



Date: September 10, 2015

To: ABAG Executive Board

From: Ezra Rapport
Executive Director

Subject: **Response to MTC Proposal to Transfer Regional Land Use Planning Staff and Associated FY 2015-16 Planning Budget**

Executive Summary

This white paper analyzes MTC's proposal to transfer regional land use planning and research staff from ABAG to MTC.

The proposal represents a major shift in regional land use planning and could result in ABAG's insolvency with significant consequences to cities and counties and ABAG's employees.

MTC's proposal is driven by either a) an attempt to gain efficiencies in the planning process; or b) a desire on the part of MTC to enter into the field of land use planning in addition to its role as a transportation agency.

If the issue is about efficiencies, ABAG joins MTC in searching for new ways to improve the process and utilize fewer taxpayer dollars. Efficiencies in regional planning have not been explored in detail since the advent of SB 375 in 2008.

If the issue is about MTC taking on a new land use role, ABAG and MTC should immediately begin discussions about the merger of the two agencies. With merger, the best work of both agencies can maintain continuity and ABAG can remain solvent as a Council of Governments. This would reflect the way other regions are organized, and would require the retention of a consultant team to advise and support a merger process.

In either case, MTC's proposal should not be fast tracked. The discussion of issues should be thoughtful and every effort made to incur the least harm. On the other hand, ABAG is not seeking to delay the analysis and paralyze the process. Specific milestones should be created to hear back from the organizational consultant.

At this juncture, ABAG proposes four actions: (1) Restore ABAG's budget for FY 2015-2016; (2) Retain a third party consultant to evaluate existing conditions and develop proposals; (3) Establish a subcommittee from ABAG and MTC boards to prepare an Action Plan; and (4) Schedule regular progress reports to the joint MTC Planning Committee/ABAG Administrative Committee.

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Introduction

In 2008, ABAG was given regional land use planning responsibility under SB 375 with the legislative support of MTC. ABAG and MTC were required by law to create an integrated land use and transportation plan, referred to as a Sustainable Communities Strategy (SCS) which was renamed by the agencies as Plan Bay Area. Both agencies were required to approve the SCS.

MTC adopted a funding framework for ABAG to carry out its responsibilities under the SB 375 statute. The funding framework, adopted by the Commission, ran through 2022, in the amount of approximately \$3.7 million annually (see Attachment A). The funding framework was implemented by the execution of an Interagency Agreement in each of the last 3 fiscal years.¹

ABAG developed a regional land use plan with local government self-nominated Priority Development Areas (PDAs). The goal is to create high quality urban neighborhoods along transit corridors through the use of local plans. These plans, supported by regional funding and assistance, produce housing at feasible densities, and include sites for affordable housing. The PDAs integrate environmental sustainability and resiliency measures, and achieve entitlement efficiency to attract private investment. ABAG provides technical assistance, while

¹ MTC has provided pass through funding for ABAG's planning services since 1993 (see Attachment B).

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MTC supports the program with financial incentives. The program has been well received and lauded by reviewing State agencies.

MTC, however, has stated that the SCS process is inefficient and not cost-effective. MTC is now considering shifting the staff working on regional land use planning and research from ABAG to MTC and paying for this by retaining the \$3.7 million it had previously provided to ABAG each year.

ABAG has two principal concerns: (1) how should ABAG and MTC be structured to ensure the maximum benefit and efficiency for land use and transportation planning and (2) how can ABAG preserve its Council of Government functions if there is a structural change in regional land use planning.

ABAG's Role as a Council of Governments

ABAG is a local government dues-paying membership organization dedicated to the well-being of cities, towns, and counties. As a Council of Governments (COG), ABAG engages in many other activities and enterprises that benefit local government.

ABAG was created by local governments in the Bay Area in 1961 to meet their planning and research needs related to land use, environmental and water resource protection, disaster resilience, energy efficiency and hazardous waste mitigation, and to provide risk management, financial services and staff training to local counties, cities and towns.

As the COG, ABAG is responsible by state statute for the Regional Housing Needs Allocation (RHNA) and five elements of the Sustainable Communities Strategy that address the future distribution of housing and employment (see Attachment B for legal background). Over the years, ABAG and MTC have worked in parallel to serve the land use and transportation needs of the region. In 1991, the two agencies worked to produce Bay Vision 2010, a regional blueprint for smart growth in the Bay Area. Based on this experience and, most importantly, working with local jurisdictions and learning from local plans, ABAG and MTC began to develop a regional framework for sustainability through the local designation of Priority Development Areas and Priority Conservation Areas. Since the adoption of the Sustainable Communities Strategies under SB 375 in 2008, land use, housing and transportation strategies are formally integrated by ABAG and MTC to provide a better alignment of housing production, local land use planning and transportation investments.

In addition to ABAG's collaborative work in land use, ABAG is also responsible for a variety of regional planning, operational and project activities related to land use and growth, including water quality, natural hazards and resilience, energy efficiency, restoration of the San Francisco Bay, and protection of open space and regional trails including the Bay and Water Trails. A major component of ABAG's member services includes pooled insurance, energy and project financing.

The Plan Bay Area (SCS) Process

Following the adoption of SB375 and introduction of the Sustainable Communities Strategy (SCS), a land use plan approved by ABAG is required as part of the RTP/SCS. Prior to Plan Bay Area, MTC produced and independently adopted the Regional Transportation Plan (RTP). As a result of SB 375 requiring the adoption of the SCS by both ABAG and MTC, the complexity

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of a land use planning process was inserted into a well-structured transportation investment process. The addition of a more complex land use plan tied to transportation investment has resulted in a healthy and challenging dialogue as to how to manage the future of the Bay Area. This has also taken place in the context of heightened public interest in regional issues such as housing costs, job growth, and traffic congestion.

The SCS process has highlighted some frictions within MTC and ABAG about joint regional planning activities. For example, MTC has raised concerns about inefficiencies in the process, while ABAG is concerned with retaining local input in housing and land use planning. Despite these frictions, both agencies are seeking similar outcomes for addressing the multiple challenges facing the region.

ABAG's and MTC's planning units are responsible for two separate functions, land use and transportation, respectively. Both units complete tasks that require specialized skills and training. The intersection of the two units under Plan Bay Area has, however, been problematic. Both organizations have their own culture and it takes time for communication to proceed smoothly. The first SCS process was difficult, while the second, currently underway, is working better, but still needs improvement. The process of working together is still under construction, and an independent review by an outside consultant could be helpful in better managing this collaboration.

As state law requires the approval of both ABAG and MTC, important milestones in Plan Bay Area are periodically brought to the joint MTC Planning Committee/ABAG Administrative Committee. Prior to convening the committee, significant land use issues are brought before the ABAG Board and the Regional Planning Committee. MTC also brings various transportation issues to its Commission committees in advance of the joint committee. Through this process, consensus has been reached as to how to proceed over the past five years.

Loss of the MTC Grant Risks ABAG's Financial Solvency

ABAG's finances are such that the sudden withdrawal of MTC's Grant will disrupt ABAG's capacity to continue its programs (see Attachment C). Unless this change is done carefully, ABAG faces financial insolvency along with a default in its pension program. ABAG needs the overhead provided by the MTC grant to support administrative services to its enterprises and inter-governmental grant programs. ABAG's business model has leveraged over \$150 million of grants from the state and federal governments over the last five years (see Attachment D). If ABAG is not able to maintain solvency, the loss of the Bay Area's COG will diminish efforts in the fields of energy efficiency, clean water and wetlands, drought relief projects, economic development, resilience and climate adaptation. The number of people that will have to be laid off has not yet been calculated, and depends largely on whether ABAG can continue its membership dues without regional land use planning staff (see Attachment C). According to CalPERS, default on ABAG's pension debt will result in all ABAG pensions, both past and current, being severely reduced (see Attachment D).

Examining Structural Change Between ABAG and MTC

There are numerous options for ABAG and MTC to study structural changes. In this memo, we sketch four options superficially, with the understanding that these are for illustrative purposes only.

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- Option One focuses on retaining the independent organization of ABAG and MTC, but improving collaboration.
- Option Two reviews our understanding of the current MTC proposal.
- Option Three imagines one possibility of a complete merger between the organizations, where the governance of ABAG and MTC are forged into one Governing Board.
- Option Four is a transitional merger, creating one Governing Board, but retaining the authority of ABAG and MTC utilizing a single planning staff.

All of these options will take more time to examine thoroughly. There are numerous issues associated with each option that require analysis.

Recommendations and Next Steps

Staff recommends the following actions:

1. Secure stability of both planning departments to proceed with Plan Bay Area by extending ABAG funding for the final 6 months of FY2015 – 2016.
2. Establish a subcommittee to produce an Action Plan to conduct a transparent six-month process evaluating the options to ensure appropriate and efficient collaboration between planning departments and ABAG and MTC. The subcommittee would include Commissioners and Executive Board Members appointed by the Commission and Executive Board, respectively.
3. Retain an independent third party consultant to evaluate the two planning organizations and the options described in this paper.
4. Schedule regular progress reports by Executive Directors to joint MTC Planning Committee/ABAG Administrative Committee on an Action Plan, joint work plan, and coordination with local jurisdictions.

