

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

AGENDA

ABAG EXECUTIVE BOARD MEETING NO. 411

Thursday, January 21, 2016, 7:00 PM

Location:

Joseph P. Bort MetroCenter
Lawrence D. Dahms Auditorium
101 8th Street
Oakland, California

The ABAG Executive Board may act on any item on this agenda.

Agenda and attachments available at <http://www.abag.ca.gov/>

For information, contact Fred Castro, Clerk of the Board, at (510) 464 7913.

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

2. PUBLIC COMMENT

Information

3. ANNOUNCEMENTS

Information

4. PRESIDENT'S REPORT

Information/ACTION

A. Report on ABAG/MTC Merger Study

B. Report on ABAG General Assembly Annual Meeting City/Town Delegate Quorum

The Executive Board is requested to consider approving amendments to the ABAG Bylaws regarding the quorum of City Delegates needed to conduct the annual business meeting of the General Assembly.

Attachment: ABAG Bylaws—General Assembly Annual Meeting

5. EXECUTIVE DIRECTOR'S REPORT

Information

6. CONSENT CALENDAR

ACTION

Unless there is a request by an Executive Board member to take up an item on the consent calendar separately, the calendar will be acted upon in one motion.

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A. Approval of Executive Board Summary Minutes of Meeting No. 410 held on November 19, 2015

Attachment: Summary Minutes of November 19, 2015

B. Report on ABAG Contracts between \$20,000 and \$50,000

The Executive Board will receive a report on contracts for contract amounts between \$20,000 and \$50,000.

Attachment: Contracts between \$20,000 and \$50,000

C. Appointment to Committees

Administrative Committee

Raul Peralez, Councilmember, City of San Jose
Greg Scharff, Mayor, City of Palo Alto

Regional Planning Committee

Mark Boucher, Contra Costa Flood Control and Water Conservation District—Special Districts
Cindy Chavez, Supervisor, County of Santa Clara
Melissa Jones, Executive Director, Bay Area Regional Health Inequities Initiative—Health
Al Savay, Bay Area Air Quality Management District—BAAQMD
Kirsten Spalding, Executive Director, San Mateo Union Community Alliance—Labor To Be Announced—Education

Finance and Personnel Committee

Greg Scharf, Mayor, City of Palo Alto

Legislation and Governmental Organization Committee

Karen Mitchoff, Supervisor, County of Contra Costa

San Francisco Bay Restoration Authority Governing Board

Dave Pine, Supervisor, County of San Mateo—Chair
Scott Weiner, Supervisor, City and County of San Francisco—West Bay

Bay Area Council Economic Institute

Cindy Chavez, Supervisor, County of Santa Clara
Julie Coombs, Councilmember, City of Santa Rosa

D. Ratification of Horizon Contract for IRWMP Round 3 Grant Assistance

The Executive Board is requested to ratify the contract with Horizon Water and Environment.

Attachment: Horizon Contract IRWMP

7. REPORT ON PLAN BAY AREA FORECAST AND SCHEDULE

Information/ACTION

Staff will report on ABAG's final regional forecast numbers for Plan Bay Area 2040 for adoption and on adjustments to the current Plan Bay Area schedule.

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A. Final Regional Forecast 2010-2040

Attachments: Final Regional Forecast; Summary Technical Approach

B. Revision to Plan Bay Area Schedule

Attachment: Revision Plan Bay Area Schedule

8. REPORT ON SAN FRANCISCO BAY RESTORATION AUTHORITY'S REGIONAL BALLOT MEASURE

Information

Caitlin Sweeney, Director, San Francisco Estuary Partnership, will give a presentation on the San Francisco Bay Restoration Authority's current plans for a regional ballot measure to raise additional revenue to restore the Bay.

9. ADOPTION OF RESOLUTION NO. 01-16 FOR AUTHORIZATION TO CONTINUE POST RETIREMENT EMPLOYMENT FOR CRITICALLY NEEDED MANAGEMENT POSITION

ACTION

The Executive Board is requested to make an allowable exception to the CalPERS 180-day prohibition on post retirement work for a critically needed management position and to adopt Resolution No. 01-16.

Attachments: Authorization Continue Post Retirement Employment; Resolution No. 01-16

10. LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE REPORT

Information/ACTION

Committee Chair Scott Haggerty, Supervisor, County of Alameda, will report on Committee activities and request Executive Board approval of Committee recommendations.

Attachments: LGO Committee Agenda; Unaccompanied Minors Report Draft

11. FINANCE AND PERSONNEL COMMITTEE REPORT

Information/ACTION

Committee Chair Bill Harrison, Mayor, City of Fremont, will report on Committee activities and request Executive Board approval of Committee recommendations, including a recommendation to the General Assembly on the draft Proposed Budget and Work Plan for Fiscal Year 2016-2017.

A. Report on draft Proposed Budget and Work Plan for Fiscal Year 2016-2017, including Membership Dues

Attachment: FP Committee Agenda

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12. ADJOURNMENT

The next meeting of the Executive Board will be on March 17, 2016.

Submitted:

/s/ Ezra Rapport, Secretary-Treasurer

Date Submitted: January 13, 2016

Date Posted: January 15, 2016

Roster

Schedule



Representing City and County Governments of the San Francisco Bay Area

To: Executive Board via President Julie Pierce and Executive Director Ezra Rapport
Fr: Kenneth Moy, Legal Counsel
Dt: January 5, 2016
Re: ABAG Bylaws – General Assembly Annual Meeting

Summary: To address concerns regarding ABAG’s ability to convene a quorum of the City Delegates to conduct the annual business meeting of the General Assembly (GA), I suggest lowering the quorum requirement for City Delegates to forty percent (40%) but retain the requirement that action on the summary work plan, budget and fees by the City Delegates may only occur if there is a vote equal to a majority of the original quorum requirement authorizing the action. If recommended by the Executive Board, the GA can approve the amendments at its 2016 annual meeting to be effective immediately thereafter.

Background and Analysis: ABAG failed to convene a quorum of the City Delegates to ABAG for the 2015 annual meeting of the GA. This followed a series of annual meetings at which a bare quorum of the City Delegates was convened. The President and Executive Director of ABAG have requested suggestions for easing the requirements for conducting the annual meeting of the GA where it adopts a summary work plan and general budget, including yearly membership assessment and annual membership fee.

The ABAG Bylaws set forth the structure, powers and obligation of the GA (Attached 1). The GA functions as a bicameral body, consisting of City Delegates and County Delegates to ABAG. A quorum of the GA consists of a majority of the City Delegates and a majority of the County Delegates. Bylaws, Section VIII.A(1).

To ease the requirements for conducting the annual meeting with the least impact on the policy and political considerations that resulted in the current structure, I suggest the following:

- a. Lower the quorum requirement for City Delegates to forty percent (40%) **but**
- b. Only for the annual meeting of the GA and only for the adoption of the summary work plan and general budget **and**
- c. Require that the City Delegates’ adoption of the summary work plan and general budget occur only upon an affirmative vote of City Delegates equal to a majority of the normal quorum requirement.

The following is an example of this requirement in operation:

At 2017 GA, there are 101 City Delegates. To convene the City Delegates, forty percent (40%), or 41 City Delegates must be present. To adopt the summary work plan and general budget a majority of the normal quorum or 26 City Delegates¹ must cast affirmative votes.

Proposed revisions to the Bylaws to effect this change are shown in redline in Attachment 2.

¹ The normal quorum requirement is a majority of 101 City Delegates – 51 City Delegates. A majority vote of 51 City Delegates is 26.



Attachment 1
Excerpts from ABAG Bylaws re General Assembly

ARTICLE VI. GENERAL ASSEMBLY

A. MEMBERSHIP

(1) Each Member city and Member county shall have one seat in the General Assembly. San Francisco shall be counted as both a city and a county for purposes of membership in the General Assembly.

(2) The mayor or member of the governing body of each Member city and the chairperson of the board of supervisors or member of the governing body of each Member county, or their respective alternates, shall be delegates to the General Assembly.

(3) Each city council and board of supervisors may designate an alternate who shall be either a member of such body or the chief executive officer of the Member; provided that, the mayor of the City and County of San Francisco may designate as an alternate (a) any officer of the City and County of San Francisco who may be either an elected or principal appointed official of the City and County of San Francisco or (b) the chief executive officer of the City County of San Francisco.

(4) An alternate appointed pursuant to Article VI.A(3) may act in the absence of the delegate.

B. MEETINGS

(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.

(3) Special meetings of the General Assembly may be called by the Executive Board upon its own motion. A special meeting shall be called by the Executive Board upon written request of fifteen (15) Member cities and three (3) Member counties.

(4) Ten-day written notice of special meetings shall be given to the delegates of each Member city and Member county. An agenda specifying the subject of a special meeting shall accompany the notice.

C. POWERS AND FUNCTIONS

The powers and functions of the General Assembly shall include:

(1) Exercising as appropriate all of the powers of the Association as set forth in these Bylaws or the Agreement. The General Assembly shall have the power to limit the Executive Board's exercise of any power or authority set aside to the Executive Board under these Bylaws.

(2) Any delegate may at any meeting of the General Assembly propose a subject or subjects for study by the Association. The General Assembly may take action upon such proposals and, if requested by any delegate, determine whether a study will be made of the subject or subjects so proposed or may refer such subject or subjects to the Executive Board.

(3) Any delegate may at any meeting of the General Assembly request review by the General Assembly of any action of the Executive Board which has been taken between meetings of the General Assembly.

(4) The budgetary duties and responsibilities set forth in Article XI.

ARTICLE VIII. VOTING

A. Voting in the General Assembly shall be conducted in the following manner:

(1) A quorum of the General Assembly shall consist of a majority of the city delegates and a majority of the county delegates.

(2) Each county delegate and each city delegate shall have one vote. Votes shall be tabulated separately for county delegates and for city delegates. The affirmative votes of a majority of a quorum of county delegates and of a majority of a quorum of city delegates are required for action by the General Assembly, except as provided for in Article XIV.

B. Voting in General Assembly meetings may be either by voice or roll call vote. A roll call vote shall be conducted upon the demand of five delegates present, or at the discretion of the presiding officer.

ARTICLE XI. FINANCES

B. BUDGET

(1) At least forty-five (45) days prior to the annual meeting of the General Assembly the Executive Director shall submit to the Executive Board, for the next fiscal year of the Association, a proposed general budget and summary work program. The proposed general budget shall include annual membership fee and assessment schedules and a summary of revenue and expenditures, actual or projected, for the preceding, current, and next fiscal years.

(2) The Executive Board shall review the proposed general budget and summary work program, amend them as necessary, and submit them to the General Assembly for review and adoption at the annual meeting of the Assembly.

(3) The General Assembly shall adopt a summary work plan and general budget, including yearly membership assessment and annual membership fee.

ARTICLE XIV. AMENDMENTS

Amendments to these Bylaws may be proposed by a delegate or by the Executive Board. If proposed by a delegate, the amendment shall be submitted to the Executive Board at least 45 days prior to an annual meeting of the General Assembly. Each proposed amendment shall be considered by the Executive Board and a copy thereof, with the recommendations of the Executive Board and its reasons therefor, forwarded to the delegate of each Member jurisdiction at least 30 days prior to the meeting at which such proposed amendment will be voted upon.

A majority vote of the county delegates present and a majority vote of the city delegates present are required to adopt an amendment to these Bylaws. If within 60 days after the adoption of any amendment, one-third or more of the delegates protest such amendment, it shall automatically be up for reconsideration and vote as in the first instance.

Attachment 2

Revisions to ABAG Bylaws Pertaining to the General Assembly

ARTICLE VIII. VOTING

A. Voting in the General Assembly shall be conducted in the following manner:

(1) A quorum of the General Assembly shall consist of a majority of the city delegates and a majority of the county delegates, except as provided for in Article VIII.B.

(2) Each county delegate and each city delegate shall have one vote. Votes shall be tabulated separately for county delegates and for city delegates. The affirmative votes of a majority of a quorum of county delegates and of a majority of a quorum of city delegates are required for action by the General Assembly, except as provided for in Articles VIII.B and XIV.

B. The following quorum and voting requirements apply only to the adoption of the summary work plan and general budget, including yearly membership assessment and annual membership fee, at the annual meeting of the General Assembly:

(1) A quorum of the city delegates shall consist of forty percent (40%) of the city delegates.

(2) City delegates may adopt the summary work plan and general budget, including yearly membership assessment and annual membership fee, only upon an affirmative vote of city delegates equal to a majority of the quorum that would have been required under Article VIII.a(1).

C. Voting in General Assembly meetings may be either by voice or roll call vote. A roll call vote shall be conducted upon the demand of five delegates present, or at the discretion of the presiding officer.

SUMMARY MINUTES (DRAFT)

ABAG Executive Board Meeting No. 410
Thursday, November 19, 2015
Joseph P. Bort MetroCenter
101 8th Street, Oakland, California

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

President Julie Pierce, Councilmember, City of Clayton, called the meeting of the Executive Board of the Association of Bay Area Governments to order at about 7:03 p.m.

President Pierce led the Executive Board and the public in the Pledge of Allegiance.

A quorum of the Executive Board was present at about 7:15 p.m.

Representatives and Alternates Present Jurisdiction

Supervisor Candace Andersen	County of Contra Costa
Supervisor Damon Connolly	County of Marin
Councilmember Jim Davis	City of Sunnyvale
Mayor Pro Tem Pat Eklund	City of Novato
Mayor Leon Garcia	City of American Canyon
Councilmember Pradeep Gupta	City of South San Francisco
Supervisor Scott Haggerty	County of Alameda
Mayor Barbara Halliday	City of Hayward
Supervisor Erin Hannigan	County of Solano
Mayor Bill Harrison	City of Fremont
Vice Mayor Dave Hudson	City of San Ramon
Supervisor Mark Luce	County of Napa
Councilmember Lynette Gibson McElhaney	City of Oakland
Supervisor Karen Mitchoff	County of Contra Costa
Councilmember Julie Pierce	City of Clayton
Supervisor David Rabbitt	County of Sonoma
Mayor Greg Scharff	City of Palo Alto
Director William Kissinger	RWQCB

Representatives Absent

Mayor Jack Batchelor	City of Dixon
Councilmember Magdalena Carrasco	City of San Jose
Supervisor Cindy Chavez	County of Santa Clara
Supervisor David Cortese	County of Santa Clara
Councilmember Charles "Chappie" Jones	City of San Jose
Supervisor Jane Kim	County of San Francisco
Mayor Edwin Lee	City of San Francisco
Councilmember Jake Mackenzie	City of Rohnert Park
Supervisor Eric Mar	County of San Francisco
Supervisor Nathan Miley	County of Alameda
Councilmember Mary Ann Nihart	City of Pacifica
Councilmember Raul Peralez	City of San Jose
Supervisor Dave Pine	County of San Mateo
Supervisor Warren Slocum	County of San Mateo

Dir Nicole Wheaton, Leg and Gov Affairs City of San Francisco

2. PUBLIC COMMENT

Ken Bukowski announced the availability of public meeting videos at regional-video.com.

There was no other public comment.

3. ANNOUNCEMENTS

Pat Eklund, Mayor Pro tem, City of Novato, requested a briefing on the Bay Area Council's report, *A Roadmap for Economic Resilience*.

There was no member announcement.

4. PRESIDENT'S REPORT

President Pierce reported on the following:

The Administrative Committee along with the MTC Planning Committee is in the process of selecting a consultant for the ABAG MTC Merger Study. The Administrative Committee and the MTC Planning Committee will be managing the project. The Administrative Committee is scheduled to meet on December 4 and December 11, and is expected to have meetings regarding the merger study in addition to its joint meetings with the MTC Planning Committee on Plan Bay Area.

Members discussed concurrent staff meetings and engagement with employees, the selection of a consultant for the merger study, study and merger timeline, and keeping the Board apprised of developments.

The Finance and Personnel Committee will report on committee activities, including a recommendation regarding Resolution No. 13-15.

5. EXECUTIVE DIRECTOR'S REPORT

Ezra Rapport, Executive Director, reported on the election certification of President and Vice President for the term of office beginning on January 1, 2016 and ending on December 31, 2017. Julie Pierce, Councilmember, City of Clayton, is the President-elect and David Rabbitt, Supervisor, County of Sonoma, the Vice President-elect.

6. CONSENT CALENDAR

President Pierce recognized a motion by Pat Eklund, Mayor Pro Tem, City of Novato, which was seconded by Dave Hudson, Vice Mayor, City of San Ramon, to approve the Consent Calendar, including adoption of Resolution No. 14-15.

There was no discussion.

There was no public comment.

The aye votes were: Andersen, Connolly, Davis, Eklund, Garcia, Gupta, Haggerty, Halliday, Hannigan, Harrison, Hudson, Luce, Gibson McElhaney, Mitchoff, Pierce, Rabbitt, Scharff.

The nay votes were: None.

Abstentions were: None.

Absent were: Batchelor, Carrasco, Chavez, Cortese, Jones, Kim, Lee, Mackenzie, Mar, Miley, Nihart, Peralez, Pine, Slocum, Wheaton

The motion passed unanimously.

A. Approval of Executive Board Summary Minutes of Meeting No. 408 held on September 17, 2015, and Meeting No. 409 held of October 13, 2015

The Executive Board approved the Summary Minutes of September 17, 2015 and October 13, 2015.

B. Approval of Transmission of Federal Grant Applications to State Clearinghouse

With Executive Board consent, ABAG will transmit the attached list of federal grant applications to the State Clearinghouse. These applications were circulated in ABAG's Intergovernmental Review Newsletter since the last Executive Board meeting.

C. Report on ABAG Contracts between \$20,000 and \$50,000

The Executive Board received a report on contracts for contract amounts between \$20,000 and \$50,000.

D. Ratification of Election Certification—President and Vice President

The Executive Board ratified the election certification of President and Vice President for the term of office beginning on January 1, 2016 and ending on December 31, 2017.

E. Approval of Meeting Schedule for 2016

The Executive Board approved its meeting schedule for 2016.

F. Approval of BayREN California Public Utility Commission Funding

The Executive Board approved the acceptance of the annual funding for the BayREN in the amount of \$12.9 million commencing in 2016 and continuing until the earlier of 2025 or when the California Public Utilities Commission issues a superseding decision, and authorized the ABAG Executive Director to enter negotiations and execute the necessary agreements for acceptance of the approved funding and implementation of the BayREN program.

G. Authorization to Enter into Contract Agreement for Urban Greening Bay Area Project

The Executive Board authorized the Executive Director or designee to enter into contracts on behalf of ABAG/SFEP with SFEI, BASMAA, and the Cities of San Jose, San Mateo and Sunnyvale, respectively, as sub-recipients of the US EPA grant. The contract terms may be back-dated to July 1, 2015 (execution date of EPA award to ABAG) and will terminate no later than December 31, 2018.

H. Adoption of Resolution No. 14-15 on San Pablo Avenue Green Stormwater Spine Project

The Executive Board adopted Resolution No. 14-15 authorizing the extension of the Caltrans Cooperative Agreement and authorized the Executive Director or designee to execute Amendment #2 to the agreement.

[The Executive Board next considered Items 10, 11 and 12.]

7. PRESENTATION ON THE SAN FRANCISCO ESTUARY PARTNERSHIP

Caitlin Sweeney, San Francisco Estuary Partnership, gave a presentation on the San Francisco Estuary Partnership, including the National Estuary Program; the federal, state,

and local partnership; organizational structure; Comprehensive Conservation and Management Plan; SFEP Implementation Committee; Friends of the Estuary; Integrated Regional Water Management Plan; staffing and budget; State of the Estuary report; projects and activities.

Rapport reported on the San Francisco Bay Restoration Authority's proposed ballot measure for June 2016.

[The Executive Board next considered Item 9.]

8. REPORT ON PRELIMINARY REGIONAL FORECAST

Cynthia Kroll, ABAG Economist, reported on ABAG's preliminary proposal for the updated regional forecast numbers for Plan Bay Area 2040, including the context and methods, preliminary updated projections, and comparison to the previous Plan Bay Area 2013 projections. She reported on the regional level forecast, employment, population, households, and in-commute and regional housing control total.

Members discussed impact of neighboring regions on Bay Area forecast; scenarios, distribution patterns, and regional housing control total; housing formation; and in-commute by rail and housing projection.

[The Executive Board next considered Item 13.]

9. REPORT ON PLAN BAY AREA 2040 PERFORMANCE TARGETS AND DRAFT SCENARIO CONCEPTS

Miriam Chion, ABAG Planning and Research Director reported on Plan Bay Area 2040, including goals and performance targets, draft scenario concepts, and local input.

President Pierce recognized a motion by Eklund, which was seconded by Hudson, to approve the remaining performance targets related to adequate housing, equitable access-displacement risk, economic vitality-jobs/wages, and economic vitality-goods movement.

The following individual gave public comment: Belen Seara, San Mateo County Union Community Alliance.

Members discussed middle wage jobs across industries; performance target for risk of displacement and fixing the performance target language regarding eliminating risk of displacement; the Plan Bay Area timeline; time limit on decision making; housing production and local government control.

The aye votes were: Andersen, Connolly, Eklund, Garcia, Gupta, Haggerty, Halliday, Hannigan, Harrison, Hudson, Luce, Gibson McElhaney, Mitchoff, Pierce, Rabbitt, Scharff

The nay votes were: Davis.

Abstentions were: None.

Absent were: Batchelor, Carrasco, Chavez, Cortese, Jones, Kim, Lee, Mackenzie, Mar, Miley, Nihart, Peralez, Pine, Slocum, Wheaton

The motion passed.

Members discussed performance target language for risk of displacement; measures of displacement and risk of displacement; equitable access; housing production; local government strategies; low and moderate income households; low income, affordable, and market rate housing.

[The Executive Board next considered Item 8.]

10. ADMINISTRATIVE COMMITTEE REPORT

The Administrative Committee report was given under Item 4.

11. LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE REPORT

Committee Chair Scott Haggerty, Supervisor, County of Alameda, reported on committee activities and requested Executive Board approval of committee recommendations, including the following: approval of minutes from September 17, 2015; update and overview on ABX124 (Levine and Ting)—Bay Area Transportation Commission (oppose); overview on AB 2 (Alejo)—Community Revitalization; report on Unaccompanied Minors; report on TRANSFORM's legislative session review; overview on 2015 legislative session; report on drafting legislative priorities for 2016; report on legislative workshop and reception.

President Pierce recognized a motion by Haggerty, which was seconded by Hudson, to approve the committee report.

Members discussed taking a watch position on ABX 124; and the legislative workshop and reception.

There was no public comment.

The aye votes were: Andersen, Garcia, Gupta, Haggerty, Halliday, Hannigan, Harrison, Hudson, Luce, Gibson McElhaney, Mitchoff, Pierce, Rabbitt, Scharff

The nay votes were: Eklund (ABX 124); Davis (ABX 124).

Abstentions were: Connolly (ABX 124).

Absent were: Batchelor, Carrasco, Chavez, Cortese, Jones, Kim, Lee, Mackenzie, Mar, Miley, Nihart, Peralez, Pine, Slocum, Wheaton

The motion passed.

12. FINANCE AND PERSONNEL COMMITTEE REPORT

Committee Chair Bill Harrison, Mayor, City of Fremont, reported on committee activities and requested Executive Board approval of committee recommendations, including the following: approval of minutes of September 17, 2015; presentation and review of financial report for September 2015; report on conditions imposed by MTC on the six-month interagency agreement; report on Resolution No. 13-15 authorizing issuance of deed of trust on ABAG's condominium interest to Bank of the West as security for line of credit renewal; report on payment of membership dues for FY 2015-2016.

President Pierce recognized a motion by Harrison, which was seconded by Eklund, to approve the committee report, including adoption of Resolution No. 13-15.

There was no discussion.

There was no public comment.

The aye votes were: Andersen, Connolly, Davis, Eklund, Garcia, Gupta, Haggerty, Halliday, Hannigan, Harrison, Hudson, Luce, Gibson McElhaney, Mitchoff, Pierce, Rabbitt, Scharff

The nay votes were: None.

Abstentions were: None.

Absent were: Batchelor, Carrasco, Chavez, Cortese, Jones, Kim, Lee, Mackenzie, Mar, Miley, Nihart, Peralez, Pine, Slocum, Wheaton

The motion passed unanimously.

[The Executive Board next considered Item 7.]

13. CLOSED SESSION

The Executive Board referred the Closed Session item to the Administrative Committee.

[There was no Closed Session.]

A. Conference with Labor Negotiators

Agency designated representatives: Brian Kirking, ABAG Information Technology/Human Resources Director; Brad Paul, ABAG Deputy Executive Director

Employee organization: SEIU Local 1021

14. REPORT OUT OF CLOSED SESSION

[There was no Closed Session.]

15. ADJOURNMENT

President Pierce adjourned the meeting of the Executive Board at about 9:00 p.m.

The next meeting of the Executive Board will be on January 21, 2016.

Submitted:



Ezra Rapport, Secretary-Treasurer

Date Submitted: January 8, 2016

Approved: TBD

For information or to review audio recordings of ABAG Executive Board meetings, contact Fred Castro, Clerk of the Board, at (510) 464 7913 or FredC@abag.ca.gov.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: January 13, 2016
To: ABAG Executive Board
From: Charles Adams
Interim Finance Director
Subject: **ABAG Contracts between \$20,000 and \$50,000**

Summary

ABAG has entered into contracts with the following consultants/contractors for contract amounts between \$20,000 and \$50,000. This is for information only.

- ABAG entered into a lease agreement with Canon Financial Services, Inc. in the amount of \$635 per month for two copier/printer/scanners to be located at 375 Beale Street in San Francisco. The agreement carries a 5-year term, making the total cost \$38,100. The price and terms were secured through a National IPA joint purchasing agreement. This does not include per copy "maintenance" for toner and other supplies, which will be procured separately. Agreement negotiated by Brian Kirking, Director of Information Services, in conjunction with his counterparts at MTC and BAAQMD.
- ABAG entered into a contract with Chris Austin in the amount of \$30,000 for communication and outreach services for the Delta Science Program. This consultant will focus on developing articles to highlight science and collaboration efforts in the Sacramento-San Joaquin Delta. Contract negotiated by Ben Livsey, Program Manager.
- ABAG entered into several contracts with project partners on the IRWMP Round 4 grant to fund the application cost:
 - State Coastal Conservancy for \$46,640
 - Santa Clara Valley Water District for \$34,750
 - Sonoma County Water Agency for \$20,415

These contracts were negotiated by Jennifer Krebs, Project Director.

- ABAG entered into a contract with bay.org for The Bay Institute for \$24,941 to fund a new report on freshwater flows to San Francisco Bay. This contract was negotiated by Judy Kelly, recently retired Program Director for SFEP.

Recommended Action

Information

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: January 13, 2016
To: ABAG Executive Board
From: Caitlin Sweeney
Director, San Francisco Estuary Partnership
Subject: **Ratification of Horizon Contract for IRWMP Round 3 Grant Assistance**

Summary

On July 20, 2015, ABAG/San Francisco Estuary Partnership (SFEP) was awarded a grant from California's Department of Water Resources in the amount of \$32,178,423 under a Proposition 84 Integrated Regional Water Management Grant (State Agreement Number 4600010883) to manage and oversee 10 projects included in the Round 3 award. It was recognized that administrative assistance would be needed to supplement the SFEP staff with report reviews and invoice reviews. An RFP was drafted and circulated in July 2015 and there was one respondent to the solicitation, Horizon Water and Environment. The review committee considered their proposal and found it to be responsive to the requirements of the RFP. Consequently SFEP staff began negotiating a contract with Horizon for administrative assistance over the next 4 years of the grant period in an amount not to exceed \$100,000 per year or \$400,000 total. The contract was executed in November 2015 too late to be included in the ABAG Executive Board meeting in November 2015.

Recommended Action

The Executive Board is requested to ratify the contract with Horizon Water and Environment.

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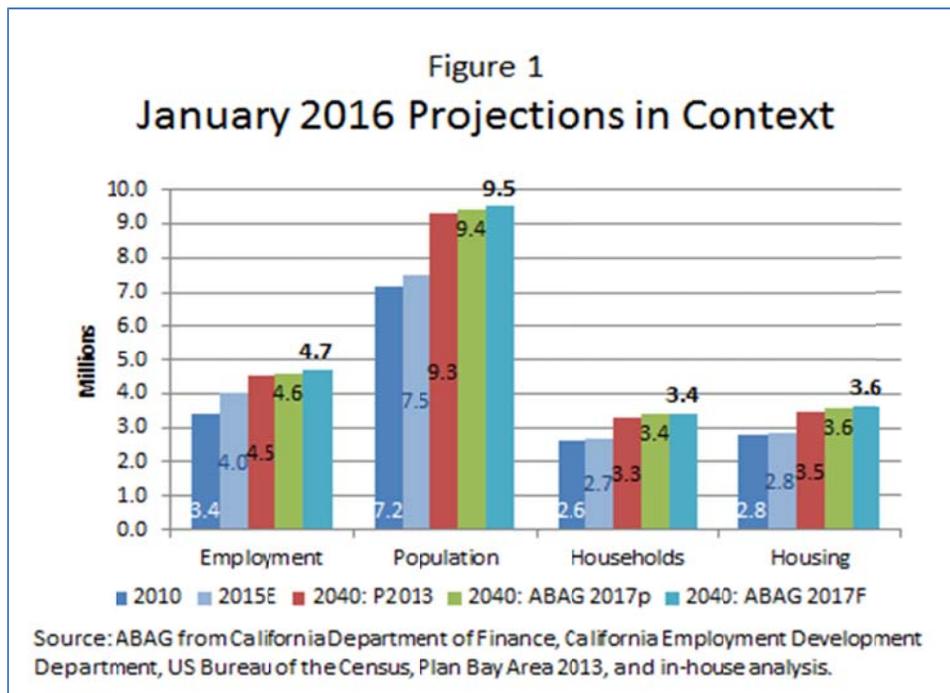
January 14, 2016

To: ABAG Executive Board
 From: Cynthia Kroll, ABAG Chief Economist
 Subject: Final Regional Forecast 2010-2040

ABAG research staff have revised the final forecast based on questions raised following release of the preliminary regional forecast and feedback from technical staff at REMI, Inc. (REMI designed the regional economic model which has been one of the tools used in our crafting of the regional forecast).

Final Regional Forecast for Plan Bay Area 2040

Figure 1 and Table 1 show the revised projections for population, employment, households and housing units, to be adopted as the final forecast for Plan Bay Area 2040.



	2010	2015	2040	Change 2010-40	Change 2015-40	2010-2040%	2015-2040%
Total Employment	3,410.9	4,025.6	4,698.4	1,287.5	672.8	37.7%	16.7%
Population^[1]	7,150.7	7,609.0	9,522.3	2,371.6	1,913.3	33.2%	25.1%
Households^[2]	2,606.3	2,699.3	3,388.6	782.8	689.8	30.0%	25.6%
Regional Housing Control Total^[3]	2,784.0	2,839.6	3,606.6	822.6	765.0	29.5%	27.0%

Source: California Department of Finance (DOF) and Employment Development Department [2010], ABAG analysis.
 [1] 2015 is July 2015 estimate from the DOF; [2] 2015 is ABAG estimate; [3] 2015 is DOF estimate for January 2015; later years are calculated as the household number divided by 0.95 to account for 5% vacancy plus the in-commute increment (added in proportionately from 2020 to 2040).

Projected growth from 2010 includes 1.3 million jobs, 2.4 million people, 783 thousand households. Including the in-commute adjustment required by the legal settlement with the Building Industry Association Bay Area (BIABA), the region is projected to add 823 thousand housing units over the thirty year period.

Comparing 2040 numbers in the final forecast to the preliminary forecast, the differences are:

- 97,000 additional jobs
- 79,000 additional people
- 2,000 additional households
- 15,000 additional housing units

The change in additional households is much smaller than the growth in population because the headship rates were updated, making use of more recent data from 2014. The housing unit total rises more than households because the in-commute estimate is higher. Attachment A to this memo explains the technical approach and details underlying the final forecast.

Why the Revisions?

ABAG research staff revised the preliminary employment projections to better match the recent surge in job growth. Although there was extensive vetting by the technical advisory committee as the preliminary forecast was developed, we also solicited feedback from other experts, including Stephen Levy of the Center for Continuing Study of the California Economy. He pointed out some concerns with the level of the employment projection, and in particular the underestimate of projected employment in 2015. After further consultation with REMI we recalibrated our REMI-based analysis using a simpler set of assumptions at the national level and the regional level and better captured the surge since 2010 (see Attachment A for more details).

Is This the “Right” Forecast?

There is no “right” forecast, given the level of uncertainties in the future about economic trends, innovation and entrepreneurialism, technological change, demographic characteristics and behavioral changes. A credible forecast needs to take account of two broad considerations. The projections need to be built on a realistic assessment of the national outlook and regional competitiveness relative to the nation (a “top down” economy requirement), but at the same time are expected to reflect the cumulative effects of local land use policies (a “bottom up” land use requirement), as well as the conditions aspired to by the regional plan and state policy.

A “business as usual” set of projections based on existing patterns of housing development would likely be driven by a continuing increase in housing prices, a tightening of vacancies, and an increase in household size, with a consequent redistribution of a portion of economic activity outside of the region as well as increasing in-commuting into the region. ABAG has for about a decade produced “policy-based” projections. The current set of projections is expected to move beyond current land use policies to reflect the requirements and spirit of SB375 to reduce GHG emissions and also to anticipate housing commensurate with the growth in the economy to minimize the exporting of the region’s labor force to neighboring regions. At the same time, recognizing that growth is a complex process, the projection used for future regional planning must still be anchored in realistic expectations so that the numbers produced are useful for planning long term investments in transportation and other infrastructure.

Depending on how much emphasis is placed on the constraints versus opportunities in the economy and assumptions regarding infrastructure and institutional capacity, different groups come up with different projections. There are lower population projections that have been released by credible groups, as there are higher employment projections also released by different credible groups.

Compared to Lower Projections

ABAG retained John Pitkin and Dowell Myers, nationally renowned demographic experts, to provide regional projections for the Bay Area out to 2040. Pitkin-Myers provided a base projection, as well as the model code allowing ABAG staff to adjust key components, like migration assumptions. The ABAG 2017F population projection is higher than the baseline version of the Pitkin-Myers Bay Area projections and higher than the California Department of Finance (DOF) 2040 projection. The Pitkin-Myers base projection (8.95 million in 2040) assumes that migration continues as it did in 2000 to 2010, a period of high net domestic outmigration. This pattern of migration has *not* continued in the past 5 years. A version of the Pitkin-Myers projection assuming a migration pattern similar to an average over earlier decades (a 15% increase in in-migration over 2000 to 2010 levels compared to the base) instead gives a population level of 9.49 million in 2040, much closer to ABAG 2017F. For comparison, the Department of Finance population projection completed in 2015 does not reach 9.5 million people until 2045. (However, the DOF household projection from March 2015, which goes only through 2030, is conversely slightly *higher* than the ABAG final household projection through 2030, because of different assumptions on changes over time in household headship rates. Those who prefer the lower DOF forecast would also be faced, for consistency, with a higher household forecast.)

Compared to Higher Projections

The ABAG 2017F employment projection is lower than the Center for Continuing Study of the California Economy projection released December 2015. At the level of total employment, the major difference is a slower rate of growth between 2015 and 2020 in ABAG 2017F as compared to CCSCE December 2015. This reflects a difference in interpretation of the observed 2010 to 2015 surge, which was triggered mainly by growth in the information, professional and business services and construction sectors. ABAG interprets the surge as driven by general cyclical and product cycle forces more so than a long term structural adjustment. Its effect on the long term base of growth would be modest, consistent with the pattern of highly volatile expansions and contractions during the past few decades, with strong build-up in employment during upswings followed by substantial losses during downturns. (We smooth out the likely correction sometime before 2020 by showing slower growth between 2015 and 2020). Treating the recent job surge as growth in the *long term* employment 2015 base could raise the 2040 employment by between 150,000 and 300,000 jobs, depending on other assumptions. To get the labor force commensurate with such job demand would entail either a population of over 10 million by 2040 or much higher in-commute levels (or both).

Finding a Middle Ground

ABAG 2017F projects a higher growth level than would occur were housing production to continue at the very slow pace of 2008 through 2012 or even the quickening pace of 2013-2015. In that sense, it is an optimistic projection assuming local and regional Plan Bay Area policies will lead to greater housing production and a housing market that serves the needs of a wider range of employees than is currently the case. At the projected employment level in ABAG 2017F, after 2020, the rate of housing production will need to meet and eventually exceed that experienced in the 1980s, as discussed below.

Projection Details

Compared to 2010, the projections in ABAG 2017F include significant shifts in the economic structure of the Bay Area, the region's demographic base, the composition of households, and the pace of building construction.

Employment Growth and Change

Figure 2 compares the level and distribution of employment in 2010, 2015 (estimated) and 2040 (projected). Table 2 shows 2010, 2015 and 2040 estimates of employment and employment change for aggregate Bay Area employment sectors.

Almost half of the projected job growth from 2010 had already occurred as of 2015. The 2010 to 2015 strength reflects a combination of recovery from the depths of the 2007 to 2009 recession and a strong surge in economic activity related to the technology and social media sectors. In this projection, employment growth slightly outpaces the nation, with the Bay Area share of U.S. employment growing from 2.5 percent in 2010 to 2.69 percent in 2015 and to 2.76 percent in 2040. Despite increases in output and demand in all sectors, employment declines in a few sectors, due to higher productivity from technological advances or production or operations displacement to lower cost sites.

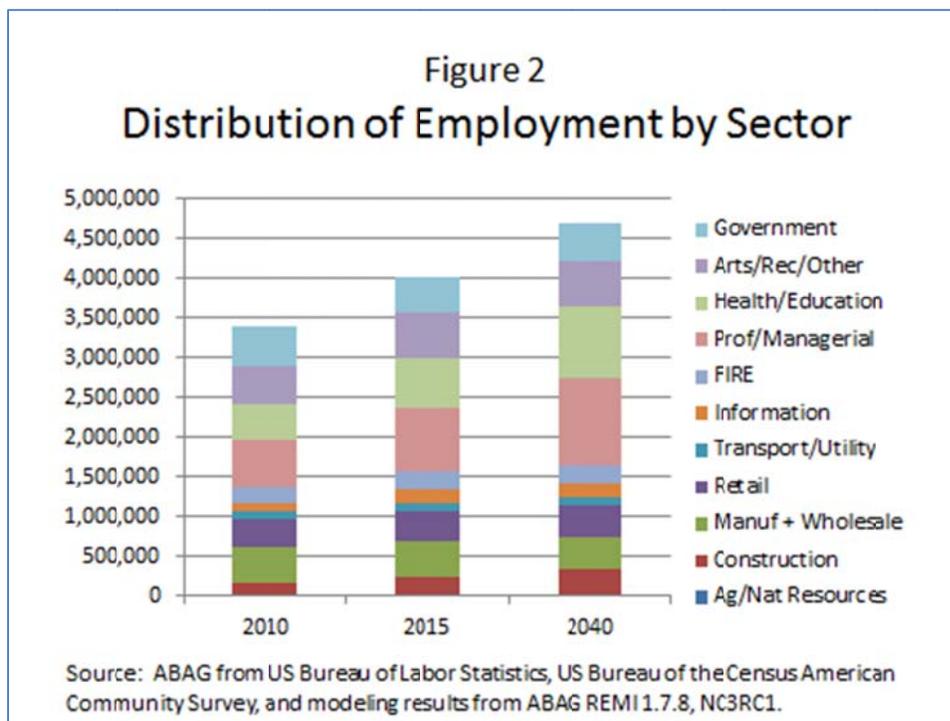


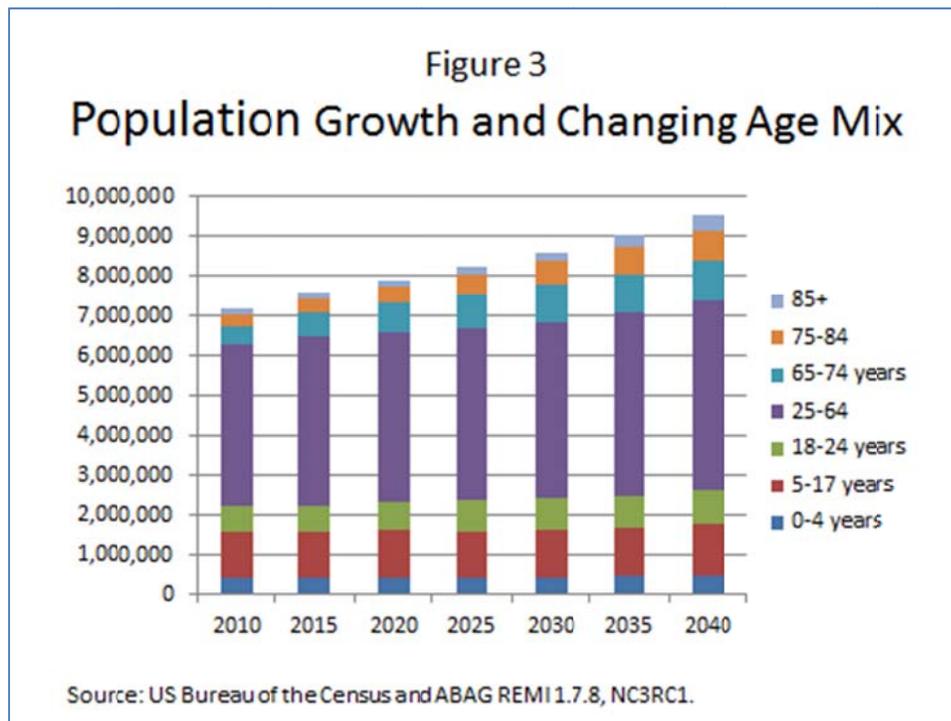
Table 2: Projected Employment by Sector, San Francisco Bay Area 9 County Area, 2010 to 2040

(Thousands)	2015	2020	2025	2030	2035	2040	2010-2040 %	2015-2040%
Total Employment	4,025.6	4,038.5	4,137.5	4,236.9	4,456.5	4,698.4	37.7%	16.7%
Agriculture & Nat Resources	26.6	26.5	26.2	25.4	24.8	24.4	-2.9%	-8.4%
Construction	210.3	216.8	224.3	242.9	276.8	313.4	89.1%	49.0%
Manufacturing & Wholesale	471.1	429.1	426.0	414.4	411.7	408.3	-4.7%	-13.3%
Retail	364.7	360.0	367.5	376.5	387.7	398.2	22.6%	9.2%
Transportation & Utilities	112.2	103.9	102.8	102.6	106.4	110.5	13.7%	-1.5%
Information	164.1	159.3	156.3	158.4	161.9	165.0	39.8%	0.5%
Financial & Leasing	220.8	223.1	222.3	221.0	227.4	234.5	20.3%	6.2%
Prof'l & Managerial Services	799.1	810.0	860.0	914.1	1,000.3	1,093.4	74.9%	36.8%
Health, Educational Services	634.7	682.6	723.0	753.6	816.8	887.6	76.6%	39.8%
Arts, Recreation, Other Serv	562.5	559.0	560.3	557.5	573.4	591.8	24.2%	5.2%
Government	459.5	468.2	468.8	470.4	469.4	471.3	4.2%	2.6%

Source: ABAG forecast based on REMI version 1.7.8, model NC3RC1.

Population Growth and Change

While the 2040 population as a whole is projected to be 33 percent higher than in 2010, growth will differ widely by age group. (See Figure 3). The number of school aged children (5 to 17 years old) is projected to grow by only 11.5 percent, while the number of people 65 and over will increase by 140 percent, accounting for more than half of all growth in the region.



Between 2015 and 2040, employment is projected to grow faster than the population in prime working years between 25 and 64 (16.7 percent compared to 12.9 percent). The difference will be made up by faster increase of younger workers compared to employment growth (“college-aged” workers, aged 18 to 24, increase by 29.7 percent in that period), by a portion of older workers remaining in the labor force, and possibly by a small increase in the numbers in-commuting.

Household Growth

The amount of household growth projected in ABAG 2017F (Figure 4) assumes household size continues to be constrained by costs and is also affected by behavioral factors such as increases in the share of multigenerational households and a higher share of two person senior households (due to higher male survival rates). In the short run, household size continues to increase, as it has since 2010, but as new construction also increases, household size drops back to just below 2015 levels. (See Figure 5).

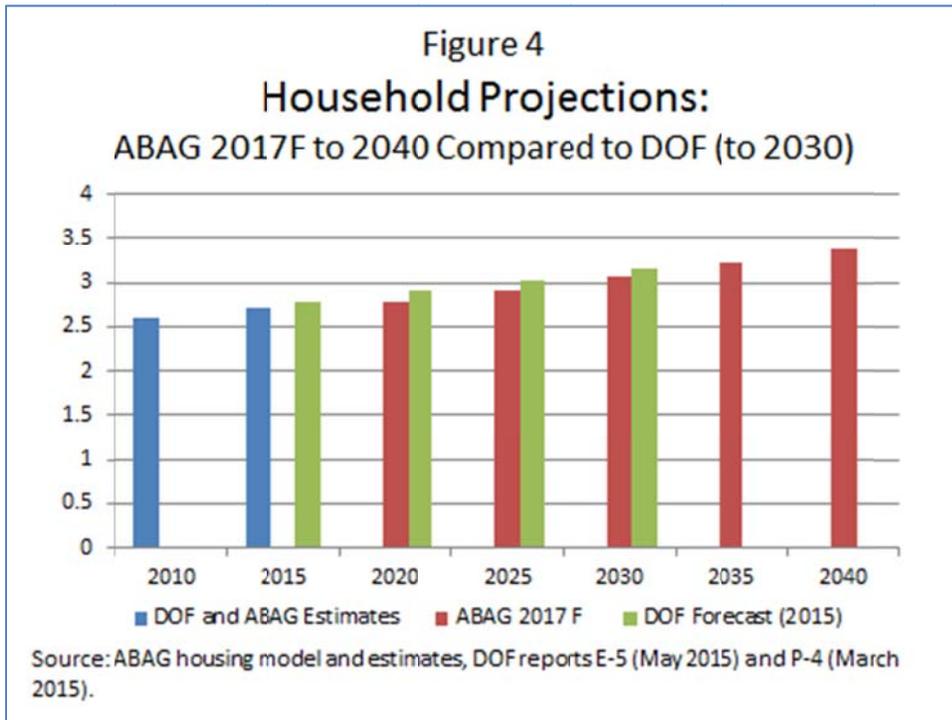
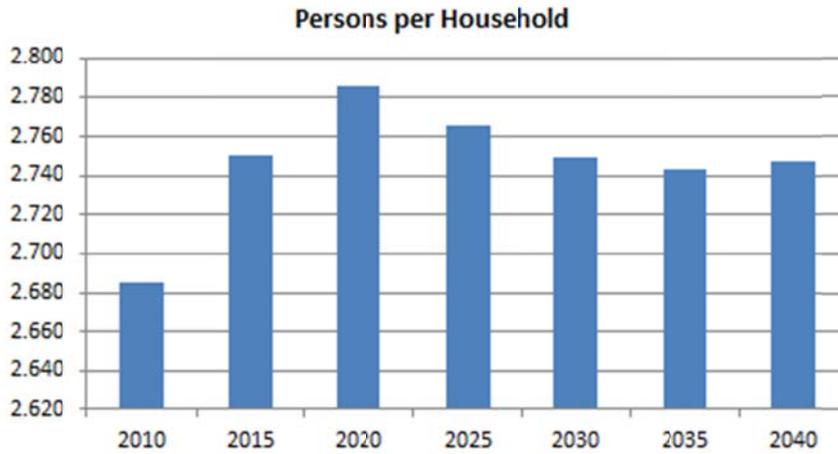


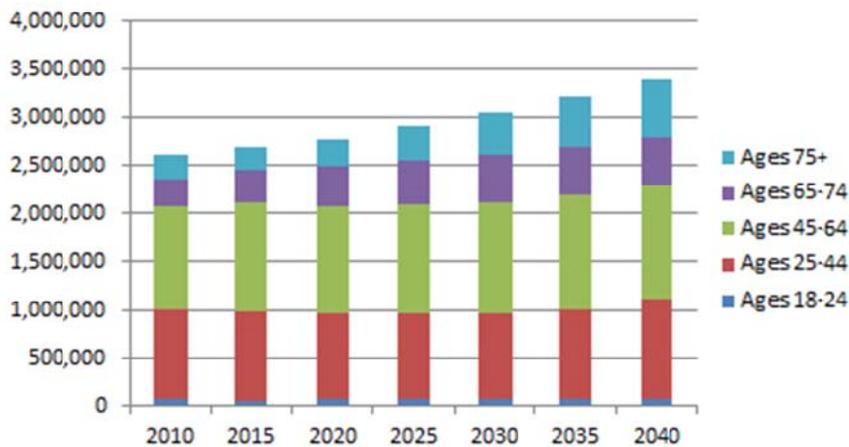
Figure 5
Projected Household Size



Source: ABAG REMI 1.7.8, NC3RC1, and California DOF Report E-5, May 2015.

