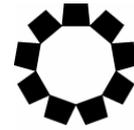


ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

AGENDA

FINANCE AND PERSONNEL COMMITTEE

Thursday, May 15, 2014, 5:00 PM

Location:

Joseph P. Bort MetroCenter
Association of Bay Area Governments
101 8th Street, Conference Room B
Oakland, California

The ABAG Finance and Personnel Committee may act on any item on this agenda.

Agenda and attachments available at abag.ca.gov

For information, contact Herbert Pike, Finance Director, at (510) 464-7902.

1. CALL TO ORDER

2. PUBLIC COMMENT

Information.

3. APPROVAL OF MINUTES OF MARCH 20, 2014.

ACTION.

Minutes of March 20, 2014 meeting attached.

4. PRESENTATION AND REVIEW OF FINANCIAL REPORT FOR MARCH 2014.

Information/ACTION.

Financial Report for March 2014 attached.

5. REPORT ON ACTIONS TO IMPROVE IDENTIFICATION AND VERIFICATION OF DIVERSITY AMONGST ABAG'S CONTRACTED SERVICES

Information/ACTION.

Report on proposed actions being taken to identify and verify diversity amongst ABAG's contracted services utilizing certification by other governmental agencies.

ABAG Finance and Personnel Committee

March 20, 2014

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6. CLOSED SESSION

A. Public Employee Performance Evaluation

Title: Executive Director

7. REPORT OUT OF CLOSED SESSION

8. ADJOURNMENT

The next meeting of the Finance and Personnel Committee will be on July 17, 2014.

Submitted:

Herbert Pike, Finance Director

Date: May 7, 2014

ABAG FINANCE AND PERSONNEL COMMITTEE

Summary Minutes

March 20, 2014

Members Present

Mayor Bill Harrison, Chair
Supervisor Karen Mitchoff
Supervisor David Rabbitt
Supervisor Karen Mitchoff
Councilmember Desley Brooks
Councilmember Ronit Bryant
Supervisor Scott Haggerty
Councilmember Julie Pierce
Supervisor John Gioia
Supervisor Mark Luce
Supervisor David Cortese

Jurisdiction

City of Fremont
County of Contra Costa
County of Sonoma
County of Contra Costa
City of Oakland
City of Mountain View
County of Alameda
City of Clayton
County of Contra Costa
County of Napa
County of Santa Clara

Members Absent

Supervisor Dave Pine

County of San Mateo

Officers and Staff Present

Ezra Rapport, Executive Director
Kenneth Moy, Legal Counsel
Herbert Pike, Finance Director
Brian Kirking, HR/IT Director
Susan Hsieh, Asst. Finance Director

Guests

Mayor Pat Eklund
Ken Bukowski

City of Novato

1. The meeting was called to order by Mayor Bill Harrison, Committee Chair, at 5:00 pm.
2. There was no public comment.
3. Summary Minutes of the January 16, 2014 meeting were approved.
/M/Mitchoff/S/Bryant/C/approved unanimously.

4. Pike provided an overview of the selection process for a new contract for an independent auditor, a contract for three years and an option for two one-year extensions. After providing the factors noted, staff made the recommendation to contract anew with Maze and Associates, with the condition that a new audit supervisor should be used at least every three years.
/M/Luce/S/Haggerty/approved staff recommendation unanimously.
5. Pike presented the financial reports for December 2013 and January 2014. The Committee reviewed the reports and suggested staff consider reformatting the reports to make them more concise and to the point. Staff committed to review a revised format with the Committee and utilize it at the May 15th meeting.
/M/Haggerty/S/Luce/C/acceptance of the report unanimously.
6. Pike presented a proposed resolution to formally advise CalPERS of the second tier of OPEB coverage authorized by the Board in approving the labor contract MOU with SEIU Local 1021 for calendar year 2009. No one in the new tier has to-date retired, so there was no fiscal impact incurred by the delayed notification. The benefits of the new tier were already reflected in the actuarial update on retiree health care costs of two years ago.
/M/Haggerty/C/to recommend approval of the resolution by the Executive Board.
7. Pike presented an information only report on the most recent CalPERS actualial evaluation and proposed rates, the changes approved by the CalPERS Board at their February meeting and their prospective impacts, and other issues that may impact pension rates over the next three- to five-years.
8. Pike presented an oral report on efforts staff was undertaking to identify how to identify the diversity of firms with whom ABAG contracts and how to validate their diversity status. Staff was requested to return with a written report at the next meeting on May 15.
9. The Committee went into Closed Session and had no action to report out.
10. Meeting adjourned at 6:00 pm.

