



MEMO

Date: July 2, 2015
To: ABAG Executive Board
From: Julie Pierce, ABAG President, Clayton Councilmember
Ezra Rapport, ABAG Executive Director

Subject: ABAG Budget Discussion at 6/24/15 MTC Commission Meeting

Executive Summary

The purpose of this memo is to provide the context for a thoughtful discussion of a proposal by MTC to transfer ABAG's Planning and Research Department to MTC. We begin this discussion by describing ABAG's history and statutory land use responsibilities and the current process of collaboration across the two agencies. We believe most of the problems that occurred during the first Plan Bay Area have been identified and successfully addressed by ABAG and MTC staff. This memo then also addresses the financial implications such a transfer would have on ABAG, and the Executive Board's authority with respect to the land use, housing, economic and resilience work that we do on behalf of the Bay Area cities, towns and counties.

On Wednesday, June 24, MTC Commissioners discussed ABAG's FY 15-16 Funding Agreement and adopted only a six-month budget for ABAG, ending December 31, 2015, instead of the annual budget referenced in our multi-year inter-agency agreement. While other issues were raised at the meeting¹, ABAG's primary concern is that the six month budget is being discussed in the context of transferring the ABAG Planning and Research department to MTC.

If MTC effectively transfers the ABAG Planning and Research department to MTC, regional land use planning decisions related to Plan Bay Area will, accordingly, be removed from the ABAG Executive Board. The statutory framework between the two agencies is well established. Under State law, ABAG is responsible for regional land use and housing planning, and MTC is responsible for comprehensive regional transportation planning. To effectuate such a transfer, (1) the ABAG Executive Board would have to voluntarily cede land use responsibility to MTC or (2) state statutes governing regional land use planning and transportation planning would have to be amended by the Legislature.

Land use planning and transportation planning are complementary functions. ABAG's planning process incorporates collaboration with local governments, who have land use authority in California. MTC works with transit agencies and congestion management agencies to develop a transportation network. The two sets of responsibilities are complex in the Bay Area, but, in our opinion, the staff collaboration within the two agencies is working well.

¹ MTC conditioned its six-month funding proposal on correcting several alleged audit issues that have now been referred to ABAG's Finance and Personnel Committee

ABAG is committed to engaging with MTC's staff and Commissioners in a forthright and thorough discussion as to how land use and transportation planning should take place in the Bay Area and how we can improve collaboration, efficiency and outcomes moving forward.

This discussion, however, should not be inhibited by a budget deadline, as thoughtful conversation on this subject will likely take longer than six months. With that in mind, staff and I recommend that the following actions be taken to strengthen the ABAG-MTC collaboration in producing Plan Bay Area while addressing this new issue of whether to transfer ABAG's land use planning authority and staff to MTC:

- Appropriate the full year's budget for ABAG while working through any issues related to financial accounting, better collaboration, and structure.
- Create a small committee of ABAG and MTC elected officials to discuss any issues that may arise in terms of work program, collaboration, structure, budget, or financial accounting.

To provide context for the proposal to transfer ABAG's Planning and Research Department to MTC, the sections below describe ABAG's statutory responsibilities and the current process of collaboration across the two agencies.

1. What are ABAG statutory responsibilities and specific responsibilities under SB 375?

All Councils of Government (COGs) are responsible for land use planning and coordination with local governments in California. With the exception of the San Francisco Bay Area, all COGs also house the Metropolitan Planning Organization responsible for transportation investments. The State legislative framework clearly delineates the respective roles of ABAG and MTC. MTC is the regional transportation agency, and ABAG is the regional land use and housing agency. ABAG's land use planning work is governed by ABAG's Executive Board. The independence of ABAG as a Council of Governments with statutory responsibility for land use planning and housing allocation provides many advantages in our engagement with local jurisdictions and dealing with the diversity of our region.

Despite these clear roles and responsibilities, there are no statutory provisions requiring how MTC shall fund ABAG, although in ABAG's view, the commitment has been long-term and left to fair dealing between the parties. Currently, regional land use planning of the type undertaken by ABAG is considered a Transportation Demand Management tool, (TDM) and is an eligible use of certain categories of State and Federal funding controlled by MTC under SB 45. In 2012, ABAG and MTC agreed on a 'funding formula' with a specific budget that fairly reflects the work being performed by ABAG to develop Plan Bay Area (SB 375) and carry out its implementation.

ABAG's responsibilities under SB 375, passed by the Legislature in 2008, are detailed and specific. The legislation mandates that the Bay Area, as well as other regions throughout the State, produce an integrated land use and transportation plan such as Plan Bay Area. SB 375, recognized ABAG's role with respect to land use, and specifically enumerated ABAG's and MTC's tasks for carrying out SB 375. Plan Bay Area must be approved by both agencies and it is a required component of the Regional Transportation Plan. The funding formula unanimously adopted by MTC in September 2012, and unanimously affirmed each fiscal year since, provides ABAG with a multiple year budget to do its work. (see attachment A). The funding formula was based on an analysis of ABAG planning staff, functions, and duties.

To effectuate the transfer of ABAG's Planning and Research Department to MTC discussed at the Commission in June 2015, (1) the ABAG Executive Board would have to voluntarily cede land use responsibility to MTC or (2) state statutes governing regional land use planning and transportation planning would have to be amended by the Legislature. Attachment B provides specific details on ABAG's statutory responsibilities.

2. How are ABAG and MTC collaborating in the 2017 update of Plan Bay Area?

Following the approval of Plan Bay Area 2013, ABAG and MTC staff debriefed to discuss how the collaboration between the two agencies could be improved. Plan Bay Area 2013 had its share of interagency problems, and the two staffs, in recognition of these issues, worked together to design a far better process. Several lessons learned were gathered through small interagency staff meetings as well as meetings with our boards, local staff, ABAG delegates and stakeholders.