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Option One: Retain Independent MTC and ABAG but Strengthen Collaboration: Benefits of an Independent Council of Governments

Option one highlights the benefits of the division of regional planning responsibilities in the Bay Area. In the other major metropolitan areas, the Council of Governments (COG) is also the Metropolitan Planning Organization (MPO). The Bay Area's regional planning structure has allowed MTC and ABAG to develop unique strengths and focus responding to its mission. Some of the specific benefits of the current structure include:

Current Structure: Benefits

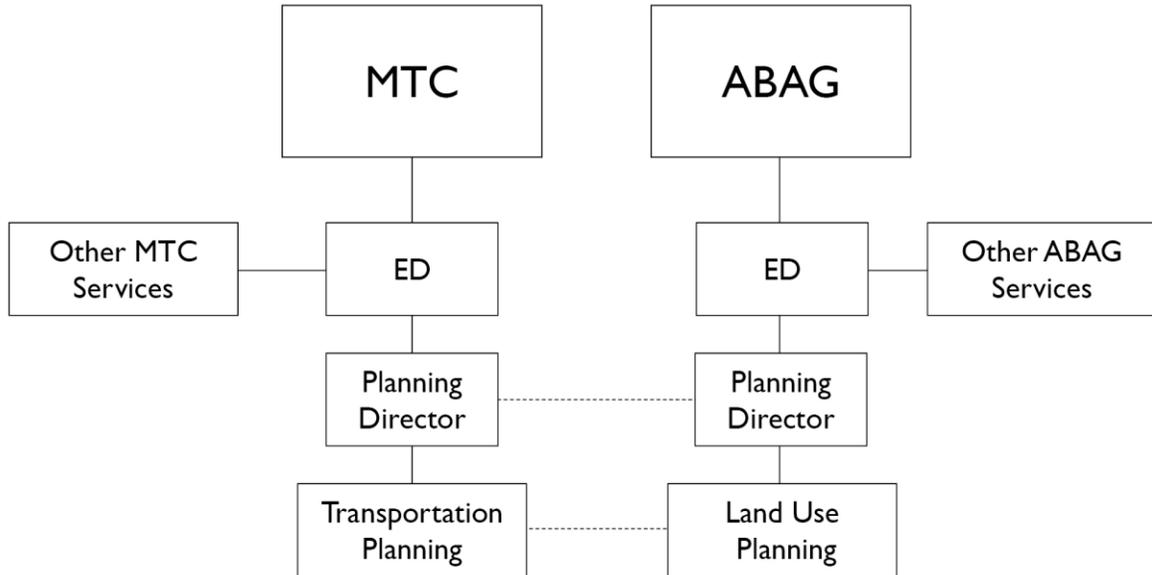
- Strong local engagement
- Integration of land use with related ABAG functions
- Retains ABAG's institutional experience
- Timely completion of Plan Bay Area
- Retains unique expertise and diverse perspectives of MTC and ABAG
- Ensures local input into Plan Bay Area, RHNA and other land use and housing policies
- Continues integration of land use planning with related regional functions within ABAG such as natural disaster preparation, resilience, energy efficiency, and water quality
- ABAG financial and organizational structure retained without harm.

Current Structure: Challenges

While the current organization of regional planning in the Bay Area has many advantages, several challenges have emerged, including:

- Complexity of public involvement process. Depending upon one's perspective, the current scope of public involvement in regional planning can be perceived as too limited or too extensive. Combining the RTP with a land use plan has expanded the level of public attention on ABAG and MTC joint activities and increased the deliberation required to complete joint tasks. ABAG is directly accountable to the region's local jurisdictions, while MTC maintains a close relationship with the Congestion Management Agencies. Substantial engagement needs to be designed that is consistent within each agency's sphere.
- Perceived Inefficiency. Plan Bay Area is recognized as among the most innovative regional plans nationwide and one of the state's most successful sustainable communities strategies. However, some members of the Commission and MTC staff have argued that the current planning process is time consuming and financially inefficient, leads to suboptimal external communications, and interferes with internal work flow.

Option One: Strengthen Collaboration Organizational Structure



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Option Two: Transfer Land Use Planning to MTC

In this option, a single planning unit covering both land use and transportation is housed within MTC, with MTC taking on the current responsibilities of ABAG's planning department. The MTC Planning Director oversees the consolidated planning department, reporting to the MTC Executive Director. The funding currently awarded from MTC to ABAG is retained by MTC. MTC offers employment opportunities to ABAG planning staff. Approval of the work product is made by the joint MTC/ABAG Administrative Committee and approval of the SCS is made by MTC and ABAG Boards.

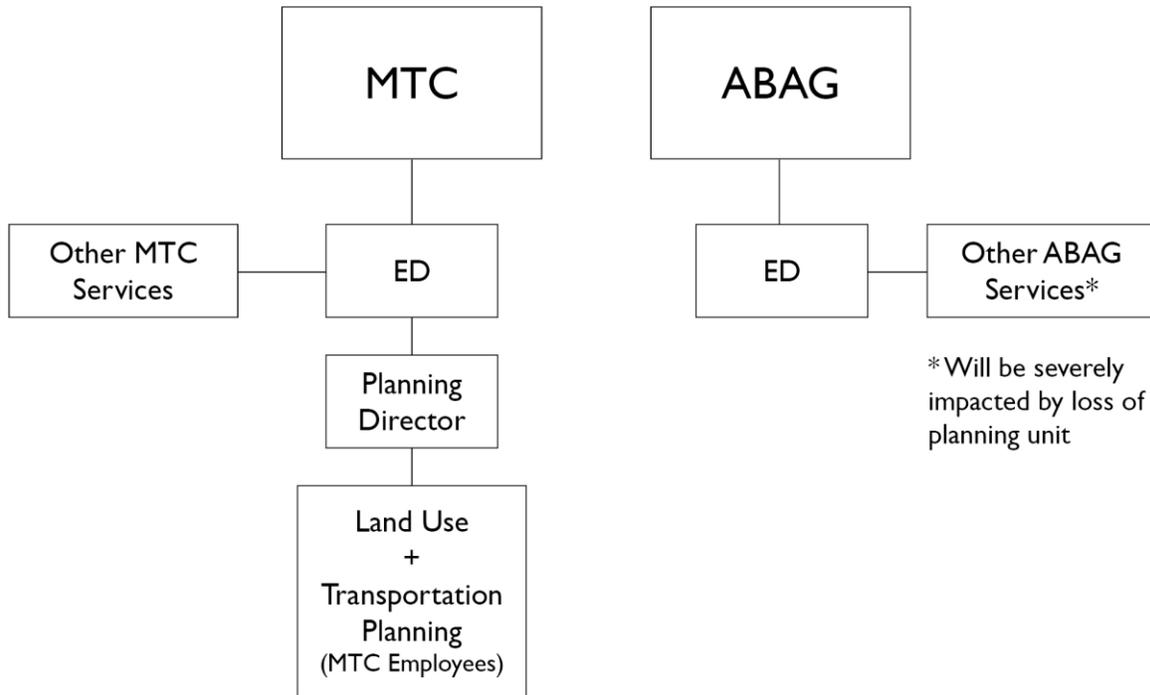
Potential Benefits

- All internal Planning staff within MTC and under its Commission streamlines decision-making process; eliminates potential for inter-agency policy disagreements or split vote on SCS
- Eliminates need for funding pass through to ABAG

Potential Challenges

- Reduces local jurisdiction input into Plan Bay Area, RHNA and other regional land use planning decisions compared to Council of Governments (ABAG); in practice, significantly reduces the participation by Executive Board—which would have little or no staff to evaluate regional land use policies
- Unclear cost savings; planning staff at two agencies do not currently perform duplicate tasks and administrative staff are scaled to support staff; MTC planning staff salaries typically higher than ABAG planning staff salaries
- Potential delays in completing Plan Bay Area and friction as a result of organizational restructuring without a collaborative process
- Inconsistency with state statutes assigning ABAG the responsibility for land use planning elements of the SCS and for the RHNA
- Reduced integration between land use and regional functions within ABAG such as natural disaster preparation, resilience, energy efficiency, and water quality
- Risk of future ABAG dissolution, caused by the rapid loss of funding for ABAG planning and related overhead, and diminution of membership dues, with resulting losses of grants from state and federal sources.

Option Two: Transfer Land Use Planning to MTC Organizational Structure



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Option Three: Full Merger to Create New Regional Governance Model in the Bay Area

The full merger option creates a larger, more representative Governing Board which has jurisdiction over MPO and COG function. The State Legislature would have to create one regional Governing Board for the Bay Area, eliminating ABAG and MTC independent governance. The Governing Board will represent local jurisdictions, stakeholders, and members concerned with an efficient systems approach for the Bay Area for land use, transportation, environmental issues, economic development, and equity issues. All functions of MTC and ABAG, plus new strategic functions, will be organized under one Governing Board and one Executive Director. A system of committee and subcommittees will be organized to govern all tasks. The organization is similar to combined COGs/MPOs throughout the State and nation.

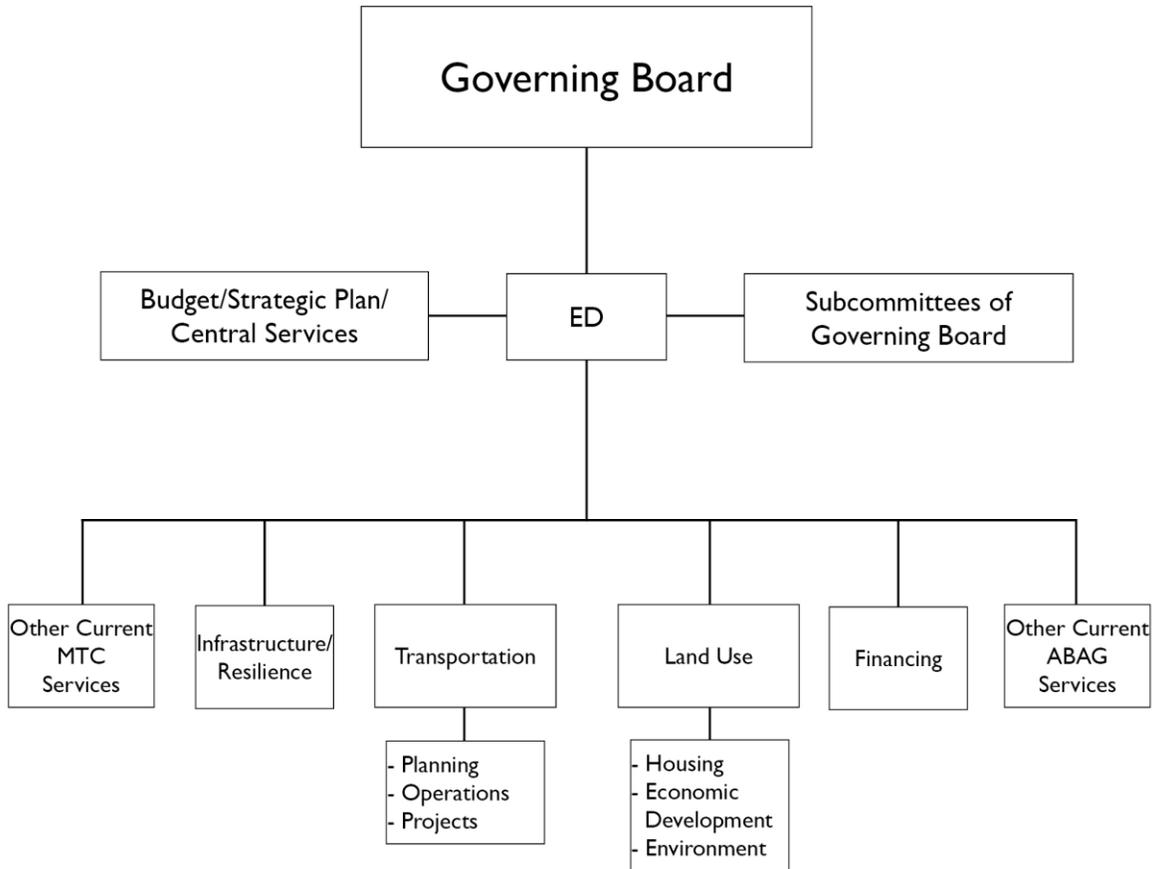
Potential Benefits

- Cost savings may be achieved through combined administrative services
- New Governing Board will be tasked with Strategic Planning for the region using a systemic approach
- More integration of environmental, economic, and equity issues across the entire organization
- Potential new regional authority conferred by the state
- Better integration of 21st century policy issues, such as climate mitigation and adaptation, reconstruction of infrastructure, regional financing options, increased housing production and affordable housing, income disparity and other equity issues, earthquake and sea level rise resilience.

