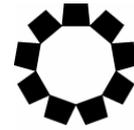


# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

## AGENDA

### **FINANCE AND PERSONNEL COMMITTEE**

Thursday, January 15, 2015, 5:00 PM

Location:

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

*The ABAG Finance and Personnel Committee may take action on any item on this agenda.*

*Agenda and attachments available at [abag.ca.gov](http://abag.ca.gov)*

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

#### **1. CALL TO ORDER**

#### **2. PUBLIC COMMENT**

Information.

#### **3. ELECTION OF COMMITTEE CHAIR AND VICE-CHAIR; POTENTIAL APPOINTMENT OF REPRESENTATIVE TO ADMINISTRATIVE COMMITTEE**

ACTION.

#### **4. APPROVAL OF MINUTES OF DECEMBER 4, 2014.**

ACTION.

*Minutes of December 4, 2014 meeting attached.*

**ABAG Finance and Personnel Committee**

January 15, 2015

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**5. PRESENTATION AND REVIEW OF FINANCIAL REPORT FOR NOVEMBER 2014.**

Information/ACTION.

*Financial Report for November 2014 is attached.*

**6. REVIEW OF PROPOSED WORK PROGRAM, BUDGET AND MEMBERSHIP DUES—FY 2015-16**

ACTION.

Link to the draft Budget and Workplan for FY 2015-16 is provided along with Summary Budget numbers and the breakdown of proposed dues for Cities and Counties.

**7. CLOSED SESSION**

**A. Conference with Labor Negotiators**

Agency designated representatives: Brian Kirking, Brad Paul and Herb Pike.

Employee organization: SEIU Local 1021.

**B. Public Employee Performance Evaluation**

Title: Executive Director

**8. ADJOURNMENT**

The next meeting of the Finance and Personnel Committee will be on Thursday, March 19, 2015.

Submitted:

Herbert Pike, Finance Director

Date: January 5, 2015

## ABAG FINANCE AND PERSONNEL COMMITTEE

### Summary Minutes

December 4, 2014

#### Members Present

Mayor Bill Harrison  
Supervisor Karen Mitchoff  
Councilmember Ronit Bryant  
Supervisor David Cortese  
Supervisor Scott Haggerty  
Councilmember Julie Pierce  
Supervisor Mark Luce  
Supervisor David Rabbitt

#### Jurisdiction

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

#### Members Absent

Supervisor Dave Pine  
Councilmember Desley Brooks  
Supervisor John Gioia

County of San Mateo  
City of Oakland  
County of Contra Costa

#### Officers and Staff Present

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

#### Guests

Councilmember Pat Eklund  
Ken Bukowski, Videographer

City of Novato

1. The meeting was called to order by Mayor Harrison, Committee Chair, at 5:08 pm.
2. There was no public comment.
3. Summary Minutes of the September 18 , 2014 meeting were approved. /M/  
Pierce/S/Mitchoff/C/approved unanimously.

4. Mr. Pike presented the financial reports for September 2014. Financials are trending favorably and ABAG's revenues through September 2014 have exceeded expenditures by \$266 thousand. /M/Haggerty/S/Luce/C/ acceptance of the report unanimously.
  
5. Mr. Kirking and Mr. Pike present the Annual Diversity Report. The concern for Hispanic representation in the workforce was partially addressed with a 50% increase in Latino employees (from 2 to 3). The percentage of non-governmental vendors monitored for overall 'diversity' increased from 27.24% to 32.81% over the prior fiscal year, a 20% increase. /M/Mitchoff/S/Pierce/C/acceptance of the report unanimously.
  
6. Mr. Pike presented ABAG's audited financial report for the year ended June 30, 2014, as well as the Single Audit and the Memorandum of Internal Controls and Required Communications. It was a "clean" audit with no "significant" deficiencies. ABAG's net position increased \$606 thousand over the previous year. Recommended improvements included noting reporting deadlines, when deadlines are mutually extended, and documenting when records are searched to verify subcontractors have not been barred from Federal and/or State projects. Mr. Pike then introduced Mr. Tim Krisch, the Chief Executive Officer of ABAG's external auditors Maze & Associates. Staff then left the room to assure a candid conversation between the Committee members and the auditor about the overall audit. /M/Rabbitt/S/Luce/C/unanimously recommended for Executive Board approval.
  
