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

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 Schdule 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

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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

Association of Bay Area Governments

METROPOLITAN TRANSPORTATION COMMISSION

Management Partners

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
Framework and Schedule					
A1.	**Option 7 Policy Support**	• Adopt resolutions expressing support of Option 7 and direct staff to: (a) Enter into a letter agreement to support ABAG planning services pending development and execution of a Contract for Service. (b) 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). (c) Enter into negotiations and establish a deadline for: i. 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 ii. A memorandum of understanding(MOU) to pursue new governance options within a specified time period	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.
A2.	**Implementation schedule**	• Develop a schedule for the development and execution of Contract for Service and MOU (to be simultaneous) • Develop detailed action plan for assessment of and implementation of Contract for Service	July 2016 July 2016	Agency Executive Directors	
A3.	**Joint Agency Commission/Board Chairs**	• 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	July 2016	MTC Chair and ABAG President	
A4.	**Employee Relations**	• Establish a joint employee/management committee with	July - September	Agency Executive	HR Directors, employee group

No.	Action Area	General Implementation Steps	Completion Goal Date	Lead Implementation Responsibility	Comments
	Committee (See also Section D, Human Resources regarding Employee Transitions)	representatives from both MTC and ABAG to assist with the transition process • Meet with MTC bargaining group to discuss impacts of consolidating staff • Meet with ABAG bargaining group representatives to discuss current compensation and benefit information and MTC's benefit programs and compensation policies • Meet with all ABAG employees to present and discuss the same information	2016	Directors	and collective bargaining representatives will also be involved.
A5.	**Communications Plan**	• 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 • Develop a communications plan regarding proposed consolidated staff agency and MOU to communicate with: ➢ Agency employees and retirees ➢ Bay Area cities and counties ➢ Grantor and grantee agencies ➢ Enterprise and other associated JPAs ➢ Non-governmental organizations ➢ Other partner agencies who may be impacted by the staff consolidation	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
Financial Analysis (Due Diligence)					
B1.	**Financial analysis**	• Conduct financial analysis to determine ABAG annual: ➢ Revenues ➢ Expenditures ➢ Unfunded pension liabilities ➢ Existing and future retiree costs ➢ Enterprise costs ➢ Assets and liabilities ➢ Debt obligations • Draft five-year revenue forecast showing projections available to meet ABAG obligations, contract services and program costs under a consolidated staff agency • Complete an actuarial study of ABAG pension obligations; meet with CalPERS to understand impact and implications of transitioning all ABAG employees to MTC • Document ongoing employee costs that will remain the obligation of ABAG JPA (e.g., pension liability, and those to be assumed by MTC)	October 2016	Agency Finance Directors	
B2.	**Programs and services**	• Analyze program, service, grant administration or enterprise costs unrelated to direct personnel expenditures • Determine ongoing costs for a consolidated agency	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
B3.	**Cost allocation and budget**	• Develop financial assumptions, including a cost allocation plan, and projections of revenues and expenditures • Draft estimated five-year ABAG budget to meet agreed upon service contract costs • Evaluate impact of proposed cost structure on MTC's budget • Review proposed budget and contract costs with Commission/Board Chairs and respective agency policy bodies	October 2016	Agency Finance Directors Agency Executive Directors	
Contract Development					
B4.	**Contract development team**	• Assign principal staff member from each agency to lead contract development • Hire a third-party facilitator or project manager to work with both agencies to implement the work program • Establish a joint agency staff committee responsible for working with Commission/Board Chairs, legal counsel on the draft contract • Agree on timeframe for contract development and execution, e.g., three months	July 2016	Agency Executive Directors	The core staff committee may be supplemented as necessary with various subject matter and program area experts. Legal counsel will also be involved in contract discussions.
B5.	**Contract scope of services**	• Inventory ABAG administrative, planning and program services and enterprise functions for inclusion in the contract • Identify legal requirements related to ABAG's programs and services, timelines for performance, and existing work programs and activities in support of those requirements • Meet with grantor agencies to determine interests, legal constraints and parameters for continuing grant programs in a consolidated staff agency • Meet with ABAG JPAs to understand financial status, determine interests, legal constraints and parameters for continuing enterprise functions in a consolidated	September 2016	Deputy Executive Directors; Joint staff committee	