Characteristics of households are very much influenced by the changing age structure. As shown in Figure 6, households headed by people 65 and older account for the bulk of the increase from 2010 to 2040—some 568,000 households, or more than 70 percent of the 780,000 growth in households. Remaining household growth is divided between the 25 to 44 year old age group and the 45 to 64 year old group. This may shift overall demand from suburban single family homes to more urban settings.

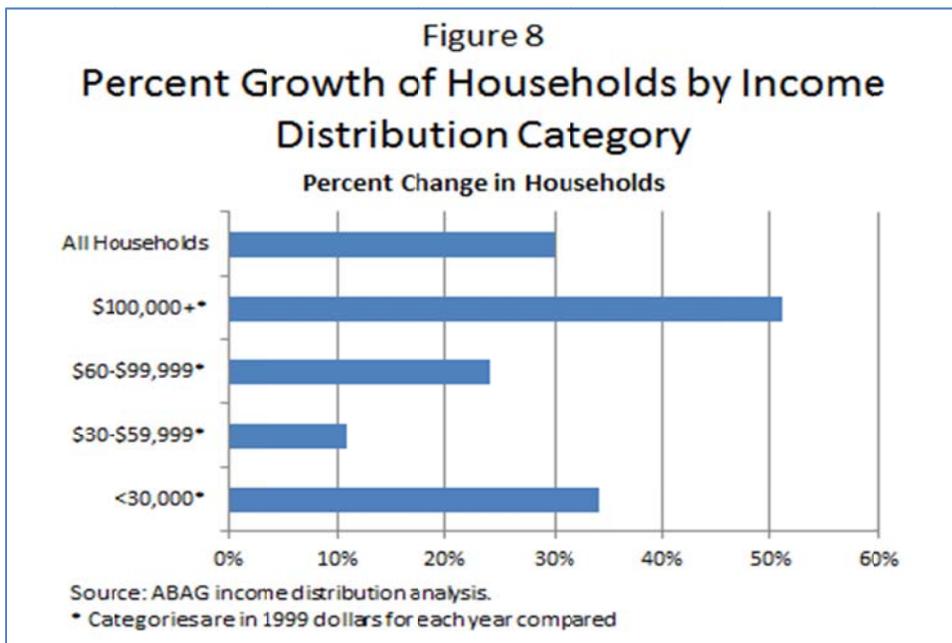
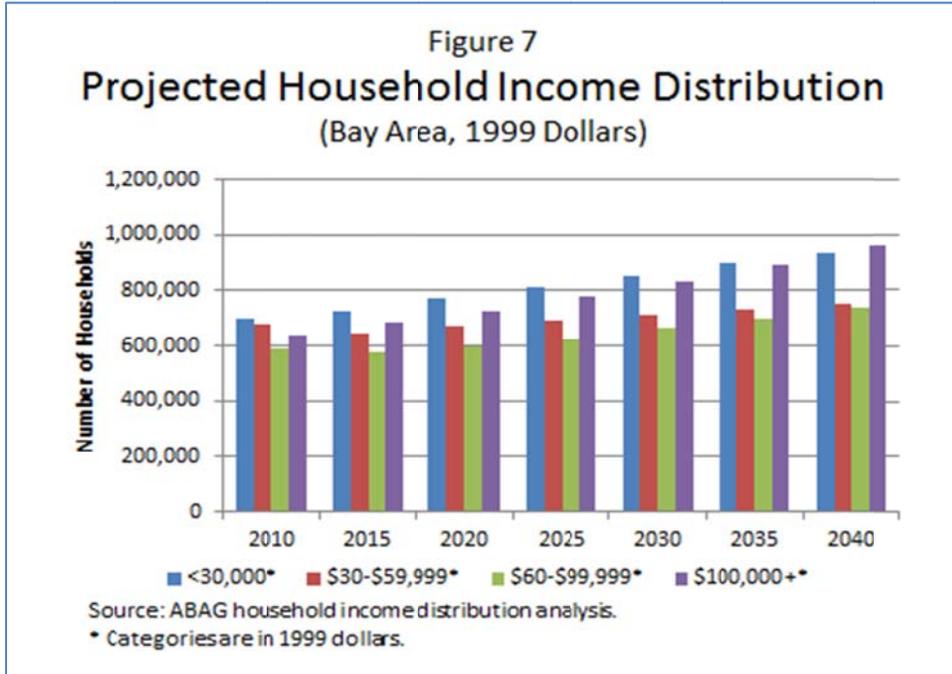
Figure 6
Projected Households by Age of Household Head



Source: ABAG housing model.

Household Income Distribution

The “hollowing out” of the middle is projected to continue over the next 25 years, as shown in Figure 7. Household growth will be strongest in the highest income category, reflecting the expected strength of growth in high wage sectors combined with non-wage income. Household growth will also be high in the lowest wage category, reflecting wage stagnation, as well as the retirement of seniors without pension assets. Slowest growth will be in the lower middle category, highlighting concerns about advancement opportunities for lower wage workers. (See Figure 8)



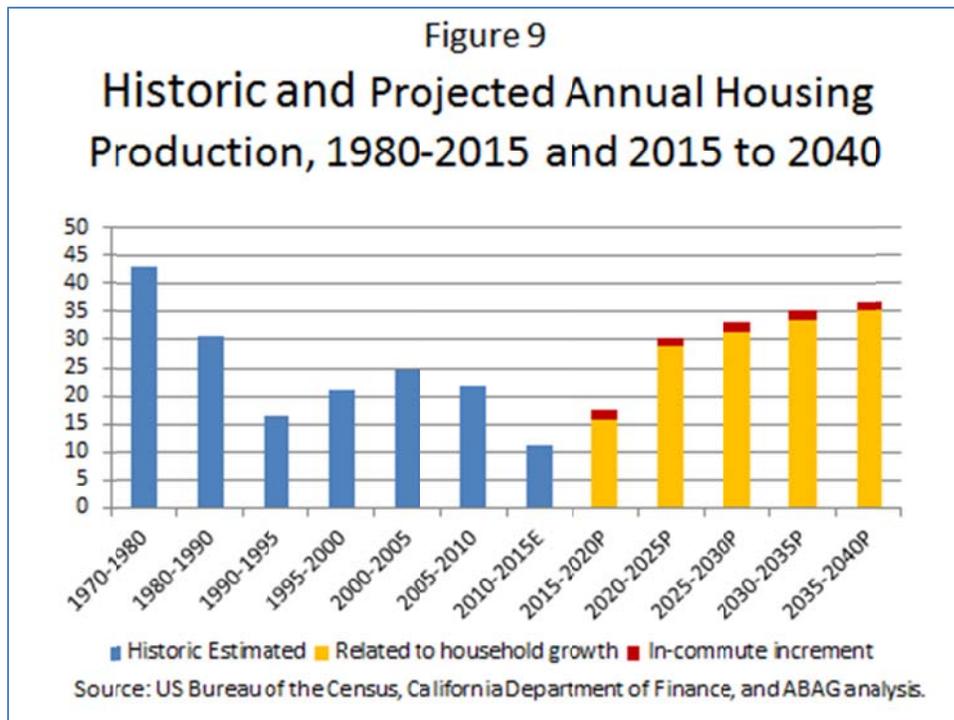
In-Commute Estimates

Our estimate of net commuting between Bay Area counties and other areas shows that net in-commuting would be expected to grow by up to 53,000 between 2010 and 2040. The greater amount of this increase may have already occurred over the past 5 years.

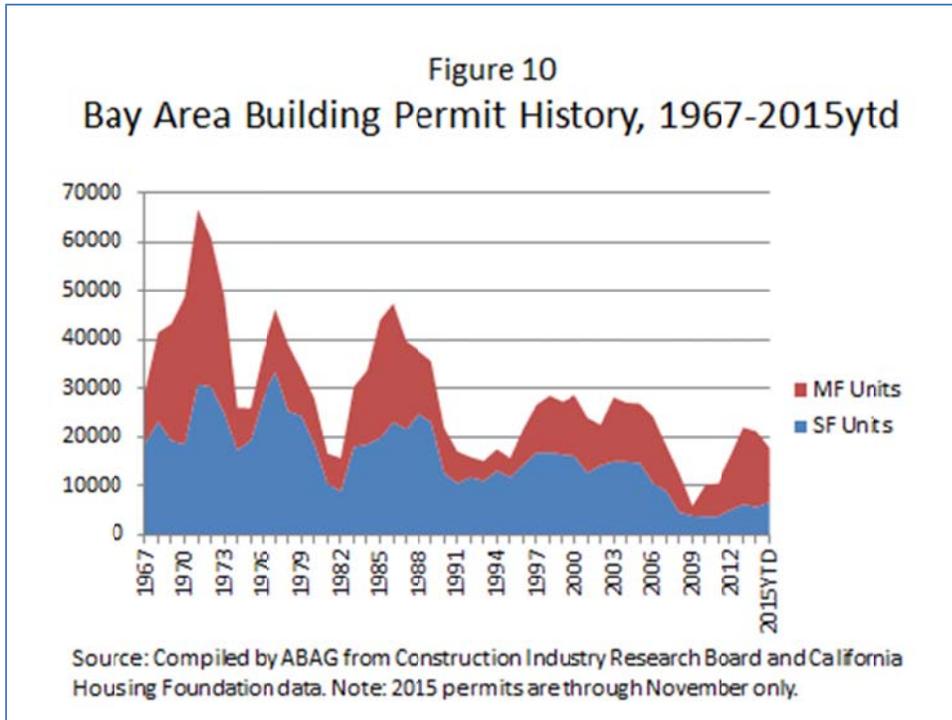
Using a ratio of approximately 1.41 workers per household, we include an estimated additional 37,600 households related to the in-commute change in calculating the Regional Housing Control Total, to fulfill the requirements of the legal settlement of ABAG and MTC with the Building Industry Association Bay Area.

Housing Production

ABAG 2017F projects an increase of 822,600 new housing units (including 39,600 associated with the in-commute) between 2010 and 2040, to a total of 3.607 million housing units). From the January 2015 base provided by the California Department of Finance, this implies an annual average rate of increase of between 17,000 and 37,000 units, depending on the time period (the level of demand for new housing units increases over the projection time period, as shown in Figure 9), and assuming the in-commute related increment of housing is added gradually over the full 25 year period. The great majority of the new housing units projected would be to fill the needs of projected household growth within the region. The portion of the projected bars shown in red is the added increment related to the projected growth of in-commuting.



The housing unit growth projected through 2040 would require a major jump in production beginning in 2020, returning to levels of sustained production not seen since the 1980s. In addition, because of changing demographics and requirements to reduce greenhouse gas production, we can expect multifamily to be at least as large a share of this as was the case in most of the 1980s, and possibly close to the share experienced in recent years (see Figure 10).



Summary of Technical Approach Underlying ABAG Final Regional Forecast 2010-2040 **Attachment A to “Final Regional Forecast 2010-2040” Memo to the Executive Board**

This attachment to the memo “Final Regional Forecast 2010-2040” summarizes the methods used to calculate the regional forecast and the changes in measures or assumptions that led to shifts from the memo on “Preliminary Regional Forecast Numbers” released in October 2015.

The memo describes the methods underlying:

- Employment projections
- Population projections
- Household projections (number and income distribution)
- In-commute projection
- Regional Housing Control Total projection

Employment

ABAG built the employment projection using the Bay Area REMI PI+ model¹, version 1.7.8, with the adjustments described here. Regional Economic Modeling, Inc. (REMI) for more than 25 years has produced custom regional models for use in making projections and for impact analysis. We made several adjustments to the “out of the box” model at both the national and local level. These adjustments were somewhat different than those made for the preliminary forecast.

Adjustments include:

- 1) Modifying the rate of employment growth at the *national* level for construction, information, retail, wholesale and transportation and warehousing sectors.
- 2) At the *regional* level modifying residential and nonresidential investment and the relative housing price, and replacing the first two years of forecast employment with estimates based on reported Bureau of Labor Statistics employment growth rates.
- 3) At the *regional* level, translating employment results from the US Bureau of Economic Analysis (BEA) employment definition to a measure equivalent to the US Bureau of Labor Statistics (BLS) measure of jobs by place of work plus the US Bureau of the Census measure of self-employed workers.

Table A-1 compares the National Standard Control employment results with the modified national control (we have identified this version by the code NC3). Sector adjustments for NC3 were as follows:

- a) Construction: REMI shows construction investment and jobs expanding far faster than historic trends. The high jobs come from an overestimate of growth from 2013 to 2015, while the investment issue appears to be a weakness of the model. We applied actual BLS rates of growth for 2014 and 2015 to the 2013 BEA employment number given in REMI (this rate of growth is lower than the REMI projected rate of growth). From 2016 to 2019, the 2015 rate of growth is interpolated to reach the REMI estimated rate of growth by 2020. After 2020, employment grows at the REMI calculated rate, but from the new (lower) 2020 employment level. It is not possible to adjust residential and nonresidential investment in the model at the national level. ABAG’s regional level adjustment is explained below.

¹ See Regional Economic Models, Inc., *Bay Area Economic Forecasting: PI+/HD and County Control Forecasting*, March 2014. Further documentation available on model updates at <http://www.remi.com/resources/documentation>.

Category	2010	2040	2040	Difference
Forestry, Fishing, and Related Activities	855.4	699.3	699.3	0
Mining	1268	2126.9	2126.9	0
Utilities	582.2	350.1	350.1	0
Construction	8793.7	18206.6	17397.6	-809.0
Manufacturing	12102.9	10382.5	10382.5	0
Wholesale Trade	6024	6343.7	7032.2	688.5
Retail Trade	17591.6	18428.9	20619.1	2190.2
Transportation and Warehousing	5474.2	5955.8	6410.2	454.4
Information	3222.6	2450.0	3200.3	750.3
Finance and Insurance	9202.4	10328.4	10328.4	0
Real Estate and Rental and Leasing	7697	9107.2	9107.2	0
Professional, Scientific, and Technical Services	11755.8	18847.4	18847.4	0
Management of Companies and Enterprises	2019.4	1835.0	1835.0	0
Administrative and Waste Management Services	10402.2	15367.1	15367.1	0
Educational Services	4089.9	5027.7	5027.7	0
Health Care and Social Assistance	19089.9	31162.8	31162.8	0
Arts, Entertainment, and Recreation	3788.4	4569.8	4569.8	0
Accommodation and Food Services	11986.3	14608.8	14608.8	0
Other Services, except Public Administration	9780.8	10396.8	10396.8	0
Government	24672	23164.1	23164.1	0
Farm	2646	1502.1	1502.1	0
Total	173044.7	210860.9	214135.3	3274.4

Source: ABAG analysis using Bay Area REMI 1.7.8

- b) Information: REMI's national forecast for information is far less optimistic than most other forecasts and also underestimates recent growth. We built our adjustment on BLS 2012 to 2022 projections.² Specifically, we used measured BLS growth rates to adjust 2013, 2014 and 2015 numbers for subsectors publishing, internet, motion pictures and telecommunications (only 2014 and 2015). For subsequent years we used BLS 2012-2022 projected rates of growth (publishing, telecommunications), adjusted BLS 2012-2022 projected rates of growth (internet and other—decreased by 2/3 from 2021 to 2030, decreased forecast rates of growth by half from 2031 to 2040), or reverted back to the REMI rate (motion pictures). The relevant BLS projections are shown in Table A-2.
- c) Retail, Wholesale, Transportation and Warehousing: These sectors all dropped sharply over the 30 year period in REMI's National Standard Control (NSC). We compared this to historic relations to factors such as population and manufacturing and adjusted the levels over time. To make these adjustments, we calculated log/log relationships with relevant factors (retail—population; wholesale—manufacturing and population; transportation and warehousing—population,

² Bureau of Labor Statistics, Economic Forecast 2012 to 2022, BLS Detailed Industry, Table 2.7 Employment and Output by industry; <http://www.bls.gov/opub/mlr/2013/article/industry-employment-and-output-projections-to-2022.htm>.

manufacturing, and professional and scientific). We used these relationships to adjust growth rate either directly or in a tapered way (retail, wholesale) assuming effects of technological change. (See Table A-3 for regression results).

This adjustment to the national control raised the employment forecast at the national level by about 1.6 percent compared to the REMI NSC. In contrast, in the preliminary forecast, we had created a new national control that adjusted a larger number of sectors, raised the 2040 employment level by about 3 percent, but did not adequately account for the 2010 to 2015 surge in employment.

	Actual	Forecast	Percent Change
Industry	2012	2022	2012 - 2022
Publishing industries	737.8	705.9	-0.4%
Motion picture, video, and sound recording industries	372.3	350	-0.6%
Broadcasting (except internet)	285.4	296.7	0.4%
Telecommunications	858	807	-0.6%
Data processing, hosting, related services, and other information services	424.1	452.8	0.7%

Source: ABAG from US Bureau of Labor Statistics Economic Forecast , Detailed Industry, Table 2.7.

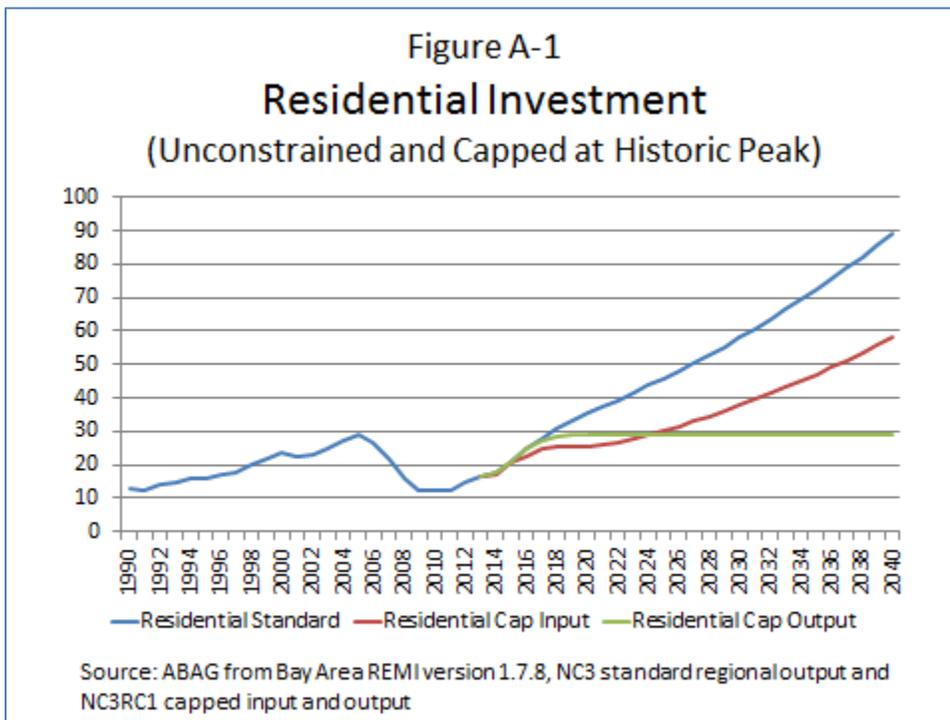
	Dependent variables (log form)				
	retail employment	wholesale employment	air transportation	transit	warehousing
Independent variables (log form; t value in parentheses)					
Population	0 .6180171 (6.19)	1.147926 (8.79)		1.949733 (21.44)	3.351744 (35.02)
manufacturing employment		0.3184065 (4.77)	0.9150349 (8.72)		
professional, technical and scientific emp.			0.5055651 (6.34)		
Adjusted R-Squared	0.6185	0.8358	0.7713	0.9523	0.9816

Source: ABAG Analysis

We created a new *regional* control based on our REMI NC3 national control with three additional adjustments. These include:

- 1) *A reduction of levels of residential and nonresidential investment* to temper the degree to which this expands. For those familiar with REMI, this is done by entering new investment numbers by

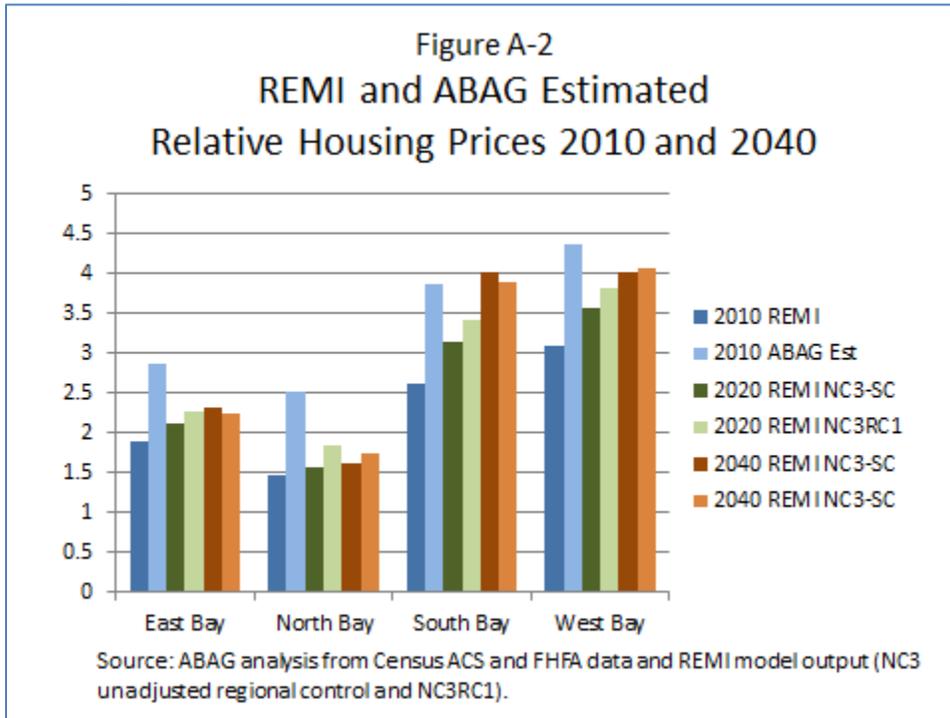
subregion in the policy section of the regional control.³ The new investment numbers were calculated to be no larger than the previous peak. Once entered into REMI, this does not actually cap investment to the previous level, but it does reduce the rate at which investment expands to a level more consistent with actual growth. Figure A-1 illustrates the relationship between the residential investment level in the standard regional control based on national control NC3, the input to the revised regional control for the final forecast (NC3RC1) and the output of the model for residential investment in NC3RC1. The relative positions of the lines also indicate the reason for the adjustment. Construction investment is generally a flow rather than a stock variable, and thus grows with the level of change, not the absolute level. Thus, the pace of growth in the standard control is much higher than would be expected from the economic growth observed.



- 2) *An adjustment to the ratio of Bay Area relative to national housing prices.* This policy variable has a bearing on economic migration levels as these are a function of the attractiveness of the Bay Area amenities and job opportunities, but tempered by the cost of housing. We found that REMI’s account of the cost of housing relative to the US as a whole is substantially lower than what we calculate from other sources, leading to overly optimistic economic migration flows. Our adjustment was created using 2013 5-year ACS data for the US and the MSAs relative to our analysis and the FHFA index adjusted to a 2011 base (to be consistent with the 5 year ACS data). We used this data to create a series for price by MSA relative to the US. In looking back to 1975, it leaves only a small advantage for the Bay Area relative to the US, consistent with historic estimates. We then averaged the relative price from 2005 to 2014. We applied 50 percent of the difference between our calculations and the REMI levels to the forecast. As with construction

³ ABAG’s version of the REMI model has 4 subregions within the Bay Area—the East Bay (Alameda and Contra Costa counties), North Bay (Napa, Solano and Sonoma counties), South Bay (Santa Clara County) and West Bay (Marin, San Francisco, and San Mateo counties).

investment, REMI still recalculates the relative price. The effect is insignificant by 2040 but raises prices midway through the forecast, relative to REMI’s unadjusted relative prices, as shown in Figure A-2.



- 3) *An adjustment of employment levels in 2014 and 2015 to actual measured rate of growth by sector from BLS. For those familiar with REMI, we made this adjustment in the Policy section rather than in the Update section. This treats the higher employment levels as a short term exogenous shock which the model can then respond to, and adjust to (e.g. short term labor scarcity drives up costs and reduces demand). This is distinct from other possible treatments. We could also have treated the high recent growth as an accounting change through the update function, setting the baseline higher, which would have more long term effects in an upwards direction (the companion memo puts magnitude to the long term effect of this sort of adjustment of between 150,000 and 300,000 additional jobs by 2040). We chose this approach (exogenous rather than baseline accounting adjustment) because it is consistent with the region’s historic experience with the sectors that have driven the current surge, marked by not insignificant volatility.*

After running the model, we then present the results in Bureau of Labor Statistics measures of employment rather than Bureau of Economic Analysis measures of employment.⁴ These result in an average annual figure, rather than a count of all jobs that are offered at some time during the year.

⁴ The BEA measure accounts all jobs held at all firms by all individuals during a year (as well as self-employment), and thus is likely to double count individuals and even positions in a company (where there has been turnover in a position during the year). In contrast BLS reports monthly employment which is then averaged for an annual count. The latter is more useful for planning purposes, because it is closer to identifying likely housing and travel demand. BLS does not report self employment, so ABAG adds this estimate to the employment count. The BEA count is related to the agency’s major responsibility of tracking income and output.

(Note that both definitions are different from the ABAG definition used prior to Projections 2013. Prior definitions were based on a count of one job per person, rather than jobs per workplace).

Table A-4 compares the 1.7.8 REMI control with the preliminary forecast and the final forecast, using the Bureau of Labor Statistics plus self-employment definition of employment. Table A-5 shows the ratios used to adjust BEA to BLS plus self-employment counts, estimated from an average of 2007, 2010 and 2013.

(Employment in Thousands)	2010	2040	2040	2040	Percent Change 2010-2040		
	EDD+SE	REMI SC	Prelim Forecast	Final Forecast	REMI SC	Prelim Forecast	Final Forecast
Agriculture & Natural Resources	25.1	24.8	27.7	24.4	-1.3%	10.2%	-2.9%
Construction	165.7	411.0	246.5	313.4	148.0%	48.7%	89.1%
Manufacturing & Wholesale	428.5	395.7	435.8	408.3	-7.7%	1.7%	-4.7%
Retail	324.8	353.4	385.8	398.2	8.8%	18.8%	22.6%
Transportation & Utilities	97.1	97.1	112.3	110.5	-0.1%	15.7%	13.7%
Information	118.0	114.5	158.5	165.0	-2.9%	34.3%	39.8%
Financial & Leasing	194.9	234.1	252.0	234.5	20.1%	29.3%	20.3%
Professional & Managerial Services	625.2	1062.4	1023.1	1093.4	69.9%	63.6%	74.9%
Health & Educational Services	502.7	883.3	838.4	887.6	75.7%	66.8%	76.6%
Arts, Recreation & Other Services	476.5	577.9	633.1	591.8	21.3%	32.9%	24.2%
Government	452.2	474.9	488.3	471.3	5.0%	8.0%	4.2%
Total Jobs	3410.9	4629.0	4601.5	4698.4	35.7%	34.9%	37.7%

Source: ABAG from Bay Area REMI 1.7.8 (Standard Control and NC3RC1) and 1.7.2 (k3-v2).

BEA employment numbers are divided by the factors in Table A-5 to give estimates of the Bureau of Labor Statistics (employment by place of work) plus self-employment equivalent.

Employment Sector	Adjustment Factor
Agriculture & Natural Resources	1.402484
Construction	1.158725
Manufacturing & Wholesale	1.084723
Retail	1.168494
Transportation & Utilities	1.239593
Information	1.12953

Table A-5: Adjustment Ratios to Convert BEA Employment Measures to BLS plus Self Employment	
Employment Sector	Adjustment Factor
Financial & Leasing	2.377468
Professional & Managerial Services	1.342899
Health & Educational Services	1.091576
Arts, Recreation & Other Services	1.374565
Government	1.035506
Source: ABAG analysis using BEA, BLS and American Community Survey data.	

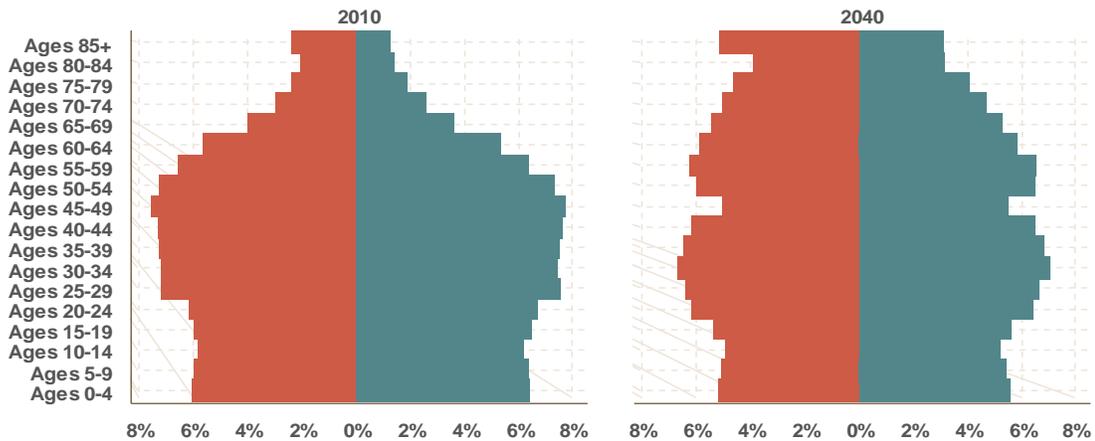
Population

In developing the preliminary forecast, staff used two separate but similar population modeling approaches. The Pitkin-Myers population model for the Bay Area uses a cohort survival model, with careful attention to immigrant status, including generation since immigrating.⁵ The REMI model uses a simpler cohort survival model, which also recognizes differences by ethnic group, but assumes once immigration has happened, the immigrant takes on the characteristics of the ethnic group. We compared the results of the different models in terms of age and ethnicity and found, especially for age categories, results were very similar. For consistency with the employment data, we used the REMI population forecast in both the preliminary and final forecast. Table A-6 compares results from four population projections, the REMI standard regional control, ABAG’s preliminary and final population projections, and the output of the Pitkin-Myers higher migration scenario. Figure A-3 shows population pyramids for 2010 and the 2040 population in the final forecast.

Table A-6: Population Projections for Final Forecast and Alternative Forecasts					
Age Category	2010	2040 Projections			
		Standard Control	Final Forecast	Preliminary Forecast	Pitkin-Myers In-Migration up 15%
Ages 0-14	1,320,200	1,532,900	1,499,300	1,470,100	1,524,500
Ages 15-24	909,800	1,160,900	1,126,200	1,118,100	1,054,900
Ages 25-64	4,051,500	4,908,200	4,779,000	4,739,200	4,786,500
Ages 65+	885,100	2,149,500	2,117,700	2,115,400	2,127,300
Total	7,166,700	9,751,400	9,522,300	9,442,800	9,493,100
Share of Total					
Ages 0-14	18.4%	15.7%	15.7%	15.6%	16.1%
Ages 15-24	12.7%	11.9%	11.8%	11.8%	11.1%
Ages 25-64	56.5%	50.3%	50.2%	50.2%	50.4%
Ages 65+	12.4%	22.0%	22.2%	22.4%	22.4%
Source: ABAG from REMI and Pitkin-Myers projections.					

⁵ See John Pitkin, *Summary and Analysis of Pitkin-Myers Generational Projections of the Population of the Bay Area to 2040*, Cambridge: June 30, 2015.

Figure A-3: Final Forecast Population Age Distributions, 2010 and 2040



Household Estimates

Household estimates are computed by applying headship rates, or the number of householders relative to the population calculated from the American Community Survey to the REMI population output by age and ethnicity. The headship rate is applied to age/race/gender bins: Two genders, four race / ethnic groups and 15 age groups, or a total of 120 distinct groups. Rates are pooled from ACS 1-year PUMS samples 2006-2014, with an exponentially weighted smoothing average applied to avoid spikes in particular in the thinner slices of the PUMS sample.

While not adjusting headship rates secularly across the board, we did two specific rate adjustments:

- 1) We marginally reduced headship rates for Black and White, non-Hispanic households, age groups 25-34 and 65-74 by 5 percentage points to reflect expected changes in household sizes for those groups, due to changing cultural and financial conditions.
- 2) We reduced headship rates for Black and White, non-Hispanic households age groups 75+ by 10 percentage points to reflect expected increases in male survival rates.

We did not adjust headship rates for other ethnic groups related to increased "survival" of older age groups because headship rates were already so low for those ethnicities.

There is a small difference in the rate of household formation between our preliminary and final forecasts due to the addition of 2014 to the smoothing process in calculating rates for the final forecast. Headship rates are summarized for the final forecast in Table A-7.

Table A-7: Headship Rates by Age, Gender and Ethnicity								
gender	Females				Males			
Race/ ethnicity	Black- NonHisp	Hispanic	Other- NonHisp	White- NonHisp	Black- NonHisp	Hispanic	Other- NonHisp	White- NonHisp
Final Forecast Rates								
Age								
5-19	0.0079	0.0041	0.0032	0.0063	0.0027	0.0038	0.0038	0.0040
20-24	0.2145	0.1410	0.1333	0.1854	0.1250	0.1051	0.1300	0.1652
25-29	0.4264	0.2917	0.2526	0.3297	0.1976	0.2525	0.3072	0.3195
30-34	0.4996	0.3938	0.3227	0.4241	0.3377	0.3705	0.5099	0.4652
35-39	0.6182	0.4092	0.3304	0.4864	0.4361	0.4514	0.5973	0.5432
40-44	0.6583	0.4296	0.3730	0.5316	0.4815	0.5020	0.6176	0.5557
45-49	0.6676	0.4290	0.3765	0.5238	0.5152	0.5207	0.6094	0.5897
50-54	0.6335	0.4319	0.3626	0.5296	0.5969	0.5389	0.6401	0.6182
55-59	0.6230	0.4450	0.3517	0.5317	0.5985	0.5511	0.6068	0.6427
60-64	0.6590	0.4260	0.3202	0.5450	0.6333	0.5852	0.6062	0.6817
65-69	0.6345	0.3922	0.3161	0.4986	0.6408	0.6314	0.5732	0.6829
70-74	0.6592	0.4589	0.2982	0.5161	0.6724	0.5735	0.5436	0.6862
75-79	0.6206	0.4298	0.3448	0.5016	0.6361	0.6103	0.5636	0.6629
80-84	0.6313	0.5203	0.4176	0.5485	0.6558	0.5400	0.5557	0.6491
85+	0.6118	0.4394	0.4458	0.6338	0.5327	0.5425	0.5632	0.6622
Preliminary Forecast								
5-19	0.0085	0.0040	0.0028	0.0057	0.0041	0.0042	0.0033	0.0046
20-24	0.2098	0.1485	0.1439	0.1982	0.1320	0.1104	0.1305	0.1673
25-29	0.4466	0.2866	0.2509	0.3345	0.2060	0.2693	0.3197	0.3351
30-34	0.5166	0.3703	0.3291	0.4293	0.3878	0.3876	0.5216	0.4676
35-39	0.6297	0.4098	0.3393	0.4878	0.4624	0.4743	0.5902	0.5628
40-44	0.6823	0.4230	0.3606	0.5189	0.4935	0.5027	0.6208	0.5712
45-49	0.6811	0.4190	0.3643	0.5148	0.5411	0.5220	0.6256	0.6084
50-54	0.6447	0.4217	0.3541	0.5181	0.5790	0.5379	0.6384	0.6378
55-59	0.6596	0.4488	0.3386	0.5363	0.6083	0.5702	0.6153	0.6531
60-64	0.6471	0.4339	0.3191	0.5399	0.6308	0.5664	0.6037	0.6893
65-69	0.6465	0.4039	0.2942	0.5029	0.6394	0.6472	0.5824	0.6949
70-74	0.6563	0.4117	0.2778	0.5052	0.6495	0.5572	0.5474	0.6962
75-79	0.6056	0.4444	0.3481	0.5024	0.6663	0.6138	0.5825	0.6693
80-84	0.6329	0.5167	0.4235	0.5417	0.6280	0.5382	0.5768	0.6542
85+	0.5781	0.4068	0.4343	0.6186	0.5425	0.5527	0.5508	0.6717

Income Distribution

The income distribution analysis is designed to take into account structural characteristics of the region including demographic factors such as the age profile and ethnic mix, and economic factors such as the predominant industries and occupations in which people work, as well as the various sources of income (retirement income, public assistance income, wage and salary income). An earlier methodology used for Projections 2013, considered the effects of industry and occupational structure on income mix. The methodology created for this analysis includes additional factors, such as all income (including non-wage income).

Other aspects of Bay Area regional forecasting rely on estimates of the distribution of income among four income bins originally defined using 1989 incomes and later updated using 1999 incomes. The categories, originally, were:

- 1) Below \$25,000 (1989 dollars, updated to \$30,000 for 1999 dollars)
- 2) Between \$25,000 and \$45,000 (1989 dollars, upper break point updated to \$60,000 for 1999)
- 3) Between \$45,000 and \$75,000 (1989 dollars, upper break point updated to \$100,000 for 1999), and
- 4) Above \$75,000 (1989 dollars, updated to \$100,000 for 1999).

ABAG specified four regression models (using American Community Survey, Census 2000 data) on the relationship between demographic and economic variables and share of households in each of the four income quartiles defined above.

The results of these regressions are shown in Tables A-7 to A-10.

Table A-7: Regression Results for Income Category 1 (Households below \$30,000, 1999 dollars)				
	params	pvals	std	test_stats
Adjusted R-Squared	0	0	0	0.669211
R-Squared	0	0	0	0.672062
Intercept	0.741601	4.37E-41	0.052547	
Share of population, White (not Hispanic)	-0.17261	3.65E-39	0.012572	
Wharton Residential Land Use Regulation Index	-0.01799	1.35E-10	0.00277	
Share of population, 65 and over	0.997485	6.22E-50	0.063133	
county housing price median relative to US	-0.05317	1.32E-56	0.003127	
more than 1 million people in MSA	-0.04618	5.23E-27	0.004156	
public assistance income, log	0.040692	5.37E-38	0.003015	
retirement income, log	-0.04888	1.25E-33	0.003884	
Share employed in nat resources, const, and maintenance occ	0.427559	1.18E-22	0.042505	
F Test	235.6765	9.2E-217	0	

**Table A-8: Regression Results for Income Category 2
(Households \$30,000-\$59,999, 1999 dollars)**

	params	pvals	std	test_stats
Adjusted R-Squared	0	0	0	0.414723
R-Squared	0	0	0	0.419768
Intercept	0.530093	4.16E-89	0.023653	
Share of population 16 and over in labor force	0.090489	4.74E-05	0.022137	
Share of population, Hispanic	-0.05252	1E-13	0.00695	
Wharton Residential Land Use Regulation Index	-0.00256	0.055326	0.001336	
Share of population, 25-64	-0.35542	1.14E-14	0.045264	
county housing price median relative to US	-0.02176	9.58E-35	0.001697	
County falls in Census Region 9	0.013903	3.67E-06	0.002985	
Share employed in education services	-0.32121	1.62E-20	0.033779	
Share employed in health care services	-0.23159	2.98E-10	0.036355	
F Test	83.19669	2.2E-103	0	

**Table A-9: Regression Results for Income Category 3
(Households \$60,000-\$99,999, 1999 dollars)**

	params	pvals	std	test_stats
Adjusted R-Squared	0	0	0	0.647393
R-Squared	0	0	0	0.650053
Intercept	-1.08725	1.94E-61	0.060906	
Share of population 16 and over in labor force	0.290893	2.05E-35	0.022443	
Share of population, Black (Not Hispanic)	-0.03842	7.73E-06	0.008541	
Wharton Residential Land Use Regulation Index	0.007572	7.76E-08	0.001398	
Share employed in health care services	-0.32454	1.88E-17	0.037421	
Share employed in professional and scientific services	-0.49631	4.73E-26	0.045586	
more than 1 million people in MSA	0.019135	2.35E-18	0.002144	
per capita income, log	0.115644	3.85E-60	0.006561	
F Test	244.4039	4.9E-205	0	

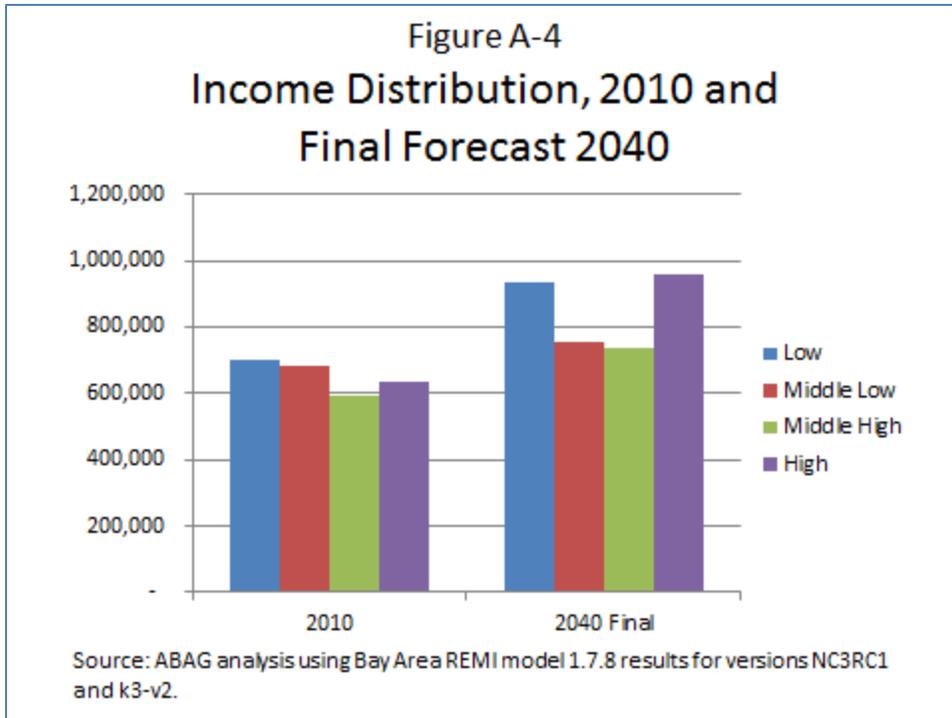
Table A-10: Regression Results for Income Category 4 (\$100,000 and over, 1999 dollars)				
	params	pvals	std	test_stats
Adjusted R-Squared	0	0	0	0.798193
r2	0	0	0	0.799035
Intercept	-1.2822	8.17E-55	0.078061	0
county housing price median relative to US	0.028745	1.37E-45	0.001943	0
more than 1 million people in MSA	0.016216	1.72E-16	0.00194	0
per capita income, log	0.134153	1.56E-58	0.007866	0
Share employed in management occupations	0.112038	1.4E-08	0.019613	0
Share employed in services occupations	-0.26406	1.23E-13	0.035204	0
F Test	948.6722	0	0	0

The parameters estimated in these regressions are applied to the subregional results of the REMI-based forecast to estimate future shares of households in each income group. (REMI results are estimated for four subregions within the Bay Area, including the East Bay—Alameda and Contra Costa counties, North Bay—Napa, Solano and Sonoma counties, South Bay—Santa Clara County, and West Bay—Marin, San Francisco and San Mateo Counties.)

Applying regression model coefficients to the projected REMI data for each subregion, we estimate a time series of future shares in each bin. In reaching these shares, we make a number of normalizing adjustments:

- 1) Predicted shares come from four separate regressions that are not constrained to fall in any particular range. The sum of the shares predicted by the four regressions is then normalized to 1.
- 2) These shares are indexed to the base year, with regression results expressed as changes over time according to the future state of the region as provided by REMI.
- 3) The indexed amounts are then applied to the base 2010 numbers to reach a growth in households in each income bin over time.

Figure A-4 compares the 2010 income distribution with the distribution in 2040 in the final forecast. The final forecast has somewhat higher growth in the highest income category, at the expense of growth in the two middle categories. The lowest income group grows more quickly than either of the two middle groups, while the slowest growth is in the lower middle group.



In-Commute and Employed Residents

To calculate the change in in-commute, ABAG estimates the change in employed residents and compares this to the projected growth of employment by place of work. REMI reports “residence adjusted employment” (RAE), which is the number of BEA defined jobs held by residents. This number is not a count of people holding jobs. To adjust this number to something closer to persons holding jobs, we divide the REMI projected RAE by the overall ratio of BEA to BLS plus self-employment jobs (BLS+SE) in the year. Our net commute estimate for one year is the difference between BLS+SE and RAE. The change in commute, then, is the change in this estimate. Between 2010 and 2040, in our REMI based forecast, this difference increases by 53,000. (We also used an alternate calculation method, where we compared the projected labor force growth to employment growth, assuming a steady level of unemployment of around 5 to 5.5 percent during the forecast period. This method gave more representative net commute numbers in the early years, but showed a decrease in net commuting over the 30 year period. We have chosen to include the higher number that comes from the RAE approach in estimating the Regional Housing Control Total, to ensure that the concern about considering the in-commute is met).

Compared to the preliminary forecast, higher employment in the region led to a slightly higher increase in the net in-commute, from 33,000 in the preliminary forecast.

Regional Housing Control Total

To compute the regional housing control total, we make a fairly simple calculation of housing associated with the projected number of households, and add to that the housing that would be associated with the net increase in the in-commute. The number of households projected is almost identical in the two forecasts, preliminary and final. We use a vacancy rate of 5 percent to translate the 3,389,000

households in 2040 (final forecast) to 3,567,000 housing units. We then translate the change in commute number first into households and then into units. We use the ratio of 1.41 workers per household to translate commuters into households. This is the ratio of workers in Bay Area households that i) have workers and ii) have household incomes below the region's median. This is a slightly higher ratio than we used in the preliminary forecast, which was based on employees by place of work per household and included households with no workers and jobs whose workers may have commuted from outside. In the final forecast, this revised approach gives 37,600 households. Applying the same 5 percent vacancy rate, we then estimate a need for 39,600 housing units to satisfy the requirement that the Regional Housing Control Total include housing for the net increase in in-commuting. The Regional Housing Control Total becomes 3,606,600 housing units (the sum of 3,567,000 and 39,600), an increase of 822,600 units from 2010, or 767,000 from 2015. In comparison, the preliminary forecast projected 808,000 additional units compared to 2010, and Plan Bay Area 2013 estimated an addition of 660,000 units.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: January 13, 2016
To: ABAG Executive Board
From: Miriam Chion
Director, Planning and Research
Subject: **Revision to Plan Bay Area Schedule**

Summary

The *Public Participation Plan* for Plan Bay Area that was approved by MTC in February 2015 included a schedule of key milestones leading to completion of the plan update. The purpose of this memo is to describe changes to the timing of some of the key milestones. These changes are being made to allow for additional detail and analysis to be incorporated into the three transportation and land use scenarios that represent alternative Bay Area futures based on distinct land use development patterns and transportation investment strategies. The schedule changes also ensure that policy makers, stakeholders, and members of the public will have sufficient time and opportunity to review and provide input into these scenarios.

Of particular interest to Executive Board members, the release of the defined land use and transportation scenarios has been moved from March 2016 to May 2016. Public workshops on these scenarios are proposed to be held in May/June 2016. Adoption of the preferred scenario is tentatively scheduled for September 2016 rather than June 2016.

