

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

AGENDA

REVISED

FINANCE AND PERSONNEL COMMITTEE

Thursday, September 15, 2016, 5:00 p.m. to 6:00 p.m.

Location:

Bay Area Metro Center
Board Room CR 110B
375 Beale Street
San Francisco, California

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

Agenda and attachments available at abag.ca.gov

For information, contact Fred Castro, Clerk of the Board, at (415) 820 7913.

1. CALL TO ORDER / ROLL CALL / CONFIRM QUORUM

2. PUBLIC COMMENT

Information

3. COMMITTEE MEMBER ANNOUNCEMENTS

Information

4. APPROVAL OF ABAG FINANCE AND PERSONNEL COMMITTEE SUMMARY MINUTES OF MEETING ON JULY 21, 2016 AND JULY 29, 2016

ACTION

Attachments: Summary Minutes of July 21, 2016; Summary Minutes of July 29, 2016

5. REPORT ON FINANCIAL REPORT FOR JUNE 2016

ACTION

Attachments: Financial Report; Financial Report Indices

6. REPORT ON REVISION TO ABAG INVESTMENT POLICY

ACTION

ABAG Finance and Personnel Committee

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7. REPORT ON PAYMENT OF MEMBERSHIP DUES FOR FISCAL YEAR 2016-2017

ACTION

Attachment: Membership Dues

8. REPORT ON JOINT POWERS AGREEMENT TO PROVIDE STAFFING FOR THE SAN FRANCISCO BAY RESTORATION AUTHORITY

ACTION

ABAG staff requests that the Finance and Personnel Committee recommends that the Executive Board authorize the Executive Director, or his designee, to negotiate and execute a Joint Powers Agreement that conforms in all material respects with Attachment A to this memorandum.

Attachments: JPA San Francisco Bay Restoration Authority; JPA SFBRA Proposed Recitals and Terms

9. CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Marti Paschal, Interim Assistant Director of Administrative Services; Brad Paul, Deputy Executive Director; Ezra Rapport, Executive Director.

Employee organization: SEIU Local 1021

10. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Director

11. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Legal Counsel

12. OPEN SESSION

ADJUSTMENT TO PUBLIC EMPLOYEE COMPENSATION: EXECUTIVE DIRECTOR

Information/ACTION

The Executive Director has requested an adjustment to his compensation which is documented in a memorandum that has been provided to the Finance and Personnel (FP) Committee and the Executive Board. The FP Committee will report to the Executive Board on its recommended action on this request.

Attachment: Executive Director Compensation

ABAG Finance and Personnel Committee

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13. OPEN SESSION

ADJUSTMENT TO PUBLIC EMPLOYEE COMPENSATION: LEGAL COUNSEL

Information/ACTION

The Legal Counsel has requested an adjustment to his compensation which is documented in a memorandum that has been provided to the Finance and Personnel Committee (FP) and the Executive Board. The FP Committee will report to the Executive Board on its recommended action on this request.

Attachment: Legal Counsel Compensation

14. ADJOURNMENT

The next regular meeting of the ABAG Finance and Personnel Committee will be on November 17, 2016.

Submitted:

/s/ Courtney Ruby, Interim Finance Director

Date Submitted: August 29, 2016

Date Sent to Members: September 2, 2016

Revised: Revised September 8, 2016

Date Posted: September 12, 2016

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SUMMARY MINUTES (DRAFT)

ABAG Finance and Personnel Committee Meeting
Thursday, July 21, 2016
Bay Area Metro Center
375 Beale Street, Claremont CR 120
San Francisco, California

1. CALL TO ORDER / ROLL CALL / CONFIRM QUORUM

ABAG Finance and Personnel Committee Chair Bill Harrison, Mayor, City of Fremont, called the meeting of the Finance and Personnel Committee of the Association of Bay Area Governments to order at about 5:02 p.m.

A quorum of the Committee was present.

Members Present

Bill Harrison, Mayor, City of Fremont—Chair
David Cortese, Supervisor, County of Santa Clara
Pradeep Gupta, Vice Mayor, City of South San Francisco
Scott Haggerty, Supervisor, County of Alameda
Karen Mitchoff, Supervisor, County of Contra Costa
Greg Scharff, Vice Mayor, City of Palo Alto
Linda Seifert, Supervisor, County of Solano
Julie Pierce, Councilmember, City of Clayton—*Ex officio*
Mark Luce, Supervisor, County of Napa—*Ex officio*

Members Absent

Desley Brooks, Councilmember, City of Oakland
David Rabbitt, Supervisor, County of Sonoma—*Ex officio*

Staff Present

Ezra Rapport, Executive Director
Kenneth Moy, Legal Counsel
Brad Paul, Deputy Executive Director
Courtney Ruby, Interim Finance Director
Marti Paschal, Interim Assistant Director of Administrative Services

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF ABAG FINANCE AND PERSONNEL COMMITTEE SUMMARY MINUTES OF MEETING ON JUNE 16, 2016

Chair Harrison recognized a motion by Karen Mitchoff, Supervisor, County of Contra Costa, which was seconded by Julie Pierce, Councilmember, City of Clayton, to approve the Finance and Personnel Committee summary minutes of June 16, 2016.

The ayes were: Harrison, Cortese, Gupta, Haggerty, Mitchoff, Scharff, Seifert, Pierce, Luce.

The nays were: None.

The abstentions were: None.

The absences were: Brooks, Rabbitt.

The motion passed unanimously.

4. PRESENTATION AND REVIEW OF FINANCIAL REPORT FOR MAY 2016

Ruby Courtney, ABAG Interim Finance Director, reported on the Financial Report of May 2016.

Chair Harrison asked the question regarding the receivables. Ruby reported that as of July 10, 2016, we had received \$600,000 of the \$1.96 million invoiced for the Fiscal Year 2016-17 ABAG membership dues. The amount outstanding was \$1.36 million.

Chair Harrison responded that this amount is a little less than a third. He wanted to know if this pattern was consistent with prior years. Ruby responded that the pattern was consistent with prior years.

There was no public comment.

Chair Harrison recognized a motion, which was seconded, to approve the Financial Report for May 2016.

The ayes were: Harrison, Cortese, Gupta, Haggerty, Mitchoff, Scharff, Seifert, Pierce, Luce.

The nays were: None.

The abstentions were: None.

The absences were: Brooks, Rabbitt.

The motion passed unanimously.

5. REPORT ON PAYMENT OF MEMBERSHIP DUES FOR FISCAL YEAR 2016-17

Ruby reported on payment of membership dues for Fiscal Year 2016-17.

6. REPORT ON LINE OF CREDIT RENEWAL WITH BANK OF THE WEST

Ruby reported on the line of credit renewal with Bank of the West. We had anticipated signing documents by the end of June; however, it was delayed by having to complete an environmental questionnaire. They have received documentation and should be approved shortly.

The Committee entered Closed Session at about 5:02 p.m.

7. CLOSED SESSION

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Director

B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Legal Counsel

The Committee returned to Open Session at about 6:40 p.m.

There was no reportable action out of Closed Session.

8. OPEN SESSION: PUBLIC EMPLOYEE COMPENSATION ACTION

A. Committee consideration and action on proposed increase in the compensation of the Executive Director.

There was no report.

B. Committee consideration and action on proposed increase in the compensation of the Legal Counsel.

There was no report.

9. ADJOURNMENT / NEXT MEETING

The meeting adjourned at about 6:40 p.m.

The next regular meeting of the ABAG Finance and Personnel Committee will be on September 15, 2016.

Submitted:

/s/ Courtney Ruby, Interim Finance Director

Date Submitted: September 1, 2016

Date Approved:

For information, contact Fred Castro, Clerk of the Board, at (415) 820 7913 or FredC@abag.ca.gov.

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SUMMARY MINUTES (DRAFT)

ABAG Finance and Personnel Committee Meeting
Friday, July 29, 2016
Bay Area Metro Center
375 Beale Street, Yerba Buena CR 109
San Francisco, California

1. CALL TO ORDER / ROLL CALL / CONFIRM QUORUM

ABAG Finance and Personnel Committee Vice Chair Karen Mitchoff, Supervisor, County of Contra Costa, called the meeting of the Finance and Personnel Committee of the Association of Bay Area Governments to order at about 1:08 p.m.

A quorum of the Committee was present.

