ASSOCIATION OF BAY AREA GOVERNMENTS
Representing City and County Governments of the San Francisco Bay Area

ABAG

AGENDA

ABAG EXECUTIVE BOARD MEETING NO. 413

Thursday, May 19, 2016, 7:00 PM

Location:
Joseph P. Bort MetroCenter
Lawrence D. Dahms Auditorium
101 8th Street
Oakland, California

The ABAG Executive Board may act on any item on this agenda.

Agenda and attachments available at http://www.abag.ca.gov/

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

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

2. PUBLIC COMMENT

Information

3. ANNOUNCEMENTS

Information

4. PRESIDENT'S REPORT

Information

5. EXECUTIVE DIRECTOR'S REPORT

Information

6. CONSENT CALENDAR

ACTION

Unless there is a request by an Executive Board member to take up an item on the consent calendar separately, the calendar will be acted upon in one motion.

A. Approval of Executive Board Summary Minutes of Meeting No. 412 held on March 17, 2016

Attachment: Summary Minutes of March 17, 2016

B. Adoption of Resolution No. 04-16 and authorization to submit grant application and enter into contract with the Metropolitan Transportation Commission (MTC) for Bridge Toll Funds to support the San Francisco Bay Trail Project

The Executive Board is requested to adopt Resolution No. 04-16 authorizing ABAG to submit a grant application for Two Percent Bridge Toll Reserve Funds and Five Percent Unrestricted State Funds and enter into an agreement with the Metropolitan Transportation Commission.

Attachments: Grant Application Bridge Toll and Unrestricted State Funds; Resolution No. 04-16

C. Adoption of Resolution No. 05-16 to accept a $62,500 “Explore the Coast” grant from the State Coastal Conservancy for the purpose of developing five Bay Trail mobile phone tours in San Francisco, San Mateo, Santa Clara, Solano, and Alameda Counties

The Executive Board is requested to adopt Resolution No. 05-16 and to authorize accepting the State Coastal Conservancy Explore the Coast grant, to enter into a contract with the State Coastal Conservancy for said grant, and to execute any related agreements for the development of the mobile phone application.

Attachments: Explore the Coast Grant; Selected Descriptions; Resolution No. 05-16

D. Acceptance of U.S. Department of Energy Grant Funding Opportunity for the BayREN Integrated Commercial Retrofits (BRICR) Project

The Executive Board is requested to approve the acceptance of the grant funding from U.S. Department of Energy for the BayREN: Integrated Commercial Retrofits (BRICR) project and to authorize the ABAG Executive Director to enter negotiations and execute the necessary agreements for acceptance of the approved funding and implementation of the program.

Attachments: DOE Grant Funding BRICR Project; BRICR Project Summary

7. LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE REPORT

Information/ACTION

Committee Chair Scott Haggerty, Supervisor, County of Alameda, will report on Committee activities and request Executive Board approval of Committee recommendations.

Attachment: LGO Committee Agenda

8. FINANCE AND PERSONNEL COMMITTEE REPORT

Information/ACTION

Committee Chair Bill Harrison, Mayor, City of Fremont, will report on Committee activities and request Executive Board approval of Committee recommendations.

Attachment: FP Committee Agenda

9. REPORT ON PLAN BAY AREA 2040 SCENARIOS UPDATE

Information/ACTION

Staff will report on developing a preferred scenario that takes into account local input and maximizes the goals of Plan Bay Area in line with the Sustainable Communities and Climate Protection Act of 2008 (SB 375).

Attachment: Plan Bay Area Scenarios Overview; Land Use Scenario Process

10. UPDATE AND ACTION OF ABAG/MTC MERGER OPTIONS

Information/ACTION

Staff will report on the ABAG/MTC merger study and recommendation, and any General Assembly action or information.

Attachments: Staff memo on ABAG MTC Merger Study Recommendation, May 6, 2016; Former Executive Directors Letter, April 29, 2016; SEIU Action Items Letter, May 3, 2016

Follow this link to: ABAG MTC Merger Study Options Analysis and Recommendation Report, April 18, 2016

11. DISCUSSION OF POSSIBLE JUNE 2016 MEETING OF THE EXECUTIVE BOARD

Information/ACTION

12. ADJOURNMENT

The next meeting of the Executive Board will be on July 21, 2016.

Submitted:

/s/ Ezra Rapport, Secretary-Treasurer

Date Submitted: May 13, 2016

Date Posted: May 13, 2016

Roster

Schedule

SUMMARY MINUTES (DRAFT)

ABAG Executive Board Meeting No. 412
Thursday, March 17, 2016
Joseph P. Bort MetroCenter
101 8th Street, Oakland, California

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

President Julie Pierce, Councilmember, City of Clayton, called the meeting of the Executive Board of the Association of Bay Area Governments to order at about 7:10 p.m.

President Pierce led the Executive Board and the public in the Pledge of Allegiance.

A quorum of the Executive Board was present at about 7:10 p.m.

Representatives and Alternates Present	Jurisdiction
Councilmember Annie Campbell Washington	City of Oakland
Supervisor Cindy Chavez	County of Santa Clara
Councilmember Julie Combs	City of Santa Rosa
Supervisor Damon Connolly	County of Marin
Councilmember Jim Davis	City of Sunnyvale
Mayor Pat Eklund	City of Novato
Mayor Leon Garcia	City of American Canyon
Councilmember Abel Guillen	City of Oakland
Vice Mayor Pradeep Gupta	City of South San Francisco
Supervisor Scott Haggerty	County of Alameda
Mayor Bill Harrison	City of Fremont
Councilmember Dave Hudson	City of San Ramon
Councilmember Charles "Chappie" Jones	City of San Jose
Supervisor Jane Kim	County of San Francisco
Director William Kissinger	RWQCB
Supervisor Mark Luce	County of Napa
Supervisor Karen Mitchoff	Count of Contra Costa
Councilmember Mary Ann Nihart	City of Pacifica
Councilmember Raul Peralez	City of San Jose
Councilmember Julie Pierce	City of Clayton
Supervisor David Rabbitt	County of Sonoma
Supervisor Linda Seifert	County of Solano
Mayor Jerry Thorne	City of Pleasanton

Representatives Absent	Jurisdiction
Supervisor Candace Andersen	County of Contra Costa
Mayor Jack Batchelor	City of Dixon
Supervisor David Cortese	County of Santa Clara
Mayor Edwin Lee	City of San Francisco
Supervisor Eric Mar	County of San Francisco
Supervisor Nathan Miley	County of Alameda
Supervisor Dave Pine	County of San Mateo
Vice Mayor Greg Scharff	City of Palo Alto
Supervisor Warren Slocum	County of San Mateo

Dir Nicole Wheaton, Leg and Gov Affairs City of San Francisco

2. PUBLIC COMMENT

The following individual gave public comment: Ken Bukowski on regional merger discussion.

3. ANNOUNCEMENTS

There was no member announcement.

4. PRESIDENT'S REPORT

President Pierce reported on the following:

On Sunday, May 15 from 2:00 p.m. to 6:00 p.m., is the opening of 2.5 miles of new Bay Trail in Sonoma County at Sears Point. The Sonoma Land Trust has completed a major wetland restoration and public access project along the edge of San Pablo Bay.

On Friday, May 20 at 11:00 a.m., a 4-mile section of Bay Trail between Sunnyvale and Mountain View will be reopened after months of construction with an improved trail surface for bicyclists and pedestrians. Google has independently financed this $2 million project with the support of over 14 public agencies and organizations.

Complimentary Bay Trail maps sets have been distributed. These were revised to reflect the 345 complete miles of the 500 that are planned.

Executive Board representatives and alternates are reminded to submit their annual Statement of Economic Interest, Fair Political Practices Commission Form 700, to the Clerk of the Board by April 1, 2016.

Under Item 6.D., The Executive Board is requested to consider the adoption of Resolution No. 03-16, Authorization to Apply for Funds and Enter into a new Contract Agreement with the USGS to Provide Support for the Bay-Delta Science Conference and the State of the Estuary Conference.

5. EXECUTIVE DIRECTOR'S REPORT

There was no Executive Director's report.

6. CONSENT CALENDAR

President Pierce recognized a motion by Linda Seifert, Supervisor, County of Solano, which was seconded by Mary Ann Nihart, Councilmember, City of Pacifica, to approve the consent calendar, including Resolution No. 03-16.

There was no discussion.

There was no public comment.

The aye votes were: Combs, Davis, Eklund, Garcia, Guillen, Gupta, Haggerty, Harrison, Hudson, Kim, Luce, Mitchoff, Nihart, Peralez, Pierce, Rabbitt, Seifert, Thorne.

The nay votes were: None.

Abstentions were: None.

Absent were: Andersen, Batchelor, Campbell Washington, Chavez, Connolly, Cortese, Jones, Lee, Mar, Miley, Pine, Scharff, Slocum, Wheaton.

The motion passed unanimously.

A. Approval of Executive Board Summary Minutes of Meeting No. 411 held on January 21, 2016

The Executive Board approved the Summary Minutes of Meeting No. 411 held on January 21, 2016.

B. Report on ABAG Contracts between $20,000 and $50,000

The Executive Board received a report on contracts for contract amounts between $20,000 and $50,000.

C. Authorization to Apply for Funds and Enter into a new Contract Agreement with the USGS to Provide Support for the Bay-Delta Science Conference and the State of the Estuary Conference

The Executive Board approved the ABAG/SFEP application to USGS and authorized the Executive Director or designee to enter into a new cooperative agreement with USGS on behalf of the San Francisco Estuary Partnership for fiscal support for the planning of the Bay-Delta Science Conference and the State of the Estuary Conference.

D. Authorization to Approve Resolution of Grant Award from the State Water Resources Control Board for the Guadalupe River Watershed Mercury Remediation: Jacques Gulch Restoration Design Project

The Executive Boards authorized the Executive Director or designee to sign the grant agreement and also approved the resolution on the grant award for $174,981 from the State Water Resources Control Board.

E. Authorization to Release Construction Bid Package and Execute Contract for San Pablo Avenue Green Stormwater Spine Project

The Executive Board authorized the Executive Director or designee to enter into a contract on behalf of ABAG/SFEP with a qualified contractor submitting the lowest bid for San Pablo Avenue Green Stormwater Spine Project. The awarded contract will not exceed $2 million.

7. REPORT ON ABAG/MTC MERGER DISCUSSIONS

President Pierce reported on the ongoing work of Management Partners and the joint meetings of the Administrative Committee and the MTC Planning Committee on January 22 and February 26. There will be a special joint meeting of the ABAG Administrative Committee and the MTC Planning Committee on March 25. The State Assembly Selection Committee on Bay Area Regional Planning will have a hearing on April 8. An analysis of options will be presented at a special joint meeting of the ABAG Administrative Committee and the MTC Planning Committee on April 22. Following the merger study and decision will be a study of governance and implementation.

Members discussed outreach sessions conducted as part of the merger study; developing an implementation plan; MTC Resolution 4210 regarding funding for ABAG.

[The Executive Board next took up Items 11 and 12.]

8. REPORT ON PROPOSED ABAG HOUSING ACTION AGENDA

Duane Bay, ABAG Assistant Planning and Research Director, reported on a proposed ABAG Housing Action Agenda and give a brief report on the recent ABAG/MTC Housing Forum.

Members discussed examples of housing trust funds; potential revenue sources; competition with other regional and local trust funds; Regional Housing Needs Allocation goals; displacement; best practices.

President Pierce recognized a motion by Mary Ann Nihart, Councilmember, City of Pacifica, which was seconded by Abel Guillen, Councilmember, City of Oakland, to accept the staff report on the ABAG Housing Action Agenda.

There was no discussion.

There was no public comment.

The aye votes were: Campbell Washington, Chavez, Combs, Connolly, Davis, Eklund, Garcia, Guillen, Gupta, Jones, Haggerty, Harrison, Hudson, Kim, Luce, Mitchoff, Nihart, Peralez, Pierce, Rabbitt, Seifert, Thorne.

The nay votes were: None.

Abstentions were: None.

Absent were: Andersen, Batchelor, Cortese, Lee, Mar, Miley, Pine, Scharff, Slocum, Wheaton.

The motion passed unanimously.

9. UPDATE ON LOCAL INPUT TO THE PLAN BAY AREA

Miriam Chion, ABAG Planning and Research Director, and Mark Shorett, ABAG Senior Planner, reported on input from local planning departments and city councils regarding the current Plan Bay Area update.

There was no discussion.

10. UPDATE ON NEW HEADQUARTERS AT 375 BEALE STREET, SAN FRANCISCO

Brad Paul, ABAG Deputy Executive Director, reported on the status of the new ABAG/MTC/BAAQMD Bay Area MetroCenter at 375 Beale Street, San Francisco.

Kenneth Moy, ABAG Legal Counsel, reported on upcoming authorizations needed to exchange ABAG’s real estate interests at 101 8th Street, Oakland for one at 375 Beale Street, San Francisco.

President Pierce recognized a motion by Karen Mitchoff, Supervisor, County of Contra Costa, which was seconded by Leon Garcia, Mayor, City of American Canyon, to delegate to the Administration Committee the power to authorize execution and delivery of all documents reasonably necessary to effectuate the early occupancy of the ABAG unit under the lease and the exchange of ABAG’s condominium interest at 101 8th Street, Oakland, for the ABAG Unit, but not limited to the CC&R’s, PSA and the lease between ABAG and BAHA.

Members discussed property ownership and new building address.

There was no public comment.

The aye votes were: Campbell Washington, Chavez, Combs, Connolly, Davis, Eklund, Garcia, Guillen, Gupta, Jones, Haggerty, Harrison, Hudson, Luce, Mitchoff, Nihart, Peralez, Pierce, Rabbitt, Seifert, Thorne.

The nay votes were: None.

Abstentions were: None.

Absent were: Andersen, Batchelor, Cortese, Kim, Lee, Mar, Miley, Pine, Scharff, Slocum, Wheaton.

The motion passed unanimously.

11. LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE REPORT

Committee Chair Scott Haggerty, Supervisor, County of Alameda, reported on committee activities and requested Executive Board approval of committee recommendations, including the following: approval of minutes of January 21; update on SB 1233; report on new legislation proposed for 2016 legislative session; report on legislative workshop and reception.

President Pierce recognized a motion by Haggerty, which was seconded by Karen Mitchoff, Supervisor, County of Contra Costa, to approve the committee report.

There was no discussion.

There was no public comment.

The aye votes were: Campbell Washington, Chavez, Combs, Davis, Eklund, Garcia, Guillen, Gupta, Jones, Haggerty, Harrison, Hudson, Kim, Luce, Mitchoff, Nihart, Peralez, Pierce, Rabbitt, Seifert, Thorne.

The nay votes were: None.

Abstentions were: None.

Absent were: Andersen, Batchelor, Connolly, Cortese, Lee, Mar, Miley, Pine, Scharff, Slocum, Wheaton.

The motion passed unanimously.

12. FINANCE AND PERSONNEL COMMITTEE REPORT

Committee Chair Bill Harrison, Mayor, City of Fremont, reported on committee activities and requested Executive Board approval of committee recommendations, including the following: approval of minutes of January 21; presentation and review of financial report for January 2016; report on payment of membership dues for Fiscal Year 2015-2016; report on line of credit renewal with Bank of the West; closed session on Public Employee Performance Evaluation: Title: Legal Counsel; closed session on Public Employee Performance Evaluation: Title: Executive Director; Public Employee Compensation—Proposed Adjustments to Salary and/or Benefits of Executive Director; Public Employee Compensation—Proposed Adjustments to Salary and/or Benefits of Legal Counsel.

President Pierce recognized a motion by Harrison, which was seconded by Seifert, to approve the committee report.

Members discussed financial report, receivables, and membership dues.

There was no public comment.

The aye votes were: Campbell Washington, Chavez, Combs, Davis, Eklund, Garcia, Guillen, Gupta, Jones, Haggerty, Harrison, Hudson, Kim, Luce, Mitchoff, Nihart, Peralez, Pierce, Rabbitt, Seifert, Thorne.

The nay votes were: None.

Abstentions were: None.

Absent were: Andersen, Batchelor, Connolly, Cortese, Lee, Mar, Miley, Pine, Scharff, Slocum, Wheaton.

The motion passed unanimously.

13. ADJOURNMENT

President Pierce adjourned the meeting of the Executive Board at about 8:59 p.m.

The next meeting of the Executive Board will be on May 19, 2016.

Submitted:

/s/ Ezra Rapport, Secretary-Treasurer

Date Submitted: May 9, 2016

Approved: TBD

For information or to review audio recordings of ABAG Executive Board meetings, contact Fred Castro, Clerk of the Board, at (510) 464 7913 or FredC@abag.ca.gov.

ABAG

Date: May 5, 2016

To: ABAG Executive Board

From: Laura Thompson
Bay Trail Project Manager

Subject: **Adoption of resolution and authorization to submit grant application and enter into contract with the Metropolitan Transportation Commission (MTC) for Bridge Toll Funds to support the San Francisco Bay Trail Project**

Executive Summary

On June 22, 2011, MTC adopted revised programming and allocation policies for the Two Percent Bridge Toll Reserve Funds and Five Percent Unrestricted Sate Funds. These funds are allocated to projects which are designed to reduce vehicular traffic congestion – such as the San Francisco Bay Trail, a visionary plan for a shared-use bicycle and pedestrian path that will one day allow 500 miles of continuous travel around San Francisco Bay. Resolution No. 4015 establishes annual program management and capital support for ABAG's Bay Trail Project by identifying Bridge Toll funds for this purpose. Bridge Toll Funds provide a stable annual funding source for program management and capital support to complete the remaining 155 miles of planned Bay Trail.

A grant application to the Metropolitan Transportation Commission will be submitted with the attached resolution requesting $715,380 in Bridge Toll Funds.

Next Steps

Enter into an agreement with MTC for program and capital support of the San Francisco Bay Trail Project.

Recommended Action

The Executive Board is requested to adopt Resolution No. 04-16 authorizing ABAG to submit a grant application for Two Percent Bridge Toll Reserve Funds and Five Percent Unrestricted State Funds and enter into an agreement with the Metropolitan Transportation Commission.

Attachment

Resolution No. 04-16

ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD

RESOLUTION NO. 04-16

RESOLUTION AUTHORIZING THE ASSOCIATION OF BAY AREA GOVERNMENTS TO SUBMIT A GRANT APPLICATION TO THE METROPOLITAN TRANSPORTATION COMMISSION FOR FY 2016/2017 TWO PERCENT BRIDGE TOLL RESERVE FUNDS AND FIVE PERCENT UNRESTRICTED STATE FUNDS AND TO ENTER INTO CONTRACT FOR PROGRAM AND CAPITAL SUPPORT OF THE BAY TRAIL

WHEREAS, THE San Francisco Bay Trail, administered by ABAG, is a visionary plan for a shared-use bicycle and pedestrian path that will one day allow continuous travel around San Francisco Bay extending over 500 miles to link the shoreline of nine counties, passing through 47 cities and crossing seven toll bridges as a transportation alternative to motor vehicles; and

WHEREAS, pursuant to Streets and Highways Code Section 30913(b), MTC has allocated two-thirds of the Two Percent Bridge Toll Reserve Funds of the Regional Measure 1 (RM1) toll increase to projects which are designed to reduce vehicular traffic congestion and improve bridge operations on any bridge, including, but not limited to, bicycle facilities; and

WHEREAS, the Five Percent Unrestricted State Funds are to be programmed and allocated for ferry transit and bicycle-related planning and ABAG’s Bay Trail Project is identified as the sole priority for the Five Percent Unrestricted State Funds for bicycle planning; and

WHEREAS, ABAG’s Bay Trail Project has received annual allocations from the Five Percent Unrestricted State Funds since the early 1990s and is an eligible recipient of the Two Percent Bridge Toll Reserve Funds; and

WHEREAS, MTC sets forth in adopted Resolution No. 4015 annual funding allocations for ABAG’s Bay Trail Project from the Two Percent Bridge Toll Reserve Funds ($450,000) and the Five Percent Unrestricted State Funds ($265,380); and

WHEREAS, staff has identified a need for program and capital support for projects necessary to complete the remaining 150 miles of Bay Trail.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Board of the Association of Bay Area Governments approves the application for funding assistance and authorizes its Executive Director, or his/her designee, to execute and submit allocation requests to MTC for FY 2016/2017 Two Percent Bridge Toll Reserves Funds and Five Percent Unrestricted State Funds and to enter into all agreements necessary to secure these funds.

The foregoing was adopted by the Executive Board this 19th day of May, 2016.

____

Julie Pierce
President

Certification of Executive Board Approval

I, the undersigned, the appointed and qualified Secretary-Treasurer of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 19th day of May, 2016.

____

Ezra Rapport
Secretary-Treasurer

Approved as To Legal Form

____

Kenneth K. Moy
Legal Counsel

Date: May 5, 2016

To: ABAG Executive Board

From: Laura Thompson
Bay Trail Project Manager

Subject: **Adoption of Resolution No. 05-16 to accept a $62,500 "Explore the Coast" grant from the State Coastal Conservancy for the purpose of developing five Bay Trail mobile phone tours in San Francisco, San Mateo, Santa Clara, Solano, and Alameda Counties**

Executive Summary

The San Francisco Bay Trail Project applied for and has been conditionally awarded a $62,500 grant from the State Coastal Conservancy under its "Explore the Coast" grant program. The purpose of the Explore the Coast grants is to support activities that allow more people to explore California's spectacular coast and/or enhance a visitor's experience. Funding for the Explore the Coast Grants within the San Francisco Bay come from the California Environmental License Plate Fund, a non-bond related fund. No local match is required. The project is expected to take six months.

The purpose of the grant is to fund work with the technology company "Canogle" who will collaborate with Bay Trail Project staff and other media professionals to develop digital interpretive materials and audio tours for five selected Bay Trail locations around the region: 1) Crissy Field; 2) Bair Island; 3) Moffett Field; 4) Benicia State Recreation Area; and, 5) Hayward Regional Shoreline. Tools will include maps with a geo-locate function, history of the site, current points of interest, photos, and the potential for crowd-sourcing relevant site information. This grant is expanding upon the four successful Bay Trail audio tours funded by a 2013 Explore the Coast Grant. These existing tours have been downloaded over 1,500 times since their release starting in April 2014. A grant application to the Metropolitan Transportation Commission will be submitted with the attached resolution requesting $715,380 in Bridge Toll Funds.

Next Steps

Enter into contract with State Coastal Conservancy, develop above-referenced interpretive materials for roll-out in Fall, 2016.

Recommended Action

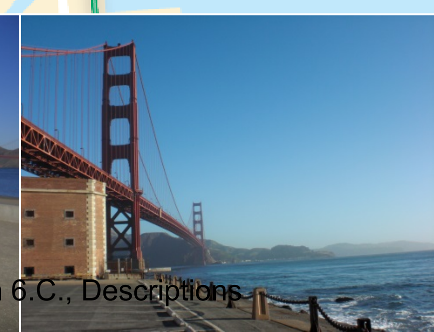
The Executive Board is requested to adopt Resolution No. 05-16 and to authorize accepting the State Coastal Conservancy Explore the Coast grant, to enter into a contract with the State Coastal Conservancy for said grant, and to execute any related agreements for the development of the mobile phone application.

Attachment

Resolution No. 05-16
Selected Bay Trail Descriptions

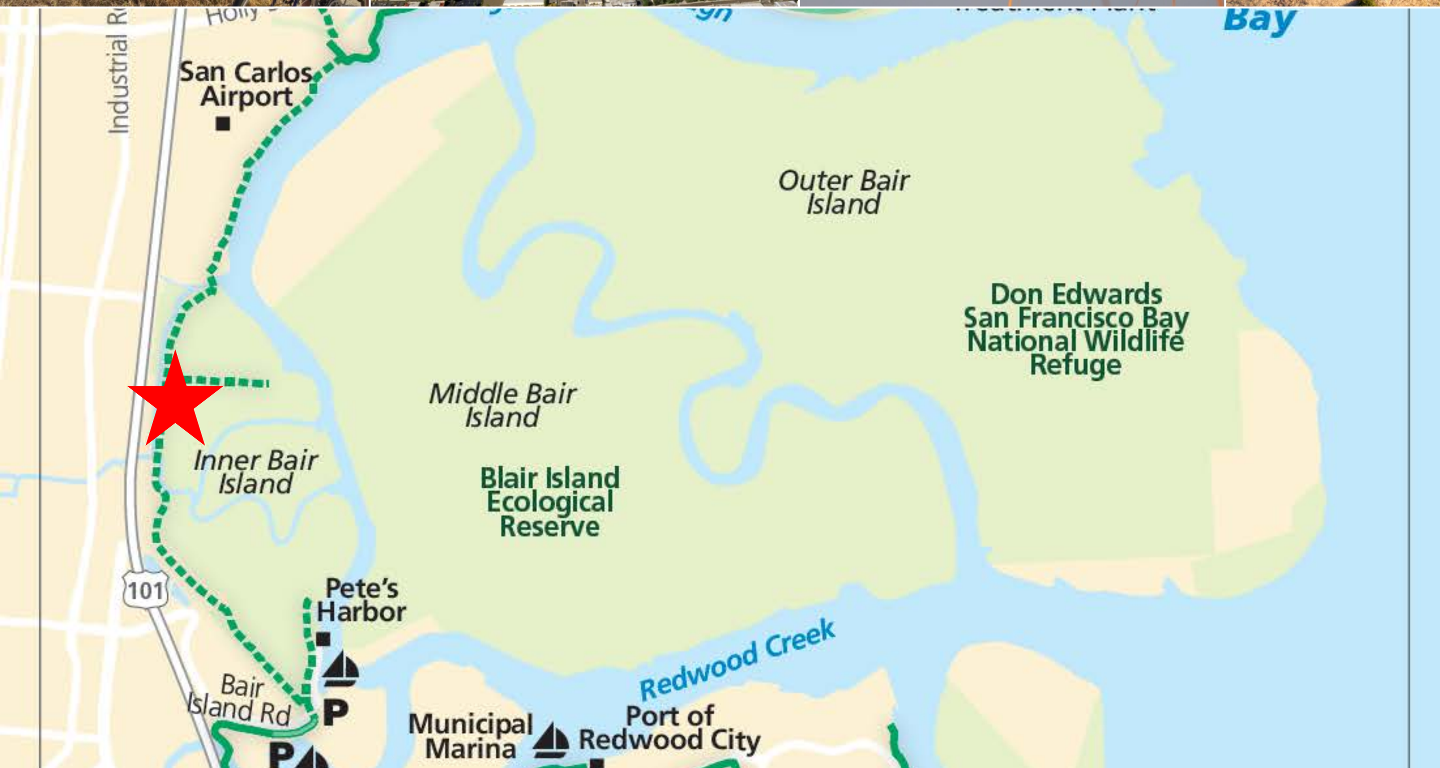
1. Crissy Field

Primary partner: Golden Gate National Recreation Area
Themes: History, restoration, military past, national park
Summary: Crissy Field was transformed starting in 2001 from a former military airfield into a stunning place to walk or bike on a flat, hard-packed promenade with iconic views of the Bay and Golden Gate Bridge. At this site steeped in military history, the Bay Trail/Canogle app will help users learn about Fort Point, the Golden Gate Bridge, restoration of the 20-acre tidal marsh, species common to the area, local shoreline access history, and how research and innovation at Crissy Field helped develop the air power critical to Allied victory in WWII. The trail sites are owned and managed by the National Park Service.









2. Bair Island

Primary Partner: U.S. Fish & Wildlife Service, Don Edwards San Francisco Bay National Wildlife Refuge

Themes: Restoration, grass roots conservation, dredge reuse

Summary: The largest undeveloped island in the San Francisco Bay, Bair Island has been restored into a rich mosaic of tidal wetlands and other habitats from its 19th century uses of farming, grazing, and salt production. The best way to view the approximately 3,000 acre restoration is along the Bay Trail. Natural history, wetland restoration, endangered species and a citizens referendum that stopped a proposed residential development are likely themes in the Bay Trail/Canogle app for this site. These sections of Bay Trail are part of the Don Edwards San Francisco Bay National Wildlife Refuge and the Bair Island Ecological Preserve.

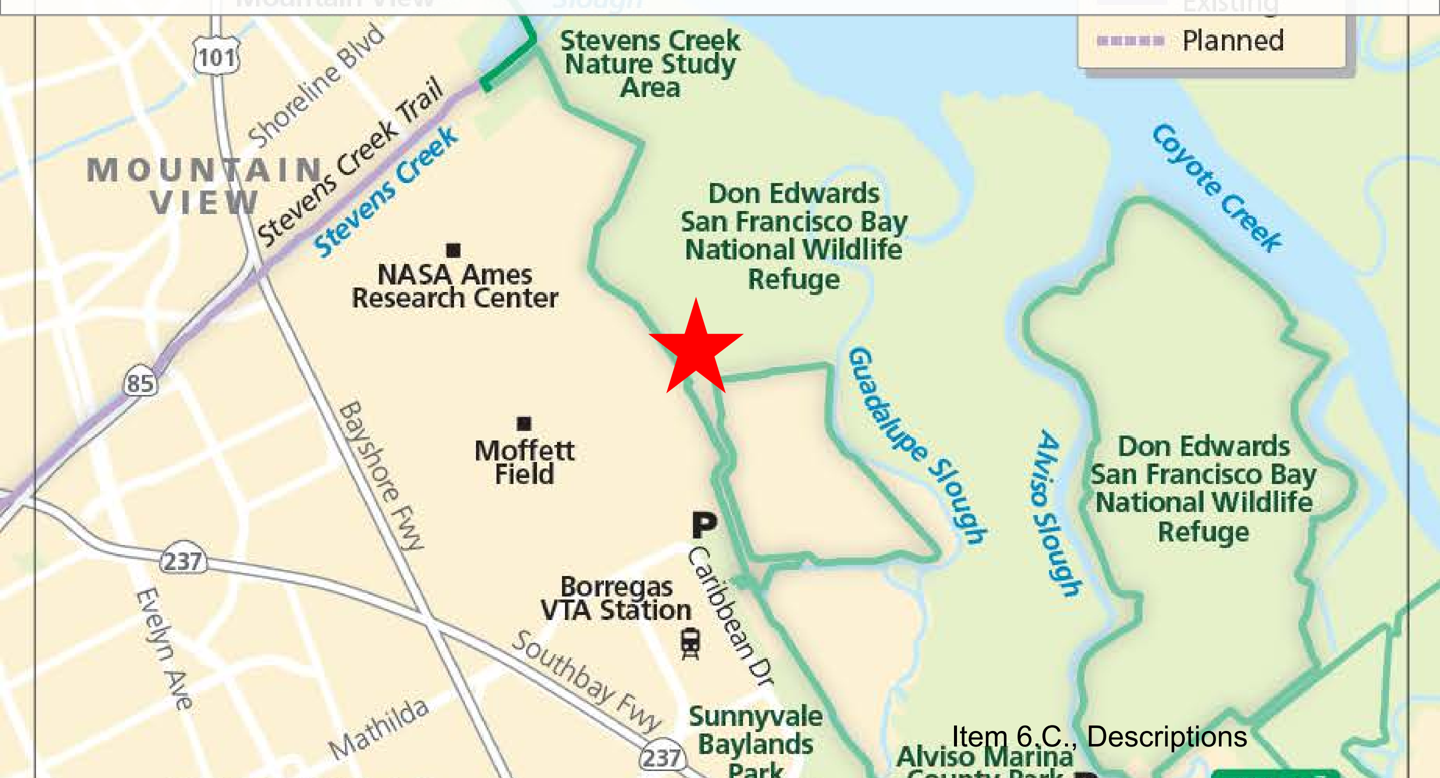



3. Moffett Field

Primary Partner: U.S. Fish & Wildlife Service, Don Edwards San Francisco Bay National Wildlife Refuge, NASA

Themes: Military history, current NASA, Air National Guard uses, restoration, new land uses

Summary: The South Bay Salt Pond Restoration Project is the largest tidal restoration project on the West Coast, transforming 15,100 acres of former industrial salt ponds to a rich mosaic of tidal wetlands and other habitats. The Bay Trail/Canogle tour for this site will likely focus on natural history, wetland restoration, endangered species, NASA/military history, and the development of Silicon Valley. The Bay Trail is part of the Don Edwards San Francisco Bay National Wildlife Refuge, the first urban national wildlife refuge established in the United States.