The new collaborative design led to a joint Plan Bay Area 2040 work program and schedule created by ABAG and MTC planning staff. The work program is operationalized through regular staff meetings and collaboration areas. This approach takes into account the complexity of two distinct processes-- allocation of transportation investments and coordination of local land use plans-- both of which required very different levels of engagement with local partners. (See Attached C: ABAG and MTC Work Program, Schedule and Structure of Collaboration for Plan Bay Area 2040)

ABAG and MTC staff have joint teams to work on specific tasks such as Priority Development Area implementation, performance targets and research and modeling. Those specific tasks are guided by the planning directors in both agencies, who meet weekly. Key decisions and board agendas are brought to monthly executive director meetings to ensure proper coordination. If and when both agencies disagree, both executive directors propose the framing of the issue for resolution at the joint meetings of the ABAG Administrative and MTC Planning Committees. In addition, both planning directors are responsible for the Regional Advisory Working Group.

Collaboration across regional agencies is essential and ABAG staff is committed to explore any additional productive ways to engage our MTC colleagues and address their concerns.

3. How are the issues raised by the MTC Commission related to ABAG's budget?

During the meeting on Wednesday, June 24, the MTC Commission adopted a six month budget for ABAG, ending December 31, 2015, instead of the annual budget stipulated in the current funding formula and the interagency agreement. MTC's Executive Director, provided assurances that there was sufficient funding within the MTC budget to cover 12 months. The action was opposed by Commissioners Pierce and Haggerty, who argued that MTC should approve a full year's budget for ABAG, with a discussion and re-opener at the end of six months if necessary. The six-month budget is a policy change for MTC who last year re-approved the funding formula. (See attachment A).

The six-month budget proposal was introduced as an effort to address what some MTC staff and Commissioners have referred to as a "dysfunctional" planning process and efforts to increase collaboration and efficiencies between ABAG and MTC planning departments in the update of Plan Bay Area by transferring the ABAG Planning and Research Departments to MTC. ABAG does not accept the premises that the two planning departments are in conflict or dysfunctional, or that the proposed transfer increases efficiency.

Based on preliminary conversations among staff and board members from both agencies, the MTC Planning department is said to be demoralized as a result of the complex structure across the two agencies and what is referred to as an inefficient collaboration with ABAG.. (see attachment D, a full transcript of the MTC meeting).

This proposal is not new. Most recently, merger proposals between ABAG and MTC were debated both regionally and in the Legislature in 2002 through 2004. The conclusion, following a period of controversial debate, was to retain the structure as is, and create a joint advisory committee consisting of Board members from both ABAG and MTC to support an orderly dialogue among elected officials from both agencies. This advisory committee morphed into the Joint Policy Committee, which includes the BAAQMD (Air District) and BCDC, more recently renamed as the Bay Area Regional Collaborative.

4. What would be the implications of transferring ABAG's Planning and Research Department to MTC?

The transfer of the Planning and Research Department to MTC would severely undermine the integrity of ABAG as a regional agency and require MTC to take on some or all of those responsibilities:

Land use decisions

The process of collaboration with local jurisdictions on land use issues relies on close coordination with the ABAG Executive Board. ABAG Planning staff works very closely with local planning staff and planning directors. In addition, the discussion and decisions at the ABAG Regional Planning Committee and Executive Board are essential to develop consensus among the diverse cities, towns and counties across the region. The engagement of the ABAG Delegates has also been instrumental in implementing Plan Bay Area in particular. The Regional Housing Need Allocation is a complex process that cannot be detached from other land use planning activities such as the SCS, as proposed by MTC staff, and requires ABAG Executive Board approval.

Eliminating the Executive Board from governance with respect to land use planning and the Regional Housing Needs Assessment (RHNA) process will seriously jeopardize the progress made to date regarding ABAG's respect for local control of land use authority while advocating for regional objectives. We do not believe the MTC is positioned to address this issue, nor would it be credible or advisable to diminish the Executive Board's role by placing it merely in an advisory role.

Financial Implications

The financial implications of transferring the Planning Department to MTC is a complicated topic related to ABAG's business model. If the proposed transfer occurs, more work will be needed to sort out the various impacts to ABAG and the region, some of which may be severe. The following is a partial list:

- ABAG membership dues are generated, in part, because of ABAG's Executive Board governance of regional land use issues, a very important subject for cities and counties.
- ABAG charges indirect overhead to all salaries to generate the administrative capacity to service its enterprise units.
- ABAG employees are supported by an administrative organization that supports the successful application of tens of millions of grant dollars for the region every year; including environmental grants in the areas of clean water, drought relief, energy efficiency and regional resilience, among others. These grant proposals are supported by the entire ABAG organization.

Overall, millions of dollars are placed at risk from the proposal to transfer regional land use planning to MTC. Whatever gains may be achieved in efficiency, or unilateral management, must be measured against the total cost associated with the transfer of only one part of ABAG.

Implications for Employees

The ABAG Planning and Research Department staff has a strong commitment to supporting good and healthy communities and work for ABAG because they believe in the work that we do on behalf of cities, counties and the region. A change to MTC and its governing board would create substantial staff instability.

ABAG works with union labor while MTC does not. The transfer of ABAG employees would involve substantial labor complications for both agencies.

Timing

The six month budget uncertainty is being floated at a time when ABAG must generate alternative land use scenarios for Plan Bay Area, prepare to move to a new building in a new city, and manage multiple audits. The proposal adds new tasks and stress during a difficult time. The timing of these proposed actions could compromise the schedule of Plan Bay Area.