Submitted: Herbert Pike, Finance Director

Date: May 7, 2014

TO: Finance and Personnel Committee

DT: April 24, 2014

FM: Herbert Pike, Finance Director

Re: Financial Reports
-- March 2014

The following are highlights of the financial reports for March 2014.

Overall Summary

ABAG recognized a surplus of \$259 thousand for the nine months ended March 2014. A modest surplus of \$50 thousand is projected at year end, which will be set aside as contingency reserve. Revenues and expenses were slightly below budget, but this trend will change towards the end of the fiscal year as subrecipients and consultants catch up with their billings for year-end close. Please refer to the **Table of Financial Report Data Elements** for actual and projected numbers.

Cash on Hand

The cash balance was \$6.39 million at the end of March including \$2.2 million invested with the Local Agency Investment Fund (LAIF). There was a decrease of \$522 thousand from the prior month and a significant increase of \$2.33 million from the prior year. Figure 1 depicts the actual cash balances for FY 13 and FY 14 and the projected balances for the remaining months of the year. The high cash balance is primarily attributed to grant advances for SFEP projects and the BayREN/Energy project. Unspent funds of approximately \$5.4 million are recorded as unearned revenues. Funds will be distributed to subrecipients as expenditures are incurred. The cash balance is projected to decrease to about \$5.5 million at the end of the fiscal year. We expect BayREN subrecipients to draw down the funds with the distribution of incentive rebates for single and multifamily energy retrofits. Ultimately, the incentive rebates will benefit the Bay Area residents in the nine counties.

Receivables

Receivables from grant and service programs amounted to \$4.38 million at the end of March comprised primarily of \$2.4 million in grants receivables and \$1.9 million in unbilled receivables. The total decreased by \$483 thousand from the prior month and \$762 thousand from the prior year. The overall decrease is reasonable as fluctuations are expected from one period to another. Figure 2 depicts the actual receivable balances for FY 13 and FY 14 and the projected balances for the remaining months of the year. Unbilled receivables will be billed in April and early May except for the receivables that can only be billed on a quarterly basis. Total receivable is expected to increase to approximately \$6 million at the end of the year. Subrecipients and consultants are usually behind with their billings during the year and some bill quarterly. With the fiscal year-end close, they will submit invoices in July for expenditures incurred in June or the months prior.

Revenues and Expenses

Year-to-date revenues exceeded expenses by \$259 thousand as of March 31. Total revenues amounted to \$20.13 million, or 71 percent, of the adjusted, budgeted revenues of \$28.43 million.

Item 4

Total expenses amounted to \$19.87 million, or 70%, of the adjusted, budgeted expenses of \$28.38 million. Revenues and expenses are 4 percent and 5 percent below the 75 percent budgeted. As mentioned earlier, revenues and expenses are expected to increase by the end of the year as subrecipients and consultants catch up with their billings for year-end close. We hope to yield a small surplus of \$50 thousand on June 30, 2014. Figure 3 presents a comparison of current month, year-to-date actual and budgeted revenues and expenses. Figure 4 shows year-to-date revenues by major category, and Figure 5 shows year-to-date expenses by major category.

Net Position/Fund Equity

Total fund equity was \$2.51 million as of March 31 including \$1.85 million in general fund equity and \$660 thousand in restricted fund equity. The fund equity increased by \$146 thousand comparing to the prior month and increased by \$259 thousand comparing to the prior year. The restricted fund equity consists of capital, self-insurance, building maintenance and reserves. The projected net surplus will be reserved for contingency to reflect the commitment to increase restricted reserves by \$50 thousand per year. Figure 6 presents actual and projected general, restricted, and total fund equities for the current fiscal year.

Indirect Overhead Rate

The Agency's actual indirect cost (overhead) rate through March was 41.94 percent, or 1.01 percent below the budget estimate of 42.95 percent. This means that for the nine months through March, ABAG is charging more to grants for overhead expense than what was actually spent. The actual realized overhead rate is expected to approach the budgeted rate as costs are incurred for updating ABAG's website and to study the possibility of shared services in the new building in San Francisco. Figure 7 shows a comparison between the actual indirect cost rate and the approved rate.