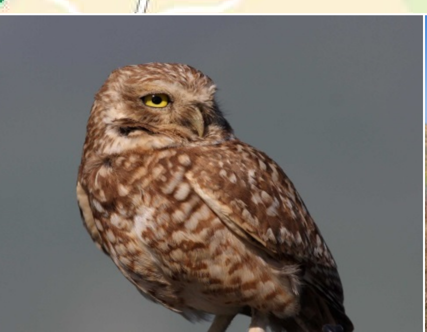
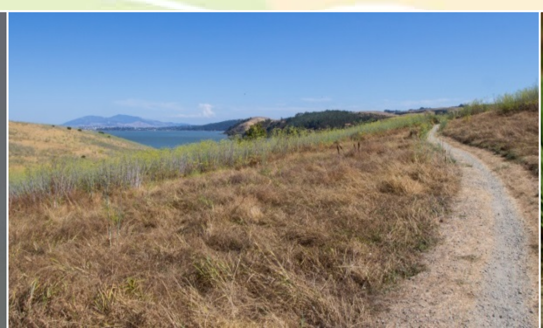


4. Benicia State Recreation Area

Primary partner: California State Parks

Themes: Native peoples, history of Carquinez Strait, biology, hydrology, tidal marsh

Summary: The Benicia State Recreation Area offers a compelling history of human habitation and resource use, with expansive views of tidal wetlands and the Carquinez Strait, viewed from a scenic Bay and Ridge Trail segment. Native American and natural history will figure prominently in the Bay Trail/Canogle app for this site, as will the tidal wetlands and hydrology of Carquinez Strait. The site is owned and managed by California State Parks.

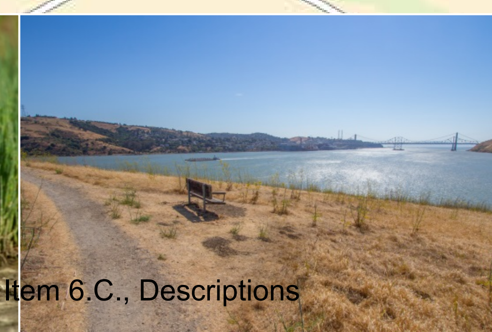
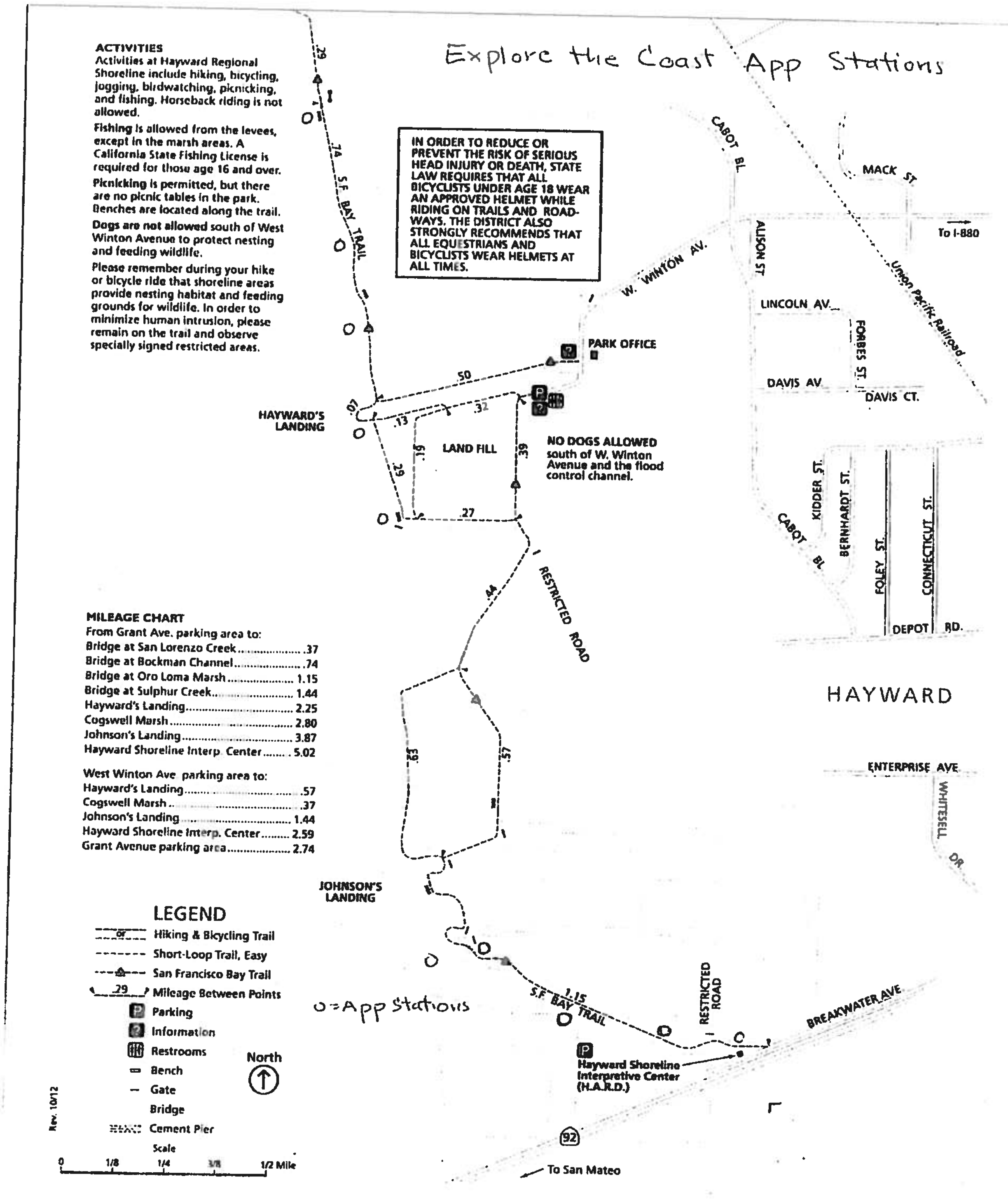


Exhibit A


Explore the Coast App Stations
ACTIVITIES
Activities at Hayward Regional Shoreline include hiking, bicycling, jogging, birdwatching, picnicking, and fishing. Horseback riding is not allowed.
Fishing is allowed from the levees, except in the marsh areas. A California State Fishing License is required for those age 16 and over.
Picnicking is permitted, but there are no picnic tables in the park. Benches are located along the trail.
Dogs are not allowed south of West Winton Avenue to protect nesting and feeding wildlife.
Please remember during your hike or bicycle ride that shoreline areas provide nesting habitat and feeding grounds for wildlife. In order to minimize human intrusion, please remain on the trail and observe specially signed restricted areas.
IN ORDER TO REDUCE OR PREVENT THE RISK OF SERIOUS HEAD INJURY OR DEATH, STATE LAW REQUIRES THAT ALL BICYCLISTS UNDER AGE 18 WEAR AN APPROVED HELMET WHILE RIDING ON TRAILS AND ROADWAYS. THE DISTRICT ALSO STRONGLY RECOMMENDS THAT ALL EQUESTRIANS AND BICYCLISTS WEAR HELMETS AT ALL TIMES.
S.F. BAY TRAIL
CABOT BL.
MACK ST
ALISON ST
To I-880
Union Pacific Railroad
W. WINTON AV.
LINCOLN AV.
FORBES ST.
PARK OFFICE
DAVIS AV.
DAVIS CT.
HAYWARD'S LANDING
LAND FILL
NO DOGS ALLOWED south of W. Winton Avenue and the flood control channel.
KIDDER ST.
BERNHARDT ST.
FOLEY ST.
CONNECTICUT ST.
DEPOT RD.
RESTRICTED ROAD
HAYWARD
MILEAGE CHART
From Grant Ave. parking area to:
Bridge at San Lorenzo Creek .37
Bridge at Bockman Channel .74
Bridge at Oro Loma Marsh 1.15
Bridge at Sulphur Creek 1.44
Hayward's Landing 2.25
Cogswell Marsh 2.80
Johnson's Landing 3.87
Hayward Shoreline Interp. Center 5.02
West Winton Ave parking area to:
Hayward's Landing .57
Cogswell Marsh .37
Johnson's Landing 1.44
Hayward Shoreline Interp. Center 2.59
Grant Avenue parking area 2.74
ENTERPRISE AVE
WHITESELL DR.
JOHNSON'S LANDING
LEGEND
Hiking & Bicycling Trail
Short-Loop Trail, Easy
San Francisco Bay Trail
Mileage Between Points
Parking
Information
Restrooms
Bench
Gate
Bridge
Cement Pier
North
Scale
0 1/8 1/4 3/8 1/2 Mile
Rev. 10/12
O = App Stations
BREAKWATER AVE
Hayward Shoreline Interpretive Center (H.A.R.D.)
92
To San Mateo

ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD

RESOLUTION NO. 05-16

RESOLUTION AUTHORIZING THE ASSOCIATION OF BAY AREA GOVERNMENTS TO ACCEPT A GRANT AND ENTER INTO CONTRACT WITH THE STATE COASTAL CONSERVANCY FOR A $62,500 "EXPLORE THE COAST" GRANT

WHEREAS, on March 24, 2016 the State Coastal Conservancy (Conservancy) authorized allocation of sixty-two thousand five hundred dollars ($62,500) from the "Explore the Coast" grant program for the San Francisco Bay Trail Project to develop and implement five Bay Trail mobile phone tours that will increase the public's awareness and use of the San Francisco Bay shoreline via the Bay Trail; and

WHEREAS, the grant funds will be used to undertake mobile phone tours along Bay Trail segments in San Francisco, San Mateo, Santa Clara, Solano and Alameda counties; and

WHEREAS, the Conservancy, established under Division 21 of the State Public Resources Code , is authorized to award grants to public agencies and nonprofit organizations for the development of coastal accessways, including the San Francisco Bay Trail; and

WHEREAS, the Association of Bay Area Governments (ABAG) provides the San Francisco Bay Trail Project with administrative, financial, legal and related support services in its efforts to implement the Bay Trail.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Board of the Association of Bay Area Governments authorizes the Executive Director, Ezra Rapport, or his designee, to execute and deliver the Explore the Coast contract with the State Coastal Conservancy under its terms and conditions and to take all other actions reasonably necessary for such execution and delivery.

The foregoing was adopted by the Executive Board this 19th day of May, 2016.

____
Julie Pierce
President

Certification of Executive Board Approval

I, the undersigned, the appointed and qualified Secretary-Treasurer of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 19th day of May, 2016.

____
Ezra Rapport
Secretary-Treasurer

Approved as To Legal Form

____
Kenneth K. Moy
Legal Counsel

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

BAY AREA Regional Energy Network

DT: May 9, 2016

TO: ABAG Executive Board

FM: Gerald Lahr, Energy Programs Manager
Jennifer Berg, BayREN Program Manager

RE: Acceptance of the U.S. Department of Energy Grant Funding Opportunity for the BayREN Integrated Commercial Retrofits (BRICR) Project

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Action: Approve the acceptance of funding from the U.S. Department of Energy (DOE) for the implementation of a program to improve the energy efficiency in small and medium commercial buildings, and authorize the ABAG Executive Director to enter negotiations and execute the necessary agreements for acceptance of the approved funding and implementation of the program.

Background.

In January 2016, ABAG, on behalf of several local agencies, submitted an application to the US DOE in response to Funding Opportunity Announcement #DE-FOA-0001385: Solutions to Improve the Energy Efficiency of U.S. Small and Medium Commercial Buildings. The project is titled: BayREN: Integrated Commercial Retrofits (BRICR), and is designed to modify and enhance existing tools to perform large-scale building energy modeling analysis on small and medium commercial buildings throughout the nine county Bay Area to reduce the cost of energy efficiency targeting, design and project development. (See attached project summary.)

The anticipated grant funding to be awarded from DOE is $1,998,226. The project also includes $2,652,000 in match funding.

ABAG is the lead administrator for the project which also includes the following collaborating agencies:

- Bay Area Regional Energy Network (BayREN)
- San Francisco Department of Environment
- Lawrence Berkeley National Laboratory
- National Renewable Energy Laboratory
- Open Energy Efficiency
- Business Council on Climate Change
- City of Oakland

- City of Berkeley
- Joule Assets
- Renew Finance
- Emerald Cities
- Counties of: Marin, Sonoma, Solano, Napa, Contra Costa, Alameda, Santa Clara, San Mateo
- Various Local Government "Energy Watch" Partnerships

Recommendation. The Executive Board is requested to approve the acceptance of the grant funding from Department of Energy for the BayREN: Integrated Commercial Retrofits (BRICR) project and to authorize the ABAG Executive Director to enter negotiations and execute the necessary agreements for acceptance of the approved funding and implementation of the program.

cc: Ezra Rapport, Executive Director
Brad Paul, Deputy Executive Director

BayREN: Integrated Commercial Retrofits (BRICR)
Summary

The goal of the BayREN Integrated Commercial Retrofits (BRICR) is to modify and enhance existing open source tools to perform large-scale building energy modeling analysis on small and medium commercial buildings throughout nine San Francisco Bay Area counties to reduce the cost of energy efficiency targeting, design, and project development. Small and medium buildings is a sector that is hard to reach and expensive to serve. BRICR will help serve this market more efficiently by incorporating the results into existing energy efficiency programs, directing building owners along two paths for comprehensive efficiency improvements: (1) deep energy retrofits, and (2) serial upgrades integrated into capital improvement cycles.

Project objectives include:

1. Creating an on-line open source data base and platform for building analysis using readily available data that provides deep retrofit packages.
2. Creating a user interface that provides comprehensive and compelling reports of the energy savings potential, financing options, and an investment plan for deep energy retrofits.
3. Creating an on-line training for program implementers and contractors.
4. Ensuring that 100 buildings or businesses have either completed deep energy retrofits or will have initiated the first phase of a multi-year retrofit program.
5. Provide three case studies of deep retrofits of buildings.
6. Disseminate the model to scale the approach nationally.

BRICR will draw from the Lawrence Berkeley National Lab's Commercial Building Energy Saver tool and National Renewable Energy Lab's (NREL) 'Insight' large scale simulation platform. These tools will be brought together to create a single an on-line database and modeling tool for performing high level modeling on commercial buildings. The database and modeling tool will allow program implementers to upload site specific data to improve the quality of the modeled output.

The project will be led by the Association of Bay Area Governments which works with local governments and stakeholders to develop and implement innovative solutions. It develops and delivers efficiency services through a combination of 10 Local Government Utility Partnerships and Community Choice Aggregators (CCA), with continuous experience dating to the 2001 energy crisis. The principle Investigator for the project is the San Francisco Department of the Environment. In addition to LBNL and NREL, technical support will be provided by Prospect Silicon Valley and Open Energy Efficiency. The project team includes the Bay Area Regional Energy Network, Business Council on Climate Change, Cities of Berkeley and Oakland. The project will work with existing energy efficiency programs including three Energy Watch programs—East Bay, San Francisco and San Mateo. It will be advised by Joule Assets, Emerald Cities and Renew Financial.

Existing energy efficiency programs generally only provide measure-based improvements. This project will help them benefit from the identification of opportunities in buildings and be given a tool that will help to sell projects at lower cost. Utility and private financing programs, will reduce risk and cost for capital providers and customers.

ABAG

AGENDA

LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE

Thursday, May 19 2016

3:30 p.m. – 5:00 p.m.

Association of Bay Area Governments, 101 8th Street, Conference Room B, Oakland, CA

Committee Members
Chair: Supervisor Scott Haggerty, Alameda County
Vice Chair: Councilmember Desley Brooks, City of Oakland
Supervisor Dave Cortese, County of Santa Clara
Mayor Bill Harrison, City of Fremont
Supervisor Mark Luce, County of Napa, ABAG Immediate Past President
Supervisor Karen Mitchoff, County of Contra Costa
Councilmember Julie Pierce, ABAG President, City of Clayton
Mayor Harry Price, City of Fairfield
Supervisor David Rabbitt, ABAG Vice President, County of Sonoma
Supervisor Linda Seifert, County of Solano

Staff: *Brad Paul, Deputy Executive Director*
Halimah Anderson, Communications Officer

1. CALL TO ORDER

2. OPEN AGENDA-PUBLIC COMMENT

3. APPROVAL OF MINUTES FROM MARCH 17, 2016 MEETING — Action

4. EZRA RAPPORT, ABAG EXECUTIVE DIRECTOR
   Update on ABAG Water Efficiency Legislation SB 1233 — Information

5. HALIMAH ANDERSON – NEW LEGISLATION PROPOSED FOR 2016 LEGISLATIVE SESSION

   For review and analysis, the following legislation will be discussed and positions recommended:

- **AB 2200** (Tony Thurmond D) School Employee Housing Assistance Grant.
- **AB 2208** (Miguel Santiago D) Local planning: housing element: inventory of land for residential development.
- **AB 2356** (Jimmy Gomez D) Planning and Zoning: housing element: extremely low income housing.
- **AB 2406** (Tony Thurmond D) Housing: Junior Accessory Dwelling Units.
- **AB 2441** (Tony Thurmond D) Housing: Workforce Housing in High-Cost Areas Pilot.
- **AB 2734** (Toni Atkins D) Local Control Affordable Housing Act.
- **AB 2817** (David Chiu D) Income Taxes: Credits: Low-Income Housing: Allocation Increase.
- **AB 2842** (Tony Thurmond D) Workforce Housing Tax Credit Pilot: Property Taxes: Income Taxes: Insurance Taxes: Credits: Low-income: Sale of Credit.
- **SB 873** (Jim Beall D) Income Taxes: Insurance Taxes: Credits: Low-income Housing: Sale of Credit.
- **SB 1030** (McGuire D) Sonoma County Regional Climate Protection Authority.
- **SB X1 1** (Jim Beall D) Transportation Financing for Road Maintenance

6. ADJOURNMENT

The next L&GO Committee Meeting will be held on **July 21, 2016**.

The ABAG L&GO Committee may act on any item on this agenda.
Agenda and attachments available at ABAG/Front Desk, 101 8th Street, Oakland, CA or at www.abag.ca.gov/meetings.

For information, contact Halimah Anderson, at (510) 464-7986

ASSOCIATION OF BAY AREA GOVERNMENTS
LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE

Thursday, March 17, 2016
Summary Minutes

Committee Members Present:
Chair, Supervisor Scott Haggerty, Alameda County
Vice Chair, Councilmember Desley Brooks, City of Oakland
Supervisor Mark Luce, ABAG Immediate Past President, Napa County
Councilmember Julie Pierce, ABAG President, City of Clayton
Supervisor David Rabbitt, ABAG Vice President, Sonoma County
Supervisor Linda Seifert, Solano County
Supervisor Karen Mitchoff, Contra Costa County

ABAG Staff:
Ezra Rapport, Executive Director
Brad Paul, Deputy Executive Director
Halimah Anderson – Communications Officer
Jerry Lahr, Energy Programs Manager

Public:
Ken Bukowski/Filming

1. **Call To Order**

2. **Approval of Minutes**
   The January 21, 2016 minutes were approved as written. (6-0)

3. **Jerry Lahr, ABAG Energy Programs Manager**
   Jerry Lahr presented an update on **SB 1233** (McGuire) **Water Bill Savings Act**. The bill is co-authored by Wolk, Levine and Woods. SB 1233 would provide local governments with necessary tools to fund water savings projects for customers who voluntarily participate. It would help the state achieve the goal of reducing water use. Jerry noted that the bill is supported by ABAG, the Bay Area Energy Network, the Town of Windsor, the Sonoma County Regional Climate Protection Authority, and others. Support is being sought from the City of Hayward (a pilot project), the East Bay Municipal Utility District, and others. There is no opposition to the bill.

4. **2016 Legislation**
   Halimah Anderson, ABAG Communications Officer, presented an overview on new legislation. Staff will closely monitor 2016 legislation and update the Committee in May. Brad Paul noted that **AB 2406** (Thurmond) **Housing: Junior Accessory Dwelling Units** should be reviewed further by the Committee and a support position may be considered.

Other bills warranting further review include **AB 2734** (Toni Atkins) **Local Control Affordable Housing Act** and **AB 2817** (David Chiu) **Income Taxes Credits: Low-income Housing Allocation**.

5. **2016 Legislative Reception Recap**
   Eighteen local elected officials and 10 state legislators attended the Legislative Workshop on February 10, 2016. Ezra noted that top leadership attended the workshop and good questions were asked.

   Councilmember Pierce noted that it would be a good idea to have the workshop only and eliminate the reception. The refreshments could be moved to the workshop. This would save money and allow attendees to get home sooner.

   It was also noted that the Bay Area delegation would like to meet in the Bay Area. Ezra said that it would be good to present the new Housing Report to the Bay Area delegation.

6. **ADJOURNMENT**
   The next L&GO Committee Meeting will be held on **May 19, 2016**.

Assemblymember Tony Thurmond, 15th Assembly District

AB 2200 – School Employee Housing Assistance Grant

IN BRIEF

AB 2200 seeks to close the achievement gap by allowing school employees, including teachers, to remain in the cities where they work. Specifically, the bill creates a $100 million program which will provide financial assistance to school districts that cannot independently fund housing for school employees. The program also allocates 5% of its funds towards predevelopment costs.

BACKGROUND

Housing costs in many parts of California are rising. This year alone, the average rental price in Oakland has risen 13.7 percent to $2,806 per month. This dynamic has begun to displace individuals who despite their contribution to the community, cannot live within it. One such essential member are school teachers.

Districts throughout California still struggle recruiting and retaining teachers. After sharp declines in open teacher positions, and increases in student enrollment, recent funding increases have still left many districts scrambling to find and retain qualified teachers. According to Learning Policy Institute, non-retirement attrition accounts for two-thirds of teachers who leave.

This dynamic of teacher retention has been exacerbated by high housing costs. Teachers and school employees, like other civil servants, are paid based on available state funding and not on market pressures. In high housing cost areas, the issue of teacher retention rests largely on the insufficiency of salaries' capacity to cover housing costs. In the City of Richmond, exit interviews have pointed to housing as the number one reason for teachers leaving their post.

In effect, high housing costs have come to affect the classroom as the turnover of teachers feeds into the increasing achievement gap. According to the Center for Education Policy Analysis at Stanford University, teacher turnover has a significant and negative impact on the achievement of students in schools with large populations of low-performing and minority students. These schools, like most schools in California, have seen a rise in the number of temporary permits, waivers, and intern credentials issued by the California Commission on Teacher Credentialing. This means that more students are being taught by individuals who have not completed, or in some instances begun, teacher credentialing.

School districts in California have begun to increase teacher retention by providing housing to teachers. School districts in Los Angeles and Santa Clara, with San Francisco considering such a plan, have teachers in district-sponsored housing. However, for financially-strapped districts in high-cost areas, such a proven solution is not an option.

SOLUTION

Provide financial assistance to school districts seeking to develop housing for school employees who (1) have acquired land for development (2) can show show high recruitment costs and low retention rates (3) have 60% of students participating in the Free and Reduced Lunch Program. Predevelopment assistance, excluding costs for land acquisition, are provided to school districts which meet the qualifications for development assistance and can show an inability to fund start-up costs.

SUPPORT

City of Oakland (Sponsor)
AFL-CIO Housing Investment Trust
California Catholic Conference
California Teachers Association
City of Walnut Creek
Oakland Unified School District
State Building and Construction Trades Council of California, AFL-CIO
West Contra Costa Unified School District

FOR MORE INFORMATION

Rodolfo E. Rivera Aquino, Office of Asm. Tony Thurmond
916 319 2015 | rodolfo.riveraaquino@asm.ca.gov

AB 2208 (Santiago)
Affordable Housing: Underutilized Spaces

Bill Summary

AB 2208 requires local governments to include underutilized land, and available air rights when surveying property that may be applicable for use in affordable housing as a part of their Housing Element.

Existing Law

Government Code Section 65580 establishes California's Housing Element Law to ensure that counties and cities recognize their responsibilities in contributing to the attainment of the California's housing goals and to ensure that local governments will prepare and implement housing programs that will specifically move toward the attainment of those goals.

Per Government Code Section 65583.2(a), local governments must conduct a survey of various types of properties for inclusion in their Housing Element, including:
- Vacant sites;
- Residential sites that are capable of being developed at a higher density; and
- Sites zoned for nonresidential use that can be rezoned for, residential use.

Background

California's housing costs have far outpaced those of other states in the last half century. As of 2015:

- The typical California home costs $440,000 – two and half times the national average; and
- The average monthly rent in California is $1,240 – about 50% higher than in other states.

A March 2015 report by the non-partisan Legislative Analyst's Office noted that "one analysis of land sales between 2005 and 2010 found that land prices in California's metros ranged from twice as expensive as the average U.S. metro (Oakland and San Diego) to more than four times as expensive (San Francisco)."

It is possible to offset the effects of high land costs through more dense development.

In a sense, an area that acquires potential for air rights development and/or converts existing space that is not utilized or is underutilized increases the supply of buildable land.

Maximizing all spaces, including underutilized land and air rights is a win-win for the entities involved for a number of reasons:

a) Land and/or air rights used for public purposes are not permanently lost to the tax rolls; and
b) Use of these spaces offers developers the opportunity to obtain a prime site, often in or near central business districts, where reasonably priced conventional sites may no longer be available.
c) Air space is often sufficiently less expensive than similarly located vacant land to more than offset the additional construction costs.

Need for AB 2208

AB 2208 requires that these components be considered by local governments when updating their Housing Element as viable space for affordable housing projects.

History

02/18/16 – Introduced in the Assembly

Support

California Apartment Association
League of California Cities

For More Information

Jackie Koenig
Assemblymember Miguel Santiago
916.319.2053 | Jackie.Koenig@asm.ca.gov

Assemblymember Tony Thurmond, 15th Assembly District

AB 2406 – Junior Accessory Dwelling Units (JADU)

IN BRIEF

A multitude of solutions are needed to address California's critical need for more housing. Assembly Bill (AB) 2406 will create a simple and inexpensive permitting process for a flexible type of second unit created by repurposing spare bedrooms in existing homes. Junior Accessory Dwelling Units (JADUs), or Junior Second Units, will create new, less costly rental housing, while at the same time making owning a home in the state more affordable.

BACKGROUND

We have a critical shortage of housing in California. New housing options are needed to meet the diverse economic needs of people throughout the state. Single-family homes make up the vast majority of our housing inventory. Yet over half of those homes are occupied by only one couple or less, leaving the majority of bedrooms in an average three bedroom home empty or underutilized.

Over the last fifty years home sizes have increased by over 30%, while at the same time the average household size has decreased to 2.3. Today the traditional family (mother, father and one or more children under 18 years of age) makes up only 33% of the population. The majority of the population in California is made up of smaller households including: single-parent families, couples without children, empty nesters, retirees, young professionals and individuals of all ages.

Seniors and young working individuals are the two fastest growing populations in California. These two constituency groups have the lowest incomes. Each one faces increasing challenges finding and retaining housing that can and meets their needs. The senior population is expected to more than double over the next 20 years. 89% of seniors, according to AARP, wish to remain in their homes and age in place.

With rising prices, the workforce that comprises our communities relies heavily on rental housing to live near where they work. Yet this workforce finds it increasingly difficult to find housing. The high demand of housing, driven by a strong economy and exacerbated by a limited supply of housing, has given to rise to the need for housing supply.

The median home price in California is $457K. In areas around economic centers, such as the Bay Area, the median home price has soared to $791K, making homeownership out of reach for the vast majority of families. Because of this, and given the silver tsunami we are facing as masses of baby boomers move into retirement, many are turning to their home as a resource to create additional income to meet their rising costs.

Workers commuting to their jobs are a major contributing factor playing into this equation. Climate change is attributed to high levels of carbon dioxide in the atmosphere. To mitigate the effects of climate change California has instituted challenging goals to reduce our CO2 emissions. However, pushing individuals out of their homes due to rising costs premised on lack of housing supply has subverted the environmental goals of California. It is critically important to house vital workers in the communities where they serve.

SOLUTION

AB 2406 will create an abundant source of rental housing, while at the same time making owning a home in California more affordable. It better utilizes the built environment by more efficiently using underutilized space in existing homes. These units will help homeowners remain in their homes and age in place by housing loved ones, caregivers and people who work in the community. This will help reduce carbon emissions from the thousands of workers who must commute long distances to get to their jobs. They will also help more people qualify to purchase homes given the additional income these units generate.

SUPPORT

Lilypad Homes (sponsor)

FOR MORE INFORMATION

Rodolfo E. Rivera Aquino, Office of Asm. Tony Thurmond
916 319 2015 | rodolfo.riveraaquino@asm.ca.gov

Assemblymember Tony Thurmond, 15th Assembly District

AB 2441 – Workforce Housing in High-Cost Areas Pilot Program

IN BRIEF

AB 2441 will create a new state investment in cities for the development of housing in high-cost areas. The bill will create a pilot program that will provide funds to cities in high-cost areas, to be used for either downpayment assistance of a home or the development, substantial rehabilitation and preservation of multifamily housing.

BACKGROUND

Housing costs are rising throughout the United States, but it is specially so in California where, according to a the Public Policy Institute of California, five of the ten most expensive large metropolitan housing markets in the nation are located. Housing costs in these high-cost metropolitan regions have reached pitched levels of unaffordability.

A divergence between median rents and median income has led to greater housing unaffordability in such high-cost areas. To illustrate, this year alone the average rental price in Oakland has risen 13.7 percent to $2,806 per month. Such a high rent has come to put pressure on individuals who historically fall outside of state-subsidy. All state funds that subsidize the development of multi-family housing is capped at 60% AMI. In high-cost metropolitan areas, the free market does not naturally provide housing for many above that income designation—highlighting a need.

