

Meeting Agenda

Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study

MTC Committee Members:

James P. Spering, Chair Anne W. Halsted, Vice Chair

Alicia C. Aguirre, Scott Haggerty, Steve Kinsey

Sam Liccardo, Julie Pierce

Non-Voting Members: Tom Azumbrado, Dorene M. Giacomini

Friday, March 25, 2016

9:00 AM

Lawrence D. Dahms Auditorium

This meeting is scheduled to be audiocast live on the Metropolitan Transportation Commission's Web site: <http://mtc.ca.gov/whats-happening/meetings> and will take place at 9:00 a.m.

1. Roll Call / Confirm Quorum

Quorum: A quorum of the Committee shall be a majority of its regular voting members (4).

2. Pledge of Allegiance

3. MTC Compensation Announcement - Committee Secretary

4. ABAG Compensation Announcement - Clerk of the Board

5. Consent Calendar

- 5a. [15-1341](#) MTC - Minutes of the February 26, 2016 Meeting

Action: MTC Planning Committee Approval

Attachments: [5a MTC SJM Minutes Feb 26 2016](#)

6. ABAG Administrative Committee Approval of Summary Minutes

- 6a. [15-1342](#) ABAG - Minutes of the February 26, 2016 Meeting

Action: ABAG Administrative Committee Approval

Attachments: [6a ABAG AC Minutes 20160226](#)

7. MTC / ABAG Merger Study - Management Partners

7. [15-1431](#) MTC-ABAG Merger Study Update
- Financial Forecasts, Stakeholder Engagement Overview, Merger Study Principles, Problem Definitions, Options and Evaluation Criteria.
- Action:** Information
- Attachments:** [7 MTC-ABAG JointCommitteeMeeting Mar25 Memo](#)
[7_Handout-Letters rec-Merger Study Comments](#)
[7_Handout-MTC-ABAGMergerStudyPPTMar25](#)
- 7a. [15-1432](#) Planning Program Areas
- Action:** Information
- Attachments:** [7a MTC-ABAG Planning Area Matrix](#)
- 7b. [15-1433](#) MTC and ABAG Functional Organization Chart
- Action:** Information
- Attachments:** [7b MTC-ABAG Functional Org Charts](#)
- 7c. [15-1343](#) Financial Forecasts for MTC and ABAG
- Action:** Information
- Attachments:** [7c MTC-ABAG Financial Forecast](#)
- 7d. [15-1345](#) Preliminary Stakeholder Engagement Comments
- Action:** Information
- Attachments:** [7d MTC-ABAG Prelim Stakeholder Comments](#)
- 7e. [15-1434](#) Elected Official Survey Results
- Action:** Information
- Attachments:** [7e MTC-ABAG Elected Official Survey Results](#)
- 7f. [15-1344](#) Principles, Problem Definition, Range of Options, Evaluation Criteria
- Action:** Information
- Attachments:** [7f MTC-ABAG Principles-Problems-Options-Criteria](#)

8. Public Comment / Other Business

9. Adjournment / Next Meeting

The next meeting of the Joint MTC Planning Committee with ABAG Administrative Committee - Merger Study will be held on April 29, 2016 at 9:00 a.m. in the Lawrence D. Dahms Auditorium, First Floor, 101 Eighth Street, Oakland, CA.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 510.817.5757 or 510.810.5769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章：MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 510.817.5757 或 510.817.5769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Título VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 510.817.5757 o al 510.817.5769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

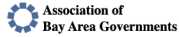
Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Committee. Actions recommended by staff are subject to change by the Committee.



Metropolitan Transportation Commission

101 Eighth Street,
Joseph P. Bort MetroCenter
Oakland, CA



Legislation Details (With Text)

File #: 15-1341 **Version:** 1 **Name:**

Type: Minutes **Status:** Consent

File created: 2/19/2016 **In control:** Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study

On agenda: 3/25/2016 **Final action:**

Title: MTC - Minutes of the February 26, 2016 Meeting

Sponsors:

Indexes:

Code sections:

Attachments: [5a MTC SJM Minutes Feb 26 2016](#)

Date	Ver.	Action By	Action	Result
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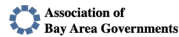
Subject:

MTC - Minutes of the February 26, 2016 Meeting

Recommended Action:

MTC Planning Committee Approval

Attachments



101 Eighth Street,
Joseph P. Bort
MetroCenter
Oakland, CA

Meeting Minutes - Draft

Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study

MTC Committee Members:

James P. Spering, Chair Anne W. Halsted, Vice Chair

*Alicia C. Aguirre, Scott Haggerty, Steve Kinsey
Sam Liccardo, Julie Pierce*

Non-Voting Members: Tom Azumbrado, Dorene M. Giacopini

Friday, February 26, 2016

9:00 AM

Lawrence D. Dahms Auditorium

1. Roll Call / Confirm Quorum

Present: 6 - Chairperson Spering, Vice Chair Halsted, Commissioner Aguirre, Commissioner Haggerty, Commissioner Kinsey and Commissioner Pierce

Absent: 1 - Commissioner Liccardo

Non-Voting Member Present: Commissioner Giacopini

Non-Voting Member Absent: Commissioner Azumbrado

Ex Officio Voting Members Present: Commission Chair Cortese and
Commission Vice Chair Mackenzie

Ad Hoc Non-Voting Members Present: Commissioner Bates, Commissioner Campos,
Commissioner Glover, Commissioner Luce, and Commissioner Rein Worth.

ABAG Administrative Committee Members Present: Cortese, Eklund, Gupta, Haggerty, Harrison, Luce,
Mar, Pierce, and Spering.

ABAG Executive Board Members Present: Scharff and Peralez.

2. Pledge of Allegiance

3. MTC Compensation Announcement - Committee Secretary

4. ABAG Compensation Announcement - Clerk of the Board

5. Consent Calendar

Upon the motion by Commissioner Aguirre and second by Commissioner Halsted, the Consent Calendar was unanimously approved by the following vote:

Aye: 6 - Chairperson Spering, Vice Chair Halsted, Commissioner Aguirre, Commissioner Haggerty, Commissioner Kinsey and Commissioner Pierce

Absent: 1 - Commissioner Liccardo

5a. [15-1261](#) MTC - Minutes of the January 22, 2016 Meeting

Action: MTC Planning Committee Approval

6. ABAG Administrative Committee Approval of Summary Minutes

6a. [15-1262](#) ABAG - Minutes of the January 22, 2016 Meeting

Action: ABAG Administrative Committee Approval

7. MTC / ABAG Merger Study - Management Partners

[15-1367](#) PowerPoint Handout

7a. [15-1334](#) Merger Study Update
Land Use and Transportation Agency Profiles

Action: Information

7b. [15-1335](#) MTC and ABAG Functional Organization

Action: Information

7c. [15-1336](#) Existing Regional Land Use and Transportation
Planning Organizational Profiles

Action: Information

7d. [15-1337](#) Summary of MTC and ABAG's Sustainable Communities Strategy
Statutory Responsibilities under Senate Bill 375
Information Sheet

Action: Information

The following individuals spoke on this item:

Ken Bukowski;

Mark Green; and

Alyssa Kies of SPUR.

8. Public Comment / Other Business

Matt Vander Sluis of Greenbelt Alliance was called to speak.

Revan Tranter, ABAG Executive Director Emeritus was called to speak.

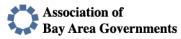
9. Adjournment / Next Meeting

The next meeting of the Joint MTC Planning Committee with ABAG Administrative Committee - Merger Study will be held on March 25, 2016 at 9:00 a.m. in the Lawrence D. Dahms Auditorium, First Floor, 101 Eighth Street, Oakland, CA.



Metropolitan Transportation Commission

101 Eighth Street,
Joseph P. Bort MetroCenter
Oakland, CA



Legislation Details (With Text)

File #: 15-1342 **Version:** 1 **Name:**
Type: Report **Status:** Informational
File created: 2/19/2016 **In control:** Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study
On agenda: 3/25/2016 **Final action:**
Title: ABAG - Minutes of the February 26, 2016 Meeting
Sponsors:
Indexes:
Code sections:
Attachments: [6a ABAG AC Minutes 20160226](#)

Date	Ver.	Action By	Action	Result
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Subject:
ABAG - Minutes of the February 26, 2016 Meeting

Recommended Action:
ABAG Administrative Committee Approval

Attachments

SUMMARY MINUTES (DRAFT)

ABAG Administrative Committee Special Meeting
Friday, February 26, 2016
Joseph P. Bort MetroCenter
101 8th Street, Oakland, California

1. CALL TO ORDER / ROLL CALL / CONFIRM QUORUM

ABAG President and Committee Chair Julie Pierce, Councilmember, City of Clayton, called the special meeting of the Administrative Committee of the Association of Bay Area Governments to order at about 9:00 a.m.

The Committee met jointly with the Planning Committee of the Metropolitan Transportation Commission.

A quorum of the Committee was present at about 9:00 a.m.

Members Present

Councilmember Julie Pierce, City of Clayton
Supervisor Dave Cortese, County of Santa Clara
Mayor Pat Eklund, City of Novato
Vice Mayor Pradeep Gupta, City of South San Francisco
Supervisor Scott Haggerty, County of Alameda
Mayor Bill Harrison, City of Fremont
Supervisor Mark Luce, County of Napa
Supervisor Eric Mar, City and County of San Francisco
Councilmember Raul Peralez, City of San Jose
Vice Mayor Greg Scharff, City of Palo Alto

Members Absent

Supervisor Dave Pine, County of San Mateo (Alternate)
Supervisor David Rabbitt, County of Sonoma

Staff Present

Ezra Rapport, ABAG Executive Director
Brad Paul, ABAG Deputy Executive Director
Kenneth Moy, ABAG Legal Counsel
Miriam Chion, ABAG Planning and Research Director

2. PLEDGE OF ALLEGIANCE

3. MTC COMPENSATION ANNOUNCEMENT

4. ABAG COMPENSATION ANNOUNCEMENT

Fred Castro, Clerk of the Board, made the compensation announcement.

5. MTC PLANNING COMMITTEE CONSENT CALENDAR

A. MTC Planning Committee Minutes of the January 22, 2016 Meeting

MTC Planning Committee approved its minutes of the January 22, 2016 meeting.

6. APPROVAL OF ABAG ADMINISTRATIVE COMMITTEE SUMMARY MINUTES OF MEETING ON JANUARY 22, 2016

President Pierce recognized a motion by Pat Eklund, Mayor, City of Novato, which was seconded by Bill Harrison, Mayor, City of Fremont, to approve the Administrative Committee summary minutes of January 22, 2016.

The ayes were: Pierce, Eklund, Gupta, Harrison, Luce, Peralez, Scharff.

The nays were: None.

The abstentions were: None.

The absences were: Cortese, Haggerty, Mar, Pine (Alternate), Rabbitt.

The motion passed unanimously.

7. ABAG/MTC MERGER STUDY—MANAGEMENT PARTNERS

Lynn Dantzker, Project Manager, and Dan Marks, Special Advisor, assisted by Brittany Gabel, Senior Management Advisor, Management Partners, reported on the ABAG/MTC merger study.

A. Merger Study Update—Land Use and Transportation Agency Profiles

Dantzker and Marks reported on the individual interviews of committee members; ABAG and MTC executive directors, deputy directors, and planning directors; joint committee workshop on February 26; separate focus groups with MTC and ABAG planning staff; meeting with employee representation units for each agency; development and implementation of stakeholder engagement plan; issuance a work plan; development of a Merger Study Information Sheet and website; issuance of an elected officials electronic survey; analysis of financial information and meetings on financial forecasts; research on major regional land use and transportation agencies; and continuing work on obtaining background information for alternative options and models.

B. MTC and ABAG Functional Organization

Dantzker and Marks reviewed the functional organization of both MTC and ABAG, including functional areas, programs and staff assignments.

Members discussed the history of ABAG and MTC related to the creation of a metropolitan planning organization separate from the council of governments.

C. Existing Regional Land Use and Transportation Planning Organizational Profiles

Dantzker and Marks reviewed the agency profiles of other major metropolitan area land use and transportation agencies, including, in addition to MTC and ABAG, the Sacramento Area Council of Governments (SACOG), Southern California Association of Governments (SCAG), San Diego Association of Governments (SANDAG), Chicago Metropolitan Agency for Planning (CMAP), Metropolitan Washington Council of Governments (MWCOC)/National Capital Transportation Planning Board (TPB), and Puget Sound Regional Council (PSRC). The review included a description of cities and counties, population, and land area served; annual operation expenditures, annual revenue from membership dues/assessment, and total employees; and functional responsibilities, including federally-designated MPO, regional Council of Governments, regional transportation planning, regional land use planning, state transportation funding allocation, state regional housing needs assessment; and governance structures.

Members discussed a merged agency with two boards and a special joint committee; governance structures and organizational charts of state councils of governments; detailed description of land use and transportation responsibilities under ABAG and MTC.

D. Summary of MTC and ABAG's Sustainable Communities Strategy Statutory Responsibilities under Senate Bill 375

Danztker and Marks reviewed the statutory duties under SB 375 related to the preparation of a sustainable communities strategy as an integral part of the regional transportation plan, including statutory duties regarding preparation of information related to the sustainable communities strategy; and local land use control.

Members discussed MTC's responsibility to approve the regional transportation plan and its sustainable communities strategy; local land use control; local land use financing; analysis of each agency's role under SB 375; clarification of the slide on preparation of information related to the sustainable communities strategy.

Ms. Danztker and Mr. Marks provided a wrap-up and reviewed next steps for the meeting on March 25, including reports on the financial forecasts for MTC and ABAG; alternative models/options for consideration and analysis criteria; and summary of stakeholder and engagement comments and themes.

Members discussed receiving a report on the pluses and minuses for each reported option; the Assembly Select Committee on Bay Area Regional Planning; a report on the statement of the problem under the merger study; issues and principles for analyzing the options and problems.

The following individuals gave public comment: Ken Bukowski; Mark Green; Alyssa Kies, SPUR.

8. PUBLIC COMMENT / OTHER BUSINESS

The following individuals gave public comment: Revan Tranter, ABAG Emeritus Executive Director; Matt Vander Sluis, Greenbelt Alliance.

Members discussed receiving materials in advance of the meeting to allow for review.

9. ADJOURNMENT / NEXT MEETING

The meeting adjourned at about 10:18 a.m.

The next joint meeting of the ABAG Administrative Committee and MTC Planning Committee on the ABAG/MTC Merger Study will be held on March 25, 2016, 9:00 a.m., Joseph P. Bort MetroCenter, 101 8th Street, Lawrence D. Dahms Auditorium, Oakland.

Submitted:

/s/ Ezra Rapport, Secretary-Treasurer

Date Submitted: March 3, 2016

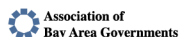
Date Approved: TBD

*For information, contact Fred Castro, Clerk of the Board, at (510) 464 7913 or
FredC@abag.ca.gov.*



Metropolitan Transportation Commission

101 Eighth Street,
Joseph P. Bort MetroCenter
Oakland, CA



Legislation Details (With Text)

File #: 15-1431 **Version:** 1 **Name:**
Type: Report **Status:** Informational
File created: 3/16/2016 **In control:** Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study
On agenda: 3/25/2016 **Final action:**
Title: MTC-ABAG Merger Study Update

Financial Forecasts, Stakeholder Engagement Overview, Merger Study Principles, Problem Definitions, Options and Evaluation Criteria.

Sponsors:

Indexes:

Code sections:

Attachments: [7_MTC-ABAG JointCommitteeMeeting Mar25 Memo](#)
[7_Handout-Letters rec-Merger Study Comments](#)
[7_Handout-MTC-ABAGMergerStudyPPTMar25](#)

Date	Ver.	Action By	Action	Result
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Subject:

MTC-ABAG Merger Study Update

Financial Forecasts, Stakeholder Engagement Overview, Merger Study Principles, Problem Definitions, Options and Evaluation Criteria.

Recommended Action:

Information

Attachments



To: MTC Planning Committee
ABAG Administrative Committee

From: Lynn Dantzker, Partner
Dan Marks, Special Advisor

Subject: MTC-ABAG Merger Study Update
Financial Forecasts, Stakeholder Engagement Overview, Merger Study
Principles, Problem Definitions, Options and Evaluation Criteria

Date: March 18, 2016

At the March 25, 2016 meeting of the MTC Planning and ABAG Administrative Committees, Management Partners will present the following:

1. An update on the Merger Study;
2. An overview of MTC and ABAG planning program areas;
3. An overview of the MTC and ABAG functional organization charts following MTC Resolution 4210;
4. A financial forecast for MTC and ABAG, which includes impacts of MTC Resolution 4210;
5. An overview of preliminary stakeholder engagement comments and themes;
6. Results of the electronic survey taken by elected officials; and
7. A review and discussion of the proposed merger study principles, problem definitions, range of options and evaluation criteria.

At this meeting, we are not asking the Joint Committee to select any option; rather, we are seeking the Committee's review and comment on the range of options to be analyzed. At the April 22 Joint Committee meeting, Management Partners will present an analysis of the options and our recommendations to address the problems and issues that have emerged from the merger study process. At that meeting, we will ask the Joint Committee for direction on next steps so we may prepare an implementation plan on the option(s) chosen, if any. The implementation plans will vary, depending on the option or range of options selected by the Joint Committee, if any, on April 22. Any option which includes pursuing a new regional governance model will require a much longer time frame than is currently provided for in this engagement and any implementation plan developed that includes such an option would clearly extend well beyond June.

Project Update

Since our February meeting the project team has:

- Conducted most, but not quite all the stakeholder engagement meetings set forth in the Stakeholder Engagement Plan. Some meetings remain for April.
- Deployed and compiled the results of an electronic survey for elected officials from all Bay Area cities, towns and counties, as well as AC Transit and BART.
- Met with MTC and ABAG staff to understand their planning program areas and functions to determine overlapping roles and responsibilities.
- Worked with MTC and ABAG staff to complete the five-year financial forecasts.
- Developed a revised set of proposed merger study principles.
- Drafted three problem statements and a range of options to address them, as well as proposed evaluation criteria.
- Continued to obtain background information to inform the range of options and evaluation criteria for analysis.

Overview of Planning Program Areas

To inform the discussion regarding MTC's and ABAG's regional planning roles, we met with staff members in each agency to understand and document their major planning program areas. Attachment A provides an overview of those areas, including a discussion about overlapping programs and functions.

Functional Organization Structures

To understand the general functional duties and responsibilities of MTC and ABAG, we presented existing functional organization charts for the agencies on February 26. These are distinguished from typical organization charts in that they are intended less to show hierarchy than how major functions are distributed across the organization, along with the number of employees allocated to each function. At the February 26 Joint Committee meeting, we were asked to produce functional charts based on implementation of MTC Resolution 4210 which would primarily impact the planning functions. In consultation with both MTC and ABAG staff, Attachment B provides the existing functional organization charts and those that would result post implementation of MTC Resolution 4210.

Financial Forecasts

The initial assessments of the impact of the implementation of MTC Resolution 4210 in the fall of 2015 by both MTC and ABAG were based on a set of assumptions predicated on the best available information at the time. As part of this project, Management Partners proposed and the Joint Committee agreed that we conduct financial forecasts for the existing operating budgets of both agencies as well as forecasts following the implementation of MTC Resolution 4210. Attachment C provides a summary of both forecasts for each agency and a PowerPoint that will be presented at the meeting.



Preliminary Stakeholder Engagement Comments and Themes/Electronic Survey

Implementation of the stakeholder engagement plan is not entirely done, but we have completed about 80% of the meetings. As the Joint Committee reviews the merger study principles, problem statements, range of options and evaluation criteria, we believe it is useful to review the major comments and themes that have emerged from the meetings. These are summarized in Attachment D. Additionally, we have compiled the results of the electronic survey sent to all elected officials in the cities, towns and counties in the Bay Area region, as well as AC Transit and BART. The results are provided in Attachment E.

Proposed Merger Study Principles, Problems, Options and Evaluation Criteria

In anticipation of the April 22 Joint Committee meeting where Management Partners' analysis of the options and recommended actions will be presented, we will be reviewing and discussing the following at the March 25 meeting:

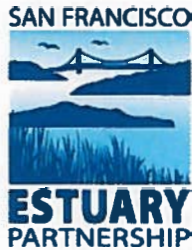
1. *Merger Study Principles.* Based on the Joint Committee January Workshop, interviews with the elected officials, and the stakeholder engagement discussions, we have revised the principles to guide the options and evaluation criteria.
2. *Problem Definition.* It has been challenging to achieve consensus on the problems/issues that need to be addressed in this project. Nonetheless, following the interviews and the comments that emerged from the stakeholder engagement process as well as our own research, analysis and thinking, we believe there effectively are three problems that are driving this discussion and warrant resolution.
3. *Range of Options.* To address the problems described in the Problem Definition document, Management Partners developed ten options. These options are not analyzed at this time; rather our objective in this meeting is to determine if this is the full range of options to be considered and whether any should be eliminated or combined in a different way. We will then provide an analysis and report at the April 22 meeting of the options evaluated and seek direction on next steps to inform an implementation plan.
4. *Evaluation Criteria.* In addition to analyzing the financial, policy, legal and employee impacts of each of the options in our report on April 22, we propose to use a set of criteria against which each option will also be evaluated. During the meeting on March 25, we will describe the general analysis framework and the process for implementing the evaluation criteria.

These documents may be found in Attachment F.

Meeting Agenda for April 22 (next meeting)

The next meeting of the MTC Planning Committee and ABAG Administrative Committee on the merger study is scheduled for April 22. At that meeting we will present our analysis of the options as well as our recommendations.





March 16, 2016

Management Partners
2107 N. First Street, Ste 470
San Jose, CA 95131

Re: MTC/ABAG Merger Study

Dear Management Partners:

We are writing to you as the Chair and Vice Chair of the San Francisco Estuary Partnership (SFEP) Implementation Committee regarding the potential merger of MTC and ABAG. We want to make sure you are aware of the critical role of ABAG in the SFEP and the associated opportunities and challenges that should be evaluated in your merger study.

As you may know, the San Francisco Bay-Delta Estuary was designated an estuary of national significance in 1988 under the Clean Water Act (Section 320) National Estuary Program. Subsequently, the SFEP, a federal-state-local partnership, was formed to promote effective management of the Estuary and to restore and maintain its water quality and natural resources. The SFEP Implementation Committee is a coalition of federal, state, and local agencies and private and community groups that oversees and engages in the implementation of the SFEP Comprehensive Conservation and Management Plan (CCMP), our master plan for improving the health of the Estuary. The CCMP offers a working blueprint that leads to clean waters, enhanced habitats, healthy fish and wildlife, and more resilient communities throughout the Estuary.

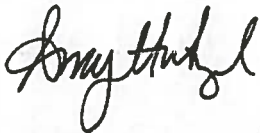
ABAG plays a key role in the current and future success of the SFEP. ABAG serves as the SFEP fiscal and administrative agent. The SFEP director and staff of 12 are ABAG employees. They work collaboratively with local and regional governments, non-profit organizations, scientists, watershed groups and many other stakeholders to leverage funding sources and implement projects. On behalf of the SFEP, ABAG currently manages approximately 30 contracts covering about 70 projects around the Estuary, for a total amount of just over \$100 million. This includes management of state-bond funded Integrated Regional Water Management (IRWMP) projects, and we anticipate managing more IRWMP projects as Prop 1 grant funds are distributed in the next couple of years. Maintaining, and preferably enhancing, ABAG's current roll is critical to the ongoing success of the SFEP.

The proposal to merge ABAG and MTC provides an opportunity for the region to integrate planning for the critical regional issues of our time. Challenges such as population growth and climate change require collaborative and integrated responses that cross sectors and agencies. Our decisions about land use and transportation should inform, and be informed by, our decisions about stormwater management and riparian protection. Our decisions about wetland restoration should be integrated with our decisions about water quality and flood risk management and protection of our regional assets. The

CCMP reflects the understanding of the region that the health of our natural environment and the sustainability of our built environments are interconnected. A fully merged regional planning agency that includes transportation and land use that is coordinated with water and habitat management provided by the SFEP would facilitate the more holistic, systematic approach that is needed to address our current and future challenges and to sustain and enhance the economic and environmental health of the region.

We ask that as merger alternatives are developed, the role of SFEP is clearly articulated and prominent and that the CCMP is recognized as part of the Bay Area's regional planning work. If you have any questions, please contact Caitlin Sweeney, Executive Director of SFEP, at 510 622-2362 or caitlin.sweeney@waterboards.ca.gov.

Sincerely,



Amy Hutzel
Implementation Committee Chair



Thomas Mumley
Implementation Committee Vice Chair

cc: Ezra Rapport, ABAG
Steve Heminger, MTC



March 16, 2016

Mr. Dan Marks, AICP
Special Advisor
Management Partners
2107 North First Street, Suite 470
San Jose, CA 95131

Re: ABAG-MTC Merger Study

Dear Mr. Marks:

The Bay Area Planning Directors Association (BAPDA) Steering Committee supports the efforts of the ABAG-MTC Merger Study. Thank you for meeting with our Steering Committee on January 22, 2016, and for meeting with concerned Planning Directors two weeks later on February 5, 2016.

Many Bay Area Planning Directors work closely with staff of both regional agencies and have an interest in effective regional governance that ensures adequate participation by local elected officials in decision making. We also recognize that the merger of ABAG and MTC could provide opportunities to advance the common interests of both agencies, while ensuring effective planning and governance.

We all recognize the critical need for transportation planning to address the existing and future challenges facing our region, and we hope this need will be on the table as a guiding principle for your study. Also, as you study the issues and develop alternatives, we would like the following to be considered:

- If a merger were to occur, regional planning efforts should be based on local information and not be driven by top-down land use choices or transportation investments. At the same time, transportation planning should start from an assessment of challenges and opportunities, not from a list of projects proposed for funding.
- A new government structure should be conducive to a healthy dialog between land use and transportation and should not be more forcefully weighted against one over the other.
- Historically, ABAG has provided cost effective insurance and financial expertise that cities throughout the region have come to rely upon. A new agency should continue to provide these services.
- The Bay Area has other needs for regional coordination and planning, such as the Bay Trail, hazard mitigation planning, planning for rising sea level, and assistance with identifying and securing grant funding. If other needs will arise in the future, the regional organization that emerges from the ABAG-MTC Merger Study needs to have the capacity to address existing needs, and the flexibility of mission and structure to address future needs.
- An integrated organization should include broad representation on Regional Boards, by local elected officials, with a structure that is neither identical to MTC's Commission nor to ABAG's Board.

- Alternative arrangements other than integrating ABAG's planning function into MTC should be considered.
- The process should continue to allow for thoughtful consideration of the issues and public input. Even if your study can only articulate high level objectives and milestones in the time provided, these should set the stage for continued input and deliberations to advance the objectives identified. Regional governance is too important for a rush to judgement.

We recommend that both agencies continue to move forward deliberately and thoughtfully with the benefit of input from the public and local jurisdictions. We ask that you provide this letter to the MTC Planning Committee and the ABAG Administrative Committee.

Thank you for your consideration of these comments. We welcome the opportunity to engage in further discussion.

Sincerely,



Al Savay, AICP, BAPDA Steering Committee Chair
Community & Economic Development Director
City of San Carlos



Brent A. Butler, AICP, CFM
Planning and Housing Manager
City of East Palo Alto



Casey McCann
Community Development Director
City of Brentwood



Brent Cooper, AICP
Community Development Director
City of American Canyon



Colette Meunier, AICP
Former Planning Director



Hillary Gitelman
Planning Director
City of Palo Alto



Christina Ratcliffe, AICP
Community Development Director
City of Benicia



Charlie Knox, AICP
Former Planning Director



Michele Rodriguez, AICP
Development Services Manager
City of San Pablo



March 15, 2016

ABAG Board members and
MTC Commissioners c/o
Management Partners
2107 North First Street, Ste. 470
San Jose, CA 95131

Re: ABAG/MTC Merger Study

The City of Benicia has concerns regarding the potential ABAG/MTC merger. We understand that the two agencies have hired a consultant to study the proposed merger and welcome an open and thoughtful public engagement process.

As you study the issues and develop alternatives, we would like the following to be considered:

- Any potential integrated organization should include broad representation of all communities. Every community should have a seat at the table, to ensure local representation.
- If a merger were to occur, MTC regional planning efforts should be based on local input and not be driven by top-down transportation investments.
- Any potential new agency structure should include a healthy and open dialog between land use and transportation, and should not be more forcefully weighted against one over the other.
- Historically, ABAG has provided cost effective insurance and financial expertise, as well as research and technical assistance that cities throughout the region have come to rely upon. Any potential new agency needs to continue to provide these services.

ELIZABETH PATTERSON, *Mayor*
Members of the City Council
MARK C. HUGHES, *Vice Mayor* • ALAN M. SCHWARTZMAN • TOM CAMPBELL • CHRISTINA STRAWBRIDGE

BRAD KILGER, *City Manager*
KENNETH C. PAULK, *City Treasurer*
LISA WOLFE, *City Clerk*

- The process should continue to allow for thoughtful consideration of the issues and significant and meaningful public input.

We recommend that both agencies continue to move forward deliberatively and thoughtfully with the benefit of open and transparent input from the public and local jurisdictions.

Thank you for your consideration of these comments. We welcome the opportunity to engage in further discussion.

Sincerely,

A handwritten signature in blue ink, appearing to read "Elizabeth Patterson", with a long horizontal flourish extending to the right.