Members Present

Scott Haggerty, Supervisor, County of Alameda
Karen Mitchoff, Supervisor, County of Contra Costa—Vice Chair
Julie Pierce, Councilmember, City of Clayton—*Ex officio*
Mark Luce, Supervisor, County of Napa—*Ex officio*

Members Participating by Teleconference

David Cortese, Supervisor, County of Santa Clara
Bill Harrison, Mayor, City of Fremont—Chair
David Rabbitt, Supervisor, County of Sonoma—*Ex officio*
Linda Seifert, Supervisor, County of Solano

Members Absent

Desley Brooks, Councilmember, City of Oakland
Pradeep Gupta, Vice Mayor, City of South San Francisco
Greg Scharff, Vice Mayor, City of Palo Alto

Staff Present

Marti Paschal, Interim Assistant Director of Administrative Services

Guest

Camille Pating, Meyers Nave

2. COMMITTEE ANNOUNCEMENTS

There were no committee member announcements.

3. PUBLIC COMMENT

There was no public comment.

The Committee entered Closed Session at about 1:10 p.m.

4. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Director

5. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Legal Counsel

The Committee returned to Open Session at about 3:00 p.m.

There was no reportable action out of Closed Session.

6. OPEN SESSION

ADJUSTMENT TO PUBLIC EMPLOYEE COMPENSATION: EXECUTIVE DIRECTOR

There was no report.

7. OPEN SESSION

ADJUSTMENT TO PUBLIC EMPLOYEE COMPENSATION: LEGAL COUNSEL

There was no report.

8. ADJOURNMENT

The meeting adjourned at about 3:00 p.m.

The next regular meeting of the ABAG Finance and Personnel Committee will be on September 15, 2016.

Submitted:

/s/ Courtney Ruby, Interim Finance Director

Date Submitted: September 1, 2016

Date Approved:

For information, contact Fred Castro, Clerk of the Board, at (415) 820 7913 or FredC@abag.ca.gov.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: September 1, 2016
To: ABAG Finance and Personnel Committee
From: Courtney Ruby
Director of Finance and Administrative Services
Subject: **Financial Reports June 2016**

The following are highlights of the June 2016 financial reports.

Overall Summary

The preliminary results show revenues exceeding expenses by \$367 thousand for the year ended June 30, 2016. This is attributed mostly to the sale of the Hazmat School training program for \$200 thousand and an Agency administration surplus of \$103 thousand. Please refer to the **Table of Financial Report Data Elements** for fiscal year adopted budget, projected fiscal year and year-to-date actual numbers.

Cash on Hand

The cash balance was \$7.3 million at the end of June, including \$2.2 million deposited in the Local Agency Investment Fund (LAIF) and \$2.4 million in the Money Market account. As shown in Figure 1, the actual monthly cash balances for the year were within our normal range of \$6.0 to \$10.0 million.

Receivables

At the end of June, total receivables amounted to \$29.7 million which included \$16.4 million of unbilled receivables related to SFEP's Integrated Regional Water Management Program (IRWMP) and \$13.3 million (mainly attributed to IRWMP and BayREN) of grant and service programs receivables, of which approximately \$8 million had been received by August 15, 2016. Receivables over 90 days past due were \$547 thousand including \$153 thousand from the Department of Water Resources and \$114 thousand from Bay Area Clean Water Agencies. All receivables are believed to be collectible. Figure 2 shows the comparison of receivables generated by grants and service programs over the current and prior fiscal year.

Revenues and Expenses

As of June 30, 2016, total revenue amounted to \$61.7 million, which is 109 percent of the \$56.6 million projected revenue for the year. Total expenses were also \$61.4 million, which is 109

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percent of the \$56.2 million projected expenses for the year. The surplus for the year amounted to \$367 thousand. This amount is preliminary and may be adjusted before the completion of the year-end audit.

Figure 3 presents a graphic comparison of the month of June 2016, the fiscal year then ended, and the projected revenues and expense for the fiscal year.

Figures 4 and 5 show year-to-date revenues and expenses by major categories. Grants revenue is 84% of total revenue, compared to 77% for the prior fiscal year. Pass-through and consultant expense are 74% of total expenses, compared to 64% for the prior fiscal year. The increasing percentages for these categories of revenues and expenses are caused by new multi-year funding for BayREN and SFEP's IRWMP by \$16 million and \$32 million respectively.

The total approved BayREN funding since inception in 2013 is in excess of \$62 million. The total approved state funding for SFEP's IRWMP program since 2011 is \$59 million with an additional funding match of \$40 million required from the sub-recipients, resulting in SFEP managing \$99 million for this program.

Net Position/Fund Equity

Total fund equity was negative \$7.7 million as of June 30, 2016. 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 the pension obligation and operations. Thus, the June fund equity for pension obligations is presented as a negative \$12.2 million, and the accumulated fund equity from operations is presented as a positive \$2.9 million in the financial reports. The restricted fund equity of \$1.6 million 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.

Indirect Overhead Rate

The Agency's actual indirect cost (overhead) rate through June 2016 was 47.52%, which was 2.57 percentage points above the adopted budget rate of 44.95 percent. This means ABAG has charged less to the grants for overhead expense than what was actually spent. The under recovery of overhead has been recorded as a receivable and will be billed to the projects in FY 17-18. Figure 7 shows a comparison between the actual indirect cost rate, projected rate and the approved rate.

Financial Information by Program

The **Report by Program of Net Surplus/(Deficit)** is included after the charts. This report presents revenue and expense information by program. It provides an overview of budgeted and year-to-date actual revenue and expense data for major programs such as Planning Services, San Francisco Estuary Partnership (SFEP), Bay Trail and POWER/Energy. Apart from SFEP none of the other programs listed on this chart are significantly out of line with the budget. For SFEP, the actual progress of the projects exceeded projection by approximately \$6.0 million. The significant variation is as a result of the complexity of the SFEP projects and

Financial Reports June 2016

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their multi-year duration that makes it difficult to closely project the progress by various sub-recipients and contractors.

The chart includes a projection of expenses for the year of \$56 million; this is up \$22 million from the November 30, 2015 projection. The majority of this increase is due to SFEP's IRWMP and BayREN as previously discussed.

Recommended Action

Staff recommends that the Finance and Personnel Committee approve the Financial Reports for June 2016.

Attachments

Financial Report Indices

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

For the Year Ended June 2016

Projected percentage of budget is 100%.

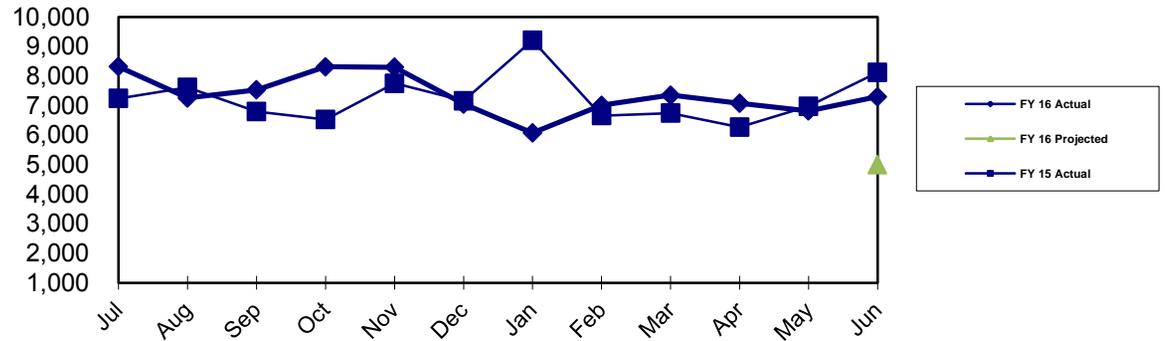
Description	Adopted Budget	Projected Fiscal Year Budget	Year-To-Date Actual	% of Projected Fiscal Year Budget
ASSETS				
Cash		5,000	7,300	
Receivables		11,000	29,687	
REVENUES				
Membership Dues	1,897	1,897	1,890	100%
Grants	19,450	46,316	51,721	112%
Charges for Services and Other	5,360	8,408	8,130	97%
Total Revenues	26,707	56,621	61,741	109%
EXPENSES				
Salaries and Benefits	11,588	10,876	10,686	98%
Pass-through and Consultant Expenses	12,780	40,701	45,659	112%
Other Expenses	2,289	4,644	5,029	108%
Total Expenses	26,657	56,221	61,374	109%
Change in Net Position	50	400	367	92%
Beginning Net Position	(8,095)	(8,095)	(8,095)	100%
Ending Net Position	(8,045)	(7,695)	(7,728)	100%
NET POSITION BREAKDOWNS				
Unrestricted - Accumulated Operations Surplus	2,551	2,516	2,919	116%
Unrestricted - Pension Adjustment - June 30, 2015	(12,253)	(12,253)	(12,254)	100%
Restricted - Tenant Improvements	800	1,250	800	64%
Restricted - Other	857	792	807	102%
Total Net Position	(8,045)	(7,695)	(7,728)	100%
INDIRECT OVERHEAD				
Overhead Rate	44.95%	46.02%	47.52%	103%

ABAG Financial Indices

Cash on Hand FY 15-16 (\$'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	7,052	6,073	7,010	7,353	7,079	6,818	7,300
FY 16 Projected												5,000
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 bank or invested in money market and the Local Agency Investment Fund. This chart shows fluctuation patterns of cash on hand for the current and prior fiscal years.