For many seeking homeownership, the inadequate qualifications of these programs in high-cost areas has contributed to the lack of homeownership opportunities. Many state programs for homeownership are capped at 80% AMI, while those which extend to 120% AMI have limitations that make them inadequate in high-cost areas. Limitations such on home sale prices, second-time homebuyers, qualifying homes—land trust/coops homes do not qualify.

The Greenlining Institute and the Urban Strategies Council illucidates on this dynamic in their 2016 report, "Locked Out of the Market: Poor Access to Home Loans for Californians of Color." They find that in Oakland, individuals at 100-120% AMI submitted a lower number of home loan applications than borrowers making 30-50% and 50-80% AMI.

Similarly in Long Beach, individuals making between 80-100% AMI had a lower origination rate than residents in the 30-50% and 50%-80% AMI range.

In sum, existing programs are not flexible to provide housing that meets the needs of a diverse and complex housing crisis. The result of programs with such gaps in coverage has been the displacement of workers from their communities. The displacement of workers is not only a detriment to communities themselves, but also to California as a whole as economically diverse communities are undermined. As residents are displaced away from their jobs, commutes will increase as well as traffic in California's highways effectively undermining California's goals to reduce carbon emissions. Notwithstanding the strain of long commutes on family life, the importance of neighborhood and environment in preparing children from working families for success and social mobility cannot be understated. And for those who brave such steep rental housing costs, have their capacity to save income and move towards homeownership undercut.

SOLUTION

Provide direct-assistance to cities in high cost areas for the creation of affordable housing. Eligible activities include downpayment assistance and the predevelopment costs, acquisition, construction, rehabilitation of rental housing projects or units within rental housing projects. The affordability of all rental units assisted is restricted for a period of 55 years.

SUPPORT

FOR MORE INFORMATION

Rodolfo E. Rivera Aquino, Office of Asm. Tony Thurmond
(916)319-2015 | rodolfo.riveraaquino@asm.ca.gov

AB 2734 – Local Control Affordable Housing Act

IN BRIEF

This bill establishes the Local Control Affordable Housing Act which begins to restore the affordable housing funding lost after the elimination of redevelopment agencies in order to accelerate the production of affordable housing in communities throughout our state. Specifically, the bill identifies the state savings accumulated from the elimination of redevelopment and redirects a portion of those savings back to local governments to increase the supply of affordable housing.

THE ISSUE

California has a housing affordability crisis.

- According to the Public Policy Institute of California (PPIC), as of January 2016, 31.5% of mortgaged homeowners and 47.4% of renters spend more than 35 percent of their total household income on housing.
- California has the second lowest homeownership rate in the nation, losing nearly 250,000 owner households in the past decade. In California, there has also been an increase of 850,000 new renter households in the last decade.
- California has six of the nation's eleven most expensive large metropolitan rental markets: San Francisco, San Jose, Orange County, Oakland, Los Angeles, and San Diego.
- California has 12% of the United States population but 20% of its homeless population. The state also has the largest number of unaccompanied homeless children and youth (30% of the national total).
- For the first time in 2015, Standard and Poors Ratings Services cited California's "Persistently high cost of housing" as contributing to a relatively weaker business climate and a credit weakness in the rating of California General Obligation bonds.
- California's affordable housing funding has declined 66.5% since 2008, a loss of over $1.7 billion per year. More than $1 billion of this total comes from the loss of redevelopment funds that were directed to affordable housing purposes.

BACKGROUND

Increasing the construction and availability of affordable housing is good for our economy, the state budget, job creation, and families:

- Affordable housing saves money -- on average, a single homeless Californian incurs $2,897 per month in county costs for emergency room visits and in-patient hospital stays as well as the costs of arrests and incarceration. Roughly 79% of these costs are cut when that person has an affordable home.
- Development creates jobs -- an estimated 29,000 jobs are created for every $500 million spent on affordable housing.
- Affordable housing alleviates poverty -- California households with the lowest 25% of incomes spend 67% of their income on housing, leaving little left over for other essential needs.

THE SOLUTION

The Local Control Affordable Housing Act directs the Department of Finance to calculate the state savings resulting from the elimination of redevelopment agencies and requires that 50% of those savings be redirected to address affordable housing needs. This approach begins to restore affordable housing funding lost when redevelopment agencies were eliminated. Half of these funds would be provided directly to local governments, and half would fund successful state affordable housing production programs.

With the growth in our economy, the state has begun to restore other cuts in the budget but has not restored an ongoing source of funding for local housing needs. AB 2734 is an effort to help local governments accelerate the production of affordable housing.

FOR MORE INFORMATION

Zack Olmstead, Office of Speaker Emeritus Toni G. Atkins
916 319 2078 | zachary.olmstead@asm.ca.gov

ASSEMBLY BILL 2817

LOW INCOME HOUSING TAX CREDIT

ASSEMBLYMEMBER DAVID CHIU

SUMMARY

Assembly Bill 2817 (Chiu) would increase California's Low Income Housing Tax Credit by $300 million for the construction and rehabilitation of affordable housing units across the state. It will achieve this not only by increasing the amount of California credit, but also by increasing the state credit percentage so that it can more effectively maximize federal tax-exempt bond financing and 4% credits. This state investment and policy change would leverage an estimated $200 million in federal 4% tax credits and $400 million federal tax-exempt bond authority.

THE ISSUE

California is undergoing a major housing affordability crisis with a shortfall of over 1 million affordable homes. According to a 2014 report by the California Housing Partnership Corporation, median rents in California have increased by over 20%, while the median income has dropped by 8%.

State and Federal divestment in affordable housing has exacerbated this problem. With the elimination of California's redevelopment agencies and the exhaustion of state housing bonds, California has reduced its funding for the development and preservation of affordable homes by 79% - from approximately $1.7 billion a year to nearly nothing. There is currently no permanent source of funding to compensate for this loss.

The housing crisis has contributed to a growing homeless population, increased pressure on local social safety nets, an unstable development and construction marketplace and the departure of tens of thousands of long-time California residents.

BACKGROUND

The Low Income Housing Tax Credit Program was enacted by Congress in 1986 to provide the private market with an incentive to invest in more affordable housing through federal tax credits. The California Tax Credit Allocation Committee was directed to award these credits to developers of qualified projects in the state. Developers sell these credits to investors to raise capital for their projects, reducing the debt that the developer would otherwise have to borrow. As a result, property owners are able to offer lower, more affordable pricing. In response to the high cost of developing housing in California, the state legislature in 1987 authorized a state low-income housing tax credit program to leverage the federal credit program. Existing law limits the total amount of low-income housing tax credits the state may allocate to $70 million per year, indexed for inflation. But due to increased demand for housing development, much of the tax credit program has been oversubscribed – leaving many high quality developments without a secure source of funding.

However, there is an untapped federal low-income housing tax credit that the state can still access—the 4% Federal Tax Credit. These 4% federal credits are unlimited and remain unused by the state. This is largely due to the fact that the 4% credits require additional state resources to make the development viable – resources that have been lacking under existing law.

AB 2817 would double the existing low-income housing tax credit program, making the state better able to leverage millions of dollars more in 4% Federal Tax Credits and federal tax exempt bond authority.

AB 2817

AB 2817 will:

1. Increase the aggregate housing state credit dollar amount that may be allocated among low-income housing developments by $300 million, indexed for inflation;
2. Will increase the state credit percentage a developer may use to fund their project from 13% to 50% to help leverage an additional $200 million in federal dollars; and
3. Increase the acquisition credits available for housing developments with low appraised values that serve very low-income, special needs or rural residents for the rehabilitation and preservation of such projects.
4. Increase the set-a-side for farmworker housing projects from $500,000 to $25 million

SUPPORT

California Housing Consortium (co-sponsor)

For more information, contact: Lisa Engel, Chief Consultant, Office of Assemblymember David Chiu
Lisa.Engel@asm.ca.gov | (916)319-2085 | Updated March 24, 2016

Item 7

California Housing Partnership (co-sponsor)
Housing California (co-sponsor)
Non-profit Housing Association of Northern California (NHP), (co-sponsor)
California Building Industry Association (CBIA)
California Chamber of Commerce
California Credit Union League
California State Association of Counties (CSAC)
California Rural Legal Assistance Foundation
Disability Rights California
League of California Cities
Santa Clara County Board of Supervisors
The Arc California
United Cerebral Palsy California Collaboration
Western Center on Law and Poverty

OPPOSITION

None on File

AB 2842 – Workforce Housing Tax Credit Pilot

IN BRIEF

AB 2842 will create a new state investment in high-cost areas for the workforce which does not qualify for subsidized housing. This bill would create a new tax credit to incentivize the development of rent-restricted units above 60% of the Area Median Income in the 12 counties with the highest Fair Market Rents—as published by the Housing and Urban Development Agency. This will foster mixed-income communities as well as prevent the displacement of vital workforce-members and allow them to continue contributing to the communities where they work.

BACKGROUND

A divergence between median rents and median income has led to greater housing unaffordability in high-cost areas. Housing costs are rising throughout the United States, but it is specially so in California where, according to a the Public Policy Institute of California, five of the ten most expensive large metropolitan rental markets in the nation are located. To illustrate, this year alone the average rental price in Oakland has risen 13.7 percent to $2,806 per month. Such a high rent has come to create put pressure on individuals who historically fall outside of state-subsidy.

However, all state funds that subsidize the development of multi-family housing is effectively capped at 60% of the Area Median Income (AMI). The only existing multifamily program capped at 80% AMI, the Multifamily Housing Program, is an overly-subscribed competitive program where advantage is given for lower-income developments—the implication of which is that no development above 60% AMI is funded. The consequence of this lack of gap-financing is that there are no rent-restricted units developed above 60% AMI which for the most part is justifiably below what the market provides. However, in high-cost metropolitan areas, the free market does not naturally provide housing for many above that income designation.

The consequence of this lack of investment has been the displacement of vital workers. Many workers whom, despite their contribution to the community, cannot live within it—such as healthcare workers, education professionals, firefighters, and others.

The displacement of workers is not only a detriment to communities themselves, but also to California as a whole. Their displacement, as with low-income individuals, has the effect of undermining economically diverse communities. As residents are displaced away from their jobs, commutes will increase as well as traffic in California's highways effectively undermining California's goals to reduce carbon emissions. Notwithstanding the strain of long commutes on family life, the importance of neighborhood and environment in preparing children from working families for success and social mobility cannot be understated. And for those who brave such steep rental housing costs, have their capacity to save income and move towards homeownership undercut.

Extending a housing tax credit above 60% AMI is currently implemented in the State of New York. Their Low-Income Housing Tax Credit extends to 90% AMI, based on the idea that mixed-income developments are most favorable. This credit would further the goal of solving the need for gap-financing for high AMIs in areas where the market does not naturally provide such housing. Without such an incentive, these high-cost areas will see the displacement of workers and long-time members of the community.

SOLUTION

AB 2842 will create a new state investment in high-cost areas for the workforce which does not qualify for subsidized housing. This bill would create a pilot program that will provide a tax credit to incentivize the development of rent-restricted units above 60% of the Area Median Income in the 12 counties with the highest Fair Market Rents. Developments must:

- Show that, upon time of allocation of the credit, rents for the units that have been provided a credit for are at least 20% below market rate.
- Require at least 20% of the units for households at 60-80% AMI.
- Must not receive a federal tax credit for units above 60% AMI.
- Agree that units funded by this credit must remain affordable for 55 years.

In order to maximize the state investment, the credit is certified. Further, in order to incentivize developments up to 80% AMI, the credit amends the welfare exemption to allow, for units that receive this credit, it to be appliued on a per-unit basis rather than on the basis of an occupant's income, provided those units receive this credit and that the tenant was below 80% AMI when they entered the unit.

SUPPORT

California Council on Affordable Housing

FOR MORE INFORMATION

Rodolfo E. Rivera Aquino, Office of Asm. Tony Thurmond
(916)319-2015 | rodolfo.riveraaquino@asm.ca.gov

SB 873 (Beall)
Allowing the Sale of State Low Income Housing Tax Credits
Fact Sheet

ISSUE

This bill seeks to increase the impact of the state's existing low-income housing tax credit with no fiscal impact to the state by structuring the credits in a way that is not subject to federal taxation.

BACKGROUND

Congress enacted the federal Low Income Housing Tax Credit (LIHTC) program in 1986 to provide the private market with an incentive to invest in affordable housing. The Legislature directed the California Tax Credit Allocation Committee (CTCAC) to award LIHTCs to developers of qualified projects in the state. The developers, who do not have sufficient tax liability to use the credits themselves, in turn seek equity investment for the project from corporations and others with tax liabilities in exchange for the tax credits. Under current law, the investors must become owners of the property to claim the credits. The equity the investors provide typically reduces the debt that the developer would otherwise have to borrow, allowing owners to offer lower, more affordable rents.

In response to the high cost of developing housing in California, the Legislature in 1987 authorized a state low-income housing tax credit program to leverage the federal credit program. Unfortunately, state taxes are deductible from federal taxable income, meaning that investors reducing their state tax liability with the state LIHTC must then pay taxes on their higher federal income as a result of losing their state tax deduction. With the federal corporate tax rate at 35%, this means that investors claiming state LIHTC's generally pay no more than 65 cents for each dollar of state credit. In other words, for every dollar the state invests in this critical program, the federal government currently takes 35 cents.

THIS BILL

SB 873 substantially increases the value of the state's investment in the LIHTC program by restructuring the credit to avoid the federal taxation impact to investors. The bill allows a developer who receives an award of state LIHTCs to sell the credits to an investor without requiring the investor to be part of the project ownership. Under federal and state tax laws, tax credits that are bought by an investor are considered a payment of the investor's tax rather than a reduction in his or her tax liability. As a result, bought credits do not reduce the taypayer's federal deductions.

SB 873 will significantly increase the value of state LIHTCs and therefore the public benefit because it will eliminate the federal tax impacts associated with investors claiming state credits. The bill greatly increases the efficiency of the program and allows many more affordable housing units to be built for the same level of state tax expenditure. In other words, this bill gives the state a bigger bang for its buck.

STATUS/VOTES

Introduced January 14, 2016

SUPPORT

California State Treasurer John Chiang (Co-Sponsor)
California Housing Partnership Corporation (Co-Sponsor)
Association of Regional Center Agencies
California Apartment Association
California Council for Affordable Housing
California Housing Consortium
City of Dublin
Palm Communities
Santa Clara County Board of Supervisors
The Arc and United Cerebral Palsy California Collaboration

OPPOSITION

None received.

FOR MORE INFORMATION

Staff Contact:
Alison Dinmore
Alison.Dinmore@sen.ca.gov
(916) 651-4121

LEGISLATION SUMMARY
2016 State Legislative Session
Legislation & Governmental Organization Committee
May 19, 2016

New Bills: *Bills to be reviewed are listed in numeric order with Assembly bills listed first, followed by Senate bills*

AB 2200 (Tony Thurmond D) School Employee Housing Assistance Grant Program.
(Amended 4/14/2016.) **Status:** 4/21/2016-From committee: Do pass and re-refer to Com. on APPR
Summary: Requires California Housing Finance Agency (CalHFA) to administer a grant program to provide development financing assistance to qualified school districts for the creation of affordable rental housing for school districts employees, including teachers. Existing law requires the California Housing Finance Agency to administer various housing programs. This bill would require the California Housing Finance Agency to administer a program to provide financing assistance, as specified, to a qualified school district, as defined, and to a qualified developer, as defined, for the creation of affordable rental housing for school employees, including teachers. The bill would require the State Department of Education to certify that a school district seeking a grant meets the definition of qualified school district. The bill would transfer $100,000,000 from the General Fund to the School Employee Housing Assistance Fund, which would be created by this bill, and would continuously appropriate those moneys to the agency for the purposes described above and to reimburse the agency and the State Department of Education for costs incurred in the administration of the program. The bill would require qualified school districts and qualified developers to apply for the financing assistance, as provided.
Staff Recommendation: Support
League: Watch
CSAC: No Position
L&GO Position:

AB 2356 (Jimmy Gomez D) Planning and Zoning: Housing Element: Extremely Low Income Housing. (Amended: 5/2/2016) **Status:** 5/3/2016-Re-referred to Com. on RLS.
Summary: The Planning and Zoning Law requires a city or county to adopt a general plan for land use development that includes, among other things, a housing element. That law requires the housing element to include an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs. That law requires this assessment and inventory to include the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, as provided. This bill would authorize a city or county to additionally include in its assessment and inventory the identification of housing for extremely low income households, as defined. If a local government elects to include this identification in its assessment and inventory. The bill would impose certain requirements, including that the identified zone or zones include sufficient capacity to accommodate the need for housing for extremely low income households, that the local government demonstrate that existing or proposed permit processing, development, and management standards are objective and encourage and facilitate the development of housing for extremely low income households, and that housing for extremely low income households generally be subject only to the development and management standards that apply to residential or commercial development within the same zone. The bill would also provide that the development of zones and objective management standards under these provisions would not be discretionary acts within the meaning of the California Environmental Quality Act.
Staff Recommendation: Watch
League: Watch
CSAC: Watch
L&GO Position:

AB 2441(Tony Thurmond) Housing: Workforce Housing in High-Cost Areas Pilot Program. (Amended: 4/26/2016)
Status: 4/26/2016-Read second time and amended.
Location: 4/26/2016-A. APPR.
Summary: Existing law, among several affordable housing programs, establishes the Local Housing Trust Fund Matching Grant Program, administered by the Department of Housing and Community Development, for the purpose of supporting local housing trust funds dedicated to the creation or preservation of affordable housing. Existing law authorizes the department to make matching grants available to cities and counties, or a city and county, and existing charitable nonprofit organizations that have created, funded, and operated housing trust funds. This bill would create the Workforce Housing Pilot Program, pursuant to which the department would award grant funding to eligible cities or cities and counties located in high-cost counties, as specified, for the predevelopment costs, acquisition, construction, or rehabilitation of rental housing projects or units within rental housing projects that serve, and for providing downpayment assistance to, persons and families of low or moderate income. The bill would require all grant funds to be matched on a dollar-for-dollar basis, unless the eligible city or city and county is suffering a hardship and is unable to generate the matching funds. The bill would require the department, on or before December 31 of each year in which grant funds are awarded, to provide a report to the Legislature regarding the number of grants awarded, a description of the projects funded, the number of units funded, and the amount of matching funds received. The bill would require the pilot program to operate until all appropriated funds have been awarded. The bill, upon the depletion of appropriated funds, would require the department to submit a report to the Assembly and Senate committees on appropriations evaluating the need for housing of persons and families of low or moderate income in cities or cities and counties that received grant funds and a recommendation on whether the pilot program should continue.
Staff Recommendation: Support
League: Support
CSAC: Pending
L&GO Position:

AB 2842 (Tony Thurmond) Workforce Housing Tax Credit Pilot: Property Taxes: Income Taxes: Insurance Taxes: Credits: Low-income Housing: Sale of Credit. (Amended: 4/12/2016)
Status: 4/27/2016-In committee H. & C.D. Hearing canceled at the request of author.
Summary: Authorizes $100 million in state workforce housing tax credits for qualified buildings that serve households between 60% and 80% of the area median income (AMI) in twelve counties with the highest fair market rents in the state as determined by the U.S. Department of Housing and Urban Development (HUD).Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, income, and corporation tax credit amounts among low-income housing projects in modified conformity to federal law that have been allocated, or qualify for, a federal low-income housing tax credit and for farmworker housing. This bill, beginning on or after January 1, 2017, would additionally allow a credit to a taxpayer with a qualified low-income building that is eligible for a federal low-income housing tax credit, in an amount equal to 20% of the projects unadjusted unallocated basis, not to exceed $ 50,000 per unit, for housing projects that meet specified criteria. The bill would limit the aggregate amount of credits allocated by the California Tax Credit Allocation Committee, on a first-come-first-served basis, to $100,000,000, and would provide for the one-time resale of that credit, as provided. This bill contains other related provisions and other existing laws.
Staff Recommendation: Support
League: Watch
CSAC: Watch
L&GO Position:

SB 873 (Jim Beall) Income taxes: Insurance Taxes: Credits: Low-income Housing: Sale of Credit. (Amended: 4/5/2016)
Status: 4/18/2016-April 18 hearing: Placed on APPR. Suspense File.
Summary: Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, income, and corporation tax credit amounts among low-income housing projects based on federal law. This bill, beginning on or after January 1, 2016, would allow a taxpayer that is allowed a low-income housing tax credit to elect to sell all or a portion of that credit to one or more unrelated parties, as described, for each taxable year in which the credit is allowed for not less than 80% of the amount of the credit to be sold, and would provide for the one-time resale of that credit, as provided. The

bill would require the California Tax Credit Allocation Committee to enter into an agreement with the Franchise Tax Board to pay any costs incurred by the Franchise Tax Board in administering these provisions. This bill contains other related provisions and other existing laws.
Staff Recommendation: Support
League: Support
CSAC: Watch
L&GO Position:

SB 1030 (Mike McGuire D) Sonoma County Regional Climate Protection Authority.(Introduced: 2/12/2016)
Status: 5/3/2016-Action From SECOND READING: Read second time. To THIRD READING.
Summary: Existing law, until December 1, 2019, creates the Sonoma County Regional Climate Protection Authority. Existing law provides for the authority to be governed by the same board as that governing the Sonoma County Transportation Authority and imposes certain duties on the authority. Existing law authorizes the authority to perform coordination and implementation activities within the boundaries of the County of Sonoma, in cooperation with local agencies, as defined, that elect to participate, to assist those agencies in meeting their greenhouse gas emissions reduction goals. Existing law authorizes the authority to develop, coordinate, and implement programs and policies to comply with the California Global Warming Solutions Act of 2006 and other federal or state mandates and programs designed to respond to greenhouse gas emissions and climate change. This bill would extend these provisions indefinitely. By extending the duties of the Sonoma County Regional Climate Protection Authority, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: Watch
CSAC: Watch
L&GO Position:

Bills Previously Reviewed

AB 18 (Bill Dodd D, Napa & Solano County) Disaster Relief: South Napa Earthquake
Introduced: 12/1/2014
Status: 8/27/2015-In committee: Held under submission.
Summary: The California Disaster Assistance Act generally provides that the state share for disaster project allocations to local agencies is no more than 75% of total state eligible costs, except for specified events for which the state share is up to 100% of state eligible costs. This bill would add the August 24, 2014, South Napa Earthquake, to the list of events for which the state share of state eligible cost is up to 100% and exempt the county from a specified planning requirement as a condition of receiving this level of assistance.
Staff Recommendation: Support
League: Watch
CSAC: Support
L&GO Position: Support

AB 45 (Kevin Mullin D, San Mateo County) Household Hazardous Waste Amended: 1/21/2016
Status: 2/4/2016-Referred to Com. on E.Q.
Summary: The California Integrated Waste Management Act of 1989, which is administered by the Department of Resources Recycling and Recovery, requires, among other things, each city and each county to prepare a household hazardous waste element containing specified components, and to submit that element to the department for approval. Existing law requires the department to approve the element if the local agency demonstrates that it will comply with specified requirements. A city or county is required to submit an annual report to the department summarizing its progress in reducing solid waste, including an update of the jurisdiction's household hazardous waste element. This bill would require the department to adopt one or more model ordinances for a comprehensive program for the collection of household hazardous waste and would authorize a local jurisdiction that provides for the residential collection and disposal of solid waste that proposes to enact an ordinance governing the collection and diversion of household hazardous

waste to adopt one of the model ordinances adopted by the department. The bill would require the department to determine whether a nonprofit organization has been created and funded to make grants to local jurisdictions for specified purposes relating to household hazardous waste disposal and would specify that if the department does not determine that such a nonprofit organization exists by December 31, 2018, then the bill's provisions would be repealed on January 1, 2019.
Staff Recommendation: Watch
League: Oppose
CSAC: Oppose
L&GO Position: Watch

AB 1500 (Brian Maienschein R) Planning and zoning: Housing Element: Supportive Housing and Transitional Housing
Status: 2/4/2016-Refered to Committee on Transportation and Housing
Location: 2/4/2016 to Committee on Transportation and Housing
Summary: The Planning and Zoning Law requires a city or county to adopt a general plan for land use development that includes, among other things, a housing element. That law requires the housing element to include an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs. That law requires this assessment and inventory to include the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, as provided. This bill would authorize a city or county to additionally include in its assessment and inventory the identification of supportive housing and transitional housing, as those terms are defined in specified statutes. If a local government elects to include this identification in its assessment and inventory, the bill would impose certain requirements, including that the identified zone or zones include sufficient capacity to accommodate the need for supportive housing or transitional housing, that the local government demonstrate that existing or proposed permit processing, development, and management standards are objective and encourage and facilitate the development of supportive housing or transitional housing, and that supportive housing or transitional housing generally be subject only to the development and management standards that apply to residential or commercial development within the same zone. The bill would also provide that the permit processing, development, and management standards applied under these provisions would not be discretionary acts within the meaning of the California Environmental Quality Act.
Staff Recommendation: Watch
League: No Position
CSAC: Pending
L&GO Position:

AB 1591 (Jim Frazier D) Transportation Funding
Status: 2/1/2016-Referred to Coms. on Trans. and Rev. & Tax.
Summary:
Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account. This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street system. The bill would require the California Transportation Commission to adopt performance criteria to ensure efficient use of the funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a $0.225 per gallon increase in the motor vehicle fuel tax imposed by the bill, including an inflation adjustment as provided, an increase of $38 in the annual vehicle registration fee, and a new $165 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined.
Staff Recommendation: Watch
League: Support in Concept
CSAC: Support
L&GO Position:

AB 1915 (Miguel Santiago D) **Homelessness: Affordable Housing.** (Introduced: 2/11/2016)
Status: Gut and Amended 3/18 now **Alcohol and drug programs: facility expansion.**

AB 1934 (Miguel Santiago D) **Planning and Zoning: Density Bonuses.** (Amended 4/14/2016)
Status: 4/21/2016-From committee: Do pass and re-refer to Com. on APPR.
Summary: The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents. This bill would, when an applicant for approval for commercial development agrees to partner with an affordable housing developer to construct a mixed-used project for which the housing will be located onsite at the proposed commercial development, require a city, county, or city and county to grant to the commercial developer a density bonus, as specified. By increasing the duties of local officials relating to the administration of density bonuses, this bill would create a state-mandated local program. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: Oppose
CSAC: Concerns
L&GO Position:

AB 2031 (Susan Bonta D) **Local Government: Affordable Housing: Financing.** (Introduced: 3/17/2016)
Status: 4/21/2016-Assembly Rule 56 suspended. (pending re-refer to Com. on L. GOV.)
Summary: Existing law requires, from February 1, 2012, to July 1, 2012, inclusive, and for each fiscal year thereafter, the county auditor-controller in each county to allocate property tax revenues in the county's Redevelopment Property Tax Trust Fund, established to receive revenues equivalent to those that would have been allocated to former redevelopment agencies had those agencies not been dissolved, towards the payment of enforceable obligations and among entities that include, among others, a city and the county or the city and county. This bill would authorize a city or county that formed a redevelopment agency and became the successor agency that received a finding of completion from the Department of Finance to reject its allocations of property tax revenues from the trust fund. The bill would direct those rejected property tax revenues to an affordable housing special beneficiary district, established as a temporary and distinct local governmental entity for the purposes of receiving a rejected distribution of property tax proceeds and promoting affordable housing by providing financing assistance within its boundaries. The bill would require a beneficiary district to be governed by a 5-member board and comply with specified open meeting and public record laws. The bill would require a beneficiary district to cease to exist on the 90th calendar day after the date the county auditor-controller makes the final transfer of the distribution of property tax revenues to the beneficiary district, and prohibit a beneficiary district from undertaking any obligation that requires its action past that date. The bill would transfer any funds and public records of a beneficiary district remaining after the date the beneficiary district ceases to exist to the city or county that rejected the of property tax revenues thereafter directed to that district, as specified.
Staff Recommendation: Watch
League: Watch
CSAC: Watch
L&GO Position:

AB 2050 (Marc Steinorth R) **Redevelopment.**
Status: Gut and Amended 3/18 now **Healthcare Coverage Prescription Drugs**

AB 2208 (Miguel Santiago D) **Local Planning: Housing Element: Inventory of Land for Residential Development.**
(Amended: 4/4/2016)
Status: 4/21/2016-From committee: Do pass and re-refer to Com. on APPR.
Summary: Existing law, the Planning and Zoning Law, requires a city or county to adopt a comprehensive, long-term general plan for the physical development of the city or the county and of any land outside its boundaries that bears relation to its planning. That law requires the general plan to contain specified mandatory elements, including a housing

element. Existing law requires the housing element to contain an inventory of land suitable for residential development, and requires that inventory to be used to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels. This bill would expand that inventory of land suitable for residential development to include buildings owned or under the control of a city or a county, zoned for residential or nonresidential use and capable of having residential developments constructed above the existing building, and to include underutilized sites, as defined. By imposing new duties upon local agencies with respect to the housing element of the general plan, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: Support
CSAC: Concerns
L&GO Position:

AB 2299 (Richard Bloom D) Land Use: Housing: 2nd Units. (Amended: 4/5/2016)
Status: 4/21/2016-From committee: Do pass and re-refer to Com. on APPR.
Summary: The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. This bill would, instead, require a local agency to provide by ordinance for the creation of 2nd units in these zones. The bill would also specify that a local agency may reduce or eliminate parking requirements for any 2nd unit located within its jurisdiction. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: Oppose
CSAC: Oppose
L&GO Position:

AB 2406 (Tony Thurmond D) Housing: Junior Accessory Dwelling Units.
(Amended: 4/28/2016)
Status: 4/28/2016-Read second time and amended. A. L. GOV.
Summary: The Planning and Zoning Law authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential areas, as prescribed. This bill would, in addition, authorize a local agency to provide by ordinance for the creation of junior accessory dwelling units, as defined, in single-family residential zones. The bill would require the ordinance to include, among other things, standards for the creation of a junior accessory dwelling unit, required deed restrictions, and occupancy requirements. The bill would prohibit an ordinance from requiring, as a condition of granting a permit, water and sewer connection fees or additional parking requirements.
Staff Recommendation: Support
League: Watch
CSAC: Support
L&GO Position: Support

AB 2413 (Tony Thurmond D) Sea Level Rise Preparation. (Introduced: 2/19/2016)
Status: 4/22/2016-Failed Deadline pursuant to Joint Rule 61(b)(5).
Location: 4/22/2016-A. DEAD
Summary: Existing law declares the intent of the Legislature to prioritize the state's response to the impacts resulting from climate change by ensuring all state departments and agencies prepare for and are ready to respond to the impacts of climate change, such as sea level rise. Existing law, by July 1, 2017, and every 3 years thereafter, requires the Natural Resources Agency to update the state's climate adaptation strategy, which includes vulnerabilities to climate change and priority actions needed to reduce the risk to climate change. Existing law, until January 1, 2018, also requires the agency to create, biannually update, and post on an Internet Web site a Planning for Sea Level Rise Database, as specified, and requires specified entities to provide to the agency certain sea level rise planning information for inclusion in the database.

