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	a. b.	Enter into an MOU to create a new regional governance model that integrates the MPO (MTC) and the COG (ABAG); and 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	a. b.	Enter into an MOU to pursue a new governance model that integrates the MPO (MTC) and the COG (ABAG); and 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)	a. b.	Enter into an MOU to jointly create a new governance model that integrates the MPO (MTC) and the COG (ABAG); and 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).	a. b. c.	Enter into a MOU to pursue new regional governance models; Amend Resolution 4210 to consolidate all planning functions within MTC; and 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