Potential Challenges

- Difficult and complex negotiations to assemble Governing Board, may be impossible to achieve consensus
- Significant involvement of Legislature
- Time consuming effort to integrate current employees
- Possible loss of city and county control over membership organization
- Need to retain streamlined process for transportation project approvals
- Breadth of issues to be managed by one Executive Director
- Internal conflicts over governance of committee structure.

Option Three:
Full Merger to Create New Regional Governance Model
Organizational Structure



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Option Four: Transitional ABAG/MTC Merger

In this proposal, ABAG and MTC voluntarily create a merger that retains the benefits of the two organizations within a new organization that acts as the region's COG/MPO. The Governing Board will control the budget and central overhead services and strategic planning of the new organization. This proposal consolidates the planning units and consists of existing ABAG and MTC employees who report to a single Planning Director, who reports to the Executive Director of the new Governing Board. The Joint Planning Department provides technical planning services to both MTC and ABAG. Employees of all other MTC and ABAG departments are retained, reporting to an MTC and ABAG Chief Operating Officer (COO), respectively.

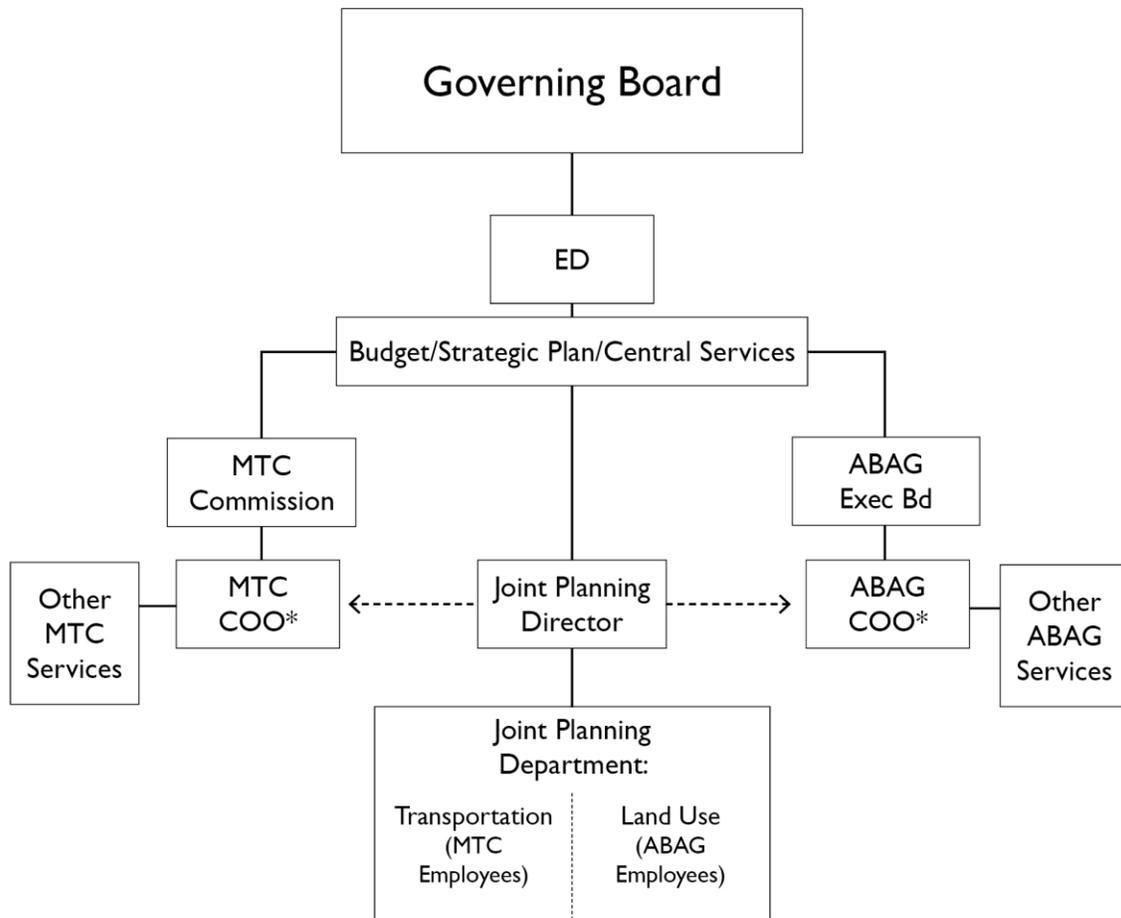
Potential Benefits

- Cost savings are achieved by consolidating agency-wide administrative services for both MTC and ABAG
- Planning Director working in line authority to new Governing Board and will be tasked with providing planning services to either MTC (e.g. for RTP) or ABAG Executive Board (e.g. for RHNA, Resilience programs) for Plan Bay Area
- New Governing Board will develop a regional Strategic Plan for integrating land use, transportation, and planning activities
- ABAG and MTC financial structures remains intact, should result in no loss of grants or membership dues
- Efficient decision-making process.

Potential Challenges

- May require state legislation
- Additional cost of one Executive Director for the governing Body, plus one Planning Director for the consolidated Land Use and Transportation functions offset partially by other savings
- Larger bureaucracy; less nimble
- Not a complete Merger; will take time to establish a complete merger under the Governing Board that eliminates both ABAG and MTC.

Option Four: Transitional ABAG/MTC Merger Transitional Organizational Structure



*Chief Operating Officer

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Attachments

- A. MTC Revised Funding Agreement Framework
- B. ABAG Proposed Transfer-Legal Background
- C. Financial Implications (with Exhibits A-D)
- D. Pension Impact
- E. Grants and Awards, FY 2010-2011 through 2014-2015
- F. ABAG Programs and Projects
- G. ABAG Employee Organization
- H. ABAG and MTC Collaboration



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Memorandum

TO: Commission

DATE: June 18, 2014

FR: Executive Director

RE: Revised Funding Agreement Framework for MTC/ABAG Joint Planning, Research and Administrative/Facilities Activities

In February 2013, the Commission approved an eight-year framework for funding the Association of Bay Area Governments (ABAG) joint planning, research, and administrative/facilities activities that would provide ABAG a more predictable basis for their annual budgeting and cover tenant improvements associated with ABAG's relocation to 375 Beale Street in San Francisco.

Consistent with the multi-year agreement, MTC and ABAG have identified cost efficiencies associated with shifting work for a Senior Land Use modeler from ABAG to MTC under one consolidated analytical services unit. As such, the multi-year agreement is proposed to be adjusted starting in FY 2014-15 to reflect an approximate \$125,000 reduction in cost for ABAG.

Revised Funding Agreement Framework

The revised framework from FY 2013-14 through FY 2020-21 with this adjustment is summarized in Attachment A.

All other provisions of the February 2013 framework would remain unchanged, as follows:

- The annual funding amounts are calculated using FY 2012-13 estimate of ABAG's research and planning services expenses of \$3,700,000 as the base, escalated at 1.5% per year with the \$125,000 reduction noted above in FY 2014-15, plus funding sufficient for ABAG to contribute to the cost of tenant improvements.
- The funding sources for the agreement would include the final round of Proposition 84 funds in FY 2013-14 as well as any new state planning funds made available to the region to support research, planning and implementation activities per the requirements under SB 375 and Plan Bay Area. MTC and ABAG will advocate for the continuation of state planning funds to support these activities.
- Unspent funds are allowed to be carried over into ensuing years' agreements for expenditure by ABAG in subsequent fiscal years, thereby providing budget capacity over

the course of the eight-year agreement to meet anticipated agency expenses and to offset potential lower state funding levels.

- The MTC Administration Committee would authorize the execution of each year's agreement, pursuant to the funding amounts in Attachment A, in order to confirm the scope of work for research and planning activities to be carried out by ABAG in exchange for the funding received.
- ABAG and MTC will continue to explore in earnest ways to reduce costs related to any duplicative planning or administrative functions.

Staff recommends that the Commission approve and authorize staff to forward it to ABAG for concurrence as the basis for the MTC/ABAG funding agreements beginning in FY 2014-15.



Steve Heminger

AB:SH

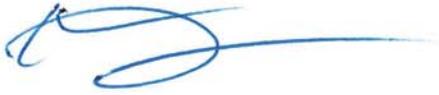
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Attachment A
MTC/ABAG Funding Framework
REVISED MTC Funding Commitments
June 2014

	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	Total
Current Framework									
Planning & Research	3,755,000	3,812,000	3,869,000	3,927,000	3,986,000	4,046,000	4,106,000	4,168,000	\$ 31,669,000
Tenant Improvements	400,000	400,000	450,000	550,000	600,000	600,000	600,000	600,000	\$ 4,200,000
Total	4,155,000	4,212,000	4,319,000	4,477,000	4,586,000	4,646,000	4,706,000	4,768,000	\$35,869,000
Revised Framework									
Planning & Research	3,755,000	3,687,000	3,742,000	3,798,000	3,855,000	3,913,000	3,972,000	4,031,000	\$ 30,753,000
Tenant Improvements	400,000	400,000	450,000	550,000	600,000	600,000	600,000	600,000	\$ 4,200,000
Total	4,155,000	4,087,000	4,192,000	4,348,000	4,455,000	4,513,000	4,572,000	4,631,000	\$34,953,000
Difference	-	(125,000)	(127,000)	(129,000)	(131,000)	(133,000)	(134,000)	(137,000)	(916,000)

Corrected from February 2013 Framework to increase by \$30,000.