5. How can we strengthen the ABAG-MTC collaboration in the production of Plan Bay Area?

Staff recommends the following actions to remedy the uncertainty caused by MTC's public discussion associated with granting ABAG only a six month budget:

- Appropriation of full year's budget for ABAG while working through any issues related to financial accounting, better collaboration, or MTC staff morale.
- Create a small committee of ABAG and MTC elected officials to discuss any issues that may arise between them in terms of work program collaboration, budget, or financial accounting.

ATTACHMENT A



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September 28, 2012

Adrienne J. Tissier, Chair
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State Business, Transportation
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James P. Spering
Solano County and Cities

Scott Wiener
San Francisco Mayor's Appointee

Steve Heminger
Executive Director

Ann Flemer
Deputy Executive Director, Policy

Andrew B. Fremier
Deputy Executive Director, Operations

The Honorable Mark Luce
Board President
Association of Bay Area Governments
101 Eighth Street
Oakland, California 94607

Dear President Luce:

Pursuant to the Association of Bay Area Governments' (ABAG) request that the Commission consider a new approach to funding joint planning activities, and based on our previous discussions on this subject, the Commission approved the following framework at its meeting on September 26, 2012.

- The funding agreement would cover a four-year period beginning FY 2013-14 through FY 2016-17 and would replace the current annual formula calculation with a specific dollar amount per year.
- The framework includes a mechanism and funding for ABAG to contribute to the cost of tenant improvements to new office space in the event ABAG decides to relocate its offices to the new Regional Headquarters Facility.
- Per the meetings of ABAG Board and Commission members, the proposed funding amounts are calculated using an FY 2012-13 estimate of ABAG's research and planning services expenses of \$3,700,000 as the base, escalated at 1.5% per year, plus funding sufficient for ABAG to contribute to the cost of tenant improvements as noted above.
- Per these assumptions, the annual amount of funds to be made available to ABAG are as follows:

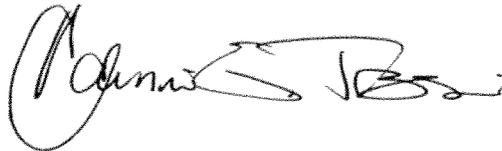
FY 2013-14	\$4,105,000
FY 2014-15	\$4,162,000
FY 2015-16	\$4,219,000
FY 2016-17	\$4,277,000

Supervisor Luce
Page two
September 28, 2012

- The funding sources for the agreement would include the final round of Prop. 84 funds in FY 2013-14 as well as any new state planning funds made available to the region to support research, planning and implementation activities per the requirements by SB 375 and Plan Bay Area. MTC and ABAG will advocate for the continuation of state planning funds to support these activities.
- The framework would allow unspent funds to carry over into ensuing years' agreements for expenditure by ABAG in subsequent fiscal years, thereby providing budget capacity over the course of the four-year agreement to meet anticipated agency expenses.
- The MTC Administration Committee would authorize the execution of each year's agreement, per the funding amounts above, in order to confirm the scope of work for research and planning activities to be carried out by ABAG in exchange for the funding received.
- ABAG and MTC will explore in earnest ways to reduce costs related to duplicate functions.

This framework is being forward to ABAG for your consideration as the basis for the MTC/ABAG funding agreements beginning in FY 2013-14. Please feel free to contact Ann Flemer, Deputy Executive Director, Policy at 510-817-5820 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adrienne J. Tissier', written in a cursive style.

Adrienne J. Tissier
Chair



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Memorandum

TO: Commission

DATE: September 19, 2012

FR: Executive Director

RE: Funding Agreement Framework for MTC/ABAG Joint Planning Activities

The Association of Bay Area Governments (ABAG) has requested the Commission to consider a new approach to funding joint planning activities that would provide ABAG a more predictable basis for their annual budgeting. Members of the ABAG Board and Commission met twice to discuss an approach to a multi-year funding agreement and a baseline calculation of ABAG's expenses that would be covered by this agreement. Based on those meetings and continuing conversations between board members of both agencies, staff is recommending a framework for your approval.

Background

The current MTC/ABAG funding agreement for ABAG's research and planning activities is based on a formula allocation of a percentage of the federal and TDA planning funds that MTC receives each year. This formula has been in existence since FY 1993-94. In addition to these funds, MTC provides ABAG a percentage of regional planning funds per the One Bay Area Grant (OBAG) formula allocation, and funding for ABAG staff support to the Station Area Planning program, now re-named the PDA Planning program.

In addition to the above, in both FY 2011-12 and FY 2012-13, the region received a \$1,000,000 grant from the state's Strategic Growth Council Sustainable Communities Planning Grant program per Proposition 84. MTC and ABAG have shared these funds to cover costs associated with implementing the joint planning requirements of SB 375. The final round of grant funding under this program will occur in FY 2013-14. While we are advocating for the continuation of state funding support after that date, the loss of these funds would have a significant impact on ABAG's ability to fund its research and planning functions.

Proposed Framework

- The agreement would cover a four-year period beginning FY 2013-14 through FY 2016-17 and would replace the current annual formula calculation with a specific dollar amount per year.
- The framework includes a mechanism and funding for ABAG to contribute to the cost of tenant improvements to new office space in the event ABAG decides to relocate its

offices to the new Regional Headquarters Facility.

