ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, November 18, 2010, 5:00 p.m.
ABAG Conference Room B
MetroCenter—8th and Oak Streets
Oakland, CA

Est. Time in Minutes			Recommendation***
	1.	**Call to Order**	
2	2.	**Public Comments**	**Information**
3	*3.	**Minutes of the September 16, 2010 Meeting**	**Action**
5	*4.	**Financial Reports – ABAG** *The August and September 2010 Financial reports are enclosed with the agenda packet.*	**Action**
15	**5.	**Audited Financial Reports for ABAG** *Auditors from Maze & Associates will present the June 30, 2010 audited financial reports for ABAG. Committee will consider recommending Executive Board approval of these reports.*	**Action**
10	*6.	**Update on Proposed Profiles Project** *Staff will discuss methods for facilitating participation in ABAG activities by elected officials throughout the region, including web-enabled meetings.*	**Information/ Action**
5	*7.	**Update on Proposed Regional Facility** *Staff will present an outline of the consultant's report on the feasibility of a shared regional facility, the formal presentation by the consultant being made to the Executive Board in the evening.*	**Information**
		THE FOLLOWING ITEMS WILL BE DISCUSSED IN CLOSED SESSION PURSUANT TO THE REQUIREMENTS OF THE RALPH M. BROWN ACT.	
5	7.	**Conference with Labor Negotiators** *Agency designated representatives: Patricia Jones, Brian Kirking and Austris Rungis (IEDA)* *Employee organization: SEIU Local 1021*	**Information**
	8.	**Adjournment**	**Action**

* Attachments enclosed with packet. ** Being forwarded to members under separate cover later.
*** 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

September 16, 2010

Members Present	Jurisdiction
Supervisor Scott Haggerty, Chair	County of Alameda
Supervisor Susan Adams	County of Marin
Supervisor David Cortese	County of Santa Clara
Supervisor Rose Jacobs Gibson	County of San Mateo
Mayor Mark Green	City of Union City
Supervisor John Gioia	County of Crontra Costa
Supervisor Mike Kerns, Vice Chair	County of Sonoma
Supervisor Barbara Kondylis	County of Solano
Vice Mayor Peter McHugh	City of Milpitas

Members Absent	
Mayor A. Sepi Richardson	City of Brisbane

Officers and Staff Present
Ezra Rapport, Executive Director
Patricia Jones, Assistant Executive Director
Kenneth Moy, Legal Counsel
Brian Kirking, IT Director
Herbert Pike, Finance Director

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

2) There was no public comment.

3) Summary Minutes of the July 15, 2010 meeting were approved. /M/McHugh/S/Green/C/approved.

4) Pike provided an overview of the June and July Financial Reports. /M/McHugh/S/Kerns/C/approved.

5) Pike gave an oral, informational report on cities that had not yet paid their FY 2010-2011 dues.

6) 6) Jones presented the Agency's "Report on Diversity and Business Opportunity—FY 2009-10" which noted the diversity of the Agency's workforce and its contractors. /M/Kerns/S/Jacobs Gibson/C/approved.

AGENDA ITEM 3

7) Rapport presented a Profiles Project which would include profiles of elected officials throughout the region hosted and/or access through the ABAG web site. After considerable discussion, the Committee, by consensus, agreed to hold the item over to the November meeting at which time staff could report on the parameters under which social networking between public officials could be accommodated consistent with the Brown Act, as well as to present a more formal scope of services and a budget to foster allowable social networking.

8) Meeting adjourned at 5:48 p.m.

TO: Finance and Personnel Committee

DT: September 30, 2010

FM: Herbert Pike, Finance Director

Re: Financial Reports
--August 2010

The following are highlights of the financial reports for August 2010.

Cash on Hand (Figure 1)
Cash on hand increased to $2.56 million on August 31st from $1.96 million on July 31st. The increase is attributed primarily to working down accounts receivable by $750 thousand. The August balance includes approximately $1.86 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The August 31st cash balance is approximately $593 thousand less than the prior year, the latter being largely attributed to some pre-funded grants in the prior year that have since been spent down.

Receivables (Figure 2)
Receivables from grant and service programs amounted to about $2.43 million on August 31st, a decrease of $750 thousand from the month prior. The decrease is primarily attributable to getting the billings processed, the unbilled receivables being reduced $957 thousand, primarily grant billings, from the previous month while the grants receivables went up only $248 thousand. August receivables are about $214 thousand less than the year prior.

Actual vs. Budgeted Expenses (Figure 9)
Total expenses through August 31st amounted to about $2.51 million, or 10.9 percent, of the budgeted annual expense of $23.09 million for FY 10-11.

Actual vs. Budgeted Revenues (Figure 10)
As of August 31st, total revenues amounted to about $2.44 million, or 10.6 percent, of the budgeted annual revenue of $23.09 million for FY 10-11.

As of August 31st, both revenues and expenses are below pro rated (16.7 percent) "projected" annual totals. While revenues and expenditures might be expected to be 16.7 percent after the first two 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. Consultant and sub-contractor expenses may be expected to accelerate during the balance of the fiscal year.

Fund Equity (Figure 5)
As of August 31st, general fund equity was approximately $954 thousand, an increase of $65 thousand from July 31st. The increase is primarily attributed to the reduced use of accrued leave, thereby providing a higher percentage of payroll costs to be charged to projects and more project labor charges against which to earn administrative overhead recovery. The Agency's restricted fund

equity, consisting of capital, self-insurance and building maintenance, remained unchanged at $510 thousand.

Indirect Cost (Figure 6)

The Agency's actual indirect cost (overhead) rate was 47.62 percent of direct labor cost as of August 31st, or about 4.67% above the budgeted rate of 42.95 percent for FY 10-11. Much of the overage is attributed to the high percentage of non-chargeable personnel expense (leave usage) and the concentration of various administrative activities necessary in transitioning between fiscal years. For the same month in the prior year, the rate was 50.43 percent but ended at 42.95 percent for the year. Likewise, the current rate is expected to converge toward the budgeted rate as the year progresses.

Overall (Figures 3, 4, 7 & 8)

At August 31st, the Agency's net financial position is somewhat askew from the forecast with a deficit of roughly $68 thousand, or about 2.8 percent of year-to-date revenues, it is down significantly from the 12.8 percent deficit noted at the end of July. Thus, while August mitigated much of the deficit reflected in July, the remaining deficit reflects the July impacts attributed primarily to the draw down of leave accruals and some one-time annual expenditures. The variance will need to be closely monitored as we head into the holiday periods of November and December when paid leave is expected to escalate again.

ABAG FINANCIAL REPORTS

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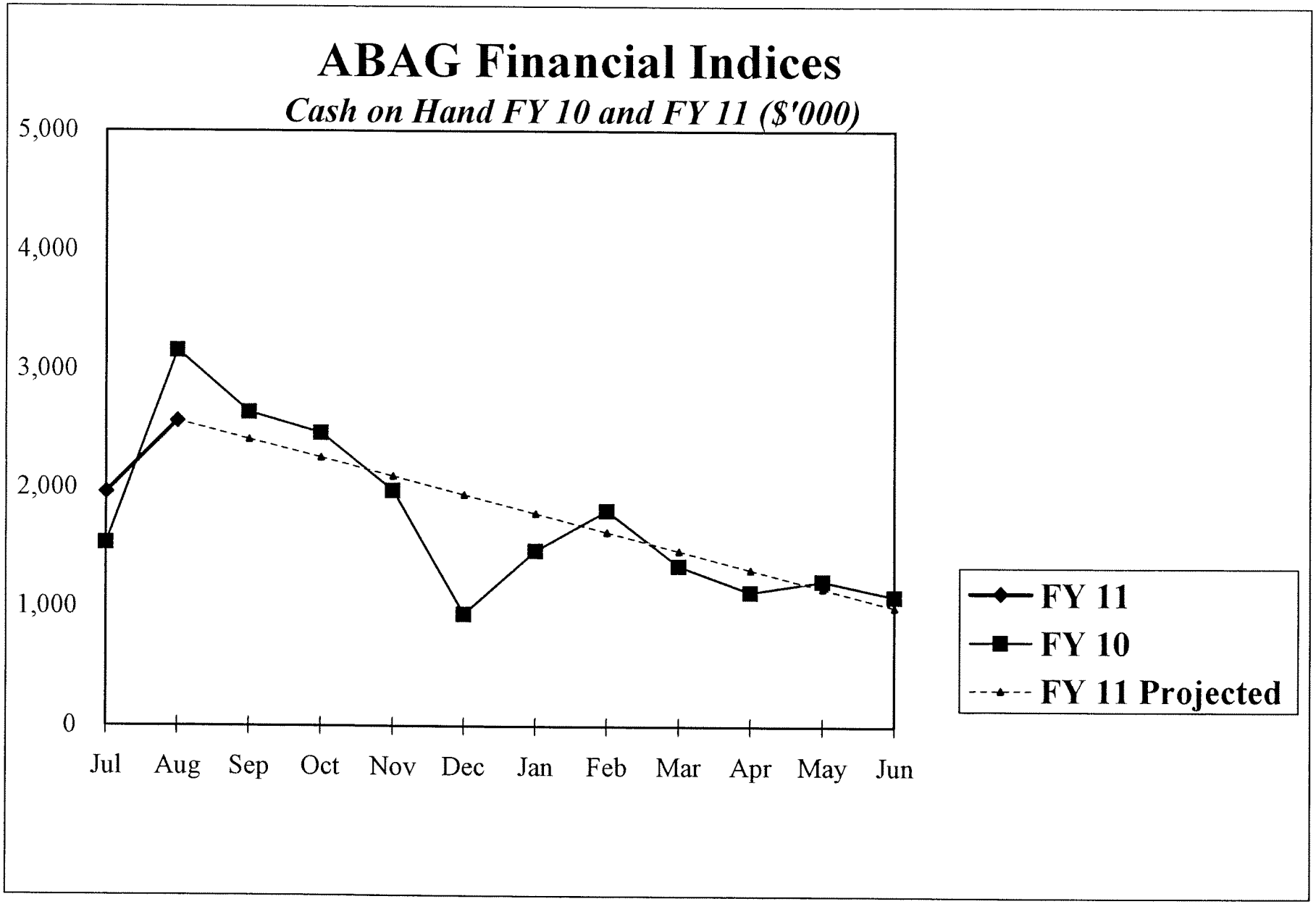
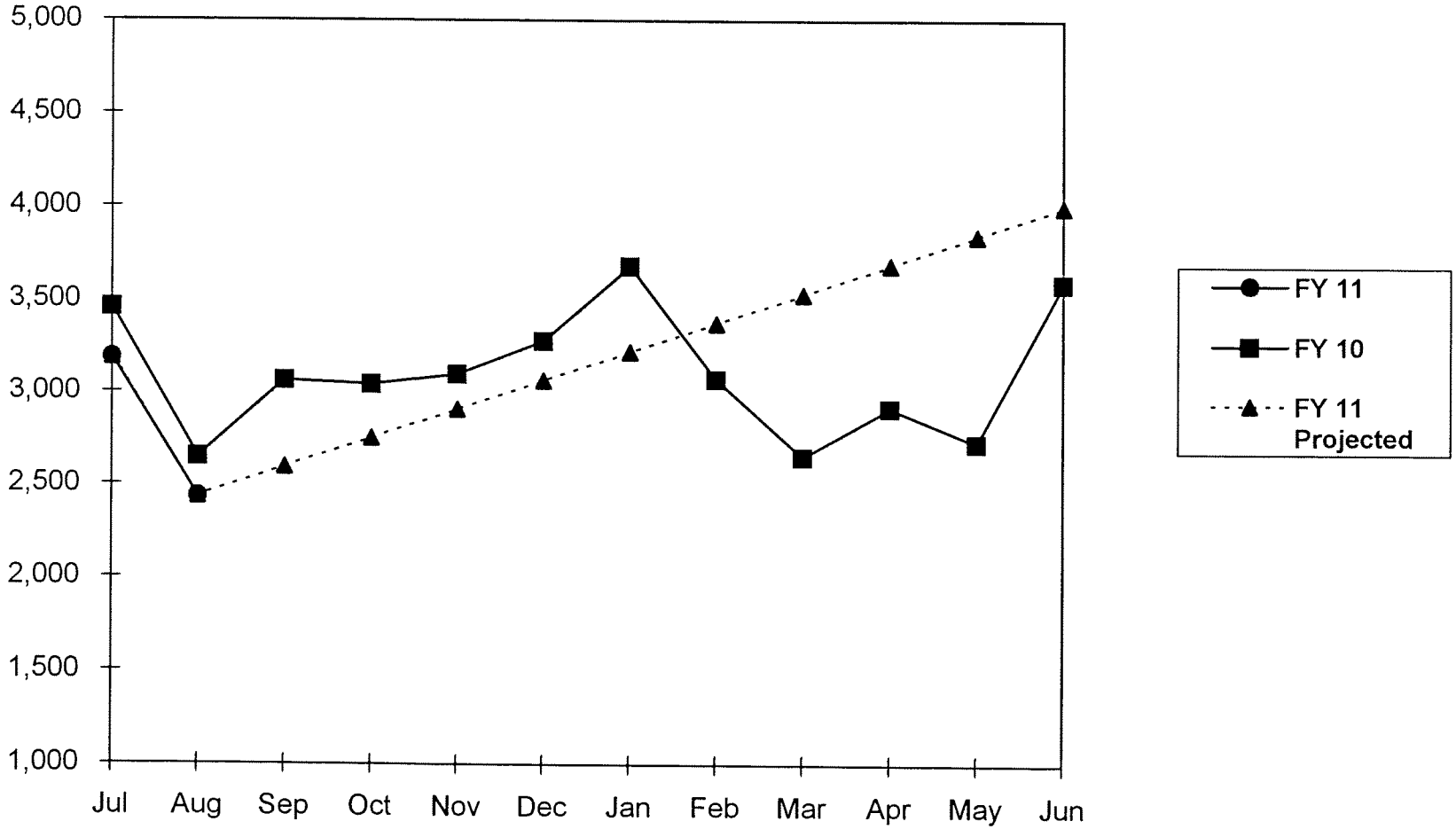


