter into an agreement with Mike McCoy, Co-Director of the UC Davis Information Center for the Environment, in an amount up to \$500,000 for computer software and training. The agreement is being made on a sole source basis due to the uniqueness of the software. This agreement will be in phases and will only be executed as funds are made available.

Funding for this agreement comes from two Caltrans grants. The first grant, in the sum of \$300,000, has already been awarded to ABAG and Mike McCoy. The second grant application will be due to Caltrans on April 1, 2009.

This computer software provides ABAG with improved land use models needed to meet the California Transportation Commission guidelines, and the requirements of SB 375. The software is called PECAS. PECAS stands for Production, Exchange and Consumption Allocation System. PECAS is an integrated land use/transportation model that focuses on the movement of goods and people which will predict future development patterns and locations.

The benefits of PECAS include the compatibility with activity-based models as used by the Metropolitan Transportation Commission (MTC), the ability to forecast and analyze goods movement, and the ability to disaggregate demographic forecasts and to work at different geographic scales. An integrated model would be a great advantage over current models being used in the region for the purposes of planning and policy discussion.

The PECAS model is consistent with current modeling practices throughout the state. Caltrans has been using a PECAS model for its planning activities and all other major councils of governments in California have already started implementing the PECAS model for their forecasts and analysis work. These metropolitan planning organizations include Southern California Association of Governments (SCAG), San Diego Association of Governments (SANDAG), and Sacramento Area Council of Governments (SACOG). Each agency is using Mike McCoy for training in the PECAS model.

A PECAS model can be implemented in the time for our next round of forecasting. ABAG is beginning to work with MTC to implement model improvements for SB 375's Sustainable Community Strategy. The PECAS model can be implemented in the next few months which will allow us to begin testing the software and reconciling our results with MTC's transportation model.



MEMO

TO: FINANCE & PERSONNEL COMMITTEE
ASSOCIATION OF BAY AREA GOVERNMENTS

FR: KENNETH K. MOY
LEGAL COUNSEL

RE: LEGAL COUNSEL - PERFORMANCE EVALUATION, FY 2009-010

DT: MARCH 5, 2009

For my performance evaluation, I intend to continue to follow the process in place for the past two years. To that end, I propose to send a memorandum describing accomplishments since my last review and proposing goals for FY 2009-10 to all committee members by April 17, 2009.

The committee's consideration of the memorandum and evaluation of my performance will occur at its May 21 meeting.

AGENDA ITEM 10