Elizabeth Patterson, Mayor

Joint Meeting of MTC Planning Committee and ABAG Administrative Committee Merger Study

March 25, 2016

9:00 am



Management
Partners



Meeting Agenda

- Merger study update
- Planning program areas
 - MTC
 - ABAG
- Functional organization charts of both agencies following Resolution 4210
- Financial forecasts for both agencies, including impacts of Resolution 4210
- Preliminary stakeholder engagement comments and themes
- Elected officials electronic survey results
- Proposed merger study principles, problem definitions, range of options and evaluation criteria
- Wrap-up and next steps



Merger Study Update

- Conducted most of the stakeholder engagement meetings
 - Some meetings remain for April 2016
- Deployed an electronic survey for elected officials and compiled results
- Met with MTC and ABAG staff
- Completed the five-year financial forecasts for MTC and ABAG
- Developed a revised set of proposed merger study principles
- Drafted three problem statements, a range of options to address them and proposed evaluation criteria
- Continued to obtain background information to inform analysis

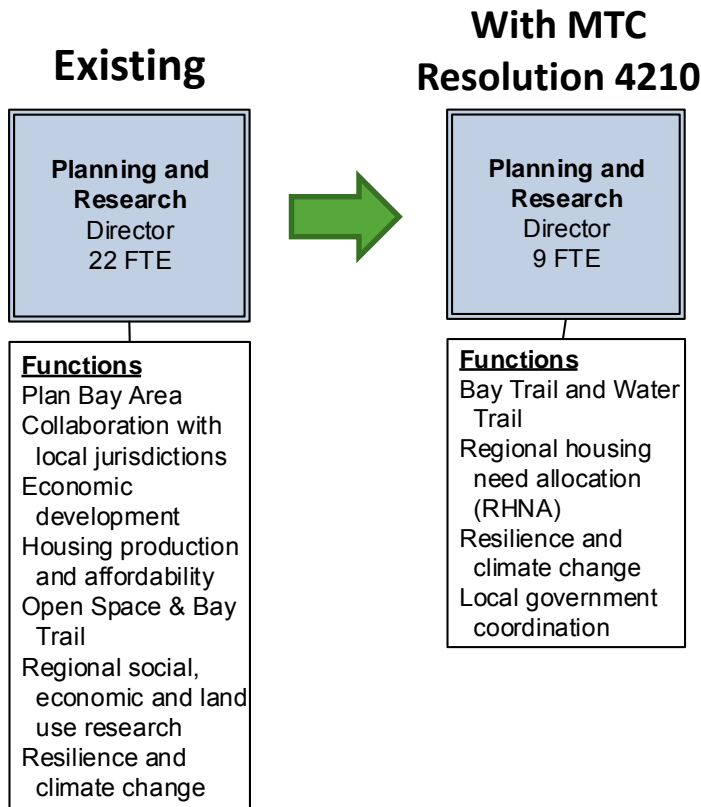
Planning Program Area Overview

Planning Program Areas	MTC	ABAG
Air quality conformance	✓	Minor
Bay Area "Report Card" <ul style="list-style-type: none"> ABAG: State of the Region MTC: Vital Signs 	✓	✓
Bay Trail	Funds	✓
Active transportation planning/Bay Area bikeshare	✓	
Cap and trade financing for Plan Bay Area implementation	✓	✓
Climate initiatives	✓	
Complete streets	✓	Minor
Transit planning/core capacity and connectivity studies	✓	
Economic development	Minor	✓
Forecasts and modeling	✓	✓
Household interview survey program	✓	
Housing programs	✓	✓
Industrial areas and goods movement	✓	✓
Intergovernmental coordination	✓	✓
Lifeline transportation planning	✓	
Mapping	✓	✓
Priority conservation areas	Minor	✓
Priority development area (PDA) implementation/transit-oriented development (TOD)	✓	✓
Regional airport coordination	✓	✓
Regional housing need allocation (RHNA)	Minor	✓
Regional transit on-board survey program	✓	
Resiliency programs	✓	✓
Sustainable communities strategy/Plan Bay Area (PBA)	✓	✓
Transportation data analysis	✓	
Parking policies, pricing, and technical assistance	✓	
Water Trail		✓

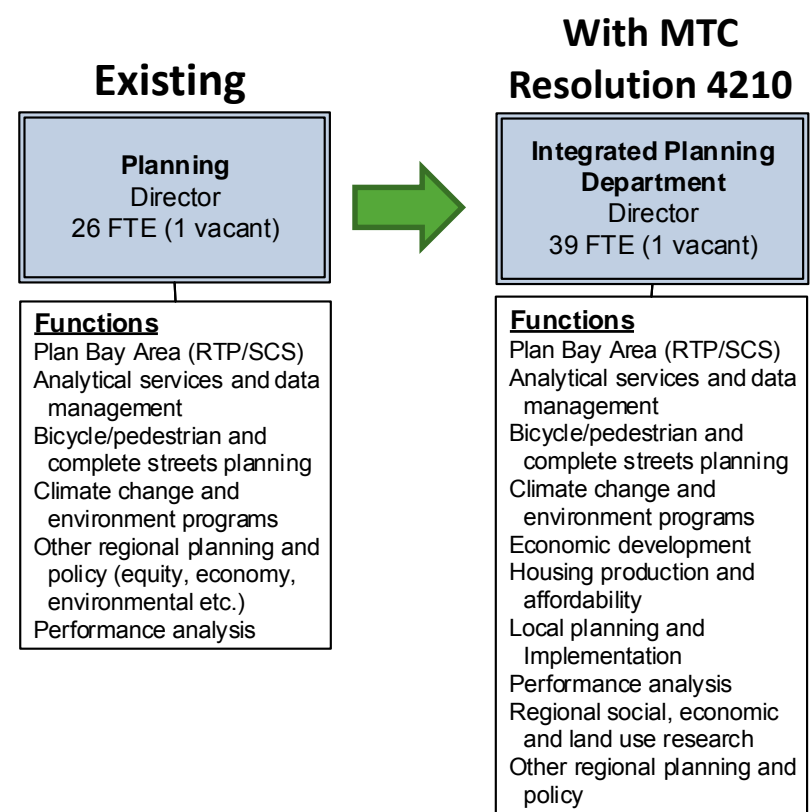
Functional Organization Charts

Post Implementation of MTC Resolution 4210

ABAG



MTC



ABAG and MTC Financial Forecasts Overview

- Impartial third-party review
- Determine:
 - Financial condition of both ABAG and MTC with and without shift of 13 planner positions from ABAG to MTC
 - Extent to which there are pre-existing financial pressures
 - Likely fiscal impact from the shift of planners
- No recommendations to address financial issues

2014 Funding Framework

Balance Declines Due to Pension, Prop 84 Loss

- Total MTC O&M budget reserves decline from \$36.7M in FY 14-15 to \$32.1M in FY 21-22
 - Projected expense and grants per MTC staff
 - CalPERS unfunded liability costs increase from \$1.3M in FY 13-14 to \$2.8M in FY 21-22
 - Prop 84 deficit of \$640K annually from loss of grant
 - ABAG cost of \$4.3M in FY 16-17 is 9% of total \$50.3M MTC expense
- Unrestricted balance declines from \$23.1M in FY 14-15 to \$14.6M in FY 21-22
 - Before GASB 68 unfunded pension liability of \$16.0M in FY 14-15, declining over next 30 years

MTC Resolution 4210

Planner Shift Adds Net Cost of \$5.5M

- Adds \$2.4M in direct costs and other expense for 13 planners
 - Includes salary, OPEB and other expense
- Adds \$1.2M in indirect costs (54.0% rate drops to 50.3%)
- ABAG contractual cost (from all sources) drops from \$4.35M to \$1.75M
- Net increase in total costs vs. Framework of \$5.5M over five years
 - In FY 21-22 MTC cost is \$4.18M under Res. 4210 vs. \$4.09M under continued Framework funding
- Decline in MTC's O&M budget reserves: \$36.7M in FY 14-15 to \$26.1M in FY 21-22
 - Unrestricted balance declines from \$23.1M in FY 14-15 to \$9.0M in FY 21-22 (before \$16.0M GASB 68 unfunded pension liability)

ABAG Faces Fiscal Challenges

- It is a relatively small entity and is highly dependent on state and federal grants
- “Discretionary” income is limited
- Reserve levels are quite low (2.6%), which leaves little room to weather cash flow variances
- Faces existing structural shortfall; MTC Res 4210 and low reserves compound impact and seriousness
- Enterprise and grant programs sensitive to overhead costs, but entity must service OPEB costs and have adequate corporate support functions to operate properly

ABAG Forecast Conclusions: 2014 Funding Framework

Structural Shortfall, but Manageable

- MTC planning revenue of \$3.8M in FY16-17 is:
 - 6.5% of \$58.2M grand total expense
 - 26.8% of \$14.2M personnel and other expense
- Results in manageable, structural shortfall unless corrective action is taken
 - \$190K in FY 17-18 growing to \$480K in FY 21-22
 - Decline in available fund balance from \$1.8M in FY 14-15 to \$57K in FY 21-22 (before \$11.8M in GASB 68 pension liability)
- Major causes of shortfall:
 - CalPERS annual pension unfunded liability costs increase from \$822K in FY 13-14 to \$1.7M in FY 21-22
 - Labor costs (including health, OPEB, PERS pickup)

ABAG Forecast Conclusions: MTC Resolution 4210

Shortfall Requires Significant Corrective Actions

- Direct costs and other expense for 13 planners reduced \$2.4M
- \$1.1M indirect costs on 13 planners must be reallocated
- \$230K in pension unfunded liability costs on former planners must be spread across fewer remaining employees
- Accelerated fund balance decline, deficit by FY 19-20
 - Available fund balance falls from \$1.8M in FY 14-15 to **(\$4.0M)** in FY 21-22 (before \$11.8M in GASB 68 unfunded pension liability)
 - FY 16-17 shortfall of \$436K is 3.6% of personnel and other costs (excluding pass-through and consultant costs) rising to \$2.2M in FY 21-22 (16.1%) when MTC's transition funding expires

Financial Forecast: MTC

Fiscal Impact from Consolidating
Core Planning Functions in MTC

Management
Partners



METROPOLITAN
TRANSPORTATION
COMMISSION

Key MTC Forecast Assumptions

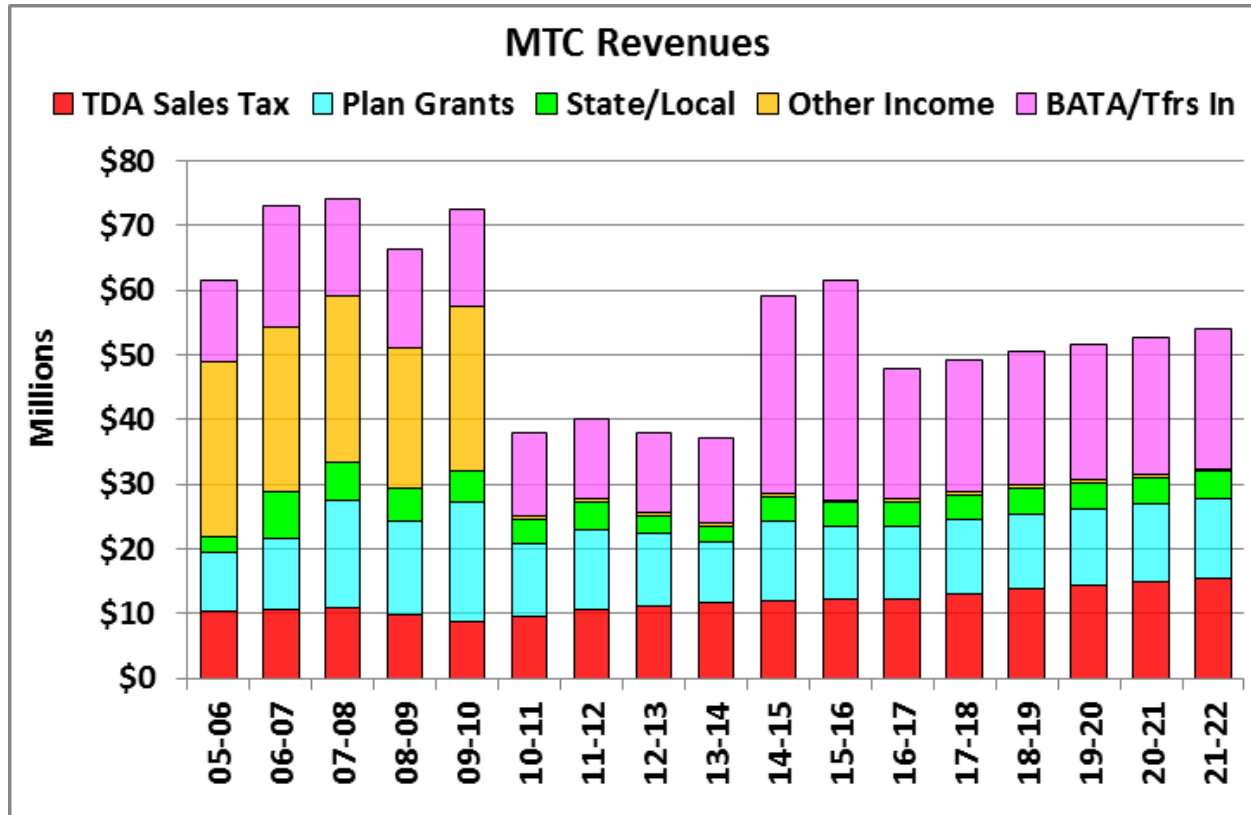
- TDA sales tax growth per HdL multi-year forecast but with modest recession assumed in 2017
- Maintain current grants with 1.5-2% growth or as provided by MTC staff
- Transfers in continue FY 15-16 levels with 2% growth
- Salary growth per labor agreement into 2017, assumes 2% COLA thereafter plus applicable step increases
- Health contribution growth at 8%
- OPEB costs grow with salary COLA
- Other costs increase at 2% annually (temporaries, contract)
- Pension costs per CalPERS 2014 valuation with assumed annual conversion from Classic to PEPRA status equal to 5% of payroll; no change in discount rate

MTC CalPERS Projections (Before Addition to Staff)

Classic Employees:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Normal Cost Rate (ER)	9.97%	10.06%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Net Pickup of EE share	2.40%	2.27%	1.61%	0.99%	0.39%	0.00%	0.00%	0.00%
Total ER Normal Rate	12.37%	12.32%	12.11%	11.49%	10.89%	10.50%	10.50%	10.50%
PEPRA Employees:								
Total ER Normal Rate	N/A	6.18%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Unfunded Liability (Mil.):								
CalPERS projection	\$1.50	\$1.58	\$1.82	\$1.83	\$2.12	\$2.45	\$2.61	\$2.76
Equivalent UAL Rate	7.22%	7.38%	8.25%	8.08%	9.10%	10.21%	10.55%	10.80%
Total Cost as % of Payroll:								
Classic Total Rate	19.58%	19.70%	20.37%	19.57%	19.99%	20.70%	21.04%	21.30%
PEPRA Total Rate	N/A	13.56%	14.75%	14.58%	15.60%	16.71%	17.05%	17.30%

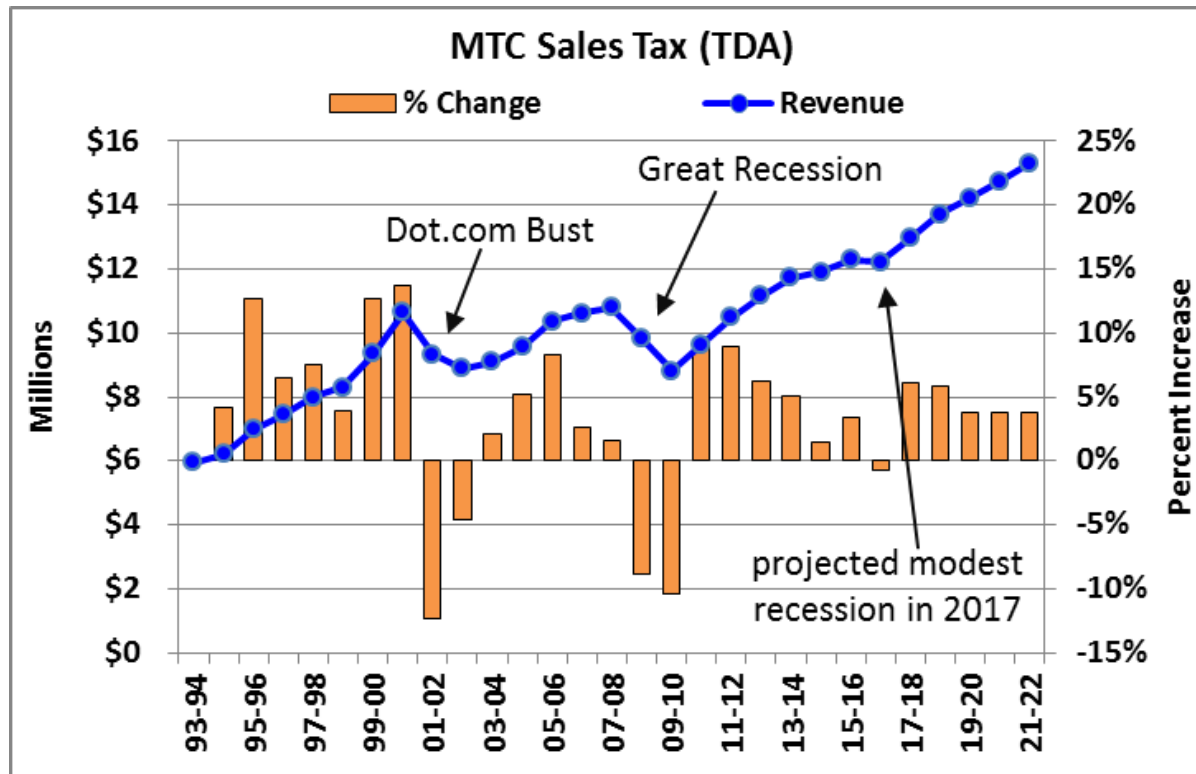
- Net pickup of employee share declines over time under labor agreement
- Shift in payroll from Class to PEPRA over time (assumes 5% per year)
- Unfunded liability costs increase under CalPERS plan
- Rates subject to increase if CalPERS discount rate is reduced

MTC Operating Revenues



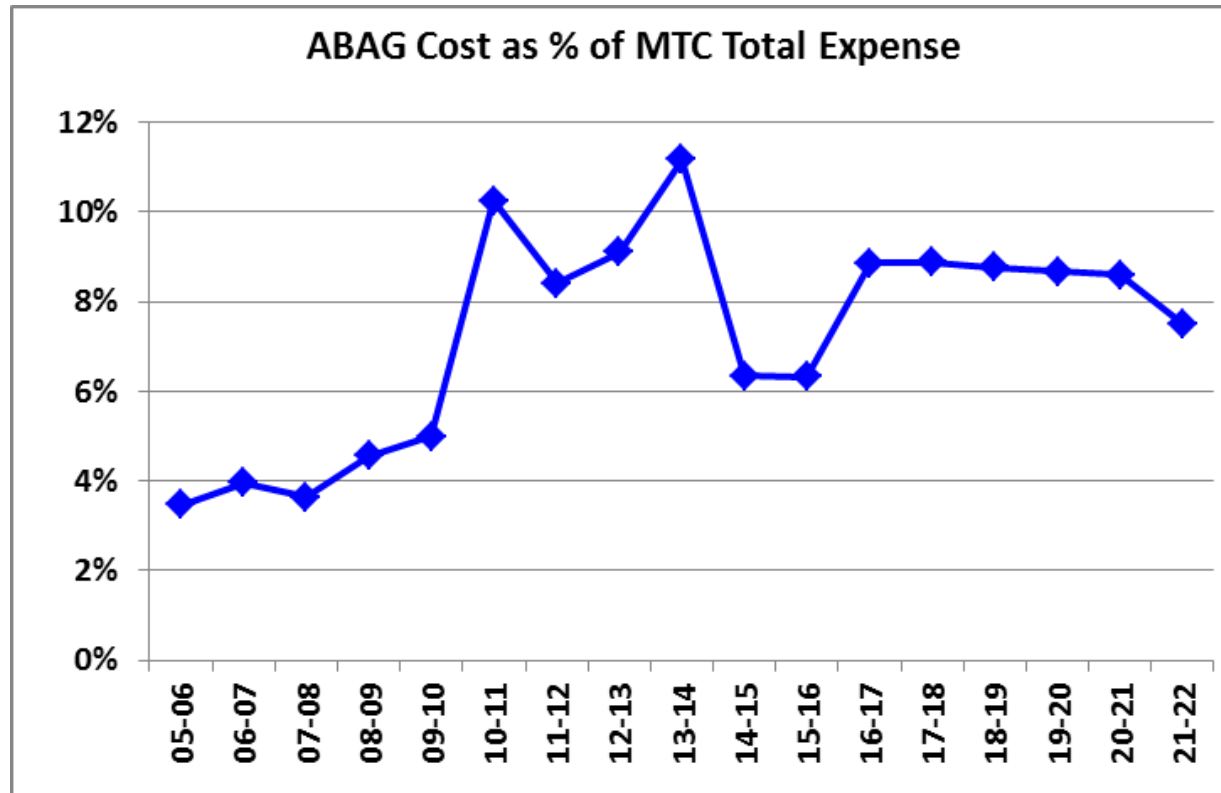
- Transportation grants relatively stable but not under agency control
- Sales Tax subject to economic volatility, but base is large (Bay Area)

TDA Sales Tax History & Forecast



- TDA is 26% of total O&M revenues
- Tax hit hard during last two recessions, but average annual growth has been 3.6% over last 22 years

ABAG Cost as % of MTC Total Expense



- ABAG costs (planning & tenant improvements) average around 8% of total MTC expense in recent years

2014 Funding Framework

MTC Payments to ABAG

	(\$ in millions)							
MTC Funding Sources:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
TDA Sales Tax	0.86	0.91	0.93	0.96	0.99	1.02	1.05	1.08
Prop 84 Deficit	-	-	0.66	0.67	0.65	0.62	0.60	0.05
Planning Grants	1.23	1.26	1.29	1.33	1.36	1.39	1.42	1.37
MTC O&M Budget	2.09	2.17	2.88	2.96	3.00	3.04	3.07	2.51
LTD Federal Grants	1.34	1.36	1.47	1.49	1.51	1.54	1.56	1.58
Total MTC	3.43	3.53	4.35	4.46	4.51	4.57	4.63	4.09
Prop 84 Grants	0.64	0.67	-	-	-	-	-	-
Total Sources	4.07	4.19	4.35	4.46	4.51	4.57	4.63	4.09
Funding Framework:	4.09	4.19	4.35	4.46	4.51	4.57	4.63	4.09

- Assumes Framework continues beyond FY 20-21
- Funding sources provided by MTC staff
- Prop 84 deficit: average \$640K/year would have to be covered by TDA or planning grants

2014 Funding Framework

MTC Operating Budget Forecast

	(\$ in millions)							
Revenues:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
TDA Sales Tax	11.90	12.30	12.21	12.96	13.71	14.22	14.76	15.31
Interest/Other	0.53	0.51	0.51	0.49	0.47	0.45	0.43	0.41
Other Planning Grants	12.42	11.09	11.26	11.49	11.72	11.95	12.19	12.44
BATA 1% + Transfers In	30.65	33.84	20.00	20.33	20.66	20.99	21.34	21.69
State/Local Funding	3.60	3.69	3.76	3.84	3.91	3.99	4.07	4.15
LTD Federal Grants	1.34	1.36	1.47	1.49	1.51	1.54	1.56	1.58
Total Revenue	60.44	62.79	49.22	50.59	51.98	53.15	54.35	55.58
Expenses:								
Personnel/Other	22.35	23.14	23.94	24.53	25.31	26.06	26.77	27.49
New Planners (total)	-	-	-	-	-	-	-	-
Contractual-ABAG	3.83	3.98	4.35	4.46	4.51	4.57	4.63	4.09
Contractual-Other	28.99	29.94	16.14	16.46	16.79	17.13	17.47	17.82
Other Expense	5.26	5.73	5.85	5.97	6.09	6.21	6.33	6.46
Total Expense	60.44	62.79	50.28	51.41	52.70	53.97	55.20	55.86
Balance:								
Net Revenue (Expense)	0.01	0.00	(1.06)	(0.83)	(0.72)	(0.82)	(0.85)	(0.28)
Adjustment	2.50	-	-	-	-	-	-	-
Total Restricted Reserves	13.59	16.29	15.00	15.50	16.00	16.50	17.00	17.50
Unrestricted before GASB 68	23.09	20.39	20.62	19.30	18.08	16.76	15.40	14.62
GASB 68 Pension Liability	(16.00)	(15.47)	(14.93)	(14.40)	(13.87)	(13.33)	(12.80)	(12.27)
Unrestricted after GASB 68	7.09	4.92	5.69	4.90	4.21	3.42	2.60	2.36
Total Reserves	36.68	36.68	35.62	34.80	34.08	33.26	32.40	32.12

MTC Resolution 4210

MTC Operating Budget Forecast

	(\$ in millions)							
Revenues:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
TDA Sales Tax	11.90	12.30	12.21	12.96	13.71	14.22	14.76	15.31
Interest/Other	0.53	0.51	0.51	0.49	0.47	0.45	0.43	0.41
Other Planning Grants	12.42	11.09	11.26	11.49	11.72	11.95	12.19	12.44
BATA 1% + Transfers In	30.65	33.84	20.00	20.33	20.66	20.99	21.34	21.69
State/Local Funding	3.60	3.69	3.76	3.84	3.91	3.99	4.07	4.15
LTD Federal Grants	1.34	1.36	1.47	1.49	1.51	1.54	1.56	1.58
Total Revenue	60.44	62.79	49.22	50.59	51.98	53.15	54.35	55.58
Expenses:								
Personnel/Other	22.35	23.14	23.94	24.53	25.31	26.06	26.77	27.49
New Planners (total)	-	-	3.58	3.68	3.82	3.95	4.06	4.18
Contractual-ABAG	3.83	3.98	1.75	1.80	1.80	1.80	1.80	-
Contractual-Other	28.99	29.94	16.14	16.46	16.79	17.13	17.47	17.82
Other Expense	5.26	5.73	5.85	5.97	6.09	6.21	6.33	6.46
Total Expense	60.44	62.79	51.26	52.44	53.81	55.14	56.43	55.95
Balance:								
Net Revenue (Expense)	0.01	0.00	(2.04)	(1.85)	(1.83)	(2.00)	(2.09)	(0.37)
Adjustment	2.50	-	-	-	-	-	-	-
Total Restricted Reserves	13.59	16.29	15.00	15.50	16.00	16.50	17.00	17.50
Unrestricted before GASB 68	23.09	20.39	19.64	17.29	14.96	12.47	9.88	9.01
GASB 68 Pension Liability	(16.00)	(15.47)	(14.93)	(14.40)	(13.87)	(13.33)	(12.80)	(12.27)
Unrestricted after GASB 68	7.09	4.92	4.71	2.89	1.09	(0.87)	(2.92)	(3.26)
Total Reserves	36.68	36.68	34.64	32.79	30.96	28.97	26.88	26.51

MTC Resolution 4210

Net Impact on MTC from Planner Shift

	(\$ in millions)							
Continue Funding Framework	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Total Paid to ABAG*	4.07	4.19	4.35	4.46	4.51	4.57	4.63	4.09
Res. 4210 Planner Shift								
Total Paid to ABAG*	4.07	4.19	1.75	1.80	1.80	1.80	1.80	-
Cost of New Planners	-	-	3.58	3.68	3.82	3.95	4.06	4.18
Total	4.07	4.19	5.33	5.48	5.62	5.75	5.86	4.18
Incr (Decr) Under Shift	-	-	0.98	1.03	1.11	1.18	1.23	0.09

*excludes Bay Trails

- Total net increase in cost to MTC of \$5.5M for Res. 4210 shift of planners, compared to Framework
- Added costs are primarily over 5-year period of FY 16-17 through FY 20-21
- In FY 21-22 the net increase drops to \$90K (assuming Framework would continue beyond FY 20-21)

Financial Forecast: ABAG

Fiscal Impact from Consolidating
Core Planning Functions in MTC

Management
Partners



Association
of Bay Area
Governments

Key ABAG Forecast Assumptions

- Maintain current grants with 2% annual growth
- Member dues grow 2% with 100% collection rate
- Salary growth per MOU into 2017; assumes 2% COLA thereafter plus applicable step increases
- Health contribution growth at 8%
- OPEB costs at 14% of payroll
- Other costs increase at 2% annually
- Pension costs per CalPERS 2014 valuation with assumed annual conversion from Classic to PEPRA status equal to 5% of payroll; no change in discount rate

2014 Funding Framework

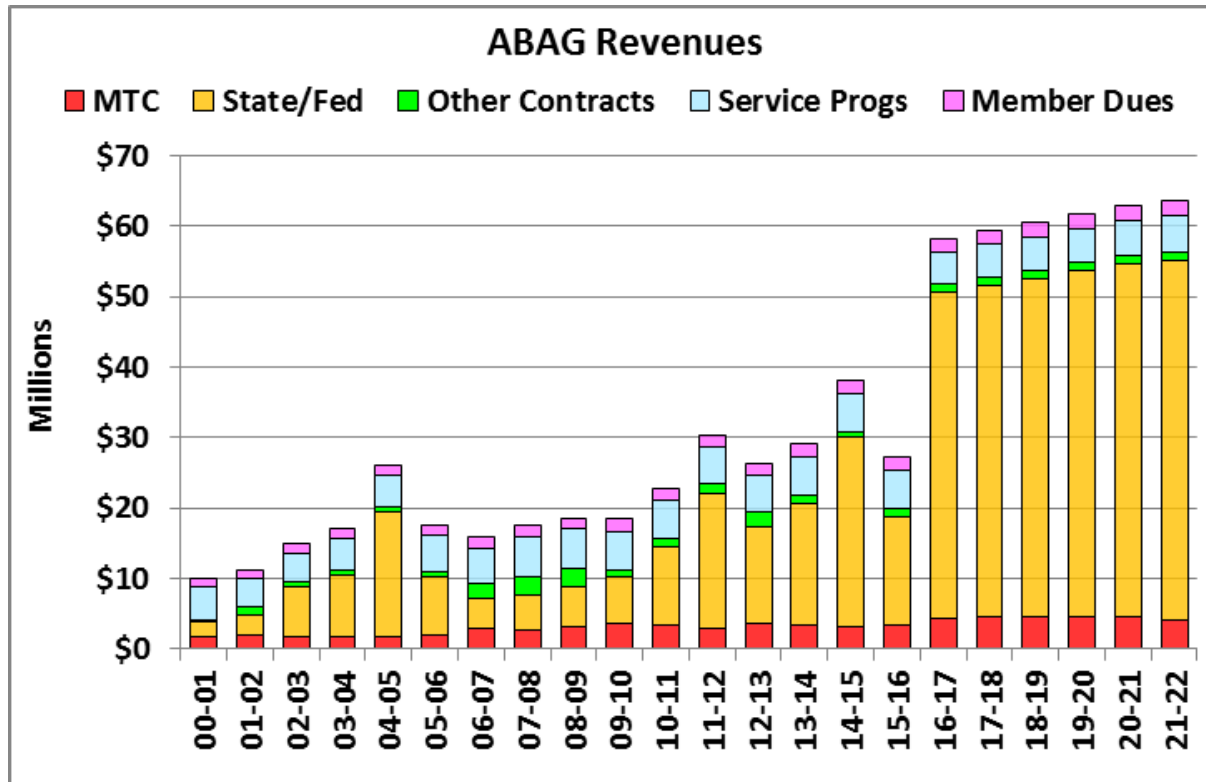
CalPERS Projections

Classic Employees:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Normal Cost Rate (ER)	8.90%	9.07%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Net Pickup of EE share	7.50%	6.50%	5.50%	5.00%	5.00%	5.00%	5.00%	5.00%
Total ER Normal Rate	<u>16.40%</u>	<u>15.57%</u>	<u>15.00%</u>	<u>14.50%</u>	<u>14.50%</u>	<u>14.50%</u>	<u>14.50%</u>	<u>14.50%</u>
PEPRA Employees:								
Total ER Normal Rate	N/A	6.18%	6.49%	6.60%	6.60%	6.60%	6.60%	6.60%
Unfunded Liability (Mil.):								
CalPERS projection	\$0.8	\$1.0	\$1.2	\$1.3	\$1.4	\$1.5	\$1.6	\$1.7
Equivalent UAL Rate	14.03%	16.55%	17.68%	18.77%	20.02%	21.35%	21.90%	22.37%
Total Cost as % of Payroll:								
Classic Total Rate	30.42%	32.12%	33.20%	33.27%	34.52%	35.85%	36.40%	36.87%
PEPRA Total Rate	N/A	22.73%	25.10%	25.37%	26.62%	27.95%	28.50%	28.97%

- Net pickup of employee share declines over time under MOU to 5%
- Shift in payroll from Classic to PEPRA over time (assumes 5% per year)
- Unfunded liability costs increase under CalPERS plan
- Rates subject to increase if CalPERS discount rate is reduced
- Employees also pay into Social Security

2014 Funding Framework

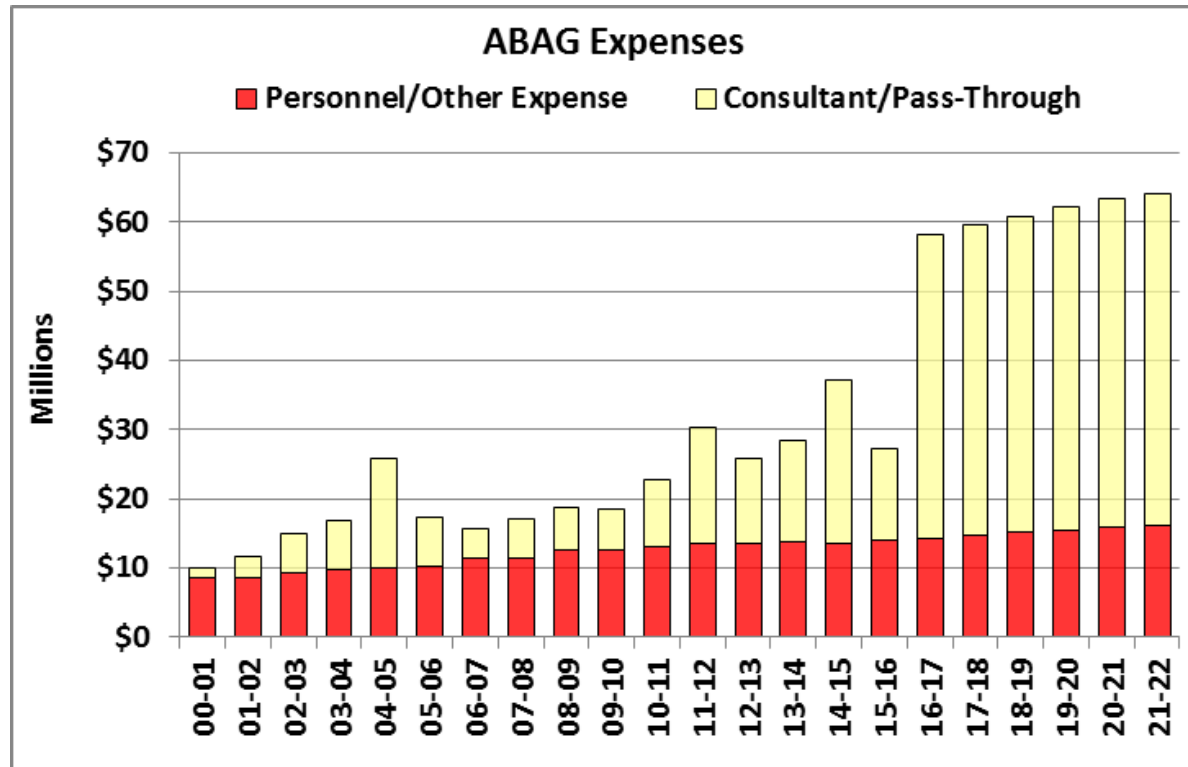
ABAG Revenue Structure



- Major growth in state/federal grants (estuary and energy grants); assumes continuation for several years
- Much of these grants are consultant costs and pass-through, but also support various staff

2014 Funding Framework

ABAG Expense Structure



- Steady growth in personnel and other expense (3.4% historical average)
- Volatility in consultant, pass-through and revenue for associated staff support based on nature of grants

2014 Funding Framework

Total Cost and Funding of ABAG Planning Function

	(\$ in millions)							
ABAG Planning Function:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Total Planners (22 FTE)	3.36	3.45	3.70	3.82	3.93	4.04	4.13	4.21
Other Costs @4%	0.13	0.14	0.15	0.15	0.16	0.16	0.17	0.17
Subtotal	3.50	3.58	3.85	3.98	4.09	4.20	4.29	4.38
Indirect Costs @44.95%	1.51	1.55	1.66	1.72	1.77	1.82	1.86	1.89
Total	5.01	5.13	5.51	5.69	5.86	6.02	6.15	6.27

Planning Revenue Sources:								
MTC Sources	3.69	3.74	3.80	3.86	3.91	3.97	4.03	4.09
Other Revenue Sources	1.32	1.39	1.72	1.84	1.95	2.05	2.12	2.18
Total Sources	5.01	5.13	5.51	5.69	5.86	6.02	6.15	6.27
MTC Share of Funding	74%	73%	69%	68%	67%	66%	66%	65%

- MTC covers most, but not all, of ABAG planners' costs
- Planners charge time to various projects

2014 Funding Framework

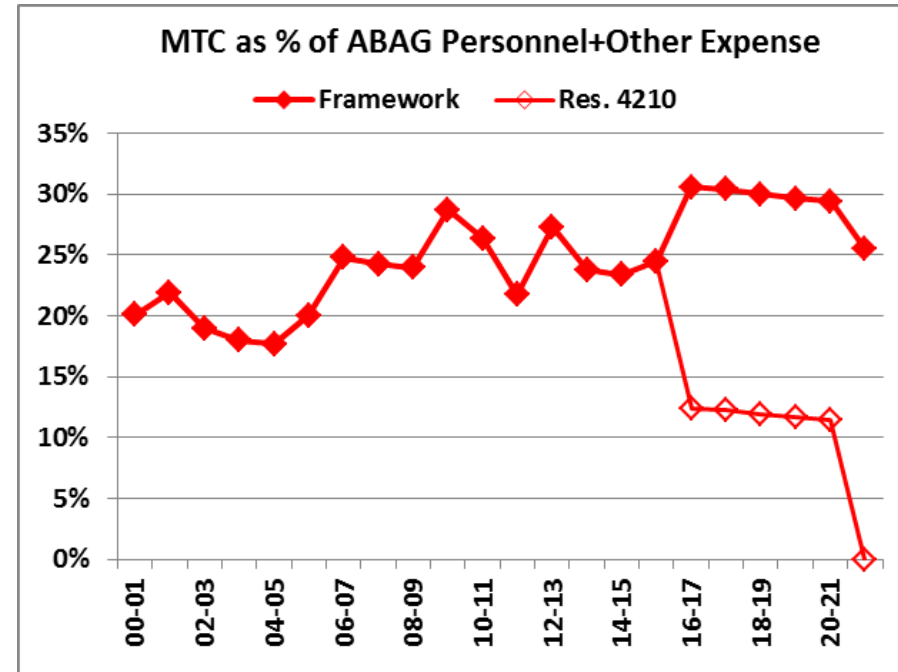
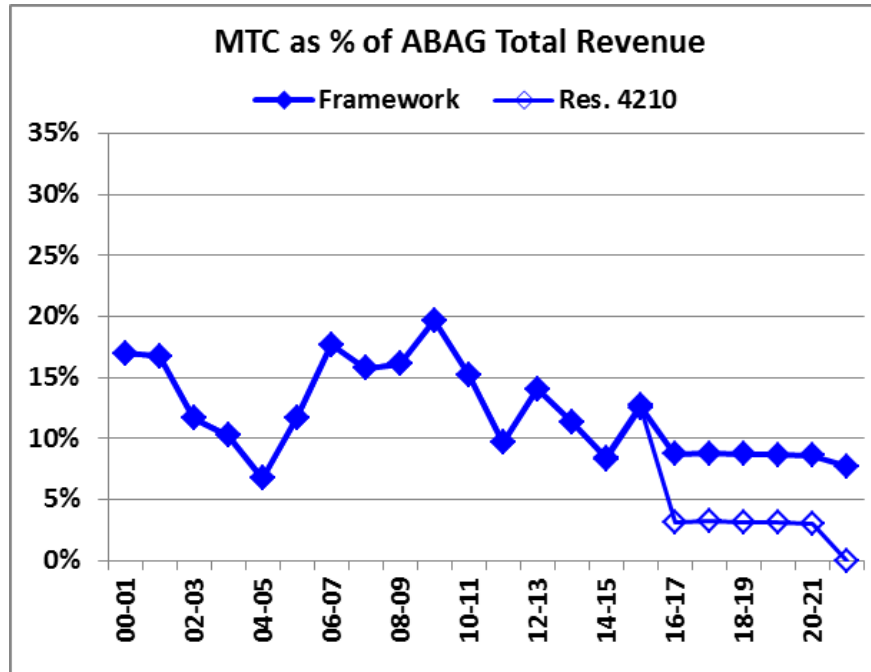
Manageable Structural Shortfall