- Per the meetings of ABAG Board and Commission members noted above, the proposed funding amounts are calculated using an FY 2012-13 estimate of ABAG’s research and planning services expenses of \$3,700,000 as the base, escalated at 1.5% per year, plus funding sufficient for ABAG to contribute to the cost of tenant improvements as noted above.
- Per these assumptions, the annual amount of funds to be made available to ABAG would be as follows:

FY 2013-14	\$4,105,000
FY 2014-15	\$4,162,000
FY 2015-16	\$4,219,000
FY 2016-17	\$4,277,000

- The funding sources for the agreement would include the final round of Prop. 84 funds in FY 2013-14 as well as any new state planning funds made available to the region to support research, planning and implementation activities per the requirements by SB 375 and Plan Bay Area. MTC and ABAG will advocate for the continuation of state planning funds to support these activities.
- The framework would allow unspent funds to carry over into ensuing years’ agreements for expenditure by ABAG in subsequent fiscal years, thereby providing budget capacity over the course of the four-year agreement to meet anticipated agency expenses.
- The MTC Administration Committee would authorize the execution of each year’s agreement, per the funding amounts above, in order to confirm the scope of work for research and planning activities to be carried out by ABAG in exchange for the funding received.
- ABAG and MTC will explore in earnest ways to reduce costs related to duplicate functions.

Staff seeks the Commission’s approval of this framework and authorization to forward it to ABAG for consideration as the basis for the MTC/ABAG funding agreements beginning in FY 2013-14.



Steve Heminger



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Memorandum

TO: Commission

DATE: February 20, 2013

FR: Deputy Executive Director, Policy

RE: Revised Funding Agreement Framework for MTC/ABAG Joint Planning Activities

The Administration Committee is forwarding to the Commission for approval a revised framework for funding the Association of Bay Area Governments' (ABAG) research and planning activities. This framework would replace the one approved by the Commission in September 2012.

The attached staff memorandum to the Administration Committee provides the background and justification to extend the framework from four to eight years (FY2013-14 through FY2020-21) in order to provide sufficient funding for ABAG to cover the cost of tenant improvements to ABAG's agency space at the new Regional Agency Headquarters facility. All other provisions of the original framework remain unchanged.

Following Commission action, the revised framework will be forwarded to ABAG for concurrence.

Ann Flemer



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Memorandum

TO: Administration Committee

DATE: February 6, 2013

FR: Executive Director

RE: Revised Funding Agreement Framework for MTC/ABAG Joint Planning Activities

In September 2012, the Commission approved a four-year framework for funding the Association of Bay Area Governments (ABAG) joint planning activities that would provide ABAG a more predictable basis for their annual budgeting. That framework did not fully take into account the relocation of ABAG’s offices to the new Regional Agency Headquarters facility and included funding for the costs to ABAG associated with their share of tenant improvements at the facility.

ABAG has now agreed in principle to relocate its offices to the Regional Agency Headquarters facility. We anticipate the ABAG Administrative Committee will approve the form of the Covenants, Conditions and Restrictions (CC&Rs) and Purchase and Sale Agreement for ABAG’s offices at the new facility at its meeting on February 7, 2013. We will provide an update at the Committee meeting.

The final financial agreement negotiated by ABAG and the Bay Area Headquarters Authority (BAHA) includes a cost of \$4.2 million for tenant improvements to ABAG’s agency space. As a result, staff is recommending a revised funding framework that includes sufficient funding to cover these costs, for this Committee’s referral to the full Commission for approval.

Revised Funding Agreement Framework

The revised framework would extend the MTC annual funding commitments by an additional four years from FY2013-14 through FY 2020-21 (see Attachment A). This extension allows ABAG to pay for the tenant improvements while maintaining annual budget capacity for its planning and research program per the original funding framework approved by the Commission.

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

- The annual funding amounts are calculated using an FY 2012-13 estimate of ABAG’s research and planning services expenses of \$3,700,000 as the base, escalated at 1.5% per year, plus funding sufficient for ABAG to contribute to the cost of tenant improvements.
- The funding sources for the agreement would include the final round of Prop. 84 funds in FY 2013-14 as well as any new state planning funds made available to the region to

support research, planning and implementation activities per the requirements under SB 375 and Plan Bay Area. MTC and ABAG will advocate for the continuation of state planning funds to support these activities.

- Unspent funds are allowed to be carried over into ensuing years' agreements for expenditure by ABAG in subsequent fiscal years, thereby providing budget capacity over the course of the eight-year agreement to meet anticipated agency expenses.
- The MTC Administration Committee would authorize the execution of each year's agreement, pursuant to the funding amounts in Attachment A, in order to confirm the scope of work for research and planning activities to be carried out by ABAG in exchange for the funding received.
- ABAG and MTC will explore in earnest ways to reduce costs related to any duplicative planning or administrative functions.

Subject to final approval of the Covenants, Conditions and Restrictions, and the Purchase and Sale Agreement by ABAG's Administrative Committee for office space at 390 Main Street, staff recommends that this Committee refer the revised framework to the Commission for approval and authorization to forward it to ABAG for concurrence as the basis for the MTC/ABAG funding agreements beginning in FY 2013-14.



Steve Heminger

Attachment A
MTC/ABAG Funding Framework
REVISED MTC Funding Commitments
February 2013

	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21		
Current Framework										
Planning & Research	3,755,000	3,812,000	3,869,000	3,927,000	NA	NA	NA	NA	\$	15,363,000
Tenant Improvements	350,000	350,000	350,000	350,000	NA	NA	NA	NA	\$	1,400,000
Total	4,105,000	4,162,000	4,219,000	4,277,000	NA	NA	NA	NA	\$	16,763,000
Revised Framework										
Planning & Research	3,755,000	3,812,000	3,869,000	3,927,000	3,956,000	4,046,000	4,106,000	4,168,000	\$	31,639,000
Tenant Improvements	400,000	400,000	450,000	550,000	600,000	600,000	600,000	600,000	\$	4,200,000
Total	4,155,000	4,212,000	4,319,000	4,477,000	4,556,000	4,646,000	4,706,000	4,768,000	\$	35,839,000
Difference	\$ 50,000	\$ 50,000	\$ 100,000	\$ 200,000	\$ 4,556,000	\$ 4,646,000	\$ 4,706,000	\$ 4,768,000	\$	19,076,000



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Memorandum

TO: Commission

DATE: June 18, 2014

FR: Executive Director

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

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

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

Revised Funding Agreement Framework

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

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

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

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

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

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



Steve Heminger

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

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

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

Attachment B

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

Summary

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

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

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

Discussion and Analysis

A. SB 375

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

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

ABAG

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

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

ABAG and MTC

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

MTC

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

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

B. Proposed Transfer

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

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

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

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

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

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

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

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

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

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

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

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

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

⁵ Govt. Code Sec. 29532.1(a).

