

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
EXECUTIVE/ADMINISTRATION COMMITTEE (EAC)
MINUTES OF THE SPECIAL MEETING
WEDNESDAY, JANUARY 13, 2016**

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE EXECUTIVE/ADMINISTRATION COMMITTEE (EAC) HELD AT 818 W. 7th STREET, 12TH FLOOR, LOS ANGELES, CA 90017.

The Executive/Administration Committee (EAC) of the Southern California Association of Governments (SCAG) held its meeting at the Los Angeles Office. There was a quorum.

Members Present

| | | |
|---|---------------------------------------|-------------------|
| Hon. Cheryl Viegas-Walker, <i>Chair</i> | <i>El Centro</i> , District 1 | Video-Conference |
| Hon. Michele Martinez, <i>1st Vice Chair</i> | <i>Santa Ana</i> | District 16 |
| Hon. Margaret E. Finlay, <i>2nd Vice Chair</i> | <i>Duarte</i> | District 35 |
| Hon. Carl Morehouse, <i>Immediate Past President</i> | <i>San Buenaventura</i> , District 47 | Video-Conference |
| Hon. Larry McCallon, <i>Vice Chair, CEHD</i> | <i>Highland</i> , District 7 | Video-Conference |
| Hon. Carmen Ramirez, <i>Vice Chair, EEC</i> | <i>Oxnard</i> , District 45 | Video-Conference |
| Hon. Alan Wapner, <i>Chair, TC</i> | <i>Ontario</i> , SANBAG | Video-Conference |
| Hon. Barbara Messina, <i>Vice Chair, TC</i> | <i>Alhambra</i> | District 34 |
| Hon. Pam O'Connor, <i>Chair, LCMC</i> | <i>Santa Monica</i> | District 41 |
| Hon. Clint Lorimore | <i>Eastvale</i> , District 4 | Video-Conference |
| Hon. Gregory Pettis | <i>Cathedral City</i> | District 2 |
| Hon. Rex Richardson | <i>Long Beach</i> | District 29 |
| Mr. Randall Lewis | <i>Lewis Group of Companies</i> | Ex-Officio Member |

Members Not Present

| | | |
|---|--|---------------------|
| Hon. Bill Jahn, <i>Chair, CEHD</i> | <i>Big Bear Lake</i> | District 11 |
| Hon. Deborah Robertson, <i>Chair, EEC</i> | <i>Rialto</i> | District 8 |
| Hon. Joe Buscaino | <i>Los Angeles</i> | District 62 |
| Hon. Kris Murray, <i>Vice Chair, LCMC</i> | <i>Anaheim</i> | District 19 |
| Hon. Mary "Maxine" Resvaloso | <i>Torres-Martinez Desert Cahuilla Indians</i> | Tribal Nations Rep. |

Staff Present

- Hasan Ikhata, Executive Director
- Debbie Dillon, Deputy Executive Director, Administration
- Basil Panas, Chief Financial Officer
- Joe Silvey, General Counsel
- Joann Africa, Chief Counsel/Director, Legal Services
- Huasha Liu, Director, Land Use and Environmental Planning
- Darin Chidsey, Director, Strategy, Policy and Public Affairs
- Naresh Amatya, Acting Director, Transportation Planning
- Carmen Flores, Human Resources Manager
- Erika Bustamante, Budget & Grants Manager
- Tess Rey-Chaput, Office of Regional Council Support
- Carmen Summers, Sr. Administrative Assistant



CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Honorable Cheryl Viegas-Walker called the meeting to order at 10:00 a.m. and led the Pledge of Allegiance.

PUBLIC COMMENT PERIOD

There was no public comment received.

REVIEW AND PRIORITIZE AGENDA ITEMS

There was no reprioritization of agenda items.

EXECUTIVE DIRECTOR'S REPORT

Hasan Ikhmeta, Executive Director, thanked the members for attending the SCAG Sixth Annual Economic Summit.

PRESIDENT'S REPORT

There was no President's Report to present at this time.

DISCUSSION ITEMS

1. Financial Overview

Debbie Dillon, Deputy Executive Director, Administration, presented a financial overview of SCAG's financial position. The presentation highlighted SCAG's revenues and baseline expenditures, which included assumptions for fiscal years (FY) 2017-2020.

