



CALL AND NOTICE

CALL AND NOTICE OF A SPECIAL MEETING OF THE ADMINISTRATIVE COMMITTEE OF THE ASSOCIATION OF BAY AREA GOVERNMENTS

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

Special Meeting—Retreat

Monday, March 28, 2016, 10:00 a.m. to 6:00 p.m.

Location:

Waterfront Hotel
Jack London Square
10 Washington Street
Oakland, California

The ABAG Administrative Committee may act on any item on this agenda.

Agenda and attachments available at abag.ca.gov

For information, contact Fred Castro, Clerk of the Board, at (510) 464 7913.

- 1. CALL TO ORDER / ROLL CALL / CONFIRM QUORUM**
- 2. PUBLIC COMMENT**
Information
- 3. MEMBER ANNOUNCEMENTS**
Information
- 4. INTRODUCTION—OBJECTIVES OF THE RETREAT (10:10 A.M.)**
Information
- 5. ABAG PROGRAMS OVERVIEW (10:10 A.M. TO 11:00 A.M.)**
Information
 - A. Comprehensive Conservation Management Plan**
 - B. ABAG Pooled Liability Assurance Network (ABAG PLAN)**
 - C. ABAG Finance Authority for Nonprofit Corporations (ABAG FAN)**
 - D. BayREN**

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6. PLAN BAY AREA OVERVIEW (11:00 A.M. TO 12:00 P.M.)

Information

7. RECESS FOR LUNCH (12:00 P.M. TO 1:30 P.M.)

8. RECONVENE / CONFIRM QUORUM (1:30 P.M.)

9. REPORT ON ABAG MTC MERGER STUDY (1:30 P.M. TO 3:30 P.M.)

Information

A. Planning Program Areas

B. MTC and ABAG Functional Organization

C. Financial Forecast

D. Preliminary Stakeholder Engagement Comments

E. Elected Official Survey Results

F. Proposed Merger Study Principles, Problem Definitions, Range of Options, and Evaluation Criteria

10. REPORT ON REGIONAL HOUSING ACTION AGENDA (3:30 P.M. TO 4:45 P.M.)

Information

A. Collaboration and Tools

B. Renovation Innovation

C. Regional Housing Trust Fund

11. REPORT ON PUBLIC ENGAGEMENT (5:00 P.M. TO 6:00 P.M.)

Information

A. Plan Bay Area Online Quiz and Places of the Bay Area Exercise

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12. ADJOURNMENT

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

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

Submitted:

/s/ Julie Pierce
Chair, Administrative Committee

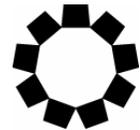
Date Submitted: March 24, 2016

Date Posted: March 25, 2016

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

AGENDA

ADMINISTRATIVE COMMITTEE

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4. INTRODUCTION—OBJECTIVES OF THE RETREAT (10:10 A.M.)

Information

5. ABAG PROGRAMS OVERVIEW (10:10 A.M. TO 11:00 A.M.)

Information

Attachments: Draft CCMP Findings; PLAN; FAN Consultant; FAN RFQ; BayREN

A. Comprehensive Conservation Management Plan

B. ABAG Pooled Liability Assurance Network (ABAG PLAN)

C. ABAG Finance Authority for Nonprofit Corporations (ABAG FAN)

D. BayREN

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9. REPORT ON ABAG MTC MERGER STUDY (1:30 P.M. TO 3:30 P.M.)

Information

Attachments: Merger Study Update Memo dated March 18, 2016; Planning Program Areas; MTC and ABAG Functional Organization; Financial Forecast; Preliminary Stakeholder Engagement Comments; Elected Official Survey Results; Proposed Merger Study Principles, Problem Definitions, Range of Options, and Evaluation Criteria; PowerPoint Presentation

A. Planning Program Areas

B. MTC and ABAG Functional Organization

C. Financial Forecast

D. Preliminary Stakeholder Engagement Comments

E. Elected Official Survey Results

F. Proposed Merger Study Principles, Problem Definitions, Range of Options, and Evaluation Criteria

10. REPORT ON REGIONAL HOUSING ACTION AGENDA (3:30 P.M. TO 4:45 P.M.)

Information

Attachments: Draft Housing Action Agenda; Attachment 1 Draft Housing Action Agenda; Attachment 2 Strategies Implementation; Attachment 3 Draft Proposal

A. Collaboration and Tools

B. Renovation Innovation

C. Regional Housing Trust Fund

11. REPORT ON PUBLIC ENGAGEMENT (5:00 P.M. TO 6:00 P.M.)

Information

Attachment: Engagement Tools

A. Plan Bay Area Online Quiz and Places of the Bay Area Exercise

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12. ADJOURNMENT

Submitted:

/s/ Ezra Rapport, Secretary-Treasurer

Date Submitted: March 24, 2016

Date Posted: March 25, 2016

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2016 Comprehensive Conservation and Management Plan

**DRAFT
SEPTEMBER 17, 2015**

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I. INTRODUCTION/BACKGROUND

In 1992 when the San Francisco Estuary Partnership produced its first Comprehensive Conservation and Management Plan (CCMP), the community of participants was looking largely *backward* in time, to the 19th century before massive population growth and ensuing development occurred around the San Francisco Estuary region. Goals and actions were crafted with an eye toward restoring landscapes and waterways of a less disturbed era and we cast our restoration objectives with the intent to bring our estuary back to the health and vitality of an earlier time. Twenty-five years later we know that we can never recover that estuary, because in fact, that landscape is no longer possible to recreate.

So what is to be the future of the Bay-Delta Estuary that sits at the heart of our region and serves all of California as the hub of our critical water supply? How can the people and communities that surround the Estuary best protect this economic engine while restoring the values of this greatly stressed union of water, marshes, and mudflats? With the expected impacts of climate change and continued population growth, what will the Estuary look like in 50 years? What do we need to plan for now-- and what actions can we take in the near-term to help ensure a thriving Estuary 35 years from now, despite the changes we can expect, and those which we cannot yet foresee.

These are the pressing questions that the San Francisco Estuary Partnership, working with hundreds of partners over the last 20 years has sought to answer. And it is these questions that shape the core of our new CCMP, the purpose of which is to create a working blueprint that leads to cleaner waters, enhanced habitats, healthier fish and wildlife for the San Francisco Estuary and for the people who call this place home.

About the Partnership

The National Estuary Program (NEP) was established under Section 320 of the 1987 Clean Water Act (CWA) Amendments as a U.S. Environmental Protection Agency (EPA) place-based program to protect and restore the water quality and ecological integrity of estuaries of national significance. The San Francisco Estuary Partnership, one of 28 NEPs, is a collaboration among federal-state-local agencies and NGO's working to protect and restore water quality and the natural resources of the San Francisco Bay-Delta Estuary. Section 320 of the CWA calls for each NEP to develop and implement a Comprehensive Conservation and Management Plan (CCMP). Using the CCMP as a guiding document, Partnership staff act as both implementers (taking action using grant funds and Partnership dollars) and as facilitators of projects (obtaining and passing along grants and contract dollars to other organizations, and administering funds). We directly manage dozens of important projects, including regional green infrastructure planning efforts, aquatic invasive species abatement efforts, urban pesticides and mercury pollution reduction, and estuary-wide boater education work aimed at reducing direct discharges of sewage into the bay. In addition we manage \$100 million for our partners in regional restoration, water quality and resiliency projects. Our education efforts include social media outreach, publication of the award-winning *ESTUARY* news magazine, production of State of the Estuary reports and the biennial State of the Estuary conferences, periodic symposiums on timely issues, and publication of numerous fact sheets, booklets, videos, brochures, and other materials that educate the public and decision-makers about the Estuary.

SAN FRANCISCO ESTUARY PARTNERSHIP

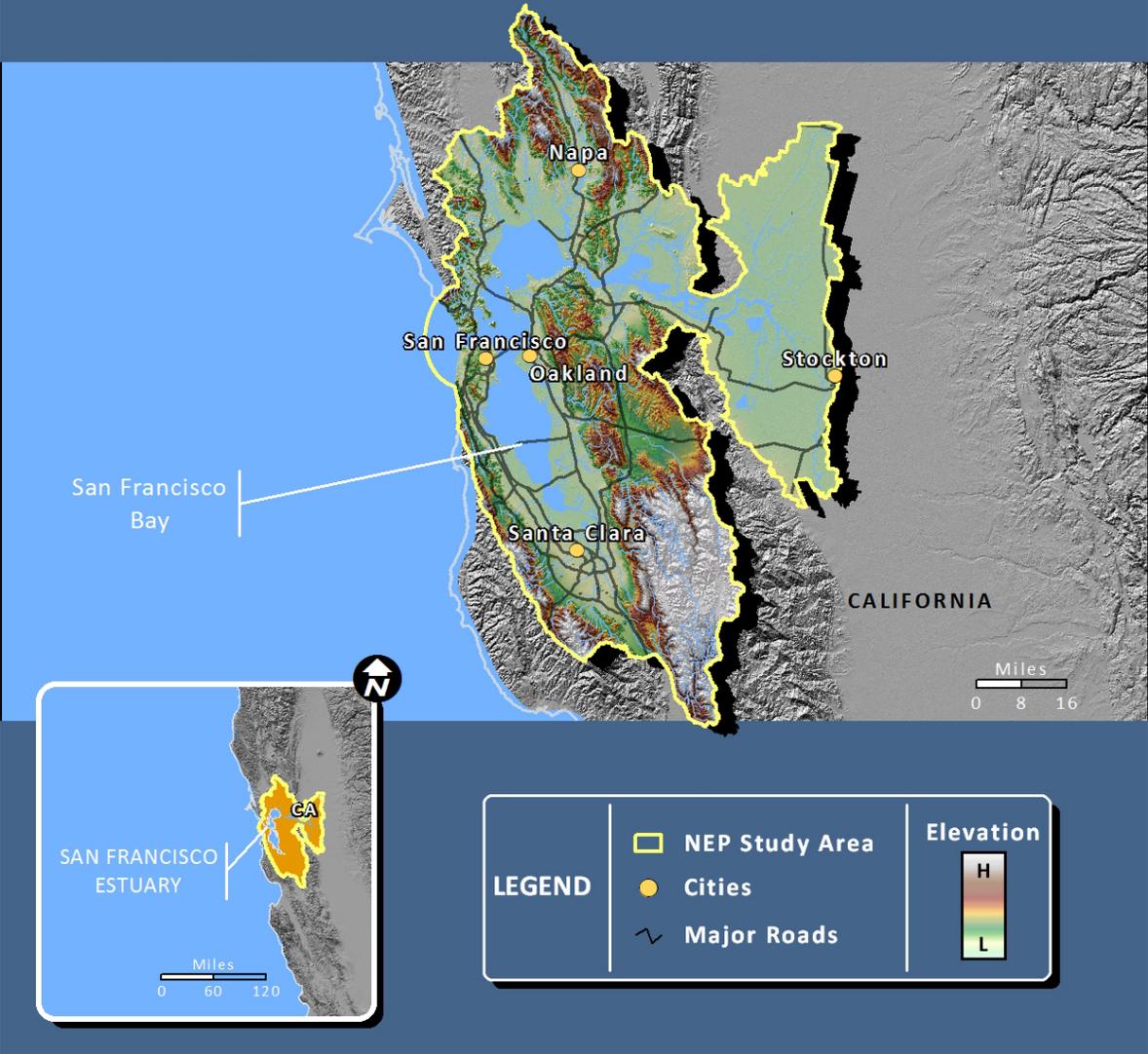


Figure 1. SFEP Planning Area

About the San Francisco Estuary

Our Estuary, the largest in western North America, extends from the mouth of San Francisco Bay to the upstream portion of the San Joaquin-Sacramento River Delta southwest of the city of Sacramento. The Estuary's watershed extends to the ridgeline of the Sierra Nevada, including almost 60,000 square miles and nearly 40 percent of California. The Estuary's waters are a biological resource of tremendous importance—providing critical winter feeding habitat for over a million migratory birds, a productive nursery for many species of juvenile fish and shellfish, and a year-round home for a vast diversity of plants and animals. Half of California's surface water supply falls as rain or snow within this region.

San Francisco Bay includes four smaller bays. Suisun Bay and the diked wetlands of Suisun Marsh are the least salty of these, just downstream of the Delta. Saltier San Pablo Bay is west of Carquinez Strait. The saltiest basins are the Central Bay, which connects with the ocean through the Golden Gate, and the South Bay, a large, shallow lobe extending off the Central Bay, south of the Dumbarton Narrows.

Upstream from the Bay, the San Joaquin-Sacramento River Delta is a thousand-square-mile triangle of diked and drained wetlands. Only small remnants of once-extensive tule marshes still fringe the sloughs and channels that wind between flat, levee-rimmed farmlands on the Delta islands. Before it was diked and drained, the Delta gathered in the fresh waters of the Sacramento, San Joaquin, Mokelumne, and Cosumnes rivers, and moved them all downstream, through a complex array of tidally influenced channels, into salty San Francisco Bay. Today, the Delta and its rich farmland is the engineered junction of one of the world's largest plumbing systems, where much of the system's fresh water is diverted to supply California's population centers and Central Valley agriculture.

CCMP History

The San Francisco Estuary Project's CCMP is a collaborative agreement about what should be done to protect and restore the Estuary-- a road map for restoring the Estuary's chemical, physical, and biological health. The first CCMP, required under a reauthorization of the Clean Water Act in 1987, was produced in 1993 after several years of status assessment and policy discussions which included over 100 different stakeholder groups. After 14 years of implementation, the CCMP was updated in 2007 to include new and revised actions while maintaining many actions from the original.

The 2016 CCMP is an entirely new document. While this version incorporates many of the original CCMP goals, a new emphasis on the need to plan and adapt to climate change is a new focus. In addition, the structure of the new CCMP better reflects our 2015 *State of the Estuary* report assessments which look at five attributes of a healthy estuary: water, living resources, habitats, ecological processes and people. This restructure will allow a more direct evaluation of the outcome of our CCMP actions. This CCMP is also more streamlined, with less than 40 priority actions-- highlighting the intent for the CCMP to include 35 year goals while focusing on urgent actions that will be reviewed and updated every five years.

II. FINDINGS

In September of 2015, the State of the Estuary Report was released. The State of the Estuary Report is the most comprehensive health report ever completed for the San Francisco Bay-Delta Estuary. It uses the best available science and most recent data contributed by over 100 scientists to assess the status of various parts of the ecosystem. The purpose is to identify problems with estuarine health, so that conservation and restoration efforts can focus on solutions.

The following findings come from the Executive Summary of the 2015 State of the Estuary Report, and form the basis for the goals, objectives and actions of the 2016 CCMP.

HOW HEALTHY IS THE ESTUARY?

- The Upper Estuary (Suisun Bay and the Delta) is in fair to poor condition and getting worse, while the Lower Estuary (San Francisco Bay) is in better health but jeopardized by climate change
- We have severely altered the physical processes that create and maintain habitats
 - Freshwater inflows and beneficial floods now exert such a small fraction of their former influence that they no longer build and maintain the physical structure of habitats in the Estuary, nor support critical ecological functions.
 - In the Lower Estuary, similar changes to the hydrology of Bay watersheds and the diking of tidal areas have deprived estuarine wetlands of the sediment they need to build up their elevation in relation to sea-level rise
- This impairment of critical physical processes is intertwined with habitat loss, degradation and fragmentation.
- These losses of physical processes and habitats have reverberated through biological systems, contributing to unproductive food webs, small and declining native wildlife populations, and the dominance of invasive species.

CAN WE IMPROVE THE HEALTH OF THE ESTUARY?

- Improvements in the status of several parts of the ecosystem show that we are very successful at restoring ecosystem health when we choose to make that investment
 - Water quality has improved over the last few decades due to better management and regulation, though some legacy contaminants remain a problem
 - Focused collaboration along with significant funding have resulted in large gains in tidal marsh restoration over the last two decades and improvements in marsh-dependent wildlife populations are now detectable
 - Investments in water conservation and recycling in urban areas are reducing demand for potable water, even while our population is increasing
- Despite these gains, impacts from climate change jeopardizes the health of all parts of the Estuary

WHAT WILL IT TAKE TO ACHIEVE A HEALTHY ESTUARY?

- A bolder approach will be needed to recover from past and ongoing impacts
- The Upper Estuary will require significant investment in restoring critical physical processes and habitats, as well as managing nonnative species and preventing new arrivals
- Protecting the Estuary will require greater efficiencies in human use of the system's fresh water, as well as changes in upstream water management
- The Bay's wetlands are at risk unless we take a watershed-based regional approach to managing sediment and fresh water as essential resources, and allow for tidal wetlands to migrate landward
- Wildlife conservation efforts should aim to ensure successful reproduction and habitat connectivity over time as climate change alters landscapes
- Management actions must all occur in the context of change, requiring collaborative planning for rising seas and other climate change impacts.

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Association of Bay Area Governments

March 11, 2016

Ezra Rapport
Executive Director
Association of Bay Area Governments
101 Eighth Street
Oakland, CA 94604-2050

Re: PLAN Strategic Planning Initiative

Dear Ezra,

As Chairman of the PLAN Board of Directors and PLAN Executive Committee, I would like to provide you with insight on the unique challenges we face in PLAN with respect to our strategic and budget planning. As you are aware, our planning process has been impacted by the MTC/ABAG merger and consolidation project.

Our goal as a risk sharing organization remains the same. PLAN members desire to achieve stable loss funding rates for our insurance programs which assists our member agencies manage their budgetary needs. We also expect the highest level of customer service in managing our internal finances, member claim portfolio and risk management best practices program. The ABAG PLAN program has been highly effective in allowing us to do so over the course of almost 30 years. PLAN staff has also been very diligent in managing the program while ensuring full transparency and open communication on all matters pertaining to PLAN and ABAG. We appreciate everything ABAG PLAN and your staff has done on our behalf.

The PLAN Executive Committee met with you and Ken Moy on October 21, 2015 to discuss the issues at hand. The Executive Committee continues to meet periodically to obtain additional insight on how the merger/consolidation will impact the PLAN enterprise fund. Despite the high level of transparency, there are several questions regarding the future of ABAG PLAN that remain unanswered. At our December board retreat, PLAN members shared their thoughts and commented on the matter. It was abundantly clear from the discussion PLAN members fully support ABAG; however, our members are concerned about the future of the organization in light of the merger/consolidation. During our Executive Committee meeting on March 1st, the group initiated dialog about exploring options or alternatives to handling PLAN program administration.

Based on the data and information we have been provided to date, the future of ABAG PLAN within the ABAG organization remains uncertain. The absence of a clear picture of our future within ABAG creates several concerns in the minds of our stakeholders. There will be certain financial (cost) implications to the PLAN enterprise fund resulting from any merger/consolidation action. We also recognize there may be other financial implications on the finances of the ABAG organization based on any decision made by PLAN. These warrant further consideration by ABAG during the merger study.

The Executive Committee has called upon PLAN staff to explore alternative options for the administration of the PLAN program. Our goal is to be both proactive and transparent in our approach to conducting the necessary due diligence and required research. This will allow ABAG to factor in the financial impact created by the departure of PLAN into the current merger/consolidation discussion.

Item 5.B.

We would like to be very clear. Our member agencies value the ABAG organization and have attested to the fact during our retreat and also through testimonials provided to the MTC. The members of PLAN want to "stick together" and ABAG PLAN is an excellent program as evidenced by our financial performance and results. It is the uncertainty of outcomes that compels PLAN to conduct the necessary due diligence to ensure program stability and to protect the financial interest of our stakeholders. We need to plan for the future and address the uncertainty (organizational risk) our members currently face.

The Executive Committee has also informed PLAN staff of their desire to utilize a contract Risk Manager until this matter is settled. The PLAN Executive Committee noted this is the most prudent way to proceed with staffing this key position given the uncertainty of outcome(s). The impending move of ABAG offices to San Francisco adds additional complexity to the recruitment process. It is abundantly clear these two variables are having an impact on our recruitment efforts. This also affirms our desire to retain a highly qualified risk management professional to lead the organization through these challenging times and into our future.

We invite you to be part of the dialog and encourage your thoughts/feedback. We will keep you fully informed of the progress of our study.

Sincerely,

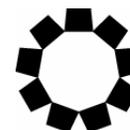


Kevin Bryant
PLAN Chairman/Town Manager
Town of Woodside

cc: Kenneth Moy, ABAG Counsel
Bob Lanzone, PLAN Counsel
Brad Paul, Deputy Executive Director
James Hill, PLAN Interim Risk Manager
PLAN Executive Committee

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: March 24, 2016
To: FAN Executive Committee
From: Ezra Rapport
FAN President
Subject: **FAN RFQ for a Municipal Conduit Consultant**

FAN is at a crossroads. FAN suffered a business interruption due to the previous Financial Services Director embezzlement, the details of which, along with the remedial steps for strengthened internal controls, are published on the FAN website.

Staff at ABAG found it very difficult to consider marketing a “new FAN” until we cleared the investigation so we could begin conversations about whether FAN had suffered reputational damage. We also had to investigate whether FAN still had a niche as a conduit issuer given existing competition that has emerged over the years, such as the California Statewide Communities Development Authority (CSCDA), which was created in 1988, under the California’s Joint Exercise of Powers Act.

After extensive gathering of information, we believe it may in fact be possible to create a “new FAN,” the vision of which we would like to discuss with the Executive Committee.

Our plan to get to this conversation starts with bringing into FAN a highly qualified professional that will help market existing FAN products, restore market confidence, and competently and efficiently execute transactions. Only through performance can we demonstrate “proof of concept” regarding FAN’s future. Through proof of performance and the ensuing six month period to discuss a working business plan, we could potentially create the data to make a business case. The consultant, who will be asked to collect data and provide ideas that accrue from engaging clients, will report to the ABAG Executive Director as President of FAN.

In order to fulfill ABAG’s public sector responsibilities, FAN will need to supplement the six month contract by filling an existing staff position titled securities analyst. This position was previously filled by Peggy Caruso, who later was called upon to become an Interim Financial Services Director to ensure that FAN could survive during the investigation of the embezzlement and not allow on-going business to fall through the cracks and create liabilities. The securities analyst will report to the ABAG Finance Director, Courtney Ruby, pending the hiring of a full time Financial Services Director.

ABAG and FAN owe a debt of gratitude to both the legal counsel of ABAG and FAN, Ken Moy, who settled the claims of FAN clients and conducted the investigation of the embezzlement,

FAN RFQ for a Municipal Conduit Consultant

March 24, 2016

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along with Peggy Caruso, who, in our moment of need, returned to ensure FAN's continuity. Ms. Caruso now needs to attend to her on-going business interests.

This next phase for FAN will be both challenging and exciting. Our research to date indicates there is a niche for FAN's conduit issuance practices, and that it may be possible, with sufficient volume and efficiency, to generate positive cash flow that could cover operating costs. These operating costs will include our new internal control system as recommended by FAN consultants. We believe that a conduit financing niche could be served by FAN if it provides excellent customer service with a trusted professional with years of experience in the investment banking network.

As mentioned in the RFQ, there are potentially other big opportunities for FAN that, if feasible, could have very significant impact on ABAG's housing, economic development, and redevelopment mission. As we are all aware, the Legislature and the Governor eliminated redevelopment in 2011. This action left an injurious hole in the Bay Area's plans to scale up higher density in-fill housing on transit corridors. One of the recent legislative actions to replace redevelopment was to authorize cities to create Enhanced Infrastructure Finance Districts, which would allow the use of tax increment dollars to finance city infrastructure. We believe that if we utilize ABAG's resources in regional planning with a new FAN capacity to create Finance Districts, we may be able to layer a land based financing to support Priority Development Areas. Both ABAG and MTC approved "Plan Bay Area" in 2013 with the understanding that the agencies would seek opportunities to replace redevelopment.

A second major opportunity is the need for energy, water, and seismic financings that have been authorized or under consideration of the Legislature. FAN could be the issuer of pooled financings that would support these programs. ABAG has successful units that are currently doing the underlying policy work, and a FAN investment vehicle would greatly support the advancement of these potentially regional programs. ABAG is supported by numerous State and PUC grants to implement pilot projects. These units, called the BayREN program and the Resilience Unit in ABAG, are enthusiastic supporters of pooled financings that could potentially be implemented by FAN.

Therefore, my recommendation is the following:

ABAG and FAN should consider a new mission statement for the FAN enterprise, along with any proposed changes in Bylaws;

FAN should convene the full FAN Board to discuss the mission statement and Bylaws;

The FAN Executive Committee should consider the development of a new FAN business plan for FAN which maximizes public benefits.

The following actions by the FAN Executive Committee are recommended:

1. Approve the 6 month RFQ to engage a contractor to market and execute FAN transactions, and provide information needed for the development of a new business plan.
2. Authorize the FAN President to prepare a FAN business plan for approval by the FAN Executive Committee prior to convening a meeting of the full FAN Board.