Source: ABAG -INDICES 2010-08

FIGURE 1

ABAG Financial Indices

Accounts Receivable FY 10 and FY 11 ($'000)



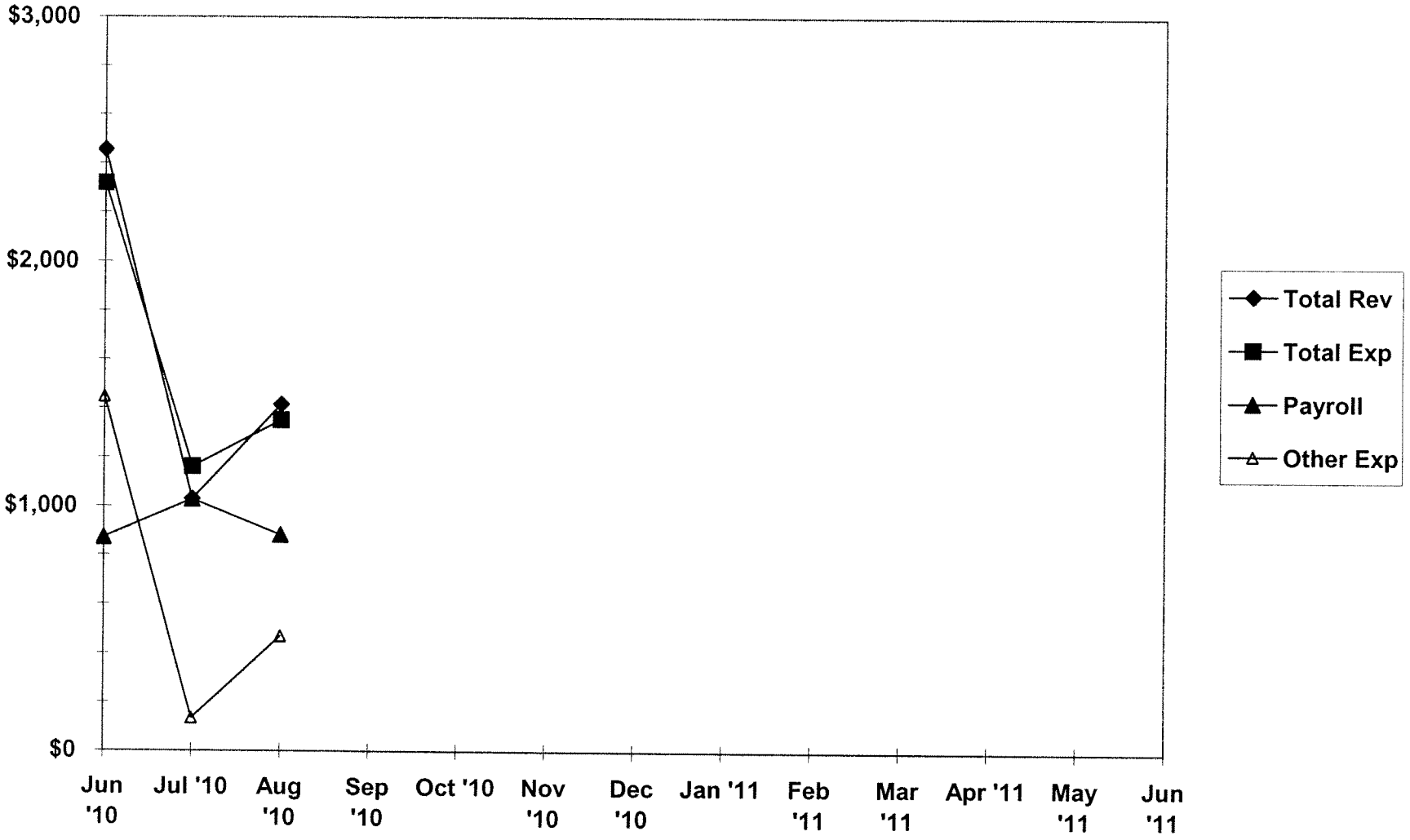
Source: ABAG -INDICES 2010-08

FIGURE 2

ABAG Financial Indices

Current Month Revenues & Expenses

FY 10-11 ($'000)



