



# CALL AND NOTICE

## CALL AND NOTICE OF SPECIAL MEETING OF THE EXECUTIVE BOARD OF THE ASSOCIATION OF BAY AREA GOVERNMENTS

As President of the Executive Board of the Association of Bay Area Governments (ABAG), I am calling a special meeting of the ABAG Executive Board as follows:

### ABAG EXECUTIVE BOARD SPECIAL MEETING NO. 414

Thursday, June 16, 2016, 7:00 PM

Location:

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

Teleconference Location:

County Government Center, 70 W. Hedding Street, 10<sup>th</sup> Floor, San Jose, California 95110

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

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

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

**1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

**2. PUBLIC COMMENT**

Information

**3. ANNOUNCEMENTS**

Information

**4. PRESIDENT'S REPORT**

Information

**5. EXECUTIVE DIRECTOR'S REPORT**

Information

**6. LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE REPORT**

Information/ACTION

**ABAG Executive Board**

June 16, 2016

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**7. FINANCE AND PERSONNEL COMMITTEE REPORT**

Information/ACTION

**8. REPORT ON THE ABAG/MTC MERGER IMPLEMENTATION ACTION PLAN**

Information/ACTION

**9. ADJOURNMENT**

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

Members of the public shall be provided an opportunity to directly address the ABAG Executive Board concerning any item described in this notice before consideration of that item.

Agendas and materials will be posted and distributed for this meeting by ABAG staff in the normal course of business.

Submitted:

/s/ Julie Pierce  
ABAG President

Date Submitted: June 6, 2016

Date Posted: June 8, 2016

# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

## AGENDA

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Information

#### **6. LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE REPORT**

Information/ACTION

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

*Attachments: LGO Committee Agenda Packet; LGO Call and Notice*

**ABAG Executive Board**

June 16, 2016

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**7. FINANCE AND PERSONNEL COMMITTEE REPORT**

Information/ACTION

Committee Chair Bill Harrison, Mayor, City of Fremont, will report on Committee activities and request Executive Board approval of Committee recommendations.

*Attachments: FP Committee Agenda Packet; FP Call and Notice*

**8. REPORT ON THE ABAG/MTC MERGER IMPLEMENTATION ACTION PLAN**

Information/ACTION

Staff will present the Proposed Implementation Action Plan for Option 7 (IAP) for discussion and will recommend adoption of the IAP pursuant to Resolution 08-16.

*Attachments: Memo ABAG MTC Merger Implementation Action Plan; Attachment A, Resolution No. 07-16; Attachment B, Management Partners Report Implementation Action Plan; Attachment C, Program Descriptions; Attachment D, Resolution No. 08-16*

**9. ADJOURNMENT**

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

Submitted:

/s/ Ezra Rapport, Secretary-Treasurer

Date Submitted: June 6, 2016

Date Posted: June 8, 2016



# CALL AND NOTICE

## CALL AND NOTICE OF SPECIAL MEETING OF THE LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE OF THE ASSOCIATION OF BAY AREA GOVERNMENTS

As Chair of the Legislation and Governmental Organization Committee of the Association of Bay Area Governments (ABAG), I am calling a special meeting of the Finance and Personnel Committee as follows:

### ABAG LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE SPECIAL MEETING

Thursday, June 16, 2016, 3:30 PM

Location:

Bay Area Metro Center  
375 Beale Street, 6<sup>th</sup> Floor  
San Francisco, California

Supervisor Cortese will call in from the County Government Center, 70 W. Hedding Street, 10<sup>th</sup> Floor, San Jose, CA 95110.

*The ABAG Legislation and Governmental Organization Committee may act on any item on this agenda.*

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

*For information, contact Halimah Anderson, Communications Officer, at (415) 820 7986.*

**1. CALL TO ORDER**

**2. OPEN AGENDA—PUBLIC COMMENT**

Information

**3. APPROVAL OF MINUTES FROM MARCH 17, 2016**

ACTION

**4. EZRA RAPPORT, ABAG EXECUTIVE DIRECTOR—UPDATE ON ABAG WATER EFFICIENCY LEGISLATION SB 1233**

Information

**ABAG Legislation and Governmental Organization Committee**

June 16, 2016

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**5. MIRIAM CHION, ABAG DIRECTOR OF PLANNING AND RESEARCH, DUANE BAY,  
ABAG ASSISTANT DIRECTOR OF PLANNING AND RESEARCH—707 STREAMLINING  
AFFORDABLE HOUSING APPROVALS—GOVERNOR’S HOUSING PROPOSAL**

Information/ACTION

**6. HALIMAH ANDERSON—NEW LEGISLATION PROPOSED FOR 2016 LEGISLATIVE  
SESSION**

Information/ACTION

**7. ADJOURNMENT**

The next meeting of the Legislation and Governmental Organization Committee will be on July 21, 2016.

Members of the public shall be provided an opportunity to directly address the Legislation and Governmental Organization Committee concerning any item described in this notice before consideration of that item.

Agendas and materials will be posted and distributed for this meeting by ABAG staff in the normal course of business.

Submitted:

/s/ Scott Haggerty  
Chair

Date Submitted: June 7, 2016

Date Posted: June 8, 2016



# AGENDA

## LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE

Thursday, June 16, 2016

3:30 p.m. – 5:00 p.m.

Bay Area Metro Center, 375 Beale Street, Bay Area Room, 6th Floor, San Francisco

### Committee Members

*Chair: Supervisor Scott Haggerty, Alameda County*

*Vice Chair: Councilmember Desley Brooks, City of Oakland*

Supervisor Dave Cortese, County of Santa Clara

Mayor Bill Harrison, City of Fremont

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

Supervisor Karen Mitchoff, County of Contra Costa

Councilmember Julie Pierce, ABAG President, City of Clayton

Mayor Harry Price, City of Fairfield

Supervisor David Rabbitt, ABAG Vice President, County of Sonoma

Supervisor Linda Seifert, County of Solano

**Staff:** *Brad Paul, Deputy Executive Director*

*Halimah Anderson, Communications Officer*

***Supervisor Cortese will call in from the County Government Center, 70 W. Hedding Street, 10th Floor, San Jose, CA 95110.***

1. CALL TO ORDER
2. OPEN AGENDA-PUBLIC COMMENT
3. APPROVAL OF MINUTES FROM MARCH 17, 2016 MEETING Action
4. EZRA RAPPORT, ABAG EXECUTIVE DIRECTOR  
Update on ABAG Water Efficiency Legislation SB 1233 Information
5. MIRIAM CHION, ABAG DIRECTOR OF PLANNING AND RESEARCH  
DUANE BAY, ABAG ASSISTANT DIRECTOR OF PLANNING AND RESEARCH  
707 Streamlining Affordable Housing Approvals – Information Action  
Governor’s Housing Proposal

6. HALIMAH ANDERSON – NEW LEGISLATION PROPOSED FOR 2016 LEGISLATIVE SESSION

For review and analysis, the following legislation will be discussed and positions recommended:

- [707](#) (Governor Jerry Brown) Streamlining Affordable Housing Approval.
- [AB 2200](#) (Tony Thurmond D) School Employee Housing Assistance Grant.
- [AB 2406](#) (Tony Thurmond D) Housing: Junior Accessory Dwelling Units.
- [AB 2441](#) (Tony Thurmond D) Housing: Workforce Housing in High-Cost Areas Pilot.
- [AB 2734](#) (Toni Atkins D) Local Control Affordable Housing Act.
- [AB 2817](#) (David Chiu D) Income Taxes: Credits: Low-Income Housing: Allocation Increase.
- [AB 2842](#) (Tony Thurmond D) Workforce Housing Tax Credit Pilot: Property Taxes: Income Taxes: Insurance Taxes: Credits: Low-income: Sale of Credit.
- [SB 438](#) (Jerry Hill D) Earthquake Safety: Statewide Earthquake Early Warning System: Funding
- [SB 873](#) (Jim Beall D) Income Taxes: Insurance Taxes: Credits: Low-income Housing: Sale of Credit.
- [SB 879](#) (Jim Beall) Affordable Housing Bond Act.
- [SB 1030](#) (McGuire D) Sonoma County Regional Climate Protection Authority.
- [SB X1 1](#) (Jim Beall D) Transportation Financing for Road Maintenance.

7. ADJOURNMENT

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

*The ABAG L&GO Committee may act on any item on this agenda.  
Agenda and attachments available at 375 Beale Street, San Francisco  
or at [www.abag.ca.gov/meetings](http://www.abag.ca.gov/meetings).*

*For information, contact Halimah Anderson, at (415) 820-7986.*

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

**Thursday, March 17, 2016  
Summary Minutes**

**Committee Members Present:**

*Chair*, Supervisor Scott Haggerty, Alameda County  
*Vice Chair*, Councilmember Desley Brooks, City of Oakland  
Supervisor Mark Luce, ABAG Immediate Past President, Napa County  
Councilmember Julie Pierce, ABAG President, City of Clayton  
Supervisor David Rabbitt, ABAG Vice President, Sonoma County  
Supervisor Linda Seifert, Solano County  
Supervisor Karen Mitchoff, Contra Costa County

*ABAG Staff:*

Ezra Rapport, Executive Director  
Brad Paul, Deputy Executive Director  
Halimah Anderson – Communications Officer  
Jerry Lahr, Energy Programs Manager

*Public:*

Ken Bukowski/Filming

**1. Call To Order**

**2. Approval of Minutes**

The January 21, 2016 minutes were approved as written. (6-0)

**3. Jerry Lahr, ABAG Energy Programs Manager**

Jerry Lahr presented an update on **SB 1233** (McGuire) **Water Bill Savings Act**. The bill is co-authored by Wolk, Levine and Woods. SB 1233 would provide local governments with necessary tools to fund water savings projects for customers who voluntarily participate. It would help the state achieve the goal of reducing water use. Jerry noted that the bill is supported by ABAG, the Bay Area Energy Network, the Town of Windsor, the Sonoma County Regional Climate Protection Authority, and others. Support is being sought from the City of Hayward (a pilot project), the East Bay Municipal Utility District, and others. There is no opposition to the bill.

**4. 2016 Legislation**

Halimah Anderson, ABAG Communications Officer, presented an overview on new legislation. Staff will closely monitor 2016 legislation and update the Committee in May. Brad Paul noted that **AB 2406** (Thurmond) **Housing: Junior Accessory Dwelling Units** should be reviewed further by the Committee and a support position may be considered.

Other bills warranting further review include [AB 2734](#) (Toni Atkins) **Local Control Affordable Housing Act** and [AB 2817](#) (David Chiu) **Income Taxes Credits: Low-income Housing Allocation**.

**5. 2016 Legislative Reception Recap**

Eighteen local elected officials and 10 state legislators attended the Legislative Workshop on February 10, 2016. Ezra noted that top leadership attended the workshop and good questions were asked.

Councilmember Pierce noted that it would be a good idea to have the workshop only and eliminate the reception. The refreshments could be moved to the workshop. This would save money and allow attendees to get home sooner.

It was also noted that the Bay Area delegation would like to meet in the Bay Area. Ezra said that it would be good to present the new Housing Report to the Bay Area delegation.

**6. ADJOURNMENT**

The next L&GO Committee Meeting will be held on **May 19, 2016**.



# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

## LEGISLATION SUMMARY 2016 State Legislative Session Legislation & Governmental Organization Committee June 16, 2016

**New Bills:** Bills to be reviewed are listed in numeric order with Assembly bills listed first, followed by Senate bills

### **707 (Governor Jerry Brown) Streamlining Affordable Housing Approval – Housing Proposal.**

(Presented 5/1/2016) **Summary:** The Governor’s proposal would allow new market-rate projects with onsite affordable housing to be approved “as of right.” Under the proposal, new projects with 20 percent affordable housing for tenants making no more than 80 percent of the area median income or projects with 10 percent affordable housing near transit would be exempt from most local reviews. Within 30 days of receiving an application, the city must either approve a housing development or explain why it is inconsistent with objective general plan and zoning standards.

**Staff Recommendation:** Support if Amended    **League:** Oppose    **CSAC:** No Position    **L&GO Position:**

### **AB 2200 (Tony Thurmond D) School Employee Housing Assistance Grant Program.**

(Amended 4/14/2016.) **Status:** 5/18/2016-In committee: Set, first hearing. Referred to APPR. suspense file.

**Location:** 5/18/2016-A. APPR. SUSPENSE FILE

**Summary:** Existing law requires the California Housing Finance Agency to administer various housing programs. This bill would require the California Housing Finance Agency to administer a program to provide financing assistance, as specified, to a qualified school district, as defined, and to a qualified developer, as defined, for the creation of affordable rental housing for school employees, including teachers. The bill would require the State Department of Education to certify that a school district seeking a grant meets the definition of qualified school district. The bill would transfer \$100,000,000 from the General Fund to the School Employee Housing Assistance Fund, which would be created by this bill, and would continuously appropriate those moneys to the agency for the purposes described above and to reimburse the agency and the State Department of Education for costs incurred in the administration of the program. The bill would require qualified school districts and qualified developers to apply for the financing assistance, as provided.

**Staff Recommendation:** Support    **League:** Watch    **CSAC:** No Position    **L&GO Position:**

### **AB 2441(Tony Thurmond) Housing: Workforce Housing in High-Cost Areas Pilot Program.** (Amended: 4/26/2016)

**Status:** 5/18/2016-In committee: Set, first hearing. Referred to APPR. suspense file.

**Location:** 5/18/2016-A. APPR. SUSPENSE FILE

**Summary:** Existing law, among several affordable housing programs, establishes the Local Housing Trust Fund Matching Grant Program, administered by the Department of Housing and Community Development, for the purpose of supporting local housing trust funds dedicated to the creation or preservation of affordable housing. Existing law authorizes the department to make matching grants available to cities and counties, or a city and county, and existing charitable nonprofit organizations that have created, funded, and operated housing trust funds. This bill would create the Workforce Housing Pilot Program, pursuant to which the department would award grant funding to eligible cities or cities and counties located in high-cost counties, as specified, for the predevelopment costs, acquisition, construction, or rehabilitation of rental housing projects or units within rental housing projects that serve, and for providing downpayment assistance to, persons and families of low or moderate income. The bill would require all grant funds to be matched on a dollar-for-dollar basis, unless the eligible city or city and county is suffering a hardship and is unable to generate the matching funds. The bill would require the department, on or before December 31 of each year in which grant funds are awarded, to provide a report to the Legislature regarding the number of grants awarded, a description of the projects funded, the number of units funded, and the amount of

matching funds received. The bill would require the pilot program to operate until all appropriated funds have been awarded. The bill, upon the depletion of appropriated funds, would require the department to submit a report to the Assembly and Senate committees on appropriations evaluating the need for housing of persons and families of low or moderate income in cities or cities and counties that received grant funds and a recommendation on whether the pilot program should continue.

*Staff Recommendation: Support League: Support CSAC: Pending L&GO Position:*

**AB 2842 (Tony Thurmond) Workforce Housing Tax Credit Pilot: Property Taxes: Income Taxes: Insurance Taxes: Credits: Low-income Housing: Sale of Credit.** (Amended: 4/12/2016)

**Status:** 4/27/2016-In committee H. & C.D. Hearing canceled at the request of author.

**Summary:** Authorizes \$100 million in state workforce housing tax credits for qualified buildings that serve households between 60% and 80% of the area median income (AMI) in twelve counties with the highest fair market rents in the state as determined by the U.S. Department of Housing and Urban Development (HUD). Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, income, and corporation tax credit amounts among low-income housing projects in modified conformity to federal law that have been allocated, or qualify for, a federal low-income housing tax credit and for farmworker housing. This bill, beginning on or after January 1, 2017, would additionally allow a credit to a taxpayer with a qualified low-income building that is eligible for a federal low-income housing tax credit, in an amount equal to 20% of the projects unadjusted unallocated basis, not to exceed \$ 50,000 per unit, for housing projects that meet specified criteria. The bill would limit the aggregate amount of credits allocated by the California Tax Credit Allocation Committee, on a first-come-first-served basis, to \$100,000,000, and would provide for the one-time resale of that credit, as provided. This bill contains other related provisions and other existing laws.

*Staff Recommendation: Support League: Watch CSAC: Watch L&GO Position:*

**SB 873 (Jim Beall) Income taxes: Insurance Taxes: Credits: Low-income Housing: Sale of Credit.** (Amended: 4/5/2016)

**Status:** 4/18/2016-April 18 hearing: Placed on APPR. Suspense File.

**Summary:** Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, income, and corporation tax credit amounts among low-income housing projects based on federal law. This bill, beginning on or after January 1, 2016, would allow a taxpayer that is allowed a low-income housing tax credit to elect to sell all or a portion of that credit to one or more unrelated parties, as described, for each taxable year in which the credit is allowed for not less than 80% of the amount of the credit to be sold, and would provide for the one-time resale of that credit, as provided. The bill would require the California Tax Credit Allocation Committee to enter into an agreement with the Franchise Tax Board to pay any costs incurred by the Franchise Tax Board in administering these provisions. This bill contains other related provisions and other existing laws.

*Staff Recommendation: Support League: Support CSAC: Watch L&GO Position:*

**SB 1030 (Mike McGuire D) Sonoma County Regional Climate Protection Authority.** (Introduced: 2/12/2016)

**Status:** 5/16/2016-Referred to Com. on L. GOV.

**Summary:** Existing law, until December 1, 2019, creates the Sonoma County Regional Climate Protection Authority. Existing law provides for the authority to be governed by the same board as that governing the Sonoma County Transportation Authority and imposes certain duties on the authority. Existing law authorizes the authority to perform coordination and implementation activities within the boundaries of the County of Sonoma, in cooperation with local agencies, as defined, that elect to participate, to assist those agencies in meeting their greenhouse gas emissions reduction goals. Existing law authorizes the authority to develop, coordinate, and implement programs and policies to comply with the California Global Warming Solutions Act of 2006 and other federal or state mandates and programs designed to respond to greenhouse gas emissions and climate change. This bill would extend these provisions indefinitely. By extending the duties of the Sonoma County Regional Climate Protection Authority, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

*Staff Recommendation: Support League: Watch CSAC: Watch L&GO Position:*

## Bills Previously Reviewed

### **AB 18 (Bill Dodd D, Napa & Solano County) Disaster Relief: South Napa Earthquake**

**Introduced:** 12/1/2014

**Status:** 8/27/2015-In committee: Held under submission.

**Summary:** The California Disaster Assistance Act generally provides that the state share for disaster project allocations to local agencies is no more than 75% of total state eligible costs, except for specified events for which the state share is up to 100% of state eligible costs. This bill would add the August 24, 2014, South Napa Earthquake, to the list of events for which the state share of state eligible cost is up to 100% and exempt the county from a specified planning requirement as a condition of receiving this level of assistance.

**Staff Recommendation:** Support      **League:** Watch      **CSAC:** Support      **L&GO Position:** Support

### **AB 45 (Kevin Mullin D, San Mateo County) Household Hazardous Waste** Amended: 1/21/2016

**Status:** 2/4/2016-Referred to Com. on E.Q.

**Summary:** The California Integrated Waste Management Act of 1989, which is administered by the Department of Resources Recycling and Recovery, requires, among other things, each city and each county to prepare a household hazardous waste element containing specified components, and to submit that element to the department for approval. Existing law requires the department to approve the element if the local agency demonstrates that it will comply with specified requirements. A city or county is required to submit an annual report to the department summarizing its progress in reducing solid waste, including an update of the jurisdiction's household hazardous waste element. This bill would require the department to adopt one or more model ordinances for a comprehensive program for the collection of household hazardous waste and would authorize a local jurisdiction that provides for the residential collection and disposal of solid waste that proposes to enact an ordinance governing the collection and diversion of household hazardous waste to adopt one of the model ordinances adopted by the department. The bill would require the department to determine whether a nonprofit organization has been created and funded to make grants to local jurisdictions for specified purposes relating to household hazardous waste disposal and would specify that if the department does not determine that such a nonprofit organization exists by December 31, 2018, then the bill's provisions would be repealed on January 1, 2019.

**Staff Recommendation:** Watch      **League:** Oppose      **CSAC:** Oppose      **L&GO Position:** Watch

### **AB 1500 (Brian Maienschein R) Planning and zoning: Housing Element: Supportive Housing and Transitional Housing**

**Status:** 2/4/2016-Referred to Committee on Transportation and Housing

**Location:** 2/4/2016 to Committee on Transportation and Housing

**Summary:** The Planning and Zoning Law requires a city or county to adopt a general plan for land use development that includes, among other things, a housing element. That law requires the housing element to include an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs. That law requires this assessment and inventory to include the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, as provided. This bill would authorize a city or county to additionally include in its assessment and inventory the identification of supportive housing and transitional housing, as those terms are defined in specified statutes. If a local government elects to include this identification in its assessment and inventory, the bill would impose certain requirements, including that the identified zone or zones include sufficient capacity to accommodate the need for supportive housing or transitional housing, that the local government demonstrate that existing or proposed permit processing, development, and management standards are objective and encourage and facilitate the development of supportive housing or transitional housing, and that supportive housing or transitional housing generally be subject only to the development and management standards that apply to residential or commercial development within the same zone. The bill would also provide that the permit processing, development, and management standards applied under these provisions would not be discretionary acts within the meaning of the California Environmental Quality Act.

**Staff Recommendation:** Watch      **League:** No Position      **CSAC:** Pending      **L&GO Position:**

**AB 1591 (Jim Frazier D) Transportation Funding**

**Status:** 2/1/2016-Referred to Coms. on Trans. and Rev. & Tax.

**Summary:** Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account. This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street system. The bill would require the California Transportation Commission to adopt performance criteria to ensure efficient use of the funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.225 per gallon increase in the motor vehicle fuel tax imposed by the bill, including an inflation adjustment as provided, an increase of \$38 in the annual vehicle registration fee, and a new \$165 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined.

**Staff Recommendation:** Watch      **League:** Support in Concept      **CSAC:** Support      **L&GO Position:**

**AB 1915 (Miguel Santiago D) Homelessness: Affordable Housing.** (Introduced: 2/11/2016)

**Status:** Gut and Amended 3/18 now **Alcohol and drug programs: facility expansion.**

**AB 1934 (Miguel Santiago D) Planning and Zoning: Density Bonuses.** (Amended 4/14/2016)

**Status:** 5/12/2016-Read second time. Ordered to third reading.

**Location:** 5/12/2016-A. THIRD READING

**Summary:** The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents. This bill would, when an applicant for approval for commercial development agrees to partner with an affordable housing developer to construct a mixed-used project for which the housing will be located onsite at the proposed commercial development, require a city, county, or city and county to grant to the commercial developer a density bonus, as specified. By increasing the duties of local officials relating to the administration of density bonuses, this bill would create a state-mandated local program. This bill contains other related provisions and other existing laws.

**Staff Recommendation:** Watch      **League:** Oppose      **CSAC:** Concerns      **L&GO Position:**

**AB 2031 (Susan Bonta D) Local Government: Affordable Housing: Financing.** (Introduced: 3/17/2016)

**Status:** 5/19/2016-Referred to Coms. on T. & H. and GOV. & F.

**Summary:** Existing law requires, from February 1, 2012, to July 1, 2012, inclusive, and for each fiscal year thereafter, the county auditor-controller in each county to allocate property tax revenues in the county's Redevelopment Property Tax Trust Fund, established to receive revenues equivalent to those that would have been allocated to former redevelopment agencies had those agencies not been dissolved, towards the payment of enforceable obligations and among entities that include, among others, a city and the county or the city and county. This bill would authorize a city or county that formed a redevelopment agency and became the successor agency that received a finding of completion from the Department of Finance to reject its allocations of property tax revenues from the trust fund. The bill would direct those rejected property tax revenues to an affordable housing special beneficiary district, established as a temporary and distinct local governmental entity for the purposes of receiving a rejected distribution of property tax proceeds and promoting affordable housing by providing financing assistance within its boundaries. The bill would require a beneficiary district to be governed by a 5-member board and comply with specified open meeting and public record laws. The bill would require a beneficiary district to cease to exist on the 90th calendar day after the date the county auditor-controller makes the final transfer of the distribution of property tax revenues to the beneficiary district, and prohibit a beneficiary district from undertaking any obligation that requires its action past that date. The bill would transfer any funds and public records of a beneficiary district remaining after the date the beneficiary district ceases to exist to the city or county that rejected the of property tax revenues thereafter directed to that district, as specified.

