SPUR

IMPROVING REGIONAL PLANNING IN THE BAY AREA

Recommendations for integrating ABAG and MTC

SPUR WHITE PAPER

September 11, 2015

Primary author: Egon Terplan

Adopted by the SPUR Executive Committee and reviewed by the SPUR Regional Policy Board.
Special thanks to the staff, board members and commissioners of ABAG and MTC.

www.spur.org

INTRODUCTION

There is a long history of attempts at better collaboration between the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC).[1] An MTC proposal this summer to establish a merged planning department within MTC has again opened up the discussion about the future of regional planning in the Bay Area.

This white paper offers SPUR's thoughts on the proposal and the broader opportunity for improved regional planning. We begin with some background and context, describe our findings and conclude with four recommendations.

To develop this paper, we spoke with dozens of stakeholders, including ABAG and MTC staff and board members, to explore the implications of the proposal for a merged planning department, as well as other steps that could be taken to improve regional planning in the Bay Area.

BACKGROUND

ABAG is California's oldest council of governments and held its first meeting in 1961.[2] It is the official comprehensive planning agency for the Bay Area and is governed by a 38-member executive board.[3] MTC was formed in 1970 and began operating in 1972. MTC is the Bay Area's designated metropolitan planning organization (MPO) and manages federal and state transportation planning and funding. MTC is governed by a 21-member commission.[4]

Had it not been for some personnel challenges at ABAG in the 1960s, ABAG would have likely become the region's metropolitan planning organization and MTC would never have existed.[5] Since the 1970s, many have called for the merger of the two agencies — or at least for closer collaboration on regional planning.

Today, MTC and ABAG are jointly responsible for producing and adopting Plan Bay Area, the region's Sustainable Communities Strategy. Plan Bay Area is a combined land use and transportation plan that must meet specific state targets for housing and reduced greenhouse gas emissions from driving cars and light trucks. The plan achieves these emissions reductions through a set of transportation policies and investments that are aligned with a more compact land use pattern.

In other metropolitan regions in California, there is one agency — a combined council of governments and metropolitan planning organization — that is responsible for producing and adopting the Sustainable Communities Strategy/Regional Transportation Plan (SCS/RTP). Los Angeles has SCAG, San Diego has SANDAG and Sacramento has SACOG. In the Bay Area, there are two regional agencies: ABAG and MTC.

The Bay Area is also different from other regions in the amount of bridge toll funds available for regional projects, as well as the extent to which programmatic funds generally remain at the regional level. For example, in the six-county, 18-million-person Southern California region (all Southern California

---

[1] *See http://www.spur.org/publications/article/2003-09-01/bay-area-regionalism-can-we-get-there*
[2] *Wong, Hing. "Regional Governance in the San Francisco Bay Area: The History of the Association of Bay Area Governments." 2013. http://digitalcommons.calpoly.edu/cgi/viewcontent.cgi?article=1252&context=focus*
[3] *See http://www.abag.ca.gov/overview/ABAG_Roster.pdf*
[4] *Three of the 21 commissioners are non-voting members. See http://mtc.ca.gov/about_mtc/commissioners/*
[5] *See http://www.abag.ca.gov/overview/concise-history.pdf*

counties except San Diego), much of the regional planning funding flows directly to the counties, thereby diminishing the ability for the regional planning agency to do regional work.

In recent years, MTC has passed through approximately $4 million to ABAG annually, pursuant to a longer term funding agreement for planning services and to support operations. Typically MTC provides 12 months of funding at a time. At an MTC meeting in late June, MTC voted to provide ABAG with only six months of funding. At the same meeting some commissioners acknowledged that it might be desirable for the ABAG planning staff to be folded in with MTC's planning staff to establish a single regional planning staff.

In July, ABAG held its own executive board meeting to discuss the proposal and called on MTC to provide the full year of funding and have a larger conversation about how the two planning staffs might be merged. Some even called for a full merger of the two agencies. Subsequent memos from MTC Chair Dave Cortese included greater detail about the original proposal, including an offer to hire all 20 ABAG planners at MTC.