This bill would require the agency, on or before January 1, 2019, to complete a study outlining the potential impact of sea level rise on low-income and at-risk communities and public projects and infrastructure. The bill would require the agency, based on the study, to make recommendations on preparing for sea level rise, as specified.
Staff Recommendation: Watch
League: Watch
CSAC: Watch
L&GO Position:

AB 2442 (Chris Holden D) Density Bonuses. (Amended: 4/14/2016)
Status: 4/21/2016-From committee: Do pass and re-refer to Com. on APPR.
Summary: The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents. This bill would additionally require a density bonus to be provided to a developer that agrees to construct a housing development that includes at least 10% of the total units for transitional foster youth, disabled veterans, or homeless persons, as defined. The bill would require that these units be subject to a recorded affordability restriction of 55 years and be provided at the same affordability level as very low income units. The bill would set the density bonus at 20% of the number of these units. By increasing the duties of local agencies, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: Concerns
CSAC: Watch
L&GO Position:

AB 2500 (Tom Daly D) Land use. (Introduced: 2/19/2016)
4/22/2016-Failed Deadline pursuant to Joint Rule 61(b)(5). (Last location was A. L. GOV. on 3/17/2016)
Location: 4/22/2016-A. DEAD
Summary: Existing law, the Planning and Zoning Law, requires a city or county to prepare and adopt a comprehensive, long-term general plan, and requires the general plan to include certain mandatory elements, including a housing element. That law requires the housing element, in turn, to include, among other things, an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of those needs. That law further requires the Department of Housing and Community Development to determine the existing and projected need for housing for each region, as specified, at least two years prior to the scheduled revision of a housing element required by law. This bill would require the department to determine the regional housing need at least two years and three months prior to the scheduled revision of a housing element required by law. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: Watch
CSAC: Support
L&GO Position:

AB 2584 (Tom Daly D) Land Use: Housing Development. (Amended: 4/25/2016)
Status: 4/26/2016-Re-referred to Com. on JUD.
Summary: The Housing Accountability Act, among other things, prohibits a local agency from disapproving a housing development project for very low, low-, or moderate-income households or an emergency shelter unless the local agency makes specified written findings. The act authorizes an applicant or person who would be eligible to apply for residency in the development or emergency shelter to bring an action to enforce the act. This bill would, in addition, authorize a housing organization, as defined, to bring an action to enforce the act.
Staff Recommendation: Watch
League: Oppose
CSAC: Watch
L&GO Position:

AB 2734 (Toni Atkins D) Local Control Affordable Housing Act. (Amended: 4/5/2016)
Status: 4/14/2016-From committee: Do pass and re-refer to Com. on APPR.
Summary: Existing law, effective February 1, 2012, dissolved all redevelopment agencies and community development agencies and provides for the designation of successor agencies, as specified. Existing law requires successor agencies to service the enforceable obligations of the dissolved agencies and otherwise wind down the affairs of the dissolved agencies. This bill would establish the Local Control Affordable Housing Act to require the Department of Finance, on or before ____ and on or before the same date each year thereafter, to determine the state General Fund savings for the fiscal year as a result of the dissolution of redevelopment agencies. The bill would provide that, upon appropriation, 50% of that amount or $1,000,000,000, whichever is less, be allocated to the Department of Housing and Community Development. The bill would require the department to retain 1/2 of these funds for state level programs and to provide the other 1/2 to local agencies for housing purposes, except as specified. The bill would require the Department of Housing and Community Development to create an equitable funding formula for funding distributed to local agencies, which the bill would require to be geographically balanced and take into account factors of need including, but not limited to, poverty rates and lack of supply of affordable housing for persons of low and moderate incomes in local jurisdictions.
Staff Recommendation: Support
League: Support
CSAC: Watch
L&GO Position:

AB 2783 (Eduardo Garcia D) Affordable Housing and Sustainable Communities Program.
(Amended: 4/25/2016) **Status:** 4/26/2016-Re-referred to Com. on APPR.
Summary: Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council, to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. Existing law requires the council to develop guidelines and selection criteria for the program. This bill would require the Strategic Growth Council to consider revisions to the guidelines and selection criteria with respect to affordable housing projects that qualify under the program's rural innovation project area.
Staff Recommendation: Watch
League: Watch
CSAC: Watch
L&GO Position:

AB 2817 (David Chiu D) Income Taxes: Credits: Low-Income Housing: Allocation Increase.
(Amended: 3/17/2016) **Status:** 3/30/2016-From committee: Do pass and re-refer to Com. on REV. & TAX.
Summary: Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, personal income, and corporation income tax credit amounts among low-income housing projects based on federal law. Existing law, in modified conformity to federal income tax law, allows the credit based upon the applicable percentage, as defined, of the qualified basis of each qualified low-income building. Existing law limits the total annual amount of the credit that the committee may allocate to $70 million per year and allows $500,000 per year of that amount to be allocated for projects to provide farmworker housing, as specified. This bill, for calendar years beginning 2017, would increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects by $300,000,000, as specified. The bill would also increase the amount the committee may allocate to farmworker housing projects from $500,000 to $25,000,000 per year. The bill, under the insurance taxation law, the Personal Income Tax Law, and the Corporation Tax Law, would modify the definition of applicable percentage relating to qualified low-income buildings that meet specified criteria. This bill contains other related provisions.
Staff Recommendation: Support
League: Support
CSAC: Support
L&GO Position:

ABX1 6 (Roger Hernández D) Affordable Housing and Sustainable Communities Program. (Introduced: 7/16/2015)
Status: 7/17/2015-From printer.
Summary: Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council, to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. This bill would require 20% of moneys available for allocation under the program to be allocated to eligible projects in rural areas, as defined. The bill would further require at least 50% of those moneys to be allocated to eligible affordable housing projects. The bill would require the council to amend its guidelines and selection criteria consistent with these requirements and to consult with interested stakeholders in this regard.
Staff Recommendation: Watch
League: Watch
CSAC: Watch
L&GO Position:

ABX1 24 (Marc Levine and Philip Ting) Bay Area Transportation Commissioners
Status: 9/12/2015-From printer.
Summary: Existing law designates the Metropolitan Transportation Commission as the regional transportation planning agency for the San Francisco Bay area, with various powers and duties with respect to transportation planning and programming, as specified, in the 9-county San Francisco Bay area region. Existing law creates the Bay Area Toll Authority, governed by the same board as the commission, but created as a separate entity, with specified powers and duties relative to the administration of certain toll revenues from state-owned toll bridges within the geographic jurisdiction of the commission. Under existing law, the commission is comprised of 21 appointed members, as specified. This bill, effective January 1, 2017, would redesignate the Metropolitan Transportation Commission as the Bay Area Transportation Commission. The bill would require commissioners to be elected by districts comprised of approximately 750,000 residents. The bill would require each district to elect one commissioner, except that a district with a toll bridge, as defined, within the boundaries of the district would elect 2 commissioners. The bill would require commissioner elections to occur in 2016, with new commissioners to take office on January 1, 2017. The bill would state the intent of the Legislature for district boundaries to be drawn by a citizens' redistricting commission and campaigns for commissioners to be publicly financed. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: No Position
CSAC: No Position
L&GO Position: Oppose

SB 7 (Lois Wolk D, Contra Costa County) Housing: Water Meters: Multiunit Structures
Status: 1/1/2016-Set for Hearing.
Location: 1/1/2016-A. Unfinished Business
Summary: Existing law generally regulates the hiring of dwelling units and, among other things, imposes certain requirements on landlords and tenants. Among these requirements, existing law requires landlords to provide tenants with certain notices or disclosures pertaining to, among other things, pest control and gas meters. This bill would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: Watch
CSAC: Watch
L&GO Position: Watch

SB 438 (Jerry Hill D) Earthquake Safety: Statewide Earthquake Early Warning System: Funding.
(Amended: 3/2/2016) **Status:** 3/2/2016- Re-referred to Com. on G.O.
Summary: Existing law requires the Office of Emergency Services, in collaboration with specified entities, to develop a comprehensive statewide earthquake early warning system in California through a public-private partnership, as specified. Under existing law, the requirement that the office develop the system is not operative until funding is identified, and is repealed if funding is not identified by July 1, 2016. This bill would discontinue the requirement that the funding sources for the system exclude the General Fund and be limited to federal funds, funds from revenue bonds, local funds, and funds from private sources. The bill would delete the provisions providing for the repeal and the contingent operation of the requirement that the office develop the system. The bill would appropriate $23,100,000 from the General Fund to the office for the purpose of implementing the system.
Staff Recommendation: Watch
League: Watch
CSAC: Watch
L&GO Position:

SB 441 (Mark Leno D) San Francisco Redevelopment: Housing. (Amended: 4/6/2015)
Status: 9/12/2015-In Assembly. Held at Desk. Action rescinded whereby the bill was read a third time, passed, and ordered to the Senate. Ordered to inactive file on request of Assembly Member Holden.
Summary: The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies as of February 1, 2012, and provides for the designation of successor agencies that are required to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations. Existing law prohibits dissolved redevelopment agencies from issuing bonds or incurring other indebtedness on or after June 29, 2011. Existing law authorizes successor agencies to, among other things, issue bonds or incur indebtedness after that date to refund the bonds or indebtedness of a former redevelopment agency or to finance debt service spikes, as specified. The issuance of bonds or incurrence of other indebtedness by a successor agency is subject to the approval of the oversight board of the successor agency. This bill would authorize the successor agency to the Redevelopment Agency of the City and County of San Francisco to issue bonds or incur other indebtedness to finance the construction of affordable housing and infrastructure required by specified enforceable obligations, subject to the approval of the oversight board. The bill would provide that bonds or other indebtedness authorized by its provisions would be considered indebtedness incurred by the dissolved redevelopment agency, would be listed on the Recognized Obligation Payment Schedule, and would be secured by a pledge of moneys deposited into the Redevelopment Property Tax Trust Fund.
Staff Recommendation: Watch
League: Watch
CSAC: Watch
L&GO Position:

SB 879 (Jim Beall D) Housing: Bond Act (Amended: 4/28/2016)
Status: 4/28/2016-Set for hearing May 3.
Location: 4/4/2016-S. T. & H.
Summary: (1) Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and downpayment assistance for first-time home buyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. This bill would enact the Affordable Housing Bond Act of 2016, which, if adopted, would authorize the issuance of bonds in the amount of $3,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs, as provided. This bill contains other related provisions.
Staff Recommendation: Watch
League: Support if Amended
CSAC: Pending
L&GO Position:

SB 1000 (Connie Leyva D) **Land Use: General Plans: Environmental Justice.** (Amended: 4/12/2016)
Status: 4/21/2016-From committee: Do pass and re-refer to Com. on APPR.
Summary: The Planning and Zoning Law requires the legislative body of each county and city to adopt a comprehensive, long-term general plan for the physical development of the county or city and of any land outside its boundaries that bears relation to its planning. That law requires this general plan to include several elements, including, among others, land use, open-space, safety, and conservation elements, which are required to meet specified requirements. This bill would add to the required elements of the general plan an environmental justice element that identifies disadvantaged communities, as defined, within the area covered by the general plan of the city, county, or city and county. The bill would also require the environmental justice element to identify objectives and policies to reduce the health risks in disadvantaged communities, as specified, and to identify objectives and policies to promote civil engagement in the public decision making process. The bill would require the environmental justice element to be adopted or reviewed upon the adoption or next revision of the housing element on or after January 1, 2018. By adding to the duties of county and city officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: Oppose
CSAC: Support if Amended
L&GO Position:

SB 1069 (Bob Wieckowski D) **Land Use: Zoning.** (Amended: 4/26/2016)
Status: 4/26/2016-Read second time and amended. Re-referred to Com. on APPR.
Location: 4/26/2016-S. APPR.
Summary: The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. That law makes findings and declarations with respect to the value of 2nd units to California's housing supply. This bill would replace the term "second unit" with "accessory dwelling unit" throughout the law. The bill would add to those findings and declarations that, among other things, allowing accessory dwelling units in single-family or multifamily residential zones provides additional rental housing stock and these units are an essential component of housing supply in California. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: Oppose
CSAC: Oppose
L&GO Position:

SB 1233 (Mike McGuire D) **Joint Powers Authorities: Water Bill Savings Act.** (Amended: 4/14/2016)
Status: 5/3/2016-From committee: Do pass as amended. (Ayes 5. Noes 1.) (April 27).
Location: 4/27/2016-S. SECOND READING
Summary: Existing law, the Marks-Roos Local Bond Pooling Act of 1985, authorizes joint powers authorities, among other powers, to issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs. This bill would enact the Water Bill Savings Act, which would authorize a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. The bill would require the customer to repay the authority through an efficiency charge on the customer's water bill to be established and collected by the local agency or its publicly owned utility on behalf of the authority pursuant to a servicing agreement. The bill would authorize the authority to issue bonds to fund the program. The bill would also make technical changes.
Staff Recommendation: Support
League: Watch
CSAC: Pending
L&GO Position: Support

SB X1 1 (Jim Beall D, San Jose) Transportation Financing for Road Maintenance (Amended: 4/21/2016)
Status: 4/21/2016-From committee with author's amendments. Re-referred to Com. on APPR.
Summary: Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account. This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system and for other specified purposes. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a $0.12 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill and $0.10 of a $0.22 per gallon increase in the diesel fuel excise tax imposed by the bill, an increase of $35 in the annual vehicle registration fee, a new $100 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined, a new annual road access charge on each vehicle, as defined, of $35, and repayment, by June 30, 2016, of outstanding loans made in previous years from certain transportation funds to the General Fund. The bill would provide that revenues from future adjustments in the applicable portion of the fuel tax rates, the annual vehicle registration fee increase, and the road access charge would also be deposited in the account. This bill contains other related provisions and other existing laws.
Staff Recommendation: Watch
League: Support
CSAC: Support
L&GO Position: Watch

ABAG

AGENDA

FINANCE AND PERSONNEL COMMITTEE

Thursday, May 19, 2016, 5:00 PM

Location:
Joseph P. Bort MetroCenter
Association of Bay Area Governments
101 8th Street, Conference Room B
Oakland, California

The ABAG Finance and Personnel Committee may take action on any item on this agenda.

Agenda and attachments available at abag.ca.gov

For information, contact Courtney Ruby, Interim Finance Director, at (510) 464-7923.

1. CALL TO ORDER

2. PUBLIC COMMENT

Information.

3. APPROVAL OF MINUTES OF MARCH 17, 2016

ACTION.

Minutes of March 17, 2016 meeting attached.

4. PRESENTATION AND REVIEW OF FINANCIAL REPORT FOR MARCH 2016

Information/ACTION.

Financial Report for March 2016 is attached.

5. ORAL REPORT ON PAYMENT OF MEMBERSHIP DUES FY 15-16

Information.

6. ORAL REPORT ON LINE OF CREDIT RENEWAL WITH BANK OF THE WEST

Information.

7. CLOSED SESSION

A. Public Employee Performance Evaluation

Title: Executive Director

8. ADJOURNMENT

The next meeting of the Finance and Personnel Committee will be on Thursday, July 21, 2016.

Submitted:

Courtney Ruby, Interim Finance Director Date: May 12, 2016

ABAG FINANCE AND PERSONNEL COMMITTEE

Summary Minutes

March 17, 2016

Members Present	**Jurisdiction**
Mayor Bill Harrison	City of Fremont
Supervisor Karen Mitchoff	County of Contra Costa
Councilmember Desley Brooks	City of Oakland
Councilmember Pradeep Gupta	City of South San Francisco
Supervisor Scott Haggerty	County of Alameda
Supervisor Mark Luce	County of Napa
Councilmember Julie Pierce	City of Clayton
Supervisor David Rabbitt	County of Sonoma
Supervisor Linda Seifert	County of Solano

Members Absent

Supervisor David Cortese	County of Santa Clara
Vice Mayor Greg Scharff	City of Palo Alto

Officers and Staff Present

Ezra Rapport, Executive Director
Bradford Paul, Asst. Exec. Director
Kenneth Moy, Legal Counsel
Courtney Ruby, Interim Finance Director
Brian Kirking, HR & IT Director
Susan Hsieh, Asst. Finance Director

Guests

Ken Bukowski, Videographer

1. The meeting was called to order by Mayor Harrison, Committee Chair, at 5:00 pm.

2. There was no public comment.

3. Summary Minutes of the January 21, 2016 meeting were approved. /M/ Pierce/S/Mitchoff/C/approved unanimously.

4. Ms. Ruby presented the financial reports for January 2016. She reported the key financial results and indicated that a surplus is projected at year end. She also reported to the Committee that the projected revenues and expenses were

increased to reflect the current activities for BayREN and the Integrated Regional Water Management Plan. The two programs are very successful and subrecipients made significant progress on the projects. /M/Seifert/S/ Mitchoff /C/acceptance of the report unanimously.

5. Ms. Ruby and Mr. Paul reported that two members haven't paid the membership dues for FY 15-16. Mr. Paul will follow up with the members again.

6. Ms. Courtney reported on the status of line of credit (LOC) renewal with Bank of the West. The document has been signed extending the LOC to June 30, 2016. Staff will advise the bank the result of the ABAG-MTC merger study in May or June 2016 and will seek to renew the LOC to February 2017.

7. There was no reportable action from Closed Session.

8. There were no discussions about item 8.

9. Meeting was adjourned at 6:43 pm.

Submitted: Susan Hsieh, Assistant Finance Director

To:	Finance and Personnel Committee	Date: May 12, 2016	
From:	Courtney Ruby Interim Finance Director	Re:	Financial Reports March 2016

Overall Summary

Expenses exceeded revenues by $18 thousand for the nine months ended March 31, 2016. A $465 thousand surplus is projected at year end. This amount includes $450 thousand for tenant improvements and an operating surplus of $15 thousand compared to the $50 thousand surplus projected in the adopted budget for fiscal year 2015-16. Please refer to the **Table of Financial Report Data Elements** for fiscal year budget, year-to-date actual and projected fiscal year numbers.

Cash on Hand

The cash balance was $7.3 million at the end of March, including $2.2 million deposited in the Local Agency Investment Fund (LAIF). As shown in Figure 1 the actual monthly cash balances for nine months of fiscal year 2015-16, and the projected balance for the year end are within our normal range of $6.0 to $10.0 million. The cash balance is projected to be approximately $6.0 million at the end of the fiscal year.

Receivables

Receivables from grant and service programs amounted to $2.05 million at the end of May 2016 and there was $11 million of unbilled receivables relating to SFEP's Round 3 of the Integrated Regional Water Management Plan. Receivable over 90 days past due were $387 thousand. Included in the over 90 days past due receivables is $153 thousand from the Department of Water Resources. Subsequent to April 30th, no reduction in the receivable balance has occurred. All receivables are believed to be collectible.

All city and county 2015-16 ABAG membership dues were received by March 31, 2016.

Revenues and Expenses

As of March 31, 2016, total revenue amounted to $38.5 million, which is 78 percent, of the projected revenue for the year of $49.2 million. Total expenses were also $38.5 million, which is 79 percent, of the projected expenses for the year of $48.7 million.

Figure 3 presents a graphic comparison of the current month of March, the nine month year-to-date actual, and fiscal year projected revenues and expenses and net surplus or deficit. The figure shows a projection of $465 thousand surplus for the fiscal year which includes $450 thousand in funds from Metropolitan Transport Commission (MTC) for tenant improvements in our new San Francisco's headquarters.

Figures 4 and 5 show year-to-date revenues and expenses by major categories. Grants revenue is 81% of total revenue, compared to 79% for the prior fiscal year. Pass-through and Consultant expense are

69% of total expenses, compared to 61% for the prior fiscal year. The increasing percentages for these categories of revenues and expenses are caused by the growth of the BayREN project, which has provided ABAG revenue in excess of $44 million since its inception in March 2013. Additionally, SFEP helped secure an additional $41million in state grant funds and now manages for our partners a total of $93 million for multi-benefit water quality and drought response projects. In FY 2016/17 alone, BayREN and SFEP projects will be responsible for administrating $12.8 million and $26.9 million is state grants respectively, out of ABAG's total state funding of $42.7 million.

Net Position/Fund Equity

Total fund equity was negative $8.1 million as of March 31, 2016. In compliance with the new accounting pronouncement, GASB 68, beginning with the June 30, 2015 audited financial statements, we have recorded the ABAG accumulated unfunded pension obligation as a liability and reduction of fund equity. For internal financial statement purposes, we have elected to separately track the fund equity for pension and for operations. Therefore the March fund equity for pension is presented as a negative $12.3 million, and the accumulated fund equity from operations is presented as a positive $2.5 million.

The restricted fund equity consists of capital, self-insurance, building maintenance and reserves. Figure 6 is a graphic presentation of actual and projected: unrestricted, restricted, and total net equity for the current fiscal year. In reading this chart, it is important to recognize that the zero axis is in at the middle of the chart, not the bottom, as has been the case in prior year's charts included in reports to the committee.

Indirect Overhead Rate

The Agency's actual indirect cost (overhead) rate through March 2016 was 46.12%, which was 1.17 percentage points above the budget target of 44.95 percent. This variance from the budget is not unexpected at this point in the fiscal year, and we anticipate that the final actual overhead cost for the year will remain in line with the budget target for the full fiscal year. Figure 7 shows a comparison between the actual indirect cost rate through March 31, 2016 and the projected rate for the year.

Financial Information by Program

The **Report by Program of Net Surplus/(Deficit)** is included after the charts. This report presents revenue and expense information by program. It provides an overview of budgeted and year-to-date revenue and expense data for major programs such as the Planning Services, San Francisco Estuary Partnership, Bay Trail and POWER/Energy. None of the programs listed on this chart is significantly out of line with its budget at this time. The chart includes a projection of expenses for the year of $51.5 million; this is up $17.3 million from the November 30 projection. The majority of this increase occurred is due to increase in Integrated Regional Water Management Program, a component of the SFEP, and the BayREN energy conservation rebate program, which is administered by ABAG POWER as previously discussed.

Financial Outlook

The projection for fiscal year 2015-16 is for a surplus of revenues over expenses.

Association of Bay Area Governments
Table of Financial Report Data Elements
(thousands of dollars)

For the Month Ended March 2016

Projected percentage of budget is 75%.

Description	Adopted Budget	Projected Fiscal Year Budget	Year-To-Date Actual	% of Projected Fiscal Year Budget
ASSETS				
Cash		5,000	7,353	
Receivables		11,000	13,973	
REVENUES				
Membership Dues	1,897	1,897	1,423	75%
Grants	19,450	37,888	31,096	82%
Charges for Services and Other	5,360	9,401	5,967	63%
Total Revenues	**26,707**	**49,186**	**38,486**	**78%**
EXPENSES				
Salaries and Benefits	11,588	10,900	8,179	75%
Pass-through and Consultant Expenses	12,780	31,176	26,587	85%
Other Expenses	2,289	6,645	3,738	56%
Total Expenses	**26,657**	**48,721**	**38,504**	**79%**
Change in Net Position	50	465	(18)	-4%
Beginning Net Position	(8,095)	(8,095)	(8,095)	100%
Ending Net Position	(8,045)	(7,630)	(8,113)	106%
NET POSITION BREAKDOWNS				
Unrestricted - Accumulated Operations Surplus	2,551	2,516	2,533	101%
Unrestricted - Pension Adjustment - June 30, 2015	(12,253)	(12,253)	(12,253)	100%
Restricted - Tenant Improvements	800	1,250	800	64%
Restricted - Other	857	857	807	94%
Total Net Position	(8,045)	(7,630)	(8,113)	106%
INDIRECT OVERHEAD				
Overhead Rate	44.95%	46.02%	46.12%	100%

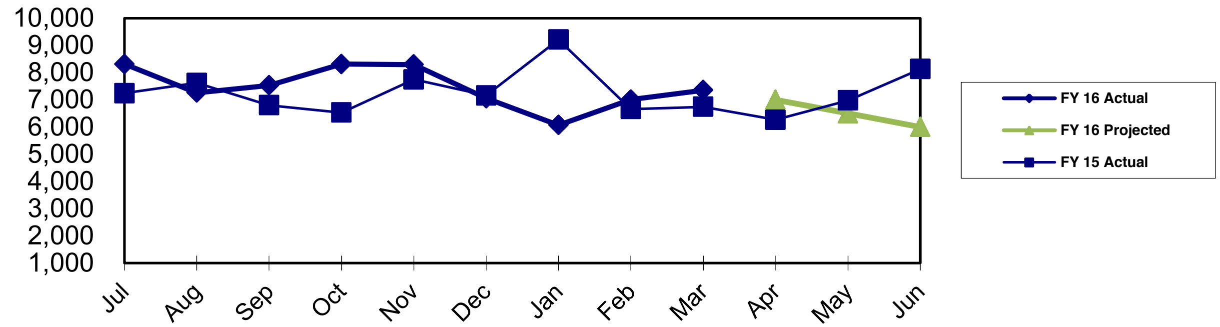
Item 4

ABAG Financial Indices

Cash on Hand FY 15-FY 16 ($'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 16 Actual	8,316	7,258	7,533	8,312	8,298	7,052	6,073	7,010	7,353			
FY 16 Projected										7,000	6,500	6,000
FY 15 Actual	7,243	7,620	6,801	6,529	7,751	7,161	9,213	6,661	6,745	6,270	6,979	8,128

Represents the sum total of cash deposited at our bank and the Local Agency Investment Fund. This chart shows fluctuation patterns of cash on hand for the current and prior fiscal years.

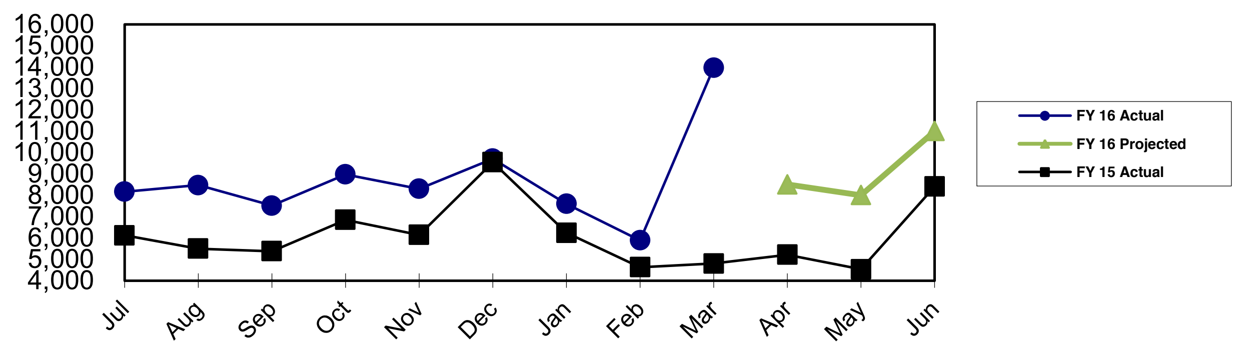
Figure 1--*Cash on Hand--FY 15 and FY 16 ($'000)*



Accounts Receivable FY 15-FY 16 ($'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 16 Actual	8,163	8,471	7,515	8,974	8,299	9,710	7,593	5,885	13,973			
FY 16 Projected										8,500	8,000	11,000
FY 15 Actual	6,116	5,495	5,377	6,846	6,141	9,544	6,239	4,625	4,802	5,213	4,526	8,404

Accounts receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels.

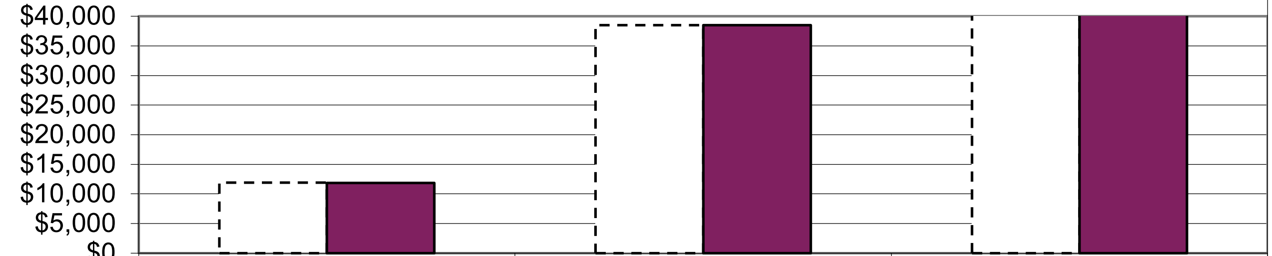
Figure 2--*Accounts Receivable--FY 15 and FY 16 ($'000)*



ABAG Financial Indices

Presents a comparison of current month actual, year-to-date actual, and adopted/projected revenues and expenses.

Figure 3--*Revenues and Expenses ($'000)*



	Current Month Actual	YTD Actual	Projected
Revenues	$11,901	$38,486	$49,186
Expenses	$11,858	$38,504	$48,721
Surplus/(Deficit)	$43	($18)	$465

Shows year-to-date revenues by major category including membership dues, grants, and charges for services and other.

Shows year-to-date expenses by major category including salaries and benefits, pass-through and consultant expenses, and other expenses.