**Staff Recommendation:** Watch      **League:** Watch      **CSAC:** Watch      **L&GO Position:**

**AB 2050 (Marc Steinorth R) Redevelopment.**

**Status:** Gut and Amended 3/18 now Healthcare Coverage Prescription Drugs

**AB 2208 (Miguel Santiago D) Local Planning: Housing Element: Inventory of Land for Residential Development.**

(Amended: 4/4/2016)

**Status:** 5/12/2016-Action from SECOND READING: Read second time. To THIRD READING.

**Summary:** Existing law, the Planning and Zoning Law, requires a city or county to adopt a comprehensive, long-term general plan for the physical development of the city or the county and of any land outside its boundaries that bears relation to its planning. That law requires the general plan to contain specified mandatory elements, including a housing element. Existing law requires the housing element to contain an inventory of land suitable for residential development, and requires that inventory to be used to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels. This bill would expand that inventory of land suitable for residential development to include buildings owned or under the control of a city or a county, zoned for residential or nonresidential use and capable of having residential developments constructed above the existing building, and to include underutilized sites, as defined. By imposing new duties upon local agencies with respect to the housing element of the general plan, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

**Staff Recommendation:** Watch      **League:** Watch      **CSAC:** Watch      **L&GO Position:**

**AB 2299 (Richard Bloom D) Land Use: Housing: 2nd Units.** (Amended: 4/5/2016)

5/12/2016-Read second time. Ordered to third reading.

**Location:** 5/12/2016-A. THIRD READING

**Summary:** The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. This bill would, instead, require a local agency to provide by ordinance for the creation of 2nd units in these zones. The bill would also specify that a local agency may reduce or eliminate parking requirements for any 2nd unit located within its jurisdiction. This bill contains other related provisions and other existing laws.

**Staff Recommendation:** Watch      **League:** Oppose      **CSAC:** Oppose      **L&GO Position:**

**AB 2406 (Tony Thurmond D) Housing: Junior Accessory Dwelling Units.** (Amended: 4/28/2016)

**Status:** 5/19/2016-Referred to Com. on T. & H.

**Summary:** The Planning and Zoning Law authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential areas, as prescribed. This bill would, in addition, authorize a local agency to provide by ordinance for the creation of junior accessory dwelling units, as defined, in single-family residential zones. The bill would require the ordinance to include, among other things, standards for the creation of a junior accessory dwelling unit, required deed restrictions, and occupancy requirements. The bill would prohibit an ordinance from requiring, as a condition of granting a permit, water and sewer connection fees or additional parking requirements.

**Staff Recommendation:** Support      **League:** Watch      **CSAC:** Support      **L&GO Position:** Support

**AB 2413 (Tony Thurmond D) Sea Level Rise Preparation.** (Introduced: 2/19/2016)

**Status:** 4/22/2016-Failed Deadline pursuant to Joint Rule 61(b)(5).

**Location:** 4/22/2016-A. DEAD

**Summary:** Existing law declares the intent of the Legislature to prioritize the state's response to the impacts resulting from climate change by ensuring all state departments and agencies prepare for and are ready to respond to the impacts of climate change, such as sea level rise. Existing law, by July 1, 2017, and every 3 years thereafter, requires the Natural Resources Agency to update the state's climate adaptation strategy, which includes vulnerabilities to climate change and priority actions needed to reduce the risk to climate change. Existing law, until January 1, 2018, also requires the agency to create, biannually update, and post on an Internet Web site a Planning for Sea Level Rise Database, as specified, and requires specified entities to provide to the agency certain sea level rise planning information for inclusion in the database. This bill would require the agency, on or before January 1, 2019, to complete a study outlining the potential impact of sea

level rise on low-income and at-risk communities and public projects and infrastructure. The bill would require the agency, based on the study, to make recommendations on preparing for sea level rise, as specified.

**Staff Recommendation:** *Watch*                      **League:** *Watch*                      **CSAC:** *Watch*                      **L&GO Position:**

**AB 2356 (Jimmy Gomez D) Planning and Zoning: Housing Element: Extremely Low Income Housing.**

(Amended: 5/2/2016)

**Status:** 5/6/2016-Failed Deadline pursuant to Joint Rule 61(b)(6). (Last location was RLS. on 5/3/2016)

**Location:** 5/6/2016-A. DEAD

**Summary:** The Planning and Zoning Law requires a city or county to adopt a general plan for land use development that includes, among other things, a housing element. That law requires the housing element to include an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs. That law requires this assessment and inventory to include the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, as provided. This bill would authorize a city or county to additionally include in its assessment and inventory the identification of housing for extremely low income households, as defined. If a local government elects to include this identification in its assessment and inventory, the bill would impose certain requirements, including that the identified zone or zones include sufficient capacity to accommodate the need for housing for extremely low income households, that the local government demonstrate that existing or proposed permit processing, development, and management standards are objective and encourage and facilitate the development of housing for extremely low income households, and that housing for extremely low income households generally be subject only to the development and management standards that apply to residential or commercial development within the same zone. The bill would also provide that the development of zones and objective management standards under these provisions would not be discretionary acts within the meaning of the California Environmental Quality Act.

**Staff Recommendation:** *Watch*                      **League:** *Watch*                      **CSAC:** *Watch*                      **L&GO Position:**

**AB 2442 (Chris Holden D) Density Bonuses.** (Amended: 4/14/2016)

**Status:** 5/12/2016-Read second time. Ordered to third reading.

**Summary:** The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents. This bill would additionally require a density bonus to be provided to a developer that agrees to construct a housing development that includes at least 10% of the total units for transitional foster youth, disabled veterans, or homeless persons, as defined. The bill would require that these units be subject to a recorded affordability restriction of 55 years and be provided at the same affordability level as very low income units. The bill would set the density bonus at 20% of the number of these units. By increasing the duties of local agencies, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

**Staff Recommendation:** *Watch*                      **League:** *Concerns*                      **CSAC:** *Watch*                      **L&GO Position:**

**AB 2500 (Tom Daly D) Land use.** (Introduced: 2/19/2016)

4/22/2016-Failed Deadline pursuant to Joint Rule 61(b)(5). (Last location was A. L. GOV. on 3/17/2016)

**Location:** 4/22/2016-A. DEAD

**Summary:** Existing law, the Planning and Zoning Law, requires a city or county to prepare and adopt a comprehensive, long-term general plan, and requires the general plan to include certain mandatory elements, including a housing element. That law requires the housing element, in turn, to include, among other things, an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of those needs. That law further requires the Department of Housing and Community Development to determine the existing and projected need for housing for each region, as specified, at least two years prior to the scheduled revision of a housing element required by law. This bill would require the department to determine the regional housing need at least two years and three months prior to the scheduled revision of a housing element required by law. This bill contains other related provisions and other existing laws.

**Staff Recommendation:** *Watch*                      **League:** *Watch*                      **CSAC:** *Support*                      **L&GO Position:**

**AB 2584 (Tom Daly D) Land Use: Housing Development.** (Amended: 4/25/2016)

**Status:** 5/9/2016-In Senate. Read first time. To Com. on RLS. for assignment.

**Summary:** The Housing Accountability Act, among other things, prohibits a local agency from disapproving a housing development project for very low, low-, or moderate-income households or an emergency shelter unless the local agency makes specified written findings. The act authorizes an applicant or person who would be eligible to apply for residency in the development or emergency shelter to bring an action to enforce the act. This bill would, in addition, authorize a housing organization, as defined, to bring an action to enforce the act.

**Staff Recommendation:** Watch      **League:** Oppose      **CSAC:** Watch      **L&GO Position:**

**AB 2734 (Toni Atkins D) Local Control Affordable Housing Act.** (Amended: 4/5/2016)

**Status:** 5/4/2016-In committee: Set, first hearing. Referred to APPR. suspense file.

**Summary:** Existing law, effective February 1, 2012, dissolved all redevelopment agencies and community development agencies and provides for the designation of successor agencies, as specified. Existing law requires successor agencies to service the enforceable obligations of the dissolved agencies and otherwise wind down the affairs of the dissolved agencies. This bill would establish the Local Control Affordable Housing Act to require the Department of Finance, on or before \_\_\_\_ and on or before the same date each year thereafter, to determine the state General Fund savings for the fiscal year as a result of the dissolution of redevelopment agencies. The bill would provide that, upon appropriation, 50% of that amount or \$1,000,000,000, whichever is less, be allocated to the Department of Housing and Community Development. The bill would require the department to retain 1/2 of these funds for state level programs and to provide the other 1/2 to local agencies for housing purposes, except as specified. The bill would require the Department of Housing and Community Development to create an equitable funding formula for funding distributed to local agencies, which the bill would require to be geographically balanced and take into account factors of need including, but not limited to, poverty rates and lack of supply of affordable housing for persons of low and moderate incomes in local jurisdictions. The bill would also specify the housing purposes for which those funds may be used.

**Staff Recommendation:** Support      **League:** Support      **CSAC:** Watch      **L&GO Position:**

**AB 2783 (Eduardo Garcia D) Affordable Housing and Sustainable Communities Program.**

(Amended: 4/25/2016) **Status:** 4/26/2016-Re-referred to Com. on APPR.

**Summary:** Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council, to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. Existing law requires the council to develop guidelines and selection criteria for the program. This bill would require the Strategic Growth Council to consider revisions to the guidelines and selection criteria with respect to affordable housing projects that qualify under the program's rural innovation project area.

**Staff Recommendation:** Watch      **League:** Watch      **CSAC:** Watch      **L&GO Position:**

**AB 2817 (David Chiu D) Income Taxes: Credits: Low-Income Housing: Allocation Increase.**

(Amended: 5/27/2016) **Status:** 5/27/2016-From committee: Amend, and do pass as amended. (Ayes 19. Noes 0.) (May 27). Read second time and amended. Ordered returned to second reading.

**Summary:** Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, personal income, and corporation income tax credit amounts among low-income housing projects based on federal law. Existing law, in modified conformity to federal income tax law, allows the credit based upon the applicable percentage, as defined, of the qualified basis of each qualified low-income building. Existing law limits the total annual amount of the credit that the committee may allocate to \$70 million per year and allows \$500,000 per year of that amount to be allocated for projects to provide farmworker housing, as specified. This bill, for calendar years beginning 2017, would increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects by \$300,000,000, as specified. The bill would also increase the amount the committee may allocate to farmworker housing projects from \$500,000 to \$25,000,000 per year. The bill, under the insurance taxation law, the Personal Income Tax Law, and the Corporation Tax

Law, would modify the definition of applicable percentage relating to qualified low-income buildings that meet specified criteria. This bill contains other related provisions.

**Staff Recommendation:** Support      **League:** Support      **CSAC:** Support      **L&GO Position:**

**ABX1 6 (Roger Hernández D) Affordable Housing and Sustainable Communities Program.** (Introduced: 7/16/2015)  
**Status:** 7/17/2015-From printer.

**Summary:** Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council, to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. This bill would require 20% of moneys available for allocation under the program to be allocated to eligible projects in rural areas, as defined. The bill would further require at least 50% of those moneys to be allocated to eligible affordable housing projects. The bill would require the council to amend its guidelines and selection criteria consistent with these requirements and to consult with interested stakeholders in this regard.

**Staff Recommendation:** Watch      **League:** Watch      **CSAC:** Watch      **L&GO Position:**

**ABX1 24 (Marc Levine and Philip Ting) Bay Area Transportation Commissioners**

**Status:** 9/12/2015-From printer.

**Summary:** Existing law designates the Metropolitan Transportation Commission as the regional transportation planning agency for the San Francisco Bay area, with various powers and duties with respect to transportation planning and programming, as specified, in the 9-county San Francisco Bay area region. Existing law creates the Bay Area Toll Authority, governed by the same board as the commission, but created as a separate entity, with specified powers and duties relative to the administration of certain toll revenues from state-owned toll bridges within the geographic jurisdiction of the commission. Under existing law, the commission is comprised of 21 appointed members, as specified. This bill, effective January 1, 2017, would redesignate the Metropolitan Transportation Commission as the Bay Area Transportation Commission. The bill would require commissioners to be elected by districts comprised of approximately 750,000 residents. The bill would require each district to elect one commissioner, except that a district with a toll bridge, as defined, within the boundaries of the district would elect 2 commissioners. The bill would require commissioner elections to occur in 2016, with new commissioners to take office on January 1, 2017. The bill would state the intent of the Legislature for district boundaries to be drawn by a citizens' redistricting commission and campaigns for commissioners to be publicly financed. This bill contains other related provisions and other existing laws.

**Staff Recommendation:** Watch      **League:** No Position      **CSAC:** No Position      **L&GO Position:** Oppose

**SB 7 (Lois Wolk D, Contra Costa County) Housing: Water Meters: Multiunit Structures**

**Status:** 1/1/2016-Set for Hearing.

**Location:** 1/1/2016-A. Unfinished Business

**Summary:** Existing law generally regulates the hiring of dwelling units and, among other things, imposes certain requirements on landlords and tenants. Among these requirements, existing law requires landlords to provide tenants with certain notices or disclosures pertaining to, among other things, pest control and gas meters. This bill would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.

**Staff Recommendation:** Watch      **League:** Watch      **CSAC:** Watch      **L&GO Position:** Watch

**SB 438 (Jerry Hill D) Earthquake Safety: Statewide Earthquake Early Warning System: Funding.**

(Amended: 3/2/2016) **Status:** 3/2/2016- Re-referred to Com. on G.O.

**Summary:** Existing law requires the Office of Emergency Services, in collaboration with specified entities, to develop a comprehensive statewide earthquake early warning system in California through a public-private partnership, as specified. Under existing law, the requirement that the office develop the system is not operative until funding is identified, and is repealed if funding is not identified by July 1, 2016. This bill would discontinue the requirement that the funding sources

for the system exclude the General Fund and be limited to federal funds, funds from revenue bonds, local funds, and funds from private sources. The bill would delete the provisions providing for the repeal and the contingent operation of the requirement that the office develop the system. The bill would appropriate \$23,100,000 from the General Fund to the office for the purpose of implementing the system.

**Staff Recommendation:** Support      **League:** Watch      **CSAC:** Watch      **L&GO Position:**

**SB 441 (Mark Leno D) San Francisco Redevelopment: Housing.** (Amended: 4/6/2015)

**Status:** 9/12/2015-In Assembly. Held at Desk. Action rescinded whereby the bill was read a third time, passed, and ordered to the Senate. Ordered to inactive file on request of Assembly Member Holden.

**Summary:** The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies as of February 1, 2012, and provides for the designation of successor agencies that are required to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations. Existing law prohibits dissolved redevelopment agencies from issuing bonds or incurring other indebtedness on or after June 29, 2011. Existing law authorizes successor agencies to, among other things, issue bonds or incur indebtedness after that date to refund the bonds or indebtedness of a former redevelopment agency or to finance debt service spikes, as specified. The issuance of bonds or incurrence of other indebtedness by a successor agency is subject to the approval of the oversight board of the successor agency. This bill would authorize the successor agency to the Redevelopment Agency of the City and County of San Francisco to issue bonds or incur other indebtedness to finance the construction of affordable housing and infrastructure required by specified enforceable obligations, subject to the approval of the oversight board. The bill would provide that bonds or other indebtedness authorized by its provisions would be considered indebtedness incurred by the dissolved redevelopment agency, would be listed on the Recognized Obligation Payment Schedule, and would be secured by a pledge of moneys deposited into the Redevelopment Property Tax Trust Fund.

**Staff Recommendation:** Watch      **League:** Watch      **CSAC:** Watch      **L&GO Position:**

**SB 879 (Jim Beall D) Affordable Housing: Bond Act**

(Amended: 5/5/2016) **Status:** 5/13/2016-Set for hearing May 23.

**Summary:** Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and down payment assistance for first-time home buyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. This bill would enact the Affordable Housing Bond Act of 2016, which, if adopted, would authorize the issuance of bonds in the amount of \$3,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs, as provided. This bill contains other related provisions.

**Staff Recommendation:** Support      **League:** Support if Amended      **CSAC:** Pending      **L&GO Position:**

**SB 1000 (Connie Leyva D) Land Use: General Plans: Environmental Justice.** (Amended: 4/12/2016)

**Status:** 5/9/2016-May 9 hearing: Placed on APPR. suspense file.

**Summary:** The Planning and Zoning Law requires the legislative body of each county and city to adopt a comprehensive, long-term general plan for the physical development of the county or city and of any land outside its boundaries that bears relation to its planning. That law requires this general plan to include several elements, including, among others, land use, open-space, safety, and conservation elements, which are required to meet specified requirements. This bill would add to the required elements of the general plan an environmental justice element that identifies disadvantaged communities, as defined, within the area covered by the general plan of the city, county, or city and county. The bill would also require the environmental justice element to identify objectives and policies to reduce the health risks in disadvantaged communities, as specified, and to identify objectives and policies to promote civil engagement in the public decision-making process. The bill would require the environmental justice element to be adopted or reviewed upon the adoption or next revision of the housing element on or after January 1, 2018. By adding to the duties of county and city officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

**Staff Recommendation:** Watch      **League:** Oppose      **CSAC:** Support if Amended      **L&GO Position:**

**SB 1069 (Bob Wieckowski D) Land Use: Zoning.**

(Amended: 4/26/2016) **Status:** 5/16/2016-In Assembly. Read first time. Held at Desk.

**Summary:** The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. That law makes findings and declarations with respect to the value of 2nd units to California's housing supply. This bill would replace the term "second unit" with "accessory dwelling unit" throughout the law. The bill would add to those findings and declarations that, among other things, allowing accessory dwelling units in single-family or multifamily residential zones provides additional rental housing stock and these units are an essential component of housing supply in California. This bill contains other related provisions and other existing laws.

**Staff Recommendation:** *Watch*                      **League:** *Oppose*                      **CSAC:** *Oppose*                      **L&GO Position:**

**SB 1233 (Mike McGuire D) Joint Powers Authorities: Water Bill Savings Act.**

(Amended: 5/4/2016) **Status:** 5/4/2016-Read second time and amended. Ordered to third reading.

**Summary:** Existing law, the Marks-Roos Local Bond Pooling Act of 1985, authorizes joint powers authorities, among other powers, to issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs. This bill would enact the Water Bill Savings Act, which would authorize a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. The bill would require the customer to repay the authority through an efficiency charge on the customer's water bill to be established and collected by the local agency or its publicly owned utility on behalf of the authority pursuant to a servicing agreement. The bill would authorize the authority to issue bonds to fund the program. The bill would also make technical changes.

**Staff Recommendation:** *Support*                      **League:** *Watch*                      **CSAC:** *Pending*                      **L&GO Position:** *Support*

**SBX1 1 (Jim Beall D, San Jose) Transportation Financing for Road Maintenance** (Amended: 4/21/2016)

**Status:** 4/21/2016-From committee with author's amendments. Re-referred to Com. on APPR.

**Summary:** Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account. This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system and for other specified purposes. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.12 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill and \$0.10 of a \$0.22 per gallon increase in the diesel fuel excise tax imposed by the bill, an increase of \$35 in the annual vehicle registration fee, a new \$100 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined, a new annual road access charge on each vehicle, as defined, of \$35, and repayment, by June 30, 2016, of outstanding loans made in previous years from certain transportation funds to the General Fund. The bill would provide that revenues from future adjustments in the applicable portion of the fuel tax rates, the annual vehicle registration fee increase, and the road access charge would also be deposited in the account. This bill contains other related provisions and other existing laws.

**Staff Recommendation:** *Watch*                      **League:** *Support*                      **CSAC:** *Support*                      **L&GO Position:** *Watch*



**AB 2200 – School Employee Housing Assistance Grant**

**IN BRIEF**

AB 2200 seeks to close the achievement gap by allowing school employees, including teachers, to remain in the cities where they work. Specifically, the bill creates a \$100 million program which will provide financial assistance to school districts that cannot independently fund housing for school employees. The program also allocates 5% of its funds towards predevelopment costs.

**BACKGROUND**

Housing costs in many parts of California are rising. This year alone, the average rental price in Oakland has risen 13.7 percent to \$2,806 per month. This dynamic has begun to displace individuals who despite their contribution to the community, cannot live within it. One such essential member are school teachers.

Districts throughout California still struggle recruiting and retaining teachers. After sharp declines in open teacher positions, and increases in student enrollment, recent funding increases have still left many districts scrambling to find and retain qualified teachers. According to Learning Policy Institute, non-retirement attrition accounts for two-thirds of teachers who leave.

This dynamic of teacher retention has been exacerbated by high housing costs. Teachers and school employees, like other civil servants, are paid based on available state funding and not on market pressures. In high housing cost areas, the issue of teacher retention rests largely on the insufficiency of salaries' capacity to cover housing costs. In the City of Richmond, exit interviews have pointed to housing as the number one reason for teachers leaving their post.

In effect, high housing costs have come to affect the classroom as the turnover of teachers feeds into the increasing achievement gap. According to the Center for Education Policy Analysis at Stanford University, teacher turnover has a significant and negative impact on the achievement of students in schools with large populations of low-performing and minority students. These schools, like most schools in California, have seen a rise in the number of temporary permits, waivers, and intern credentials issued by the California

Commission on Teacher Credentialing. This means that more students are being taught by individuals who have not completed, or in some instances begun, teacher credentialing.

School districts in California have begun to increase teacher retention by providing housing to teachers. School districts in Los Angeles and Santa Clara, with San Francisco considering such a plan, have teachers in district-sponsored housing. However, for financially-strapped districts in high-cost areas, such a proven solution is not an option.

**SOLUTION**

Provide financial assistance to school districts seeking to develop housing for school employees who (1) have acquired land for development (2) can show high recruitment costs and low retention rates (3) have 60% of students participating in the Free and Reduced Lunch Program. Predevelopment assistance, excluding costs for land acquisition, are provided to school districts which meet the qualifications for development assistance and can show an inability to fund start-up costs.

**SUPPORT**

- City of Oakland (Sponsor)
- AFL-CIO Housing Investment Trust
- California Catholic Conference
- California Teachers Association
- City of Walnut Creek
- Oakland Unified School District
- State Building and Construction Trades Council of California, AFL-CIO
- West Contra Costa Unified School District

**FOR MORE INFORMATION**

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## Assemblymember Tony Thurmond, 15<sup>th</sup> Assembly District

### AB 2406 – Junior Accessory Dwelling Units (JADU)

#### IN BRIEF

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A multitude of solutions are needed to address California's critical need for more housing. Assembly Bill (AB) 2406 will create a simple and inexpensive permitting process for a flexible type of second unit created by repurposing spare bedrooms in existing homes. Junior Accessory Dwelling Units (JADUs), or Junior Second Units, will create new, less costly rental housing, while at the same time making owning a home in the state more affordable.

#### BACKGROUND

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We have a critical shortage of housing in California. New housing options are needed to meet the diverse economic needs of people throughout the state. Single-family homes make up the vast majority of our housing inventory. Yet over half of those homes are occupied by only one couple or less, leaving the majority of bedrooms in an average three bedroom home empty or underutilized.

Over the last fifty years home sizes have increased by over 30%, while at the same time the average household size has decreased to 2.3. Today the traditional family (mother, father and one or more children under 18 years of age) makes up only 33% of the population. The majority of the population in California is made up of smaller households including: single-parent families, couples without children, empty nesters, retirees, young professionals and individuals of all ages.

Seniors and young working individuals are the two fastest growing populations in California. These two constituency groups have the lowest incomes. Each one faces increasing challenges finding and retaining housing that can and meets their needs. The senior population is expected to more than double over the next 20 years. 89% of seniors, according to AARP, wish to remain in their homes and age in place.

With rising prices, the workforce that comprises our communities relies heavily on rental housing to live

near where they work. Yet this workforce finds it increasingly difficult to find housing. The high demand of housing, driven by a strong economy and exacerbated by a limited supply of housing, has given to rise to the need for housing supply.

The median home price in California is \$457K. In areas around economic centers, such as the Bay Area, the median home price has soared to \$791K, making homeownership out of reach for the vast majority of families. Because of this, and given the silver tsunami we are facing as masses of baby boomers move into retirement, many are turning to their home as a resource to create additional income to meet their rising costs.