Financial Information by Program

The **Report by Program of Net Surplus/(Deficit)** is included after the charts. This report presents revenue and expense information by program. It provides an overview of budgeted and year-to-date revenue and expense data for major programs such as the Planning Services, San Francisco Estuary Partnership, Bay Trail and POWER/Energy.

**Association of Bay Area Governments
Table of Financial Report Data Elements
(thousands of dollars)**

For the Month Ended March 2014

Projected percentage of budget is 75%.

Description	Adjusted Budget	Year-To-Date Actual	% of Budget	Budget Balance
ASSETS				
Cash	5,500	6,385	116%	(885)
Receivables	6,000	4,379	73%	1,621
REVENUES				
Membership Dues	1,770	1,328	75%	442
Grants	21,057	14,602	69%	6,455
Charges for Services and Other	5,600	4,202	75%	1,398
Total Revenues	28,428	20,132	71%	8,296
EXPENSES				
Salaries and Benefits	12,098	9,050	75%	3,048
Pass-through and Consultant Expenses	12,858	9,108	71%	3,750
Other Expenses	3,422	1,715	50%	1,707
Total Expenses	28,378	19,873	70%	8,505
Change in Net Position	50	259	518%	(209)
Beginning Net Position	2,248	2,248	100%	-
Ending Net Position	2,298	2,507	109%	(209)
NET POSITION BREAKDOWNS				
Unrestricted	1,588	1,847	116%	(259)
Restricted	710	660	93%	50
Total Net Position	2,298	2,507	109%	(209)
INDIRECT OVERHEAD				
Overhead Rate	42.95%	41.94%		

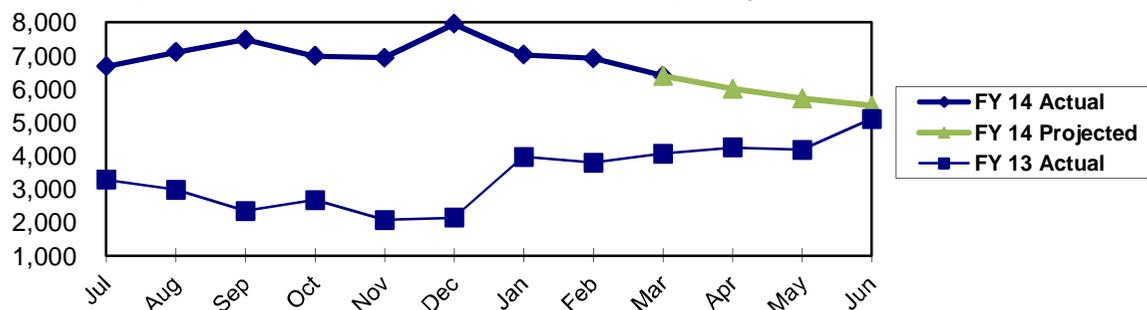
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ABAG Financial Indices

Cash on Hand FY 13-FY 14 (\$'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 14 Actual	6,667	7,091	7,472	6,974	6,933	7,943	7,017	6,907	6,385			
FY 14 Projected									6,385	6,000	5,700	5,500
FY 13 Actual	3,272	2,973	2,342	2,669	2,062	2,135	3,959	3,782	4,055	4,238	4,173	5,093

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

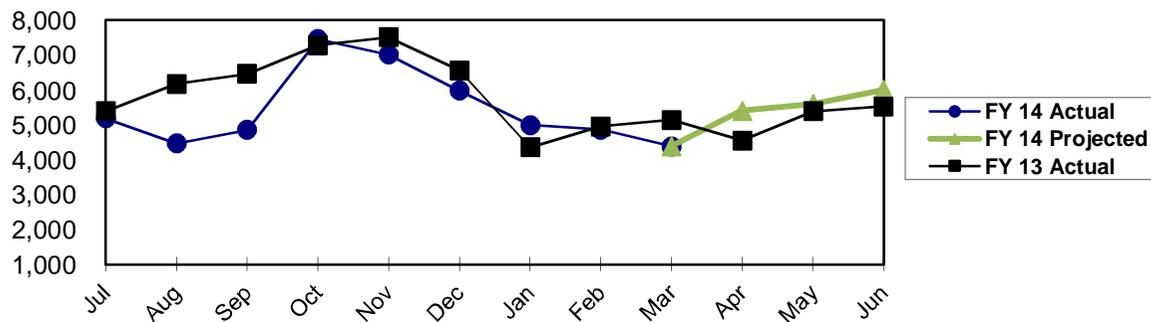
Figure 1--Cash on Hand--FY 13 and FY 14 (\$'000)