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To: Executive Board, ABAG
Fr: Kenneth K. Moy, Legal Counsel 
Dt: July 6, 2015
Re: Proposed Transfer of ABAG Planning and Research Staff – Legal Background

Summary

SB 375 assigns responsibility for the land use, housing and economic elements of the sustainable communities strategy (SCS) to ABAG and the transportation elements to the Metropolitan Transportation Authority (MTC). The proposed transfer of ABAG's Planning and Research staff to MTC requires one of the following:

- A. The ABAG Executive Board transfers its planning responsibilities under SB 375 to MTC.
or
- B. The Legislature amends SB 375 to do so.

SB 375's division of regional land use planning and regional transportation planning between ABAG and MTC, respectively, continues a practice that has been in place since the creation of MTC.

Discussion and Analysis

A. *SB 375*

SB 375 amended the Planning and Land Use Law to require the preparation of a sustainable communities strategy (SCS) for each region in the State. The SCS must be included in any Regional Transportation Plan prepared subsequent to the passage of SB 375.

SB 375 describes the SCS in terms of eight functional elements. For the San Francisco Bay Region, SB 375 designated ABAG and MTC as the entities responsible for preparing the SCS and assigned each of the eight functional elements as follows:

ABAG

- o Identify the general location of uses, residential densities, and building intensities within the region.
- o Identify areas within the region sufficient to house all the population of the region, including all economic segments of the population, over the course of the planning period of the regional transportation plan taking into account net migration into the region, population growth, household formation and employment growth.



- o Identify areas within the region sufficient to house an eight-year projection of the regional housing need for the region as determined by the State Housing and Community Development Department (HCD) and ABAG under the Housing Element Law.
- o Gather and consider the best practically available scientific information regarding resource areas and farmland in the region as defined by statute.
- o Consider the state housing goals of the State Housing Element Law.

ABAG and MTC

- o Set forth a forecasted development pattern for the region, which, when integrated with the transportation network, and other transportation measures and policies, will reduce the greenhouse gas emissions from automobiles and light trucks to achieve, if there is a feasible way to do so, the greenhouse gas emission reduction targets approved by the California Air Resources Board.

MTC

- o Identify a transportation network to service the transportation needs of the region.
- o Allow the regional transportation plan to comply with Section 176 of the federal Clean Air Act (42 U.S.C. Sec. 7506).

SB 375 clearly establishes that ABAG is responsible for the land use, housing and economic planning required for the SCS and that MTC is responsible for the required transportation planning.¹ SB 375 is silent on how ABAG and MTC are to collaborate on jointly preparing and approving the SCS.²

B. Proposed Transfer

MTC staff is proposing that ABAG transfer ABAG Planning and Research staff to MTC to address issues identified by MTC staff. Regardless of the reason(s) for the transfer, to do so requires (1) action by the ABAG Executive Board or (2) amendment of SB 375.

For the reasons stated above, ABAG is responsible for the land use, housing and economic elements of the SCS. ABAG carried out that responsibility for Plan Bay Area in 2011-13 by having its staff prepare those components in collaboration with MTC staff and by approving the SCS. In my opinion, transferring the Planning and Research staff from ABAG to MTC does not change SB 375's requirement that ABAG be responsible for these elements of the SCS.

¹ See Govt. Code Secs. 65080(2)(B) and 65080(2)(C)(i).

² MTC and ABAG acknowledged this allocation of responsibilities in their respective resolutions adopting the SCS: MTC Resolution 4111 and ABAG Resolution 06-13.

Therefore, the land use, housing and economic elements of the SCS still requires ABAG Executive Board approval.

In theory, after the ABAG Planning & Research Department is transferred to MTC, the land use, housing and economic elements of the SCS could still be subject to approval by the ABAG Executive Board. However, MTC’s rationale for the transfer - to remove ‘inefficiencies and duplication’ – is not compatible with a structure that has the ABAG Executive Board overseeing work performed by MTC staff. Therefore, there are two feasible options:

- a. ABAG delegates responsibility for preparation its portion of the SCS to MTC, or
- b. SB 375 is amended to transfer ABAG’s responsibility for preparation of the SCS to MTC.

Any proposed delegation or amendment will also need to deal with the element of the SCS that requires it to identify areas within the region sufficient to house an eight-year projection of the regional housing need for the region as determined by the State Housing and Community Development Department (HCD) and the regional housing need allocation (RHNA). ABAG was responsible for RHNA in 2013 and coordinated the RHNA and the SCS. If RHNA is not performed by MTC, then ABAG and MTC will need to coordinate their respective work on the RHNA and the SCS.

C. Historical Separation of Regional Land Use Planning from Regional Transportation Planning in the San Francisco Bay Area

ABAG is a joint powers entity created in 1961 to address the “demonstrated need for the establishment of an association of county and city governments within the San Francisco Bay Area to provide a forum for discussion and study of metropolitan area problems of mutual interest and concern to the counties and cities, and to facilitate the development of policy and action recommendations for the solution of such problems.”³ Over its history, ABAG’s primary focus has been on regional land use, housing and the environment. In this capacity, ABAG operates as a COG.

In 1970, the Legislature enacted the Metropolitan Transportation Commission Act that created MTC as a “local area planning agency . . . to provide comprehensive regional transportation planning” in the San Francisco Bay Area.⁴ In addition, MTC is designated as the transportation planning agency for the region.⁵

³ See first precatory clause of the ABAG joint powers agreement.

⁴ Govt. Code Sec. 66502. The Act is at Govt. Code Secs. 66501- 66536.2.

⁵ Govt. Code Sec. 29532.1(a).

In all other regions of the State, the region's COG (if there is one) was also designated as the region's transportation planning agency.⁶ This is the case for the other three major metropolitan regions: Los Angeles, San Diego and Sacramento. The designation of MTC as a standalone regional transportation agency separate from ABAG, the region's COG, and the resultant separation of regional transportation planning from regional land use planning, are anomalies. The Legislature apparently acknowledged this anomaly by requiring MTC to consider "plans prepared and adopted by the Association of Bay Area Governments" in MTC's preparation of the regional transportation plan.⁷

It is worth noting that historically MTC has provided funding for ABAG's regional land use planning activities that were needed to support MTC's transportation planning through an 'Interagency Agreement'. Each year the amount of the funding was based on a 'Funding Formula (Appendix A).

⁶ Govt. Code Sec. 29532.

⁷ Govt. Code Sec. 66509(c).

APPENDIX A
MTC/ABAG FUNDING FORMULA

Commencing with fiscal year 1993-94 and continuing each fiscal year thereafter, MTC shall annually pass through to ABAG, as set forth below, an amount equivalent to fifteen percent (15%) of the new federal general planning funds (U.S. DOT) and ten percent (10%) of the new TDA planning funds anticipated to be received by MTC during the given fiscal year. Funds appropriated in earlier fiscal years shall not be included in the pass-through computation.

Revenues "anticipated" by MTC, for the purpose of calculating ABAG's share, shall mean:

TDA: County Auditors' estimates received by MTC by February 1, preceding the fiscal year in question, or as amended by MTC prior to July 1 of the fiscal year in question.

FHWA: Estimates provided by FHWA, through Caltrans, in February preceding the fiscal year in question.

FTA: Estimates provided by FHWA, through Caltrans, in February preceding the fiscal year in question.

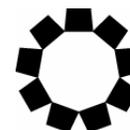
If additional DOT money for special planning studies should become available, ABAG may propose work programs for such studies and negotiate with MTC for additional funds as provided in Section 3 of this agreement.

Funding from FTA and FHWA shall be contingent upon approval by these agencies of the OWP for the coming year. Should the DOT agencies amend the OWP after the above dates to reduce the amounts of FHWA or FTA funds, MTC and ABAG shall endeavor to reduce their shares of DOT funds proportionally and shall amend the OWP tasks as necessary to reflect the reduced level of funding.

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: September 2, 2015

To: ABAG Executive Board

From: Ezra Rapport
Executive Director

Subject: **Analysis of Financial Implication of Removal of Planning and Research Functions/Funds from ABAG**

Executive Summary

This paper examines the financial consequences to ABAG if MTC abruptly ends its funding of ABAG land use planning functions. The annual loss of \$3.9 million would be partially offset by reduced staff costs, the net effect would be a \$1.6 to \$2.1 million net revenue loss. If the entire Planning Department was eliminated, the annual revenue loss would be \$5.5 million, with offsetting cost reductions of \$3.4 million, resulting in a net loss to ABAG of \$2.1 million.

FINANCIAL IMPACT OF MTC PROPOSAL	<u>Planning Staff and Functions Eliminated</u>	
	<u>Plan Bay Area Staff Only</u>	<u>All Planning & Research Staff</u>
Revenue from MTC for Land Use Planning:		
Federal Grants & Contracts	\$2,657,000	\$2,757,000
State Grants & Contracts	\$ 737,000	\$1,887,000
Other Grants & Contracts	\$ 500,000	\$ 850,000
Service Programs		\$ 50,000
Total Revenue	\$3,894,000	\$5,544,000
Expenses related to ABAG's Planning Staff		
Personnel Costs	\$2,619,803	\$3,473,601
Unfunded Pension Liability	\$ (418,000)	\$ (554,000)
Other Direct Expenses	\$ 96,595	\$ 509,015
Total Expenses	\$2,298,398	\$3,428,616
Net Deficit to ABAG	\$1,595,602	\$2,115,384

ABAG has insufficient reserves to sustain negative cash flow on this scale. While some additional reductions in expenses are possible, cutting administrative support too much will result in ABAG not being able to service its enterprise departments and obtain/manage millions of dollars in grants for its member jurisdictions. The loss of funding for ABAG planners would also result in a loss of the indirect overhead cost recovery associated with those positions, necessitating the immediate layoff of some of the administrative staff at ABAG.

Options for addressing this \$1.6 to \$2.1 million shortfall include 1) increasing our membership dues; 2) increasing our indirect overhead cost rate; and/or 3) laying off additional remaining ABAG staff members. Here is a brief analysis of the feasibility of each of these options.

Analysis of Financial Implication

September 2, 2015

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Increase Dues

Dues are set annually and have been fully assessed for FY 2015-16. The earliest possible increase would be effective July 1, 2016. ABAG staff, in consultation with ABAG's Executive officers, does not believe it is possible to reduce a substantial portion of the deficit through increasing dues to member cities/counties by 50-100%. Had nothing changed, it's hard to imagine many cities agreeing to such a significant increase. But after learning ABAG no longer has planning staff and, therefore, greatly diminished authority over land use policy, the argument for higher dues becomes untenable. The challenge will be to convince members to continue paying their current dues in spite of this loss of planning staff because of the other valuable services and programs that ABAG offers.