Workers commuting to their jobs are a major contributing factor playing into this equation. Climate change is attributed to high levels of carbon dioxide in the atmosphere. To mitigate the effects of climate change California has instituted challenging goals to reduce our CO2 emissions. However, pushing individuals out of their homes due to rising costs premised on lack of housing supply has subverted the environmental goals of California. It is critically important to house vital workers in the communities where they serve.

#### SOLUTION

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AB 2406 will create an abundant source of rental housing, while at the same time making owning a home in California more affordable. It better utilizes the built environment by more efficiently using underutilized space in existing homes. These units will help homeowners remain in their homes and age in place by housing loved ones, caregivers and people who work in the community. This will help reduce carbon emissions from the thousands of workers who must commute long distances to get to their jobs. They will also help more people qualify to purchase homes given the additional income these units generate.

## **SUPPORT**

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Lilypad Homes (sponsor)

## **FOR MORE INFORMATION**

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**AB 2441 – Workforce Housing in High-Cost Areas Pilot Program**

**IN BRIEF**

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AB 2441 will create a new state investment in cities for the development of housing in high-cost areas. The bill will create a pilot program that will provide funds to cities in high-cost areas, to be used for either downpayment assistance of a home or the development, substantial rehabilitation and preservation of multifamily housing.

**BACKGROUND**

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Housing costs are rising throughout the United States, but it is specially so in California where, according to a the Public Policy Institute of California, five of the ten most expensive large metropolitan housing markets in the nation are located. Housing costs in these high-cost metropolitan regions have reached pitched levels of unaffordability.

A divergence between median rents and median income has led to greater housing unaffordability in such high-cost areas. To illustrate, this year alone the average rental price in Oakland has risen 13.7 percent to \$2,806 per month. Such a high rent has come to put pressure on individuals who historically fall outside of state-subsidy. All state funds that subsidize the development of multi-family housing is capped at 60% AMI. In high-cost metropolitan areas, the free market does not naturally provide housing for many above that income designation—highlighting a need.

For many seeking homeownership, the inadequate qualifications of these programs in high-cost areas has contributed to the lack of homeownership opportunities. Many state programs for homeownership are capped at 80% AMI, while those which extend to 120% AMI have limitations that make them inadequate in high-cost areas. Limitations such on home sale prices, second-time homebuyers, qualifying homes—land trust/coops homes do not qualify.

The Greenlining Institute and the Urban Strategies Council illucidates on this dynamic in their 2016 report, “Locked Out of the Market: Poor Access to Home Loans for Californians of Color.” They find that in Oakland, individuals at 100-120% AMI submitted a lower number of home loan applications than borrowers making 30-50% and 50-80% AMI.

Similarly in Long Beach, individuals making between 80-100% AMI had a lower origination rate than residents in the 30-50% and 50%-80% AMI range.

In sum, existing programs are not flexible to provide housing that meets the needs of a diverse and complex housing crisis. The result of programs with such gaps in coverage has been the displacement of workers from their communities. The displacement of workers is not only a detriment to communities themselves, but also to California as a whole as economically diverse communities are undermined. As residents are displaced away from their jobs, commutes will increase as well as traffic in California’s highways effectively undermining California’s goals to reduce carbon emissions. Notwithstanding the strain of long commutes on family life, the importance of neighborhood and environment in preparing children from working families for success and social mobility cannot be understated. And for those who brave such steep rental housing costs, have their capacity to save income and move towards homeownership undercut.

**SOLUTION**

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Provide direct-assistance to cities in high cost areas for the creation of affordable housing. Eligible activities include downpayment assistance and the predevelopment costs, acquisition, construction, rehabilitation of rental housing projects or units within rental housing projects. The affordability of all rental units assisted is restricted for a period of 55 years.

**SUPPORT**

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**FOR MORE INFORMATION**

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## Assembly Speaker Emeritus Toni G. Atkins, 78<sup>th</sup> Assembly District

### AB 2734 – Local Control Affordable Housing Act

#### IN BRIEF

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This bill establishes the Local Control Affordable Housing Act which begins to restore the affordable housing funding lost after the elimination of redevelopment agencies in order to accelerate the production of affordable housing in communities throughout our state. Specifically, the bill identifies the state savings accumulated from the elimination of redevelopment and redirects a portion of those savings back to local governments to increase the supply of affordable housing.

#### THE ISSUE

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California has a housing affordability crisis.

- According to the Public Policy Institute of California (PPIC), as of January 2016, 31.5% of mortgaged homeowners and 47.4% of renters spend more than 35 percent of their total household income on housing.
- California has the second lowest homeownership rate in the nation, losing nearly 250,000 owner households in the past decade. In California, there has also been an increase of 850,000 new renter households in the last decade.
- California has six of the nation's eleven most expensive large metropolitan rental markets: San Francisco, San Jose, Orange County, Oakland, Los Angeles, and San Diego.
- California has 12% of the United States population but 20% of its homeless population. The state also has the largest number of unaccompanied homeless children and youth (30% of the national total).
- For the first time in 2015, Standard and Poors Ratings Services cited California's "Persistently high cost of housing" as contributing to a relatively weaker business climate and a credit weakness in the rating of California General Obligation bonds.
- California's affordable housing funding has declined 66.5% since 2008, a loss of over \$1.7 billion per year. More than \$1 billion of this total comes from the loss of redevelopment funds that were directed to affordable housing purposes.

#### BACKGROUND

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Increasing the construction and availability of affordable housing is good for our economy, the state budget, job creation, and families:

- Affordable housing saves money -- on average, a single homeless Californian incurs \$2,897 per month in county costs for emergency room visits and in-patient hospital stays as well as the costs of arrests and incarceration. Roughly 79% of these costs are cut when that person has an affordable home.
- Development creates jobs -- an estimated 29,000 jobs are created for every \$500 million spent on affordable housing.
- Affordable housing alleviates poverty -- California households with the lowest 25% of incomes spend 67% of their income on housing, leaving little left over for other essential needs.

#### THE SOLUTION

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The Local Control Affordable Housing Act directs the Department of Finance to calculate the state savings resulting from the elimination of redevelopment agencies and requires that 50% of those savings be redirected to address affordable housing needs. This approach begins to restore affordable housing funding lost when redevelopment agencies were eliminated. Half of these funds would be provided directly to local governments, and half would fund successful state affordable housing production programs.

With the growth in our economy, the state has begun to restore other cuts in the budget but has not restored an ongoing source of funding for local housing needs. AB 2734 is an effort to help local governments accelerate the production of affordable housing.

#### FOR MORE INFORMATION

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# ASSEMBLY BILL 2817

## LOW INCOME HOUSING TAX CREDIT

### ASSEMBLYMEMBER DAVID CHIU

#### SUMMARY

Assembly Bill 2817 (Chiu) would increase California's Low Income Housing Tax Credit by \$300 million for the construction and rehabilitation of affordable housing units across the state. It will achieve this not only by increasing the amount of California credit, but also by increasing the state credit percentage so that it can more effectively maximize federal tax-exempt bond financing and 4% credits. This state investment and policy change would leverage an estimated \$200 million in federal 4% tax credits and \$400 million federal tax-exempt bond authority.

#### THE ISSUE

California is undergoing a major housing affordability crisis with a shortfall of over 1 million affordable homes. According to a 2014 report by the California Housing Partnership Corporation, median rents in California have increased by over 20%, while the median income has dropped by 8%.

State and Federal divestment in affordable housing has exacerbated this problem. With the elimination of California's redevelopment agencies and the exhaustion of state housing bonds, California has reduced its funding for the development and preservation of affordable homes by 79% - from approximately \$1.7 billion a year to nearly nothing. There is currently no permanent source of funding to compensate for this loss.

The housing crisis has contributed to a growing homeless population, increased pressure on local social safety nets, an unstable development and construction marketplace and the departure of tens of thousands of long-time California residents.

#### BACKGROUND

The Low Income Housing Tax Credit Program was enacted by Congress in 1986 to provide the private market with an incentive to invest in more affordable housing through federal tax credits. The California Tax Credit Allocation Committee was directed to award these credits to developers of qualified projects in the state. Developers sell these credits to investors to raise capital for their projects, reducing the debt that the developer would

otherwise have to borrow. As a result, property owners are able to offer lower, more affordable pricing. In response to the high cost of developing housing in California, the state legislature in 1987 authorized a state low-income housing tax credit program to leverage the federal credit program. Existing law limits the total amount of low-income housing tax credits the state may allocate to \$70 million per year, indexed for inflation. But due to increased demand for housing development, much of the tax credit program has been oversubscribed – leaving many high quality developments without a secure source of funding.

However, there is an untapped federal low-income housing tax credit that the state can still access—the 4% Federal Tax Credit. These 4% federal credits are unlimited and remain unused by the state. This is largely due to the fact that the 4% credits require additional state resources to make the development viable – resources that have been lacking under existing law.

AB 2817 would double the existing low-income housing tax credit program, making the state better able to leverage millions of dollars more in 4% Federal Tax Credits and federal tax exempt bond authority.

#### AB 2817

AB 2817 will:

1. Increase the aggregate housing state credit dollar amount that may be allocated among low-income housing developments by \$300 million, indexed for inflation;
2. Will increase the state credit percentage a developer may use to fund their project from 13% to 50% to help leverage an additional \$200 million in federal dollars; and
3. Increase the acquisition credits available for housing developments with low appraised values that serve very low-income, special needs or rural residents for the rehabilitation and preservation of such projects.
4. Increase the set-aside for farmworker housing projects from \$500,000 to \$25 million

#### SUPPORT

California Housing Consortium (co-sponsor)

California Housing Partnership (co-sponsor)  
Housing California (co-sponsor)  
Non-profit Housing Association of Northern  
California (NHP), (co-sponsor)  
California Building Industry Association (CBIA)  
California Chamber of Commerce  
California Credit Union League  
California State Association of Counties (CSAC)  
California Rural Legal Assistance Foundation  
Disability Rights California  
League of California Cities  
Santa Clara County Board of Supervisors  
The Arc California  
United Cerebral Palsy California Collaboration  
Western Center on Law and Poverty

**OPPOSITION**

None on File



**AB 2842 – Workforce Housing Tax Credit Pilot**

**IN BRIEF**

AB 2842 will create a new state investment in high-cost areas for the workforce which does not qualify for subsidized housing. This bill would create a new tax credit to incentivize the development of rent-restricted units above 60% of the Area Median Income in the 12 counties with the highest Fair Market Rents—as published by the Housing and Urban Development Agency. This will foster mixed-income communities as well as prevent the displacement of vital workforce-members and allow them to continue contributing to the communities where they work.

**BACKGROUND**

A divergence between median rents and median income has led to greater housing unaffordability in high-cost areas. Housing costs are rising throughout the United States, but it is specially so in California where, according to a the Public Policy Institute of California, five of the ten most expensive large metropolitan rental markets in the nation are located. To illustrate, this year alone the average rental price in Oakland has risen 13.7 percent to \$2,806 per month. Such a high rent has come to create put pressure on individuals who historically fall outside of state-subsidy.

However, all state funds that subsidize the development of multi-family housing is effectively capped at 60% of the Area Median Income (AMI). The only existing multifamily program capped at 80% AMI, the Multifamily Housing Program, is an overly-subscribed competitive program where advantage is given for lower-income developments—the implication of which is that no development above 60% AMI is funded. The consequence of this lack of gap-financing is that there are no rent-restricted units developed above 60% AMI which for the most part is justifiably below what the market provides. However, in high-cost metropolitan areas, the free market does not naturally provide housing for many above that income designation.

The consequence of this lack of investment has been the displacement of vital workers. Many workers whom, despite their contribution to the community, cannot live within it—such as healthcare workers, education professionals, firefighters, and others.

The displacement of workers is not only a detriment to communities themselves, but also to California as a whole. Their displacement, as with low-income individuals, has the effect of undermining economically diverse communities. As residents are displaced away from their jobs, commutes will increase as well as traffic in California’s highways effectively undermining California’s goals to reduce carbon emissions. Notwithstanding the strain of long commutes on family life, the importance of neighborhood and environment in preparing children from working families for success and social mobility cannot be understated. And for those who brave such steep rental housing costs, have their capacity to save income and move towards homeownership undercut.

Extending a housing tax credit above 60% AMI is currently implemented in the State of New York. Their Low-Income Housing Tax Credit extends to 90% AMI, based on the idea that mixed-income developments are most favorable. This credit would further the goal of solving the need for gap-financing for high AMIs in areas where the market does not naturally provide such housing. Without such an incentive, these high-cost areas will see the displacement of workers and long-time members of the community.

**SOLUTION**

AB 2842 will create a new state investment in high-cost areas for the workforce which does not qualify for subsidized housing. This bill would create a pilot program that will provide a tax credit to incentivize the development of rent-restricted units above 60% of the Area Median Income in the 12 counties with the highest Fair Market Rents. Developments must:

- Show that, upon time of allocation of the credit, rents for the units that have been provided a credit for are at least 20% below market rate.
- Require at least 20% of the units for households at 60-80% AMI.
- Must not receive a federal tax credit for units above 60% AMI.
- Agree that units funded by this credit must remain affordable for 55 years.

In order to maximize the state investment, the credit is certified. Further, in order to incentivize

developments up to 80% AMI, the credit amends the welfare exemption to allow, for units that receive this credit, it to be applied on a per-unit basis rather than on the basis of an occupant's income, provided those units receive this credit and that the tenant was below 80% AMI when they entered the unit.

## **SUPPORT**

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California Council on Affordable Housing

## **FOR MORE INFORMATION**

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## Senator Jerry Hill, 13<sup>th</sup> Senate District

### SB 438 – Funding for Earthquake Early Warning System – factsheet

#### IN BRIEF

SB 438 will start funding a statewide earthquake early warning system to help save lives and protect the public before temblors strike.

#### THE PROBLEM

In 2013, [SB 135](#) (Padilla) was enacted to require the Governor's Office of Emergency Services (CalOES) to develop a comprehensive statewide earthquake early warning system. The law prohibits the use of General Funds; the intent is to base the funding on public-private partnerships. Unfortunately, those partnerships and funding have yet to materialize.

#### BACKGROUND

According to the [United States Geological Survey](#), California is the second most seismologically active state, second only to Alaska. The Federal Emergency Management Agency estimates that nationally, 66 percent (\$3.5 billion) of the annual monetary losses resulting from earthquakes occur in California.

Scientists predict that California is certain to experience a large earthquake in the near future. The most recent [Uniform California Earthquake Rupture Forecast](#) published in March 2015 predicts that there is 99.7% likelihood of a magnitude 6.7 or larger earthquake in California in the next 30 years and a 93% chance of a magnitude 7.0 earthquake or larger.

An earthquake early warning system is composed of a series of sensors in the ground that detect shaking and send out warnings up to 60 seconds before the shaking occurs. A warning of a few seconds before shaking occurs can have many lifesaving benefits, including:

- Providing time for residents to drop and cover
- Passenger and commuter trains can come to a complete stop or slow down to prevent derailment
- Doctors performing surgeries would be able to stop delicate procedures
- Elevators could automatically stop at the nearest floor and doors could open so people could exit

- Other automated responses could include fire station garage doors opening when alerts occurs so the doors don't jam during earthquakes. Businesses can shut off equipment or put crucial operations into safe mode to protect workers and facilities

Currently, there is a prototype earthquake early warning system in place, called [ShakeAlert](#), which is a partnership between the USGS, UC Berkeley, CalTech, and the Governor's Office of Emergency Services. The system is funded largely by the USGS (\$9 million) and the Gordon and Betty Moore Foundation (\$10 million). The ShakeAlert system is comprised of about 400 sensors throughout the state and is limited to sending alerts to participating prototype system partners, such as Bay Area Rapid Transit (BART).

ShakeAlert does not provide earthquake warnings to the public or on a statewide basis because it does not have a dense enough network of sensors, nor enough connectivity to disseminate alerts on a broad scale. California, through the Governor's Office of Emergency Services and the California Geological Survey, provides \$5.2 million to operate a network of seismic sensors, called the [California Integrated Seismic Network](#), which provides earthquake shaking information to the ShakeAlert system.

The law passed in 2013 was intended to expand the prototype system, but adequate funding has not been obtained for the expansion. As estimated by the USGS, at least \$23.1 million in additional funding is needed for one-time start-up costs, and another \$11.4 million is needed for ongoing maintenance and operation costs. Last December the federal government provided another \$8.2 million for earthquake early warning to be split up between California, Washington, and Oregon, but the state of California has yet to provide any additional funding beyond what it already provides for seismic sensors because current law prohibits the use of General Fund dollars.

The funding provided by SB 438 would be used to launch the warning system, which would include installing 440 new and upgraded seismic sensors throughout the state, connecting 840 existing seismic sensors with communications equipment so they can

be hooked up into the system, and developing a system to send alerts to the public.

When the Napa earthquake struck in August 2014, the ShakeAlert system provided BART with a 10 second warning. Had BART trains been running at the time (the earthquake struck early in the morning, before trains were running), the trains would have automatically slowed down or come to a complete stop when the alert was received.

Several other countries have already implemented earthquake early warning systems. After the 1995 Kobe earthquake that killed more than 6,400 people, Japan implemented a warning system that went online in 2007. The system helped save lives during the disastrous 2011 earthquake, which led to the closure of the Fukushima nuclear power plant. After more than 10,000 people died in the 1991 Mexico City earthquake, Mexico implemented an early warning system as well.

## **SOLUTION**

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SB 438 will remove the prohibition in current law that restricts the use of General Funds for the warning system. The bill will also appropriate \$23.1 million to install the needed seismic sensors, to implement the telecommunications technology, and to get the system up and running.

## **SUPPORT**

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California Institute of Technology (CalTech)  
Silicon Valley Leadership Group  
Mayor Eric Garcetti, City of Los Angeles  
California State Firefighters' Association  
California Fire Chiefs Association  
Fire Districts Association of California  
Computing Technology Industry Association  
California Department of Insurance  
Bay Area Rapid Transit (BART)

(updated 5-31-16)

## **FOR MORE INFORMATION**

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## SB 873 (Beall)

# Allowing the Sale of State Low Income Housing Tax Credits Fact Sheet

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### ISSUE

This bill seeks to increase the impact of the state's existing low-income housing tax credit with no fiscal impact to the state by structuring the credits in a way that is not subject to federal taxation.

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### BACKGROUND

Congress enacted the federal Low Income Housing Tax Credit (LIHTC) program in 1986 to provide the private market with an incentive to invest in affordable housing. The Legislature directed the California Tax Credit Allocation Committee (CTCAC) to award LIHTCs to developers of qualified projects in the state. The developers, who do not have sufficient tax liability to use the credits themselves, in turn seek equity investment for the project from corporations and others with tax liabilities in exchange for the tax credits. Under current law, the investors must become owners of the property to claim the credits. The equity the investors provide typically reduces the debt that the developer would otherwise have to borrow, allowing owners to offer lower, more affordable rents.

In response to the high cost of developing housing in California, the Legislature in 1987 authorized a state low-income housing tax credit program to leverage the federal credit program. Unfortunately, state taxes are deductible from federal taxable income, meaning that investors reducing their state tax liability with the state LIHTC must then pay taxes on their higher federal income as a result of losing their state tax deduction. With the federal corporate tax rate at 35%, this means that investors claiming state LIHTC's generally pay no more than 65 cents for each dollar of state credit. In other words, for every dollar the state invests in this critical program, the federal government currently takes 35 cents.

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### THIS BILL

SB 873 substantially increases the value of the state's investment in the LIHTC program by restructuring the credit to avoid the federal taxation impact to investors. The bill allows a developer who receives an award of state LIHTCs to sell the credits to an investor without requiring the investor to be part of the project ownership. Under federal and state tax laws, tax credits that are bought by an investor are considered a payment of the investor's tax rather than a reduction in his or her tax liability. As a result, bought credits do not reduce the taxpayer's federal deductions.

SB 873 will significantly increase the value of state LIHTCs and therefore the public benefit because it will eliminate the federal tax impacts associated with investors claiming state credits. The bill greatly increases the efficiency of the program and allows many more affordable housing units to be built for the same level of state tax expenditure. In other words, this bill gives the state a bigger bang for its buck.

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### STATUS/VOTES

Introduced January 14, 2016

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### SUPPORT

California State Treasurer John Chiang (Co-Sponsor)  
California Housing Partnership Corporation (Co-Sponsor)  
Association of Regional Center Agencies  
California Apartment Association  
California Council for Affordable Housing  
California Housing Consortium  
City of Dublin  
Palm Communities  
Santa Clara County Board of Supervisors  
The Arc and United Cerebral Palsy California  
Collaboration

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### OPPOSITION

None received.

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### FOR MORE INFORMATION

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(916) 651-4121

**SB 879 (Beall)**  
**Affordable Housing Bond Act of 2016**  
*Amended May 5, 2016*

**ISSUE**

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This bill seeks to provide \$3 billion through a statewide housing bond to fund existing critical and successful affordable housing programs in California.

**BACKGROUND**

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California is home to 21 of the 30 most expensive rental housing markets in the country, which has had a disproportionate impact on the middle class and the working poor. A person earning minimum wage must work three jobs on average to pay the rent for a two-bedroom unit. Additionally, units affordable to low-income earners, if available, are often in serious states of disrepair.

California also faces a housing shortage: 2.2 million extremely low-income (ELI) and very low-income (VLI) renter households are competing for only 664,000 affordable rental homes. This leaves more than 1.54 million of California's lowest income households without access to affordable housing.

As a result, low-income families are forced to spend more and more of their income on rent, which leaves little else for other basic necessities. Many renters must postpone or forego homeownership, live in more crowded housing, commute further to work, or, in some cases, choose to live and work elsewhere.

California has seen a significant reduction of state funding in recent years. The funds from Proposition 46 of 2002 and Proposition 1C in 2006 -- totaling nearly \$5 billion for a variety of affordable housing programs -- have been expended. Combined with the loss of redevelopment funds, \$1.5 billion of annual state investment dedicated to housing has been lost, leaving several critical housing programs unfunded.

**THIS BILL**

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SB 879 provides for \$3 billion through a statewide housing general obligation bond to fund existing and successful affordable housing programs in California, with the intent of addressing the shortage of housing stock. SB 879 will fund the following existing state programs:

- Multifamily Housing
- CalHome
- Joe Serna Farmworker Housing

- Local Housing Trust Fund Matching Grant
- Transit-Oriented Development
- Infill Infrastructure Financing

As demonstrated through Prop 46 and Prop 1C and the 183,000 units they created, SB 879 will have a real and lasting impact on the housing shortage by providing \$3 billion to fund existing and successful affordable housing programs in California. The programs in this bill specifically fund the construction, rehabilitation, and preservation of housing for persons who earn up to 60% of the area median income, as well as those at risk of or currently experiencing homelessness.

Investing in affordable housing would save Californians money. According to a 2015 study conducted by the Economic Roundtable on homelessness in Santa Clara County, the estimated cost to the public of permitting homeless residents to remain homeless was \$62,473 per person annually. The estimated average cost of housing each individual was \$19,767 annually, or a reduction of \$42,706 annually. The costs of housing in lower cost areas of California would be significantly less. Another cost study conducted in Los Angeles found that public costs are reduced by 79% when the chronically homeless are housed and 50% when the entire homeless population is housed.

Further, SB 879 will result create jobs and provide local benefits through the construction of affordable housing. The estimated one-year impacts of building 100 rental apartments in a typical local area include \$11.7 million in local income, \$2.2 million in taxes and other revenue for local governments, and 161 local jobs (1.62 jobs per apartment). The additional, annually recurring impacts of building 100 rental apartments in a typical local area include \$2.6 million in local income, \$503,000 in taxes and other revenue for local governments, and 44 local jobs (.44 jobs per apartment).

Investments in housing under SB 879 will also leverage federal dollars. For each \$0.70 of state funding for the multifamily housing program, the state leverages \$1 of 4% federal tax credits and \$2 of federal tax-exempt bonds that California otherwise would not be eligible to receive.