Accounts Receivable FY 13-FY 14 (\$'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 14 Actual	5,182	4,463	4,851	7,445	7,006	5,973	4,985	4,862	4,379			
FY 14 Projected									4,379	5,400	5,600	6,000
FY 13 Actual	5,382	6,170	6,452	7,273	7,505	6,560	4,356	4,952	5,141	4,545	5,385	5,521

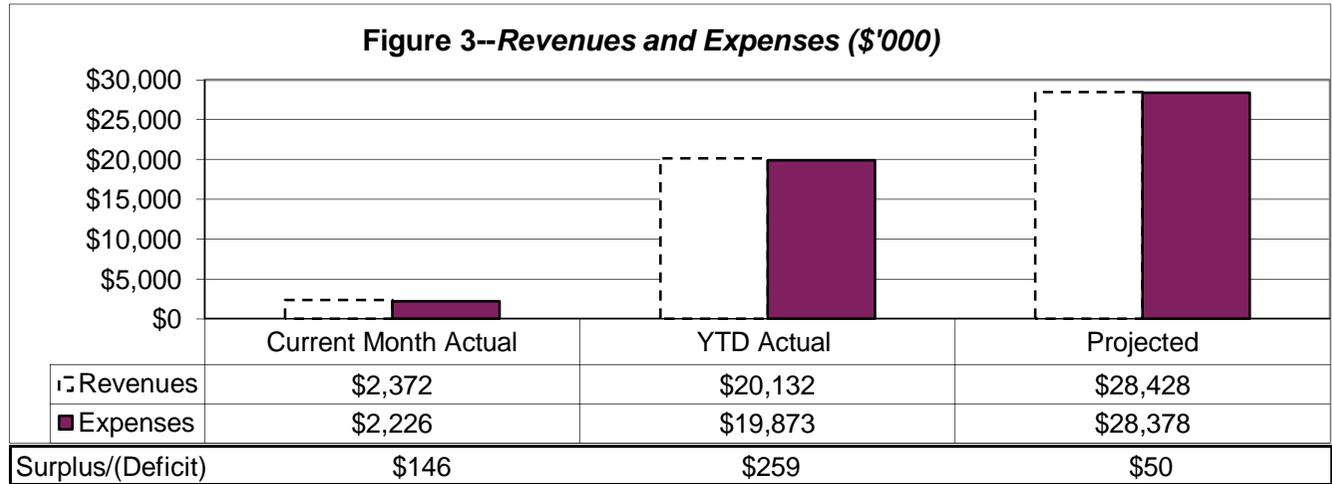
Accounts receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels; usually have about six weeks' worth of annual revenues in receivables.

Figure 2--Accounts Receivable--FY 13 and FY 14 (\$'000)



ABAG Financial Indices

Presents a comparison of current month actual, year-to-date actual, and budgeted/projected revenues and expenses.



Shows year-to-date revenues by major category including membership dues, grants, and charges for services and other.

Shows year-to-date expenses by major category including salaries and benefits, pass-through and consultant expenses, and other

Figure 4-- Year-to-date Revenues by Category (\$'000)