Request for Qualifications
Financial Services for Municipal Conduit Issuer

The ABAG Finance Authority for Nonprofit Corporations (FAN) seeks the services of investment banking or financial services professional to assist with the rebuilding of the FAN program.

The selected financial professional (Consultant) will work with ABAG personnel, the Executive Committee of FAN, the FAN Board, and others to accomplish the tasks enumerated herein.

Project Background:

The Association of Bay Area Governments (ABAG) manages the ABAG Finance Authority for Nonprofit Corporations (FAN) for its members throughout the State. FAN issues debt only for projects located in member jurisdictions. FAN is a Joint Powers Agency formed to help eligible nonprofits and other borrowers gain access to tax-exempt and taxable debt financing. FAN simplifies the debt issuance process for both the borrower and the jurisdiction in which the borrower is located by issuing conduit tax exempt or taxable bonds or certificates of participation to finance projects with demonstrated public benefit. FAN has an agreement with ABAG for the purposes of carrying out its responsibilities.

The FAN program has served the community well, but its work was suspended pending an investigation of a serious embezzlement perpetrated by the prior FAN director. In December 2015, the investigation of the embezzlement was concluded and a package of recommendations was proffered by the investigation team retained by the FAN Executive Committee. ABAG Legal Counsel, acting as the FAN General Counsel as well, along with the ABAG Interim Finance Director, the ABAG Interim Financial Services Director, and the ABAG Executive Director conducted or supported the investigation and accepted its conclusions.

Based on the recommendations of the investigation and consulting work, FAN has agreed to establish high quality internal controls, anti-fraud measures, and new financial systems that connect to ABAG's Oracle accounting system. ABAG will assume full control over FAN's management, accounting, administrative, and operational activities, and will implement all the recommendations advised through the consultant retained as part of the investigation. These reports are published on ABAG's website.

FAN used to carry three employees: a director, a securities analyst, and an administrator. There is currently one employee of FAN, an interim director who is planning to leave shortly.

ABAG is interested in how FAN can be used as an economic engine for cities. One of the key areas of exploration is how FAN can be integrated better into the regional planning portfolio of ABAG. Since the loss of redevelopment, cities will need to finance much of their infrastructure to support their development plans. In addition, ABAG is working on issues related to energy efficiency, seismic upgrades, enhanced infrastructure finance districts, community facilities districts, and the use of utility bills to finance residential and commercial water and energy efficiency improvements. State agencies are very interested in ABAG's ideas in this area, and it is expected that State agencies will help support ABAG's mission. FAN could play an important role in carrying out these innovations.

Request for Qualifications
Financial Services for Municipal Conduit Issuer

Requested Services:

The Consultant is expected to market existing FAN products, manage on-going operations, and attract and execute new transactions. The Consultant shall transact business deals as soon as possible to restore an income flow to FAN. Additional personnel to be approved by the FAN Executive Committee may be recommended. In addition, FAN is recommending that the Consultant develop a multi-phase approach in addition to the above. The phases need not necessarily be accomplished in the order discussed here.

- Understand the assets and liabilities of FAN and identify the financial margins of alternative transactions of FAN, examine their potential for success, and recommend any changes in fee structure based on competitive factors.
- Assist in the development of a mission statement for FAN and recommend any changes in bylaws, or a process for considering changes in bylaws, to the FAN Executive Committee.
- Present to a meeting of the larger FAN Board the work that lies ahead, and obtain input and approval for the new mission statement and any proposed bylaw changes.
- Assist in providing any information necessary for the FAN President to prepare a FAN business plan for presentation to the FAN Executive Committee.

Other Responsibilities:

The services to be provided by Consultant shall include, but are not limited to, the following duties, as necessary:

- Direction and coordination of all programs of financing.
- Arrange for reports of independent consultants.
- Coordinate efforts for delivery of debt instruments and preparation and verification of closing figures.
- Maintain liaison with Bond Counsel in preparation of all legal documents.
- Provide advice in the preparation of trust documents and the selection of trustees.
- Attend meetings as requested.
- Advise of changes in relevant laws and regulations concerning financial issues.
- Advise and assist in exercising any call and/or refunding bond issuances.
- Provide advice on continuing disclosure requirements in relation to any debt.
- Make recommendations on matters of credit enhancement.

Statement of Qualifications:

The Proposer shall provide a description of his/her history and background, including any experience with conduit and/or land based financings, and identification of the services currently being provided or provided in the past.

Request for Qualifications
Financial Services for Municipal Conduit Issuer

Compensation: The Consultant will prepare an acceptable package of deliverables pursuant to a contract that will be negotiated by the parties. The budget for this project is \$100,000. ABAG expects that the services will be performed over a six month time period.

Responses due by: 4:00 p.m. on April 15, 2016.

Address submittals to: Peggy Caruso, Interim Financial Services Director, ABAG, 101 8th Street Oakland, California 94607.

Please provide the following information:

1. A brief transmittal letter summarizing the proposer's key skills to accomplish the tasks.
2. A resume or CV that describes the relevant work history of the applicant
3. Three referrals in the financial services industry.

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Current REN Programs

The BayREN and SoCALREN (aka The Energy Network) offer a variety of programs designed to pilot new ideas and to serve the specific needs of their region. Both organizations provide a range of support, marketing and outreach, training, and technical assistance services. The following is a brief summary of these programs.

INCENTIVE PROGRAMS

Home Upgrade
Home Upgrade is a single family incentive program for homeowners performing energy efficiency retrofits on their homes offered by both RENs. Homeowners can earn up to \$3,500 based on the points they earn through the project measures installed using a Participating Contractor.

Home Upgrade Advisor
A Home Upgrade Advisor is available in the BayREN area as a companion program to Home Upgrade to help customers create an energy efficiency plan to transform their home, and to help them every step of the way.

Multifamily
The BayREN and SoCALREN both offer Multifamily programs that encourage multifamily building owners to install comprehensive energy efficient retrofit measures. The programs are customized to the different markets and offer different incentive structures and support.

Contractor and Realtor Outreach
SoCalREN Contractor Co-op helps Participating Contractors promote their business, market the Home Upgrade brand, and learn home performance skills. The program currently offers 50% Matching Fund reimbursements of up to \$5,000 for eligible projects.

FINANCING PROGRAMS

Residential Loan Loss Reserve
The single family financing program provides credit enhancements for residential loans financing upgrades. The program provides loans between \$2,500 to \$50,000 with rates as low as 4.99% APR and is available to homeowners within the SoCalREN.

Cool Comfort
Cool Comfort Financing offers eligible homeowners low rate financing on residential HVAC projects. In collaboration with The Energy Network, Matadors Community Credit Union offers loans from \$2,500 to \$15,000 with rates as low as 4.99% APR.

PAYS™ On-Water Bill Program
The BayREN PAYS Program is a partnership with Bay Area municipal water utilities to implement on-bill financing for water and energy efficient measures. Participants pay for installed measures through a regular surcharge attached to their meter, with the assurance that their utility bill savings will immediately exceed the surcharge.

Commercial PACE
Commercial PACE is offered in both the SoCALREN and BayREN areas and allows participating cities and regions to issue bonds to private lenders in order to secure funding for energy efficiency upgrades. Non-publicly owned commercial, industrial, or multi-family properties located in cities that have signed on to participate are eligible.

Bay Area Multifamily Capital Advance Program
This multifamily financing program provides loan capital at 0% interest to customer's lender of choice, which means an owner only pays interest on the loan capital supplied by the lender. The program's share of the financing is limited to no more than 50% of the cost of the scope of work, minus any program incentives. Financing is for up to \$5,000 per unit or \$500,000 per project, whichever is less.

9+ out of 10 - High Customer Satisfaction for REN Public Agency Program & Home Upgrade Advisor!

Opinion Dynamics, Excerpt from 2015, Presentation on 2013-2014 Value & Effectiveness Studies

PUBLIC AGENCY PROGRAMS

Codes and Standards Program
The BayREN Codes and Standards program is a joint effort of Bay Area cities and counties to achieve full compliance with provisions of the California Energy Code. This ambitious and engaging local program: establishes metrics to evaluate compliance with existing energy codes; identifies and delivers targeted trainings for those involved in energy code enforcement; and accelerates energy code compliance throughout the region.

Turnkey Project Delivery
As part of SoCalREN, public agencies have access to a one-stop shop to implement both turnkey and customized energy management strategies and to develop agency expertise and energy management capabilities for sustained long term success. The innovative Turnkey Project Delivery solution provides public agencies with project management technical services, financing resources, and an expedited construction procurement solution to upgrade their public facilities and infrastructure.



Commitment to communities, innovation & climate change



www.theEnergyNetwork.com



www.BayREN.org

Regional Energy Networks

Successful Regional Integration & Delivery of Energy Efficiency Solutions

Vision for the Future

“The RENs are providing services that are appreciated and helpful to residential and commercial customers”

*Opinion Dynamics, 2015
Presentation on 2013-2014
Value & Effectiveness Studies*

In 2012, after three years of ARRA funding for local government energy efficiency programs, the CPUC recognized the potential for a new model for the delivery of energy efficiency services to Californians. This model, known as the Regional Energy Network (REN), is designed to leverage the unique attributes of local governments: **commitment to their communities; ability to innovate and adapt; and connect seamlessly to climate action planning at a regional level.**

With nearly three years of operation, the two RENs, one in the nine Bay Area Counties and one in Los Angeles County, have **successfully implemented a suite of programs and services to nearly half of California's population**, meeting or exceeding their goals. What's more, these RENs have proven that the regional local government model is a viable approach and important part of the **solution to reduce carbon emissions** in California.

The RENs, as directed by the CPUC, are designed to address **a range of hard-to-reach** markets, including:

1. Providing activities that utilities cannot or do not intend to undertake;
2. Piloting activities where there is no current utility program offering, and where there is potential for scalability to a broader geographic reach; and
3. Piloting activities in hard-to-reach markets, whether or not there is a current utility program.

The RENs have embraced this challenge to address these **markets with customized, flexible, and innovative** programs that build on local government values, and serve their constituents needs. The results have been tangible, leading to substantial energy savings and a stronger market and industry for energy efficiency. Moving forward, the RENs can use this infrastructure to create more cost effective and mainstream programs.

Senate Bill 350 requires the State of California to increase energy efficiency in existing buildings by 50% by 2030. This aggressive goal is achievable if the power of local government is effectively harnessed in partnership with the utilities and other third party efforts.

The RENs are expanding their successful programs and enhancing their capacity to meet state goals. Through an integrated and comprehensive approach, the RENs will tackle energy efficiency goals, critical mandates from AB 32 - Global Warming Solutions Act, as well as resiliency, water, and transportation needs.

What does this vision look like?

Increasing cross-disciplinary partnerships with other public agencies to expand effectiveness
Building capacity of municipalities to take on more energy efficiency efforts themselves

Evaluating opportunities to develop Zero Net Energy District programs that integrate energy efficiency,

renewables, water, transportation and waste management

Developing a program for the “resilient home” - a partnership between seismic and climate adaptation programs and energy efficiency

Expanding innovative financing for residential and commercial customers at the regional level, including the successful PAYS™, and PACE programs

Creating new data collection platforms in partnerships with UCLA and the DOE

Expanding codes and standards training and outreach programs

Leveraging additional state and federal resources so that energy efficiency programs are offered at lower costs to ratepayers

Addressing hard-to-reach customer segments such as low to moderate residential households and small- to medium-sized businesses

Results ... Save Energy

Saved Over **60 million BTUs**

... Energy to Power Over

1,250 houses for a year!

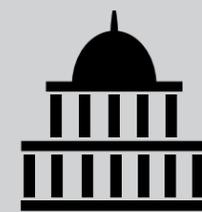


Provided over **\$12 million Incentives**

for **11,000+ Housing Units**



... Build the Market



Conducted **90 Codes & Standards** Trainings

Partnered & Built Capacity

80+ Public Agencies



Trained

600+ Contractors & 680 Real Estate Agents

Engaged **6,500+ Community Members**



Management Partners



To: MTC Planning Committee
ABAG Administrative Committee

From: Lynn Dantzker, Partner
Dan Marks, Special Advisor

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

Date: March 18, 2016

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

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

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

Project Update

Since our February meeting the project team has:

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

Overview of Planning Program Areas

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

Functional Organization Structures

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

Financial Forecasts

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



Preliminary Stakeholder Engagement Comments and Themes/Electronic Survey

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

Proposed Merger Study Principles, Problems, Options and Evaluation Criteria

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

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

These documents may be found in Attachment F.

Meeting Agenda for April 22 (next meeting)

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



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Attachment A
MTC-ABAG Merger Study
Planning Program Areas

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

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

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

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

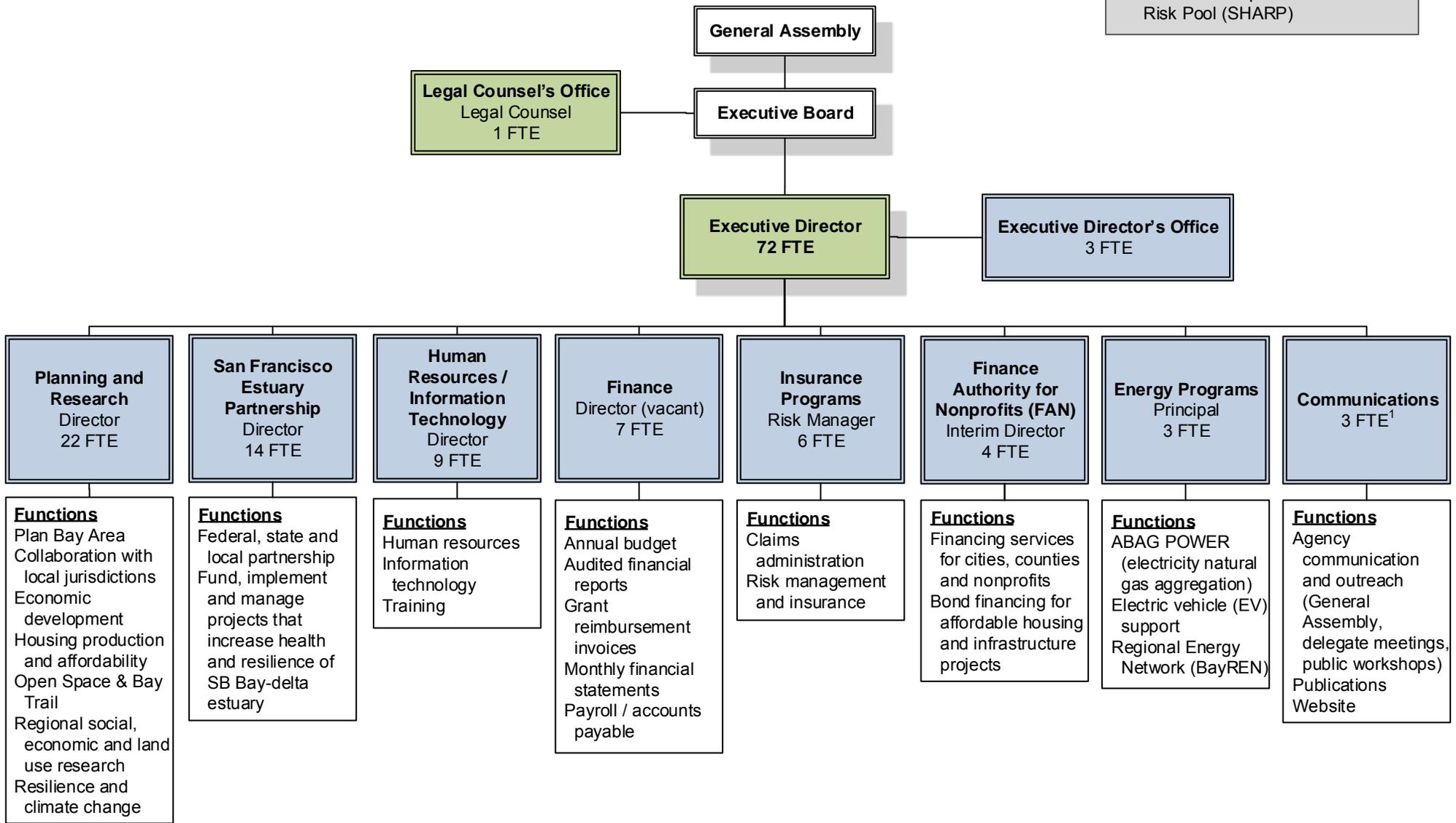
Planning Program Areas	MTC	ABAG
Forecasts and modeling	✓	✓
Household interview survey program	✓	
Housing programs	✓	✓
Industrial areas and goods movement	✓	✓
Intergovernmental coordination	✓	✓
Lifeline transportation planning	✓	
Mapping	✓	✓
Priority conservation areas	Minor	✓
Priority development area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



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

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

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

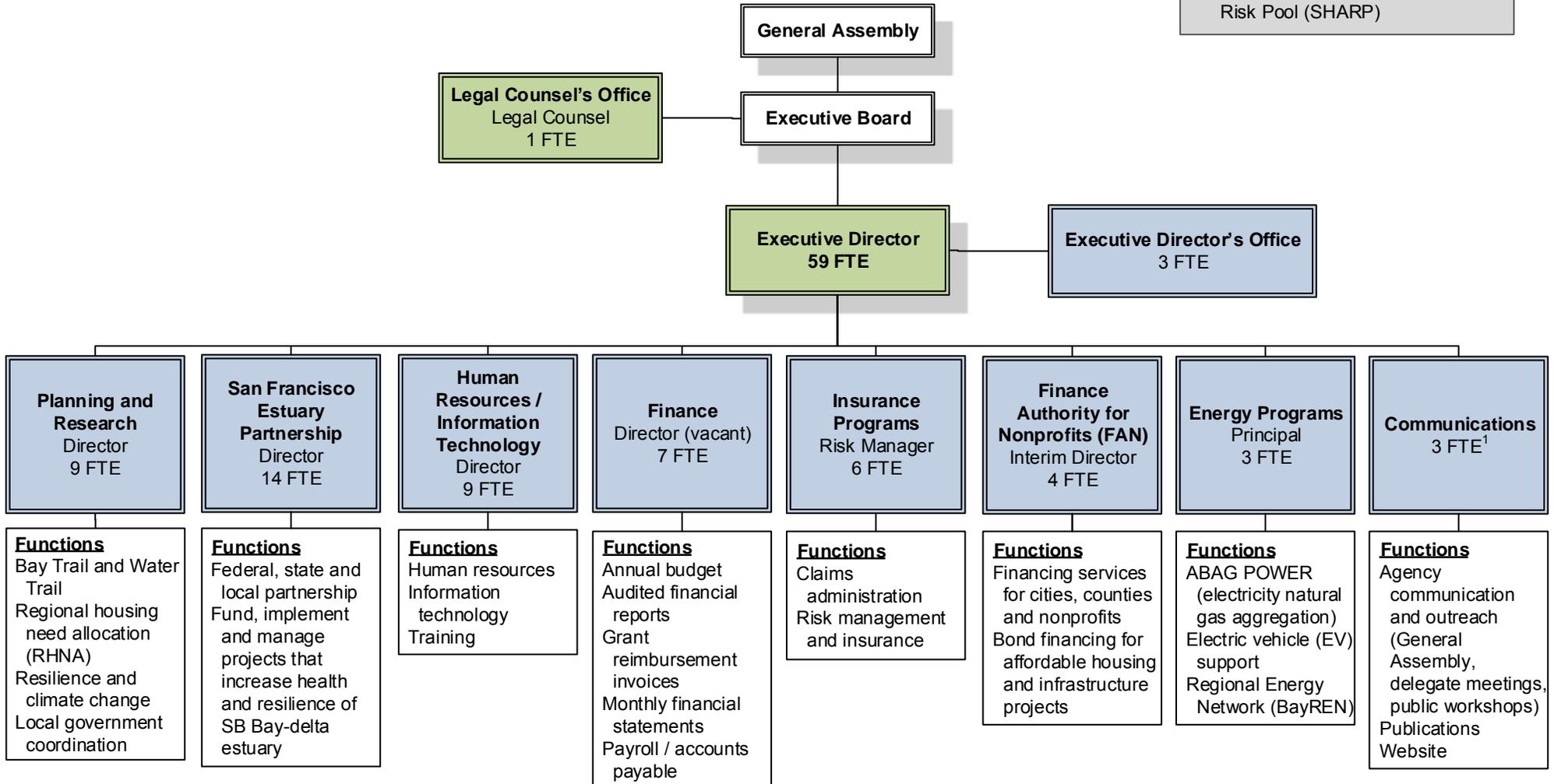


¹The Deputy Executive Director position is allocated to the Executive Director's Office, but supervises the Communications team (3 FTE).

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

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

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

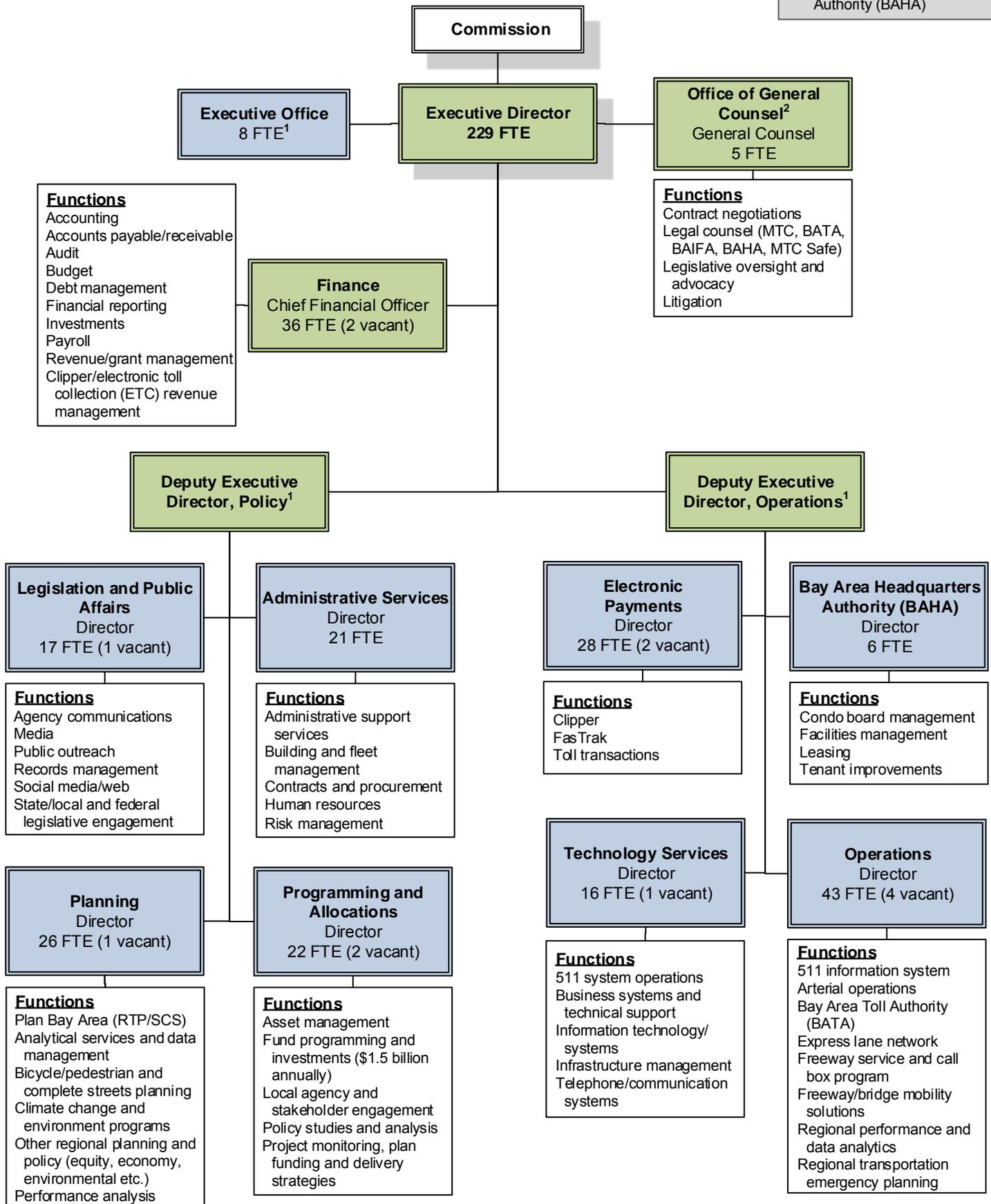


¹The Deputy Executive Director position is allocated to the Executive Director's Office, but supervises the Communications team (3 FTE).