	(\$ in millions)							
ABAG Revenues:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Total MTC Revenues	4.32	4.44	5.07	5.19	5.27	5.34	5.41	4.89
Other Revenues	33.71	22.71	53.15	54.21	55.30	56.40	57.53	58.68
Total	38.03	27.16	58.22	59.40	60.56	61.74	62.94	63.57
ABAG Expenses:								
Planning & Research	5.01	5.13	5.51	5.69	5.86	6.02	6.15	6.27
Other Programs	32.18	21.97	52.71	53.90	55.01	56.13	57.25	57.78
Total	37.19	27.11	58.22	59.59	60.87	62.15	63.39	64.05
Personnel (Direct+Indirect)	11.37	11.59	11.83	12.24	12.58	12.91	13.18	13.44
Consultant Services	14.16	10.78	28.25	28.81	29.39	29.97	30.57	31.18
Pass-Through	9.48	2.45	15.76	16.12	16.43	16.74	17.07	16.79
Other Expense	2.17	2.29	2.38	2.43	2.48	2.53	2.58	2.63
Total	37.19	27.11	58.22	59.59	60.87	62.15	63.39	64.05
ABAG Balance:								
Net Revenue (Expense)	0.85	0.05	-	(0.19)	(0.31)	(0.41)	(0.45)	(0.48)
Available Fund Balance	1.84	1.89	1.89	1.71	1.40	0.99	0.54	0.06
GASB 68 Pension Liability	(11.83)	(11.43)	(11.04)	(10.65)	(10.25)	(9.86)	(9.46)	(9.07)
Avail Balance After GASB 68	(9.98)	(9.54)	(9.15)	(8.94)	(8.85)	(8.87)	(8.93)	(9.01)

- GASB 68 does not affect cash; reflects present value of unfunded pension liability; assumes liability amortized over 30 years

MTC Resolution 4210

MTC Budget Impact: Two Views



- MTC revenues for planning and tenant improvements, excludes Bay Trails
- Equals 9% of total ABAG revenues (including consultant and pass-through)
- Equals 30% of ABAG personnel and other expense (areas where cuts would have to occur)

MTC Resolution 4210

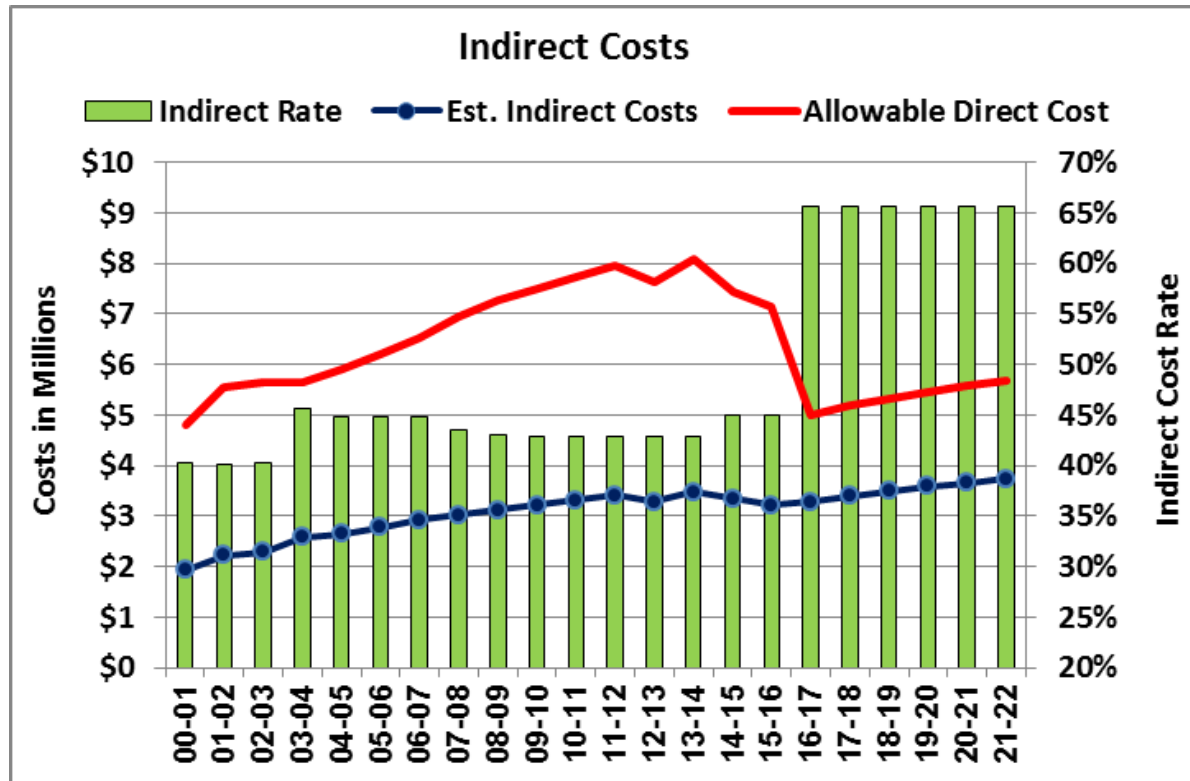
Impact of Planner Shift

	(\$ in millions)							
ABAG Planning Function:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Planners Shifted (13 FTE)	2.09	2.14	-	-	-	-	-	-
Other Planners (9 FTE)	1.27	1.30	1.40	1.46	1.51	1.56	1.59	1.62
Total Personnel	3.36	3.45	1.40	1.46	1.51	1.56	1.59	1.62
Other Costs @4%	0.13	0.14	0.06	0.06	0.06	0.06	0.06	0.06
Total Direct Costs	3.50	3.58	1.46	1.52	1.57	1.62	1.66	1.69
Indirect Costs @44.95%	1.51	1.55	1.66	1.72	1.77	1.82	1.86	1.89
Pension Unfunded Liability	-	-	0.23	0.25	0.27	0.30	0.31	0.32
Total	5.01	5.13	3.35	3.49	3.61	3.73	3.82	3.91
Planning Revenue Sources:								
MTC Sources (<i>revised</i>)	3.69	3.74	1.20	1.20	1.20	1.20	1.20	-
Other Sources (<i>unchanged</i>)	1.32	1.39	1.72	1.84	1.95	2.05	2.12	2.18
Total Sources	5.01	5.13	2.92	3.04	3.15	3.25	3.32	2.18
Net Revenue (Expense)	-	-	(0.44)	(0.45)	(0.46)	(0.48)	(0.50)	(1.73)

- 9 planners proposed to remain with ABAG; consolidates most, but not all of the planning functions within the two agencies
- After transition funding there remains a net shortfall (in addition to the pre-existing structural shortfall)

MTC Resolution 4210

Impacts on Indirect Cost Rate



- Some grants may be locked in to current indirect rate
- Imposing higher rate may make ABAG non-competitive for grants
- Planner positions and admin staff service grants and service programs

MTC Resolution 4210

Balance Decline Accelerates, Deficit in 4 Years

	(\$ in millions)							
ABAG Revenues:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Total MTC Revenues	4.32	4.44	2.47	2.54	2.55	2.57	2.58	0.80
Other Revenues	33.71	22.71	53.15	54.21	55.30	56.40	57.53	58.68
Total	38.03	27.16	55.62	56.75	57.85	58.97	60.11	59.48
ABAG Expenses:								
Planning & Research	5.01	5.13	3.35	3.49	3.61	3.73	3.82	3.91
Other Programs	32.18	21.97	52.71	53.90	55.01	56.13	57.25	57.78
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Other Expense	2.17	2.29	2.29	2.33	2.38	2.43	2.48	2.52
Total	37.19	27.11	56.06	57.38	58.62	59.87	61.07	61.68
ABAG Balance:								
Net Revenue (Expense)	0.85	0.05	(0.44)	(0.63)	(0.77)	(0.90)	(0.95)	(2.20)
Available Fund Balance	1.84	1.89	1.46	0.82	0.05	(0.84)	(1.80)	(4.00)
GASB 68 Pension Liability	(11.83)	(11.43)	(11.04)	(10.65)	(10.25)	(9.86)	(9.46)	(9.07)
Avail Balance After GASB 68	(9.98)	(9.54)	(9.58)	(9.82)	(10.20)	(10.70)	(11.26)	(13.07)

- GASB 68 does not affect cash; reflects present value of unfunded pension liability; assumes liability amortized over 30 years

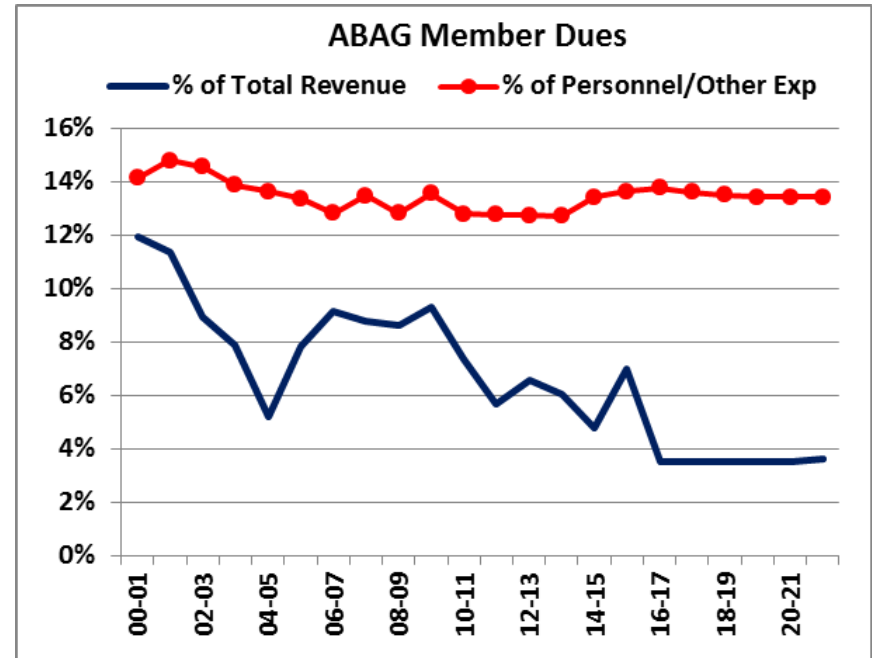
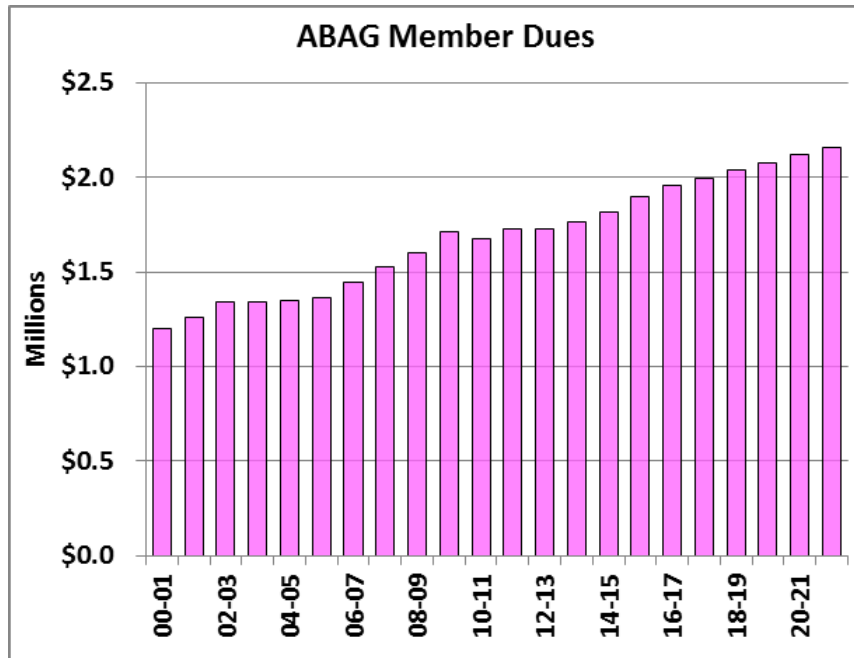
MTC Resolution 4210

Shortfall as % of Personnel and Other Costs

	(\$ in millions)							
Shortfall Impact:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Total Expense	37.19	27.11	56.06	57.38	58.62	59.87	61.07	61.68
less: Consultant+Pass-Thru	23.65	13.23	44.01	44.93	45.81	46.72	47.64	47.98
Personnel+Other Cost	13.54	13.88	12.05	12.46	12.81	13.15	13.43	13.70
Net Revenue (Expense)	0.85	0.05	(0.44)	(0.63)	(0.77)	(0.90)	(0.95)	(2.20)
% of Personnel+Other	6.2%	0.4%	-3.6%	-5.1%	-6.0%	-6.8%	-7.1%	-16.1%

- In FY 16-17 net shortfall represents 3.6% of personnel/other costs
- Impact increases over time due to structural shortfall
- Starting FY 21-22, loss rises to 16.1% of personnel/other costs, with end of \$1.2M transition funding
- Assumes continuation of other grant funding, full dues collection

Relative Importance of Dues



- Current dues plan increases rates annually by CPI
- Revising plan would require vote of ABAG Assembly (majority of a majority of 110 members voting)
- Dues lower as % of total revenues, but steady at 13% of personnel/ other expense

Altering Fiscal Outcome Requires Some Combination of the Following Actions

- Maintain and secure additional grants to make up for loss in MTC funds (allows shift in existing overhead formerly allocated to MTC)
 - Requires at least \$2.6M in new grants that are primarily personnel costs
- Cut overhead costs (to reduce overhead rate)
 - Requires \$1M cut in current \$3.2M overhead to retain current indirect rate of 44.95%, given direct costs remaining after shift of 13 planners
- Dues increase (generate more net revenue)
 - Requires 22% increase to generate \$440K added net revenue
- Eliminate net pickup of PERS costs (to reduce overall costs)
 - Requires labor negotiations; remaining 5% pickup on \$5.33M salaries after planner shift yields \$266K of savings
- New actuarial study may justify lower OPEB contribution rate
 - Potential savings of \$50-100K from proposed FY 16-17 budget

Stakeholder Engagement Participants

- Stakeholder meeting participant groups:
 - 8 Mayors' Conferences
 - 8 Congestion Management Agency Technical Advisory Committees (1 to be held in April)
 - 3 City Manager Associations (held upon request)
 - 3 Regional Forums
 - 11 Individual Stakeholder Groups

Preliminary Stakeholder Engagement

Broad Themes

1. A single integrated agency is likely to better serve the region.
2. Any new regional agency needs to respect and respond to the diversity and unique circumstances of Bay Area communities.
3. Any new agency should continue to provide services and assistance to local communities.
4. MTC is generally perceived as being less accessible to local government officials and stakeholders than ABAG; MTC is seen as more “top-down” and ABAG more “bottom-up.”
5. Between the two agencies, there are too many committees seemingly addressing similar issues.
6. The question of merger is critically important to the region, and if pursued, it needs sufficient time.
7. The Bay Area competes with major metropolitan regions in the U.S. and around the world and needs to have a more integrated vision and voice in order to compete successfully.
8. Governance structure is critical if a single integrated agency is formed.

Elected Officials Survey Results Overview

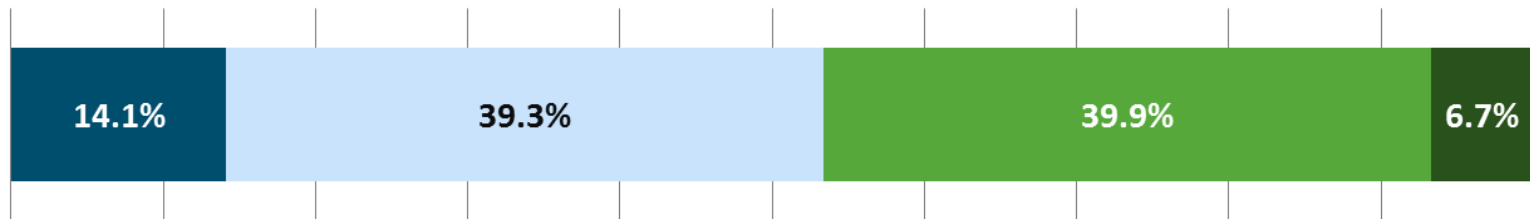
- Electronic survey distributed to elected officials in the Bay Area
 - Cities, towns, counties
 - BART and AC Transit elected boards of directors
- Of the 111 local jurisdictions surveyed, 95 (85%) jurisdictions participated
 - 86 cities
 - 8 counties
 - 3 responses from transit agencies
- 180 (about 30%) of the 610 elected officials engaged in the process

	Number of Total Respondents	Number of Jurisdictions Represented
Councilmember/Mayor		
Medium to Large City (more than 50,000)	60	35
Small City (less than 50,000)	100	51
Supervisor		
Large County (more than 500,000)	7	3
Small County (less than 500,000)	8	5
Transit Agency Board Member	3	>1*

**It is not possible to determine which transit agencies participated based on the responses collected.*

Elected Officials Survey Results

“My community was actively involved in the development of Plan Bay Area.”



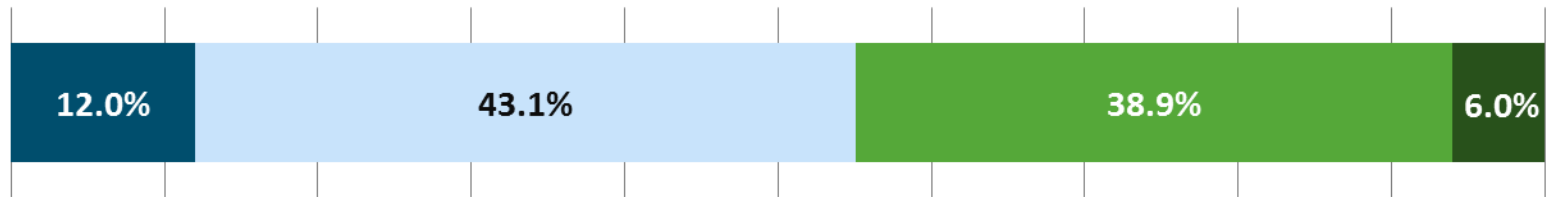
“Regional planning has generally been effective in the Bay Area.”



Strongly Disagree Disagree Agree Strongly Agree

Elected Officials Survey Results

“The current allocation of roles and responsibilities between ABAG and MTC support an effective approach to regional transportation and land use planning in the Bay Area.”



“Transportation and land use planning should be performed by separate agencies in the Bay Area.”



Strongly Disagree Disagree Agree Strongly Agree

Elected Officials Survey Results

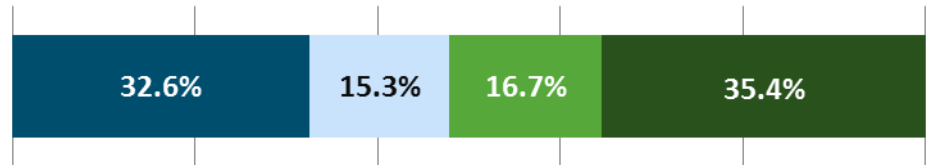
“Transportation and land use planning should be performed by a single agency in the Bay Area, as it is in other large metropolitan areas in California.”



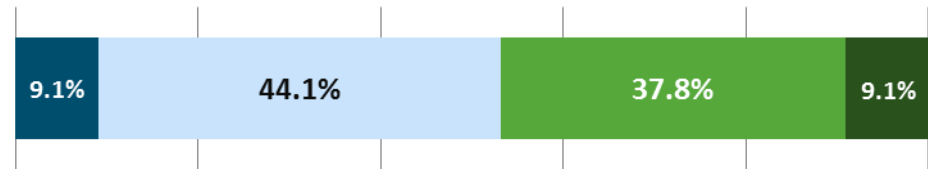
Elected Officials Survey Results

Rank the options below in order of their effectiveness in supporting regional transportation and land use planning in the Bay Area. ”

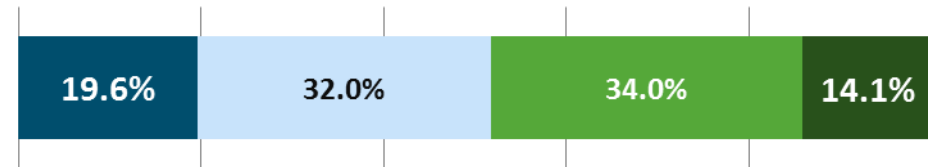
Option A. Keep the current division of roles and responsibilities between ABAG and MTC the same.



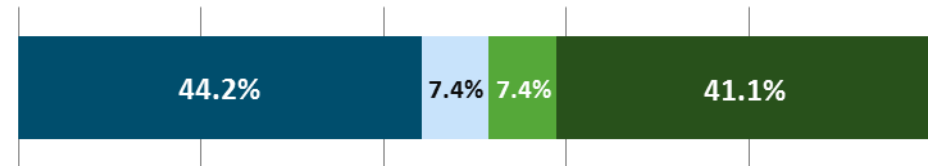
Option B. Strengthen the regional transportation and land use planning collaboration between ABAG and MTC.



Option C. Look for opportunities to functionally integrate the regional planning operations of ABAG and MTC, but retain each entity separately



Option D. Create a new governance model for the Bay Area's land use and transportation planning, and transportation coordination and financing roles and responsibilities.



Elected Officials Survey Results

“What concerns would you have if a new governance model for land use and transportation planning, and transportation coordination and financing was created? (Indicate your top three concerns in order)”

	Highest Concern	Second Highest Concern	Third Highest Concern
Overall	Local Control	Governance	Accountability
Councilmember/Mayor	Local Control	Governance	Accountability / Efficiency and Effectiveness
Supervisor	Local Control	Governance	Accountability
Transit Agency Board Member	Accountability	Governance	Transparency / Local Control

Proposed Principles

1. Provides a sustainable, integrated and transparent land use and transportation planning function
2. Improves the efficiency and effectiveness of regional land use and transportation planning, services, and programs
3. Increases the transparency of regional land use and transportation policy decisions
4. Sustains or expands core agency services, operations and programs
5. Expands opportunities for broader stakeholder engagement in regional planning
6. Sustains the representative voice of cities and counties
7. Promotes comprehensive regional planning in the Bay Area.
8. Preserves local land use authority
9. Provides an equitable and predictable transition for current and retired employees

Proposed Problem Definitions

- Three problems:
 1. Preparation of the region's sustainable community strategy to reduce greenhouse gases is statutorily split between two regional agencies.
 2. Two agencies responsible for regional land use and transportation planning and associated services and programs are not formally linked by an integrated management, leadership or policy structure.
 3. ABAG's ongoing ability to implement its mission is compromised.

Problem 1: SCS is Statutorily Split

- Consequences
 - Leadership and management issues (who is in charge of getting the SCS completed and implemented)
 - Coordination and performance confusion (accountability)
 - Inefficient use of staff resources
 - Confusion for the public about who makes which policy decisions (transparency)
 - Inefficient government and increased costs
 - Bifurcated and sometimes competing strategic direction at the policy, leadership and management levels

Problem 2: Two agencies responsible for regional planning are not formally linked

- Consequences
 - Significant obstacle to integrating complex land use, transportation and regional policy issues into a clear vision for the region
 - Distraction for a region needing to address complex and difficult issues (stakeholders want a “one stop, accountable shop”)
 - Disparate and, in some cases, duplicative and competing programs provided to local government
 - Inefficient use of staff resources
 - Perceptions regarding the lack of accountability and transparency (too many committees across two agencies addressing similar issues and programs)
 - Inefficient use of elected officials time

Problem 3: ABAG's ability to implement its mission is compromised

- Consequences
 - Increased dependency on discretionary revenue that will fluctuate with the economy, grantors and contractors
 - Ongoing concern by members and regional planning stakeholders regarding ABAG's mission and ability to influence complex and difficult regional issues
 - Member agency "voice" is at risk regarding complex regional issues
 - Potential loss of confidence among grantor organizations
 - With or without regional planning, ABAG's members and grantors may not be willing to sustain the agency's financial security over the long term

Ten Options for Analysis

Nothing will ever be attempted, if all possible objections must first be overcome.

- Samuel Johnson

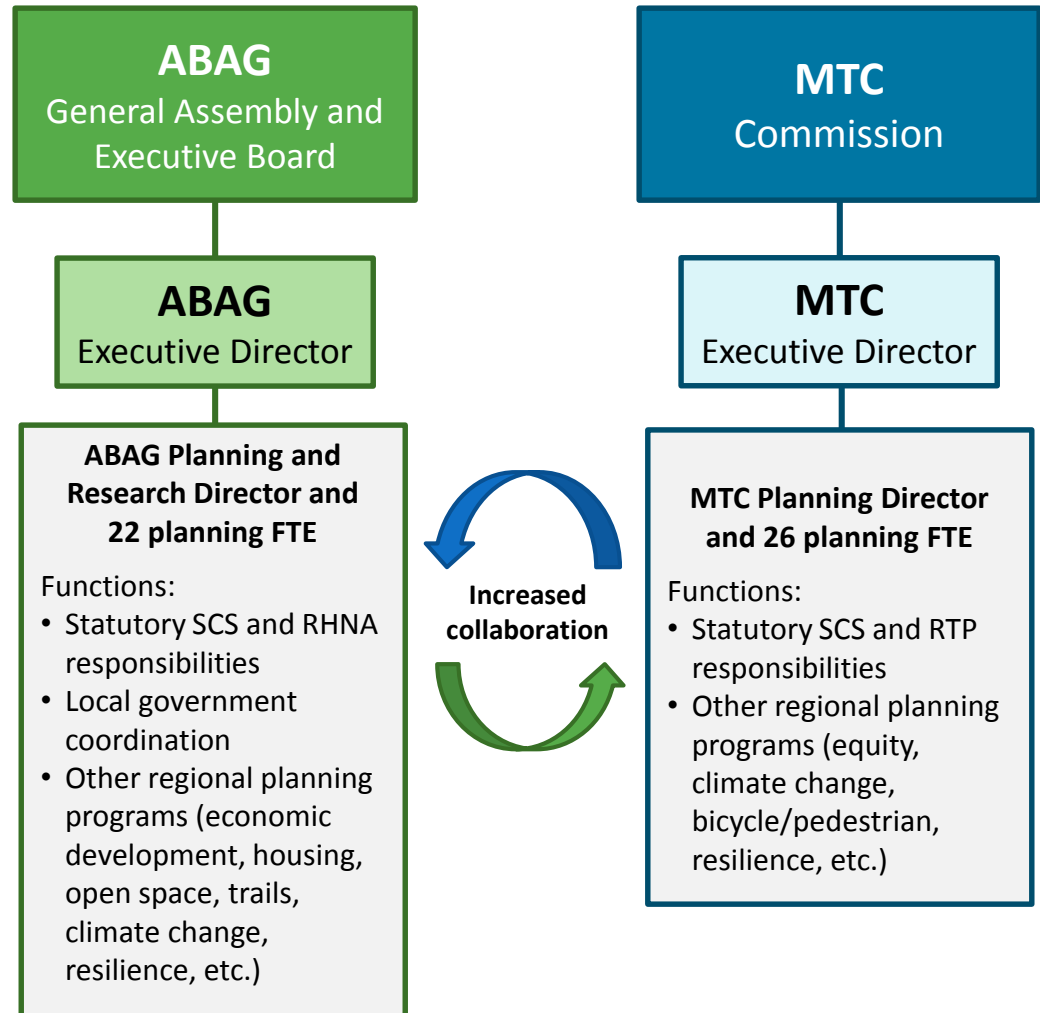
The biggest obstacle to positive change is fear.

- Peter Senge

Option 1

No Change

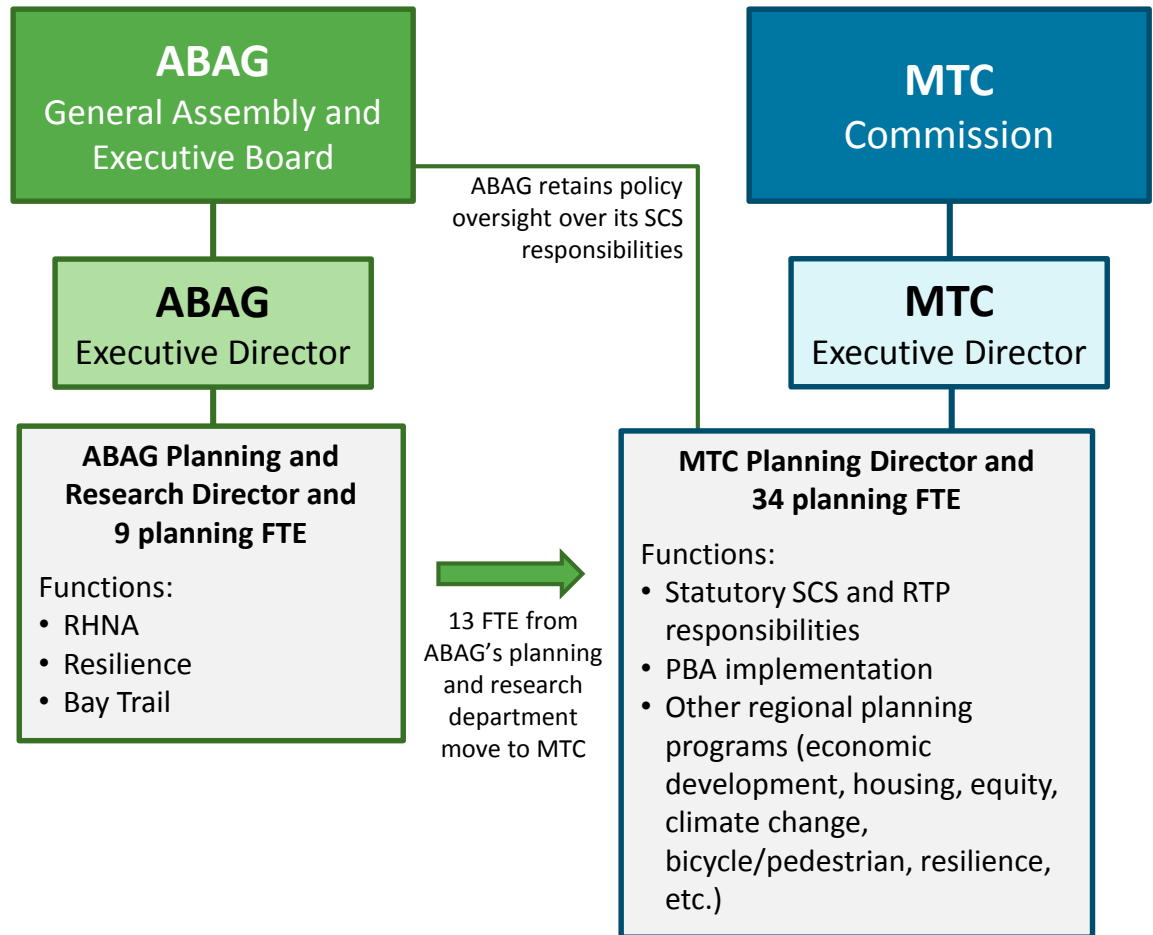
- Maintain current independence of each agency
- Increase collaboration between agencies to improve and streamline the Plan Bay Area (PBA) process and other regional planning efforts



Option 2

Consolidate regional planning functions within MTC

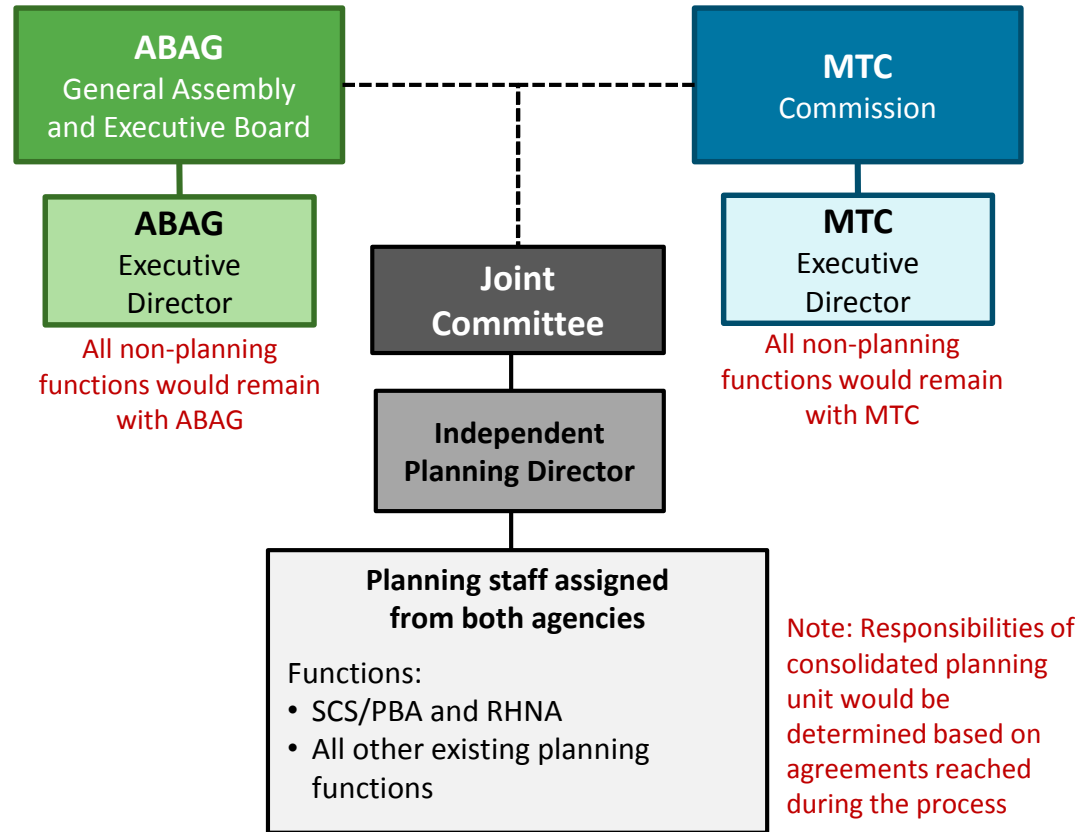
- Consolidate most regional planning functions within MTC by implementing MTC Resolution 4210
- ABAG JPA, policy structure, some planning programs and other agency programs would remain in the COG