7. There was no reportable action from Closed Session.
  
8. Meeting was adjourned at approximately 5:54pm.

Submitted: Herbert Pike, Finance Director

Date: December 30, 2014

TO: Finance and Personnel Committee

DT: December 22, 2014

FM: Herbert Pike, Finance Director

Re: Financial Reports  
-- November 2014

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

### **Overall Summary**

ABAG recognized a surplus of \$90 thousand through the month ending November 2014. The surplus is primarily attributed to excess revenues from the Agency Management and Overhead projects. Because of normally high leave usage during December, billable hours are expected to decline. A \$50 thousand surplus is expected at year end and will be reserved to increase the designated contingency funds. Please refer to the **Table of Financial Report Data Elements** for actual and projected numbers.

### **Cash on Hand**

The cash balance was \$7.75 million at the end of November including \$2.18 million invested with the Local Agency Investment Fund (LAIF). There was an increase of \$1.22 million from the prior month and an increase of \$818 thousand from the prior year. Figure 1 depicts the actual cash balances for FY 14 and FY 15 and the projected balances for the remaining year. The high cash balance is primarily attributed to grant advances for SFEP projects and the BayREN/Energy project. ABAG expects subrecipients for the BayREN project to draw down the funds for incentive rebates by the end of December 2014. These funds are for single and multifamily energy retrofits. The incentive rebates will benefit the Bay Area residents throughout the nine counties. Unspent funds of approximately \$4.74 million are recorded as unearned revenues. ABAG will pay \$600 thousand to CalPERS to fund the FY 14 OPEB liability towards the end of December. The cash balance is projected to be about \$6 million at the end of the fiscal year.

### **Receivables**

Receivables from grant and service programs amounted to \$6.14 million at the end of November comprised primarily of \$3.53 million in grants receivables and \$2.14 million in unbilled receivables. The total decreased by \$705 thousand from the prior month and decreased by \$865 thousand from the prior year. The fluctuations are reasonable as changes are expected from one period to another (depending on timing of expenditures). Staff will continue to send out invoices in a timely manner and follow up on past due invoices to reduce the average age of outstanding receivables. Figure 2 depicts the actual receivable balances for FY 14 and FY 15 and the projected balances for the remaining year. Total receivable is expected to be approximately \$5.5 million at the end of the fiscal year.

### **Revenues and Expenses**

Revenues exceeded expenses by \$90 thousand as of November 30. Total revenues amounted to \$13.06 million, or 43 percent, of the adjusted budget revenues of \$30.05 million. Total expenses

**Item 5**

amounted to \$12.97 million, or 43 percent, of the adjusted budget expenses of \$30 million. Revenues and expenses are 1 percent above the 42 percent normally expected through the fifth month of the fiscal year. Budgeted revenues and expenses were adjusted to reflect the projected revenues/expenses for the existing BayREN project that will end in December 2014 and the new BayREN project that will start in January 2015. ABAG operations are expected to yield a net surplus of \$50 thousand as of June 30, 2015. 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 \$2.98 million as of November 30 including \$2.27 million in general fund equity and \$710 thousand in restricted fund equity. The restricted fund equity consists of capital, self-insurance, building maintenance and reserves. A surplus is projected at year end and will be reserved to increase funding 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 for the first quarter of the fiscal year was 41.43 percent, or 3.52 percent below the budget estimate of 44.95 percent. This means that for the first quarter, ABAG has charged more to grants for overhead expense than what was actually spent. The actual realized overhead rate is expected to approach the budgeted rate towards the end of the fiscal year. 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 November 2014

Projected percentage of budget is 42%.