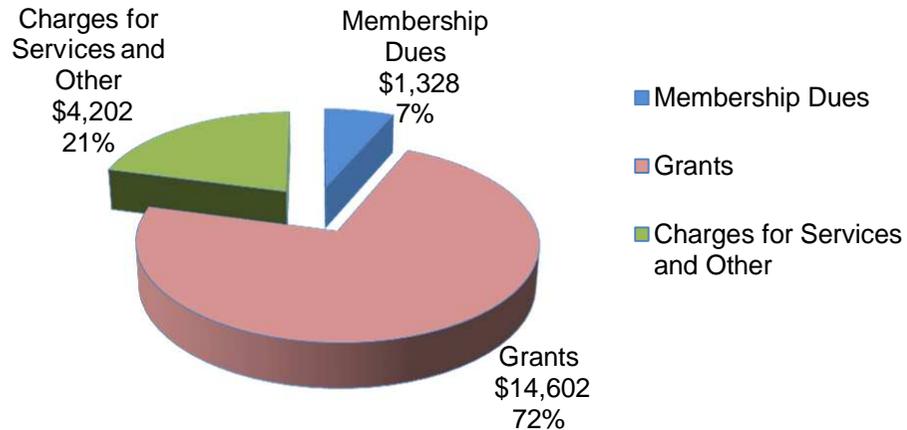
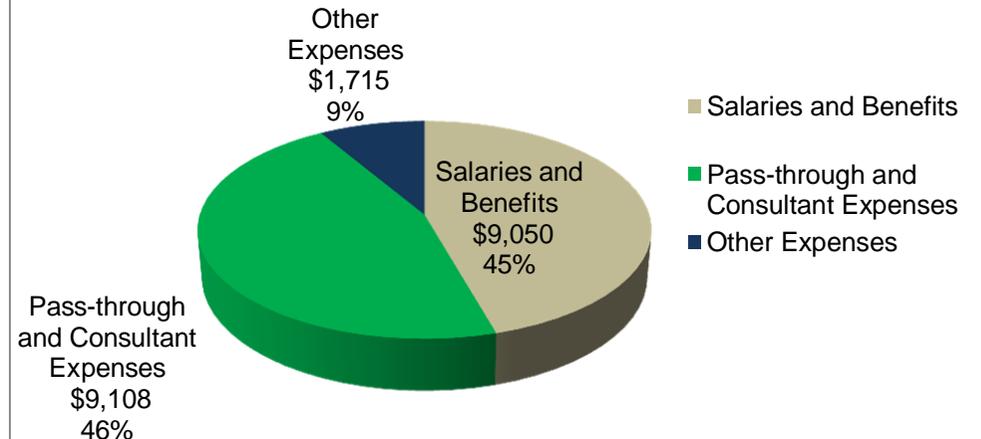


Figure 5-- Year-to-date Expenses by Category (\$'000)



ABAG Financial Indices

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

Shows a comparison between the actual indirect cost rate and the budgeted/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 federal guidelines.

Figure 6--Net Position/Fund Equity (\$'000)