Option 3

Hire an independent planning director to manage PBA, all planning functions, or both

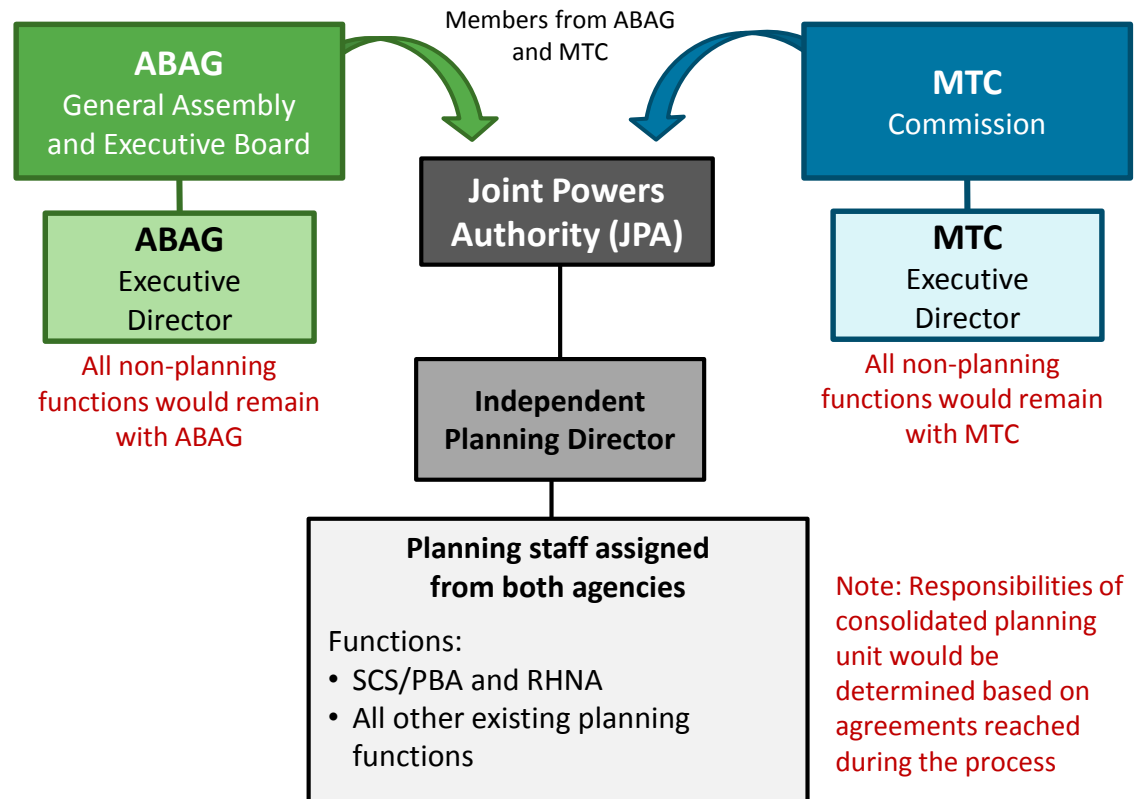
- Hire an independent planning director responsible for PBA, all planning functions, or both
- Planning director reports directly to the ABAG Administrative Committee and MTC Planning Committee
- Planning staff assigned from both agencies



Option 4

Establish new Joint Powers Authority (JPA) to oversee PBA, all planning functions, or both

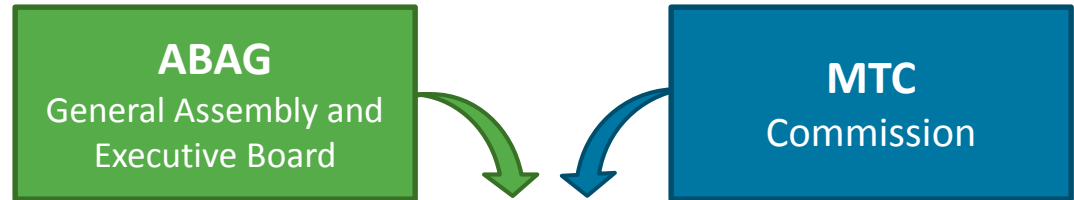
- Hire an independent planning director responsible for PBA, all planning functions, or both
- Planning director reports directly to a new joint powers authority (JPA) with members from MTC and ABAG
- Planning staff assigned from both agencies



Option 5

Create a new regional governance model

- Enter into an MOU to create a new regional governance model that integrates the MPO (MTC) and the COG (ABAG)



Enter into MOU

that sets forth the principles and parameters to guide creation of a new governance model



Create new regional governance model



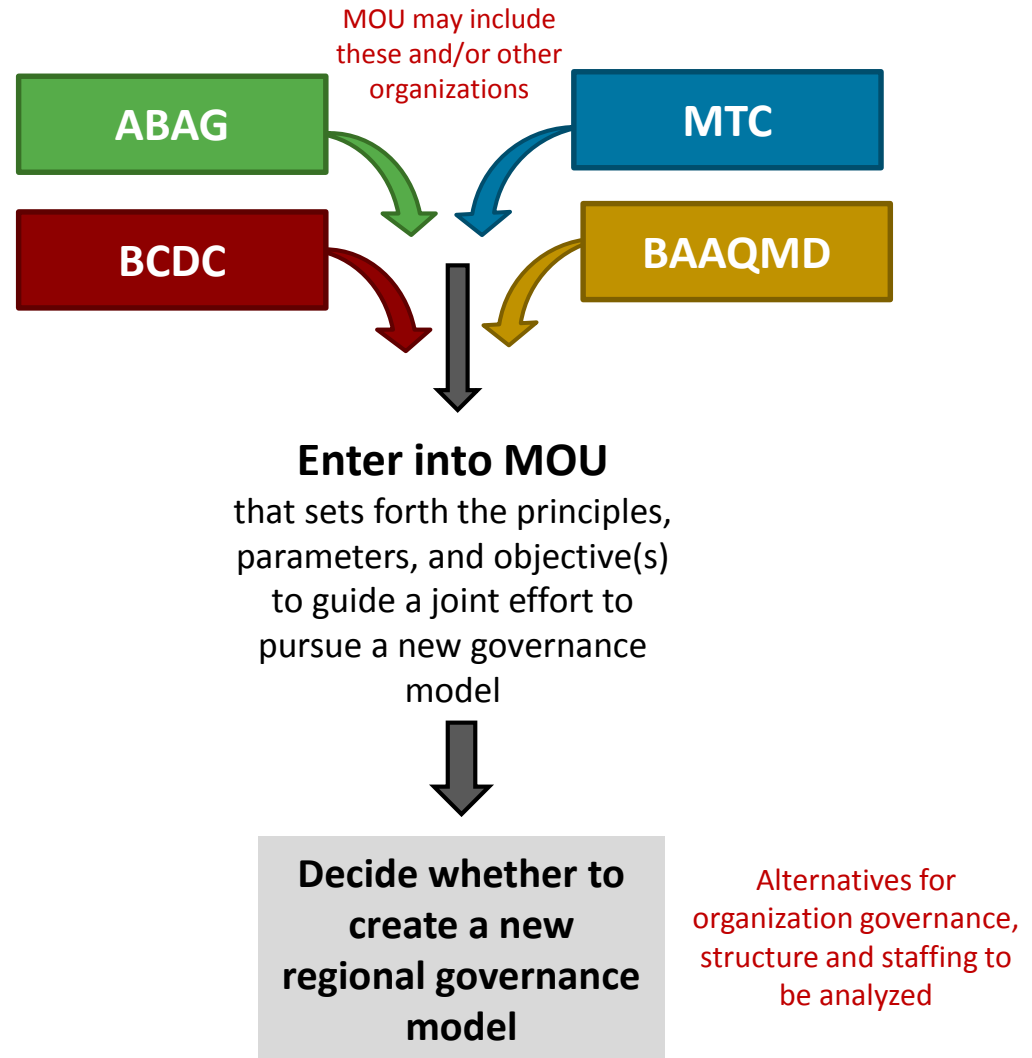
Integrate functional responsibilities of MPO and COG

Organization governance, structure and staffing to be determined based on agreements reached during the process

Option 6

Pursue a new comprehensive regional governance model

- Pursue a new governance model that encompasses the functions of all the independent regional planning agencies in the Bay Area

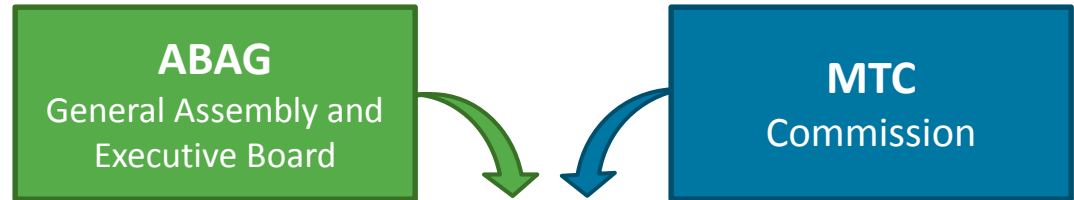


Option 7

Create a new regional governance model and consolidate regional planning functions

STEP ONE

- Enter into an MOU to create a new regional governance model that integrates the MPO (MTC) and the COG (ABAG)



Enter into MOU

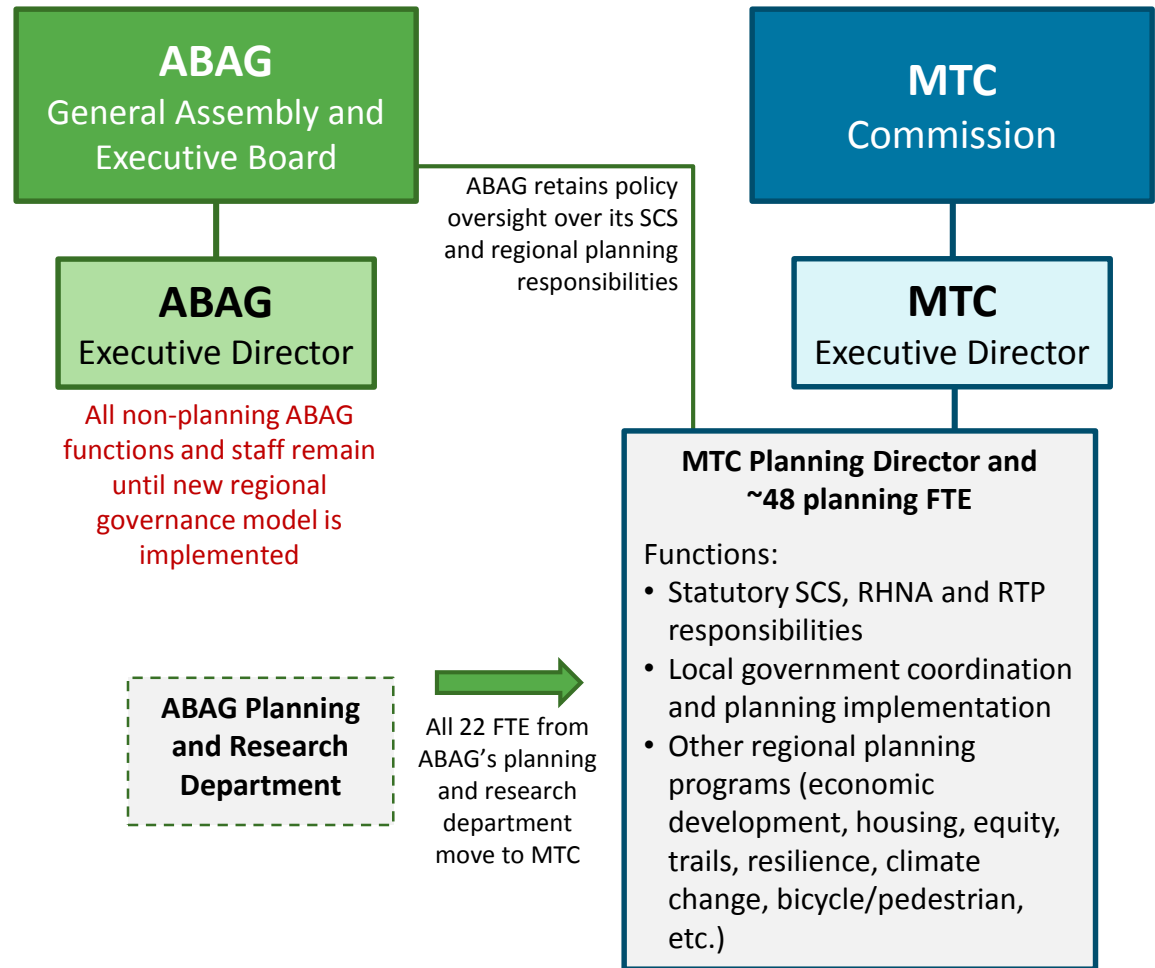
that sets forth the principles and parameters to guide creation of a new governance model

Option 7 (continued)

Create a new regional governance model and consolidate regional planning functions

STEP TWO

- Amend MTC Resolution 4210 to include consolidation of all planning functions

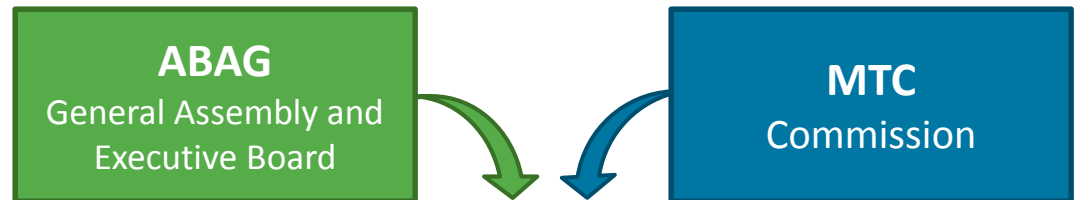


Option 7 (continued)

Create a new regional governance model and consolidate regional planning functions

STEP THREE

- Create a new regional governance model that integrates the MPO (MTC) and the COG (ABAG)



Enter into MOU

that sets forth the principles and parameters to guide creation of a new governance model



Create new regional governance model



Integrate functional responsibilities of MPO and COG

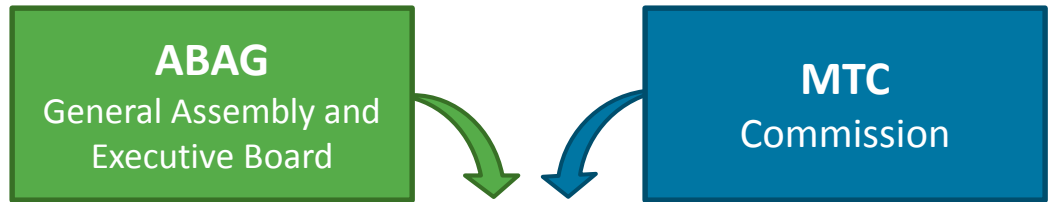
Organization governance, structure and staffing to be determined based on agreements reached during the process

Option 8

Pursue a new regional governance model and develop an interim funding framework to support ABAG planning functions

STEP ONE

- Enter into an MOU to pursue a new regional governance model that integrates the MPO (MTC) and the COG (ABAG)



Enter into MOU

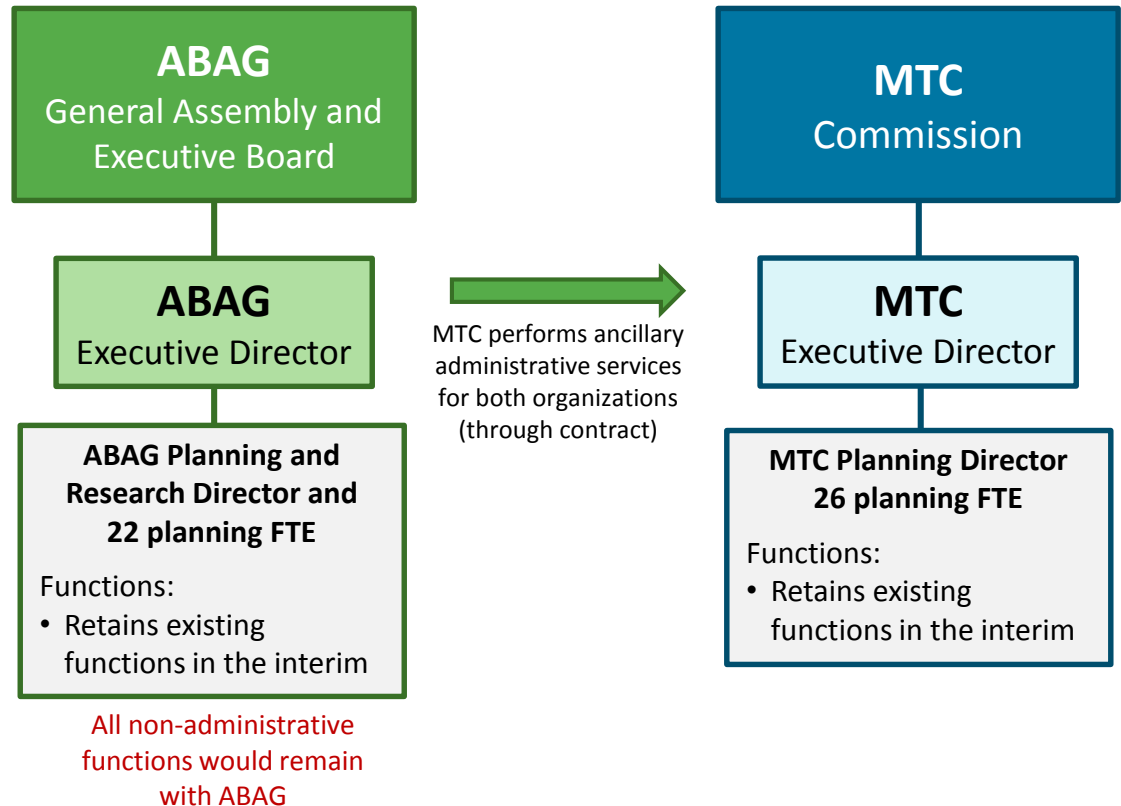
that sets forth the principles, parameters, and objective(s) to guide a joint effort to pursue a new governance model

Option 8 (continued)

Pursue a new regional governance model and develop an interim funding framework to support ABAG planning functions

STEP TWO

- Enter into an interim funding framework with ABAG to support its planning functions
- Pursue opportunities to consolidate ancillary administrative services following move to new headquarters building
- ABAG JPA to remain

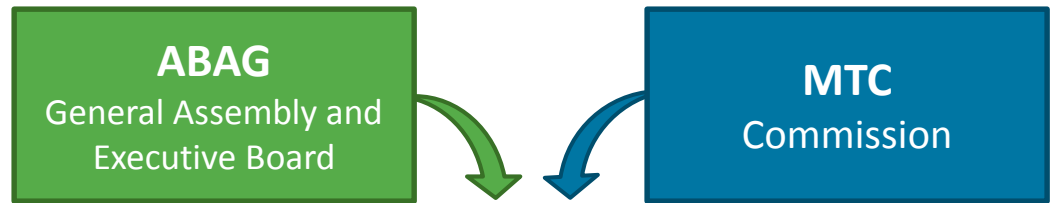


Option 8 (continued)

Pursue a new regional governance model and develop an interim funding framework to support ABAG planning functions

STEP THREE

- Decide whether to create a new regional governance model



Enter into MOU
that sets forth the principles,
parameters, and objective(s)
to guide a joint effort to
pursue a new governance
model



**Decide whether to
create a new
regional governance
model**

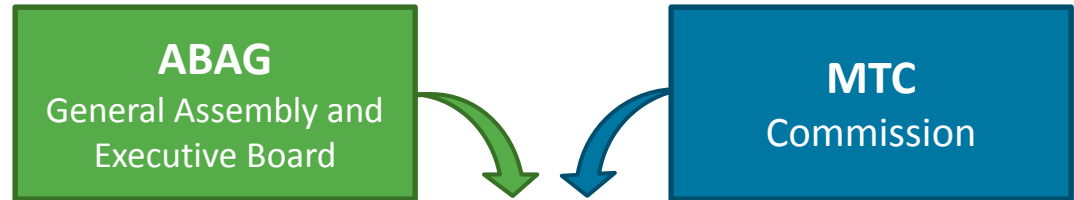
Alternatives for
organization governance,
structure and staffing to
be analyzed

Option 9

Create a new regional governance model and consolidate all ABAG functions with MTC (existing governance structures and statutory responsibilities to remain)

STEP ONE

- Enter into an MOU to jointly create a new regional governance model that integrates the MPO (MTC) and the COG (ABAG)



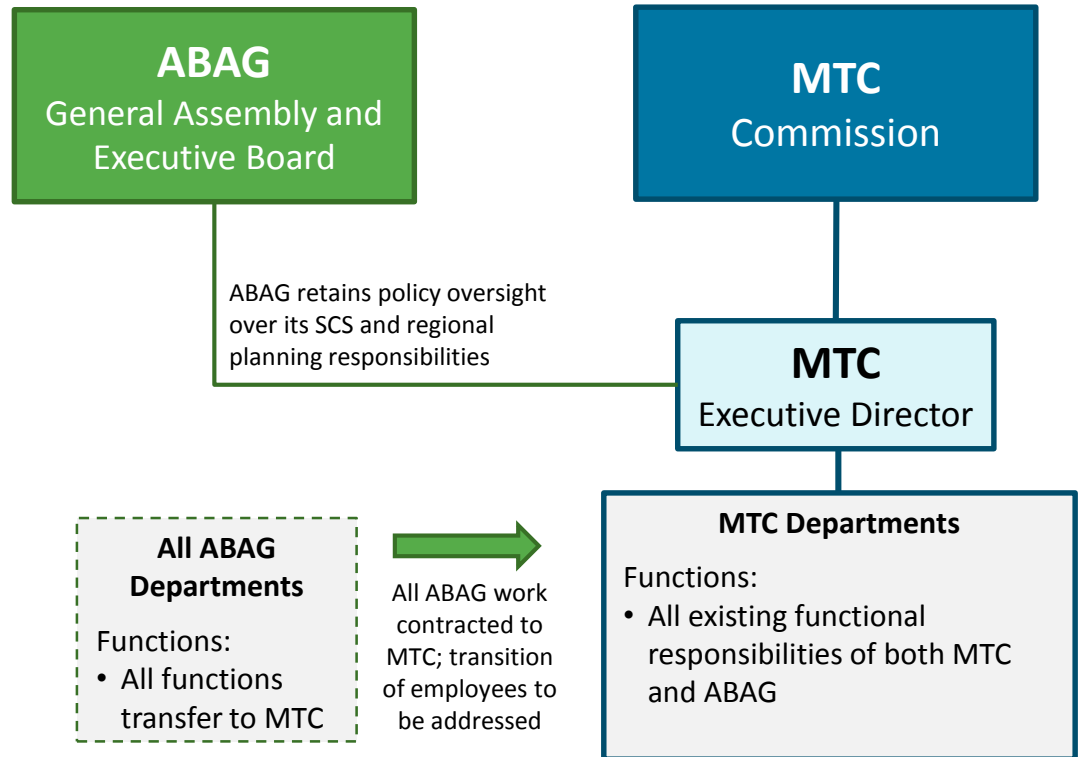
Enter into MOU
that sets forth the principles
and parameters to guide
creation of a new
governance model

Option 9 (continued)

Create a new regional governance model and consolidate all ABAG functions with MTC (existing governance structures and statutory responsibilities to remain)

STEP TWO

- Enter into a contract with MTC to develop and manage a new merged staff work program that supports all ABAG planning programs, activities and administrative functions and responsibilities (transition of employees to be addressed)
- The existing ABAG governing structure would continue to serve as policy oversight for statutory and program responsibilities

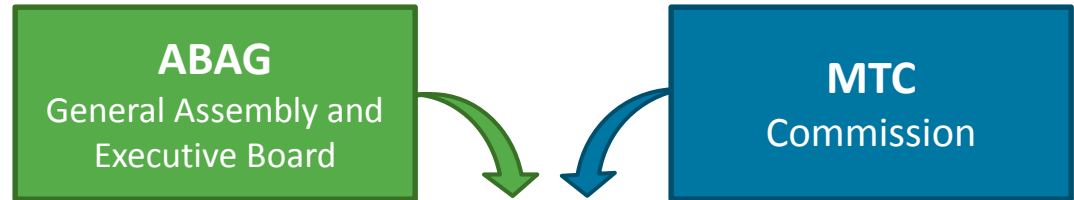


Option 9 (continued)

Create a new regional governance model and consolidate all ABAG functions with MTC (existing governance structures and statutory responsibilities to remain)

STEP THREE

- Create a new regional governance model that integrates the MPO (MTC) and the COG (ABAG)



Enter into MOU

that sets forth the principles and parameters to guide creation of a new governance model



Create new regional governance model



Integrate functional responsibilities of MPO and COG

Organization governance, structure and staffing to be determined based on agreements reached during the process

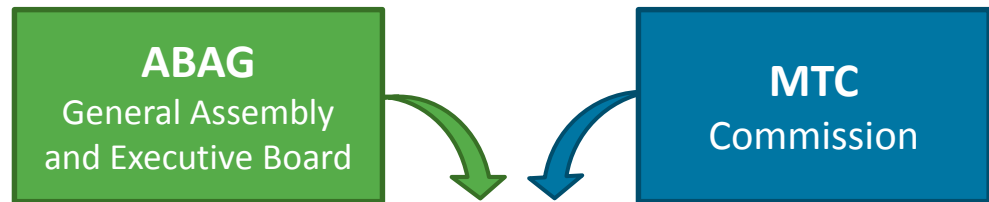
Option 10

(Continued)

Pursue new governance options, consolidate regional planning functions and contract with MTC for some or all ABAG functions (existing governance structures and statutory responsibilities to remain)

STEP ONE

- Enter into MOU to pursue new regional governance models



Enter into MOU

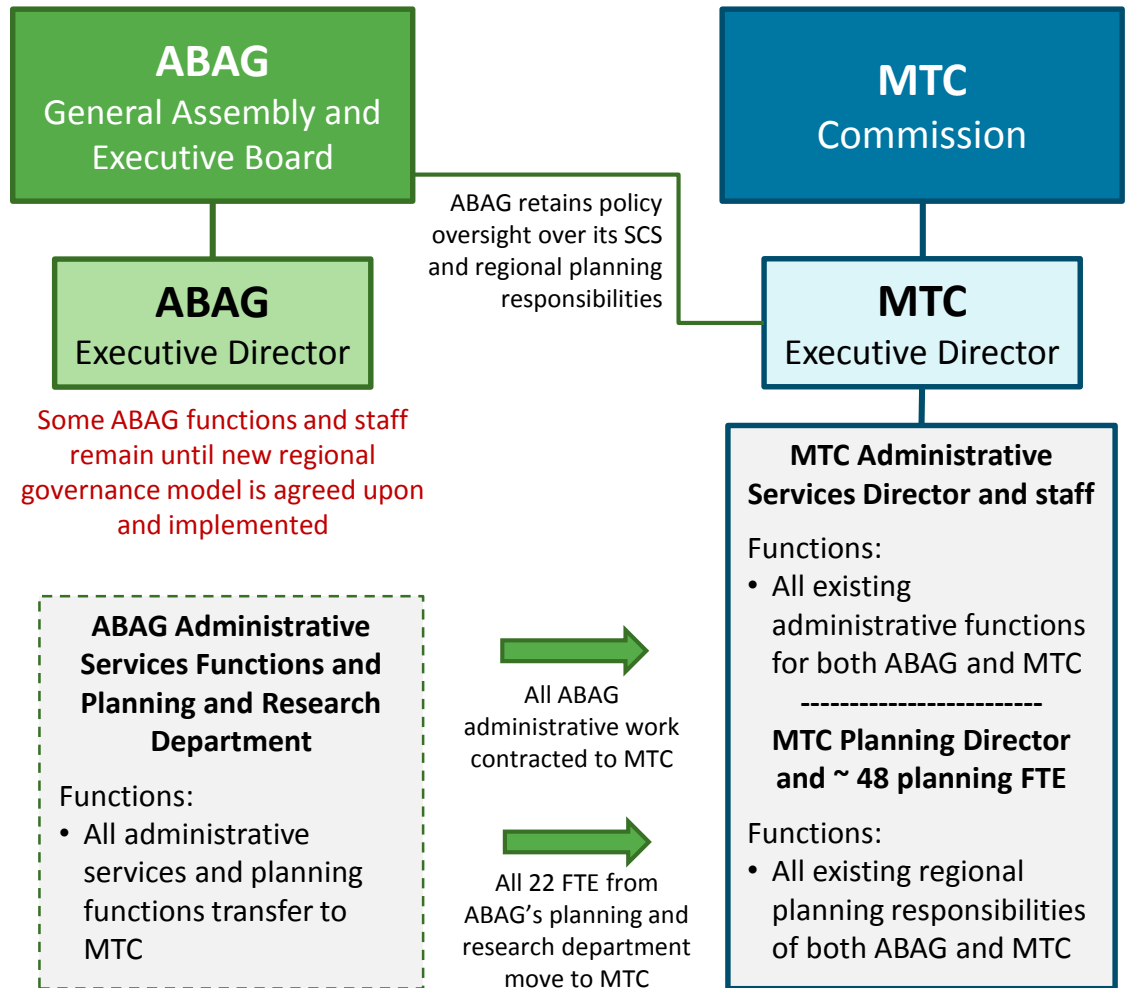
that sets forth the principles, parameters, and objective(s) to guide a joint effort to pursue a new governance model

Option 10 (continued)

Pursue new governance options, consolidate regional planning functions and contract with MTC for some or all ABAG functions (existing governance structures and statutory responsibilities to remain)

STEP TWO

- Amend MTC Resolution 4210 to consolidate all planning functions within MTC
- Contract with MTC to provide staff support of ABAG administrative and other services, as agreed upon (transition of employees to be addressed)
- The existing ABAG governing structure would continue to serve as policy oversight for statutory and program responsibilities



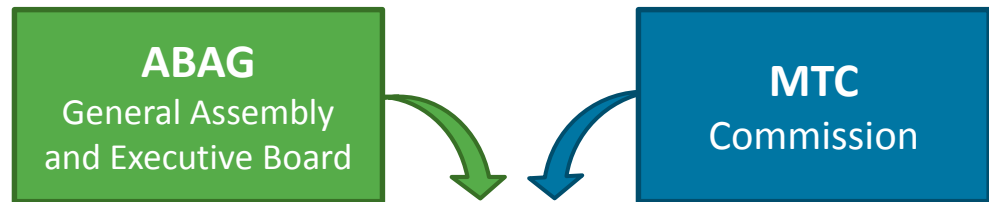
Option 10

(Continued)

Pursue new governance options, consolidate regional planning functions and contract with MTC for some or all ABAG functions (existing governance structures and statutory responsibilities to remain)

STEP THREE

- Decide whether to create a new regional governance model



Enter into MOU

that sets forth the principles, parameters, and objective(s) to guide a joint effort to pursue a new governance model