The full list of changes to key milestones is below:

Key Milestone	Revised Timing
Transportation Operations and Maintenance Needs Assessments	April 2016
Transportation Project Performance Assessment	April 2016
Release Defined Land Use and Transportation Scenarios	May 2016
Release Scenario/Targets Evaluation	May 2016
Public Workshops/Open Houses	May/June 2016
Adoption of Preferred Scenario	September 2016

Recommended Action

Information

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Submitted by: Brian Kirking
Director of Information Services and Human Resources

Subject: Authorization to Continue Post Retirement Employment for Critically Needed Management Position

Date: January 21, 2016

Summary

James Hill served as ABAG's Risk Manager for more than five years, retiring in December 2015. In this capacity he oversaw all aspects of the ABAG Pooled Liability Assurance Network (PLAN) Program, which provides pooled liability insurance and related services to 28 member jurisdictions. Mr. Hill was responsible for day-to-day management of the program as well as long-range planning and member relations.

ABAG has taken steps to recruit a replacement for this position and has received applications. However, the screening and hiring process is not yet complete. The process is lengthy because of the specialized nature of the position and because of our desire to utilize a thorough and open screening process that includes representatives of the pool members. In order to best serve ABAG and the PLAN members, we are asking that the Executive Board give its approval for Mr. Hill to serve as Interim Risk Manager until his replacement is in place. Mr. Hill's salary will come from funds budgeted within the PLAN program. Because Mr. Hill is a recent retiree, his appointment requires an allowable exception to the CalPERS 180-day prohibition on post retirement work.

Recommended Action

Approval of request to make an allowable exception to the CalPERS 180-day prohibition on post retirement work for a critically needed management position.

January 21, 2016

**OFFER LETTER
PLEASE RETURN ONE SIGNED COPY**

James Hill

Dear Mr. Hill:

I am most pleased to offer you an appointment to the Association of Bay Area Government's staff as Interim Risk Manager. This limited-duration appointment will be effective January 25, 2016, and will continue until December 31, 2016, unless terminated earlier. Employment is at the mutual consent of the employee and the Association and may be terminated at will and at any time by either party. This is a full-time position, and your salary will be \$74.96 per hour. In this position you are exempt from the Fair Labor Standards Act and applicable State laws which require overtime pay and other employment conditions.

We understand that you will be a CalPERS retiree. Therefore, this appointment will be governed by California retirement law, which – among other things – limits the number of hours worked in a fiscal year, precludes us from providing health and other benefits, and requires that you certify that you did not receive any unemployment insurance payments within the 12 months prior to this appointment.

If you have any questions regarding this offer letter, please contact Brian Kirking, Human Resources Director, at (510) 464-7996. We would be very pleased to have you.

Sincerely,

Ezra Rapport
Executive Director

Appointment Accepted _____ Date _____
James Hill

**ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD**

RESOLUTION NO. 01-16

**RESOLUTION FOR EXCEPTION TO THE 180-DAY WAIT PERIOD
GC SECTIONS 7522.56 & 21221(h)**

WHEREAS, in compliance with Government Code section 7522.56 the Executive Board of the Association of Bay Area Governments must provide CalPERS this certification resolution when hiring a retiree before 180 days has passed since his or her retirement date; and

WHEREAS, James Hill, CalPERS ID # 1503177724, retired from the Association of Bay Area Governments in the position of Risk Manager, effective December 31, 2015; and

WHEREAS, section 7522.56 requires that post-retirement employment commence no earlier than 180 days after the retirement date, which is May 29, 2016 without this certification resolution; and

WHEREAS, section 7522.56 provides that this exception to the 180 day wait period shall not apply if the retiree accepts any retirement-related incentive; and

WHEREAS, the Executive Board of the Association of Bay Area Governments, the Association of Bay Area Governments and James Hill certify that James Hill has not and will not receive a Golden Handshake or any other retirement-related incentive; and

WHEREAS, the Executive Board of the Association of Bay Area Governments hereby appoints James Hill as an interim appointment retired annuitant to the vacant position of Interim Risk Manager for the Association of Bay Area Governments under Government Code section 21221(h), effective January 25, 2016; and

WHEREAS, an appointment under Government Code section 21221(h) requires an active, publicly posted recruitment for a permanent replacement; and

WHEREAS, the current status of this recruitment is open and posted since December 17, 2015; and

WHEREAS, this section 21221(h) appointment shall only be made once and therefore will end on December 31, 2016; and

WHEREAS, the entire employment agreement, contract or appointment document between James Hill and the Association of Bay Area Governments has been reviewed by this body and is attached herein; and

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 01-16**

WHEREAS, no matters, issues, terms or conditions related to this employment and appointment have been or will be placed on a consent calendar; and

WHEREAS, the employment shall be limited to 960 hours per fiscal year; and

WHEREAS, the compensation paid to retirees cannot be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal the hourly rate; and

WHEREAS, the maximum base salary for this position is \$13,969 per month and the hourly equivalent is \$80.59, and the minimum base salary for this position is \$11,352 per month and the hourly equivalent is \$65.49; and

WHEREAS, the hourly rate paid to James Hill will be \$74.96; and

WHEREAS, James Hill has not and will not receive any other benefit, incentive, compensation in lieu of benefit or other form of compensation in addition to this hourly pay rate; and

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 01-16**

NOW, THEREFORE, BE IT RESOLVED that the Executive Board of the Association of Bay Area Governments hereby certifies the nature of the appointment of James Hill as described herein and detailed in the attached employment agreement/contract/appointment document and that this appointment is necessary to fill the critically needed position of Interim Risk Manager for the Association of Bay Area Governments by January 25, 2016 in order to ensure that critical management of the ABAG Pooled Liability Assurance Network (PLAN) Program continues uninterrupted.

The foregoing was adopted by the Executive Board this 21st day of January, 2016.

Julie Pierce
President

Certification of Executive Board Approval

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 Administrative Committee of the Association at a duly called meeting held on the 21st day of January, 2016.

Ezra Rapport
Secretary-Treasurer

Approved as To Legal Form

Kenneth K. Moy
Legal Counsel

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A G E N D A

LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE

Thursday, January 21, 2016

3:30 p.m. – 5:00 p.m.

Association of Bay Area Governments, 101 8th Street, Conference Room B, Oakland, CA

Committee Members

Chair: Supervisor Scott Haggerty, Alameda County

Vice Chair: Councilmember Desley Brooks, City of Oakland

Supervisor Dave Cortese, County of Santa Clara

Mayor Bill Harrison, City of Fremont

Supervisor Mark Luce, County of Napa, ABAG Immediate Past President

Councilmember Julie Pierce, ABAG President, City of Clayton

Mayor Harry Price, City of Fairfield

Supervisor David Rabbitt, ABAG Vice President, County of Sonoma

Supervisor Linda Seifert, County of Solano

Staff: Brad Paul, Deputy Executive Director

Halimah Anderson, Communications Officer

1. **Call to Order**
2. **Open Agenda-Public Comment**
3. **Approval of Minutes from November 19, 2015 Meeting** Action
4. **Jerry Lahr, ABAG Energy Programs Manager**
Update and overview on ABAG Water Efficiency Pooled Finance Legislation (“Water Bill Savings Act”) to extend existing authority for JPAs to raise funds that subsequently would be used by municipal water utilities to provide water customers with water efficiency projects and services. Information/Action
5. **Pedro Galvao, ABAG Regional Planner**
Update on Unaccompanied Minors Report Action

6. **Duane Bay, Assistant Planning and Research Director**
Arrietta Chakos, Resilience Program Consultant
 Resiliency Initiatives for 2016 -- Federal Emergency Management Agency (FEMA) and
 Rockefeller Foundation 100 Resilient Cities Grants

7. **Halimah Anderson, ABAG Communications Officer**
 L&GO Committee Overview on 2015 Legislative Session Information

8. **Discussion about 2016 Legislative Priorities** Information/Action

9. **Reminder and Update on Legislative Workshop and Reception** Information
 Wednesday, February 10, 2016

10. **Adjournment**

The next L&GO Committee Meeting will be held on **January 21, 2016**.

*The ABAG L&GO Committee may act on any item on this agenda.
 Agenda and attachments available at ABAG/Front Desk, 101 8th Street, Oakland, CA
 or at www.abag.ca.gov/meetings.*

For information, contact Halimah Anderson, at (510) 464-7986

**ASSOCIATION OF BAY AREA GOVERNMENTS
LEGISLATION AND GOVERNMENTAL ORGANIZATION
COMMITTEE**

**Thursday, November 19, 2015
Summary Minutes**

Committee Members Present:

Chair, Supervisor Scott Haggerty, Alameda County

Vice Chair, Councilmember Desley Brooks, City of Oakland

Mayor Bill Harrison, City of Fremont

Supervisor Mark Luce, County of Napa, ABAG Immediate Past President

Councilmember Julie Pierce, ABAG President, City of Clayton

Supervisor, David Rabbitt, ABAG Vice President, Sonoma County

Staff:

Ezra Rapport – ABAG Executive Director

Brad Paul – ABAG Deputy Executive Director

Halimah Anderson – ABAG Communications Officer

Pedro Galvao, ABAG Regional Planner

Alejandra Barrio, ABAG Intern

Public:

Steve Hicken, Division Director of Economic Development Services, Catholic Charities of Santa Clara County

Ken Bukowski/Filming

1. Call To Order

2. Approval of Minutes

The September 17, 2015 minutes were approved as written. (6-0)

3. ABX1 24 (Levine and Ting): Bay Area Transportation Commission

ABX1 24 was briefly discussed and reviewed.

Supervisor Scott Haggerty made a motion for the Committee to oppose ABX1 24. The motion was seconded by Supervisor David Rabbitt, ABAG Vice President. The Committee voted unanimously to oppose ABX1 24. (6-0)

4. Halimah Anderson, Communications Officer

An overview on AB 2 (Alejo) Community Revitalization was presented. The legislation was chaptered into law and allows cities to develop Community Revitalization and Investment Authorities to use property taxes for planning and financing for infrastructure, economic development, and housing to revitalize disadvantaged communities. It is similar to redevelopment, but revenue for schools cannot be used.

5. Alejandra Barrio, ABAG Intern, and Pedro Galvao, ABAG Regional Planner

Ezra introduced Alejandra Barrio and Steve Hickens to the Committee. A report on Unaccompanied Minors with information about organizations that provide services to Unaccompanied Minors was presented by Alejandra.

Councilmember Desley Brooks stated that more substantive and detailed information is needed on Unaccompanied Minors and whether there is a growing number entering the Bay Area or if the number is declining. Brooks noted that we have local children that have trauma and need services and that Unaccompanied Minors currently use the same services that others use when they need care. She also asked if there is a surge in the number of Unaccompanied Minors entering the Bay Area and will there be a continued surge.

Others asked that some of the recommendations in the Unaccompanied Minors report be restructured in clearer ways that highlight what local government are already doing.

The Committee noted that more information is needed from the Unaccompanied Minors report before it could be labeled an official ABAG document.

More work will be done on the Unaccompanied Minors report and it will be brought back to the Committee for their review.

6. An L&GO Committee Overview on 2015 Legislation was presented.

7. Drafting L&GO Legislative Priorities for 2016

The Committee reviewed draft legislative priorities for 2016. The committee voted to add resiliency as an item for the 2016 session priorities and to approve the priorities currently listed. (6-0)

8. 2016 Legislative Workshop and Reception

The 2016 Legislative Workshop and Reception will be held in Sacramento on February 10th. An invitation and draft agenda will be sent to the committee in early January.

9. Adjournment - Meeting was adjourned at 4:00 p.m.

The next meeting of the L&GO Committee will be on January 21, 2016.

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

DT: January 7, 2016

TO: ABAG Legislation & Government Organization Committee

FM: Gerald Lahr, Energy Programs Manager, ABAG
Lauren Casey, BayREN PAYS Lead

RE: Water Efficiency Finance Legislation Update

Summary

At its September 2015 meeting, the L&GO committee and ABAG Executive Board approved a recommendation to advance legislation that would allow for Joint Power Authorities (JPAs) to raise funds that subsequently would be used by municipal water utilities to provide their customers with water efficiency projects and services.

ABAG and its BayREN partners have tentatively secured the support of State Senator McGuire to carry the “Water Bill Savings Act.” The draft bill language has passed an initial review by legislative counsel, and the project team has begun outreach to secure support from additional legislators and agencies.

Background

As part of the Bay Area Regional Energy Network (BayREN), ABAG and the participating nine county agencies have been assisting a limited number of local water utilities to implement the Pay As You Save (PAYSTTM) program within their agencies. These programs install water efficiency and energy efficiency measures on the property of customers that choose to participate, and the cost of the measures is then repaid through a surcharge on their monthly water bills.

While these programs have proven successful for the participating water agencies to date, this model is limited to agencies that have the ability to provide financing from internal sources. Therefore ABAG/BayREN have initiated a new Water Efficiency Pooled Finance Program model to allow for regional implementation and financing that will create broader impact and greater efficiencies of operation. (See attached program summary.) In order to implement this model, new legislation is required.

Need and Purpose of Legislation

Water conservation efforts are an indispensable core element in local government’s efforts to respond aggressively to the governor’s executive orders that our citizenry adapt to California’s ongoing drought and respond to climate change. This bill recognizes the vital importance of

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MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

ensuring that a broad scale regional response to water scarcity be realizable and adequately funded. It is the intent of this legislation to create a mechanism suitable to meet the challenge of creating and funding large scale and rapidly deployable water efficiency programs on a regional scale.

As the upfront costs of installing and repairing water efficiency improvements are a barrier that may prevent customers from installing water efficiency measures, it is also the intent of this bill to make water efficiency improvements fundamentally more accessible, and therefore stimulate large scale installation and repair of such improvements by allowing local agencies in the state to establish a mechanism by which they provide their water customers with services resulting in voluntary installation and repair of water efficiency improvements on privately-owned properties, paid by charges on participating properties' water bills.

This legislation provides a complete, additional and alternative solution to overcome this cost barrier by providing a method and procedure for funding the acquisition, installation and repair of water efficiency measures on privately owned property.

This bill is designed to provide a practical financial and operational framework for the rapid deployment of regional scale water efficiency measures that embodies a solution to the problem expressly recognized in the above section of the Governor's executive order.

Existing Law

Joint powers authorities are created under the Joint Exercise of Powers Act (Gov. Code §6500 et seq.) by agreement between two public agencies. In general, a joint powers authority may exercise the common powers of its members, subject to the restrictions on the manner of exercising the power of one of the contracting parties. In addition, a joint powers authority may exercise a variety of powers expressly given to it under the act, including most notably Article 4 of the Joint Exercise of Powers Act (Gov. Code §6584 et seq.), which is known as the Marks-Roos Local Bond Pooling Act of 1985. This act authorizes joint powers authorities, among other powers, to issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs.

Proposed Bill Summary

The proposed bill would declare the intent of the Legislature to amend the Marks-Roos Local Bond Pooling Act of 1985 to include the capacity to permit joint powers agencies to affordably finance voluntary installation of water efficiency measures - physical and programmatic - on private, and or, public, properties through the issuance of pooled finance bonds meant specifically, and only, to provide monies at a scale and cost sufficient to fund the large scale deployment of vitally important water efficiency measures. Specifically the bill:

- Calls for a specific category of Marks Roos Pooled Finance that is not, at present, adequately defined or covered in law so as to allow issuance of pooled finance bonds

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specific to the funding of installed efficiency measures and program management to be repaid through a surcharge on water utility bills.

- Creates a municipal funding capacity specific to efficiency program finance whose existence is meant to hasten the installation of water efficiency/conservation measures among a large portion of the state's individual water rate payers by reducing the formidable cost and implementation hurdles faced by individual communities and their water utility departments.

Recent Progress

In November the BayREN PAYS team initiated conversations with State Senator Mike McGuire (District 2) regarding the proposed legislation, and requested that he consider sponsoring the bill. Subsequent conversations with the senator's staff, as well as consultants to the Senate Energy Committee and the Senate Governance and Finance committee led to modest revisions to the proposed bill language. Senator McGuire's staff then submitted the draft bill to Legislative Counsel for review. Review of the bill has now been completed.

Concurrently the BayREN team has drafted a list of agencies that potentially would have interest in this legislation, and initiated outreach to gather support.

Recommendation

Support the proposed Water Bill Savings Act legislation that would extend existing authority held by California JPAs to create a mechanism by which municipal water utilities provide their customers with water efficiency projects and services.

Attachments: (1) Water Efficiency Pooled Finance Program Summary
(2) Water Bill Savings Act (1/5/16)

cc: Ezra Rapport, Executive Director

Water Efficiency Pooled Finance Program

The Bay Area Regional Energy Network (BayREN) Water Efficiency Pooled Finance Program (Program) is an elegant and multi-level solution to California’s mounting water supply and climate adaptation challenges. Organized under a Joint Powers Authority (JPA), the Program provides member municipal water utilities a way to offer their customers a simple path to make efficiency upgrades with no up-front costs. Participating customers pay for measures through a monthly tarified surcharge affiliated with their water utility meter, with the assurance that bill savings exceed the surcharge. The JPA:

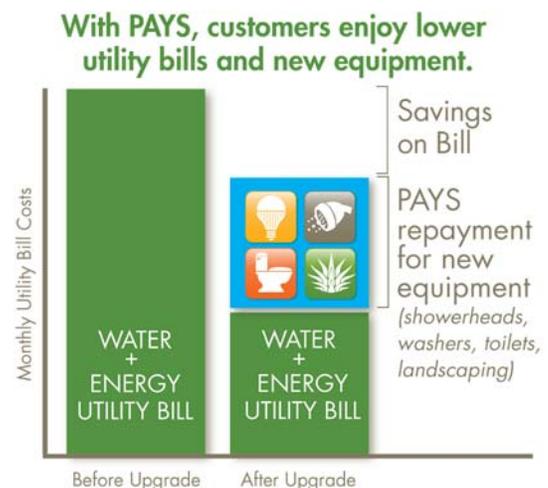
- Centralizes Program funding and administration.
- Secures the up-front capital required for wide-spread adoption of efficiency projects.
- Streamlines service delivery and simplifies Program operation.

The Program will facilitate the large scale adoption of efficiency upgrades required to meet California’s mandated drought response and greenhouse gas reductions.

Participating Customer Benefits

The Program allows participating water utility customers to purchase eligible program measures with specific program assurances field tested by BayREN’s PAYS® on-bill pilots:

- No up-front payment, no new debt obligation, no credit checks, and no liens.
- A utility-approved monthly tarified surcharge that is lower than estimated savings generated.
- Repayment required only while they are a utility customer at the project location.
- A guarantee that failed measures are repaired or the payment obligation is terminated.



Program Benefits

The Program provides BayREN and member municipal water utilities with unique solutions to overcome common challenges to the wide-spread adoption of efficiency:

Windsor Efficiency PAYS® Program Highlights

- 5% of homes served; \$427,802 in On-bill Surcharges (as of 1/1/2015)
- 19.8% indoor water savings for Single Family (as of 4/1/2015)
- 33% indoor water savings for Multifamily (as of 4/1/2015)

- Access to capital to pay for up-front project costs - As a JPA, the Program pools member utilities into a single entity that can effectively raise capital to facilitate the delivery of Program services – the installation of water and energy upgrades – for Member Utilities and their customers.
- Efficient delivery of services – The Program centralizes Program administration and operation. Member Utilities aggregate customer on-bill surcharges and repay the Program for services received, without having to grow staff.

The Program is informed by BayREN PAYS® on-bill pilots with the Town of Windsor, City of Hayward, and East Bay Municipal Utility District. Analysis of these pilots, a Program Concept Paper, draft JPA governing documents, and additional information is available at www.bayren.org/content/onbilljpa.

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AUTHOR'S COPY

An act to amend Section 6586.7 of, and to add Section 6588.8 to, the
Government Code, relating to water.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) Water conservation efforts are indispensable to combating the current and continuing drought conditions faced by the state and advancing the state's greenhouse gas emission reduction goals.

(b) The up-front cost of acquiring, installing, and repairing water efficiency improvements is often prohibitive and may prevent customers from using them on residential, commercial, industrial, agricultural, or other real property.

(c) Increasing customer water efficiency is a core component of the provision of water utility service.

SEC. 2. (a) It is the intent of the Legislature to make water efficiency improvements more affordable and promote the acquisition, installation, and repair of those improvements by allowing local agencies to establish a mechanism by which they may help their water customers to acquire, install, and repair water efficiency improvements on privately owned customer properties.

(b) It is the intent of the Legislature that this act authorize the development of a program to be established by a joint powers authority that would provide a water customer with an alternative means to acquire, install, or repair water efficiency improvements. It is further the intent of the Legislature that the cost of the water efficiency improvement be repaid through an efficiency charge added to the water bill associated with the customer property upon which the water efficiency improvement would be located.



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SEC. 3. Section 6586.7 of the Government Code, as added by Section 4 of Chapter 723 of the Statutes of 2000, is amended to read:

6586.7. (a) A copy of the resolution adopted by an authority authorizing bonds or any issuance of bonds, or accepting the benefit of any bonds or proceeds of bonds, except bonds issued or authorized pursuant to Article 1 (commencing with Section 6500), or bonds issued for the purposes specified in subdivision (c) of Section 6586.5, shall be sent by certified mail to the Attorney General and the California Debt and Investment Advisory Commission not later than five days after adoption by the authority.

(b) This section does not apply to bonds:

- (1) Specified in subdivision (c) of Section 6586.5.
- (2) Issued pursuant to the Community Redevelopment Law, Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code.
- (3) To finance transportation facilities and vehicles.
- (4) To finance a facility that is located within the boundaries of an authority, provided that the authority that issues those bonds consists of any of the following:
 - (A) Local agencies with overlapping boundaries.
 - (B) A county and a local agency or local agencies located entirely within that county.
 - (C) A city and a local agency or local agencies located entirely within that city.
- (5) To finance a facility for which an authority has received an allocation from the California Debt Limit Allocation Committee.



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(6) Of an authority that consists of no less than 250 local agencies and the agreement that established that authority requires the governing body of the local agency that is a member of the authority in whose jurisdiction the facility will be located to approve the facility and the issuance of the bonds.

(7) Issued pursuant to Section 6588.8.

SEC. 4. Section 6588.8 is added to the Government Code, to read:

6588.8. (a) This section shall be known and may be cited as the Water Bill Savings Act.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Customer" means a person or entity that purchases water from a local agency or its publicly owned utility and is billed for the water by the local agency or its publicly owned utility.

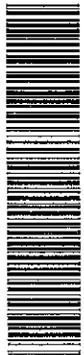
(2) "Customer property" means residential, commercial, industrial, agricultural, or other real property owned by the customer.

(3) "Efficiency charge" means a charge on a customer's water bill that is paid by the customer directly to the local agency or its publicly owned utility in order to pay for an efficiency improvement pursuant to this section.

(4) "Efficiency improvement" means a water efficiency improvement, as defined by the authority.

(5) "Financing costs" mean all of the following:

(A) An interest and redemption premium payable on a bond.



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(B) The cost of retiring the principal of a bond, whether at maturity, including acceleration of maturity upon an event of default, or upon redemption, including sinking fund redemption.

(C) A cost related to issuing or servicing bonds, including, but not limited to, a servicing fee, trustee fee, legal fee, administrative fee, bond counsel fee, bond placement or underwriting fee, remarketing fee, broker dealer fee, independent manager fee, municipal adviser fee, accounting report fee, engineering report fee, rating agency fee, and payment made under an interest rate swap agreement.

(D) A payment or expense associated with a bond insurance policy, financial guaranty, or a contract, agreement, or other credit enhancement for bonds or a contract, agreement, or other financial agreement entered into in connection with a bond.

(E) The funding of one or more reserve accounts related to a bond.

(6) "Local agency" means a city, county, city and county, authority, district, or public corporation of this state.

(7) "Publicly owned utility" means a utility furnishing water service to customers that is owned and operated by a local agency or a department or other subdivision of a local agency and includes any successor to the powers and functions of the department or other subdivision.

(8) "Servicing agreement" means an agreement between a local agency or its publicly owned utility and the authority for the collection of the efficiency charge, pursuant to which the local agency or its publicly owned utility acts as a servicing agent for purposes of collecting the efficiency charge for the authority.



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(c) Notwithstanding any other law, an authority may establish or extend a program to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair an efficiency improvement on the customer property served by the local agency or its publicly owned utility if both of the following occur:

(1) The authority acknowledges receipt of the resolution described in paragraph (2), approves a standardized servicing agreement, and authorizes one or more designated officials of the authority to execute and deliver the servicing agreement on behalf of the authority. The authority may determine that all proceedings were valid and in conformity with the requirements of this paragraph and that finding shall be final and conclusive.

(2) The legislative body of the local agency asks the authority to establish or extend a program pursuant to this section by taking the following steps:

(A) The legislative body adopts a resolution declaring its intention to request the authority to establish or extend a program to a customer represented by the legislative body, calling for a public hearing that shall be held at least 30 days later, and directing the clerk or secretary of the legislative body to publish a notice of the hearing at least five days before the hearing in a newspaper of general circulation in the boundaries of the local agency. If the local agency wishes to pledge the water enterprise revenue arising from customers that voluntarily participate in the program as security for the payment of the principal of, and interest and redemption premium on, bonds issued by the authority in the event that efficiency charges are insufficient for those purposes pursuant to paragraph (4) of subdivision (f), the legislative body shall declare that intention in the resolution.



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(B) The legislative body conducts the noticed public hearing and, after considering the testimony of any interested person, concludes that the program and the proposed pledge of water enterprise revenue arising from customers that voluntarily participate in the program, if applicable, would provide significant public benefits in accordance with the criteria specified in Section 6586.

(C) The legislative body adopts a resolution that does all of the following:

(i) Authorizes the authority to establish or extend a program pursuant to this section within the boundaries of the local agency.

(ii) Declares that the program would provide significant public benefits in accordance with the criteria specified in Section 6586.

(iii) Approves the standardized servicing agreement and authorizes one or more designated officials of the local agency to execute and deliver the servicing agreement with the authority.

(iv) If applicable, approves the pledge of water enterprise revenue arising from customers that voluntarily participate in the program as security for the payment of the principal of, and interest and redemption premium on, bonds issued by the authority in the event that efficiency charges are insufficient for those purposes.

(v) If applicable, authorizes execution and delivery of one or more pledge agreements to evidence a pledge.

(vi) In the resolution, the legislative body may determine that all proceedings were valid and in conformity with the requirements of this section and that finding shall be final and conclusive.



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(d) (1) Subject to the requirements of Article XIII D of the California Constitution, a customer may repay the authority through an efficiency charge on the customer's water bill that is imposed and collected by the local agency or its publicly owned utility. The imposition of the efficiency charge shall be made and evidenced by a written agreement by and between the customer and the local agency or its publicly owned utility.

(2) The written agreement shall include all of the following:

(A) An agreement by the customer to pay an efficiency charge for the period and in the amount specified in the agreement unless the efficiency charge is prepaid in the manner set forth in the agreement. The period designated for repayment shall not exceed the estimated useful life of the funded efficiency improvements.

(B) A description of the financial calculation, formula, or other method that the authority used to determine the efficiency charge. The efficiency charge may include a component for reasonable administrative expenses incurred by the local agency or its publicly owned utility and the authority in connection with the program and the funding.

(C) A description of the efficiency improvement funded with the efficiency charge. A determination in the agreement that an improvement is an efficiency improvement shall be final and conclusive.

(D) A representation by the customer that the customer intends to acquire, install, or repair and use the efficiency improvement on the customer's property for the useful life of the efficiency improvement. Any failure by the customer to acquire, install, or repair and use the efficiency improvement on the customer's property for the useful



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life of the efficiency improvement shall not affect the customer's obligation to pay the efficiency charge as set forth in the agreement.

(3) Notwithstanding any other provision of this section, an efficiency charge shall not exceed the maximum rate permitted under Article XIII D of the California Constitution.

(4) The timely and complete payment of an efficiency charge by a customer that has agreed to pay an efficiency charge may be a condition of receiving water service from the local agency or its publicly owned utility, and a local agency and its publicly owned utility are authorized to use their established collection policies and all rights and remedies provided by law to enforce payment and collection of the efficiency charge. A person liable for an efficiency charge shall not be entitled or authorized to withhold payment, in whole or in part, of the efficiency charge for any reason.

(5) If there is a change in the customer holding the account upon which an efficiency charge is being collected, the original customer shall be responsible for payment of the efficiency charge to the extent that it was due as of the date of transfer and the remainder of the efficiency charge shall be collected from the succeeding customer. The legislative body of a local agency participating in a program established under this section shall adopt policies for providing notice of the efficiency charge to a succeeding customer. A local agency or its publicly owned utility may file a notice of an efficiency charge in the real property records of the county in which the customer's property is located and that notice shall impart notice of the efficiency charge to all persons. Any failure by the local agency or its publicly owned utility to inform a



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succeeding customer of the efficiency charge shall not excuse the succeeding customer from its continuing obligation to pay the efficiency charge.

(e) (1) The authority and a local agency or its publicly owned utility shall enter into a servicing agreement for the collection of one or more efficiency charges, and the local agency or its publicly owned utility shall act as a servicing agent for purposes of collecting the efficiency charge.

(2) Moneys collected as an efficiency charge by the local agency or its publicly owned utility, acting as a servicing agent on behalf of the authority, shall be held in trust for the exclusive benefit of the persons entitled to the financing costs to be paid, directly or indirectly, from the efficiency charge and shall not lose their character as revenues of the authority by virtue of possession by the local agency or its publicly owned utility.

(3) In the servicing agreement, the local agency or its publicly owned utility shall contract with the authority that the local agency or its publicly owned utility will continue to operate its publicly owned utility system to provide service to its customers, will, as servicer, collect the efficiency charge for the benefit and account of the authority and, if applicable, the beneficiaries of the pledge of the efficiency charge, and will account for and remit these amounts to, or for the account of, the authority.

(4) In the servicing agreement, the local agency and the authority shall identify the procedure by which the local agency or its publicly owned utility will transfer the obligation to pay the efficiency charge from one customer to the next when there is a change in the customer holding the account related to the property upon which an efficiency improvement was acquired, installed, or repaired.



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(5) In the servicing agreement, the local agency or its publicly owned utility may agree that the timely and complete payment of all efficiency charges by a customer that has agreed to pay an efficiency charge shall be a condition of receiving service from the publicly owned utility, and the local agency or its publicly owned utility shall use their established collection policies and all rights and remedies provided by law to enforce payment and collection of the efficiency charge.

(6) In the servicing agreement, the local agency or its publicly owned utility shall agree that, in the event of default by the local agency or its publicly owned utility, in payment of revenues arising with respect to the efficiency charge, the authority, upon the application by the beneficiaries of the statutory lien described in this section, and without limiting any other remedies available to the beneficiaries by reason of the default, shall order the sequestration and payment to the beneficiaries of revenues arising with respect to the efficiency charge.

(f) (1) The authority may issue a bond for the purpose of providing funds for the acquisition, installation, and repair of an efficiency improvement on customer property pursuant to this section.

(2) An authority issuing a bond shall include in its preliminary notice and final report for the bonds submitted to the California Debt and Investment Advisory Commission pursuant to Section 8855 a statement that the bond is being issued pursuant to this section.

(3) (A) The authority may pledge pursuant to Section 5451 one or more efficiency charges as security for the bonds issued pursuant to this section. Revenue from an efficiency charge shall be deemed special revenue of the authority and shall not



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constitute revenue of the local agency or its publicly owned utility for any purpose, including without limitation, any dedication, commitment, or pledge of revenue, receipts, or other income that the local agency or its publicly owned utility has made or will make for the security of any of its obligations.

(B) The validity and relative priority of a pledge created or authorized under this section is not defeated or adversely affected by the commingling of efficiency charge revenue with other funds collected by a local agency or its publicly owned utility.

(4) A local agency may pledge water enterprise revenue arising from customers that voluntarily participate in the program as security for the payment of the principal of, and interest and redemption premium on, bonds issued by the authority in the event that efficiency charges are insufficient for those purposes, and may execute one or more pledge agreements for the benefit of the authority or for the exclusive benefit of the persons entitled to the financing costs to be paid from the efficiency charges, which shall be made pursuant to, and with the effect set forth in, Section 5451.

(g) If a local agency for which bonds have been issued and remain outstanding ceases to operate a water utility, either directly or through its publicly owned utility, references in this section to the local agency or to its publicly owned utility shall be deemed to refer to the entity providing water utility services in lieu of the local agency and that entity shall assume and perform all obligations of the local agency or its publicly owned utility required by this section and the servicing agreement with the authority while the bond remains outstanding.



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(h) If the local agency, its publicly owned utility, and the authority have complied with the procedures set forth in this section, they shall not be required to comply with Section 6586.5.

(i) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

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From: Pedro Galvao, Regional Planner
To: Legislation and Government Organization Committee
Re: Unaccompanied Minors Report
Date: 1/21/16

Summary

At the November 19th meeting of the Legislation and Government Organization Committee, staff presented a draft report on services available to unaccompanied minors in the Bay Area. At the time, committee members had several comments that they wanted addressed before potentially accepting the report. In response, staff has added an introduction and a limitations section to the report that addresses several of the points mentioned. Staff also updated figures on the number of unaccompanied immigrant children in the Bay Area. This memo addresses how staff incorporated the committee's feedback in the current draft of the Unaccompanied Minors Report.

Proposed Action

Staff proposes that the Committee accept the revised Unaccompanied Minors Report for publication on the ABAG website.

Feedback and Responses

The following section outlines specific feedback staff received concerning the report and how that feedback was addressed or incorporated in the current draft.

Question: *On whether there is still a crisis of unaccompanied minors given the drop between Fiscal Year 2014 and Fiscal Year 2015*

Response: While there is a drop in the number of unaccompanied minors apprehended at the Southwest border in Fiscal Year 2015 compared to the peak in Fiscal Year 2014, 2015 still ranks as the year with the second highest number of unaccompanied minors apprehended at the border. In addition, the first three months of FY 2016 (Oct, Nov, Dec) have seen a new surge of unaccompanied minors crossing the border, leading the federal government take additional precautions such as opening new shelters and partnering with the UN to screen children in Latin America. *See report pages: i, 2*

Question: *On whether the report double counts the numbers of unaccompanied minors*

Response: The number of unaccompanied immigrant children in the Bay Area is not double counted. Numbers of apprehensions originate from US Customs and Border Protection children are then either placed in deportation proceedings (never making it to the Bay Area) or put under the care of the Office of Refugee Resettlement (ORR). ORR is responsible for placing children with sponsors and for providing for these children's basic needs should there not be a sponsor. ORR is the sole source of figures for the number of unaccompanied children in the Bay Area. All data is now reported in federal fiscal years (October 1st – September 30th). *See report pages: 2, 6, 9, 10*

Question: *On whether the report could provide an explanation as to the amount of resources being spent by all jurisdictions on services to unaccompanied minors*

Response: The report attempts to capture all local and philanthropic sources of funding that have been specifically allocated to provide for unaccompanied immigrant children. These sources were identified through interviews, public records, as well as secondary sources. However, the report does not capture the many services provided by cities and counties that may be provided to unaccompanied immigrant children but that are not specifically tracked with available data. These services may include hospital stays (as immigration status is generally not tracked in such situations), services received in an educational or social service setting that were not targeted specifically to immigrant children (i.e. psychosocial screenings), or services that are provided to children regardless of immigration status (such as services targeting low-income children regardless of immigration status). *See report page: iv*

Question: *On why the report appears to target unaccompanied immigrant children for special consideration when there are similarly compelling domestic cases*

Response: ABAG was asked by the Committee to provide a comprehensive overview of services available to unaccompanied immigrant children that are present in San Francisco Bay Area. As immigration proceedings can take many months to years, local governments have been increasingly tasked with caring for these children while their immigration statuses are adjudicated. The influx of unaccompanied minors is also likely to remain an ongoing national and regional issue.¹ Hence this report is meant to provide a resource to practitioners in the field of immigration who serve unaccompanied minors and is not meant as a roadmap for local governments to prioritize local funding. *See report pages: i,9*

Question: *On why the report focused on 2014 as a single year*

Response: The report used the most current data relative to when it was written (August 2015). As there were no complete figures for FY 2015, it focused on the last full year of data which was FY 2014. As it is now the start of 2016, the report has been updated to incorporate FY 2015 data. The FY 2015 indicates a reduction of cases from 2014. Anecdotal reporting indicates that there were a greater number of children intercepted in Mexico. As civil wars in Central America continue, the case load in FY 2016 indicates another rise in cases similar to 2014. *See report pages:i,2*

Question: *On why the low numbers of unaccompanied minors would put a strain on the system.*

Response: Most unaccompanied minors cite societal violence causing severe economic hardship as reasons for their coming to the US². Once these children are in the US they face the challenges of being recent immigrants – struggling with language acquisition and cultural adaptation – while often dealing with major trauma and attempting to navigate a complex

¹ The number of unaccompanied children coming to the US-Mexico border dropped in 2015 in relation to the peak of 2014 but remained at historical highs. It is unclear if the drop in 2015 is heralding a new downward trend as the first few months of FY 2016 saw significant increases – in some cases as high as 500% – in the number of unaccompanied children apprehended at the US-Mexico border compared to the same time period in 2015 (source: US Customs and Border Protection, 2016).

² UNHCR, *Children on the Run*

immigration system often without legal representation. The State of California and several school districts (OUSD, SFUSD) have recognized that the level of trauma and need for services for these children is significant enough to provide additional funding for schools to cope with the influx of new students. Oakland Unified School District alone enrolled 200 additional students who were unaccompanied minors between October 2013 and July 2014³. *See report page: 17*

Question: *On why unaccompanied immigrant children have public defenders*

Response: This report does not propose that all local governments should fund legal representation for unaccompanied minors. Rather the report notes that accessing legal services is a major challenge for UCs. Unlike cases involving U.S. citizens, the federal government is not required to provide legal counsel to respondents in immigration proceedings. A review of a decade's worth of immigration case data provided by the Executive Office for Immigration Review (EOIR) found that children without legal representation received a removal order 79% of time, a voluntary departure order another 11% of the time, only being allowed to stay in the US 10% of the time. Conversely, when children had legal representation they were allowed to stay 49% of the time and received voluntary departure orders 24% of the time with only 27% of cases receiving removal orders⁴. Hence many unaccompanied minors have cases that have legal merit, but do not have access to relief from deportation proceedings due to lack of legal representation. *See report page: 31*

Question: *On what kinds of federal resources are available to local jurisdictions*

Response: A new section of the report was added that discusses the limited kinds of federal support available to jurisdictions. *See report page: 3*

Conclusion and Next Steps

Staff proposes that the L&GO committee accept this report so that a comprehensive list of immigrant-serving organizations by county can be on the ABAG website and made accessible to practitioners. Please note attached redlined report which highlights changes made since it last came before the committee.

Attachments:

Draft Final: Bay Area Services to Unaccompanied Immigrant Children Report (link)

³ Oakland Fund for Children and Youth, "Oakland Demographic Profile: OFCY 2016-2019 Strategic Planning," available at: <http://www.ofcy.org/assets/Agendas/2015-Agendas/OFCY-Demographic-Report-3.25.15-FINAL-to-OFCY.pdf>

⁴ University of Syracuse. "Representation for Unaccompanied Children in Immigration Court." Transactional Records Access Clearinghouse, 2014 (<http://trac.syr.edu/immigration/reports/371/>)

DRAFT FINAL: BAY AREA SERVICES TO UNACCOMPANIED IMMIGRANT CHILDREN



Spring 2016

A Regional Response to Provide for
Unaccompanied Immigrant Children in the San
Francisco Bay Area

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Introduction

The influx of over 67,000 unaccompanied children in the US-Mexico border in 2014 captivated the attention of the nation and the world. Most of these children arrived from Honduras, El Salvador, and Guatemala fleeing brutal violence and a severe lack of economic opportunity at home and placing severe pressure on the United States' existing immigration infrastructure.¹ Once they arrive most children, if not entered into immediate deportation proceedings, are placed under the auspices of the Office of Refugee Resettlement where they stay either at an immigration detention center or are placed with a sponsor until their cases are adjudicated by the immigration courts. Through the surge of 2014, California ranked as the third most common destination for unaccompanied minors and became the most common destination in 2015². Within California, the San Francisco Bay Area ranks as the second most common destination for unaccompanied immigrant children³. As immigration proceedings can take many months to years, local governments have been increasingly tasked with caring for these children while their immigration status is adjudicated.

The arrival of unaccompanied minors is likely to remain an ongoing national and regional issue. The number of unaccompanied children coming to the US-Mexico border dropped in 2015 in relation to the peak of 2014 but remained at historical highs. It is unclear if the drop in 2015 is heralding a new downward trend as the first few months of FY 2016 saw significant increases – in some cases as high as 500% – in the number of unaccompanied children apprehended at the US-Mexico border compared to the same time period in 2015.⁴ As violence in El Salvador and other countries continues unabated, the return of unaccompanied minors to the US border is leading the federal government to consider opening new shelters⁵ and to screen potential child migrants in Central America⁶.

As the Council of Governments (COG) for the San Francisco Bay Area, the Association of Bay Area Governments (ABAG) was tasked by its Executive Board through the Legislation and Government Organization Committee to provide a comprehensive overview of services available to unaccompanied immigrant children that reside in the San Francisco Bay Area.

This document is intended to be a general resource for immigrant-serving professionals in the Bay Area and key decision-makers and is not meant in any way to prioritize local funding. The purpose of this document is to provide as comprehensive an overview as possible of services available to unaccompanied immigrant children that are present in the Bay Area with a particular focus on services provided by local governments and nonprofit entities. This report identifies key service providers, challenges they have face in serving this population, and provides examples of how these organizations have worked to address these issues. We conclude with recommendations on how to approach these challenges moving forward.

¹ Congressional Research Service. "Unaccompanied Alien Children: Potential Factors Contributing to Recent Immigration." Available at: <https://fas.org/sgp/crs/homsec/R43628.pdf>

² Office of Refugee Resettlement, "Unaccompanied Children Released to Sponsors by State," Available at: <http://www.acf.hhs.gov/programs/orr/programs/ucs/state-by-state-uc-placed-sponsors>

³ Ibid

⁴ United States Customs and Border Protection, "Southwest Border Unaccompanied Alien Children Statistics FY 2016" available at: <http://www.cbp.gov/newsroom/stats/southwest-border-unaccompanied-children/fy-2016>

⁵ New York Times, "US to Open Shelters for New Surge of Youths Crossing Southwest Border." Available at: http://www.nytimes.com/2015/12/08/us/us-to-open-shelters-for-new-surge-of-youths-crossing-southwest-border.html?_r=0

⁶ New York Times, "UN to Help US Screen Central American Migrants," Available at: <http://www.nytimes.com/2016/01/13/us/politics/un-to-help-us-screen-central-american-migrants.html?ref=collection%2Fsectioncollection%2Fus&action=click&contentCollection=us®ion=rank&module=package&version=highlights&contentPlacement=1&pgtype=sectionfront>

KEY TERMS

Department of Homeland Security (DHS)

The *Department of Homeland Security* (formerly Immigration and Naturalization Services, or INS) consists of several sub-departments, including Customs and Border Protection and Immigration and Customs Enforcement. For simplicity, each of these is referred to under the umbrella term of *Department of Homeland Security*.

Immigrant Women with Children (IWC)

Although the term has many variants, the report uses the term *immigrant women with children* to maintain neutrality concerning the women's age and to clarify that we are specifically discussing immigrant women.

Immigration Courts in San Francisco

Although it is formally known as “the San Francisco Immigration Court,” it is referred to as the *Immigration Courts in San Francisco* to emphasize that these federal courts are not simply limited to cases in San Francisco; rather, they take cases from the entire region of Northern California.

Office of Refugee Resettlement (ORR)

The *Office of Refugee Resettlement* (an Agency under the Department of Health and Human Services) is in charge of coordinating the care and placement of unaccompanied immigrant children who are in federal custody.

“Pre-Release” Services and “Post-Release” Services

The term *pre-release services* refers to services that unaccompanied immigrant children and immigrant women with children receive while they are still under federal custody. *Post-release services* are sometimes referred to as services that the federal government provides to unaccompanied immigrant children that have been released from custody of the Office of Refugee Resettlement. However, we apply the term “post-release” services for *any* service that unaccompanied immigrant children receive upon release from federal shelters.

Short-term Detention Facilities vs. Long-term Shelter Care

In passing through the immigration system, unaccompanied immigrant children and immigrant women with children are housed in detention facilities that have generated much attention, and these facilities – which vary based on individual cases – are often confused or conflated. For simplicity, we devote greater attention to *long-term shelter care* under the Office of Refugee Resettlement and only briefly discuss *short-term detention facilities* under the Department of Homeland Security. For more information on the process, see the Vera Institute's “The Flow of Unaccompanied Children through the Immigration System: A Resource for Practitioners, Policy Makers, and Researchers.”⁷

Social Services

For the purposes of this report, the term *social services* broadly encompass any direct, public service that unaccompanied immigrant children or immigrant women with children receive, insofar as they are *not* legal services.

⁷ VERA Institute of Justice, “The Flow of Unaccompanied Children through the Immigration System: A Resource for Practitioners, Policy Makers, and Researchers.” Available at: (www.vera.org/pubs/flow-unaccompanied-children-through-immigration-system-resource-practitioners-policy-makers-and).

Sponsor

One of the Office of Refugee Resettlement's principal responsibilities is to release unaccompanied immigrant children to an approved *sponsor* while they await immigration proceedings, a process known as reunification. Sponsors are either a parent, legal guardian, family member, or trusted family friends.

Unaccompanied Immigrant Child (UC)

We use the term *unaccompanied immigrant child* to clarify that the children under discussion are immigrants ("unaccompanied minors" is used in other settings to describe children with unrelated characteristics). As most of our data are from federal agencies, we characterize unaccompanied immigrant children using the federal definition under the Homeland Security Act, which states that an "unaccompanied alien child" is a child who has no lawful immigration status, is under 18 years of age, and has no parent or legal guardian in the country available to provide care and physical custody. Beyond data, we apply a more flexible definition based on how it is referenced by professionals.

Legal Terms

The following are legal terms used to describe the status of UCs (discussed in further detail in Appendix III):

Affirmative Asylum: When an individual makes an asylum application while physically present in the US and not subject to removal proceedings.

Defensive Asylum: When asylum is requested as a defense against removal from the US.

Full Scope Removal Defense: When an attorney provides services to a client within the full scope of relief the client could be eligible for under immigration law.

Special Immigrant Juvenile Status (SIJS): Children who are present in the United States without legal status and who have been abused, abandoned, or neglected and are unable to be reunited with a parent can get a green card as a Special Immigrant Juvenile. State courts are required to make a determination of SIJS status which makes the UC eligible to petition for a green card through the federal government.

U-Visas: The U nonimmigrant status (U visa) is set aside for victims of certain crimes who have suffered mental or physical abuse and are helpful to law enforcement or government officials in the investigation or prosecution of criminal activity (*Definition from U.S. Citizenship and Immigration Services*).

T-Visas: The T Nonimmigrant Status (T visa) is a set aside for those who are or have been victims of human trafficking, protects victims of human trafficking and allows victims to remain in the United States to assist in an investigation or prosecution of human trafficking (*Definition from U.S. Citizenship and Immigration Services*).

VAWA: Violence Against Women Act of 1994 and renewed in 2013, the act created several visa categories for which UCs are eligible.

Limitations

This report attempts to paint a comprehensive picture of the state of affairs for unaccompanied immigrant children living in the Bay Area and is, to date, the most comprehensive survey of organizations serving unaccompanied minors unique to the region. However, as with any report, there are several important limitations to the data and methodology which are discussed below:

The report attempts to capture all funding sources that have been specifically allocated for serving unaccompanied immigrant children in the Bay Area. ABAG's research does not capture the day to day services not specifically allocated for unaccompanied immigrant children that are provided by cities and counties in the normal course of business. The report attempts to capture all local and philanthropic sources of funding that have been specifically allocated to provide for unaccompanied immigrant children. These sources were identified through interviews, public records, as well as secondary sources. In addition, the report does not capture the many services provided in the normal course of business by cities and counties or in-kind donations that may be provided to unaccompanied immigrant children but that are not specifically tracked. These services may include hospital stays (as immigration status is generally not tracked in such situations), services received in an educational or social service setting that was not targeted specifically to immigrant children (i.e. psychosocial screenings, general course of study), or services that are provided to children in general regardless of immigration status (such as services targeting low-income children regardless of immigration status) due to a lack of available data.