Eliminating the $4 million in funding for ABAG planning would have a major financial impact on ABAG's operations, including its ability to continue meeting its pension obligations. ABAG uses some $1.2 million of the $4 million in funding to pay for overhead and additional staff. As a result, the loss of $4 million would likely lead to the loss of 20 planning staff plus about seven or more additional staff people from ABAG.

MTC must now decide whether or not to establish a single merged planning department and over what time period.

OUR FINDINGS

SB 375 requires the integration of land use and transportation, but the Bay Area hasn't adjusted its governance to meet that goal.

While professional planners have long understood and studied the relationship between land use and transportation, California and Bay Area planning have historically treated them separately. Sustainable Communities Strategies, mandated by SB 375, require metropolitan areas to align their transportation spending with their region's housing targets and in support of a land use pattern that leads to reduced driving. While ABAG and MTC have been working together on producing the Sustainable Communities Strategies, the Bay Area has not adapted its regional governance to meet the full mandate of SB 375. The Bay Area even has an exception drafted into SB 375 to accommodate the distinct division of labor between ABAG and MTC.[6]

The status quo is broken and untenable.

Having two separate planning staffs creates inefficiencies in the delivery and production of major reports such as Plan Bay Area. Having a unified planning department would more fully allow for regional planning to analyze the interrelationship between land use patterns and transportation investments and policies, while also increasing staff's collective capacity to support and engage with local jurisdictions and transportation agencies.

[6] *See http://www.leginfo.ca.gov/pub/07-08/bill/sen/sb_0351-0400/sb_375_bill_20080930_chaptered.html*

Some of the challenges associated with the first Plan Bay Area resulted from having two separate staff and governance structures. Two agencies drafting, managing and adopting Plan Bay Area is unworkable. In addition to the inefficiencies of coordinating among multiple staff in two agencies, there are challenges associated with different agencies overseeing a merged product where feedback, timelines and priorities differ. For each step of the process, staff members have to coordinate between two agencies. Instead of having one set of staff members working on the development of scenarios, there are two.

The current process also results in some duplication of activities across the agencies. For example, ABAG recently produced a State of the Region report while MTC produced a Vital Signs website. Both are great products. But a combined and unified product with data on the economy, transportation, land use and other important variables would be more useful for the region. Having two separate efforts is wasteful.

There are also many overlapping committees and advisory bodies. By our count, there are 12 different committees or boards at ABAG and MTC that have roles in the approval and discussion of Plan Bay Area:

Joint ABAG/MTC bodies: Joint MTC Planning and ABAG Administrative Committee, Regional Advisory Working Group (RAWG), Regional Equity Working Group (REWG)

MTC bodies: Commission, Planning Committee, Partnership Technical Advisory Committee (PTAC), Policy Advisory Council (PAC)

ABAG bodies: Executive Board, Administrative Committee, Regional Planning Committee (RPC), Housing Methodology Committee for RHNA (as needed), and Bay Area Planning Directors Association (BAPDA)[7]

Many of these committees could be combined and strengthened. In addition to the inefficiencies and costs associated with sending staff to so many committees, there are challenges for outside stakeholders and advocates. There are simply too many committees to attend and track, and it is difficult to know when and where it is most effective to plug in.

The current structure results in missed opportunities for the Bay Area.

The first Plan Bay Area took over three years of full time work for dozens of staffers to complete. This process should have taken less than two years. While it was the region's first attempt and may be more efficiently run in future efforts, from a regional perspective the Bay Area missed out on a full year of other major planning activities not related to Plan Bay Area.

One example is economic development activity, which has no formal home at either regional agency. The Bay Area's Regional Prosperity Plan, a $5-million, three-year grant from HUD, raised significant policy issues for both agencies but lacks any institutional place to fully address these issues together.[8] For example, both ABAG and MTC are working on issues related to the region's industrial preservation development. One project is mostly focused on goods movement and the other on industrial land use. Ultimately, having a single project and program would be more effective and could more likely result in policy reform such as establishing a Priority Industrial Area designation.