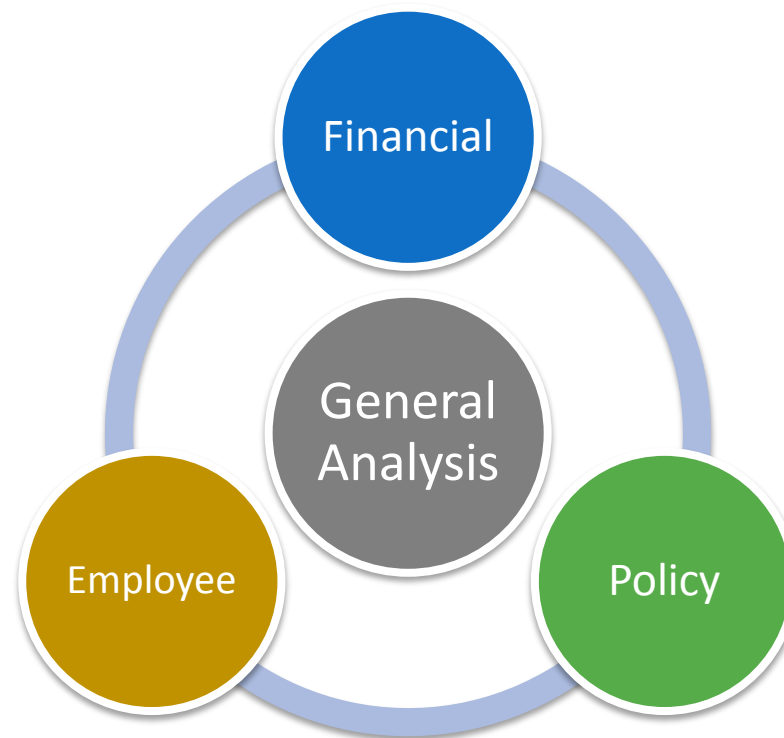


Decide whether to create a new regional governance model

Alternatives for organization governance, structure and staffing to be analyzed

General Analysis Framework

- General analysis will be focused around 3 major impact areas

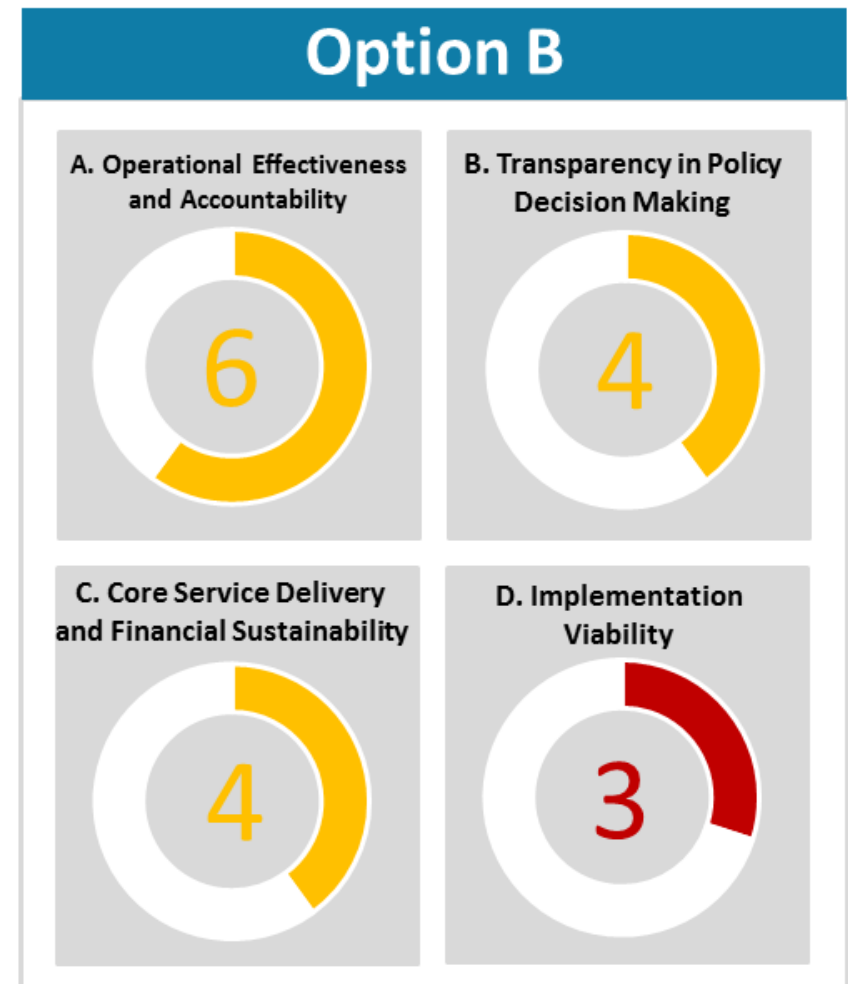
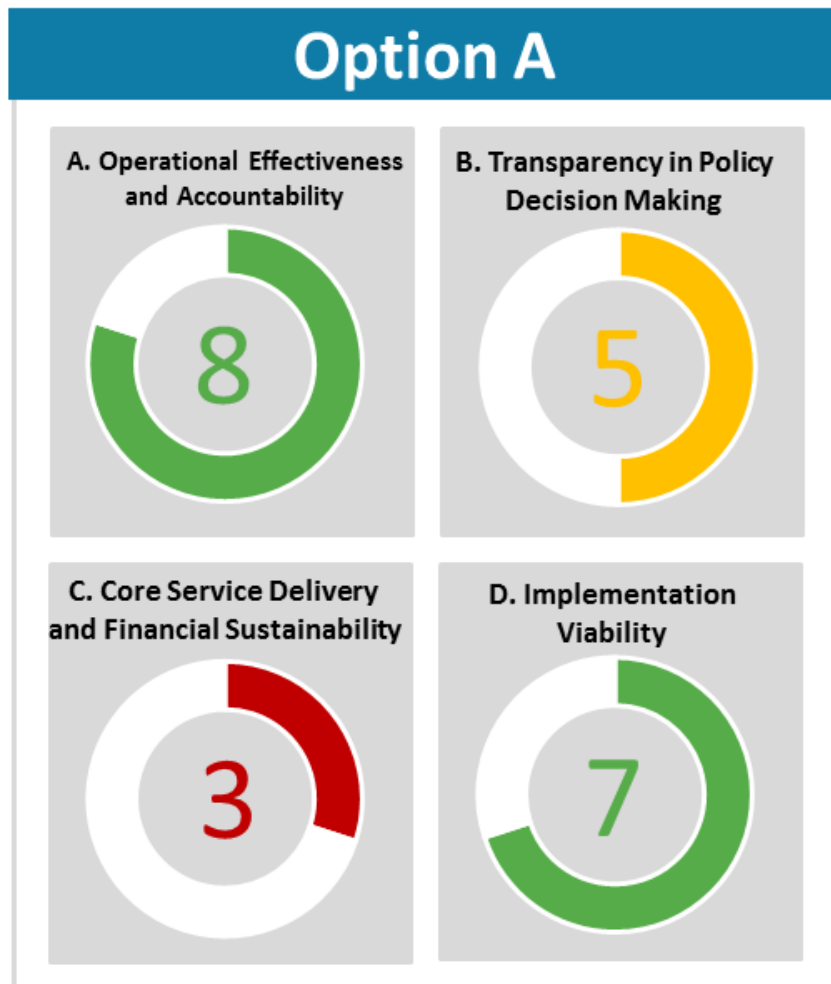


Evaluation Criteria

- Proposed Evaluation Criteria (likelihood of achieving each objective to be assessed as high, medium or low)
 - A. Operational effectiveness and accountability
 - B. Transparency in policy decision making
 - C. Core service delivery and financial sustainability
 - D. Implementation viability

Analysis Framework

Example of Options Comparison based on Criteria



Next Steps

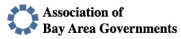
- At the next Joint Committee Meeting on April 22:
 - Analysis of options
 - Management Partners recommendations





Metropolitan Transportation Commission

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Legislation Details (With Text)

File #: 15-1432 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 3/16/2016 **In control:** Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study

On agenda: 3/25/2016 **Final action:**

Title: Planning Program Areas

Sponsors:

Indexes:

Code sections:

Attachments: [7a MTC-ABAG Planning Area Matrix](#)

Date	Ver.	Action By	Action	Result
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Subject:
Planning Program Areas

Recommended Action:
Information

Attachments



Attachment A
MTC-ABAG Merger Study
Planning Program Areas

The table below summarizes the major planning program areas performed by the planning departments of the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG). The purpose of the matrix is to identify where the two agencies' planning work tends to coincide. A check mark indicates that the organization provides ongoing staff support to that program area. "Minor" indicates that the work of the organization touches on that area to some degree, but primary responsibility for supporting that area resides elsewhere. "Funds" indicates that the organization provides funding to support that program area, but not ongoing staff support.

The "program area" description below is, in part, Management Partners' characterization of the work; some projects and programs have different names within the agencies. As can be readily noted, there is a substantial overlap in the planning areas on which both agencies work. Each agency approaches the program area with a different focus and often the work performed by each agency is complementary.

Management Partners has not been able to undertake a detailed review of each program area to know whether work may overlap, where it may complement, or where it may even occasionally conflict. (Such an analysis should be undertaken should a policy decision be made to integrate the agencies.) This high-level analysis is intended to indicate areas where there is likely to be room for more efficient allocation of staff resources and a more holistic and effective approach to the issues facing the region, such as resiliency, housing policy and reduction of greenhouse gases.

Planning Program Areas	MTC	ABAG
Air quality conformance	✓	Minor
Bay Area "Report Card" <ul style="list-style-type: none">• MTC: Vital Signs• ABAG: State of the Region	✓	✓
Bay Trail	Funds	✓
Active transportation planning/Bay Area bikeshare	✓	
Cap and trade financing for Plan Bay Area implementation	✓	✓
Climate initiatives	✓	
Complete streets	✓	Minor
Transit planning/core capacity and connectivity studies	✓	
Economic development	Minor	✓

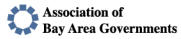
Planning Program Areas	MTC	ABAG
Forecasts and modeling	✓	✓
Household interview survey program	✓	
Housing programs	✓	✓
Industrial areas and goods movement	✓	✓
Intergovernmental coordination	✓	✓
Lifeline transportation planning	✓	
Mapping	✓	✓
Priority conservation areas	Minor	✓
Priority development area (PDA) implementation/transit-oriented development (TOD)	✓	✓
Regional airport coordination	✓	✓
Regional housing need allocation (RHNA)	Minor	✓
Regional transit on-board survey program	✓	
Resiliency programs	✓	✓
Sustainable communities strategy/Plan Bay Area (PBA)	✓	✓
Transportation data analysis	✓	
Parking policies, pricing, and technical assistance	✓	
Water Trail		✓





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Legislation Details (With Text)

File #: 15-1433 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 3/16/2016 **In control:** Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study

On agenda: 3/25/2016 **Final action:**

Title: MTC and ABAG Functional Organization Chart

Sponsors:

Indexes:

Code sections:

Attachments: [7b MTC-ABAG Functional Org Charts](#)

Date	Ver.	Action By	Action	Result
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Subject:
MTC and ABAG Functional Organization Chart

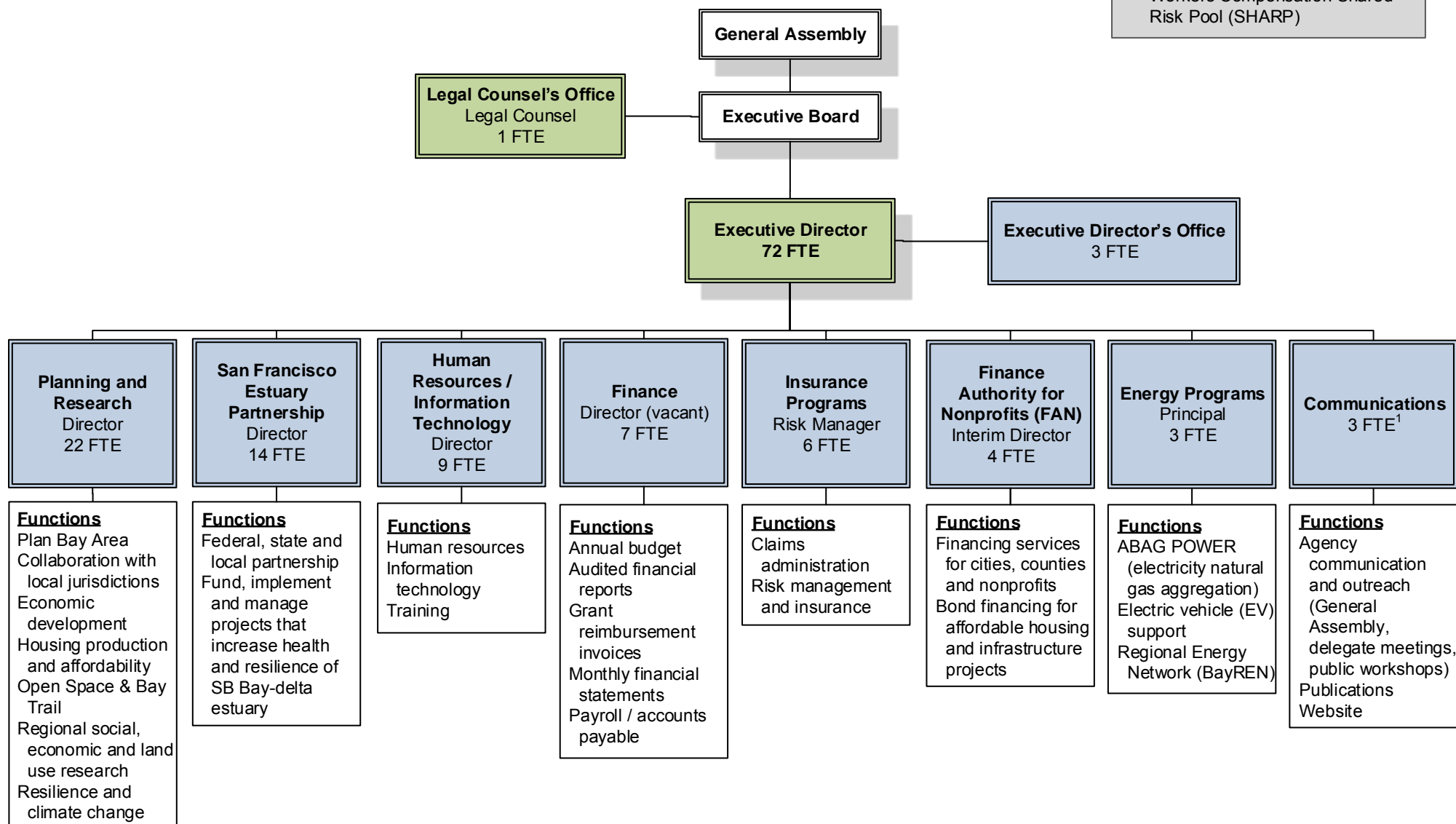
Recommended Action:
Information

Attachments

Attachment B
Association of Bay Area Governments (ABAG)
 Existing Functional Organization Chart
 March 18, 2016

The following operate as separate joint powers authorities (JPAs) with support from ABAG staff:

- ABAG POWER
- Financing Authority for Nonprofit Corporations (FAN)
- Workers Compensation Shared Risk Pool (SHARP)

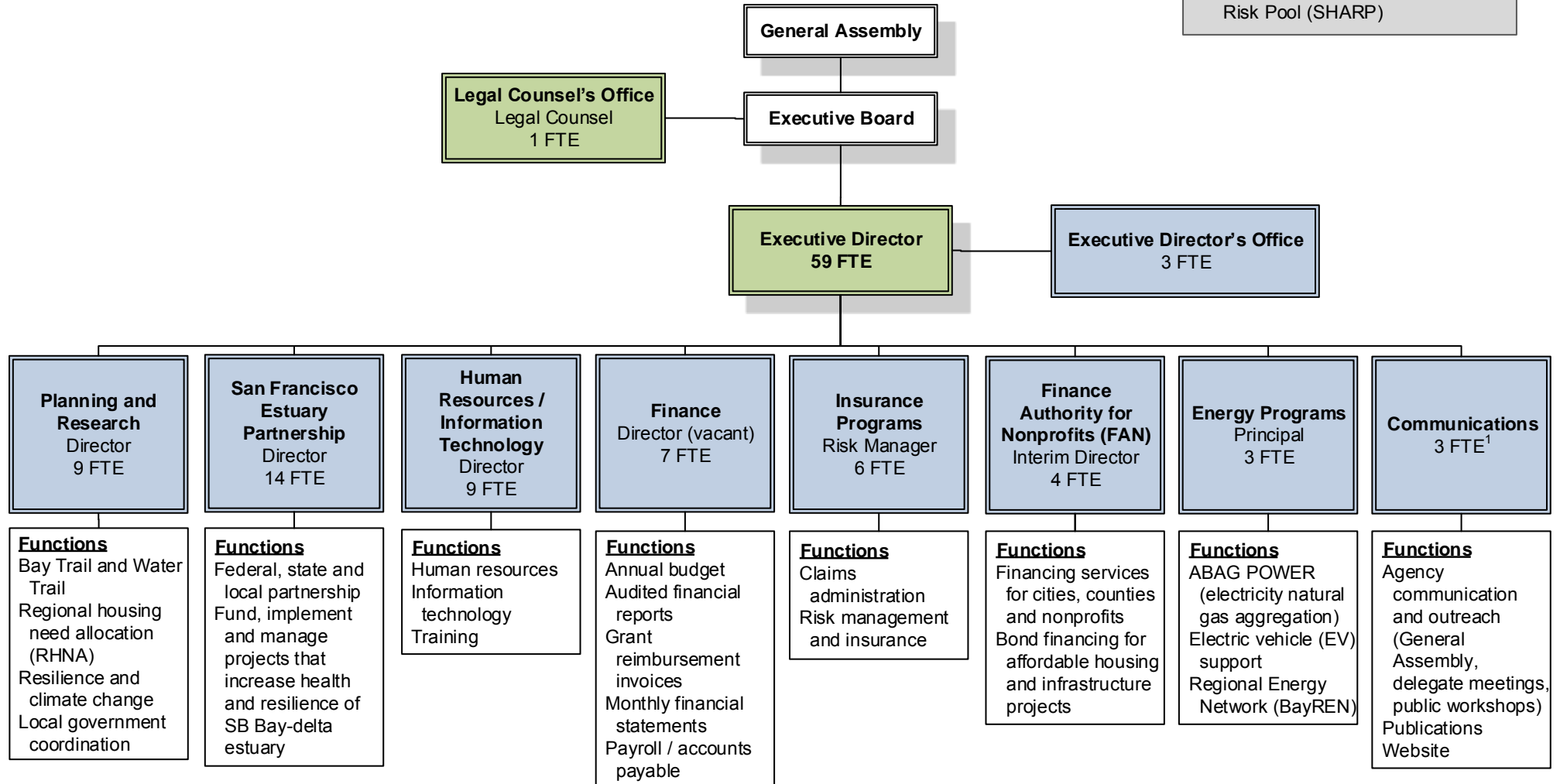


¹The Deputy Executive Director position is allocated to the Executive Director's Office, but supervises the Communications team (3 FTE).

Association of Bay Area Governments (ABAG)
Functional Organization Chart
Post MTC Resolution 4210 Implementation
March 18, 2016

The following operate as separate joint powers authorities (JPAs) with support from ABAG staff:

- ABAG POWER
- Financing Authority for Nonprofit Corporations (FAN)
- Workers Compensation Shared Risk Pool (SHARP)



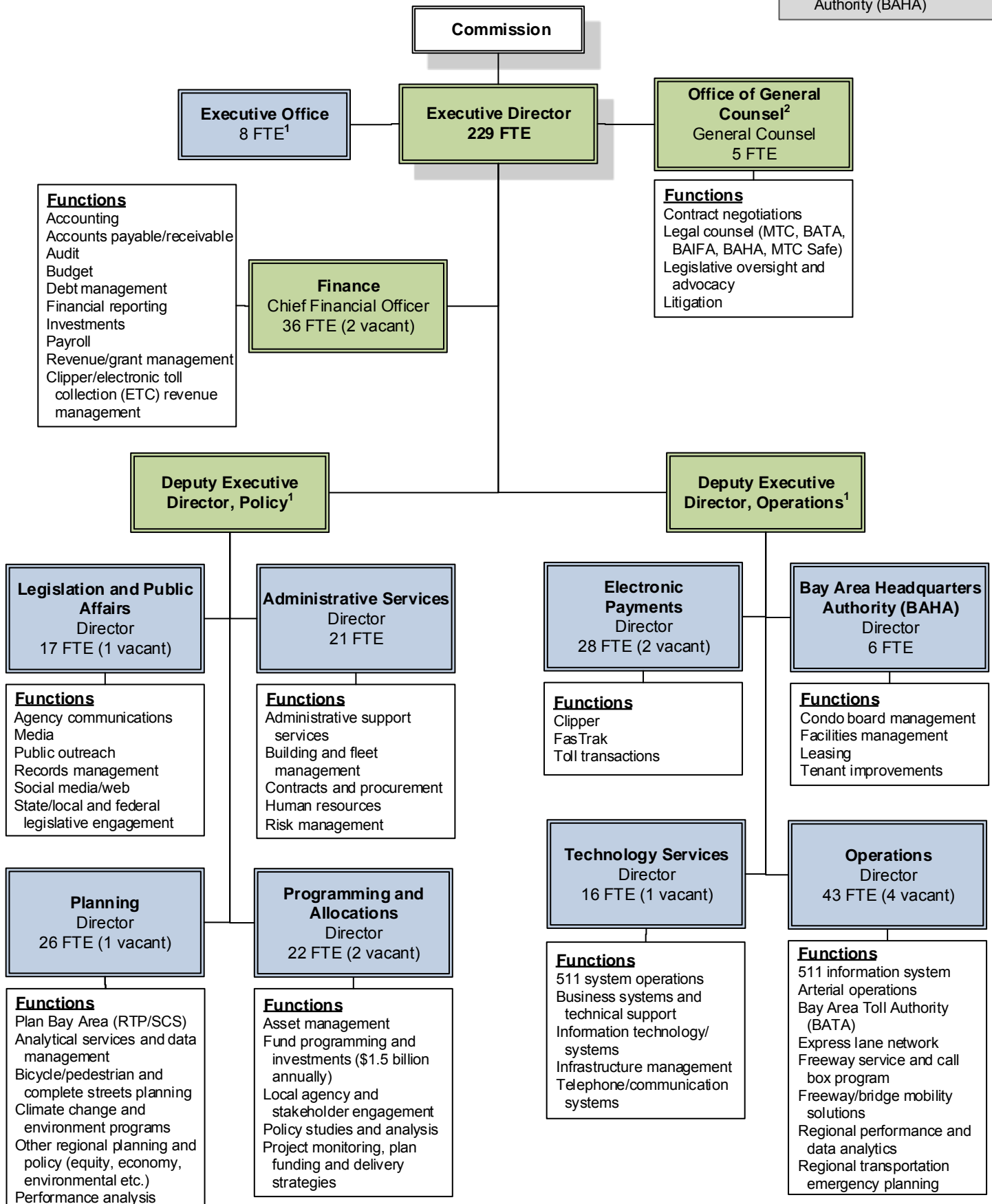
¹The Deputy Executive Director position is allocated to the Executive Director's Office, but supervises the Communications team (3 FTE).



Metropolitan Transportation Commission (MTC)
Existing Functional Organization Chart
March 18, 2016

The following operate as separate joint powers authorities (JPAs) with support from MTC staff:

- Bay Area Infrastructure Financing Authority (BAIFA)
- Bay Area Headquarters Authority (BAHA)



¹Both Deputy Executive Director positions are included in the total FTE count for the Executive Office.

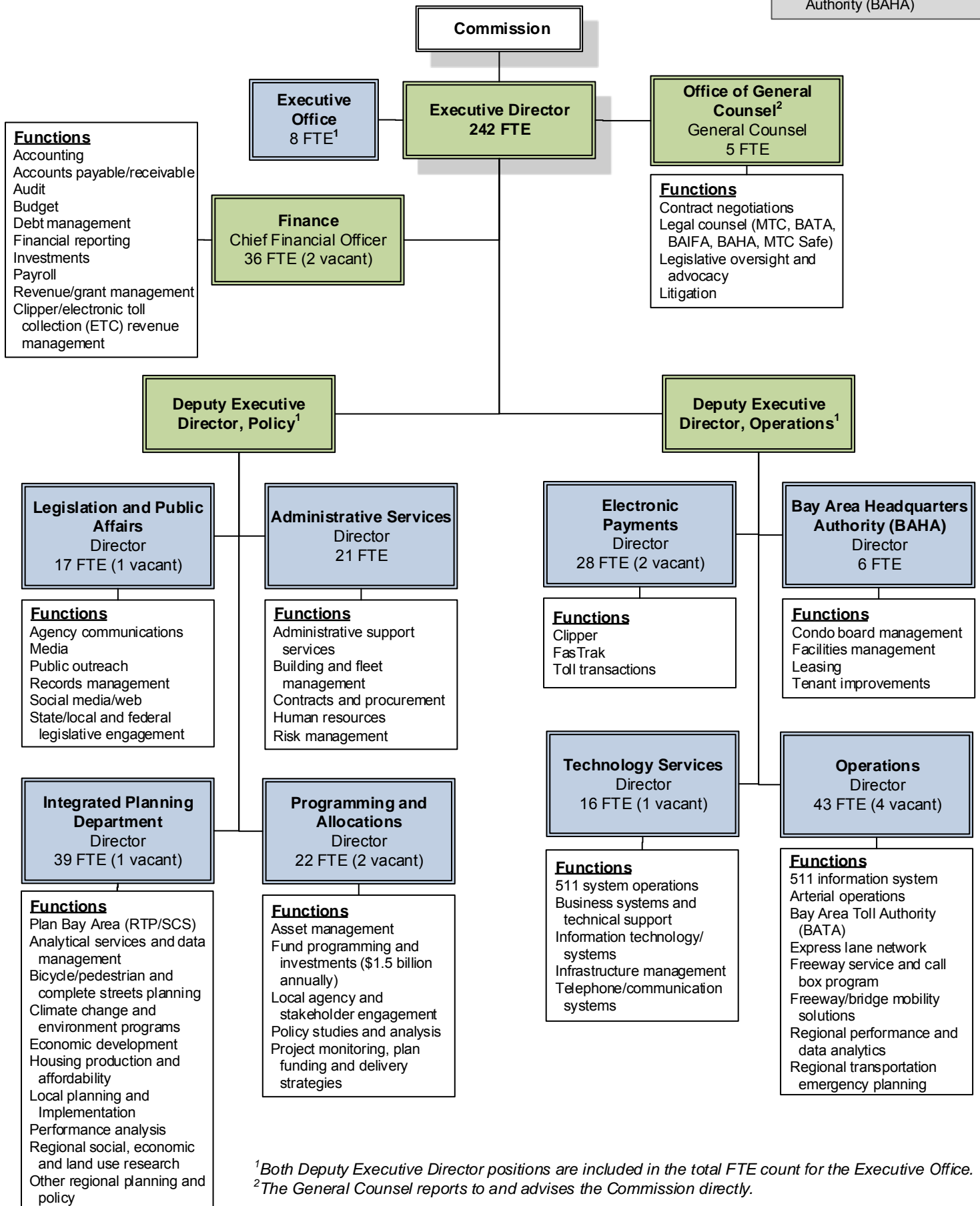
²The General Counsel reports to and advises the Commission directly.



Metropolitan Transportation Commission (MTC)
Functional Organization Chart
Post MTC Resolution 4210 Implementation
March 18, 2016

The following operate as separate joint powers authorities (JPAs) with support from MTC staff:

- Bay Area Infrastructure Financing Authority (BAIFA)
- Bay Area Headquarters Authority (BAHA)



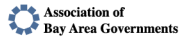
¹Both Deputy Executive Director positions are included in the total FTE count for the Executive Office.

²The General Counsel reports to and advises the Commission directly.



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Legislation Details (With Text)

File #: 15-1343 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 2/19/2016 **In control:** Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study

On agenda: 3/25/2016 **Final action:**

Title: Financial Forecasts for MTC and ABAG

Sponsors:

Indexes:

Code sections:

Attachments: [7c MTC-ABAG Financial Forecast](#)

Date	Ver.	Action By	Action	Result
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Subject:
Financial Forecasts for MTC and ABAG

Recommended Action:
Information

Attachments



Attachment C

MTC-ABAG Merger Study

Financial Forecast

As part of the MTC-ABAG Merger Study, Management Partners performed a third-party six-year financial forecast (FY 2014-15 through FY 2021-22) for both agencies under two scenarios.

1. *Funding Framework for 2014 (Funding Framework).* The first six-year forecast is based on the funding framework described in a June 18, 2014 memo from the MTC executive director entitled Revised Funding Agreement for MTC/ABAG Joint Planning, Research and Administrative Facilities. That memo set forth a Funding Framework that would guide future funding agreements for continued MTC support of the ABAG planning function. Amounts paid by MTC on behalf of ABAG for tenant improvements to the new San Francisco offices to which MTC and ABAG will soon be moving are included as part of this Funding Framework.
2. *Implementation of MTC Resolution 4210.* The second forecast examines the impact on both agencies following the implementation of MTC Resolution 4210. The “Principles for Functional Consolidation” in Attachment A to Resolution 4210 state in part:
Beginning July 1, 2016, MTC shall offer positions at equal or better compensation to 13 ABAG planners through a right of first refusal retention process, and together with MTC’s planning department, shall create an integrated regional planning department...

Both financial forecasts are included in the attached PowerPoint slides, which will be presented at the March 25 meeting of the Joint Committee.

Assumptions

Each agency provided historical financial data, estimates of their future revenue and expense growth, and data on the cost of employee salaries and benefits. Grant-funded agencies, by their very nature, are not in control of the funding they receive from outside sources. Management Partners assumed a continuation of current funding levels with inflationary growth, based on input from both agencies. Personnel costs were trended using existing labor MOUs and future inflationary growth. Pension costs were predicated on CalPERS’ 2014 valuation and six-year forecast, taking into account a continued transition of payroll over time from “Classic” to “PEPRA” status. A modest recession was assumed in 2017 that would affect Transit Development Act (TDA) sales tax collections, with a recovery over the ensuing two years.

For MTC’s budget forecast, only their operating budget, Proposition 84 funding passed through to ABAG, and that portion of their long-term federal grants that historically has been allocated to meet part of the funding commitment to ABAG under the 2014 Funding Framework was used. Debt

service and capital spending for MTC and their affiliated agencies was excluded. ABAG's annual operating budget served as the basis for their forecast.

In both the MTC and ABAG forecasts, reference is made to Governmental Accounting Standards Board (GASB) 68 and the requirement to include the present value of unfunded pension liabilities on the balance sheet, rather than identifying it in the footnotes to annual financial statements. This requirement does not affect the cash available to meet current budgetary commitments.

MTC Financial Forecast

Under a continuation of the 2014 Funding Framework, MTC's total reserves are projected to decrease from \$36.7 million in FY 2014-15 to \$32.1 million in FY 2021-22. The agency's unrestricted balance decreases from \$23.1 million in FY 2014-15 to \$14.6 million in FY 2021-22. (This is before taking into account a GASB 68 unfunded pension liability of \$16 million in FY 2014-15, which is assumed to decline over the next 30 years.) This shortfall is manageable given the level of MTC reserves, and can also be addressed through corrective actions phased in over the coming years. The reasons for this ongoing decline in balance are primarily:

- Increased pension costs, with annual unfunded liability costs increasing from \$1.3 million in FY 2014-15 to \$2.8 million by FY 2021-22, and
- Loss of Proposition 84 grant funding that has been passed through to ABAG in lieu of a comparable amount of funding from other MTC sources. This loss averages \$640,000 annually starting FY 2016-17.

Following implementation of Resolution 4210, MTC will add approximately \$2.4 million in salary, benefit, and other post-employment benefits (OPEB) costs for the 13 planning positions, and another \$1.2 million in indirect costs. This \$3.6 million, combined with \$1.75 million in transition funding and tenant improvements, results in an increase of approximately \$1 million annually compared with \$4.3 million in commitments under the 2014 Funding Framework. Transition funding of \$1.2 million would continue through FY 2021-22, the same year in which funding of ABAG tenant improvements for the new San Francisco offices terminates. As a result, MTC's total reserves are projected to decline from \$36.7 million in FY 2014-15 to \$26.5 million in FY 2021-22. The agency's unrestricted balance declines from \$23.1 million in FY 2014-15 to \$9.0 million in FY 2021-22 (before GASB 68). The reason for this net ongoing decline in balance is that MTC will be paying both transition funding to ABAG and the cost of the 13 new planners over the five-year period of FY 2016-17 through FY 2020-21.

ABAG Financial Forecast

Under a continuation of the 2014 Funding Framework, ABAG's total reserves are projected to decline from \$1.8 million in FY 2014-15 (5% of total expense) to \$57,000 in FY 2021-22 (0.1% of total expense). (This is before taking into account the GASB 68 unfunded pension liability of \$11.8 million in FY 2014-15, which is assumed to decline over the next 30 years.) The reasons for this ongoing decline in balance are primarily labor costs, especially increased pension costs, with annual unfunded liability costs increasing from \$822,000 in FY 2014-15 to \$1.7 million by FY 2021-22. This



existing structural shortfall, however, is believed to be manageable with corrective actions phased in over the coming years. The current \$1.8 million balance represents a low reserve for an agency highly dependent on grants, contracts and service programs. The Government Finance Officers' Association (GFOA) recommends a standard of two months operating expense, which for ABAG would be about 16.7%. For this analysis, the 2014 Funding Framework is assumed to be ongoing, although it only extends through FY 2020-21 by existing contract.

Following the implementation of MTC Resolution 4210, 13 planning positions are proposed to be reassigned to MTC for an expense reduction of approximately \$2.4 million in salary, benefit and OPEB costs. Additionally, \$1.1 million in indirect costs currently allocated to the existing MTC contract would no longer be available. MTC funding for planning services would be reduced from \$3.8 million to \$1.2 million, a loss of \$2.6 million. The unfunded pension liability costs assigned to the 13 positions (\$230,000 annually) must still be paid to CalPERS, so these costs are effectively reallocated over fewer remaining positions. This will result in a net overall annual budget shortfall of \$440,000 in FY 2016-17.

After the transition funding ends in FY 2021-22, the net loss will rise to \$1.7 million. Without any corrective action, the combined impact of the preexisting structural shortfall and the implementation of MTC Resolution 4210 would reduce ABAG's available fund balance from \$1.8 million in FY 2014-15 to a \$4.0 million deficit in FY 2021-22 (before GASB 68).

Additionally, the post MTC Resolution 4210 financial forecast assumes that ABAG would be able to increase its indirect cost rate from 45% to 65% on a smaller direct-cost basis. This would likely have significant, but varying impacts on or responses from granting agencies and other ABAG service providers such as:

- An inability to pass on a higher rate due to contractual agreement;
- An acceptance of the higher indirect costs, which may result in commensurate cuts in direct costs funded by the grant; or
- An increase in revenue to fund current direct costs as well as higher indirect costs. (This is the least likely to occur.)

It was not part of the scope of this project to analyze options in depth to address the financial issues that we believe will emerge for ABAG under the current Funding Framework (manageable) and after the implementation of MTC Resolution 4210 (more significant). We have, however, provided some possible avenues in the presentation slides.