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

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

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



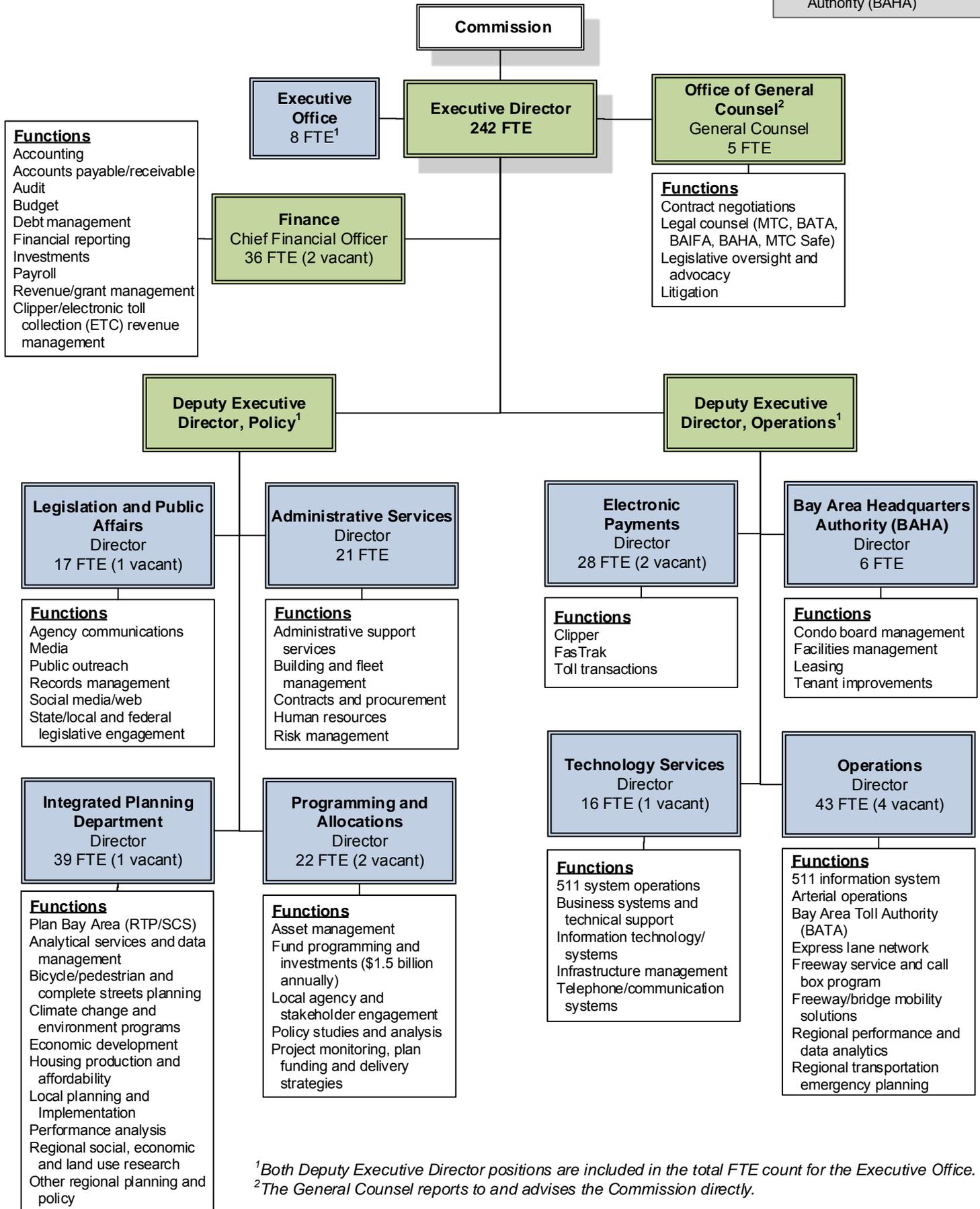
¹Both Deputy Executive Director positions are included in the total FTE count for the Executive Office.

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

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

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

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



¹Both Deputy Executive Director positions are included in the total FTE count for the Executive Office.
²The General Counsel reports to and advises the Commission directly.



Attachment C
MTC-ABAG Merger Study
Financial Forecast

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

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

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

Assumptions

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

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

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

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

MTC Financial Forecast

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

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

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

ABAG Financial Forecast

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



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

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

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

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

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

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





MTC Financial Forecast

Fiscal Impact from Consolidating
Core Planning Functions in MTC

Presentation to Joint Committee
March 25, 2016

Purpose of Study

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

Conclusions-2014 Funding Framework

Balance Declines Due to Pension, Prop 84 Loss

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

Conclusions-Res. 4210

Planner Shift Adds Net Cost of \$5.5M

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

Key MTC Forecast Assumptions

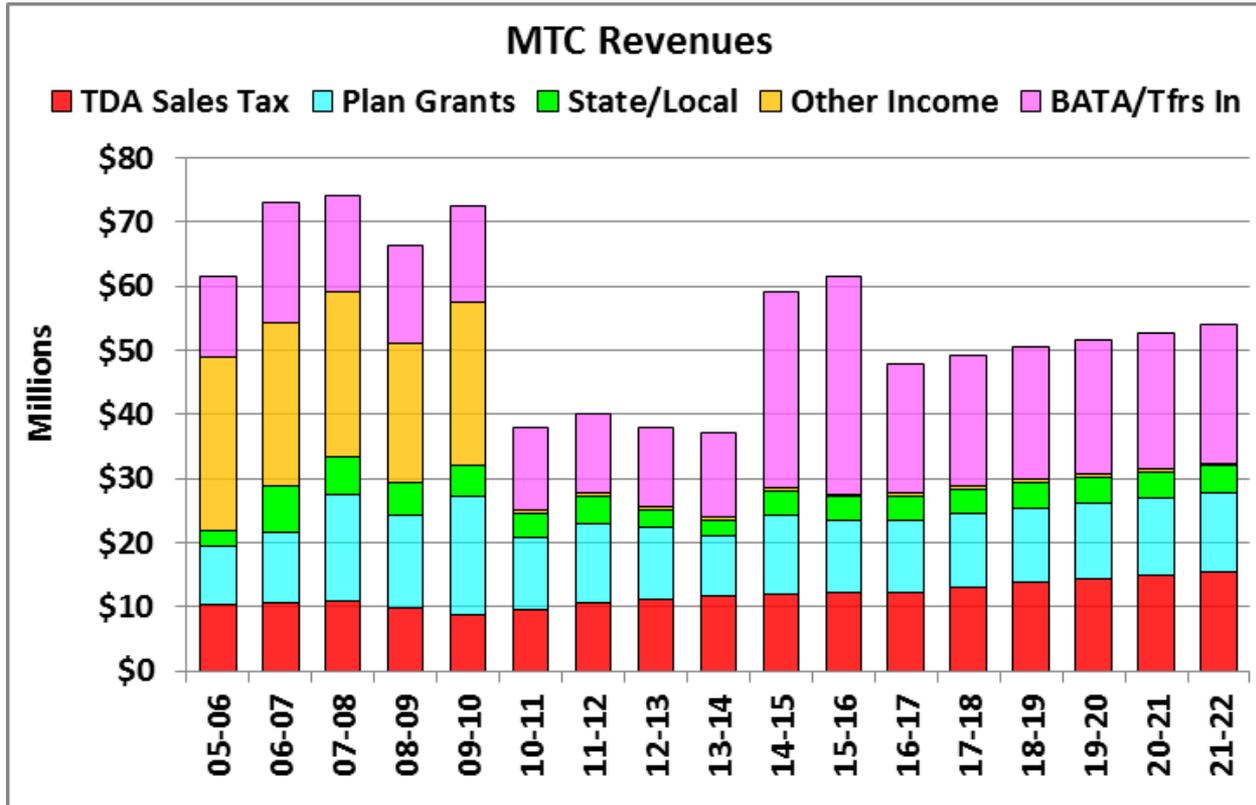
- TDA sales tax growth per HdL multi-year forecast but with modest recession assumed in 2017
- Maintain current grants with 1.5-2% growth or as provided by MTC staff
- Transfers in continue FY 15-16 levels with 2% growth
- Salary growth per labor agreement into 2017, assumes 2% COLA thereafter plus applicable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

MTC CalPERS Projections (Before Addition to Staff)

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

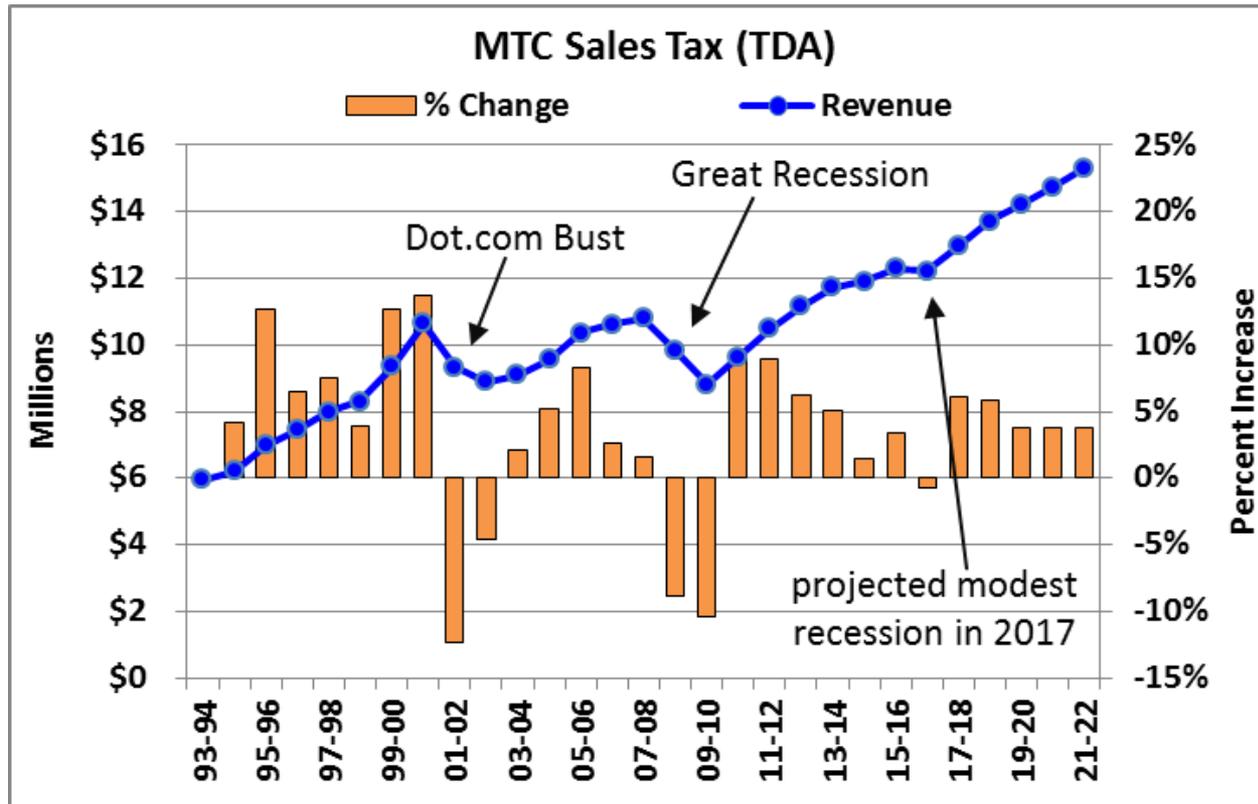
- Net pickup of employee share declines over time under labor agreement
- Shift in payroll from Class to PEPRA over time (assumes 5% per year)
- Unfunded liability costs increase under CalPERS plan
- Rates subject to increase if CalPERS discount rate is reduced

MTC Operating Revenues



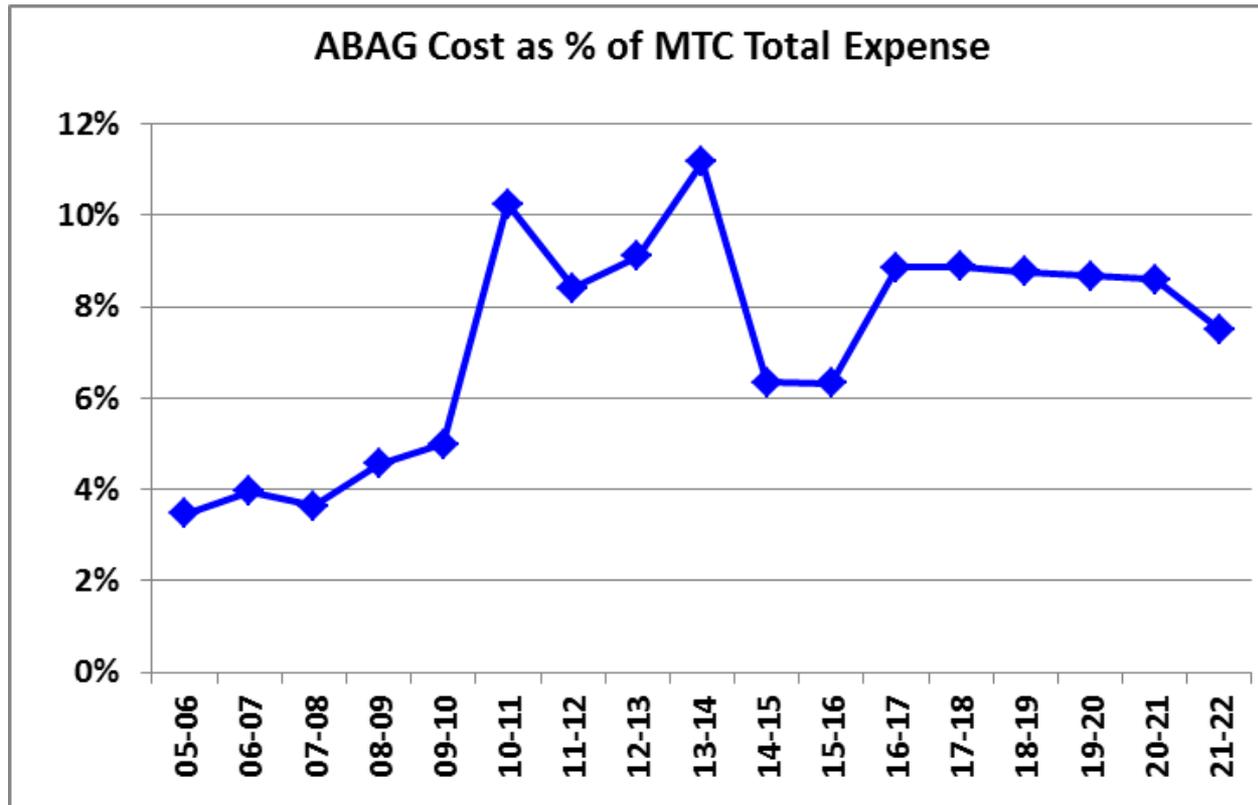
- Transportation grants relatively stable but not under agency control
- Sales Tax subject to economic volatility, but base is large (Bay Area)

TDA Sales Tax History & Forecast



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

ABAG Cost as % of MTC Total Expense



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

2014 Funding Framework

MTC Payments to ABAG

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

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

2014 Funding Framework

MTC Operating Budget Forecast

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

MTC Res. 4210

MTC Operating Budget Forecast

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

MTC Res. 4210

Net Impact on MTC from Planner Shift

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

*excludes Bay Trails

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



ABAG Financial Forecast

Fiscal Impact from Consolidating
Core Planning Functions in MTC

Presentation to Joint Committee
March 25, 2016

Forecast Objective

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

ABAG Faces Fiscal Challenges

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

Conclusions-2014 Funding Framework

Structural Shortfall, But Manageable

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

Conclusions-Res. 4210

Shortfall Requires Significant Corrective Actions

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

Key ABAG Forecast Assumptions

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

2014 Funding Framework

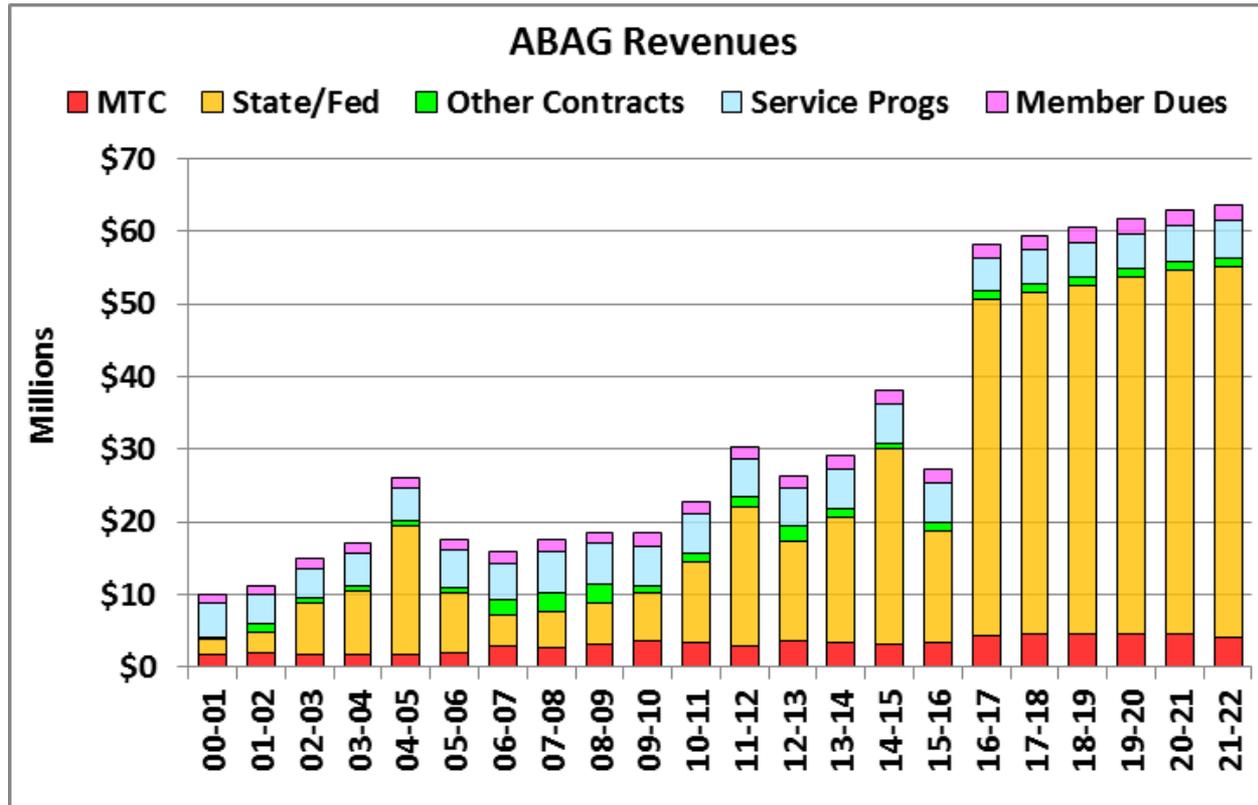
CalPERS Projections

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

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

2014 Funding Framework

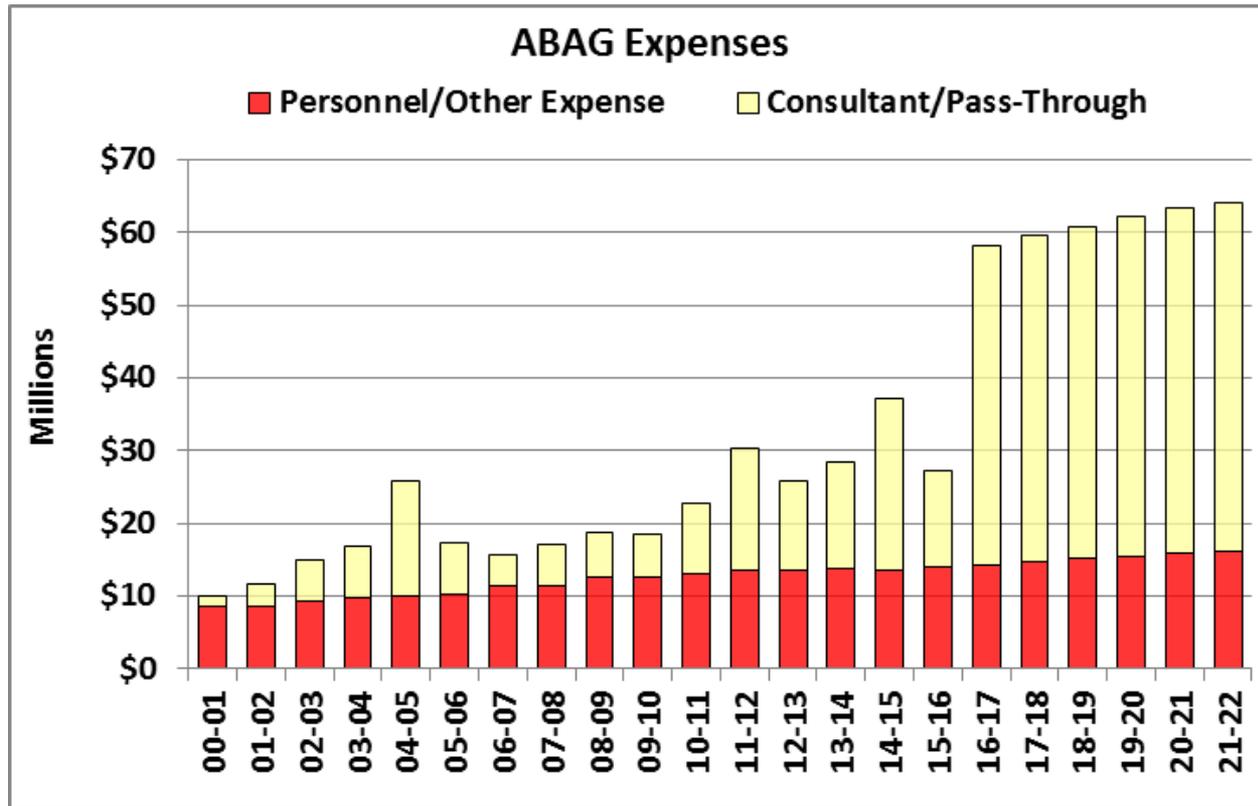
ABAG Revenue Structure



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

2014 Funding Framework

ABAG Expense Structure



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

2014 Funding Framework

Total Cost and Funding of ABAG Planning Function

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

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

2014 Funding Framework

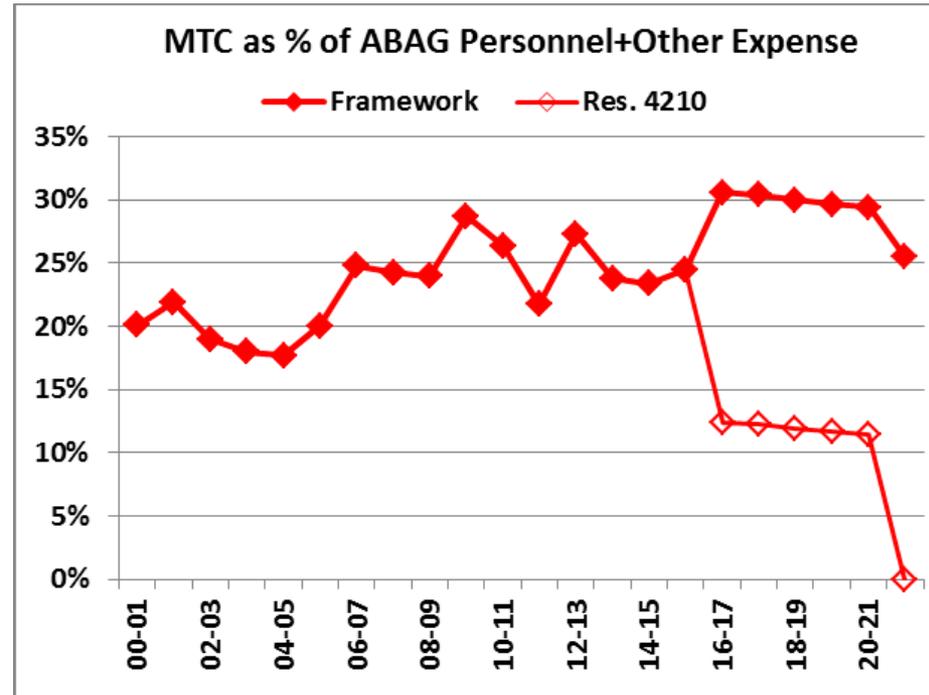
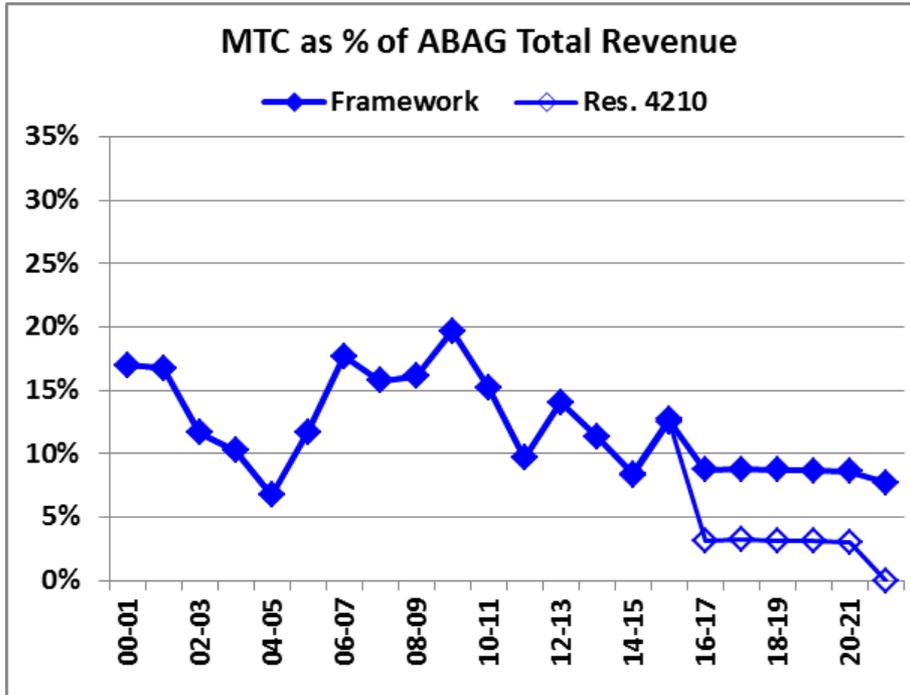
Manageable Structural Shortfall