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## STATUS/VOTES

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Introduced – January 15, 2016  
Senate T&H Committee (May 3<sup>rd</sup>) – 9:1  
Senate G&F Committee (May 11<sup>th</sup>) – 5:1  
Senate Floor (June 2<sup>nd</sup>) – 28:9

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## SUPPORT

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California Apartment Association  
California Coalition for Rural Housing  
California Economic Summit  
California Housing Consortium  
California Housing Partnership Corporation  
City and County of San Francisco  
City of Berkeley, Housing Advisory Commissioner -  
Marian Wolfe  
City of Santa Monica  
Coachella Valley Housing Coalition  
Community Economics Inc.  
EAH Housing  
Eden Housing  
First Community Housing  
Food Empowerment Project  
Gubb and Barshay, LLP  
Hello Housing  
League of California Cities  
Mammoth Lakes Housing  
MidPen Housing  
Non-Profit Housing Association of Northern  
California  
Northern California Community Loan Fund  
Paulett Taggart Architects  
Resources for Community Development  
San Diego Housing Federation  
Silicon Valley Independent Living Center  
Sonoma County Board of Supervisors  
SV@Home  
TLCS, Inc.

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## OPPOSITION

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Howard Jarvis Taxpayers Association

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## FOR MORE INFORMATION

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(916) 651-4121



Date: June 7, 2016  
From: Duane Bay / Miriam Chion  
To: Legislation & Governmental Organization Committee  
Subject: Governor's Streamlined Affordable Housing Approvals Trailer Bill (707)

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## Background

The Governor is proposing a change in state law to remove regulatory barriers and streamline development timeframes by allowing multifamily attached housing to be approved through an expedited by-right ministerial process. Eligible housing proposals would be required to include some affordable housing and be located on appropriately zoned residential land in infill or transit rich areas. Bill language is attached (Attachment A).

A flowchart prepared by California Department of Finance (Attachment B) steps through a cascade of four filter questions: 1) Are local requirements met [for zoning, general plan, other relevant ordinances]? 2) Is the development on an infill site? 3) Are location criteria met [with respect to places NOT to build]? 4) Does it include affordable units?

## Positions

The bill is consistent with the Governor's emphasis on housing production, subject to certain constraints and mitigations. It is an opt-in program through which developers who are willing to include 20 percent deed-restricted affordable housing—or 5 percent in transit-proximate areas—and to follow local objective development standards get streamlined entitlement.

The proposal has drawn opposition from some of the building trades and environmental advocates as it would diminishing their opportunity to negotiate concessions during the conditional approval process, from the League of California Cities as an incursion into local control. Many affordable housing and equity advocates have raised additional concerns (see letters, Attachment C and Attachment D).

## Recommendation

Staff recommends that ABAG take a "support if amended" position as a matter of "constructive engagement," and because much of the Governor's bill is consistent with ABAG standing policy in many respects:

- *The bill respects local control by requiring that development must conform to locally adopted plans.* However, cities and counties have used the conditional approval process not only for growth management but also for plan refinement (e.g., particular local traffic impacts, appropriate functional and aesthetic relationship to immediate surroundings), and only a few California jurisdictions have adopted codes (e.g., "form-based codes" or detailed "design guidelines") except within area Specific Plans. Therefore, the by-right provisions should be limited to apply only within Specific Plan areas and on designated affordable housing sites. If the bill is

not amended to limit application to Specific Plan areas, the bill should allow moratorium before it becomes effective so cities/counties can bring their "objective standards" to an appropriate level of detail.

- *The bill is incentive based in some important aspects.* It grants the valuable incentive of streamlined approval in exchange for a developer voluntarily including affordable housing. It could be even more incentive based. For example, jurisdictions with strong housing production track records could apply for exemption from by-right, or they could receive State funds on a per-unit-built basis, both of which have been effective approaches used in Massachusetts.
- *The bill facilitates implementation of locally-adopted plans,* thereby assuring that tax-payer dollars (local, regional, state, federal) used by cities and counties to develop and adopt local plans that affirmatively specify desired local "built environment" will not have been wasted.
- *The bill will likely result in production of more housing, and more affordable housing,* resulting in the many benefits described in Plan Bay Area.

Therefore, we recommend a "support if amended" position, subject to the following amendments or confirmations:

1. Link the implementation of the bill to the state providing specific commitments of funding to support the construction and preservation of affordable housing.
2. Assure that the bill does not allow ministerial amendment of zoning codes or general plans.
3. Delay implementation for two years to give jurisdictions who chose to update their general plans and/or zoning ordinances the opportunity to do so.
4. Limit implementation to parcels in a certified local housing element that are designated as potential affordable housing sites (i.e., at or above default density).
5. Assure that the bill does not override or diminish existing local inclusionary housing ordinances, affordable housing overlay zones, or no-net-loss provisions.
6. Increase the inclusionary requirement in transit-proximate areas from 5% to 10%.
7. Limit implementation to parcels in a Specific Plan consistent with Plan Bay Area.
8. Allow jurisdictions that meet objective production targets (as determined from their Annual Progress Report to Cal HCD) to apply for exemption from the by-right provisions. Further, just as RHNA methodology is now devolved to the COG subject to State mandated constraints, so could the methodology for defining "what counts" for housing production and affordable housing production.
9. Add seismic liquefaction zones to the list of areas where the by-right provisions may not be invoked absent appropriate mitigations, and raise the mitigation standard from "health/safety" to "habitability/timely-rehabilitability."

In the list above, the first four points mirror positions taken by SACOG and numerous other organizations. Points 5 and 6 are supported by a coalition of housing organizations. The final three points have been presented to staff of the Governor's Office and Department of Housing and Community Development by ABAG staff on an exploratory basis.

Regardless of what position the Committee recommends and the Board takes, staff believes this is a constructive opportunity to discuss the balance and interplay of several key ABAG policy values, including but not limited to local control, entitlement efficiency for duly adopted community plans, housing supply matching housing need, and neighborhood quality.

**Attachments**

- Attachment A: Trailer bill language (6/3/16)
- Attachment B: Flowchart: Proposed "By-Right" Process for Developments with Affordable Housing Units
- Attachment C: Joint letter (6/8/16) coordinated by Alliance for Community Transit and Public Advocates for Southern California and Northern California, respectively
- Attachment D: Joint letter (5/27/16) from a coalition of affordable housing and fair housing organizations

**Streamlining Affordable Housing Approvals – Proposed Trailer Bill  
Technical Modifications**

**SECTION 1.** Section 65400.1 is added to the Government Code, to read:

65400.1. (a) A development applicant or development proponent pursuant to Section 65913.3 of the Government Code may submit information describing the development, including, but not limited to, land use and zoning designations and requested permit(s) for the development to the Department of Housing and Community Development in a reporting format to be made available. The information submitted shall be compiled along with information pursuant to subparagraph (B) of subsection (2) of subdivision (a) of Section 65400 and Section 65588 of the Government Code as follows:

- (i) Upon receipt of a local government determination regarding the development submittal, or
  - (ii) Issuance of a building permit for the development.
- (b) The Department of Housing and Community Development shall annually review and report on its website the information that has been submitted pursuant to this section.

**SEC. 2.** Section 65913 of the Government Code is amended to read:

65913. (a) The Legislature finds and declares that there exists a severe shortage of affordable housing, especially for persons and families of low and moderate income, and that there is an immediate need to encourage the development of new housing, not only through the provision of financial assistance, but also through changes in law designed to do all of the following:

- (1) Expedite the local and State-supported residential development process.
- (2) Assure that local governments zone sufficient land at densities high enough for production of affordable housing.

(3) Assure that local governments make a diligent effort through the administration of land use and development controls and the provision of regulatory concessions and incentives to significantly reduce housing development costs and thereby facilitate the development of affordable housing, including housing for elderly persons and families, as defined by Section 50067 of the Health and Safety Code.

These changes in the law are consistent with the responsibility of local government to adopt the program required by subdivision (c) of Section 65583.

(b) The Legislature further finds and declares that the costs of new housing developments have been increased, in part, by the existing permit processes and by existing land use regulations and that vitally needed housing developments have been halted or rendered infeasible despite the benefits to the public health, safety, and welfare of those developments and despite the absence of adverse environmental impacts. It is therefore necessary to enact this chapter and to amend existing statutes which govern housing development so as to provide greater encouragement for local and state governments to approve needed and sound housing developments.

(c) It is the intent of the Legislature that the provisions of Section 65913.3 of the Government Code advance all of the following:

(A) the provisions of Government Code Section 65008;

(B) implementation of the State planning priorities pursuant to Government Code Section 65041.1;

(C) attainment of Section 65580 of the Government Code;

(D) significant actions designed to affirmatively increase fair housing choice, furthering the objectives of the Federal Fair Housing Act, 42 U.S.C. 3601, and

implementing regulations; and

(E) the objectives of the California Global Warming Solutions Act of 2006, commencing with Section 38500 of the Health and Safety Code.

(F) compliance with non-discretionary inclusionary zoning ordinances adopted by localities.

**SEC. 3.** Section 65913.3 is added to the Government Code, to read:

65913.3. (a) For the purposes of this section, the following terms shall have the following meanings:

(1) “Approved remediation measures” shall mean measures included in a certified environmental impact report to mitigate the impact of residential development in the subject location; or uniformly applied development policies or standards that have been adopted by the city or county to mitigate the impact of residential development in that location.

(2) “Affordable rent,” or “Affordable housing cost” shall be as defined by Health and Safety Code subdivision (b) of Section 50053, or subdivision (b) of 50052.5 respectively.

~~(4)~~ “Attached housing development” or “development” means a newly constructed structure containing two or more dwelling units that is a housing development project, as defined by subdivision (2) of subsection (h) of Section 65589.5 of the Government Code, but does not include a second unit, as defined by subdivision (4) of subsection (i) of Section 65852.2 of the Government Code, or the conversion of an existing structure to condominiums.

(4) “Department” means the Department of Housing and Community Development.

~~(2) “Designated housing sites” means sites designated to allow housing development by the general plan, a zoning ordinance, or for which a certified environmental review document includes provisions to mitigate potential harm.~~

~~(3)~~ “Land-use authority” means any entity with state-authorized power to

regulate land-use permits and entitlements conferred by local governments.

(46) “Land-use restriction” means covenants restricting the use of land, recorded regulatory agreements, or any other form of an equitable servitude.

(57) “Major transit stop” means a site containing an existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a service interval frequency of 15 minutes or less during the morning and afternoon peak weekday commute periods, and offering weekend service.

(68) “Public agency” means a federal, state, or local government agency, or a local or regional housing trust fund which has been funded or chartered by a federal, state, or local government agency.

(79) “Required by law to record” means, but is not limited to, a development applicant or development proponent is required to record a land-use restriction based on any of the following:

- (i) As a condition of award of funds or financing from a public agency.
- (ii) As a condition of the award of tax credits.
- (iii) As may be required by a contract entered into with a public agency.

(810) “Transit priority area” means an area within one-half mile of a major transit stop that is existing or planned, provided the planned stop is scheduled to be completed within the planning horizon included in a Transportation Improvement Program adopted pursuant to Section 450.216 or 450.322 of Title 23 of the Code of Federal Regulations within the adopted general plan or specific plan of a local government.

(911) “Urban uses” means any residential, commercial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses.

(b) A development that satisfies all of the following criteria shall be a permitted use by right as that term is defined in subdivision (i) of Section 65583.2 of the Government Code:

- (1) The development applicant or development proponent has submitted to the

local government its intent to utilize this authority, and certifying under penalty of perjury that, to the best of its knowledge and belief, it conforms with all other provisions identified herein.

(2) The development is consistent with the following objective planning standards: land use and building intensity designation applicable to the site under the general plan and zoning code, land use and density or other objective zoning standards, and any setback or objective design review standards, all as in effect at the time that the subject development is submitted to the local government pursuant to this section.

(3) The development is located on a site that is either immediately adjacent to parcels that are developed with urban uses or for which at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses or is bounded by a natural body of water.

(4) The development must be an attached housing development, for which the development applicant or development proponent already has recorded, or is required by law to record, a land-use restriction, which shall require all the following:

(A) A duration of at least 30 years or more.

(B) ~~Enforceability by~~ That any public agency and or by any member or members of the public, including non-profit corporations, may bring and maintain an enforcement action.

(C) For developments within a transit priority area, a restriction of the development's real property to a level of affordability equal to or greater than either of the following:

(i) At least ten percent of the total units of a housing development for lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(ii) At least five percent of the total units of a housing development for very low income households, as defined in Section 50105 of the Health and Safety Code.

(D) For developments not within a transit priority area, a restriction of the development's real property to a level of affordability equal to or greater than at

least twenty (20) percent or more of the residential units restricted to and occupied by individuals whose income is eighty (80) percent or less of area median gross income.

(5) ~~Except for developments that are located on designated housing sites, Unless the development incorporates approved remediation measures in the following locations as applicable to the development,~~ the development is not located on a site that is any of the following:

(A) Either “prime farmland” or “farmland of statewide importance,” as defined pursuant to United States Department of Agriculture land inventory and monitoring criteria, as modified for California, and designated on the maps prepared by the Farmland Mapping and Monitoring Program of the Department of Conservation.

(B) Wetlands, as defined in Section 328.3 of Title 33 of the Code of Federal Regulations.

(C) Within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the Government Code, or within a high or very high fire hazard severity zone as indicated on maps adopted by the Department of Forestry and Fire Protection pursuant to Section 4202 of the Public Resources Code; however, this limitation shall not apply to sites excluded from the specified hazard zones by a local agency pursuant to subdivision (b) of Section 51179 of the Government Code or sites that have adopted sufficient fire hazard mitigation measures as may be determined by their local agency with land-use authority.

(D) Hazardous waste site that is listed pursuant to Section 65962.5 of the Government Code, or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code, unless the Department of Toxic Substances Control has cleared the site for residential use or residential mixed-uses.

(E) Within a delineated earthquake fault zone as determined by the State Geologist in the official maps published thereby.

(F) Within a flood plain as determined by maps promulgated by the Federal Emergency Management Agency, unless the development has been issued a

floodplain development permit pursuant to Sections 59 and 60 of Title 44 of the Code of Federal Regulations.

(G) Within a flood way as determined by maps promulgated by the Federal Emergency Management Agency, unless the development receives a no rise certification in accordance with Section 60.3(d)(3) of Title 44 of the Code of Federal Regulations.

(H) Within an area determined by the Department of Housing and Community Development to be inappropriate for affordable housing development by additional objective criteria, including areas severely lacking in access to public transit, accessibility to employment or educational opportunities, and residentially supportive retail and service amenities, all as to be determined through regulations adopted by the Department at its discretion; until the Department adopts such regulations this subparagraph (H) shall not be interpreted to prohibit any such site. operative nor apply. The Department is authorized, but not mandated, to adopt regulations to implement the terms of this subparagraph (H); and such regulations shall be adopted pursuant to the Administrative Procedures Act set forth in Government Code section 11340 et seq. Division 13 of the Public Resources Code shall not apply to either: the Department's adoption of the regulations authorized by this section, or any financial assistance awarded by any public agency to any development that satisfies subdivision (b) of this section. This section shall be operative regardless as to whether the Department adopts the regulations authorized by this section.

~~Division 13 of the Public Resources Code shall not apply to the Department's adoption of the regulations authorized by this section.~~

(6) Unless the proposed housing development replaces units at a level of affordability equal to or greater than the level of a previous affordability restriction, the development must not be on any property that is any of the following:

(A) A parcel or parcels on which rental dwelling units are, or if the dwelling units have been vacated or demolished in the five-year period preceding the application, have been subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income.

(B) Subject to any other form of rent or price control through a public entity's

valid exercise of its police power; or occupied by lower or very low income households.

(c) If the applicable city, county, or city and county determines that the development is inconsistent with at least one of the objective planning standards delineated in paragraph (2) of subdivision (b), then it must provide the development proponent written documentation of which standard or standards the development is not consistent with, as well as explain why the development is not consistent with that standard or standards, all within thirty (30) calendar days of submittal of the development to the local government pursuant to this section. If the documentation described in this subsection fails to identify the objective standard or standards that the development is not consistent with, if it fails to provide an explanation of why it is inconsistent therewith, or if it is not provided to the development proponent within thirty (30) calendar days of submittal, then for the purposes of this section, the development shall be deemed to satisfy paragraph (2) of subdivision (b) of this section.

(d) Any design review of the development shall not exceed ninety (90) days from the submittal of the development to the local government pursuant to this section, and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section and the effect thereof.

(e) A development that satisfies subdivision (b) of this section shall not be subject to the requirements of Section 65589.5 of the Government Code in order to be accorded by right status under this section.

(f) This section does not relieve an applicant or public agency from complying with the Subdivision Map Act (Division 2 (commencing with Section 66410)).

~~(g f) The review of a permit, license, certificate, or any other entitlement, including, but not limited to: the enactment and amendment of zoning or design review ordinances or guidelines, the issuance of zoning variances, the issuance of conditional use permits, and the approval of tentative subdivision maps, by any public agency with land-use authority over any development that satisfies subdivision (b) of this section shall be ministerial.~~

(h g) This section shall be enforceable pursuant to a writ of mandate issued pursuant to Section 1085 of the Code of Civil Procedure.

(i h) The development applicant or development proponent may submit information describing the development pursuant to Government Code Section 65400.1(a).

(j i) The Legislature finds and declares that this section shall be applicable to all cities and counties, including charter cities, because the Legislature finds that the lack of affordable housing is a matter of vital statewide importance.

(k j) Any and all individuals displaced by a development that is approved through the ministerial process authorized by this section shall be accorded relocation assistance as provided in the California Relocation Assistance Act set forth in Section 7267.8 et seq. California Real Property Acquisition and Relocation Assistance Act, set forth in Chapter 16, commencing with Government Code Section 7260. The development proponent shall be responsible for paying for relocation assistance expenses incurred by any local agency as a result of this section.

(l k) This section shall apply, notwithstanding anything to the contrary contained in this code or in any other law.

# Proposed "By-Right" Process for Developments with Affordable Housing Units



JUNE 8, 2016

JOINT LETTER CONCERNING THE 'BY RIGHT' DEVELOPMENT BUDGET TRAILER 707 (UPDATED)

**Dear Senate President Pro Tem de Leon, Assembly Speaker Rendon, and Members of the Senate and Assembly:**

We are more than 50 organizations with members and roots in racially diverse urban communities across California. We write to urge you to reject the present Budget trailer bill proposal that gives developers the power to force approval of projects “by right” without public or environmental review. This proposal represents a huge give-away to the real estate industry and at the particular expense of low-income residents and communities of color.

Let us be clear: we are not NIMBYs. We are staunch supporters of building more affordable housing in our own communities and elsewhere. But in our view a law that promotes building housing that is 90% or 95% **un**affordable to the majority of people in our communities is **not** an inclusive “affordable housing” policy.

But our concerns go beyond a disagreement over affordability levels. We believe it is profoundly unjust and undemocratic for the state to take away from our communities the ability to review and engage in the decisions about development proposals. We cannot rely merely on zoning standards and the “ministerial” authority of city planning staff to prevent the displacement of existing tenants, small businesses, community institutions, and jobs. This puts disadvantaged neighborhoods at the mercy of real estate developers who already wield too much power at all levels of government.

Urban minority communities in particular have for too long been treated by developers and planners as a blank canvas for urban renewal, highways, shopping malls, office towers, and gentrifying development. All of these approaches share something in common with the current “by right” proposal: they override the input of low income people of color in the service of some supposed “greater good” defined by those in power. Even in the absence of bias, existing zoning may be badly out of date or simply wrong relative to the needs of neighborhoods. And rushed city planning staff can and do make mistakes in reviewing project proposals. Meaningful public review is our only means to correct the gaps, errors, and biases of the project approval process.

We agree that the approval process in many cities can be a barrier to the development of affordable housing. We would support new policies to assure that all communities in California do their fair share to facilitate building housing that is affordable. But the “by right” proposal leaves privileged communities completely insulated from the new policy because they can merely maintain or redesign zoning restrictions to keep out affordable housing. Low-income communities of color whose power is in participating in a public process on a neighborhood level will be completely cut out.

Denying our communities a voice in the development process within our neighborhoods is fundamentally unfair and raises significant equity and potential fair housing concerns. We should be looking for solutions to stem the tide of displacement in California’s urban communities and to build affordable housing everywhere. We urge you to vote no on the “by right” development bill.

If there are questions regarding this letter please contact: in Southern California, Laura Raymond of ACT-LA at [lraymond@allianceforcommunitytransit.org](mailto:lraymond@allianceforcommunitytransit.org) or 646-344-0381, and in Northern California, Sam Tepperman-Gelfant of Public Advocates at [stepperman-gelfant@publicadvocates.org](mailto:stepperman-gelfant@publicadvocates.org) or 415-625-8464.

STATEWIDE ORGANIZATIONS

ALLIANCE OF CALIFORNIANS FOR COMMUNITY EMPOWERMENT (ACCE)

Anthony Thigpenn, President  
CALIFORNIA CALLS

Eddie Kurtz, Executive Director  
COURAGE CAMPAIGN

John Shaban, President  
GAMALIEL OF CALIFORNIA

Corey Timpson, Executive Director  
PICO CALIFORNIA

Sam Tepperman-Gelfant, Senior Staff Attorney  
PUBLIC ADVOCATES INC.

Dawn Phillips, Executive Director  
RIGHT TO THE CITY ALLIANCE

Aimee Inglis, Acting Director  
TENANTS TOGETHER

REGIONAL AND LOCAL ORGANIZATIONS

Laura Raymond, Campaign Director  
ALLIANCE FOR COMMUNITY TRANSIT (ACT-LA)  
Los Angeles

Erin McElroy and Carla Wojczuk  
ANTI-EVICTION MAPPING PROJECT  
San Francisco

Miya Yoshitani, Executive Director  
ASIAN PACIFIC ENVIRONMENTAL NETWORK  
Oakland and Richmond

Julia Cato

BERKELEY TENANTS UNION  
Berkeley

Maria Poblet, Executive Director  
CAUSA JUSTA :: JUST CAUSE  
Oakland-San Francisco

Tim Frank  
CENTER FOR SUSTAINABLE NEIGHBORHOODS  
Berkeley

Rev. Norman Fong, Executive Director  
CHINATOWN COMMUNITY DEVELOPMENT CENTER  
San Francisco

Alex Tom, Executive Director  
CHINESE PROGRESSIVE ASSOCIATION  
San Francisco

Larry Gross, Executive Director  
COALITION FOR ECONOMIC SURVIVAL  
Los Angeles

Daniel Saver, Attorney  
COMMUNITY LEGAL SERVICES IN EAST PALO ALTO  
East Palo Alto

Fernando Martí and Peter Cohen, Co-directors  
COUNCIL OF COMMUNITY HOUSING ORGANIZATIONS  
San Francisco

Joshua Simon, Executive Director  
EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION  
Oakland

Isela Gracian, President  
EAST LA COMMUNITY CORPORATION  
Los Angeles

Nancy Halpern Ibrahim  
ESPERANZA COMMUNITY HOUSING CORPORATION  
Los Angeles

Jennifer Martinez, Executive Director  
FAITH IN ACTION-BAY AREA  
San Francisco and San Mateo Counties

Andy Levine

FAITH IN COMMUNITY  
Fresno

Sarah Sherburn-Zimmer  
HOUSING RIGHTS COMMITTEE OF SAN FRANCISCO  
San Francisco

Elsa P. Chagolla, Executive Director  
INQUILINOS UNIDOS (UNITED TENANTS)  
Los Angeles

Alexandra Suh, Executive Director  
KOREATOWN IMMIGRANT WORKERS ALLIANCE  
Los Angeles

Gordon Mar, Executive Director  
JOBS WITH JUSTICE SAN FRANCISCO  
San Francisco

Remy De La Peza, Director of Planning & Policy Counsel  
LITTLE TOKYO SERVICES CENTER  
Los Angeles

Jorge Rivera  
LONG BEACH RESIDENTS EMPOWERED (LIBRE)  
Long Beach

Tamika Butler, Executive Director  
LOS ANGELES COUNTY BICYCLE COALITION  
Los Angeles

Luis Granados, Executive Director  
MISSION ECONOMIC DEVELOPMENT AGENCY  
San Francisco

Marty Bennett, Chair  
NORTH BAY JOBS WITH JUSTICE  
Santa Rosa

Omar Medina, President  
THE NORTH BAY ORGANIZING PROJECT  
Santa Rosa

Carol Stephenson, Communications Strategist  
PACT: PEOPLE ACTING IN COMMUNITY TOGETHER  
San Jose

Antonio Díaz, Organizational Director  
PEOPLE ORGANIZING TO DEMAND ENVIRONMENTAL & ECONOMIC RIGHTS (PODER)  
San Francisco

Martha Dina Argüello, Executive Director  
PHYSICIANS FOR SOCIAL RESPONSIBILITY - LA  
Los Angeles

Edwin Morgado, Executive Director  
PLACER PEOPLE OF FAITH TOGETHER  
Placer County

Shashi Hanuman, Directing Attorney  
PUBLIC COUNSEL  
Los Angeles

Matthew Reed, Senior Organizer  
SACRED HEART HOUSING ACTION COMMITTEE  
San Jose

Patricia Hoffman and Denny Zane, Co-Chairs  
SANTA MONICANS FOR RENTERS' RIGHTS  
Santa Monica

Deepa Varma, Director  
SAN FRANCISCO TENANTS UNION  
San Francisco

SEIU 1021  
Oakland - San Francisco - Sacramento

Anthony King  
SILICON VALLEY DE-BUG  
San Jose

Sissy Trinh  
SOUTHEAST ASIAN COMMUNITY ALLIANCE  
Los Angeles

Cynthia Strathmann, Executive Director  
STRATEGIC ACTIONS FOR A JUST ECONOMY (SAJE)  
Los Angeles

Sandra McNeill, Executive Director  
TENEMOS QUE RECLAMAR Y UNIDOS SALVAR LA TIERRA-SOUTH LA (T.R.U.S.T. SOUTH LA)  
Los Angeles

Chancee Martorell, Executive Director

THAI COMMUNITY DEVELOPMENT CORPORATION  
Los Angeles

Mike Henneberry, Political Director  
UFCW Local 5  
Hayward - San Jose

Milton Hum, Secretary-Treasurer  
UFCW Local 648  
San Francisco

Ken Tray, Political Director  
UNITED EDUCATORS OF SAN FRANCISCO  
San Francisco

UNITE HERE Local 2  
San Francisco

Tony Roshan Samara, Program Director of Land Use and Housing  
URBAN HABITAT  
Oakland

Francesca de la Rosa, Director of Policy and Strategic Alliances  
WOMEN ORGANIZING RESOURCES, KNOWLEDGE AND SERVICES (WORKS)  
Los Angeles

(PARTIAL LIST AS OF 6/8/2016 9:12AM)



May 27, 2016

The Honorable Jerry Brown  
Office of the Governor  
State Capitol, Room 1173  
Sacramento, CA 95814

**RE: 707 Streamlining Affordable Housing Approvals Trailer Bill – SUPPORT IF AMENDED/WITH RECOMMENDATIONS**

Dear Governor Brown:

The undersigned housing organizations are writing to express our support for your proposal to streamline multifamily housing approvals, if amended. The organizations included in this letter have fought for many years to address the state’s housing affordability crisis and are pleased to see your recognition of the crisis and the hurdles local land use policies have presented to developing enough housing for the state. Strong land use policies and investment in affordable development are crucial to addressing the housing crisis in our state.