Description	Adjusted Budget	Year-To-Date Actual	% of Budget	Budget Balance
<b>ASSETS</b>				
Cash	6,000	7,751	129%	(1,751)
Receivables	5,500	6,141	112%	(641)
<b>REVENUES</b>				
Membership Dues	1,821	758	42%	1,063
Grants	22,916	9,923	43%	12,993
Charges for Services and Other	5,313	2,374	45%	2,939
<b>Total Revenues</b>	<b>30,050</b>	<b>13,055</b>	<b>43%</b>	<b>16,995</b>
<b>EXPENSES</b>				
Salaries and Benefits	11,451	4,838	42%	6,613
Pass-through and Consultant Expenses	16,642	7,184	43%	9,458
Other Expenses	1,907	943	49%	964
<b>Total Expenses</b>	<b>30,000</b>	<b>12,965</b>	<b>43%</b>	<b>17,035</b>
Change in Net Position	50	90	180%	(40)
Beginning Net Position	2,887	2,887	100%	-
<b>Ending Net Position</b>	<b>2,937</b>	<b>2,977</b>	<b>101%</b>	<b>(40)</b>
<b>NET POSITION BREAKDOWNS</b>				
Unrestricted	2,177	2,267	104%	(90)
Restricted	760	710	93%	50
<b>Total Net Position</b>	<b>2,937</b>	<b>2,977</b>	<b>101%</b>	<b>(40)</b>
<b>INDIRECT OVERHEAD</b>				
Overhead Rate	44.95%	41.43%		

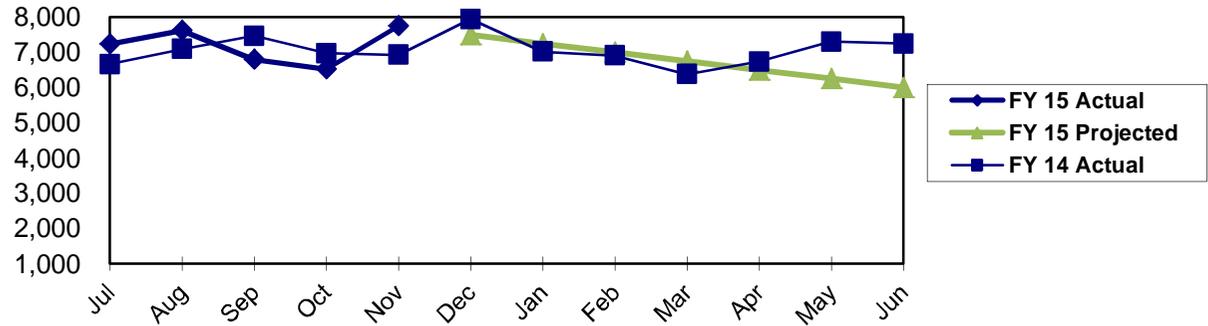
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## ABAG Financial Indices

Cash on Hand FY 14-FY 15 (\$'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 15 Actual	7,243	7,620	6,801	6,529	7,751							
FY 15 Projected						7,501	7,251	7,001	6,751	6,500	6,250	6,000
FY 14 Actual	6,667	7,091	7,472	6,974	6,933	7,943	7,017	6,907	6,385	6,741	7,306	7,248

**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.

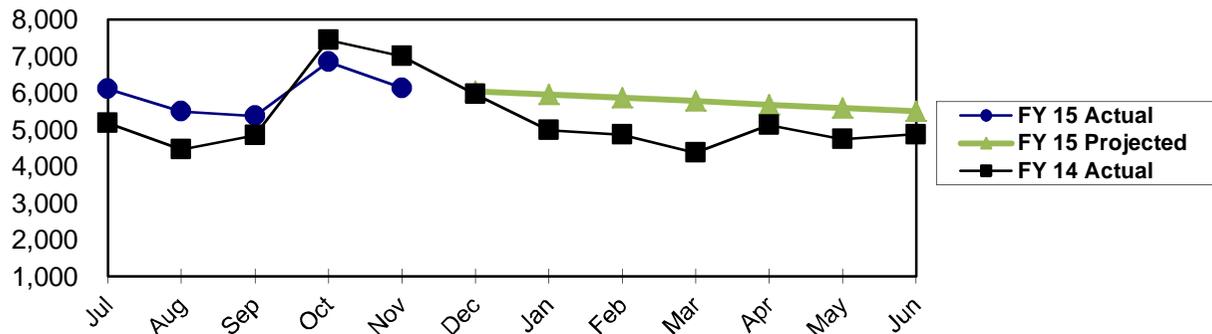
**Figure 1--Cash on Hand--FY 14 and FY 15 (\$'000)**