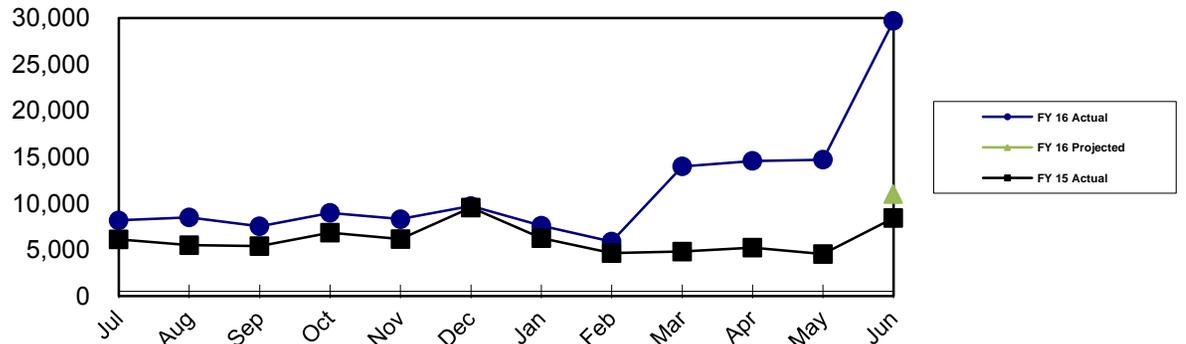
Figure 1--Cash on Hand--FY 15 and FY 16 (\$'000)



Accounts Receivable FY 15-16 (\$'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	9,710	7,593	5,885	13,973	14,576	14,708	29,687
FY 16 Projected												11,000
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. The increase from March is attributed to SFEP IRWMP and the increase in June is due to the accrual of unbilled receivables at year end mainly attributed to IRWMP.

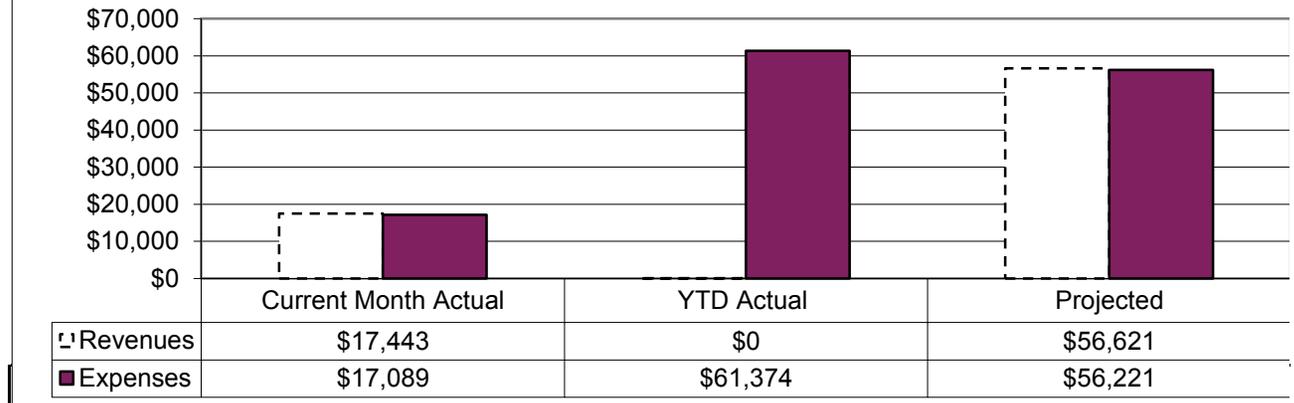
Figure 2--Accounts Receivable--FY 15 and FY 16 (\$'000)



ABAG Financial Indices

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

Figure 3--Revenues and Expenses (\$'000)



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

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

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

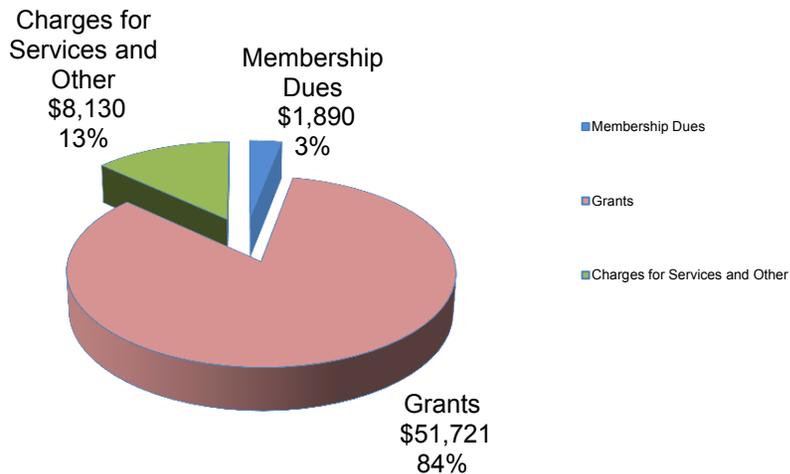
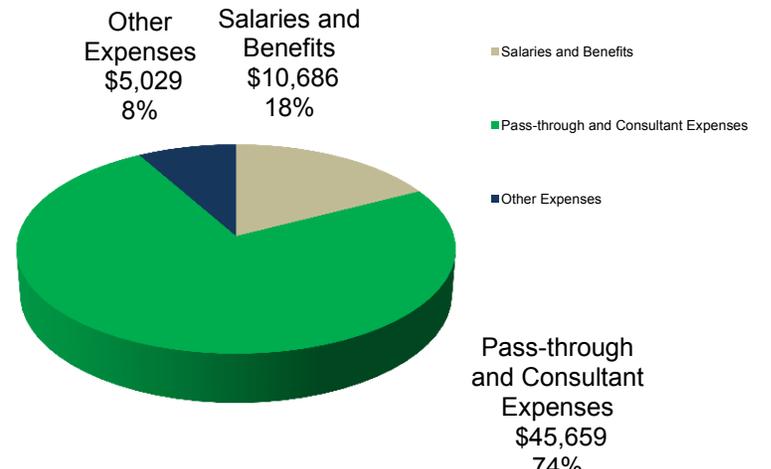
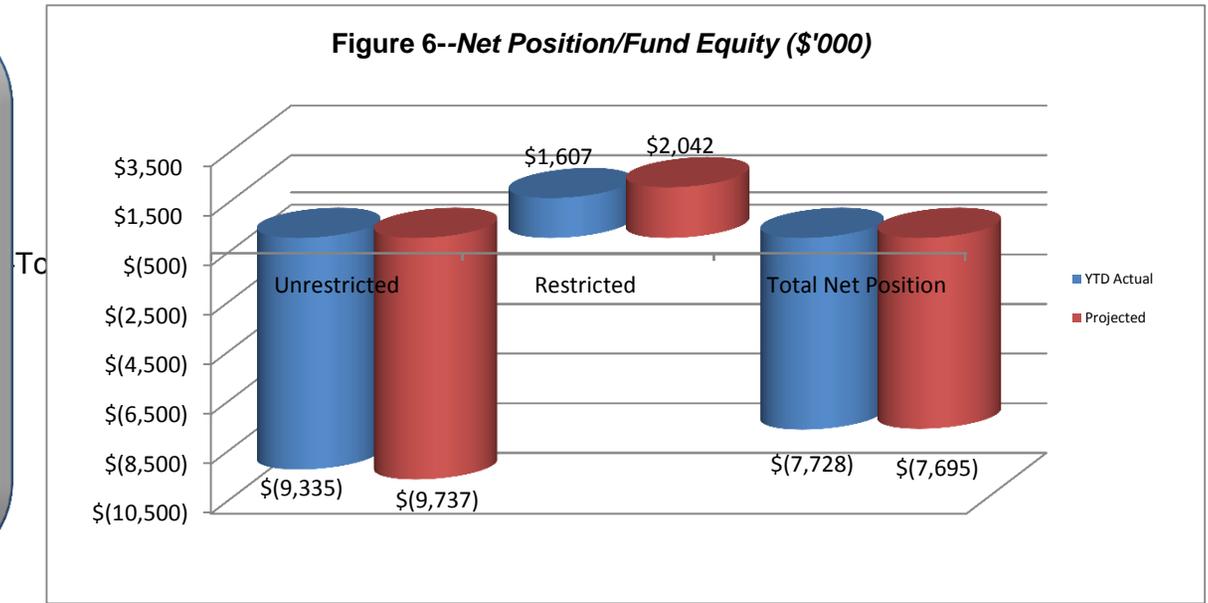