Amendments:

Our organizations are prepared to support the proposed trailer bill with the following amendments:

1. Amend Section 65913.3 to clarify that the proposal’s land-use restrictions do not override local inclusionary zoning ordinances with the following language: *“Nothing in this section shall be construed to expand or contract the authority of a local government to adopt an ordinance, charter amendment, or policy requiring that any housing development contain a fixed percentage of housing units affordable to and occupied by persons of specified lower or moderate incomes.”*
2. Amend Section 65913.3(b) to include the following “no net loss” provision: *“If the development is proposed on any property that includes a parcel or parcels on which rental dwelling units are or, if the dwelling units have been vacated or demolished in the five-year period preceding the application, have been subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income; subject to any other form of rent or price control through a public entity’s valid exercise of its police power; or occupied by lower or very low income households, unless the proposed housing development replaces those units and the development otherwise complies with the requirements of section 65915.”*

3. Modify the affordability requirements for developments within a transit area to be: *“At least ten percent of the total units of a housing development restricted to and occupied by individuals whose income is sixty (60) percent or less of area median income.”*

Additional Recommendations:

With the above amendments, our organizations are prepared to support the proposal. In addition, we have a number of other suggestions that we believe would strengthen the proposal and help achieve the Administration’s goal of producing more housing that is affordable:

1. State Density Bonus law provides cost-reducing incentives to developers who agree to make a percentage of their homes affordable to low- and moderate-income household. The incentives include reduced parking requirements, increased density, smaller set-backs, and other modified development standards that reduce costs and/or allow a developer to use land more efficiently. To ensure that developers can utilize both State Density Bonus law in conjunction with this proposal, clarification is necessary to make clear that “consistent with the general plan and zoning standards” includes a project that is receiving a density increase or concessions for which the development is eligible and the approval of such an application be ministerial.

Amend Section 65913.3(b)(2) as follows: *“The development, excluding any additional density or any other concessions, incentives, or waivers of development standards to which the development is entitled pursuant to an application under Section 65915, is consistent with objective general plan and zoning standards in effect at the time that the subject development is submitted to the local government pursuant to this section.”*

Amend Section 65913.3(f) as follows: *“The review of a permit, license, certificate, or any other entitlement, including, but not limited to: the enactment and amendment of zoning or design review ordinances or guidelines, the approval of any additional density or any other concessions, incentives, or waivers of development standards to which the development is entitled pursuant to an application under Section 65915, the issuance of zoning variances, the issuance of conditional use permits, and the approval of tentative subdivision maps, by any public agency with land-use authority over any development that satisfies subdivision (b) of this section shall be ministerial.*

2. Clarify that the definition of housing sites includes affordable housing overlay zones.
3. Make the definition of “transit priority area” consistent with Public Recourses Code Sections 21099(a) (7), 21155(b), and 21064.3.
4. Increase land-use restriction to at least 55 years for rental housing units.
5. Require *“that at least ten percent of the total units of the development be made affordable to and occupied by lower income households, as defined in Section 50079.5 of the Health and Safety Code, and that at least 10 percent of the total units of the development be made affordable to and occupied by very low income households, as defined in Section 50105 of the Health and Safety Code”* for all projects, regardless of location. In the Bay Area and Los Angeles there is strong competition for sites near transit so little incentive for development is needed in those areas. Our climate goals and affordability goals are better served by keeping lower income, higher propensity transit riders near transit stations.
6. Clarify that all attached housing developments within a master plan or a specific plan satisfy all of the criteria in Section 65913.3(b) so long as the entire plan is consistent with the requirements.

We recognize that increasing housing supply for all economic segments of our society is a key component of addressing the state's housing crisis, but increasing supply alone won't reach Californians most in need. Even by streamlining housing approvals, the housing market won't change overnight. In order to address this crisis now, we must make smart, targeted investments and lean on California's demonstrated success in lifting people and families out of poverty by building affordable places to live. We are, therefore, strong supporters of the Assembly proposal to invest a significant portion of the state's surplus into proven affordable housing programs and the Senate's "No Place Like Home" initiative, which will provide much-needed help to Californians experiencing chronic homelessness and mental health issues. We urge you to support these proposals through the budget process.

Sincerely,

Ray Pearl  
California Housing Consortium

Shamus Roller  
Housing California

Anya Lawler  
Western Center on Law and Poverty

Brian Augusta  
California Rural Legal Assistance Foundation

Rob Wiener  
California Coalition for Rural Housing

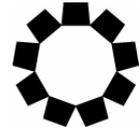
Matt Schwartz  
California Housing Partnership Corporation

Meghan Rose  
LeadingAge California

Stephen Russell  
San Diego Housing Federation

Cesar Covarrubias  
The Kennedy Commission

CC: The Honorable Anthony Rendon, Speaker of the California State Assembly  
The Honorable Phil Ting, Chair of Assembly Budget Committee  
The Honorable Lorena Gonzalez, Chair of Assembly Appropriations Committee  
The Honorable Kevin De Leon, President Pro Tempore of the California State Senate  
The Honorable Mark Leno, Chair of Senate Budget Committee  
The Honorable Ricardo Lara, Chair of Senate Appropriations Committee



# CALL AND NOTICE

## CALL AND NOTICE OF SPECIAL MEETING OF THE FINANCE AND PERSONNEL COMMITTEE OF THE ASSOCIATION OF BAY AREA GOVERNMENTS

As Chair of the Finance and Personnel Committee of the Association of Bay Area Governments (ABAG), I am calling a special meeting of the Finance and Personnel Committee as follows:

### ABAG FINANCE AND PERSONNEL COMMITTEE SPECIAL MEETING

Thursday, June 16, 2016, 5:00 PM

Location:

Bay Area Metro Center  
375 Beale Street, Conference Room 6102  
San Francisco, California

Teleconference Location:

County Government Center, 70 W. Hedding Street, 10<sup>th</sup> Floor, San Jose, California 95110

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

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

*For information, contact Courtney Ruby, Interim Finance Director, at (415) 820 7923.*

**1. CALL TO ORDER**

**2. PUBLIC COMMENT**

Information

**3. APPROVAL OF MINUTES OF MARCH 17, 2016**

ACTION

**4. PRESENTATION AND REVIEW OF FINANCIAL REPORT FOR MARCH 2016**

Information/ACTION

**5. ORAL REPORT ON PAYMENT OF MEMBERSHIP DUES FY 15-16 AND FY 16-17**

Information

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

Information

**7. CLOSED SESSION**

**ABAG Finance and Personnel Committee**

June 16, 2016

2

**A. Public Employee Performance Evaluation**

Title: Executive Director

**8. ADJOURNMENT**

The next meeting of the Finance and Personnel Committee will be on July 21, 2016.

Members of the public shall be provided an opportunity to directly address the Finance and Personnel Committee concerning any item described in this notice before consideration of that item.

Agendas and materials will be posted and distributed for this meeting by ABAG staff in the normal course of business.

Submitted:

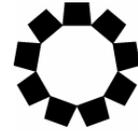
/s/ Bill Harrison  
Chair

Date Submitted: June 7, 2016

Date Posted: June 8, 2016

# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

## AGENDA

### **FINANCE AND PERSONNEL COMMITTEE**

Thursday, June 16, 2016, 5:00 PM

Location:

Bay Area Metro Center  
Association of Bay Area Governments  
375 Beale Street, Conference Room 6102  
San Francisco, California 94105

Teleconference Location:

County Government Center  
70 W. Hedding Street, 10<sup>th</sup> Floor  
San Jose, California 95110

*The ABAG Finance and Personnel Committee may take action on any item on this agenda.*

*Agenda and attachments available at [abag.ca.gov](http://abag.ca.gov)*

*For information, contact Courtney Ruby, Interim Finance Director, at (510) 464-7923.*

#### **1. CALL TO ORDER**

#### **2. PUBLIC COMMENT**

Information.

#### **3. APPROVAL OF MINUTES OF MARCH 17, 2016**

ACTION.

*Minutes of March 17, 2016 meeting attached.*

**ABAG Finance and Personnel Committee**

June 16, 2016

2

**4. PRESENTATION AND REVIEW OF FINANCIAL REPORT FOR MARCH 2016**

Information/ACTION.

*Financial Report for March 2016 is attached.*

**5. ORAL REPORT ON PAYMENT OF MEMBERSHIP DUES FY 15-16 and FY 16-17**

Information.

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

Information.

**7. CLOSED SESSION**

**A. Public Employee Performance Evaluation**

Title: Executive Director

**8. ADJOURNMENT**

The next meeting of the Finance and Personnel Committee will be on Thursday, July 21, 2016.

Submitted:

Courtney Ruby, Interim Finance Director

Date: June 7, 2016

# ABAG FINANCE AND PERSONNEL COMMITTEE

## Summary Minutes

March 17, 2016

### Members Present

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

### Jurisdiction

City of Fremont  
County of Contra Costa  
City of Oakland  
City of South San Francisco  
County of Alameda  
County of Napa  
City of Clayton  
County of Sonoma  
County of Solano

### Members Absent

Supervisor David Cortese  
Vice Mayor Greg Scharff

County of Santa Clara  
City of Palo Alto

### Officers and Staff Present

Ezra Rapport, Executive Director  
Bradford Paul, Asst. Exec. Director  
Kenneth Moy, Legal Counsel  
Courtney Ruby, Interim Finance  
Director  
Brian Kirking, HR & IT Director  
Susan Hsieh, Asst. Finance Director

### Guests

Ken Bukowski, Videographer

1. The meeting was called to order by Mayor Harrison, Committee Chair, at 5:00 pm.
2. There was no public comment.
3. Summary Minutes of the January 21, 2016 meeting were approved. /M/  
Pierce/S/Mitchoff/C/approved unanimously.
4. Ms. Ruby presented the financial reports for January 2016. She reported the key financial results and indicated that a surplus is projected at year end. She also reported to the Committee that the projected revenues and expenses were

increased to reflect the current activities for BayREN and the Integrated Regional Water Management Plan. The two programs are very successful and subrecipients made significant progress on the projects. /M/Seifert/S/ Mitchoff /C/acceptance of the report unanimously.

5. Ms. Ruby and Mr. Paul reported that two members haven't paid the membership dues for FY 15-16. Mr. Paul will follow up with the members again.
6. Ms. Courtney reported on the status of line of credit (LOC) renewal with Bank of the West. The document has been signed extending the LOC to June 30, 2016. Staff will advise the bank the result of the ABAG-MTC merger study in May or June 2016 and will seek to renew the LOC to February 2017.
7. There was no reportable action from Closed Session.
8. There were no discussions about item 8.
9. Meeting was adjourned at 6:43 pm.

Submitted: Susan Hsieh, Assistant Finance Director

To: Finance and Personnel Committee

Date: June 7, 2016

From: Courtney Ruby  
Interim Finance Director

Re: Financial Reports  
March 2016

The following are highlights of the financial reports for March 2016.

### **Overall Summary**

Expenses exceeded revenues by \$18 thousand for the nine months ended March 31, 2016. A \$465 thousand surplus is projected at year end compared to the \$50 thousand surplus projected in the adopted budget for fiscal year 2015-16. Please refer to the **Table of Financial Report Data Elements** for fiscal year budget, year-to-date actual and projected fiscal year numbers.

### **Cash on Hand**

The cash balance was \$7.3 million at the end of March, including \$2.2 million deposited in the Local Agency Investment Fund (LAIF). As shown in Figure 1 the actual monthly cash balances for nine months of fiscal year 2015-16, and the projected balance for the year end are within our normal range of \$6.0 to \$10.0 million. The cash balance is projected to be approximately \$5.0 million at the end of the fiscal year.

### **Receivables**

Receivables from grant and service programs amounted to \$2.05 million at the end of May 2016 and there was \$11m of unbilled receivables relating to SFEP Integrated Regional Water Management Plan. Receivable over 90 days past due were \$387 thousand. Included in the over 90 days past due receivables is \$153 thousand from the Department of Water Resources. Subsequent to April 30th, no reduction in the receivable balance has occurred. All receivables are believed to be collectible.

All city and county 2015-16 ABAG membership dues had been received by March 31, 2016.

### **Revenues and Expenses**

As of March 31, 2016, total revenue amounted to \$38.5 million, which is 78 percent, of the projected revenue for the year of \$49.2 million. Total expenses were also \$38.5 million, which is 79 percent, of the projected expenses for the year of \$48.7 million.

Figure 3 presents a graphic comparison of the current month of March, the nine month year-to-date actual, and fiscal year projected revenues and expenses and net surplus or deficit. The figure shows a significant projection of \$465 thousand for the fiscal year, which was the estimated funding for new assets and renovations projected to be received from Metropolitan Transport Commission (MTC) on move to new premises in San Francisco.

Figures 4 and 5 show year-to-date revenues and expenses by major categories. Grants revenue is 81% of total revenue, compared to 79% for the prior fiscal year. Pass-through and Consultant expense are 69% of total expenses, compared to 61% for the prior fiscal year. The increasing percentages for these categories of revenues and expenses are caused by the growth of the BayREN project, which has provided ABAG revenue in excess of \$44 million since its inception in March 2013. Additionally, SFEP helped secure an additional \$41million in state grant funds and now manages for our partners a total of \$93 million for multi-benefit water quality and drought response projects. In FY 2016/17 alone, BatREN and SFEP projects will be responsible for administrating \$128 million and \$26.9 million in state grants respectively, out of ABAG's total state funding of \$42.7 million.

### **Net Position/Fund Equity**

Total fund equity was negative \$8.1 million as of March 31, 2016. In compliance with the new accounting pronouncement, GASB 68, beginning with the June 30, 2015 audited financial statements, we have recorded the ABAG accumulated unfunded pension obligation as a liability and reduction of fund equity. For internal financial statement purposes, we have elected to separately track the fund equity for pension and for operations. Thus the March fund equity for pension is presented as a negative \$12.3 million, and the accumulated fund equity from operations is presented as a positive \$2.5 million.

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

### **Indirect Overhead Rate**

The Agency's actual indirect cost (overhead) rate through March 2016 was 46.12%, which was 1.17 percentage points above the budget target of 44.95 percent. This variance from the budget is not unexpected at this point in the fiscal year, and we anticipate that the final actual overhead cost for the year will remain in line with the budget target for the full fiscal year. Figure 7 shows a comparison between the actual indirect cost rate through March 31, 2016 and the projected rate for the year.

### **Financial Information by Program**

The **Report by Program of Net Surplus/(Deficit)** is included after the charts. This report presents revenue and expense information by program. It provides an overview of budgeted and year-to-date revenue and expense data for major programs such as the Planning Services, San Francisco Estuary Partnership, Bay Trail and POWER/Energy. None of the programs listed on this chart is significantly out of line with its budget at this time. The chart includes a projection of expenses for the year of \$51.9 million; this is up \$17.7 million from the November 30 projection. The majority of this increase occurred is due to increase in Integrated Regional Water Management Program, a component of the SFEP, and the BayREN energy conservation rebate program, which is administered by ABAG POWER as previously discussed.

**Financial Outlook**

The projection for fiscal year 2015-16 is for a surplus of revenues over expenses.

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

For the Month Ended March 2016

Projected percentage of budget is 75%.

Description	Adopted Budget	Projected Fiscal Year Budget	Year-To-Date Actual	% of Projected Fiscal Year Budget
<b>ASSETS</b>				
Cash		5,000	7,353	
Receivables		11,000	13,973	
<b>REVENUES</b>				
Membership Dues	1,897	1,897	1,423	75%
Grants	19,450	37,888	31,096	82%
Charges for Services and Other	5,360	9,401	5,967	63%
<b>Total Revenues</b>	<b>26,707</b>	<b>49,186</b>	<b>38,486</b>	<b>78%</b>
<b>EXPENSES</b>				
Salaries and Benefits	11,588	10,900	8,179	75%
Pass-through and Consultant Expenses	12,780	31,176	26,587	85%
Other Expenses	2,289	6,645	3,738	56%
<b>Total Expenses</b>	<b>26,657</b>	<b>48,721</b>	<b>38,504</b>	<b>79%</b>
Change in Net Position	50	465	(18)	-4%
Beginning Net Position	(8,095)	(8,095)	(8,095)	100%
Ending Net Position	(8,045)	(7,630)	(8,113)	106%
<b>NET POSITION BREAKDOWNS</b>				
Unrestricted - Accumulated Operations Surplus	2,551	2,516	2,533	101%
Unrestricted - Pension Adjustment - June 30, 2015	(12,253)	(12,253)	(12,253)	100%
Restricted - Tenant Improvements	800	1,250	800	64%
Restricted - Other	857	857	807	94%
<b>Total Net Position</b>	<b>(8,045)</b>	<b>(7,630)</b>	<b>(8,113)</b>	<b>106%</b>
<b>INDIRECT OVERHEAD</b>				
Overhead Rate	44.95%	46.02%	46.12%	100%

Item 4

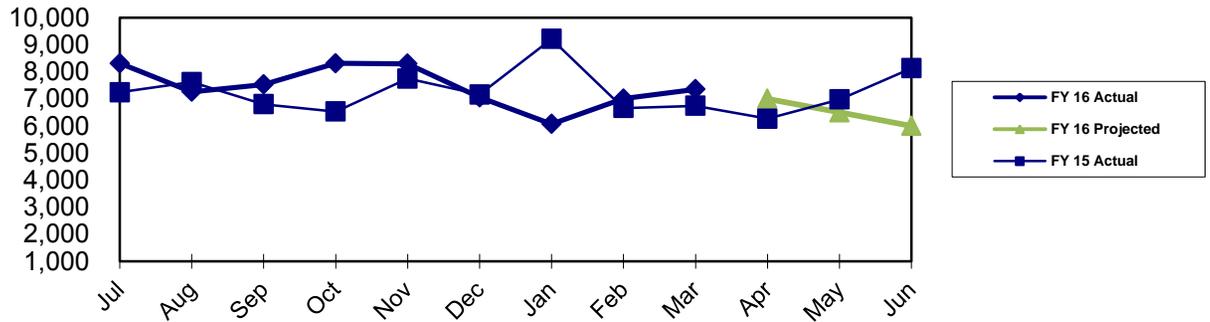
Item 7

## ABAG Financial Indices

Cash on Hand FY 15-FY 16 (\$'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 16 Actual	8,316	7,258	7,533	8,312	8,298	7,052	6,073	7,010	7,353			
FY 16 Projected										7,000	6,500	6,000
FY 15 Actual	7,243	7,620	6,801	6,529	7,751	7,161	9,213	6,661	6,745	6,270	6,979	8,128

**Represents** the sum total of cash deposited at our bank and the Local Agency Investment Fund. This chart shows fluctuation patterns of cash on hand for the current and prior fiscal years.

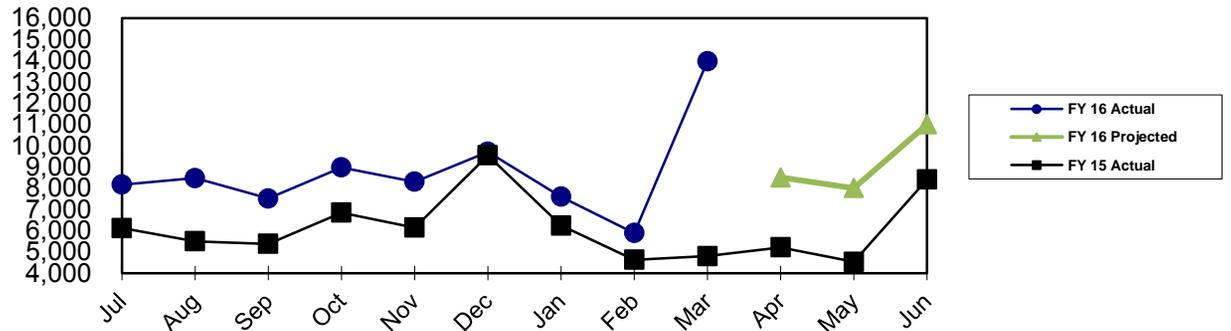
**Figure 1--Cash on Hand--FY 15 and FY 16 (\$'000)**



Accounts Receivable FY 15-FY 16 (\$'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 16 Actual	8,163	8,471	7,515	8,974	8,299	9,710	7,593	5,885	13,973			
FY 16 Projected										8,500	8,000	11,000
FY 15 Actual	6,116	5,495	5,377	6,846	6,141	9,544	6,239	4,625	4,802	5,213	4,526	8,404

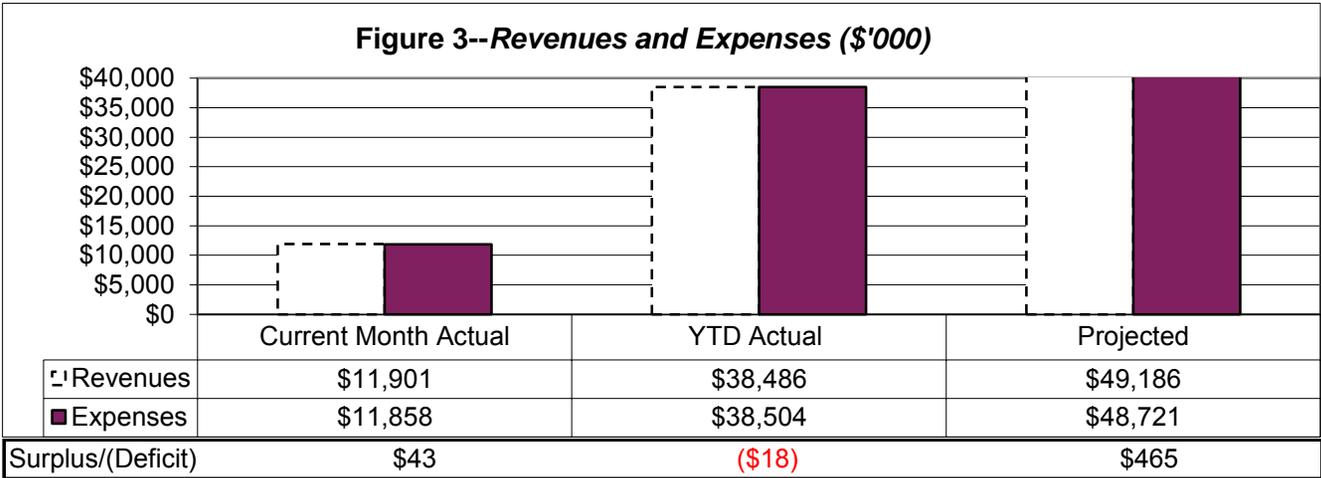
**Accounts** receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels.