---

[7] *BAPDA is an independent organization that ABAG supports through providing administrative and logistical support. See http://abag.ca.gov/bapda/pdfs/BAPDA ByLaws Amended and Approved 4-5-2013.pdf*

[8] *See http://planbayarea.org/regional-initiatives/Bay-Area-Prosperity-Plan.html*

As another example, the region was forced to delay major transit planning efforts due to the length of time it took to complete the first Plan Bay Area. For example, the region could have begun planning work around core capacity and core connectivity a year earlier. Given transit capacity concerns, a one-year delay is significant. Many other issues related to improving transportation in the Bay Area need the external attention of MTC planning staff. Instead, staff time is too often spent on internal process.

There are also many missed opportunities to provide more direct technical assistance to local governments. The Priority Development Area Planning Grant and Technical Assistance Programs could be more meaningful if fully merged.

Another activity that has no formal home in the current MTC/ABAG structure is work that cross-cuts sustainability and climate issues, such as how sea level rise will affect transportation investments and Priority Development Areas. These activities are being taken up by both the Bay Conservation and Development Commission (BCDC) and the Bay Area Regional Collaborative (BARC), a body with limited staff that was formed to coordinate among the four single-purpose regional agencies, ABAG, MTC, BCDC and the Bay Area Air Quality Management District (BAAQMD).

Finally, a core land use policy lever — the Regional Housing Needs Allocation (RHNA) process — is currently adopted by ABAG and treated separately from the Regional Transportation Plan (RTP), which is adopted by MTC. Given that planning for housing is an essential part of SB 375 and the development of Plan Bay Area, a regional board that combines land use and transportation should ultimately adopt RHNA.

The Bay Area deserves better.

There are valuable and unique aspects to ABAG's role as a council of governments.

ABAG provides several key values to regionalism that are not present at MTC. ABAG is a place for local governments to engage with each other and with regional land use issues. This is particularly important as many new elected officials are increasingly reflecting the region's diversity. Engaging a wide range of elected officials in regional planning is an important function that ABAG provides.

ABAG also provides a forum, via the Regional Planning Committee, where regional leaders in the private and public sector, city and Congestion Management Agency staff, elected officials, ABAG/MTC board members and others come together as equals to discuss regional policy. MTC offers no similar venue for regional discussion where board members and outsiders sit as equals.

ABAG also provides a set of unique services to local jurisdictions including liability and property insurance for 35 cities; a natural gas buying club for 39 cities and local districts; over $1 billion in tax-exempt financing for affordable housing, schools, city halls, libraries and equipment; a regional energy efficiency program; conference and training services; and a resilience program that helps prepare local jurisdictions for earthquakes, flooding, sea level rise and climate change. These are valuable programs that do not exist elsewhere in the region and should be preserved.

MTC is already involved in land use planning activities.

Although land use is not in MTC's name, mandate or mission, MTC is very active in land use. It was one of the first metropolitan planning organizations in the United States to use its transportation funds on land use planning and implementation via the Transportation for Livable Communities grant program, in 1998. It has also conditioned transportation money for transit extensions based on local planning and zoning. In addition to $20 million for affordable housing (in the Transit Oriented Affordable Housing fund), MTC

administers parts of the One Bay Area Grant program and has long provided technical assistance to local governments. These efforts are done in partnership with ABAG staff and with local governments

Land use should not be entirely subsumed within transportation planning.

Transportation investments should serve a land use vision, not the other way around. As such, land use must be not only be fully integrated within transportation — it must in some ways lead transportation in the planning process. Whatever joint planning system that is established must acknowledge this. In the short run, this may mean that a merged planning department specifically acknowledges that it is responsible for combining land use and transportation.

Dual reporting to both MTC and ABAG is unworkable in the long run.

Currently, staff from ABAG report to the ABAG board; staff from MTC report to MTC and its committees; and both staffs report to numerous joint committees.