While there is some discussion on the issue of immigrant women with children, this report focuses primarily on unaccompanied minors who are present in the Bay Area. Given the similarities between unaccompanied minors and immigrant women of children there is some discussion of the overlap of services and needs, however, the report focuses on unaccompanied immigrant minors with most of the discussion pertaining to immigrant women with children being in Appendix IV.

While the report notes challenges and provides recommendations it is meant in no way to prioritize local funding. ABAG is not in position to prioritize local funding but acknowledges the substantial contributions local governments have made to address this new social service challenge.

Executive Summary

In 2014, the number of Unaccompanied Immigrant Children (UCs) and Immigrant Women with Children (IWCs)⁸ arriving to the U.S.-Mexico border spiked, constraining federal agencies and drawing national attention. Securing legal status for these children, many whom are seeking refuge from violence and gang pressures in Central America, has proven difficult. While the courts sort their immigration issues, these children and a growing number of young women with children, are settling in the Bay Area, arriving with complex needs that require concerted coordination of legal and social services.

In light of this need, ABAG executive board members directed the agency to undertake research on this topic. In partnership with Catholic Charities of Santa Clara, ABAG hired an intern and, in the summer of 2015 and early spring of 2016, undertook extensive research to produce this report, which details the landscape of services available to unaccompanied immigrant children and immigrant women with children in the nine counties of the Bay Area region.

SUMMARY OF FINDINGS

California's Response

California is one of the most common destinations for UCs seeking to reunite with parents or relatives which suggests that UCs are settling in California for the longer term, seeking to integrate into local communities while their immigration case is being heard. Although the state has responded to the immediate service needs of these new residents – for instance, by providing additional funding to impacted schools and additional legal resources for the courts – long-term considerations remain to be addressed.

Overview of Bay Area Services

UC Arrivals to the Bay Area

In fiscal years 2014 and 2015, the Bay Area was the second most common destination for UCs arriving in California, with a total of 2,273 unaccompanied immigrant children (respectively 905 in 2015 and 1,368 in 2014) released to sponsors by the Office of Refugee Resettlement (ORR) and a total of 3,567 UCs filing their case before the immigration court (respectively 1,292 in 2015 and 2,275 in 2014) in San Francisco. UCs in the Bay Area mostly live in larger, urban counties with a smaller but sizeable population in rural counties located in the North Bay, reflecting broader trends in migration to the Bay Area. The report found that the Bay Area is a welcoming place for immigrant children in that virtually every county has some means to coordinate services for these children. The Bay Area's embrace of newcomers, especially over the last 30 years, has generated a sympathetic environment for undocumented children and paved the way for providing supportive services.

Availability of Legal and Social Services

Immigrant-serving organizations are more prevalent in San Francisco and sparser in the North Bay (Sonoma, Marin, Napa, Solano). Survey responses indicate that legal services have a broader and more evenly distributed geographic reach of services across the region, whereas social services limit their services to their respective geographic area. Survey data also indicates that social services used a greater range of people than legal services that are specifically tailored to certain population groups. In addition, we found that social service organizations offer services to a greater number of

⁸ This report focuses primarily on unaccompanied minors who have settled in the Bay Area. Given the similarities between unaccompanied minors and immigrant women of children there is some discussion of the overlap of services, however, most of the discussion pertaining to immigrant women with children can be found in Appendix IV.

UCs when compared to legal services. However, legal service providers spend a greater number of hours on average serving UCs as compared to their social service counterparts. ORR contracts out to local agencies in the surrounding Bay Area region that oversee their placement with nearby sponsors. By extension, several specific organizations in the Bay Area collaborate to provide social work or case management to UCs under ORR custody.

Impact of UC Arrivals on Legal and Social Services

The unprecedented growth of UCs in 2014 caused a serious constraint on the immigration courts of San Francisco. In response, legal organizations mobilized and strengthened their network of services with funding support from the State of California as well as several Bay Area jurisdictions⁹. Of the various legal options available to UCs, ABAG's survey found that SIJS and U-Visa/T-Visas are the most frequently offered.

Social service organizations generally provide a broader range of services when compared to legal service organizations. The majority of responding organizations has been in existence for more than 20 years, and has offered services to UCs and IWCs for more than five years. A significant number of the social service organizations surveyed receive referrals from legal service providers, and many also specified that they do not exclusively offer services to UCs. Interviews indicate that social service providers have needed to offer services to a higher number of UCs since the surge of 2014. Although there have been efforts to mobilize social service collaboratives around UC issues, the regional network of services are not as consolidated as that of legal services.

Altogether, we found that funding for services for UCs tended to be geographically concentrated in San Francisco with available services being primarily legal in nature. In addition our research finds that while federal and state government offer resources to provide services to UCs, these funds do not cover the total cost incurred by local governments in providing legal and social services to these children.

County Level

Beyond the regional consultation and collaboratives that have formed around the UC issue, individual cities and counties have responded and formed local coalitions that meet and have related conversations. Appendix VI provides a list of collaboratives and networks that are discussed in the report. Altogether, counties have offered their own particular network of services, whether these are a multitude of service organizations in the East Bay, the network of legal services and social services in San Francisco, faith-based organizations in the North Bay, and local government officials coordinating programs in Santa Clara. The report provides more detailed lists of organizations that have serviced UCs in some capacity within these counties.

Conditions and Recommendations

Through engagement with legal and social service providers, we generated a list of both issues and recommendations to address the needs of UCs moving forward. We also discuss both the challenges that UCs face both prior and during their arrival, and institutional hurdles that complicate service provision for UCs in the Bay Area. Challenges discussed include:

- Funding Issues
- Sponsor tensions
- Housing Needs
- Legal Services
- Coordination between legal and social services
- UC's experience with the courts
- Health needs
- Local and organizational political context

Through interviews and discussions with immigrant-serving professionals, the report's recommendations fall broadly into two categories, namely, inter-agency communication and collaboration, and targeted expansion of resources. We offer possible suggestions and scenarios that were provided by stakeholders to highlight opportunities to bring these objectives into effect.

⁹ To date the County of Alameda, City of San Francisco, the County of Sonoma, the City of Oakland, the County of Santa Clara have provided funding support for legal services for unaccompanied minors.

I. Background

In March of 2015, members of ABAG's Legislation and Government Organization Committee directed ABAG staff to examine the issue of unaccompanied immigrant children¹⁰ in context of the Bay Area. To this end, ABAG partnered with Catholic Charities of Santa Clara County and engaged closely with local immigration professionals to produce the following report on legal and social services for these populations in the Bay Area.

METHODOLOGY

ABAG conducted the following research:

1. **Literature review** and research on secondary sources (over **seventy secondary sources**).
2. **Interviews** with **26** key immigration professionals in the Bay Area, from **18** immigrant-serving organizations.

Breakdown of each individual's *primary* expertise:

Arts/culture (1)	Education (1)	Social Services (4)
Catholic Charities (1)	Federal (2)	County (1)
City (2)	Legal Services (8)	Health (2)
Independent consulting (1)	Philanthropy (2)	

3. **Conducted two surveys** released from July 4, 2015 to August 7, 2015¹¹:
 - *Legal Service Survey* - responses from 30 organizations.
 - *Social Service Survey* - responses from 31 organizations.
4. Held a **Regional Forum** on July 24, 2015 where we received input from immigrant-serving professionals throughout the Bay Area on preliminary findings of the report. Over 100 social and legal service organizations were in attendance.

NATIONAL CONTEXT

Though unaccompanied immigrant children (UC) and immigrant women with children (IWC) have been arriving to the U.S. border for decades, the number of unaccompanied immigrant children spiked at an unprecedented level in 2014 garnering national attention. Controversy particularly surfaced over conditions of temporary shelters operated by the federal government, and debates concerning the U.S.' role in protecting these populations continue. Appendix II offers information on the push and pull factors that brought these new immigrants to the United States.

Defining characteristics:

→ **Starting in fiscal year 2013, UC apprehensions grew at an alarming rate, peaked in 2014, and remained high in 2015.** The number of UCs jumped in 2014 (see Figure 1), when the total number of UCs increased by almost 30,000, or three times higher than the number in 2009 and dropped off to closer to 2013 levels in FY 2015 due to increased enforcement in Mexico.^{12,13} So far the number of unaccompanied minors apprehended in FY 2016 has mostly surpassed

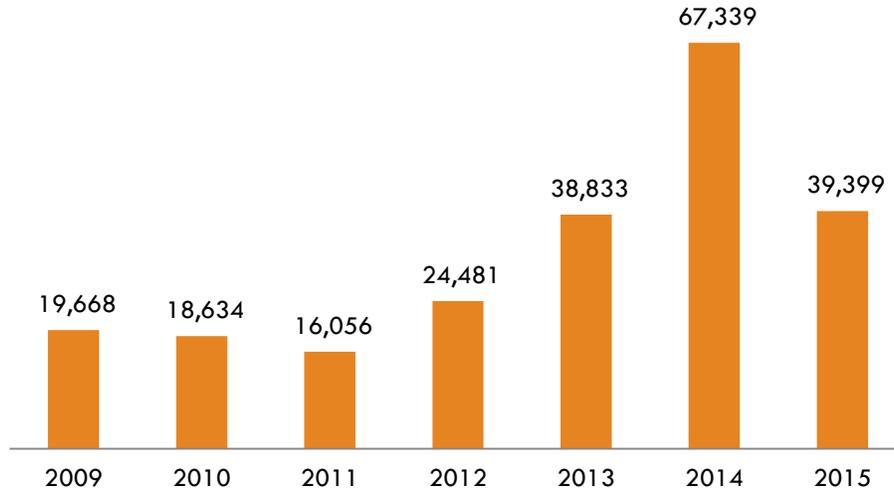
¹⁰ This report focuses primarily on unaccompanied minors who have settled in the Bay Area. Given the similarities between unaccompanied minors and immigrant women of children there is some discussion of the overlap of services, however, most of the discussion pertaining to immigrant women with children can be found in Appendix IV.

¹¹ Appendix I shows a complete list of organizations interviewed and surveyed for the report.

¹² These numbers are from Customs and Border Protection and are subject to change depending on the period. U.S. Customs and Border Protection, "Southwest Border Unaccompanied Alien Children apprehensions" Available at: (www.cbp.gov/newsroom/stats/southwest-border-unaccompanied-children).

children apprehended in the same period in FY 2015¹⁴ with the federal government considering designating new military bases to house these children, indicating that the plight of unaccompanied minors is an ongoing issue.

Figure 1. Number of UCs apprehended at the Southwestern Border



Source: U.S. Customs and Border Protection, statistics page

→ **The issue primarily concerns children and families from countries in Central America.** Historically, the greatest share of UCs was from Mexico, but by 2014, the number of Central American UCs surpassed the number of UCs from Mexico (see Figure 2). Moreover, UCs that remain and seek services in the U.S. are primarily from Central America: due federal legislation, children from Mexico are almost always sent back to their home county no more than a day or two after being apprehended by DHS.

Figure 2. Percentage of UCs by Country of Origin, Fiscal year 2009 to Fiscal year 2015

County of Origin	2009	2010	2011	2012	2013	2014	2015
El Salvador	6.2%	10.3%	8.7%	13.5%	15.4%	22.3%	23.8%
Guatemala	5.7%	8.1%	9.7%	15.7%	20.8%	24.7%	34.5%
Honduras	4.9%	5.5%	6.1%	12.2%	17.4%	29.3%	13.7%
Mexico	81.9%	73.7%	73.3%	57.1%	44.4%	23.7%	27.9%
Other	1.3%	2.5%	2.2%	1.5%	N/A	N/A	N/A

Source: U.S. Customs and Border Protection, statistics page

¹³ Greater enforcement in Mexico is documented by the Migration Policy Institute in their report available at: (<http://www.migrationpolicy.org/research/migrants-deported-united-states-and-mexico-northern-triangle-statistical-and-socioeconomic>)

¹⁴ See statistics from Customs and Border Protection at <http://www.cbp.gov/newsroom/stats/southwest-border-unaccompanied-children/fy-2016>

See Appendix II for the actual figures of UC arrivals by country of origin.

→ **Though most UCs seek refuge in the U.S., they are not immediately eligible for humanitarian relief.** Apprehensions of UCs are unique in that they typically present themselves to the first U.S. agent that they encounter, seeking protection on humanitarian grounds.¹⁶ As these individuals move through the U.S. immigration system, they traverse an unclear space between receiving protection on legal grounds on the one hand, and experiencing barriers due to their lack of legal status on the other hand. Appendix III details the legal options that are available to UCs and IWCs.

→ **Although these populations overlap, UCs and IWCs confront different processes and have different needs.** Upon being apprehended on the border, UCs and IWCs undergo different experiences with the federal government, as a result of internal restructuring by the Human Services Agency and class action law suits¹⁷. For instance, UCs are housed by DHS in a short-term detention facility for at most 72 hours before being transferred to long-term shelter under ORR. On the other hand, the majority of IWCs are processed and immediately sent to secured facilities, and do not interact with ORR. In this report we give further treatment to UCs, but we provide more detail on IWCs in Appendix IV.

Federal Agencies and Funding:

→ **The Department of Homeland Security and the Office of Refugee Resettlement** - These two agencies were chartered to provide services to immigrant children after passage of the Homeland Security Act of 2002 (HSA), which transferred all enforcement to DHS - who oversees apprehensions on the border and citizenship claims - and created ORR to oversee the care, placement, and release of UCs.

→ **Federal Immigration Courts in San Francisco** - Although state courts have limited involvement, immigration law is chiefly within the scope of the federal government. Both UCs and IWCs are required to attend immigration proceedings at the federal immigration court nearest to them. In the Bay Area, these federal immigration courts are housed in San Francisco, and these courts take cases from the entire region of northern California, including the central valley.

Altogether, the federal government takes on the role of processing and sheltering UCs and engaging them in legal proceedings according to their citizenship status. Figure 3 highlights the offices that are the focus of this report, in context of the overall structure of these federal agencies.

Federal Support for State and Local Providers

Social Services: The Federal government provides local governments with very few funding resources to work with unaccompanied minors. While unaccompanied immigrant children wait for final adjudication of their immigration status they stay either at an ORR Shelter facility or are placed under the care of a sponsor. Sponsors may be immediate family, distant family, or even a trusted friend designated by the child's parents. If the child stays at an ORR shelter then ORR provides for their daily needs, however, sponsors do not receive any financial support to care for the child. Once a child has legal status (i.e. are classified as refugees) they then become eligible for various federal programs as do the local social service providers.

¹⁶ Up to 15% of other UCs are apprehended internally after being arrested by state or local law enforcement. VERA Institute of Justice, "The Flow of Unaccompanied Children through the Immigration System: A Resource for Practitioners, Policy Makers, and Researchers." Available at: (www.vera.org/pubs/flow-unaccompanied-children-through-immigration-system-resource-practitioners-policy-makers-and).

¹⁷ See The Flores Settlement. The Flores Settlement imposed several obligations, which fall into three broad categories, on the former INS. First, the INS was required to release children from immigration detention without unnecessary delay. Second, it was obligated to place children in the "least restrictive" setting appropriate to their age and any special needs. Third, it was required to implement standards relating to the care and treatment of children in immigration detention. The text of the Flores settlement agreement is available at www.centerforhumanrights.org.

Legal aid: The federal government provides state and local providers limited financial support to provide legal aid for unaccompanied minors through the Department of Justice’s “Justice Americorps” Program,” a \$9 million grant program that enrolls lawyers and paralegals as AmeriCorps members to provide legal representation to UCs¹⁸.

Schools: U.S. law requires all children to attend schools regardless of their immigration status,¹⁹ school districts with a high proportion of UCs are tasked with providing adequate assistance to aid UCs in their transition into the U.S. education system. Several pre-existing programs are designed to assist immigrant children: ²⁰

- Services for educationally disadvantaged children (Title I, Part A)
- Individuals with Disabilities Education Act (IDEA);
- English language acquisition programs (Title III);
- McKinney-Vento Homeless Assistance Act
- Migrant education programs (Title I, Part C).

In addition to these programs, the California Department of Education administers \$3.5 million in federal funding to assist schools that have had exceptional growth in their immigrant population in recent years. The funds may be used for improving instruction, providing tutoring and intensified instruction, and conducting community participation programs.²¹ San Francisco and Alameda have received these funds, in addition to philanthropic grants, and have developed a position that exclusively focuses on unaccompanied immigrant children. We received indications during interviews that Hayward Unified is also in the process of hiring a UC coordinator.

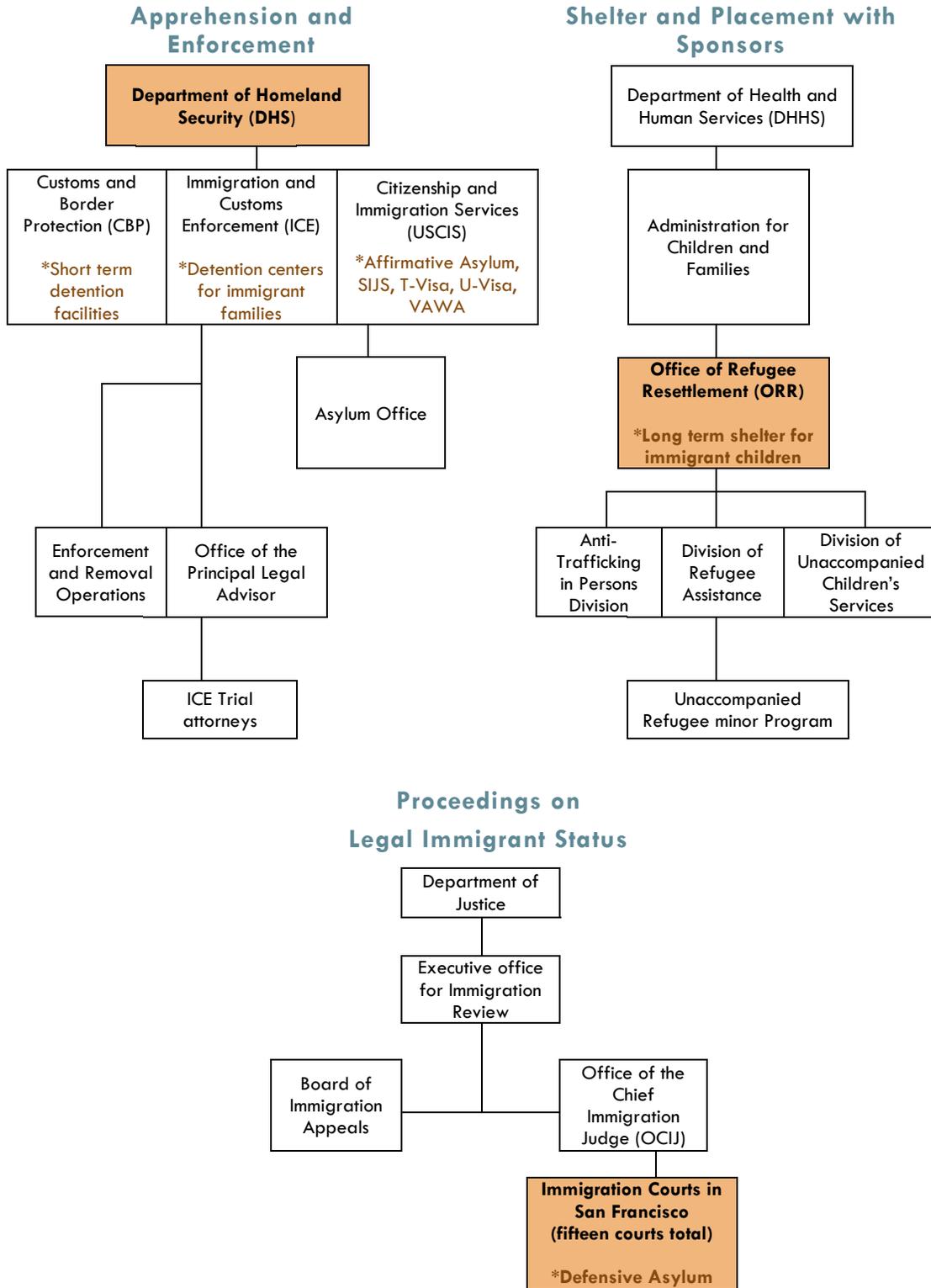
¹⁸ Corporation for National and Community Service, “Justice Department and CNCS Announce New Partnership to Enhance Immigration Courts and Provide Critical Legal Assistance to Unaccompanied Minors” Available at: (www.nationalservice.gov/newsroom/press-releases/2014/justice-department-and-cnsc-announce-new-partnership-enhance).

¹⁹ Plyler v. Doe, 457 U.S. 202 (1982).

²⁰ California Department of Education News Release, “State Schools Chief Tom Torlakson Issues Guidance to Schools on Unaccompanied Immigrant Children” Available at: (www.cde.ca.gov/nr/ne/yr14/yr14rel83.asp).

²¹ For more information on this program, funding, and application, visit the California Department of Education's (CDE) [Title III Immigrant Education Program](#)

Figure 3. Federal Agencies that Interact with UCs and their Distinct Functions



Note: shaded areas indicate the offices that are the concern of this report. Text in brown indicate the forms of detention and immigration relief that fall under each respective office. For more details on legal options, see Appendix III.

*Adapted from the Vera Institute's "The Flow of Unaccompanied Children through the Immigration System: A Resource for Practitioners, Policy Makers, and Researchers."

II. The California Response

As the U.S. state with the highest share of immigrants in its overall population,²² California has traditionally attracted migrants from all over the world who arrive with a diverse range of socioeconomic experiences. This trend is reflected in both the rate of UC arrivals to California and the level of support that the state has offered to this population, as shown below.

WELCOMING UNACCOMPANIED IMMIGRANT CHILDREN

California is one of the most common destinations for UCs seeking to reunite with parents or relatives. Even though the largest numbers of UCs arrive to the border sectors of Texas,²³ a significant number of UCs are ultimately released by ORR to family members or other adults serving as sponsors. In 2014 for instance, California was one of the three states with the highest number of UCs released to sponsors by ORR, and by 2015, California became the state with the highest number of UCs released to sponsors by ORR (see Figure 4).²⁴ *This suggests that UCs are settling in California for the longer term, seeking to integrate into local communities while their immigration cases are being heard.*

Figure 4. States with the highest number of NEW UCs released to sponsors, Fiscal Year 2014 to Fiscal Year 2015*

2014		2015	
1. Texas	7,409	1. California	3,576
2. New York	5,955	2. Texas	3,209
3. California	5,831	3. Florida	2,885

Source: Office of Refugee Resettlement, as of January 2016

*2014 is the earliest year for which ORR provides publicly accessible datasets

California provides a relatively friendly legal environment for UCs. California responded to the immediate service needs of these new residents, particularly devoting attention to its schools and courts. In 2014, Mayor Eric Garcetti of Los Angeles partnered with mayors of several large cities throughout the country to sign a letter welcoming UCs in solidarity with Welcome America, a national network that helps nonprofit and government partners support locally-driven efforts to create more immigrant-friendly environments.²⁵ California is especially noteworthy for being the first state to enact a law (SB 873) dedicating funds to non-profit organizations representing UCs in immigration proceedings.²⁶

Senate Bill 873: Accounting for Challenges to Legal Representation

Among states that have experienced an influx of UCs, California has focused on filling gaps in federally-provided services and clarifying ambiguities concerning the role of state courts. Accessing legal services is a major challenge for UCs and has been frequently cited as a serious gap in federal services. Unlike cases involving U.S. citizens, the federal government is not required to provide legal counsel to respondents in immigration proceedings. A review of a decade's worth of immigration case data provided by the Executive Office for Immigration Review (EOIR) found that children without legal representation received a removal order 79% of time, a voluntary departure order another 11% of the

²² Pew Research Center, "15 States with the highest share of immigrants in their population" Available at: www.pewresearch.org/fact-tank/2014/05/14/15-states-with-the-highest-share-of-immigrants-in-their-population/.

²³ Pew Research Center, "Number of Latino Children caught trying to enter the U.S. doubles in less than a year." Available at: www.pewresearch.org/fact-tank/2014/06/10/number-of-latino-children-caught-trying-to-enter-u-s-nearly-doubles-in-less-than-a-year/.

²⁴ Office of Refugee Resettlement, "Unaccompanied Children Released to Sponsors by State" Available at: www.acf.hhs.gov/programs/orr/programs/ucs/state-by-state-uc-placed-sponsors/.

²⁵ California cities that have become members of Welcoming America include Los Angeles, Oakley, San Francisco, and San Jose.

²⁶ Reuters, "California Sets up fund for Legal Representation of Immigrant Children" Available at: www.reuters.com/article/2014/09/28/us-usa-immigration-california-idUSKCN0HN00B20140928.

time, and only being allowed to stay in the US 10% of the time. Conversely, when children had legal representation they were allowed to stay 49% of the time and received voluntary departure orders 24% of the time with only 27% of cases receiving removal orders.²⁷ Hence many unaccompanied minors have cases that have legal merit, but do not have access to relief from deportation proceedings due to lack of legal representation.

Given that many of these cases have legal merit but lack legal representation, the United States Department of Justice has taken steps to account for this gap, such as appropriating \$9 million for legal services²⁸ and creating “Justice AmeriCorps,” a grant program that enrolls lawyers and paralegals as AmeriCorps members to provide legal representation to UCs.²⁹ As gaps continued to persist however, the State of California passed in 2014 Senate Bill 873, which allocates \$3 million to the Department of Social Services (CDSS) to contract with qualified nonprofit organizations offering legal services to UCs.³⁰

In addition to providing funds for legal representation, SB 873 clarified and affirmed the role of state courts in cases where a child applies for Special Immigrant Juvenile Status (SIJS). SIJS is unique within immigration law in that children must have findings from a state court before they can even apply for SIJS with the federal government. (See Appendix III for further details on SIJS). By firmly establishing that California Superior Courts have jurisdiction to make findings for SIJS, SB 873 improves UC’s opportunities to acquire SIJS status.

New State legislation pertaining to Undocumented Immigrants (2015-16 regular session):

The following is a list of legislation adopted in California pertaining to undocumented immigrants at the 2015-16 legislative session. These bills are shown here as a way to illustrate California’s relatively friendly political climate towards immigrants relative to other parts of the country:

- **SB 4 (Lara)** - Healthcare coverage for undocumented people.
- **SB 600 (Pan)** – Expands civil rights protections for undocumented immigrants by making it unlawful for businesses to discriminate against them.
- **SB 674 (DeLeon)** - Ensures all immigrant victims of crimes are offered assistance applying for special federal visas.
- **AB 60 (Gonzalez)** - Protects undocumented immigrants from attorneys who demand payments for services related to pending legislation.
- **AB 622 (Hernandez)** - Strengthens state Labor Code protections for all workers by limiting misuse of E-Verify, a federal program designed to prevent the undocumented from gaining employment.
- **AB 899 (Levine)** - Protects immigrant children's records from unauthorized disclosure to federal immigration authorities. Clarifies confidentiality protections for youth in dependency and delinquency proceedings.

²⁷ University of Syracuse. “Representation for Unaccompanied Children in Immigration Court.” Transactional Records Access Clearinghouse, 2014 (<http://trac.syr.edu/immigration/reports/371/>)

²⁸ The Washington Post, “Obama administration to provide \$9 million in legal help to undocumented children” (www.washingtonpost.com/blogs/govbeat/wp/2014/10/02/obama-administration-to-provide-9-million-in-legal-help-to-undocumented-children/).

²⁹ Corporation for National and Community Service, “Justice Department and CNCS Announce New Partnership to Enhance Immigration Courts and Provide Critical Legal Assistance to Unaccompanied Minors” Available at: (www.nationalservice.gov/newsroom/press-releases/2014/justice-department-and-cnsc-announce-new-partnership-enhance).

³⁰ Senate Bill 873 is available in full at (leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB873).

- **AB 900 (Levine)** - Aligns state law with federal law, allowing the maximum number of youth to receive humanitarian relief through special visas. In particular, extends the jurisdiction of probate courts to appoint guardians for youth ages 18-20 in connection with a petition requesting findings for Special Immigrant Juvenile Status.
- **AB 1343 (Thurmond)** – Criminal procedure: defense counsel: Requires defense counsel to provide accurate advice of the potential immigration consequences of a proposed disposition and attempt to defend against those consequences. Requires the prosecution and defense counsel to contemplate immigration consequences in the plea negotiation process.
- **AB 1352 (Eggman)** - Deferred entry of judgment: withdrawal of plea. Requires the court to allow a defendant to withdraw his or her guilty in order to avoid specified adverse consequences if certain conditions are met, like court ordered programs.

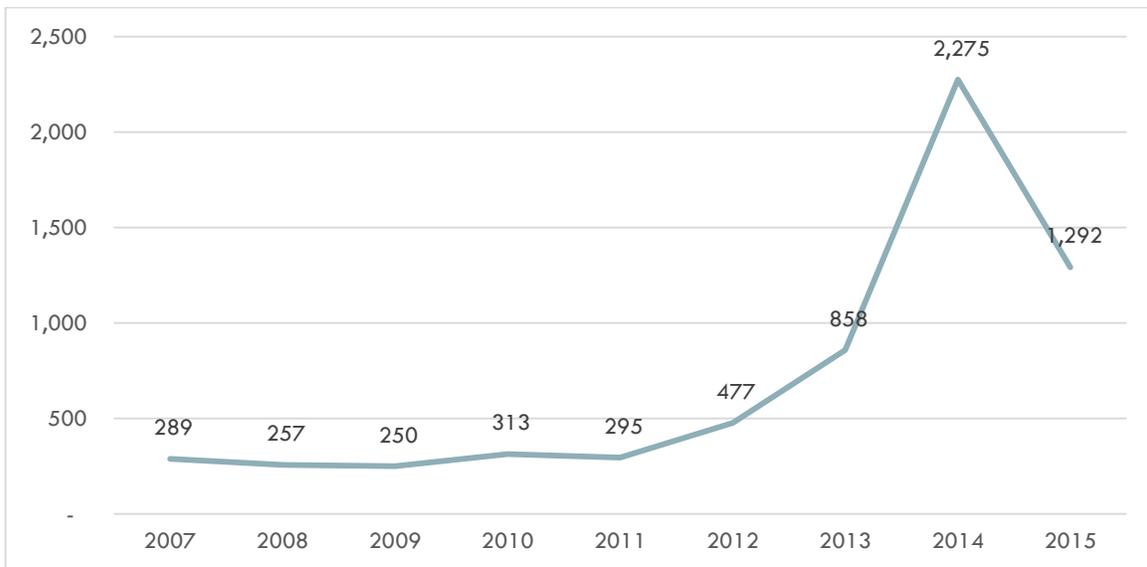
III. Overview of Bay Area Services

UNACCOMPANIED IMMIGRANT CHILDREN IN THE BAY AREA

Like the broader state of California, the Bay Area has attracted a substantial number of UCs to the region. Next to Los Angeles, the Bay Area is the second largest destination for UCs arriving to California.³¹ In FY 2014 the Bay Area saw the arrival of 1,368 unaccompanied minors dropping to 905 in FY 2015^{32,33}.

Many immigrant-serving legal service agencies have taken UC cases from beyond the Bay Area as the Immigration Courts of San Francisco are responsible for all immigration-related cases in Northern California. The Bar Association of San Francisco notes that UCs placed in big cities often end up moving to the Central Valley or other rural areas with their relatives, and estimates that nearly one in five UCs appearing in the immigration courts of San Francisco live in the Central Valley.³⁵ Altogether, the Immigration Courts in San Francisco recorded a total of 2,275 juvenile cases filed in 2014 and 1,292 cases in 2015 which was still more than 400 cases more than in 2013 (see Figure 5).³⁷

Figure 5. Number of Juvenile Cases Filed in the San Francisco Immigration Court, fiscal year 2007 to fiscal year 2015



Caseload numbers for the San Francisco Immigration Court obtained from Syracuse University's Transactional Records Access Clearinghouse (TRAC) Immigration Project, as of August 2015

³¹ The Los Angeles Times, "Oakland churches offer aid, sanctuary to Central American immigrants" Available at: (www.latimes.com/local/california/la-me-bay-area-sanctuary-20141231-story.html#page=1).

³² Note that the Office of Refugee Resettlement only publishes information on counties with 50 or more UC placements. Napa, Sonoma, or Solano were not tracked as they each had less than 50 UCs be placed with sponsors. available at: <http://www.acf.hhs.gov/programs/orr/unaccompanied-children-released-to-sponsors-by-county>

³³ ORR only started providing location statistics on unaccompanied minors starting in FY 14 which is why the data only reaches back that far

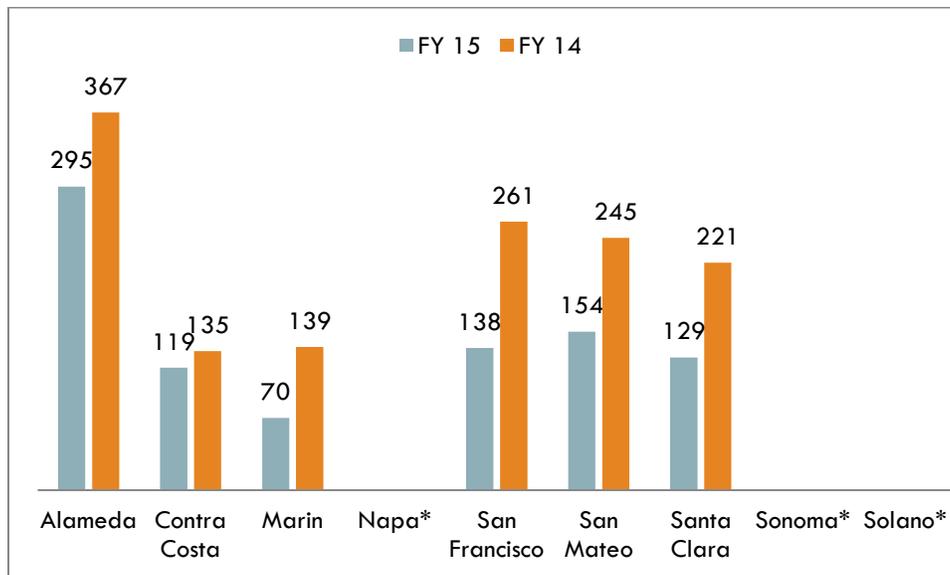
³⁵ California Lawyer, "Unaccompanied, but Not Alone: Kids Who Immigrate Alone Face Tough Odds Finding a Lawyer" Available at: (www.callawyer.com/2015/05/unaccompanied-minors-face-tough-odds-finding-a-lawyer-especially-in-central-valley/).

³⁷ Syracuse University's Transactional Records Access Clearinghouse (TRAC) Immigration Project – Juvenile Immigration Court Deportation Proceedings Available at: (www.trac.syr.edu/phptools/immigration/juvenile/).

UC settlement in the Bay Area is generally split between a higher concentration of UCs in larger, urban counties and a lower number of UCs in rural counties located in the North Bay. Altogether, Alameda County received the greatest number of UCs in both FY 14 and FY 15 with 100 children more than San Francisco – the county with the second highest share of UCs (See Figure 6). On the other hand, the North Bay counties of Solano, Sonoma, and Napa received less than 50 UCs in FY 14 and FY 15, Marin stands out in the North Bay in that it received respectively 139 and 70 UCs . These urban and rural regions encounter their own unique sets of issues, addressed later in the report.

The areas where UCs live likely reflect recent broader trends in migration to the Bay Area. Due to the reunification process, the location where UCs are placed ultimately depends on where their sponsors live. As such, the regional distribution of UCs (as highlighted in Figure 6 and 7) also reflect the concentration of sponsor populations throughout the region, most of whom are parents or relatives of these children. Indeed, the counties with the highest share of UCs also have a greater share of foreign born immigrants – between 31 percent foreign born (Alameda) and 38 percent foreign born (Santa Clara).³⁸

Figure 6. UCs Released to Sponsor by County³⁹



Source: ORR Data on UCs released to sponsors FY 14 and FY 15

Figure 7. Top 10 Immigrant-Receiving Jurisdictions in the Bay Area FY 2015⁴⁰

Jurisdiction	Number of Children
1. Oakland	244
2. San Francisco	153
3. San Jose	93
4. San Rafael	70
5. Richmond	68

³⁸ Association of Bay Area Governments, “San Francisco Bay Area State of the Region, Available at: (reports.abag.ca.gov/sotr/2015/section3-changing-population.php).

³⁹ The Office of Refugee Resettlement only publishes information on counties with 50 or more UC placements. Napa, Sonoma, or Solano were not tracked as they each had less than 50 UCs be placed with sponsors.

⁴⁰ Office of Refugee Resettlement as provided by Immigration Center for Women and Children (ICWC), an ORR legal services contractor in the Bay Area. Please note that this data only encompasses FY 15 as they have not yet tallied FY 14.

6. San Mateo	64
7. Daly City	44
8. Hayward	30
9. Redwood City	24
10. East Palo Alto	22

ORR SHELTERS AND PRE-RELEASE SERVICES

ORR contracts out to local agencies in the surrounding Bay Area region that oversee their placement with nearby sponsors. Due to confidentiality requirements, there is limited information on ORR shelters in the region and their conditions. Varying news sources indicate that ORR can range from state-licensed, federal taxpayer-funded companies, to for-profit organizations that operate shelters, foster care, group homes and residential treatment centers.⁴¹ From both interviews and online sources we know of the presence of shelters in Solano and Contra Costa counties. Generally, ORR Shelter Services include food, shelter, schooling, recreation, medical services, group therapy, individual counseling, religious services, and family reunification.⁴² The average of stay in the program in FY 2014 was 29 days.⁴³

By extension, several specific organizations in the Bay Area collaborate to provide social work or case management to UCs under ORR custody. For instance, faith-based organizations through the U.S. Conference of Catholic Bishops and Lutheran Immigration and Refugee Service have worked as umbrella organizations overseeing smaller community-based and residential care. Legal service organizations such as Legal Services for Children provide various legal services to children, such as Know Your Rights orientations. The federal government additionally partners with the Immigration Center for Women and Children (ICWC) to oversee “Legal Orientation Program for Custodians (LOPC) of Unaccompanied Alien Children,” which provide trainings and orientations to sponsors as they prepare to welcome newly arrived children. Their orientations inform sponsors of their responsibilities in ensuring the child’s appearance at all immigration proceedings, as well as protecting the child from mistreatment, exploitation, and trafficking.⁴⁴

AVAILABILITY OF POST-RELEASE SERVICES (LEGAL AND SOCIAL)

Generally, we found that the Bay Area is a welcoming place for immigrant children and that virtually every county is trying to do something to coordinate services for these children. In particular, the Bay Area’s historical role embracing newcomers (i.e. through the Sanctuary Movement of the 1980s) has generated a sympathetic environment for undocumented children and paved the way for supportive services. Moreover, the unprecedented growth of UCs in 2014 substantially impacted the provision of services in the Bay Area, though legal and social services have responded in different ways. We offer a list of regional collaboratives and initiatives surrounding this topic in Appendix VI.

⁴¹ Southwest Key, for example, is a company that bills itself as one of the largest providers of services for unaccompanied children in the U.S. They operate more than 25 shelters across 15 cities in Texas, Arizona and California and serve thousands of children each day.

⁴² The Catholic Immigration Network (CLINIC) provides a series of ORR webinars that give closer insight into this: Available at: (cliniclegal.org/resources/orr-webinar-series#w3).

⁴³ U.S. Department of Human Services, Administration for Children and Families, Office of Refugee Resettlement, Unaccompanied Alien Children Program (www.acf.hhs.gov/sites/default/files/orr/fact_sheet.pdf).

⁴⁴ Immigrant Center for Women and Children, Legal Orientation Program for Custodians (LOPC), Available at: (icwclaw.org/services-available/legal-orientation-program-for-custodians-lopc/).

Regional Distribution of Immigrant-Serving Organizations

Our analysis of services throughout the Bay Area services points toward a particularly strong presence of organizations in San Francisco. To capture the range of services offered to UCs in the Bay Area, we turned to research, interviews, and various resource guides for practitioners and crafted a list of organizations that express an interest or history of providing services to UCs. To date, our list includes a total of 113 organizations that have been broadly categorized as legal service providers, social service providers, and philanthropic organizations (see Appendix VII for full list). The summary in Figure 7 highlights the number of services in each category and breaks them down by the counties in which their offices are located. Though we recognize that this does not fully capture the full breadth of services offered to UCs in the Bay Area, this list offers some insights on the distribution of services in the Bay Area – particularly the strong concentration of services in San Francisco.

Figure 8. Current Tally of Bay Area Organizations Explicitly Offering service to UCs or seeking to improve services to UCs

County	Legal Services	Philanthropy	Social Services	Total
San Francisco	20	4	22	46
Alameda	10	1	12	23
Santa Clara	7	2	13	22
San Mateo	3	1	3	7
Napa	1	1	3	5
Sonoma	1	1	2	4
Marin	1	1	1	3
Contra Costa		1	1	2
Solano			1	1
Total	43	12	58	113

Source: ABAG analysis of Bay Area Organizations.

*This only demonstrates the location of organizations, not the areas served. Does not show organizations that are housed in multiple locations (See Appendix VII for the full list).

Although this tally above offers a picture of where organizations are located, it does not depict where these organizations provide their services. To examine this further, we distributed two surveys to legal and social service providers and gathered responses from 30 organizations that provide legal services and 31 organizations that provide legal services (see Appendix I for a full list of these organizations). For the sake of comparison, Figure 8 depicts a summary of where these organizations are located.

Figure 9. Location of Organizations Responding to ABAG Survey

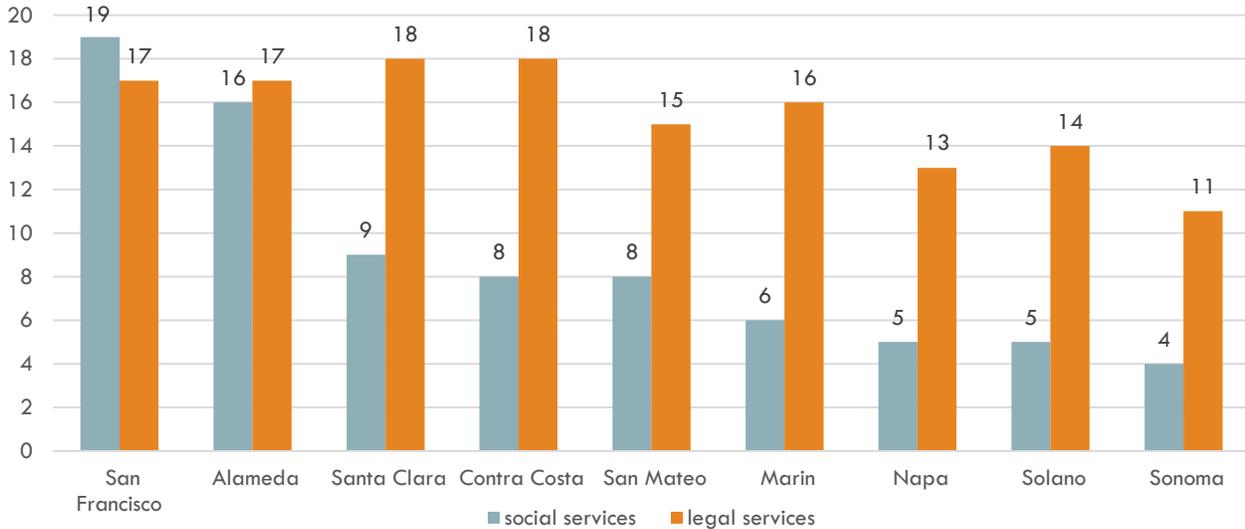
County	Legal services	Social Services	Total
San Francisco	14	12	26
Alameda	8	11	19
Santa Clara	4	4	8
San Mateo	2	2	4
Contra Costa	1		1
Marin	1		1
Other – Davis	1		1
Total organizations:	31	29	60

Source: ABAG legal and social service surveys to Bay Area immigrant-serving organizations

Count of organizations represented: 30 Legal service providers; 31 social service providers

Responses indicate that legal services have a broader and more evenly distributed reach of services across the region, whereas social service organizations generally limit their services to their respective geographic areas (see Figure 9). Among the sample, there is a saturation of services for UCs in urban areas compared to the rural parts of the Bay Area. Based on these results, UCs throughout the region face a similar level of access to legal services, but UCs in more urbanized parts have a greater range of social services that they could turn to for support.

Figure 10. Counties where respondents' services are offered

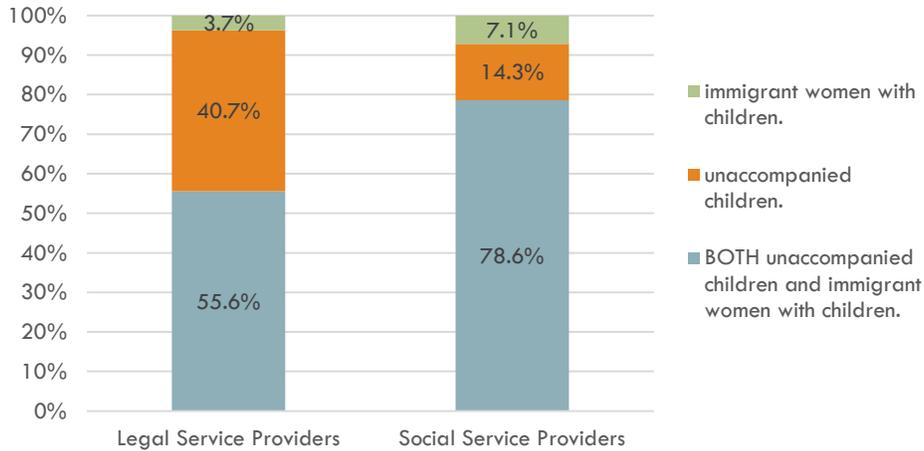


Source: ABAG legal and social service surveys to Bay Area immigrant-serving organizations
 Count of organizations represented: 31 Legal service providers; 29 social service providers

Populations Served

Survey data indicate that social service organizations work with diverse populations, whereas legal service organizations are tailored to specific populations. The surveys also point toward differences in the populations targeted by legal and social service providers. The majority of social service providers provide services to both UCs and IWCs, whereas legal service organizations are almost evenly split between serving UCs and IWCs (see Figure 10). Few organizations offer services exclusively to IWCs.

Figure 11. Percent of Respondents offering Services to UCs, AWCs, or both



Source: ABAG legal and social service surveys to Bay Area immigrant-serving organizations
 Count of organizations represented: 27 Legal service providers; 28 social service providers

In addition, we found that social service organizations on average offer services to a greater number of UCs when compared to legal services (see Figure 11). However, legal service providers spend a greater number of hours on average working directly with UCs as compared to their social service counterparts.

Figure 12. Summary of Number of UCs served by Survey Respondents

	Legal service providers		Social Service providers	
	Range	Average	Range	Average
UCs served in a given week	1 to 20	6	1 to 100	10
UCs served in a fiscal year	2 to 80	65	2 to many hundreds	75
Hours providing services to UCs in a given week	3 to 170	45	3 to many hundreds	40

Source: ABAG legal and social service surveys to Bay Area immigrant-serving organizations
 Count of organizations represented: 18 Legal service providers; 16 social service providers

IMPACT OF UC ARRIVALS ON LEGAL SERVICES

The unprecedented growth of UCs in 2014 caused a serious constraint on the immigration courts of San Francisco, which was repeatedly cited in research and interviews as chronically under-staffed and under-funded.⁴⁵ It also doubled the work on pro bono lawyers and advocates whom were already constrained. Thus in an attempt to alleviate strains on the court, the Department of Justice established immigration court dockets for migrant children and families that arrived in 2014 – referred to as “surge dockets” or “rocket dockets” – and required that judges prioritize these cases under an expedited adjudication process. Since this order, children and families are given approximately 21 days from the time that they are released from DHS custody to appear before an immigration judge (an individual would have 4-6 months in typical immigration proceedings). We discuss the challenges associated with the surge in Section V.