Increase Overhead Rate

ABAG's Indirect Overhead Cost Rate (IOCR) is the result of calculations and submittals to ABAG's lead federal funding agency, the US EPA, and is set annually. The earliest possible increase would be effective July 1, 2016. The current overhead rate (44.95%) was calculated in accordance with Federal regulations. Over the past five years, the overhead was used to support over \$150 million in federal and state grants (including from the EPA) that was dispersed for local jurisdictions (e.g. green infrastructure capital grants, the Bay Trail and SF Estuary Partnership). ABAG's indirect overhead cost rate is essential for ABAG's business model. If the rate is too high, it would render ABAG non-competitive for many of these grants, and it would not be acceptable to our insurance group, PLAN.

Staff Layoffs

ABAG employs almost two dozen planners, about a third of our total staff. ABAG is responsible for staffing ABAG's enterprise groups (PLAN, POWER, BayREN, SHARP, FAN), and the SF Estuary Partnership with our administrative staff (IT, HR, Finance and office support). Significant layoffs in administrative staff would negatively impact the ability of our enterprise groups and remaining non-Plan Bay Area programs to function

Each of these solutions: increasing dues, increasing indirect overhead cost rates and major staff layoffs are problematic and therefore threatening to our remaining programs. The cascading effect of cuts, layoffs, and losses of grants and enterprises could jeopardize ABAG's overall financial position. If financial problems result in ABAG falling into financial insolvency, another major problem is triggered. ABAG participation in the CalPers retirement system has an unfunded pension liability. The pension issue is discussed as the subject of a companion memo (Attachment D).

To illustrate the financial impact to ABAG of the transfer of part or all of the Planning and Research functions, the fiscal year 2015-16 budget has been used as a baseline (Exhibit A), and three scenarios (Exhibits B - D) illustrate a reduction of revenues and expenses that could be expected when Planning and Research functions are terminated. The fiscal year 2015-16 budget is balance and in any scenario where the loss of revenue exceeds the reduction in expenses, ABAG will incur an operating deficit.

The financial units composing the budget are:

Analysis of Financial Implication

September 2, 2015

3

- ABAG administration
- Plan Bay Area
- Other planning and research activities
- San Francisco Estuary Partnership
- BayREN – San Francisco Bay Area Regional Energy Network
- ABAG POWER
- ABAG PLAN CORPORATION (PLAN and SHARP insurance risk pools)
- ABAG FINANCIAL SERVICES (Finance Authority for Nonprofit Corporations)
- WETA – San Francisco Water Emergency Transportation Authority (Fiscal Agent Services)

Exhibit A – ABAG's FY 2015-16 budget

Exhibit B, reflects ABAG budget after the elimination of MTC funding and other funding related to *Plan Bay Area*, of \$3.894 million; and the elimination of personnel cost for ABAG employees who are principally assigned to the *Plan Bay Area* project of \$2.620 million, less the annual amortization of unfunded pension and Retiree Healthcare Plan liabilities of \$418,000. Under this scenario, ABAG would retain all the facilities and organizational support necessary to continue administration of all current activities, excluding *Plan Bay Area*. In this case the ABAG budget would show a deficit of \$1.596 million.

Exhibit C, reflects the budget after the elimination of all planning and research related revenues of \$5.544 million; and the elimination of all personnel costs of the Planning and Research Department of \$3.474 million, less the annual amortization of unfunded pension and Retiree Healthcare Plan liabilities of \$544,000. Also eliminated are administrative personnel costs of \$1.007 million (25%). ABAG would continue to operate and support all other current activities. With this 25% reduction in administrative support, the remaining units would incur additional expenses to replace the lost ABAG services; this analysis does not project these additional costs. The ABAG budget would show a deficit of \$1.108 million after a 25% reduction in administrative staff.

Exhibit D, reflects the budget after the elimination of all planning and research function revenues of \$5.544 million, the loss of membership dues of \$918,000 (50%); and the elimination of all personnel costs of the Planning and Research Department of \$3.474 million, less the annual amortization of unfunded pension and Retiree Healthcare Plan liabilities of \$544,000. Also eliminated are administrative personnel costs of \$2.014 million (50%). ABAG would continue to operate and support all other current activities, but at a reduced level. With the 50% reduction in administrative support, the remaining units would incur additional expenses to replace the lost ABAG services; this analysis does not project these additional costs or whether the remaining enterprise units would continue to affiliate with ABAG. The ABAG budget would show a deficit of at least \$1.019 million and more if we lose enterprise units.

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**ABAG UNIVERSAL
PROFORMA REVENUE AND EXPENSE STATEMENT
(Based on FY 2015-16 Budget)**

**Exhibit A
Base Case**

	Central ABAG				Total Enterprise	Total Universal ABAG
	Planning & Research	Bay Trail & Other	Agency Mngt	Total Central		
	REVENUE					
Federal Contracts	\$ 2,657,000	\$ 100,000		\$ 2,757,000	\$ 3,250,000	\$ 6,007,000
State Contracts	737,000	1,150,000		1,887,000	9,765,000	11,652,000
Other Contracts	500,000	350,000	\$ 151,200	1,001,200	790,000	1,791,200
Service Programs		50,000	1,060,000	1,110,000	4,250,000	5,360,000
Membership Dues			1,836,622	1,836,622	60,000	1,896,622
Total Revenue	3,894,000	1,650,000	3,047,822	8,591,822	18,115,000	26,706,822
EXPENSES						
Personnel	2,619,803	853,798	4,028,422	7,502,024	4,152,736	11,654,759
Pass Through					12,329,793	12,329,793
Other Direct Exp.	96,595	412,420	617,228	1,126,243	653,447	1,779,690
Overhead allocation	1,177,602	383,782	(1,597,828)	(36,444)	979,024	942,579
Total Expenses	3,894,000	1,650,000	3,047,822	8,591,822	18,115,000	26,706,822
Surplus (Deficit)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Assumptions

- MTC funding for Planning and Research is maintained in accordance with the inter-agency funding agreement.
- a.

**ABAG UNIVERSAL
PROFORMA REVENUE AND EXPENSE STATEMENT
(Based on FY 2015-16 Budget)**

**Exhibit B
Scenario I**

	Central ABAG				Total Enterprise	Total Universal ABAG
	Planning & Research	Bay Trail & Other	Agency Mngt	Total Central		
REVENUE						
Federal Contracts		\$ 100,000		\$ 100,000	\$ 3,250,000	\$ 3,350,000
State Contracts		1,150,000		1,150,000	9,765,000	10,915,000
Other Contracts		350,000	\$ 151,200	501,200	790,000	1,291,200
Service Programs		50,000	1,060,000	1,110,000	4,250,000	5,360,000
Membership Dues			1,836,622	1,836,622	60,000	1,896,622
Total Revenue	-	1,650,000	3,047,822	4,697,822	18,115,000	22,812,822
EXPENSES						
Personnel		853,798	4,446,422	5,300,220	4,152,736	9,452,956
Pass Through					12,329,793	12,329,793
Other Direct Exp.		412,420	617,228	1,029,648	653,447	1,683,095
Overhead allocation		383,782	(420,226)	(36,444)	979,024	942,580
Total Expenses	-	1,650,000	4,643,424	6,293,424	18,115,000	24,408,424
Surplus (Deficit)	\$0	\$0	(\$1,595,602)	(\$1,595,602)	\$0	(\$1,595,602)

Assumptions

- a. All MTC funding for Planning and Research is withdrawn.

Sixteen staff members assigned to Planning and Research are terminated from ABAG. Cost savings are reduced \$418,000 by the continuing requirement to amortize the unfunded pension liability and retiree

- b. healthcare liability attached to the salaries of the terminated employees.

Administrative overhead charged to Planning and Research is absorbed by Agency Management.

- c. Administrative staff is maintained at full budget levels.

- d. All activities other than the MTC related planning and research are continued.

**ABAG UNIVERSAL
PROFORMA REVENUE AND EXPENSE STATEMENT
(Based on FY 2015-16 Budget)**

**Exhibit C
Scenario II**

	Central ABAG				Total Enterprise	Total Universal ABAG
	Planning & Research	Bay Trail & Other	Agency Mngt	Total Central		
REVENUE						
Federal Contracts				\$ -	\$ 3,250,000	\$ 3,250,000
State Contracts				-	9,765,000	9,765,000
Other Contracts			\$ 151,200	151,200	790,000	941,200
Service Programs			1,060,000	1,060,000	4,250,000	5,310,000
Membership Dues			1,836,622	1,836,622	60,000	1,896,622
Total Revenue	-	-	3,047,822	3,047,822	18,115,000	21,162,822
EXPENSES						
Personnel			3,575,317	3,575,317	4,152,736	7,728,052
Pass Through					12,329,793	12,329,793
Other Direct Exp.			617,228	617,228	653,447	1,270,675
Overhead allocation			(36,444)	(36,444)	979,024	942,580
Total Expenses	-	-	4,156,101	4,156,101	18,115,000	22,271,100
Surplus (Deficit)	\$0	\$0	(\$1,108,279)	(\$1,108,278)	\$0	(\$1,108,278)

Assumptions

- a. All MTC funding for Planning and Research is withdrawn. All planning and research activities are discontinued.
Twenty two staff members assigned to Planning and Research are terminated from ABAG. Cost savings are reduced \$554,000 by the continuing requirement to amortize the unfunded pension liability and retiree healthcare liability attached to the salaries of the terminated employees.
- b. Administrative overhead charged to Planning and Research is absorbed by Agency Management.
- c. Administrative staff is reduced by 25%.
- d. All Enterprise activities and service programs are continued.

**ABAG UNIVERSAL
PROFORMA REVENUE AND EXPENSE STATEMENT
(Based on FY 2015-16 Budget)**

**Exhibit D
Scenario III**

	Central ABAG				Total Enterprise	Total Universal ABAG
	Planning & Research	Bay Trail & Other	Agency Mngt	Total Central		
REVENUE						
Federal Contracts					\$ 3,250,000	\$ 3,250,000
State Contracts					9,765,000	9,765,000
Other Contracts			\$ 151,200	\$ 151,200	790,000	941,200
Service Programs			1,060,000	1,060,000	4,250,000	5,310,000
Membership Dues			918,311	918,311	60,000	978,311
Total Revenue	-	-	2,129,511	2,129,511	18,115,000	20,244,511
EXPENSES						
Personnel			2,568,211	2,568,211	4,152,736	6,720,947
Pass Through					12,329,793	12,329,793
Other Direct Exp.			617,228	617,228	653,447	1,270,675
Overhead allocation			(36,444)	(36,444)	979,024	942,580
Total Expenses	-	-	3,148,995	3,148,995	18,115,000	21,263,995
Surplus (Deficit)	\$0	\$0	(\$1,019,484)	(\$1,019,483)	\$0	(\$1,019,484)

Assumptions

- a. All MTC funding for Planning and Research is withdrawn. All planning and research activities are discontinued.
- b. Due to lack of relevancy membership and membership dues decline 50%.