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



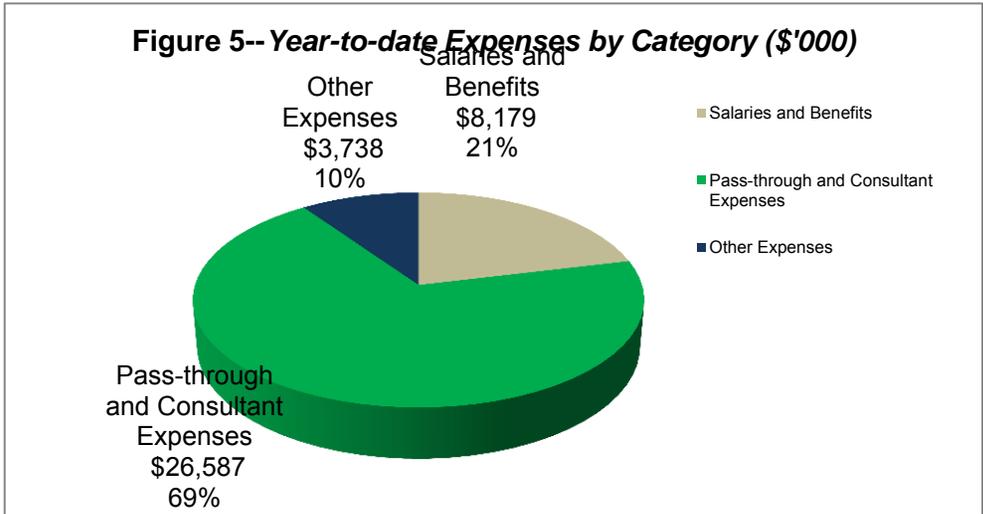
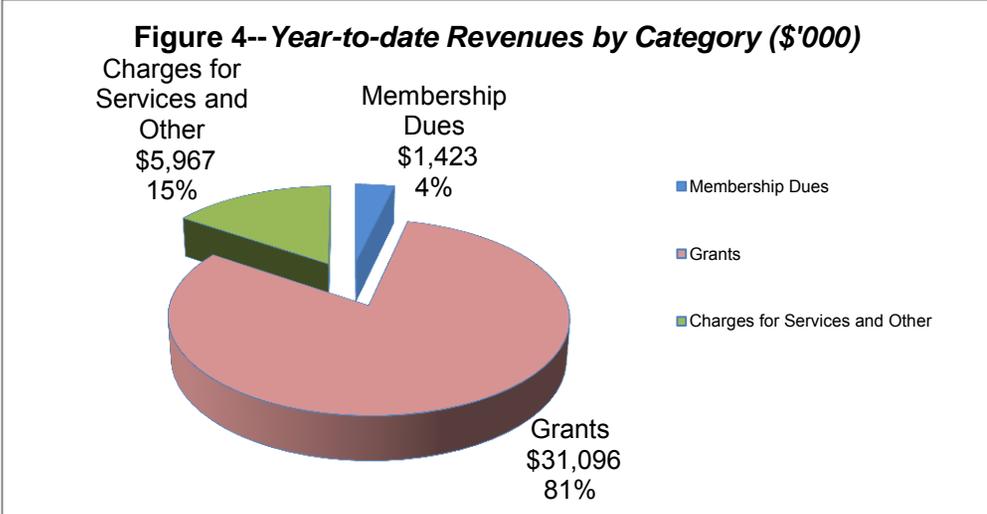
### ABAG Financial Indices

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



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

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

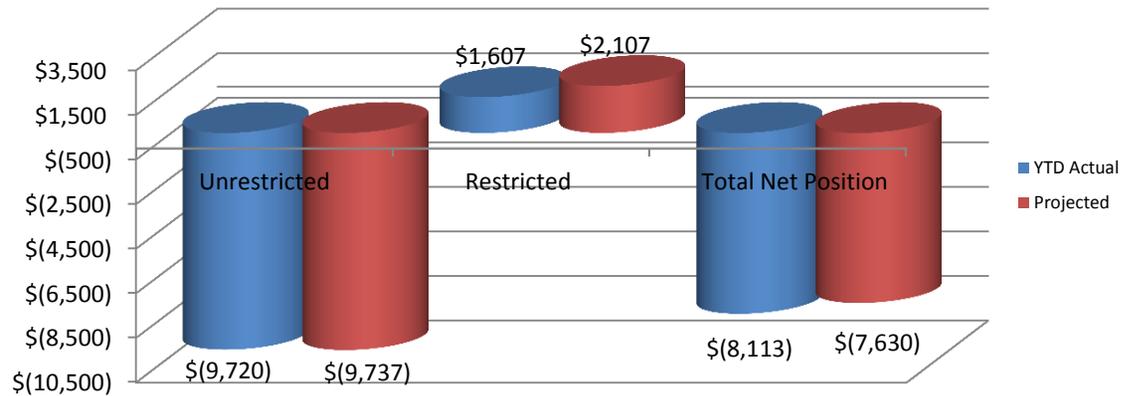


## ABAG Financial Indices

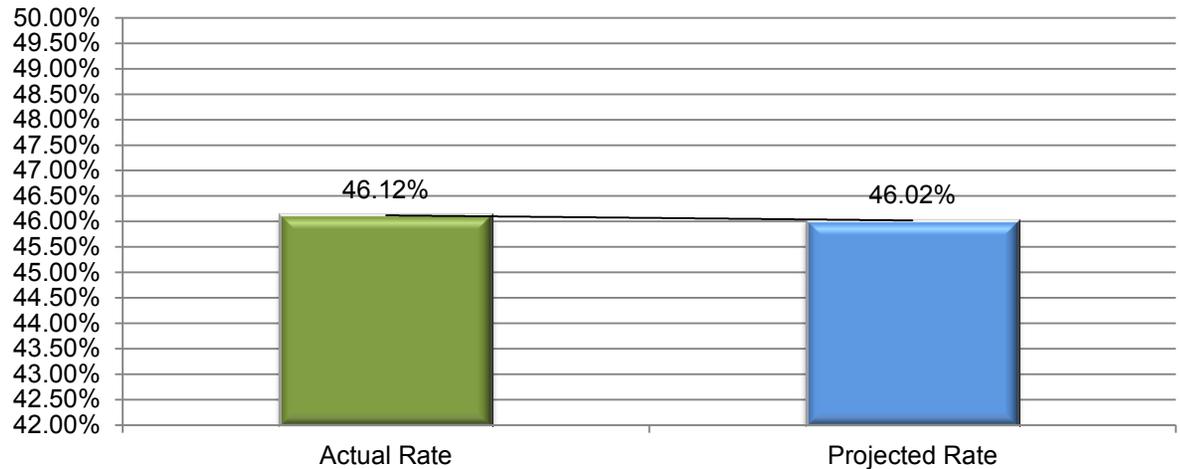
**Presents** actual and adopted/projected general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvements, building maintenance, self-insurance, capital and contingency reserve. These restricted equities represent the Association's equities set aside for specific purposes. Total equity is the sum total of general and restricted equities.

**Shows** a comparison between the actual indirect cost rate and the approved/projected rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with federal guidelines.

**Figure 6--Net Position/Fund Equity (\$'000)**



**Figure 7--Indirect Overhead Rate**



## Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit)  
Through March 2016 / 75% of Year Elapsed

Program Description	Projected Fiscal Year Expenses	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	% of Expense Budget	Comments ( for budgets over \$10m and variance 10% > or < than 75%)
	A	B	C	D = B - C	E = C/A	
Planning Services	3,744,158	2,880,287	2,880,378	(91)	77%	
San Francisco Estuary Partnership	17,682,606	13,061,401	13,063,441	(2,040)	74%	Year-to-date expenses at 71% of the annual project compare well to the expected 75% of annual projections. Of the \$13m year-to-date expenses, \$10m was billed in February 2016. The spike in February was due to subrecipients (consisted of members and agencies in member jurisdictions) billing for the first time for Round 3 of the Integrated Regional Water Management Plan. Subrecipients have made significant progress on various projects although the grant won't expire until May 2019.
Disaster Recovery	1,039,283	548,976	548,976	-	53%	Funding from FEMA was received in October 2015 but activity did not pick until January 2016 due to gradual transfer of staff from other projects. The budget had anticipated immediate kick off on receipt of funding in October. Project manager anticipates that project will be 90% complete by end of the year.
Bay Trail	1,808,046	851,158	851,158	-	47%	Originally, several key projects were expected to be completed by June 30, 2016 at \$1.8m. The completion dates have now been extended to September 30, 2016. Expenses will increase towards year end but there is expectation that part of the funds will be spent in the first quarter of FY 2016/17.
Green Business	63,000	74,310	74,310	-	118%	Revenue received from member cities this fiscal year was \$90k. By end of the year, the Project Manager anticipates to spend up to the full funding of \$90k. As a result projected expenses are understated.

## Association of Bay Area Governments

### Report by Program of Net Surplus/(Deficit) Through March 2016 / 75% of Year Elapsed

Program Description	Projected Fiscal Year Expenses	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	% of Expense Budget	Comments ( for budgets over \$10m and variance 10% > or < than 75%)
	A	B	C	D = B - C	E = C/A	
Training Center, Web Hosting and Publications	431,077	365,057	369,736	(4,679)	86%	The current Hazmat School training program has been transferred to our partner, Safety Compliance Management (SCM). Only residue winding down activities of \$23k are expected in the last quarter of the year, and we received \$50k in April 2016 from SCM for sale of the project to them (Sale prices \$200k, 3 installments, \$50k in 2016 and \$75k in 2017 and 2018.)
POWER/Energy	17,787,201	14,269,536	14,297,552	(28,016)	80%	Year-to-date expenses at 80% of the annual project compare well to the expected 75% of annual projections. Of the \$14m year-to-date expenses, \$9m was billed in February 2016. The spike in February was due to cities and counties submitted their final billing for the funding ended in December 2015. The budget includes \$17m for the BayREN program made up of earlier funding of \$12m plus carry over from fy13/14 of \$1m and new BayREN grant in January of \$4m.
FAN Finance Authority	1,076,029	886,996	856,921	30,075	80%	
PLAN Corporation - Property & Liability Insurance Pool	2,458,589	1,638,235	1,638,235	-	67%	
SHARP - Worker's Comp Pool	163,302	69,251	69,251	-	42%	We expect expenses to increase towards year end as members claim reimbursements for loss prevention program expenditures. However, actual expenses at the end of the year are expected to be lower than budget due to savings of about \$30k in personnel and claims
Fiscal Agent Services	136,469	105,484	100,935	4,549	74%	
Communications/Legislative	557,998	448,412	447,412	1,000	80%	

## Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit)  
Through March 2016 / 75% of Year Elapsed

Program Description	Projected Fiscal Year Expenses		Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	%	% of Expense Budget	Comments ( for budgets over \$10m and variance 10% > or < than 75%)
	A		B	C	D = B - C		E = C/A	
Agency Administration	1,328,826		960,278	834,445	125,833		63%	Expect expenses to increase during latter part of the fiscal year due budgeted contribution to BARC (\$31K) and the General Assembly.
Payroll Clearing	(30,000)		-	119,038	(119,038)		-397%	We expect p/r clearing account to end the year with a small deficit.
Central Overhead	3,202,988		2,326,740	2,352,081	(25,341)		73%	
Totals	51,449,572		38,486,121	38,503,869	(17,748)		75%	

# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



**ABAG**

Date: June 7, 2016  
To: ABAG Executive Board  
From: Ezra Rapport  
Executive Director  
Subject: **ABAG MTC Merger Implementation Action Plan**

On May 19 the Executive Board adopted Resolution No. 07-16 (Attachment A) expressing its policy support for Option 4 (full staff and governance merger) and Option 7 (staff merger first, then pursue a new governance model) of the *MTC and ABAG Merger Study Options Analysis and Recommendation Report* (2016) prepared by Management Partners (MP). ABAG's resolution of support for Option 7 included a set of principles (Attachment A) to guide further negotiations with MTC.

On May 25, MTC adopted Option 7. Therefore, the pathway forward is for both agencies to begin work on Option 7. The next step in the process is the mutual adoption by ABAG and MTC of Management Partners' final product, the Implementation Action Plan (IAP) (Attachment B). In the words of MP, this IAP is intended as a guide for further discussions between the agencies and not as a prescriptive list of tasks. The adoption of this document has been recommended by the joint MTC Planning Committee and the ABAG Administrative Committee on May 27, 2016.

Consistent with Option 7, there are two documents that will need to be executed prior to any transfer of any ABAG employees to MTC. One document is the Memorandum of Understanding (MOU) between ABAG and MTC, which is intended to set a time line and a framework for the two agencies to discuss governance issues. A second document, the Contract for Services between ABAG and MTC will be the agreement under which MTC will provide staffing for ABAG and all its programs.

While we do not think it is necessary for the Executive Board to further condition the approval of proceeding in accordance with the IAP, we do offer the following comments regarding the prospective contents of each document.

## Memorandum of Understanding

The MOU will document the roles and responsibilities of the ABAG General Assembly and Executive Board with respect to all non-transportation regional issues, including land use, environmental, and resilience issues. Consideration of new governance models should include a process and commitment by a date certain to assemble and evaluate alternative options. The main concern is governance over non-transportation regional issues, and the best way to

## **ABAG MTC Merger Implementation Action Plan**

June 7, 2016

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effectuate a high level of institutional performance with clarity. For this reason, we believe this consideration should occur sooner rather than later. Also germane to the MOU are the provisions related to the principle of how the Successor Executive Director will be selected and governed, including a job description and procedures for joint governance and evaluation.

### Contract for Services

The Contract for Services requires extensive due diligence by both organizations prior to staff merger. The personnel classification system must be adopted by MTC so that ABAG employees can continue their work. The classification system will need to address input from ABAG's bargaining unit. In addition, the agreement should recognize the programs and services administered by ABAG and their importance to ABAG's members and partners. Attached is a brief description of these programs (Attachment C). All of these programs will be subject to due diligence by MTC.

ABAG's revenues from membership dues, grants and program fees and its resources, including real and personal property and fund reserves will remain with ABAG. These revenues and resources will be used to pay for services provided by MTC with former ABAG employees and to defray the MTC's costs. It will be very important to include dialogue with ABAG's grantors and enterprises.

### Regular Updates

These issues present themselves with a degree of complexity. Accordingly, upon approval of the IAP, staff will be providing regular progress reports to the Executive Board and posting these on the website. At subsequent Executive Board meetings, we will present ABAG programs with an in-depth discussion of mission and organization, including of representatives of program governance outside of ABAG.

### Recommended Action

Staff recommends approval of the IAP for Option 7, pursuant to the attached Resolution of Approval (Attachment D).

### Attachments

- A. Resolution No. 07-16
- B. Management Partners Report IAP
- C. Program Descriptions
- D. Resolution No. 08-16

**ASSOCIATION OF BAY AREA GOVERNMENTS  
EXECUTIVE BOARD**

**RESOLUTION NO. 07-16**

**ABAG SUPPORT FOR ABAG MTC MERGER STUDY RECOMMENDATION  
OPTION 4 AND OPTION 7**

**WHEREAS**, the cities and counties of the Bay Area formed the Association of Bay Area Governments (ABAG) for the purposes of establishing a permanent forum for discussion and study of regional and subregional problems of interest and concern to them, developing policies and actions, and providing services and undertaking actions to address such problems; and

**WHEREAS**, for over 50 years, local jurisdictions have relied on ABAG, their Council of Governments (COG), to provide the staff support, resources, programs, and partnerships in a manner that provides local jurisdictions with significant input in developing and implementing regional and subregional initiatives, plans and programs, such as Plan Bay Area; and

**WHEREAS**, for decades now, the Metropolitan Transportation Commission (MPO) has conducted subregional and regional transportation planning and funding, working primarily through the Congestion Management Agencies (CMAs); and

**WHEREAS**, last fall MTC adopted Resolution 4210 that provided interim funding for ABAG's work on the update to Plan Bay Area while ABAG and MTC jointly hired a consultant to help them explore opportunities for greater collaboration up to, and including, full merger; and

**WHEREAS**, merging these two regional agencies has the potential to create new opportunities to bring more comprehensive, better integrated transportation and land use planning services to the Bay Area; and

**WHEREAS**, if ABAG becomes part of a larger, more financially secure, merged agency that preserves ABAG's autonomy, policy oversight and statutory regional responsibilities, there would be greater economic flexibility and security for ABAG programs, and guarantee that current ABAG employee and retiree benefits are protected; and

**WHEREAS**, MTC acknowledges the value of the COG to the region and its local jurisdictions, stakeholders and residents, and has made a commitment to preserving ABAG's statutory authority, programs and voice in regional policy decisions; and

**WHEREAS**, both ABAG and MTC proposes to negotiate the terms of a merger as equal partners with each bringing its own strengths, assets and programs to the negotiations.

**ASSOCIATION OF BAY AREA GOVERNMENTS  
RESOLUTION NO. 07-16**

**NOW, THEREFORE, BE IT RESOLVED**, that the ABAG Executive Board expresses policy support for Option 4 (Create a New Regional Agency and Governance Model), and Option 7 (Enter into a Contract between ABAG and MTC to Consolidate Staff Functions under One Executive Director and Enter into an MOU to Pursue New Governance Options (Full Functional Consolidation)), and directs staff to:

- (a) Enter into a letter agreement<sup>1</sup> to continue MTC's financial support of ABAG's planning services pending development and execution of a *Contract for Services* and *MOU* to pursue new governance options with MTC.
- (b) Cooperate with MTC to conduct financial and legal analyses to determine the impact on both ABAG and MTC of a staff consolidation.
- (c) Enter into negotiations and establish a deadline for:
  - 1) A multi-year *Contract for Service* that consolidates MTC and ABAG staff under one executive director and provides staffing for all ABAG statutory duties and responsibilities as the region's COG;
  - 2) A *memorandum of understanding (MOU)* to pursue new governance options within a specified time period.
- (d) Commission/Board Involvement: Request Commission/Board Chairs and/or their representatives to work with respective agency staff, legal counsel and a project manager/facilitator on the *Contract for Service* and *MOU*.
- (e) Employee Relations Committee: Establish a joint employee/management committee with representatives from both MTC and ABAG to assist with the transition process.
- (f) Communications Plan: Document each agency's existing policy structure and responsibilities, and clarify intent to maintain them until and unless there is a successor governance structure; include this as part of a communications plan to Bay Area cities and counties

**BE IT FURTHER RESOLVED** that the ABAG Executive Board requests that the MTC Commission and the ABAG Administrative Committee and/or their representatives work with the Executive Directors, counsels and staffs of ABAG and MTC and a third party manager/facilitator on the *Contract for Service* and *MOU*.

**BE IT FURTHER RESOLVED** that ABAG Executive Board adopts the principles in Attachment A to this resolution to be applied to the implementation of Option 7.

<sup>1</sup> Items (a) through (e) are reflected in Sections A1-A6 of the AIP.

**ASSOCIATION OF BAY AREA GOVERNMENTS  
RESOLUTION NO. 07-16**

**BE IT FURTHER RESOLVED** that the successor to the current Executive Director of MTC shall be appointed by, and report to, the ABAG Executive Board and the Commission of MTC.

**FURTHER BE IT RESOLVED** that the ABAG Executive Board acknowledges that the Action Implementation Plan (AIP), once it is finalized and adopted by ABAG and MTC, is meant to set forth a process to guide the respective agencies as we move forward with Option 7. It is intended as a tool that the agencies may use to help plan the process, and may need to be modified over time.

The foregoing was adopted by the Executive Board this 19<sup>th</sup> day of May, 2016.

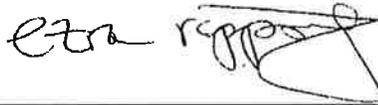


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Julie Pierce  
President

**Certification of Executive Board Approval**

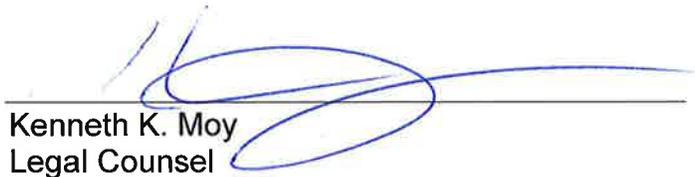
I, the undersigned, the appointed and qualified Secretary-Treasurer of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 19<sup>th</sup> day of May, 2016.



---

Ezra Rapport  
Secretary-Treasurer

**Approved as To Legal Form**



---

Kenneth K. Moy  
Legal Counsel

## ATTACHMENT A

### Principles Applied When Implementing Components of Option 7

- A. The Council of Governments (COG) provides local jurisdictions with the staff support, resources and partnerships necessary for them to have significant input in developing and implementing regional plans such as Plan Bay Area. The COG operates with the clear understanding that all land use authority in California resides with cities and counties. Support for Option 7 is conditioned on the continuation of local engagement and participation in regional planning in the following manner:
- 1) Cities and counties are essential partners in regional planning.
  - 2) Regional planning incorporates a meaningful and transparent public engagement process.
  - 3) Regional land use planning is responsive to local land use planning to build high quality neighborhoods.
  - 4) In addition to transit and transportation planning, regional land use planning integrates other relevant planning fields, such as water, agriculture and open space, resilience, energy efficiency, climate change adaptation and mitigation, air quality, sea level rise, economic development, and social equity.
- B. The COG should have a voice in developing land use incentives designed to promote the construction of and acquisition/rehabilitation of housing units scaled to support the Bay Area economy.
- C. When integrating the ABAG Planning and Research Department, special attention should be made to retain its collaborative and holistic culture.
- D. In concert with any organizational changes, ABAG and MTC staff should engage in a deliberate process for integrating missions that address: 1) the function, management, mission, and vision of ABAG departments; 2) internal and external relationship maintenance; 3) decision-making structures; and 4) conflict resolution.
- E. ABAG and MTC should designate a Staff Merger committee of Board and Commission members that will provide guidance with respect to merger activities and changes. This committee should be informed by an organizational consultant familiar with the overlapping areas of ABAG and MTC administration. We do not believe important decisions need to be made immediately, and it would be helpful for a committee of elected officials to be in place for any discussion of issues among the staff. The ABAG Executive Board is generally supportive of the worker protection list requested by SEIU in its letter to the ABAG Administrative Committee dated May 3, 2016, subject to refinement of specific timing and implementation issues, and will refer this 10-point Worker Protection Plan from SEIU to the Employee Relations Committee called for in the Implementation Action Plan (IAP).

**ASSOCIATION OF BAY AREA GOVERNMENTS  
RESOLUTION NO. 07-16**

- F. MTC administration should endeavor to understand and preserve ABAG's existing programs. Should MTC administration desire to make substantive changes, they must first consult with the ABAG Executive Board.
  
- G. The staff merger should include the transition of all ABAG staff. Savings and consolidation should take place through existing vacant positions, expected attrition opportunities in further reorganization, and through an organizational development plan approved by both ABAG and MTC.
  
- H. The ABAG Executive Board will need a management level staff person to act as a liaison to the new administration. The ABAG Board and the Executive Director of MTC should engage in a mutual process for the selection and retention of this liaison. The mechanism to accomplish this should be worked out as part of the IAP. This position will ensure that the ABAG Executive Board has an appropriate connection to staff so it can perform its policy oversight with autonomy.