Figure 4--*Year-to-date Revenues by Category ($'000)*

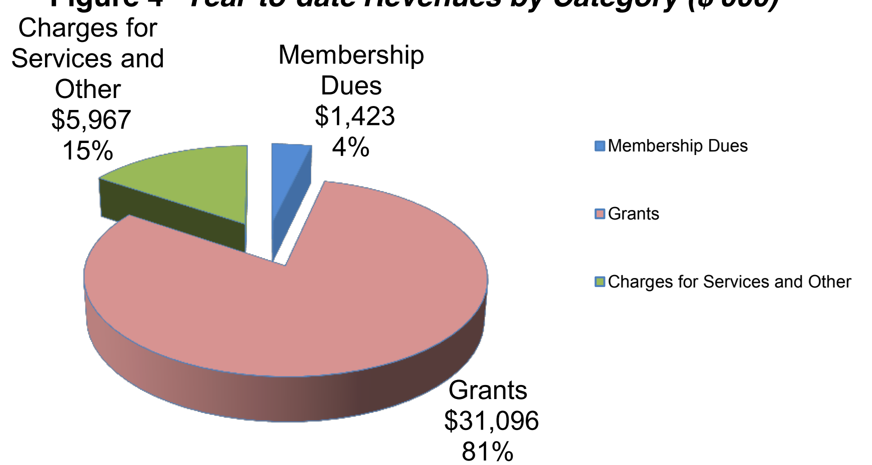
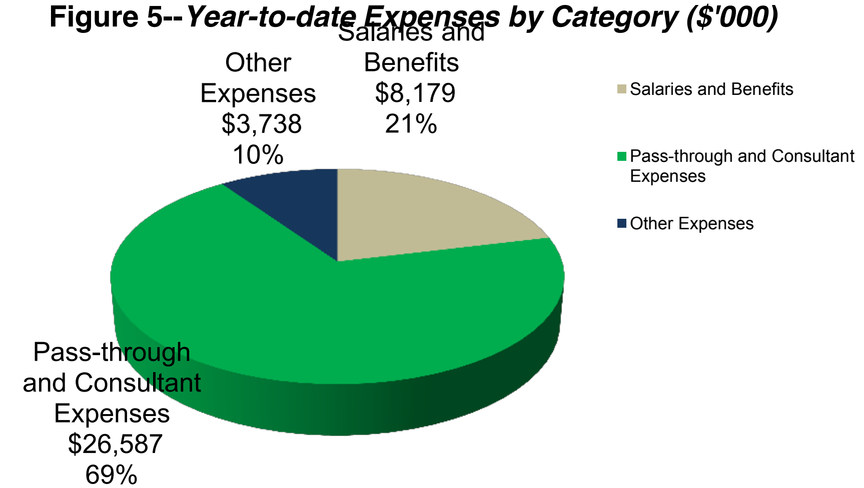


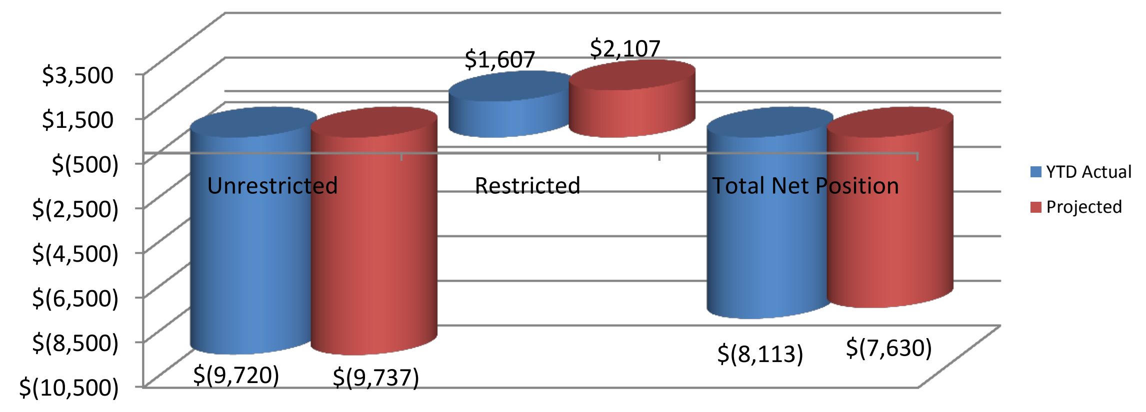
Figure 5--*Year-to-date Expenses by Category ($'000)*



ABAG Financial Indices

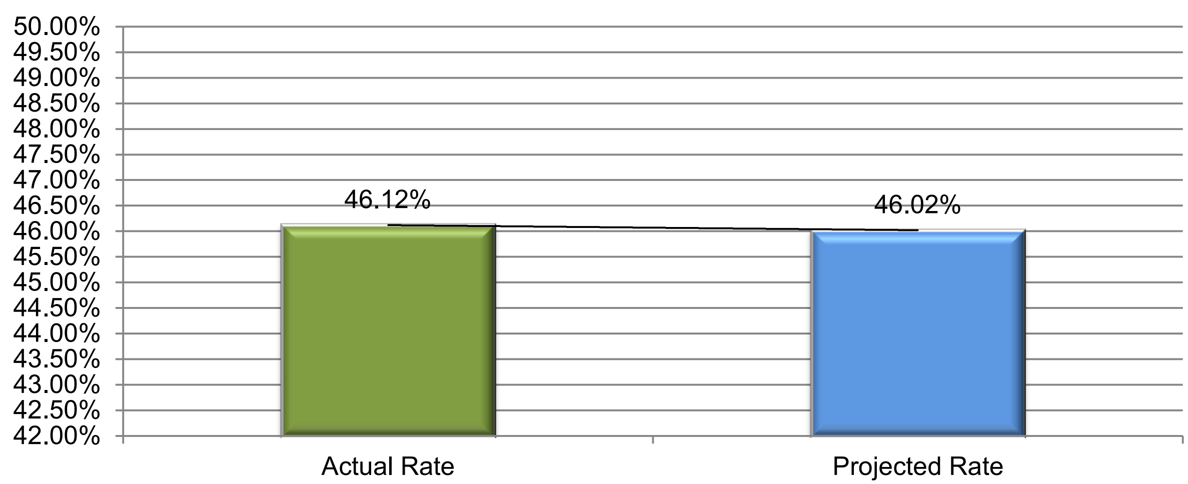
Presents actual and adopted/projected general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvements, building maintenance, self-insurance, capital and contingency reserve. These restricted equities represent the Association's equities set aside for specific purposes. Total equity is the sum total of general and restricted equities.

Figure 6--*Net Position/Fund Equity ($'000)*



Shows a comparison between the actual indirect cost rate and the approved/projected rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with federal guidelines.

Figure 7--*Indirect Overhead Rate*



Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit)
Through March 2016 / 75% of Year Elapsed

Program Description	Projected Fiscal Year Expenses	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	% of Expense Budget	Comments (for budgets over $10m and variance 10% > or < than 75%)
	A	B	C	D = B - C	E = C/A	
Planning Services	3,744,158	2,880,287	2,880,378	(91)	**77%**	
San Francisco Estuary Partnership	17,682,606	13,061,401	13,063,441	(2,040)	**74%**	**Year-to-date expenses at 71% of the annual project compare well to the expected 75% of annual projections. Of the $13m year-to-date expenses, $10m was billed in February 2016. The spike in February was due to subrecipients (consisted of members and agencies in member jurisdictions) billing for the first time for Round 3 of the Integrated Regional Water Management Plan. Subrecipients have made significant progress on various projects although the grant won't expire until May 2019.**
Disaster Recovery	1,039,283	548,976	548,976	-	**53%**	**Funding from FEMA was received in October 2015 but activity did not pick until January 2016 due to gradual transfer of staff from other projects. The budget had anticipated immediate kick off on receipt of funding in October. Project manager anticipates that project will be 90% complete by end of the year.**
Bay Trail	1,808,046	851,158	851,158	-	**47%**	**Originally, several key projects were expected to be completed by June 30, 2016 at $1.8m. The completion dates have now been extended to September 30, 2016. Expenses will increase towards year end but there is expectation that part of the funds will be spent in the first quarter of FY 2016/17.**
Green Business	63,000	74,310	74,310	-	**118%**	**Revenue received from member cities this fiscal year was $90k. By end of the year, the Project Manager anticipates to spend up to the full funding of $90k. As a result projected expenses are understated.**

Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit)
Through March 2016 / 75% of Year Elapsed

Program Description	Projected Fiscal Year Expenses	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)	% of Expense Budget	Comments (for budgets over $10m and variance 10% > or < than 75%)
	A	B	C	D = B - C	E = C/A	
Training Center, Web Hosting and Publications	431,077	365,057	369,736	(4,679)	**86%**	**The current Hazmat School training program has been transferred to our partner, Safety Compliance Management (SCM). Only residue winding down activities of $23k are expected in the last quarter of the year, and we received $50k in April 2016 from SCM for sale of the project to them (Sale prices $200k, 3 installments, $50k in 2016 and $75k in 2017 and 2018.)**
POWER/Energy	17,787,201	14,269,536	14,297,552	(28,016)	**80%**	**Year-to-date expenses at 80% of the annual project compare well to the expected 75% of annual projections. Of the $14m year-to-date expenses, $9m was billed in February 2016. The spike in February was due to cities and counties submitted their final billing for the funding ended in December 2015. The budget includes $17m for the BayREN program made up of earlier funding of $12m plus carry over from fy13/14 of $1m and new BayREN grant in January of $4m.**
FAN Finance Authority	1,076,029	886,996	856,921	30,075	**80%**	
PLAN Corporation - Property & Liability Insurance Pool	2,458,589	1,638,235	1,638,235	-	**67%**	
SHARP - Worker's Comp Pool	163,302	69,251	69,251	-	**42%**	**We expect expenses to increase towards year end as members claim reimbursements for loss prevention program expenditures. However, actual expenses at the end of the year are expected to be lower than budget due to savings of about $30k in personnel and claims**
Fiscal Agent Services	136,469	105,484	100,935	4,549	**74%**	
Communications/Legislative	557,998	448,412	447,412	1,000	**80%**	

Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit)
Through March 2016 / 75% of Year Elapsed

Program Description	Projected Fiscal Year Expenses		Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/ (Deficit)		% of Expense Budget	Comments (for budgets over $10m and variance 10% > or < than 75%)
	A		B	C	D = B - C		E = C/A	
Agency Administration	1,328,826		960,278	834,445	125,833		**63%**	**Expect expenses to increase during latter part of the fiscal year due budgeted contribution to BARC ($31K) and the General Assembly.**
Payroll Clearing	(30,000)		-	119,038	(119,038)		**-397%**	**We expect p/r clearing account to end the year with a small deficit.**
Central Overhead	3,202,988		2,326,740	2,352,081	(25,341)		**73%**	
Totals	**51,449,572**		**38,486,121**	**38,503,869**	**(17,748)**		**75%**	

ASSOCIATION OF BAY AREA GOVERNMENTS
Representing City and County Governments of the San Francisco Bay Area

ABAG

Date: May 11, 2016
To: ABAG Executive Board
From: Miriam Chion, ABAG Planning & Research Director
Subject: **Plan Bay Area 2040 Scenarios Update**

Over the past nine months, ABAG and MTC have been collaborating to produce scenarios for Plan Bay Area 2040 that will be the subject of a series of public workshops in late May and early June. MTC and ABAG play distinct roles in developing the Plan, reflecting the policies and legal mandates of each agency established by Senate Bill 375. MTC is responsible for the transportation aspects of the Plan. ABAG is responsible for land use aspects of the Plan. Both agencies adopt the same forecasted development pattern and transportation network for the region.

In fall 2015, ABAG and MTC adopted performance targets for the scenarios and Plan Bay Area. ABAG hosted a series of meetings with elected officials, local staff, and stakeholders that led to three thematic scenario concepts with unique visions for the region's future: Main Streets (Scenario 1), Connected Neighborhoods (Scenario 2), and Big Cities (Scenario 3) (see attachment, page 2). MTC solicited projects from transportation agencies for assessment and inclusion in the scenarios. ABAG adopted the regional forecast of population, jobs, and housing for 2010 through 2040 in January 2016. The scenarios represent three different options for how the Bay Area can accommodate the expected growth in ways that meet our goals for a more prosperous, sustainable, and equitable region.

To evaluate each scenario against the performance targets, MTC utilizes a transportation model that estimates outcomes such as GHG emissions. MTC calculates some of the other performance measures from a model called UrbanSim[1], which is a microsimulation model of household, business, and developer location choices based on market factors, development policies, and investment assumptions. UrbanSim can provide information regarding real estate market feasibility. To produce the land use scenarios, ABAG relies upon input from local jurisdiction planning staff, UrbanSim, and a variety of sustainability and equity factors.

For the purpose of the upcoming public workshops (May 26 to June 14), the scenarios discussion will focus on overarching policies, strategies, and investments across scenarios. Public, stakeholder and jurisdiction input has been captured in issue papers on Increasing Housing Choices and Affordability, Expanding Economic and Workforce Prosperity, Protecting and Enhancing Natural Assets, Improving Air Quality, and Building Resilient Communities. The discussion of growth allocation by jurisdiction and Priority Development Area (PDA) will focus now on a Preliminary Preferred Scenario and will take place between June and July.

ABAG Develops Draft Scenarios for Local Review

Beginning last September, ABAG staff has worked closely with local planners to obtain their input and ensure that the regional agencies develop three scenarios that offer ambitious but realistic visions of

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[1] More information about UrbanSim can be found at http://www.urbansim.com/urbanism.

growth that attempt to achieve our GHG reduction goals and other performance targets. In December 2015, ABAG released preliminary draft land use scenarios for review by planning staffs from all 109 jurisdictions.

Based upon jurisdiction feedback and additional research, ABAG provided direction to MTC staff to include this information for UrbanSim to model the three scenarios. ABAG conveyed to MTC the understanding that UrbanSim would be one of a number of inputs (such as local plans, proximity to transit, trends, jurisdiction input, and the results of the *PDA Development and Feasibility Assessment*) into the scenarios. The UrbanSim output would then be adjusted by ABAG regional planners based on these inputs to create the land use scenarios (see attachment, pages 1-5).

MTC Releases Model Outputs
Last week, MTC decided to release the UrbanSim output as the three land use scenarios for Plan Bay Area 2040 without all the necessary adjustments to correspond to the original scenario narratives and local input. The UrbanSim-generated scenarios take into account some of the local input gathered by ABAG over the past six months, but include some aspects of development that are not consistent with the scenario concepts or growth ranges ABAG staff had previously discussed with some jurisdictions. Apparently, it was very difficult for UrbanSim to produce satisfactory results within the allotted time frame, and rather than further delay Plan Bay Area 2040, a decision was made to proceed with publishing the UrbanSim scenarios.

The MTC scenarios are reflected in the staff report for the May 13 MTC Planning Committee meeting and have been used to conduct performance assessments of potential transportation investments. The staff report does not provide data about job or housing growth at the county, city, or PDA level in each scenario. This information will be critical to assessing the local implications and realism of the preferred scenario that will be the focus of the next stage of our work.

The UrbanSim model produces the scenarios by applying theoretical land use policies such as upzoning and property tax assessments across large areas of the region. While UrbanSim is a very good tool to analyze a set of general conditions that balance land value and capacity, the tool by itself is not sufficient to produce feasible and meaningful growth patterns that recognize local policies or community visions. The results of this approach are some inconsistent patterns of growth that do not conform well to the approved concepts or existing or planned local conditions. For example, housing growth in Oakland is lowest in the “Big Cities” scenario, which was intended to explore the implications of focusing growth in the region’s three largest jurisdictions. A number of jurisdictions, including some in strong real estate markets, have negative growth in households, jobs, or both over the 30-year scenario period. Conversely, some jurisdictions have unrealistically high growth in households (e.g., unincorporated Solano County) or jobs (e.g., Orinda non-PDA area). Another anomaly is the inclusion of mega-projects such as a nearly 40,000-unit development in Mountain View’s North Bayshore area that would more than triple the city’s population.

Given where we are in the schedule, however, it makes more sense for both agencies to focus on the Preferred Scenario rather than spend time trying to correct portions of the three initial scenarios. To that end, ABAG and MTC staffs believe there is still time to appropriately merge local jurisdictional input with UrbanSim to achieve a solid Preferred Scenario. This will involve adjustments to the UrbanSim output to reflect a plan that is based on economic realities as well as the priorities voiced by the jurisdictions.

Towards a Preferred Scenario for Plan Bay Area 2040

ABAG will work with MTC to produce a Preferred Scenario that takes into account local input and will serve as the basis for Plan Bay Area 2040. Through this process, staff will be able to present a single set of numbers for discussion with local jurisdictions that balances feedback received to date, the need to achieve our region's GHG reduction and other performance targets, market trends, as well as the real estate insight of UrbanSim. For the other aspects of the Plan, MTC will prepare the performance targets analysis and transportation analysis. ABAG and MTC will jointly prepare the Plan's policies and strategies; MTC will focus on transportation as its expertise, ABAG will focus on housing, jobs, open space, and resilience.

Upcoming Milestones

May-June:	Public Workshops
May 13 – June 13:	Gather local and stakeholders input to inform Preferred Scenario
July:	Release of Preferred Scenario
July-August:	Feedback on Preferred Scenario & final revisions
September:	Joint ABAG/MTC Board meeting –Preferred Scenario Approval

Requested Action

Direct staff to develop a preferred scenario that takes into account local input and maximizes the goals of Plan Bay Area in line with the Sustainable Communities and Climate Protection Act of 2008 (SB 375).

The Bay Area in 2040: Three Scenarios

The Scenario Process in Plan Bay Area

ABAG forecasts that the Bay Area will add 1.3 million jobs, 2.4 million people, 782,600 households and 822,600 housing units between 2010 and 2040. While half of the employment growth had already occurred by the end of 2015, there remain almost 673,000 jobs, over 1.9 million people, 690,000 households and 765,000 housing units to accommodate in the region between now and 2040. This is a 17 percent increase in employment and over a 25 percent increase in people, households, and housing units.

A large urban area with millions of residents and workers requires many cross-cutting strategic decisions as to how it can function as strains on critical infrastructures are ever more apparent. The transportation system needs to be able to flexibly adjust to substantial increases and geographic re-mappings of demand, sometimes even within an economic cycle. The housing market is charged with accommodating new residents, but lead times are substantial, prices are stubbornly high, and the relation to the transportation networks often tenuous. To understand how a growing economy over the next 25 years of the magnitude described above might affect the region's land use and transportation demand, ABAG and MTC have developed three scenarios to show different strategic approaches we can collectively take to accommodate expected growth while meeting our goals for a sustainable, equitable, and less congested region. The scenarios incorporate different land use strategies and combinations of transportation investments to illustrate tradeoffs between alternatives and serve as a building block for identifying the preferred scenario, which will incorporate some of the best ideas from each scenario alternative.

Details of the development of the draft scenario concepts and initial assumptions were presented to the Regional Advisory Working Group on January 26, 2016.[1] They have also been shared with local City Councils, County Boards, Planning Directors, and representatives of advocacy organizations between December 2015 and March 2016. ABAG and MTC staff have used the input provided by these groups to refine the policies and investments used to shape each scenario. The latest assumptions are described in Appendix B.

This report presents the distribution of jobs and households that can reasonably be expected to result from the policies and investments described for each scenario. Results are presented by jurisdiction and by Priority Development Area (PDA). The body of the report gives an overview of growth by county, major city, and between PDAs and other parts of the region. Appendix A presents household and total employment growth by jurisdiction and PDA in each scenario.

ABAG and MTC will be seeking feedback from policymakers, stakeholders, and members of the public about these three scenarios. The input received will be used to inform the development of a Preferred Scenario, which is scheduled for adoption by ABAG and MTC in Fall 2016.

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[1] Materials from the meeting are available at: http://mtc.ca.gov/file/42926/download?token=0zELxuiP

The combinations of strategies in the scenarios are included to enable a discussion about regional priorities, and do not represent all of the potential public policy interventions that regional, state, or local governments could use to accomplish the Plan's goals. For instance, the specific structure of many potential state and local tax and regulatory policies falls largely outside the analytic scope of the scenario process, and requires a separate, more robust public policy analysis to determine costs and benefits. Once the preferred scenario is adopted, the final *Plan Bay Area 2040* document will describe a wider range of policies to support the Plan's goals.

The Three Scenarios and Their Major Assumptions

Each scenario proposes a different vision for how the expected growth in population, jobs, households, and housing units might be distributed, as well as the types of transportation investments needed to support the proposed land use pattern. *Scenario 1* describes a more dispersed pattern of growth with community expansion spread more widely across the region. *Scenario 2* identifies major urban corridors along which future growth will concentrate. *Scenario 3* concentrates growth further in the region's three large cities and in specific expansion nodes tied to the region's large corporate centers.

Scenario 1 targets future population and employment growth to the downtowns of every city in the Bay Area to foster a region of moderately-sized, integrated town centers. As in the other scenarios, most growth will be in locally-identified PDAs, but this scenario offers the most dispersed growth pattern, meaning that cities outside the region's core are likely to see higher levels of growth and, within cities, more growth will be accommodated outside of PDAs than in the other two scenarios. The economic development policies focus on trying to distribute jobs outside the region's core. Because of its dispersed nature, this scenario does include some development outside of urban growth boundaries. And the policies to encourage housing choices—such as promoting second units, reducing parking minimums, and resources for affordable housing—would apply broadly to jurisdictions throughout the region.

Scenario 2 targets growth to locally-identified PDAs and areas with good transit throughout the region, with an emphasis on growth in medium-sized as well as large cities with access to the region's major rail services, such as BART and Caltrain. Outside the PDAs, this scenario sees modest infill development, but avoids growth outside urban growth boundaries. As these communities grow over the next 25 years, compact development and strategic transportation investments will provide residents and workers access to a mix of housing, jobs, shopping, services, and amenities in proximity to transit traditionally offered by more urban environments. Resources for affordable housing will be dispersed across the Bay Area, with some concentration in PDAs to support the development of affordable housing where the most population and employment growth is targeted.

Scenario 3 concentrates future population and employment growth in the locally-identified PDAs within the Bay Area's three largest cities: San Jose, San Francisco, and Oakland. Neighboring cities that are already well-connected to these three cities by transit will also see increases in population and employment growth, particularly in their locally-identified PDAs and through the diversification of large corporate campuses. The amount of growth outside these areas is minimal, with limited infill development in PDAs and no development outside urban growth boundaries. Growth in the three biggest cities and their neighbors will require substantial investment to support transformational changes to accommodate households of all incomes. This scenario will prioritize strategies to make these existing urban neighborhoods even more compact and vibrant, and enable residents and workers to easily take transit, bike, or walk to clusters of jobs, stores, services, and other amenities. Resources for affordable housing will likewise be directed to the cities taking on the most growth.

Approach to Growth Allocation

As noted earlier, the three scenarios each distribute the total amount of growth expected in the Bay Area between 2010 and 2040, as identified in the *ABAG Regional Forecast for Plan Bay Area 2040*.[2] The distribution of population, employment, households, and housing units throughout the region was achieved through an iterative process that involved both technical adjustments and extensive review within and from outside the agency. This report focuses on the distribution of households and of total employment. Steps include:

1. **Defining a baseline for 2010:** The 2010 baseline data from *Plan Bay Area 2013* was revised based on updated information. Baseline data sources include the US Bureau of the Census' Decennial Census for 2010 population and household totals and PDA total estimates; the US Bureau of the Census' American Community Survey and Census Transportation Planning Products 2006-2010 data for estimates of the self-employed by place of work; and a custom data run for 2010 by the California Employment Development Department of wage and salary employment by jurisdiction.[3]
2. **Framing initial scenario outcomes:** Staff analyzed the *Plan Bay Area 2013* distribution, historical trends, and a broadly defined set of location criteria to develop an initial framework for representing the baseline and numerical distributions for the three scenarios. Location criteria included transportation access, employment levels and trends, housing prices, and community characteristics. In addition, jurisdiction records on recently completed, pipeline, and planned projects were added as information became available, modified where necessary if other sources of information on feasibility (the PDA Feasibility Study[4] or UrbanSim algorithms) suggested the planned growth was unlikely to be achieved.
3. **Modeling scenario concepts:** UrbanSim, a microsimulation model of household, business and developer location choices, translated each scenario concept into a distribution of households and jobs based on market factors, land use and development policies, and investment assumptions.[5] UrbanSim has been calibrated by MTC staff to the specifics of the Bay Area housing market. The model is "trained" from existing patterns to represent, among other things, how households of varying types "sort" into the housing stock according to relative differences in housing prices and access to amenities; how businesses in different industries value access to freeways or dense downtown areas; and how developers in turn pick sites for development projects given prevailing costs and expected returns. UrbanSim responds to a range of land market policy measures (such as land supply and development capacity) and has a fast enough runtime to allow for rapid experimentation on the effects of policies ranging from growth boundaries, to zoning, to impact fees for affordable housing. Ultimately, the model helped calibrate each scenario vision with what is reasonably foreseeable and feasible.

[2] Adopted by the ABAG Executive Board on January 19, 2016. Available at: http://reports.abag.ca.gov/other/Regional_Forecast_for_Plan_Bay_Area_2040_F_030116.pdf
[3] EDD and BLS employment tabulations are not available for anything below the county level.
[4] Economic and Planning Systems, Inc., with Community Design + Architecture, *PDA Assessment Update*, Report EPS #141101, Prepared for the Metropolitan Transportation Commission, November 2015.
[5] See http://www.urbansim.com/urbansim

4. **Modifying modeled results:** ABAG staff reviewed the UrbanSim model output and, when necessary, adjusted the results based on:
   a. Comparison with the initial scenario analysis based on the *Plan Bay Area 2013* distribution, historical trends, and location criteria
   b. Jurisdiction feedback on this initial scenario analysis
   c. Jurisdiction and ABAG planning department input on recent and pipeline developments and specific plans
   d. Feedback on model design and output from trade, advocacy and community organizations (such as the Building Industry Association of the Bay Area, the 6 Wins Coalition, Public Advocates, Greenbelt Alliance, the Sierra Club), and other public officials, business representatives and board representatives who are part of the Regional Advisory Working Group or county congestion management agencies
5. **Recalibrating the distribution** to create a consistent set of estimates that add up to the forecast totals.

The result is an UrbanSim-based description of each scenario. The detailed output is useful as an input for transportation modeling, while the types of policies that lead to the detailed output are informative for the discussion that will follow on how to achieve the land use pattern defined in the selected (preferred) scenario.

Sensitivity Test for Performance Target Related Factors

At the later stages of scenario development, the UrbanSim model will be used to test the effects of integrating policies related to the performance targets, such as allocation of housing subsidies or stricter limits on greenfield development. Policy considerations that are not included in the structure of the spreadsheet or of UrbanSim may be incorporated elsewhere in the regional plan. For example, equity considerations regarding access to jobs may be measurable in a very limited way using model output, but policies to link low income earners to advancement opportunities in middle wage jobs may be incorporated in language in the plan describing policies that are advantageous in any of the scenarios.

Summary of Growth Allocations

This section describes the distribution of households and employment by county, jurisdiction and PDA, as it might occur if *Plan Bay Area* is not adopted (the *No Project* scenario) or under each of the three scenarios. Scenarios allow us to better understand the effects of an array of policy actions, as well as of the "status quo" scenario which serves as the baseline assumption against which the other scenarios will ultimately be evaluated using the 10 performance targets adopted by ABAG and MTC in November

2015.[6] By design, the scenarios exhibit substantial variation across both geography as well as key dimensions of interest, such as building type and anticipated vehicle miles traveled.[7]

Overall Differences

The scenarios and the *No Project* alternative define distinct patterns of development across the region.[8] It should be noted that relative to employment, housing growth responds more readily to different policy approaches, largely because housing growth has historically been much more constrained in the region by land use policy.

Our results are summarized both according to development concepts that shape growth policy in the region and second according to several different geographic types that are relevant to planning efforts underway throughout the region. The basic concepts are shaped around the degree to which growth is concentrated in the more urbanized jurisdictions (either the largest 3 cities, or those linked by major transportation corridors), often through infill, or in Priority Development Areas (PDAs). PDAs are focused areas where there is more capacity for development, leveraging existing and proposed transportation infrastructures. Throughout the region, 77 jurisdictions have identified nearly 190 PDAs, spread across many smaller cities and some unincorporated parts of counties, as well as in the three largest cities and the corridor cities.

As well as presenting summaries by concept type, the geographic description in the summary section applies the concepts of urban concentration of growth and PDAs to distinct geographic types within the region. The development dynamics of the region's biggest cities, Oakland, San Francisco and San Jose, are unique in the region, and this group of cities is accordingly identified separately as one geographic type (Big Cities). Second, the Eastern and Western shores of the bay have prolonged activity nodes that concentrate services along key transportation networks connecting the region's large cities. We refer to these as "corridor cities."[9] Implementation of *Plan Bay Area 2013* focused in part on places along these corridors. We define a third geographic type as cities not counted in the preceding categories that also have planned for PDAs. The last two groups are cities without PDAs (29) and unincorporated portions of the region[10]. The different types of places are illustrated in the map shown in Figure 1.

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[6] The 10 performance targets are a way to systematically gauge how the various scenarios fare across a range of indicators, allowing policy makers and other interested parties to see the relative merits of each, along with costs and benefits. The targets span a range of topics, from greenhouse gas emissions to road safety, adequate housing provision, equitable access and open space preservation.

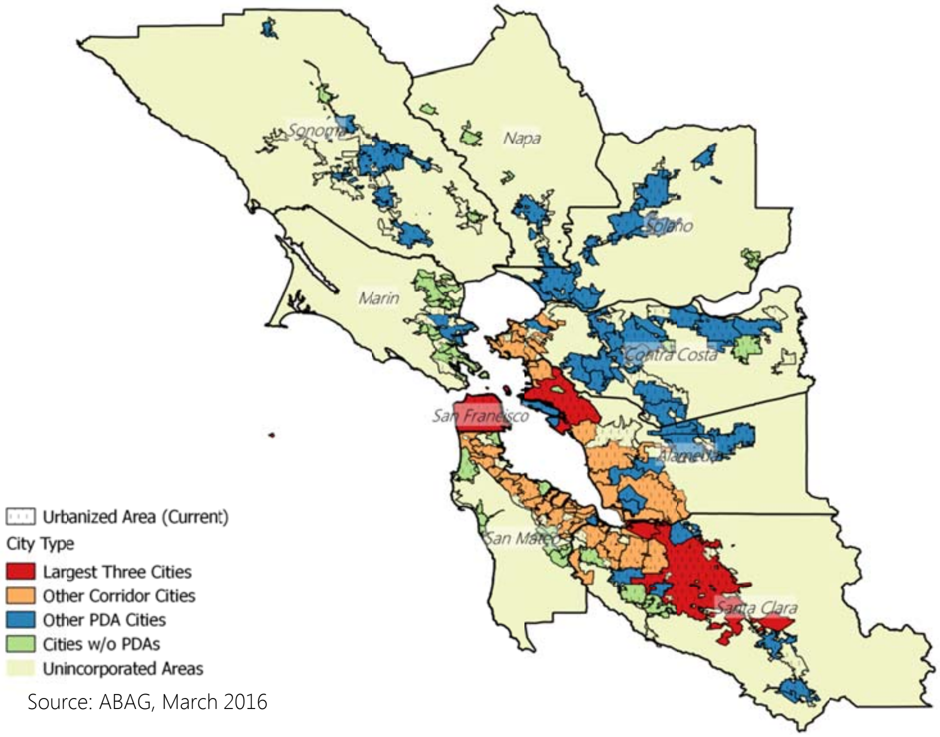
[7] As of the time of this writing, travel model runs are not available; this statement refers to a tabulation of growth by areas, classified by whether the area currently is characterized by a high or low VMT footprint.

[8] Detailed and aggregate results are available from UrbanSim.

[9] Participation in the corridor strategy is voluntary by jurisdiction—a few places, represented in blue in the map, are contiguous to the defined corridor but have not participated.

[10] Although some of the unincorporated jurisdictions also have PDAs, for simplicity we refer to all unincorporated portions of the region as a geographic type, rather than separating out those counties with or without PDAs in their unincorporated areas.

Figure 1: Bay Area Places by Plan Bay Area Concepts



Source: ABAG, March 2016

Household and Housing Summary

Table 1a shows the distribution of household growth by Scenario according to the development concepts described earlier (rather than by the jurisdiction types mapped above). The table shows the share of household growth in the three largest cities and also by PDAs (in all cities). The three large have the highest share of growth in *Scenario 3*, while household growth is most strongly concentrated in PDAs in *Scenario 2*. (Note that in this table, the PDA category overlaps with the Three Largest Cities category, as Oakland, San Francisco and San Jose each have portions of their cities set aside as PDAs).