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
		staff agency or in an alternative institutional arrangement • Develop outline of scope of services proposed to be included under the contract			
B6.	**Executive Level Organization Structure**	• Assess administrative and management staff support needs for a consolidated staff agency to support the ABAG JPA policy and committee structure and member agencies • 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 • Draft proposed executive level organization structure to support ABAG Executive Board and Committee needs; review with ABAG Executive Board • Include proposed executive level organization structure, and general description of roles and responsibilities in services contract	September 2016	Board Leadership Team	
B7.	**ABAG Work Program**	• Develop a work program expected to be carried out annually under the Contract for Services • Develop policies and procedures for changes to the work program • Review with ABAG Executive Board and Committees	October 2016	Deputy Directors	
B8.	**Legal Assessment**	• Identify legal issues that must be addressed in a consolidated staff agency • 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	October 2016	Respective agency legal counsel	
B9.	**Services contract**	• Draft and execute services contract	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
Goals and Objective					
C1.	**MOU**	• Establish timeframe for future consideration of governance options • Draft MOU and review with respective policy bodies • Adopt MOU	January 2017	Respective Agency Chairs	A policy determination will need to be made with respect to timing of the evaluation; multiple evaluation milestones are possible. Respective Agency Legal Counsel and Executive Directors will also be involved.
C2.	**Evaluation**	• Establish criteria for evaluation of the two-agency model • Draft goals and objectives for the evaluation of governance options, if determined to do so • Develop a work program for conducting the evaluation of governance options	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
		• Hire a consultant to work with both agencies on the evaluation • Establish a joint sub-committee of policy makers to work with both agencies on the evaluation • Conduct an evaluation to include legal and statutory issues			

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
Compensation and benefits					
D1.	**Compensation**	• Document current ABAG compensation policies (management and non-management), including vacation and sick leave accrual rates, medical plans and compare to MTC policies • Develop list of full and part-time ABAG employees and their respective total compensation	August 2016	Human Resource Directors or Managers	
D2.	**Benefits**	• Document current ABAG benefit structure by employee group and employee	August 2016	Human Resource Directors or Managers	
Employee transitions					
D3.	**Transition plan and policies**	• 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 • Develop complete list of ABAG employees affected by staff consolidation • Develop proposed transition plan and policies for the	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 • Meet and discuss proposed transition policies with ABAG and MTC employees and employee bargaining groups and their representatives • Prepare final transition plan and policies	July – November 2016 November 2016		
D4.	**Staff transitions**	• Identify and address overlapping MTC and ABAG executive and managerial positions • Develop list of existing MTC classifications that may be appropriate for ABAG employees • Develop new classification and compensation for those ABAG positions that do not fit within the current MTC classifications • Draft list of positions and proposed compensation • Meet with ABAG employees and discuss staff transitions • Make offers of employment • Transition employees	September 2016 November - December 2016 February 2017	Deputy Directors/Human Resources Managers	
Existing ABAG Retirees					
D5.	**Existing policies and procedures**	• Confirm ABAG obligations to existing retirees; assess ongoing financial cost • Determine whether financial obligation will remain with ABAG JPA or become part of contract for service	October 2016	Agency Finance Directors	
D6.	**Existing retiree briefing**	• Brief existing retirees	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
Administrative Services					
E1.	**General financial services**	• Continue independent accounting of ABAG JPA for the term of the Contract for Service • Identify ABAG financial structure and services required following execution of contract for service in FY 2016-17. • 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 • Establish fiscal oversight policies and procedures of ABAG financial systems, and reporting relationships of transitioned ABAG employees within the Finance Department • Meet with enterprise services to understand their interests and financial services' needs; develop plan to meet the needs and/or transition the services • Schedule briefing(s) with ABAG employees about MTC financial policies and procedures, e.g., purchasing and contract management • Assess opportunities for consolidation and efficiency; develop a plan for doing so	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.
E2.	**Financial reporting**	• Review current ABAG financial reporting policies and practices • Identify changes in financial reporting requirements if needed • Review potential changes with ABAG staff to ensure compliance with third party contractors, enterprise functions or granting agencies and management information needs • Review reporting requirements with ABAG Executive Board • Develop implementation schedule	January-March 2017	Agency Finance Directors	Provide reports to the ABAG Executive Board.
E3.	**Treasury management**	• Assess ABAG investment policies and identify amendments as necessary	January-March 2017	MTC Finance Director	