Twenty two staff members assigned to Planning and Research are terminated from ABAG. Cost savings are reduced \$554,000 by the continuing requirement to amortize the unfunded pension liability and retiree healthcare liability attached to the salaries of the terminated employees.
- c. Administrative overhead charged to Planning and Research is absorbed by Agency Management.
Administrative staff is reduced by 50%.
- d. All Enterprise activities and service programs are continued.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: September 2, 2015

To: ABAG Executive Board

From: Ezra Rapport
Executive Director

Subject: **Financial Implication of Removal of Planning and Research Functions from ABAG on ABAG's Unfunded Pension Liability and Retiree Health Care Plan**

According to CalPERS, ABAG currently has an unfunded accrued liability of approximately \$12.0 million for its pension benefits, and an unfunded actuarial liability of \$4.747 million for Retiree Healthcare Plan unfunded benefits (OPEB). The annual ABAG payment to CalPERS for amortization of these liabilities is \$1.872 million. The unfunded pension amortization is factored into the employer pension contribution rate of 24.513%. The Retiree Healthcare annual payment is factored into the ABAG's Indirect Overhead Cost Rate. However, the annual contributions are a flat amount and do not decline with a reduction of payroll cost. If ABAG payroll declines, the liability payments remain the same, causing the CalPERS employer pension contribution percentage to increase.

It should also be noted that if ABAG is dissolved, the unfunded OPEB liability of \$4.747 million, becomes a current liability. CalPERS has taken the position that the unfunded pension liability of \$12.0 million will be transformed into a terminated pension plan liability of approximately \$34.0 million. If the plan is terminated and the unfunded liability is not paid, CalPERS has stated that to ensure the financial viability of the terminated plan, they would reduce by approximately 60% the benefits currently being paid to retired members and to reduce the value of vested benefits of plan members not retired, by approximately 60%. There are approximately 51 retirees currently receiving retirement benefits from CalPERS and approximately 158 vested pension plan members. There are 40 retirees currently receiving healthcare benefits and approximately 38 active employees who are eligible for healthcare benefits upon retirement from ABAG.

ABAG's Legal Counsel has advised that CalPERS' position on its power to unilaterally impose this scale of reductions in pension benefits is subject to legal challenge and to the possible jurisdiction of a bankruptcy court. These options will require further examination, including a) costs, b) likelihood of success, and a cost benefit analysis based on a) and b).

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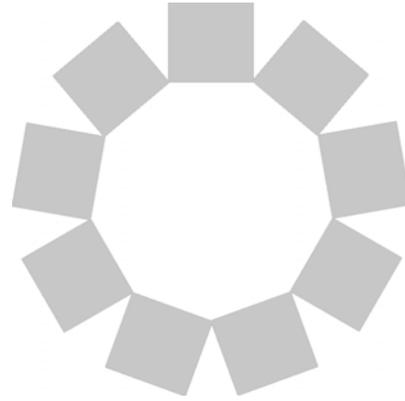
**ABAG GRANTS AND CONTRACT AWARDS
FY 2010-11 through FY 2014-15**

	Federal	State	Mixed	Other	Total
San Francisco Bay Trail Project		\$ 9,603,485		\$ 4,000	\$ 9,607,485
Planning & Research	\$ 2,485,737	4,000,126	\$ 14,578,792	161,752	21,226,407
S F Estuary Partnership	13,954,263	66,904,482		4,989,702	85,848,447
Energy Programs	9,011,687	49,436,539		1,051,995	59,500,221
Total	\$ 25,451,687	\$ 129,944,632	\$ 14,578,792	\$ 6,207,449	\$ 176,182,560

MAJOR PROGRAMS AND FUNDING SOURCE

	Amount	Program	Funding Source
San Francisco Bay Trail Project			
	\$ 2,250,000	Bay Trail Program Management & Capital Support: 2% Bridge Toll Reserves	Metropolitan Transportation Commission
	1,553,485	Bay Trail Project Operations 5% Bridge Toll Reserves	Metropolitan Transportation Commission
	5,800,000	Bay Trail Block Grants	California Coastal Conservancy - Proposition 84
Planning & Research			
	2,983,541	SGC Sustainable Communities Planning Grant	California Department of Conservation
	14,578,792	Planning & Inter-governmental Services	Metropolitan Transportation Commission
S F Estuary Partnership			
	51,194,304	Various	California Department of Water Resources
	11,290,053	Various	Environmental Protection Agency
	6,115,782	Various	State Water Resources Control Board
	2,351,395	Various	Caltrans
Energy Programs			
	8,395,887	Better Buildings Program	Dept of Energy
	12,243,165	Retrofit Bay Area	Calif. Energy Commission
	37,193,374	BayREN	Calif. Public Utilities Commission

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ABAG

Programs and Projects

September 1, 2015



Association of Bay Area Governments

Planning and Research

Key Projects

People, Places, and Prosperity
(add weblink)



State of the Region

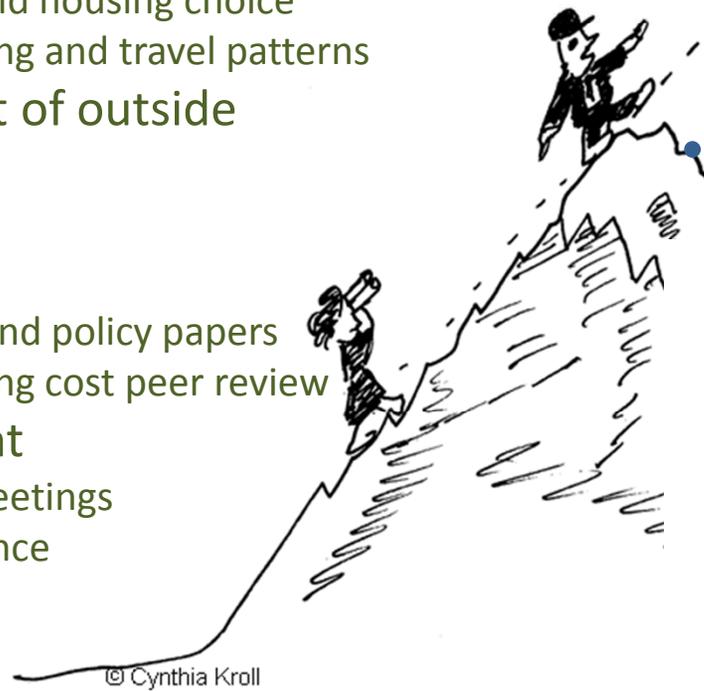
<http://reports.abag.ca.gov/sotr/2015/>

ABAG's Research Program

- Resource for detailed data on the region—*State of the Region* report (March 2015)
- Creates a 25 to 30 year regional forecast—*Plan Bay Area* (2013)
- Provides projection data for jurisdiction, PDA and census tract levels—*Projections series (Projections 2013)*
- Detailed analysis of critical trends
 - Senior housing choices
 - Affordable housing and travel patterns—*Transit Oriented Development and Affordable Housing* (September 2015)
 - Changing economic structure
 - Changing demographic structure and household formation
- Directs or advises on research component of other ABAG projects
 - Resilience
 - Housing affordability
- Participate in regional and state advisory councils to review other related analyses (BACEI, California Department of Finance, Housing and Community Development; review of research, forecasts, peer review for affordable housing cost study)
- Meets with the public to explain analysis, responds to public requests for information (meetings and presentations in all 9 counties).

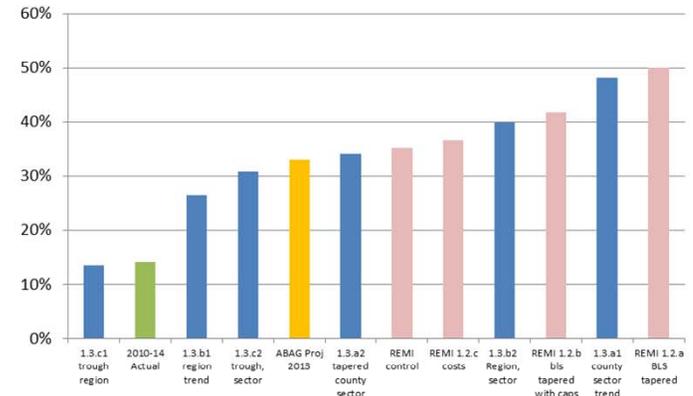
ABAG's Research Program

- Regional forecast
- Detailed projections for jurisdictions, tracts
- Analytics for other programs (resilience, housing)
- In-house research
 - Demographics and housing choice
 - Affordable housing and travel patterns
- Regional oversight of outside analysis
 - DOF forecasts
 - HCD forecasts
 - BACEI research and policy papers
 - Affordable housing cost peer review
- Public engagement
 - Speeches and meetings
 - Technical assistance



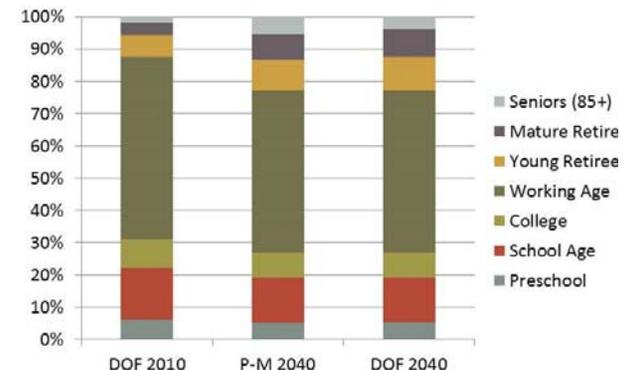
© Cynthia Kroll

Regional Forecast, *Projections*



Changing demographics and household formation

Age Distribution of Population 2010 and 2040



The San Francisco Bay Trail

9 Counties, 47 Cities, 7 toll bridges, 500 Miles

Completion of a 500-mile continuous hiking and bicycling trail around the shoreline of San Francisco Bay for recreation and active transportation. Staff collaborate with local governments, provide technical assistance, promote the project to the public, advocate for gap completion, and administer planning and construction grant contracts with shoreline land managers. Over 340 miles are complete.