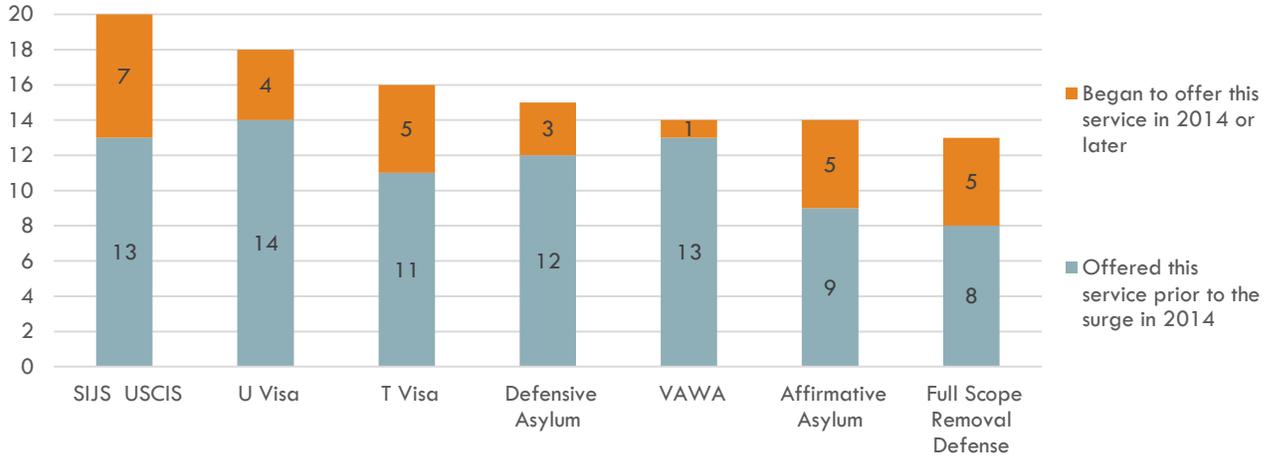
In response to these new constraints, legal organizations mobilized and strengthened their network of services with funding support from the State of California and the City of San Francisco. For instance, the Bar Association of San Francisco strengthened recruitment efforts among private attorneys to staff their Attorney of the Day Program, which offers pro bono counsel to individuals on these surge dockets. In addition, the Bay Association established the San

⁴⁵ Available at: (www.blog.sfbay.org/2015/05/07/the-san-francisco-immigrant-legal-defense-collaborative-bay-area-public-interest-attorneys-collective-response-to-crisis/).

Francisco Immigrant Legal Defense collaborative, a network of organizations throughout the Bay Area dedicated to strengthening legal services to UCs.

Of the various legal options available to UCs, SIJS and U-Visa/T-Visas are the most frequently offered by respondents to the legal services survey. In addition, survey responses indicate that services around SIJS experienced the most growth since the surge of 2014 (see Figure 12). Incidentally, Legal Services for Children oversees a regional coalition around SIJS, and this task force has successfully advocated for reduced administrative hurdles in applying for SIJS (for instance, instantiating fee waivers).⁴⁶

Figure 13. Services Offered by respondents to Legal Service Survey



Source: ABAG legal and social service surveys to Bay Area immigrant-serving organizations
 Count of organizations represented: 21 Legal service providers

CHARACTERISTICS OF SOCIAL SERVICE ORGANIZATIONS

Survey responses offer insights into the characteristics of social services in the Bay Area, which incorporate a broader range of services as compared to legal services. As mentioned earlier social service providers tend to be more geographically constrained than legal service providers. In addition, social service providers tend to impact a larger number of unaccompanied immigrant children, but they may not devote as much time to UCs specifically. Survey responses additionally indicate that the majority of organizations are in the non-profit sector and address health, mental health, and school services (see Figure 13).

⁴⁶ Available at: (cssr.berkeley.edu/cwscmsreports/LatinoPracticeAdvisory/Madera/Policy%20and%20Procedures%20SIJS.pdf)

Figure 14. Types of Social Service Organizations Surveyed and Practice Areas

Type of Organization		Area of Practice	
Non-Profit	52%	Health	18%
Government	24%	Mental Health	14%
Education	17%	School/education	14%
Health	3%	Policy and/or Advocacy	11%
International	3%	Legal	11%
		Other	11%
		Child Welfare	8%
		Juvenile/Criminal Justice	6%
		Occupational Social work/EAP	4%
		Community Development/Housing	3%

Source: ABAG legal and social service surveys to Bay Area immigrant-serving organizations
 Count of organizations represented: 29 social service providers

In addition, the majority of responding organizations have been in existence for more than 20 years, and have offered services to UCs and IWCs for more than five years (see Figure 14). This marks a difference from legal services, some of whom only began to offer their services after the growth of the surge docket.

Figure 15. Social Service Providers: Experience Serving these Populations

How long has your organization been in existence?		How long has your organization serviced this population?		
Years in existence	Count	Duration	UC	IWC
0-5 years	1	0-1 years	4	4
10-15 years	1	1-2 years	4	4
15-20 years	3	4-5 years	1	1
20 years +	22	5+ years	11	9
5-10 years	2	Not applicable	3	3
Total	29	Grand Total	23	22

Source: ABAG legal and social service surveys to Bay Area immigrant-serving organizations

A large portion of organizations surveyed receive referrals from legal service providers, and many also specified that they do not exclusively offer services to UCs. Social service agencies provide a variety of screening methods for the populations of UCs that they serve. Generally, these fall into the category of interviews, assessments, referrals, intake forms, program criteria, and psycho-social evaluations. Few social service organizations charge clients for services (see Figure 15).

Figure 26. Social Service Provision – Charges and Referrals

	Do you need a referral to get these clients?		Do you charge clients for services?	
	YES	NO	YES	NO
UC	10	11	1	18
IWC	9	10	2	14

Source: ABAG legal and social service surveys to Bay Area immigrant-serving organizations
 Count of organizations represented: 29 social service providers

IMPACT OF UC ARRIVALS ON SOCIAL SERVICES

Interviews indicate that social service providers witnessed a larger number of UCs seeking their services since the surge of 2014. The surge dockets also impacted social service providers. First, lawyers often need input from mental health experts to assess UCs for certain forms of relief. Second, the surge docket added pressure to relocate UCs with sponsors at a quicker rate, and ensuing conflicts with sponsors have generated a greater need for social services while also creating barriers to accessing services. We discuss these challenges further in section V.

Although there have been efforts to mobilize social service collaboratives around UC issues, the regional network of services are not as consolidated as that of legal services. This could be due to several reasons. Immigration proceedings are centered on the immigration court, so investment in services in the immigration court prove to have greater spillover effects for the region. On the other hand, social services do not revolve around a centralized location, and as Figure 9 indicates, social services tend to restrict services provision to their geographic area. As a result so there is less of an incentive to collaborate regionally. Moreover, although social service organizations serve a greater number of UCs, the organizations are more diverse than legal service providers in their areas of practice and in the populations that they serve. Nevertheless, we have identified local city and county social service collaborations in section V.

School District Response

The growth of UC populations in schools has positioned school districts as a prominent social service provider and a strong connector for other legal and social service providers. Because U.S. law requires all children to attend schools regardless of their immigration status,⁴⁷ school districts with a high proportion of UCs are tasked with providing adequate assistance to aid UCs in their transition into the U.S. education system. Several pre-existing programs are designed to assist immigrant children:⁴⁸

- Services for educationally disadvantaged children (Title I, Part A)
- Individuals with Disabilities Education Act (IDEA);
- English language acquisition programs (Title III);
- McKinney-Vento Homeless Assistance Act
- Migrant education programs (Title I, Part C).

In addition to these programs, the California Department of Education administers \$3.5 million in federal funding to assist schools that have had exceptional growth in their immigrant population in recent years. The funds may be used for improving instruction, providing tutoring and intensified instruction, and conducting community participation programs.⁴⁹ San Francisco and Alameda have received these funds, in addition to philanthropic grants, and have developed a position that exclusively focuses on unaccompanied immigrant children. We received indications during interviews that Hayward Unified is also in the process of hiring a UC coordinator.

FUNDING

Altogether, we found that funding for UCs has been the most concentrated in San Francisco and in the realm of legal services, and that mobilization of legal and social services throughout the Bay Area reflects this focus. Cities and counties have additionally devoted funds to addressing the UC issue, whether through legal services, shelters, mental

⁴⁷ Plyler v. Doe, 457 U.S. 202 (1982).

⁴⁸ California Department of Education News Release, "State Schools Chief Tom Torlakson Issues Guidance to Schools on Unaccompanied Immigrant Children" Available at: (www.cde.ca.gov/nr/ne/yr14/yr14rel83.asp).

⁴⁹ For more information on this program, funding, and application, visit the California Department of Education's (CDE) [Title III Immigrant Education Program](#)

health and counseling, health, or research. However, two particularly important sources of funding have been funding for legal services from the state of California and from Bay Area cities and counties. . Since the immigration court in San Francisco encompasses all UC cases throughout Northern California, the fund that were devoted to programs such as Attorney of the Day have had positive spillover effects for UCs throughout the region. Responses to the legal service survey reflect this trend, as the local funding was listed as the most common source of funding for legal organizations (see Figure 16).

Figure 17. Count of Funding Sources for Legal Service Organizations Responding to Survey

Source	Count
Local funding	20
State funding through SB 873	9
Donations and/or foundations	5
State court appointments	3
EJW Americorps fellowship	2
Other cited sources include: local diocese, national funding, federal (Title 3), the local county, grants, Membership dues, and HIP	

Source: ABAG legal and social service surveys to Bay Area immigrant-serving organizations

* Count of organizations represented: 31 legal service providers

While this report finds that federal and state governments offer resources to provide services to UCs, these funds do not cover the costs incurred by the local counties of the Bay Area. Interviews indicate that funding is surfacing where there is a strong, organized coalition with a clear vision (as in the case of legal collaboratives) or in places where there are sizeable gaps in services. For instance, in Napa, International Institute of the Bay Area is working to implement a program that allows local community based organizations (such as Puertas Abiertas) to become accredited by the Board of Immigration appeals and provide legal support to UCs in the region.

IV. County Level Responses

Beyond the regional collaboratives that have formed around the UC issue, individual cities and counties have responded and formed local coalitions to serve UCs. They are listed alphabetically in this section.

ALAMEDA COUNTY

East Bay Collaborative

As the county with the largest number of UCs in the Bay Area, Alameda experienced its own particular set of constraints and challenges to providing services to UCs. For instance, Centro Legal (legal services) reports that the number UCs seeking services at its immigration clinics has tripled since January 2014.⁵⁰ As organizations from numerous sectors experienced constraints, they created an East Bay collaborative of legal and social service providers that include:

- Centro Legal de la Raza
- East Bay Sanctuary Covenant
- Catholic Charities of the East Bay
- La Clínica de la Raza
- Primera Iglesia Presbiteriana Hispana
- Other Oakland Community Based Organizations

This collaborative is unique in that it is not exclusive to legal or social services, but rather incorporates the various aspects of services needed for UCs, including shelter, schooling, legal services, mental health care, and health care. Together, they petitioned to receive and will be awarded \$1 million in funds from Alameda County, with \$577,231 to cover legal services and \$422,769 to cover mental health and housing services.⁵¹

Social Services

Mental Health Services

A member of the East Bay Collaborative, Oakland organization La Clínica de la Raza (La Clínica) is one of the few organizations that offer bilingual mental health services to UCs. Between June and August 2014, approximately one in five new pediatric patients at La Clínica's Fruitvale Village health center were UCs. In addition, La Clínica's school-based health centers provide services to students at Fremont High School and Oakland International High School, where the highest concentrations of newly arrived and unaccompanied students are enrolled.

Another Organization that offers Spanish-based and culturally sensitive mental health services and interventions is La Familia Counseling Services. This organization specializes in trauma-focused and family oriented treatment to UC families in Alameda County, including Oakland and Hayward. In addition, they announced that they will employ a mobile unit with a Clinician, Parent Partner, and Youth Promotor who will serve in identified sites in Oakland.⁵²

Other Alameda county strategies that provide access to health services for UCs include: HealthPAC, California Children's Services (CCS), and Point of Service enrollment.

⁵⁰ Contra Costa Times, "Oakland: \$1 million plan would help child migrants who fled Central America" Available at: (www.contracostatimes.com/contracosta-times/ci_26705694/oakland-1-million-plan-would-help-child-migrants).

⁵¹ Ibid.

⁵² La Familia Counseling Services Website. Available at: (lafamiliacounseling.org/index.php/counseling-services/).

Housing

Organizations throughout the East Bay are collaborating to step in and offer housing for families or UCs that are in need of shelter. For instance, four East Bay Congregations have vowed to revive the sanctuary movement in the East Bay, pledging their support for specific families and accompanying them through their asylum immigration process, and if necessary, to offer physical sanctuary and protection from deportation.⁵³ Similarly, the Primera Iglesia Presbiteriana Hispana (PIPH) church in Oakland has set up a temporary housing facility that also includes meals.

Oakland Unified School District

The Oakland Unified School District (OUSD) has witnessed a dramatic increase of unaccompanied minors in classes. Approximately 75% are in high school, 10% in middle school, and 15% in elementary, though sources vary.⁵⁴ To assist these students in their transition, the Oakland Unified School District (OUSD) received \$45,000 to pay for a position dedicated exclusively to UCs.⁵⁵ Currently, the UC staff in the school district provide a vast array of services to UCs. Taking on the role of a trusted adult, the coordinator assesses the children for trauma, flags them as UCs and determines their eligibility for free school supplies, discusses whether they are seeking legal help, places them in the appropriate English Language Learner courses (ELL), and makes further use of connections offered by the East Bay collaborative. Currently, the ELL programs at Oakland are moving to HUB model in their elementary, whereby ELLs are all housed in one school. These programs are found in Oakland international, Oakland High, and Fremont high. Each school site has an agency that provides health services that include a coalition of CBOs and Alameda County Behavioral health.

Funding and Political Support

As previously mentioned, the East Bay Collaborative has been awarded \$577,000 in legal aid from the City of Oakland and \$422,769 for mental health and housing services from Alameda County, totaling \$1,000,000. Similarly, the Alameda Behavioral Health Care Services (BHCS) set up a fund for providers to help them build informed behavioral health services to UCs who meet medical necessity for mental health services.⁵⁶ Oakland is a very diverse city and has previously offered institutional support to undocumented immigrants, as evidenced by passage of Resolution 80584, calling for a moratorium on immigration raids and for the passage of fair and humane federal immigration laws; as well as declaring Oakland a refuge.⁵⁷

⁵³ Four Congregations declaring Sanctuary: Iglesia Presbiteriana High Street (Oakland), St. John's Presbyterian Church (Berkeley), Montclair Presbyterian Church (Oakland), Beacon Fellowship (Oakland).

⁵⁴ "Oakland Demographic Profile, OFCY 2016-2019 Strategic Planning," Oakland Fund for Children and Youth, available at: (<http://www.ofcy.org/assets/Agendas/2015-Agendas/OFCY-Demographic-Report-3.25.15-FINAL-to-OFCY.pdf>.)

⁵⁵ NBC Bay Area, "School Districts Brace for Unaccompanied Minors From Central America, Find Funding to Pay for Help" Available at: (www.nbcbayarea.com/news/local/School-Districts-Brace-for-Unaccompanied-Minors-From-Central-America-Find-Funding-to-Pay-for-Help-271073271.html).

⁵⁶ Alameda County Health Care Services Agency, "Letter to Behavioral Health Care CSOC Providers." Available at: (www.acbhcs.org/providers/network/docs/Forms/Provider_Letter.pdf).

⁵⁷ Oakland City Council Resolution No. 80584, Available at: (observatoriocolof.org/admin/documentos/Resolution%2080584%20Oakland%20Ca.pdf).

Figure 18. Preliminary List of Immigrants-Serving Organizations Located in Alameda

Legal Services		
Organization	City	Website
Carmen Reyes-Yosiff	Oakland	
Catholic Legal Immigration Network	Oakland	cliniclegal.org/
East Bay Community Law Center	Berkeley	ebclc.org/
Ijichi Perkins and Associates	Oakland	
Law Office of Angela M. Bean	Oakland	
Law Office of Helen Lawrence	Oakland	helenlawrencelaw.com/
Law Office of Peggy Bristol Wright	Oakland	www.bristolimmigrationlaw.com/
Law Office of Robert L. Lewis	Oakland	
Social Justice Collaborative	Oakland	socialjusticecollaborative.org
Philanthropy		
Organization	City	Website
The Law Office of Julianna Rivera	Oakland	
Firedoll Foundation	Walnut Creek	www.firedoll.org/
California Endowment	Oakland	www.calendow.org/
Social Services		
Organization	City	Website
Alameda County Health Care Services	San Leandro	www.acgov.org/health/
Alameda County Public Defender's Office		www.co.alameda.ca.us/defender/
Alameda County Public Health Department	San Leandro	www.acphd.org/
Alameda Unified School District	Alameda	www.alameda.k12.ca.us
Bay Area Immigration Services	Fremont	www.bayareaimigrationservices.com/
Catholic Charities of the East Bay	Oakland	www.cceb.org/
Covenant House California	Oakland	covenanthousecalifornia.org/index-pg.php
East Bay Sanctuary Covenant	Berkeley	eastbaysanctuary.org/
Hayward Unified School District	Hayward	www.husd.k12.ca.us/
International Rescue Committee	Oakland	www.rescue.org/
La Familia Counseling Services	Hayward	lafamiliacounseling.org/
Oakland Unified School District, staff focused exclusively on UCs	Oakland	www.ousd.org/site/default.aspx?PageID=1

CONTRA COSTA

Under the time frame in which we undertook this project, we unfortunately found limited information on services that are offered in Contra Costa County. Survey results suggest that services in other East Bay counties such as Alameda are also offered in Contra Costa. Moreover, some of the services that were pronounced in this region also involved collaborations with children in the ORR shelter located in the county. Finally, sources show that the West Contra Costa district is working with Catholic Charities to enroll 64 UC students from Central America in adult education programs, some elementary schools and Kennedy and Richmond high schools. The high schools offer health and dental clinics, mental health counselors and connections with social services agencies and nonprofit groups.⁵⁸

⁵⁸ NBC Bay Area, "School Districts Brace for Unaccompanied Minors from Central America, Find Funding to Pay for Help." Available at: (www.nbcbayarea.com/news/local/School-Districts-Brace-for-Unaccompanied-Minors-From-Central-America-Find-Funding-to-Pay-for-Help-271073271.html)

Figure 39. Preliminary List of Immigrants-Serving Organizations Located in Contra Costa

Type of Service	Organization	Website	City
Philanthropy	Y&H Soda Foundation	www.yhsodaPhilanthropy.org/	Moraga
Social Services	Centro Latino Cuscatlan		El Cerrito

SAN FRANCISCO CITY AND COUNTY

The Immigration Courts of San Francisco set much of the framework for legal services throughout the Bay Area region, and are discussed in detail in sections III and V. In particular, the infusion of funds by the city of San Francisco (\$2 million over the course of two years) has created new positions and strengthened collaboratives in a manner that has had positive spillover effects for the entire region.

Beyond recent efforts, San Francisco houses prominent legal service providers, such as ICWC and Legal Services for Children, who have offered services to immigrant children for decades. These organizations have developed formal contracts with ORR and are also champions for the regional network of legal service providers. As such, these organizations have a unique role in the placement process for UCs as facilitators of partnerships. A positive practice that has emerged from this for instance, is the fact that ICWC is housed in the Women’s building, which is one of the few places in California to offer fingerprinting for these populations.

Social Services

San Francisco’s traditional embrace of immigrants has also generated a supportive infrastructure of services for UCs and undocumented immigrants. For instance, San Francisco provides city IDs that allows residents, regardless of their immigration status, access to services. The city government also oversees the Office of Civic Engagement and Immigrant Affairs, which worked to provide a local response to the growth of UCs in 2014.

Network of Service Providers with the Department of Public Health

San Francisco’s Behavioral Health Services, Children Youth & Families System of Care have been coordinating a Behavioral Health Treatment Providers meeting to discuss service coordination to align and orient each other on services to these children. Through these meetings, contributing organizations have developed a “First Encounter Check List” for providers to screen for unaccompanied minors safety and psychosocial needs during their initial contacts so that providers can make linkages to other special services. They have also been working to link the San Francisco Unified School district’s (SFUSD) Students Families & Community Support Services and Special Education to ensure that behavioral services are offered in schools to these children.

San Francisco Unified School District

Since 2013, the program has seen a steady increase in the number of unaccompanied children, and the school district has worked closely with the Mayor’s Office, Board of Supervisors, and city departments as well as school partners in the community. Through collaboration and foundation support, a position was created in San Francisco Unified School District (SFUSD) specifically targeted to UCs.⁵⁹

The UC coordinator serves as an internal linkage between schools and the SFUSD wellness program. UCs are housed under the Newcomer system of support in the district, which offers transitional and academic support services under the school district’s wellness program. Newcomer pathways is designed for schools with a sizeable ELL population and focuses on language support. Moreover, under the school wellness program, each school has a therapist, nurse, health outreach,

⁵⁹ USA Today, “Now Hiring: School Consultant for Unaccompanied Immigrant Students,” Available at: (www.usatoday.com/story/news/nation-now/2014/08/13/unaccompanied-minors-public-schools-consultant/13947299/)

full time wellness coordinator. Under this model, teachers and educational staff refer UCs to the wellness program and relevant social workers.

The UC coordinator also partners with CBOs to offer groups therapy support services, legal services, etc. Linking organizations include the Huckleberry Youth Program, Good Samaritan Services, Instituto Familiar de la Raza, Centro Legal, and CARECEN. By partnering with the San Francisco legal collaborative, the UC coordinator also developed a system verbal consent with family that allows the UC to directly link with legal and social services.

Funding and Political Support

UC arrivals have sparked support from leaders in various levels of government in San Francisco, ranging from the Mayor’s office to the San Francisco Board of Supervisors. Most notably, Supervisor David Campos spearheaded a city appropriation for a two year grant of \$2.4 million for legal services that was passed by a unanimous vote by the San Francisco Board of Supervisors.⁶⁰ As a result of this grant, the city funded 13 legal services organizations, 10 of which hired one full-time attorney to provide direct representation. One organization, CARECEN, is also the fiscal sponsor of the collaborative that surfaced from this funding.

Figure 40. Preliminary List of Immigrants-Serving Organizations Located in San Francisco

Legal Services	
Organization	Website
Ana Gonzales	
API Legal Outreach	www.apilegaloutreach.org/
Asian Americans Advancing Justice	www.advancingjustice-la.org/
Asian Pacific Islander Legal Outreach (APILO)	www.apilegaloutreach.org/
Bar Association of San Francisco	www.sfbar.org/
Center for Gender & Refugee Studies	cgrs.uchastings.edu/
Cindy Liou Consulting & Law	
Helen Lawrence	
Immigrant Legal Resource Center	www.ilrc.org/
Jaime D. Mira	
Keker & Van Nest	www.kvn.com/
Law Office of Fellom & Solorio	
Law Offices of Katie Annand	
Lawyers' Committee for Civil Rights	www.lawyerscommittee.org/
OneJustice	www.one-justice.org/
Pangea	www.pangealegal.org/
People Organizing to Demand Environmental and Economic Justice (PODER)	www.podersf.org/
SF Immigrant Legal Defense Collaborative at BASF	blog.sfbar.org/2015/05/07/the-san-francisco-immigrant-legal-defense-collaborative-bay-area-public-interest-attorneys-collective-response-to-crisis/
University of California, San Francisco	www.ucsf.edu/
USF School of Law	www.usfca.edu/law/
Philanthropy	
Organization	Website

⁶⁰ ABA Journal of Immigration Law, “San Francisco to Publicly Fund Legal Services to Unaccompanied Immigrant Minors,” Available at: (www.abajournal.com/news/article/san-francisco-to-publicly-fund-legal-services-for-unaccompanied-immigrant)

California Bar Foundation	www.calbarfoundation.org/
The San Francisco Foundation	sff.org/
Walter S Johnson Foundation	wsjf.org/
Zellerbach Foundation	zff.org/
Social Services	
Organization	Website
Casa Quezada	www.dscs.org/content/view/182/149/
Central American Resource Center (CARECEN SF)	carecensf.org/
Child Protective Services	www.dss.cahwnet.gov/cdssweb/pg93.htm
CYF System of Care, Behavioral Health SVC, San Francisco Dept. of Public Health	www.sfdph.org/dph/comupg/oservices/mentalHlth/CBHS/default.asp
Dolores Street Community Service	www.dscs.org/
Educators for Fair Consideration	e4fc.org/
Huckleberry Youth Programs	www.huckleberryyouth.org/
Instituto Familiar De La Raza	ifrsf.org/
Legal Services for Children	www.lsc-sf.org/
Mission Neighborhood Health Center	www.mnhc.org
Office of Supervisor David Campos	www.sfbos.org/index.aspx?page=2117
Project Alero, Mission Neighborhood Health Center	
San Francisco Human Services Agency	www.sfhsa.org/
San Francisco Unified School District, staff focused exclusively on UCs	www.sfusd.edu/
San Francisco Women Against Rape	www.sfwar.org/
SF International High school	international-sfusd-ca.schoolloop.com/
SF Mayor's Office of Housing/Community Development	sf-moh.org/
Sonadores Invencibles	younginvencibles.org/about/
The Alero Project	www.mnhc.org/news/rising-to-give-a-helping-hand-the-aleroproject/
The Women's Building	www.womensbuilding.org/twb/
University of San Francisco	www.usfca.edu/
University Of San Francisco School Of Nursing and Health Professions	

NORTH BAY: MARIN, NAPA, SONOMA, SOLANO

Similar to Contra Costa, we found limited information on services offered in the North Bay region,

Legal Services

Interviews indicate that, depending on the county, there are few to no legal service organizations. Interviewees from Napa indicate that services in the North Bay focus on citizenship services (such as acquiring legal permanent residency) rather than refugee services that offer forms of relief. Nevertheless there are some organizations that have responded to the surge docket, as for instance Sonoma County has offered funding to provide legal counsel to UCs. In addition a collaborative has been formed with the International Institute of the Bay Area to help social service organizations such as Puertas Abiertas to become accredited and provide legal services to UCs in the area. Moreover, the Bay Area Rural Justice Collaborative, facilitated by One Justice, brings regularly-scheduled free legal clinics to isolated communities in the Bay Area, including Napa County, the coast side of San Mateo County, and Southern Santa Clara County.

Social Services

Interviewees observe that a lot of the support in Napa is community based and by word of mouth, rather than formal initiatives, and that UCs and immigrants in the region especially converge around faith-based organizations. Most recently, the North Bay Organizing Project mobilized a county-wide partnership to assist unaccompanied immigrant children, along with twenty faith-based and community groups in the North Bay.⁶¹

Shelter in Solano

There is an ORR shelter in Solano that is contracted with the Baptist Children and Family Services (BCFS) who operates a group home of unaccompanied refugee. The program is licensed by the State of California in the service of up to 24 males, ages 12 to 17. The average stay of each student is 45 days and there is one teacher and one interpreter that provide instruction to the students.

Funding and Political Support

Interviews indicate that funding is limited in the North Bay, particularly in Marin, and that the bulk of funding and services have surfaced in Napa and Sonoma. Sonoma County supervisors unanimously approved a plan would help county attorneys to provide legal help to UCs facing deportation proceedings.⁶²

Figure 21. Preliminary List of Immigrants-Serving Organizations Located in North Bay Counties

Legal Services			
Organization	City	County	Website
North Bay Legal Aid	San Rafael	Marin	lawyers.justia.com/legalservice/north-bay-legal-aid-9111
Legal Aid of Napa valley	Napa	Napa	legalaidnapa.org/
Vital Immigrant Defense and Advocacy Services	Santa Rosa	Sonoma	vidaslegal.org
Philanthropy			
Organization	City	County	Website
Marin Community Foundation	Novato	Marin	www.marincf.org/
Napa Valley Community Foundation	Napa	napa	www.napavalleycf.org/
Grantmakers Concerned with Immigrants and Refugees	Sebastapol	Sonoma	www.gcir.org/
Social Services			
Organization	City	County	Website
Canal Alliance	San Rafael	Marin	canalalliance.org/
On the Move Bay Area	Napa	Napa	www.onthemovebayarea.org/
Puertas Abiertas Community resource Center	Napa	Napa	puertasabiertasnapa.org/
Up Valley Family Centers	Calistoga	Napa	upvalleyfamilycenters.org/
Catholic Social Service of Solano County	Vallejo	Solano	www.csssolano.org/
California Human Development	Santa Rosa	Sonoma	www.cahumandevlopment.org/
North Bay Organizing project	Graton	Sonoma	northbayop.org/

⁶¹ The Voice Newsletter, available at: (www.shomreitorah.org/wp-content/uploads/2011/07/Oct2014_Voice_web.pdf)

⁶² Santa Rosa Press Democrat, "Sonoma County Approves Legal Aid to Immigrant Children," Available at: (<http://www.pressdemocrat.com/news/nation/2875541-181/sonoma-county-approves-legal-aid>)

SAN MATEO

San Mateo County houses key legal services providers such as Community Legal Services in East Palo Alto, who have been heavily involved in responding to the arrival of UCs. Legal experts also identify San Mateo as a unique model for identifying children as eligible for SIJS. Specifically, San Mateo relies on the foster youth’s county social worker to identify UCs as potentially eligible for SIJS, and then refers the child to a non-attorney liaison that fills out and submits the SIJS applications on behalf of the youth. County counsel then accompanies the youth to the interview with USCIS. In addition, the Consulate of Honduras, which is located in San Mateo, has also stepped in to offer legal and social services to UCs throughout the region.

Figure 22. Preliminary List of Immigrants-Serving Organizations Located in San Mateo

Type of Service	Organization	City	Website
Legal Services	Community Legal Services in East Palo Alto	East Palo Alto	www.clsepa.org/
	Immigration Services of Mountain View	Mountain View	
	Legal Aid Society of San Mateo County		www.legalaidsmc.org/
Philanthropy	Silicon Valley Community Foundation	San Mateo	www.siliconvalleycf.org/
Social Services	Catholic Charities of San Mateo	San Mateo	catholiccharitiessf.org/
	Catholic Charities San Francisco	San Mateo	catholiccharitiessf.org/
	Government of Honduras	San Bruno	

SANTA CLARA

Santa Clara has been a prominent hub for UCs and has been a champion of local organizing to address broader immigration issues. For instance, though not directly related to UCs, the county has approved \$1.8 million to support administrative relief for undocumented immigrants. In response to the UC issue, the county has held meetings with local organizations to establish a county-wide collaborative response to the issue.

Social Services

In Santa Clara, Catholic Charities of Santa Clara is primary organization contracted by ORR to shelter UCs and provide them with services. The organization provides in-house legal and social services and has been widely involved with county meetings. A standout program in Santa Clara is the alternative UC host program run by the Bill Wilson center.⁶³ The county established this volunteer program as an alternative to the sponsor reunification process, instead inviting members of the community to host UCs as sponsors. Rather than coinciding with a foster care model, the host program is meant to be similar to an exchange student model that places students in homes primarily for support, housing, and daily care.⁶⁴

Funding and Political Support

The arrival of UCs to San Jose has also generated political and funding support from Santa Clara. For instance, the city of San Jose has established an office of Immigrant Relations that works with immigrant community and service providers to promote the full inclusion of immigrant communities in Santa Clara. The Santa Clara Office of Human relations has also

⁶³ Mercury News, “Santa Clara County to Take up Border Kids Crisis on Tuesday,” Available at: www.mercurynews.com/immigration/ci_26275336/santa-clara-county-take-up-border-kids-crisis.

⁶⁴ Palo Alto Online, “County to Create Host Family Program for Unaccompanied Immigrants,” Available at: www.paloaltoonline.com/news/2014/08/06/county-to-create-host-family-program-for-unaccompanied-immigrants.

produced research on UCs arrivals that helped generate support from the county in approximately \$900,000 for social services to UCs.⁶⁵ Among social service providers, a collaborative has formed to discuss relationships between UCs and the foster care system. Politicians from the county such as Rep. Zoe Lofgren (D-19) have travelled to the border to further examine the issue and similarly championed the development of the host program.⁶⁶

Figure 53. Preliminary List of Immigrants-Serving Organizations Located in Santa Clara

Legal Services		
Organization	City	County
Asian Americans for Community Involvement	San Jose	aaci.org/
California Strategies and Advocacy, LLC	San Jose	www.calstrat.com/
CET Immigration Program	San Jose	www.cetweb.org/immigration/
Cooley LLP	Palo Alto	www.cooley.com/index.aspx
Law Foundation of Silicon Valley	San Jose	www.lawfoundation.org/lacy.asp
Legal Advocates for Children & Youth	San Jose	www.lawPhilanthropy.org/lacy.asp
SIREN	San Jose	www.siren-bayarea.org/
Philanthropy		
Organization	City	County
Heising Simons Foundation	Los Altos	www.heisingimons.org/
Social Services		
Organization	City	County
Bill Wilson Center	Santa Clara	www.billwilsoncenter.org/
Catholic Charities of Santa Clara County	San Jose	www.catholiccharitiesscc.org/
City of San Jose Mayor's Office	San Jose	www.sanjoseca.gov/
City of San Jose - Parks, Recreation and Neighborhood Services	San Jose	www.sanjoseca.gov/prns/
EMQ Families First	Campbell	emqff.org/
Santa Clara County Behavioral Health Services	San Jose	www.sccgov.org/sites/mhd/Pages/default.aspx
Santa Clara County Counsel		
Santa Clara County Library District	Campbell	www.sccl.org/
Santa Clara County Office of Human Affairs	San Jose	
Santa Clara Valley Health and Hospital System, Mental Health	San Jose	www.sccgov.org/sites/mhd/Pages/default.aspx
Stanford University	Palo Alto	www.stanford.edu/
U.S. Congresswoman Zoe Lofgren	San Jose	lofgren.house.gov/
Unity Care	San Jose	www.unitycare.org/

⁶⁵ Interview with Teresa Castellanos, Office of Human Relations.

⁶⁶ Santa Clara County Board of Supervisors & Boards and Commissions, "Report 72957: Consider Recommendations Relating to unaccompanied Immigrant Minors (Office of the County Executive)" Available at: (sccgov.iqm2.com/Citizens/Detail_Legifile.aspx?ID=72957).

V. Conditions and Recommendations

CITED CHALLENGES AND THE BAY AREA RESPONSE

Complex challenges faced by UCs influence all services

UCs arrive in the Bay Area having undergone traumatic experiences whose effects are long lasting. The past and current trauma these children experience require specialized services and a holistic response from service providers. As part of its survey social service providers, ABAG asked respondents to rank the challenges that UCs face by level of hardship. Given the severity and interconnectedness of various issues respondents gave almost equal weight to each of the factors they were asked about (See Figure 23). Thus, it became clear that the constellation of challenges that UCs face pose high levels of hardship when considered both individually for UCs and collectively as a demographic.

Figure 64. Hardships faced by UCs, as ranked by social service providers in survey

Type of hardship	1 (most difficult) (# of responses)	2 (# of responses)	3 (# of responses)	4 (# of responses)	5 (least difficult) (# of responses)	Total
Experience with the courts	10	3	3	1	1	18
Language problems	10	3	3	1	1	18
Cultural adaptation	10	3	3	1	1	18
Mental health needs	10	3	3	1	1	18
Health Needs	10	3	3	1	1	18
Housing needs	9	3	3	1	1	17
Outstanding debt	8	2	3	1	1	15
Tensions with sponsors and/or family	8	3	3	1	1	16

Source: ABAG legal and social service surveys to Bay Area immigrant-serving organizations
 Count of organizations represented: 29 social service providers

Unsurprisingly, the hardships that UCs endure also shape their experiences and relationships with legal and social service providers, making them more likely to be impacted by barriers to service provision and at higher risk for breaking away from support systems. Below are just some of the challenges that UCs encounter based on ABAG’s interviews and research.

- **Trauma** – A large portion of UCs have been traumatized and harmed by gangs or authority figures due to being left without parental protection, and many have been targeted due to their refusal to support local gangs or militias. Some of them, including the youngest of the asylum seekers, have been sexually assaulted and almost all of the children and families have lived with death threats for much of their lives.
- **Cultural adaptation, Language problems** – Most UCs are very low-income and have little formal education. A large portion of these children only speak Mam Mayan, an indigenous language from Central America.
- **Outstanding debt** – School district coordinators for UCs noted that almost every UC has outstanding debt to human smugglers that have helped bring them to the U.S. This leads to tension with sponsors, as they are pressured to work to earn the money they owe.

- **Fraud** – UCs are vulnerable to exploitation from traffickers and/or exploitation from fraudulent lawyers.
- **At-risk for trauma and risk taking behavior** – Most UCs haven't seen their family in many years, which leaves children vulnerable to trauma and risk taking behavior after reuniting with sponsors. Interviews also indicated that tensions between gangs and/or immigrant communities can persist in new immigrant communities within the U.S.

Institutional Challenges

In addition to examining the challenges faced by UCs, ABAG sought to better understand the challenges or institutional hurdles that organizations face in offering services to UCs. Below is a list of ranked challenges in providing services to UCs from the 29 service providers that responded to ABAG's survey.

1. Funding sources overly restrict services or population that can be served
2. Too much demand
3. Lack of awareness about the services offered
4. Lack of culturally-sensitive services
5. Lack of adequate training to serve these specific populations
6. Mobility issues (personal and to/from appointments)
7. Lack of resources and/or status to qualify for services offered
8. Fear or distrust of social service organizations
9. Lack of cross-agency/department coordination
10. Too few staff
11. Political context (inter-agency and general)
12. Confidentiality requirements
13. Duplication of services

This report discusses the issues from this list in further detail below based on interviews and research.

Funding Issues

Funding is too narrowly defined. Various interviewees states that there is a need for services to IWCs, but little of the funding that has surfaced to support UCs could be used to support immigrant women with children who are equally vulnerable. Rather, most funding that surfaced since 2014 has gone to those who were placed on the surge docket, and does not include UCs who arrived prior to 2014 unless they have asylum cases.

Funding is short term. The temporary nature of funding is particularly challenging for organizations that may have started providing services to UCs after 2014. Interviewees suggested that such short term funds could lead to conflict between organizations instead of collaboration. Without continued funding, organizations are unable to plan for the longer term welfare of UCs once the immediate threat of deportation fades such providing mental health and education services.

Funding is concentrated. Most of the money that has been made for service provision to UCs has been concentrated in San Francisco causing organizations outside of the city to spend considerable time fundraising rather than providing services

Short term attention to the issue – A great deal of funding has been made available for UCs due to their surge in numbers and resultant media coverage, however providers are concerned that funding will fade along with media coverage.

Sponsor Tensions

UCs tend to be in unstable living situations. Many UC sponsors experience their own hardships due to poverty or lack of immigration status. There is no government financial support for sponsors even though sponsoring a UC requires substantial financial and time commitments. Challenges faced by sponsors include:⁶⁷

- *Sponsors are foster parents without financial support or services.* As de-facto foster parents sponsors face the added challenges of helping the children under their care navigate a complex legal environment, learn English, and integrate with their peers.
- *UCs placed with family members often have never met the adults with whom they are placed.* Children placed with family friends or acquaintances (27% of unaccompanied immigrant children) commonly have no relationship whatsoever with that adult and are at a particularly high risk of labor and sex trafficking.⁶⁸ There have been multiple reports of children placed with supposed acquaintances only to be sold to sex or labor traffickers within days of placement.
- *Sponsors are unmonitored.* While sponsors are required to sign an agreement stating they will care for the child placed with them, there is little, if any, monitoring of compliance with this agreement.
- *Sponsor agreements do not grant any kind of legal guardianship,* leaving the children with no one legally empowered to get them medical care, enroll them in school, or take other actions on their behalf that would require legal guardianship. There is also no guarantee that a sponsor will be proactive and supportive in helping the child receive services.
- *Children often arrive with debt from smugglers, which puts further strain on relationships with sponsors.* Interviewees mention that sponsors pressure children to work to pay for their stay. For instance, one account in particular described a girl who became uncomfortable after her aunt started kept accounts of how much she ate to know what she owed.

The surge docket complicated relationships with sponsors as child placement became emphasized over vetting.

Interviewees have mentioned that coordinating with Child Protective Services and/or the foster care system has been a challenge in mitigating for tensions with sponsors. Other sources of support for children struggling with sponsors include school systems and faith-based shelters.

Housing Needs

UCs face challenges with acquiring housing, especially UCs that live in high cost areas. To mitigate for the high costs of housing in places like San Francisco, many immigrant families will live in small apartments. Additionally, evictions can be an issue for many sponsors making UCs vulnerable to homelessness.

Many UCs are forced out of their sponsor's home or leave after experiencing abuse or exploitation. Interviewees mentioned that sponsors do not often receive additional support (kinship support) to care for UCs. Faith based organizations and churches are filling gaps in this area, as many sponsors look to local churches to help them housing. Another practice that has shown promise are alternative paths to sponsorship through housing from volunteers, as practiced in Santa Clara. In addition to churches, volunteer sponsors, selected only after careful vetting, have started to fill in the gaps in housing in Santa Clara County.

⁶⁷ National Association for the Education of Homeless Children and Youth, "Unaccompanied Immigrant Children Education and Homelessness," Available at: (www.naehcy.org/sites/default/files/dl/uic-brief.pdf).

⁶⁸ Ibid.

Legal Services

UCs do not have a right to government-funded legal counsel.⁶⁹ To exercise their right to counsel, UCs have the option of either hiring a legal representative and paying out of pocket or obtaining pro bono legal representation. As pro bono legal services for UCs are in short supply and few of these children have the resources to hire their own legal counsel, many have no choice but to go through the difficult and intimidating experience of appearing in immigration court without legal representation. A review of a decade's worth of immigration case data provided by the Executive Office for Immigration Review (EOIR) found that children without legal representation received a removal order 79% of time, a voluntary departure order another 11% of the time, and only being allowed to stay in the US 10% of the time. Conversely, when children had legal representation they were allowed to stay 49% of the time and received voluntary departure orders 24% of the time with only 27% of cases receiving removal orders.⁷⁰ Hence many unaccompanied minors have cases that have legal merit, but do not have access to relief from deportation proceedings due to lack of legal representation. The obstacles that UCs and IWCs face in acquiring legal representation are frequently cited as a serious gap in the provision of federal services, and have generated concerns from organizations such as the ACLU and American Bar Association.⁷² Even for those who can afford an attorney are likely to experience fraud.⁷³

The surge dockets have generated challenges for UCs and service providers alike. The shortened time to prepare for hearings has made it harder for UCs to obtain counsel. Expediting case processing has increased the number of cases that attorneys take on at any given time with significantly less time per case (which have been shortened to months whereas prior to the docket such cases could take one to two years).

Coordination between Legal and Social services

Although legal and social services providers often rely on each other to handle UC cases, several interviewees mentioned that legal cases are complicated by difficulties in accessing social services. For instance, most Bay Area counties rely on social workers to identify immigrant youth who may be eligible for Special Immigrant Juvenile Status (SIJS) – an important precursor to permanent legal status – however, many child welfare offices are staffed by new and inexperienced social workers unfamiliar with SIJS due to high turnover rates. In addition, legal service providers often require the services of other experts such as mental health professionals who can corroborate a child's story or trauma, diagnose any mental health conditions, and/or help explain any potential credibility issues that may arise from the trauma.

Organizations that provide needed psychosocial evaluations that could help UCs obtain legal status can require anywhere from 1-3 months advance notice for an evaluation. Additionally, volunteers with these programs may not have experience working with traumatized children, and children may not immediately trust the person conducting the evaluation. Thus, to the extent possible, attorneys need to work to share materials in advance of the evaluation that may be helpful to the expert.

Legal and social service organizations are often siloed and experience challenges in coordinating services.

Interviewees mention that some major social service providers (i.e. schools) are uninformed about the available care that

⁶⁹ Section 292 of the INA provides that, "In any removal proceedings before an immigration judge and in any appeal proceedings before the Attorney General from any such removal proceedings, the person concerned shall have the privilege of being represented (at no expense to the Government) by such counsel, authorized to practice in such proceedings, as he shall choose." 8 U.S.C. §1362.

⁷⁰ University of Syracuse. "Representation for Unaccompanied Children in Immigration Court." Transactional Records Access Clearinghouse, 2014 (<http://trac.syr.edu/immigration/reports/371/>)

⁷² Organizations include the American Civil Liberties Union and the American Bar Association. Available at: (thehill.com/blogs/blog-briefing-room/211695-lawsuit-filed-over-legal-representation-for-child-immigrants) and American Bar Association, American Justice Through Immigrants' Eyes, 2004, available at (www.abanet.org/publicserv/immigration/americanjusticethroughimmigeyes.pdf).

⁷³ NBC Bay Area, "Massive Backlog of Cases Saddle San Francisco Immigration Court," Available at: (www.nbcbayarea.com/investigations/Massive-Backlog-of-Cases-Saddle-San-Francisco-Immigration-Court-302462581.html).

should be offered to UCs and/or programs that UCs are eligible for. As a result, UCs could be placed in programs that are neither culturally competent nor tailored to their particular needs. To mitigate for the the separate nature of legal and social services, a few larger organizations such as Catholic Charities of Santa Clara County and Legal Services for Children offer both legal and social services within the same organization, overseeing only internal referrals and coordination.

Interviewees also expressed a need for trauma-informed “wrap around services” – a clinical model that seeks to help individual cope with challenging circumstances. This particular form of service provision also seeks to tackle the multiple issues and systems that exacerbate certain challenges (i.e. lack of linguistically appropriate services for UCs, whether it be Spanish or the indigenous Mam Mayan language).

Other cited challenges

- **Access to health care and health needs** – include challenges in acquiring health insurance.
- **Political context** – involvement in the issue is sometimes politically motivated. In addition changes in the political landscape in the future can have an impact on how policies for UCs are fashioned.
- **Education** – many of these children have gaps in education and other issues that complicate the provision of proper educational resources.
- **Conflating UCs with other undocumented immigrants**
- **Limited funding in some counties makes it difficult to replicate model services that rely on robust funding.**

RECOMMENDATIONS

Following extensive interviews, surveys, secondary research, and a forum of practitioners, ABAG has identified the following recommendations targeted to immigrant-serving organizations that fall broadly into two categories: Fostering inter-agency communication and collaboration and targeted expansion of resources.

Fostering Inter-Agency Communication and Collaboration

Recommendation	Local Examples
Database - Create a real-time, editable, database accessible to both social and legal service providers that includes information on services offered, staff language capacity, and the listed organization’s capacity to serve more UCs in general.	El Centro de la Raza in Oakland is working on creating a “living” referral database of legal and social service providers that could be expanded region-wide
Foster collaboration and coordination among providers through regional and countywide meetings and forums.	Legal Services for Children in San Francisco and ABAG in Oakland have held convenings of legal and social service providers to foster regional collaboration.
Acknowledge mental health and social service needs as vital for UCs requiring psychosocial evaluations and capacity building among providers.	Several Bay Area organizations including Legal Services for Children in San Francisco conduct a psychosocial evaluation of children as part of their intake process.
Promote coordination among legal service providers, especially those who go to probate court in the same city to avoid duplication of services.	The San Francisco Bar Association’s Attorney of the Day program which pairs pro-bono attorneys with children with pending cases could be emulated in other counties
Inter-county funding – Explore ways to extend funding might that be geographically restricted to residents of a given county to serve others that might come to that county for services	Many unaccompanied minors from the Central Valley come to the Bay Area for their court hearings yet are ineligible for many services.
Build community and foster social integration for children	Churches throughout the Bay Area have proved to be a

through planning social events and support groups in places where unaccompanied immigrant children are already congregating.	natural organizing ground for many recently arrived immigrants and logical places to hold functions.
Foster a culture of feedback where youth and immigrant-serving organizations can provide input to funders and policymakers to improve funding streams and better target programs.	While this remains an emerging model, organizations like Grantmakers Concerned with Immigrants and Refugees (GCIR) helps connect philanthropy with immigrant-serving organizations.