MTC Financial Forecast

Fiscal Impact from Consolidating
Core Planning Functions in MTC

Presentation to Joint Committee
March 25, 2016

Purpose of Study

- Impartial third-party review
- Determine:
 - Financial condition of both ABAG and MTC with and without shifting of 13 planner positions from ABAG to MTC
 - Extent to which there are pre-existing financial pressures
 - Likely fiscal impact from the shift of planners
- No recommendations to address financial issues

Conclusions-2014 Funding Framework

Balance Declines Due to Pension, Prop 84 Loss

- Total MTC O&M budget reserves decline from \$36.7M in FY 14-15 to \$32.1M in FY 21-22
 - Projected expense and grants per MTC staff
 - CalPERS unfunded liability costs increase from \$1.3M in FY 13-14 to \$2.8M in FY 21-22
 - Prop 84 deficit of \$640K annually from loss of grant
 - ABAG cost of \$4.3M in FY 16-17 is 9% of total \$50.3M MTC expense
- Unrestricted balance declines from \$23.1M in FY 14-15 to \$14.6M in FY 21-22
 - Before GASB 68 unfunded pension liability of \$16.0M in FY 14-15, declining over next 30 years

Conclusions-Res. 4210

Planner Shift Adds Net Cost of \$5.5M

- Adds \$2.4M in direct costs and other expense for 13 planners
 - Includes salary, OPEB and other expense
- Adds \$1.2M in indirect costs (54.0% rate drops to 50.3%)
- ABAG contractual cost (from all sources) drops from \$4.35M to \$1.75M
- Net increase in total costs vs. Framework of \$5.5M over five years
 - In FY 21-22 MTC cost is \$4.18M under Res. 4210 vs. \$4.09M under continued Framework funding
- Decline in MTC's O&M budget reserves: \$36.7M in FY 14-15 to \$26.1M in FY 21-22
 - Unrestricted balance declines from \$23.1M in FY 14-15 to \$9.0M in FY 21-22 (before \$16.0M GASB 68 unfunded pension liability)

Key MTC Forecast Assumptions

- TDA sales tax growth per HdL multi-year forecast but with modest recession assumed in 2017
- Maintain current grants with 1.5-2% growth or as provided by MTC staff
- Transfers in continue FY 15-16 levels with 2% growth
- Salary growth per labor agreement into 2017, assumes 2% COLA thereafter plus applicable step increases
- Health contribution growth at 8%
- OPEB costs grow with salary COLA
- Other costs increase at 2% annually (temporaries, contract)
- Pension costs per CalPERS 2014 valuation with assumed annual conversion from Classic to PEPRAs status equal to 5% of payroll; no change in discount rate

MTC CalPERS Projections (Before Addition to Staff)

Classic Employees:

	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Normal Cost Rate (ER)	9.97%	10.06%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Net Pickup of EE share	2.40%	2.27%	1.61%	0.99%	0.39%	0.00%	0.00%	0.00%
Total ER Normal Rate	12.37%	12.32%	12.11%	11.49%	10.89%	10.50%	10.50%	10.50%

PEPRA Employees:

Total ER Normal Rate	N/A	6.18%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
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Unfunded Liability (Mil.):

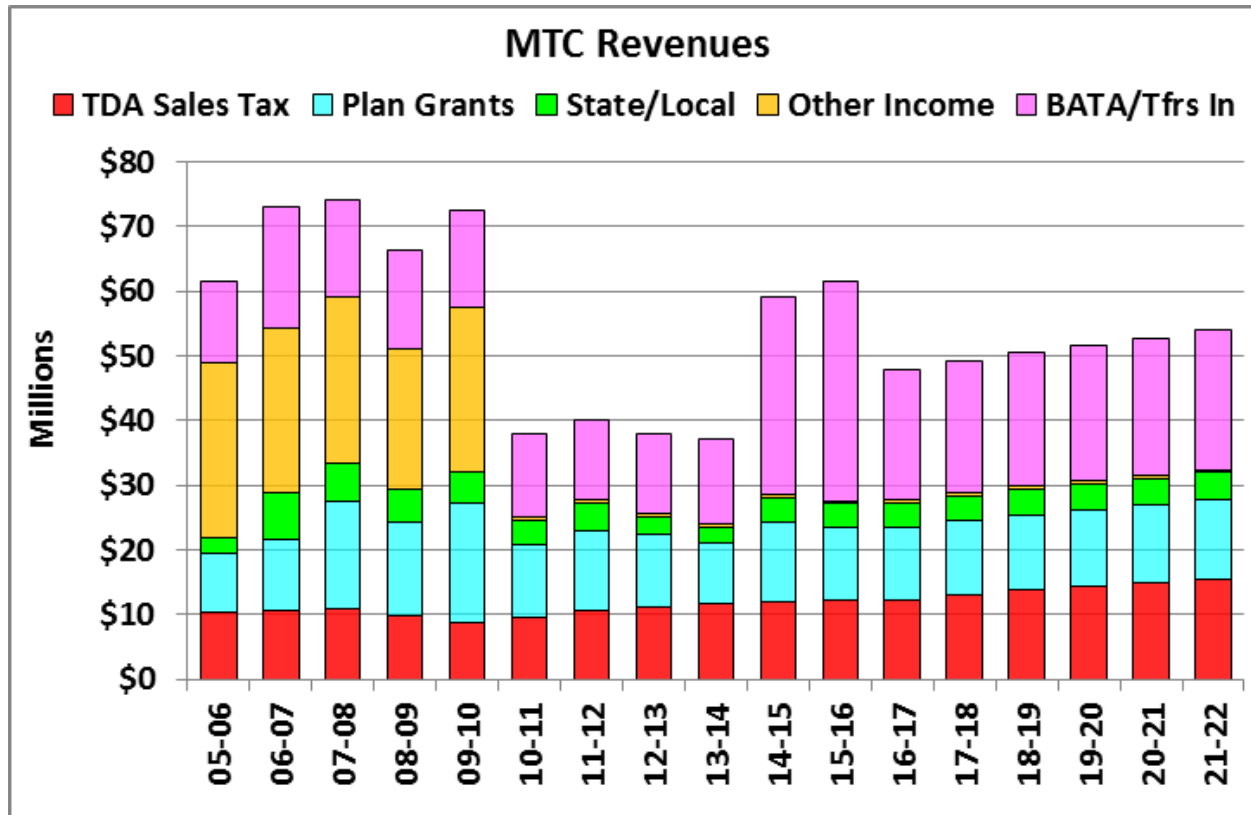
CalPERS projection	\$1.50	\$1.58	\$1.82	\$1.83	\$2.12	\$2.45	\$2.61	\$2.76
Equivalent UAL Rate	7.22%	7.38%	8.25%	8.08%	9.10%	10.21%	10.55%	10.80%

Total Cost as % of Payroll:

Classic Total Rate	19.58%	19.70%	20.37%	19.57%	19.99%	20.70%	21.04%	21.30%
PEPRA Total Rate	N/A	13.56%	14.75%	14.58%	15.60%	16.71%	17.05%	17.30%

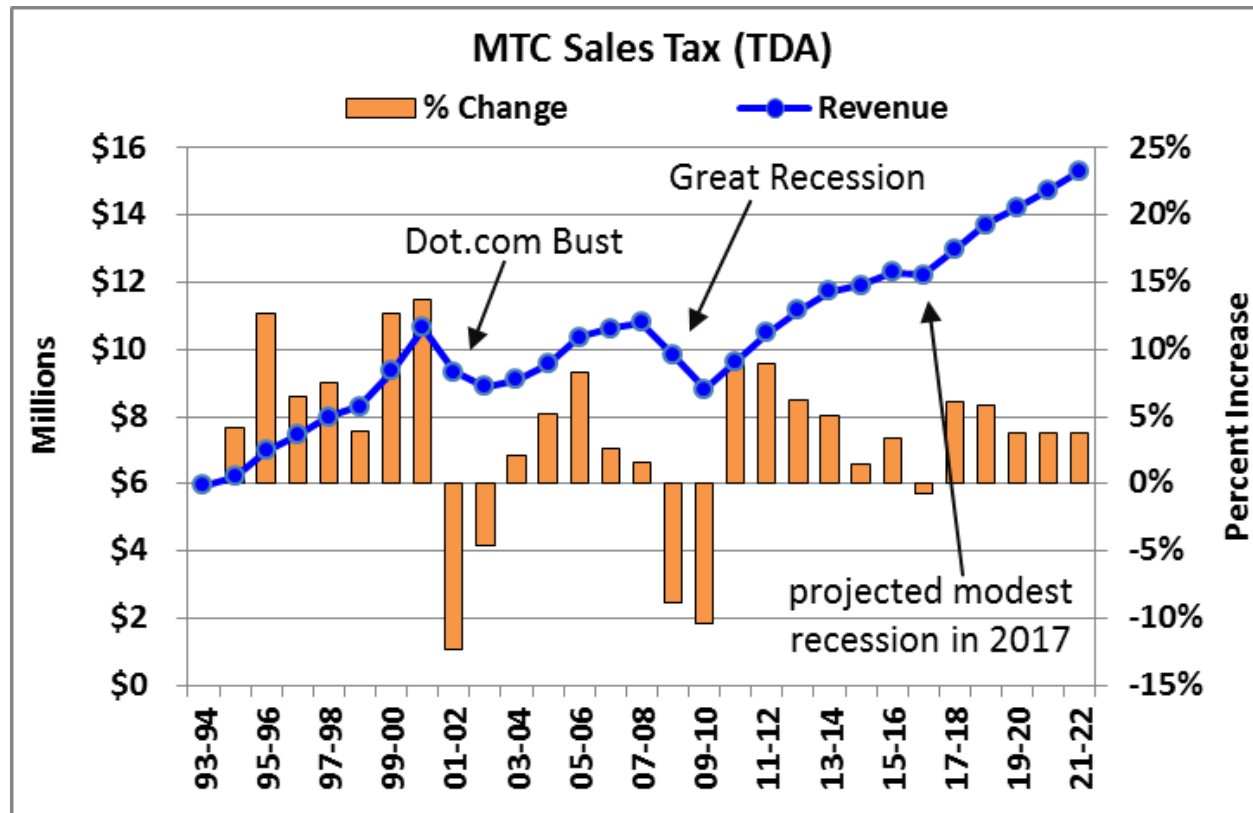
- Net pickup of employee share declines over time under labor agreement
- Shift in payroll from Class to PEPRA over time (assumes 5% per year)
- Unfunded liability costs increase under CalPERS plan
- Rates subject to increase if CalPERS discount rate is reduced

MTC Operating Revenues



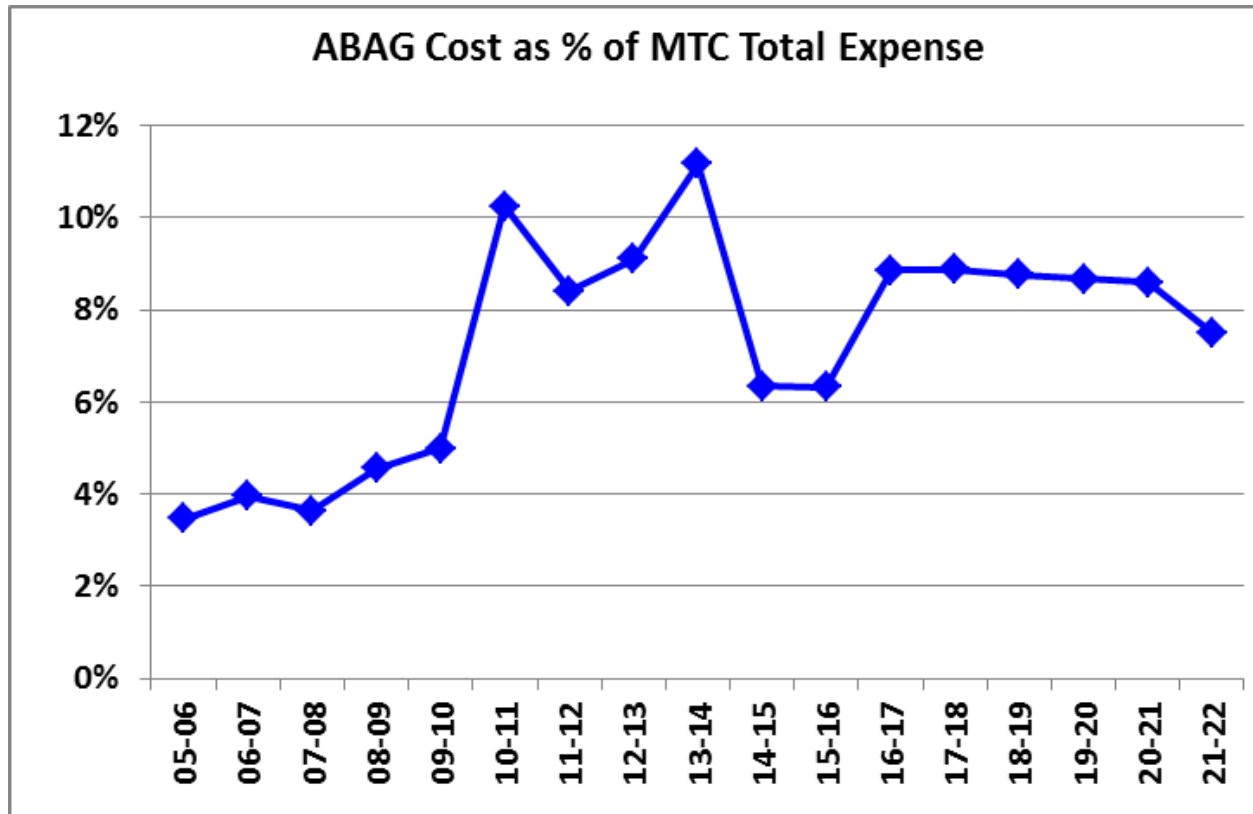
- Transportation grants relatively stable but not under agency control
- Sales Tax subject to economic volatility, but base is large (Bay Area)

TDA Sales Tax History & Forecast



- TDA is 26% of total O&M revenues
- Tax hit hard during last two recessions, but average annual growth has been 3.6% over last 22 years

ABAG Cost as % of MTC Total Expense



- ABAG costs (planning & tenant improvements) average around 8% of total MTC expense in recent years

2014 Funding Framework

MTC Payments to ABAG

	(\$ in millions)							
MTC Funding Sources:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
TDA Sales Tax	0.86	0.91	0.93	0.96	0.99	1.02	1.05	1.08
Prop 84 Deficit	-	-	0.66	0.67	0.65	0.62	0.60	0.05
Planning Grants	1.23	1.26	1.29	1.33	1.36	1.39	1.42	1.37
MTC O&M Budget	2.09	2.17	2.88	2.96	3.00	3.04	3.07	2.51
LTD Federal Grants	1.34	1.36	1.47	1.49	1.51	1.54	1.56	1.58
Total MTC	3.43	3.53	4.35	4.46	4.51	4.57	4.63	4.09
Prop 84 Grants	0.64	0.67	-	-	-	-	-	-
Total Sources	4.07	4.19	4.35	4.46	4.51	4.57	4.63	4.09
Funding Framework:	4.09	4.19	4.35	4.46	4.51	4.57	4.63	4.09

- Assumes Framework continues beyond FY 20-21
- Funding sources provided by MTC staff
- Prop 84 deficit: average \$640K/year would have to be covered by TDA or planning grants

2014 Funding Framework

MTC Operating Budget Forecast

	(\$ in millions)							
Revenues:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
TDA Sales Tax	11.90	12.30	12.21	12.96	13.71	14.22	14.76	15.31
Interest/Other	0.53	0.51	0.51	0.49	0.47	0.45	0.43	0.41
Other Planning Grants	12.42	11.09	11.26	11.49	11.72	11.95	12.19	12.44
BATA 1% + Transfers In	30.65	33.84	20.00	20.33	20.66	20.99	21.34	21.69
State/Local Funding	3.60	3.69	3.76	3.84	3.91	3.99	4.07	4.15
LTD Federal Grants	1.34	1.36	1.47	1.49	1.51	1.54	1.56	1.58
Total Revenue	60.44	62.79	49.22	50.59	51.98	53.15	54.35	55.58
Expenses:								
Personnel/Other	22.35	23.14	23.94	24.53	25.31	26.06	26.77	27.49
New Planners (total)	-	-	-	-	-	-	-	-
Contractual-ABAG	3.83	3.98	4.35	4.46	4.51	4.57	4.63	4.09
Contractual-Other	28.99	29.94	16.14	16.46	16.79	17.13	17.47	17.82
Other Expense	5.26	5.73	5.85	5.97	6.09	6.21	6.33	6.46
Total Expense	60.44	62.79	50.28	51.41	52.70	53.97	55.20	55.86
Balance:								
Net Revenue (Expense)	0.01	0.00	(1.06)	(0.83)	(0.72)	(0.82)	(0.85)	(0.28)
Adjustment	2.50	-	-	-	-	-	-	-
Total Restricted Reserves	13.59	16.29	15.00	15.50	16.00	16.50	17.00	17.50
Unrestricted before GASB 68	23.09	20.39	20.62	19.30	18.08	16.76	15.40	14.62
GASB 68 Pension Liability	(16.00)	(15.47)	(14.93)	(14.40)	(13.87)	(13.33)	(12.80)	(12.27)
Unrestricted after GASB 68	7.09	4.92	5.69	4.90	4.21	3.42	2.60	2.36
Total Reserves	36.68	36.68	35.62	34.80	34.08	33.26	32.40	32.12

MTC Res. 4210

MTC Operating Budget Forecast

	(\$ in millions)							
Revenues:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
TDA Sales Tax	11.90	12.30	12.21	12.96	13.71	14.22	14.76	15.31
Interest/Other	0.53	0.51	0.51	0.49	0.47	0.45	0.43	0.41
Other Planning Grants	12.42	11.09	11.26	11.49	11.72	11.95	12.19	12.44
BATA 1% + Transfers In	30.65	33.84	20.00	20.33	20.66	20.99	21.34	21.69
State/Local Funding	3.60	3.69	3.76	3.84	3.91	3.99	4.07	4.15
LTD Federal Grants	1.34	1.36	1.47	1.49	1.51	1.54	1.56	1.58
Total Revenue	60.44	62.79	49.22	50.59	51.98	53.15	54.35	55.58
Expenses:								
Personnel/Other	22.35	23.14	23.94	24.53	25.31	26.06	26.77	27.49
New Planners (total)	-	-	3.58	3.68	3.82	3.95	4.06	4.18
Contractual-ABAG	3.83	3.98	1.75	1.80	1.80	1.80	1.80	-
Contractual-Other	28.99	29.94	16.14	16.46	16.79	17.13	17.47	17.82
Other Expense	5.26	5.73	5.85	5.97	6.09	6.21	6.33	6.46
Total Expense	60.44	62.79	51.26	52.44	53.81	55.14	56.43	55.95
Balance:								
Net Revenue (Expense)	0.01	0.00	(2.04)	(1.85)	(1.83)	(2.00)	(2.09)	(0.37)
Adjustment	2.50	-	-	-	-	-	-	-
Total Restricted Reserves	13.59	16.29	15.00	15.50	16.00	16.50	17.00	17.50
Unrestricted before GASB 68	23.09	20.39	19.64	17.29	14.96	12.47	9.88	9.01
GASB 68 Pension Liability	(16.00)	(15.47)	(14.93)	(14.40)	(13.87)	(13.33)	(12.80)	(12.27)
Unrestricted after GASB 68	7.09	4.92	4.71	2.89	1.09	(0.87)	(2.92)	(3.26)
Total Reserves	36.68	36.68	34.64	32.79	30.96	28.97	26.88	26.51

MTC Res. 4210

Net Impact on MTC from Planner Shift

	(\$ in millions)							
Continue Funding Framework	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Total Paid to ABAG*	4.07	4.19	4.35	4.46	4.51	4.57	4.63	4.09
Res. 4210 Planner Shift								
Total Paid to ABAG*	4.07	4.19	1.75	1.80	1.80	1.80	1.80	-
Cost of New Planners	-	-	3.58	3.68	3.82	3.95	4.06	4.18
Total	4.07	4.19	5.33	5.48	5.62	5.75	5.86	4.18
Incr (Decr) Under Shift	-	-	0.98	1.03	1.11	1.18	1.23	0.09

*excludes Bay Trails

- Total net increase in cost to MTC of \$5.5M for Res. 4210 shift of planners, compared to Framework
- Added costs are primarily over 5-year period of FY 16-17 through FY 20-21
- In FY 21-22 the net increase drops to \$90K (assuming Framework would continue beyond FY 20-21)

ABAG Financial Forecast

Fiscal Impact from Consolidating
Core Planning Functions in MTC

Presentation to Joint Committee
March 25, 2016

Forecast Objective

- Impartial third-party review
- Determine:
 - Financial condition of both ABAG and MTC with and without shift of 13 planner positions from ABAG to MTC
 - Extent to which there are pre-existing financial pressures
 - Likely fiscal impact from the shift of planners
- No recommendations to address financial issues

ABAG Faces Fiscal Challenges

- It is a relatively small entity and is highly dependent on state and federal grants
- “Discretionary” income is limited
- Reserve levels are quite low (2.6%), which leaves little room to weather cash flow variances
- Faces existing structural shortfall; MTC Res 4210 and low reserves compound impact and seriousness
- Enterprise and grant programs sensitive to overhead costs, but entity must service OPEB costs and have adequate corporate support functions to operate properly

Conclusions-2014 Funding Framework

Structural Shortfall, But Manageable

- MTC planning revenue of \$3.8M in FY16-17 is:
 - 6.5% of \$58.2M grand total expense
 - 26.8% of \$14.2M personnel and other expense
- Results in manageable, structural shortfall unless corrective action is taken
 - \$190K in FY 17-18 growing to \$480K in FY 21-22
 - Decline in available fund balance from \$1.8M in FY 14-15 to \$57K in FY 21-22 (before \$11.8M in GASB 68 pension liability)
- Major causes of shortfall:
 - CalPERS annual pension unfunded liability costs increase from \$822K in FY 13-14 to \$1.7M in FY 21-22
 - Labor costs (including health, OPEB, PERS pickup)

Conclusions-Res. 4210

Shortfall Requires Significant Corrective Actions

- Direct costs and other expense for 13 planners reduced \$2.4M
- \$1.1M indirect costs on 13 planners must be reallocated
- \$230K in pension unfunded liability costs on former planners must be spread across fewer remaining employees
- Accelerated fund balance decline, deficit by FY 19-20
 - Available fund balance falls from \$1.8M in FY 14-15 to **(\$4.0M)** in FY 21-22 (before \$11.8M in GASB 68 unfunded pension liability)
 - FY 16-17 shortfall of \$436K is 3.6% of personnel and other costs (excluding pass-through and consultant costs) rising to \$2.2M in FY 21-22 (16.1%) when MTC's transition funding expires

Key ABAG Forecast Assumptions

- Maintain current grants with 2% annual growth
- Member dues grow 2% with 100% collection rate
- Salary growth per MOU into 2017; assumes 2% COLA thereafter plus applicable step increases
- Health contribution growth at 8%
- OPEB costs at 14% of payroll
- Other costs increase at 2% annually
- Pension costs per CalPERS 2014 valuation with assumed annual conversion from Classic to PEPRA status equal to 5% of payroll; no change in discount rate

2014 Funding Framework

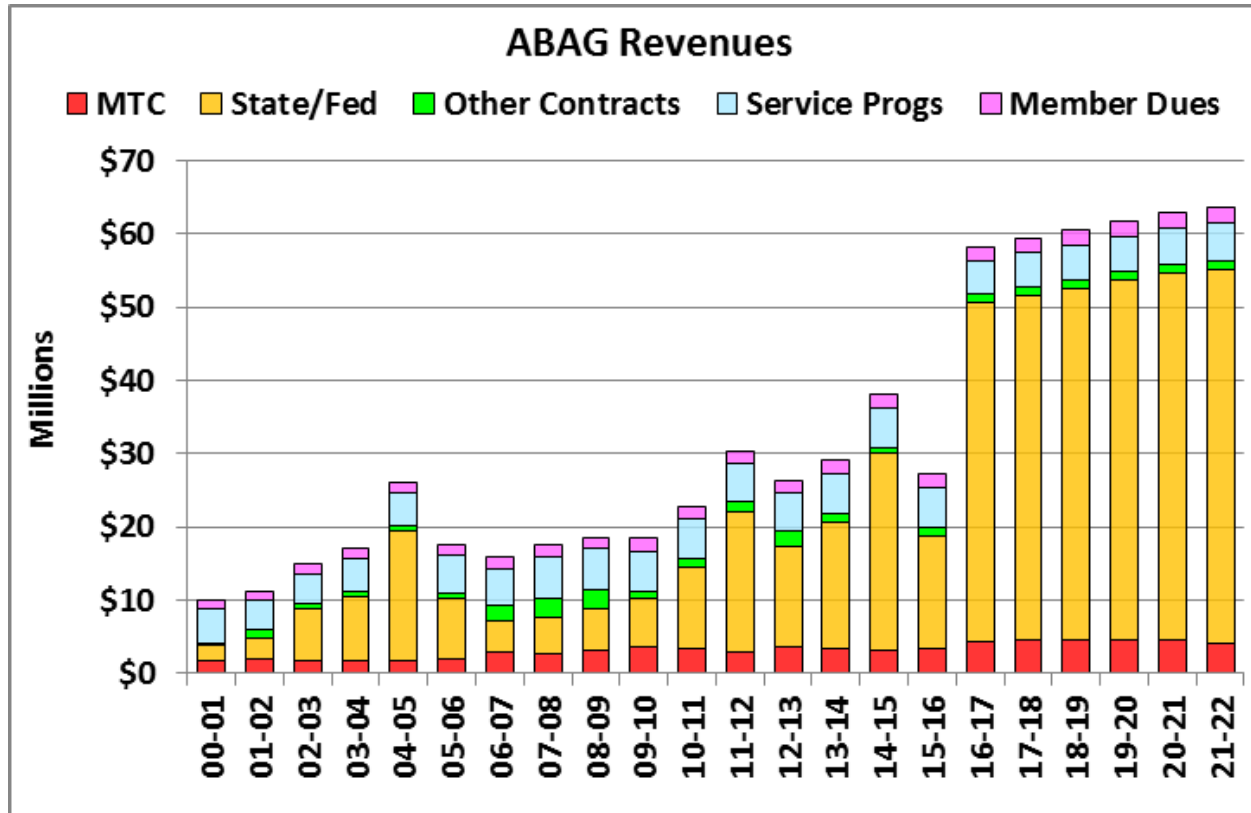
CalPERS Projections

Classic Employees:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Normal Cost Rate (ER)	8.90%	9.07%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Net Pickup of EE share	7.50%	6.50%	5.50%	5.00%	5.00%	5.00%	5.00%	5.00%
Total ER Normal Rate	16.40%	15.57%	15.00%	14.50%	14.50%	14.50%	14.50%	14.50%
PEPRA Employees:								
Total ER Normal Rate	N/A	6.18%	6.49%	6.60%	6.60%	6.60%	6.60%	6.60%
Unfunded Liability (Mil.):								
CalPERS projection	\$0.8	\$1.0	\$1.2	\$1.3	\$1.4	\$1.5	\$1.6	\$1.7
Equivalent UAL Rate	14.03%	16.55%	17.68%	18.77%	20.02%	21.35%	21.90%	22.37%
Total Cost as % of Payroll:								
Classic Total Rate	30.42%	32.12%	33.20%	33.27%	34.52%	35.85%	36.40%	36.87%
PEPRA Total Rate	N/A	22.73%	25.10%	25.37%	26.62%	27.95%	28.50%	28.97%

- Net pickup of employee share declines over time under MOU to 5%
- Shift in payroll from Classic to PEPRA over time (assumes 5% per year)
- Unfunded liability costs increase under CalPERS plan
- Rates subject to increase if CalPERS discount rate is reduced
- Employees also pay into Social Security

2014 Funding Framework

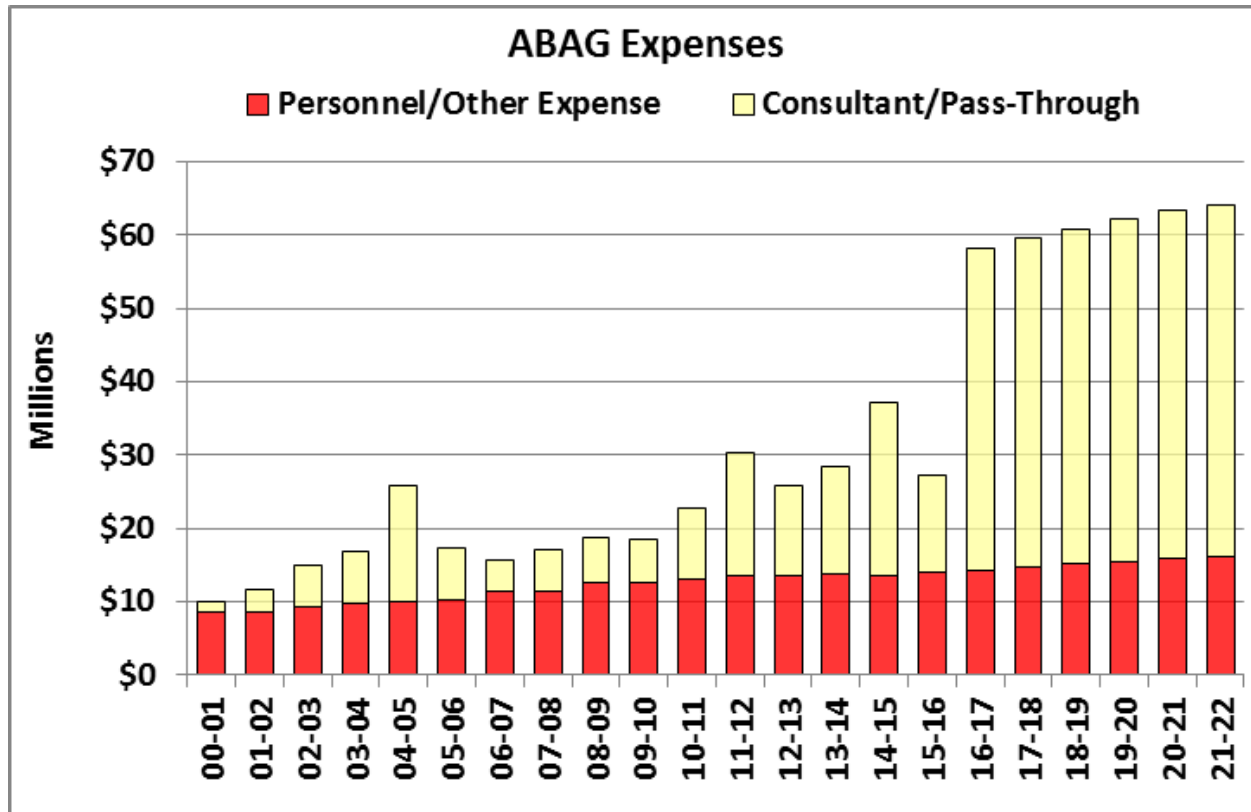
ABAG Revenue Structure



- Major growth in state/federal grants (estuary and energy grants); assumes continuation for several years
- Much of these grants are consultant costs and pass-through, but also support various staff

2014 Funding Framework

ABAG Expense Structure



- Steady growth in personnel and other expense (3.4% historical average)
- Volatility in consultant, pass-through and revenue for associated staff support based on nature of grants

2014 Funding Framework

Total Cost and Funding of ABAG Planning Function

	(\$ in millions)							
ABAG Planning Function:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Total Planners (22 FTE)	3.36	3.45	3.70	3.82	3.93	4.04	4.13	4.21
Other Costs @4%	0.13	0.14	0.15	0.15	0.16	0.16	0.17	0.17
Subtotal	3.50	3.58	3.85	3.98	4.09	4.20	4.29	4.38
Indirect Costs @44.95%	1.51	1.55	1.66	1.72	1.77	1.82	1.86	1.89
Total	5.01	5.13	5.51	5.69	5.86	6.02	6.15	6.27
Planning Revenue Sources:								
MTC Sources	3.69	3.74	3.80	3.86	3.91	3.97	4.03	4.09
Other Revenue Sources	1.32	1.39	1.72	1.84	1.95	2.05	2.12	2.18
Total Sources	5.01	5.13	5.51	5.69	5.86	6.02	6.15	6.27
MTC Share of Funding	74%	73%	69%	68%	67%	66%	66%	65%

- MTC covers most, but not all, of ABAG planners' costs
- Planners charge time to various projects

2014 Funding Framework

Manageable Structural Shortfall

(\$ in millions)

ABAG Revenues:

	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Total MTC Revenues	4.32	4.44	5.07	5.19	5.27	5.34	5.41	4.89
Other Revenues	33.71	22.71	53.15	54.21	55.30	56.40	57.53	58.68
Total	38.03	27.16	58.22	59.40	60.56	61.74	62.94	63.57

ABAG Expenses:

Planning & Research	5.01	5.13	5.51	5.69	5.86	6.02	6.15	6.27
Other Programs	32.18	21.97	52.71	53.90	55.01	56.13	57.25	57.78
Total	37.19	27.11	58.22	59.59	60.87	62.15	63.39	64.05
Personnel (Direct+Indirect)	11.37	11.59	11.83	12.24	12.58	12.91	13.18	13.44
Consultant Services	14.16	10.78	28.25	28.81	29.39	29.97	30.57	31.18
Pass-Through	9.48	2.45	15.76	16.12	16.43	16.74	17.07	16.79
Other Expense	2.17	2.29	2.38	2.43	2.48	2.53	2.58	2.63
Total	37.19	27.11	58.22	59.59	60.87	62.15	63.39	64.05

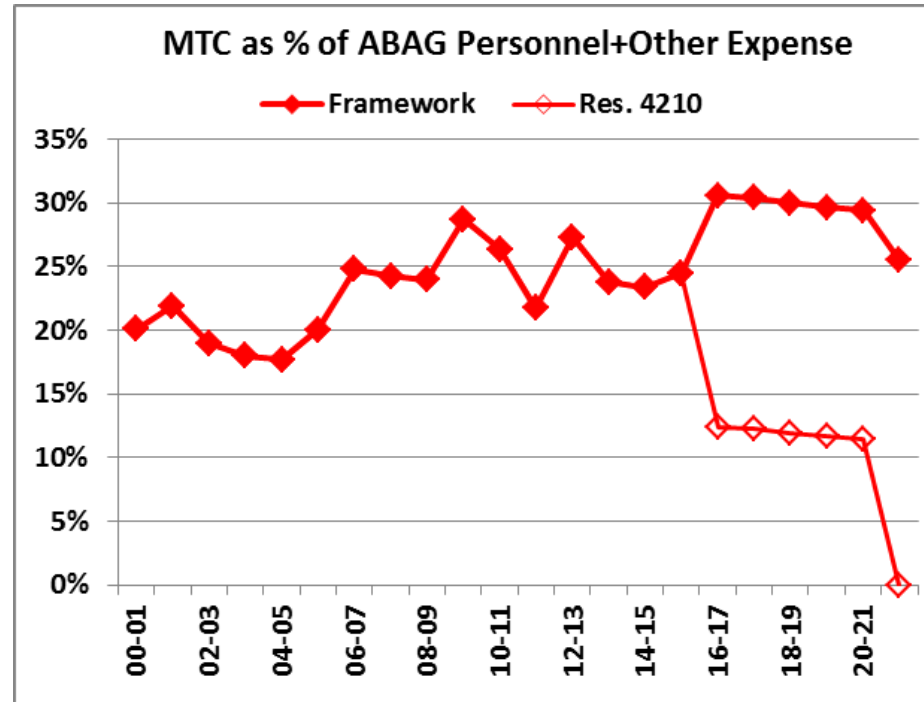
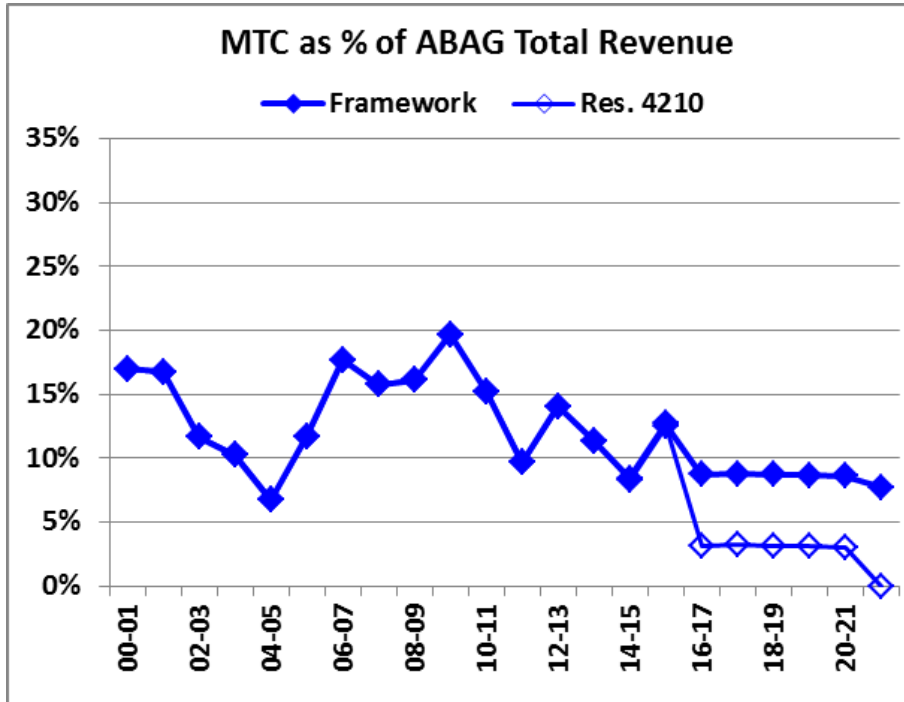
ABAG Balance:

Net Revenue (Expense)	0.85	0.05	-	(0.19)	(0.31)	(0.41)	(0.45)	(0.48)
Available Fund Balance	1.84	1.89	1.89	1.71	1.40	0.99	0.54	0.06
GASB 68 Pension Liability	(11.83)	(11.43)	(11.04)	(10.65)	(10.25)	(9.86)	(9.46)	(9.07)
Avail Balance After GASB 68	(9.98)	(9.54)	(9.15)	(8.94)	(8.85)	(8.87)	(8.93)	(9.01)

- GASB 68 does not affect cash; reflects present value of unfunded pension liability; assumes liability amortized over 30 years

MTC Res. 4210

MTC Budget Impact: Two Views



- MTC revenues for planning and tenant improvements, excludes Bay Trails
- Equals 9% of total ABAG revenues (including consultant and pass-through)
- Equals 30% of ABAG personnel and other expense (areas where cuts would have to occur)

MTC Res. 4210

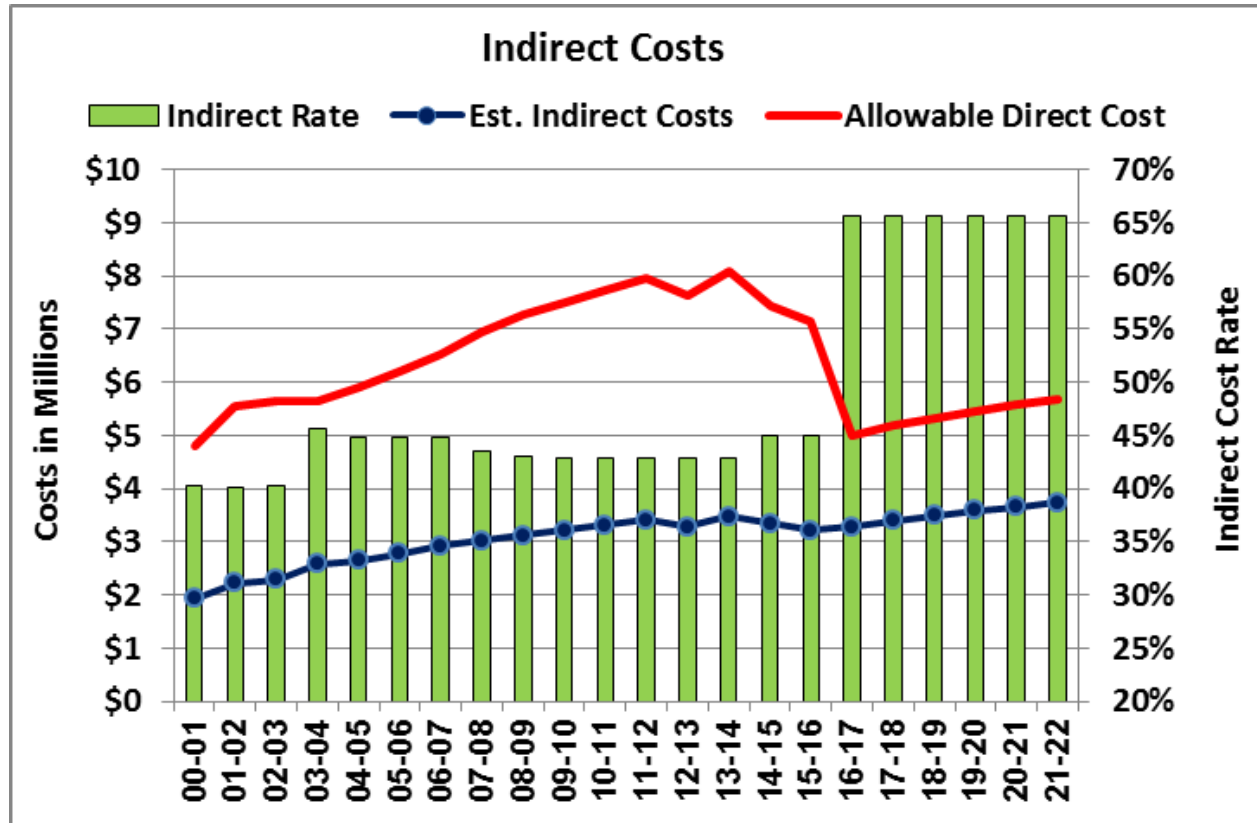
Impact of Planner Shift

	(\$ in millions)							
ABAG Planning Function:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Planners Shifted (13 FTE)	2.09	2.14	-	-	-	-	-	-
Other Planners (9 FTE)	1.27	1.30	1.40	1.46	1.51	1.56	1.59	1.62
Total Personnel	3.36	3.45	1.40	1.46	1.51	1.56	1.59	1.62
Other Costs @4%	0.13	0.14	0.06	0.06	0.06	0.06	0.06	0.06
Total Direct Costs	3.50	3.58	1.46	1.52	1.57	1.62	1.66	1.69
Indirect Costs @44.95%	1.51	1.55	1.66	1.72	1.77	1.82	1.86	1.89
Pension Unfunded Liability	-	-	0.23	0.25	0.27	0.30	0.31	0.32
Total	5.01	5.13	3.35	3.49	3.61	3.73	3.82	3.91
Planning Revenue Sources:								
MTC Sources (<i>revised</i>)	3.69	3.74	1.20	1.20	1.20	1.20	1.20	-
Other Sources (<i>unchanged</i>)	1.32	1.39	1.72	1.84	1.95	2.05	2.12	2.18
Total Sources	5.01	5.13	2.92	3.04	3.15	3.25	3.32	2.18
Net Revenue (Expense)	-	-	(0.44)	(0.45)	(0.46)	(0.48)	(0.50)	(1.73)

- 9 planners proposed to remain with ABAG; consolidates most, but not all of the planning functions within the two agencies
- After transition funding there remains a net shortfall (in addition to the pre-existing structural shortfall)

MTC Res. 4210

Impacts on Indirect Cost Rate



- Some grants may be locked in to current indirect rate
- Imposing higher rate may make ABAG non-competitive for grants
- Planner positions and admin staff service grants and service programs

MTC Res. 4210

Balance Decline Accelerates, Deficit in 4 Years

	(\$ in millions)							
ABAG Revenues:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Total MTC Revenues	4.32	4.44	2.47	2.54	2.55	2.57	2.58	0.80
Other Revenues	33.71	22.71	53.15	54.21	55.30	56.40	57.53	58.68
Total	38.03	27.16	55.62	56.75	57.85	58.97	60.11	59.48
ABAG Expenses:								
Planning & Research	5.01	5.13	3.35	3.49	3.61	3.73	3.82	3.91
Other Programs	32.18	21.97	52.71	53.90	55.01	56.13	57.25	57.78
Total	37.19	27.11	56.06	57.38	58.62	59.87	61.07	61.68
Personnel (Direct+Indirect)	11.37	11.59	9.76	10.12	10.43	10.72	10.95	11.18
Consultant Services	14.16	10.78	28.25	28.81	29.39	29.97	30.57	31.18
Pass-Through	9.48	2.45	15.76	16.12	16.43	16.74	17.07	16.79
Other Expense	2.17	2.29	2.29	2.33	2.38	2.43	2.48	2.52
Total	37.19	27.11	56.06	57.38	58.62	59.87	61.07	61.68
ABAG Balance:								
Net Revenue (Expense)	0.85	0.05	(0.44)	(0.63)	(0.77)	(0.90)	(0.95)	(2.20)
Available Fund Balance	1.84	1.89	1.46	0.82	0.05	(0.84)	(1.80)	(4.00)
GASB 68 Pension Liability	(11.83)	(11.43)	(11.04)	(10.65)	(10.25)	(9.86)	(9.46)	(9.07)
Avail Balance After GASB 68	(9.98)	(9.54)	(9.58)	(9.82)	(10.20)	(10.70)	(11.26)	(13.07)

- GASB 68 does not affect cash; reflects present value of unfunded pension liability; assumes liability amortized over 30 years

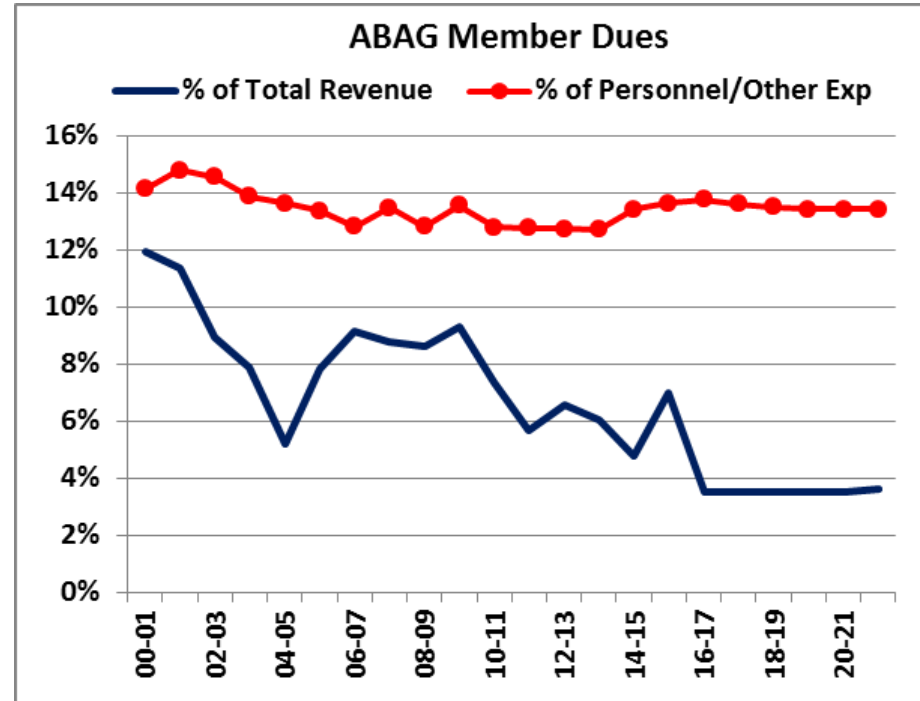
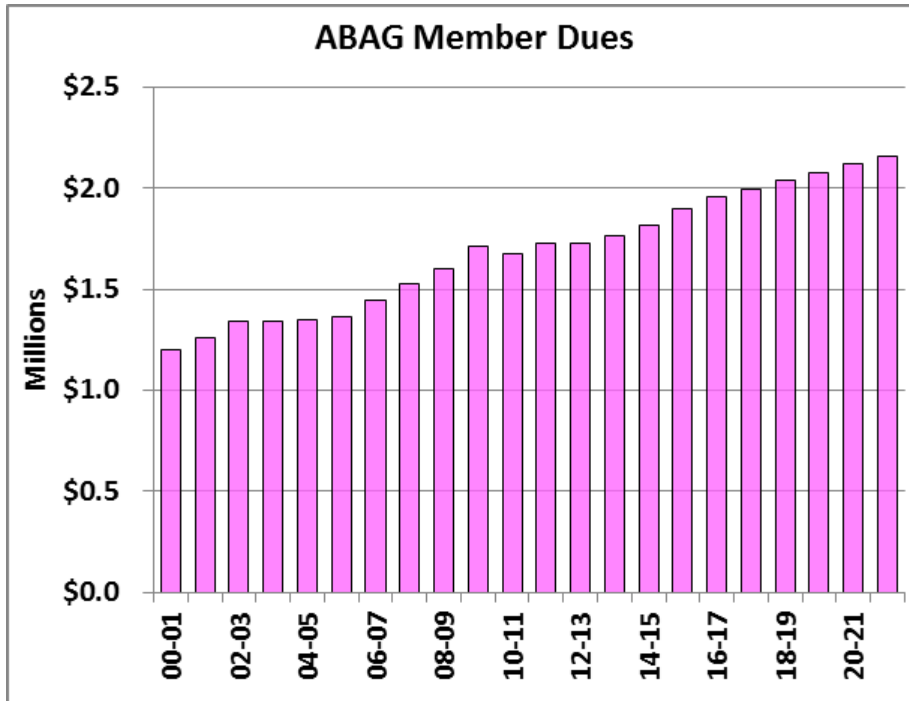
MTC Res. 4210

Shortfall as % of Personnel and Other Costs

	(\$ in millions)							
Shortfall Impact:	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
Total Expense	37.19	27.11	56.06	57.38	58.62	59.87	61.07	61.68
less: Consultant+Pass-Thru	23.65	13.23	44.01	44.93	45.81	46.72	47.64	47.98
Personnel+Other Cost	13.54	13.88	12.05	12.46	12.81	13.15	13.43	13.70
Net Revenue (Expense)	0.85	0.05	(0.44)	(0.63)	(0.77)	(0.90)	(0.95)	(2.20)
% of Personnel+Other	6.2%	0.4%	-3.6%	-5.1%	-6.0%	-6.8%	-7.1%	-16.1%

- In FY 16-17 net shortfall represents 3.6% of personnel/other costs
- Impact increases over time due to structural shortfall
- Starting FY 21-22, loss rises to 16.1% of personnel/other costs, with end of \$1.2M transition funding
- Assumes grants and service programs continued, 100% dues collection; requires outreach to grantors, service providers and members

Relative Importance of Dues



- Current dues plan increases rates annually by CPI
- Revising plan would require vote of ABAG Assembly (majority of a majority of 110 members voting)
- Dues lower as % of total revenues, but steady at 13% of personnel/other expense

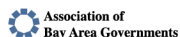
Altering Fiscal Outcome Requires Some Combination of the Following Actions

- Maintain and secure additional grants to make up for loss in MTC funds (allows shift in existing overhead formerly allocated to MTC)
 - Requires at least \$2.6M in new grants that are primarily personnel costs
- Cut overhead costs (to reduce overhead rate)
 - Requires \$1M cut in current \$3.2M overhead to retain current indirect rate of 44.95%, given direct costs remaining after shift of 13 planners
- Dues increase (generate more net revenue)
 - Requires 22% increase to generate \$440K added net revenue
- Eliminate net pickup of PERS costs (to reduce overall costs)
 - Requires labor negotiations; remaining 5% pickup on \$5.33M salaries after planner shift yields \$266K of savings
- New actuarial study may justify lower OPEB contribution rate
 - Potential savings of \$50-100K from proposed FY 16-17 budget



Metropolitan Transportation Commission

101 Eighth Street,
Joseph P. Bort MetroCenter
Oakland, CA



Legislation Details (With Text)

File #: 15-1345 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 2/19/2016 **In control:** Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study

On agenda: 3/25/2016 **Final action:**

Title: Preliminary Stakeholder Engagement Comments

Sponsors:

Indexes:

Code sections:

Attachments: [7d MTC-ABAG Prelim Stakeholder Comments](#)

Date	Ver.	Action By	Action	Result
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Subject:
Preliminary Stakeholder Engagement Comments

Recommended Action:
Information

Attachments

Attachment D

MTC-ABAG Merger Study

Preliminary Stakeholder Engagement Comments

Beginning in February, Management Partners began implementation of the Stakeholder Engagement Plan proposed in late January to the Joint Committee. While there are a few meetings yet to take place in late March and early April, the vast majority of the meetings have occurred. Table 1 lists the meetings that have taken place. This document provides an initial summary of comments heard during the meetings as well as some of the key themes.

Table 1. Stakeholder Meetings held on the MTC-ABAG Merger Study

Mayors' Conferences
Alameda County Mayors' Conference
Contra Costa County Mayors' Conference
Marin County Council of Mayors and Councilmembers
Napa County League of Governments (<i>scheduled for 4/14/16</i>)
San Mateo County Council of Cities
Cities Association of Santa Clara County
City County Coordinating Council
Mayors' and Councilmembers' Association of Sonoma County
Congestion Management Agency (CMA) Technical Advisory Committees and/or Staff
Alameda County Transportation Commission
Contra Costa Transportation Authority
Transportation Authority of Marin
Napa County Transportation and Planning Agency
San Francisco County Transportation Authority and San Francisco Planning Department
City/County Association of Governments of San Mateo County
Santa Clara Valley Transportation Authority
Solano Transportation Authority (<i>scheduled for 3/30/16</i>)
Sonoma County Transportation Authority
City Manager Associations/Groups (<i>meetings held upon request</i>)
San Mateo County City Manager Association
Santa Clara County City Manager Association
Alameda County City Manager Association
Regional Forums
East Bay Area Regional Forum
North Bay Area Regional Forum
South Bay Area Regional Forum

Individual Meetings
Bay Area Council
Building Industry Association (BIA) Bay Area
San Francisco Bay Area Planning and Urban Research Association (SPUR)
League of Women Voters
Equity/Social Justice/Housing Organizations: Six Wins Coalition
Environmental Organizations (hosted by Greenbelt Alliance)
Bay Area Planning Directors Association
BCDC and BAAQMD (Staff and BCDC Chair)
ABAG and MTC Planning Staff (separate meetings) ¹
ABAG and MTC Employee Bargaining Unit Representatives (separate meetings) ²

¹ Comments from meetings with ABAG and MTC planning staff are not included in this report.

² Comments from meetings with ABAG MTC employee bargaining unit representatives are not included in this report.

Following a presentation on the background and context of the merger study, the following questions guided stakeholder meeting discussions:

- In general, how is regional planning for the Bay Area going today? And in particular, how did the Plan Bay Area process go previously and how is it going today?
- Given the range of issues facing the region, what can or should change with regard to regional planning in the future? Should there be a single agency guiding regional planning?

The goal was to encourage a wide ranging discussion on the current state of regional planning and consider what is needed for the future.

Professional staff had somewhat different comments and interests than elected officials and non-governmental groups of stakeholders. Therefore, this summary is primarily organized by stakeholder groups. Because the regional forums tended to include people from one of the stakeholder groups and were small enough to be able to identify the participants, those comments were folded into those groups.

Not everyone present at the meetings spoke, and we understand that not everyone at the meetings would endorse any individual comment. We have focused this report on where there seemed to be common, widely held concerns and comments. We further recognize that some participants may disagree with the comments and themes highlighted in this summary, and any single commenter's views may not always be reflected in this summary.

Overall Themes

Each group had somewhat different interests and comments; however, we believe the broad themes below emerged.

1. A single integrated agency is likely to better serve the regional planning needs of the region. This statement often came with a strong caveat from local agency staff and elected officials about the need for a governance model that recognizes the voice of smaller jurisdictions and their interests (see below for further discussion of governance).
2. Any new regional agency needs to respect and respond to the diversity and unique circumstances of Bay Area communities. A corollary to this from local elected officials and most staff is the importance of maintaining local land use control.
3. Any new agency should continue to provide services and assistance to local communities that are valued, including much broader outreach than has generally occurred in the past.
4. MTC is generally perceived as being less accessible to local government officials and stakeholders than ABAG; MTC is seen as more “top-down” and ABAG more “bottom-up.” Nonetheless, neither agency is currently viewed as a partner fully capable of assisting local government to address the issues facing the region.
5. Between the two agencies, there are too many committees seemingly addressing similar issues (difficult to follow the path of who is making what decision). This leads to transparency issues from those wanting to participate in the process and an inefficient use of time for both elected officials and staff.
6. The question of merger is critically important to the region, and if pursued, sufficient time should be taken to accomplish it in a deliberative path (i.e., the current timeframe seems too short).
7. The Bay Area competes with major metropolitan regions in the U.S. and around the world for the talent, entrepreneurship and innovation that drives economic growth. This region needs to have a more integrated vision and voice in order to compete successfully.

Governance is Critical

Much of the discussion in every forum was about the issue of governance and how it relates to both the existing agencies and any future agency. The discussion usually revolved around how smaller jurisdictions could be fairly represented and their interests considered in any new governing body. That discussion reflects the fact that almost two-thirds of Bay Area cities have a population under 50,000, and the population of one Bay Area county is smaller than many of the region’s cities. The discussion below does not reflect all aspects of the governance discussion, which ranged from a belief that minimal change is needed in the current structure of regional planning (e.g., the Plan Bay Area process just needs to be more collaborative and have a clear conflict resolution process), to the belief that a single agency is essential and that a new governance model is needed for that agency because neither of the current governance structures is appropriate for it.

Management Partners consistently indicated in our outreach meetings that prior to engaging in an in-depth evaluation of possible governance structures, the first step is a policy agreement that combining the agencies into a new regional governance model is a goal. The second step, one that will take longer to resolve than is available in the timeframe of this study, would be to arrive at a new governance structure for the new agency.

General Comments from Stakeholder Groups

The following sections document the comments by major stakeholder group.

Elected Officials

The comments below were frequently expressed by elected officials during the stakeholder meetings.

- Local land use control needs to be preserved.
- Although merging the two agencies may lead to more efficient regional planning, efficiency is not the only value. Respect for the interests of diverse communities and an open, transparent process are also important, even if efficiency suffers.
- Whatever regional agency may be created must allow for effective representation by smaller jurisdictions and counties in the region.
- Smaller jurisdictions will be lost in a new, larger, merged regional agency.
- This merger study is an opportunity to consider how to plan for the future of the Bay Area in a way that will serve future generations well.
- The current study timeframe is too short; more time to study the issue in more depth is needed.
- The current uncertainty about the future of ABAG is having a negative impact on the region's competitiveness for grants.
- The two agencies are very different. While they are both made up of elected officials, one is more open to local government voices (ABAG); MTC is not as available and willing to engage with local jurisdictions.
- The public outreach process for Plan Bay Area was not handled well, but ABAG staff members generally seem to have a better handle on how to conduct public outreach than MTC staff.
- The Plan Bay Area process was messy and uncomfortable, but it was the first time going through the process and the outcome was acceptable.
- MTC is focused on the central and south Bay, and does not understand or respond well to the interests of the north Bay (common comment from north Bay communities).
- The priority development area (PDA) funding and implementation process is not sensitive to the needs of more rural and suburban areas, despite the fact that the majority of the Bay Area is rural and suburban.
- There is a lack of trust regarding MTC.
- The regional plan needs to have incentives (as opposed to punishments) for the cities to accept and implement.

- After a merger or consolidation, what happens to the other helpful services that ABAG provides? Officials who rely on these services are concerned about ABAG's ability to provide them following any consolidation.
- Governance is the primary concern. MTC is more of a "black box" and is not considered transparent or responsive. The governance issue is the one least addressed so far in this current effort. Moreover, it is the most important to many elected officials.
- Until the issue of governance of any new agency is decided, it may not be possible to obtain agreement by most local governments that a new combined agency be created.
- This merger study should have been preceded by an organization assessment of the two agencies to determine their current performance, so that there could be a metric against which to test whether some new organizational structure would do better.
- Consideration should be given to merging other regional organizations into a single Bay Area regional organization (e.g., Bay Area Air Quality Management District and Bay Conservation and Development Commission).
- If ABAG is to survive, it needs a reliable source of funding for its activities.

Professional Staff

The following comments reflect the range of comments expressed by the professional staff of the various local agencies with whom we met.

- The two-agency responsibility for Plan Bay Area was difficult to navigate for local governments. It was unclear who was in charge or who to call with questions. At times, disagreements between ABAG and MTC staff were visible and disruptive.
- Having one unified voice would be helpful, as MTC and ABAG's viewpoints do not always coincide.
- ABAG is generally more responsive and available for local government staff (especially planners), while MTC is more available and responsive to Congestion Management Agency (CMA) staff.
- MTC staff tends to speak the same language as public works staff; ABAG speaks the same language as planning staff.
- The PBA public outreach process was poorly managed (exacerbated by the emergence of disruptive groups) and lacked strong leadership.
- MTC staff are not as skilled at public engagement and do not seem to value it.
- It is challenging for local jurisdictions to effectively participate in regional processes and committees, and especially challenging for local governments far from Oakland.
- Regional priorities are driving funding allocations rather than local priorities (heard primarily from public works/CMA staff).
- There is insufficient funding to meet basic transportation needs and the siphoning of funding from transportation towards other priorities (housing/PDAs) is exacerbating the transportation financing shortfall (heard primarily from public works and CMA staff).
- Insufficient funding is available to effectively implement the PDA concept that is central to Plan Bay Area (heard from planners).

- There is a great need to look at the issues facing the Bay Area holistically and that is not currently being done (planners).
- Neither ABAG nor MTC are seen as providing valued services to local governments; they are both seen as delivering mandates “from on high.”
- Plan Bay Area, its policies and its funding, are more oriented to the big cities and the central Bay Area, and do not effectively address the less developed and more suburban parts of the region. It is divisive because it does not recognize the needs and interests of suburban and rural areas of the region.
- Smaller cities and rural counties did not have an effective voice in the Plan Bay Area process.
- By focusing on PDAs, the region is losing focus on the rest of the transportation system and the need to maintain it (public works/CMA staff).
- If merger means more efficiency (less duplication of effort), it could mean more money for local needs; however a larger agency could also mean greater bureaucracy and less money for local needs.
- A merged agency may have more influence on state and federal agencies.
- The fundamental problem with lack of funding for basic infrastructure and maintenance will not be addressed by a change in the regional organizations.
- The region needs a comprehensive goal and funding source for housing similar to the goals and funding for transportation, rather than taking money from transportation for housing.
- MTC has huge financial clout in the region, and yet is not transparent or accountable in how it wields that clout.
- The agencies could do a better job of providing assistance to local governments (e.g., CALTRANS has local assistance built into its organization); MTC in particular is not sensitive to local government needs.
- CMAs are the primary link between local jurisdictions and MTC, with relatively little direct communication from MTC to local jurisdictions.
- A new model could explore a decentralization of responsibility to sub-regional COGs, similar to the SCAG model.
- There has been insufficient recognition by MTC of the contribution made by non-PDA greenhouse gas reduction strategies (e.g., proposals that increase transit ridership or reduce vehicle miles travelled unrelated to PDAs).
- The Regional Advisory Working Group has been dominated by NGOs and has been an ineffective forum for the concerns of local agency staff.

Non-Governmental Organizations (NGOs)

Management Partners held six meeting with non-governmental organizations (NGOs) that have taken an active interest in both Plan Bay Area and in the discussions regarding regional planning and the MTC proposal that led to the Merger Study. These included public interest or equity-oriented groups, environmental organizations and business associations. While several of the NGOs focused on their specific areas of concern, there were some common threads between them. For example, almost all of the NGOs begin with the premise that a new regional agency combining

ABAG and MTC is essential to effectively address the wide range of planning and development issues facing the Bay Area in a holistic, transparent way that is accountable.

The NGOs viewed the Plan Bay Area process as flawed in part because two agencies were responsible for it, and from their perspective, there was a the lack of cohesive leadership. The participating NGOs believe that the fundamental challenges facing the Bay Area with regard to housing and transportation needs, greenhouse gas reduction, rising sea levels, a healthy economy, protection of air and water quality, social justice, and conservation of the region's agricultural and open space resources, requires an inclusive regional perspective and stronger regional planning. Some of the NGOs believe small jurisdictions have an outsized influence in the process, which prevents effective regional planning and implementation of an appropriate regional development agenda.

The following comments were frequently expressed by representatives of the NGOs.

- We need a vision that reflects everyone involved, a process that promotes accountability, and an expectation that everything will be done in a transparent manner.
- The region needs the ability to better coordinate its response to the issues it faces. Most issues do not stop at municipal borders.
- It is impossible to do coordinated planning with so many committees. Having multiple report-outs on the same subject to different committees is inefficient and difficult to follow.
- Improving the quality of life for Bay Area residents should be an explicit goal of any new agency.
- A new entity should have more public accountability and transparency.
- One agency with clear command, control and transparency is needed.
- It is challenging for an elected official to represent the interests of their home jurisdiction and also promote a regional agenda, especially if that agenda may require some changes at the local level.
- It is difficult to hold officials elected at the local level accountable for the decisions they make at the regional level.
- Plan Bay Area has not been effectively implemented.
- It is difficult to tell who an elected official is representing when they go to an ABAG meeting in the morning and then an MTC meeting in the afternoon.
- A consolidated organization should result in holistic regional planning (incorporating issues such as sea level change, water, equity) in addition to transportation and land use planning.
- Any new agency needs to be clear on its mission and clear on how it will integrate the interests of stakeholders into its processes.

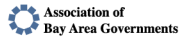
As indicated previously, because the NGOs represented different stakeholder groups it is likely that some comments would not be agreed to by all. However, we believed it important to capture some of their individual concerns below, despite the fact that we expect not all of the NGOs would endorse them.

- We do not trust an agency whose mission has been regional transportation development to effectively take on and address the range of issues that would typically be addressed by a COG. There is little evidence to date that MTC has that ability.
- As a transportation agency, MTC has not been sensitive to the needs of low- and moderate-income households. To some degree this reflects the disproportionate representation on the Commission by local governments where there are fewer people of color and fewer low-income households. Issues such as displacement, health outcomes, and fully integrating the 3-Es (equity, environment and economy) into Plan Bay Area were not priorities.
- MTC is wholly staff driven and is not transparent.
- MTC is focused on the nuts and bolts of transportation; there has been no room for high-level policy discussion.
- There was insufficient consensus-building and little or no effort to address some of the big issues and major policy challenges, such as climate change, during the Plan Bay Area process.
- Economic development as a major focus is largely missing; there was no discussion about what kinds of jobs the region needs and who gets them.
- Any new agency needs an economic development function or arm.
- Not enough housing is being projected in the region to meet job growth; everyone knows it but the policy decision making is not able or willing to address it.
- The private market does not have the ability to do in-fill at the level required by Plan Bay Area, and there is little incentive for localities to approve it.



Metropolitan Transportation Commission

101 Eighth Street,
Joseph P. Bort MetroCenter
Oakland, CA



Legislation Details (With Text)

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File created: 3/16/2016 **In control:** Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study

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Attachments: [7e MTC-ABAG Elected Official Survey Results](#)

Date	Ver.	Action By	Action	Result
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Subject:
Elected Official Survey Results

Recommended Action:
Information

Attachments



Attachment E
MTC-ABAG Merger Study
Elected Official Survey Results

Introduction

As a part of the MTC and ABAG Merger Study stakeholder engagement process, Management Partners sent an electronic survey to elected officials in the cities, towns, and counties of the Bay Area region as well as BART and AC Transit. The survey opened February 23, 2016 and closed on March 11, 2016. The survey asked for the respondent's thoughts regarding regional planning and options for integrating land use and transportation planning.

Of the 111 local jurisdictions¹ surveyed (101 cities, nine counties and two transit agencies), 95 or 85% participated in the survey. This included 86 cities, eight counties and three responses from transit agency board members. (Respondents were not asked to identify their transit agency.) Management Partners received surveys from 180 (about 30%) of the 610 elected officials engaged in the process.

The following sections summarize the results of the survey by each question. For reference purposes, we have designated the following as definitions of jurisdiction size.

1. Cities

- a. Small: less than 50,000 in population
- b. Medium to Large: over 50,000 in population

2. Counties

- a. Small: less than 500,000 in population
- b. Large: over 500,000 in population

For a detailed list of the different sized jurisdictions, please refer to section, "List of All Bay Area Jurisdictions by Size."

¹The City and County of San Francisco counts as a single local jurisdiction in the overall count, even though it is included in both the total City count and the total County count.

Background Information:

1. Please indicate your elective office:

	Number of Total Respondents	Number of Jurisdictions Represented
Overall	180	>95
Councilmember/Mayor	161*	86
Medium to Large City**	60	35
Small City	100	51
Supervisor	15	8
Large County	7	3
Small County	8	5
Transit Agency Board Member	3	>1***

* The subsections (small, and medium to large cities) do not equal 161 because one council member did not indicate the city of his/her residence.

** There were 3 responses from cities over 250,000 in population. The City and County of San Francisco did not participate in the survey.

*** It is not possible to determine participating transit agencies specifically based on the responses collected. There is at least one agency represented in the survey.

2. Are you currently appointed to a transportation or transit agency governing board?

	Yes	No
Overall	87 (48%)*	91 (51%)*
Councilmember/Mayor*	72 (45%)*	87 (54%)*
Medium to Large City	32 (53%)*	28 (47%)*
Small City	40 (40%)*	58 (58%)*
Supervisor	11 (73%)	4 (27%)
Large County	5 (71%)	2 (29%)
Small County	6 (75%)	2 (25%)
Transit Agency Board Member	3 (100%)	0 (0%)

*Totals may not add up due to blank responses.