- Secured \$1 million block grant from State Coastal Conservancy adding to \$6 million ongoing grant program
- Adopted Bay Trail Strategic Plan (2013 – 2018)
- Launched four audio tours on new Bay Trail mobile phone application
- Released new Bay Trail map set of 25 boxed cards and the 2nd edition of the *San Francisco Bay Shoreline Guide*
- Coming in late 2015: New Bay Trail website; updated Bay Trail maps; detailed Bay Trail Design Guidelines



In the past five years, 30 new miles of Bay Trail have been completed in 8 counties.

Nearly 50% of those miles include 20 construction projects funded in part by Bay Trail grants.

San Francisco Bay Area Water Trail

Completion of a growing network of launching and landing sites in nine counties around San Francisco Bay for non-motorized small boats. Water Trail staff work with local jurisdictions and site owners to designate over 100 existing and planned sites for recreation on the Bay.



SAN FRANCISCO
BAY AREA
WATER
TRAIL

- Secured \$1.75 million block grant from State Coastal Conservancy for Water Trail administration and competitive grants to site managers
- Launched the new Water Trail website, created a project logo, designed the Water Trail brochure and fabricated Water Trail signs
- Established a Water Trail Advisory Committee
- Designated 11 sites as part of the regional Water Trail system
- In the works: continue designation of sites; develop system for tracking site use; identify opportunities for multi-day trips

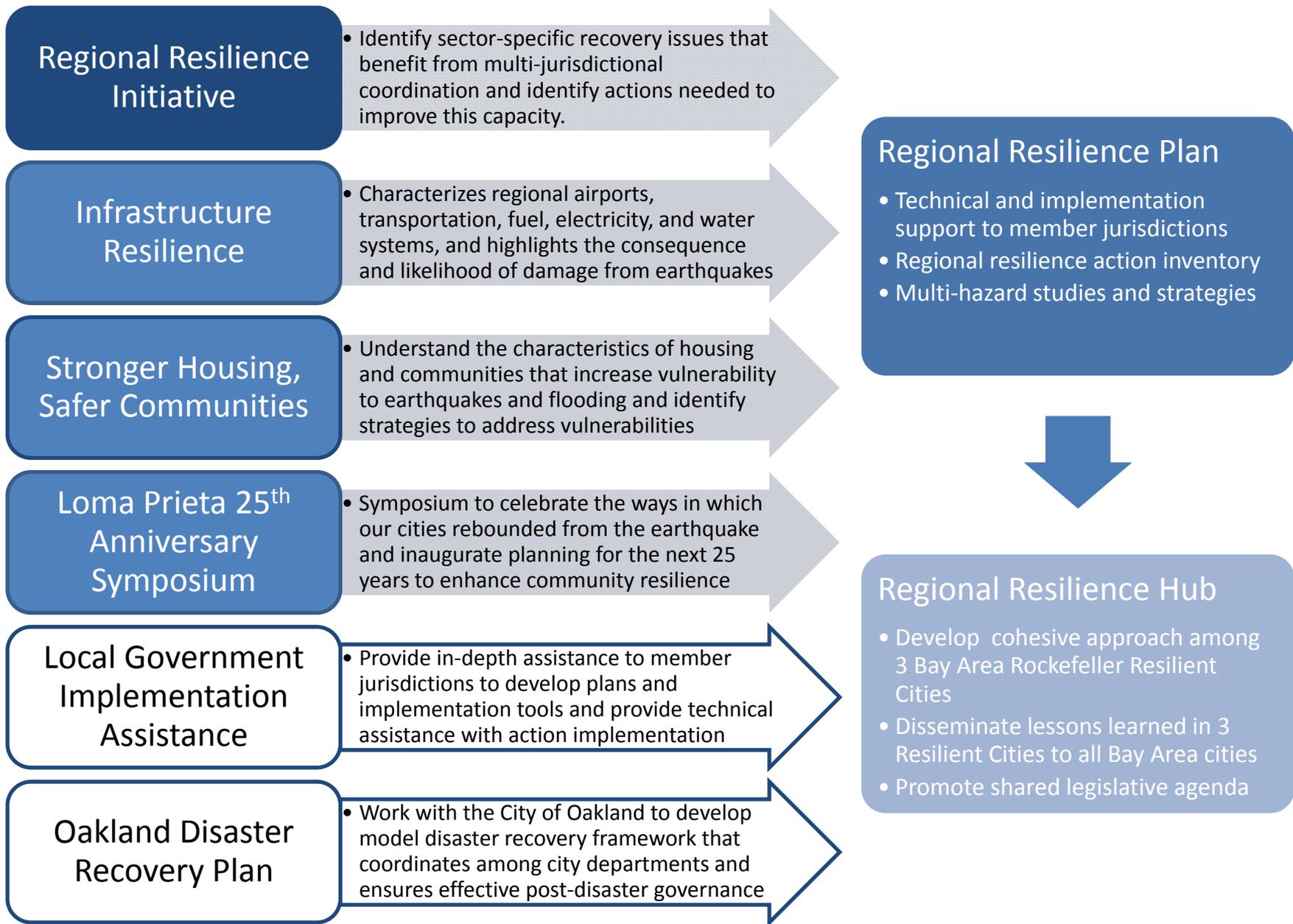


The Water Trail is a collaboration between ABAG, the State Coastal Conservancy, BCDC and the California Division of Boating and Waterways



resilience.abag.ca.gov

- Resilience is *the capacity of communities to survive, adapt, and thrive in the face of stress and shocks, and even transform when conditions require it.*
- ABAG's Resilience Program
 - Contributes to the region's capacity to leverage climate and disaster resilience initiatives by partnering with member cities and counties and integrating efforts with long-range regional planning
 - Develops and disseminates scientific information in understandable and accessible ways to facilitate good policy and planning decisions
 - Provides model policies and programs for local governments to implement mitigation and recovery plans
 - Improves seismic resilience of housing through improved retrofits, better enforcement of codes, training and education, and identifying financial incentives



9/2/2015



Bay Area Green Business Program

a technical subcommittee of the Hazardous Waste Management Facilities Allocation Committee



What We Do...

- regularly convene local coordinators to identify solutions to regional program issues, revise policy guidelines, introduce new program resources, share best practices, facilitate peer exchange
- provide administrative support and legal council

Major Program Accomplishments

- ✓ Founding member of statewide California Green Business Program
- ✓ Regional membership of over 2200 businesses; adding approx 150 new businesses each year
- ✓ Acquired \$250,000 in program funding from PG&E
- ✓ Supported successful effort formalizing the statewide program as a 501 c 3 non-profit corporation

The Bay Area Hazardous Waste Management Facility Allocation Committee

Since 1990 the HazWaste Committee has monitored and implemented a regional approach for siting hazardous waste treatment facilities.

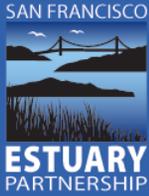
Achievements

- New website with resources on Green Chemistry, Green Purchasing, Producer Responsibility, and legislation - <http://abaq.ca.gov/hazwaste>
- Kick-off of an ongoing Sustainable Processing of Electronics and Universal Waste study. Legislators, recyclers and counties elected officials are working together to investigate the feasibility of siting an E-waste Recycling Facility in the Bay Area

Next Steps

- Partnership with the Governor Office of Business Development and CA Dept of Toxic Substance Control
- Outreach webpage to inform and provide updates on the E-waste Recycling Facility project highlighting the constraints and opportunities for siting a facility in the region





The San Francisco Estuary Partnership

- Collaborative/non-regulatory/Federal-state-local funded
- Created, manages *Conservation & Management Plan* to restore the Estuary - \$85 M in grants/contracts last 5 yrs
- 12 staff; 40 + projects *Highlights:*

Trash Capture:

\$5M to 66 cities

San Pablo Stormwater Project:

\$5M to 7 East Bay cities

South Bay Mercury Remediation:

\$1.8 M to clean Guadalupe River



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ABAG
POWER
JPA



Natural Gas Aggregation Program



Purpose: Supply natural gas to local government facilities

- 19TH Year of Operation (since 1996)
- 38 participant members (local agencies)
 - 783 Accounts

Program Goals:

- Cost Savings
- Price Stability
- Services to Communities
- Environmental Responsibility & Sustainability

BayREN

(Bay Area Regional Energy Network)

Purpose: Implement effective energy efficiency programs that benefit from regional cooperation among Bay Area local governments.



- Made up of public agencies representing all nine Bay Area counties
- Draws on the expertise and experience of local agencies and their staff
- One of only two regional energy networks in California
- Current Programs:
 - Single Family Residential
 - Multifamily Residential
 - Codes & Standards
 - Commercial PACE promotion
 - Pay As You Save (PAYS)

Economic Stimulus & Energy Savings Residential Programs



\$3.5 million

Estimated contractor wages
generated



\$9.8 million

Paid incentives



4,666

metric tons of CO2 conserved -
same emissions created by 982 passenger cars
and 5,011,815 pounds of burned coal

CivicSpark – Regional Partner



What is CivicSpark?

- A Governor's Initiative AmeriCorps program
- Dedicated to building capacity for local governments to address climate change
- 2014-15 was the inaugural year
- *CivicSpark* places teams in nine regions
 - 48 CivicSpark Members
 - 9 Regional Coordinators
 - 9 Regional Partners
 - Statewide leadership staff



CivicSpark *A program of the Local Government Commission*



Local
Government
Commission

Financial Services Programs Overview

The Agency's Financial Services has to date provided more than \$9 Billion in capital financing on behalf of its membership. The department's programs enable a broad range of public agencies and private organizations to be brought together to maximize resources, and open up the municipal bond market and other financing opportunities, providing better access to capital at low interest rates.

- ◆ Programs Activity

- More than \$9 Billion issued
- More than 200 jurisdictions served

ABAG Finance Authority for Nonprofit Corporations

- ◆ Health Care and Social Services

- ◆ Education

- ◆ Housing:

- Multi-family: More than 12,000 units in nearly 100 communities

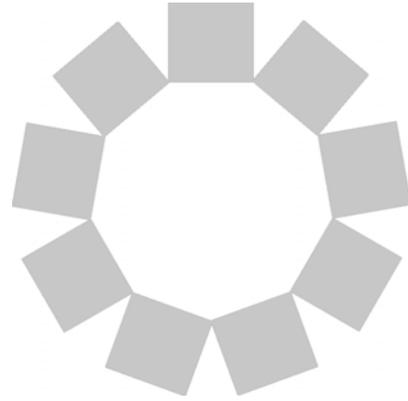
ABAG PLAN Corporation

- 28 Bay Area Cities and Towns are covered by the ABAG Pooled Liability Assurance Network (PLAN) for:
 - ✓ General Liability
 - ✓ Property Insurance
 - ✓ Claims Management
 - ✓ Risk Management
 - ✓ Bond Coverage
- The pooled risk sharing agreement offers members significant premium savings.