Accounts Receivable FY 14-FY 15 (\$'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 15 Actual	6,116	5,495	5,377	6,846	6,141							
FY 15 Projected						6,050	5,958	5,866	5,775	5,683	5,592	5,500
FY 14 Actual	5,182	4,463	4,851	7,445	7,006	5,973	4,985	4,862	4,379	5,132	4,742	4,874

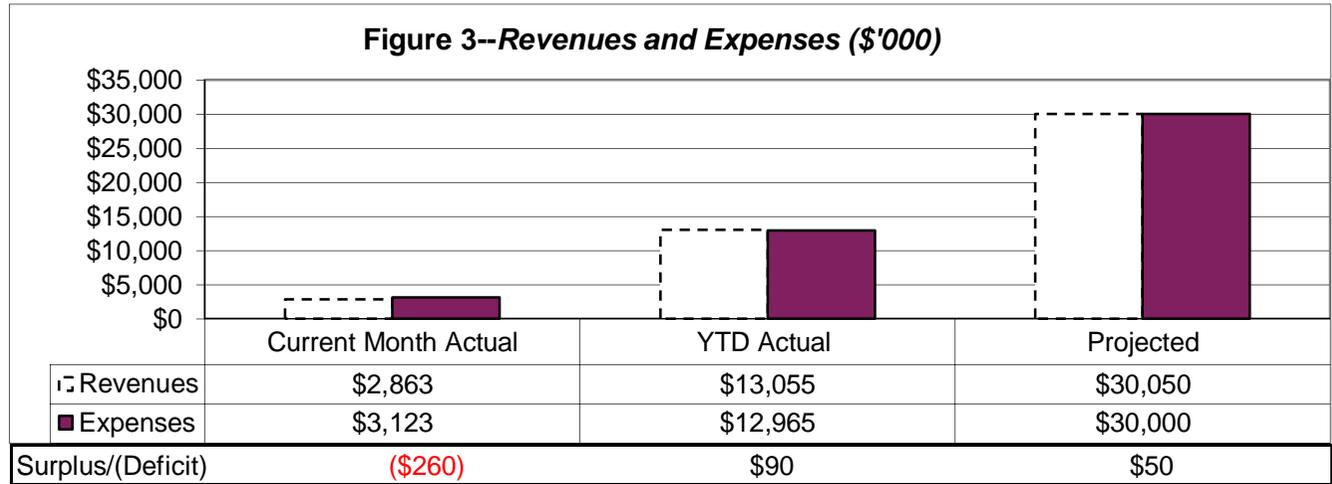
**Accounts** receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels; usually have about six weeks' worth of annual revenues in receivables.

**Figure 2--Accounts Receivable--FY 14 and FY 15 (\$'000)**



## ABAG Financial Indices

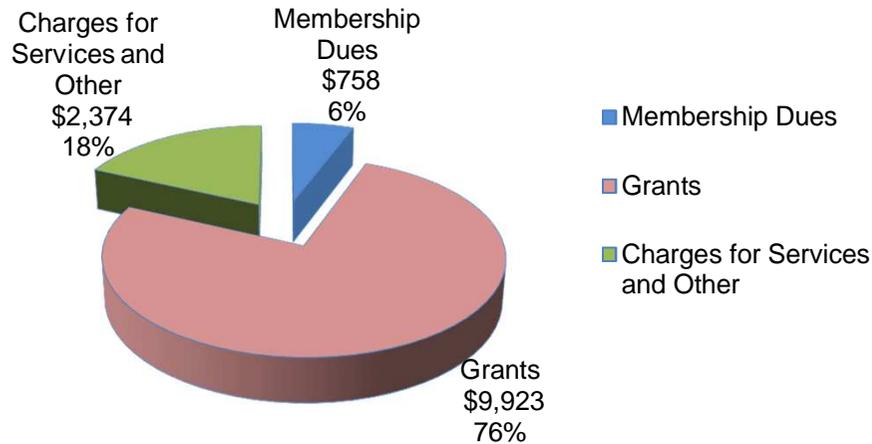
**Presents** a comparison of current month actual, year-to-date actual, and adopted/projected revenues and expenses.