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

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

MTC Res. 4210

MTC Budget Impact: Two Views



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

MTC Res. 4210

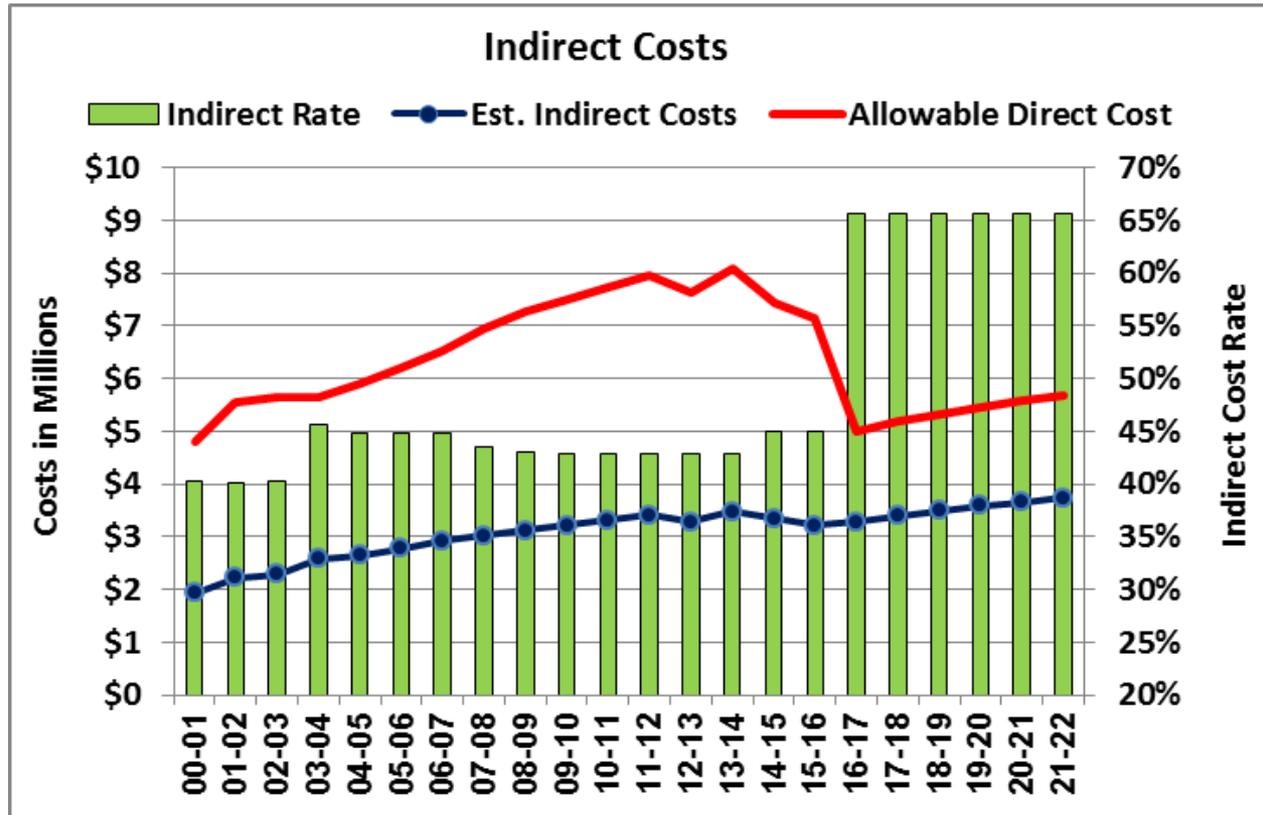
Impact of Planner Shift

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

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

MTC Res. 4210

Impacts on Indirect Cost Rate



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

MTC Res. 4210

Balance Decline Accelerates, Deficit in 4 Years

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

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

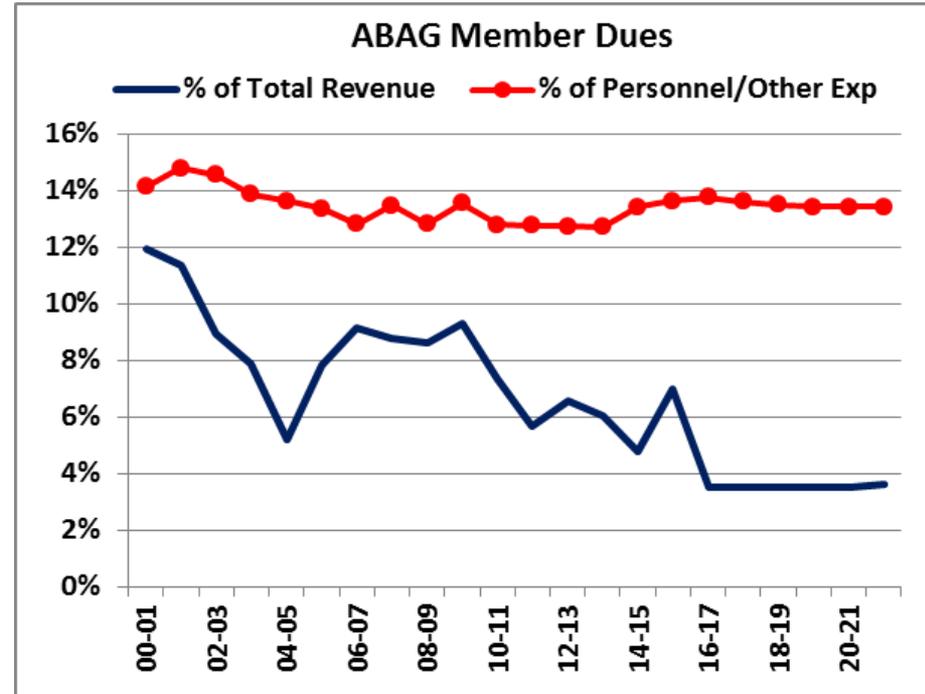
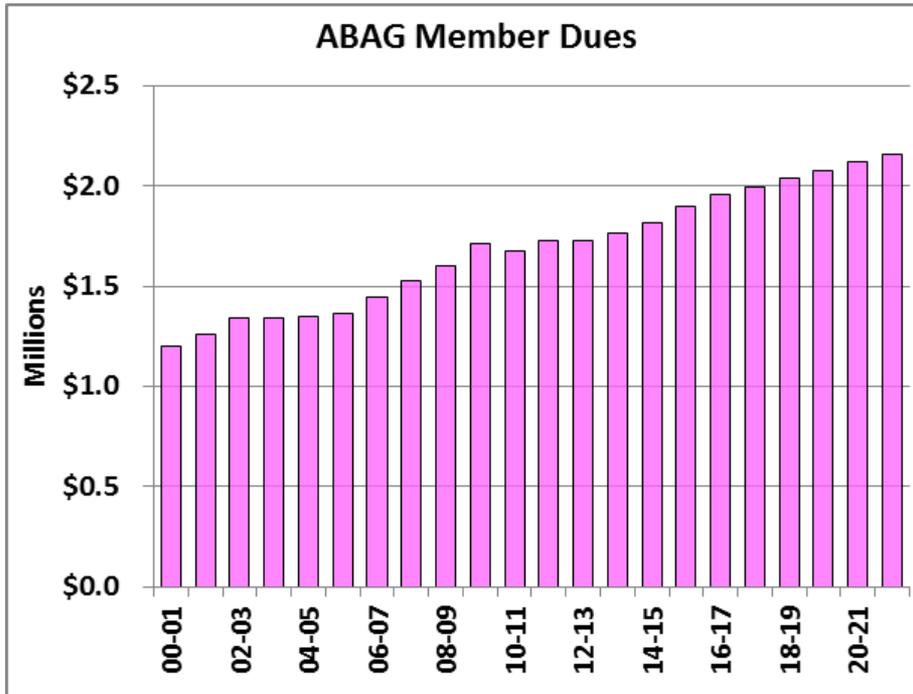
MTC Res. 4210

Shortfall as % of Personnel and Other Costs

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

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

Relative Importance of Dues



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

Altering Fiscal Outcome Requires Some Combination of the Following Actions

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

Attachment D
MTC-ABAG Merger Study
Preliminary Stakeholder Engagement Comments

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

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

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

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

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

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

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

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

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

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

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

Overall Themes

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

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

Governance is Critical

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

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

General Comments from Stakeholder Groups

The following sections document the comments by major stakeholder group.

Elected Officials

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

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

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

Professional Staff

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

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

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

Non-Governmental Organizations (NGOs)

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

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

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

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

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

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

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



Attachment E
MTC-ABAG Merger Study
Elected Official Survey Results

Introduction

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

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

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

1. **Cities**
 - a. Small: less than 50,000 in population
 - b. Medium to Large: over 50,000 in population
2. **Counties**
 - a. Small: less than 500,000 in population
 - b. Large: over 500,000 in population

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

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

Background Information:

1. Please indicate your elective office:

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

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

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

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

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

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

*Totals may not add up due to blank responses.



Main Survey Results:

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

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

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

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



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

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

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

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



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

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

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

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



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

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

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

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



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

Note: Specific comments regarding agency staff have been excluded.

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



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



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

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



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

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



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

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



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



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



Other Comments Received via Email (verbatim):

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



List of All Bay Area Jurisdictions by Size

Source: California Department of Finance, 2015 Population Estimates.

Large and Small Counties

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

Medium to Large Cities (over 50,000)

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



Small Cities (less than 50,000)

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





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

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

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

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



MTC-ABAG Merger Study Proposed Merger Study Principles

Proposed Merger Study Principles

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

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

**MTC-ABAG Merger Study
Draft Problem Definition**

What are the problems we are trying to address?

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

Three Problems

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

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



Consequences

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

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

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



Consequences

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

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

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



Consequences

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



**MTC-ABAG Merger Study
Draft Options**

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

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

Range of Options (1 through 10)

Discrete Options (1 through 6)

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

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

Two-part Options (7 through 10)

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





MTC-ABAG Merger Study Draft Analysis Criteria

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

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

A. Operational Effectiveness and Accountability

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

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

B. Transparency in Policy Decision Making

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

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

C. Core Service Delivery and Financial Sustainability

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

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

D. Implementation Viability

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

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

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

March 25, 2016

9:00 am



Management
Partners



Meeting Agenda

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



Merger Study Update

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

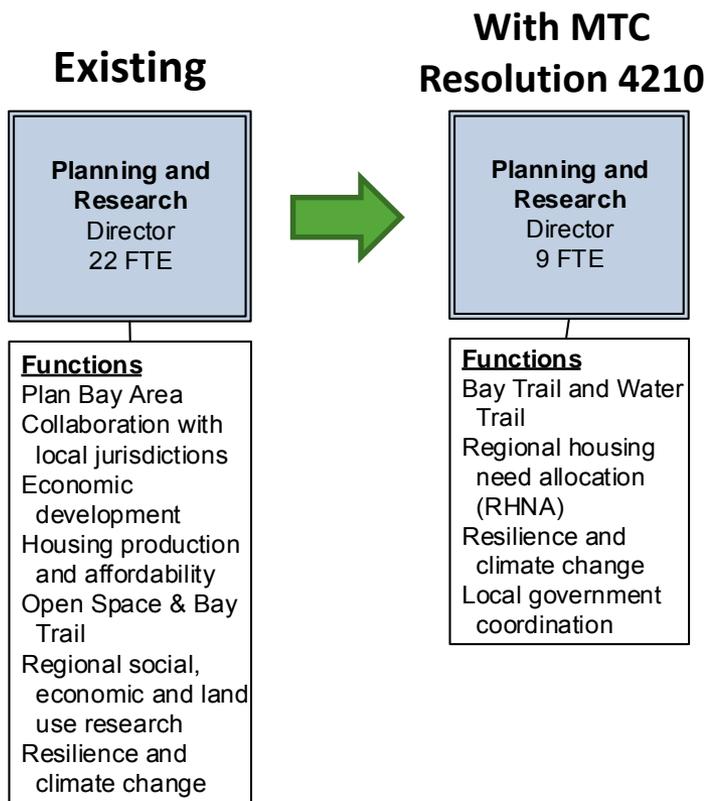
Planning Program Area Overview

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

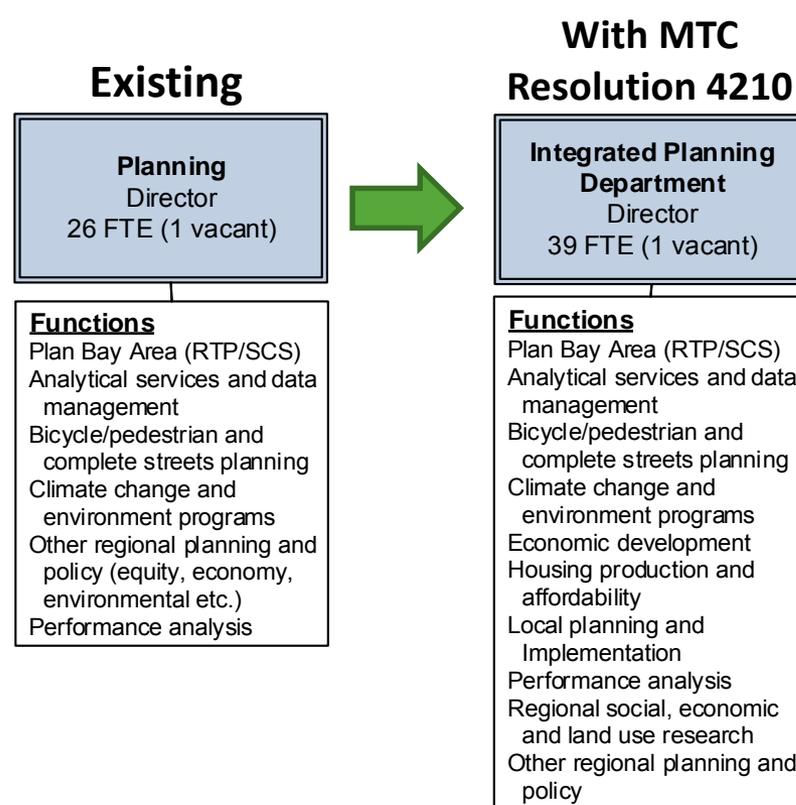
Functional Organization Charts

Post Implementation of MTC Resolution 4210

ABAG



MTC



ABAG and MTC Financial Forecasts Overview

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

2014 Funding Framework

Balance Declines Due to Pension, Prop 84 Loss

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

MTC Resolution 4210

Planner Shift Adds Net Cost of \$5.5M

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



ABAG Faces Fiscal Challenges

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

ABAG Forecast Conclusions: 2014 Funding Framework

Structural Shortfall, but Manageable

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

ABAG Forecast Conclusions: MTC Resolution 4210

Shortfall Requires Significant Corrective Actions

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

Financial Forecast: MTC

Fiscal Impact from Consolidating Core Planning Functions in MTC

Management
Partners



**METROPOLITAN
TRANSPORTATION
COMMISSION**

Item 9, Presentation

Key MTC Forecast Assumptions

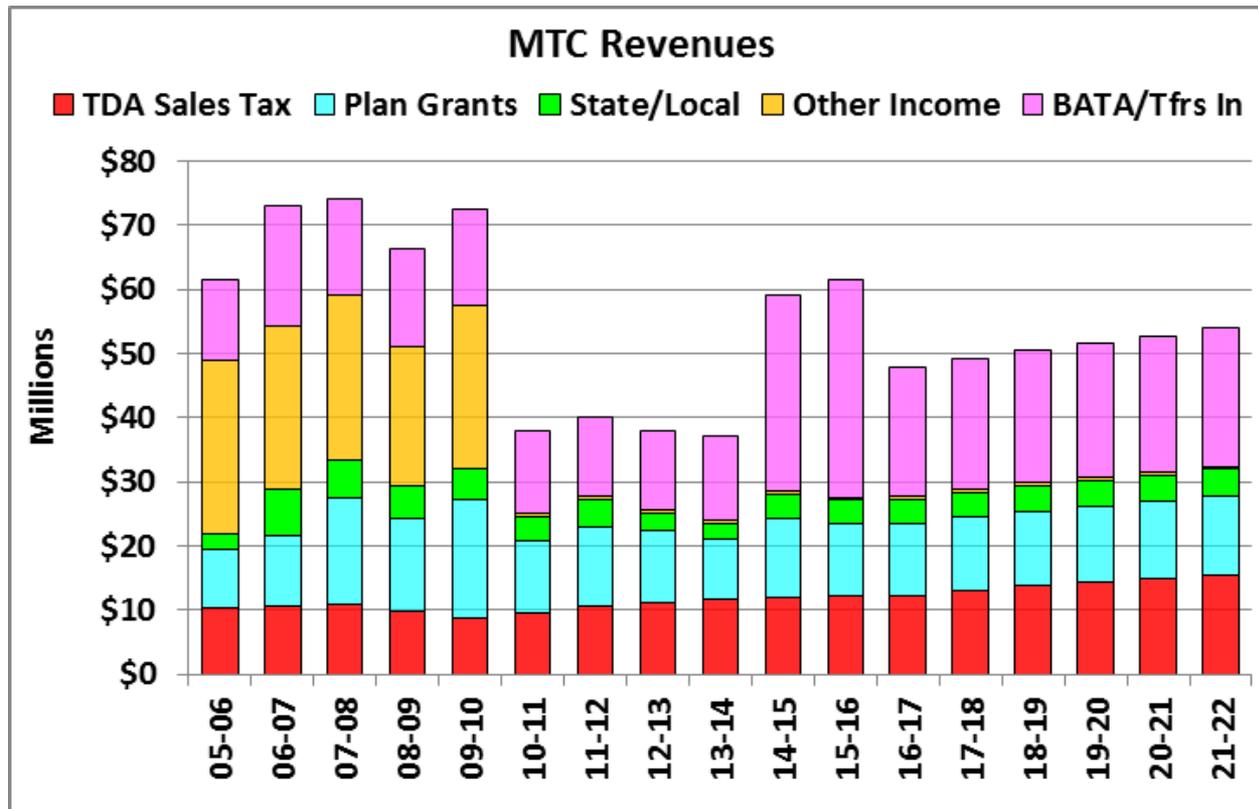
- TDA sales tax growth per HdL multi-year forecast but with modest recession assumed in 2017
- Maintain current grants with 1.5-2% growth or as provided by MTC staff
- Transfers in continue FY 15-16 levels with 2% growth
- Salary growth per labor agreement into 2017, assumes 2% COLA thereafter plus applicable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

MTC CalPERS Projections (Before Addition to Staff)

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

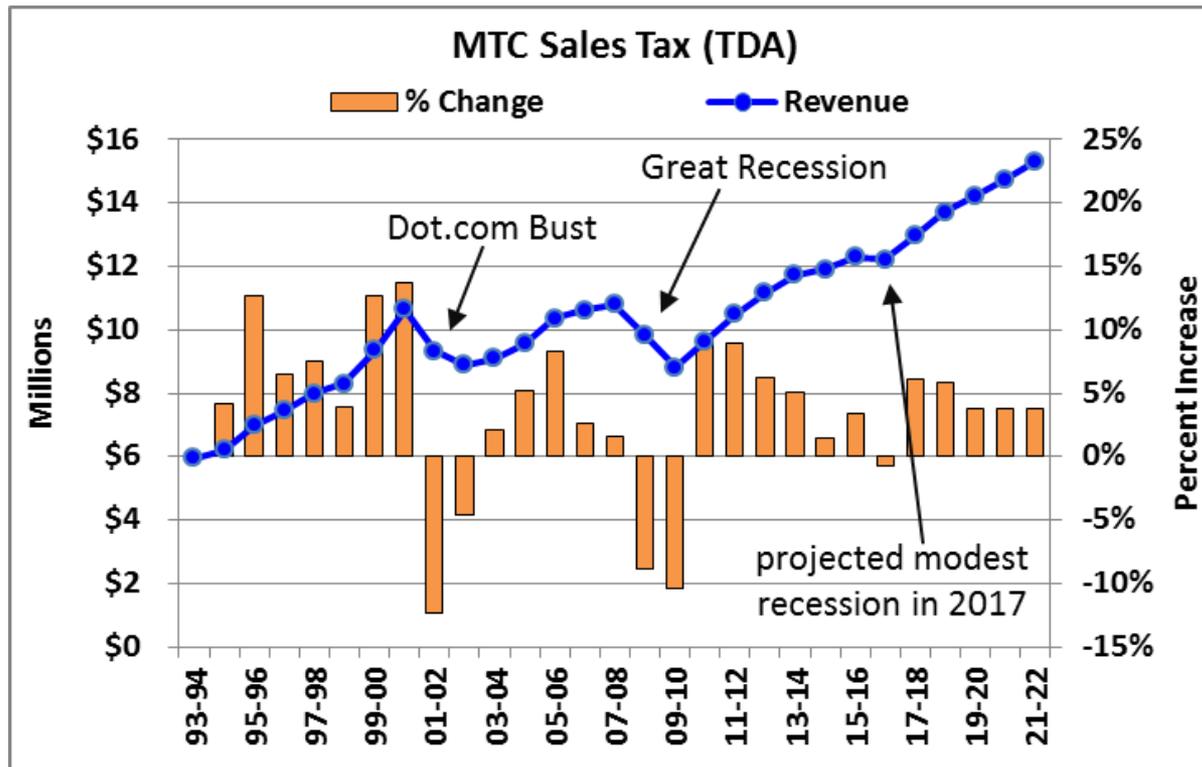
- Net pickup of employee share declines over time under labor agreement
- Shift in payroll from Class to PEPRA over time (assumes 5% per year)
- Unfunded liability costs increase under CalPERS plan
- Rates subject to increase if CalPERS discount rate is reduced