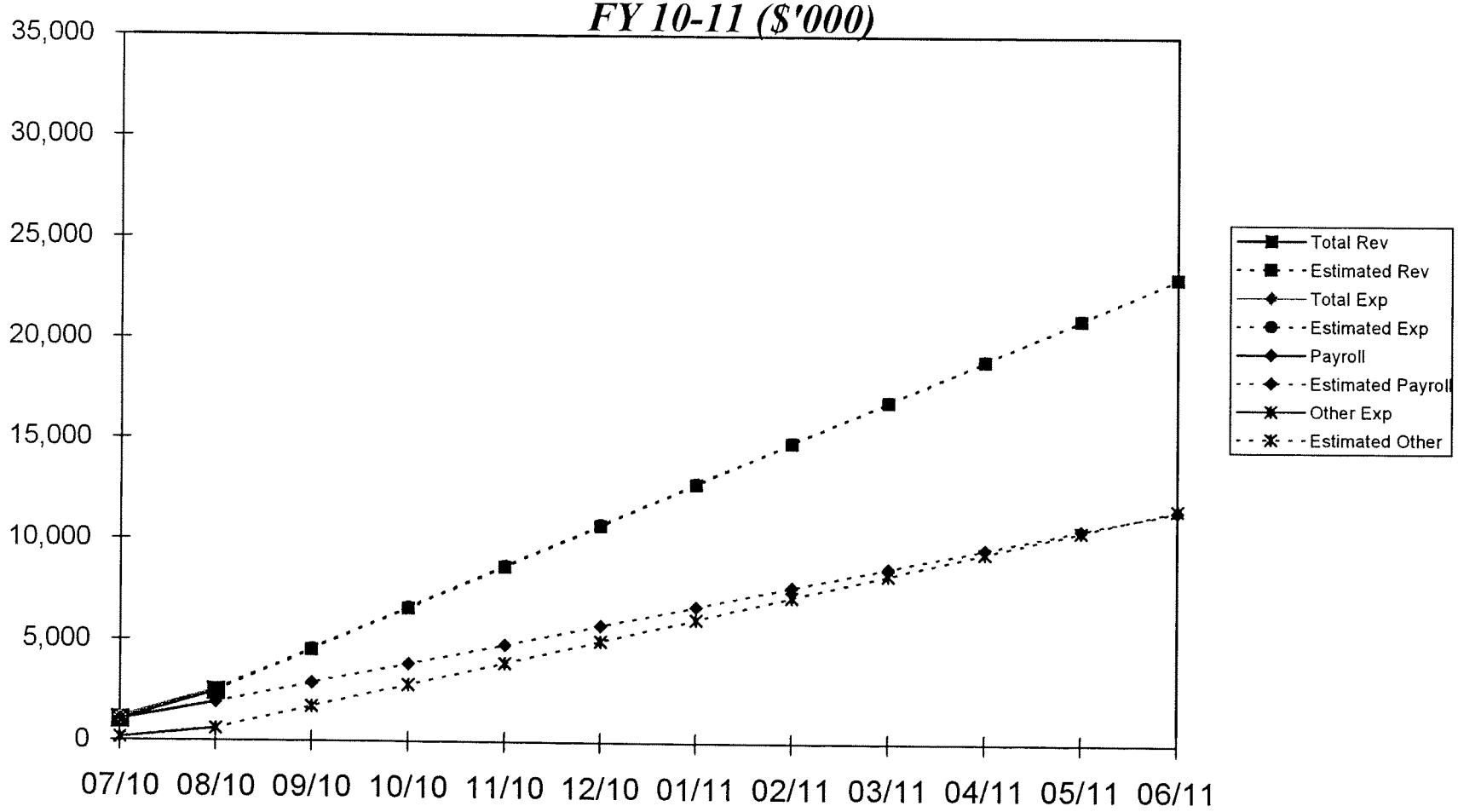
Source: ABAG- INDICES 2010-08.xls

FIGURE 3

ABAG Financial Indices

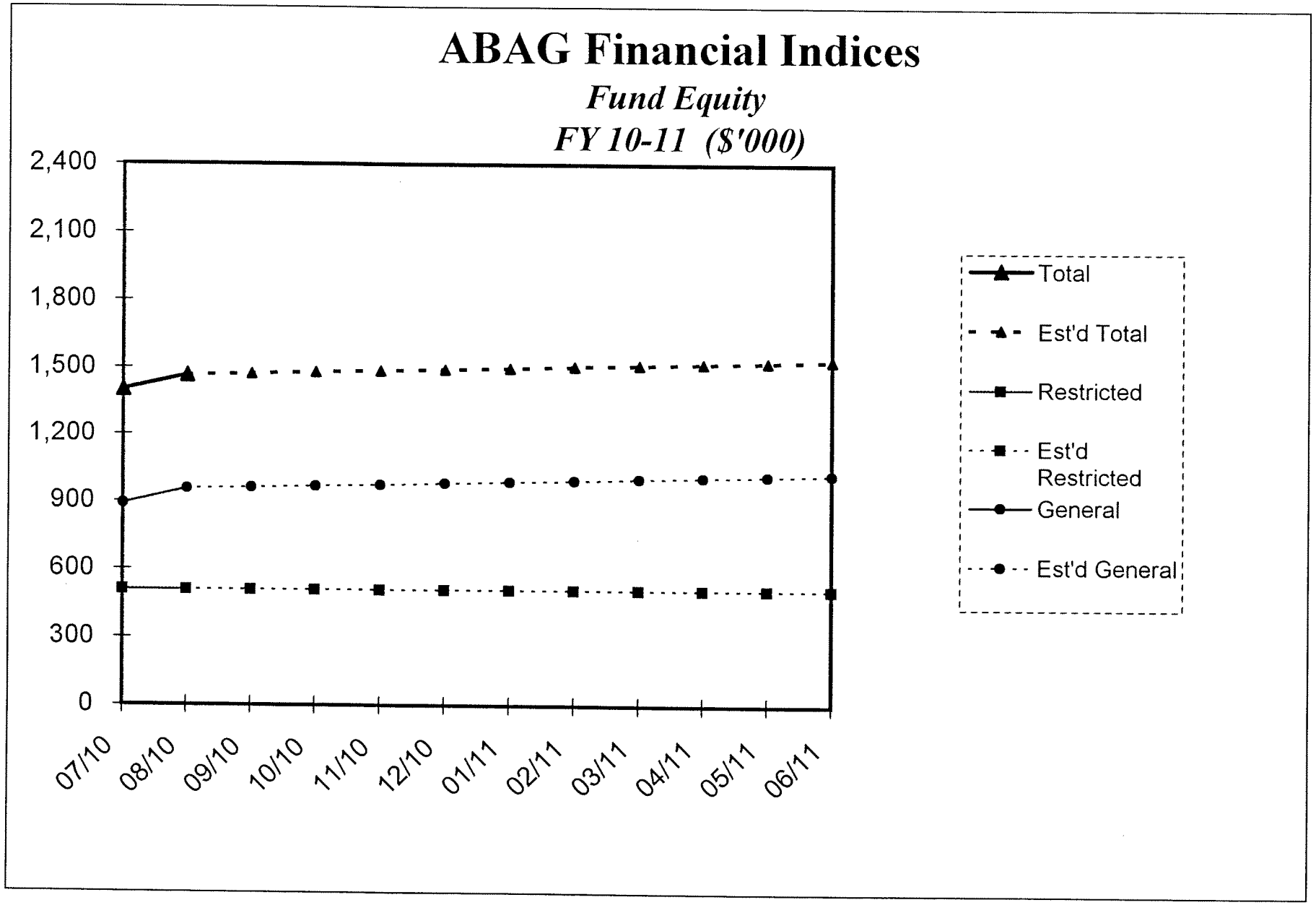
Year-to-date Revenues & Expenses

FY 10-11 ($'000)



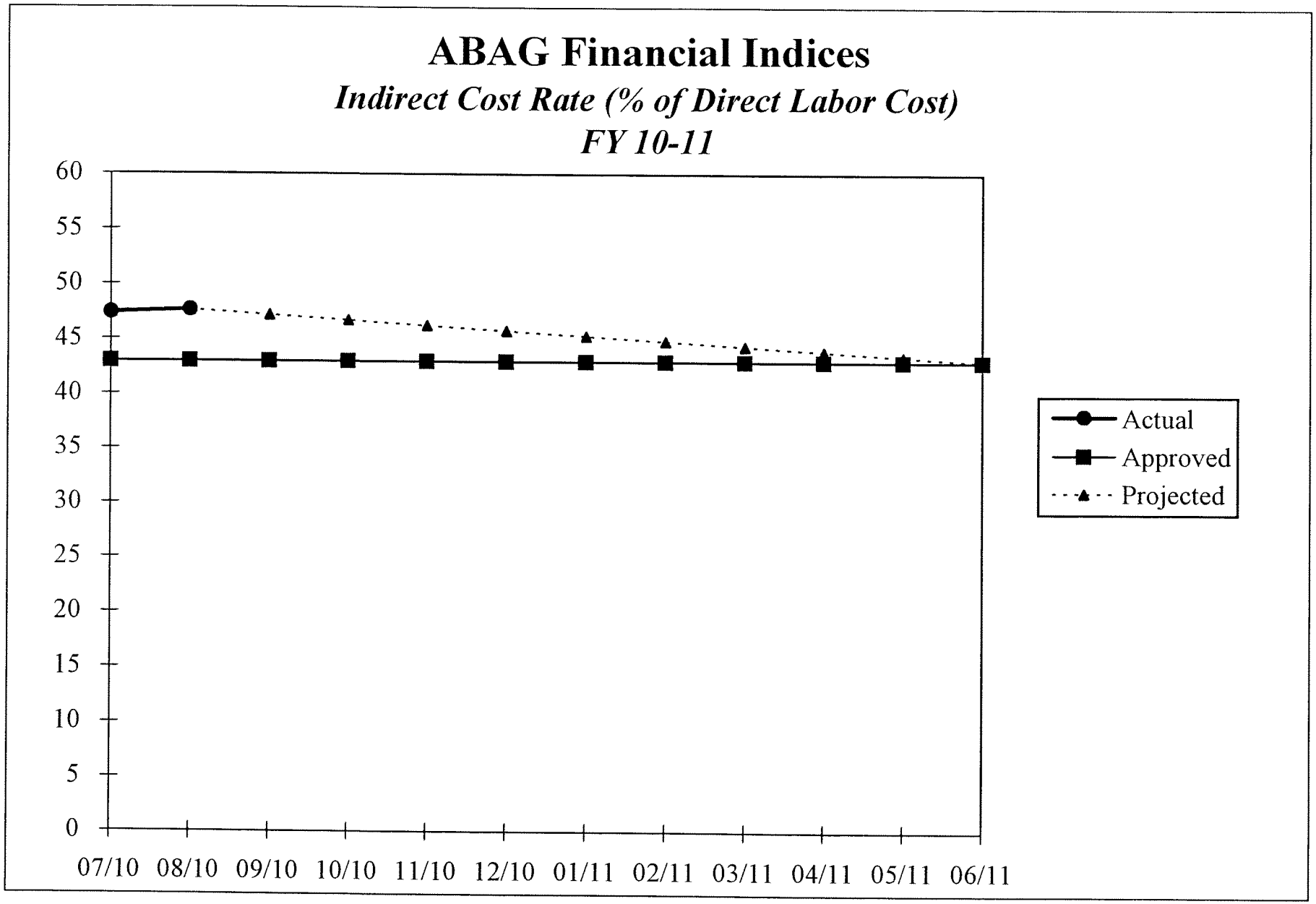
Source: ABAG - INDICES 2010-08

FIGURE 4



Source: ABAG - INDICES 2010-08

FIGURE 5



Source: ABAG- INDICES 2010-08

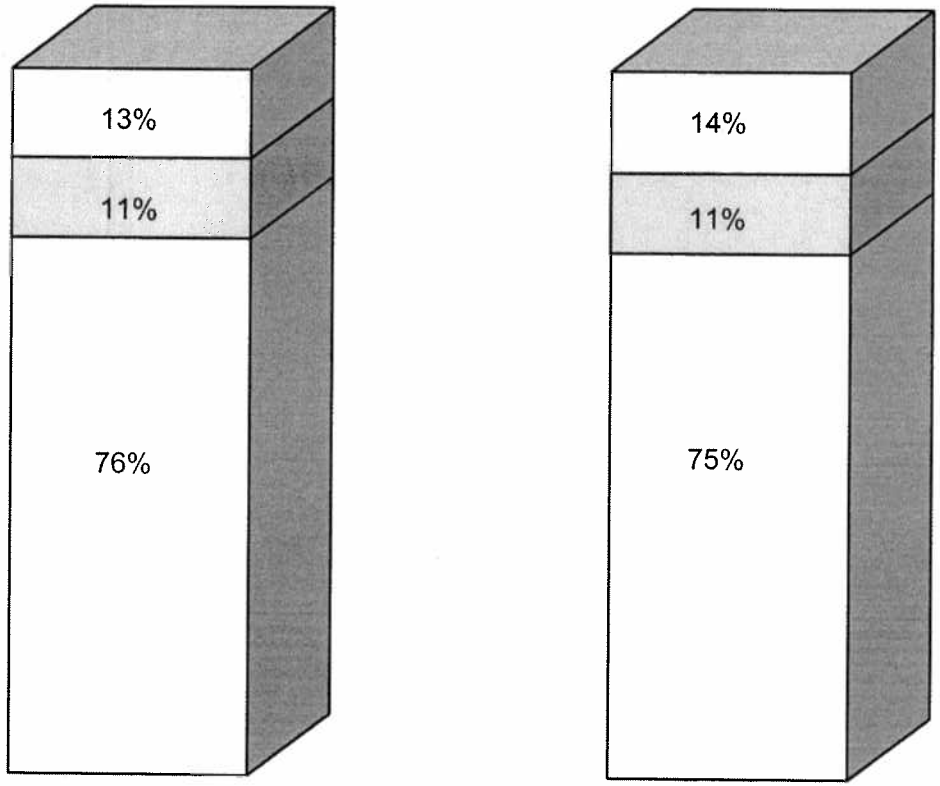
FIGURE 6

ABAG Financial Indices

Composition of Expenses FY 10--FY 11

Year to Date

($'000)