Targeted Expansion of Resources

Recommendation	Local Examples
Build capacity of immigrant-serving organizations in rural and outlying areas by providing staff in such locations with training and access to resources.	Organizations like the Catholic Legal Immigration Network and the Immigration center for Women and Children regularly conduct “train the trainer” workshops, others like the Immigrant Legal Resource Center provide materials for workshops, and referrals to key services.
Encourage legal and social service providers to use a sliding scale of fees for services to UCs and IWCs	Pangea Legal Services and Immigration Center for Women and Children (ICWC) are examples of Bay Area organizations that provide legal services on a sliding scale fee system. The American Bar Association also maintains a web page that lists innovative programs to help people of modest means obtain legal help. ⁷⁴
Support programs that provide UCs and IWCs with free or subsidized transportation to or from court hearings and who can have volunteers accompany clients to appointments.	<p>The State of California requires courts to provide a children’s waiting room in each courthouse for children whose parents or guardians are attending a court hearing.⁷⁵ Thus each county’s Superior Courts offer strategies for adopting waiting rooms. For instance, Kidango, a Fremont non-profit, operates children’s waiting rooms in Alameda courts. Alameda county also offers free shuttle services between the Bay Fair BART station and nearby bus stops to the juvenile courts in San Leandro.</p> <p>Faith-based organizations have taken strides to support children in their experiences with the courts. In Los Angeles, an Episcopal-based “acompañero” program pairs volunteer mentors with child refugees to help them negotiate the court system. In partnership with an ecumenical “Guardian Angels” project, the group trains clergy and lay volunteers to monitor immigration courtrooms for possible violations of children’s legal rights.</p> <p>Children-serving legal organizations such as Pangea also recruit volunteers to partner with refugee families and guide their adaptation to the U.S.</p>
Build human capital – train volunteers for discrete tasks that may otherwise require a social worker or legal counsel (i.e. processing paperwork, conducting intake interviews)	The Bar Association of San Francisco offers volunteer opportunities for legal workers, paralegals, law students, and Spanish and Mam-speaking interpreters to assist attorneys in providing Know Your Rights presentations, assisting with intakes, and serving as interpreters.
Encourage less experienced organizations to build their	The growing collaboratives in the region (listed in Appendix

⁷⁴ The American Bar Association’s Standing Committee on the Delivery of Legal Services. List available at: (http://www.americanbar.org/groups/delivery_legal_services/resources/programs_to_help_those_with_moderate_income.html).

⁷⁵ Further information provided by the National Center for State Courts. Available at: (<http://www.ncsc.org/Topics/Courthouse-Facilities/Courthouse-Design-and-Finance/State-Links.aspx?cat=Childrens%20Waiting%20Rooms%20and%20Day%20Care%20Centers>).

expertise working with unaccompanied youth by working closely with local organizations and shelters who have relationships and specialized knowledge working with this population.	VI) offer avenues to share practices between organizations with differing levels of experience. The SF Bar Association's Attorney of the Day (AOD) program requires that new Pro Bono immigration attorneys observe and complete interviews with respondents under guidance of an experienced AOD panel attorney. Organizations such as CLINIC, KIND, and the Immigrant Legal Resource Center also provide trainings for first-time pro bono attorneys serving unaccompanied minors.
Consider asking clients who have been served by the organization to help provide interpretation services having already undergone the process themselves	In partnership with organizational networks and community based organizations, CARECEN retains close ties with local Latino communities and trains parent leaders in building community and advocate on behalf of the community.

Next Steps

From this research it is clear that the Bay Area has admirably responded to the influx of unaccompanied immigrant children to the region. Jurisdictions and many immigrant-serving organizations have contributed significant financial and programmatic resources to ensure that most of these children have access to the services they need to succeed as new residents. ABAG hopes that through this research, local governments and immigrant-serving organizations can tailor specific policies and programs to more efficiently serve these children within their own local context.

VI. Appendices

APPENDIX I. LIST OF ORGANIZATIONS INTERVIEWED AND SURVEYED

Organizations Interviewed

Bar Association of San Francisco
Catholic Charities of Santa Clara County
Catholic Legal Immigration Network
Culturestrike
Grantmakers Concerned with Immigrants and refugees
Immigrant Legal Resource Center
Immigration Center for Women and Children
Inspiration Quest
Legal Services for Children
Oakland Unified School District
Office of Immigration Affairs, City of San Jose
Office of Refugee Resettlement - Office on Trafficking in Persons
San Francisco Foundation
San Francisco Mayor's office
San Francisco Unified School District
Santa Clara County Office of Human Affairs
UCSF Benioff Children's Hospital
Puertas Abiertas

Legal Services Survey

API legal outreach
Bar Association of San Francisco
Canal Alliance
Catholic Charities CYO
Catholic Charities of Santa Clara County
Catholic Charities of the East Bay
Catholic Legal Immigration Network, Inc
Center for Gender & Refugee Studies
Centro de Ayuda Legal para Inmigrantes
Centro Legal de la Raza
Community Legal Services in East Palo Alto
Consulate of Honduras
Dolores Street Community Services
East Bay Community Law Center
East Bay Sanctuary Covenant
Immigrant Legal Resource Center
Jewish Family & Children's Services of the East Bay
Justice and Diversity Center
Law Foundation of Silicon Valley
Law Office of Helen Lawrence
Law Offices of Katie Annand

Legal Services Survey

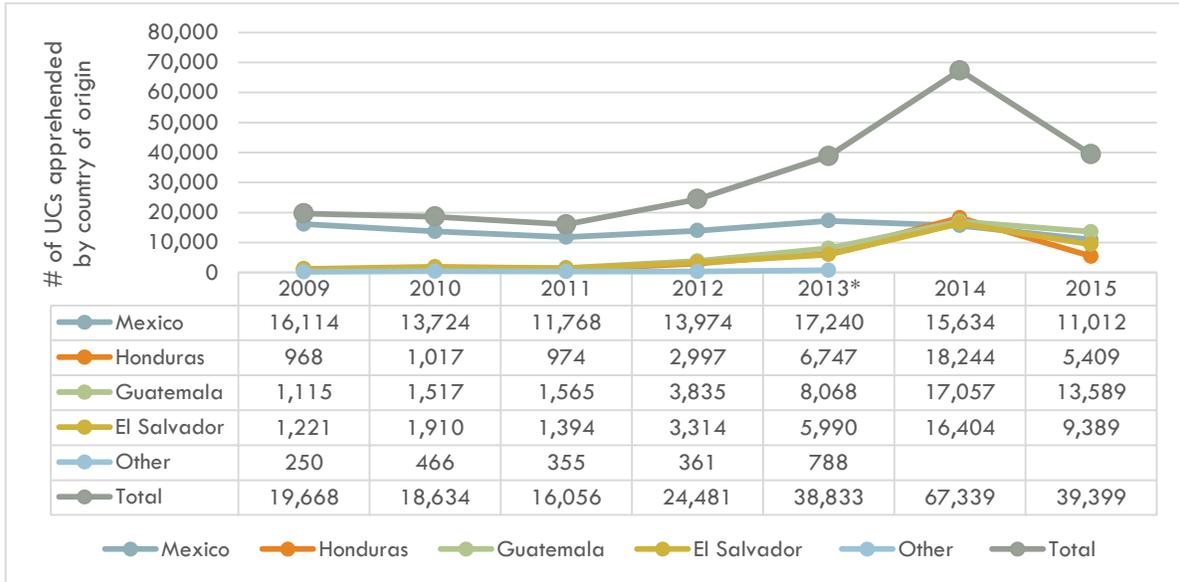
Lawyers' Committee for Civil Rights
Legal Advocates for Children & Youth
Legal Assistance for Seniors
Legal Services for Children
OneJustice
San Francisco Department of Human Services
Social Justice Collaborative
UC Davis School of Law Immigration Law Clinic
USF Immigration and Deportation Defense Clinic

Social Service survey

Alameda County Health Care Services
Alameda County Office of Education
Alameda County, Center for Healthy Schools and Communities
Asian Americans for Community Involvement
Catholic Charities CYO
Central American Resource Center of Northern California
Centro Latino Cuscatlan
Consulate of Honduras
Covenant House California East Bay
Dolores Street Community Services
East Bay Alliance for a Sustainable Economy
Huckleberry House
Huckleberry Youth Programs
Human Services Agency SF County
International Rescue Committee
La Familia Counseling Services
Legal Services for Children
Mission Neighborhood Health Center / Project Alero
Oakland Unified School District
San Francisco Women Against Rape
Santa Clara County Department of Family and Children's Services
Santa Clara County Library District
SF Department of Public Health
SFUSD - Caminos
SFUSD Wellness Initiative
Social Services Agency, Department of Family and Children Services
Sonadores Invencibles
UCSF Benioff Children's Hospital
The Women's Building

APPENDIX II. SUPPLEMENTAL DATA

Figure 75. UCs apprehended during fiscal year 2014, by Country of Origin



*The category “other” stopped being recorded in 2013

Source: U.S. Customs and Border Protection, statistics page

Figure 86. UC apprehensions by DHS, fiscal year 2014 and fiscal year 2015 by Border Control Sectors

Intersecting State	Sector	Fiscal Year 2014	Fiscal Year 2015
Arizona	Tucson Sector	8,262	6,019
California	El Centro Sector	662	668
	San Diego Sector	954	1,084
California and Arizona	Yuma Sector	351	1,090
Texas	Big Bend Sector	256	839
	Del Rio Sector	3,268	2,285
	Laredo Sector	3,800	2,459
	Rio Grande Sector	49,959	23,864
Texas and New Mexico	El Paso Sector	1,029	1,662
Southwest Border Total		68,541	39,970

**Source: U.S. Customs and Border Protection Statistics page

Push and Pull factors

No agreement exists about the “push and pull” factors that underlie the recent spike in child arrivals to the border.^{76 77} Although audiences generally agree that country conditions, family reunification, work opportunities, poverty, and trafficking/exploitation are contributors, there are ongoing debates over the predominant reasons. Two major studies

⁷⁶ Migration Policy Institute, “Dramatic Surge in the Arrival of Unaccompanied Children Has Deep Roots and No Simple Solutions,” Available at: (www.migrationpolicy.org/article/dramatic-surge-arrival-unaccompanied-children-has-deep-roots-and-no-simple-solutions).

⁷⁷ Journal on Migration and Human Security, “Children’s Migration to the United States from Mexico and Central America: Evidence from the Mexican and Latin American Migration Projects,” Available at: (jmhs.cmsny.org/index.php/jmhs/article/view/43).

sought to identify these motives by directly surveying UCs (see Figure 1 for a comparison of results).⁷⁸ There have also been arguments that recent reforms in U.S. Immigration Policy are a significant contributor; however, a statistical study by the Center for American Program shows that this is inconclusive.⁷⁹

Figure 97. Self-reported reasons for migration in 2014 studies

United Nations ⁸⁰		Elizabeth Kennedy ⁸¹	
Sample: 404 children migrating from El Salvador, Guatemala, Honduras, and Mexico		Sample: 315 children migrating from El Salvador.	
Reason	Frequency	Reason	Frequency
Family or Opportunity	329	Crime, gang threats, and violence	188
Violence in Society	192	Family Reunification	113
Abuse in home	85	Study	100
Deprivation	64	Work	84
Other	143	Poverty	17
		Abuse †	10
		Adventure	10

Note: both surveys used open -ended interviews and allowed multiple responses.

† Kennedy usually conducted interviews with parents present and believes the true rate is higher.

For an exhaustive list of detailed resources on UC arrivals on a national scale, see “Child Refugees and Migrants Coming to the United States” by Grantmakers Concerned with Immigrants and Refugees (www.gcir.org/childrefugeesmigrants).

⁷⁸ Bipartisan Policy Center Immigration Task Force, “Child Migration by the Numbers,” Available at: (bipartisanpolicy.org/wp-content/uploads/sites/default/files/BPC%20Immigration%20Task%20Force%20-%20Child%20Migration%20by%20the%20Numbers%20June%202014.pdf).

⁷⁹ Center for American Progress, “Statistical Analysis Shows that Violence, Not Deferred Action, is Behind the Surge of Unaccompanied Children Crossing the Border,” Available at: (www.americanprogress.org/issues/immigration/news/2014/07/08/93370/statistical-analysis-shows-that-violence-not-deferred-action-is-behind-the-surge-of-unaccompanied-children-crossing-the-border/).

⁸⁰ Ibid.

⁸¹ Kennedy, Elizabeth. 2014. No Childhood Here: Why Central American Children Are Fleeing Their Homes. Washington, DC: American Immigration Council. Available at: (www.immigrationpolicy.org/perspectives/no-childhood-here-why-central-american-children-are-fleeing-their-homes).

APPENDIX III. OVERVIEW OF LEGAL OPTIONS

Common forms of legal relief available to unaccompanied children:

Asylum

In general, there are two different types of asylum applications: affirmative applications and defensive applications. Individuals who are not in removal (or deportation) proceedings may submit an affirmative application to U.S. Citizenship and Immigration Services. . If an individual is already in deportation proceedings – often after having been apprehended at a border - the asylum seeker must file a defensive application with the immigration judge who is adjudicating his or her removal proceedings. Under the Trafficking Victims Protection Reauthorization Act of 2008, children classified as UCs may file an affirmative asylum application with U.S. Citizenship and Immigration Services, despite the fact that they are in removal proceedings. This is a huge benefit that is only available to children who have been classified as UCs, or who otherwise fit the definition of an “unaccompanied alien child.”

Requirements: To qualify for asylum, a UC must meet the definition of a refugee outlined in the Immigration and Nationality Act (INA): “any person who is outside any country of such person’s nationality and is unable or unwilling to avail himself or herself of the protection of that country because of persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion.”⁸²

For more information, consult the USCIS Asylum information page at: www.uscis.gov/humanitarian/refugees-asylum/asylum.

Special Immigrant Juvenile Status (SIJS)

SIJS allows certain undocumented children who have been abandoned, abused, or neglected by a parent to obtain lawful permanent residency. It is the only provision in substantive immigration law that incorporates the “*best interests of the child*” standard, a legal standard that seeks to ensure the protection and welfare of children.

Requirements: SIJS is unique within immigration law in that children must have findings from a state court before they can even apply for SIJS with the federal government. To qualify, the child must show that: 1) he or she has been declared dependent on a U.S. juvenile court or placed in the custody of an individual, entity, or agency or department of a state by a juvenile court,⁸³ 2) the juvenile court has determined that reunification of the child with one or both parents is not viable due to abuse, neglect, abandonment, or a similar basis under state law and 3) it has been determined through judicial or administrative proceedings that it would not be in the child’s best interest to be returned to his or her home country. Once the child has obtained an order from a state court fulfilling these requirements, he or she may petition U.S. Citizenship and Immigration Services for SIJS and adjustment of status to lawful permanent residency.

For more information, consult the USCIS SIJS information page at: www.uscis.gov/green-card/special-immigrant-juveniles/special-immigrant-juveniles-sij-status.

T-visas for trafficking victims

The T-Visa program was created to protect victims of severe forms of trafficking (both adults and children). It allows victims to remain in the United States and to assist in an investigation or prosecution of labor or sex trafficking.

⁸² 8 U.S.C. §1101(a)(42)(A)

⁸³ If the unaccompanied child is in federal custody (for instance, custody of ORR), he or she must obtain the consent of the Secretary of the DHS through the local ICE office before a juvenile court can take jurisdiction.

Requirements: A victim must prepare and submit a petition for T nonimmigrant status, evidence that he or she meets the eligibility requirements, and a personal statement explaining how he or she was a victim of trafficking. After three years of continuous physical presence in the U.S., the T visa holder can apply to adjust his or her status to that of a lawful permanent resident. The T visa also allows holders to obtain work authorization in the United States.

U-visas for crime victims

The U visa is designed to protect victims of certain crimes who have suffered mental or physical abuse and are helpful to law enforcement or government officials in the investigation or prosecution of criminal activity. Congress created the U Visa as part of the Victims of Trafficking and Violence Prevention Act of 2000 after recognizing the need to protect victims and encourage them to come forward with information.

Requirements: A victim must prepare and submit a petition for U nonimmigrant status and have a certifying law enforcement agency fill out the form verifying that the victim has been, or will be, helpful in the investigation of the crime. Once USCIS approves a U visa application, the applicant receives “U nonimmigrant status,” allowing him or her to remain in the U.S. for up to four years while assisting law enforcement. After three years of continuous physical presence in the U.S., the U visa holder can apply to adjust his or her status to that of a lawful permanent resident. The U visa also allows holders to obtain work authorization in the United States.

For more information, consult the USCIS U-Visa page at: www.uscis.gov/humanitarian/victims-human-trafficking-other-crimes/victims-criminal-activity-u-nonimmigrant-status/victims-criminal-activity-u-nonimmigrant-status.

Immigrant Women With Children

Note: Adults are only eligible for a portion of the forms of relief mentioned above, namely, Asylum, U-Visas, and T-Visas.

Violence Against Women Act (VAWA)

The Violence Against Women Act (VAWA), passed by congress in 1994, creates special routes to immigration status for non-citizens that have been abused by a U.S. citizen spouse or parent. Through a self-petitioning process, the battered spouse/child may apply for immigration status without the knowledge or involvement of the abuser.

Requirements: Eligible applicants must file a VAWA petition with supporting documentation proving that they have experienced battery from a U.S. citizen and establish their relationship to the abuser. If the VAWA petition is approved, the immigrant is granted deferred action status in most cases and is eligible for certain public benefits, and will eventually be eligible to obtain lawful permanent residency.

For more information, consult the USCIS VAWA fact sheet at: www.uscis.gov/archive/archive-news/fact-sheet-uscis-issues-guidance-approved-violence-against-women-act-vawa-self-petitioners.

APPENDIX IV. IMMIGRANT WOMEN WITH CHILDREN AND THE IMMIGRATION SYSTEM

Unaccompanied immigrant children (UCs) and immigrant women with children (IWC) undergo different processes upon being detained by DHS officials on the border. Whereas children that are deemed UCs are transferred to long term shelter care under ORR under the Department of Health and Human Services, children with families are placed into custody under Immigration and Customs Enforcement (ICE) in family detention facilities (see Figure 3 for a comparison of departments). Federal judges have ruled that ICE is required to honor protections in the *Flores Settlement*, which holds that children must be housed in the least restrictive setting possible with access to medical care, exercise, and adequate education. However, numerous sources and interviews attest that the Bush and Obama administration have failed to heed to these protections in the case of ICE family detention centers.^{84 85}

Expansion of ICE Family Detention Centers

The U.S. had largely abandoned detention of immigrant families before 2014 maintaining only one residential shelter for immigrant families in Pennsylvania with capacity for 96 people. But in June 2014, the U.S. government dramatically expanded its detention of immigrant families, opening three new family detention facilities:⁸⁶

- Family detention facility in Artesia, New Mexico: 646-bed, make-shift family detention facility in Artesia, New Mexico (which ceased operation in December 2014)
- Family detention facility in Karnes County, Texas: with almost 600 beds, run by the GEO private prison company, opened in August 2014.
- Family detention facility in Dilley, Texas: holds several hundred mothers and children, but will ultimately has the capacity to hold 2400 people – making it the single largest immigration detention facility in the nation. Dilley is run and operated by Corrections Corporation of America, the largest private prison company in the United States.

The majority of the families detained in these facilities are Central American women and children who have fled extreme violence in their countries and are seeking political asylum. The ACLU cites that approximately 70 percent of the women and children in family detention demonstrate a credible fear of returning to their country of origin, thereby indicating significant possibility of establishing eligibility for asylum. Despite the fact that many of these women and children are eligible for release on bond or their own recognizance, the U.S. government imposed a blanket no-release policy for the express purpose of sending a deterrent message to other Central Americans who might be considering migrating to the U.S.

Recent Ruling in favor of Children

In December of 2014, the ACLU social justice organizations challenged the federal government’s “no-release policy” in federal court, seeking an injunction to stop the government from detaining these families for deterrence purposes. In February, a federal court in Washington DC ruled the approach unconstitutional, and officials stopped invoking deterrence as a factor in deciding whether to release mothers and children as they seek asylum in the United States. Yet

⁸⁴ American Immigrant Lawyers Association “CARA Family Detention Pro Bono Project,” Available at: (www.aila.org/practice/pro-bono/find-your-opportunity/cara-family-detention-pro-bono-project).

⁸⁵ For instance, legal filings against the T. Don Hutto family center describe describe young children forced to wear prison jumpsuits, to live in dormitory housing, to use toilets exposed to public view and to sleep with the lights on, even while being denied access to appropriate schooling. Available at: (www.nytimes.com/2015/02/08/magazine/the-shame-of-americas-family-detention-camps.html?_r=0).

⁸⁶ As denoted by the ACLU in, “Immigrant Family Detention in the United States,” Available at: (www.aclu.org/files/field_document/ACLU%20-%20Family%20Detention.pdf).

many women and children remained stalled in detention centers with no end in sight, becoming severely depressed or anxious, and their distress echoed in their children, who became worried and sickly.⁸⁷

Most recently, in a decision announced in July 2015 by Judge Dolly M. Gee of Federal District Court for the Central District of California, the courts rejected the administration's arguments for holding families and maintained that the detention centers in Texas fail to meet the *Flores* requirements.

Unique Needs

Travelling to the United States with a parent creates a unique set of challenges that, arguably, make it more difficult for *accompanied* children to have their needs met than unaccompanied children. Oftentimes immigrant women with children are relatively young themselves with most being in their late teens or early twenties and are travelling with toddlers and infants. These women with children face the many of the same challenges as unaccompanied minors who meet with a parent once they are in the US, but have access to far fewer legal options and other resources. For instance, if immigrant women with children seek asylum they are under the sole jurisdiction of the immigration courts, which tend to be more adversarial than Asylum Offices which are more commonly used in the case of unaccompanied minors. These women and children are also ineligible for a major legal remedy used to protect unaccompanied minors – Special Immigrant Juvenile Status (SIJS). Furthermore, most grant funding is targeted towards unaccompanied immigrant children which means these women and their children have less ability to cope with their pressing legal and social service needs.

⁸⁷ The New York Times, "Hope and Despair as Families Languish in Texas Immigration Centers," Available at: (www.nytimes.com/2015/06/15/us/texas-detention-center-takes-toll-on-immigrants-languishing-there.html).

APPENDIX V. COUNT OF UCS IN INDIVIDUAL CITIES SEPARATED BY COUNTY IN FY 2015⁸⁸

Alameda County Total	316	Napa County Total	3
Alameda	2	Angwin	1
Berkeley	2	St Helena	2
Castro Valley	2		
Fremont	9	San Francisco County Total	153
Hayward	30		
Livermore	5	San Mateo County Total	174
Newark	1	Burlingame	4
Oakland	244	Daly City	44
San Leandro	12	East Palo Alto	22
San Lorenzo	3	Half Moon Bay	1
Emeryville	1	Menlo Park	5
Union City	5	Redwood City	24
		San Bruno	1
Contra Costa County Total	134	San Carlos	2
Antioch	13	San Mateo	64
Bay Point	5	South San Francisco	7
Concord	14		
Concord	2	Santa Clara County Total	121
El Cerrito	2	Campbell	1
El Sobrante	3	Gilroy	3
Pacheco	1	Morgan Hill	1
Pinole	1	Milpitas	1
Pittsburg	5	Mountain View	5
Richmond	68	Palo Alto	2
San Pablo	19	San Jose	93
San Ramon	1	Santa Clara	2
		Sunnyvale	13
Marin County Total	86		
Novato	12	Sonoma County Total	14
San Anselmo	2	Petaluma	2
San Rafael	70	Rohnert Park	1
Fairfax	2	Santa Rosa	11
		Solano County Total	5
		Fairfield	4
		Suisun City	1

⁸⁸ These totals were provided by ORR to the Immigration Center for Women and Children (ICWC) an ORR legal services contractor responsible for providing services to children in the Bay Area. Their total of 1,006 children who moved to the Bay Area in FY 2015 slightly exceeds by 11% the figure posted on ORR's website of 905 children who moved.

APPENDIX VI. NETWORKS AND COLLABORATIVES

Legal Partnerships

- Bay Area DACA collaborative, led by International Institute of the Bay Area
- SIJS legal Collaborative and UAC roundtable facilitated by legal services for children
- Bar Association of San Francisco, immigration legal defense fund
- Oakland collaborative – Centro legal de la Raza and others
- The Bay Area Rural Justice Collaborative, Facilitated by One Justice

Education Partnerships:

- SFUSD Latino Newcomer youth collaborative
- McKinney-Vento

Public Health and Mental Health

- SF Department of Public Health and California Department of Education
- Movimiento Reunificacion Familiar

Faith-based Partnerships

- Deborah lee, churches to house them (although fairly nascent)
- East Bay Sanctuary Covenant

University Partnerships

- University of San Francisco, School of Law Unaccompanied Immigrant Children Assistance Project
- USF's School of Nursing and Health Professions to help the children engage with schools and community health organizations
- Stanford University students in translation program
- Doctors in Residency at University of California, San Francisco

APPENDIX VII. LIST OF ORGANIZATIONS ADDRESSING UCS

Legal Service Providers

Organization	Website	City	County
East Bay Community Law Center	ebclc.org/	Berkeley	Alameda
Carmen Reyes-Yosiff		Oakland	Alameda
Catholic Legal Immigration Network	cliniclegal.org/	Oakland	Alameda
Ijichi Perkins and Associates		Oakland	Alameda
Law Office of Angela M. Bean		Oakland	Alameda
Law Office of Helen Lawrence	helenlawrencelaw.com/	Oakland	Alameda
Law Office of Peggy Bristol Wright	www.bristolimmigrationlaw.com/	Oakland	Alameda
Law Office of Robert L. Lewis		Oakland	Alameda
Social Justice Collaborative	socialjusticecollaborative.org	Oakland	Alameda
The Law Office of Julianna Rivera		Oakland	Alameda
UC Davis School of Law	law.ucdavis.edu/	Davis	Davis
North Bay Legal Aid	lawyers.justia.com/legalservice/north-bay-legal-aid-9111	San Rafael	Marin
Bay Area Legal Aid	baylegal.org/	multiple locations	multiple locations
Immigration Center for Women and Children	icwclaw.org/	multiple locations	multiple locations
Youth Law Center	www.ylc.org/	multiple locations	multiple locations
Legal Aid of Napa valley	legalaidsnapa.org/	Napa	Napa
Asian Americans Advancing Justice	www.advancingjustice-la.org/	San Francisco	San Francisco
Bar Association of San Francisco	www.sfbar.org/	San Francisco	San Francisco
People Organizing to Demand Environmental and Economic Justice (PODER)	www.podersf.org/	San Francisco	San Francisco
University of California, San Francisco	www.ucsf.edu/	San Francisco	San Francisco
USF School of Law	www.usfca.edu/law/	San Francisco	San Francisco
Ana Gonzales		San Francisco	San Francisco
API Legal Outreach	www.apilegaloutreach.org/	San Francisco	San Francisco
Asian Pacific Islander Legal Outreach (APILO)	www.apilegaloutreach.org/	San Francisco	San Francisco
Center for Gender & Refugee Studies	cgrs.uchastings.edu/	San Francisco	San Francisco
Cindy Liou Consulting & Law		San Francisco	San Francisco
Helen Lawrence		San Francisco	San Francisco
Immigrant Legal Resource Center	www.ilrc.org/	San Francisco	San Francisco
Jaime D. Mira		San Francisco	San Francisco
Keker & Van Nest	www.kvn.com/	San Francisco	San Francisco
Law Office of Fellom & Solorio		San Francisco	San Francisco
Law Offices of Katie Annand		San Francisco	San Francisco
Lawyers' Committee for Civil Rights	www.lawyerscommittee.org/	San Francisco	San Francisco
OneJustice	www.one-justice.org/	San Francisco	San Francisco
Pangea	www.pangealegal.org/	San Francisco	San Francisco
SF Immigrant Legal Defense Collaborative at BASF	blog.sfbar.org/2015/05/07/the-san-francisco-immigrant-legal-defense-collaborative-bay-area-public-interest-attorneys-collective-response-to-crisis/	San Francisco	San Francisco
Community Legal Services in East Palo Alto	www.clsepa.org/	East Palo Alto	San Mateo
Immigration Services of Mountain View		Mountain View	San Mateo
Legal Aid Society of San Mateo County	www.legalaidsmc.org/		San Mateo
Cooley LLP	www.cooley.com/index.aspx	Palo Alto	Santa Clara
Asian Americans for Community Involvement	aaci.org/	San Jose	Santa Clara
California Strategies and Advocacy, LLC	www.calstrat.com/	San Jose	Santa Clara
CET Immigration Program	www.cetweb.org/immigration/	San Jose	Santa Clara
Law Foundation of Silicon Valley	www.lawfoundation.org/lacy.asp	San Jose	Santa Clara
Legal Advocates for Children & Youth	www.lawPhilanthropy.org/lacy.asp	San Jose	Santa Clara
SIREN	www.siren-bayarea.org/	San Jose	Santa Clara
Vital Immigrant Defense and Advocacy Services	vidaslegal.org	Santa Rosa	Sonoma

Philanthropic Organizations

ORGANIZATION	Website	City	County
California Endowment`	www.calendow.org/	Oakland	Alameda
Firedoll Foundation	www.firedoll.org/	Walnut Creek	Alameda
Y&H Soda Foundation	www.yhsodaPhilanthropy.org/	Moraga	Contra Costa
Marin Community Foundation	www.marincf.org/	Novato	Marin
Napa Valley Community Foundation	www.napavalleycf.org/	Napa	Napa
California Bar Foundation	www.calbarfoundation.org/	San Francisco	San Francisco
The San Francisco Foundation	sff.org/	San Francisco	San Francisco
Walter S Johnson Foundation	wsjf.org/	San Francisco	San Francisco
Zellerbach Foundation	zff.org/	San Francisco	San Francisco
Silicon Valley Community Foundation	www.siliconvalleycf.org/	San Mateo	San Mateo
Heising Simons Foundation	www.heisingimons.org/	Los Altos	Santa Clara
Grantmakers Concerned with Immigrants and Refugees	www.gcir.org/	Sebastapol	Sonoma

Social Service Providers

ORGANIZATION	Website	City	County
Alameda Unified School District	www.alameda.k12.ca.us	Alameda	Alameda
East Bay Sanctuary Covenant	eastbaysanctuary.org/	Berkeley	Alameda
Bay Area Immigration Services	www.bayareaimmigrationservices.com/	Fremont	Alameda
Hayward Unified School District	www.husd.k12.ca.us/	Hayward	Alameda
La Familia Counseling Services	lafamiliacounseling.org/	Hayward	Alameda
Catholic Charities of the East Bay	www.cceb.org/	Oakland	Alameda
Covenant House California	covenanthousecalifornia.org/index-pg.php	Oakland	Alameda
International Rescue Committee	www.rescue.org/	Oakland	Alameda
Oakland Unified School District, staff focused exclusively on UCs	www.ousd.org/site/default.aspx?PageID=1	Oakland	Alameda
Alameda County Health Care Services	www.acgov.org/health/	San Leandro	Alameda
Alameda County Public Health Department	www.acphd.org/	San Leandro	Alameda
Alameda County Public Defender's Office	www.co.alameda.ca.us/defender/		Alameda
Centro Latino Cuscatlan		El Cerrito	Contra Costa
Canal Alliance	canalalliance.org/	San Rafael	Marin
International Institute of the Bay Area	www.iibayarea.org/	multiple locations	multiple locations
Up Valley Family Centers	upvalleyfamilycenters.org/	Calistoga	Napa
On the Move Bay Area	www.onthemovebayarea.org/	Napa	Napa
Puertas Abiertas Community resource Center	puertasabiertasnapa.org/	Napa	Napa
Casa Quezada	www.dscs.org/content/view/182/149/	San Francisco	San Francisco
Central American Resource Center (CARECEN SF)	carecensf.org/	San Francisco	San Francisco
San Francisco Unified School District, staff focused exclusively on UCs	www.sfusd.edu/	San Francisco	San Francisco
SF International High school	international-sfusd-ca.schoolloop.com/	San Francisco	San Francisco
Sonadores Invencibles	younginvencibles.org/about/	San Francisco	San Francisco
The Alero Project	www.mnhc.org/news/rising-to-give-a-helping-hand-the-aler-project/	San Francisco	San Francisco
Child Protective Services	www.dss.cahwnet.gov/cdssweb/pg93.htm	San Francisco	San Francisco
Behavioral Health Services, San Francisco Dept. of Public Health	www.sfdph.org/dph/comupg/oservices/mentalHlth/CBHS/default.asp	San Francisco	San Francisco
Dolores Street Community Service	www.dscs.org/	San Francisco	San Francisco
Educators for Fair Consideration	e4fc.org/	San Francisco	San Francisco
Huckleberry Youth Programs	www.huckleberryyouth.org/	San Francisco	San Francisco

Social Service Providers

ORGANIZATION	Website	City	County
Instituto Familiar De La Raza	ifrsf.org/	San Francisco	San Francisco
Legal Services for Children	www.lsc-sf.org/	San Francisco	San Francisco
Mission Neighborhood Health Center	www.mnhc.org	San Francisco	San Francisco
Office of Supervisor David Campos	www.sfbos.org/index.aspx?page=2117	San Francisco	San Francisco
Project Alero, Mission Neighborhood Health Center		San Francisco	San Francisco
San Francisco Human Services Agency	www.sfhsa.org/	San Francisco	San Francisco
San Francisco Women Against Rape	www.sfwar.org/	San Francisco	San Francisco
SF Mayor's Office of Housing/Community Development	sf-moh.org/	San Francisco	San Francisco
The Women's Building	www.womensbuilding.org/twb/	San Francisco	San Francisco
University of San Francisco	www.usfca.edu/	San Francisco	San Francisco
University Of San Francisco School Of Nursing and Health Professions		San Francisco	San Francisco
Government of Honduras		SAN BRUNO	San Mateo
Catholic Charities of San Mateo	catholiccharitiessf.org/	San Mateo	San Mateo
Catholic Charities San Francisco	catholiccharitiessf.org/	San Mateo	San Mateo
EMQ Families First	emqff.org/	Campbell	Santa Clara
Santa Clara County Library District	www.sccl.org/	Campbell	Santa Clara
Stanford University	www.stanford.edu/	Palo Alto	Santa Clara
Catholic Charities of Santa Clara County	www.catholiccharitiesscc.org/	San Jose	Santa Clara
City of San Jose Mayor's Office	www.sanjoseca.gov/	San Jose	Santa Clara
City of San Jose - Parks, Recreation and Neighborhood Services	www.sanjoseca.gov/prns/	San Jose	Santa Clara
Santa Clara County Behavioral Health Services	www.sccgov.org/sites/mhd/Pages/default.aspx	San Jose	Santa Clara
Santa Clara County Office of Human Affairs		San Jose	Santa Clara
Santa Clara Valley Health and Hospital System, Mental Health	www.sccgov.org/sites/mhd/Pages/default.aspx	San Jose	Santa Clara
U.S. Congresswoman Zoe Lofgren	lofgren.house.gov/	San Jose	Santa Clara
Unity Care	www.unitycare.org/	San Jose	Santa Clara
Bill Wilson Center	www.billwilsoncenter.org/	Santa Clara	Santa Clara
Santa Clara County Counsel			Santa Clara
Catholic Social Service of Solano County	www.csssolano.org/	Vallejo	Solano
California Human Development	www.cahumandevlopment.org/	Santa Rosa	Sonoma
North Bay Organizing project	northbayop.org/	Graton	Sonoma County

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Legislation and Governmental Organization Committee

**Legislative Priorities for 2016 Legislative Session
 Legislative Outcome**

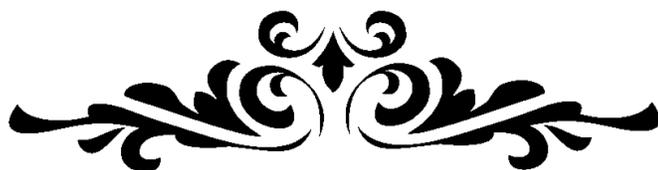
Legislation Priorities	
Subject	Specific Objectives
<p>Focus on SB 375 Implementation</p>	<p>This focus would include pursuing such legislative objectives as:</p> <ul style="list-style-type: none"> • Continuing work on seeking permanent funding and/or receiving sufficient funds for COGs, MPO, and local governments to fulfill SB 375 obligations • Seek housing funding: <ul style="list-style-type: none"> ○ Pursue Housing Element Reform, e.g. housing credits for assisted living, acquisition/rehabilitation, and workforce housing investment/housing trust funds ○ Support housing infrastructure ○ Pursue the reauthorization of Proposition 30 with a request that a percentage of future revenue be set aside for funding senior affordable housing. Currently, Proposition 30 is set to expire in 2018. Actively work toward getting Proposition 30 in reauthorization legislation. • Legislation providing resources and incentives for planning, infrastructure and services to assist local governments, as well State and federal legislation establishing innovative financing and project delivery mechanisms • CEQA/Entitlement Efficiency

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



<p>Resiliency</p>	<ul style="list-style-type: none"> • Improvement of residential building retrofit • Residential building codes • Common standards for disaster or safety performance
<p>Seeking voter threshold reduction for infrastructure taxes and bonds statewide and locally</p>	<p>Continue legislative partnerships with CalCOG, MTC, Air District, BCDC, League of California Cities, and CSAC</p>
<p>Other ongoing priority issues</p>	<p>Focused tracking on issues related to:</p> <ul style="list-style-type: none"> Local Government Energy Environment Hazardous waste Gun violence prevention
	<p>Continue to monitor implementation of Cap and Trade program</p>



*The Association of Bay Area Governments
and
The California State Association of Counties*

*Invite you to a
Legislative Workshop
Wednesday, February 10, 2016
2:00 - 5:00 pm
Capitol Event Center
1020 11th Street, 2nd Floor, Sacramento*

The Legislative Workshop features briefings on bills and initiatives related to local government, land use, housing, transportation, funding, financing mechanisms, disaster resiliency, and environmental challenges from water to climate change. Legislative Committee Chairs will speak at the workshop.

*Reception Follows 5:00 - 7:00 pm
at
Ella Dining Room and Bar, 1131 K Street, Sacramento
Heavy Hors d'oeuvres*

*RSVP by Monday, February 1st, to Halimah Anderson at 510/464-7986,
or Leah Zippert at 510/464-7995
Association of Bay Area Governments*





FINANCE AND PERSONNEL COMMITTEE

Thursday, January 21, 2016, 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 take action on any item on this agenda.

Agenda and attachments available at abag.ca.gov

For information, contact Charles Adams, Interim Finance Director, at (510) 464-7906.

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 NOVEMBER 19, 2015

ACTION.

Minutes of November 19, 2015 meeting attached.

5. PRESENTATION AND REVIEW OF FINANCIAL REPORT FOR NOVEMBER 2015

ABAG Finance and Personnel Committee

January 21, 2016

2

Information/ACTION.

Financial Report for November 2015 is attached.

6. AUDITED FINANCIAL REPORTS FOR ABAG - JUNE 30, 2015

Information/ACTION.

The Basic Financial Statements, Single Audit Report, and the Memorandum on Internal Control and Required Communications are attached. The auditor will attend the meeting.

7. REVIEW OF PROPOSED WORK PROGRAM, BUDGET AND MEMBERSHIP DUES - FY 2016-17

ACTION.

Link to the draft Budget and Workplan for FY 2016-17 will be e-mailed to the Committee along with Summary Budget numbers and the breakdown of proposed dues for Cities and Counties.

8. ORAL REPORT ON PAYMENT OF MEMBERSHIP DUES FY 15-16

Information.

9. ORAL REPORT ON ORRICK AND FTI RECOMMENDATIONS REGARDING ABAG-FAN INTERNAL CONTROL PROCESSES

Information.

10. ORAL REPORT ON LINE OF CREDIT RENEWAL WITH BANK OF THE WEST

Information.

11. ORAL REPORT ON PROCESS FOR PUBLIC EMPLOYEE PERFORMANCE EVALUATION: LEGAL COUNSEL

Information/ACTION.

12. CLOSED SESSION

A. Public Employee Performance Evaluation

ABAG Finance and Personnel Committee

January 21, 2016

3

Title: Executive Director

13. ADJOURNMENT

The next meeting of the Finance and Personnel Committee will be on
Thursday, March 17, 2016.

Submitted:

Charles Adams, Interim Finance Director

Date: January 6, 2016

ABAG FINANCE AND PERSONNEL COMMITTEE

Summary Minutes

November 19, 2015

Members Present

Mayor Bill Harrison
Supervisor Karen Mitchoff
Councilmember Desley Brooks
Supervisor Scott Haggerty
Supervisor Mark Luce
Councilmember Julie Pierce
Supervisor David Rabbitt

Jurisdiction

City of Fremont
County of Contra Costa
City of Oakland
County of Alameda
County of Napa
City of Clayton
County of Sonoma

Members Absent

Supervisor David Cortese
Supervisor John Gioia
Supervisor Dave Pine

County of Santa Clara
County of Contra Costa
County of San Mateo

Officers and Staff Present

Ezra Rapport, Executive Director
Bradford Paul, Asst. Exec. Director
Kenneth Moy, Legal Counsel
Charles Adams, Interim Finance
Director
Brian Kirking, HR and IT Director
Susan Hsieh, Asst. Finance Director

Guests

Mayor Pro Tem Pat Eklund
Ken Bukowski, Videographer

City of Novato

1. The meeting was called to order by Mayor Harrison, Committee Chair, at 5:00 pm.
2. There was no public comment.
3. Summary Minutes of the September 17, 2015 meeting were approved. /M/
Mitchoff/S/Pierce/C/approved unanimously.
4. Mr. Adams presented the financial reports for September 2015. He reported that ABAG is projected to end the year with a surplus. He also reported that ABAG has a positive fund balance at September 30, 2015 excluding the pension adjustment, which was recorded in FY 14-15 due to the implementation of new accounting

rule (GASB 68). The accumulated operations surplus, pension adjustment, and restricted fund balance are presented in the Table of Financial Report Data Elements.

He advised the Committee that BayREN has distributed a significant amount of incentive rebates to the public. These expenditures will be presented as pass-through expenditures in the audited financial statements. The new presentation will help audience easily identify ABAG's operating expenditures and pass-through expenditures. /M/Brooks/S/Rabbitt/C/acceptance of the report unanimously.

5. Mr. Adams reported on the conditions imposed by MTC on the six-month interagency agreement. He advised the Committee that we have provided MTC all the requested information and had meetings with them, even though the conditions imposed by them are not appropriate. There were no outstanding issues but MTC still included a revised version of a condition in the second amendment, but they have not requested actions from us so far.

Mr. Paul reported that MTC had indicated that they will pay us for the July and August 2015 invoices soon. The September 2015 invoice will be prepared using a new template that will be provided by MTC.

6. Mr. Adams reported on the status of line of credit (LOC) renewal and presented the resolution for the deed of trust on ABAG's condominium interest (collateral for the LOC). He indicated the renewal may be impacted if ABAG will exit in a different form of organization or the funding from MTC will not come through in the future. /M/Mitchoff/S/Luce/C/acceptance of the report unanimously.
7. Mr. Adams reported that four members still haven't paid the membership dues for FY 15-16 (\$42K in total). Past due reminders were sent out to those members. Staff will report the unpaid dues again at the next meeting.
8. There was no reportable action from Closed Session.
9. Meeting was adjourned at 6:07 pm.

Submitted: Susan Hsieh, Assistant Finance Director

To: Finance and Personnel Committee

Date: January 11, 2016

From: Charlie Adams
Interim Finance Director

Re: Financial Reports
November 2015

The following are highlights of the financial reports for November 2015.

Overall Summary

Revenues exceeded expenses by \$74 thousand for the five months ended November 30, 2015. A \$460 thousand surplus is projected at year end, and this compares favorably with the \$50 thousand surplus projected in the adopted budget for fiscal year 2015-16. Please refer to the **Table of Financial Report Data Elements** for fiscal year budget, year-to-date actual and projected fiscal year numbers.

Cash on Hand

The cash balance was \$8.3 million at the end of September, including \$2.2 million deposited in the Local Agency Investment Fund (LAIF). As shown in Figure 1 the actual monthly cash balances for the first five months of fiscal year 2015-16, and the projected balance for the year end are within our normal range of \$6.0 to \$9.0 million. The cash balance is projected to be approximately \$6.5 million at the end of the fiscal year.

Receivables

Receivables from grant and service programs amounted to \$5.2 million at the end of November. Receivable over 90 days past due were \$118 thousand. Included in the over 90 days past due receivables is \$103 thousand from the Department of Boating and Waterways. Subsequent to November 30th, \$81 thousand has been received. All receivables are believed to be collectible.

Outstanding city and county 2015-16 ABAG membership dues at November 30 were \$42,455. Currently the member receivable is \$33,446, due from two cities.

Revenues and Expenses

As of November 30, 2015, total revenue amounted to \$12.9 million, which is 41 percent, of the projected revenue for the year of \$31.4 million. Total expenses were also \$12.9 million, which is 41 percent, of the projected expenses for the year of \$31.0 million.

Figure 3 presents a graphic comparison of the current month of November, the five Month year-to-date actual, and fiscal year projected revenues and expenses. The relationship of revenues exceeding expenses is consistent for all three periods shown.

Figures 4 and 5 show year-to-date revenues and expenses by major categories. Grants revenue is 76% of total revenue, unchanged from the prior fiscal year. Pass-through and Consultant expense are 58% of total expenses, compared to 56% for the prior fiscal year. The increasing percentages for these categories of revenues and expenses are caused by the growth of the

BayREN project, which has provided ABAG revenue in excess of \$32 million since its inception in March 2013.

Net Position/Fund Equity

Total fund equity was negative \$8.0 million as of November 30, 2015. In compliance with the new accounting pronouncement, GASB 68, beginning with the June 30, 2015 audited financial statements, we have recorded the ABAG accumulated unfunded pension obligation as a liability and reduction of fund equity. For internal financial statement purposes, we have elected to separately track the fund equity for pension and for operations. Thus the November fund equity for pension is presented as a negative \$12.3 million, and the accumulated fund equity from operations is presented as a positive \$2.6 million.

The restricted fund equity consists of capital, self-insurance, building maintenance and reserves. Figure 6 is a graphic presentation of actual and projected: unrestricted, restricted, and total net equity for the current fiscal year. In reading this chart, it is important to recognize that the zero axis is in at the middle of the chart, not the bottom, as has been the case in prior year's charts included in reports to the committee.

Indirect Overhead Rate

The Agency's actual indirect cost (overhead) rate through November 2015 was 45.55%, which was .6 percentage points above the budget target of 44.95 percent. This variance from the budget is not unexpected at this point in the fiscal year, and we anticipate that the final actual overhead cost for the year will remain in line with the budget target for the full fiscal year. Figure 7 shows a comparison between the actual indirect cost rate through November 30, 2015 and the projected rate for the year.

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. None of the programs listed on this chart is significantly out of line with its budget at this time. The chart includes a projection of expenses for the year of \$34.2 million; this is up \$4.4 million from the September 30 projection. The majority of this 14% increase occurred in Integrated Regional Water Management Program, a component of the SFEP, and the BayREN energy conservation rebate program, which is administered by ABAG POWER.

Financial Outlook

The projection for fiscal year 2015-16 is for a surplus of revenues over expenses. Cautionary reservations for the full year's results, pending possible deleterious actions by MTC under conditions attached to the extension of the Interagency Agreement, were made by staff in its November report. MTC has not attempted to invoke these conditions to date. Management remains confident that all costs billed are allowable, and that any challenges by MTC would not be sustained under an objective review by agencies providing funds to MTC.

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

For the Month Ended November 2015

Projected percentage of budget is 42%.