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

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

⁶ Govt. Code Sec. 29532.

⁷ Govt. Code Sec. 66509(c).

APPENDIX A
MTC/ABAG FUNDING FORMULA

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

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

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

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

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

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

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

Attachment C



Date: June 30, 2015

To: Executive Board, ABAG

From: Miriam Chion, Planning and Research Director

Re: ABAG/MTC Work Program, Schedule and Framework of Collaboration for Plan Bay Area 2040

Based on input from the Executive Board, the Commission, partner agencies and stakeholders, ABAG and MTC designed a work program and schedule that identifies specific tasks, responsibilities, and decision-making points for Plan Bay Area 2040. This collaboration supported the first round of open houses by county, where we were able to have substantial conversations with diverse audiences on transportation, land use, and the forecast among other issues. These successful open houses are setting a positive tone for the update of the Plan and our regional dialogues.

In order to describe the process of collaboration in the development of Plan Bay Area 2040, the sections below illustrate the various tools prepared by ABAG and MTC staff.

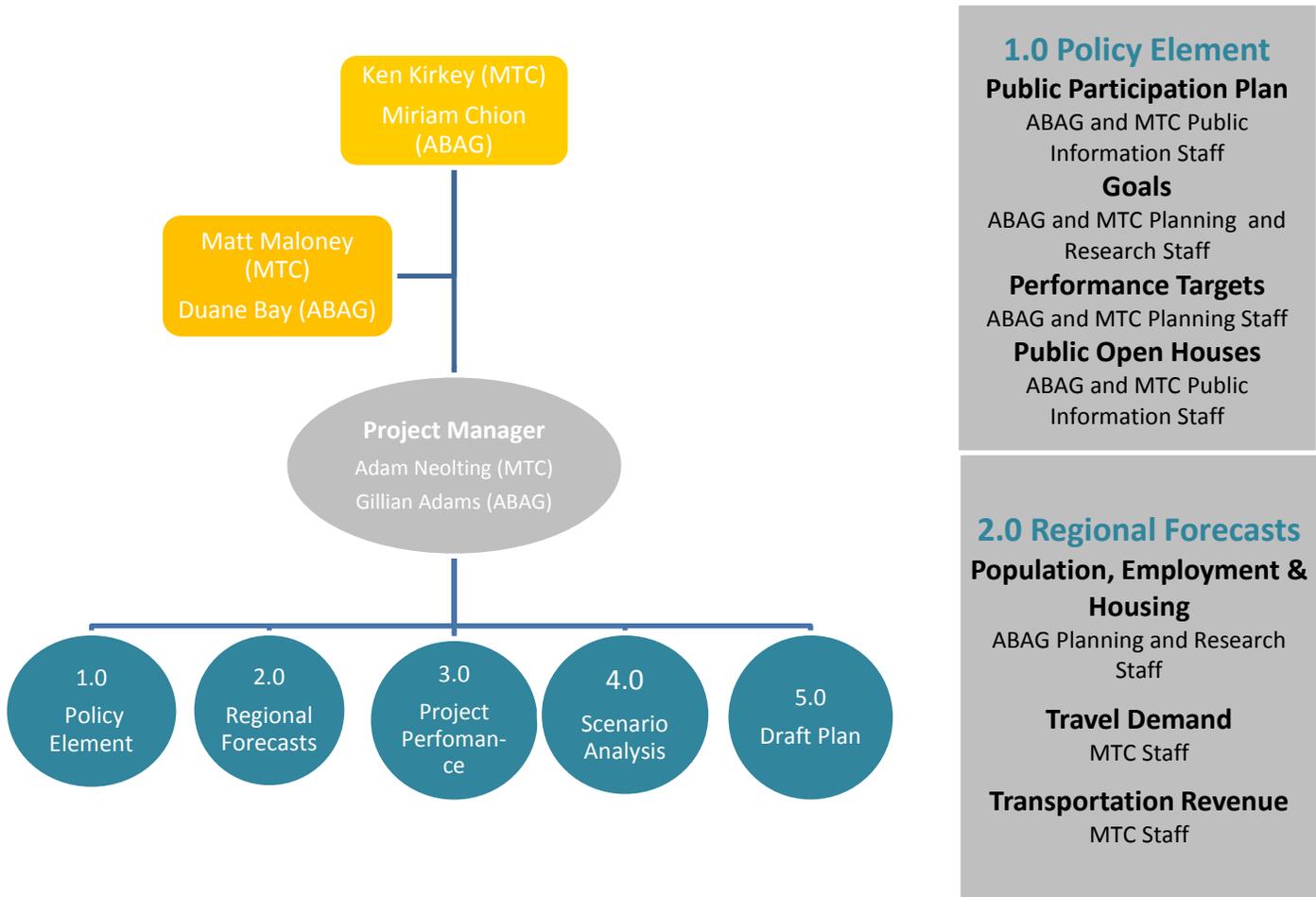
Overall Plan Bay Area schedule

ABAG and MTC adopted a schedule for the update of Plan Bay Area as part of the Public Participation Plan (See Chart 1, page 5). This includes major milestones between Fall 2014 and June 2017, when the Plan will be adopted by both boards. This schedule includes the public workshops, policy elements, forecast, performance assessment, scenario development and plan and EIR preparation.

