

September 9, 2016

To: MTC and ABAG Staff

Re: Update on the MTC/ABAG Staff Consolidation Effort

In late May, both the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Government (ABAG) Executive Board, along with the ABAG General Assembly representing the cities and counties of the Bay Area, voted to support Option 7 -- full functional consolidation of staff and the pursuit of new governance options. This option retains the independence and statutory responsibilities of both boards and calls for new governance options to be considered by ABAG and MTC over the longer term. The Commission and Executive Board's actions were formalized by adoption of MTC Resolution 4245 and ABAG Resolution 07-16, respectively.

The plan — referred to as “Option 7” — is based on one of seven options identified by our consultant, Management Partners, and was presented to MTC and ABAG in the Spring of 2016. Transitioning from these significant policy decisions to implementation of this option requires that many additional details be worked out. Management Partners has begun the effort by preparing an Implementation Action Plan (IAP) that identifies those next steps. MTC and ABAG's Executive Board approved the Implementation Action Plan at their respective June meetings.

The Implementation Plan calls for a sequence of some 40 actions over the next roughly five months to make the vision of a consolidated staff a reality. As one of the first steps, we are conducting financial and legal analyses to determine the impacts on both ABAG and MTC of a staff consolidation.

In the near term, both ABAG and MTC are also developing a Contract for Services (contract) to officially consolidate the two staffs under the MTC executive director. The contract will ensure adequate staffing and support for all of ABAG's statutory duties and responsibilities as the Bay Area's Council of Governments, or COG. And since the consolidation won't happen overnight, MTC in June approved a \$1.9 million agreement to provide full financial support for ABAG's existing planning activities through December 31, 2016.

As part of this transition, we have established an Employee Relations Group consisting of members of the MTC Committee for Staff Representation (CSR) and ABAG's SEIU leadership teams to discuss labor issues inherent in this staff merger. (MTC staff who have questions or comments can direct them to this group via csr@mtc.ca.gov or Mamie Lai, mlai@mtc.ca.gov, as management's labor liaison, while ABAG staff can direct their questions to ABAG's staff liaison to SEIU, Lee Huo, leeh@abag.ca.gov, or management's labor liaison, Courtney Ruby, courtneyr@abag.ca.gov.) Meanwhile, Koff & Associates has been brought on board to help with the transition of ABAG employees to MTC by documenting and comparing MTC and ABAG employee programs, including classifications, organizational structure, jobs and employee programs. A kick-off meeting to review the scope of this effort was held with the Employee Relations Group in early August. Further updates about the process will be provided on a regular basis by both the agency representatives and by the employee representative groups.

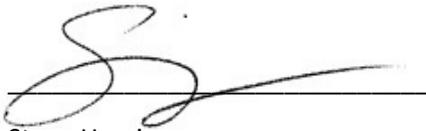
As we are approaching the benefit open enrollment season for both ABAG and MTC, the Human Resources teams of both agencies feel this is an opportune time to provide informational benefit sessions open to all ABAG and MTC staff. At these sessions —to be scheduled for late September — HR

staff will provide a thorough overview of MTC's benefit programs and highlight where they may differ from ABAG's, as well as be available to answer any normal open enrollment process questions.

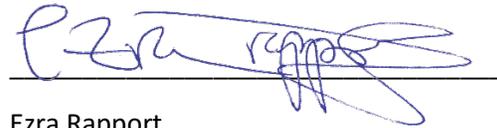
On the policy side, a Joint MTC Planning and ABAG Administrative Committee meeting focusing on the staff consolidation activities is scheduled for Friday, October 28, 2016.

The staff consolidation offers opportunities for staff to grow and learn, and try their hand at new tasks, and new working relationships. It is our belief that a thoughtful consolidated staff structure will make our institutions stronger, more efficient and smarter, and that we will be in a much better position to tackle climate change, sea level rise, housing affordability, traffic congestion, transit overcrowding, displacement of disadvantaged populations, threats to open space and other daunting challenges head on. We look forward to working with each and every one of you on our renewed mission to make the Bay Area a better, more livable, sustainable place.

Sincerely,

A handwritten signature in black ink, appearing to be 'S. Heminger', written over a horizontal line.

Steve Heminger

A handwritten signature in blue ink, appearing to be 'Ezra Rapport', written over a horizontal line.

Ezra Rapport