MTC Operating Revenues



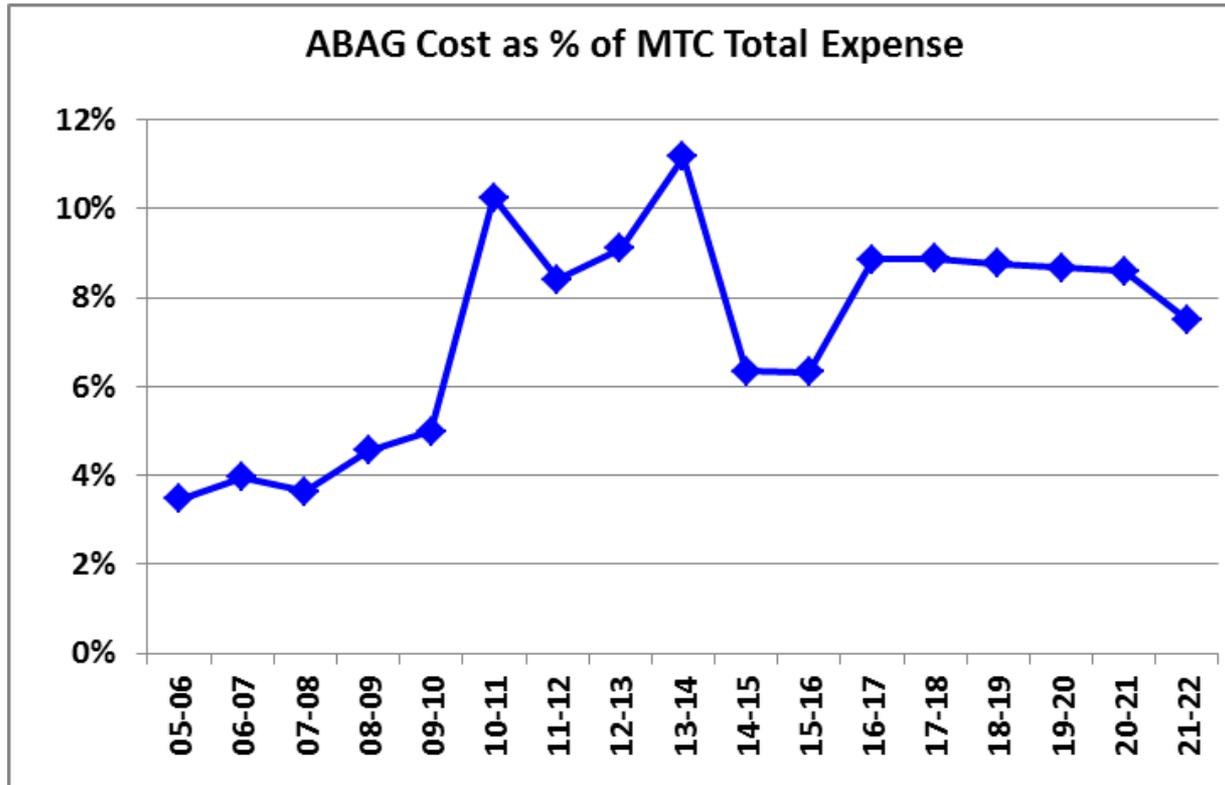
- Transportation grants relatively stable but not under agency control
- Sales Tax subject to economic volatility, but base is large (Bay Area)

TDA Sales Tax History & Forecast



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

ABAG Cost as % of MTC Total Expense



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

2014 Funding Framework

MTC Payments to ABAG

(\$ in millions)

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

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

2014 Funding Framework

MTC Operating Budget Forecast

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

MTC Resolution 4210

MTC Operating Budget Forecast

(\$ in millions)

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

MTC Resolution 4210

Net Impact on MTC from Planner Shift

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

*excludes Bay Trails

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

Financial Forecast: ABAG

Fiscal Impact from Consolidating Core Planning Functions in MTC

Management
Partners



Association
of Bay Area
Governments
Item 9, Presentation

Key ABAG Forecast Assumptions

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

2014 Funding Framework

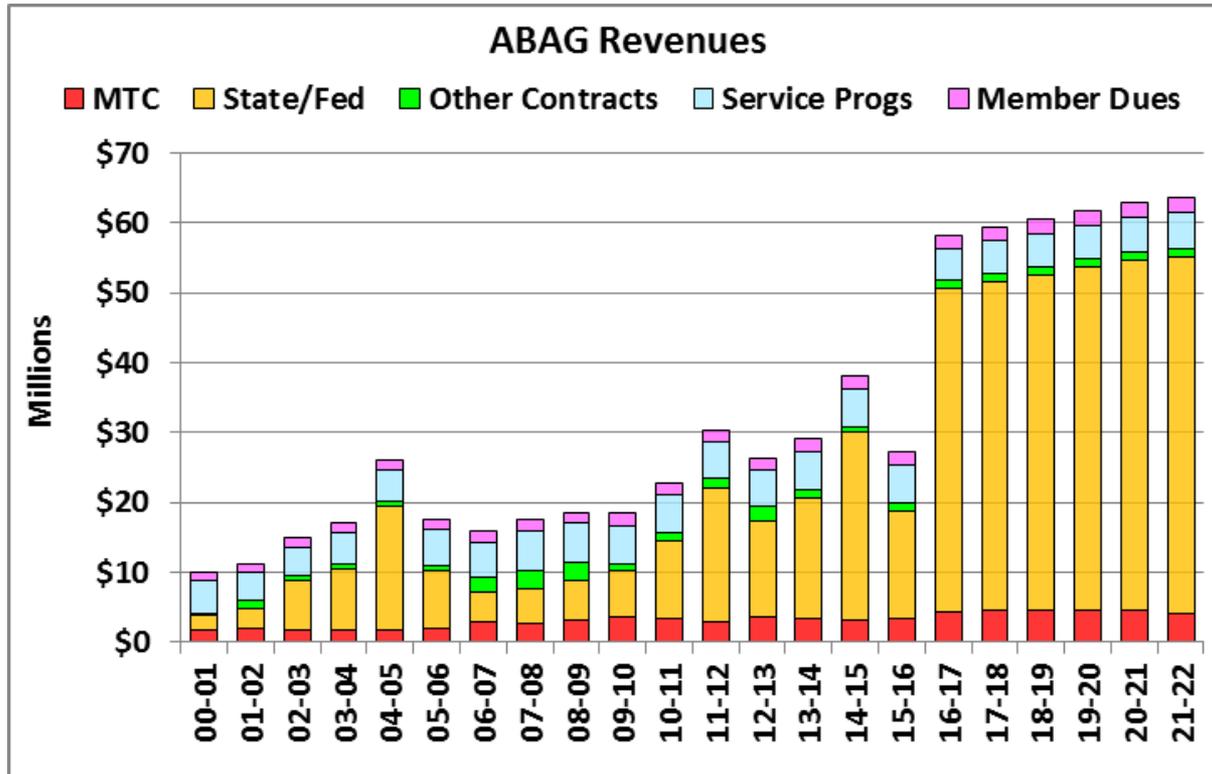
CalPERS Projections

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

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

2014 Funding Framework

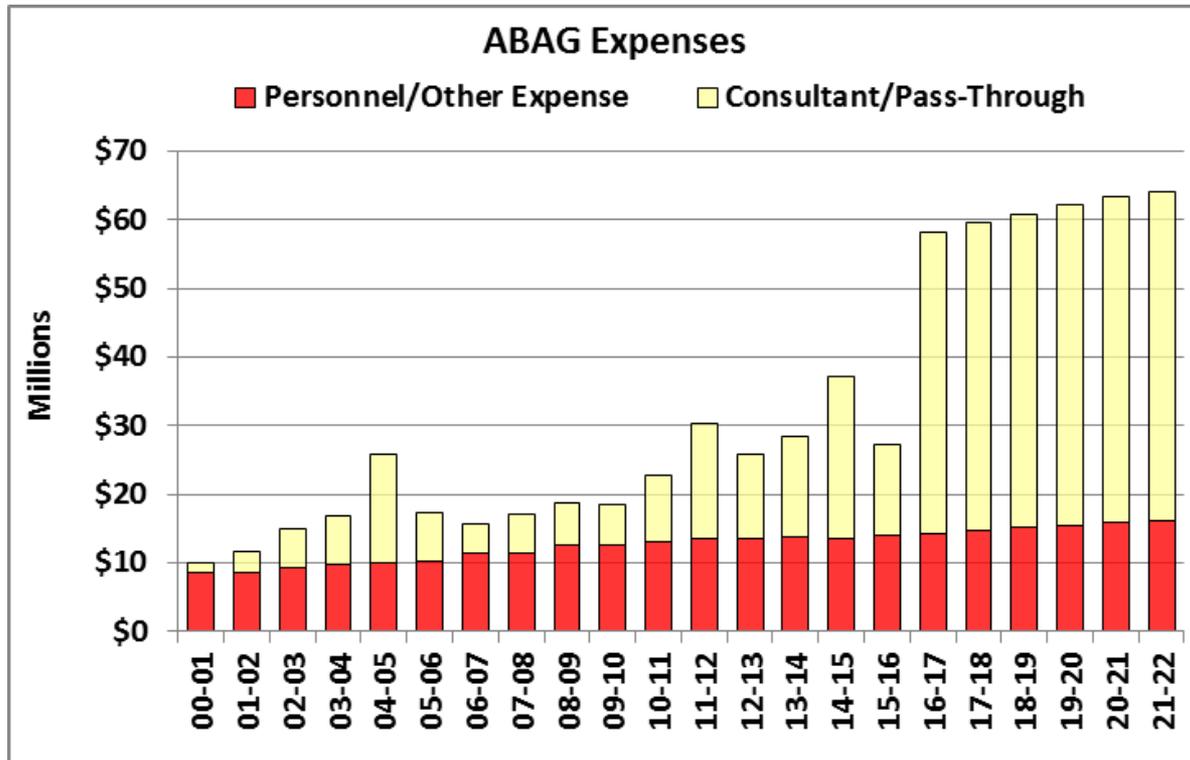
ABAG Revenue Structure



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

2014 Funding Framework

ABAG Expense Structure



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

2014 Funding Framework

Total Cost and Funding of ABAG Planning Function

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

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

2014 Funding Framework

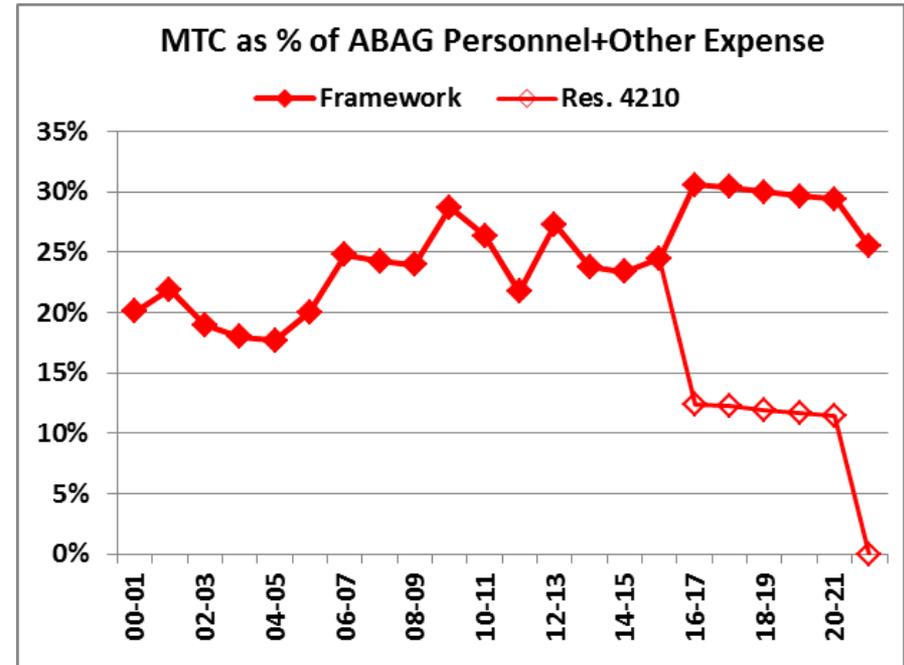
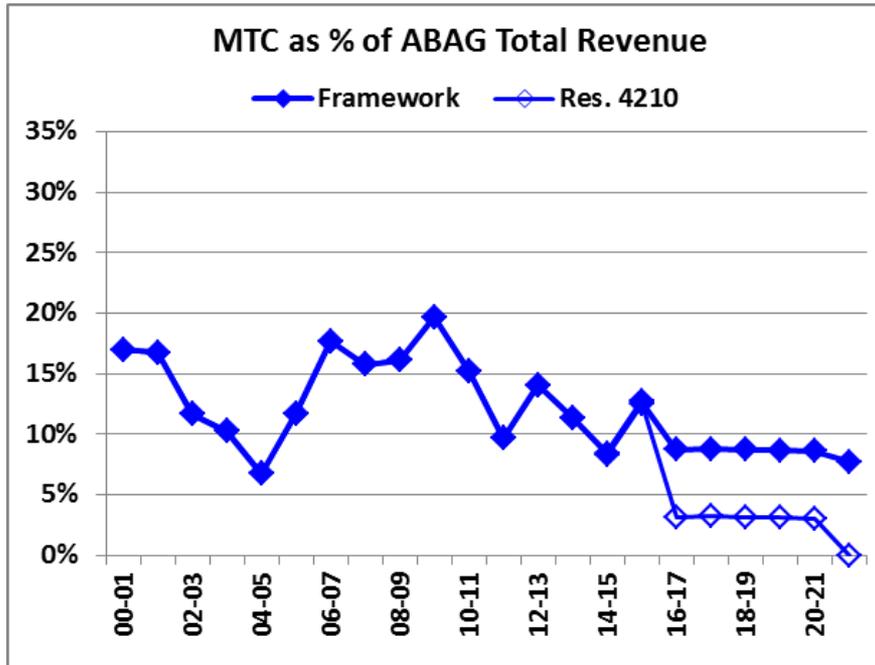
Manageable Structural Shortfall

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

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

MTC Resolution 4210

MTC Budget Impact: Two Views



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

MTC Resolution 4210

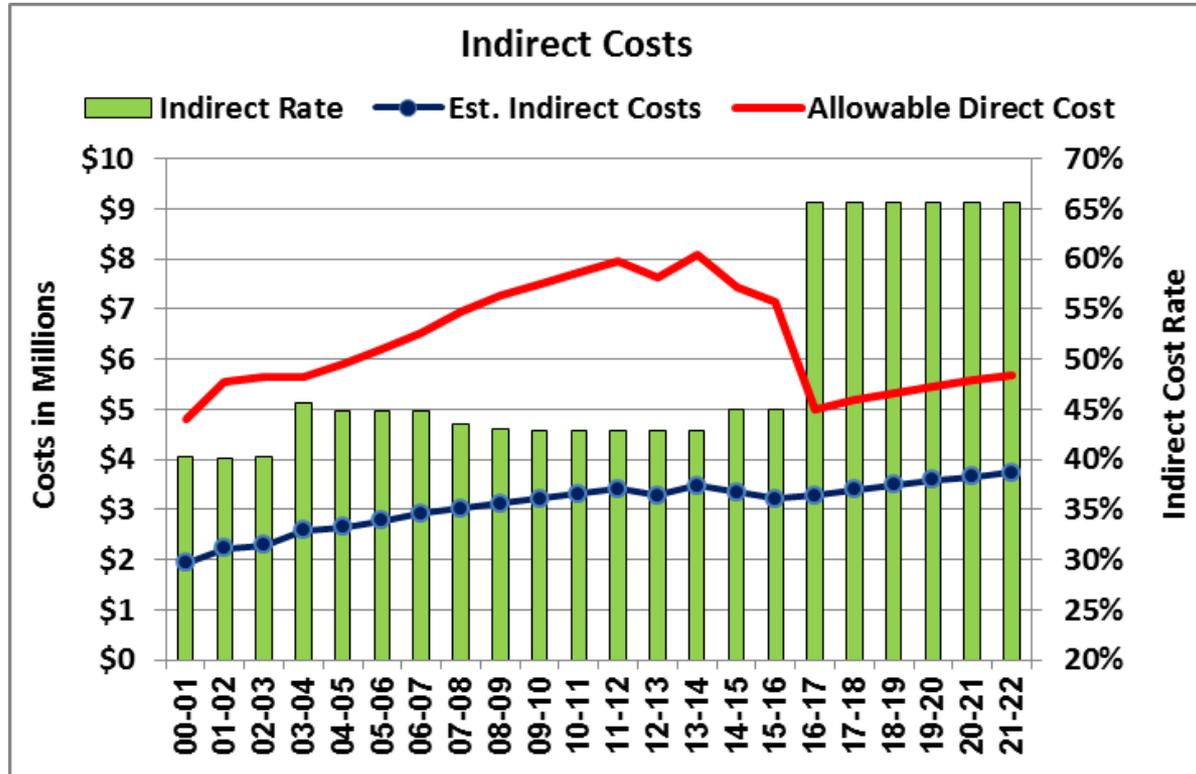
Impact of Planner Shift

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

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

MTC Resolution 4210

Impacts on Indirect Cost Rate



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

MTC Resolution 4210

Balance Decline Accelerates, Deficit in 4 Years

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

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

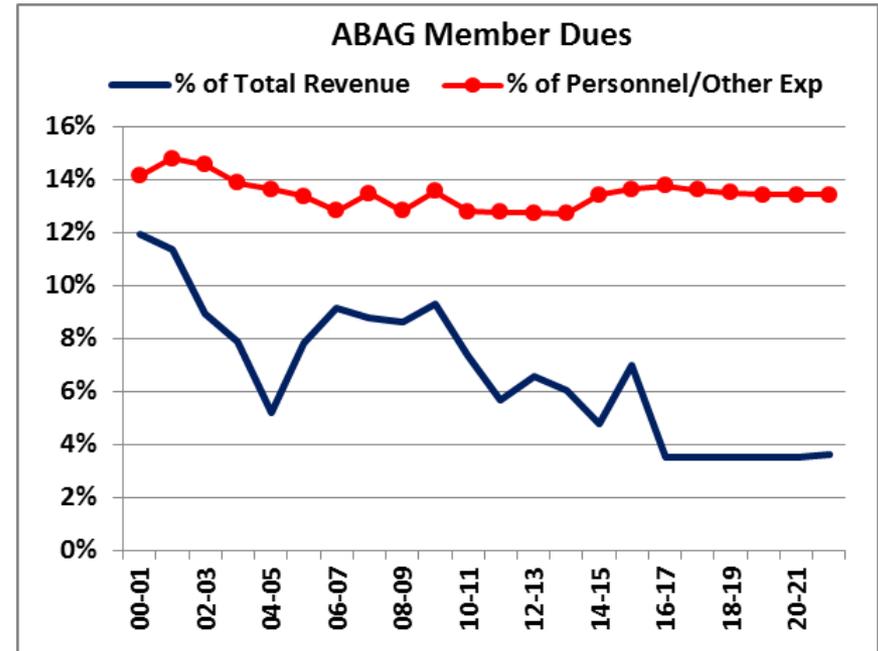
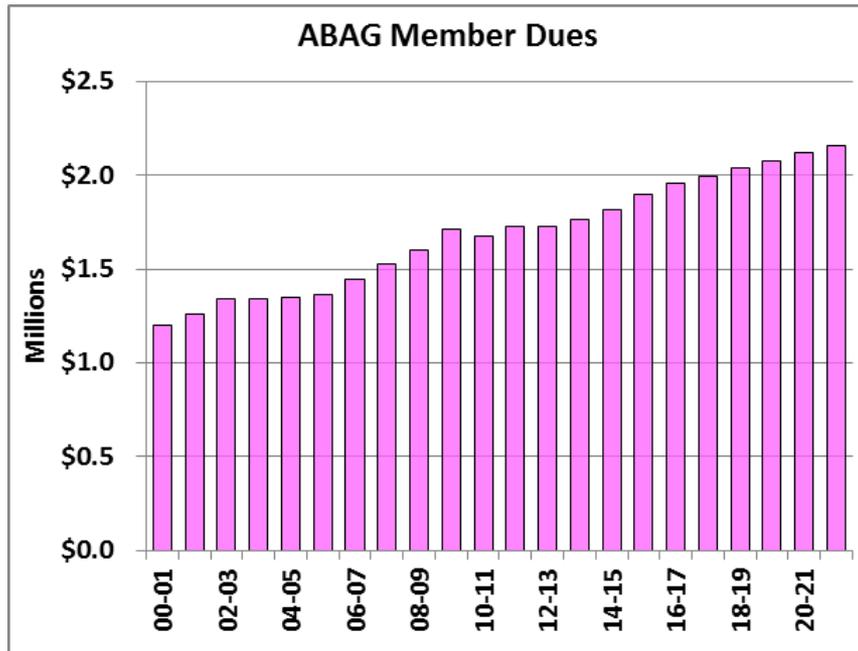
MTC Resolution 4210

Shortfall as % of Personnel and Other Costs

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

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

Relative Importance of Dues



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

Altering Fiscal Outcome Requires Some Combination of the Following Actions

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

Stakeholder Engagement Participants

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

Preliminary Stakeholder Engagement Broad Themes

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

Elected Officials Survey Results Overview

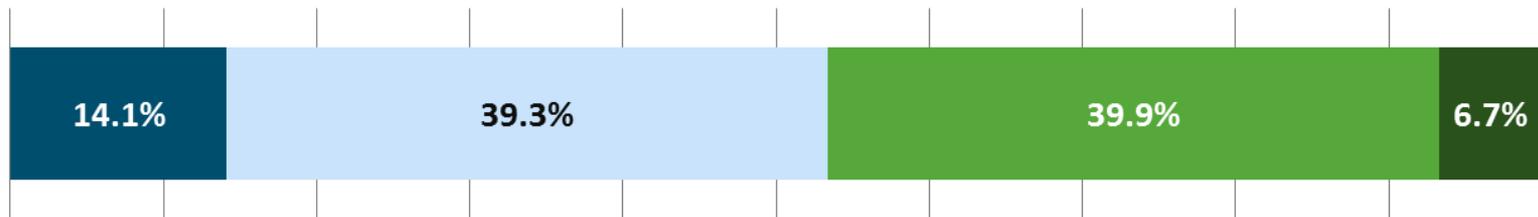
- Electronic survey distributed to elected officials in the Bay Area
 - Cities, towns, counties
 - BART and AC Transit elected boards of directors
- Of the 111 local jurisdictions surveyed, 95 (85%) jurisdictions participated
 - 86 cities
 - 8 counties
 - 3 responses from transit agencies
- 180 (about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

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

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

Elected Officials Survey Results

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

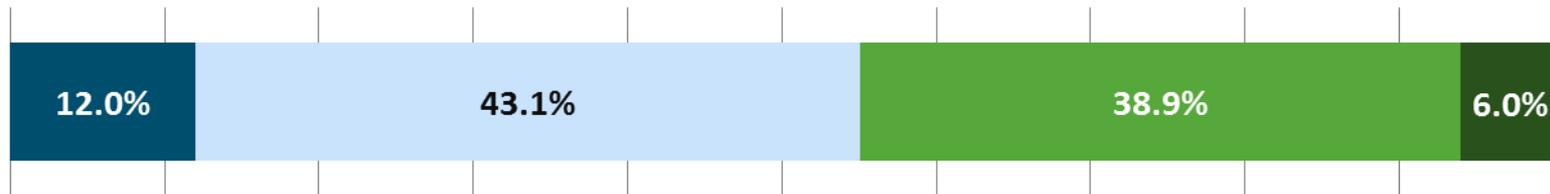


“Regional planning has generally been effective in the Bay Area.”

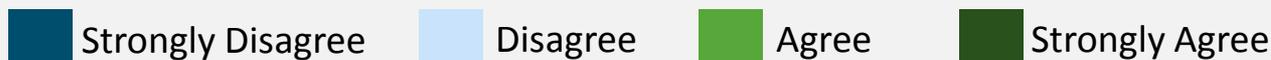


Elected Officials Survey Results

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



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



Elected Officials Survey Results

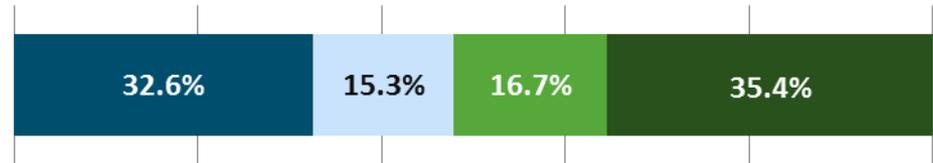
“Transportation and land use planning should be performed by a single agency in the Bay Area, as it is in other large metropolitan areas in California.”



Elected Officials Survey Results

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

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



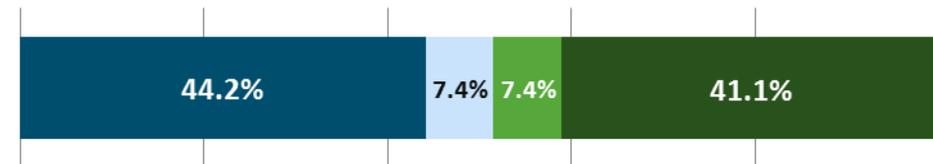
Option B. Strengthen the regional transportation and land use planning collaboration between ABAG and MTC.