Figure 5-- Year-to-date Expenses by Category (\$'000)

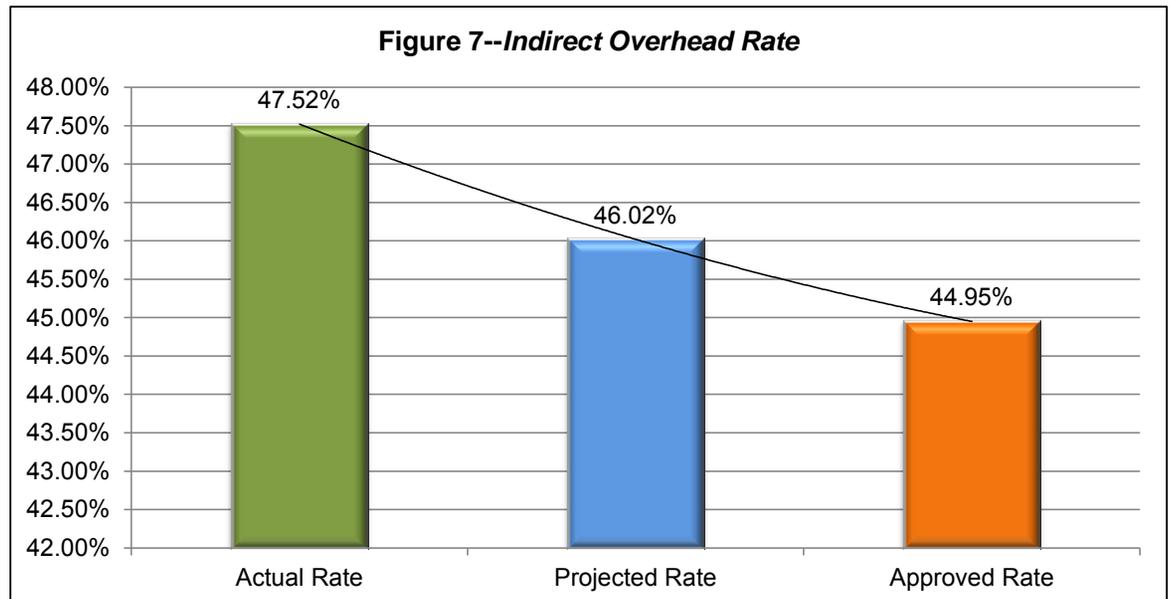


ABAG Financial Indices

Presents actual and adopted/projected general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building 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.



Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit)
Through June 2016 / 100% of Year Elapsed

Program Description	Adopted Budget	Adjustments	Projected Fiscal Year Budget		Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	% of Expense Budget	Comments (for budgets over \$10m, variance 10% > or < than 100% or surplus/loss more than \$100k)
			A		B	C	D = B - C	E = C/A	
Planning Services	3,844,000	(99,842)	3,744,158		3,472,638	3,618,159	(145,521)	97%	When the Interagency agreement with MTC was finalized in October 2015, it was \$130k lower than the amount expected under the original ABAG/MTC Framework Agreement. The department was unable to reduce costs accordingly because almost all of the department's expenses are for regular staff positions (essentially fixed costs). Employee attrition due to the mid-year office move would have compensated, but did not materialize.
San Francisco Estuary Partnership	5,380,000	17,074,189	22,454,189		28,346,280	28,317,610	28,670	126%	The projected expenses of \$22m represented the anticipated progress of projects at the end of May 2016. Due to complexity and the multi-year duration of the projects it takes several weeks at year end to know the actual progress of various projects. The actual progress by mid-August is estimated at \$28m and SFEP does not anticipate any material changes to this estimate.
Disaster Recovery	700,000	339,283	1,039,283		1,061,925	1,061,925	-	102%	
Bay Trail	1,028,000	780,046	1,808,046		1,717,303	1,717,303	-	95%	
Green Business	90,000	(27,000)	63,000		90,927	90,927	-	144%	Revenue received from member cities during the fiscal year was more than originally anticipated and resulted in higher expenses.
Training Center, Web Hosting and Publications	540,000	(108,923)	431,077		583,710	423,346	160,365	98%	Though expenses are within the expected activity levels compared to the budget, actual revenue is higher due to the accrual of \$150,000 receivable in 2017 and 2018 for sale of the Hazmat School training program to our partner, Safety Compliance Management (SCM). The school was sold for \$200,000 payable in one installment of \$50k (received in April 2016), and two installments of \$75k each receivable in 2017 and 2018. The accrual of the receivable amount of \$150,000 was not anticipated in the budget.
POWER/Energy	9,712,304	8,074,897	17,787,201		17,783,503	17,810,433	(26,930)	100%	The budget of \$18m for the BayREN program is made up of the original budget of \$12m plus carry over from FY 14/15 of \$1m and a new BayREN grant in January of \$4m.

Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit)
Through June 2016 / 100% of Year Elapsed

Program Description	Adopted Budget	Adjustments	Projected Fiscal Year Budget		Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	% of Expense Budget	Comments (for budgets over \$10m, variance 10% > or < than 100% or surplus/loss more than \$100k)
			A		B	C	D = B - C	E = C/A	
FAN Finance Authority	1,104,696	(28,667)	1,076,029		1,133,929	1,065,530	68,399	99%	
PLAN Corporation - Property & Liability Insurance Pool	2,200,000	258,589	2,458,589		2,275,282	2,275,282	-	93%	
SHARP - Worker's Comp Pool	150,000	13,302	163,302		122,145	122,145	-	75%	Actual expenses at the end of the year are lower than budgeted mainly due to savings of about \$30k in personnel and claims administration.
Fiscal Agent Services	106,200	30,269	136,469		129,430	122,365	7,065	90%	Revenue received from member cities was in excess of fees.
Communications/Legislative	560,000	(2,002)	557,998		616,741	615,741	1,000	110%	There were two GA meetings in the Spring thus increasing our expenses.
Agency Administration	1,241,622	87,204	1,328,826		1,266,084	1,162,347	103,737	87%	There were savings in Consultant costs \$50k, subscriptions \$30k and personnel costs \$25k
Payroll Clearing		(30,000)	(30,000)		-	(170,675)	170,675	n/a	This account can result in a surplus in some years and a deficit in some years depending on the timing of vacation usage and payments for benefits (unemployment insurance, retiree health, pension, etc.). Savings/excess collections from one year may be used to offset excess expenses and under recovery of benefits in future years.
Central Overhead	-	3,202,988	3,202,988		3,141,176	3,141,176	-	98%	
Totals	26,656,822	29,564,333	56,221,155		61,741,074	61,373,615	367,460	109%	

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: September 14, 2016
To: ABAG Finance and Personnel Committee
From: Courtney Ruby
Director of Finance and Administrative Services
Subject: **Revisions to ABAG Investment Policy**

Our investment policy needs to be updated to reflect the current standards, limits, and practices.

ABAG Investment Policy (revised September 17, 2015) is attached.

REVISION #1:

15.0 Reporting

The Finance Director will submit a monthly investment report which summarizes total investment return and budgetary expectations. The report shall also disclose all investment transactions during the period as well as a complete list of securities in the portfolio showing type, institution, coupon rate, effective yield and current market value.

Revision:

The Finance Director will submit a ~~monthly~~ quarterly investment report which summarizes total investment return and budgetary expectations. The report shall also disclose all investment transactions during the period as well as a complete list of securities in the portfolio showing type, institution, coupon rate, effective yield, and current market value.

Reason for revision:

Revision is to reflect reasonable practice given limited activity and low risk.

Revisions to ABAG Investment Policy

September 14, 2016

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REVISION #2:

Appendix A

Explanation of Allowable Instruments

Local Agency Investment Fund (LAIF).

The LAIF was established by the State of California to enable treasurers to place funds in a pool of investments. There is a limitation of \$50 million per agency subject to a maximum of 15 total transactions per month. ABAG uses this fund when interest rates are declining as well as for short-term investments and liquidity.

Revision:

Local Agency Investment Fund (LAIF).

The LAIF was established by the State of California to enable treasurers to place funds in a pool of investments. ~~There is a limitation of \$50 million per agency subject to a maximum of 15 total transactions per month.~~ ABAG follows the State treasury limits prescribed to LAIF. ABAG uses this fund when interest rates are declining as well as for short-term investments and liquidity.

Reason for revision:

Our external auditors, Maze & Associates, recommended this revision so that we would not have to update our policy every time LAIF increases its limit.

Attachment

ABAG Investment Policy

ASSOCIATION OF BAY AREA GOVERNMENTS

INVESTMENT POLICY

Adopted: July 17, 2003
Reaffirmed: January 19, 2006
Revised: September 18, 2008
Revised: January 21, 2010
Revised: September 17, 2015

Association of Bay Area Governments Investment Policy

1.0 Policy

It is the policy of the Association of Bay Area Governments (ABAG) to invest public funds in a manner which will provide the highest investment return consistent with maximum security while meeting the daily cash flow demands of ABAG and conforming to all state and local statutes governing the investment of public funds.