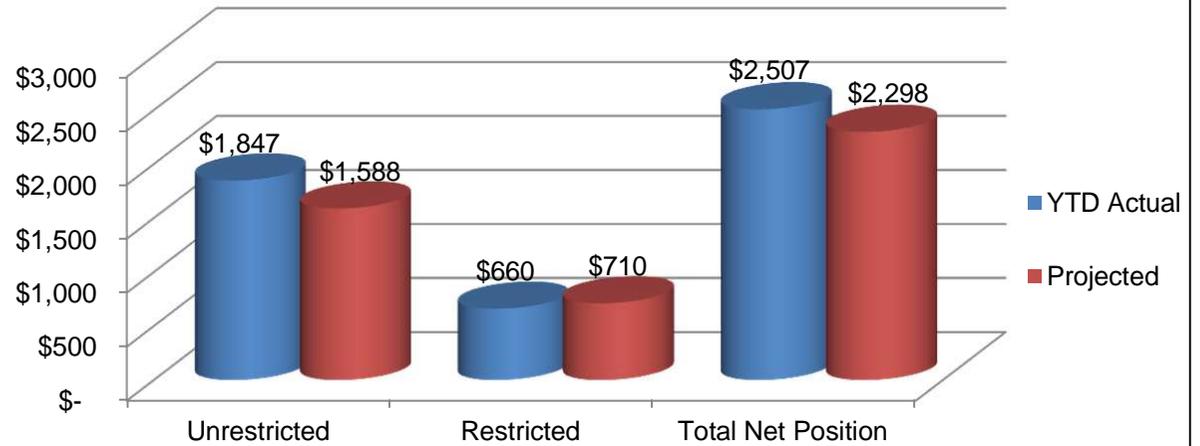
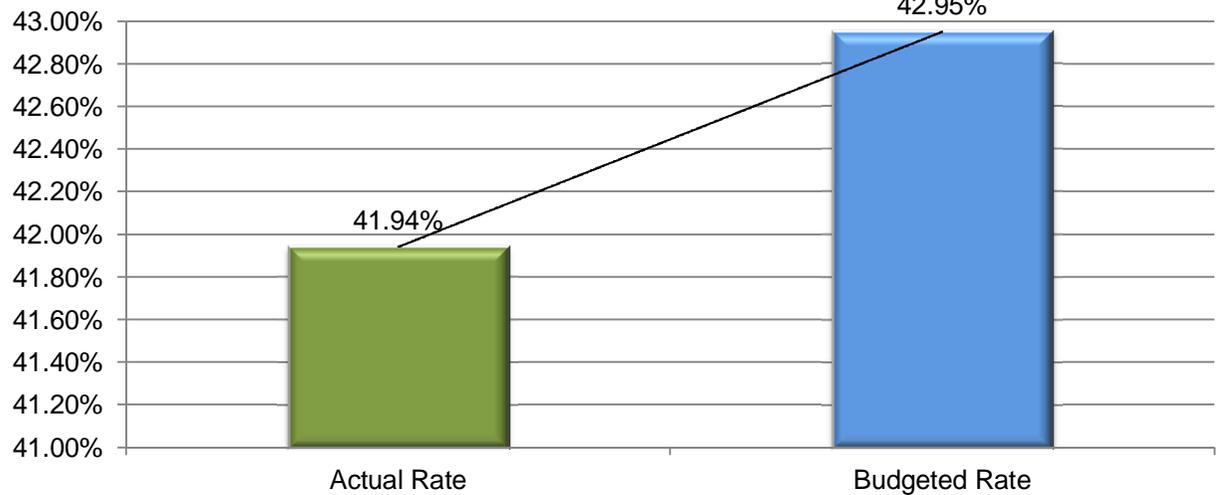


Figure 7--Indirect Overhead Rate



Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit) Through March 2014 / 75% of Year Elapsed

Program Description	Adjusted Budget Revenues	Adjusted Budget Expenses	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/(Deficit)	% of Expense Budget	Explanations for Variances over 5%
Planning Services	3,798,969	3,798,969	2,770,811	2,770,811	-	73%	
San Francisco Estuary Partnership	5,217,214	5,289,935	3,579,117	3,644,794	(65,677)	69%	Expenses are expected to increase towards the end of the year as subrecipients and consultants catch up with their billings due to the fiscal year-end close.
Disaster Recovery	211,358	211,358	151,281	151,281	-	72%	
Bay Trail	1,999,482	1,999,482	1,416,300	1,416,300	-	71%	
Green Business	70,083	70,083	52,562	52,562	-	75%	
Training Center, Web Hosting and Publications	541,903	536,917	395,177	402,688	(7,511)	75%	
POWER/Energy	10,634,079	10,662,964	7,250,865	7,260,821	(9,956)	68%	Expect subrecipients and consultants for the BayREN project to catch up with their billings for the fiscal year-end close.
Finance Authority	1,270,312	1,246,144	952,734	934,608	18,126	75%	
Plan Corporation - Property & Liability Insurance Pool	2,665,421	2,665,421	1,976,566	1,976,566	-	74%	
SHARP - Worker's Comp Pool	117,785	167,784	105,806	105,806	-	63%	Expect each member agency to use the grant funded by the worker's comp program by the end of the year.
Fiscal Agent Services	117,327	105,327	84,571	74,661	9,910	71%	
Communications/Legislative	734,315	734,315	531,053	529,053	2,000	72%	There will be costs associated with the April General Assembly and consultant services to be billed by our lobbyist.
Agency Administration	1,049,752	1,013,538	862,909	731,464	131,445	72%	
Payroll Clearing		(124,237)	-	(124,237)	124,237	100%	Projected surplus has been realized throughout the year. The surplus might decrease if the billable hours decrease in the last quarter of the fiscal year.
Central Overhead	3,236,212	3,236,212	2,427,159	2,370,623	56,536	73%	
Totals	31,664,212	31,614,212	22,556,910	22,297,801	259,110	71%	