Table 1a: Summary of Household Distribution by Geographic Concept and Scenario		
Scenario	Three Largest Cities	PDAs
No Project	24%	33%
Scenario 1	30%	48%
Scenario 2	33%	69%
Scenario 3	40%	56%

Table 1b shows the distribution of households by the geographic dimensions described in the earlier map. The PDAs are particularly effective in sharing growth among jurisdictions in Scenario 2. Table 1b also emphasizes the consequences of different scenarios for the unincorporated part of the region, which receives 35 percent of growth in *No Project*, 12 percent in *Scenario 2*, and only 6 percent in *Scenario 3.*

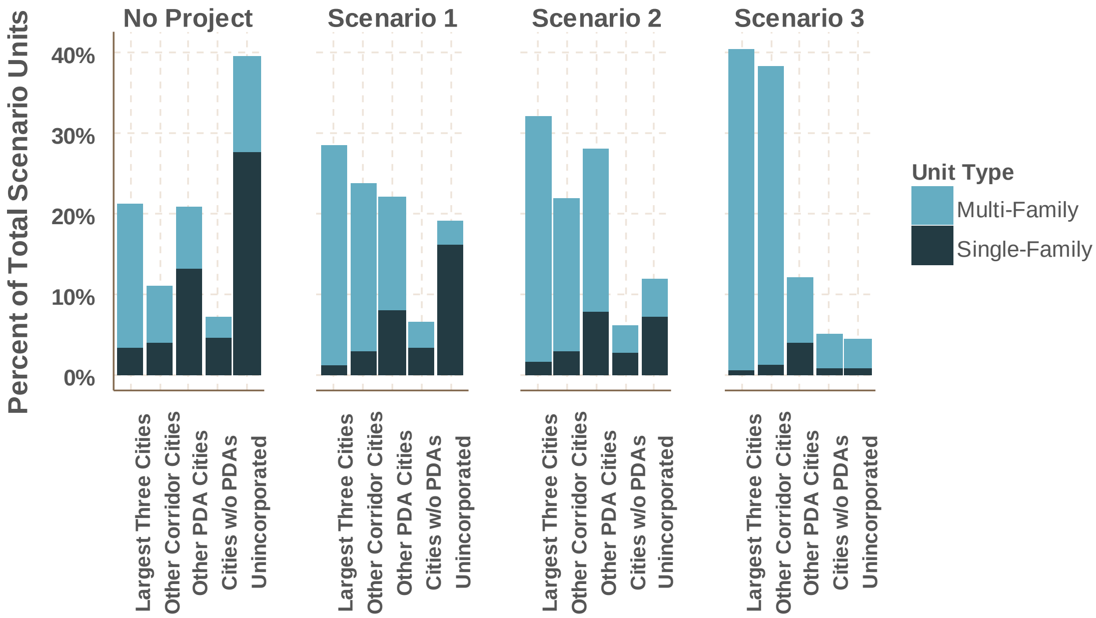
Table 1b: Share of Household Growth by Jurisdiction Type and Scenario					
Scenario	Largest Three Cities (Oakland, San Francisco and San Jose)	Other Corridor Cities	Other PDA Cities	Cities with no PDAs	Unincorporated
No Project	24%	13%	21%	7%	35%
Scenario 1	30%	24%	22%	6%	18%
Scenario 2	33%	22%	27%	6%	12%
Scenario 3	40%	36%	13%	5%	6%

Table 2 adds a further dimension to the discussion, by identifying housing types added in the different scenarios. With no regional plan (*No Project*), the region reverts to building a majority of single family homes. With *Scenario 1*, the region continues adding a mix of homes similar to what was added in the past five years. In contrast, *Scenario 2* continues the trend of the past year, accelerating the share of multifamily units, and *Scenario 3* shifts almost entirely to the construction of multifamily units to meet the needs of the growing population in infill areas.

Table 2: Shares of multi- versus single-family housing across scenarios			
Scenario	Multifamily	Single-family	Total
No Project	48%	52%	100%
Scenario 1	69%	31%	100%
Scenario 2	78%	22%	100%
Scenario 3	92%	8%	100%
Source: ABAG from MTC UrbanSim runs 1113 to 1116, March 2016			

Figure 2 summarizes the information in Tables 1 and 2 visually, showing the shares of new housing units by subarea, building type and scenario. While Table 1 has overlapping categories (some of the PDAs shown in the table are in the largest cities), we define distinct geographic types in Figure 2. Thus "Other PDA Cities" are cities that have PDAs, but are neither the largest nor those along the corridors. Unincorporated parts of each county are shown as a single geographic type for visual simplicity, although these also have some PDA designated areas. This figure shows graphically the transition from *No Project* through each of the Scenarios. A much higher share of growth occurs in unincorporated areas in *No Project* compared to any of the Scenarios, and a greater share of the housing in that scenario is in single family units. The big cities and other corridor cities capture the highest shares of growth, primarily with multifamily units, in *Scenario 1* and *Scenario 3*, although at very different levels. Scenario 2 is distinguished from *Scenario 1* mainly by the higher share in other PDA cities, as other mid-sized cities, such as Santa Rosa, Concord, Walnut Creek and Livermore become subregional growth nodes, and by the lower share of growth in unincorporated areas. Growth in the big three cities is also higher in *Scenario 2* compared to *Scenario 1* but lower than compared to *Scenario 3.*

Figure 2 Housing Unit Growth, 2010-2040, by Area Type and Unit Type

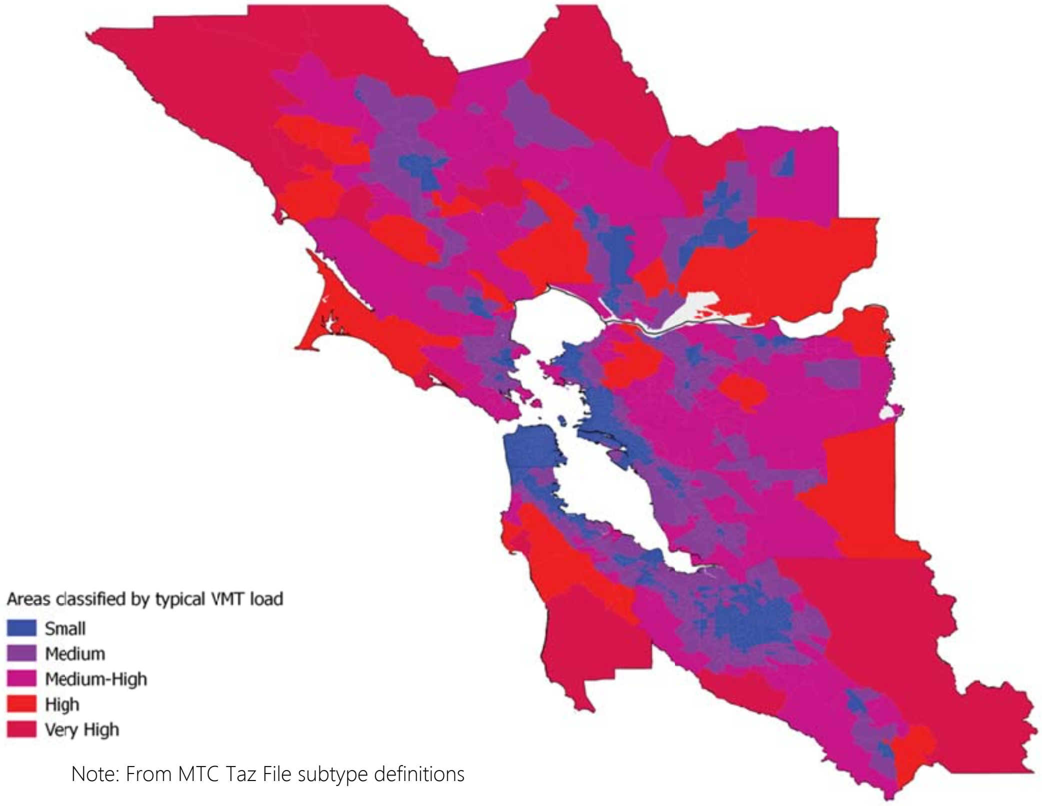


Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

Rather than by place type, locations in the region can also be classified by the "typical" amount of vehicle miles traveled for residents in that particular location, broken into five categories, from small (little driving), to medium, to medium-high, high, and very high (long distances traveled).[11]

[11] This definition is applied at the travel analysis zone level (TAZ). There are 1,454 TAZs in the region.

Figure 3: Travel Analysis Zones, classified by typical VMT load.



Source: MTC, March 2016

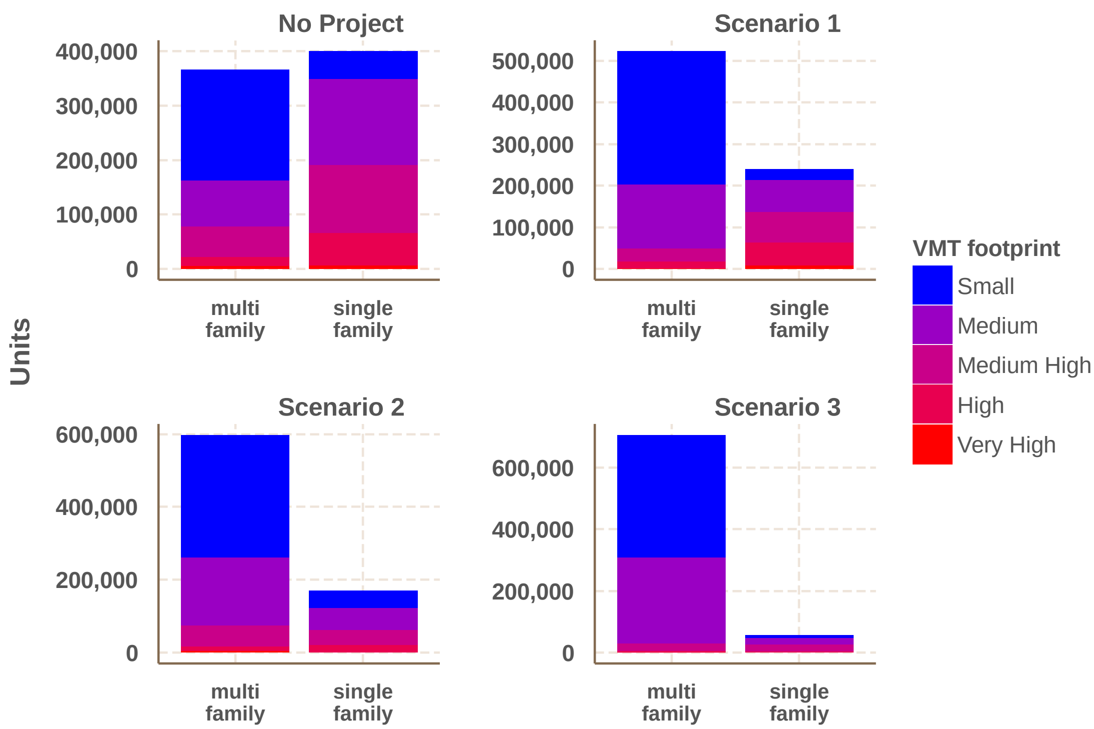
Table 3 shows the distribution of new housing units added between 2010 and 2040, by the level of VMT where the development occurs. Each scenario is shown in a separate line.

Table 3 Housing unit growth, by generic area VMT footprint						
scenario	Small	Medium	Medium-High	High	Very High	Total
No Project	33%	32%	24%	10%	1%	100%
Scenario 1	45%	30%	14%	9%	1%	100%
Scenario 2	50%	33%	13%	4%	1%	100%
Scenario 3	53%	40%	6%	1%	0%	100%
Source: ABAG from MTC UrbanSim runs 1113 to 1116, March 2016.						

Even with *No Project*, very little development happens in the Very High VMT areas, although the High category gets 10 percent. *Scenarios 1* through *3* receive 9, 4 and 1 percent, respectively, in the High category. The bigger differences are found in the Medium-High category, where the range is 24 percent (*No Project*) to 6 percent (*Scenario 3*), and in the Small VMT category, where under *No Project*, one-third of the units are found there, with a steady increase as we move to *Scenarios 1* (45 percent), *2* (50 percent) and *3* (53 percent). Or, to express it in policy terms, under *No Project*, 65 percent of units are found in Small and Medium VMT zones, while this figure moves to 93 percent under the most compact scenario (Scenario 3).

Figure 4 adds detail about housing unit types to this overview. The first panel shows the expected configuration of housing unit location with the *No Project* scenario—slightly more than half the units would be single-family attached or detached homes. For multifamily homes, about half would be located in areas with a Small VMT footprint (this share does not vary much across scenarios), while for single-family homes, about half would be located in areas with a small or medium VMT footprint.

Figure 4 Difference in building type and VMT impact across scenarios



Source: ABAG analysis from MTC Urban Sim runs 1113 to 1116, March 2016

The main factor differentiating *Scenario 1* (panel two in the figure) from the *No Project* version is that the regional plan will encourage the introduction of modest density increases to the more dispersed communities. The number of single family homes drops sharply, and the increase in multifamily homes is in areas with a small VMT footprint. Furthermore, for multifamily units, the number in medium high and very high VMT areas declines, replaced by units in medium VMT areas.

The third panel shows the distribution of households under *Scenario 2*. Of housing units added to the region, under *Scenario 2*, 78 percent will be in multifamily stand alone or residential mixed use developments, while about 22 percent will be in single-family attached or detached units. The share of households in high or very high VMT locations will drop from 11 percent in *Scenario 1* to 5 percent in Scenario 2.

The last panel shows the distribution of new development under *Scenario 3*. In this scenario, the great majority of housing is in multifamily stand-alone or residential mixed-use developments, while just 8 percent is in single-family units. This scenario notably consists of developments almost exclusively in low or medium VMT footprint areas.

Employment Summary

As noted earlier, growth in employment is much less responsive to land use policies than is housing. This is because there is an overabundance of commercial zoning in the region, so constraints are not generally (with notable and local exceptions) of the land use sort, and the non-residential sector is comprised of rather distinctive product types (office buildings, strip malls, warehouses, production fabs, etc.) and submarkets, where substitution across these markets and building types is less nimble than what we typically see with housing.

Comparing the distribution of employment in the three scenarios shows this relative stickiness: From *No Project* to *Scenario 3*, the most urban focused scenario, there are only modest shifts: The three largest cities receive 34 percent of employment growth in *No Project*, but 38 percent in *Scenario 2* and *Scenario 3*. The unincorporated parts of the region receive ten percent of employment growth in *No Project*, while this drops to five percent in *Scenario 3* (See Table 4).

Table 4: Share of Employment Growth by Jurisdiction Type and Scenario

scenario	Largest Three Cities (Oakland, San Francisco and San Jose)	Other Corridor Cities	Other PDA Cities	Cities with no PDAs	Unincorporated
No Project	34%	31%	21%	4%	10%
Scenario 1	35%	30%	23%	3%	8%
Scenario 2	38%	30%	23%	3%	6%
Scenario 3	38%	33%	21%	3%	5%

Source: ABAG from MTC UrbanSim runs 1113 to 1116, March 2016

Figure 5 shows this information graphically, with sectoral detail added. In all scenarios, the corridor cities see some loss of manufacturing, warehouse and transportation employment counterbalanced by stronger growth in professional, finance, health, education, and the “other” sector (which includes construction, information and government). The unincorporated areas see twice the employment growth in *No Project* compared to *Scenario 3*, with the higher job numbers largely comprised of retail, as well as health, education and recreation and “other.”

Figure 5 Share of Growth in Employment (2010 to 2040) by Area Type and Sector

Source: ABAG from MTC UrbanSim runs 1113 to 1116, March 2016

Share of Growth by Counties

Scenario differences by county reflect the distinct roles counties play in the region, currently and in the future. County shares of household growth vary widely by scenario. Santa Clara County has the highest share of household growth in *Scenario 3*, capturing almost half of all new households [This may change when growth in major corporate centers is tamed]. Solano County has the highest share of the region's household growth in *Scenario 1*. In *Scenario 2*, Alameda County has the highest share of new households (See Table 5).

Table 5: Distribution of Households in 2010 and Growth of New Household by County

County	Share of Total Base Year 2010	Share of Growth 2010-2040			
		No Project	Scenario 1	Scenario 2	Scenario 3
Alameda	21%	16%	19%	24%	15%
Contra Costa	14%	16%	10%	14%	6%
Marin	4%	3%	3%	2%	1%
Napa	2%	2%	1%	1%	1%
San Francisco	14%	11%	15%	13%	18%
San Mateo	10%	8%	11%	10%	8%
Santa Clara	23%	18%	22%	21%	49%
Solano	5%	13%	13%	8%	1%
Sonoma	7%	13%	7%	7%	2%
BAY AREA	100%	100%	100%	100%	100%

Source: ABAG from MTC UrbanSim runs 1113 to 1116, March 2016

With respect to employment, there is less variation among scenarios compared to *No Project*. Santa Clara County receives 28 percent of the region's employment growth in *No Project* while in *Scenario 3* it receives 33 percent. San Mateo and Alameda counties receive their highest shares of regional employment growth in *No Project*, although the differences in Alameda County are very small among the four scenarios. Contra Costa County and the four North Bay counties also have very little difference across scenarios in the shares of employment growth received. [Note: we will be working with UrbanSim to create greater variation in growth of local serving jobs based on household growth]. San Francisco receives the greatest share of employment growth in *Scenario 2* (19 percent). Only San Francisco and Napa counties have smaller shares of growth compared to their 2010 employment bases, consistently across scenarios. [For San Francisco, this may change when the base share is corrected for our new baseline numbers.] (See Table 6).

Table 6: Distribution of Employment in 2010 and Growth by County					
County	**Share of Total, Base Year 2010**	**Share of Growth, 2010-2040**			
		No Project	**Scenario 1**	**Scenario 2**	**Scenario 3**
Alameda	21%	22%	21%	21%	21%
Contra Costa	11%	11%	11%	11%	10%
Marin	3%	2%	2%	2%	2%
Napa	2%	1%	1%	1%	1%
San Francisco	21%	16%	16%	19%	16%
San Mateo	9%	10%	7%	7%	8%
Santa Clara	26%	28%	30%	29%	33%
Solano	3%	4%	4%	4%	4%
Sonoma	5%	7%	8%	8%	6%
BAY AREA	100%	100%	100%	100%	100%

Share of growth by PDAs

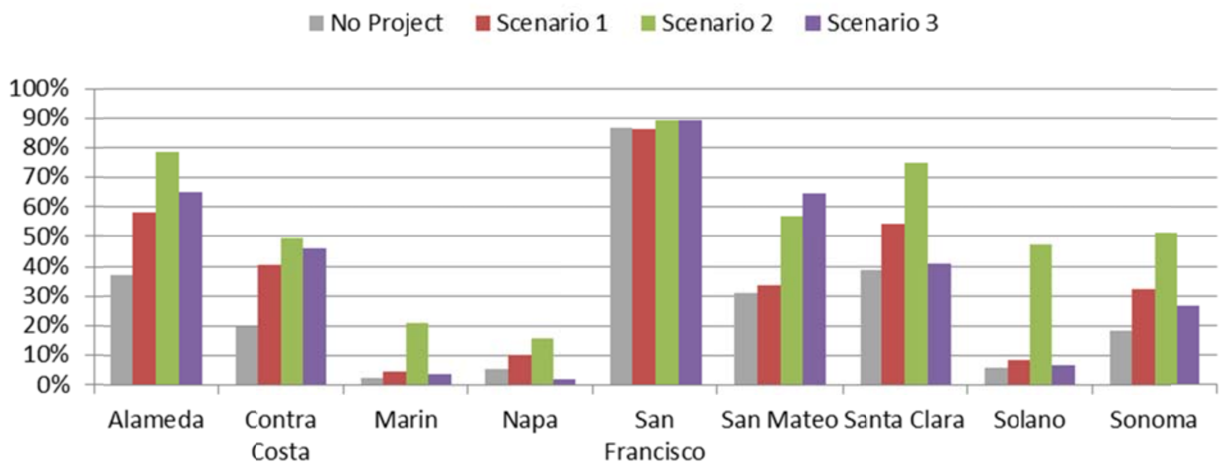
Overall, somewhat less growth is concentrated in PDAs than was the case in *Plan Bay Area 2013*. A part of this is basic math: regional growth expectations for 2040 now exceed what was imagined in 2013, while the number of PDAs has actually been reduced, although acreage has changed insignificantly. With these changes, as well as adjustments to account for the PDA Feasibility study completed in Fall 2015[12], the share of growth in PDAs is expected to be smaller. *Scenario 2* has the highest share of household growth in PDAs, at 69 percent, while the lowest share occurs in *No Project* (33 percent).

New household growth is more heavily concentrated in PDAs than employment in the three Scenarios, as the PDA concept centers around residential and mixed use (commercial plus residential) development. San Francisco County has the highest share of PDA household growth in all scenarios, ranging from 86 percent in *Scenario 1* to 89 percent in *Scenarios 2* and *3*. (See Figure 6). Alameda County

[12] Economic and Planning Systems, Inc., *op cit*

has the next highest share of household growth in PDAs, ranging from 37 percent under *No Project* to 79 percent in *Scenario 2*. Santa Clara County PDA household growth ranks third overall, with 75 percent in PDAs in *Scenario 2* and 39 percent in *No Project.* Santa Clara County's low share of household growth in PDAs in *Scenario 3* may be surprising, given its focus on the big cities. It is in part due to strong *employment* growth under *Scenario 3*, trading off residential and commercial development in these areas, as well as the housing growth allocated around corporate centers which are not currently designated as PDAs.

Figure 6: Percent of County Household Growth in PDAs

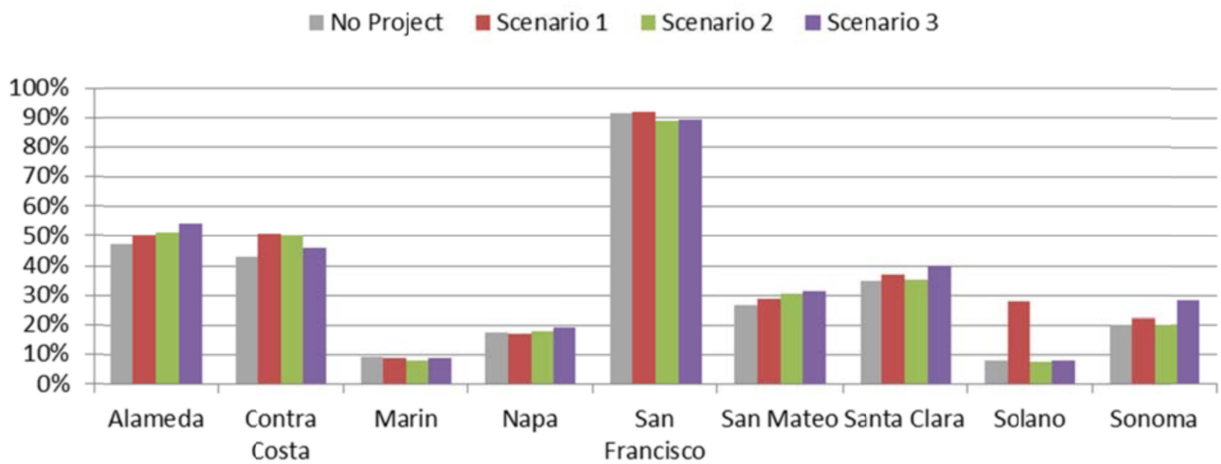


Source: ABAG and MTC UrbanSim runs 1028 to1034, March 2016.

Because strategies are more directed toward residential than nonresidential growth and because employment growth has been less constrained by land use restrictions than has housing growth, there is much less variation among scenarios in the share of employment growth in PDAs. Regionwide, the highest share of employment growth in PDAs, at 48 percent, occurs in *Scenario 3*, followed closely by *Scenario 1* (47 percent) and *Scenario 2* (47 percent). Even the *No Project* distribution has 44 percent of employment growth in PDAs, capturing a higher share than household growth.

The highest share of employment in PDAs is in San Francisco *Scenario 1* (92 percent), and the county with the lowest share among the three scenarios is Marin (8 percent). (See Figure 7). Contra Costa, San Francisco, and Solano have their highest PDA shares of employment in *Scenario 1*. In the case of San Francisco, this is not because the City has more PDA-located jobs in *Scenario 1* than in the other scenarios, but because it has fewer jobs outside of the PDAs in *Scenario 1*, as the lower number of those non-PDA jobs is counterbalanced by a small increase in the number of jobs in other parts of the region. San Francisco still has a far higher share of jobs in PDAs in all three scenarios compared to any of the other counties. In contrast, Contra Costa and Solano counties have higher shares of employment within PDAs in *Scenario 1* because a higher share of growth overall is going to smaller jurisdictions in this scenario.

Figure 7: Percent of County Employment Growth in PDAs



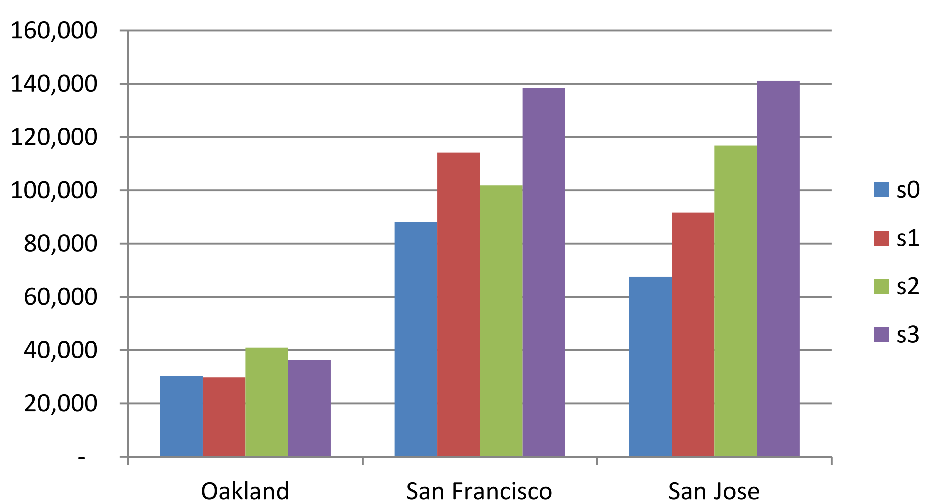
Source: ABAG and MTC UrbanSim runs 1028 to1034, March 2016.

The Big Cities and Places with the Largest Amounts of Growth

The scenarios are further characterized by growth differences among jurisdictions and other places within the counties. Most of these differences are much more pronounced in the distribution of households than that of employment. This is apparent from comparing household and employment change in the three biggest cities. As shown in Figure 8, household growth is most heavily concentrated in the big three cities in *Scenario 1* and least heavily concentrated in *No Project*. Employment growth, in contrast, varies much less, and less regularly across the three cities. San Francisco's highest growth occurs in *Scenario 2*, while San Jose's highest growth occurs in *Scenario 3*. (See Figure 9).

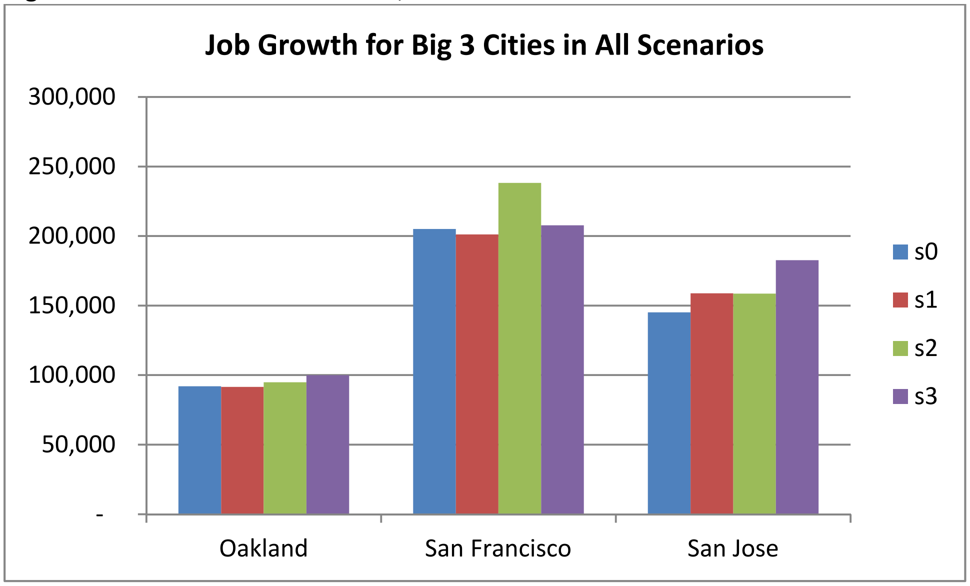
Figure 8: Household Growth for Oakland, San Francisco and San Jose in All Scenarios

Household Growth for Big 3 Cities in All Scenarios



Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

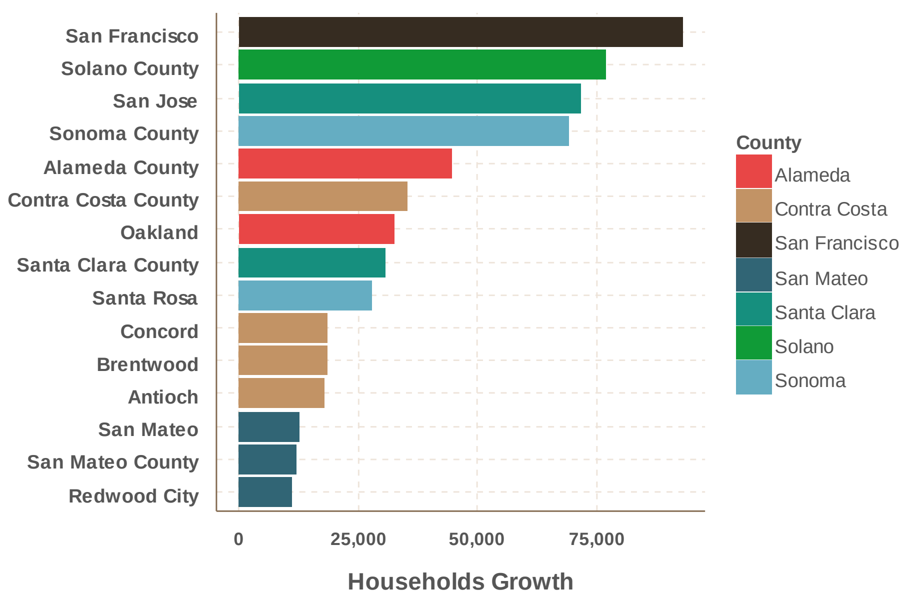
Figure 9: Job Growth for Oakland, San Francisco and San Jose in All Scenarios



Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

The following 8 bar charts, Figures 10 to 17, show the places capturing the most growth (household and employment) in each of the three scenarios and *No Project*. Each bar is colored to indicate in which county the place is located. Where the place includes "County" in its name, this indicates the total growth in the unincorporated places within the county. For example, in Figure 10 (household growth, *No Project*), the unincorporated portion of Solano County receives the second highest amount of household growth of anywhere in the region, after San Francisco. Note that the chart scale changes with scenario. In Figure 10, household growth under *No Project*, no city receives 100,000 households or more. San Francisco receives more households than any other place in *No Project*. In contrast, San Francisco drops to number two in terms of total household growth in *Scenarios 2* (Figure 12) and *3* (Figure 13), but in *Scenario 2* it receives over 100,000 households and in *Scenario 3* over 140,000 new households.