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# Management Partners



To: MTC Planning Committee  
ABAG Administrative Committee

From: Lynn Dantzker, Partner  
Dan Marks, Special Advisor

Subject: MTC-ABAG Merger Study  
Implementation Action Plan (IAP)

Date: May 17, 2016

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Management Partners has developed the attached proposed Option 7 Implementation Action Plan (IAP) (Attachment A) to assist the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) with the implementation of Option 7 (full functional consolidation of staff and the pursuit of a new governance options). Also attached is an Overview Schedule of the proposed IAP (Attachment B). On April 22, 2016, Option 7 was recommended to the governing boards of each agency by the Joint Committee comprised of members of the MTC Planning Committee and ABAG Administrative Committee. The purpose of the IAP is to set forth a process to *guide* the respective agencies as they move forward. It is intended as a tool that the agencies may use to help plan the process; as a tool, the content, actions and dates listed may be modified as the process moves forward.

The approach to the IAP is organized around the following general objectives:

1. Gaining policy support for Option 7
2. Conducting a due-diligence analysis leading to a possible Contract for Service and Memorandum of Understanding (MOU)
3. Establishing a process by which employees will be engaged early and in-depth.
4. If contract for service is executed, transitioning ABAG employees.
5. Implementing general administrative activities to support the contract for service.
6. Integrating the ABAG work program into the MTC organization.

We will present this IAP at the May 27 Joint Committee meeting.

## Attachments

- A- Proposed Implementation Action Plan – Option 7
- B- Overview of Proposed Implementation Plan

# Attachment A

## Metropolitan Transportation Commission and Association of Bay Area Governments

### Consolidation of all Staff Functions and Pursuit of New Governance Options (Option 7) – Proposed Implementation Action Plan

May 17, 2016



## Introduction to the Implementation Action Plan

Management Partners has developed this proposed Option 7 Implementation Action Plan (IAP) to assist the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) with the implementation of Option 7 (full functional consolidation of staff and the pursuit of a new governance options). On April 22, 2016, Option 7 was recommended by the Joint Committee comprised of members of the MTC Planning Committee and ABAG Administrative Committee. The purpose of the IAP is to set forth a process to *guide* the respective agencies as they move forward. It is intended as a tool that the agencies may use to help plan the process; as a tool the dates and actions listed may be modified as the process moves forward.

The general approach to the IAP is predicated on the following:

1. Gaining policy support for Option 7
2. Conducting a due-diligence analysis leading to a possible Contract for Service and Memorandum of Understanding (MOU)
3. Establishing a process by which employees will be engaged early and in-depth.
4. If a contract for service is executed, transitioning ABAG employees.
5. Implementing general administrative activities to support the contract for service.
6. Integrating the ABAG work program into the MTC organization.

The Implementation Action Plan is organized around the following major objectives with specific Action Areas and general implementation steps set forth in each category:

- A. *General Agreements/Option 7 Policy Support:* Achieving policy support for Option 7 and a consensus regarding the general framework, schedule and plan for its implementation.
- B. *Contract for Service:* Conducting a financial analysis of the impact on both MTC and ABAG of consolidating all staff functions within MTC and developing a contract for service if determined to be feasible.
- C. *Memorandum of Understanding:* Establishing a time frame for future consideration of governance options.
- D. *Human Resources:* Establishing the compensation and benefit structure for ABAG employees to be transitioned to a consolidated agency.
- E. *General Administration:* Establishing a work program for general administrative activities following execution of a contract for service.

F. *Planning Programs and Services*: Developing an integrated work program for Plan Bay Area and establishing a unified planning team positioned to address the region's planning priorities.

The work involved to implement the steps described in each Action Area must be integrated into the other work of the agency's divisions, with appropriate assignments of lead responsibility for implementation and with the identification of more specific planned completion dates. To convert this draft to a final Action Plan, each agency will need to identify more specific target dates for completion of implementation. In doing so, modification of the described activities for implementing an individual action area based on knowledge of what will be required for completion, or to adjust the assignment of responsibility based on workload or other considerations may be required. Prudent implementation of most steps requires "circling back" after implementation and fine-tuning the implementation steps as determined to be necessary. The steps to do that are not spelled out for each item in this document on the assumption that it would be part of each agency's management system for any newly implemented action.

## A. General Agreements

*Objective: To achieve consensus regarding the general framework, schedule and plan for implementation of Option 7.*

No.	Action Area	General Implementation Steps	Completion Goal Date	Lead Implementation Responsibility	Comments
<b>Framework and Schedule</b>					
<b>A1.</b>	<b>Option 7 Policy Support</b>	<ul style="list-style-type: none"> <li>Adopt resolutions expressing support of Option 7 and direct staff to:                             <ol style="list-style-type: none"> <li>Enter into a letter agreement to support ABAG planning services pending development and execution of a Contract for Service.</li> <li>Conduct financial and legal analyses to determine the impact on both ABAG and MTC of a staff consolidation (see Item B5 below for implementation details).</li> <li>Enter into negotiations and establish a deadline for:                                     <ol style="list-style-type: none"> <li>A multi-year contract for service that consolidates staff under one executive director and provides staffing for all ABAG statutory duties and responsibilities as the region's COG</li> <li>A memorandum of understanding(MOU) to pursue new governance options within a specified time period</li> </ol> </li> </ol> </li> </ul>	June 30, 2016  July 2016  October 2016  September to October 2016	Agency Executive Directors	Policy action will be required by the Metropolitan Transportation Commission and the ABAG Executive Board.
<b>A2.</b>	<b>Implementation schedule</b>	<ul style="list-style-type: none"> <li>Develop a schedule for the development and execution of Contract for Service and MOU (to be simultaneous)</li> <li>Develop detailed action plan for assessment of and implementation of Contract for Service</li> </ul>	July 2016  July 2016	Agency Executive Directors	
<b>A3.</b>	<b>Joint Agency Commission/Board Chairs</b>	<ul style="list-style-type: none"> <li>Request Commission/Board Chairs or designees to work with respective agency staff, legal counsel and a project manager/facilitator on the Contract for Service and MOU</li> </ul>	July 2016	MTC Chair and ABAG President	
<b>A4.</b>	<b>Employee Relations</b>	<ul style="list-style-type: none"> <li>Establish a joint employee/management committee with</li> </ul>	July - September	Agency Executive	HR Directors, employee group

No.	Action Area	General Implementation Steps	Completion Goal Date	Lead Implementation Responsibility	Comments
	<b>Committee                      (See also Section D,                      Human Resources                      regarding Employee                      Transitions)</b>	representatives from both MTC and ABAG to assist with the transition process <ul style="list-style-type: none"> <li>• Meet with MTC bargaining group to discuss impacts of consolidating staff</li> <li>• Meet with ABAG bargaining group representatives to discuss current compensation and benefit information and MTC’s benefit programs and compensation policies</li> <li>• Meet with all ABAG employees to present and discuss the same information</li> </ul>	2016	Directors	and collective bargaining representatives will also be involved.
A5.	<b>Communications Plan</b>	<ul style="list-style-type: none"> <li>• Document each agency’s existing policy structure, roles, and responsibilities, and clarify intent to maintain them until and unless there is a successor governance structure; include as part of a communications plan to Bay Area cities and counties</li> <li>• Develop a communications plan regarding proposed consolidated staff agency and MOU to communicate with:                             <ul style="list-style-type: none"> <li>➢ Agency employees and retirees</li> <li>➢ Bay Area cities and counties</li> <li>➢ Grantor and grantee agencies</li> <li>➢ Enterprise and other associated JPAs</li> <li>➢ Non-governmental organizations</li> <li>➢ Other partner agencies who may be impacted by the staff consolidation</li> </ul> </li> </ul>	July 2016	MTC and ABAG Executive Board  Deputy Executive Directors	Respective agency public information staff will need to work together to generate a unified communication plan that is agreed upon by both agencies.

## B. Contract for Service

*Objective: To conduct a financial analysis of the impact on both MTC and ABAG of consolidating all staff functions within MTC and develop a contract for service if determined to be feasible.*

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
<b>Financial Analysis (Due Diligence)</b>					
<b>B1.</b>	<b>Financial analysis</b>	<ul style="list-style-type: none"> <li>• Conduct financial analysis to determine ABAG annual:                             <ul style="list-style-type: none"> <li>➤ Revenues</li> <li>➤ Expenditures</li> <li>➤ Unfunded pension liabilities</li> <li>➤ Existing and future retiree costs</li> <li>➤ Enterprise costs</li> <li>➤ Assets and liabilities</li> <li>➤ Debt obligations</li> </ul> </li> <li>• Draft five-year revenue forecast showing projections available to meet ABAG obligations, contract services and program costs under a consolidated staff agency</li> <li>• Complete an actuarial study of ABAG pension obligations; meet with CalPERS to understand impact and implications of transitioning all ABAG employees to MTC</li> <li>• Document ongoing employee costs that will remain the obligation of ABAG JPA (e.g., pension liability, and those to be assumed by MTC)</li> </ul>	October 2016	Agency Finance Directors	
<b>B2.</b>	<b>Programs and services</b>	<ul style="list-style-type: none"> <li>• Analyze program, service, grant administration or enterprise costs unrelated to direct personnel expenditures</li> <li>• Determine ongoing costs for a consolidated agency</li> </ul>	October 2016	Deputy Directors/Agency Finance Directors	Some programs may not stay with ABAG under a consolidated agency; however, there may be transition costs.



No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
		staff agency or in an alternative institutional arrangement <ul style="list-style-type: none"> <li>• Develop outline of scope of services proposed to be included under the contract</li> </ul>			
<b>B6.</b>	<b>Executive Level Organization Structure</b>	<ul style="list-style-type: none"> <li>• Assess administrative and management staff support needs for a consolidated staff agency to support the ABAG JPA policy and committee structure and member agencies</li> <li>• Draft roles and responsibilities and establish reporting relationships of executive director, any new executive level or other positions to meet the needs of ABAG as an ongoing COG and policy body</li> <li>• Draft proposed executive level organization structure to support ABAG Executive Board and Committee needs; review with ABAG Executive Board</li> <li>• Include proposed executive level organization structure, and general description of roles and responsibilities in services contract</li> </ul>	September 2016	Board Leadership Team	
<b>B7.</b>	<b>ABAG Work Program</b>	<ul style="list-style-type: none"> <li>• Develop a work program expected to be carried out annually under the Contract for Services</li> <li>• Develop policies and procedures for changes to the work program</li> <li>• Review with ABAG Executive Board and Committees</li> </ul>	October 2016	Deputy Directors	
<b>B8.</b>	<b>Legal Assessment</b>	<ul style="list-style-type: none"> <li>• Identify legal issues that must be addressed in a consolidated staff agency</li> <li>• Identify legal services that may be provided by MTC legal counsel regarding the ABAG work program, and those that may needed to be provided by outside legal counsel; estimate the cost for doing so</li> </ul>	October 2016	Respective agency legal counsel	
<b>B9.</b>	<b>Services contract</b>	<ul style="list-style-type: none"> <li>• Draft and execute services contract</li> </ul>	October 2016 to January 2017	Respective agency legal counsel; Joint staff committee	The Executive Directors will also be integrally involved. This should occur following the financial analysis and

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
					establishment of a budget to support the services and staff transitions outlined in the sections below. Execution of the contract will require policy action by the respective agencies.

## C. Memorandum of Understanding

*Objective: To establish a time frame for future consideration of governance options.*

No.	Action Area	Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
<b>Goals and Objective</b>					
<b>C1.</b>	<b>MOU</b>	<ul style="list-style-type: none"> <li>Establish timeframe for future consideration of governance options</li> <li>Draft MOU and review with respective policy bodies</li> <li>Adopt MOU</li> </ul>	January 2017	Respective Agency Chairs	<p>A policy determination will need to be made with respect to timing of the evaluation; multiple evaluation milestones are possible.</p> <p>Respective Agency Legal Counsel and Executive Directors will also be involved.</p>
<b>C2.</b>	<b>Evaluation</b>	<ul style="list-style-type: none"> <li>Establish criteria for evaluation of the two-agency model</li> <li>Draft goals and objectives for the evaluation of governance options, if determined to do so</li> <li>Develop a work program for conducting the evaluation of governance options</li> </ul>	To be determined during agreed upon timeframe for evaluation.	Respective Agency Chairs	Respective agency staff, legal counsel and policy bodies will also be integrally involved.

No.	Action Area	Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
		<ul style="list-style-type: none"> <li>Hire a consultant to work with both agencies on the evaluation</li> <li>Establish a joint sub-committee of policy makers to work with both agencies on the evaluation</li> <li>Conduct an evaluation to include legal and statutory issues</li> </ul>			

## D. Human Resources

*Objective: To establish the compensation and benefit structure for ABAG employees to be transitioned to a consolidated agency.*

No.	Action Area	Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
<b>Compensation and benefits</b>					
<b>D1.</b>	<b>Compensation</b>	<ul style="list-style-type: none"> <li>Document current ABAG compensation policies (management and non-management), including vacation and sick leave accrual rates, medical plans and compare to MTC policies</li> <li>Develop list of full and part-time ABAG employees and their respective total compensation</li> </ul>	August 2016	Human Resource Directors or Managers	
<b>D2.</b>	<b>Benefits</b>	<ul style="list-style-type: none"> <li>Document current ABAG benefit structure by employee group and employee</li> </ul>	August 2016	Human Resource Directors or Managers	
<b>Employee transitions</b>					
<b>D3.</b>	<b>Transition plan and policies</b>	<ul style="list-style-type: none"> <li>Sustain ABAG and relevant MTC vacancies and establish a process to review filling those determined to be essential until a contract for service is agreed upon</li> <li>Develop complete list of ABAG employees affected by staff consolidation</li> <li>Develop proposed transition plan and policies for the</li> </ul>	July 2016	Agency Executive Directors	

No.	Action Area	Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
		migration of ABAG employees to MTC; review with Employee Relations Committee <ul style="list-style-type: none"> <li>Meet and discuss proposed transition policies with ABAG and MTC employees and employee bargaining groups and their representatives</li> <li>Prepare final transition plan and policies</li> </ul>	July – November 2016  November 2016		
<b>D4.</b>	<b>Staff transitions</b>	<ul style="list-style-type: none"> <li>Identify and address overlapping MTC and ABAG executive and managerial positions</li> <li>Develop list of existing MTC classifications that may be appropriate for ABAG employees</li> <li>Develop new classification and compensation for those ABAG positions that do not fit within the current MTC classifications</li> <li>Draft list of positions and proposed compensation</li> <li>Meet with ABAG employees and discuss staff transitions</li> <li>Make offers of employment</li> <li>Transition employees</li> </ul>	September 2016     November - December 2016  February 2017	Deputy Directors/Human Resources Managers	
<b>Existing ABAG Retirees</b>					
<b>D5.</b>	<b>Existing policies and procedures</b>	<ul style="list-style-type: none"> <li>Confirm ABAG obligations to existing retirees; assess ongoing financial cost</li> <li>Determine whether financial obligation will remain with ABAG JPA or become part of contract for service</li> </ul>	October 2016	Agency Finance Directors	
<b>D6.</b>	<b>Existing retiree briefing</b>	<ul style="list-style-type: none"> <li>Brief existing retirees</li> </ul>	November 2016	Agency Executive Directors	

## E. General Administration

*Objective: To establish a work program for general administrative activities following execution of a contract for service.*

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
<b>Administrative Services</b>					
<b>E1.</b>	<b>General financial services</b>	<ul style="list-style-type: none"> <li>Continue independent accounting of ABAG JPA for the term of the Contract for Service</li> <li>Identify ABAG financial structure and services required following execution of contract for service in FY 2016-17.</li> <li>Review ABAG financial systems and account structure to determine any proposed changes that may be needed for fiscal management, consolidation of staff functions and reporting requirements</li> <li>Establish fiscal oversight policies and procedures of ABAG financial systems, and reporting relationships of transitioned ABAG employees within the Finance Department</li> <li>Meet with enterprise services to understand their interests and financial services' needs; develop plan to meet the needs and/or transition the services</li> <li>Schedule briefing(s) with ABAG employees about MTC financial policies and procedures, e.g., purchasing and contract management</li> <li>Assess opportunities for consolidation and efficiency; develop a plan for doing so</li> </ul>	January-March 2017	Agency Finance Directors	These steps would occur following execution of a Contract for Service. Provide regular reports to the ABAG Executive Board.
<b>E2.</b>	<b>Financial reporting</b>	<ul style="list-style-type: none"> <li>Review current ABAG financial reporting policies and practices</li> <li>Identify changes in financial reporting requirements if needed</li> <li>Review potential changes with ABAG staff to ensure compliance with third party contractors, enterprise functions or granting agencies and management information needs</li> <li>Review reporting requirements with ABAG Executive Board</li> <li>Develop implementation schedule</li> </ul>	January-March 2017	Agency Finance Directors	Provide reports to the ABAG Executive Board.
<b>E3.</b>	<b>Treasury management</b>	<ul style="list-style-type: none"> <li>Assess ABAG investment policies and identify amendments as necessary</li> </ul>	January-March 2017	MTC Finance Director	

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
		<ul style="list-style-type: none"> <li>Recommend to ABAG Executive Board for approval</li> <li>Assess services of ABAG existing financial managers; recommend changes and process to do so if determined to be necessary</li> </ul>			
E4.	<b>Budget</b>	<ul style="list-style-type: none"> <li>Draft cost allocation program proposed to be implemented following Contract for Service; review with impacted grantees and grantors and enterprise services</li> <li>Develop and submit amended FY 2016-17 budget to ABAG policy bodies, if determined to be necessary</li> <li>Identify and recommend changes to annual budget process to ABAG policy bodies, if necessary</li> </ul>	January-March 2017	MTC Finance Director	
E5.	<b>Human Resources</b>	<ul style="list-style-type: none"> <li>Identify MTC human resources policies and procedures that need to be conveyed to ABAG employees</li> <li>Schedule briefing sessions with ABAG employees to ensure understanding of MTC human resources policies and practices.</li> </ul>	January-March 2017	MTC Human Resources Director/Manager	
E6.	<b>Information technology</b>	<ul style="list-style-type: none"> <li>Review current ABAG information technology systems and contracts</li> <li>Assess opportunities for consolidation and efficiency; develop a plan to do so</li> </ul>	January-March 2017	IT Directors/Managers for ABAG and MTC	
E7.	<b>General support</b>	<ul style="list-style-type: none"> <li>Identify and evaluate responsibilities of existing ABAG and MTC support staff</li> <li>Develop transition plan for most effective use of support staff</li> <li>Redistribute responsibilities as needed</li> </ul>	January-March 2017	Deputy Directors	
E8.	<b>Legal services</b>	<ul style="list-style-type: none"> <li>Identify legal services that may be provided by MTC legal counsel to the ABAG JPA and those that should be provided on a contract basis directly to the JPA Board</li> <li>Draft and issue an RFP for outside legal services; enter into a contract</li> </ul>	January 2017  January-March 2017	MTC Legal Counsel	ABAG legal counsel will also need to provide input.

**Organizational Development**

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
E9.	<b>Organization structure</b>	<ul style="list-style-type: none"> <li>Review and assess existing MTC and ABAG organization structure, staffing levels and expertise</li> <li>Meet with respective agency policy bodies to review organization structure interests</li> <li>Meet with ABAG senior staff to understand support and services currently provided to the JPA policy makers, committees and member agencies</li> <li>Gain consensus on an organization structure that meets identified needs as well as the placement of transitioned ABAG staff</li> <li>Review as necessary with appropriate MTC and ABAG Committees</li> <li>Implement new organization structure</li> </ul>	January-March 2017	MTC Executive Director/Deputy Directors	
E10.	<b>Unified, integrated planning department</b>	<ul style="list-style-type: none"> <li>Meet with each staff member individually to understand their interests and concerns regarding an integrated department and to assess the professional contributions each brings to the department</li> <li>Develop an integrated planning work program that sets forth how all work and the ABAG work program will be accomplished, eliminates duplication of effort, and assesses the staffing levels needed to carry it out</li> <li>Develop an organization structure that supports the integrated work program</li> <li>Communicate the structure and how work will be accomplished to the staff and policy bodies</li> <li>Conduct teambuilding session(s) with staff to establish vision, values and expectations of how staff will work together as an integrated planning function</li> <li>Engage staff periodically to gauge and evaluate team effectiveness</li> </ul>	January-March 2017	MTC Planning Director	
E11.	<b>Unified Agency mission, vision and values</b>	<ul style="list-style-type: none"> <li>Conduct teambuilding session(s) with staff to establish vision, values and expectations of working together</li> <li>Share results with MTC and ABAG policy bodies</li> <li>Engage staff periodically to gauge and evaluate team</li> </ul>	January-March 2017	Agency Executive Director/outside consultant	

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
		effectiveness			
<b>Commission, Board and Committee Support</b>					
E12.	<b>Reporting relationships</b>	<ul style="list-style-type: none"> <li>Determine the reporting relationship of the MTC Executive Director to the ABAG Executive Board and General Assembly</li> <li>Determine reporting relationships and board support for other ABAG Committees and JPAs</li> </ul>	December 2016	MTC Executive Director	
E13.	<b>ABAG Executive Board, Committee and associated JPA administrative support</b>	<ul style="list-style-type: none"> <li>Identify and assess ABAG Board, committee and associated JPA Board administrative support needs</li> <li>Assign staff</li> </ul>	January-March 2017	Deputy Directors	
E14.	<b>Policy committee structure</b>	<ul style="list-style-type: none"> <li>Develop process maps for selected MTC and ABAG committee processes to assess efficiency opportunities while respecting each agency’s statutory duties and responsibilities as the region’s MPO and COG</li> <li>Propose revisions to reduce staff and elected officials’ time commitments and improve transparency to the public</li> </ul>	March 2017	MTC Executive Director/Other executive level staff	

## F. Planning Programs and Services

*Objective: To develop an integrated work program for Plan Bay Area and establish a unified planning team positioned to address the region’s planning priorities.*

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
<b>Plan Bay Area</b>					
F1.	<b>Statutory and policy roles and responsibilities</b>	<ul style="list-style-type: none"> <li>Document, and if necessary, propose revised policy roles and responsibilities consistent with statute regarding the</li> </ul>	January-March 2017	MTC and ABAG Executive Board	

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
		preparation of the Sustainable Communities Strategy (SCS) <ul style="list-style-type: none"> <li>• Prepare a policy decision making process map showing steps to review and adopt the SCS</li> <li>• Review with respective MTC and ABAG committees</li> </ul>			
<b>F2.</b>	<b>Integrated work program and schedule</b>	<ul style="list-style-type: none"> <li>• Prepare a revised and fully integrated work program and schedule leading to adoption of a new Plan Bay Area in 2017</li> <li>• Revise the community outreach and stakeholder engagement plan as necessary</li> <li>• Review both with appropriate MTC and ABAG committees</li> </ul>	January-March 2017	MTC Planning Director	
<b>Integrated Planning Programs and Services</b>					
<b>F3.</b>	<b>Regional planning</b>	<ul style="list-style-type: none"> <li>• Identify existing and emerging regional issues that are not currently addressed by existing agency programs, and identify opportunities to address those issues, including funding opportunities</li> <li>• Forge closer relationships with BAAQMD and BCDC through BARC on cross-cutting regional issues</li> <li>• Discuss with local governments the opportunities and activities the unified department can undertake in support of local governments’ efforts to implement local programs and policies addressing region-wide issues</li> </ul>	June 2017	MTC Planning Director	ABAG and MTC committees will likely have an interest in this as well as stakeholder groups and partner agencies.
<b>F4.</b>	<b>Planning programs and services</b>	<ul style="list-style-type: none"> <li>• Inventory all planning programs and services</li> <li>• Assess duplication and opportunities for consolidation, integration or reassignment to other partners or agencies</li> <li>• Review possible changes with stakeholders, grantors or other partners’ agencies as appropriate</li> <li>• Develop work program, schedule and assign staff to implement proposed changes</li> </ul>	April-June 2017	MTC Planning Director	ABAG and MTC committees may also be involved in this effort.