Under MTC's proposal, even if the two planning departments were merged into one, the merged department would still report to two separate boards (MTC and ABAG). This exemplifies the challenging fragmentation of governance in Bay Area planning. A merged department would expand MTC's staff capacity without making any other adjustments, such as incorporating land use into the agency's mission. As proposed, the merged planning department would maintain ABAG's board and legislative authority without any dedicated planning staff to implement such authority. This would create a mismatch between a unified staff and a fragmented governance system. Given this, we believe that the period when the merged planning department reports to both MTC and ABAG must be time limited. Once there is a unified governance and reporting structure, the dual reporting should end.

Successfully merging staffs, agencies or governing boards requires careful attention to distinct internal cultures.

There is a long history of government mergers in which two merged departments remain functionally independent even though they are under the same roof and within the same reporting structure.[9] In order to achieve fuller integration, we believe any merger of MTC and ABAG will require the creation of a new organizational culture, not just the combining of staff and reporting structures.

Any model for the future must *not* be based on the individuals in leadership positions today.

It is tempting to design a governance system based on how an agency currently operates or who is in charge. Both ABAG and MTC have changed over the years. Several decades ago, ABAG would provide input on EIRs for regionally significant development projects, something that is inconceivable today.[10] MTC previously was a much more narrowly-focused transportation funding agency. The agencies have changed as their leadership has shifted and the expectations of the region have changed.

---

[9] *Frumkin, Peter. "Making Public Sector Mergers Work: Lessons Learned." August 2003.* *http://www.businessofgovernment.org/sites/default/files/PublicSectorMergers.pdf*

[10] *ABAG previously used their ability to comment on State EIRs to identify development projects that they viewed as encouraging sprawl and would lobby the involved cities and counties to try to modify or stop them.*

RECOMMENDATIONS

Based on these findings, we offer the following recommendations:

1. Move deliberately and carefully toward establishing a unified planning department that combines land use and transportation planning functions.

We fully support the idea of creating a single regional planning department. A merged department could more efficiently produce the needed products for Plan Bay Area while also working on other important regional issues, such as economic development and climate change. A merged department could also more effectively deliver planning grants and technical assistance to local governments, in coordination with the other regional agencies, BCDC and BAAQMD.

We see some complications with moving forward too quickly on the merger and urge staff and leadership to take the time necessary to get this right. We believe that MTC should provide a full year of funding as part of ABAG's FY 15-16 budget to ensure proper time to manage the merger and transition. MTC should also provide additional support for ABAG's ongoing operations beyond those 12 months. The question of ABAG's budget and funding needs should be separated from exploring the benefits of a merged department.

A merged department will not be effective if the agencies don't work to establish trust and a strong working relationship among all staff members. In particular, MTC and ABAG should bring in outside experts in public sector mergers and organizational culture to make sure the approach taken is respectful of the needs of people throughout both organizations. Additionally, it may be necessary to involve a third party to lead the specific merger discussion as well.

The merged planning department, however, is not an end in itself since it leaves open the question of governance. We think ABAG and MTC also need to take a series of deliberate steps toward establishing an integrated regional planning agency. Our following three recommendations address these steps.

2. Elevate the Joint MTC Planning Committee/ABAG Administrative Committee as the core decision-making body for the evaluation and approval of the 2017 Plan Bay Area update.

To meet the Plan Bay Area 2017 deadline, it will be necessary to make use of the existing boards and committees for plan approval. During the production of the Plan Bay Area update, MTC and ABAG should jointly establish a single merged committee (such as the current Joint MTC Planning Committee/ABAG Administrative Committee) as the formal adoption and review committee for Plan Bay Area. This committee should have its own formal name (e.g., Plan Bay Area Review Committee) and should be deputized with the authority to oversee and authorize the plan. Such a step would be a reflection of good faith to move toward the integration of governance.

While this committee would not have additional statutory authority, we propose that the ABAG Board and the MTC Commission make a commitment to hold the major policy discussions and votes about Plan Bay Area at this merged committee and to respect the positions taken there. This would suggest that the full boards of the two respective organizations would be in the position of approving the decisions of the merged committee rather than revising them. This is comparable to the way the MTC Planning Committee currently functions and is why some commissioners who do not have voting seats on the MTC Planning Committee attend the meetings anyway, in order to participate in the policy dialogue.