2.0 Scope

This investment policy applies to activities of ABAG with regard to investing the financial assets that arise from ABAG's operation.

3.0 Prudence

The investment portfolio of ABAG will be managed under the Prudent Person Rule which states, in essence, that "a trustee shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The application of this rule opens up a broad spectrum of investment opportunities as long as the investment is deemed prudent and is permissible under currently effective legislation of the State of California and this policy.

4.0 Objectives

It is the objective of this policy to provide a system which will accurately monitor and forecast revenues and expenditures so that ABAG can invest funds to the fullest extent possible. Funds of ABAG will be invested in accordance with sound treasury management principles with the following priorities:

1. Safety of invested funds
2. Maintenance of sufficient liquidity to meet cash flow needs
3. Attainment of maximum possible yields consistent with the above principles

4.1 Safety

A. To protect the value of the principal and interest of the invested funds, ABAG will invest only in the safest securities which include those backed by the U. S. Government or its agencies; those which have insurance on principal backed by the FDIC; or those which have legally required collateral backing of the invested principal.

B. ABAG's investment portfolio shall be diversified by type of investment, issuer and maturity dates to protect against changes in the market.

C. ABAG will not place any funds with any institution which is less than three (3) years old.

4.2 Liquidity

Maturity dates of investments shall be timed to provide funds for scheduled administrative and operating expenses.

The State Local Agency Investment Fund (LAIF) shall be used as one means of providing liquidity. However, because of the limitation in number of transactions allowed per month, some pre-planning will be necessary. CalTRUST will be used as an investment option to augment LAIF.

4.3 Yield

ABAG seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives and cash flow consideration. Purchase and sale of securities should be made on the basis of competitive offers and bids, when practical, to obtain the highest possible rates.

5.0 Designation of Treasurer

ABAG's Finance Director is hereby designated as treasurer. An investment team made up by the Finance Director, the Executive Director, and the Financial Services Manager shall advise the Treasurer on investment of ABAG's funds. The Treasurer is responsible for ensuring all investment activities are within the guidelines of these policies. ABAG shall develop and maintain administrative procedures for the operation of the investment program. In order to optimize total return through active portfolio management, resources shall be allocated to the investment program. This commitment of resources shall include financial and staffing considerations.

6.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the President any material financial interests in financial institutions that conduct business with ABAG or its affiliated entities, and they shall further disclose any large personal financial/investment positions that could be related to the performance of ABAG, particularly with regard to the time of purchases and sales.

7.0 Authorized Financial Dealers and Institutions

The Finance Director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of California. These may include primary or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No deposit of public funds shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director with the following: audited financial statements, proof of National Association of Security Dealers certification, trading resolutions, proof of state registration, and certificate of having read ABAG's investment policy.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Finance Director. A current audited financial statement is required to be on file for each financial institution and broker/dealer through which ABAG invests.

8.0 Authorized and Suitable Investments

The following is a summary of the authorized investment instruments and the applicable limitations to each:

<u>Type</u>	<u>Backed by</u>	<u>Limits</u>	<u>Term to maturity</u>
Local Agency Investment Fund (LAIF)	State Treasurer	As determined by State Treasurer	On demand
Investment Trust of California (CalTRUST)	CalTRUST	As determined by CalTRUST	On demand
Money Market Funds	Banks/mutual funds	20% of portfolio	On demand
Investment Agreements	Financial institutions		On demand

U.S. Treasury Bills	U.S. Treasury		To one year
U.S. Treasury Notes	U.S. Treasury		To one year
U.S. Govt. Agency Issues (e.g. FNMA, GNMA)	Federal Agencies		6 mos. to 5 years
Banker's Acceptances	Accepting Bank	40% of portfolio	Up to 180 days
Certificates of deposit with banks or savings and loan associations	FDIC or FSLIC insured	10% of portfolio per institution	To three years
Negotiable certificates of deposit	Issuing Bank	10% of portfolio	14 days to one year
Repurchasing Agreements	Issuing Bank/ Collateralized	10% of portfolio	Not to exceed 15 days
Commercial Papers	Corporations Liquidity	10% of portfolio	Up to 180 days

See Appendix A for description of above securities

8.1 Prohibited Investment Practices and Instruments

Certain investment practices and instruments are inconsistent with the first objective of this policy--safety of invested funds, and are therefore prohibited:

ABAG shall not engage in leveraged investing, such as in margin accounts or any form of borrowing for the purpose of investment.

ABAG shall not invest in instruments whose principal and interest have no backing as described in Section 1.A. of this policy. Examples of these instruments are options and future contracts.

ABAG shall not invest in securities with floating coupon interest rates.

With the exception of investments in the Local Agency Investment Fund (LAIF), CalTRUST and certificates of deposit that are insured by the FDIC, the Pool shall invest in securities that are rated within the top two rating categories of a nationally recognized rating service (e.g. Standard & Poor's and Moody's).

9.0 Collateralization

Collateralization will be required on two types of investments: certificates of deposit not insured by the FDIC, and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be (102%) of market value of principal and accrued interest.

ABAG chooses to limit collateral to U. S. Treasury and Federal Agency securities.

Collateral will always be held by an independent third party with whom ABAG has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to ABAG and retained.

10.0 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by ABAG shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director and evidenced by safekeeping receipts.

11.0 Diversification

ABAG will diversify its investments by security type and institution. With the exception of the California State Local Agency Investment Fund and U. S. Treasury securities, no more than 50 % of ABAG's total investment portfolio will be invested in a single security type or with a single financial institution.

12.0 Maturity

To the extent possible, ABAG will attempt to match its investments with anticipated cash flow requirements, and strive to limit average maturity of the investment portfolio to less than seven years.

13.0 Internal Control

The Finance Director shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

14.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

14.1 Market Yield Benchmark

For its operating funds, ABAG will strive to achieve an average rate of return that is no lower than the average rate of return from the California State Local Agency Investment Fund

15.0 Reporting

The Finance Director will submit a monthly investment report which summarizes total investment return and budgetary expectations. The report shall also disclose all investment transactions during the period as well as a complete list of securities in the portfolio showing type, institution, coupon rate, effective yield and current market value.

16.0 Policy Adoption

ABAG's investment policy shall be adopted by resolution of the Board of Directors. The policy shall be reviewed by the Finance Committee and any modification made thereto must be approved by the Board.

Appendix A

Explanation of Allowable Instruments

Local Agency Investment Fund (LAIF). The LAIF was established by the State of California to enable treasurers to place funds in a pool for investments. There is a limitation of \$50 million per agency subject to a maximum of 15 total transactions per month. ABAG uses this fund when interest rates are declining as well as for short-term investments and liquidity.

Investment Trust of California (CalTRUST). Shares of beneficial interest issued by the Investment Trust of California (CalTRUST), pursuant to California Government Code Section 6509.7; and authorized for local agency investment by California Government Code Section 53601(o). As a public agency, CalTRUST's investment portfolio is subject to the same Government Code restrictions and limitations as ABAG's, although its portfolio may contain investments not otherwise permitted under this policy. As such, the portion of ABAG's assets invested in CalTRUST shall be governed by the CalTRUST investment policy.

Money Market Funds. Diversified investment funds which invest in government-backed securities, provide daily liquidity and have no risk in principal. No more than 10 percent of the agency's funds may be invested in one issuer.

Investment Agreements. Government investment contracts with financial institutions rated within the two top rating categories of a nationally recognized rating agency; provided that if such rating falls below the two top rating categories of such agency, the investment agreement shall allow for the option to replace such financial institution or shall provide for the investment agreement to be fully collateralized by U.S. Treasury and Agency securities, provided further that if so collateralized the agency or its trustee, as the case may be, has a perfected first security lien on the collateral.

U.S. Treasury Bills. Commonly referred to as T-Bills, these are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three-month, six-month, and one-year maturities. T-Bills do not accrue interest but are sold at a discount to pay face value at maturity.

U.S. Treasury Notes. These are marketable, interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years. Interest is paid semi-annually.

U.S. Government Agency Issues. Include securities which fall into these categories: 1) Issues which are unconditionally backed by the full faith and credit of the United States, 2) Issues which are conditionally backed by the full faith and credit of the United States and 3) Issues which are not backed by the full faith and credit of the United States.

Issues which are unconditionally backed by the full faith and credit of the United States include: Small Business Administration (SBA) and General Services Administration (GSA).

Issues which are not backed by the full faith and credit of the United States include: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Farm Credit System, Banks for Cooperation (Co-ops), Federal Lands Banks (FLB), and Federal Intermediate Credit Banks (FICB).