Project team organization and schedule

While this is a focused update, informed by the first plan and will not include a Regional Housing Need Assessment (RHNA), it still represents a major endeavor that requires careful coordination. Towards this end, ABAG and MTC staff developed an organization chart that describes the specific tasks and identifies the ABAG and MTC staff leads for each task. This includes planning, research and communication staff from both organizations. (See Chart 2, below)

Chart 2 – Project Team Organization



3.0 Project Performance
Project Database
 MTC Staff

Call for Projects
 MTC Staff

Project Performance Assessment
 MTC Staff

Public Opinion Poll #1
 MTC Public Information Staff

O&M Need Assessments
 MTC Staff

Project List
 MTC Staff

4.0 Scenario Analysis
Define Scenario/EIR Alternatives
 ABAG and MTC Planning and Research Staff

Evaluate Scenario/EIR Alternative
 ABAG and MTC Planning and Research Staff

Preferred Scenario
 Lead ABAG and MTC Planning and Research and MTC Programming and Allocations Staff

Public Workshops
 ABAG and MTC Public Information Staff

Public Opinion Poll #2
 MTC Public Information Staff

5.0 Draft Plan
Outline/Chapters
 MTC Public Information and Planning Staff
 ABAG Planning and Research Staff

Air Quality Conformity Analysis
 MTC Staff

Title VI/EJ Analysis
 MTC Staff

Public Workshops
 MTC Public Information and Planning Staff

To track specific progress on each task, we developed a monthly meeting schedule for 2015 and 2016 that covers three layers of decision-making: (1) Executive Directors, (2) Advisory Committees and (3) Joint ABAG Administrative Committee and MTC Planning Committee. Beyond the general organization and schedule, teams responsible for specific tasks developed their detailed schedules and coordination (i.e. PDA applications, Call for Projects, Modeling, Open Houses, etc). One example is a schematic schedule for the development of the Plan scenarios (See Chart 3, page 6).

Comprehensive coordination

The development of Plan Bay Area is not a single effort; it is supported by a set of regular meetings and collaboration in areas that allow a regular exchange of information across ABAG and MTC. (See Chart 4, page 7)

Addressing discrepancies

In addition to all these tools to ensure a proper flow of information to establish solid knowledge and make clear decisions across both agencies, we also have channels to recognize discrepancies and find resolutions efficiently.

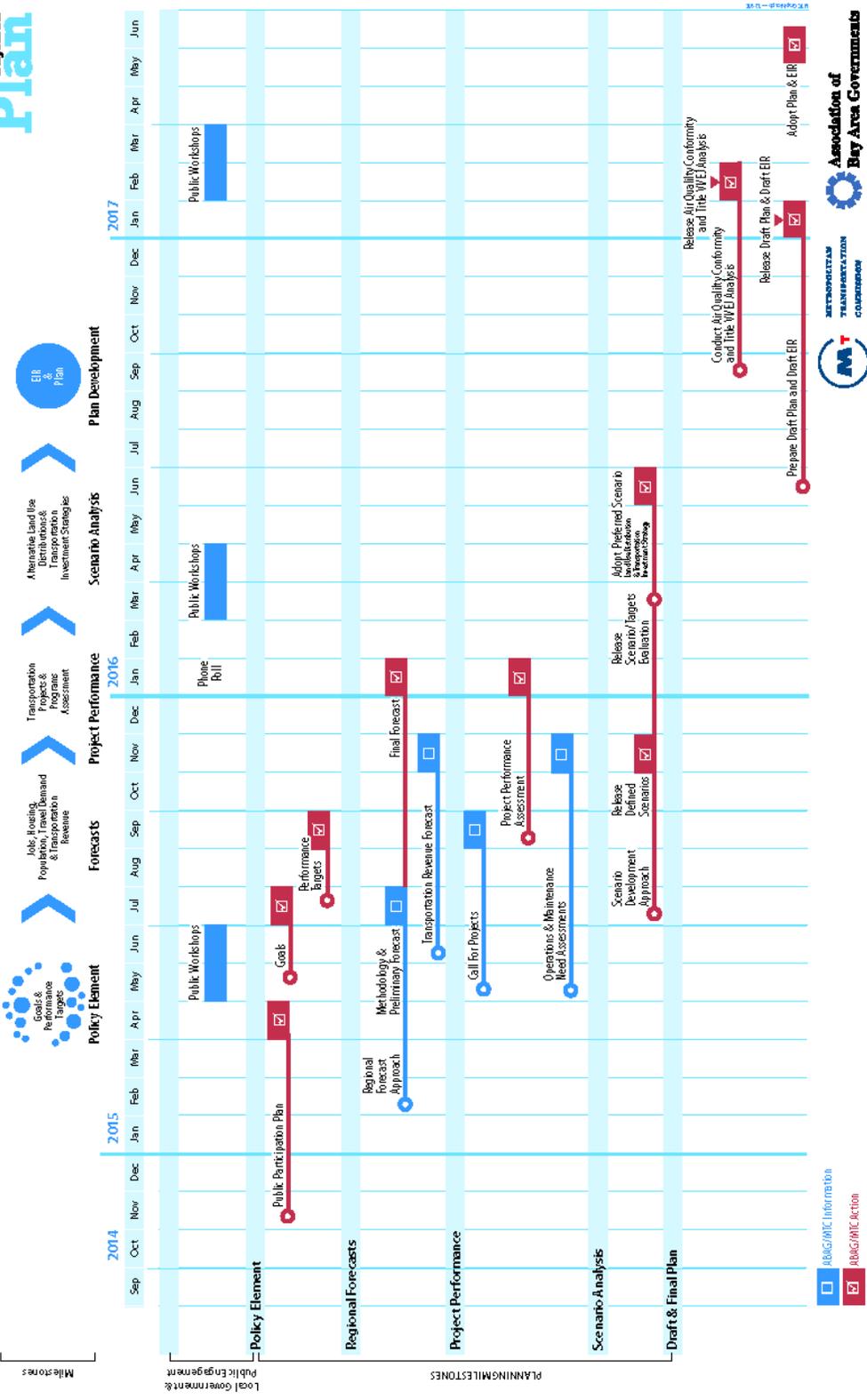
Connecting land use growth patterns with transportation investments, two distinct processes, involves an ongoing discussion of the issues to resolve any discrepancies or major issues that arise.[Land use patterns are based on local plans and local decisions and as such, requires careful engagement with local planning staff, city managers, local elected officials and stakeholders. Transportation investments require a detailed and careful evaluation of projects and input from partner agencies and stakeholders. It is expected that when dealing with the diversity of cities and perspectives in the Bay Area public investments and future growth may trigger controversial issues that will require thoughtful responses and resolution.