Description	Adopted Budget	Projected Fiscal Year Budget	Year-To-Date Actual	% of Projected Fiscal Year Budget
ASSETS				
Cash		6,500	8,298	
Receivables		8,000	8,299	
REVENUES				
Membership Dues	1,897	1,897	790	42%
Grants	19,450	23,727	9,858	42%
Charges for Services and Other	5,360	5,810	2,249	39%
Total Revenues	26,707	31,434	12,897	41%
EXPENSES				
Salaries and Benefits	11,588	10,900	4,503	41%
Pass-through and Consultant Expenses	12,780	18,046	7,475	41%
Other Expenses	2,289	2,028	845	42%
Total Expenses	26,657	30,974	12,823	41%
Change in Net Position	50	460	74	16%
Beginning Net Position	(8,095)	(8,095)	(8,095)	100%
Ending Net Position	(8,045)	(7,635)	(8,021)	105%
NET POSITION BREAKDOWNS				
Unrestricted - Accumulated Operations Surplus	2,551	2,511	2,625	105%
Unrestricted - Pension Adjustment - June 30, 2015	(12,253)	(12,253)	(12,253)	100%
Restricted - Tenant Improvements	800	1,250	800	64%
Restricted - Other	857	857	807	94%
Total Net Position	(8,045)	(7,635)	(8,021)	105%
INDIRECT OVERHEAD				
Overhead Rate	44.95%	45.49%	45.55%	100%

Item 5

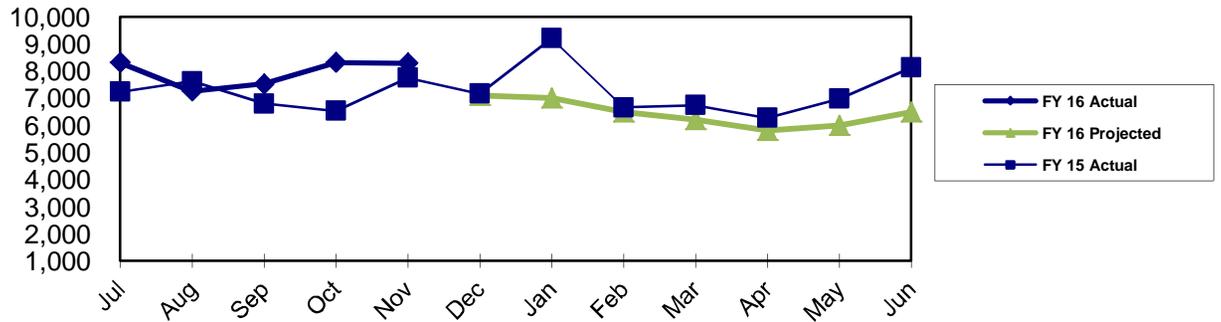
ABAG Financial Indices

Cash on Hand FY 15-FY 16 (\$'000)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 16 Actual	8,316	7,258	7,533	8,312	8,298							
FY 16 Projected						7,100	7,000	6,500	6,200	5,800	6,000	6,500
FY 15 Actual	7,243	7,620	6,801	6,529	7,751	7,161	9,213	6,661	6,745	6,270	6,979	8,128

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 15 and FY 16 (\$'000)

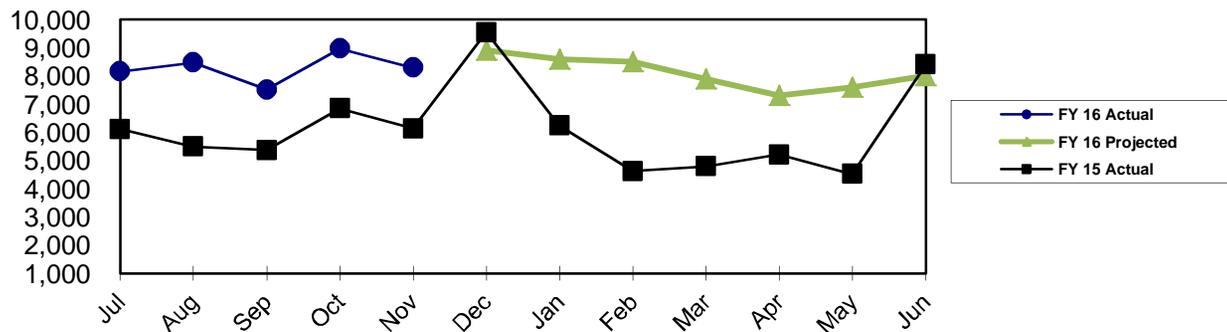


Accounts Receivable FY 15-FY 16 (\$'000)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 16 Actual	8,163	8,471	7,515	8,974	8,299							
FY 16 Projected						8,900	8,600	8,500	7,900	7,300	7,600	8,000
FY 15 Actual	6,116	5,495	5,377	6,846	6,141	9,544	6,239	4,625	4,802	5,213	4,526	8,404

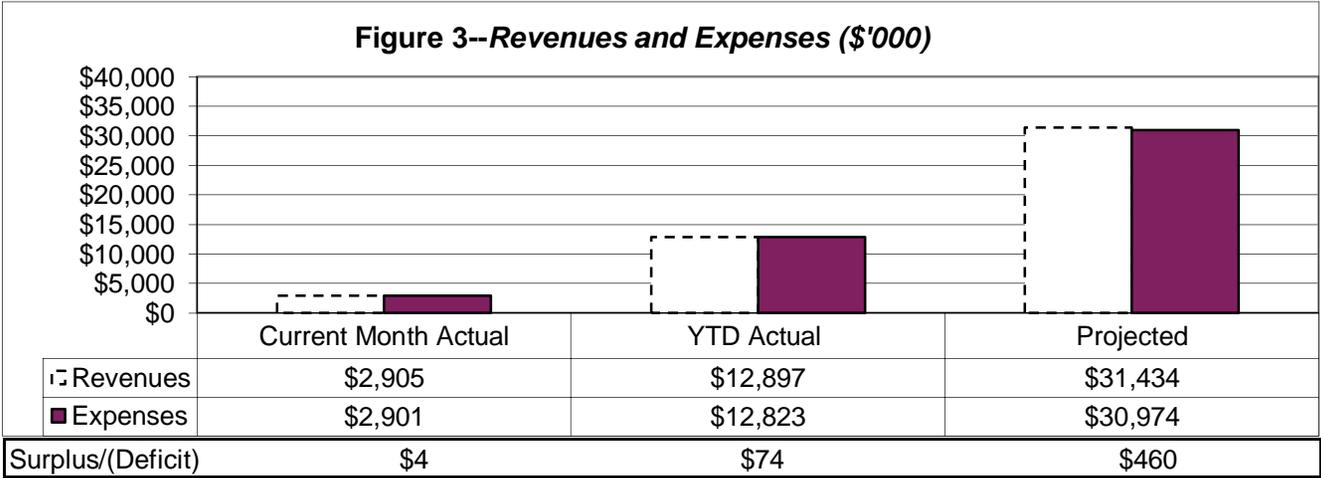
Accounts receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels.

Figure 2--Accounts Receivable--FY 15 and FY 16 (\$'000)



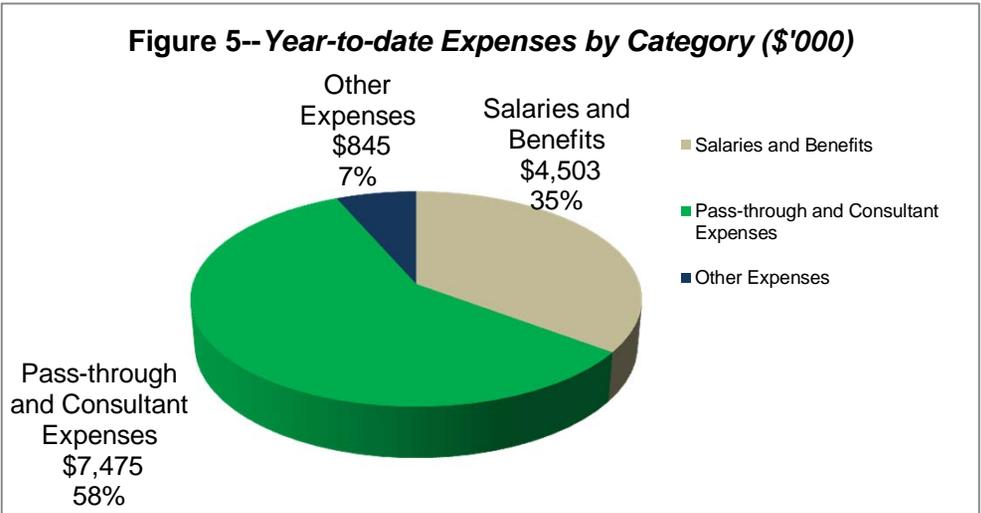
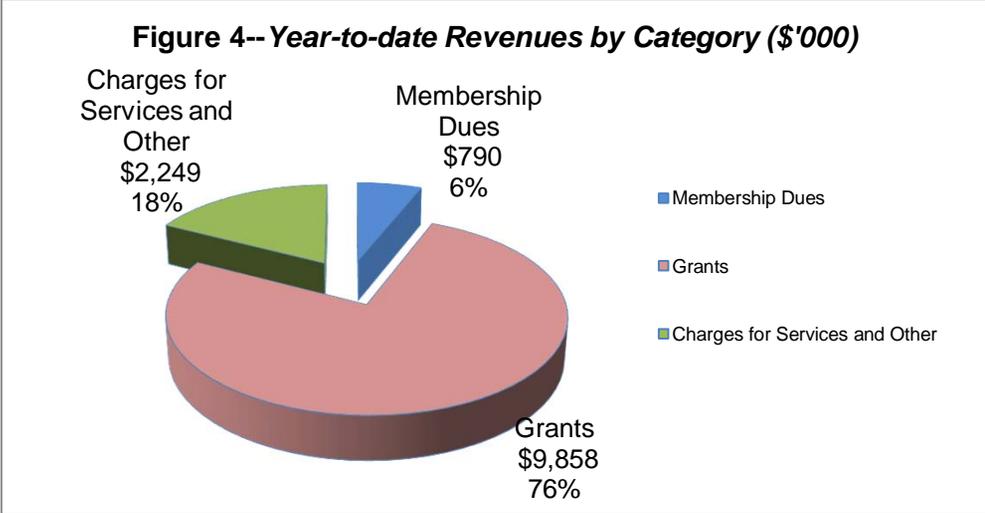
ABAG Financial Indices

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.



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 improvements, 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 approved/projected 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)

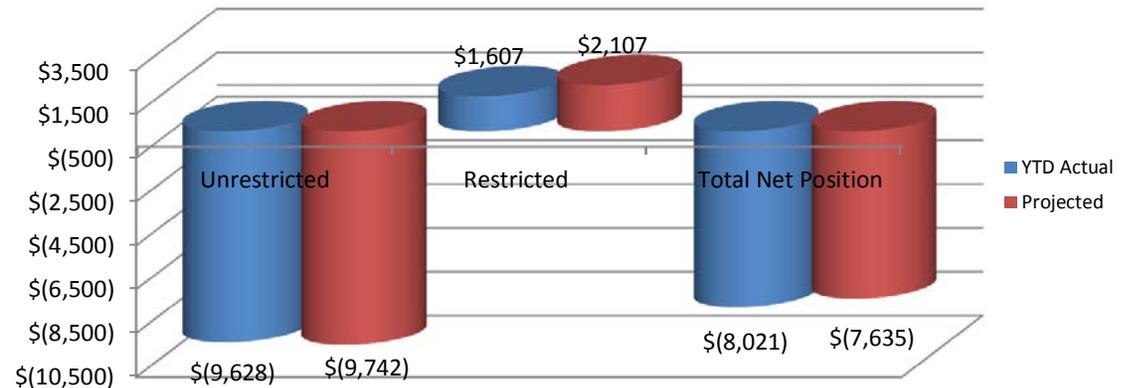
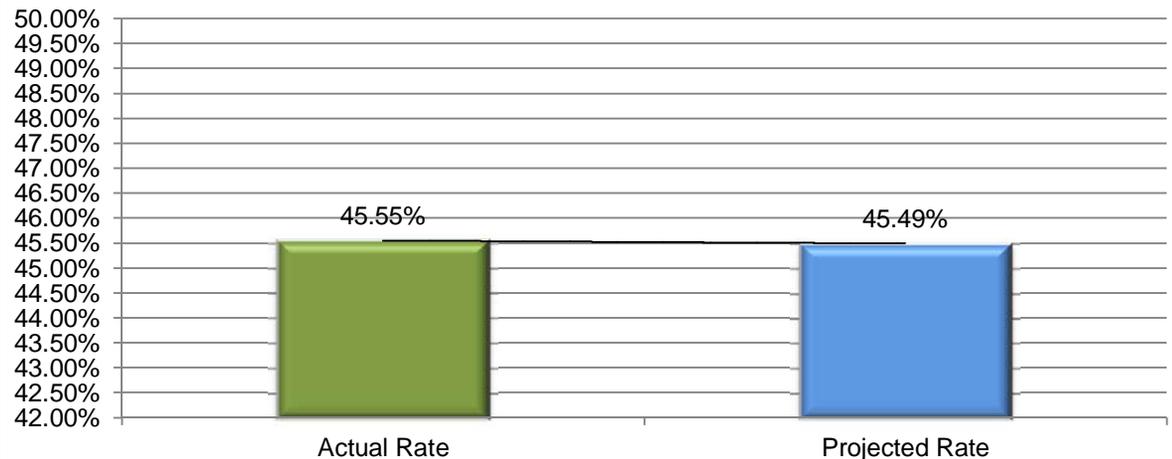


Figure 7--Indirect Overhead Rate



Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit) Through November 2015 / 42% of Year Elapsed

Program Description	Projected Fiscal Year Budget Expenses	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	% of Expense Budget	Comments
	A	B	C	D = B - C	E = C/A	
Planning Services	3,806,327	1,690,136	1,690,227	(90)	44%	
San Francisco Estuary Partnership	6,602,138	2,200,713	2,251,591	(50,878)	34%	Expect expenses to increase as subrecipients bill to the Integrated Regional Water Management Plan projects. The operating deficit resulted from the timing of recognizing project revenues. The SFEP program has a positive fund balance as of November 30, 2015.
Disaster Recovery	946,761	248,650	248,650	-	26%	Expect expenses to increase with a \$860K FEMA grant awarded in the second quarter.
Bay Trail	1,141,205	451,727	451,727	-	40%	
Green Business	92,487	38,536	38,536	-	42%	
Training Center, Web Hosting and Publications	540,000	293,452	230,496	62,956	43%	
POWER/Energy	11,939,241	5,567,212	5,586,627	(19,415)	47%	The operating deficit is caused by the expenditure of excess revenues from prior years. These expenditures are used to identify new funding opportunities and to support efforts that benefit members and local governments. The energy program has a positive fund balance as of November 30, 2015.
Finance Authority	1,104,696	532,232	526,803	5,429	48%	
Plan Corporation - Property & Liability Insurance Pool	2,458,589	988,884	988,884	-	40%	
SHARP - Worker's Comp Pool	150,000	29,149	29,149	-	19%	Expect expenses to increase throughout the year, as members claim reimbursements for loss prevention program expenditures.
Fiscal Agent Services	140,988	75,412	72,123	3,289	51%	Higher than budgeted expenses is primarily attributed to staffing time spent on the year-end close and annual audit in the first quarter.
Communications/Legislative	560,000	224,073	224,073	-	40%	

Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit) Through November 2015 / 42% of Year Elapsed

Program Description	Projected Fiscal Year Budget Expenses	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	% of Expense Budget	Comments
	A	B	C	D = B - C	E = C/A	
Agency Administration	1,501,308	555,753	458,625	97,128	31%	Expect expenses to increase in the second half of the fiscal year due to the ABAG-MTC merger study (\$138K) and budgeted contribution to BARC (\$31K).
Payroll Clearing	(10,000)	-	7,361	(7,361)	-74%	Expect the payroll clearing account to end the year with a small deficit.
Central Overhead	3,256,725	1,289,121	1,306,218	(17,098)	40%	Expect central overhead expense to slightly exceed the budget due to under recovery from overhead revenue (couple budgeted positions have not been filled). The excess expense will be carried forward and recovered in future year.
Totals	34,230,466	14,185,050	14,111,090	73,960	41%	

To: Finance and Personnel Committee

Date: January 14, 2016

From: Charlie Adams
Interim Finance Director

Re: Audit Reports
June 30, 2015

The following are highlights of the ABAG audited financial statements and Auditor's Communications to Management

Financial Results

The previously reported financial health of the Association is confirmed in the Statement of Net Position. However, implementation of new financial reporting standards has made this statement more complex and difficult to interpret. Two new account classifications have been added – Deferred Outflows and Deferred Inflows. These accounts relate to pension activities and have little meaning unless dissolution of the Association is contemplated.

Also new to the Statement of Net Position is the non-current liability, Collective Net Pension Liability, which is \$11,357,673. This number is alarming in appearance, but it is not a new liability, it is just being shown on the face of the financial statement for the first time. The recording of this pension liability has caused the net position of the Association to swing from a positive \$3,279,017 to a negative \$7,719,127.

Contrary to financial picture depicted by the addition of previously unreported pension obligations, the Association finished the fiscal year in a stronger financial condition than it began the year, as it increased its accumulated net assets from operations by \$830,282.

Auditors' Report and Disclosures

Our independent auditors, Maze & Associates issued an unmodified opinion on the financial statements. New footnote disclosures regarding pensions and post employment health benefits (OPEB), while not the most captivating reading, are very informative. Perhaps the most significant disclosure is in Note 11, discusses the potential merger of ABAG and MTC. In short, all bets are off until the future relationship between ABAG and MTC is resolved.

Single Audit

The auditors reported no findings of questioned costs or failures of ABAG to comply with federal regulations that might result in disallowance of significant costs claimed on federal grants.

Management Communications

The auditors reported no significant weaknesses in ABAG internal accounting controls or any disagreements with management regarding accounting policies and estimates.

**ASSOCIATION OF
BAY AREA GOVERNMENTS
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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**ASSOCIATION OF BAY AREA GOVERNMENTS
 BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

The Executive Board
Association of Bay Area Governments
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund, of the Association of Bay Area Governments (Association), as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Association as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 that required a prior period adjustment to the financial statements, as discussed in Note 1G to the financial statements:

- Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27.*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68.*

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 29, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Association of Bay Area Governments (Association) has issued the financial reports for fiscal year ending June 30, 2015 based on the provisions of the Government Accounting Standards Board Statement 34, "Basic Financial Statement and Management's Discussion & Analysis—for State and Local Governments," (GASB 34).

The 2015 financial statements reflect for the first time, the adoption of Government Accounting Standards Board Statement 68 "Accounting and Reporting for Pensions" (GASB 68). GASB 68 requires recognition on the Statement of Net Position of a prior period adjustment for the cumulative unfunded pension liability as of June 30, 2014. As a result of this accounting change, the Association carries a deficit net position at June 30, 2015.

This discussion and analysis provides an overview of financial activities in the fiscal year and it should be read in conjunction with the accompanying financial statements.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements include:

1. Statement of Net Position—provides information about the financial position of the Association, including assets, liabilities and net position. The difference between this statement and the traditional Balance Sheet is that net position (fund equity) is shown as the difference between total assets and total liabilities. An addition to this statement in 2015 is the presentation of deferred outflows and deferred inflows – "deferrals." Deferrals from the adoption of GASB 65 (Items Previously Reported as Assets and Liabilities), and are defined as outflows and inflows of resources that have already taken place but are not recognized as revenues and expenditures because they relate to a future period.
2. Statement of Activities—presents revenues, expenses and changes in net position for the fiscal year. It differs with the traditional Statement of Revenues and Expenses in that revenues and expenses directly attributable to operating programs are presented separately from investment income and financing costs.
3. Statement of Cash Flows—provides itemized categories of cash flows. This statement differs from the traditional Statement of Cash Flows in that it presents itemized categories of cash inflows and outflows instead of computing the net cash flows from operation by backing out non-cash revenues and expenses from net operating surplus/deficit. In addition, cash flows related to investments and financing activities are presented separately.

The Basic Financial Statements above provide information about the financial activities of the Association's three programs—ABAG, ABAG Finance Corporation and BALANCE Foundation, each in a separate column. Also presented is the San Francisco Bay Restoration Authority as a "discretely presented component unit."

FISCAL YEAR 2015 FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

- The Association's Total Assets were \$18.25 million at June 30, 2015. At June 30, 2014, total assets were \$13.21 million. Total Assets include Cash and Cash Equivalents of \$8.49 million (up \$86 thousand from the prior year), Federal, State and Local Grants Receivables of \$8.43 million (up \$3.54 million), Interest Receivables of \$1,786 (up \$379), Prepaid Expenses and Other of \$124 thousand (down \$72 thousand) and Capital Assets net of Accumulated Depreciation of \$1.21 million (up \$715 thousand). Capital assets include \$800 thousand in condominium improvements funded by the Metropolitan Transportation Commission. The increase of \$5.04 million in Total Assets is due primarily to the increase in pass-through grants receivable for the BayREN energy conservation rebate program and the San Francisco Estuary Partnership's integrated regional water management program.
- The Association's total program revenues were \$35.66 million in FY 2015, while total program expenses were \$36.91 million. This imbalance (\$1.25 million) is offset by \$1.82 million in Membership Dues, \$247 thousand in unrestricted donations, and \$11 thousand in interest income, all recorded as General Revenues summing to \$2.15 million. This yielded an improvement in net position of \$830 thousand.
- The Association's total net position at June 30, 2014 was \$3,279,017, an adjustment of \$11,828,426, to record the unfunded pension liability, reduced the beginning net position to a negative \$8,549,409. This adjusted beginning balance was increased by the current year net revenues of \$830,282 to an end of year balance of negative \$7,719,127. This figure includes Restricted Net Assets of \$249,657 in the BALANCE Foundation.
- ABAG program operating revenues for FY 2015 were \$35.61 million, including \$ 9.1 million pass-through funds for vendors and rebate recipients. There were no operating revenues for ABAG Finance Corporation, and BALANCE Foundation operating revenues were \$49.7 thousand.
- ABAG program operating expenses for FY 2015 were \$36.79 million, including pass-through expenditures of \$9.1 million and consultant services of \$14.2 million. ABAG Finance Corporation operating expenses were \$3.8 thousand and BALANCE Foundation operating expenses were \$119.7 thousand.
- Non-operating revenues (General Revenue) were \$2.08 million in total, of which \$1.82 million was membership dues, \$247 thousand unrestricted donations (\$190 thousand to ABAG and \$57 thousand to BALANCE Foundation) and \$11 thousand of interest income.
- ABAG Net Position at June 30, 2015 was a net deficit of \$8.09 million. The shift from a positive net position at June 30, 2014 to a deficit at June 30, 2015 resulted from adoption of GASB 68, which required the recording of the previously unrecorded unfunded pension liability. ABAG Finance Corporation Net Position was \$31 thousand and BALANCE Foundation Net Position was \$345 thousand of which \$250 was restricted.

- The San Francisco Bay Restoration Authority had no financial activity during the year, other than bank interest earnings of \$10. The net position of the Authority at June 30, 2015 was \$9,601.

NONCURRENT ASSETS

At June 30, 2015, the Association had noncurrent asset of \$1.21 million. Depreciable Capital Assets, net of accumulated depreciation were \$407 thousand, a decrease of \$85 thousand from the prior year. Additions to depreciable capital assets were \$68 thousand and depreciation for the year was \$153 thousand. Further details of the Association's capital assets are presented in Note 3 to the financial statements.

DEBT ADMINISTRATION

The Association's long term obligation by a payment of \$69 thousand toward the \$436 thousand owed for the office improvement project at the beginning of the year. This left a balance of \$367 thousand for the office improvement project, of which \$73 thousand is classified as current portion, payable within the next fiscal year. There was no new debt incurred.

POTENTIAL ORGANIZATIONAL CHANGES

On October 28, 2015, the governing bodies of ABAG and MTC (Metropolitan Transportation Commission) adopted resolutions that provided for the retention of a consultant to conduct a merger study and a merger implementation plan of MTC and ABAG to be completed by June 1, 2016. If the agencies agree to merge, ABAG may cease to exist as an independent entity. If the agencies do not agree to merge, the state mandated land use planning responsibilities carried out by ABAG may be transferred to MTC. Such a transfer would significantly alter the organizational and financial structure of ABAG.

MAJOR PROGRAM INITIATIVES IN FY 2015 AND OUTLOOK FOR FY 2016

We are happy to report the following accomplishments in fiscal year 2015 and goals for fiscal year 2016:

PLANNING AND RESEARCH PROGRAMS

Over the last five decades, ABAG has steadily strengthened its practices as a leader of collaborative regional land use planning, expanding our range of partners, extending the breadth and depth of topics that are influenced by local and regional land use decisions, the Planning and Research Department continues to consolidate research and planning efforts to address sustainability, equity and resilience in the region. We began the update of *Plan Bay Area 2017*, including the development of forecasts and scenarios.

ABAG added two additional priorities for *Plan Bay Area*, resilience and economic development. On the resilience front, federal funding helped us to develop long term recovery strategies related to earthquakes and flooding in partnership with local jurisdictions. On the economic development front, we addressed regional priorities in collaboration with economic development organizations and the regional prosperity consortium.

ABAG continued to support efforts to retain and enhance the qualities of our natural environment and agricultural lands through the Priority Conservation Areas (PCAs), San Francisco Bay Trail, and the San Francisco Bay Water Trail. We also facilitated coordination with the region’s water districts and green business programs.

Working closely with local jurisdictions, Congestion Management Agencies (CMAs), and the Metropolitan Transportation Commission (MTC), ABAG’s Planning and Research Department continued to provide planning assistance, research support, and institutional coordination for the implementation of Priority Development Area (PDAs), enhancement of open space and regional trails, housing production, and economic development.

Housing Production and Affordability

Planning and Research staff continued to initiate and support efforts to develop new funding sources for affordable housing and to remove obstacles to jurisdictions’ implementation of local infill development objectives, continue to work with MTC to use existing resources to incentivize and support infill housing production, continue to co-lead the Housing the Workforce initiative of the Regional Prosperity Plan (aka HUD grant) to upgrade the housing production tracking system, and to identify and publicize replicable local effective practices that address economic displacement due to new development.

Economic Development

Based on the regional economic development framework developed in 2014-2015, ABAG staff supported the implementation of targeted efforts and identified the priorities for the Plan Bay Area update. Given the increasing investment opportunities in the region for the next couple of years, staff is working with local jurisdictions to support entitlement streamlining for projects within PDAs. Under the guidance of the Joint Policy Committee, ABAG collaborated with regional agencies, business groups, and community-based organizations to strengthen the competitiveness of the regional economy, enhance local business districts in PDAs, support the vitality of industrial districts, and expand access to job opportunities for all Bay Area residents.

Resilience

ABAG’s Resilience Program helps local jurisdictions build communities that can prosper and thrive in the face of ongoing natural stressors and unexpected shocks. Our priority concerns are the vulnerability of our region’s housing stock to earthquakes and flooding, the vulnerability of our interconnected infrastructure systems which underpin the region’s economy, and the importance of collaborative regional resilience planning. ABAG’s work priorities are:

- Assess the Bay Area’s risk landscape relative to all significant natural hazards, building on the extensive world-class work that has already been done on this topic throughout the region, while recognizing the unique issues facing each Bay Area community.
- Support member cities and counties in developing innovative local resilience plans that meet the requirements of a local hazard mitigation plan and are coordinated and integrated with other local plans.
- Introduce resilience perspectives, adaptive climate action, social justice measures, and disaster mitigation, into the 2017 *Plan Bay Area*.
- Foster a resilience community of practice in the Bay Area that identifies and develops local champions who have the opportunity to connect with one another, learn from each other, and have the tools to carry resilience work forward in their own jurisdictions and collectively for the region.
- Provide in-depth assistance to help member jurisdictions overcome the barriers of limited resources and technical expertise by developing resilience implementation tools and guidance, as well as providing technical assistance. ABAG staff will continue to partner closely with the San Francisco Bay Conservation and Development Commission (BCDC) in developing mutually beneficial shoreline flooding and earthquake strategies wherever opportunities arise.
- Continue to support the City of Oakland with technical and policy assistance to develop and implement a soft-story retrofit ordinance and implementation program to create safer housing for Oakland residents; continue to support the housing needs of the region for the long-term; and serve as model practice for application in other Bay Area communities.
- Promote the adoption of consensus regional resilience strategies emanating from ABAG’s LP25 symposium in partnership with member cities and counties and key regional and state stakeholders.

Bay Trail/Water Trail, Open Space and Farmland Preservation

ABAG will continue to extend the Bay Trail and Bay Water Trail, expand public use of this great regional amenity, and strengthen political and financial support for its development and maintenance.

Priority Conservation Areas — Regional planning strategies can help protect and maintain our natural habitat, water resources, agricultural land, and open space. Priority Conservation Areas (PCAs) complement PDAs by identifying locations with high ecological, recreational, and economic value. To date, more than 100 locally selected PCAs populate this useful coordination framework. Adoption of *Plan Bay Area* set the stage for implementation activities, including:

- One Bay Area Grant (OBAG) PCA Grant Pilot Program: ABAG and MTC are assisting local jurisdictions and CMAs in implementing a \$10 million program to support projects in PCAs; administering \$5 million directly in North Bay counties and \$5 million through the California Coastal Commission for the rest of the Bay Area.

- ABAG in partnership with key open space entities will update the PCA Framework to further define the role of different kinds of PCAs to support habitat, agriculture, recreation, and various ecological functions.
- ABAG continues to work with jurisdictions and other stakeholders to evaluate and potentially establish additional PCAs.

San Francisco Bay Trail & San Francisco Bay Area Water Trail

The San Francisco Bay Trail, celebrated its Silver Anniversary (25th) in 2014, is based on a visionary plan for a shared-use bicycle and pedestrian path along the shoreline that will one day allow continuous travel around San Francisco Bay, extending over 500 miles to link the shoreline of nine counties, passing through 47 cities and crossing seven toll bridges. Already, 340 miles have been completed and are in use. ABAG administers the project and provides regional leadership for its completion.

The San Francisco Bay Area Water Trail is a network of landing and launch sites for non-motorized small boats. ABAG plays a critical role implementing this new regional trail in partnership with BCDC, the California Division of Boating and Waterways and the lead agency and primary funder, the State Coastal Conservancy.

Major priorities for both include: manage planning and construction grants, and award new grants; expand partnerships with private corporations and other organizations for specific gap closures; participate in working groups addressing sea level rise, such as Adapting to Rising Tides, and provide input on climate action plans; revise the Bay Trail Design Guidelines and complete the sign installation plan; cultivate legislative champions; expand coverage of the mobile phone tours app; redesign the Bay Trail website; designate and improve Water Trail sites; publish project updates and participate in trail dedications and other public events; public outreach to promote trail usage and support environmental education, public health and tourism.

Regional Social, Economic, and Land Use Research

ABAG research staff completed the regional level forecast of household formation and employment growth, and will work with the Interagency Modeling Group to prepare the land use analysis and develop alternative scenarios for the SCS environmental assessment.

Modeling, Forecasting, and Trend Analysis

ABAG research staff applied new tools acquired in FY 2014/15 to update the forecast to be released in 2017. ABAG staff adapted the REMI (designed by Regional Economic Modeling Inc.) model to reflect current and expected future conditions of the region's economy and will build on the model to prepare employment, income, and output forecasts for the region.

Resources for Mapping

Research staff continues to enhance tools and resources that allow policy makers and the public to visualize important information about regional growth. In Fiscal Year 15-16, the work will include upgrade of system software and GIS application software; creating a searchable catalogue of GIS resources; convert existing map applications to new APIs; and using the upgraded platform to release a PDA showcase update with many new features, and (beta) release an inventory of all housing sites identified in local Housing Elements.

Intergovernmental Coordination

In its core role as convener of inter-governmental and cross-sector collaborations to plan regionally and to coordinate implementation of regional plans, ABAG will continue to act as the administrative sponsor for the Joint Policy Committee, the Regional Planning Committee, Regional Airport Planning Committee, the Hazardous Waste Facility Allocation Committee and the Environmental Information Clearinghouse. We will also continue to provide leadership and administrative support for the numerous collaboratives mentioned earlier in the Planning and Research work program, including San Francisco Bay Trail Board, San Francisco Water Trail Advisory Committee, East Bay Corridors working groups, and the Regional Prosperity Consortium.

SAN FRANCISCO ESTUARY PROGRAM (SFEP)

The San Francisco Estuary Partnership (SFEP) and its cooperating agencies and organizations both initiated, and continued work on a wide array of projects and activities in support of the Partnership's mandate: To protect, enhance, and restore the San Francisco Bay-Delta Estuary by implementing actions called for in the *Comprehensive Conservation and Management Plan*.

The Partnership has:

- Been instrumental in helping the region propose, secure, and now manage \$50 million in multi-benefit water quality and drought response projects across the region.
- Continued our \$5 million partnership with seven East Bay cities, having secured funds to build green stormwater treatment devices to improve water quality and quality of life along San Pablo Avenue.
- Organized the highly successful Bay Delta Conference, again partnering with the Delta Science Program. The Conference was held in Sacramento in October with over 1,000 attendees.
- Concluded our successful *Got Ants?* social media campaign to reduce pesticide use in urban creeks and promote Integrated Pest Management practices.
- Continued public outreach efforts with the 22st year of publication of our award-winning *Estuary* news magazine.

New and ongoing projects include:

- GreenPlan Bay Area is a collaborative effort between San Francisco Estuary Partnership, San Francisco Estuary Institute and Bay Area municipalities to develop spatial tools which will be used to develop plans that identify the optimal combination of Green Infrastructure -Low Impact Development features for achieving desirable outcomes at the watershed scale.
- Flood Control 2.0 is a timely project to develop a set of innovative approaches for bringing environmental benefits and cost-savings to flood protection infrastructure along the San Francisco Bay shoreline. This work will help transform costly trapped sediment in local flood control channels from a problem into a resource.
- Providing technical support services to the Santa Clara Valley Water District, Alameda County Flood Control Program, Caltrans, Marin County, SMART, the Sonoma County Water Agency, and East Bay Municipal Water District.

- Providing technical assistance to the State Water Board managing fine money directed at environmental projects and supporting the Bay-Delta Science Program through contracts for experts to assist in the scientific research.

ABAG PUBLICLY-OWNED ENERGY RESOURCES (POWER)

ABAG Publicly Owned Energy Resources (ABAG POWER) is a joint powers agency (JPA) formed by ABAG in 1997 to acquire energy on behalf of local governments, as well as provide energy management and telecommunication services.

ABAG POWER currently offers natural gas aggregation to 38 local governments and special districts in the Pacific Gas and Electric (PG&E) service territory. ABAG POWER provides a public sector approach to pooled purchasing, and each public agency is guaranteed a voice in program operations and decisions through its representative to the ABAG POWER Board of Directors and Executive Committee.

ABAG POWER purchases natural gas on behalf of members and arranges for it to be delivered to the PG&E system for distribution. The goal of ABAG POWER’s Natural Gas Program is to provide both cost savings and price stability. Current goals and objectives include:

- Continue to provide cost effective natural gas aggregation and delivery services for local governmental agencies. This will include active solicitations among natural gas marketers, and the addition of new gas suppliers, as necessary, to continue receiving the most competitive pricing.
- The ABAG POWER Executive Committee will continue to discuss and analyze refinements to the general gas purchasing strategy, including fixed-price product allocations, in order to meet program goals related to cost savings and price stability.
- Continue to encourage additional participants in both the core, and noncore programs that supply larger facilities. Qualified, noncore customers can take advantage of lower gas transportation rates that are not available to PG&E customers. ABAG POWER currently supplies gas to three noncore facilities (City of Santa Rosa, City of Watsonville, and County of San Mateo).

The San Francisco Bay Area Regional Energy Network (BayREN). The BayREN was initially approved as a pilot for two years, with a one year extension. The California Public Utilities Commission recently moved to a Rolling Portfolio and the BayREN received funding through 2025. The four main program elements are:

1. Single Family Energy Retrofit

The BayREN Single Family Home Upgrade program is designed to reduce energy use in existing single family homes and 2-4 unit residences in the Bay Area. Program goals include improving the environment, helping homeowners save money by saving energy, increasing public awareness of energy efficiency co-benefits like improved comfort and indoor air quality, and stimulating green job growth. Homeowners can be eligible for rebates from \$1,000 to \$6,500 based upon the scope of work performed and associated energy savings, plus a \$300 home energy assessment rebate with an Advanced Home Upgrade. The BayREN has paid approximately \$5 million in incentives to Bay Area homeowners.

2. Multi-family Energy Retrofit

The Bay Area Multifamily Building Enhancements (“BAMBE”) program offers free technical consulting and rebates for energy efficiency in multifamily buildings with 5 or more attached dwelling units. Property owners may earn \$750 per dwelling unit for installing energy upgrades. The program has far exceeded its targets and has received over \$5 million dollars in additional funding from PG&E to satisfy the high demand for the program.

3. Energy Efficiency Codes and Standards

The BayREN Codes and Standards Program was established to address the role that local building policies, reviews, and inspections play in the energy use of buildings in the region. The Program provides resources and trainings for local planning and building departments to reduce energy consumption in buildings through improved enforcement of energy codes and greater adoption and implementation of green building ordinances.

4. Financing for Energy Efficiency Projects

Commercial PACE: PACE stands for Property Assessed Clean Energy financing, which allows property owners to 1) pay the costs of upgrades as a separate assessment on the building tax roll, and 2) carry the costs as annual maintenance - rather than debt - expense.

PAYS®

The BayREN Pay As You Save (PAYS®) pilots are helping municipal water utilities in the Bay Area use a tariff based on-bill repayment program to promote greater adoption of resource efficiency measures. PAYS allows water utility customers to receive water and energy saving measures (such as high efficiency toilets, shower heads, and drought-tolerant landscaping) at no up-front cost and pay for the measures over time through a surcharge on their water bill that is less than their utility cost savings.

MULTI-FAMILY CAPITAL ADVANCE PROGRAM

This financing program provides 50% of the financing at zero interest and is available for eligible owners of multifamily properties located with the BayREN region with at least 5 units, who undertake upgrade projects with a scope defined by the BayREN Multifamily retrofit program or the PG&E’s multifamily program. The property owner is obligated to repay the total principal, and BayREN receives a pro rata share of each payment. The repaid funds are recycled to provide capital for additional projects.

INSURANCE POOL PROGRAMS

ABAG PLAN Corporation provides property, liability and crime insurance coverage to 29 cities and towns in the greater Bay Area under a pooled risk sharing agreement. In addition to PLAN, the SHARP Program (Workers Compensation Shared Risk Pool) provides affordable Workers Compensation coverage to its participating members.

In 2014, PLAN invested \$850,000 in its *Risk Management Best Practices Program*, which focuses on loss control and safety. In 2015 PLAN provided its members providing *Risk Management and Loss Control* consulting services, as well as, claims administration services. This year's focus was public works, sewer claim prevention, sidewalk safety, and public safety (law enforcement). In 2015, PLAN also provided training on contractual risk transfer (contracting risk). PLAN implemented *Focus*, a new automated claims reporting platform. PLAN has completed the transition to York Risk Services, a third party claims administrator, and has realized significant cost savings and increased efficiency of claims administration.

ABAG FINANCIAL SERVICES

ABAG Financial Services has been providing conduit financing to various public and private organizations throughout the state of California since 1978. Its Programs provide convenient, cost saving, and secure means to meet the capital financing needs of public agencies and their nonprofit partners serving the public interest. To date, the Agency has provided over \$8 billion in low cost investment capital for projects in more than 240 local jurisdictions. The Agency helps its Members to provide for construction of new hospitals and medical clinics, transit systems, affordable housing, schools, museums, water and wastewater systems, and other Member-owned infrastructure. The Agency takes special focus on assisting in the construction and preservation of affordable housing, providing financing to date for nearly twelve-thousand units in nearly one-hundred affordable apartment communities. The Agency will also continue to offer its industry leading pooled financing vehicle for Water and Wastewater Districts. This financing pool provides easy access and low cost funding for the smaller borrowing needs of ABAG Members and special districts in their jurisdictions.

ABAG TRAINING CENTER

The ABAG Training Center has been an ABAG service program since 1979, created to provide economical alternatives for local government employees to obtain professional development training. Today, our courses focus on safety training for field workers and first responders. The courses satisfy requirements of the Occupational Safety and Health Administration and the U.S. Department of Transportation. These courses reach students in the Bay Area and around the world through our web-based identity. The Training Center had another strong Fiscal Year in 2014-15, with more than 7,000 students receiving training and generating more than half a million dollars in revenue. A redesigned website and online marketing helped maintain our position in a competitive field.

FISCAL MANAGEMENT SERVICES

ABAG provides fiscal management services to Bay Area public purpose entities and region-wide grant programs. Entities serviced are: ABAG PLAN Corporation, ABAG Workers Compensation Shared Risk Pool, ABAG Finance Authority for Nonprofit Corporations, ABAG Publicly Owned Energy Resources, and the San Francisco Bay Area Water Emergency Transit Authority. These services include accounting, financial reports, cash management, investments, debt issuance, grants management, and other related financial support services. Over the past year, several grants furthering sustainability have been awarded, requiring substantial fiscal services. These included grants for promoting and incentivizing the improvement of energy efficiency of homes and the installation of enhancements such as insulation, double-paned windows and solar panels; as well as grants to enhance water quality of the Delta and San Francisco Bay including water recycling, cleaning up creeks emptying into the Bay, and capturing water in natural medians instead of storm drains.

LEGISLATIVE ACTIVITIES

The ABAG Legislation and Governmental Organization Committee (L&GO) is comprised of elected officials from the Bay Area's cities, towns, and counties. Through the Committee, ABAG is actively serving members by providing a platform for them to work collaborative to influence legislation that impacts local governments throughout the region. Approximately 30 state bills were reviewed by the Committee during the 2014 Legislative Session.

ABAG's L&GO Committee actively supported integrated planning and sustainable community strategy implementation through housing element reform legislation that was subsequently signed into law at the end of 2014. The Committee supported the Levine Bill (AB 1537). The bill corrected an anomaly in Government code that previously designated Marin County (population 250,000) as a "metropolitan county" rather than a suburban county with a default density of 20 dwellings units per acre.

In addition, Committee supported legislation establishing innovative financing for planning and infrastructure services to assist local governments was passed and signed into law. Environmental bills supported by the ABAG L&GO Committee addressing local agencies hazardous materials clean-up also passed and became law. In total, five of the bills tracked and supported by the L&GO Committee became law and one was vetoed.

Committee activities throughout the year included policy briefings, a Legislative Workshop and Reception co-hosted by ABAG, California State Association of Counties (CSAC), and California Association of Councils of Governments (CALCOG) with MTC support, and face-to-face dialogues with legislators about Bay Area needs and challenges.

In Fiscal Year 2015-2016 Legislative Activities will:

1. Continue to focus on SB 375 and Plan Bay Area Implementation through legislative objectives such as affordable housing funding, housing element reform, and better California Environmental Quality Act (CEQA)/entitlement efficiency. In December 2014, the Committee made suggestions for 2015 priorities to include more specific types of funding bills related to housing and infrastructure, as well as specific housing element reforms that would give housing credits for assisted living, acquisition/rehabilitation, and workforce housing investment/housing trust funds.
2. The Committee will continue to pursue legislation that would lower the 2/3 supermajority vote threshold for infrastructure taxes and bonds statewide and locally.

COMMUNICATIONS

The Communications Department in 2014, worked with all ABAG departments to promote ABAG's mission and to inform and engage ABAG members in relevant programs and activities. Major efforts included regional conferences and workshops, publications, media, and web outreach centered around sustainable growth, economic and physical resilience, and complete communities as well as municipal insurance and energy programs.

Activities included:

- Implementation of *Plan Bay Area* outreach and public engagement strategies to help local governments with Priority Development Areas.
- Expanded outreach to ABAG General Assembly delegates and member staffs to facilitate better use of ABAG programs and services and collaborate with communities to implement their land use and transportation priorities.
- Support for two ABAG programs with significant milestones in 2014: the Bay Trail Program and the Resilience Program.
- The **ABAG Spring General Assembly**, *Sharing Opportunity in the Bay Area: Access to Jobs and Housing*, brought together more than 120 local elected officials, city/town and county agency directors and staff and business leaders to discuss potential Bay Area growth and how to ensure that benefits reach working families and young people throughout the entire Bay Area. This conference highlighted regional assets and challenges and showcased innovative strategies to enhance job and housing opportunities. Panels presented a range of perspectives from business leaders, economists, arts community members, and green businesses. This event also celebrated members' achievements with the Growing Smarter Together Awards.
- *Designing, Financing, & Administering First-Time Home Buyer* program training event for city staff and non-profit agency housing professionals. More than 50 representatives from member cities and non-profit agencies benefitted from this hands-on workshop.
- ABAG's Resilience Program (formerly named the Earthquake and Hazards Program) in conjunction with other agency partners, developed and conducted a *Public Policy Symposium to Commemorate the 25th anniversary of the Loma Prieta Earthquake and to Support Future Resilience Action* (LP25). Communications also provided media outreach, including op-eds, press releases, and other activities as part of a team. Nearly 200 individuals from the public and private sector attended this important event.

SAN FRANCISCO BAY RESTORATION AUTHORITY

The San Francisco Bay Restorations Authority (Authority) is a regional agency with a Governing Board made up of local elected officials appointed by ABAG. Its purpose is to raise and allocate local resources for the restoration, enhancement, protection, and enjoyment of wetlands and wildlife habitat in San Francisco Bay and along its shoreline.

During FY 2015, the Authority developed a revenue measure for possible placement on the 2016 ballot and continued public outreach to better inform the public of the needs of the Bay and Delta, the restoration and preservation efforts needed and the role of the Authority in meeting those needs.

In fiscal year 2016 the Authority will:

- Evaluate support for a June 2016 regional parcel tax measure.
- Decide whether to place the measure on the June or November ballot.
- Conduct outreach and educational efforts to inform the public on the regional parcel tax measure if placed on the June ballot.

CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT

This financial report is intended to provide citizens, taxpayers, creditors, and stakeholders with a general overview of the Association's finances. Questions about this report may be directed to the ABAG Finance Department, at 101 Eighth Street, Oakland, California 94607.