Figure 10: Household Growth, Top 15 places, No Project



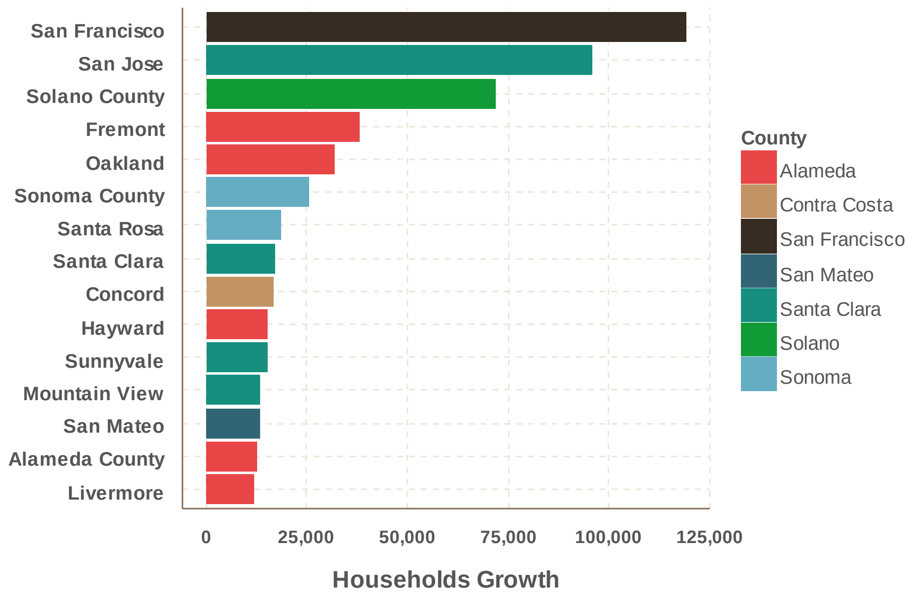
PRELIMINARY NUMBERS AND DISCUSSION PREPARED MARCH 2016, SUPERSEDED BY MAY 2016 PUBLICATIONS

Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

Places Receiving the Largest Amounts of Household Growth

The places experiencing the largest amount of household growth varies by scenario, as does the overall proportion of growth concentrated in these jurisdictions. The 15 cities with largest increases in households will add 71 percent of the total household growth in the region in *No Project*, 64 percent in *Scenario 1,* 65 percent in *Scenario 2*, and 82 percent in *Scenario 3*.

Figure 11: Household Growth, Top 15 places, Scenario 1

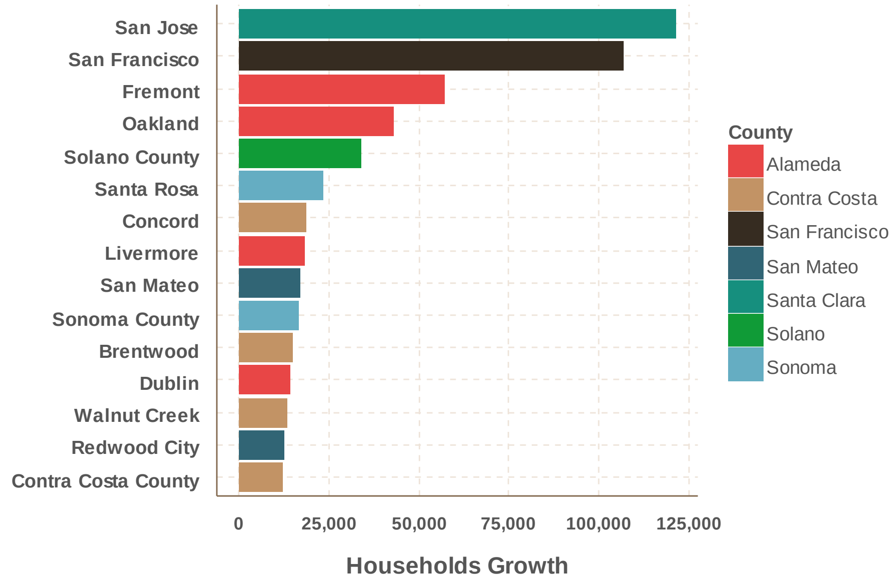


Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

Scenario policies affect which places within the region dominate household growth. While the City of San Francisco is among the top two places for household growth in every scenario, as well as with *No Project*, San Jose's position ranges from first in *Scenarios 2* and *3* to third in *No Project*. Santa Clara County has only one place (San Jose) in the top 15 in *Scenario 2*, but six in *Scenario 3*. In contrast, only one Contra Costa County place, Concord, is among the 15 largest household gainers in *Scenarios 1* (Figure 11) and *3* (Figure 13), while four Contra Costa County places rank in the top 15 in *Scenario 2* (Figure 12) and *No Project*, including the unincorporated part of Contra Costa County.

The City of Oakland is among the top five places receiving growth in the three scenarios. Oakland is number six in *No Project*. The unincorporated part of Alameda County is the only other Alameda County place among the top 15 in *No Project*, but as growth policies are applied in *Scenarios 1* through *3*, Alameda County places take a stronger role. In *Scenario 2*, for example Fremont is the place ranking third in the region in household growth, with Oakland number four, Livermore number eight, and Dublin ranking number 11. In *Scenario 3*, Alameda County's highest household growth places switch from the Interstate 580 corridor to the East Bay corridor, with San Leandro (number 11) and Hayward (number 13) replacing Livermore and Dublin.

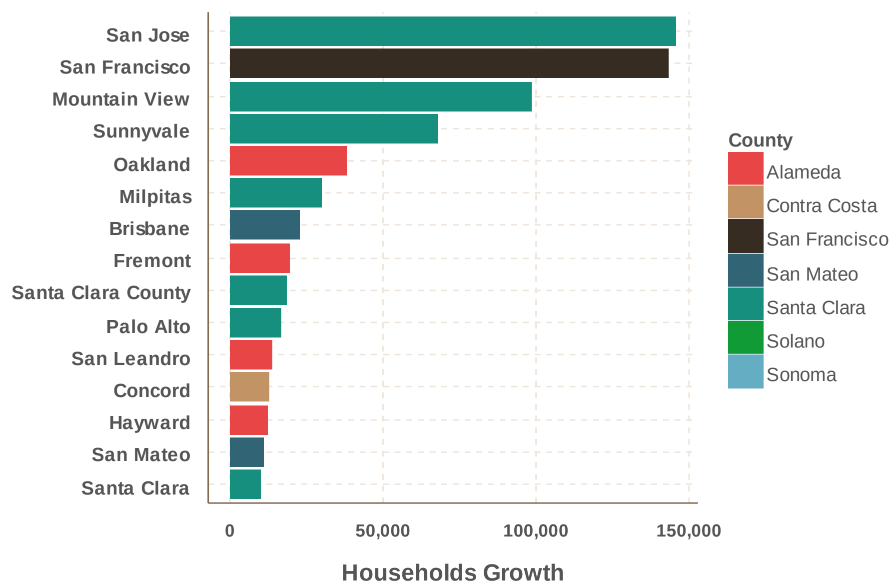
Figure 12: Household Growth, Top 15 places, Scenario 2



Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

The City of San Mateo is among the top fifteen places receiving household growth in every scenario as well as *No Project*, ranging from number 14 in *Scenario 3* to number 9 in *Scenario 2*. The city ranks 13th in *Scenario 1* and *No Project*. Redwood City is the 15th fastest growing city in *No Project* and the 14th fastest in *Scenario 2*, but does not appear among the top 15 in the other two scenarios. Unincorporated San Mateo County is among the top 15 places for household growth in *No Project* but not in any of the scenarios.

Figure 13: Household Growth, Top 15 places, Scenario 3



Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

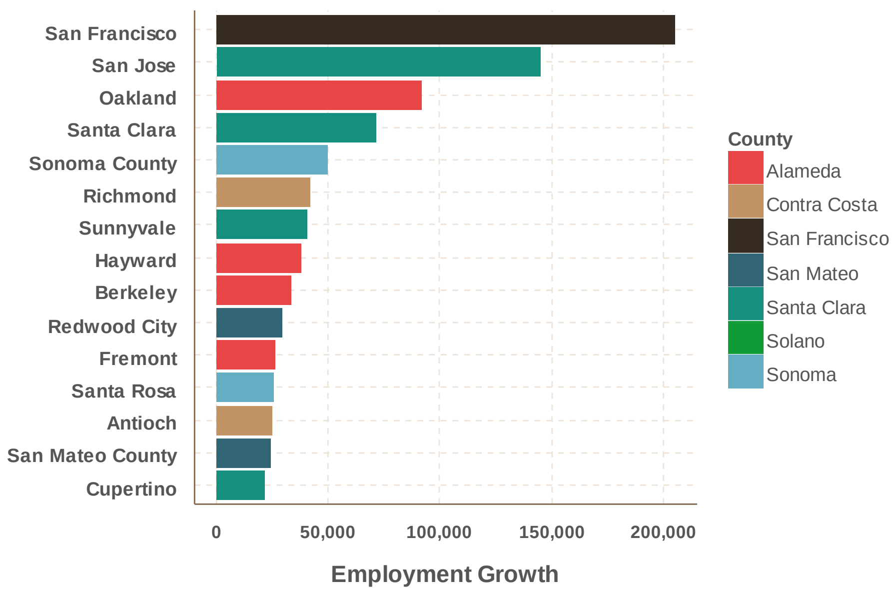
Not surprisingly, no North Bay places are among the top 15 places for household growth in *Scenario 3*, the most concentrated scenario. However, unincorporated Solano County receives the second largest amount of household growth in *No Project*, the third highest amount in *Scenario 1* and the fifth highest amount in *Scenario 2*. Santa Rosa and unincorporated Sonoma County are among the top fifteen places for household growth in *No Project*, and *Scenarios 1* and *2*. Santa Rosa exceeds the numbers of households added in the unincorporated part of the county in Scenario 2, but receives fewer households than unincorporated Sonoma County in *No Project* or *Scenario 1*.

Places Receiving the Largest Amounts of Employment Growth

In general, the places that currently have the largest share of regional employment in 2010 will add more jobs between 2010 and 2040. Compared to household growth, there is less variation across the scenarios in the percentage of future job growth that will be in the top 15 cities: 67 percent in *No Project*, 70 percent in *Scenario 1*, and 72 percent in *Scenarios 2* and *3*.

The list of cities receiving the most employment growth varies little among the different distributions described by *No Project* (Figure 14) and the three scenarios (Figures 15, 16 and 17), although the level of growth and the ranking varies among the cities. San Francisco, San Jose, and Oakland are the three cities receiving the largest number of jobs in each of the described geographic distributions. However, San Francisco grows by close to 200,000 jobs in *No Project*, *Scenario 1* and *Scenario 3*, but by almost 250,000 jobs in *Scenario 2*, while San Jose's job growth is below 150,000 in *No Project*, almost 160,000 in *Scenarios 1* and *2*, and over 180,000 in *Scenario 3*. Oakland adds about 92,000 jobs in *No Project* and *Scenario 1*, but almost 100,000 jobs in *Scenario 3*.

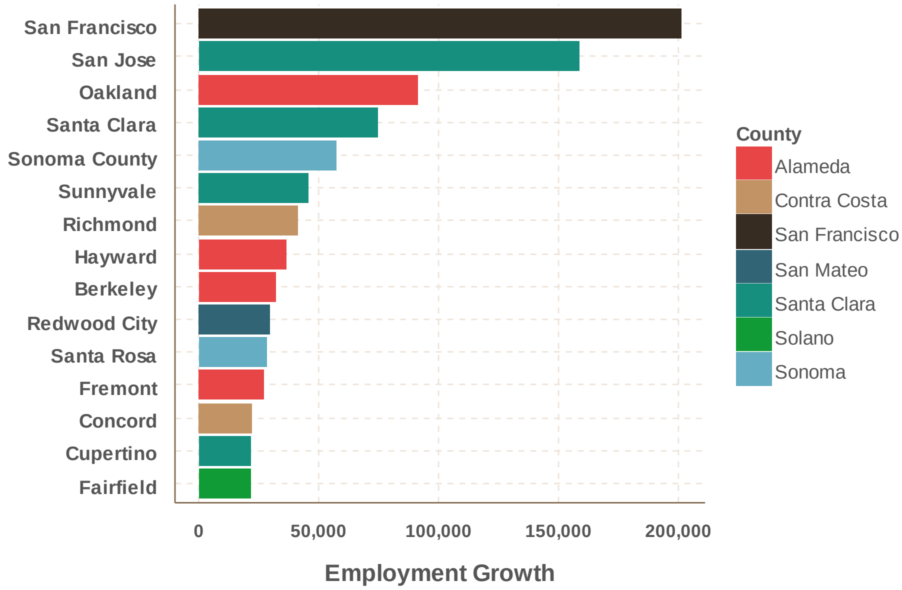
Figure 14: Employment Growth, Top 15 places, No Project



Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

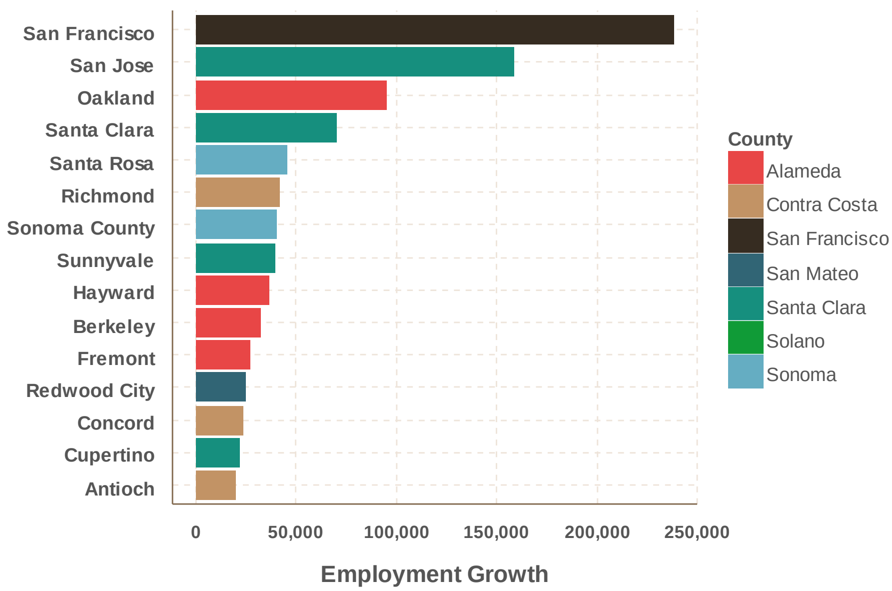
The City of Santa Clara gains the fourth largest number of jobs in *No Project* and in all three scenarios. Other places in the top 15 in all scenarios and *No Project* include unincorporated Sonoma County (number five in *No Project* and *Scenario 1* and nine in *Scenario 3*), Santa Rosa (number 5 in *Scenario 2*), Richmond (ranging from a rank of seven in *Scenario 1* to five in *Scenario 3*), Sunnyvale and Cupertino in Santa Clara County, Berkeley, Fremont and Hayward in Alameda County, and Redwood City in San Mateo County.

Figure 15: Employment Growth, Top 15 places, Scenario 1



Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

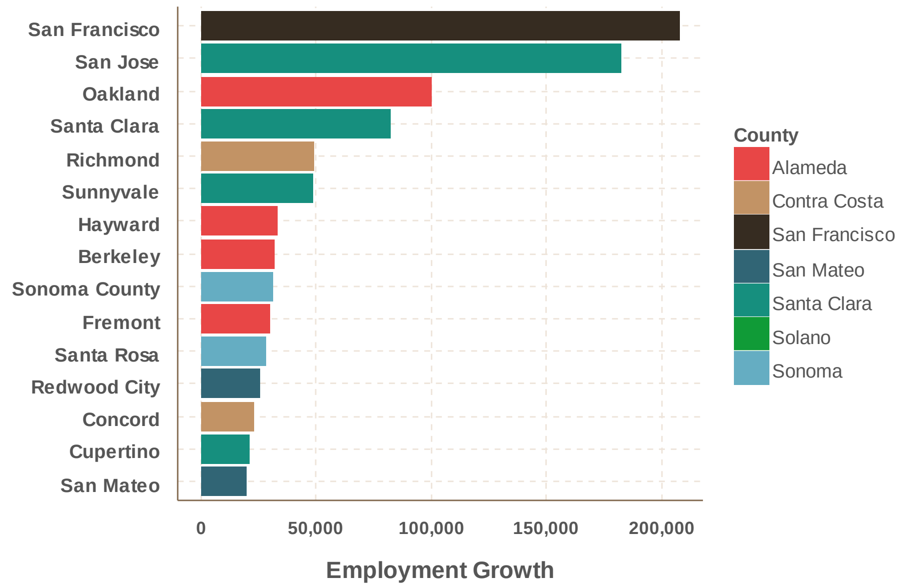
Figure 16: Employment Growth, Top 15 places, Scenario 2



Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

A few other places rank in the top 15 in some but not all of the geographic distributions of employment. Concord is among the top 14 in all three scenarios but not in *No Project*. Antioch is among the top fifteen in *Scenario 2* as well as in *No Project*. San Mateo County receives the 14th largest amount of job growth in *No Project* but does not make the top 15 in any of the three scenarios. Fairfield is among the top 15 in *Scenario 1* only, and is the only Solano County place to be among the top fifteen places for job growth in any of the geographic distributions.

Figure 17: Employment Growth, Top 15 places, Scenario 3



Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

Corridors – East Bay and El Camino Real

Transportation and business corridors have been used as one framework for shaping collaborative planning efforts towards developing PDAs. This section describes the projected growth along the East Bay Corridor and the El Camino Real Corridor. (The two corridors are shown in Figure 1, the map at the beginning of this report).

East Bay Corridor

The East Bay Corridor consists of 48 PDAs in cities stretching from Fremont to Oakland. Household growth projected in the PDAs along this corridor ranges from about 39,000 in *No Project* to almost 116,000 in *Scenario 2*, three times the level of *No Project*. *Scenarios 1* and *3* each lead to growth of just over 70,000 households (See Table 7). In *Scenario 2*, PDAs in the East Bay Corridor account for 76 percent of the corridor's total household growth, and 15 percent of the growth for the Bay Area.

Table 7: East Bay Corridor PDAs Household Growth

	2010	2040	Growth	Percentage Growth	Share of Corridor Growth	Share of Regional Growth
No Project	181,038	219,869	38,831	21%	38%	5%
Scenario 1	181,038	253,723	72,685	40%	61%	9%
Scenario 2	181,038	296,750	115,712	64%	76%	15%
Scenario 3	181,038	251,842	70,804	39%	66%	9%

Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016

Job growth in the East Bay Corridor PDAs ranges from 130,000 in *No Project* to 145,000 in *Scenario 3*, a much smaller range than in household growth. (See Table 8). *Scenarios 1* and *2* are again fairly close, with 131,000 jobs added in *Scenario 1* and 145,000 jobs in *Scenario 2*. Job growth in East Bay Corridor

PDAs in *Scenario 3* accounts for for 49 percent of the corridor's total job growth, and 11 percent of Bay Area's total job growth .

Table 8: East Bay Corridor PDAs Job Growth						
	2010	2040	Growth	Percentage Growth	Share of Corridor Growth	Share of Regional Growth
No Project	314,405	444,762	130,357	41%	46%	10%
Scenario 1	314,405	445,764	131,359	42%	47%	10%
Scenario 2	314,405	449,355	134,950	43%	48%	10%
Scenario 3	314,405	459,547	145,142	46%	49%	11%
Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016						

Looking at job growth and household growth together for the East Bay Corridor, *No Project* would leave the corridor with a substantial shortage of new households compared to employment growth. The shortfall would be substantially less in *Scenarios 1* and *3*, while *Scenario 2* could produce household growth at a level that there could be a net improvement of the jobs housing balance along the corridor.

El Camino Real Corridor

The El Camino Real Corridor includes 17 PDAs along the West Bay Shore from East Palo Alto and Palo Alto through Brisbane. Projected household growth in PDAs along the corridor ranges from about 15,000 in *No Project* to over 27,000 in *Scenario 2*. In *Scenario 2*, PDAs also have the highest proportion of corridor growth—13 percent, compared to 9 percent in *No Project* and only 5 percent in *Scenario 3*. This corridor has a lower share of household growth for the region compared to the East Bay Corridor. The El Camino Real Corridor share of regional growth ranges from 2 percent in *No Project* and *Scenario 3* to 4 percent in *Scenario 2*. (See Table 9).

Table 9: El Camino Real PDAs Household Growth						
	2010	2040	Growth	Percentage Growth	Share of Corridor Growth	Share of Regional Growth
No Project	42830	58,293	15,463	36%	9%	2%
Scenario 1	42830	63,692	20,862	49%	10%	3%
Scenario 2	42830	70,185	27,355	64%	13%	4%
Scenario 3	42830	60,305	17,475	41%	5%	2%
Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016						

El Camino Real PDAs receive their highest levels and shares of employment growth in *Scenario 3*, and lowest levels and shares in *Scenario 1*. (See Table 10). In *Scenario 3*, PDAs would add 35,000 jobs but only 17,000 households. In *No Project*, the household to jobs short fall would be similar in proportion, adding 15,000 households compared to 30,000 jobs. In contrast, household to jobs proportions would be more balanced in the El Camino Real Corridor PDAs in *Scenarios 1* and *2*.

Table 10: El Camino Real PDAs Job Growth						
	2010	2040	Growth	Percentage Growth	Share of Corridor Growth	Share of Regional Growth
No Project	73,530	103,442	29,912	41%	7%	2%
Scenario 1	73,530	101,833	28,303	38%	7%	2%
Scenario 2	73,530	105,335	31,805	43%	8%	2%
Scenario 3	73,530	108,353	34,823	47%	8%	3%
Source: ABAG from MTC Urban Sim runs 1113 to 1116, March 2016						

Integrating Equity, Environmental and Resilience Factors into the Scenarios

Equity, protection of environmental quality, and resilience are all important goals of *Plan Bay Area*. Six of the plan's 13 performance targets address equity considerations, while two targets address the environment, with all targets supporting an overall more resilient region. Rather than creating an "Equity" scenario, an "Environment" scenario and a "Resilience" scenario, the considerations for each of these factors are partially addressed in the land use analysis for the scenarios reported here and are partially addressed through the application of policies at a regional level as appropriate to each scenario.[13]

Equity

Equity considerations are addressed within the land use analysis through the application of local policies to enhance the availability of affordable housing throughout the region and in jurisdictions close to employment opportunities. For example, UrbanSim can represent deed-restricted inclusionary units which are limited to residents in certain income groups. This ensures that affordable housing is one component of new residential developments, while providing replacement affordable housing in the event that naturally affordable units are removed by infill development. In *Scenarios 2* and *3*, the model applies revenues from an indirect source tax (eg. vehicle miles traveled) to fund housing close to job centers. *Scenario 1* does not address the jobs/housing fit as directly as *Scenarios 2* and *3*, but policies applied at the regional level could address the travel cost problems associated with the greater concentration of new housing in suburban areas more distant from employment.

In addition to housing affordability, other equity targets focus on healthy and safe communities, transportation and housing costs, access to jobs, decreasing risk of displacement, and access to middle wage jobs. The performance target analysis will address these factors, which are not as easily represented in the UrbanSim model. Rather than including a partial analysis in the land use component alone, it will be addressed when land use and transportation elements are both completed.

Equity targets were also used to evaluate which transportation projects were selected for regional investment through the Project Performance Assessment where MTC scored each proposed transportation project according to how closely each achieved the policy objectives set in the performance targets. Please refer to the companion piece [NAME—to be added if completed before the May distribution of this memo] written by MTC for more detail.

[13] See http://planbayarea.org/the-plan/plan-details/goals-and-targets.html for more information on *Plan Bay Area* performance targets.

ABAG and MTC are also preparing an additional equity analysis for *Plan Bay Area 2040*. The overall Equity Framework will include a Title VI analysis of *Plan Bay Area* investments that use state or federal funds, an environmental justice analysis of PBA investments to determine any disproportionately high adverse impacts on low-income and minority populations or communities of concern, and an equity analysis of the distribution of benefits and burdens of the alternatives on communities of concern compared to the rest of the region.

Environment

Environmental considerations are addressed within the land use allocation through restrictions on greenfield development, the type of housing, concentration of housing (and in some scenarios employment) in areas accessible to transit, and the air quality impacts of selected projects. The manifestations of this approach vary by scenario. No greenfield development occurs in *Scenarios 2* and *3*, while in *Scenario 1*, the amount of greenfield development, and more generally of rural and suburban development, is substantially less than if the Plan were not adopted, and the concentration of new development in core and urban areas (and in multifamily units) is higher (as shown earlier in Figure 3). *Scenarios 2* and *3* have even greater concentration of growth in denser, more urban areas, improving the potential for use of less polluting public transit alternatives. The transportation analysis will address the use of transit as compared to other types of travel in the three scenarios.

Resilience

Resilience was not directly addressed in the land use analysis for the scenario development, because vulnerability to natural disasters or climate change impacts is widespread throughout the region. Instead, *Plan Bay Area* will include policies to be applied to the preferred scenario to improve resilience in the region.

No single scenario avoids the effects of natural disasters or climate change. Integration of climate adaptation and hazard mitigation planning in areas of new development is necessary in all scenarios to keep Bay Area residents safe, and regional investments secure. Resilience measures taken in areas of new development must be responsive to the unique risks created by the variety of intersecting hazards and communities. The growth patterns proposed in each scenario will change the Bay Area's built environment and land areas, which will require specific strategies to address risks.

For example, in *Scenario 1*, while new single family homes are structurally highly resilient to shaking, the development pattern of single family neighborhoods, especially in more distant suburban areas, makes the neighborhoods more dependent on expansive infrastructure networks, which may require greater redundancy to reliably serve communities. To provide reliable water, energy, and transportation services, single-family communities may consider investing in distributed energy systems, on-site water reuse systems, and redundant transportation networks. These policies could be particularly important in *Scenario 1*, to ensure that residents can still maintain livable conditions if infrastructure is damaged, and reach commercial and employment centers and medical services after an event.

In *Scenarios 2* and *3*, greater concentration of new development in multifamily homes may require improved building standards, to make this type of housing more resilient to a major event. In upgrading building requirements, the focus should expand from life-safety to measures that would improve the chances a building could be occupied after the earthquake shaking stops, or the flood waters recede.

While services are likely to be more accessible because they are closer than in a more dispersed scenario, upgrading of infrastructure is important in these two scenarios to make roadways and transit services more resistant to damage along corridors that follow the fault lines and shorelines.

The plan will draw from conclusions in *Stronger Housing, Safer Communities* (http://resilience.abag.ca.gov/projects/stronger_housing_safer_communities_2015/) which provides strategies to address residential seismic and flooding risks and the resources gathered for creating a local Mitigation and Adaptation Plan (http://resilience.abag.ca.gov/projects/2016-mitigation-adaptation-plans/) to strengthen the resilience of communities over the next 25 years by addressing the risks from all natural hazards.

Summary/Concluding Section

The three scenarios described here present alternative land use patterns that can help to meet the state requirements for greenhouse gas reduction as well as the broader performance targets defined for the sustainable community strategy. Companion pieces [a companion piece?] written by MTC address 1) the resulting travel demand and greenhouse gas production of the different scenarios and 2) compare the effects of the different scenarios on performance targets for the plan.

From the land use analysis alone, major conclusions are:

- A regional plan that is based on policies conceived at a regional level through collaborative efforts among jurisdictions but implemented at the local level can significantly change the long term development direction of the region.
- Denser infill development can improve access to public transit resources while preserving the region's open space.
- Affordable housing needs can be addressed in a variety of development patterns, but different types of policies may be necessary to meet broader equity goals, such as lower housing plus transportation costs, greater access to middle wage jobs, or limitations on displacement, in each scenario.
- Integration of resilience with future infrastructure investments improves reliability and prosperity for both existing and future residents.
- The combination of land use and transportation planning is surfacing public health, equity, resilience, and ecosystem co-benefits that are attracting integrated funding and financing platforms for comprehensive planning and development.

[Insert an extra page if needed to allow the appendices to start on an odd page]

ASSOCIATION OF BAY AREA GOVERNMENTS
Representing City and County Governments of the San Francisco Bay Area

ABAG

Date: May 6, 2016

To: ABAG Executive Board

From: Ezra Rapport
Executive Director

Subject: **ABAG MTC Merger Study Recommendation**

1. Context / Recommendation

ABAG is facing what is probably the most critical juncture in its 55 year history. ABAG has reached a point where a decision must be made with respect to its future, and the future of regional planning and programs in the Bay Area. The integration of ABAG and MTC into a comprehensive regional agency might be a real possibility.

What will be before the Executive Board on May 19th is a decision to select a path forward that has the best chance of being approved by both ABAG and MTC and best serve the public interest. The status quo between the agencies is that MTC will terminate its Planning Grant to ABAG on July 1, 2016, unless an alternative Merger Implementation Plan (MIP) is adopted by both agencies. If both agencies can agree on a path forward with sufficient detail, that agreement would constitute a Merger Implementation Plan (MIP), and that action would trigger a continuation of the MTC Planning Grant to ABAG while the details of the MIP are worked out.

Our recommendation is for the Executive Board to approve two Options: Option 4 and Option 7 of the Management Partners report (see attachments A and B) with important principles for Option 7. These principles are described below under Recommendation.

Option 4 (New Governance Model and Full Staff Merger), in ABAG staff's view, is the best option for the Bay Area. The New Governance model should combine the best of MTC's statutory responsibilities to program and allocate transportation dollars, while also supporting city and county engagement in land use, economic development, environmental planning, and other non-transportation issues facing the region. With this governance model, a powerful regional agency with a broad scope of responsibility can be created utilizing combined administrative resources.

While we see a change in governance as crucial to the long term mission of regional planning, we are convinced that the ABAG and MTC boards cannot address governance in the time frame needed to sustain ABAG. As stated above, MTC's Planning Grant to ABAG expires July 1, 2016, unless MTC and ABAG both adopt an alternative Merger Implementation Plan (MIP). With the assumption that the dialogue for changes in governance will take more time than is available to address the present situation, all options that require an immediate commitment to a change in governance are fatally flawed if this change cannot be agreed upon by both ABAG and MTC by July 1, 2016.

In addition to our recommendation of Option 4, staff also recommends the alternative approval of Option 7, if that is the only option that MTC will approve. Option 7 retains the ABAG Board and its institutional policy authority, but proposes to transfer ABAG staff to MTC following development of a contract for services and entering into an MOU to establish a timeframe for considering a new governance structure and setting forth principles, goals and parameters for considering new governance options. In addition, Option 7 calls for an MOU on the parameters of a new governance model to be considered within a reasonable time.