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



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



Elected Officials Survey Results

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

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

Proposed Principles

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

Proposed Problem Definitions

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

Problem 1: SCS is Statutorily Split

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



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

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

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

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

Ten Options for Analysis

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

- **Samuel Johnson**

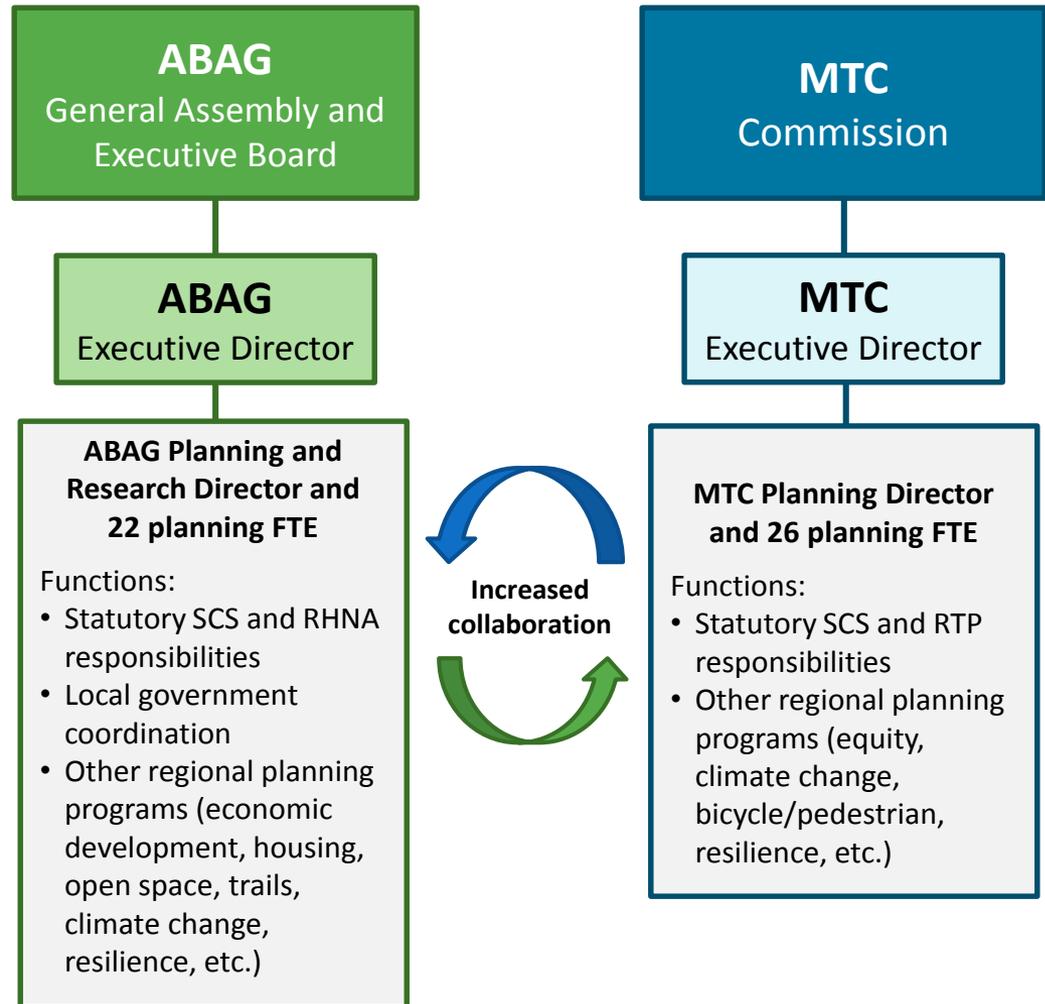
The biggest obstacle to positive change is fear.

- **Peter Senge**

Option 1

No Change

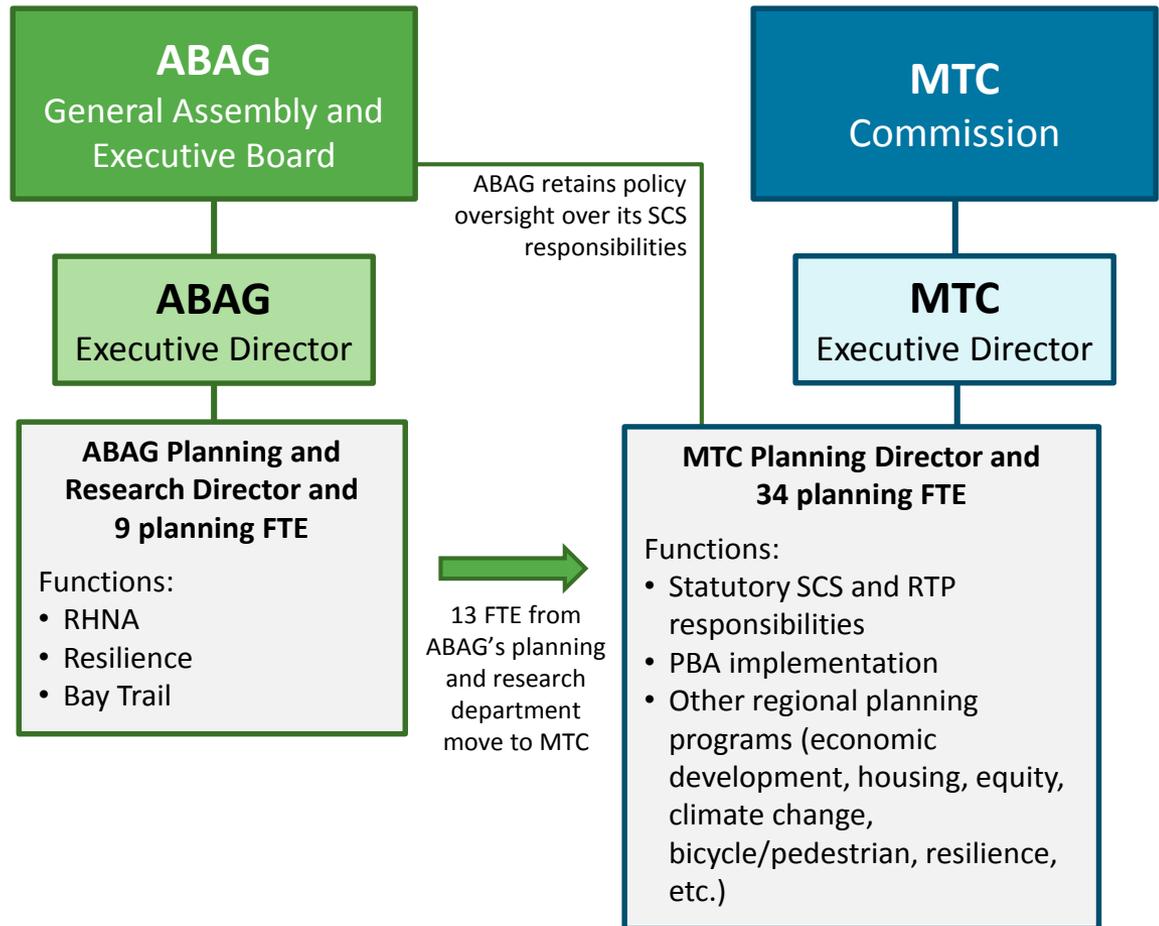
- Maintain current independence of each agency
- Increase collaboration between agencies to improve and streamline the Plan Bay Area (PBA) process and other regional planning efforts



Option 2

Consolidate regional planning functions within MTC

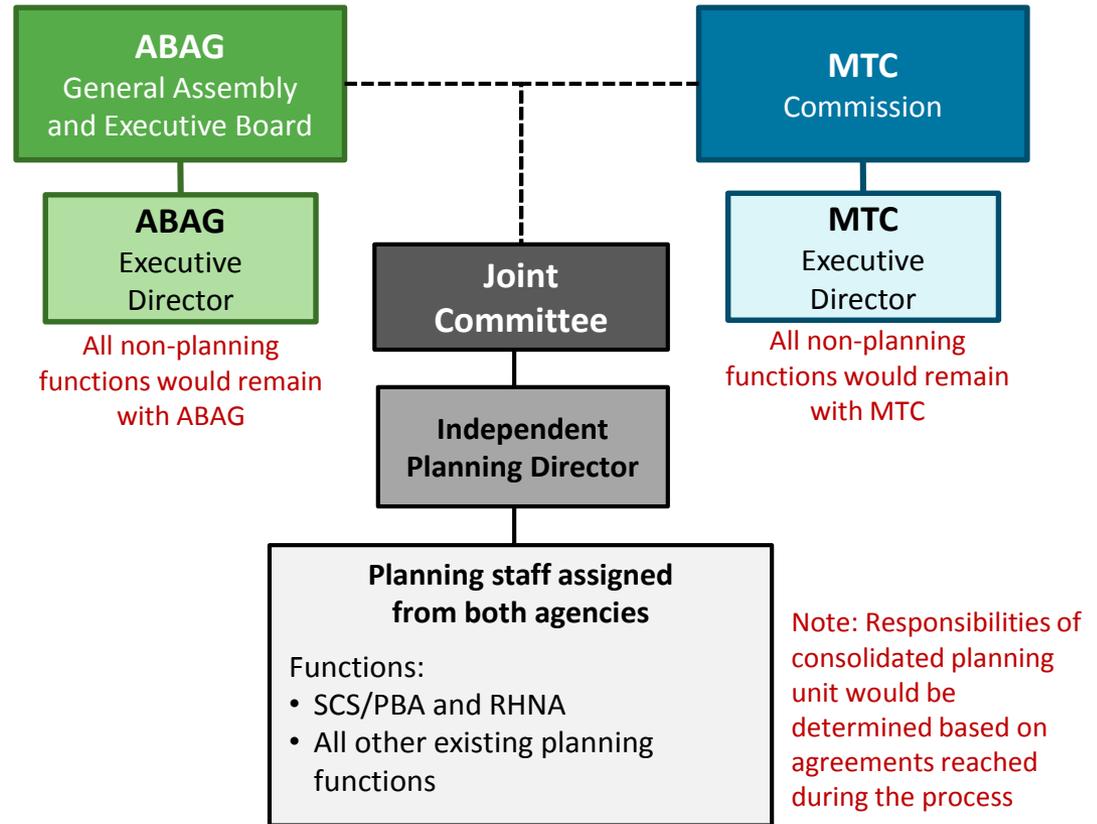
- Consolidate most regional planning functions within MTC by implementing MTC Resolution 4210
- ABAG JPA, policy structure, some planning programs and other agency programs would remain in the COG



Option 3

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

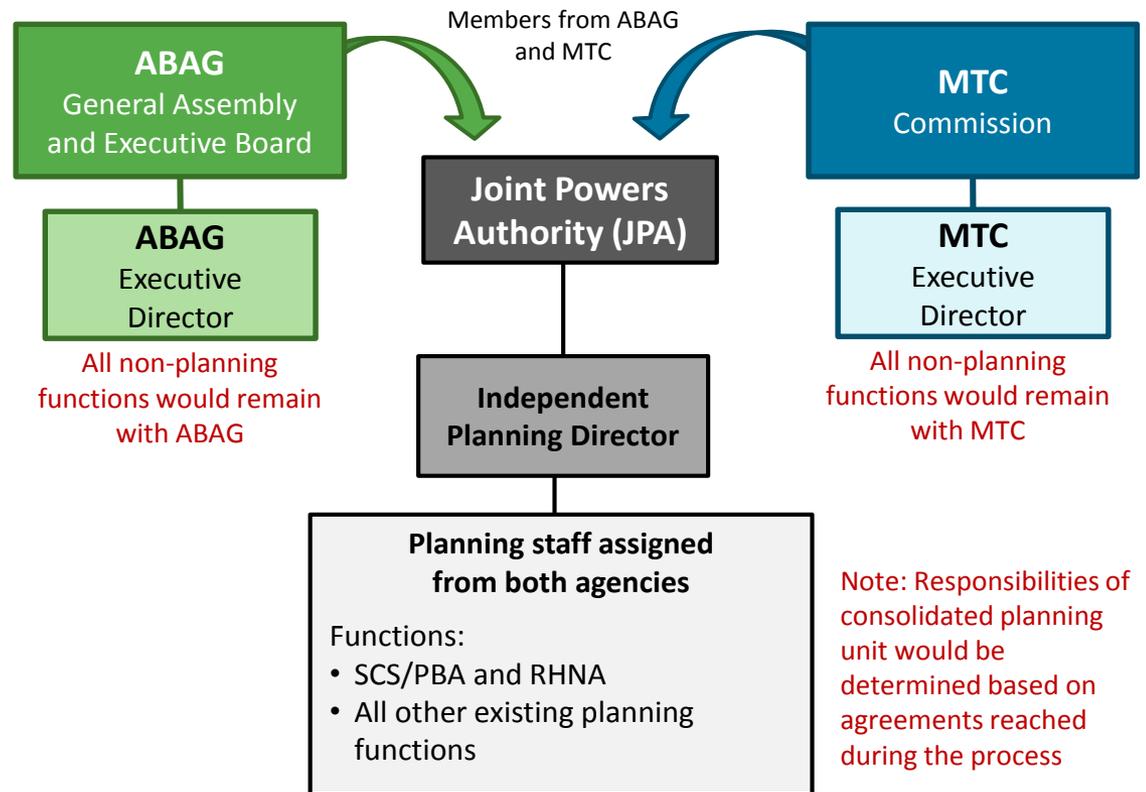
- Hire an independent planning director responsible for PBA, all planning functions, or both
- Planning director reports directly to the ABAG Administrative Committee and MTC Planning Committee
- Planning staff assigned from both agencies



Option 4

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

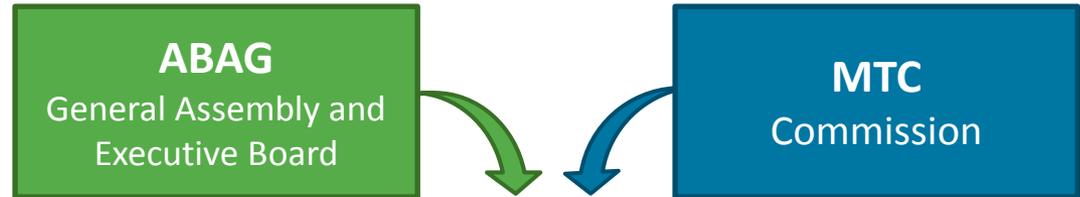
- Hire an independent planning director responsible for PBA, all planning functions, or both
- Planning director reports directly to a new joint powers authority (JPA) with members from MTC and ABAG
- Planning staff assigned from both agencies



Option 5

Create a new regional governance model

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



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

**Create new regional
governance model**

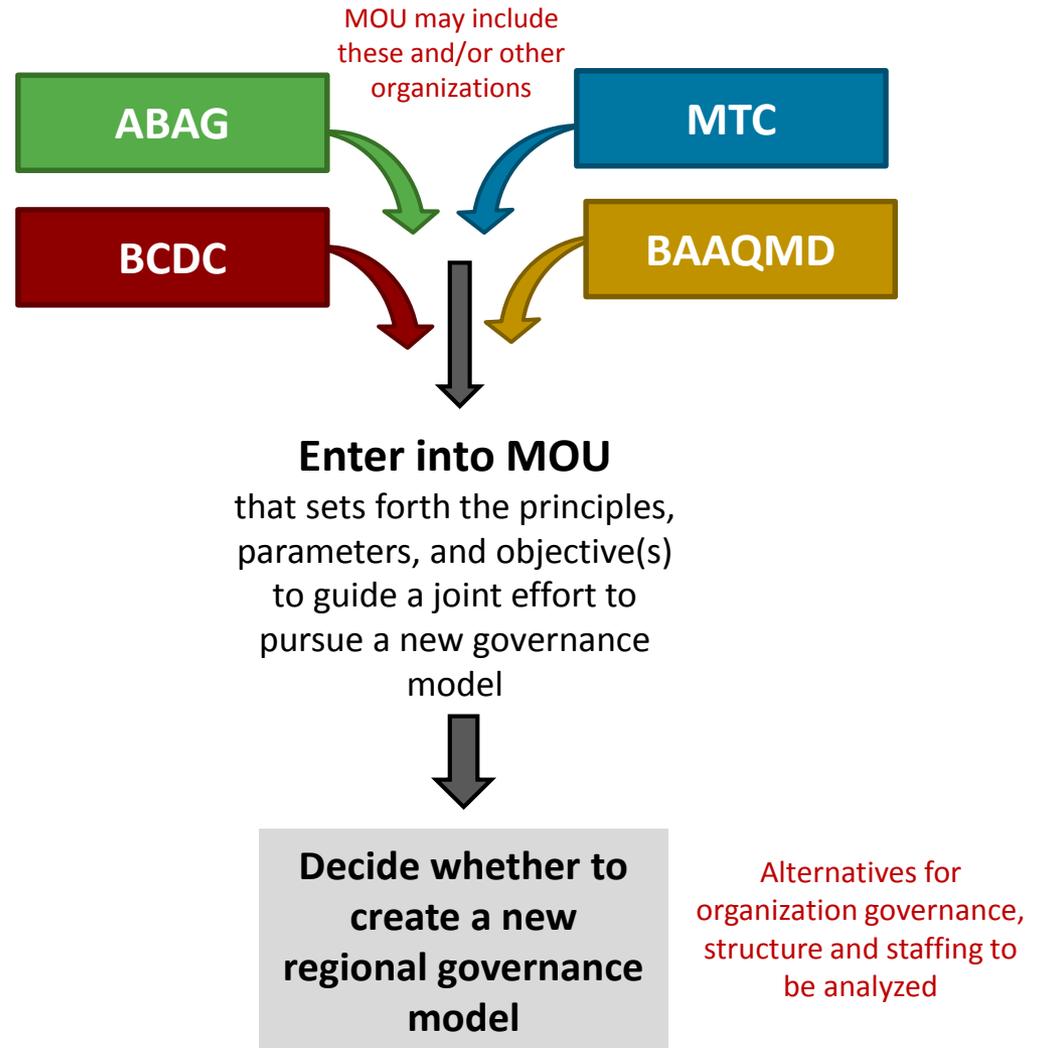
**Integrate functional
responsibilities of
MPO and COG**

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

Option 6

Pursue a new comprehensive regional governance model

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

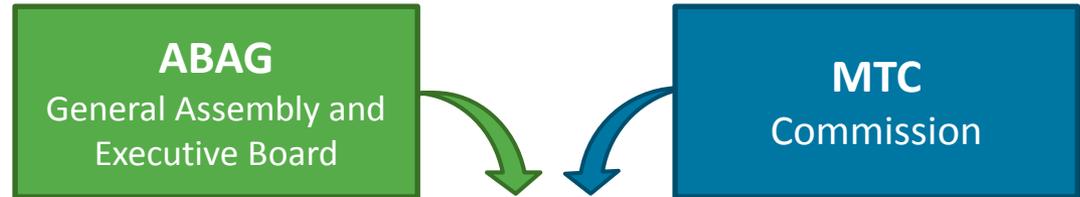


Option 7

Create a new regional governance model and consolidate regional planning functions

STEP ONE

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



Enter into MOU

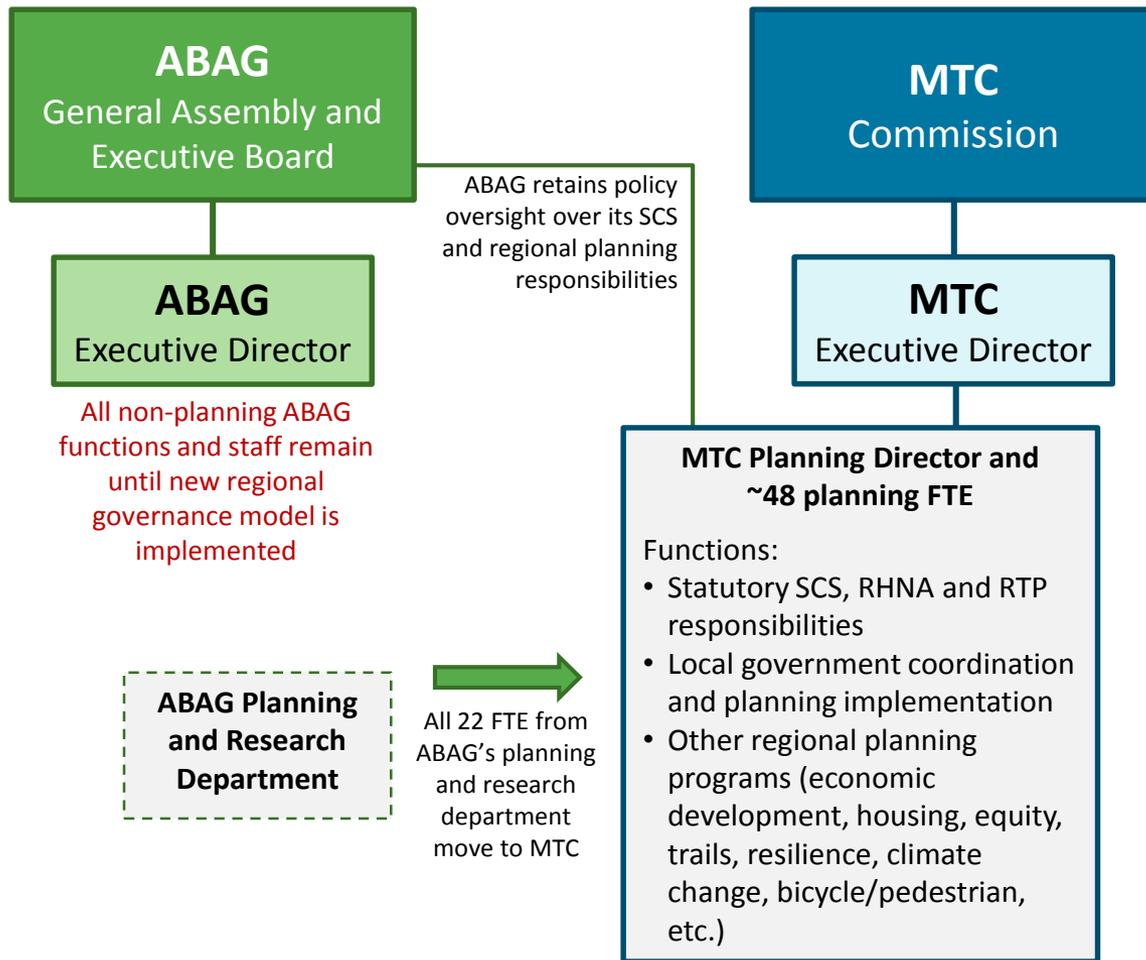
that sets forth the principles and parameters to guide creation of a new governance model

Option 7 (continued)

Create a new regional governance model and consolidate regional planning functions

STEP TWO

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

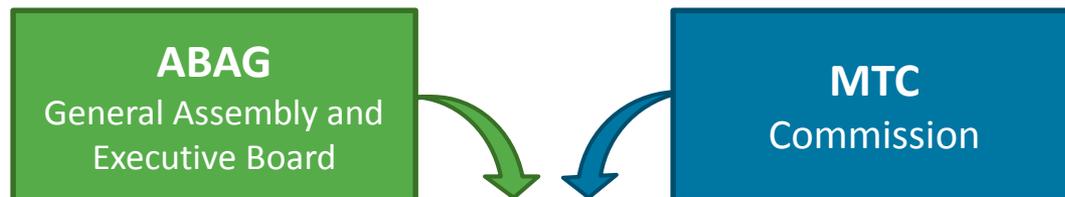


Option 7 (continued)

Create a new regional governance model and consolidate regional planning functions

STEP THREE

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



Enter into MOU

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



Create new regional governance model



Integrate functional responsibilities of MPO and COG

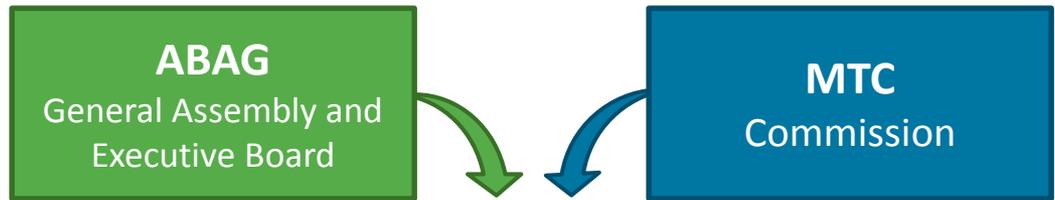
Organization governance, structure and staffing to be determined based on agreements reached during the process