ASSOCIATION OF BAY AREA GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Association of Bay Area Governments	ABAG Finance Corporation	BALANCE Foundation	Total	SF Bay Restoration Authority
ASSETS					
Current Assets					
Cash and Investments (Note 2):					
Cash and Cash Equivalents	\$8,128,348	\$32,620	\$326,513	\$8,487,481	\$9,601
Receivables:					
Federal, State and Local Grants	8,404,097		25,620	8,429,717	
Interest	1,585		201	1,786	
Prepaid Expenses and Other	123,870			123,870	
Total Current Assets	16,657,900	32,620	352,334	17,042,854	9,601
Noncurrent Assets					
Non-Depreciable Capital Assets (Note 3)	800,000			800,000	
Capital Assets, Net of Accumulated Depreciation (Note 3)	407,354			407,354	
Total Assets	17,865,254	32,620	352,334	18,250,208	9,601
DEFERRED OUTFLOWS					
Deferred Outflows Related to Pension (Note 8)	1,305,738			1,305,738	
Total Deferred Outflows	1,305,738			1,305,738	
LIABILITIES					
Current Liabilities					
Accounts Payable	6,094,466	1,664	7,432	6,103,562	
Compensated Absences (Note 1E)	370,456			370,456	
Other Accrued Liabilities	262,011			262,011	
Current Portion of Long-Term Obligations (Note 4)	73,231			73,231	
Unearned Revenue	6,031,171			6,031,171	
Total Current Liabilities	12,831,335	1,664	7,432	12,840,431	
Noncurrent Liabilities					
Compensated Absences, Noncurrent (Note 1E)	179,407			179,407	
Collective Net Pension Liability (Note 8)	11,357,673			11,357,673	
Net OPEB Obligation (Note 9)	401,777			401,777	
Long-Term Obligations, Net of Current Portion (Note 4)	293,747			293,747	
Total Noncurrent Liabilities	12,232,604			12,232,604	
Total Liabilities	25,063,939	1,664	7,432	25,073,035	
DEFERRED INFLOWS					
Deferred Inflows Related to Pension (Note 8)	2,202,038			2,202,038	
Total Deferred Inflows	2,202,038			2,202,038	
NET POSITION (Note 7)					
Net Investment in Capital Assets	40,376			40,376	
Restricted			249,657	249,657	9,601
Unrestricted	(8,135,361)	30,956	95,245	(8,009,160)	
Total Net Position	(\$8,094,985)	\$30,956	\$344,902	(\$7,719,127)	\$9,601

See accompanying notes to basic financial statements

ASSOCIATION OF BAY AREA GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Association of Bay Area Governments	ABAG Finance Corporation	BALANCE Foundation	Total	SF Bay Restoration Authority
PROGRAM REVENUES					
Operating Grants and Contributions:					
Grants	\$29,195,508			\$29,195,508	
Subtotal	29,195,508			29,195,508	
Charges for Services					
Reimbursements	5,437,298	\$198	\$49,725	5,487,221	
Other	980,575			980,575	
Subtotal	6,417,873	198	49,725	6,467,796	
Total Program Revenues	35,613,381	198	49,725	35,663,304	
PROGRAM EXPENSES					
Salaries and Related Benefits	11,367,923			11,367,923	
Consultant Services	14,161,428	3,817	101,623	14,266,868	
Pass-through Awards	9,084,115			9,084,115	
Equipment, Maintenance and Supplies	116,144			116,144	
Outside Printing Costs	72,985		339	73,324	
Conference and Meeting Costs	114,928			114,928	
Depreciation (Note 3)	152,823			152,823	
Building Maintenance	259,586			259,586	
Postage	20,824			20,824	
Insurance	145,446			145,446	
Telephone	62,468			62,468	
Utilities	123,529			123,529	
Committee	71,550			71,550	
Other	948,573		17,785	966,358	
Interest Expense	85,806	12		85,818	
Total Program Expenses	36,788,128	3,829	119,747	36,911,704	
Net Program Loss	(1,174,747)	(3,631)	(70,022)	(1,248,400)	
GENERAL REVENUES					
Membership Dues	1,820,316			1,820,316	
Donations - Unrestricted	190,429		57,015	247,444	
Interest Income	10,051	28	843	10,922	\$10
Total General Revenues	2,020,796	28	57,858	2,078,682	10
Change in Net Position	846,049	(3,603)	(12,164)	830,282	10
Net Position-Beginning, as previously stated	2,887,392	34,559	357,066	3,279,017	9,591
GASB 68 Implementation	(11,828,426)			(11,828,426)	
Net Position-Beginning, as adjusted (Note 1G)	(8,941,034)	34,559	357,066	(8,549,409)	
Net Position-Ending	(\$8,094,985)	\$30,956	\$344,902	(\$7,719,127)	\$9,601

See accompanying notes to basic financial statements

ASSOCIATION OF BAY AREA GOVERNMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Association of Bay Area Governments	ABAG Finance Corporation	BALANCE Foundation	Total	SF Bay Restoration Authority
CASH FLOWS FROM OPERATING ACTIVITIES					
Grant receipts	\$26,301,201			\$26,301,201	
Receipts from customers and members	7,448,043	\$694	\$93,234	7,541,971	
Payments to contractors and members	(21,161,267)		(118,931)	(21,280,198)	(\$45,415)
Payments to employees	(11,604,725)			(11,604,725)	
Payments to committees	(71,550)			(71,550)	
Other receipts (payments)	980,575			980,575	
Net cash flows from operating activities	<u>1,892,277</u>	<u>694</u>	<u>(25,697)</u>	<u>1,867,274</u>	<u>(45,415)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(867,888)			(867,888)	
Repayment of long-term obligations	(68,976)			(68,976)	
Interest paid	(85,806)	(12)		(85,818)	
Net cash flows from capital and related financing activities	<u>(1,022,670)</u>	<u>(12)</u>		<u>(1,022,682)</u>	
CASH FLOWS FROM INVESTING AND RELATED FINANCING ACTIVITIES					
Interest received	9,716	\$28	799	10,543	10
Net cash flows	879,323	710	(24,898)	855,135	(45,405)
Cash and cash equivalents at beginning of year	7,249,025	31,910	351,411	7,632,346	55,006
Cash and cash equivalents at end of year	<u>\$8,128,348</u>	<u>\$32,620</u>	<u>\$326,513</u>	<u>\$8,487,481</u>	<u>\$9,601</u>
Reconciliation of operating income to net cash provided by operating activities:					
Net Program Loss	(\$1,174,747)	(\$3,631)	(\$70,022)	(\$1,248,400)	
Adjustments to reconcile net program loss to cash flows from operating activities:					
Depreciation	152,823			152,823	
Membership dues	1,820,316			1,820,316	
Donations - unrestricted	190,429		57,015	247,444	
Interest	85,806	12		85,818	
Change in assets and liabilities:					
Receivables	(3,530,323)	496	(13,506)	(3,543,333)	\$50
Prepaid expenses and other assets	69,805	2,153		71,958	
Accounts payable	3,344,334	1,664	816	3,346,814	(45,465)
Compensated absences	(38,603)			(38,603)	
Other accrued liabilities	109,073			109,073	
Unearned revenue	636,016			636,016	
Net OPEB obligation	(198,199)			(198,199)	
Decrease (increase) in due to retirement system	425,547			425,547	
Net cash flows from operating activities	<u>\$1,892,277</u>	<u>\$694</u>	<u>(25,697)</u>	<u>\$1,867,274</u>	<u>(45,415)</u>

See accompanying notes to basic financial statements

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association of Bay Area Governments (the Association) was established in 1961 by agreement among its members—counties and cities of the San Francisco Bay Area pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500, et seq. The Association is a separate entity from its members and its purpose is to serve as a permanent forum to discuss and study matters of mutual interest and concern to member jurisdictions, develop policies and action plans, and provide services and undertake actions addressing such matters.

The Association is governed by a General Assembly comprised of elected officials from member cities and counties. The General Assembly appoints an Executive Board to carry out policy decisions, approve the annual budget, appoint an Executive Director, and report to the General Assembly.

A. Reporting Entity

The Association is a membership organization that provides a variety of planning and other service programs for its members.

The accompanying basic financial statements present the operations of the Association, which is the primary activity, along with the financial activities of its component units, which are entities for which the Association is financially accountable. Although they are separate legal entities, they are presented in the basic financial statements as either a blended component unit or discretely presented component unit.

Blended Component Units

Blended component units are in substance part of the Association's operations and are reported as an integral part of the Association's financial statements. The following component units are blended and are described below:

- ABAG Finance Corporation (Corporation) is a non-profit public benefit corporation created on June 24, 1985 that aids members in obtaining financing by acting as a conduit in the sponsorship of credit pooling arrangements. Participating members issue debt, leases or certificates of participation (COPs) that are pooled as a single issue by the Corporation. Members' payments are pooled to repay the debt and the assets leased become the property of the member when it has paid off its debt obligation.

The Corporation is governed by a sub-committee of the Association's Executive Board, which establishes financing policies and approves each credit pooling arrangement.

- BALANCE Foundation (BALANCE) is a non-profit, tax-exempt corporation created on September 22, 1987, established to assist Bay Area governments in obtaining funds to study, analyze and resolve regional issues. BALANCE is governed by a Board of Directors whose appointment is controlled by the Association.

**ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Unit

A component unit is a legally separate organization for which elected officials of the primary entity are financially accountable. It can also be an organization whose relationship with the primary entity is such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete. The Association has one discretely presented component unit, San Francisco Bay Restoration Authority.

- The San Francisco Bay Restoration Authority (Restoration Authority) was created by a State legislation on September 30, 2008 to raise and allocate resources for the restoration, enhancement, protection, and enjoyment of wetlands and wildlife habitat in the San Francisco Bay and along its shoreline. The Restoration Authority is governed by a board that is appointed by the Association, yet is composed of members that are different from the Association's board.

Additional financial information for each component unit can be obtained at the entity's administrative offices, 101 Eighth Street, Oakland, CA 94607-4707.

Other Affiliated Entities

Over the past two decades, the Association created a number of public purpose entities to offer various service programs. The financial activities of the entities are not included in these financial statements because these entities are not controlled by the Executive Board and the composition of their membership may be different than that of the Association. However, the Association has agreements with each of these entities to provide management, administrative and other support services. These entities and the service programs offered are described below:

- ABAG Pooled Liability Assurance Network (PLAN) Corporation provides risk management, liability coverage, claims management and loss prevention services for participating members of PLAN. The Association acts as PLAN's trustee, providing promotional, administrative, and management support. On behalf of PLAN, the Association incurred \$1,690,878 for these services and \$498,090 for contract services in the fiscal year ended June 30, 2015.
- ABAG Finance Authority for Non-profit Corporations (FAN) assists non-profit corporations in obtaining financing. The Association assists FAN in issuing tax-exempt debt. It also provides administrative and management support. On behalf of FAN, the Association incurred \$1,022,223 for these services and \$473,387 for contract services in the fiscal year ended June 30, 2015.
- ABAG Comp Shared Risk Pool (SHARP) provides workers compensation coverage and claims management for participating members. The Association provides risk management, administrative, and management support. On behalf of SHARP, the Association incurred \$107,332 for these services and \$25,816 for contract services in the fiscal year ended June 30, 2015.

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- ABAG Publicly Owned Energy Resources (POWER) provides gas energy aggregation services to participating members. The Association acts as POWER'S trustee, providing promotional, administrative and management support. On behalf of POWER, the Association incurred \$359,441 for these services and \$5,800 for contract services in the fiscal year ended June 30, 2015.

B. Basis of Presentation

The Association's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary reporting entity (the Association). These statements include the financial activities of the overall Association. Eliminations have been made to minimize the double counting of internal activities. These statements display the *business-type activities* of the Association. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Association's business-type activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, (c) grants providing advances of funds that are passed through ABAG to contractors or end recipients as reimbursements or incentive payments for specified and (d) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenses equal to ten percent of their fund-type total and five percent of the grand total. The Association's major funds are presented separately in the fund financial statements.

The Association reported all its enterprise funds as major funds in the accompanying financial statements:

Association of Bay Area Governments Fund – this fund accounts for revenues and expenses of the Association.

ABAG Finance Corporation Fund – this fund accounts for revenues and expenses of the ABAG Finance Corporation.

BALANCE Foundation Fund – this fund accounts for revenues and expenses of the Bay Area Leaders Addressing the Challenge of the Economy and Environment Foundation.

**ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Non-exchange transactions, in which the Association gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. On the accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all performance requirements have been satisfied. Expenditures in excess of reimbursement are recorded as receivables, and advanced reimbursements are recorded as unearned revenues.

The Association offers a number of service programs that are funded on a cost-reimbursement or fee-for-service basis. Discretionary funds, comprised primarily of membership dues, amount to about 6.4% of total revenues, excluding pass-through awards. Discretionary funds are used to cover certain management and administrative expenses and may occasionally be allocated to meet local match requirements as stipulated in certain grant contracts. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The Association's policy is to first apply restricted grant resources to such programs, followed by unrestricted revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

E. Compensated Absences

Compensated absences comprise vacations and are recorded as an expense when earned. The accrued liability for unused compensated absences is computed using current employee pay rates. Sick pay does not vest and is not accrued.

The changes in the compensated absences were as follows:

Balance June 30, 2014	\$588,466
Additions	265,565
Payments	<u>(304,168)</u>
Balance June 30, 2015	<u>\$549,863</u>
Due within one year	<u>\$370,456</u>

F. Estimates

The Association's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Prior Period Adjustments

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The intention of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The intention of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements required the Association to make prior period adjustments. As a result, the beginning net position of the Business-Type Activities of the ABAG Fund was reduced by \$11,828,426. See Note 8 for additional information.

H. Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 2 - CASH AND INVESTMENTS

A. Carrying Amount and Fair Value

Cash and investments comprised the following at June 30, 2015:

	Association and other blended component units	SF Bay Restoration Authority	Total
<i>Local Agency Investment Fund</i>	\$2,452,756		\$2,452,756
<i>Cash:</i>			
Cash in banks	6,034,405	\$9,601	6,044,006
Cash on hand	320		320
 Total Cash and Investments	<u>\$8,487,481</u>	<u>\$9,601</u>	<u>\$8,497,082</u>

The Association pools cash from all sources and all funds so that it can be invested at the maximum yield, consistent with the principles of safety and liquidity. Individual funds can make expenditures at any time. Investments are carried at fair value.

B. Investments Authorized by the Association

The Association's Investment Policy and the California Government Code allow the Association to invest in the following, within the stated guidelines:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	1 year	N/A	None	None
U.S. Agency Securities	1 year	N/A	None	None
Bankers' Acceptances	180 days	N/A	40%	30%
Commercial Paper	180 days	A1/P1	10%	10%
Investment Agreements	On Demand	N/A	None	None
Repurchase Agreements	15 days	N/A	10%	None
Certificates of Deposit	1 year	N/A	10%	None
Negotiable Certificates of Deposit	1 year	N/A	10%	None
Money Market Mutual Funds	On Demand	Top rating category	20%	10%
California Local Agency Investment Fund	On Demand	N/A	\$40 million/acct	\$40 million/acct
Investment Trust of California (CalTRUST)	On Demand	N/A	None	None

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of the Association's investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. The sensitivity of the fair values of the Association's investments to market interest rate fluctuations is presented by the following maturity schedule of the Association's cash and investments:

	12 Months or less
Local Agency Investment Fund	\$2,452,756
Cash in banks	6,044,006
Cash on hand	320
Total Cash and Investments	\$8,497,082

As of year-end, the weighted average maturity of the investments in the LAIF investment pool is approximately 239 days.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Association may not be able to recover its deposits or collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 110% to 150% of the Association's cash on deposit. All of the Association's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the Association's name.

E. Local Agency Investment Fund

The Association is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Association reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

Under California Government Code, LAIF is allowed greater investment flexibility than the Association is permitted. As such, LAIF's investment portfolio may contain investments not otherwise permitted for the Association. For funds invested in LAIF, LAIF's investment policy overrides the Association's investment policy.

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Statement of Cash Flows

For purposes of the statement of cash flows, the Association considers all highly liquid investments, including restricted investments but excluding cash with fiscal agents, with a maturity of three months or less when purchased to be cash equivalents.

NOTE 3 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Association's policy is to capitalize all assets with costs exceeding \$5,000.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation expense is calculated on the straight-line method over the estimated useful lives of assets, which are as follows:

Facilities and improvements	5 to 30 years
Furniture and equipment	3 to 10 years
Vehicles	5 years
Capitalized software	3 to 6 years

Capital asset balances and transactions as of June 30 are summarized below:

	June 30, 2014	Additions	Retirements	June 30, 2015
Capital assets not being depreciated:				
Construction in process		\$800,000		\$800,000
Total capital assets not being depreciated		800,000		800,000
Capital assets being depreciated:				
Facilities and improvements	\$3,604,147			3,604,147
Furniture and equipment	1,057,238	60,618	\$38,701	1,079,155
Vehicles	57,652			57,652
Capitalized software	690,704	7,270		697,974
Total capital assets being depreciated	5,409,741	67,888	38,701	5,438,928
Less accumulated depreciation for:				
Facilities and improvements	(3,431,069)	(45,932)		(3,477,001)
Furniture and equipment	(738,028)	(106,285)	(38,701)	(805,612)
Vehicles	(57,652)			(57,652)
Capitalized software	(690,703)	(606)		(691,309)
Total accumulated depreciation	(4,917,452)	(152,823)	(38,701)	(5,031,574)
Total depreciable assets	492,289	(84,935)		407,354
Total	\$492,289	\$715,065		\$1,207,354

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 - LONG TERM OBLIGATION

A. Additions and Retirements

The Association's obligation issues and transactions are summarized below and discussed in detail thereafter:

	Balance June 30, 2014	Retirements	Balance June 30, 2015	Current Portion
BUSINESS-TYPE ACTIVITY				
Office Improvement Project				
Variable rate + 1%, due 1/1/2020	\$435,954	(\$68,976)	\$366,978	\$73,231
Total	\$435,954	(\$68,976)	\$366,978	\$73,231

B. Line of Credit

In July 2009, the Association signed a \$2 million line of credit arrangement with a bank. In fiscal year 2014, the Association renewed the line of credit to mature on February 28, 2016. Interest is at a variable rate that shall not be less than 4.00% annually and is to be paid monthly. Pursuant to its agreement with the bank the Association assigned its future rents and revenues and pledged its interest in the building as collateral. No borrowings were made on the line of credit during fiscal year 2015.

C. Installment Sales Agreement

In January 2010, the Association entered into an installment sale agreement with ABAG Finance Authority for Non-profit Corporations (Authority) in the amount of \$700,000, whereas, the Authority financed various office improvement projects to the Association. Principal and interest payments are paid monthly beginning February 1, 2010 until January 1, 2020. The agreement bears a variable interest at the average annual Local Agency Investment Fund's (LAIF) rate plus one percent (1.299% as of June 30, 2015). As of June 30, 2015, based on the June 30, 2015 interest rate, the installment agreement obligations were as follows:

For the Year Ending June 30	Principal	Interest	Total
2016	\$73,231	\$4,767	\$77,998
2017	77,747	3,816	81,563
2018	82,543	2,806	85,349
2019	87,634	1,734	89,368
2020	45,823	595	46,418
Total	\$366,978	\$13,718	\$380,696

**ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 5 - WINDEMERE RANCH ASSESSMENT DISTRICT SPECIAL ASSESSMENT DEBT

On behalf of Contra Costa County, the Association formed the Windemere Ranch Assessment District (District) in an unincorporated area of that County. The District issued special assessment debt to fund infrastructure improvements as part of the development of residential housing in the District.

These debt issues are repayable out of special assessments on the parcels in the District, and are secured by liens on each parcel. The Association has no obligation for the repayment of the District's assessment debt, and accordingly, does not record this debt in its financial statements.

The outstanding balance of each of the District's debt issues was refunded by new debt issued on June 26, 2007 by the ABAG Financing Authority for Nonprofit Corporation. In July 2014, the outstanding balance of each of the District's debt issues from this June 2007 refunding was authorized by the Association's Board to be refinanced in fiscal year 2014-15 to provide for savings of over \$2 million. The new debt was issued by the ABAG Financing Authority for Nonprofit Corporation in August 2014. The Association has no obligation for the repayment of these new revenue bonds; therefore it has not recorded this debt in its financial statements.

NOTE 6 - CONDUIT FINANCING PROGRAMS FOR MEMBERS

The Association assists members and other borrowers in obtaining financing through the issuance of revenue bonds, special assessment debt, certificates of participation in lease revenues and in straight leasing arrangements.

The underlying liability for the repayment of each of these issues rests with the borrower participating in that issue, and not with the Association, which acts only as a conduit in pooling each issue. For that reason, the Association has not recorded a liability for these issues. The Association sponsored the following outstanding conduit debt balances that were payable by their respective borrowers at June 30:

<u>Type of Financing</u>	<u>Unpaid balance - June 30</u>	
	<u>2015</u>	<u>2014</u>
Revenue Bonds	\$136,325,000	\$164,930,000
Certificates of Participation	8,950,000	14,920,000
Total	<u>\$145,275,000</u>	<u>\$179,850,000</u>

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 – NET POSITION

Net Position is the excess of all the Association's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. The Association's Net Position is divided into the three captions described below:

Net Investment in Capital Assets is the current net book value of the Association's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of donations received by the Association. As of June 30, 2015, the entire amount in Restricted Net Position is restricted for the support of the Tranter-Leong Internship Program.

Unrestricted describes the portion of the Net Position which may be used for any Association purpose.

NOTE 8 – PENSION PLANS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Association's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Association resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 8 – PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Tier I	Tier 2
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.5%	2.0%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	24.40%	6.25%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Association is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	
	<u>Tier I</u>	<u>Tier II</u>
Contributions - employer	\$1,241,608	\$64,130
Contributions - employee (jointly paid by employer and employee)	399,752	
Contributions - employee		64,130

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – PENSION PLANS (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the Association reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Tier I	\$11,353,987
Miscellaneous Tier II	3,686
Total Net Pension Liability	\$11,357,673

The Association's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Association's proportion of the net pension liability was based on a projection of the Association's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Association's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous Tier I	Miscellaneous Tier II
Proportion - June 30, 2013	0.4050%	0.0002%
Proportion - June 30, 2014	0.4594%	0.0150%
Change - Increase (Decrease)	0.0544%	0.0148%

For the year ended June 30, 2015, the Association recognized pension expense of \$425,547. At June 30, 2015, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Tier 1 & Tier 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$1,305,738	\$0
Differences between actual and expected experience	0	0
Changes in assumptions	0	0
Net differences between projected and actual earnings		
on pension plan investments	0	2,031,646
Adjustments due to differences in proportion	0	170,392
Total	\$1,305,738	\$2,202,038

**ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 8 – PENSION PLANS (Continued)

Deferred outflows of \$1,305,738 related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous Tier 1 & Tier 2
2015	\$550,510
2016	550,510
2017	550,510
2018	550,508

Actuarial Assumptions – For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions for both plans:

	Miscellaneous Tier I and Tier II
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	Depending on age, service and type of employment
Investment Rate of Return	7.5% (2)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
Mortality	Derived using CalPERS Membership Data for all Funds (2)

(1) Net of pension plan investment and administrative expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS' website.

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – PENSION PLANS (Continued)

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – PENSION PLANS (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Association's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Association's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous Tier I</u>	<u>Miscellaneous Tier II</u>
1% Decrease	6.50%	-1.00%
Net Pension Liability	\$16,781,696	\$6,567
Current Discount Rate	7.50%	0.00%
Net Pension Liability	\$11,353,987	\$3,686
1% Increase	8.50%	1.00%
Net Pension Liability	\$6,849,503	\$1,295

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 9 – POST EMPLOYMENT HEALTH CARE BENEFITS

The Association follows the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB).

By Board resolution and through agreements with its labor unit, the Association provides certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans. A summary of these benefits is shown below:

Benefit Summary:

Eligibility	Service or disability retirement Age 50 & 5 years service Disability retire directly from ABAG under CalPERS	
Benefit: Tier 1 Hired < 7/1/2009	Retired < 9/1/94- 100% of Kaiser single basic premium Retired ≥ 9/1/94 -100% of Kaiser 2-party basic premium Same cap pre- & post-65 PEMHCA administration fee paid by ABAG	
Tier 2 Hired ≥ 7/1/2009	PEMHCA minimum PEMHCA administration fee paid by ABAG	
Medical After Retirement (MARA)	Tier 1 One time only option to enroll Must opt out of defined benefit medical plan ABAG contributes PEMHCA minimum if opt in MARA Open enrollment for MARA ended in 2013	Tier 2 Must enroll in MARA ABAG contributes \$100/month to an individual MARA account for each non-management employee ABAG contributes \$200/month to an individual MARA account for each management employee MARA not included in the OPEB evaluation
Medicare B Reimbursement ¹	Retired < 9/1/94 - 100% for retiree Retired ≥ 9/1/94 -100% for retiree and spouse	None
Surviving Spouse of Retiree	Same benefit continues to surviving spouse if retiree elects CalPERS survivor annuity	

¹ Tier 1 reflects plan amendment. Pre-amendment benefit does not include Medicare B Reimbursement.

As of June 30, 2015, approximately 20 participants were eligible to receive benefits.

**ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 9 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.61% investment rate of return, (b) 3.25% projected annual salary increase, include inflation and (c) 5.0 – 8.3% health inflation increase. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The Association's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 22 year closed amortization period.

In accordance with the Association's budget, the annual required contribution (ARC) is to be funded throughout the year as a percentage of payroll. Concurrent with implementing Statement No. 45, the Association's Board passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administered by CalPERS, and is managed by an appointed board not under the control of Association Board. This Trust is not considered a component unit by the Association and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2015 the Association contributed \$893,874 which represented 13.00% of the \$6,871,000 of covered payroll. As a result, the Association has recorded the Net OPEB Obligation, the difference between the ARC and actual contributions, as presented below:

Net OPEB Obligation June 30, 2014	<u>\$599,976</u>
Annual required contribution (ARC)	768,000
Interest on net OPEB obligation	46,000
Implied subsidy	(18,264)
Adjustment to annual required contribution	<u>(100,061)</u>
Annual OPEB cost	<u>695,675</u>
Contributions made:	
Contributions to CERBT	599,976
Association's portion of current year premiums paid	<u>293,898</u>
Total contributions	<u>893,874</u>
Change in net OPEB Liability	<u>(198,199)</u>
Net OPEB Obligation June 30, 2015	<u>\$401,777</u>

The Net OPEB Obligation is included in the other accrued liabilities balance in the Statement of Net Position.

The Plan's annual required contributions and actual contributions for the last three fiscal years are set forth below:

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contributions	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2013	\$857,554	\$800,395	93%	\$666,720
6/30/2014	826,995	893,739	108%	599,976
6/30/2015	695,675	893,874	128%	401,777

**ASSOCIATION OF BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 10 – RELOCATION OF HEADQUARTERS

The Association together with the Metropolitan Transportation Commission (MTC) will be relocated to San Francisco in early 2016. The relocation will enhance planning and research activity collaboration between the two agencies.

In February 2013, the Association entered into a Memorandum of Understanding (MOU) with the Bay Area Headquarters Authority (BAHA), the owner of the property in San Francisco. The key component of the MOU is the real estate exchange between the Association and BAHA wherein the Association grants to BAHA its entire condominium interest in the Joseph P. Bort MetroCenter, 101 8th Street Oakland (MetroCenter Condo) and BAHA grants to the Association a condominium interest to be created at 375 Beale Street, San Francisco (ABAG Condo). The MOU also spells out physical elements of the ABAG Condo, exchange requirements, ABAG's relocation expenses, use and occupancy of the ABAG Condo, a cap on ABAG's Common Expenses for the ABAG Condo, limitations on disposition of ABAG Condo, and handling of casualty events.

As part of the exchange agreement, the Association shall provide \$4.2 million to BAHA for tenant improvements to the ABAG Condominium, solely from funds provided by MTC to the Association in accordance with the funding framework approved by MTC in June 2014. Under the funding framework, the Association acts as a conduit for the transfer of funds from MTC to BAHA. The transfers will occur between fiscal year 2013-14 to 2020-21. Fund transfers totaling \$800 thousand for fiscal years 2014-15 and 2015-16 were made in fiscal year 2014-15.

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES

A. *Federal and State Grant Programs*

The Association participates in Federal and State grant programs. These programs have been audited by the Association's independent accountants through the fiscal year ended June 30, 2015 in accordance with the provisions of the Federal Single Audit Act, as amended, and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Association expects such amounts, if any, to be immaterial.

B. *Potential Merging of Entities*

On October 28, 2015 the governing bodies of ABAG and MTC (Metropolitan Transportation Commission) adopted resolutions that provided for the retention of a consultant to conduct a merger study and a merger implantation plan of ABAG and MTC to be completed by June 1, 2016. If the agencies agree to merge, ABAG may cease to exist as an independent entity. If the agencies do not agree to merge, the state mandated land use planning responsibilities may be transferred to MTC. Such a transfer would significantly alter the organizational and finance structure of ABAG.

Required Supplemental Information

**ASSOCIATION OF BAY AREA GOVERNMENTS
REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2015**

Association of Bay Area Governments, a Cost-Sharing Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	<u>Miscellaneous</u>	
	<u>Tier 1</u>	<u>Tier 2</u>
	<u>6/30/2014</u>	<u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability/Asset	0.18247%	0.00006%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$11,353,987	\$3,686
Plan's Covered-Employee Payroll	\$6,626,785	\$603,786
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	171.33%	0.61%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	72.25%	83.03%

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**ASSOCIATION OF BAY AREA GOVERNMENTS
REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2015**

Association of Bay Area Governments, a Cost-Sharing Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	Miscellaneous	
	Tier 1	Tier 2
	Fiscal Year 2014-2015	Fiscal Year 2014-2015
Actuarially determined contribution	\$ 1,241,608	\$ 64,130
Contributions in relation to the actuarially determined contributions	(1,241,608)	(64,130)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 \$ 6,626,785	 \$ 603,786
 Contributions as a percentage of covered-employee payroll	 18.74%	 10.62%
 Notes to Schedule		
Valuation date:	6/30/2013	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service and type of employment
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation
 Retirement age	 55 yrs. Misc., 62 yrs. Tier 2
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

**ASSOCIATION OF BAY AREA GOVERNMENTS
REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2015**

Association of Bay Area Governments, Other Post Employment Benefits
As of fiscal year ending June 30, 2015
Last 3 Valuations

SCHEDULE OF FUNDING CONTRIBUTIONS

Valuation Date	Actuarial		Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (overfunded) Actual Liability as % of Covered Payroll
	Value of Assets	Accrued Liability				
6/30/2009	\$0	\$4,346,000	\$4,346,000	0.00%	\$6,828,000	63.6%
6/30/2011	1,226,000	6,684,000	5,458,000	18.34%	6,684,000	81.7%
6/30/2013	2,754,000	7,675,000	4,921,000	35.88%	6,871,000	71.6%

ASSOCIATION OF BAY AREA GOVERNMENTS

**SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

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ASSOCIATION OF BAY AREA GOVERNMENTS

**SINGLE AUDIT REPORT
For The Year Ended June 30, 2015**

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SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated December 29, 2015 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS –

Prepared by Management

Financial Statement Prior Year Findings

There were no prior year Financial Statement Findings reported.

Federal Award Prior Year Findings and Questioned Costs

Finding SA 2014-01: Timely Submittal of Required Reports

CFDA Number: 20.205, 66.456
CFDA Title: Highway Planning and Construction
National Estuary Program
Name of Federal Agency: U.S. Department of Transportation
U.S. Environmental Protection Agency
Name of pass-through Entity: Metropolitan Transportation Commission

Criteria: Section 7.0 “Reports and Products Deliverable” of the Interagency Agreement between the Metropolitan Transportation Commission and the Association of Bay Area Governments (Association) for fiscal year 2013-2014 states progress reports are to be submitted no later than 15 days after the end of each quarter. The “Programmatic Conditions” of the Environmental Protection Agency (EPA) agreement state biannual progress reports are to be submitted on the 30th day of October and April during the lifetime of the project. Evidence of timely submission of progress reports should be retained by the Association.

Condition: During our testing of progress reports, we noted the following:

- In regards to the Highway Planning and Construction grant, no audit evidence existed of the progress reports for the quarters ended December 31, 2013 being submitted within the required 15 days after the end of each quarter. Furthermore, the report for the quarter ended March 31, 2014 was not submitted until May 6, 2014, which is 20 days after the required submittal date.
- For the National Estuary Program Grant, there was no audit evidence of the required biannual reports for fiscal year 2013-2014 being submitted on October 30, 2013 and April 30, 2014, as required by the grant agreement. Association staff and the EPA Project Manager were unable to find documentation to show when the reports were submitted. Progress reports for fiscal year 2013-2014 were resubmitted to EPA on July 25, 2014.

Effect: The Association is not in compliance with the grant agreements. Lack of compliance with the agreement could have a potential impact on future funding sources.

Cause: Per inquiry with staff, the Association and the Metropolitan Transportation Commission were continuously revising the due dates for the progress reports through meetings and other communications, resulting in a delay in submitting the requisite reports. Also, the Association was unable to provide any documentation illustrating when the reports for the National Estuary Program were submitted.

Recommendation: The Association should develop procedures to comply with all the reporting requirements of the federal grant and maintain evidence of submission accordingly.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (Continued)

Prepared by Management

Finding SA 2014-01: Timely Submittal of Required Reports (Continued)

View of Responsible Officials and Planned Corrective Actions:

- **Name of Contact Person:** Susan Hsieh, Assistant Finance Director, Duane Bay, Assistant Planning Director, and Paula Trigueros, Contract Manager.
- **Current Status:** Management concurred with the recommendation of the auditors in the June 30, 2014 report and, accordingly, advised all staff members responsible for grant reporting of the specified reporting deadlines and the requirement to maintain documentation of the dates on which reports are filed. Printed copies of report transmittal letters are now retained in the grant files. These procedures are currently in effect and have proven adequate to prevent recurrence of past compliance failures.

Finding SA2014-02 – Certification of Non-Suspension/Debarment

CFDA number: 20.205, 15.616
CFDA Title: Highway Planning and Construction
Clean Vessel Act
Name of Federal Agency: U.S. Department of Transportation
U.S. Department of the Interior
Name of Pass-Through Entity: Metropolitan Transportation Commission
California Department of Boating and Waterways

Criteria: When a non-federal entity enters into a covered transaction with a vendor, the non-federal entity must verify the vendor is not suspended or debarred or otherwise excluded. Furthermore, in regards to the Highway Planning Construction grant, Appendix D of the Interagency Agreement between the Metropolitan Transportation Commission and the Association of Bay Area Governments (Association) states that prior to executing a contract, the Association must obtain a certification from contractors to ensure the entity is not suspended or debarred or otherwise excluded.

Condition: During the audit, the Association was unable to provide documentation demonstrating it obtained certifications from vendors prior to entering into contracts with them, ensuring they were not debarred or suspended from any Federal department or agency. It also was unable to produce evidence the Association verified a vendor was not debarred and/or suspended, apart from obtaining certifications, prior to signing a contract with the party.

Effect: The Association is at risk of noncompliance due to the increased risk the vendors could be debarred or suspended. The Association is also not in compliance with the Interagency Agreement.

Cause: The Association did not retain documentation to illustrate it verified the vendors were not debarred or suspended prior to the award of a contract.

Recommendation: We recommend the Association ensure all current and future vendors funded by Federal grants are not debarred or suspended from participating in Federal grants. It must also maintain documentation illustrating such verification occurred prior to signing contracts with vendor.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (Continued)

Prepared by Management

View of Responsible Officials and Planned Corrective Actions

- **Name of contact person:** Susan Hsieh, Assistant Finance Director, Duane Bay, Assistant Planning Director, and Karen McDowell, Environmental Planner.
- **Current Status:** Management concurred with the recommendation of the auditors in the June 30, 2014 report and, accordingly, advised all staff members responsible for solicitation and awarding of grants, of the requirement to verify and document the verification of non-suspension or debarment of vendors before awarding of contracts requiring federal funds. The current year's audit did not disclose any recurrence of past compliance failures.

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ASSOCIATION OF BAY AREA GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identifying Number	Federal Expenditures
Department of Interior Direct Programs:			
Earthquake Hazards Reduction Program			
Bay Area Housing and Population Earthquake Risk	15.807	G13AP00034	\$20,763
Local Government Resilience Toolkit	15.807	G14AP00066	<u>85,000</u>
Program Subtotal			<u>105,763</u>
U.S. Geological Survey - Research and Data Collection			
Loma Prieta Commemoration	15.808	G14AC00387	10,000
2011 USGS - Conference Support	15.808	G11AC20293	<u>88,908</u>
Program Subtotal			<u>98,908</u>
Subtotal Department of Interior Direct Programs			<u>204,671</u>
Department of Interior Pass - Through Programs:			
California Department of Boating and Waterways			
Clean Vessel Act Program			
Clean Vessel Act	15.616	00-107-744	<u>163,567</u>
Subtotal Department of Interior Pass - Through Programs			<u>163,567</u>
Total Department of Interior Programs			
			368,238
Department of Transportation Pass - Through Programs:			
Pass - Through the Metropolitan Transportation Commission			
Highway Planning and Construction Programs:			
Information Analysis and Planning Services	20.205	Not Available	<u>2,323,890</u>
Pass - Through the Metropolitan Transportation Commission			
Metropolitan Transportation Planning			
Information Analysis and Planning Services	20.505	Not Available	<u>231,817</u>
Total Department of Transportation Pass - Through Programs Subtotal:			<u>2,555,707</u>
U.S. Environmental Protection Agency Direct Programs			
Surveys, Studies, Investigations, Demonstrations, and Training Grants and			
Cooperative Agreements - Section 104(b)(3) of the Clean Water Act			
EPA Estuary 2100	66.436	00T04701	<u>128,463</u>
Targeted Watersheds Grants			
EPA Green Infill / Clean SW	66.439	96932601	<u>8,154</u>
National Estuary Program			
EPA FY 13-14 Estuary	66.456	00T47801	<u>473,510</u>
Congressionally Mandated Projects			
Estuary 2100 Phase II	66.202	00T34101	<u>588,429</u>
The San Francisco Bay Water Quality Improvement Fund			
San Pablo Ave. Green SW Spine	66.126	00T68901	39,857
Flood 2.0 - Rebuilding Habitat & Shoreline Resilience	66.126	00T92401	376,081
Greener Pesticides for Cleaner Waterways	66.126	00T97901	37,430
EPA Mercury CPR	66.126	99T03401	<u>25,075</u>
Program Subtotal			<u>478,443</u>
Subtotal U.S. Environmental Protection Agency Direct Programs			<u>1,676,999</u>

(Continued)

ASSOCIATION OF BAY AREA GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identifying Number	Federal Expenditures
U.S. Environmental Protection Agency Pass - Through Programs			
Pass - Through the California State Water Resources Board Capitalization Grants for Clean Water States Revolving Funds SRF Unified Bay & Delta Reporting	66.458	14818550	<u>225,201</u>
Pass - Through the Aquatic Science Center Regional Wetland Program Development Grant Aquatic Science Center Contract II	66.461	1034	<u>8,805</u>
Subtotal U.S. Environmental Protection Agency Pass - Through Programs			<u>234,006</u>
Total U.S. Environmental Protection Agency Programs			<u>1,911,005</u>
Department of Housing and Urban Development Pass - Through Programs:			
Pass - Through the Metropolitan Transportation Commission Sustainable Communities Regional Planning Grant Program HUD Grant	14.703	Not Available	<u>75,000</u>
Total Department of Housing and Urban Development Pass - Through Programs			<u>75,000</u>
Department of Homeland Security Direct Programs:			
Cooperating Technical Partners Regional Resilience Plan	97.045	EMW-2014-CA-00101	<u>222,766</u>
Total Department of Homeland Security Direct Programs			<u>222,766</u>
Total Expenditures of Federal Awards			<u><u>\$5,132,716</u></u>

See notes to schedule of federal awards

ASSOCIATION OF BAY AREA GOVERNMENTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2015

NOTE 1-REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the Association of Bay Area Governments (Association), California and its component units as disclosed in the notes to the Basic Financial Statements.

NOTE 2-BASIS OF ACCOUNTING

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS

Federal awards may be granted directly to the Association by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the Association. The Schedule includes both of these types of Federal award programs when they occur.

NOTE 4 - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Association provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
66.436	Section 104(b)(3) of the Clean Water Act	\$ 32,035
66.458	Capitalization Grants for Clean Water States Revolving Funds	153,179
66.202	Congressionally Mandated Projects	529,230
66.126	The San Francisco Bay Water Quality Improvement Fund	332,922

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***



The Board of Directors
Association of Bay Area Governments,
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Association of Bay Area Governments (Association) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2015. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We have also issued a separate Memorandum on Internal Control dated December 29, 2015 which is an integral part of our audit and should be read in conjunction with this report.

Association's Response to Findings

Association's response to the findings identified in our audit are described in our separately issued Memorandum on Internal Control dated December 29, 2015 which is an integral part of our audits and should be read in conjunction with this report. Association's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasant Hill, California
December 29, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Honorable Members of the Executive Board of the Association of Bay Area Governments, California

Report on Compliance for Each Major Federal Program

We have audited Association of Bay Area Governments (Associations) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended June 30, 2015. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the basic financial statements of the Association as of and for the year ended June 30, 2015, and have issued our report thereon dated December 29, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Pleasant Hill, California
December 29, 2015

**ASSOCIATION OF BAY AREA GOVERNMENTS
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2015**

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**ASSOCIATION OF BAY AREA GOVERNMENTS
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2015

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MEMORANDUM ON INTERNAL CONTROL

To the Executive Board of the
Association of Bay Area Governments
Oakland, California

In planning and performing our audit of the basic financial statements of the Association of Bay Area Governments (Association) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Maze & Associates' in a cursive, flowing script.

Pleasant Hill, California
December 29, 2015

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2015-01: Current Organizational and Finance Structure Going Concern

As auditors of the Association, the Board has engaged us to perform an audit of the Association's financial statements and opine on the Association's financial statements and provide assurance to readers of the statements, including the Board, that the financial statements are prepared in accordance with generally accepted accounting principles. The Association's financial statements are prepared assuming the Association may not continue to operate in its current organizational and finance structure. We have been informed that subsequent to June 30, 2015, the Association and the Metropolitan Transportation Commission (MTC) have currently engaged an outside consultant to evaluate whether or not the two entities should merge. The evaluation is expected to be completed by June 2016. If the agencies agree to merge, the Association may cease to exist an independent entity; if they do not, other structural changes may be implemented.

Management's Response:

The members and staff of ABAG are committed to continuation of all current ABAG programs and activities without disruption, and it is expected that the current evaluation of the MTC/ABAG relationship will yield increased efficiency and benefits to the public that ABAG serves.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2015-02: UPCOMING GASB Pronouncements

The following comment represents new pronouncements taking effect next fiscal year 2015-2016. We have cited them here to keep you abreast of developments:

GASB 72 – Fair Value Measurement and Application

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Fair Value Measurement

Fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value should not be adjusted for transaction costs.

This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

Fair Value Application

This Statement generally requires investments to be measured at fair value. An *investment* is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

Fair Value Disclosures

This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

How the Changes in This Statement Improve Financial Reporting

The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

Management Response:

We are prepared to fully implement the requirements of GASB 72 in our financial reports for the year ending June 30, 2016, and we do not anticipate any significant changes in our financial statements and disclosures stemming from the implementation of GASB 72.

GASB 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

Issued in June 2015, the objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

How the Changes in This Statement Improve Financial Reporting

The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

Management Response:

We have no objections to the provisions of GASB 76, and we do not anticipate any changes in ABAG's application of Generally Accepted Accounting Principles, as a result of its implementation.

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REQUIRED COMMUNICATIONS

To the Executive Board of the
Association of Bay Area Governments
Oakland, California

We have audited the basic financial statements of the Association of Bay Area Governments (Association) for the year ended June 30, 2015. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association of Bay Area Governments are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The pronouncement became effective, and as disclosed in Note 1G to the financial statements required a prior period restatement for the cumulative effect on the financial statements.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine *all* such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

The pronouncement became effective, and as disclosed in Note 1G to the financial statements required a prior period restatement for the cumulative effect on the financial statements.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Association's financial statements were:

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 8 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the Association. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liability: Management's estimate of the net OPEB liability is disclosed in Note 9 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the Association. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Fair Value of Investments: As of June 30, 2015, the Association held approximately \$8.5 million of cash and investments as measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2015. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2015.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 3 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Unbilled Receivables: The Association has recorded unbilled receivables approximating \$6.34 million. Actual billings and the ultimate collections may vary from this estimate.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all/certain such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated December 29, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Association’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters:

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

This information is intended solely for the use of the Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
December 29, 2015

PRESIDENT	Councilmember Julie Pierce, City of Clayton
VICE PRESIDENT	Supervisor David Rabbitt, County of Sonoma
IMMEDIATE PAST PRESIDENT	Supervisor Mark Luce, County of Napa
SECRETARY-TREASURER	Ezra Rapport
LEGAL COUNSEL	Kenneth K. Moy

County of	Representative	Alternate
ALAMEDA	** Supervisor Scott Haggerty	Supervisor Keith Carson
ALAMEDA	** Supervisor Nathan Miley	Supervisor Richard Valle
CONTRA COSTA	* Supervisor Karen Mitchoff	Supervisor John Gioia
CONTRA COSTA	* Supervisor Candace Andersen	Supervisor Mary Piepho
MARIN	** Supervisor Damon Connolly	Supervisor Katie Rice
NAPA	** Supervisor Mark Luce	Supervisor Diane Dillon
SAN FRANCISCO	** Supervisor Eric Mar	To Be Appointed
SAN FRANCISCO	** Supervisor Jane Kim	To Be Appointed
SAN FRANCISCO	** To Be Appointed	To Be Appointed
SAN MATEO	* Supervisor Warren Slocum	To Be Appointed
SAN MATEO	* Supervisor Dave Pine	To Be Appointed
SANTA CLARA	** Supervisor Cindy Chavez	Supervisor Mike Wasserman
SANTA CLARA	** Supervisor David Cortese	Supervisor Joe Simitian
SOLANO	* Supervisor Linda Seifert	Supervisor Erin Hannigan
SONOMA	* Supervisor David Rabbitt	Supervisor Susan Gorin

Cities in the County of	Representative	Alternate
ALAMEDA	* Mayor Bill Harrison (Fremont)	Mayor Barbara Halliday (Hayward)
ALAMEDA	* Mayor Jerry Thorne (Pleasanton)	To Be Appointed
CONTRA COSTA	** Councilmember Julie Pierce (Clayton)	Councilmember Brandt Andersson (Lafayette)
CONTRA COSTA	** Vice Mayor Dave Hudson (San Ramon)	Mayor Pro Tem Roy Swearingen (Pinole)
MARIN	* Mayor Pat Eklund (Novato)	Councilmember Jessica Jackson (Mill Valley)
NAPA	* Mayor Leon Garcia (American Canyon)	To Be Appointed
CITY OF SAN FRANCISCO	* Mayor Edwin Lee	Jeff Buckley, Senior Advisor
CITY OF SAN FRANCISCO	* Nicole Wheaton, Director, Leg and Gov Affairs	Andrew Dayton, Dep Dir, Leg and Gov Affairs
SAN MATEO	** Councilmember Pradeep Gupta (S San Francisco)	Councilmember Wayne Lee (Millbrae)
SAN MATEO	** Councilmember Mary Ann Nihart (Pacifica)	Mayor Catherine Carlton (MenloPark)
SANTA CLARA	* Mayor Greg Scharff (Palo Alto)	Councilmember Chris Clark (Mountain View)
SANTA CLARA	* Councilmember Jim Davis (Sunnyvale)	Mayor Jeffery Cristina (Campbell)
SOLANO	** Mayor Jack Batchelor (Dixon)	Mayor Pete Sanchez (Suisun City)
SONOMA	** Councilmember Jake Mackenzie (Rohnert Park)	Councilmember Julie Combs (Santa Rosa)
CITY OF OAKLAND	* Councilmember Abel Guillen	Councilmember Lynnette Gibson McElhaney
CITY OF OAKLAND	* Councilmember Annie Campbell Washington	Councilmember Dan Kalb
CITY OF OAKLAND	* Councilmember Desley Brooks	To Be Appointed
CITY OF SAN JOSE	* Councilmember Magdalena Carrasco	Vice Mayor Rose Herrera
CITY OF SAN JOSE	* Councilmember Charles "Chappie" Jones	Councilmember Tam Nguyen
CITY OF SAN JOSE	* Councilmember Raul Peralez	Councilmember Ash Kalra

Advisory Members	Representative	Alternate
RWQCB	William Kissinger	Terry Young

* Term of Appointment: July 1, 2014 - June 30, 2016

** Term of Appointment: July 1, 2015 - June 30, 2017

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MEETING SCHEDULE 2016

Approved by the Executive Board: November 19, 2015

For meeting date and time and location, see meeting notice, agenda and attachments available at <http://www.abag.ca.gov/>

General Assembly and Business Meeting

Date: TBD

Time: TBD

Location: TBD

Contact: Brad Paul, Deputy Executive Director, (510) 464 7955, bradp@abag.ca.gov

Executive Board

Dates: Thursday, January 21
Thursday, March 17
Thursday, May 19
Thursday, July 21
Thursday, September 15
Thursday, November 17

Time: 7:00 PM to 10:00 PM

Location: Joseph P. Bort MetroCenter, 101 8th Street, Auditorium, Oakland
Across from the Lake Merritt BART Station

Contacts: Brad Paul, Deputy Executive Director, (510) 464 7955, bradp@abag.ca.gov
Fred Castro, Clerk of the Board, (510) 464 7913, fredc@abag.ca.gov

Legislation and Governmental Organization Committee

Dates: *See Executive Board Schedule*

Time: 3:30 PM to 5:00 PM

Location: ABAG Conference Room B

Contact: Halimah Anderson, Communications Officer, (510) 464 7986,
halimaha@abag.ca.gov

ASSOCIATION OF BAY AREA GOVERNMENTS
MEETING SCHEDULE 2016

2

Finance and Personnel Committee

Dates: See *Executive Board Schedule*
Time: 5:00 PM to 6:00 PM
Location: ABAG Conference Room B
Contact: Finance Director, (510) 464 7900

Administrative Committee

Dates: Special meetings scheduled as needed.

Meets jointly with the MTC Planning Committee on the second Friday of the month, 9:30 AM, Joseph P. Bort MetroCenter, 101 8th Street, Auditorium, Oakland, across from the Lake Merritt BART Station

Friday, January 8
Friday, February 12
Friday, March 11
Friday, April 8
Friday, May 13
Friday, June 10
Friday, July 8
Friday, September 9
Friday, October 14
Friday, November TBD
Friday, December 9

Contact: Brad Paul, Deputy Executive Director, (510) 464 7955, bradp@abag.ca.gov

Regional Planning Committee

Dates: Wednesday, February 3
Wednesday, April 6
Wednesday, June 1
Wednesday, August 3
Wednesday, October 5
Wednesday, December 7

Time: 12:30 PM to 2:30 PM

Location: Joseph P. Bort MetroCenter, 101 8th Street, Auditorium, Oakland
Across from the Lake Merritt BART Station

Contact: Miriam Chion, Planning and Research Director, (510) 464 7919,
miriamc@abag.ca.gov

Wally Charles, Administrative Secretary, Planning, (510) 464 7993,
wallyc@abag.ca.gov