

Association of Bay Area Governments

Executive Board

March 20, 2025

Agenda Item 12.a.

Association of Bay Area Governments (ABAG) Financial Outlook

Subject:

Report on ABAG Financial Outlook

Background:

On October 28, 2022 and March 16, 2023, the ABAG Executive Board received presentations from staff to better understand the financial outlook and challenges facing the organization and to consider options that could help to address those challenges. Topics included:

- Level setting on the challenges associated with the current ABAG Administration budget as well as other programmatic budgets where current practices mask the full challenge of ABAG's funding
- Establishing and maintaining a legal and operating reserve
- Developing a more comprehensive understanding of the current status of the ABAG pension plan and the relationship between the pension plan and ABAG's structural deficit
- Potential options for addressing the challenges identified during the workshop

Staff has separately received direction from the Executive Board to work with the Metropolitan Transportation Commission (MTC) and other parties to pursue the following two options:

- Sale of ABAG's condominium interest in the Bay Area Metro Center to one or both of the other condominium holders, with the use of any sale proceeds (e.g., establishing adequate reserves and/or paying down unfunded pension liability) to be directed in conjunction with the approval of any such sale
- A loan of funds from MTC to ABAG to allow ABAG to establish and fund a Section 115 Trust for the purpose of making future payments related to ABAG's closed CalPERS pension plan and/or making payment to CalPERS directly to reduce the existing unfunded liability associated with the pension plan

The purpose of the March 20, 2025 discussion will be to level set the current situation and to hear questions and concerns that will inform the pursuit of these collaborative options as well as the development of the ABAG fiscal year (FY) 2025-2026 budget that will be brought to the ABAG Executive Board for consideration at the April 17, 2025 special meeting.

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Recommended Action:

Information Only

Attachment:

A. Presentation

Reviewed:

A handwritten signature in black ink that reads "Andrew Fremier". The signature is written in a cursive, flowing style.

Andrew Fremier