Most discrepancies are resolved within the specific teams, with respect for each other's expertise and responsibilities for transportation or land use. Some are resolved by the planning directors or deputy directors through their regular meetings. Key challenges are brought for discussion with the executive directors. On exceptional cases involving policy options, discrepancies are brought to the Executive Board and Commission for resolution. This is the case with housing performance targets, where MTC is requesting the elimination of in-commute growth, whereas ABAG is proposing housing all population without displacement. This issue will be brought to the Joint ABAG Administrative / MTC Planning Committee in July 2015.

Improving collaboration

From ABAG's perspective there is a good flow of communication and appropriate division of responsibilities. However, we have been advised that our MTC colleagues have expressed concerns and morale issues related to our working relationships. Collaboration across regional agencies is essential and ABAG staff is committed to explore any additional productive opportunities to engage our MTC colleagues and address their concerns.

Plan Bay Area Update: Key Milestones 2014–2017



Scenario Approach – Plan Bay Area 2017 Coordination among ABAG, MTC, CMAs and City/County staff

DRAFT

April 6, 2015

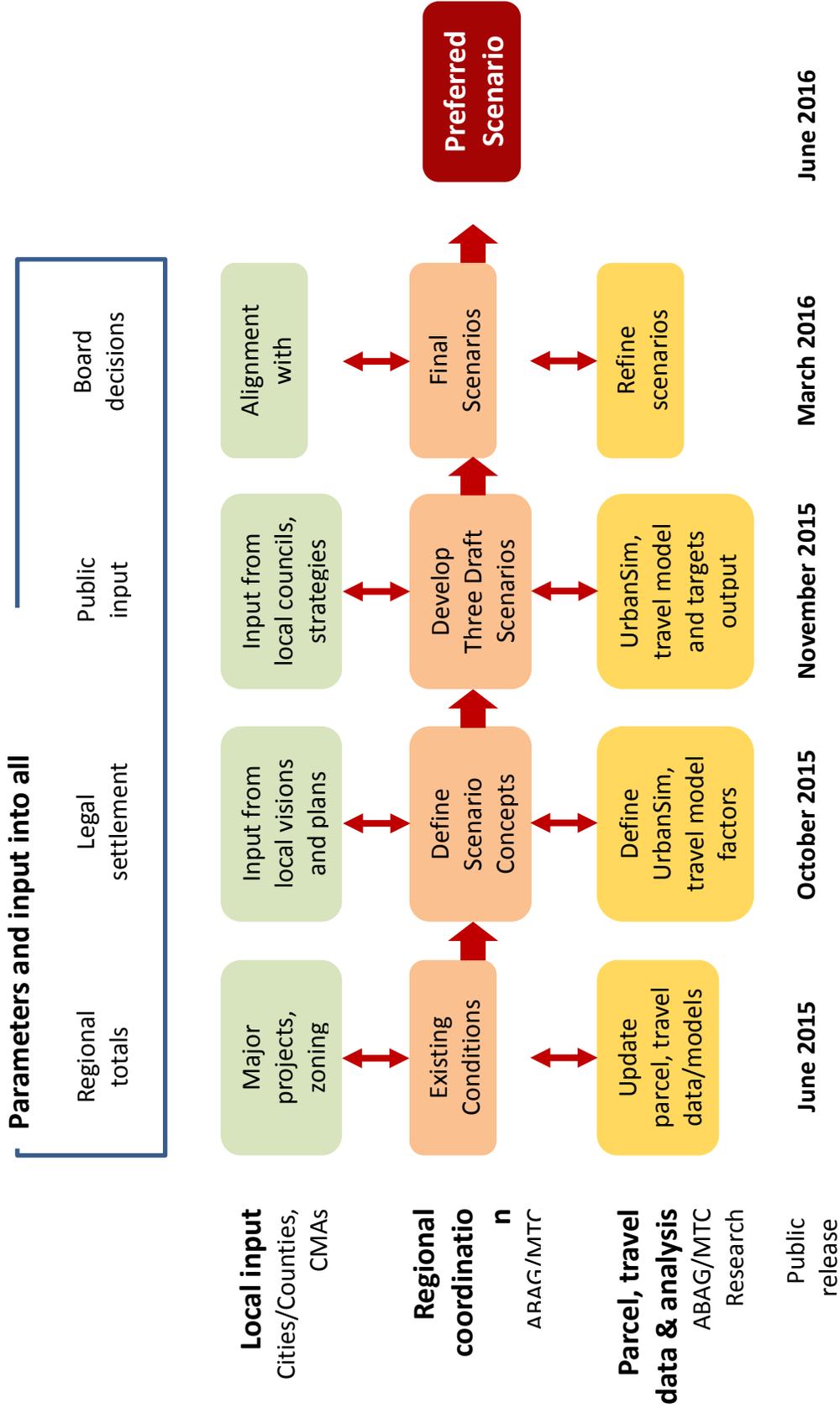


Chart 3

Chart 4

ABAG & MTC meetings

Executive Directors

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

Planning Directors

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

Plan Bay Area Communications

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

Plan Bay Area Research & Modeling

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

PDA planning

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

PDA grants

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

Regional Prosperity Plan

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

Performance Group

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

Equity Group

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

Areas of collaboration

Plan Bay Area

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

OBAG (housing element)