Option 8

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

STEP ONE

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



Enter into MOU

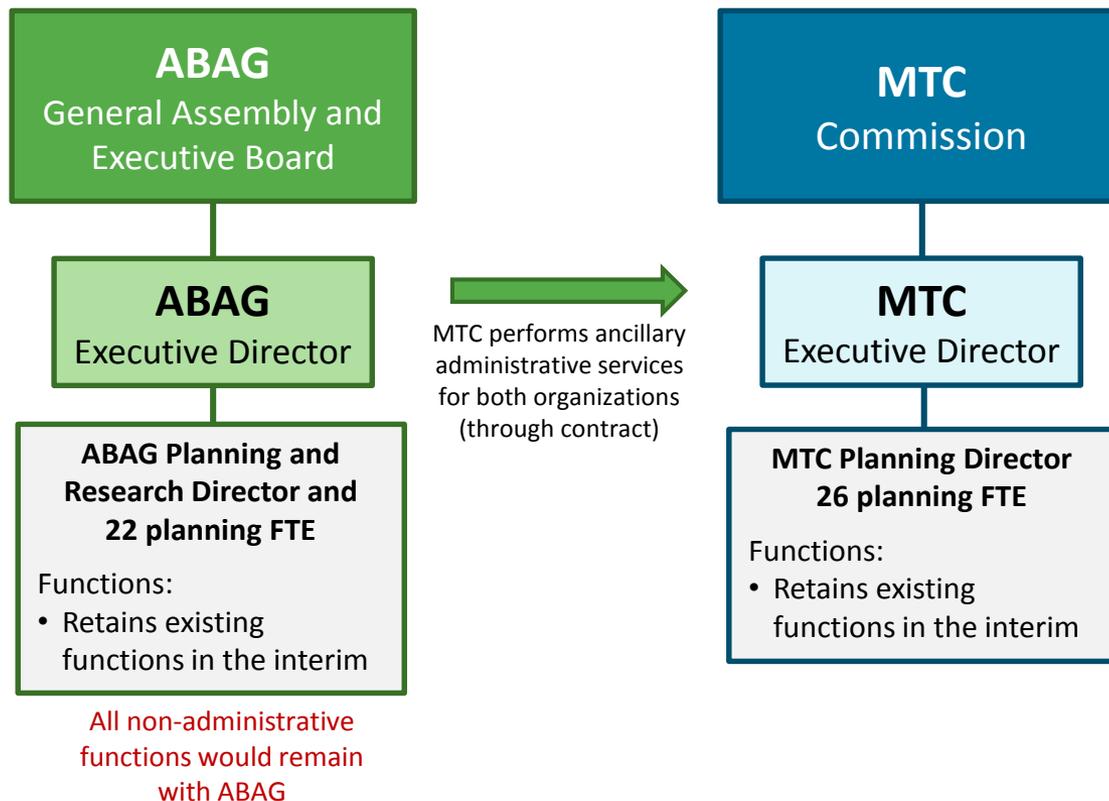
that sets forth the principles, parameters, and objective(s) to guide a joint effort to pursue a new governance model

Option 8 (continued)

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

STEP TWO

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

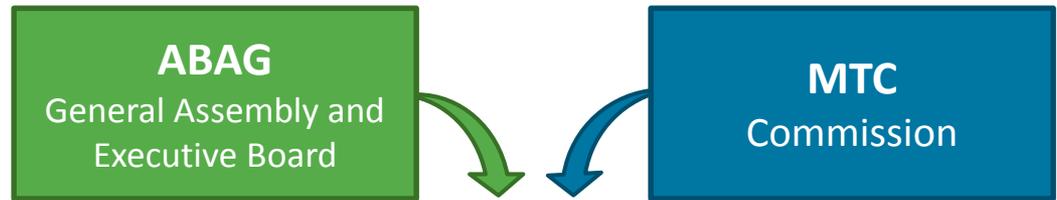


Option 8 (continued)

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

STEP THREE

- Decide whether to create a new regional governance model



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



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

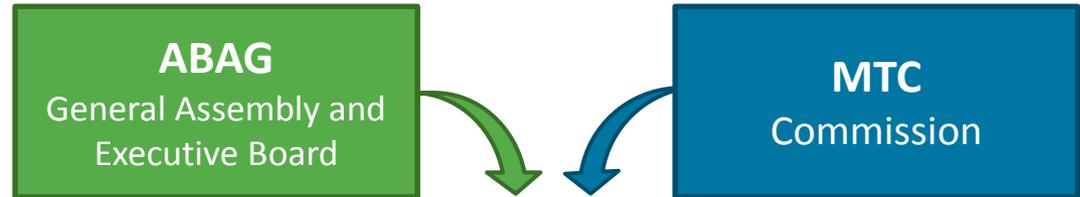
Alternatives for
organization governance,
structure and staffing to
be analyzed

Option 9

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

STEP ONE

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



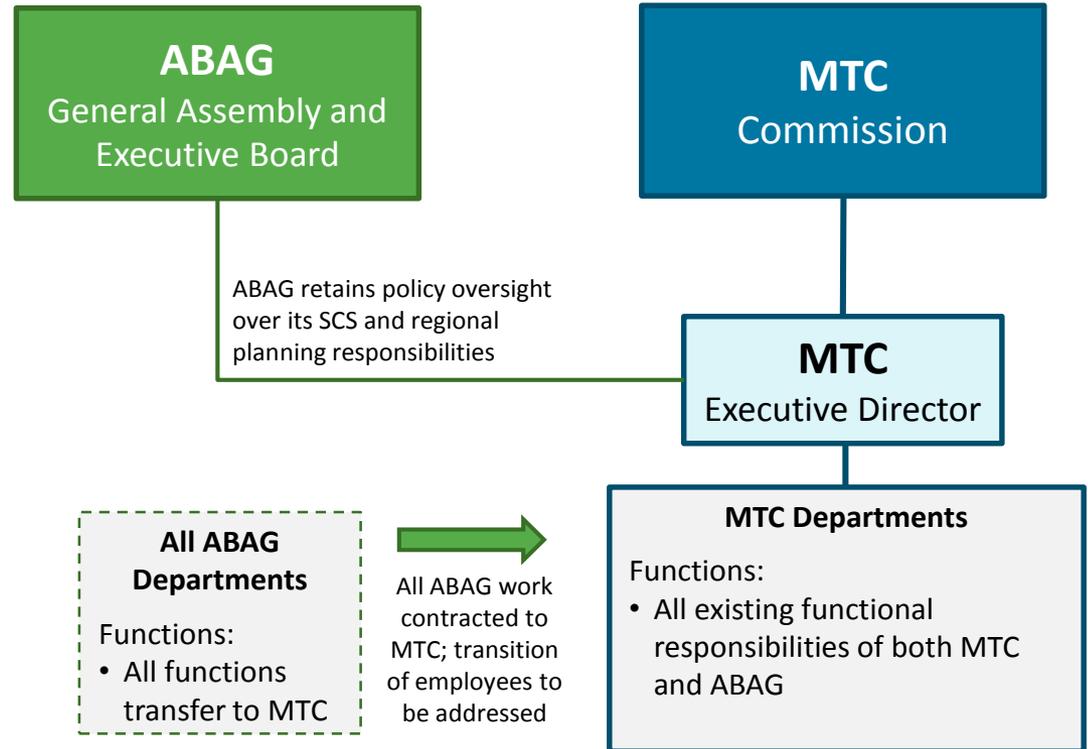
Enter into MOU
that sets forth the principles
and parameters to guide
creation of a new
governance model

Option 9 (continued)

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

STEP TWO

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

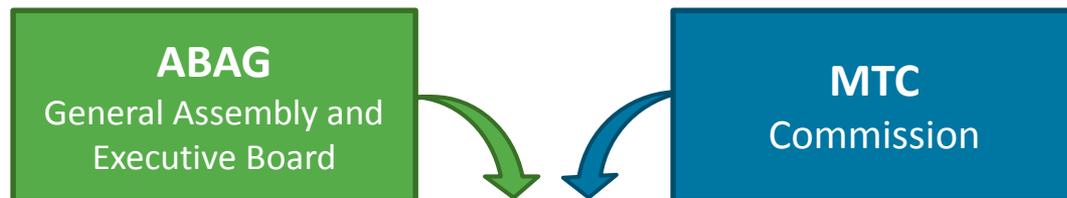


Option 9 (continued)

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

STEP THREE

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



Enter into MOU

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



Create new regional governance model



Integrate functional responsibilities of MPO and COG

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

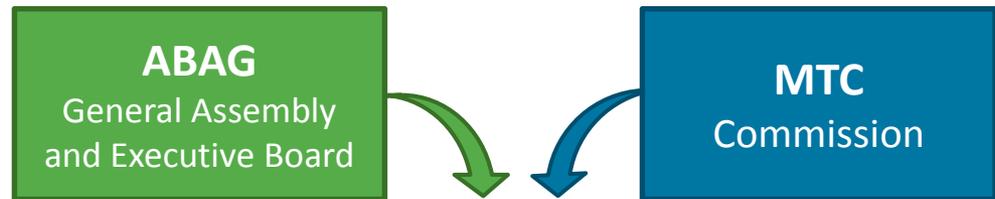
Option 10

(Continued)

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

STEP ONE

- Enter into MOU to pursue new regional governance models



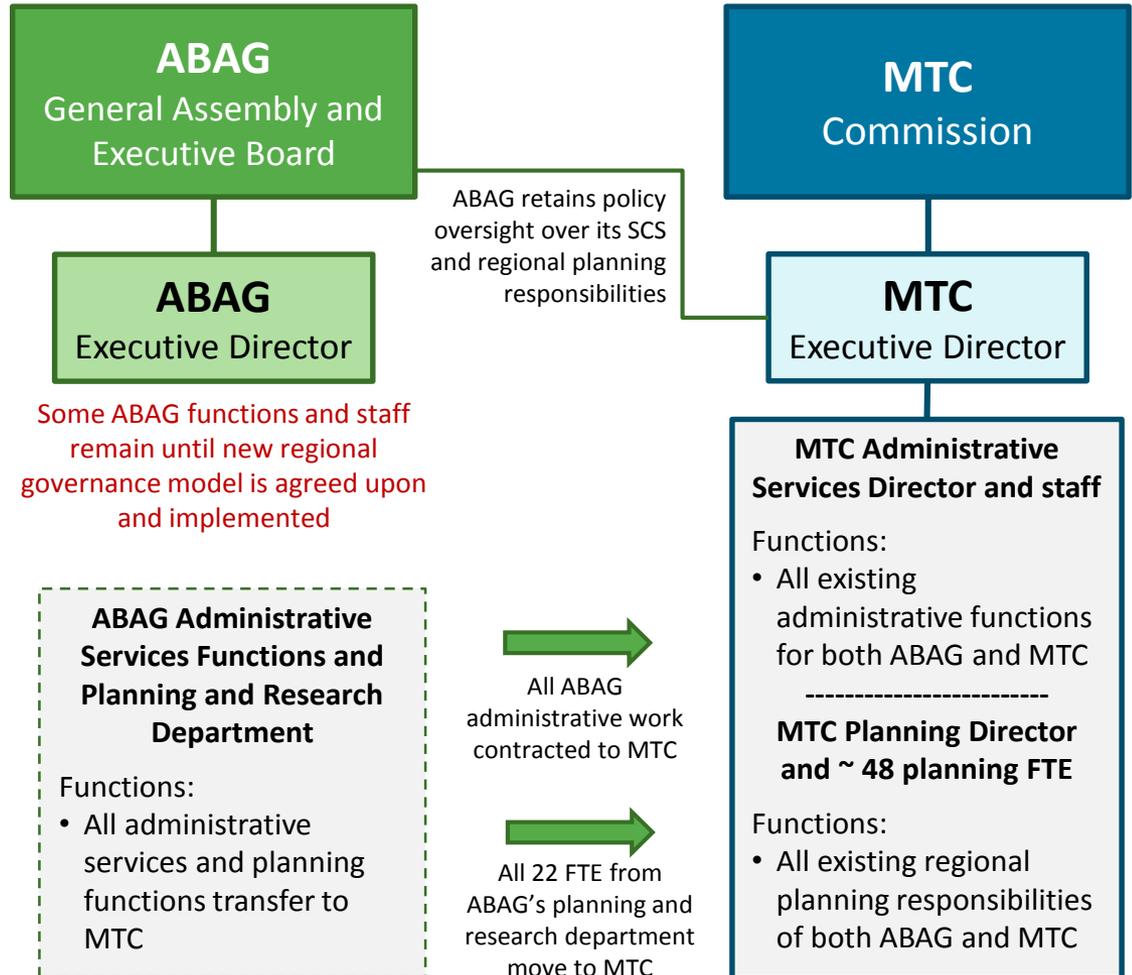
Enter into MOU
that sets forth the principles, parameters, and objective(s) to guide a joint effort to pursue a new governance model

Option 10 (continued)

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

STEP TWO

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



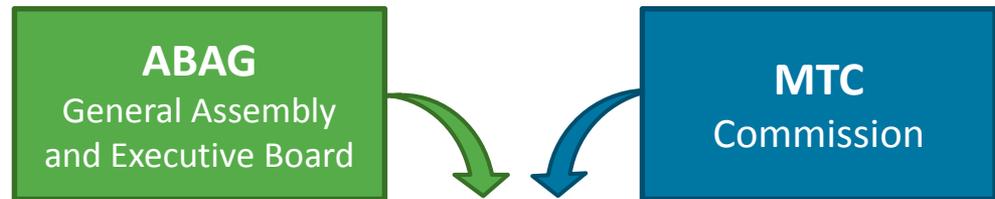
Option 10

(Continued)

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

STEP THREE

- Decide whether to create a new regional governance model



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



Decide whether to create a new regional governance model

Alternatives for organization governance, structure and staffing to be analyzed

General Analysis Framework

- General analysis will be focused around 3 major impact areas

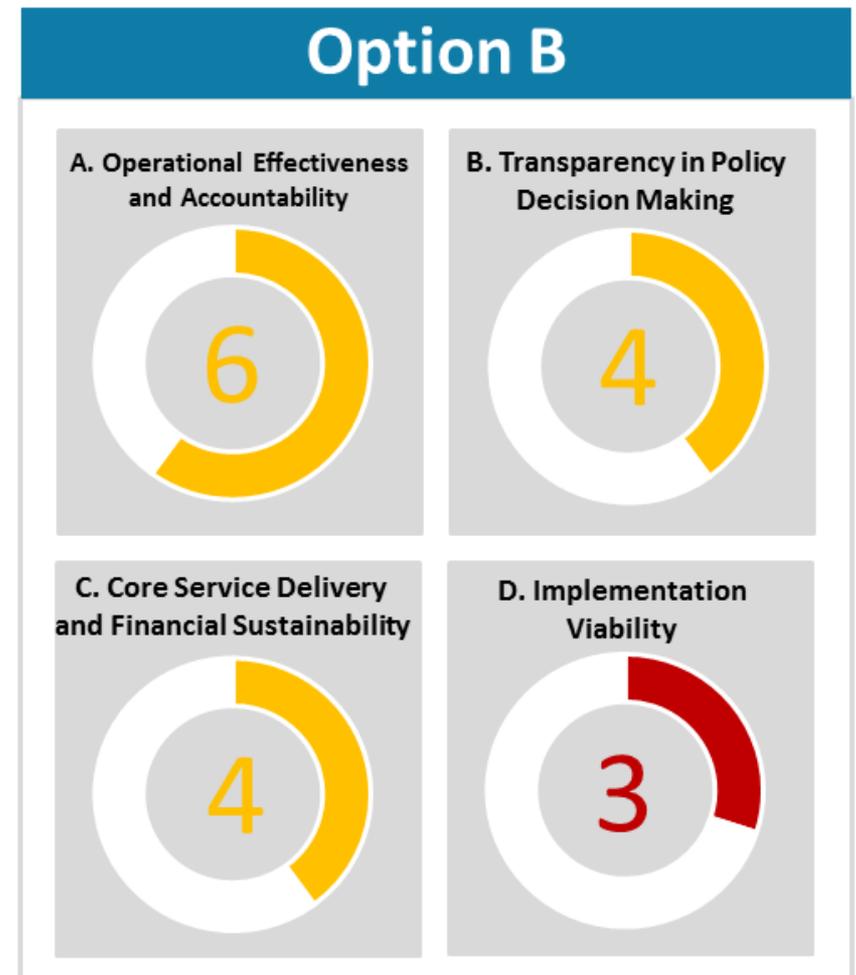
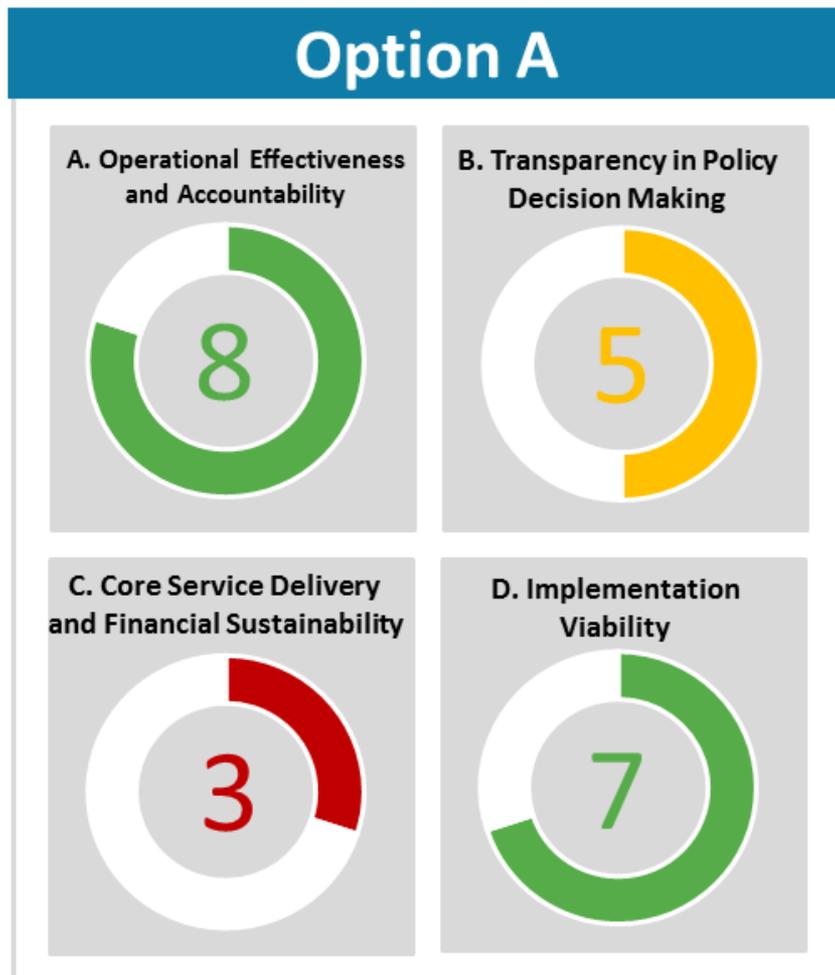


Evaluation Criteria

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

Analysis Framework

Example of Options Comparison based on Criteria



Next Steps

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



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Date: March 24, 2016
To: ABAG Administrative Committee
From: Duane Bay
Assistant Director, Planning and Research
Subject: **Draft Housing Action Agenda**

Introduction

ABAG staff presented a Draft Housing Action Agenda to the Executive Board on March 17. The staff report and supplemental material are attached to this memo. In summary, the Draft Housing Action Agenda aligns with a general consensus for action that has emerged among a spectrum of Bay Area stakeholders: we need to build more housing, primarily in already-built areas, especially in Priority Development Areas; we need to promote and enable more “housing affordability” using strategies that fit the variety of local contexts; we need to assure economic inclusion in new developments and resident protection from displacement.

Thus, the Major Tasks that structure the agenda are:

1. Build new homes: help conforming projects get permits and get built.
2. Unlock and preserve affordability inherent in existing homes.
3. Empower jurisdictions to act to assure their residents’ place-security.

The agenda includes a suite of strategies and implementation projects to advance these Major Tasks, and highlights three Key Activity Areas that will be instrumental to making progress toward substantial and lasting housing solutions.

- a) Regional Housing Trust Fund
- b) Affordability through housing renovation
- c) ABAG’s Collaboration Platform

The Board accepted the report and directed staff to proceed to develop a workplan to implement the Housing Action Agenda. During discussion, Board members raised questions and offered suggestions, including the following.

- Focus on innovative solutions such as junior accessory dwelling units and tiny houses, and solutions that enable fuller use of existing homes
- Importance of addressing displacement in ways that emphasize that options are available and that options are at local discretion

Draft Housing Action Agenda

March 10, 2016

2

- A regional housing trust fund should complement existing public and private programs
- A regional housing trust fund could give incentives or priorities to encourage local best practices
- A regional housing trust fund should attract new dollars and leverage private funding
- Several comments on particular potential funding sources for a regional housing trust fund, and a suggestion to make use of polling to identify public support, including recent relevant polling by some cities and counties

As immediate next steps, staff is: expressly inviting commentary from local planning directors, housing program staff and stakeholders known to be interested; soliciting input from the ABAG Regional Planning Committee on April 6; and soliciting input and direction from the ABAG Administrative Committee at its annual retreat, this meeting.

Study Session

Following a brief summary of the Draft Proposal for Formation of Regional Housing Trust Fund, attached, staff seeks Committee input on the following:

- a. Committee endorsement of key features:
 - i. working closely with existing complementary programs operated by experienced public and private program administrators
 - ii. developing new sources, not competing for existing sources
 - iii. developing multiple sources for multiple uses, rather than single-purpose
- b. Committee guidance on prioritization of investigation of particular uses and sources of funds; and
- c. Committee suggestions about testing and developing a political constituency for one or more dedicated revenue sources.

Attachments:

Attachment 10.1, ABAG Draft Housing Action Agenda

Attachment 10.2, ABAG Housing Solution Strategies and Implementation Projects

Attachment 10.3, Draft Proposal for Formation of Regional Housing Trust Fund

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: March 10, 2016
To: ABAG Executive Board
From: Duane Bay
Assistant Director, Planning and Research
Subject: **Draft Housing Action Agenda**

Background

One of the most significant impediments to achieving Plan Bay Area's sustainability and equity goals is the lack of housing affordability, and simply the lack of housing. The shortfall of new homes relative to demand over the past several decades has contributed to high housing costs. The chronic lack of affordable housing options has become most acute in areas of the region with the greatest access to jobs and amenities, but is now experienced by renters and buyers almost everywhere. Accelerated by a booming tech economy, the attractiveness of the Bay Area housing market to foreign capital, and the emergence of the disruptive short-term rental sector, the pervasive and sustained rise in housing costs also translates to displacement of both lower income and middle class households from home neighborhoods and job centers.

What is to be done? Conferences, summits, and hearings have been held at every level—local, county, subregional, regional, and state. The recent forum *Calling the Bay Area Home: Tackling the Housing Affordability and Displacement Challenge* (<http://mtc.ca.gov/tags/calling-bay-area-home>) is a good example. Stakeholders have issued papers. For example, ABAG's *People, Places and Prosperity* and *Displacement in the Bay Area*. The outline of a consensus for action has emerged: we need to build more housing, primarily in already-built areas, especially in Priority Development Areas; we need to promote and enable more "housing affordability" using strategies that fit the variety of local contexts; we need to assure economic inclusion in new developments and resident protection from displacement.

But specifically what is to be done? Various well-informed policy makers and practitioners have proffered over 100 specific "housing solutions," each addressing some critical part of the challenge, and all included in the background material from the recent *Calling the Bay Area Home* forum. From these, staff has sifted those particular housing solutions best matched to ABAG's strongest capacities: research, consensus building, policy leadership, and technical assistance for implementation. As another tool to filter for tasks most appropriate for ABAG initiative, staff employed the following set of principles, which ABAG had suggested for consideration at the Housing Forum as a basis for finding common ground among regional stakeholders.

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- Every community can do something, and should; and all of it should count.
- Proposed projects that conform to local, regional and state policy should get permits and get built.
- Communities that want to protect residents from displacement or raise funds to preserve housing that's already affordable, or create more, should be enabled to do so.
- Making "Safer Homes in Stronger Communities"—by upgrading vulnerable older structures to conserve resources, survive floods and earthquakes and remain affordable—makes sense.
- Together, we need to make a compelling case for what we know—that a too-tight housing supply and too-high housing costs directly impact community safety, health, education, economic prosperity and GHG—to anyone and everyone who can help invent, install and invest in workable, high-consensus housing solutions region-wide.
- Pooling our resources, with return-to-source protections, makes sense.

Based on these and other inputs, including previous discussions at the Executive Board and Regional Planning Committee over several years, staff is proposing an ABAG Housing Action Agenda, the major tasks of which are outlined in the section immediately following. The outline of major tasks also frames a more detailed breakout of strategies and implementation projects, included as Attachment 8.1. This section is followed by a highlight of three key activity areas that are instrumental to advancing the agenda—formation of a regional housing trust fund; facilitating affordability through housing renovation; and facilitating best practices through research and technical assistance.

Major Tasks

1. Build new homes: help conforming projects get permits and get built.

The region's chronic inability to produce enough new homes to meet the demand has contributed to high housing costs, and has been compounded by the continuing diminution of funding for development of homes that are affordable to moderate-, low-, and very low-income households. Although it is not the only answer to the Bay Area's housing affordability challenge, building new homes, both market and affordable, is critical. We must make it easier to build new housing when it aligns with local land use plans, provide new funding sources to increase housing affordability, and expand the tools that jurisdictions can use to build mixed-income neighborhoods and raise funds for affordability solutions.