- Members have access to
 - ✓ Grants for pedestrian safety, urban forest management, and ADA compliance.
 - ✓ Over the past five fiscal years (2010 - 2015), ABAG PLAN allocated \$7.9 million in grant funding to its members.
 - ✓ During this period, over \$5 million dollars was expended for Risk Management, Loss Control, and Safety needs.
 - ✓ PLAN helps effectively manage risk through implementation of best practices and loss control safety programs.

For more information about ABAG PLAN, visit the website at <http://abag.ca.gov/services/insurance.html>.



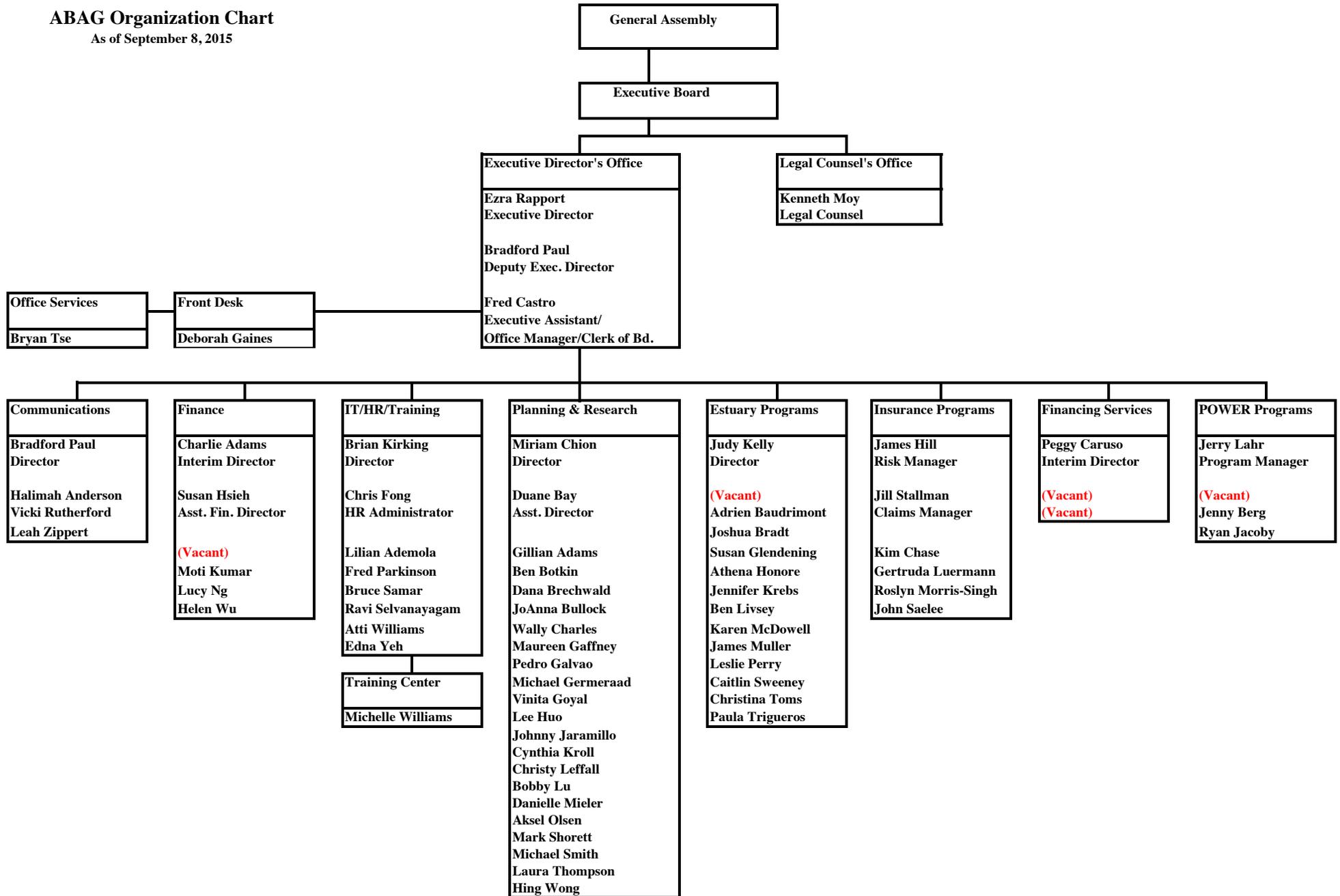
ABAG



Association of Bay Area Governments

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ABAG Organization Chart
As of September 8, 2015



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Chart 4

ABAG & MTC meetings

Executive Directors

What: *Interagency coordination of Plan Bay Area.*
ABAG Staff: Executive, Deputy, and Planning Directors. Staff as needed.
MTC Staff: Executive, Deputy, and Planning Directors. Staff as needed.
Freq: Monthly

Planning Directors

What: *Planning tasks.*
ABAG Staff: Miriam Chion
MTC Staff: Ken Kirkey
Freq: Once per week

Plan Bay Area Communications

What: *Plan Bay Area outreach.*
ABAG Staff: Brad Paul
MTC Staff: Ellen Griffin
Freq: Once per week prior to workshops

Plan Bay Area Research & Modeling

What: *Research and data coordination.*
ABAG Staff: Cynthia Kroll, Staff as needed.
MTC Staff: Dave Ory, Staff as needed.
Freq: Once per two weeks

PDA planning

What: PDA implementation coordination.
ABAG Staff: Christy Leffall, Duane Bay, Gillian Adams, Hing Wong, Johnny Jaramillo, Mark Shorett, Miriam Chion, Pedro Galvao, Vinita Goyal
MTC Staff: Ken Kirkey, Therese Trivedi, Doug Johnson
Freq: Two times per month

PDA grants

What: *Grant administration.*
ABAG Staff: Christy Leffall, Duane Bay, Gillian Adams, Hing Wong, Johnny Jaramillo, Mark Shorett, Miriam Chion, Pedro Galvao, Vinita Goyal
MTC Staff: Therese Trivedi, Doug Johnson
Freq: Once per month

Regional Prosperity Plan

What: *Addresses barriers to a more equitable society: 1) workforce & economic development, 2) improving access to opportunity, 3) preserving & building affordable workforce housing.*
ABAG Staff: Miriam Chion, Duane Bay, Johnny Jaramillo, Vinita Goyal, Pedro Galvao
MTC Staff: Ken Kirkey, Doug Johnson, Vikrant Sood, Chelsea Guerrero
Freq: Once per month

Performance Group

What: *Develop performance targets for Plan Bay Area update*
ABAG Staff: Pedro Galvao
MTC Staff: Dave Vautin
Freq: Once per week

Equity Group

What: *Gather input from stakeholders and prepare equity analysis*
ABAG Staff: Pedro Galvao
MTC Staff: Vikrant Sood
Freq: Once per month

Areas of collaboration

Plan Bay Area

- What: *Coordinate land use, planning and transportation investment for Plan Bay Area update by 2017.*
- ABAG Staff: Gillian Adams, Johnny Jaramillo, Mark Shorett, Pedro Galvao, Vinita Goyal, Duane Bay, Aksel Olsen, Hing Wong, Dana Brechwald.
- MTC Staff: Ken Kirkey, Doug Johnson, Therese Trivedi, Dave Vautin, Kristen Carnarius, Matt Maloney

OBAG (housing element)

- What: *Provide input on OBAG's housing-related policies, including the allocation formula and the deadline for Housing Element certification. Monitor local progress in Housing Element certifications.*
- ABAG Staff: Gillian Adams, Duane Bay
- MTC Staff: Craig Goldblatt, Ross McKeown, Ken Kirkey, Anne Richman, Alix Bockelman

Cap and Trade

- What: *Coordinate review of Bay Area applications for Greenhouse Gas Reductions Fund (GGRF) grants in the Affordable Housing and Sustainable Communities (AHSC) category.*
- ABAG Staff: Mark Shorett
- MTC Staff: Doug Johnson, Craig Bosman, Matt Maloney

PDA

- What: *Coordinate Planning Grants support and continued PDA policy and criteria evaluation.*
- ABAG Staff: Johnny Jaramillo, Christy Leffall, Gillian Adams, Mark Shorett, Pedro Galvao, Vinita Goyal
- MTC Staff: Therese Trivedi, Doug Johnson, Ken Kirkey

Industrial land and goods movement

- What: *Analyze the demand for and supply of industrially zoned land in the nine-county region, both now and in the future, and develop strategies for industrial land that support the policy and planning approaches under development by MTC / ACTC for sustainable goods movement in the region.*
- ABAG Staff: Miriam Chion, Johnny Jaramillo
- MTC Staff: Ken Kirkey, Matt Malone, Doug Johnson

Communication

- What: *Coordinate public workshops.*
- ABAG Staff: Brad Paul, Leah Zippert, Halimah Anderson
- MTC Staff: Ellen Griffin, Pam Grove, Catalina Alvarado

Research

- What: *Coordinate land use and transportation analysis and forecast. Developing the Vital Signs Website (land and people and economy sections). ABAG collaborated on the descriptive material.*
- ABAG Staff: Cynthia Kroll, Bobby Lu, Michael Smith, Aksel Olsen, Hing Wong
- MTC Staff: Dave Ory, Michael Reilly, Dave Vautin, Kristen Carnarius, Kearey Smith

Resilience

- What: *Coordinate analysis of earthquake and flooding impacts and strategies.*
- ABAG Staff: Danielle Mieler, Dana Brechwald, Michael Germeraad
- MTC Staff: Stephanie Hom

Bay Trail

What: *The Bay Trail Board of Directors is involved in all actions and decisions associated with the project. MTC has a designated position on the board.*

ABAG Staff: Laura Thompson, Maureen Gaffney, Lee Huo

MTC Staff: Previously Sean Co, (Ken Kirkey will designate new MTC employee soon)

Administrative coordination

What: *Coordinate meetings*

ABAG Staff: Wally Charles

MTC Staff: Joe Dellea

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