## Attachment B. Overview of Proposed Implementation Plan for Option 7

Consolidation of All Staff Functions and Pursuit of New Governance Options

MTC-ABAG Merger Study



May 17, 2016

	2016						2017						
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>A. Framework and Schedule</b>													
<i>Objective: To achieve consensus regarding the general framework, schedule and plan for implementation of Option 7.</i>													
A1a. Adopt resolution expressing support for Option 7	█												
A1b. Enter into agreement to support ABAG planning services		█											
A2. Develop implementation schedule		█											
A3. Request Commission/Board Chairs to work on contract and MOU		█											
A4a. Establish a joint employee/management committee		█											
A4b. Meet with employee bargaining groups		█	█	█	█								
A5. Develop Communications Plan		█											
<b>B. Contract for Service</b>													
<i>Objective: To conduct a financial analysis of the impact on both MTC and ABAG of consolidating all staff functions within MTC and develop a contract for service if determined to be feasible.</i>													
<b>Financial Analysis (Due Diligence)</b>													
B1. Conduct financial analysis, forecast and actuarial study		█	█	█	█	█							
B2. Analyze programs and services and determine ongoing costs		█	█	█	█	█							
B3. Evaluate cost structure to provide contract services		█	█	█	█	█							
<b>Contract Development</b>													
B4. Assign contract development team		█											
B5. Develop outline for scope of services to be included		█	█	█	█								
B6. Prepare proposed executive level organization structure		█	█	█	█								
B7. Develop work program to be carried out by MTC		█	█	█	█								
B8. Conduct legal assessment		█	█	█	█								
B9. Draft and execute services contract							█	█	█				
<b>C. Memorandum of Understanding</b>													
<i>Objective: To establish a time frame for future consideration of governance options.</i>													
C1a. Establish timeframe for future consideration of governance options							█	█	█				
C1b. Draft MOU and review with respective policy bodies							█	█	█				
C1c. Adopt MOU								█					
C2. Conduct evaluation													TBD

# Attachment B. Overview of Proposed Implementation Plan for Option 7

Consolidation of All Staff Functions and Pursuit of New Governance Options

MTC-ABAG Merger Study



May 17, 2016

	2016						2017						
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>D. Human Resources</b>													
<i>Objective: To establish the compensation and benefit structure for ABAG employees to be transitioned to a consolidated agency.</i>													
D1. Document ABAG staff and compensation policies			■										
D2. Document ABAG benefit structure			■										
D3a. Sustain ABAG and relevant MTC vacancies	■	■											
D3b. Develop transition plan	■	■											
D4a. Implement transition plan and make employment offers	■	■	■	■	■	■	■						
D4b. Transition employees								■	■	■			
D5. Determine how to address ABAG obligations to retirees					■	■							
D6. Brief existing retirees						■							
<b>E. General Administration</b>													
<i>Objective: To establish a work program for general administrative activities following execution of a contract for service.</i>													
<b>Administrative Services</b>													
E1. Establish policies and procedures for financial management								■	■	■	■	■	■
E2. Develop financial reporting policies								■	■	■	■	■	■
E3. Assess ABAG investment policies and make changes as needed								■	■	■	■	■	■
E4. Amend budget documents following contract implementation								■	■	■	■	■	■
E5. Brief ABAG employees on new HR policies and procedures								■	■	■	■	■	■
E6. Assess opportunities to consolidate IT systems								■	■	■	■	■	■
E7. Redistribute support staff responsibilities, as needed								■	■	■	■	■	■
E8. Contract outside legal services for ABAG								■	■	■	■	■	■
<b>Organizational Development</b>													
E9a. Review existing MTC and ABAG organization structure								■	■	■	■	■	■
E9b. Meet with designated stakeholders on organization structure								■	■	■	■	■	■
E9c. Gain consensus around new structure and implement								■	■	■	■	■	■
E10a. Meet with planning staff to understand interests								■	■	■	■	■	■
E10b. Develop integrated planning work program								■	■	■	■	■	■
E11a. Conduct teambuilding sessions								■	■	■	■	■	■
E11b. Establish vision, values and expectations for planning dept.								■	■	■	■	■	■
<b>Commission, Board and Committee Support</b>													
E12. Determine reporting relationships							■						
E13. Assess policy body staff support needs and assign staff								■	■	■	■	■	■
E14a. Study policy committee structure (using process maps)								■	■	■	■	■	■
E14b. Propose revisions to policy committee structure									■	■	■	■	■

**Attachment B. Overview of Proposed Implementation Plan for Option 7**

Consolidation of All Staff Functions and Pursuit of New Governance Options

MTC-ABAG Merger Study



May 17, 2016

	2016						2017						
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>F. Policy Programs and Services</b>													
<i>Objective: To develop an integrated work program for Plan Bay Area and establish a unified planning team positioned to address the region's planning priorities.</i>													
F1a. Prepare PBA policy decision making process map													
F1b. Propose revised policy roles and responsibilities, if necessary													
F2. Prepare revised and fully integrated PBA work program													
F3a. Identify existing and regional issues to include													
F3b. Forge closer relationship with BAAQMD and BCDC													
F4. Inventory services and develop planning work program													

## **ATTACHMENT C**

Attached are a set of brief descriptions of the important ABAG programs that will be the subject of our ongoing merger discussions with MTC.

## **ABAG Publicly OWned Energy Resources (POWER)**

**Mission:** POWER is a joint powers agency (JPA) formed by ABAG in 1997 to conduct pooled purchasing of electricity and natural gas on behalf of local governments and special districts who voluntarily join the program. Pooled purchasing enables local governments to access more competitive, less volatile pricing by aggregating local demand. The Pool is currently purchasing natural gas for 38 local governments and special districts in the PG&E service territory.

**Governance Structure:** Every local government participating in the pool has a representative on the ABAG POWER Board which meets annually. An Executive Committee made up of Board members oversees program operations, and meets Bi-monthly. The current members of the Executive Committee are:

• Christopher Schroeder	<b>Purchasing Officer</b>	<b>City of Milpitas</b>
• Angela Walton	<b>Public Works Administrator</b>	<b>City of Richmond</b>
• Richard Sealana	<b>Suprtdnt of Public Works</b>	<b>City of Richmond</b>
• Julie Bueren	<b>Dir of Public Works</b>	<b>Contra Costa County</b>
• Dave Brees	<b>Special Projects Manager</b>	<b>City of Los Altos</b>
• Tonya Gilmore	<b>Sr Management Analyst</b>	<b>City of Orinda</b>

**Budget and Number of Staff:** 2 FTE (Manager: Jerry Lahr)

<u>Program</u>	<u>FY 15/16 Budget</u>
POWER	\$ 7,298,792

### **Gas Purchasing Pool Participants:**

- City of Alameda
- City of Albany
- Town of Atherton
- City of Benicia
- City of Cupertino
- City of Fremont
- City of Gonzales
- City of Half Moon Bay
- City of Hercules
- City of Los Altos
- City of Mill Valley
- City of Millbrae
- City of Milpitas
- City of Monte Sereno
- Town of Moraga
- City of Oakland
- City of Orinda
- City of Pacifica
- City of Petaluma
- City of Pleasanton
- City of Richmond
- City of Salinas
- City of San Carlos
- City of San Rafael
- City of Santa Rosa
- City of Saratoga
- City of Union City
- City of Vallejo
- City of Watsonville
- City of Winters
- County of Contra Costa
- County of Napa
- County of San Mateo
- County of Santa Clara
- Golden Gate Bridge, Highway & Trans Dist
- RAFC
- Vallejo Sanitation & Flood Control Dist
- Housing Authority of City of Alameda

For a list of the full Board of Directors representing all of the jurisdictions participating in ABAG POWER go to: [http://abag.ca.gov/overview/ABAG\\_Roster.pdf](http://abag.ca.gov/overview/ABAG_Roster.pdf)

## **Bay Area Regional Energy Network (BayREN)**

*Bay Area communities working together for a sustainable energy future*

**Mission:** Led by ABAG, BayREN implements effective energy saving programs on a regional level and draws on the expertise, experience, and track record of local governments to develop and administer successful programs. BayREN is funded by CA utility ratepayers under the auspices of the California Public Utilities Commission. One of only two Regional Energy Networks in the state, BayREN has been implementing programs since 2013. BayREN programs include:

### **Single Family Energy Retrofit**

BayREN is the exclusive administrator of the state's Energy Upgrade California<sup>®</sup> Home Upgrade Program assessment incentive (rebate) for single-family homeowners in the Bay Area who install energy-efficient home improvements, including:

- \$1,000–\$3,150 Home Upgrade rebates
- \$1,000–\$6,500 Advanced Home Upgrade rebates and \$300 assessment incentive
- Home Upgrade Advisor for free one-to-one assistance for homeowners/contractors

To date, 2,713 projects have been completed and over \$6.2 million in energy rebates have been paid to Bay Area homeowners. BayREN has also trained over 200 local contractors, many of whom are active participants in the program.

### **Multifamily Energy Retrofit**

BayREN offers free energy technical consulting for multifamily properties with five+ units. If a property owner implements measures resulting in at least 15% energy savings, they're eligible for \$750/unit in rebates. The program is recognized across the state for successfully implementing energy savings in this hard to reach market sector. Over \$12 million in rebates paid to Bay Area multifamily property owners.

### **Codes and Standards**

BayREN provides free training to local building officials related to the Energy Code and compliance. Members work with officials to identify areas for improvement in code compliance relevant to the specific needs of local building departments.

### **Financing Portfolio Subprogram:**

Pay-as-You-Save (PAYS) is an On-Bill-Energy/Water Efficiency program implemented by Partner Water Utilities. BayREN assists with program development.

BayREN's Commercial PACE program trains contractors about PACE and provides assistance to the building owners considering this financing. At the request of ABAG member jurisdictions, BayREN has entered into agreements with active PACE providers in the Bay Area regarding consumer protections and data disclosure.

**Governance Structure:** The CPUC oversees program design and delivery. The Coordinating Committee has decision making authority, with each county having a representative.

**Budget and Number of Staff:** An annual budget of at least \$12.5 million. Much of this budget is provided to each BayREN member agency for tasks within their jurisdiction. ABAG has one FTE and 4PTE working on this project.

<u>Program</u>	<u>FY 15/16 Budget</u>
POWER	\$ 21,836,261

**Jurisdictions Served:** All nine counties have an active BayREN member.

**ABAG Pooled Liability Assurance Network (PLAN)**  
*Risk Management and Insurance Services*

**Mission:** ABAG PLAN is a nonprofit corporation, formed in 1986, to provide property, liability and crime insurance coverage to 28 jurisdictions in six Bay Area counties under a pooled risk sharing agreement. Its purpose is to establish a stable, cost-effective self-insurance, risk sharing and risk management program for each member. Members have access an array of resources including claims administration, grants, risk management training, and best practice guideline development and compliance. In addition, the SHARP Program (Workers Compensation Shared Risk Pool) provides affordable Workers Compensation coverage to its participating members.

**Governance Structure:** PLAN is governed by a Board of Directors made up of one representative from each of the 28 member jurisdictions. The governance structure includes an Executive Committee (9 Directors), Finance Committee (6 Directors), Claims Committee (8 Directors) and Actuary Committee (5 Directors). The group also has a Police Chief Steering Committee (8 Police Chiefs). PLAN members continue to be actively involved in the oversight and governance.

**Number of Staff and Budget:** ABAG's PLAN enterprise group includes a staff of 6 FTE. While ABAG continues as PLAN's pool administrator, the claims adjusting piece of the operation was contracted out to York Risk Services, a third-party claims administrator, in 2014. This change is yielding a cost savings of \$1.425 million in the first two years while increasing the efficiency of claims administration.

<u>Program</u>	<u>FY 15/16 Budget</u>	<u>Reserves</u>
PLAN	\$ 9,210,927	\$ 22,135,000
SHARP	\$ 735,544	\$ 875,000

**Member Jurisdictions:**

**Half Moon Bay**  
**Benicia**  
**Suisun City**  
**Saratoga**  
**Tiburon**  
**Atherton**  
**San Bruno**  
**Colma**  
**Pacifica**  
**Ross**

**Dublin**  
**Newark**  
**Milpitas**  
**Foster City**  
**San Carlos**  
**East Palo Alto**  
**Millbrae**  
**Los Alto Hills**  
**Cupertino**

**Campbell**  
**Woodside**  
**Los Gatos**  
**American Canyon**  
**South San Francisco**  
**Portola Valley**  
**Morgan Hill**  
**Hillsborough**  
**Burlingame**



## Committee Roles and Responsibilities

*As a member governed organization, each of you play an important role in managing the affairs of the organization. The following is a brief description of each committee's role within the ABAG PLAN Corporation. For more details, please refer to referenced ABAG PLAN Bylaws, specifically, Article VIII – Committees.*

**Executive Committee** - A standing committee of nine members: the Chair and Vice-Chair of the Board, the Chair of each standing committee and three at large members. The Executive Committee may exercise all powers of the Board necessary to further the timely and orderly conduct of business subject to restrictions contained in the Bylaws.

**Claim Committee** - The Claim Committee is charged with the duty and responsibility of reviewing and authorizing all payment of Settlements which exceed a Member Entity's deductible and is above the authority level of the PLAN Risk Management Officer. The Claim Committee, upon request by ABAG or a Member Entity, may hear and make recommendation(s) on the initial appeal on all staff determinations of coverage for, and settlement of, a third party claim against a Member. The Claim Committee may also establish a Defense Counsel list.

**Actuary Committee** - The Actuary Committee is charged with the duty and responsibility of conducting an annual review of PLAN Actuarial Report and all supplemental reports. The Committee provides recommendations to the Board with respect to Program Funding (Liability). The Committee evaluates excess insurance, reinsurance and other third party risk transfer mechanisms for compatibility with PLAN Program goals. The Committee recommends yearly Program Funding based on the Actuarial Report and PLAN Funding Policy.

**Risk Management Committee** - The Risk Management Committee is charged with the duty and responsibility of reviewing and making recommendations to the Board for risk management programs, including but not limited to, voluntary and mandatory program changes in Member activities, and restrictions on coverage. The Committee makes recommendations to the Board on applications for program admission, expulsion, withdrawal notices and proposals for cancellation, including but not limited to, the terms/conditions under which such admissions, withdrawals, expulsions and cancellations are implemented.

**Finance Committee** – The Finance Committee is charged with the duty and responsibility of reviewing and making recommendations to the Board on the results of the PLAN's annual financial audit. This also includes reviewing and making recommendations to the Board regarding the PLAN's investments and Investment Policy. The Finance Committee also reviews the PLAN Annual Administrative Fund Budget and makes recommendations to the Board.

*A Link to ABAG PLAN's website is provided below, which contains the current 'Committee Member Listing', and 'Committee Meeting Schedule'. It also contains the most recent Committee Meeting Agenda's, Minutes, and Reports.*

[http://plan.abag.ca.gov/members/agenda\\_minutes.html](http://plan.abag.ca.gov/members/agenda_minutes.html)

## San Francisco Estuary Partnership

Under the National Estuary Program (NEP) of USEPA, the San Francisco Bay-Delta Estuary was designated as an estuary of national significance under the Clean Water Act (Section 320) in 1993. The San Francisco Estuary Partnership (SFEP) is one of 28 programs established by USEPA and Congress and works as a non-regulatory leader to improve the waters, habitats and living resources of the San Francisco Bay-Delta Estuary and to protect these resources from the impacts of climate change.

**Budget and Number of Staff:** 13 FTE (Executive Director: Caitlin Sweeney)

<u>Program</u>	<u>FY 15/16 Budget</u>	<u>FY 16-17 Budget</u>
SFEP	\$ 22,546,000	\$ 24,500,000

### Partnerships:

**ABAG:** The Association of Bay Area Governments serves as host entity for SFEP. Since 1993, ABAG has been SFEP's fiscal and administrative agent, and SFEP staff work closely with other ABAG staff on issues of mutual concern (e.g. climate resiliency, water supply, and stormwater management). In addition, SFEP benefits from a close relationship with the ABAG as a way to engage local municipalities in the work of SFEP.

**San Francisco Regional Water Quality Control Board:** The National Estuary Program requires individual programs to provide both matching funds and leverage opportunities. The SF Bay Regional Water Quality Control Board provides SFEP with office space and equipment. This results in lower billing rates for SFEP staff as overhead is not included, enabling a larger percentage of grant funds to go to projects that benefit the Estuary.

**Municipalities:** SFEP staff includes several contract positions that are funded by local municipalities or districts to provide permitting assistance to the SF Regional Water Quality Control Board. These municipalities currently include: the *Santa Clara Valley Water District*, the *Sonoma county Water Agency*, the *Alameda County Flood Control and Water Conservation District*, and the *Marin County Department of Public Works*. These positions benefit both the San Francisco Water Board and the permitted community by providing cost efficient regulatory assistance and reducing the likelihood of permitting delays.

**Restoration Authority:** ABAG is responsible for appointing the seven member Governing Board of the Restoration Authority. In addition, ABAG provides voluntary staff support to the Authority in the form of SFEP's director and staff, ABAG's Executive Director, Legal Counsel, Finance Director and Board Clerk. The staff of the SF Bay Area Conservancy Program has also served the Authority on a voluntary basis. With the passage of Measure AA, SFEP will work with other ABAG staff and the Conservancy to administer a twenty-year \$500 million grant program to fund shoreline restoration, flood protection, and public access projects.

## **Governance Structure:**

**CCMP:** Each National Estuary Program is required to produce a *Comprehensive Conservation and Management Plan* (CCMP) that guides the work of the Program in its region. SFEP is currently in the process of updating the San Francisco Bay-Delta CCMP which represents the unifying collaborative vision for the future of the Estuary. Over the past 2.5 year revision process, approximately 70 different partner entities participated.

**Implementation Committee:** SFEP is guided by an Implementation Committee, comprised of various stakeholders including local, state and federal agencies, and representatives from public and user interest groups. The Partnership's 30-member Implementation Committee meets quarterly and provides the overall policy direction.

**Executive Council:** SFEP is also guided by a five member Executive Council. The Executive Council meets when necessary to provide guidance and approve major revisions of the CCMP. It consists of the following: the *Regional Administrator, USEPA Region 9*; the *Regional Director, US Fish and Wildlife Service Pacific Southwest Office*; the *Secretary of California EPA*; the *Secretary of California Resources Agency*; and *Executive Director of the Association of Bay Area Governments*.

## **Projects:**

SFEP currently manages approximately \$100 million for more than 75 projects around the Estuary funded by grants and contracts. SFEP manages projects in all nine counties of the Bay Area as well as in the Delta region, collaborating with local, state and federal governments, special districts, non-profits and private entities.

## **Planning and Research Department**

*Providing tools and resources to enhance local/regional planning*

**Mission:** ABAG's Planning and Research Department includes land-use and demographics research as well as the San Francisco Bay and Water Trails and the Resilience Program.

Planning and Research Staff provide the following:

- Serve as a resource for policy makers and local planning staff on land-use policies and programs that enhance regional as well as local well-being;
- Conduct a wide range of land use planning and research activities that support development and implementation of Plan Bay Area in conjunction with the MTC, local jurisdictions and stakeholders;
- Address housing affordability, production and preservation by initiating and supporting efforts to develop new funding sources for, and to remove obstacles to, local infill and address displacement;
- Conduct regional housing need allocation (RHNA) process with towns, cities and counties;
- Provide planning assistance, research, and institutional coordination for implementation of PDAs, PCAs, and preservation of industrial areas, critical to economic vitality;
- Continue to support local and regional economic development through a variety of activities.

### *Resilience*

- Develop a regional land use pattern which reduces the risk of natural hazards;
- Provide a platform for local governments to jointly plan, share best practices and propose solutions to regional resilience challenges;
- Provide tools for local governments to develop and implement resilience solutions;
- Improve the resilience of the region's building stock by promoting stronger codes and upgrading existing buildings;
- Disseminate scientific information in an understandable and usable way that facilitates good policy and planning decisions.

### *Bay Trail*

- Work to complete a 500-mile continuous hiking and bicycling trail for recreation and active transportation around the shoreline of San Francisco Bay linking nine counties and 47 cities;
- Over 340 miles complete. Project has significant support from elected officials, local jurisdictions, numerous agencies, organizations and the public;
- Bay Trail non-profit board of directors provides ongoing project direction.

### *Water Trail*

- Coordinate completion of a growing network of launching and landing sites in all nine counties around San Francisco Bay for small non-motorized boats;
- Partnership project with Coastal Conservancy, BCDC and Division of Boating and Waterways.

### **Governance Structure**

The Regional Planning Committee (RPC), one of ABAG's long-standing committees, includes representation from local governments as well as public agencies and non-profit organizations with missions related to affordable housing, education, environmental sustainability, building industry, economic development, and social justice. The RPC hears issues of regional concern, and makes policy recommendations to the ABAG Executive Board. The RPC provides a unique forum for regional policy discussion that is important to ABAG's role coordinating planning initiatives in the Bay Area.

The Bay Trail Project is a non-profit organization that plans, promotes and advocates for implementation of the Bay Trail network. The independent Board of Directors is made up of representatives of local, state and federal agencies, special districts, trail advocates and members of the public

**Budget and Number of Staff:** 21.5 FTE

FY 2016-2017 Budget: \$38,286,048

**Jurisdictions Served:** Bay Area cities, towns and counties

### **Partners program works with**

BACEI, California Department of Finance, Housing and Community Development, FEMA, Rockefeller Foundation, USGS, MTC, Coastal Conservancy, BCDC, California State Parks, Division of Waterways

### **Grants/Recipients/Projects**

#### *Resilience*

- \$1.3 million grant funding from FEMA through October 2017
- \$300,000 grant funding from Rockefeller Foundation through October 2016
- \$68,271 grant funding from United States Geological Survey through December 2016

#### *Bay/Water Trail*

- Staff costs and project operations funded through MTC bridge toll funds. Funding approved annually; \$715,380 secured through June 2016
- MTC bridge toll funds provided for project operations since 1989
- Grant program pass-through funds from state park bonds via Coastal Conservancy. Over \$18 million awarded since 1999 for planning, design, engineering and construction
- \$1.75 million Coastal Conservancy block grant provides staff support and grant program pass through funds through March 2017.

**ASSOCIATION OF BAY AREA GOVERNMENTS  
EXECUTIVE BOARD**

**RESOLUTION NO. 08-16**

**ADOPTION OF OPTION 7 IMPLEMENTATION ACTION PLAN**

**WHEREAS**, on May 17, 2016 the ABAG Executive Board adopted Resolution 07-16 wherein it expressed policy support for Options 4 and 7 of the *MTC and ABAG Merger Study Options Analysis and Recommendation Report (2016)* prepared by Management Partners; and

**WHEREAS**, on May 25, 2016 the Metropolitan Transportation Commission (MTC) adopted Resolution 4245 approving Option 7; and

**WHEREAS**, on May 27, 2016 the ABAG Administrative Committee and the MTC Planning Committee jointly recommended that ABAG and MTC adopt the *Option 7 Implementation Action Plan* prepared by Management Partners to guide ABAG and MTC in the implementation of Option 7; and

**WHEREAS**, the *Option 7 Implementation Action Plan* recommends that ABAG and MTC negotiate, prepare and execute a Memorandum of Understanding and a Contract for Services; and

**WHEREAS**, pursuant to ABAG Administrative Committee Resolution 12-15 and MTC Resolution 4210, the MTC proposal for functional consolidation of the planning departments of ABAG and MTC shall be preempted and voided upon the adoption of the Implementation Action Plan (IAP); and

**WHEREAS**, ABAG Executive Board Resolution 07-16 adopted principles to be applied to the implementation of Option 7.

**ASSOCIATION OF BAY AREA GOVERNMENTS  
RESOLUTION NO. 08-16**

**NOW, THEREFORE, BE IT RESOLVED**, that the ABAG Executive Board hereby:

1. Adopts the *Option 7 Implementation Action Plan*.
2. Authorizes and directs staff to conduct negotiations of a Contract for Services in accordance with the principles adopted under ABAG Executive Board Resolution 07-16 and to report back to the Executive Board on a timely basis regarding the progress of such negotiations and to present recommendations on a Contract for Services between ABAG and MTC.
3. Authorizes the President of ABAG, in consultation with the Administrative Committee, to appoint members of the Executive Board to conduct negotiations of a Memorandum of Understanding in accordance with the principles adopted under ABAG Executive Board Resolution 07-16 and to report back to the Executive Board on a timely basis regarding the progress of such negotiations and to present recommendations on a Memorandum of Understanding between ABAG and MTC.

The foregoing was adopted by the Executive Board this 16<sup>th</sup> day of June, 2016.

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Julie Pierce  
President

**Certification of Executive Board Approval**

I, the undersigned, the appointed and qualified Secretary-Treasurer of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 16<sup>th</sup> day of June, 2016.

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Ezra Rapport  
Secretary-Treasurer

**Approved as To Legal Form**

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Kenneth K. Moy  
Legal Counsel