2. Unlock and preserve affordability inherent in existing homes.

Almost all of the housing that will be in the Bay Area in 2040 is here today. Some existing homes provide affordability and place-security for homeowners with long-held mortgages. Others, typically older apartment buildings, feature lower market rents or, in some cities, rent stability. We need to preserve homes that are affordable, and unlock affordability potential in our existing housing stock.

Preserving existing housing of all kinds just makes sense. Each year a few thousand deed-restricted rental units are at risk of reverting to market as their affordability contracts and subsidies expire. Thousands of units of housing are removed from our existing supply by conversion to short-term rentals. Many or most mobile home parks, comprising about 60,000 homes, are at risk of closure and redevelopment.

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Housing renovations, rehabs, and retrofits can preserve affordability while providing many other benefits. Modern seismic code upgrades can save lives and will reduce the Bay Area's current risk of 250,000 instantly displaced households in a major quake. Energy and water retrofits can halve current consumption. Accessory dwelling units (ADUs) can accommodate homeowners' changing family size and activities of daily living while also giving or retaining ADU residents' access to neighborhoods with jobs, services, and amenities. Public funding can accelerate renovations that make residents safer and communities stronger.

3. Empower jurisdictions to act to assure their residents' place-security.

Across the region renters face unprecedented price pressures. Adding new homes will relieve some pressure, except where it accelerates displacement because of rapidly escalating land values. Building more units with long-term affordability will relieve some pressure, but the waiting lists are long and new units cannot be targeted to a neighborhood's existing residents. Acquisition/rehab/conversion of older affordable apartment houses to long-term affordability will give those residents rent stability and place security when they move back in, but these projects take time and money. ADUs will help, especially in high-rent neighborhoods. But helping today's renters today is harder. State law limits local discretion to adopt rent stabilization, just cause eviction, and condominium conversion ordinances.

To enable jurisdictions to act to assure their residents' place-security, we need to: increase the region's housing supply at all income levels, especially affordable homes through new construction, including ADUs; develop funding to preserve existing homes; and support jurisdictions that choose to adopt policies to protect existing residents from economic displacement.

Key Activity Areas

The *Draft ABAG Housing Solution Strategies and Implementation Projects* (Attachment 8.1) presents strategies and associated implementation projects to advance the major tasks outlined above. Most of the implementation projects under consideration employ multiple strategies and serve multiple high-level goals. Based on input from ABAG Executive Board, Regional Planning Committee and stakeholders staff has identified three key activity areas, highlighted below, that will be instrumental in making progress toward substantial and lasting housing solutions: a) formation of a regional housing trust fund; b) facilitating affordability through housing renovation; and c) facilitating best practices through research, education, convening, technical assistance and resource development.

- a) **Regional Housing Trust Fund.** We cannot meet the housing challenges that threaten our regional well-being without a dramatic increase in public funding. Achieving our high-level housing goals will require additional funding for efforts such as increasing affordable housing production; acquisition, rehabilitation, conversion of older rental housing to long-term affordability; integrated residential retrofits that secure seismic safety, water and energy conservation and long-term affordability; mobilehome park preservation or Acquisition/Rehabilitation/Conversion (ARC); conversion to resident coop or non-profit ownership; silent-second shared-appreciation homebuyer assistance loans for work-proximity housing and housing in PDAs; and landbanking of sites identified in Housing Elements which are suitable for affordable housing development.

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Recent trends indicate we cannot rely on federal or state sources for additional funding for affordable housing. Therefore, we must have substantial new local and regional sources. In response to interest from ABAG Board members, staff will explore the creation of a regional housing trust fund as a way to expand the resources available for affordable housing while complementing and maximizing the effectiveness of existing local housing funds.

Developing a regional funding source will require cultivation of a broad-based regional political constituency for affordable housing. Constituency development will require regional institutional leadership and capacity—a role that ABAG is well positioned to play, given its relationship with local governments and housing stakeholders throughout the region.

ABAG's strengths in research, stakeholder negotiation, technical assistance and advocacy at the state level will also be critical for the organizational and program development of a regional housing trust fund. Attachment 8.2 is a brief paper that identifies key issues, including potential funding sources, uses, and overall structure and proposes next steps toward formation of a regional housing trust fund.

- b) ***Affordability through housing renovation.*** To unlock and preserve affordability inherent in existing homes through renovation, we will advance enabling legislation to remove barriers and gain RHNA credit for ARC and ADUs, and we will work to develop substantial funding through a regional housing trust fund with subfunds for ARC and integrated seismic/conservation retrofits. We will also start by interviewing the experienced practitioners who currently operate the several dozen existing city or county housing renovation programs in the Bay Area to understand at a deep and pragmatic level what combination of technical assistance and funding program guidelines would leverage and accelerate their work. We will look for ways to expedite replication in jurisdictions that are currently less well served.

- c) ***ABAG's Collaboration Platform.*** Solid data, sharp tools and timely technical assistance from ABAG are instrumental to advancing the major housing tasks. ABAG works with cities, counties, MTC, and other partner agencies; in PDAs and corridors; through the Regional Planning Committee, the Bay Area Planning Directors Association, on Plan Bay Area implementation. The housing and economic data that ABAG collects and shares (e.g., the annual housing production reports by affordability level, RHNA sites inventory, and *State of the Region*) provide local governments and other stakeholders with the information they need to make solid policy decisions. ABAG builds on this information by convening peer cohorts for best-practice implementation (e.g., East Bay Corridor Initiative, Local Hazard Mitigation Plan updates) and providing technical assistance (e.g., to catalyze multi-jurisdiction RHNA subregions and impact fee nexus studies, to develop seismic safety ordinances, to develop financing sources for multi-benefit housing retrofits). Finally, ABAG participates in policy leadership (e.g., advocating for RHNA revisions through the state Housing Element Advisory Committee, inserting the *priority development area* and *corridor* concepts into Strategic Growth Council's funding allocation guidelines).

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Discussion

Staff solicits feedback on the proposed housing action agenda and Regional Housing Trust Fund proposal.

Question: Do the “principles presented above (on page one) reflect a core perspective that can be a useful in filtering and shaping how ABAG engages with member agencies, partner agencies and stakeholders to find common ground solutions to housing inaffordability and place insecurity?

Question: Do the key enabling projects presented above, in the words of President Pierce, “show potential for **significant positive impact** on the current Bay Area housing situation, and **leverage ABAG’s unique capacity to lead collaborative innovation**”?

Question: Are there other concerns or information that Executive Board members would like staff to take into account in setting priorities and formulating the 2016-2017 housing workplan?

Attachments:

Attachment 8.1, ABAG Housing Solution Strategies and Implementation Projects

Attachment 8.2, Draft Proposal for Formation of Regional Housing Trust Fund

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ABAG Housing Solution Strategies and Implementation Projects

The matrix below presents a set of housing solution strategies to pursue the three high-level housing solution goals. Each strategy is linked to one or more implementation projects. Staff is in the process of developing a 2016 Housing Action Plan that will advance a set of implementation projects at a pace that will depend on resources, constraints, and priorities. Most of the implementation projects under consideration exemplify multiple strategies and serve multiple high-level goals.

1. Build new homes: help conforming projects get permits and get built.

To address this challenge, we must make it easier to build new housing when it aligns with local plans, provide new funding sources to increase housing affordability, and expand the tools that jurisdictions can use to build mixed-income neighborhoods, and raise funds for affordability solutions. Strategies can be combined. For example, a sub-fund of a Regional Housing Trust Fund, supplied directly from Cap & Trade funds, could give highest priority to projects in PDAs with adopted Specific Plans, by-right housing entitlement, displacement mitigation, plus high housing densities and low VMT per capita relative to the regional averages.

Solution Strategies

Implementation Projects

- Incentivize and enable communities to **adopt local Specific Plans in PDAs**, and policies and procedures to **make full use of entitlement streamlining legislation and best-practice.**
- **Support acceleration of development in some of our most ready, most region-benefiting PDAs** by identifying new dedicated funding sources that would be targeted to these critical areas to enable housing, and the infrastructure necessary to support it.
- **Promote development of mixed-income neighborhoods in PDAs** with financing for new affordable rental and for-sale homes, and by incentivizing inclusionary requirements where there is adequate market strength.
- **Re-establish local authority to address effects of local land use decisions** by removing State-imposed limits on local ordinances that can help build mixed-income neighborhoods and raise funds for affordability solutions.

Entitlement Streamlining

*Regionally Prioritized PDAs
Regional Housing Trust Fund w/ Dedicated Sources*

*Regionally Prioritized PDAs
“Palmer fix” for Inclusionary Rental Dev’t*

*RHNA Reform to recognize local solutions
“Palmer fix” for Inclusionary Rental Dev’t
Lower Voter Threshold for Housing Funds
Prop 13 Reform
Ellis Act Reform*

2. Unlock and preserve affordability inherent in existing homes.

Together, numerous complementary strategies—home repair, ADUs, affordability contract extensions, mobilehome park preservation, multi-benefit retrofits, acquisition/rehab/conversion (ARC)—can improve access to neighborhoods with jobs, services, good schools and other amenities; make homes safer and more resource efficient while expanding affordability; and better fit occupants’ changing needs and family size.

Local jurisdictions and the region can achieve multiple benefits by considering these objectives holistically. For example, one jurisdiction, with no water hook-up capacity to spare, allowed a non-profit housing developer to transfer water savings from a renovation project to permits for a new building. Another jurisdiction used in-lieu fees from a nearby market-rate development to pay for a non-profit’s “rescue” of a seismically unsafe, lower-rent apartment house that was also water and energy inefficient.

Solution Strategies

Implementation Projects

- Recapitalize the Bay Area’s many effective **loan programs that help middle-income homebuyers** compete effectively for pre-owned homes in established neighborhoods.

*RHNA Reform to recognize local solutions
Regional Housing Trust Fund
Shared-Appreciation Homebuyer Loan Subfund*
- Help willing jurisdictions and homeowners **understand the benefits of, and remove impediments to, creating more accessory dwelling units (ADUs)**, which enable living arrangements that support aging in place; accommodate family members who cannot yet, or can no longer, compete in the open market; and grant access to established neighborhoods for smaller/lower-income households of all ages.

*RHNA Reform to recognize local solutions
Regional Housing Trust Fund
Facilitate ADUs/DADUs/JADUs*
- Renew long-term affordability contracts to **prevent the loss of existing deed-restricted affordable units**.

*Regional Housing Trust Fund
At-Risk Affordable Housing Refinance Sub-Fund*
- Remove barriers to effective, higher-volume **acquisition/rehab/conversion (ARC)** programs.

*RHNA Reform to recognize local solutions
Improve Tax-Credit Efficiency for ARC
Regional Housing Trust Fund
Regional Housing Trust Fund ARC Sub-Fund*
- Aggressively pursue an **integrated seismic, water, and energy conservation initiative**, as part of ARC program acceleration.

*Seismic/Conservation Retrofit Best-Practice)
Regional Housing Trust Fund
Seismic/Conservation Retrofit Sub-Fund*
- Support **equitable regulation of short-term rentals** that diminish rental housing supply.

Short-term Rental Best-Practice
- Facilitate **preservation of mobilehome parks**, by identifying best practices and developing dedicated funding.

*Preserving Mobilehome Parks Best-Practice
Regional Housing Trust Fund
Mobilehome Park Preservation Sub-Fund*

3. Empower jurisdictions to act to assure place security for residents

To address these challenges requires strategies to increase the housing supply at all income levels, especially affordable homes through construction of new units and approval of ADUs; preserve existing housing, particularly affordable homes, and local adoption of policies to protect existing residents from displacement as a result of economic pressures.

Solution Strategies

- Re-establish local jurisdictions’ authority to address effects of local land use decisions by removing State-imposed limits on local ordinances that can protect residents from displacement, build mixed-income neighborhoods, and raise funds for affordability solutions.
- Legislation to remove barriers to ARC: technical adjustments to current regulations to enable full utilization of relatively plentiful over-the-counter (4%) tax-credits that, when combined with bond financing, are key to ARC projects; full RHNA credit for ARC; a reduction of the 2/3 voter threshold for affordable housing bond financing and special taxes.
- Help willing jurisdictions and homeowners understand the benefits of, and remove impediments to, creating more accessory dwelling units.
- Develop a pool of regional funding to sustain ADU and ARC programs, regularly replenished by reliable dedicated revenue sources, with allocation preference to jurisdictions that have resident protections in place.

Implementation Projects

“Palmer fix” for Inclusionary Rental Dev’t
Costa-Hawkins Reform
Prop 13 Reform
Ellis Act Reform

RHNA Reform to recognize local solutions
Improve Tax-Credit Efficiency for ARC
Regional Housing Trust Fund
Regional Housing Trust Fund ARC Sub-Fund
Lower Voter Threshold for Housing Funds

Legislation to Facilitate ADUs/DADUs/JADUs
Tech. Asst. to Facilitate ADUs/DADUs/JADUs

Regional Housing Trust Fund
At-Risk Affordable Housing Refinance Sub-Fund

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This proposal is conceptual, meant to introduce the concept and stimulate discussion.

Draft Proposal for Formation of a Regional Housing Trust Fund

The Bay Area cannot meet the housing challenges that threaten our regional wellbeing without a dramatic increase in dedicated public funding for affordable housing. As State and Federal funding sources have largely dried up, new local and regional funding sources have become crucial in filling in the void. The creation of a flexible regional source of funding could help expand the resources available for affordable housing while complementing and maximize the effectiveness of existing local housing funds.

Developing a regional funding source will require cultivation of a broad-based regional political constituency for preserving and developing housing that is affordable. Constituency development will require regional institutional leadership and capacity—a role that ABAG is well positioned to play, given its relationship with local governments and housing stakeholders throughout the region. ABAG’s strengths in research, stakeholder negotiation, technical assistance and advocacy at the state level will also be critical for the organizational and program development of a regional housing trust fund.

What is a housing trust fund?

By classic definition, housing trust funds (HTFs) have a sustained dedicated source of funds, specific dedicated uses of funds, and public oversight appropriate to a defined geographic service area. By this definition, there are at least 76 HTFs in the Bay Area, run by cities, counties, Joint Powers Authorities (JPAs) or public/private non-profits.¹ These HTFs administer housing grants and loans that use existing funds and funding streams, and many of them also work to develop program innovations to attract new funding sources. The Bay Area also benefits from the good work of several well-known region-wide funds (e.g., TOAH) and Community Development Financial Institutions (CDFIs) that are effective but are not technically housing trust funds, because they are either private or they do not have a sustained funding source.

Currently the Bay Area has no regional housing trust fund. To avoid duplicating existing efforts or competing with local funding sources, there must be a viable, sustainable niche for a regional housing trust fund (RHTF) that can **raise substantial new capital** for grants and loans to address critical housing challenges, and do so in ways that leverage the work of our many excellent HTFs and CDFIs. The purpose of this brief paper is to outline salient issues related to formation of an RHTF—from uses to sources to mechanism—and propose next steps.

How might a RHTF use its funds?

The following uses and characteristics are believed to be high-impact and insufficiently addressed by existing funding sources:

Proposed Uses

- Acquisition / rehabilitation / conversion (ARC) of older rental housing to long-term affordability
- Mobilehome park preservation or ARC to resident co-op or non-profit ownership
- Integrated retrofits that secure seismic safety, water and energy conservation, and long-term affordability
- Silent-second, shared-appreciation homebuyer assistance loans for work-proximity and in PDAs²
- Accessory Dwelling Unit (ADU) catalyst³
- Landbanking housing sites identified in Housing Elements

Proposed Use Characteristics

- Make grants and very-long-term pay-as-you-can loans, rather than or in addition to the short-term or medium-term loans available through most private CDFI programs
- Use regional housing trust funds to collateralize loan guarantees for private CDFI loans for affordable housing and related public works, which would reduce risk-indexed interest rates and reduce delays due to complex underwriting
- Use local adoption of regional best-practice policies for displacement protection and mixed-income inclusion as filter criteria or preference criteria for loan/grant making.
- Make funding available to communities throughout the region, but focus on PDAs or subsets of PDAs such as corridors or Regionally Prioritized PDAs with high housing density, transit proximity, green infrastructure, hazard mitigation, mixed-income development, and resident protections
- Purchase outstanding performing loans from existing local and subregional HTFs so they could immediately relend the money for RHTF program priorities

What funding sources might a RHTF use?

A substantial dedicated public revenue source is essential to anchor an RHTF. The relevant order of magnitude is hundreds of millions of dollars per year.⁴ Among the most promising sources are the following:

- Petition the Strategic Growth Council to devolve a portion of unallocated Cap & Trade funds to regional councils of governments (COGs) or metropolitan planning organizations (MPOs) to allocate to projects in PDAs that qualify as “Regionally Prioritized PDAs” because they will make a major improvement to the regional jobs/housing fit and are in low-VMT (vehicle miles traveled) areas.
- Support or develop a ballot measures for a regional development impact fee or document recording fee, if necessary beginning with State legislation to simplify the process.

- Support or develop State legislation to devolve a portion of State sales tax subventions (above a previous high-water mark) to regional government to be allocated for housing and housing infrastructure projects according to a plan adopted by the COG and ratified by a majority of jurisdictions representing a majority of population. Grant exemption to any jurisdiction that meets thresholds for housing production, affordable housing provision and housing/jobs balance.⁵ An exempt jurisdiction could keep its full status quo 1% sales tax subvention and opt out of receiving any of the pooled regional funds.
- Once established, the RHTF would be a natural depository (with return to source provisions) for smaller jurisdictions' impact fees or inclusionary in lieu fees that lie fallow pending the next local project.
- The RHTF could serve as intermediary to pilot sanctioned subregional RHNA swaps of housing for dollars or water allocation, or to recognize (perhaps with matching funds or allocation preference) in-kind contributions made by jurisdictions to affordable housing developments such as waiving or deferring fees, or ground-leasing public land.
- Funders' promoting particular uses could partner to set up subfunds, for example, a subfund for seismic and conservation retrofits in communities of concern in East Bay Corridor Initiative communities.

How might a RHTF be structured and administered?

Presumably, an integrated regional governmental entity would have the charter, credibility, support and resources necessary to launch and sustain a regional housing trust fund. Therefore, governance would be vested in the merged entity itself, or an appointed board subcommittee or an affiliated board.

It would also make sense for certain centralized functions to be performed by staff of the governing entity, or by a singular administrative entity under contract, while contracting out other functions to qualified existing local and subregional program operators, experienced public and private (CDFI) originators of loans and grants, who would perform front-line grant and loan administration. Working through qualified existing program operators would avoid creating new bureaucracy to perform necessary program administrative functions. Additionally, it is these very program operators with whom local grantees or loan recipients must work on a regular basis to get funding and permits, and with whom funders, planners, service vendors, and local elected officials have established working relationships.

Centralized functions

- Policy and participation leadership
- Executive management
- Staffing the governing entity to establish high-level policy and strategy
- Fund development through voter information, grant writing, capital campaigns

- Fiscal management of funds and subfunds, reporting, transactional accounting to make block grants or buy loans; and
- Oversight of qualified local and subregional program operators performing front-line grant and loan administration under contract.

Grant and Loan Administration

- Administer state and federal environmental protection and labor law regulations
- Evaluate specific project proposals
- Underwrite and originate loans
- Oversee projects (progress inspection, cash release management)
- Manage loan portfolio (collections, annual inspections, ad hoc refinance requests)

Next Steps

Project Initiation

- Secure approval to continue conceptual development
- Seek funding for a feasibility study and conceptual development
- Charter a subcommittee of the Regional Planning Committee as a sounding board
- Coordinate with appropriate MTC staff and committees
- Assign a project lead tasked to bring back a workplan to the ABAG Executive Board

Presumably, the workplan, once developed, would include at least the following steps:

- Refine prospective uses by conducting a rapid scan of existing programs that offer comparable “products” to proposed RHTF priorities, then conduct in-person meetings with representative program operators and loan/grant recipients in order to identify gaps and leverage points with precision.
- Prepare preliminary analysis of the technical feasibility and potential scale of prospective sources.
- Building on previous steps, conduct a political feasibility analysis through a combination of polling, legislator interviews, and stakeholder outreach.

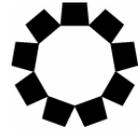
¹ Examples of entities in the Bay Area that meet the classic housing trust fund definition are: Local Housing Trust Funds qualified to receive State Prop 1C LHFP funds (7), or CDBG Revolving Loan Funds for housing rehabilitation (25), or restricted funds holding local impact fees or in lieu fees (64), or post-RDA Successor Housing Agency trust funds (74).

² For example, a trust fund loans a qualified homebuyer 10% of purchase price; homeowner makes no monthly payments; at time of resale, the trust fund gets 10% of any appreciation (selling price minus purchase price). Homebuyer qualification is based on income and credit worthiness. Property qualification is based on proximity to homebuyer's workplace and/or a priority development area. The regional housing trust fund could originate these loans, but in a more streamlined approach, the loan would be made by a city or county program, then the regional housing trust fund would revolving their funds by purchasing the outstanding loan so that the local program could fund more loans to assist more homebuyers.

³ Homeowners who are unable to pay for the planning, permitting and construction of an attached or detached accessory dwelling unit (ADU or DADU) from personal funds or a general line of credit collateralized by their home equity typically have difficulty getting a project loan from traditional commercial sources. Public sources, such as city or county home rehabilitation loan programs have the requisite experience to help homeowners through a renovation process, and have excellent leverage to promote or require seismic, water, energy measures co-benefits, but may have very limited funds. A regional fund could expand these city/county programs by revolving their funds, that is, purchasing outstanding loans for completed ADU or DADU project so that funds could be relent to build the next ADU/DADU.

⁴ Here are several points of reference as to scale. Raising adequate funds to match, dollar for dollar, all locally-originated gap funding (not pass-throughs of state or federal money) would require about \$100 million annually. Raising funds equivalent to the amounts formerly flowing into redevelopment agencies' housing trust funds would require about \$250 million annually. Taking into account existing local, state and federal funding streams, as well as typical funding mix proportions among these sources, \$100 million to \$250,000 million of new funding through a regional housing trust fund would translate to creating 1,000 to 3,000 additional permanently affordable homes each year. This would make a substantial contribution toward the Plan Bay Area Regional Housing Needs Allocation target of 14,000 annually, and appears even more substantial when compared to the approximately 5,000 per year average during the 2007 to 2014 planning cycle.

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Date: 3/24/2016

To: Administrative Committee

From: Miriam Chion, Research & Planning Director

Subject: **Plan Bay Area Engagement**

Background

To create an interactive, engaging experience for participants in the Spring/Summer 2016 Plan Bay Area workshops, regional agency staff and Barbary Coast are creating two engagement tools: *Places of the Bay Area*—a workshop exhibit and online platform focusing on the day to day experiences and aspirations of Bay Area residents; and a scenario selection tool that allows workshop participants to express a preference for the Plan Bay Area 2040 scenarios and provide continuous input as the planning process moves forward. These tools are described below and will be discussed in greater detail at the retreat.

1. Places of the Bay Area

To build upon the 2015 *Placemaking in the Bay Area* report, the regional agencies will introduce *Places of the Bay Area*: an interactive workshop exhibit and online platform that enriches the regional dialogue about the present and future of our communities—focusing on Priority Development Areas but extending to the diverse neighborhoods across the region. The *Places of the Bay Area* effort will involve:

- **Online Platform:** A simple website (www.placesofthebayarea.org) capturing residents' Place Stories—brief narratives about how different people experience different places, what they value about them, and how they envision their future. Each story includes text and a photo or video. Stories will be harvested from the Spring 2016 workshops (see below) and ongoing engagement with Bay Area residents. Instagram, Twitter and Facebook accounts complement the website by allowing people to share experiences and thoughts as they happen, using the hashtag #placesofthebayarea.
- **2016 Plan Bay Area Workshop Exhibit:** A photobooth and story station at each county workshop to capture residents' stories and visions for their communities. The photobooth will photograph residents in front of a dry erase board that says "I _____ (e.g. "love") living in _____ (name of community) because _____ ; photos will be posted to the website and social media feeds and could potentially be printed at the station. Participants could also post their own videos, photos and thoughts from the workshop to the Instagram and Facebook feed. Participants interested in providing more detail can record their thoughts at a station with writing materials and a keyboard; this material will also be added to the website.

2. Scenario Selection Game

To facilitate broad input on Plan Bay Area 2040 scenarios, the regional agencies will release a simple online game designed for both smart phones and full computer screens that will allow participants to choose between the three scenarios and provide personalized input. The game will feature a description of Plan Bay Area 2040 and each scenario. Users will be able to click on one of the scenarios to express a preference and utilize a text box to share more detailed thoughts about one or all of the scenarios, as well as the Plan. The game will be available on laptops at the workshop and will be available online to gather continuous input that will help inform the development of the Plan.