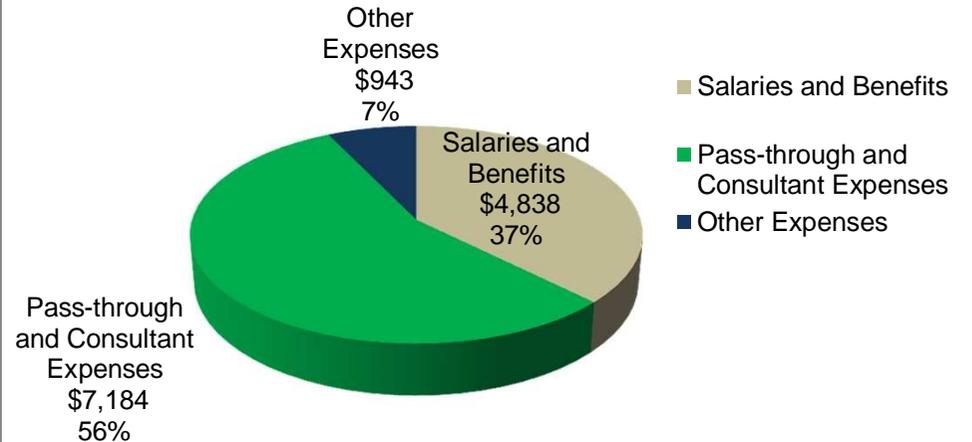
**Shows** year-to-date revenues by major category including membership dues, grants, and charges for services and other.