Ms. Dillon provided an outline of the revenues and expenditures from the Consolidated Planning Grant (CPG), General Fund, and the Transportation Development Act (TDA). She noted that SCAG, for the next five to six years, will have financial stability due to the most recent Federal reauthorization for transportation funding.

Staff responded to the comments expressed by the Committee members, including questions regarding the flexibility of SCAG's budget for its business operations, vacancy rates, organizational structure, and filling of current vacant management positions. Hasan Ikhmeta, Executive Director, responded that a strategic planning discussion, with the Officers and the Executive Team, on how the agency is going to move forward will take place in the near future.

2. SCAG Compensation Survey Information

Debbie Dillon, Deputy Executive Director, Administration, provided a summary on staff's compensation, historical background, methodology, and recommendations for the agency's total compensation study

and survey. She noted that staff conducted a salary and benefits survey that the Regional Council approved with twelve (12) peer agencies and presented a summary of the results. In addition, Ms. Dillon explained that in order to remain competitive in the marketplace, staff recommends making salary range adjustments at a future date following the anticipated adoption of the 2016 RTP/SCS; and that no changes in the benefit package are recommended at this time.

After a lengthy discussion regarding staff's total compensation package, staff was directed to move forward in the next fiscal year's budget to close the salary gap for the Regional Council approved 75th percentile, and to also present a staff report that identifies and evaluate factors concerning employee's options for contributing to the CalPERS program.

No action was taken on this Information Item.

3. Pension Reporting

Basil Panas, Chief Financial Officer, provided an overview of the new financial reporting requirements of GASB 27 concerning pensions. He noted that pension expense must now be charged to the period in which it is incurred and pension liabilities must be reported on the balance sheet. Since SCAG has an unfunded pension liability of \$23.5 million, this amount appears on the balance sheet at June 30, 2015, thus creating a negative Net Position of \$10.7 million.

Mr. Panas noted that SCAG's CalPERS retirement plan was 110% funded at June 30, 2007; however at June 30, 2015, after the financial crisis, it was 76% funded. He explained that there is a plan in place to move forward: the unfunded liability will be paid off with a combination of investment earnings and contributions and SCAG will manage its resources to meet all of its service delivery and financial obligations.

Staff responded to the comments expressed by the Committee members including questions regarding SCAG's post-retirement benefit unfunded liabilities (pension and retiree medical), their funding and employee eligibility requirements.

4. Los Angeles Office - Real Estate Evaluation

Debbie Dillon, Deputy Executive Director, Administration, provided historical background on the process and progress to date of a Los Angeles Building Lease evaluation. She introduced two commercial real estate consultants representing the firm of Savills Studley, Inc., Andy Lustgarten and Michael Shuken, which was secured to assist with the Los Angeles market evaluation and all of SCAG's office leases. Ms. Dillon described the current office deficiencies, building limitations, and other major concerns which included building security, safety, technology advancement, and current working space limitations.

Ms. Dillon commented on the criteria and assumptions used to evaluate the properties, including the criteria for being accessible to transit and other active transportation options. She stated that out of 25 properties in downtown Los Angeles surveyed, a short list of properties was developed that meets the required guidelines. She noted that due to the confidential nature concerning the current negotiations, no specific information can be provided at this time and that a Closed Session meeting of the EAC will

be scheduled to present more detailed financial information as well as to appoint a negotiator on behalf of SCAG.

Staff and Mr. Andy Lustgarden responded to the comments expressed by the Committee members, including questions regarding the current lease terms, sublease options, transportation access, architectural designs and future expansion options.

After discussion, the EAC expressed their support of staff's recommendations to continue evaluating the options for the Los Angeles headquarters. Hon. Cheryl Viegas-Walker asked the EAC to provide additional feedback on tools that could enable SCAG's board meetings to be more efficient and productive. In addition, Hon. Viegas-Walker asked staff to include the soft cost expenses in the next draft expenditure report being presented at the next Closed Session.

ADJOURNMENT

There being no further business, Chair Viegas-Walker adjourned the Special Meeting of the EAC at 11:48 a.m.

The next regular meeting of the EAC is scheduled for Thursday, February 4, 2016 at the SCAG Los Angeles Office.