Main Survey Results:

3. My community was actively involved in the development of Plan Bay Area.

	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall	14.1%	39.3%	39.9%	6.7%
Councilmember/Mayor	14.6%	41.0%	39.6%	4.9%
Medium to Large City	5.7%	45.3%	45.3%	3.8%
Small City	20.0%	38.9%	35.6%	5.6%
Supervisor	13.3%	26.7%	46.7%	13.3%
Large County	28.6%	28.6%	28.6%	14.3%
Small County	0.0%	25.0%	62.5%	12.5%
Transit Agency Board Member	0.0%	0.0%	33.3%	66.6%

4. Regional planning has generally been effective in the Bay Area.

	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall	12.6%	47.7%	38.5%	1.1%
Councilmember/Mayor	12.9%	46.5%	39.4%	1.3%
Medium to Large City	13.8%	44.8%	39.7%	1.7%
Small City	12.5%	46.9%	39.6%	1.0%
Supervisor	6.7%	60.0%	33.3%	0.0%
Large County	14.3%	57.1%	28.6%	0.0%
Small County	0.0%	62.5%	37.5%	0.0%
Transit Agency Board Member	0.0%	66.6%	33.3%	0.0%



5. The current allocation of roles and responsibilities between ABAG and MTC support an effective approach to regional transportation and land use planning in the Bay Area.

	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall	12.0%	43.1%	38.9%	6.0%
Councilmember/Mayor	12.8%	42.6%	39.2%	5.4%
Medium to Large City	7.5%	45.3%	43.4%	3.8%
Small City	16.0%	40.4%	37.2%	6.4%
Supervisor	0.0%	60.0%	26.7%	13.3%
Large County	0.0%	85.7%	14.3%	0.0%
Small County	0.0%	37.5%	37.5%	25.0%
Transit Agency Board Member	33.3%	0.0%	66.6%	0.0%

6. Transportation and land use planning should be performed by separate agencies in the Bay Area.

	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall	15.4%	45.0%	24.3%	15.4%
Councilmember/Mayor	16.0%	44.0%	24.0%	16.0%
Medium to Large City	14.5%	47.3%	30.9%	7.3%
Small City	17.0%	41.5%	20.2%	21.3%
Supervisor	6.7%	60.0%	26.7%	6.7%
Large County	14.3%	85.7%	0.0%	0.0%
Small County	0.0%	37.5%	50.0%	12.5%
Transit Agency Board Member	33.3%	33.3%	33.3%	0.0%



7. Transportation and land use planning should be performed by a single agency in the Bay Area, as it is in other large metropolitan areas in California

	Strongly Disagree	Disagree	Agree	Strongly Agree
Overall	17.5%	24.0%	41.5%	17.0%
Councilmember/Mayor	18.4%	23.7%	42.1%	15.8%
Medium to Large City	16.4%	25.5%	45.5%	12.7%
Small City	19.8%	22.9%	39.6%	17.7%
Supervisor	13.3%	20.0%	40.0%	26.7%
Large County	0.0%	0.0%	71.4%	28.6%
Small County	25.0%	37.5%	12.5%	25.0%
Transit Agency Board Member	0.0%	33.3%	33.3%	33.3%

8. Rank the options below in order of their effectiveness in supporting regional transportation and land use planning in the Bay Area. (Rank the options with 1 least effective, 2, 3, 4 most effective)

	Most Effective	Second Most Effective	Third Most Effective	Least Effective
Option A. Keep the current division of roles and responsibilities between ABAG and MTC the same.	35.4%	16.7%	15.3%	32.6%
Option B. Strengthen the regional transportation and land use planning collaboration between ABAG and MTC.	9.1%	37.8%	44.1%	9.1%
Option C. Look for opportunities to functionally integrate the regional planning operations of ABAG and MTC, but retain each entity separately	14.4%	34.0%	32.0%	19.6%
Option D. Create a new governance model for the Bay Area's land use and transportation planning, and transportation coordination and financing roles and responsibilities.	41.1%	7.4%	7.4%	44.2%



9. What concerns would you have if a new governance model for land use and transportation planning, and transportation coordination and financing was created? (Indicate your top three concerns in order)

	Highest Concern	Second Highest Concern	Third Highest Concern
Overall	Local Control	Governance	Accountability
Councilmember/Mayor	Local Control	Governance	Accountability / Efficiency and Effectiveness
Supervisor	Local Control	Governance	Accountability
Transit Agency Board Member	Accountability	Governance	Transparency / Local Control

List of other concerns indicated by the comment box (verbatim):

- Adequate representation of mid and small cities in the governance board
- Appropriate resource allocation to small rural areas
- Availability of funding for implementing planning goals
- Believe focus should be on regional transportation and local land use
- Bias toward high density development
- Concentration of power; common ground becomes lowest common denominator
- Direct communication and actually considering local issues
- Equity- making sure resources get to the North Bay Area
- Excessive control by large cities
- Expanded power of the Executive Director to manipulate results
- Governance should be COG with cities represented in number and geographically
- If they become one agency, I am most concerned about representation/voting for the smaller counties
- I'm more concerned with the status quo than I am with a new governance model
- Increased cost
- MTC has failed with the Eastern span, the overruns on HQ, and efforts to reduce congestion
- Not enough room for comment
- Participatory planning - not just tolling the stakeholders
- Political power and pressure on poorer communities
- Responsiveness to the broad population rather than just interest groups
- The way that MTC tried to take over is very telling. As it is they will complete this in June.
- Transit Board representation
- We are not on El Camino and have been left out of lots of planning



10. What should MTC and ABAG do to improve regional transportation and land use planning in the Bay Area? (Maximum 500 characters, verbatim):

Note: Specific comments regarding agency staff have been excluded.

1. Put money into local implementation of housing and planning.
2. Dissolve both agencies and return the responsibilities to the local level. Too much money is being spent on administrative costs in relation to results from these lettered agencies.
3. ABAG appears to be more responsive to local governments than MTC, which is why I don't support MTC taking over ABAG. The ABAG governance model should be followed in any functional merger.
4. Planning should be consolidated under one management, even if serving two agencies. Transportation financing should be protected from additional governance burdens. Prioritized policies of both MTC and ABAG should be tied to financial incentives for local governments that cooperate. More public forums should be held on key issues, so that a broader, more inclusive stakeholder input and policy understanding is achieved.
5. Integrate transportation planning and land use planning, and hold communities accountable for doing their part.
6. Maintain separate entities and provide ABAG with its own funding so that it does not rely on MTC.
7. Concentrate housing and transportation activities and funding in urban not rural areas.
8. Have a committee made up of people from both entities. Transportation only. MTC should stay out of land use planning.
9. MTC should alter its governing structure to include smaller city representation (currently representation dominated by large cities/counties). Also, MTC needs to get its finances in order (interest rate swap debacle) and figure out how to manage projects (Bay Bridge debacle). ABAG needs to continue to improve its cooperation with smaller cities/counties (improvement already happening).
10. Provide means for differentiation of planning and programs for communities with different needs. One size fits all approach has excluded smaller communities from realistic programs suitable to their needs.
11. Need one voice and need to be bottom up, not top down; in addition, the only participants in land use planning decisions seem to be special interest groups.
12. Allow local jurisdictions more flexibility in determining RHNA numbers: one size does not fit all. Also, priority for transportation projects should focus on infrastructure projects, not quasi-social issues.
13. Drill down on the concept of collaboration between counties in the allocation of growth in housing, services, and attention to environmental concerns.
14. Understand that not every community can build large amounts of housing. Focus on getting people from where housing exists to job centers, rather than trying to get housing closer to jobs.
15. Merge or highly collaborate
16. Land use planning and transportation planning should be subordinate to one locally controlled/elected entity
17. Reward Transit Oriented Smart Growth Communities with grants



18. Not impose RHNA numbers that fail to accurately reflect what they represent. Give Marin credit for Bay Area wide recreation capacity.
19. Take into consideration the general plans of each of the jurisdictions and work with them vs run over them.
20. Better public involvement process.
21. Incentivize adherence to state and regional policies and goals to/for the local jurisdictions.
22. Be fiscally responsible.
23. Form a joint body to perform the work and assure equal representation. Leadership roles should change.
24. Merge the two together and have one executive director and quit fighting with each other.
25. Form new joint agency.
26. Actually work with cities to develop regional transportation and housing corridors.
27. ABAG should be the MPO since governance structure and culture is collaborative. ABAG involves local governments & public whereas MTC is autocratic/top down. MTC should conduct public workshops. There might be more collaboration with new MTC/ABAG staff leadership. To have true land use & transportation planning needs to start at the local level and work up. There is creative tension between these disciplines which strengthens the ultimate decision.
28. Better growth models. Send informed planners to local meetings.
29. Allow more local control.
30. MTC should work more with local governments. The fear is if MTC is top heavy in this merger the local cities will be ignored.
31. Listen and keep in mind the local governments' wants and needs. Each city has unique planning issues and challenges that need to be evaluated with specific solutions. These can be made in conjunction with regional collaboration, but not compelled.
32. Improve access to quality transit and provide other car alternative ways to get around. Make the case for increased density.
33. MTC does not have representation from all cities or even all cities over 60,000 population.
34. A new model should be created, but only if both entities are eliminated.
35. Plan and implement transit oriented developments, better coordinate funding and planning.
36. Work more directly with local cities/towns.
37. I do think the planning should be done together as each has a significant effect on each other but I am concerned about the current proposal which would overly represent the counties & substantially take away cities influence.
38. Improve the sensitivity and appropriateness of local housing requirements by increasing the funding for planning staff under the control of the current ABAG. Set aside more MTC funding for local transportation improvement projects planned and implemented by local staff. Provide MTC funding as a subsidy for affordable housing development near BART stations.
39. If we're to foster and retain a growing local economy, we have to find a way to counter NIMBYism. We are all worse off when individual communities build moats around themselves, but you can't block that political pressure at the local level. Look at what Washington State has done in this regard.
40. It is time for cities which have built large office complexes to devote equal attention to fulfilling housing needs in their cities. Industry should continue to pay for commuter buses to



alleviate congestion on our existing freeways. Regional sharing of housing numbers is essential. New transportation connections between the East Bay/Milpitas and Mountain View must be designed.

41. Keep things the way they are.
42. I have two suggestions. First, ABAG become its own autonomous directly funded organization. Second, form an organization that supports local control with a regional overview, not the other way round.
43. Support private enterprise -- let them figure it out.
44. Mandate infill with incentives. Setting standards for local government gives cover for elected officials to do the right thing. Providing meaningful affordable housing criteria. Establish performance standards for regions protecting historic neighborhoods, reducing GHG, reducing VMT, funding more frequent local transit, establish government funded low affordable housing, and pay for environmental services of farmland and private open space.
45. They should be consolidated and new staff leadership should be put in place.
46. Take into consideration each local community. It's not one size fits all. There needs to be better communication between agencies and increased communication between agencies and local communities.
47. Cooperate. Listen to each other.
48. Work cohesively together and forget their individual silos. Work to create a new culture of collaboration where staff from one agency isn't "better" than the other. Once fully merged, create new administrative structure with one NEW Exec Director and Deputy for Land Use and Deputy for Transportation. While these are admin in nature, I believe they will create an environment that leads to better transportation and land use planning in the Bay Area.
49. Ensure that transportation decisions are tightly tied to affordable housing and sustainable/smart development.
50. Consolidate to one new agency, with adequate representation from cities and counties.
51. Local control over land use, regional transportation planning.
52. MTC should become more open and transparent, focus on regional transportation issues and combining of regional transportation agencies. ABAG should become more attuned to local differences with a bottom up approach, rather than top down.
53. Include elected regional transportation officials on their Boards.
54. Consolidate efforts. Focus on broad policy recommendations that facilitate implementation of sustainability goals. Fund research or pilot efforts as needed. Reflect local needs through local control based governance structure.
55. Improving the efficiency of the organizations will allow additional financial resources to be applied to the projects and operation of the organizations.
56. Integrate MTC into ABAG ideally. Since that will not happen because of the power imbalance between the agencies, some sort of joint governance structure of both organization could improve the situation.
57. Integrate and work out the millions of details.
58. Align the services. South Santa Clara County (Morgan Hill and Gilroy) are being pushed to provide housing but yet the Train and VTA services are limited and fares continue to rise for Trains. Only the upper middle class can afford the Trains. You need to align all the



requirements equally so there is a chance of success. Force North County to build more affordable housing since they have a multitude of available transportation.

59. Work together
60. Bring BART management under MTC/ABAG control. Place BART to ACE in Livermore on the highest priority.
61. Realize that one plan does not fit all.
62. Provide reliable transportation where the jobs are. Plan for public transit systems in new development areas, don't rely on current systems such as BART, SAMTRANS, VTA, etc.
63. Enhance collaboration
64. MTC and ABAG should meet regularly to communicate what each entity is working on in their cities. The representative of the city must actively address the unique characteristics of the city in assessing their land and transportation issues.
65. More emphasis should be given to the local level.
66. More local control. More support smaller cities.
67. More local government (City) control on RHNA allocations. Plan Bay Area should be abolished.
68. Work more closely with local jurisdictions to meet needs of local economies while working on overall regional solutions of connectivity and traffic/transportation improvements.
69. I recognize the need for regional planning, but I have serious concerns about a governing model that minimizes the role of local officials. Efficiency is important, but increasing it should not result in a less inclusive and democratic governing structure that fails to recognize the knowledge and concerns of local leaders.
70. Value the differences and values behind urban, suburban and rural communities as all being viable.
71. Inclusiveness at both tables
72. Work out independent funding for ABAG and functional integration.
73. Work more in partnership than in competition. Recognize differences between urban and suburban areas as funds are allocated to overcome perception that suburban areas, which provide the housing, have lower priority than urban job centers--yet continue to discourage sprawl through funding allocations.
74. Merge!
75. Do not be so "engineering" oriented and think about livable communities
76. Recognize that while densely populated areas are of major concern, tens of thousands of bay area residents live in outlying, sometimes rural areas, and they have needs for transportation, medical care, roads and other infrastructure. Right now ABAG ignores outlying areas and MTC while doing a better job still puts those areas as last on their list of priorities.
77. Work cooperatively.
78. Talk to each City, County and Board of Sup to keep them informed with a public hearing every other year.
79. Come up with plans that serve all communities not just those that fit its model.
80. Accept only reasonable growth goals from the state. 2. Use incentives to facilitate growth where it is desired. 3. Allocate most transportation funds based on population but tie allocation of some transportation funds to willingness to grow. 4. Figure out how to engage the large number of people who are not advocates for a particular position but are affected by



ABAG and MTC policies. 5. Create a merged agency in which neither the head of ABAG nor MTC plays a leading role.

81. Merge and become more efficient and cost effective.
82. More efficient, effective and innovative.
83. Go to APTA conferences and participate. Every county should be able to use mass transit to get to any airport but this option still does not exist for many people. Term out representatives. There is not enough new ideas or forward thinking for the health of the Bay Area. It appears more of a status to be on the board but if you look at our traffics problems that currently exist, it is clear more effective work needs to be done.
84. BART to Redwood City, across the bay, support density surrounding BART and rail stations.
85. Create a framework and policies which improve effectiveness by reducing the over-emphasis on retaining local control.
86. Secure long term funding for ABAG and look for ways to improve our collaboration.
87. Please do not compare counties as same, i.e. Alameda, Contra Costa/totally opposites in various issues, growth different land issues.
88. STAY OUT OF LOCAL AGENCIES BUSINESS ISSUES I.E. LAND USE AUTHORITY.
89. ABAG should be funded independently. ABAG should better engage the public. MTC should be located near transit..
90. Merge for efficacy, consolidate organizations into one leaner and more effective planning system.
91. I have sent my response into Heain Lee.
92. Merge with ABAG housed inside MTC. Planning all together.
93. Have sufficient funding to support the ABAG efforts, maintain local control especially on growth. Don't have ABAG and MTC tell cities how to grow, etc.
94. Coordinated planning and collaboration.
95. Take into account the benefit of the rural jurisdictions retaining open space and agriculture in regards to GHG reduction. And the transportation needs that still exist and remain unfunded!
96. I felt that Plan Bay Area was difficult to get behind as assumptions for our town and Marin had no basis in local reality and seemed to be a result of some formula. We have a built out town with no commercial or retail and yet we were asked to house a large number of new workers and residents projected by some formula. I also felt that FEMA flood zone mapping was ignored and that water resources were ignored.
97. MTC - Address long pre-existing transportation issues instead of allowing creep outside of the central bay area which allows residential development to continue creating gridlock even further away from the urban cores. ABAG, be realistic in their assessments and encumbrances of communities that are built out and simply cannot meet their mandates for required housing.
98. Recognize the different characteristics of each community, and give each a true voice in the decisions.
99. Respect local land use control, support regional transportation improvements.
100. Become more responsive to varying needs of various communities. No "One size fits all" programs.
101. There should be one agency with a regionally elected board.
102. Stop the political games and do their jobs.
103. Work together



104. Listen to the public....
105. Both organizations are enthralled by rapid business growth--there is no real discussion of moderate and balanced growth. Why did ABAG abandon their respect for the State Demographers forecasts as soon as the State Demographer recognized a maturing slowdown in demographic growth in the state?
106. Manage BART
107. It works fine. MTC is captive to SF, Oakland and San Jose. They care zero about other communities. The problem is not coordination or redundancy, the problem is we don't want to solve the problems the way they do. ABAG gets that. Let ABAG plan housing/land use and MTC plan transport just lien legislature set up.
108. Foster local control wherever possible.
109. More accountability and transparency from MTC and ABAG staff.
110. They should merge land use planning at least. Preferably they should merge.
111. More engagement of the public at a very local level.
112. Allocate more funding to cities that do not have mass transportation options so that they can be developed.
113. Integrate functions where sensible and cost effective; increase coordination generally; plan from same maps and data; train local planners.
114. Merge the two agencies and retain one executive director (the ABAG ED).
115. Recognize that the characteristics are not the same in different parts of the Bay Area. It can't be a one-size-fits-all where everything is applied to all 9 counties as if they were a local implementation of the greater region; Need to eliminate the contradictions in conflicting policies; Need to recognize that not everything is treated equally.
116. Remain separate entities, but coordinate with a committee made up of members of each.
117. Move towards an elected metro board specializing in the matrix of transportation, greenhouse gas reduction and land use planning.
118. Make it affordable, time efficient for transit from point a to point b, effective for those other than commuters.
119. Look beyond area boundaries to consider impacts of other development from outside the area, and consider customer preferences, especially for single family development.
120. Make sure resources are allocated to smaller urban areas such as in Marin and Sonoma County so that we have transportation options like the rest of the Bay Area does. If this doesn't happen, sprawl will continue up here. It's important to allocate resources equally throughout all 9 counties. No big city or county should have a choke hold on funding.
121. Identify what the overall goal is (ignore politics), determine what skills, expertise and leadership is needed to realize success, identify the strengths and weaknesses of each agency, and then work together to develop an organizational structure and a strategic plan that will lead to maximum effectiveness and efficiency.
122. Too many regulations and agencies make the process to cumbersome.
123. Replace the building/repair/widening of freeways, which encourage sprawl (especially in areas that lack BART access) with effective/accessible public transportation. Build QUALITY transit oriented housing.
124. Promote public transportation that effectively removes cars from main arterials roadways.
125. Work together



126. ABAG reverts back to its functions in the '60's: responsible for developing plans to protect the coastline and generate plans to improve transportation infrastructure; not an enforcement agency, but a resource for local, county and regional jurisdictions. MTC works w/ ABAG to develop the regional transportation. Neither agency has power to set forth housing mandates. Growth projections are historically overblown by ABAG. Land use planning should rest with local jurisdictions, not a regional agency.
127. Better representation and land use transportation decisions
128. We need to link jobs and housing better, with lower wage jobs requiring more affordable housing, and vice versa. Closely related, people should be encouraged to live where they work. This would make walking/biking/etc. a lot more practical. All of this would reduce the need to invest as much in our road network, other than ongoing maintenance & repair.
129. I would like to see both groups put their differences aside, and see the benefit of true collaboration.
130. Demonstrate that they care and are interested in the perspectives of the smaller counties in the region.
131. Land use and transportation have been planned separately and do not match. Because of that, some of our transportation systems are overcrowded, and others are underutilized. This should be addressed regionally whether there is a merger or not.
132. MTC should expand its board so that all communities in the Bay Area have a voice. MTC should focus on transportation and leave the land use planning to ABAG.
133. Stay as is but more collaborative meetings.
134. Re RHNA numbers, provide the funding for transportation needed to support additional housing. Re regional transportation, improve connectivity between and among different transit providers, and extend transit service to unserved or underserved areas.



Other Comments Received via Email (verbatim):

1. Need more open and transparent discussion of Regional and Local control concerns. Who is making the decisions and who is making recommendations? Less concerned about the Merger questions. More concerned with the recommendations that are coming from a Regional entity (merged or not). The residents of our Cities want more voice in deciding the Regional verses Local control question. How will we set up the Governance so that mid and small size cities are adequately represented? Why is this Merger question moving so fast? I am aware there is a \$1m budget question, but there are Billions of transpiration funds at stake. Let's get the organization and governance right.
2. Your survey did not ask about the way this merger was drafted. The Alameda County Mayors voted 12-1-1 to not support MTC in this endeavor because of the one sided approach they took. As it is they will accomplish their goal of defunding ABAG if they wait until June and no merger is announced. The timeline for the merger was very unrealistic. Thank you for listening.
3. I took the survey. Frankly, I expected more in-depth questions about potential structure and composition for the newly merged agency. This survey barely scratched the surface.



List of All Bay Area Jurisdictions by Size

Source: California Department of Finance, 2015 Population Estimates.

Large and Small Counties

County	2015 Population	County	2015 Population
Large (larger than 500,000)		Small (smaller than 500,000)	
Santa Clara County	1,889,638	Sonoma County	496,253
Alameda County	1,594,569	Solano County	429,552
Contra Costa County	1,102,871	Marin County	258,972
San Francisco County	845,602	Napa County	140,362
San Mateo County	753,123		

Medium to Large Cities (over 50,000)

City	2015 Population	City	2015 Population	City	2015 Population
Alameda County		Marin County		Santa Clara County	
Oakland	410,603	San Rafael	59,214	San Jose	1,016,479
Fremont	226,551	Novato	53,575	Sunnyvale	148,028
Hayward	152,889			Santa Clara	120,973
Berkeley	118,780	Napa County		Mountain View	77,914
San Leandro	88,441	Napa	78,971	Milpitas	72,606
Livermore	85,990			Palo Alto	66,932
Alameda	76,638	San Francisco County		Cupertino	59,756
Pleasanton	74,850	San Francisco	845,602	Gilroy	53,000
Union City	72,744				
Dublin	55,844	San Mateo County		Solano County	
		Daly City	105,810	Vallejo	119,683
Contra Costa County		San Mateo	101,429	Fairfield	111,891
Concord	126,069	Redwood City	81,838	Vacaville	94,702
Antioch	108,298	South San Francisco	66,193		
Richmond	107,346			Sonoma County	
San Ramon	78,561			Santa Rosa	173,071
Pittsburg	67,628			Petaluma	59,540
Walnut Creek	66,868				
Brentwood	56,493				



Small Cities (less than 50,000)

City	2015 Population	City	2015 Population	City	2015 Population
Alameda County		Napa County		Santa Clara County	
Newark	44,204	American Canyon	20,149	Campbell	41,857
Albany	18,565	St Helena	6,065	Morgan Hill	41,779
Piedmont	11,113	Calistoga	5,261	Saratoga	30,799
Emeryville	10,570	Yountville	3,017	Los Gatos	30,505
				Los Altos	30,036
Contra Costa County		San Mateo County		Los Altos Hills	8,341
Danville	43,691	San Bruno	44,409	Monte Sereno	3,451
Oakley	38,789	Pacifica	38,551		
Martinez	37,384	Menlo Park	33,273	Solano County	
Pleasant Hill	34,162	Foster City	32,390	Suisun City	28,888
San Pablo	29,730	Burlingame	29,890	Benicia	27,689
Lafayette	25,154	San Carlos	29,449	Dixon	19,158
Hercules	24,775	East Palo Alto	29,137	Rio Vista	8,193
El Cerrito	24,288	Belmont	26,748		
Pinole	18,946	Millbrae	22,898	Sonoma County	
Orinda	18,612	Half Moon Bay	12,051	Rohnert Park	41,077
Moraga	16,466	Hillsborough	11,420	Windsor	27,335
Clayton	11,288	Atherton	6,935	Healdsburg	11,687
		Woodside	5,539	Sonoma	10,933
Marin County		Brisbane	4,541	Cloverdale	8,708
Mill Valley	14,439	Portola Valley	4,527	Sebastopol	7,507
San Anselmo	12,670	Colma	1,480	Cotati	7,346
Larkspur	12,347				
Corte Madera	9,491				
Tiburon	9,200				
Fairfax	7,634				
Sausalito	7,300				
Ross	2,493				
Belvedere	2,121				





Metropolitan Transportation Commission

101 Eighth Street,
Joseph P. Bort MetroCenter
Oakland, CA



Legislation Details (With Text)

File #: 15-1344 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 2/19/2016 **In control:** Joint MTC Planning Committee with the ABAG Administrative Committee - Merger Study

On agenda: 3/25/2016 **Final action:**

Title: Principles, Problem Definition, Range of Options, Evaluation Criteria

Sponsors:

Indexes:

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Attachments: [7f MTC-ABAG Principles-Problems-Options-Criteria](#)

Date	Ver.	Action By	Action	Result
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Subject:
Principles, Problem Definition, Range of Options, Evaluation Criteria

Recommended Action:
Information

Attachments



Attachment F
MTC-ABAG Merger Study
Principles, Problem Definition, Range of Options, Evaluation Criteria

At the April 22 Joint Committee meeting, Management Partners will present an analysis of the options and our recommendations to address the problems and issues that have emerged from the merger study process. At that meeting, we will ask the Joint Committee for direction on next steps so we may prepare an implementation plan on the option(s) chosen. Any option which includes pursuing a new regional governance model will require a much longer time frame than is currently provided for in this engagement and any implementation plan developed that includes such an option would clearly extend well beyond June.

No decision regarding the options is being sought at the March 25 Joint Committee meeting, rather we are seeking guidance on the range of options to be analyzed. As we conduct this analysis, we are seeking the Joint Committee's review and comment on the following, which are included in this attachment.

1. *Merger Study Principles.* Based on the Joint Committee January Workshop, interviews with the elected officials, and the stakeholder engagement discussions, we have revised the principles to guide the options and evaluation criteria.
2. *Problem Definition.* It has been challenging to achieve consensus on the problems/issues that need to be addressed in this project. Nonetheless, following the interviews and the comments that emerged from the stakeholder engagement process as well as our own research, analysis and thinking, we believe there effectively are three problems that are driving this discussion and warrant resolution.
3. *Range of Options.* To address the problems described in the Problem Definition document, Management Partners developed ten options. These options are not analyzed at this time; rather our objective in this meeting is to determine if this is the full range of options to be considered and whether any should be eliminated or combined in a different way. We will then provide an analysis and report at the April 22 meeting of the options evaluated and seek direction on next steps to inform an implementation plan.
4. *Evaluation Criteria.* In addition to analyzing the financial, policy, legal and employee impacts of each of the options in our report on April 22, we propose to use a set of criteria against which each option will also be evaluated. During the meeting on March 25, we will describe the general analysis framework and the process for implementing the evaluation criteria.

**MTC-ABAG Merger Study
Proposed Merger Study Principles**

Proposed Merger Study Principles

1. Provides a sustainable, integrated and transparent land use and transportation planning function.
2. Improves the efficiency and effectiveness of regional land use and transportation planning, services, and programs.
3. Increases the transparency of regional land use and transportation policy decisions.
4. Sustains or expands core agency services, operations and programs.
5. Expands opportunities for broader stakeholder engagement in regional planning.
6. Sustains the representative voice of cities and counties.
7. Promotes comprehensive regional planning in the Bay Area.
8. Preserves local land use authority.
9. Provides an equitable and predictable transition for current and retired employees.

Note: Should a new regional governance structure be pursued, it is likely these principles may be modified or expanded.

MTC-ABAG Merger Study
Draft Problem Definition

What are the problems we are trying to address?

SB 375 and the region's economic growth have reset the regional planning platform: economic development, land use and transportation planning are inextricably linked.

Three Problems

Problem 1: Preparation of the region's sustainable community strategy to reduce greenhouse gases is statutorily split between two regional agencies.

Preparation and management of a Sustainable Community Strategy (SCS), including a forecasted development pattern for the region, is carried out by two independent regional land use and transportation planning agencies.



Consequences

- Leadership and management issues (who is in charge of getting the SCS completed and implemented)
- Coordination and performance confusion (accountability)
- Inefficient use of staff resources
- Confusion for the public about who makes which policy decisions (transparency)
- Inefficient government and increased costs
- Bifurcated and sometimes competing strategic direction at the policy, leadership and management levels

Problem 2: Two agencies responsible for regional land use and transportation planning and associated services and programs are not formally linked by an integrated management, leadership or policy structure.

MTC and ABAG have overlapping roles and responsibilities for land use and transportation planning and related services and programs.



Consequences

- Significant obstacle to integrating complex land use, transportation and regional policy issues into a clear vision for the region
- Distraction for a region needing to address complex and difficult issues (stakeholders want a "one stop, accountable shop")
- Disparate and, in some cases, duplicative and competing programs provided to local government
- Inefficient use of staff resources
- Perceptions regarding the lack of accountability and transparency (too many committees across two agencies addressing similar issues and programs)
- Inefficient use of elected officials time

Problem 3: ABAG's ongoing ability to implement its mission is compromised.

A significantly changed, complex and statutorily prescribed regional planning platform and continued reliance on discretionary revenue will challenge ABAG's fiscal sustainability over the long term and impede its intergovernmental coordination activities.

***Consequences***

- Increased dependency on discretionary revenue that will fluctuate with the economy, grantors and contractors
- Ongoing concern by members and regional planning stakeholders regarding ABAG's mission and ability to influence complex and difficult regional issues
- Member agency "voice" is at risk regarding complex regional issues
- Potential loss of confidence among grantor organizations
- With or without regional planning, ABAG's members and grantors may not be willing to sustain the agency's financial security over the long term



MTC-ABAG Merger Study Draft Options

*Nothing will ever be attempted, if all possible
objections must first be overcome.*
- Samuel Johnson

The biggest obstacle to positive change is fear.
- Peter Senge

Range of Options (1 through 10)

Discrete Options (1 through 6)

1. No change	Maintain current independence of each agency, but increase collaboration between the agencies to improve and streamline the Plan Bay Area (PBA) process and other regional planning efforts.
2. Consolidate regional planning functions within MTC	Consolidate most regional planning functions within MTC by implementing MTC Resolution 4210. (ABAG JPA, policy structure, some planning programs and other agency programs would remain in the COG.)
3. Hire an independent planning director to manage PBA, all planning functions or both	Hire an independent planning director responsible for PBA, all planning, or both, reporting directly to the ABAG Administrative Committee and MTC Planning Committee with staff assigned from both agencies.
4. Establish new Joint Powers Authority (JPA) to oversee PBA, all planning functions, or both	Hire an independent planning director responsible for the SCS/PBA reporting directly to a new JPA (with members from MTC and ABAG) to oversee the PBA process, all planning, or both with staff assigned to both agencies.
5. Create new regional governance model	Enter into an MOU to pursue a new governance model that integrates the MPO (MTC) and the COG (ABAG).
6. Pursue a new comprehensive regional governance model	Pursue a new governance model that encompasses the functions of all the independent regional planning agencies in the Bay Area.

(Two-part options are listed on the following page)

Two-part Options (7 through 10)

7. Create a new regional governance model and consolidate regional planning functions	<ul style="list-style-type: none"> a. Enter into an MOU to create a new regional governance model that integrates the MPO (MTC) and the COG (ABAG); and b. Amend MTC Resolution 4210 to include consolidation of all ABAG planning functions
8. Pursue a new regional governance model and develop an interim funding framework to support ABAG planning functions	<ul style="list-style-type: none"> a. Enter into an MOU to pursue a new governance model that integrates the MPO (MTC) and the COG (ABAG); and b. Enter into a new interim funding framework with ABAG to support its planning functions and pursue opportunities to consolidate ancillary administrative services following the move to the new headquarters building; i.e., JPA to remain.
9. Create a new regional governance model and consolidate all ABAG functions with MTC (existing governance structures and statutory responsibilities to remain)	<ul style="list-style-type: none"> a. Enter into an MOU to jointly create a new governance model that integrates the MPO (MTC) and the COG (ABAG); and b. Enter into a contract with MTC to develop and manage a new merged staff work program that supports all ABAG planning programs, activities and administrative functions and responsibilities (transition of employees to be addressed); the existing ABAG governing structure would continue to serve as policy oversight for statutory and program responsibilities, i.e., JPA to remain until a successor agency is agreed upon.
10. Pursue new governance options, consolidate regional planning functions and contract with MTC for some or all ABAG functions (existing governance structures and statutory responsibilities to remain).	<ul style="list-style-type: none"> a. Enter into a MOU to pursue new regional governance models; b. Amend Resolution 4210 to consolidate all planning functions within MTC; and c. Contract with MTC to provide staff in support of ABAG administrative services (transition of employees to be addressed) and a portion or some of the agency's work program; the existing ABAG governing structure would continue to serve as policy oversight for statutory and program responsibilities, i.e., JPA to remain until a successor agency is agreed upon.



MTC-ABAG Merger Study Draft Analysis Criteria

In addition to analyzing the legal, financial, policy, and employee impacts of each option, the following evaluation criteria will be applied.

Proposed Evaluation Criteria (Likelihood of achieving each objective to be assessed as high, medium or low)

A. Operational Effectiveness and Accountability

Improves the efficiency and effectiveness of the delivery of regional land use and transportation planning activities, programs and services.

1. Streamlines the SCS/PBA preparation process
2. Clarifies and streamlines staff roles and responsibilities regarding the SCS/PBA process
3. Fosters accountability for performance
4. Integrates regional land use and transportation planning more effectively
5. Integrates regional land use and transportation programs and services more effectively
6. Expands career opportunities for agency staff

B. Transparency in Policy Decision Making

Increases the transparency of policy roles and responsibilities in regional land use and transportation planning.

7. Streamlines policy roles and responsibilities regarding the SCS/PBA process
8. Increases the transparency of regional land use and transportation policy decisions
9. Encourages the efficient use of elected officials' time in support of effective decision making
10. Encourages representative decision making
11. Provides greater opportunity to address complex regional issues

C. Core Service Delivery and Financial Sustainability

Sustains the core services and programs currently provided by the agencies.

12. Maintains or provides opportunity to expand core services and programs
13. Supports agency financial sustainability
14. Maintains administrative support for programs and services

D. Implementation Viability

Provides a reasonable and transparent path for any organization transition or successor agency.

15. Requires legislative action
16. Requires approval of governing bodies
17. Retains ability to recruit and retain qualified, committed staff
18. Maintains benefits for current retirees
19. Addresses stakeholder interest in a unified regional planning agency
20. Fosters support by local governments in the region