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

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



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

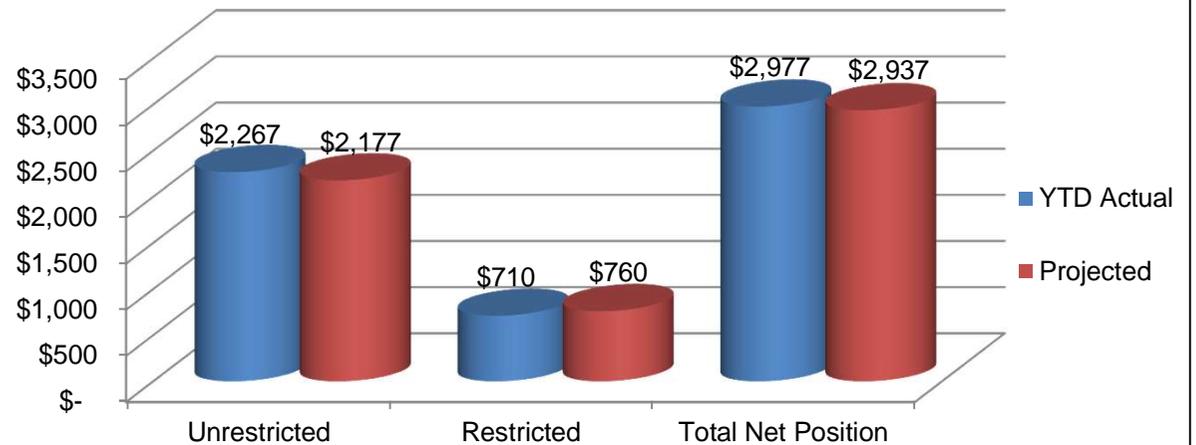


## ABAG Financial Indices

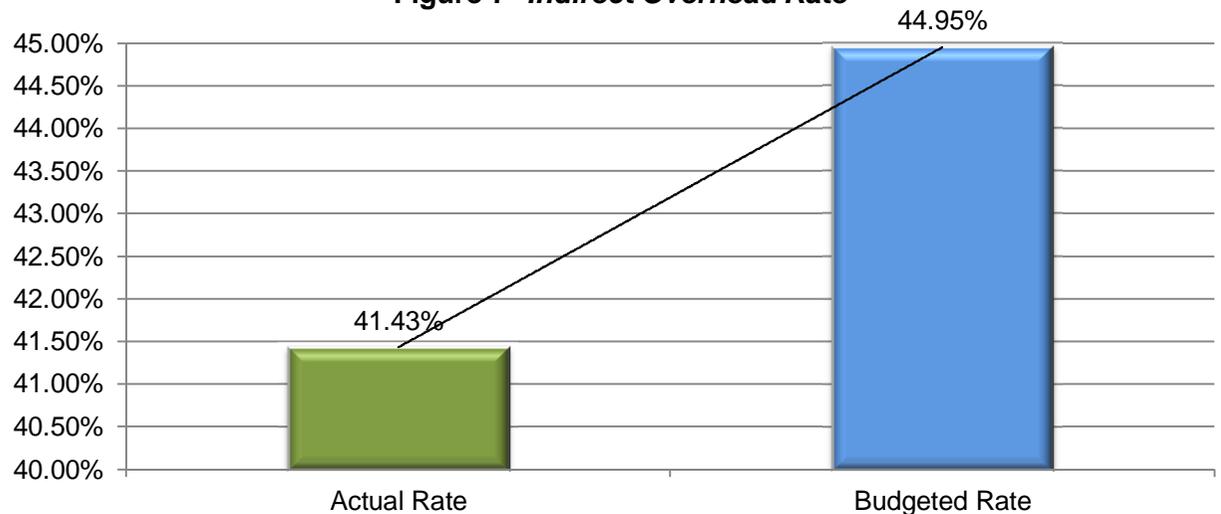
**Presents** actual and adopted/projected general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvement interest, building maintenance, self-insurance, capital and contingency reserve. These 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 November 2014 / 42% of Year Elapsed

Program Description	Adjusted Budget Expenses *	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/(Deficit)	% of Expense Budget	Explanations for Variances over 5%
	A	B	C	D = B - C	E = C/A	
Planning Services	3,967,523	1,786,531	1,786,531	-	45%	
San Francisco Estuary Partnership	5,549,917	1,988,233	2,054,120	(65,887)	37%	
Disaster Recovery	400,000	229,193	178,917	50,276	45%	
Bay Trail	1,237,560	329,772	331,700	(1,928)	27%	More expenditures will incur during the remaining months. Some contractors are behind with their billings during the year.
Green Business	120,000	26,562	26,562	-	22%	Program expenditures are expected to increase in the second half of the year.
Training Center, Web Hosting and Publications	672,500	266,409	235,660	30,750	35%	Actual expenditures are lower than budget and resulted in a surplus.
POWER/Energy	12,470,239	6,147,038	6,166,589	(19,551)	49%	The BayREN project will end in December 2014. Subrecipients are trying to complete the program activities in the final months and wrap up the project.
Finance Authority	1,300,000	533,870	529,486	4,384	41%	
Plan Corporation - Property & Liability Insurance Pool	2,250,000	917,905	917,905	-	41%	
SHARP - Worker's Comp Pool	140,000	45,993	45,993	-	33%	Members usually submit reimbursement requests for their wellness programs during later part of the fiscal year (about 35% of budget).
Fiscal Agent Services	101,200	45,129	56,721	(11,592)	56%	Accounting staff spent more time on contracted services in the first quarter of the fiscal year due to the final audit.
Communications/Legislative	775,000	243,009	243,009	-	31%	Staff worked on other billable projects and resulted in lower expenditures.

## Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit)  
Through November 2014 / 42% of Year Elapsed

Program Description	Adjusted Budget Expenses *	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	% of Expense Budget	Explanations for Variances over 5%
	A	B	C	D = B - C	E = C/A	
Agency Administration	1,016,061	493,897	421,325	72,572	41%	
Payroll Clearing		-	74,451	(74,451)	N/A	Lower billable hours in November resulted in a deficit. There were three holidays in November.
Central Overhead	3,229,454	1,356,617	1,251,077	105,541	39%	Overhead expenses are expected to increase towards the end of the year.
<b>Totals</b>	<b>33,229,454</b>	<b>14,410,157</b>	<b>14,320,044</b>	<b>90,114</b>	<b>43%</b>	

\* Projected expenses equal to projected revenues for all programs except for Agency Administration in which a \$50K surplus was budgeted