While all the above issues are not unconditionally backed by the full faith and credit of the United States, they do in fact have defacto backing from the federal government, and it would be most unlikely that the government would let any of these agencies default on its obligations.

Banker's Acceptance. This is a negotiable time draft (bill of exchange) with a maturity of six months or less drawn on and accepted by a commercial bank. Banker's acceptances are usually created to finance the import and export of goods, the shipment of goods within the United States and storage of readily marketable staple commodities.

Certificate of Deposit (CDs) is a receipt for funds deposited in a Bank or Savings and Loan Association for a specified period of time at a specified rate of interest. The first \$250,000 of a certificate of deposit is guaranteed by the Federal Deposit Insurance Corporation (FDIC). CD's with a face value in excess of \$250,000 can be collateralized by Treasury Department Securities, which must be at least 110% of the face value of the CD's, in excess of the first \$250,000, or by first mortgage loans which must be at least 150% of the face value of the CD balance in excess of the first \$250,000.

Negotiable Certificate of Deposit is a form of Certificate of Deposit, usually supported only by the strength of the institution, but can be sold at any time. Interest on CD's with maturities of one year or less is typically paid at maturity, while interest on CD's with maturities over one year is typically paid semi-annually.

Repurchase Agreement (REPOS) is a contractual arrangement between a financial institution, or dealer, and an investor. This agreement normally can run for one or more days. The investor puts up his funds for a certain number of days at a stated yield. In return, he takes a given block of securities as collateral. At maturity, the securities are repurchased and the funds repaid plus interest.

Commercial Paper notes are secured promissory notes of industrial corporations, utilities and bank holding companies. Notes are in bearer form starting at \$100,000. State law limits an agency to invest in United States corporations having assets in excess of five hundred million dollars with an "A" or higher rating. ABAG may not invest more than 30% of idle cash in commercial papers.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: September 1, 2016
To: ABAG Executive Board
From: Courtney Ruby
Interim Finance Director
Subject: **Payment of Membership Dues for Fiscal Year 2016-17**

Executive Summary

Jurisdictions were invoiced for Fiscal Year 2016-17 membership dues in May 2016, payable on July 1, 2016. Out of a total billing of \$1.96 million to 109 jurisdictions, \$250 thousand was outstanding from 12 jurisdictions as of August 15, 2016

Compared to the prior year, out of a total billing of \$1.89 million for Fiscal Year 2015-16 to 109 jurisdictions, \$297 thousand was outstanding from 16 jurisdictions as of August 15, 2015.

Recommended Action

Information

Attachments

None

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: August 29, 2016

To: Executive Board via Finance and Personnel Committee

From: Ezra Rapport
Executive Director

Subject: **Joint Powers Agreement to Provide Staffing for the San Francisco Bay Restoration Authority**

Summary and Requested Action

On June 7, voters approved Measure AA placed on the ballot by the San Francisco Bay Restoration Authority (Authority) to levy a \$12 per year special tax on taxable parcels in the nine county Bay Area. The Authority will use this regional revenue –estimated to be \$25 million per year -- to leverage Federal and State efforts to restore wetlands in San Francisco Bay with significant co-benefits for the region. The Governing Board of the Authority is comprised of local elected officials of cities, counties and park and open space districts that abut the San Francisco Bay. Pending recommendation by the Finance and Personnel Committee, staff requests that the Executive Board authorize the Executive Director, or his designee, to negotiate and enter into a joint powers agreement with the Authority and the State Coastal Conservancy (Conservancy) for ABAG and the Conservancy to provide staffing to the Authority in a manner that conforms in all material respects with Attachment A to this memorandum.

Background and Discussion

A. The Authority and Measure AA

The Authority was created in 2008 by AB 2954 (Lieber) as a regional entity “to raise and allocate resources for the restoration, enhancement, protection, and enjoyment of wetlands and wildlife habitats in the San Francisco Bay and along its shoreline.” The intent is to “complement existing efforts by cities, counties, districts, the San Francisco Bay Conservation and Development Commission, the State Coastal Conservancy, and other local, regional, and state entities.” Members of the Governing Board¹ of the Authority are appointed by ABAG and must

¹ The current members of the Governing Board and the seats they occupy are:

- East Bay City/County – Supervisor John Gioia, Contra Costa County
- North Bay City/County – Supervisor Keith Caldwell, Napa County
- South Bay City/County – Councilmember Vinnie Bacon, City of Fremont
- West Bay City/County – Supervisor Scott Weiner, City and County of San Francisco
- At Large City/County – Mayor Patricia Showalter, City of Mountain View

JPA to Provide Staffing for the San Francisco Bay Restoration Authority

August 29, 2016

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be elected officials from cities, counties and open space/park districts that abut the San Francisco Bay.

The Authority has the power to levy a benefit assessment or special tax across the nine counties in the region and use the proceeds to fund projects that:

- (1) Restore, protect, or enhance tidal wetlands, managed ponds, or natural habitats on the shoreline in the San Francisco Bay area, excluding the Delta primary zone.
- (2) Build or enhance shoreline levees or other flood management features that are part of a project to restore, enhance, or protect tidal wetlands, managed ponds, or natural habitats identified in paragraph (1).
- (3) Provide or improve public access or recreational amenities that are part of a project to restore, enhance, or protect tidal wetlands, managed ponds, or natural habitats identified in paragraph (1).

The Authority placed Measure AA² on the June 7, 2016 ballot in all nine Bay Area counties. The measure levies an annual \$12 special tax on each taxable parcel in those counties for 25 years commencing July 1, 2017. On July 29, 2016 the governing Board adopted a resolution declaring that the measure passed on a 70.32% vote. The measure is expected to generate approximately \$25 Million annually. Administrative costs are capped at 5% of revenues.

The San Francisco Bay area is well-positioned to maximize the benefits of Measure AA. Over the last century, city building, agriculture, and other land use changes have hugely impacted the Bay with landfill and toxic pollution. Removing pollution, restoring wildlife habitat, enhancing creek outlets and wetlands, preserving clean water, protecting shoreline communities, and increasing trails and public access to the Bay shore will not only help protect the Bay's wildlife but also our existing shoreline communities and infrastructure, from the impacts of storms, high tides, and sea level rise. An illustrative list of projects³ prepared in 2015 is available and will be updated regularly. In association with these habitat restoration efforts, there are often opportunities to improve public access to the San Francisco Bay and to improve flood protection for adjacent, existing shoreline communities and infrastructure.

B. Staffing for the Authority

ABAG and Conservancy staffs have been discussing a possible Joint Powers Agreement (JPA) with the Authority so that ABAG and the Conservancy can collaboratively provide staff support. The JPA would not create a new entity. The Authority and the ABAG and Conservancy staffs have agreed in principle on the following:

- (1) The Authority pays the actual costs for ABAG and the Conservancy to provide staff services based on budgets prepared by ABAG and the Conservancy and approved by the Authority.

-
- o Park/Open Space District – John Sutter, East Bay Regional Park District
 - o Chairperson – Supervisor Dave Pine, County of San Mateo

² The text of the measure is here: <http://sfbayrestore.org/docs/BallotMeasureLanguage.pdf>

³ The current list is here: <http://sfbayrestore.org/docs/Projects.pdf>

JPA to Provide Staffing for the San Francisco Bay Restoration Authority

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- (2) The Conservancy provides executive, legal, and program staff services and ABAG provides treasurer, accounting, and program staff services.
- (3) Conservancy staff services costs would be based on the then-current fully burdened rate. ABAG staff costs would be reimbursed on staff costs plus ABAG's Federally approved indirect cost recovery rate.
- (4) The Conservancy and ABAG could withdraw from the JPA or the Authority could terminate the JPA, upon 180 days notice to the other parties.

This approach maximizes use of Measure AA revenues by leveraging the existing regional organizations' infrastructure and expertise rather than building a stand-alone staff structure for the Authority:

- o ABAG staff believes the Authority's mission and program is an integral part of regional planning for the Bay Area. The San Francisco Estuary Partnership (SFEP) has significant experience in managing funds for projects that protect, restore and enhance San Francisco Bay. In addition, ABAG has an experienced treasurer and accounting staff serving ABAG's grants (both made and received) and working with assessment based revenues.
- o The Conservancy has over 16 years of experience operating its San Francisco Bay Area Conservancy Program, which grants funds for projects that protect, restore and enhance San Francisco Bay. Conservancy staff has participated in numerous collaborative efforts of federal, state and local government agencies to prepare and implement plans that reflect the mutual goals of these agencies for protection, enhancement and restoration of San Francisco Bay and associated public access and flood management.