	FY10-11 Expenses (Total $2,513)	FY09-10 Expenses (Total $2,498)
☐ Consultants	$318	$360
☐ Others	$285	$282
☐ Payroll	$1,910	$1,856

Source: ABAG -INDICES 2010-08.xls

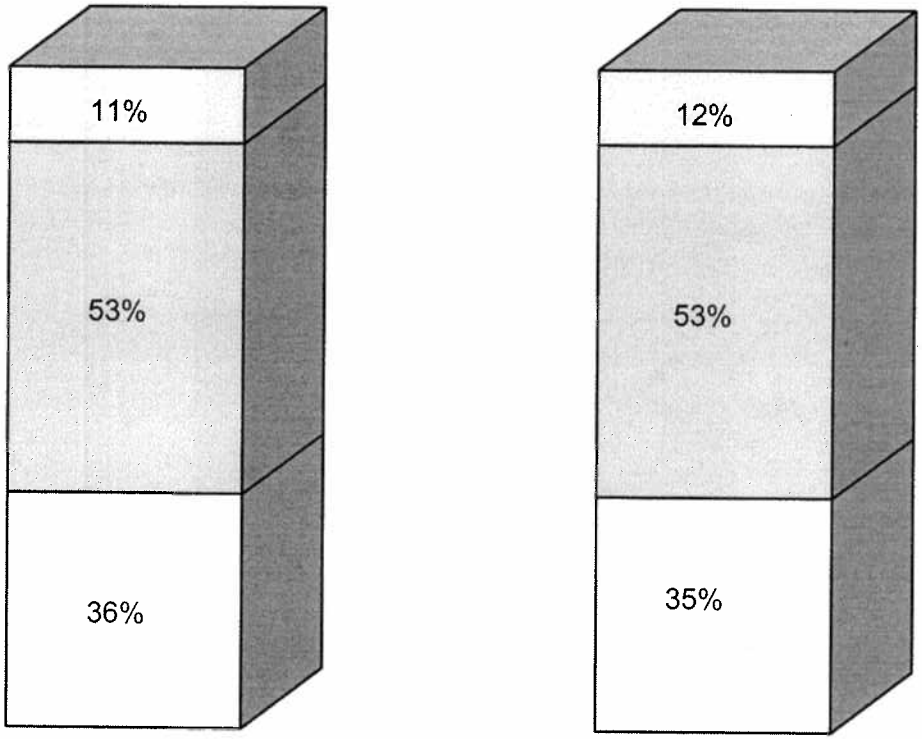
Figure 7

ABAG Financial Indices

Composition of Revenues FY 10--FY 11

Year to Date

($'000)



	FY 10-11 Revenue (Total $2,445)	FY 09-10 Revenue (Total $2,443)
☐ Membership	$281	$278
☐ Grants	$1,295	$1,298
☐ Services & Others	$869	$867

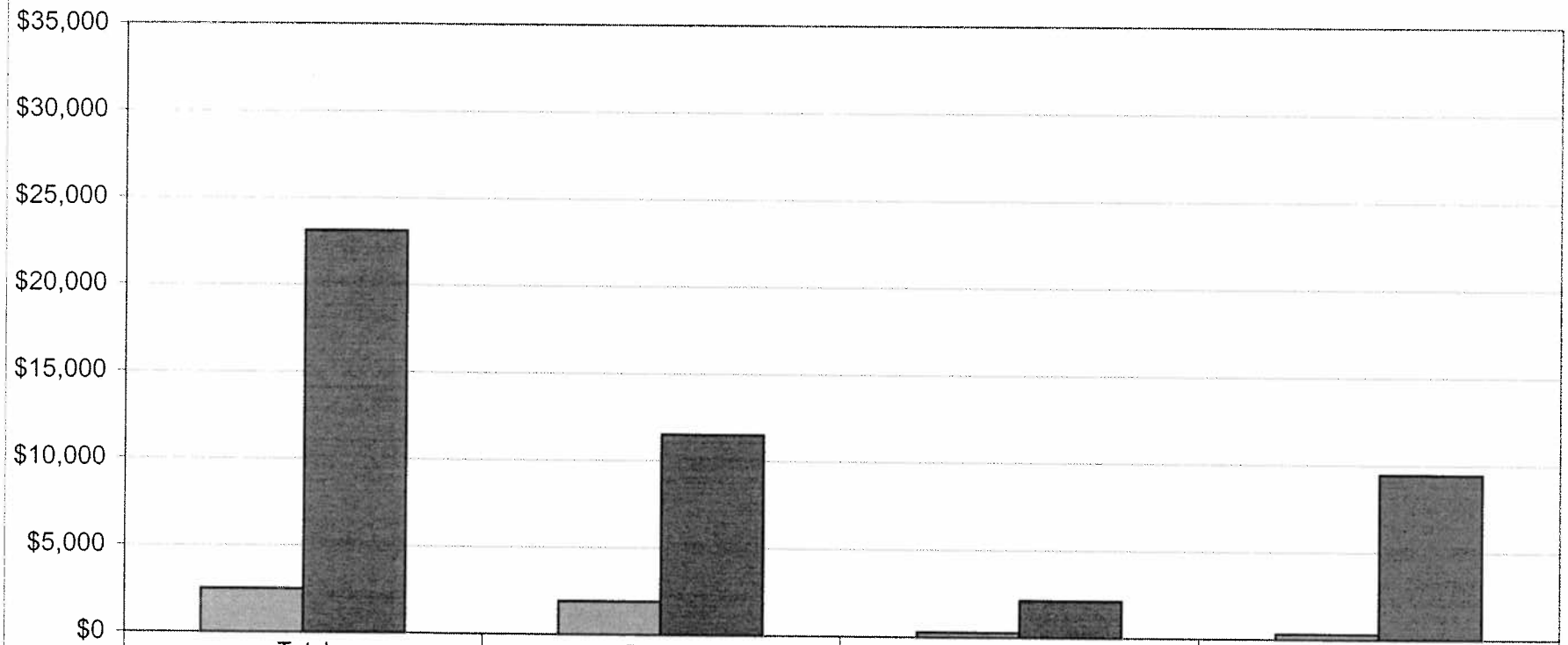
Source: ABAG --- INDICES 2010-08.xls

Figure 8

ABAG Financial Indices

Actual vs Budgeted Expenses--FY 10-11

Year to Date ($'000)



	Total	Payroll	Other	Consultants
Actual	$2,513	$1,910	$285	$318
Budget	$23,094	$11,513	$2,117	$9,464

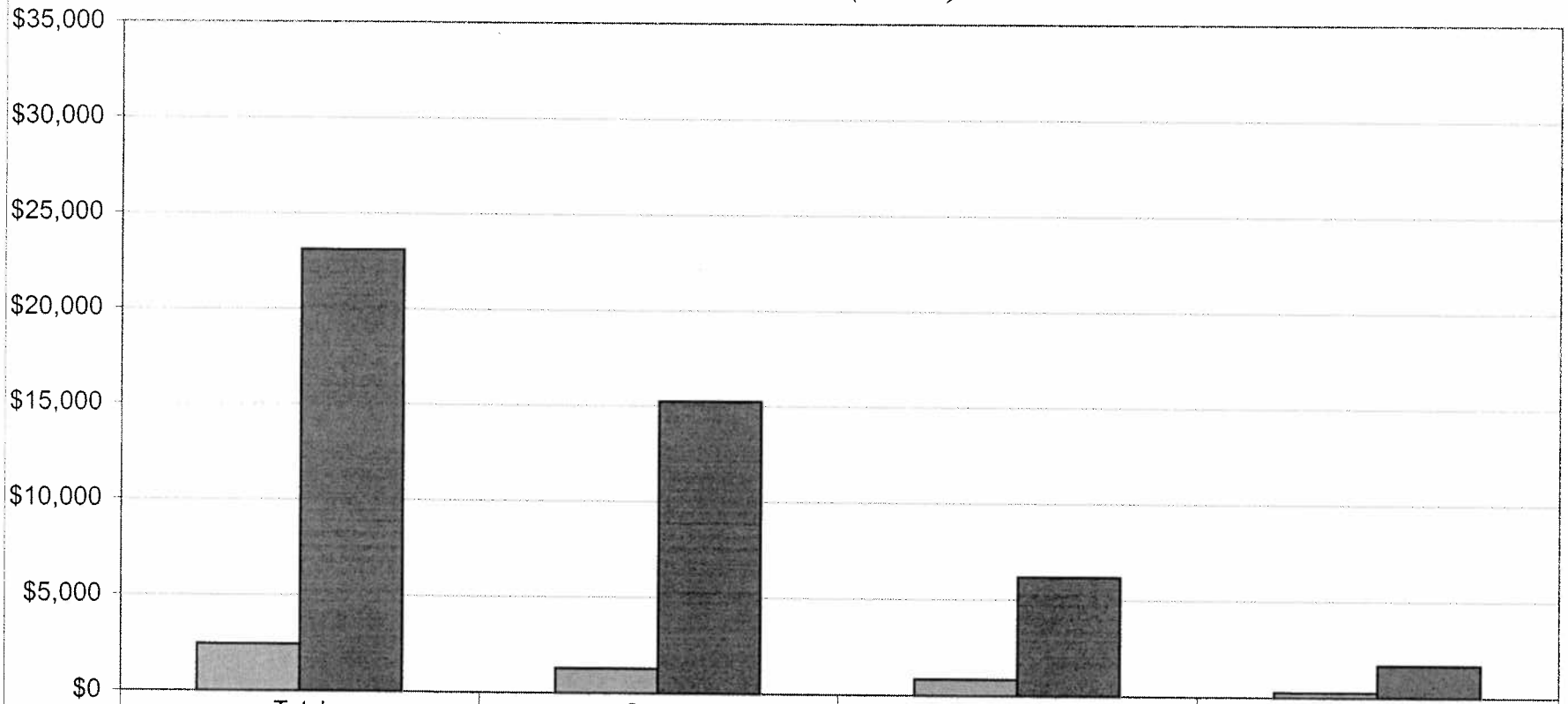
Source: ABAG -- INDICES 2010-08.xls

Figure 9

ABAG Financial Indices

Actual vs Budgeted Revenues--FY 10-11

Year to Date ($'000)



	Total	Grants	Services & Other	Membership
Actual	$2,445	$1,295	$869	$281
Budget	$23,094	$15,231	$6,173	$1,690

Source: ABAG --INDICES 2010-08.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.