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
		• Recommend to ABAG Executive Board for approval • Assess services of ABAG existing financial managers; recommend changes and process to do so if determined to be necessary			
E4.	**Budget**	• Draft cost allocation program proposed to be implemented following Contract for Service; review with impacted grantees and grantors and enterprise services • Develop and submit amended FY 2016-17 budget to ABAG policy bodies, if determined to be necessary • Identify and recommend changes to annual budget process to ABAG policy bodies, if necessary	January-March 2017	MTC Finance Director	
E5.	**Human Resources**	• Identify MTC human resources policies and procedures that need to be conveyed to ABAG employees • Schedule briefing sessions with ABAG employees to ensure understanding of MTC human resources policies and practices.	January-March 2017	MTC Human Resources Director/Manager	
E6.	**Information technology**	• Review current ABAG information technology systems and contracts • Assess opportunities for consolidation and efficiency; develop a plan to do so	January-March 2017	IT Directors/Managers for ABAG and MTC	
E7.	**General support**	• Identify and evaluate responsibilities of existing ABAG and MTC support staff • Develop transition plan for most effective use of support staff • Redistribute responsibilities as needed	January-March 2017	Deputy Directors	
E8.	**Legal services**	• 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 • Draft and issue an RFP for outside legal services; enter into a contract	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.	**Organization structure**	• Review and assess existing MTC and ABAG organization structure, staffing levels and expertise • Meet with respective agency policy bodies to review organization structure interests • Meet with ABAG senior staff to understand support and services currently provided to the JPA policy makers, committees and member agencies • Gain consensus on an organization structure that meets identified needs as well as the placement of transitioned ABAG staff • Review as necessary with appropriate MTC and ABAG Committees • Implement new organization structure	January-March 2017	MTC Executive Director/Deputy Directors	
E10.	**Unified, integrated planning department**	• 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 • 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 • Develop an organization structure that supports the integrated work program • Communicate the structure and how work will be accomplished to the staff and policy bodies • Conduct teambuilding session(s) with staff to establish vision, values and expectations of how staff will work together as an integrated planning function • Engage staff periodically to gauge and evaluate team effectiveness	January-March 2017	MTC Planning Director	
E11.	**Unified Agency mission, vision and values**	• Conduct teambuilding session(s) with staff to establish vision, values and expectations of working together • Share results with MTC and ABAG policy bodies • Engage staff periodically to gauge and evaluate team	January-March 2017	Agency Executive Director/outside consultant	

No.	Action Area	General Implementation Steps	Completion Date	Lead Implementation Responsibility	Comments
		effectiveness			
Commission, Board and Committee Support					
E12.	**Reporting relationships**	• Determine the reporting relationship of the MTC Executive Director to the ABAG Executive Board and General Assembly • Determine reporting relationships and board support for other ABAG Committees and JPAs	December 2016	MTC Executive Director	
E13.	**ABAG Executive Board, Committee and associated JPA administrative support**	• Identify and assess ABAG Board, committee and associated JPA Board administrative support needs • Assign staff	January-March 2017	Deputy Directors	
E14.	**Policy committee structure**	• 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 • Propose revisions to reduce staff and elected officials' time commitments and improve transparency to the public	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
Plan Bay Area					
F1.	**Statutory and policy roles and responsibilities**	• Document, and if necessary, propose revised policy roles and responsibilities consistent with statute regarding the	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) • Prepare a policy decision making process map showing steps to review and adopt the SCS • Review with respective MTC and ABAG committees			
F2.	**Integrated work program and schedule**	• Prepare a revised and fully integrated work program and schedule leading to adoption of a new Plan Bay Area in 2017 • Revise the community outreach and stakeholder engagement plan as necessary • Review both with appropriate MTC and ABAG committees	January-March 2017	MTC Planning Director	
Integrated Planning Programs and Services					
F3.	**Regional planning**	• 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 • Forge closer relationships with BAAQMD and BCDC through BARC on cross-cutting regional issues • 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	June 2017	MTC Planning Director	ABAG and MTC committees will likely have an interest in this as well as stakeholder groups and partner agencies.
F4.	**Planning programs and services**	• Inventory all planning programs and services • Assess duplication and opportunities for consolidation, integration or reassignment to other partners or agencies • Review possible changes with stakeholders, grantors or other partners' agencies as appropriate • Develop work program, schedule and assign staff to implement proposed changes	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

