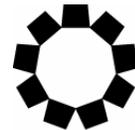


ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: March 5, 2014

To: General Assembly

From: Ezra Rapport
Executive Director

Subject: **Adoption of Proposed Annual Budget and Work Plan for Fiscal Year 2014-2015, Including Member Dues**

Executive Summary

On January 16, 2014, the attached ABAG Budget and Work Program was presented to the ABAG Finance and Personnel Committee which approved forwarding it to the ABAG Executive Board. The Executive Board accepted the recommendation of the Finance and Personnel Committee and forwarded the proposed Budget and Work Program to the full membership with a recommendation to adopt at the ABAG General Assembly being held on April 17, 2014.

The bulk of the attached Budget and Work Program is dedicated to a narrative of the highlights of each of the significant programs over since roughly January of 2013 and a description of the activities each program plans to accomplish during the course of Fiscal Year 2014-2015 (July 2014-June 2015). Some of the programs are managed by their own Boards of Directors such as the Finance Authority and PLAN, but the budget within the attached document represents the administrative services that ABAG provides to those programs under contract. For instance, all staff of these programs are ABAG employees and ABAG monthly bills back its expenses to the respective programs.

The actual budget element of the pamphlet commences on page 25 and provides actual history of revenues and expenditures for Fiscal Years 2011-12 and 2012-13, the adopted budget for Fiscal Year 2013-14 and the proposed budget for 2014-15. The proposed budget reflects estimated revenues of \$23.66 million and projected expenses of \$23.61 million, yielding \$50,000 to add to ABAG's contingency reserves. Unlike most municipal budgets, ABAG does not have a tax base and its General Fund is composed primarily from the \$1.8 million it charges its members in dues, representing less than 8 percent of total revenues.

Almost two-thirds (63 percent) of revenues are derived from grants. Because ABAG follows the stringent federal guidelines regarding the calculation and charging of indirect (overhead) costs, there is no profit in providing these programs, but of course they do benefit our member cities and counties through regional planning and research efforts, the San Francisco Estuary Program, Earthquake Mitigation, energy conservation programs, and other related programs. Because grants are awarded throughout ABAG's fiscal year, the exact numbers are subject to

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the actions of Congress and the State Legislature, as well as private grant resources. Changes can be expected as the year progresses. However, ABAG staffing has remained relatively stable over the last several years and changes, when they occur, mostly impact the level of money passed through to our members and services contracted on behalf of our members.

A little less than a third (29 percent) of the revenues and expenditures are related to service programs, including the ABAG Finance Authority, ABAG PLAN's liability and property insurance pool, ABAG POWER natural gas purchasing pool, ABAG's on-line Training Center and several other smaller programs. Because ABAG applies the same overhead rate on its service programs as it does with its grant programs, most services revenues do not generate net revenue for ABAG, but again provide essential services to many of our members.

Returning to our limited general fund source, our member dues, they are used to cover administrative costs not allowed to be recovered as overhead by federal standards such as support of our lobbying efforts, legal services, communications with elected officials and support for the participation of elected officials who oversee ABAG's mission and operations. Some funding is also used to provide match requirements of some grant projects and other disallowed costs because of grantor restrictions. It is also from this very limited portion of the budget that ABAG strives to build its contingency reserve. Each of our members (nine counties and 100+ municipalities) are assessed dues with \$698 as the base fee and then a per capita fees ranging from 18.44 cents for the first 50,000 in population to 11.97 cents for those in excess of 100,000 population. The rates for Fiscal Year 2014-2015 reflect an increase of 2.20 percent, the average annual Bay Area CPI increase. Total dues revenue is proposed to be 2.9 percent higher than the prior year because in addition to the impact of the rates, the increase in population of just over 78 thousand in the region amounted a 1.1 percent increase against which the per capita rate is applied. The projected dues for each member is listed alphabetically by county, then city on pages 36-38.

The manager and their contact information for each program is listed within the Budget and Work Program, as well as the Finance Director, Herbert Pike, all of which are available to respond to any questions you may have.

Recommended Action

The General Assembly is requested to adopt the proposed Annual Budget and Work Plan for Fiscal Year 2014-2015, including member dues.

Enclosure:

Proposed Annual Budget and Work Program for Fiscal Year 2014-2015