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TO: Finance and Personnel Committee

DT: October 29, 2010

FM: Herbert Pike, Finance Director

Re: Financial Reports --September 2010

The following are highlights of the financial reports for September 2010.

Cash on Hand (Figure 1)
Cash on hand decreased to $1.72 million on September 30th from $2.56 million on August 31st. The decrease is attributed primarily to an increase in billed grants receivable. The August balance includes approximately $1.41 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The September 30th cash balance is approximately $917 thousand less than the prior year, the latter being attributed to less timely reimbursement from granting agencies.

Receivables (Figure 2)
Receivables from grant and service programs amounted to about $3.06 million on September 30th, an increase of $628 thousand from the month prior. The increase is primarily attributable to delays in recovering billed grant expenses, the billed grants receivables increasing by $431 thousand from the previous month while the unbilled receivables went up $211 thousand. September receivables are just $2,000 less than less than the year prior.

Actual vs. Budgeted Expenses (Figure 9)
Total expenses through September 30th amounted to about $4.06 million, or 17.6 percent, of the budgeted annual expense of $23.09 million for FY 10-11.

Actual vs. Budgeted Revenues (Figure 10)
As of September 30th, total revenues amounted to about $4.01 million, or 17.4 percent, of the budgeted annual revenue of $23.09 million for FY 10-11.

As of September 30th, both revenues and expenses are below pro rated (25 percent) "projected" annual totals. While revenues and expenditures might be expected to be 25 percent after the first three 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. Consultant and sub-contractor expenses may be expected to accelerate during the balance of the fiscal year.

Fund Equity (Figure 5)
As of September 30th, general fund equity was approximately $964 thousand, an increase of $10 thousand from August 31st. The increase is primarily attributed to the reduced use of accrued leave, thereby providing a higher percentage of payroll costs to be charged to projects and more project labor charges against which to earn administrative overhead recovery. The Agency's restricted fund

equity, consisting of capital, self-insurance and building maintenance, remained unchanged at $510 thousand.

Indirect Cost (Figure 6)

The Agency's actual indirect cost (overhead) rate was 45.53 percent of direct labor cost as of September 30th, or about 2.58% above the budgeted rate of 42.95 percent for FY 10-11. Much of the overage is attributed to the high percentage of non-chargeable personnel expense (leave usage) and the concentration of various administrative activities necessary in transitioning between fiscal years. For the same month in the prior year, the rate was 46.26 percent but ended at 42.95 percent for the year. Likewise, the current rate is expected to converge toward the budgeted rate as the year progresses.

Overall (Figures 3, 4, 7 & 8)

At September 30th, the Agency's net financial position is slightly askew from the forecast with a deficit of roughly $56 thousand, or about 1.4 percent of year-to-date revenues, it is down $12 thousand from the deficit noted at the end of July. Thus, while September continued to mitigate the deficit accrued in July, the remaining deficit reflects the July impacts attributed primarily to the draw down of leave accruals and some one-time annual expenditures. The variance will need to be closely monitored as we head into the holiday periods of November and December when paid leave is expected to escalate again.

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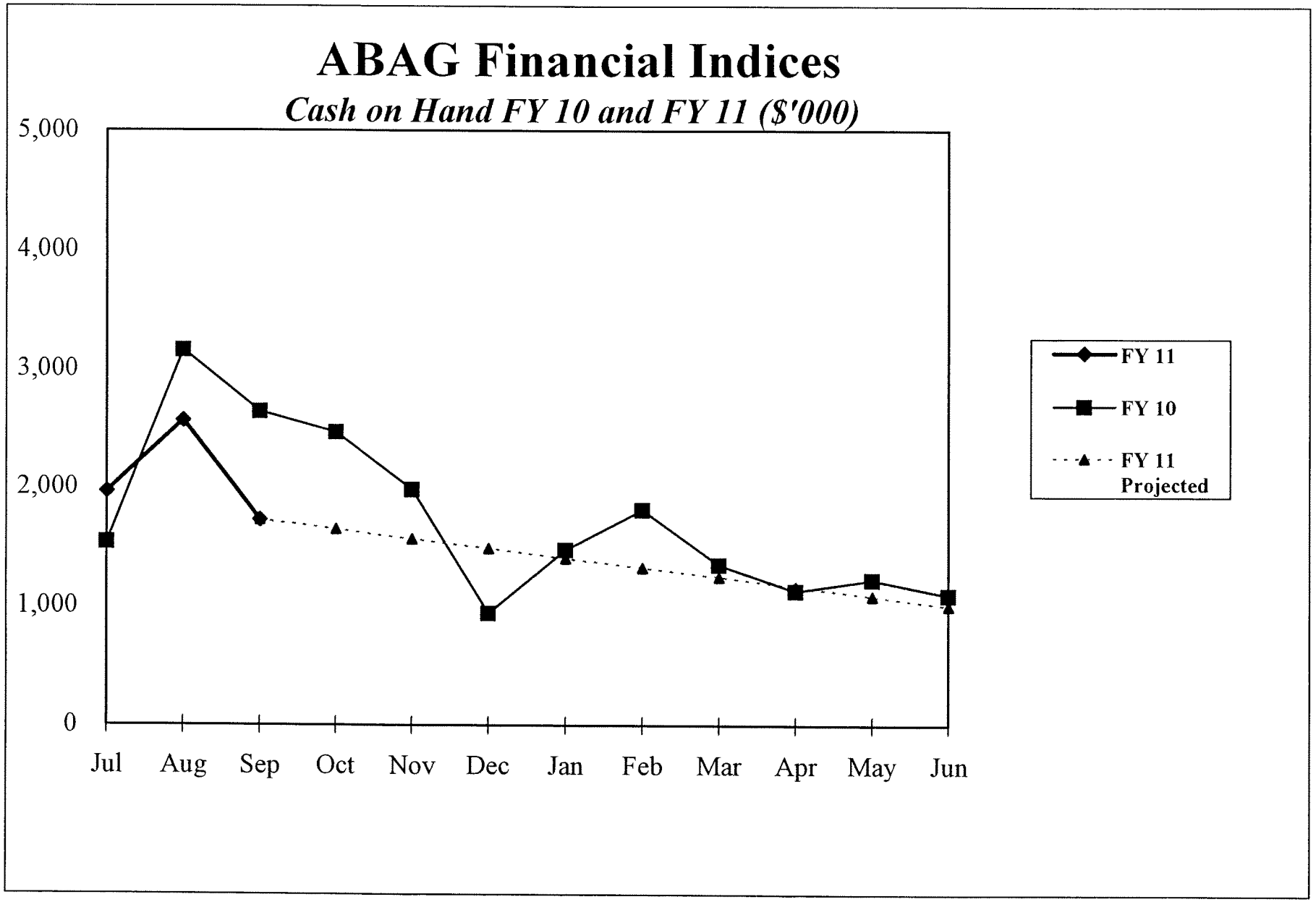
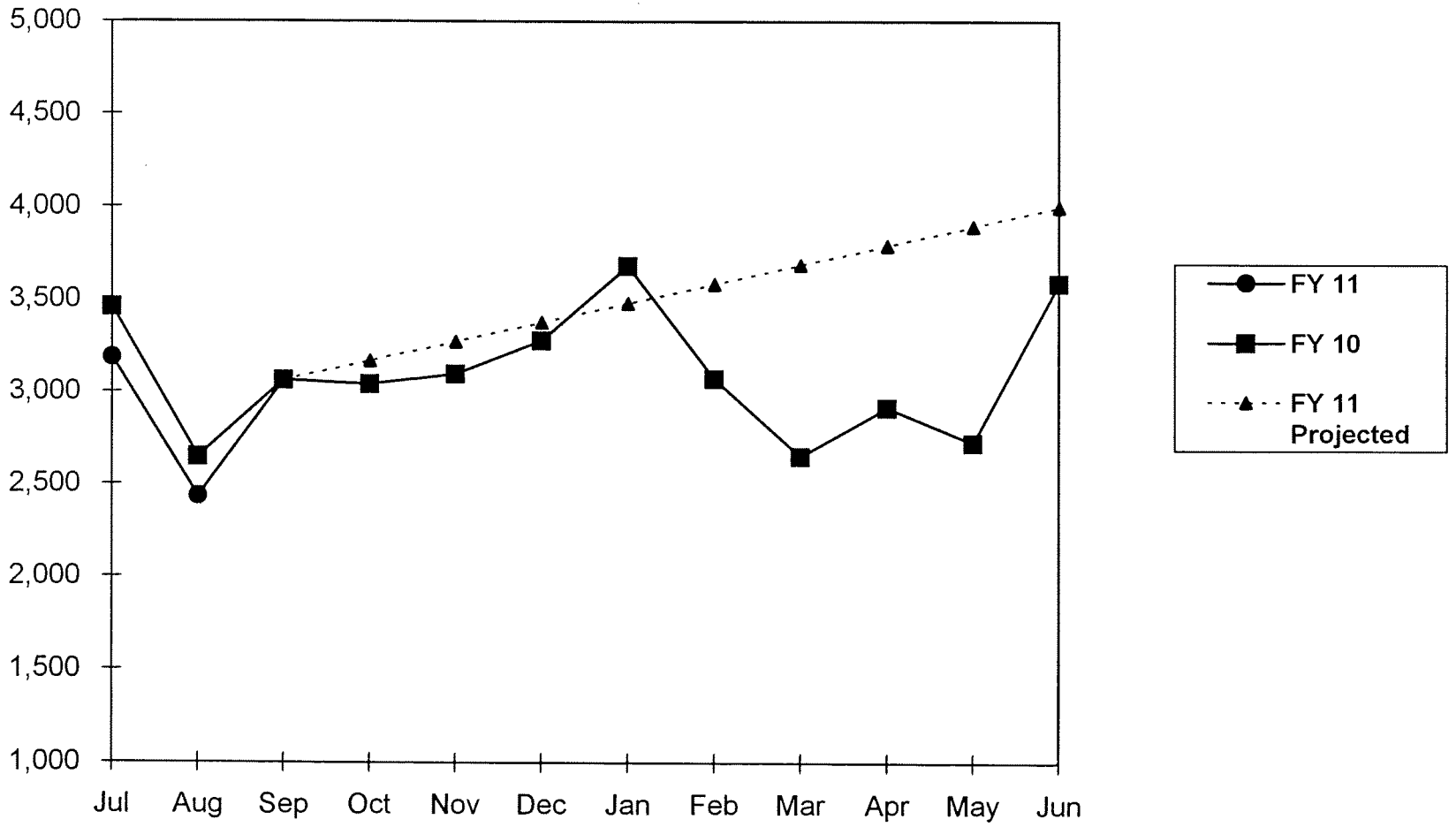


Source: ABAG -INDICES 2010-09

FIGURE 1

ABAG Financial Indices

Accounts Receivable FY 10 and FY 11 ($'000)