DATE: May 7, 1014

TO: Chair and Members of the Finance and Personnel Committee

FROM: Herbert L. Pike, Finance Director

**SUBJECT: UPDATE ON EFFORTS TO UPDATE AND IMPROVE
VERIFICATION OF DIVERSITY IN CONTRACTING FOR
SERVICES**

Issue: In reviewing the Diversity Report to Finance & Personnel Committee, it was discussed that the percent of contracts going to identified ‘diverse’ contractors was very low. In subsequent analysis, it was revealed that relatively few of ABAG’s contractors and service providers had identified themselves, had been asked nor provided information whether they were ‘diversity-qualified.’ Further, what diversity was identified was solely by self-verification. It was subsequently determined that contracted governmental entities should be in their own category, e.g. not part of the total of contracts from which a percentage/ratio of diversity is derived. Further, it was determined that there should be a distinction between ‘non-diverse’ providers and those that ‘decline to state’. While staff at first suggested a comprehensive survey of all active vendors on file, as well as any new vendors, Committee members suggested staff investigate other vendor listings that already make extensive efforts to verify diversity status. Provided below are the findings of several databases that were reviewed and how they might be utilized.

The Supplier Clearinghouse

The Clearinghouse is a Commission-supervised entity whose primary purpose is to audit and verify the status of woman and minority owned businesses, and to establish and maintain a database of woman, minority and service disabled veteran owned business that is accessible to the California Public Utilities Commission and to participating utilities. The Clearinghouse audit and verification program precludes the need for individual utilities to audit and verify woman and minority owned businesses with whom they do business. While the list is specifically for the use by utility companies, it is available to other users and the information for each provider clearly indicates whether it meets the criteria of being 51% or more owned by a woman or minority. This database does not appear to identify non-qualified vendors and its scale is limited in that it only has about 7400 vendors listed across the State. Its database should be queried to verify MBE and WBE, but needs to be in concert with other verification tools.

East Bay Interagency Alliance (EBIA)

While the databases of both the City of Oakland and the County of Alameda had been separately reviewed, it was subsequently discovered that their databases regarding contract compliance and purchasing incentives was consolidated under the East Bay Interagency Alliance. They appear to only certify if a business enterprise meets the

criteria of a local business enterprise (LBE) or small and/or emerging business enterprise (SBE and SLEB). However, they do collect (for tracking purposes only) information on their “Common Application for Local Certification” ethnicity and gender if it is greater than 50% of the business, as well as a check box for ‘other’. While their verification process seems to address locale and size of the business enterprise, it does provide a source of information to help update ABAG vendor files where no ethnic and/or gender status was provided. While this is a good source for matching our vendors because ABAG is currently located within both the City of Oakland and the County of Alameda, databases for the other eight counties within ABAG’s territory should be sought, especially San Francisco after ABAG is relocated.

California Unified Certification Program (CUCP)

The California Unified Certification Program provides “one-stop shopping” certification services to small, minority and women’s businesses seeking to participate in the United States Department of Transportation (USDOT) “Disadvantaged Business Enterprise (DBE) Program. Certification services are offered to business seeking to obtain disadvantaged business enterprise (DBE) status.

This is by far the largest database (tens of thousands), but again, it only contains those vendors applying for DBE status and is concentrated in the construction industry as it relates largely road construction activities. Like the other databases, it collects the ethnicity and gender data that is accessible. This is a good state-wide database to against which to verify their ethnic and/or gender status, but it does not address those many vendors ABAG uses, especially technical specialists that have not applied for any certified standing.

Recommendations:

To provide a more reliable and accurate diversity report for FY 2014 to be presented to the Committee in September, ABAG staff need to proceed to update its active vendor files with updated ethnic/gender coding. The following actions are recommended by staff, but Committee input is welcome to add or modify these recommendations:

- ABAG staff should continue to identify additional certification databases within the Bay Area nine counties.
- ABAG Information Technology resources should proceed to gain batch access to the identified databases in order to maximize the number of ABAG vendors that have identified ethnic and/or gender majority ownership.
- ABAG Accounting should generate a form that must be completed by new vendors prior to commencement of contract work or purchase of services.
- ABAG Accounting should initiate a questionnaire to be sent out to all active vendors not listed on any of the other databases asking for their ethnic and gender status.
- ABAG Accounting should initiate governmental and non-profit categories that would be exempt from ethnic/gender coding.