ABAG and Conservancy staffs have developed a term sheet (Attachment A) that reflects the need to minimize administrative costs while effectively implementing a transparent and results-oriented grant program as well as providing the necessary fiscal and budgetary management. The term sheet was presented to and accepted in principle by the Authority. A final draft of the JPA will be prepared before the Executive Board meeting in September and will be made available to Executive Board members and the public. The Conservancy will be seeking authorization to enter into the JPA from its board in late September. The Governing Board of the Authority is scheduled to take action on the JPA at its October 12 meeting.

With respect to the Option 7 IAP, ABAG staff has briefed the Governing Board and the Conservancy staff on that process and has included the Authority and a description of the proposed JPA in its initial response to MTC regarding the scope of the Contract for Services. The JPA can be structured so that once a Contract for Services is executed ABAG will be permitted to provide its services with MTC employees. Direct discussions among the Authority, the Conservancy, ABAG and MTC will be conducted on an as needed, or as requested basis.

JPA to Provide Staffing for the San Francisco Bay Restoration Authority

August 29, 2016

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Requested Action

Pending recommendation by the Finance and Personnel Committee, ABAG staff requests that the Executive Board authorize the Executive Director, or his designee, to negotiate and execute a Joint Powers Agreement that conforms in all material respects with Attachment A to this memorandum.

Attachment

- A. Joint Powers Agreement Term Sheet

JOINT POWERS AGREEMENT
SFBRA/ABAG/SCC
PROPOSED RECITALS AND TERMS
July 29, 2016

RECITALS

- A. The San Francisco Bay Restoration Authority (SFBRA) is a regional entity established by the San Francisco Bay Restoration Authority Act, Government Code section 66700 et seq. that is charged with raising and allocating funds for the protection and enhancement of tidal wetlands and other wildlife habitat in and surrounding the San Francisco Bay and for related public access and flood protection and that successfully placed the San Francisco Bay Clean Water, Pollution Prevention and Habitat Restoration Measure (“Measure AA”), a regional special tax measure, on the June 2016 ballot to raise such funds.
- B. The State Coastal Conservancy (SCC) is a state agency established pursuant to Division 21 of the Public Resources Code. Chapter 4.5 of Division 21 of the Public Resources Code authorizes the Conservancy to award grants in the nine-county San Francisco Bay Area to help achieve Division 21’s goals for the San Francisco Bay Area Conservancy Program, which include the protection, restoration and enhancement of natural habitats and improved public access to and around San Francisco Bay.
- C. The Association of Bay Area Governments (ABAG) is a joint powers authority of the cities and counties of the nine-county San Francisco Bay Area with the authority to perform regional and subregional planning and to coordinate with other governmental entities including federal, state and regional agencies via the San Francisco Estuary Partnership (SFEP), which implements programs and awards grants for protection and enhancement of San Francisco Bay.
- D. To help achieve the Division 21 goals for the San Francisco Bay Area, SCC staff have participated in numerous collaborative efforts of federal, state and local government agencies to prepare plans that reflect the mutual goals of these agencies for protection, enhancement and restoration of San Francisco Bay and associated public access and flood management. The resulting plans include:
- San Francisco Baylands Ecosystem Habitat Goals and its Climate Change Update,
 - San Francisco Bay Subtidal Habitat Goals,
 - San Francisco Estuary Partnership’s Comprehensive Conservation and Management Plan,
 - San Francisco Bay Region’s Integrated Regional Water Management Plan,
 - South Bay Salt Pond Restoration Plan and South Bay Shoreline Study, and
 - San Francisco Bay Trail Plan.

- E. The California Natural Resources Agency has developed several plans that include statewide goals for flood protection and for the protection, enhancement and restoration of habitats. The SCC's implementation of Division 21 helps achieve the goals set forth in these plans, which include:
- California Water Action Plan (2016)
 - State Wildlife Action Plan (2015)
 - Flood Future Report (2013)
 - State of the State's Wetlands Report (2010, and 2015 Status and Trends Report)
- F. The SFBRA desires to benefit from the expertise of ABAG, SFEP and SCC in planning and achieving restoration, enhancement and protection of San Francisco Bay. The SCC desires to have a role in the allocation of Measure AA revenues for purposes of furthering the goals for the San Francisco Bay Area Conservancy Program, as set forth in Chapter 4.5 of Division 21, which will help the California Natural Resources Agency achieve its broader statewide goals. ABAG desires to assist the SFBRA to ensure its successful implementation of the San Francisco Bay Restoration Authority Act and Measure AA. The parties also desire to maximize efficiency and reduce administrative redundancy in order to direct as much of the available funding as possible toward planning and implementation of projects for the protection, enhancement and restoration of San Francisco Bay and associated public access and flood protection.

TERMS

1. Parties to the Agreement

- San Francisco Bay Restoration Authority
- Association of Bay Area Governments
- California State Coastal Conservancy

2. Purposes of the Agreement

The purposes of this agreement are to operate the SFBRA through existing agencies that have the capacity and expertise necessary to carry out the SFBRA's mission, and to maximize efficiency, avoid administrative redundancy, minimize costs, ensure accountability and coordinate closely to achieve these purposes.

3. Staffing Responsibilities for SFBRA Act Implementation

SCC and ABAG shall provide staff services to the SFBRA, as set forth below, for purposes of implementation of the San Francisco Bay Restoration Authority Act and Measure AA. In performing services for the SFBRA, SCC staff shall do so as state employees and shall represent themselves to the public as SCC employees. The SFBRA acknowledges that SCC staff members will bring their expertise and perspectives as state employees to performance of their duties under this agreement, and that SCC staff will not provide services beyond those necessary to implement the San Francisco Bay Restoration Authority Act.

- **Executive Officer:** SCC shall provide a staff member to perform Executive Officer services for the SFBRA; Executive Officer services shall include preparation of a work plan and budget; oversight of compliance with Measure AA requirements and other revenue restrictions; management of SFBRA public meetings; coordination of the SFBRA Advisory Committee and the Independent Citizens Oversight Committee; management of external communications; consultation with ABAG; direction of program staff; and other duties that may be delegated to the Executive Officer by the SFBRA.
- **Program Staff:** SCC and ABAG shall provide staff members to perform program services for the SFBRA under the direction of the Executive Officer. Program services shall include: development of procedures for grant evaluation and prioritization, review of grant applications, preparation of grants and contracts, oversight of projects and contracts, review of invoices, and related administrative functions. SCC and ABAG will decide jointly which program staff functions will be performed by ABAG.
- **Treasurer/Fiscal Agent:** ABAG shall provide a financial officer to act as treasurer to the SFBRA. The treasurer shall receive, safeguard, invest, and disburse funds; collect taxes from counties; perform fiscal audits; provide accounting services; prepare and submit internal and external financial reports; make recommendations regarding risk management and procure adequate insurance on behalf of SFBRA.
- **Legal:** SCC shall provide legal services to advise the SFBRA Governing Board, the Executive Officer, program staff, Clerk of the Board, and the treasurer on SFBRA matters. Attorney services shall include preparation of oral and written legal advice, review of staff recommendations, and retention and management of outside counsel to represent SFBRA in the event of litigation. ABAG will provide legal services in the event of a conflict of interest that is not waived by SFBRA and SCC.
- **Clerk of the Board:** SCC shall provide a staff member to serve as the meeting clerk for the SFBRA. The meeting clerk services shall include: maintenance of the official records of SFBRA, preparation of meeting notices and agendas, coordination with ABAG for

posting official notices on the SFBRA website, notifying Governing Board members of Fair Political Practices Commission filing requirements and maintaining FPPC filings, and providing clerical and logistical support to Governing Board members.

- **Information Technology:** ABAG shall maintain and manage the SFBRA website in accordance with written protocols and procedures. SCC shall maintain and manage electronic records related to the Executive Officer, program staff, legal services, Clerk of the Board and other public records.

4. Date Parties Assume Their Obligations

Parties assume their respective responsibilities upon execution of JPA. This will transition the Executive Officer, Legal Counsel and Clerk of the Board functions from ABAG to SCC.

5. Effective Date/Duration

- JPA will become effective when signed by all parties and will remain in effect until January 1, 2029, unless extended by written agreement of the parties.
- SFBRA can terminate JPA upon 180 days written notice to SCC and ABAG.
- ABAG and SCC can withdraw from the JPA upon 180 days written notice; remaining parties may amend agreement to reallocate responsibilities, add other parties, or terminate.

6. Payment

- Staff services and other allowable costs incurred by the parties after July 1, 2016 are eligible for reimbursement by the SFBRA; staff services or other costs incurred by the parties before July 1, 2016 are the sole responsibility of the entity incurring the costs.
- SFBRA will reimburse ABAG and SCC for their costs in carrying out responsibilities under the JPA consistent with a budget approved by the SFBRA Governing Board. Costs include costs of contracts for goods and services, staff costs at fully burdened rates for each applicable job classification, and travel essential to carrying out responsibilities under this agreement. ABAG and SCC will promptly notify SFBRA's Governing Board if costs may exceed the budget. Such notice will include proposals for reducing costs and/or an estimate of the exceedances. Exceedances will be paid only if the budget is amended to include them.