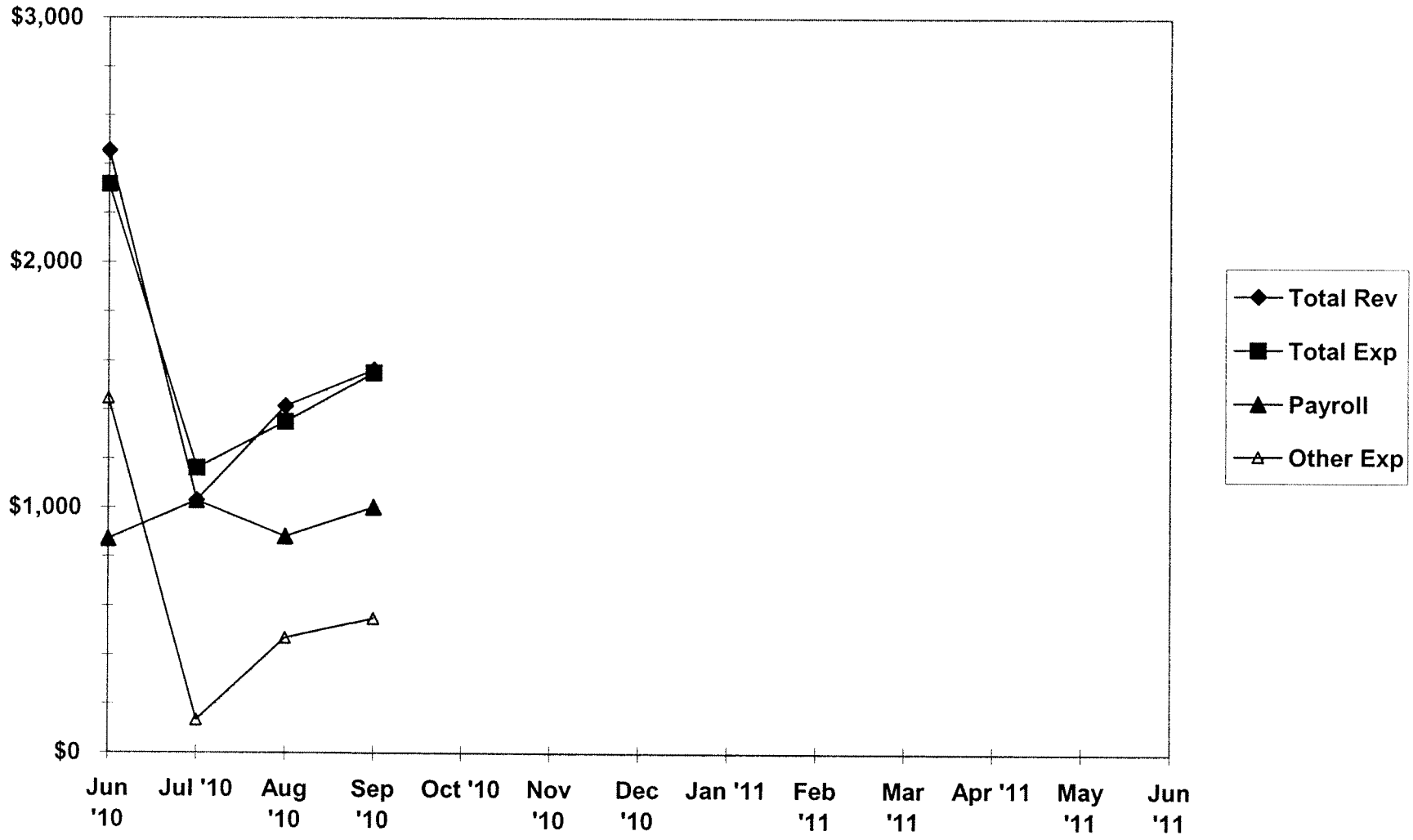
Source: ABAG -INDICES 2010-09

FIGURE 2

ABAG Financial Indices

Current Month Revenues & Expenses

FY 10-11 ($'000)



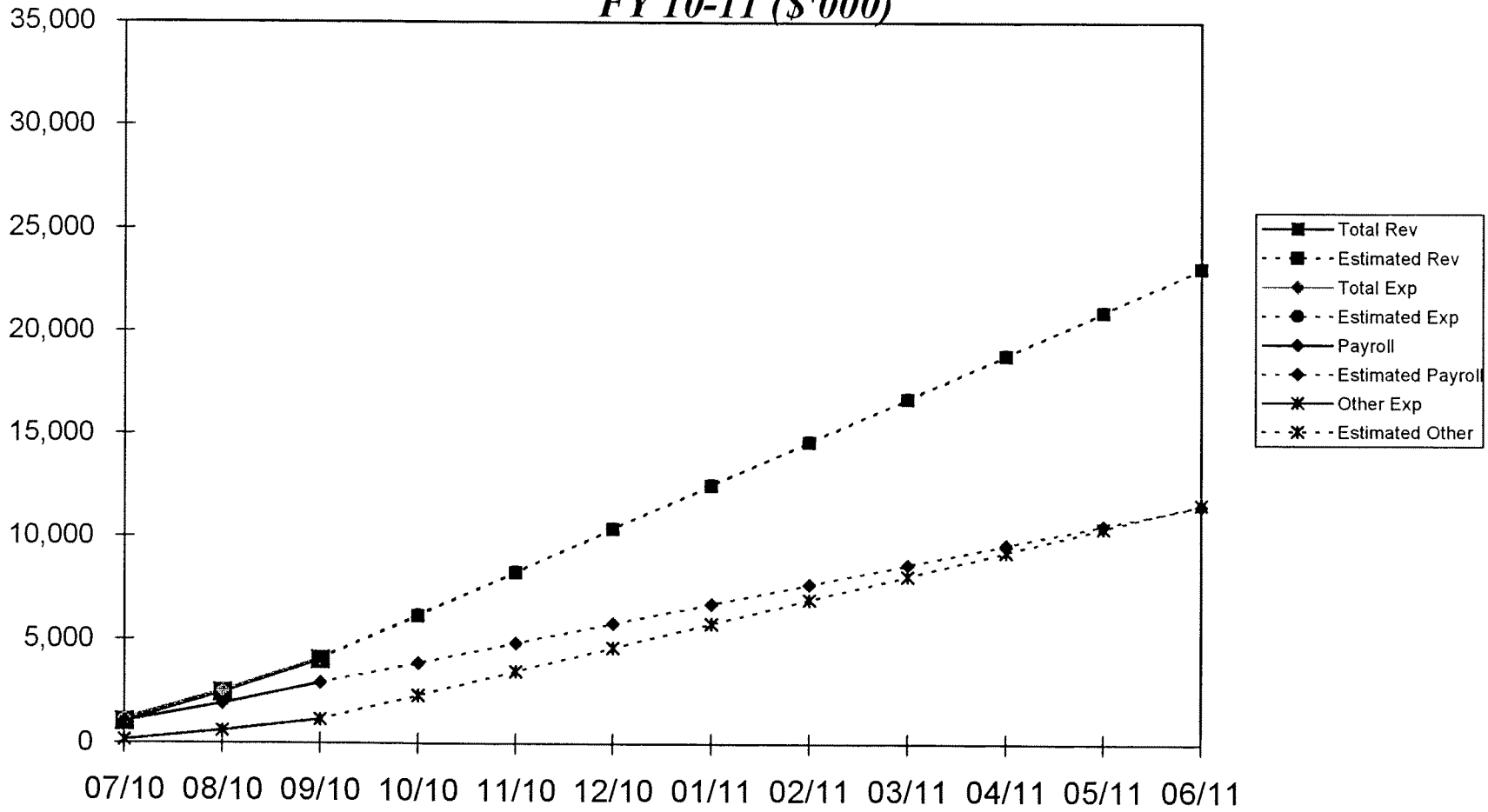
Source: ABAG- INDICES 2010-09.xls

FIGURE 3

ABAG Financial Indices

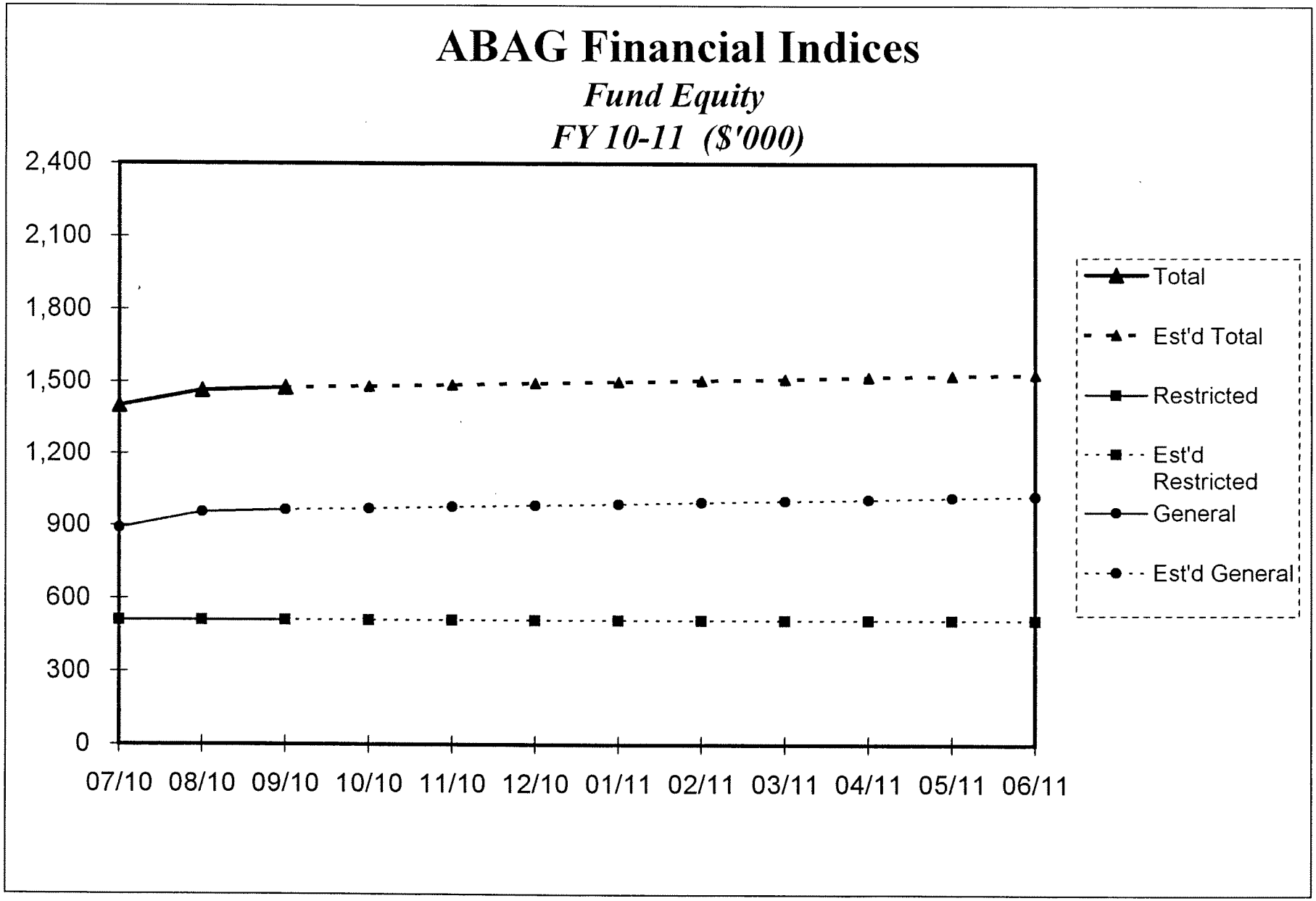
Year-to-date Revenues & Expenses

FY 10-11 ($'000)