Management Partners

May 17, 2016

Attachment B. Overview of Proposed Implementation Plan for Option 7

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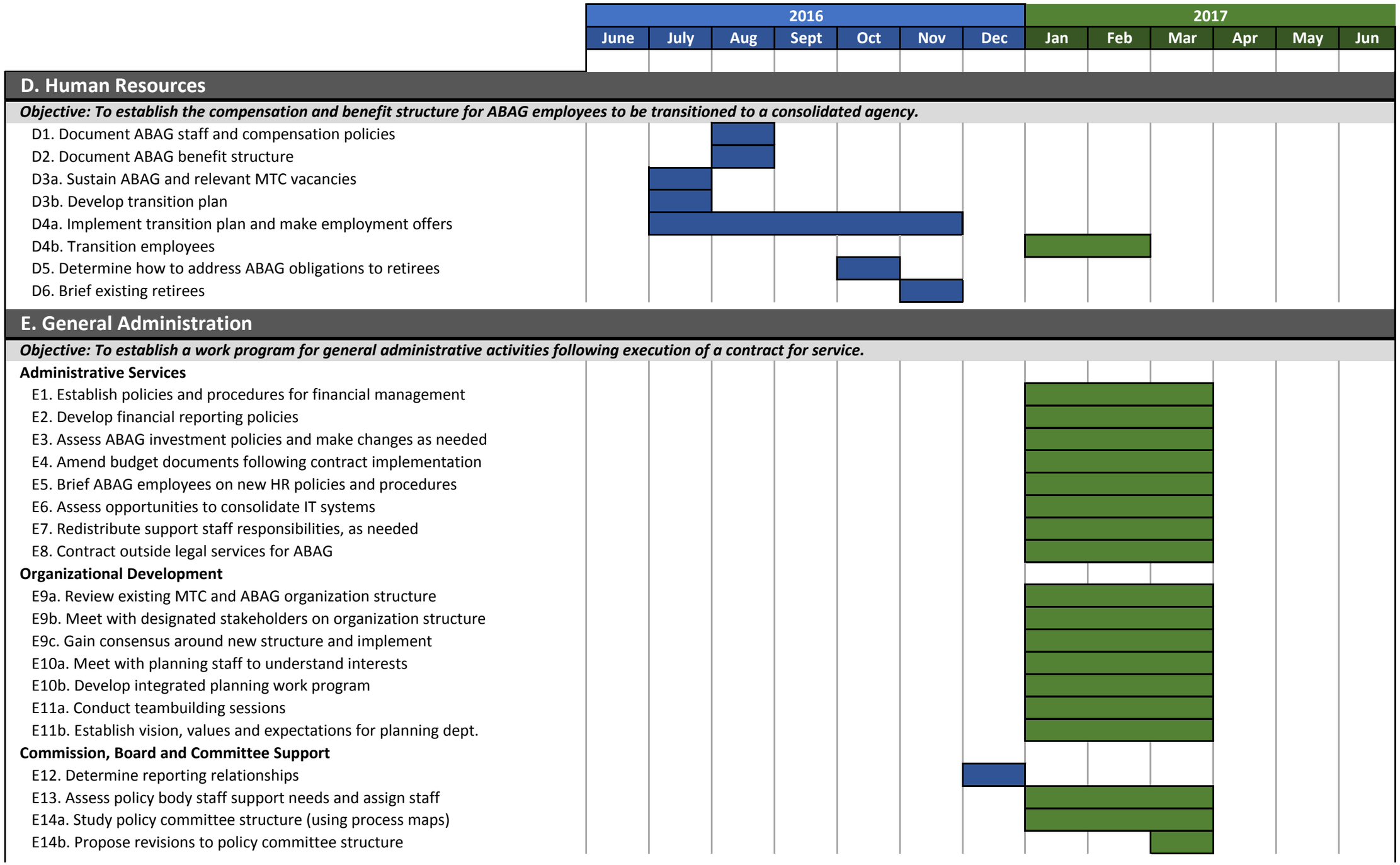

Attachment B. Overview of Proposed Implementation Plan for Option 7

Consolidation of All Staff Functions and Pursuit of New Governance Options

MTC-ABAG Merger Study

Management Partners

May 17, 2016

	2016							2017					
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
F. Policy 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.													
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													