3. Make a commitment that the 2017 Plan Bay Area update will be the last one produced with joint reporting to two separate boards.

Maintaining joint reporting and approval is not a long-term solution and should only take place until there is a newly formed agency. We urge the boards of MTC and ABAG to make a commitment that the current update should be the last one with a joint reporting structure to two separate boards. The subsequent Plan Bay Area (2021) should be completed with a single staff and governance system.

We think both MTC and ABAG should make this commitment now as a demonstration of their intentions toward a more integrated regional planning agency.

Recommendations 1 and 2 focus on how the agencies can begin moving toward greater integration of staff and governance. Recommendation 4 (below) focuses on how to arrive at a new governance structure for the future.

4. Form a study commission with a range of regional stakeholders to develop options for a single regional planning agency that combines the functions of ABAG and MTC.

SPUR supports a long-term strategy to establish the highest functioning process for regional planning in the Bay Area. Since transportation and land use are wholly intertwined, the Bay Area should organize itself to deliver integrated planning. We believe that this will only be possible with a single regional planning agency.

Many of our region's challenges result from our system of fragmented governance. Our single-purpose regional agencies are not equipped to respond to the complexity and interrelatedness of the region's challenges.

There is an opportunity to begin sketching out a new regional agency right now.

As a first step, the region should immediately form a study commission that is empowered to develop alternatives for a single regional planning agency for the Bay Area. Unlike Bay Vision 2020, elected officials should not be excluded from the commission. Staff to the commission should come from the civic world, not current regional agency personnel.

The study commission could propose a merger of ABAG and MTC or the creation of a wholly new agency that subsumes both MTC and ABAG and has functions in addition to land use and transportation. Either option would require reform and modification of today's Association of Bay Area Governments in its role as the region's council of governments and today's Metropolitan Transportation Commission in its role as the region's metropolitan planning organization. Any option should take the best of what is currently within ABAG and combine it with the best of what is currently within MTC. Under either approach, the new agency must acknowledge that its mission and responsibilities include the integration of land use and transportation, with transportation investments serving a larger land use vision for the region.

The study commission should address and answer issues such as the following:

- What are the most important regional planning issues affecting the Bay Area in the 21st Century? How can the region best organize its land use and transportation functions to help address those issues?

- What are some of the inefficiencies and challenges associated with having two separate single-purpose regional planning agencies?
- What are the pros and cons of different governance models in other regions in California?
- How should local governments, transit operators, Congestion Management Agencies and civic, nonprofit and private sector voices best engage on regional planning activities?
- How effective are the current sets of committees at ABAG and MTC and which ones could be consolidated or adapted to more effectively provide input?
- What new planning activities and issues could a merged or new agency take on that are not currently being addressed?

Any recommendations from the study commission will require state legislative action. However, the goal should be to move toward a consensus vision for a single regional planning agency for the Bay Area. The study commission's work should be completed by 2017.

CONCLUSION

In recent decades, there have been numerous attempts to merge ABAG and MTC. None have succeeded. We believe the current opportunity provides a chance to make a meaningful change and improve the delivery of regional planning for the Bay Area. We urge ABAG board members and MTC commissioners to move deliberately and thoughtfully forward on a process that leads to more integrated regional planning.

The status quo is broken. Our transit systems are strained, our roadways are congested, too many communities block the construction of new housing, job growth provides too few middle-income opportunities and rising costs are bringing the affordability crisis to nearly every neighborhood. We need a system of regional governance that can rise to the challenges of the 21st century.

Now is a chance to move out of our operational silos and act in a way that will best support the future of our region. The communities of the Bay Area have had many successes in working together across city boundaries to improve the region. Decades ago, we connected many of our cities and towns on a regional transit system by building BART. We saved valuable open space in perpetuity when we established the Golden Gate National Recreation Area. We saved the bay from fill and preserved it as a treasured resource across all nine counties by establishing the Bay Conservation and Development Commission. Now is this generation's opportunity to do our part in improving regional planning. Let's not squander it.