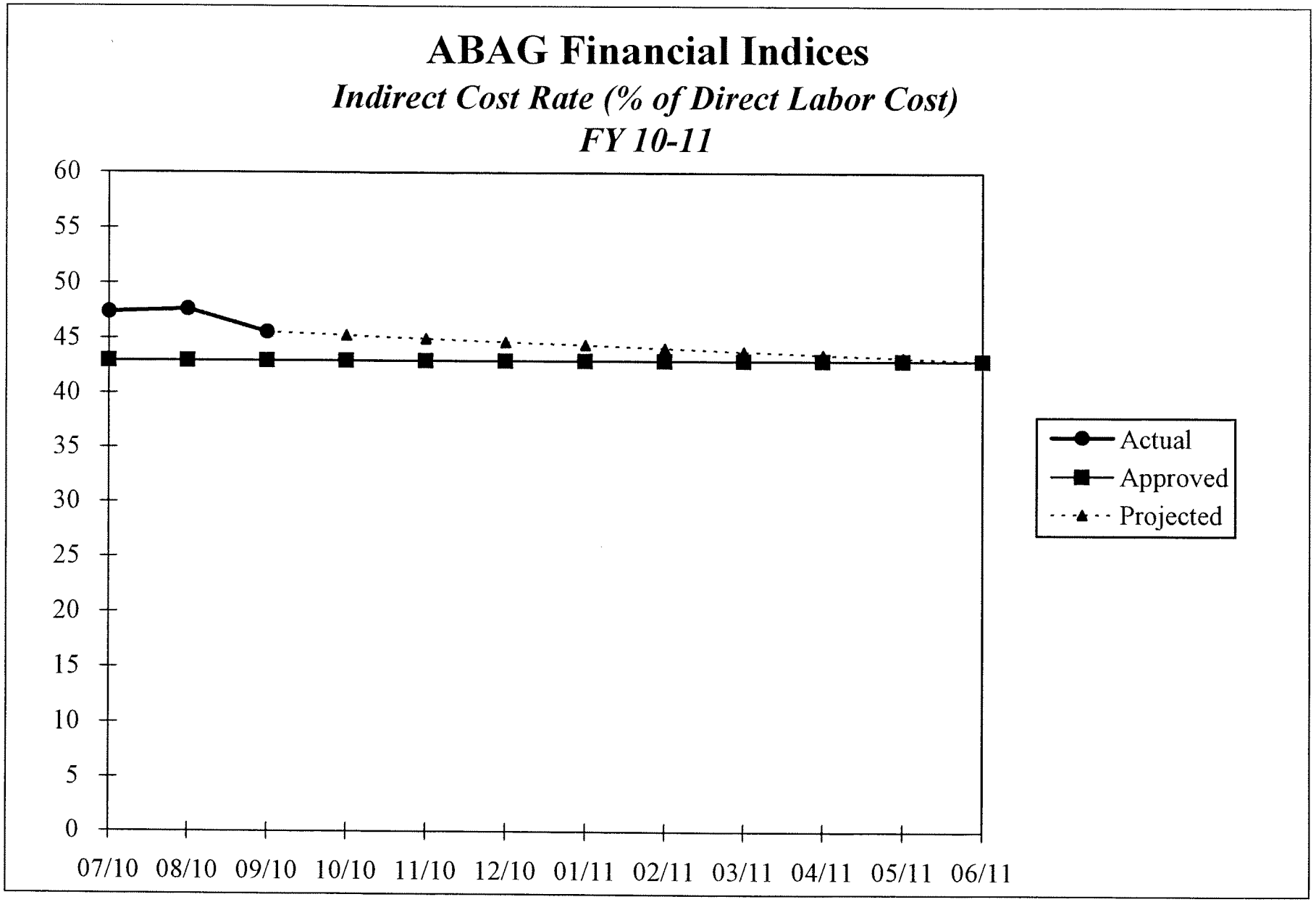
Source: ABAG - INDICES 2010-09

FIGURE 4



Source: ABAG - INDICES 2010-09

FIGURE 5



Source: ABAG- INDICES 2010-09

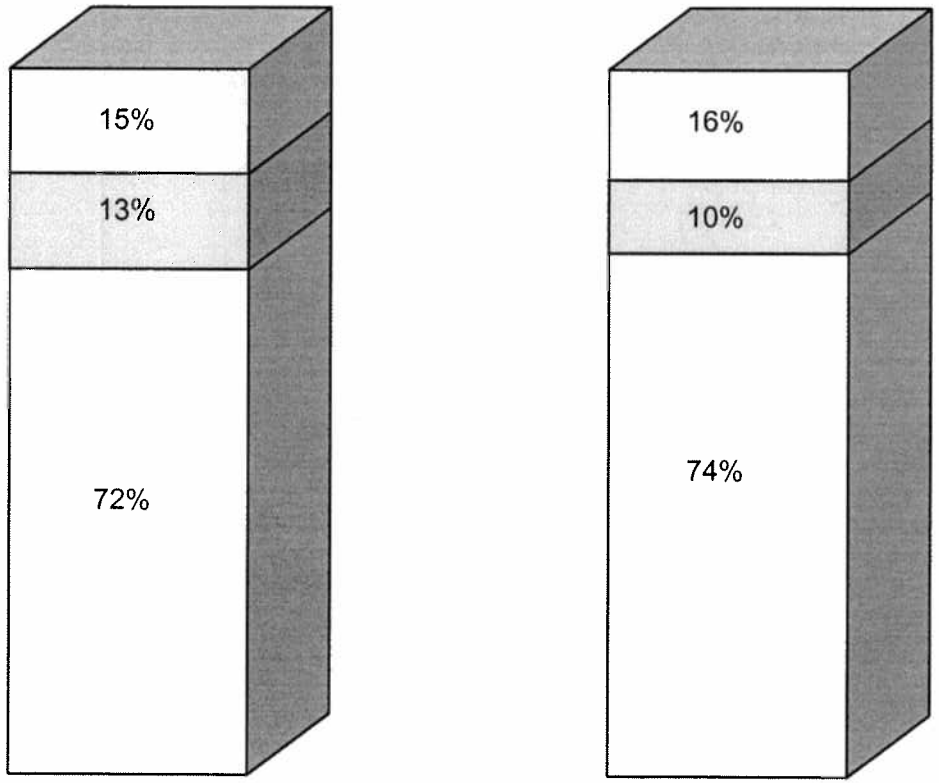
FIGURE 6

ABAG Financial Indices

Composition of Expenses FY 10--FY 11

Year to Date

($'000)



	FY10-11 Expenses (Total $4,065)	FY09-10 Expenses (Total $3,849)
☐ Consultants	$602	$600
☐ Others	$550	$398
☐ Payroll	$2,913	$2,851

Source: ABAG -INDICES 2010-09.xls

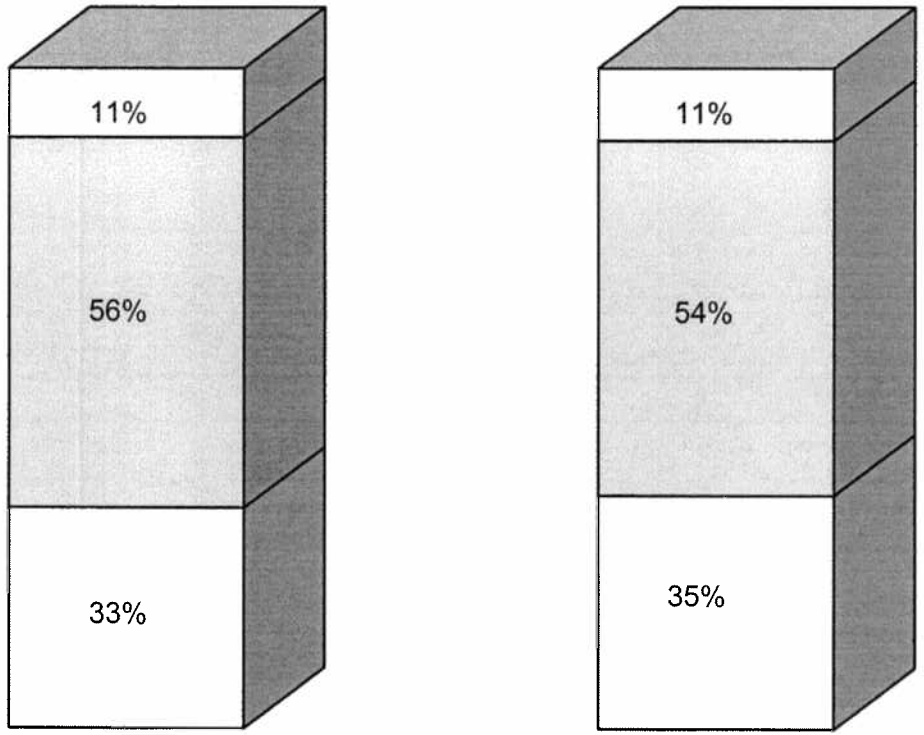
Figure 7

ABAG Financial Indices

Composition of Revenues FY 10--FY 11

Year to Date

($'000)



	FY 10-11 Revenue (Total $4,009)	FY 09-10 Revenue (Total $3,790)
☐ Membership	$421	$416
☐ Grants	$2,247	$2,032
☐ Services & Others	$1,341	$1,342