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

Cap and Trade

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

PDA

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

Industrial land and goods movement

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

Communication

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

Research

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

Resilience

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

Bay Trail

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

ABAG Staff: Laura Thompson, Maureen Gaffney, Lee Huo

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

Administrative coordination

What: *Coordinate meetings*

ABAG Staff: Wally Charles

MTC Staff: Joe Dellea



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Memorandum

TO: Commission

DATE: July 16, 2015

FR: Chair

RE: MTC/ABAG Relationship

As I informed the Commission in June, ABAG President Julie Pierce and I have hosted a series of ad hoc discussions about the MTC/ABAG relationship among a small group of commissioners who also serve on the ABAG Executive Board. Additionally, a commission deliberation ensued at our June 24th meeting, during which the Commission approved a six-month extension of the ABAG funding agreement through December 31, 2015 intended to coincide with consensus or some other form of resolution of our studies around joint planning issues.

During the last ad hoc meeting in June the group agreed to direct Ezra Rapport and Steve Heminger to provide a joint analysis of 1) How to improve planning integration without any structural consolidation of functions; and 2) How consolidation of planning functions under a single director or entity might be organized and how reporting to the MTC and ABAG would work under this kind of systemic change. We fully expected that this might result in continued disagreement as to how to proceed, nevertheless we were all in agreement that the comparison needs to be done. This analysis was intended to be conjunctive, not either/or.

Meanwhile, last week, we all received a copy of a July 2nd memo from President Pierce to the ABAG Executive Board. The memo seems to advocate delay and continued dialogue uninformed by formal analysis. The memo also appears to signal that ABAG's leadership is only interested in the status quo as an outcome of our discussions about structuring a more coherent and efficient planning process for Plan Bay Area 2040. Ironically, the next step for our ad hoc group was supposed to have been a comparison of the planning integration analysis once received from the two directors. Now that ABAG essentially has laid out the case for non-structural solutions, I have requested that MTC's executive director outline how a consolidated planning department might better serve both the MTC commission and ABAG executive board. He should continue to invite input from ABAG and emphasize our desire to collaborate. In this way we will have both organizational possibilities and arguments before us to evaluate, not one without the other.

Problem Statement

California's sustainable community law is being implemented by a *single* agency throughout all metro regions of the state, except in one place: the San Francisco Bay Area. Some have argued that the integrity of the ABAG planning process should hinge on ABAG paying for its own planning staff. However, for many years, MTC has funded its own planning department as well as ABAG's planning and research department. In essence, even though the planning departments are split under two agencies, the payroll is funded predominately by MTC. Perhaps that duplicative arrangement made sense at some point in time, but SB 375 has changed all that. As we all know it has required joint planning at a very literal and system-wide level. And this is a permanent, long term change. The advent of SB 375 (Steinberg) has highlighted the inefficiencies and inherent potential for conflicts of our bifurcated planning function. Many have noted that Plan Bay Area was in fact more costly, less timely, and more litigious than necessary because it was the product of the

organizational remnants of our past, two planning departments instead of one. Again, no other MPO in California attempts to function in this way.

Potential Solution

Accordingly, I have asked Steve Heminger to answer the original question posed by the ad hoc committee and to do so quickly. Time is of the essence and a timely focus by the Commission on this issue this Fall, immediately after the August recess, should assuage concerns posed by President Pierce and ABAG about meeting our next round of budget appropriation decisions well before December 2015. Again, the primary remaining question is:

How would consolidation of planning functions under a single director or entity be organized and how would reporting to the MTC and ABAG policymakers work under this kind of systemic change?

In particular, I've asked Mr. Heminger to include in a proposal for a consolidated planning function the following options for the Commission to consider along with any other options or alternatives he might suggest for consideration:

1. A single planning department of MTC and ABAG consolidated within the MTC organization.
2. An organizational chart that would have the MTC planning director oversee the consolidated planning department while continuing to report to MTC's executive director.
3. A funding relationship between ABAG and MTC that would have MTC retain the bulk of the \$4 million in federal and state planning funds that it currently transfers annually to ABAG to be used to pay for the cost of the larger scaled single planning staff and functions.
4. A retention policy that would require MTC to offer employment opportunities to ABAG planning staff at commensurate salaries and benefits.
5. A reporting and approval structure to elected policy makers that would continue to require the work product of the consolidated planning department to be approved by the joint MTC Planning/ABAG Administrative committees and, as per past practice or legal requirement, by the MTC commission and ABAG executive board.
6. The existing statutory authority of the MTC commission and ABAG executive board would be respected and maintained.

In a nutshell, a proposal whereby one professional planning department would serve two or more commissions/councils/boards, much like what occurs in most cities and counties in California. I think this concept deserves the Commission's serious and thorough consideration. I intend to agendize that discussion for our September 23rd meeting. In the meantime, please feel free to contact me with any questions or concerns.



Dave Cortese

cc: ABAG Executive Board
Steve Heminger
Ezra Rapport