7. Indemnification

SFBRA agrees to indemnify ABAG and SCC for tort liability arising out of performance of this agreement. SFBRA shall purchase appropriate insurance for this purpose. SCC and ABAG shall indemnify SFBRA prior to the time that SFBRA has funds to purchase the insurance.

8. Audits and Accountability

- ABAG will fulfill SFBRA's statutory obligation to provide for regular audits of the SFBRA's accounts and records, and shall maintain accounting records and shall report accounting transactions in accordance with generally accepted accounting principles adopted by the Government Accounting Standards Board of the Financial Accounting Foundation for both public reporting purposes and for reporting of activities to the State Controller. (Govt. Code 66705(a).)
- ABAG will fulfill SFBRA's statutory obligation to provide for annual financial reports and to make copies of the annual financial reports available to the public. (Govt. Code 66705(b).)
- SFBRA may order independent audits.
- SCC will perform its responsibilities in accordance with applicable laws, the SFBRA enabling law and guidelines created by SFBRA, and will make its SFBRA-related records available to ABAG for audit.

9. Communication and Coordination Among Parties to the Agreement

- The parties will cooperate and coordinate to ensure maximum efficiency, economy and quality of support for the SFBRA. Coordination will include regular communication between SCC and ABAG staff regarding management and policy issues, as well as how effectively the agencies are working together and satisfying their responsibilities under this agreement.
- ABAG will provide SCC monthly summaries of SFBRA fund balances, interest, income, and expenditures, including allocation among subaccounts, if any.
- SCC will provide ABAG quarterly projections of cash needs.

10. Procedures

SCC will draft grant and contracting processes and other procedures necessary for the efficient operation of the SFBRA Governing Board.

11. Participation Requirements

Contracts for materials, supplies and services will seek to meet State of California objectives for participation by small businesses and disabled veteran business enterprises.

12. Amendment

This term should provide that the agreement can be amended only by a written amendment signed by all parties.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: August 29, 2016

To: ABAG Executive Board

From: Ezra Rapoport
Executive Director

A handwritten signature in black ink, appearing to read "Ezra Rapoport", written over the printed name.

Subject: **Executive Director Compensation**

Background

I have served as ABAG's Executive Director since September 1, 2010. My compensation in this position is governed by an Employment Agreement dated July 30, 2010. Annual salary was set at \$198,500 and has not changed for over five years. I have no severance agreement. Health and welfare benefits, most notably pension and medical coverage, are the same as other employees.

The provisions of the Employment Agreement allow for adjustment of compensation based on annual reviews of performance. The Committee provided such a review in closed session, based on a detailed performance plan, in January 2015 and in January 2016.

The compensation was not awarded in January 2015 due to the news of the FAN embezzlement, the scope of which was unknown at the time. The Committee was not prepared at that time to make any adjustments to compensation, pending the outcome of the investigation. The investigation was concluded in December 2015.

The Committee, through the President, informed me that compensation could be adjusted to match the compensation package that was applied to all ABAG employees, including management, as of January 1, 2015 and January 1, 2016. This compensation package included employee contributions to pension and health benefits. Such contributions are currently being made by me, as the Executive Director. Applying the organizational increase to the Executive Director would increase net compensation by 4%, which would change the net compensation of the Executive Director from \$198,500 to \$206,440. This compensation is well below the MTC Deputy Director's net compensation which has been used as a comparable in the past. The MTC Deputy Director net compensation is \$218,449.

Suggested Action

The Committee can recommend an adjustment to the Executive Director's compensation package for approval by the Executive Board. As a point of reference for salary, ABAG's management, professional and support staff received a 3% salary increase effective January 1,

Executive Director Compensation

August 29, 2016

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2015 and another 3% salary increase effective January 1, 2016 as part of ABAG's negotiated MOU with SEIU Local 1021. The increase in total compensation is mitigated by an annual 1% increase in pension contribution for 2015 and again in 2016, in addition to cost controls in medical benefit coverage.

My request is to match my compensation to the same percentage increase received by all other managers and employees in 2015 and 2016, less the negotiated pension contributions and cap on medical benefits. This will avoid salary compaction at the management level.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



To: Finance & Personnel Committee
Association of Bay Area Governments
Fr: Kenneth Moy, Legal Counsel 
Dt: July 13, 2016
Re: Request for Adjustment to Compensation – Supplemental

This memorandum supplements the one dated March 17 and submitted in connection with my performance evaluation by the Finance & Personnel Committee conducted in March. The Committee requested additional information which I have provided below.

Below are the adjustments to my annual salary over the past 10 years¹:

<u>Commencement Date</u>	<u>Amount</u>	<u>% Increase</u>
January 1, 2005	\$131,394	n/a
December 18, 2006	\$140,784	7.1%
July 20, 2007	\$162,000	15.0% ²
July 1, 2008 - present	\$171,720	6.0%

The Interim Assistant Director of Administrative Services conducted a salary survey of legal counsels for other regional agencies. The results are presented in the table below:

South Coast Air Quality Management District	\$204,921
Southern California Association of Governments	\$219,086
San Diego Association of Governments	FY2017 range: \$139,560-\$185,904-\$232,248
East Bay Municipal Utility District	\$252,312
Bay Area Rapid Transit District	\$264,669
Bay Area Air Quality Management District	\$265,121
Sacramento Area Council of Governments	\$273,984 ³
Metropolitan Transportation Commission	\$290,484

I hereby respectfully request an approximately 6% adjustment of my annual salary to \$182,025 effective July 1, 2016. This would also increase the annual costs of my benefits. However, the move to San Francisco reduces my transit subsidy. Therefore, the total increased cost to ABAG in FY 2016-17, salary and benefits, is \$13,469 (see attached Employee Cost Rate Report prepared by Finance/Personnel Department).

¹ Data provided by ABAG Finance and personnel staff.

² This is an equity adjustment for all management staff (not uniform).

³ Also serves as COO.



EMPLOYEE COST RATE REPORT

May 31, 2016

K. MOY, LEGAL COUNSEL

	Current Salary	Salary Increase of ~6%
Annual salary	171,720.00	182,025.00
PERS Contribution	57,217.90	60,658.65
Workers Compensation	1,528.31	1,620.01
Long Term Disability	388.80	388.80
Health Insurance	24,151.48	24,151.48
Section 125 Admin Fees	0.00	0.00
Parking Subsidy	0.00	0.00
Transit Subsidy	2,345.00	840.00
Domestic Health	0.00	0.00
PEP/PDA	0.00	0.00
PEPRA - EE PERS Contribution	0.00	0.00
Classic - EE PERS Contribution	-3,434.40	-3,640.46
Bonus	0.00	0.00
Unemployment	515.16	546.07
FICA Tax	9,836.94	9,986.34
SDI	960.68	960.68
Life Insurance	711.78	753.81
Retiree Health Benefit	18,665.96	19,785.92
Total Benefits	112,887.61	116,051.30
Total Salary & Benefits	284,607.61	298,076.30
Salary increase	10,305.00	
Increased cost of benefits	3,163.69	
Total cost increase (salary & benefits)	13,468.69	

To: Finance and Personnel Committee
Fr: Kenneth K. Moy, Legal Counsel
Dt: March 17, 2016
Re: Compensation

This memorandum is submitted in connection with my performance evaluation by the Finance and Personnel Committee conducted in closed session.

Pending a finding by the Committee that my performance has been satisfactory or better, I am submitting the following information and request for the Committee's consideration and recommendation for action by the Executive Board:

- I receive only the same benefits as all other employees of ABAG and note for the Committee that as a member of the Classic CalPERS plan I am also subject to the contribution requirements under the MOU between ABAG and SEIU Local 1020: 1% beginning January 1, 2015 and another 1% beginning January 1, 2016.
- The last adjustment to my annual salary occurred on July 1, 2008 when it was raised from \$162,000 to the current \$171,720, an increase of 6%.
- All other ABAG employees, excepting myself and the Executive Director, received salary increases of 3% on January 1, 2015 and 3% on January 1, 2016.

I respectfully request the Committee to consider adjusting my salary to \$182,025, an increase of 6%, commencing April 1, 2016 and to recommend such an increase to the Executive Board at its March 17, 2016 meeting.

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



Finance and Personnel Committee

Members

Bill Harrison, Mayor, City of Fremont—*Chair*

Desley Brooks, Councilmember, City of Oakland

David Cortese, Supervisor, County of Santa Clara

Pradeep Gupta, Vice Mayor, City of South San Francisco

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