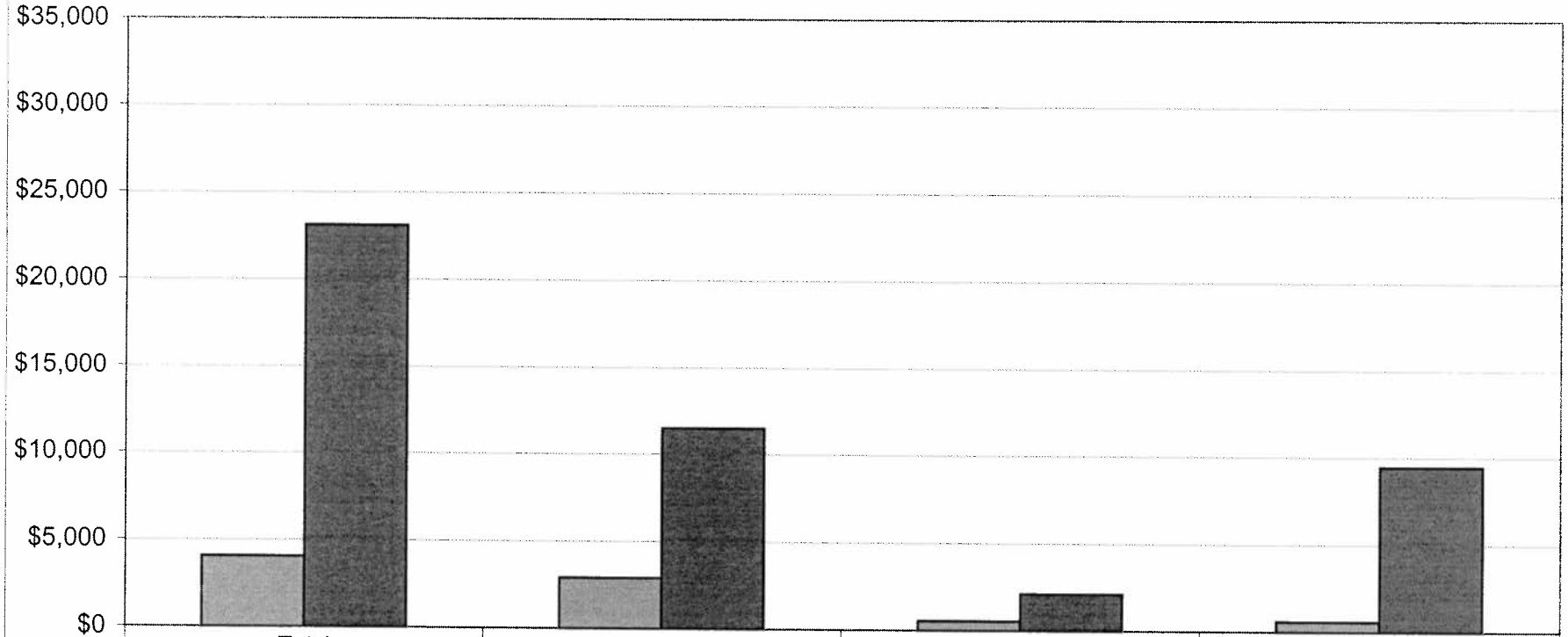
Source: ABAG --- INDICES 2010-09.xls

Figure 8

ABAG Financial Indices

Actual vs Budgeted Expenses--FY 10-11

Year to Date ($'000)



	Total	Payroll	Other	Consultants
Actual	$4,065	$2,913	$550	$602
Budget	$23,094	$11,513	$2,117	$9,464

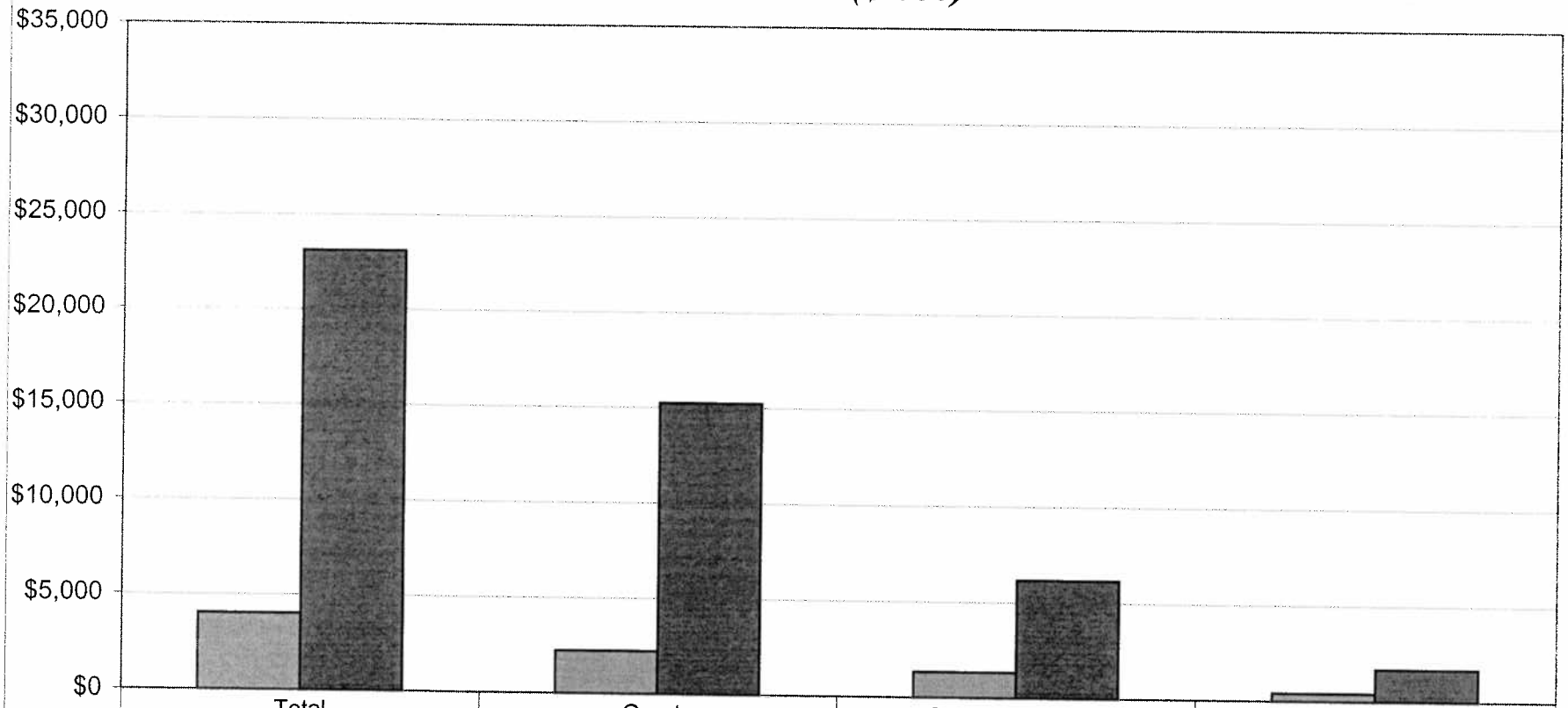
Source: ABAG -- INDICES 2010-09.xls

Figure 9

ABAG Financial Indices

Actual vs Budgeted Revenues--FY 10-11

Year to Date ($'000)



	Total	Grants	Services & Other	Membership
Actual	$4,009	$2,247	$1,341	$421
Budget	$23,094	$15,231	$6,173	$1,690

Source: ABAG --INDICES 2010-09.xls

Figure 10

Description of Charts

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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.

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November 10, 2010

TO: ABAG Finance and Personnel Committee

FROM: Brian Kirking, Director of Information Services

RE: Update on Proposed Profiles Project

Staff have been researching ways of reaching out to ABAG's membership using web-based tools. At the September meeting, an online social network was discussed. The committee decided against this approach, at least at the present time, and instructed staff to investigate alternatives.

The objective is to fulfill a need identified in our survey of elected officials when we were developing the Agency's strategic plan. At that time we learned that many elected officials do not know what ABAG does aside from RHNA. With this objective in mind, staff proposes a WebEx-style online meeting tool to increase participation and awareness. ABAG-sponsored workshops and meetings would be accessible remotely in real time and as recorded "webinars". Ongoing development of the Bay Area's Sustainable Communities Strategy (SCS) provides a rich source of content.

Staff suggests workshops and committee meetings held in small venues as a first step. This step can be achieved without dramatically impacting budget or logistics and will provide valuable feedback to steer the future course of the project.

AGENDA ITEM 6

Submitted by:	Ezra Rapport Executive Director
Subject:	Strategic Facility Planning Project: Findings and Recommendations
Date:	November 8, 2010

Executive Summary

A PowerPoint Presentation summarizing the key findings of the Strategic Facilities Planning Study Phase II undertaken by CB Richard Ellis (CBRE) on behalf of the Bay Area Air Quality Management District (Air District), ABAG, and the Metropolitan Transportation Commission (MTC) will be presented at the Executive Board Meeting. CBRE was tasked with analyzing the key drivers and feasibility of consolidating the three agencies into one regional facility, located in either San Francisco or Oakland. No decision has been made to pursue any option. Staff seeks Executive Board approval to proceed with the next phase.

ABAG, MTC, and the Air District are currently working together on several major planning initiatives through the Joint Policy Committee, and many of our Board Members serve on more than one of our mutual governing bodies. The Air District's building is 44 years old and in need of major renovations at a cost equivalent to buying a new facility. Based on this and other key factors, the Air District's Board directed their staff to explore consolidation opportunities with MTC, ABAG, and other public agencies into a regional facility.

ABAG and MTC have shared space for over 30 years. This proximity has allowed our agencies to more easily collaborate. While ABAG has no immediate additional space needs, a key issue facing MTC is the lack of space to accommodate any future growth. Even if MTC does not pursue consolidation with the Air District, they will still need to develop a long-term strategy to address their space needs. To retain the strong working relationship that has developed based on this proximity may require ABAG's consideration of a move as well if MTC opts to relocate entirely out of the MetroCenter.

CBRE was tasked with developing a real estate strategy for a potential three-agency regional consolidation. They conducted an analysis of the each agency's existing facilities, operational requirements, sustainability and environmental objectives, and financial objectives. CBRE also developed real estate scenarios and conducted preliminary research of the Oakland and San Francisco markets.

Next Steps

On Friday, October 1st, CBRE presented their key findings to a joint Ad Hoc Strategic Facilities Committee, consisting of the Executive Directors and two Commissioner/Board members from each of the agencies. As a next step, the Ad Hoc Committee directed staff to present the findings to each agency's governing body for further discussion and approval of the next steps. The Ad Hoc Committee also voted to add three additional members, one each from each agency and to remove the Executive Directors as members. MTC and the Air District staff will be making a presentation to their boards on November 17th and December 1st respectively.

Recommended Action

Staff recommends that the Executive Board approve proceeding with the next phase of the consolidation strategy and to pursue market options in Oakland and San Francisco for a joint regional government facility with the Bay Area Air Quality Management District and the Metropolitan Transportation Commission.

The outcome of the market options will be presented to the joint Ad Hoc Committee for review and presented to the ABAG Executive Board for approval.