The deficiency of Option 7 is that it splits administrative control away from ABAG governance. While there is an advantage to having unified administration, the successful implementation of Option 7 will require the MTC administration to be sensitive to ABAG staff, programs, and relationships to all levels of government and stakeholders. ABAG's programs are financially self-sufficient for the foreseeable future, but these programs require an administrative control that is very different from the exigencies of MTC administration. There needs to be a strong commitment on the part of MTC administration to both protect ABAG's Council of Governments (COG) role and to fairly evaluate the programs maintained by current ABAG staff.

We understand that MTC administration needs to protect MTC from financial liabilities. At the same time, ABAG programs should be carefully evaluated prior to making any significant changes so that ABAG membership remains supportive of this effort. ABAG's governance and administrative model has taken decades to construct, but may disintegrate rapidly without careful consideration of any changes proposed by MTC administration.

The ABAG staff transfer to MTC should be accompanied by a set of principles to guide Option 7 and proposed principles have been enumerated in Section 9 of this report. These principles should be attached to ABAG's resolution of approval. The principles should help guide the ABAG negotiations between ABAG and MTC for an MOU that defines roles and responsibilities and the contract for services between ABAG and MTC.

ABAG and MTC should also consider engaging in facilitated discussions regarding new governance models during the next two years. ABAG and MTC should analyze a set of options for new governance with the intent of choosing an option that integrates the functional responsibilities of both the Metropolitan Planning Organization (MPO) and the COG, and provides the best possible regional agency for the Bay Area to accomplish comprehensive planning, programming, and implementation of projects that will serve the 21st century.

2. Governance and Staffing

Option 7 does not address all problems. Option 7 cannot be implemented without an extensive work program to transition ABAG employees and ABAG programs to MTC administration. A second major consideration is how to define what is meant by ABAG autonomy, policy oversight, and regional responsibility, which is mentioned in Management Partners' report. The MOU should also set, at a minimum, a reasonable time frame for new governance options to be evaluated by MTC and ABAG.

Given the need to reach consensus among ABAG and MTC, however, we view only Option 7 as feasible, with principles enumerated in this memo and others that may be attached by the Executive Board. Option 7 needs to be made realistic in both the short term and long term. The two agencies need to choose a single option in order to focus on the necessary details.

3. Regional Planning Opportunity

Despite the challenges, we believe that the potential reorganization of ABAG and MTC into a single agency represents an extraordinary opportunity to create an innovative regional governance function that combines the best of ABAG and MTC. Together, these agencies contain an unparalleled expertise to deliver improved planning, policy, and funding support to the Bay Area. Working as a combined staff, both agencies would be able to provide responsive, locally-tailored services that improve the lives of current and future Bay Area residents, in a variety of economic, social, and environmental contexts.

We do not want to lose sight of this opportunity. A great deal of effort has been expended discussing the issues of regional governance and the required process of collaboration across the Bay Area's diverse communities. While there is much more to be done, the Bay Area deserves the most effective organization for regional planning and implementation of critical programs. The Bay Area is becoming increasingly complex as its economy grows. There are enormous transportation, housing and environmental challenges ahead, including affordable housing, water supply, and sea level rise, and there is an urgent need for an integrated, comprehensive regional planning and implementation institution.

4. Council of Governments Essential Role

Management Partner's Option 7 states that ABAG "retains autonomy and policy oversight over current statutory roles and responsibilities." This direction will require more than verbal assurances that policy making responsibilities will be respected. In order for the ABAG Executive Board to retain autonomy and policy oversight, there must be a strong connection to the staff charged with implementing those statutory roles and responsibilities. The Executive Board should be able to assert policy prerogatives through the Work Plan and Contract for Services it negotiates with MTC. Staff should be available to listen, interpret, and implement policy direction from the ABAG Executive Board, or its successor.

ABAG's ability to carry out its statutory roles and responsibilities also relies on its relationship to local governments. The connection between ABAG and local governments is structured through the Executive Board and the role of city and county delegates for each jurisdiction. The ABAG delegates represent City Councils, who in turn, are a connection to the City Managers and local government staff, especially land use planners. Through this mechanism, ABAG maintains a solid relationship with local government. This channel of communication and collaboration needs to remain if cities and counties are to consider the new arrangement to be a continuation of the Council of Governments.

The following are essential activities that define a Council of Governments, and we believe they need to be maintained at least until new governance options are implemented:

A. **Strong Local Partners**: Cities and counties must be essential partners in the emerging regional planning and services structure. Sustained trust and accountability to local governments will be a foundational dimension of this new regional agency and retain membership dues in place.

B. **Work Program approved by Executive Board**: The approval of the work program by the Executive Board, prioritizes regional challenges and strategies, and provides direct guidance on land use, housing, economic development, and environmental policies and strategies. The Executive Board will need to provide direction on major regional strategies such as Priority Development Areas, resilience strategies or Regional Housing Needs Allocation.

C. **Involvement of Regional Planning Committee or similar body**: The ABAG's Regional Planning Committee, or similar committee that includes elected officials and major stakeholders, should continue to advise staff on major planning projects such as the designation of an Economic Development District, coordination of water conservation strategies or the creation of a Regional Housing Trust Fund.

D. **Planning Staff**: An integrated planning function will need to continue to engage with local jurisdictions. ABAG staff takes input on housing, economic development and infrastructure needs and provides support on land use analysis, policy analysis, best practices and public engagement. Public workshops and communication through social media are essential components of any regional planning process to secure transparency and broader public input.

E. **Public Engagement**: Meaningful and transparent public engagement processes should continue to be used to develop strategies to support housing production and affordability, regional sustainability, economic prosperity, resilience and climate adaptation among others that are supported by a strong network of stakeholders.

F. **Stakeholder involvement**: The on-going roles that environmental, business community and equity stakeholders play are extremely important and need to continue.
   a. Environmental stakeholders will maintain an important role in the preservation of open space, access to parks, and healthy places.
   b. The business community will promote ongoing and new economic development strategies and strengthen collaboration across sub regions.
   c. Equity stakeholders broaden the agencies' participation to ensure disadvantaged communities have a voice in regional strategies and investment decisions.

G. **Current Programs**: ABAG's programs of financial services, energy savings, insurance pools, and the healthy restoration of the bay and estuary should be carefully evaluated. ABAG believes these are core services to local jurisdictions and the communities in the Bay Area, and a major reason local jurisdictions pay dues to ABAG.

5. Solid ABAG Financial Performance

Staff would like to impress upon MTC and our stakeholders the strength of ABAG's finances and operations to date. This information will be helpful to those looking to understand how ABAG's finances are structured and how to maintain financial performance through a solid merger implementation plan.

A. ABAG has consistently operated with a balanced budget, and has not experienced an operating deficit within the last five years (our analysis only looked back five years).
B. ABAG executes a sustainable business model.
    1) Member dues pay for agency management, member services and strategic organizational planning.
    2) All grant funded projects are programmed to be operated within the funding provided. Expenditures are closely monitored to ensure the ability to restructure the project budget to avoid a deficit. When grants terminate, grant funded positions are reduced.
    3) ABAG administration and finance provide management, administrative and other support services to ABAG, our entities, and related parties. Both direct and indirect fees are charged to fully recover the administrative cost.
C. All ABAG entities operate with balanced budgets and both the Financial Authority for Non-Profit Corporations (FAN) and Pooled Liability Assurance Network (PLAN) have very healthy reserve funds ranging from $3-20 million. POWER distributes all surpluses (deficits) to its members.
D. ABAG contributes a successful and reputable business model that is not duplicative of the services MTC currently provides. ABAG's programs are a strategic fit within the larger ABAG mission and its services are relied upon by critical stakeholders both regionally and locally.
    1) ABAG successfully represents 109 cities and counties as demonstrated by 100% member dues collection.
    2) ABAG has a positive reputation in the Federal, State and Regional Community for our extensive research, planning, land use, housing, equity, environmental, resilience, and economic issues as demonstrated in the growth of our budget in the last year from $26 to $58 million.[1]

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[1] For example, ABAG administers the Bay Area Regional Energy Network (BayRen) program which is funded by a grant from the CA Public Utilities Commission and the Integrated Regional Water Management Program (IRWMP) funding through the California Department of Water Resources and managed by ABAG's San Francisco Estuary Partnership (SFEP). BayRen is the exclusive implementer of the Energy Upgrade California Home Upgrade Program designed to reduce energy use in existing homes by providing incentives to homeowners who make energy-efficient improvements. SFEP helped secure an additional $41 million in state grant funds and now manages for our partners a total of $93 million for these multi-benefit water quality and drought response projects. In FY2016-17 alone, BayRen will be responsible for administering $12.8 in state grants out of ABAG's total state funding of $42.7 million. In FY2016-17 alone SFEP will be responsible for administering $24.5 million in local, state, and federal funding for projects throughout the Bay Area. These are great examples of the magnitude and impact created through our local, state, and federal grant funds.

E. ABAG's costs, unfunded pension liabilities and OPEB costs are all included in our employee direct cost rate and our indirect cost rate (see Attachment A). While our SFEP programs/grants are not charged for indirect cost since they are located with the Regional Water Quality Control Board in the State Building, ABAG amortizes the pension and OPEB liabilities through their direct charges to the grantors.
F. The ABAG condominium unit and tenant improvements should be considered as part of the value ABAG brings to the merger.

6. Process Towards Full Integration

It will be essential that there is a strong commitment on a governance reconfiguration so that the relationship between regional governance and city and county participation is clear and decisive. Addressing regional governance is not only about SB 375. The Bay Area faces numerous environmental, economic, social and public health issues in the 21st century.

A new governance model does not have to disturb the MTC composition and balance of power, which is set forth in statute. ABAG staff supports the existing MTC Commission maintaining control over the funding of transportation networks and projects. However, the issues outside of transportation programming and allocations, such as Plan Bay Area, should have representation that reflects the larger number of cities that need to respond to future Bay Area issues. For example, this greater representation could be accomplished through a newly configured *limited authority* Governing Board, who would work with the administrative structure and the ABAG and MTC policy boards to decide, for example, the scope of the Regional Plan, issue the State of the Region report, perform an evaluation as to how well the regional agency was accomplishing its mission, and ensure that the planning budget was reasonably allocated to the tasks at hand.

ABAG's Board, staff and member jurisdictions are looking for assurances that options to address a new governance structure will be carried out in an orderly and thoughtful manner. It is essential, in our opinion, to establish a date certain by when governance options will be presented to the MTC Commission and ABAG Executive Board. The MOU should set forth a specific schedule that addresses this objective.

7. Pre-Merger Implementation Activities

While ABAG believes that staff merger ahead of the new governance model is an overly complicated and risky solution, we acknowledge that Option 7 is feasible, but requires substantial work prior to implementation if this option is selected. The merger of ABAG staff into the MTC should be handled expertly with outside consulting support assisting both agencies. ABAG currently retains a mission driven staff. They will need assurances that they will be able to accomplish ABAG's regional planning goals under the MTC administrative organization.

Prior to any staff merger, significant due diligence on the part of MTC regarding ABAG's assets and liabilities needs to be undertaken so the MTC staff can make further recommendations to the Commission. Likewise, ABAG should be expected to identify concrete actions that will allow for a transition of ABAG staff to MTC administrative control, while maintaining business continuity of the enterprise groups, continued grant activity for the San Francisco Estuary Partnership, the Resilience, and Energy programs, as well as necessary assurances for the continuity of ABAG's policy function as a Council of Governments. ABAG members must have faith in these assurances for local governments to continue paying dues to support ABAG as a continuing Council of Governments.

Management Partners is preparing a draft implementation action plan that sets forth steps that comprise a new Merger Implementation (MIP) for ABAG and MTC. The schedule results in a negotiated MOU and Contract for Services. At the conclusion of the negotiated documents, both ABAG and MTC will have to approve the contract for service and MOU prior to full implementation.

The technical challenges and strategies to facilitate a staff merger should be discussed in another memo, and these details should be addressed by a team of consultants, including organizational development consultants and consultants with human resource technical expertise. This should include thoughtful engagement with staff and employee representatives.

8. Recommendation to Executive Board

Our recommendation to the Executive Board is to first approve Option 4 (Full Merger) and then Option 7 (Staff Merger with Governance Model later) of the Management Partners report with important attached principles. In addition to our recommendation of Option 4, staff recommends the alternative approval of Option 7 if that is the only option that MTC will approve. Option 7 retains the ABAG Board and its institutional policy authority, but transfers the ABAG staff administration to MTC. It also calls for a new governance model to be considered within a reasonable time. Important principles (see below) attached to the approval of Option 7 will make the difference in achieving the most important goals ABAG staff identified in its merger analysis, namely, (1) the continued participation of cities and counties as the dominant political structure underlying comprehensive regional planning, (2) the financial security of the ABAG institution and its past and present employees, and (3) a reconfiguration of regional governance to ensure broader city and county and stakeholder participation.

9. Principles and Language for the Resolution Supporting Option 7

Staff recommends that if the Executive Board is going to support both Option 4 and Option 7, then principles applicable to Option 7 need to be appended to the resolution, as follows:

A. The Council of Governments (COG) provides local jurisdictions with the staff support, resources and partnerships necessary for them to have significant input in developing and implementing regional plans such as Plan Bay Area. The COG operates with the clear understanding that all land use authority in California resides with cities and counties. Support for Option 7 is conditioned on the continuation of local engagement and participation in regional planning in the following manner:

    1) Cities and counties are essential partners in regional planning.
    2) Regional planning incorporates a meaningful and transparent public engagement process.
    3) Regional land use planning is responsive to local land use planning to build high quality neighborhoods.
    4) In addition to transit and transportation planning, regional land use planning integrates other relevant planning fields, such as water, agriculture and open

space, resilience, energy efficiency, climate change adaptation and mitigation, air quality, sea level rise, economic development, and social equity.

B. The COG should have a voice in developing land use incentives designed to promote the construction of and acquisition/rehabilitation of housing units scaled to support the Bay Area economy.
C. When integrating the ABAG Planning and Research Department, special attention should be made to retain its collaborative and holistic culture.
D. In concert with any organizational changes, ABAG and MTC staff should engage in a deliberate process for integrating missions that address: 1) the function, management, mission, and vision of ABAG departments; 2) internal and external relationship maintenance; 3) decision-making structures; and 4) conflict resolution.
E. ABAG and MTC should designate a Staff Merger committee of Board and Commission members that will provide guidance with respect to merger activities and changes. This committee should be informed by an organizational consultant familiar with the overlapping areas of ABAG and MTC administration. We do not believe important decisions need to be made immediately, and it would be helpful for a committee of elected officials to be in place for any discussion of issues among the staff.
F. MTC administration should endeavor to understand and preserve ABAG's existing programs. Should MTC administration desire to make substantive changes, they must first consult with the ABAG Executive Board.
G. The staff merger should include the transition of all ABAG staff. Savings and consolidation should take place through existing vacant positions, expected attrition opportunities in further reorganization, and through an organizational development plan approved by both ABAG and MTC.
H. The ABAG Executive Board will need a management level staff person to act as a liaison to the new administration. The ABAG Board and the Executive Director of MTC should engage in a mutual process for the selection and retention of this liaison. The mechanism to accomplish this should be worked out as part of the MIP. This position will ensure that the ABAG Executive Board has an appropriate connection to staff so it can perform its policy oversight with autonomy.

10. <u>Action Requested of the Executive Board</u>

The resolution the ABAG Executive Board would be asked to approve to start us down a path toward Option 4 or Option 7 would express general support for the chosen Option and direct staff to:

A. Conduct a financial and legal analysis to determine the impact on both ABAG and MTC of a staff consolidation.
B. Enter into negotiations and establish a deadline for:
    A. A multi-year Contract for Services that would consolidate ABAG and MTC staff under one executive director and provide staffing for all statutory duties, responsibilities and programs of the region's COG.
    B. An MOU to pursue new governance options within a specified time period.
C. Enter into a letter agreement whereby MTC continues to provide funding support to ABAG for regional planning services pending the development and execution of the Contract for Services and the MOU on new governance options described above.

Staff will provide the Executive Board, ABAG member jurisdictions and ABAG delegates with monthly updates on staff's progress toward completing the due diligence work and drafting the Contract for Services, MOU and Letter Agreement.

As each of these steps is completed, it will be brought before a publicly noticed meeting of the ABAG Executive Board for discussion and approval.

Attachment A:

Unfunded Pension Liabilities and OPEB

ABAG's $12 million unfunded pension liability is not unique to ABAG and not an indication of poor fiscal management. The unfunded pension liability arose from CalPERS' failure to recommend adequate funding contributions for several years. As a result, ABAG is in concert with most PERS plans in having unfunded liabilities that are being amortized over periods of six to 20 years. The ABAG unfunded liability is 34.1% of the plan's total accrued liability, which compares to MTC's 23.4% unfunded liability, as a percentage total accrued liability.

Until fiscal year (FY) 2015-16, the amortization of the unfunded pension liability was computed as a percentage of estimated payroll, and the dollar amount would rise or fall proportionately with increases and decreases in payroll costs. Beginning in FY 2015-16, amortization is set at a dollar amount, which for FY 2015-16 is $1,085,876. This payment is billed to ABAG monthly as a fixed amount of $90,490. ABAG's pension amortization is scheduled to rise approximately $700,000 over the next six years, which will cause ABAG to re-evaluate its charges to grantors and enterprises.

ABAG has an Actuarial Accrued Liability for its Retiree Healthcare Plan of $4.7 million, which is being amortized as part of ABAG's annual payroll expense of $7 million at approximately $700,000 a year. This level is sufficient to fund current expenses and to provide reserves for future claims. It is projected that the plan will be fully funded by 2022. As with many of these plans, the escalation of medical cost made ABAG's plan a financial burden and new enrollment to the original plan was terminated in FY2009-10. We anticipate a decrease in ARC with our upcoming actuarial evaluation due to a smaller employee pool than previously reported.

ABAG's unrestricted fund balance shows a $8 million deficit. While it is technically true that ABAG's Balance Sheet reflects a deficit fund balance, the financial health of ABAG has not changed, and if ABAG is allowed to continue to operate at its current level, the liability will be eliminated over time.

Metropolitan Transportation Commission and the Association of Bay Area Governments Merger Study

Options Analysis and Recommendation Report

April 2016

Management Partners

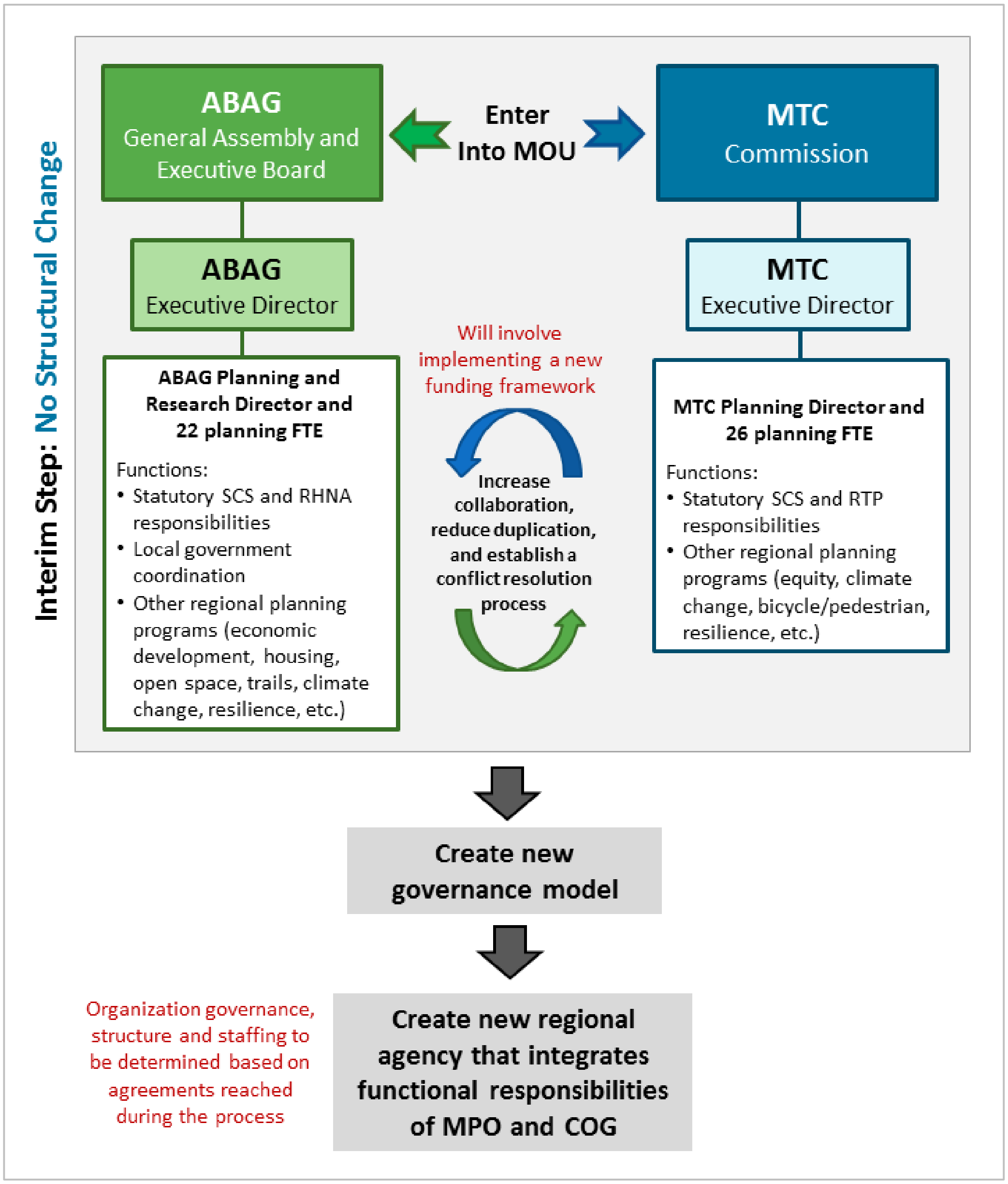
Item 10, Staff Memo

Option 4 – Create a New Regional Agency and Governance Model

Description

Enter into a memorandum of understanding (MOU) between MTC and ABAG to create a new governance model that integrates the MPO (MTC) and the COG (ABAG). The MOU would set forth the principles, parameters and basic terms to guide the creation of a new regional agency and governance model for the region. Until a new agency is created and integration achieved, MTC and ABAG would remain as separate, independent agencies, including their respective mission, governance structures, legal and statutory duties, responsibilities and authorities. ABAG would statutorily continue to be responsible for those activities set forth in SB 375 regarding preparation of the SCS. Figure 9 on the following page provides a graphic depiction of this option.

Figure 9. Graphic Depiction of Option 4



Note: For clarity, the graphic only depicts a brief summary of planning unit functions (not the full range of ABAG's and MTC's responsibilities).

General Impacts

Legal

Entering into an MOU would result in a formal agreement between ABAG and MTC to create a new regional agency and governance structure and set forth the guiding principles, parameters and basic terms to guide its establishment. Following a determination about the governance structure, duties and responsibilities of a new regional agency, as well as a financial assessment and proposed staffing plan, state legislation would be required to transfer the current statutory duties and responsibilities of MTC and ABAG to the new agency. Both ABAG and MTC have ancillary JPAs staffed by their respective agency personnel, which would have to enter into new contracts with a new agency for the same purpose if they wish to remain affiliated with the successor agency.

Other authorities such as the Bay Area Toll Authority (BATA) have significant authorities, duties and responsibilities as well as fiduciary obligations that would have to be examined carefully to ensure the process would not impact operational commitments during the next several years. Financing authorities as well as bond documents would also have to be reviewed to determine whether there are any significant obstacles to a successor agency.

Financial

If MTC and ABAG choose an option that involves creating a new agency, a more in-depth financial assessment will be required. Such an assessment would need to include a detailed analysis of each agency's existing financial liabilities and their future impact on the finances of a newly created agency. The high-level assessment (base assumptions) in this report is based on our experience with other mergers. Under a new regional agency, it is assumed there would be a net reduction of one executive director position in addition to one less planning director at a minimum.

Given the overall merger of staff, we believe it is reasonable to expect at least a 10% overall reduction in remaining overhead costs, which is likely conservative. Efficiencies and economies of scale typically result in greater cost savings. The overall impact for both agencies is therefore projected at a $2.6 million in net annual savings, as indicated in Table 7. There would be one-time recruiting costs of $80,000 for the new executive director and planning director positions, and one-time implementation costs (legal and consulting) of at least $500,000. This option assumes that Resolution 4210 is replaced by adequate funding to avoid adverse fiscal impacts on ABAG during the period of negotiation and implementation of the new organization.

Table 7. Estimated Financial Impact of Option 4

	Assumes 50% Split in New Costs		
	MTC	ABAG	Joint
Existing Executive Directors	($456,000)	($363,000)	($819,000)
New Executive Director	237,500	237,500	475,000
Existing Planning Directors	(311,000)	(298,000)	(609,000)
New Planning Director	165,000	165,000	330,000
10% Reduction in Overhead Costs	(1,652,271)	(302,632)	(1,954,903)
Net Cost (Savings)	**($2,016,771)**	**($561,132)**	**($2,577,903)**

Management

Until such time as a new regional agency is created, the current management, performance and accountability issues associated with preparation of the SCS and PBA would likely continue until and unless shared agreements reset how the agencies currently work together on regional planning programs and services.

A new regional agency would result in a completely consolidated regional planning organization (along with other programs, operations and services) under a single management and leadership structure. This would result in clear and consistent direction to staff and transparency to the governing body or bodies and the public about who is responsible for implementing the region's vision. It would also present significant opportunity for the agency's management and leadership to integrate both agencies into a cohesive, efficient and well-functioning organization with a shared mission, vision and values.

Existing Employees

Representation Status – In a new agency, the first determination to be made would be whether to offer positions to existing employees in the two agencies or to fill positions through an open recruitment process. This decision would be made as part of the process to establish the new agency and would be done under collective bargaining rules and in consultation with existing employee groups. A bargaining unit in the new agency would be unrepresented until such time as a majority of all employees in the unit elected to be represented by one or more unions. For the bargaining unit to become represented, employees would first need to present evidence of the desire to be represented through a card check process or by signing petitions. Typically administered by the state, such an election would result in all of the employees in the agency being represented by a union if 50% plus one of the employees in the unit voted affirmatively for such an affiliation.

Compensation – Compensation levels would be established as part of a meet and confer process under state law with the employees of the new agency. If they were set at the current MTC level, former ABAG staff may see an increase in compensation depending on the position.

Benefits – Benefits would be established as part of a meet and confer process under state law with employees of the new agency. They could be set to mirror the current MTC benefits, the current ABAG benefits, or a different set of benefits.

Retirement Plan

- The retirement plan would be established as part of a meet and confer process within the options available through CalPERS. Both agencies currently have a 2.5% @ 55 plan for "Classic" employees and the required 2% @ 62 plan for new plan employees. The current MTC retirement plan includes a survivor benefit while the ABAG plan does not. The current MTC plan includes a 3% annual COLA while the ABAG plan includes a 2% COLA. Either of these options could be selected by the new agency. The current rate paid by MTC includes these options and, if both were selected, the contribution rate would likely be set at the current MTC rate (although this would need to be confirmed with CalPERS for a new agency).

- The employee contribution for Classic employees would be established as part of a meet and confer process under state law. New plan employees are required to pay the full employee contribution rate set by PERS. Currently, ABAG employees pay a 1% retirement contribution with this amount increasing to 2% and 3% over the next two years. Classic MTC employees pay a 5.73% retirement contribution, increasing to 8% over the next several years (depending on employer share increases each year). ABAG's new plan members pay the full 6.25% contribution rate and MTC's new plan employees pay the full 6.5% contribution rate. The difference in contribution rate is due to the inclusion of a survivor benefit and a higher COLA in the MTC plan.
- Retiree health benefits would be established as part of the collective bargaining process between the employees and the new agency. They could be set to mirror the current MTC benefits, the current ABAG benefits, or a combination of the two. Employees that have already retired would see no change to their retiree health benefits if the new agency were able to assume the ongoing cost.
- A decision to include or exclude employees from Social Security would be made as part of the meet and confer process under state law. Currently, ABAG employees are covered under Social Security while MTC employees are not. ABAG employees have a payroll deduction for Social Security contributions while MTC employees do not.

Policy

A new agency and governance model presents an opportunity to integrate the two agencies responsible for regional land use and transportation planning and associated services and programs into a transparent and more accountable policy structure. It would also provide an opportunity to establish a clear vision for the region. Duplicate committees addressing similar issues could be eliminated, which would also mean a much more efficient use of elected officials' time.

Alternative governance models provide a range of options to meet the interests of the region's local governments and stakeholders, including multiple governance structures responsible for different missions of the new agency, e.g., the MPO or transportation, the COG, and administration (executive board) within an overarching policy body. Voting structures among the governing bodies can be weighted in accordance with various factors, including population, or by certain categories.

A. Operational Effectiveness and Accountability

Creation of a new regional agency should provide for clear staff roles and responsibilities for Plan Bay Area. However, it will take a minimum of a year (likely more) to establish and additional time to implement this option, and therefore it will have little impact on the PBA 2017 process which is likely to be nearing conclusion or be completed by the time a new agency can be operational. For this option, we assume a new funding framework would be implemented and the respective roles for ABAG and MTC in regard to PBA would continue until a new agency is created. As discussed under Option 1, while some modest incremental improvements could be made for the current PBA 2017 process in comparison with the PBA 2013 process through improved coordination and a dispute resolution process, many of the same issues of operational effectiveness and accountability are likely to remain until a new agency is created.

This option would result in the integration of land use and transportation planning, programs and services under one unified agency. A new, integrated and unified agency under one management and leadership structure would clarify and streamline staff roles and responsibilities and improve accountability. A single integrated agency should also provide increased career opportunities for staff within a larger agency.

B. Transparency in Policy Decision Making

In the near term this option is unlikely to address concerns with the roles and responsibilities for PBA 2017. The fundamental problems associated with having two agencies with overlapping responsibilities for the same plan will not be resolved until a new agency is created. Once a new agency is created, there should be significant improvements in streamlining the process, both for staff and for elected officials. A new committee structure would likely be created, allowing for less overlap in responsibility and fewer overall meetings. The PBA process would go through one agency rather than two, allowing for stakeholders to better follow and engage in the process.

Whether PBA will be seen as the product of "representative decision making" will largely depend on the structure of the governing body or bodies. In any regional agency smaller jurisdictions want their interests and unique circumstances to be respected and their concerns understood. The interests of the more populous cities and counties are that programs and funding serve locations with the majority of the population of the region. These two interests must be addressed and balanced in any new governance structure.

A single agency serving the region will be able to tackle some of the issues facing the region in a more holistic and comprehensive manner, including new issues as they arise. The administrative and other savings that can be expected by combining two agencies into a single agency could be used to support new policy initiatives.

C. Core Service Delivery and Financial Sustainability

Option 4 assumes the continuation of the 2014 Funding Framework until a new agency is created. We estimate that a new agency would lead to annual savings of $2.6 million after an estimated one-time cost of at least $500,000 to create it.

Both organizations are much more than planning agencies, and provide a range of services in addition to their role in preparing and implementing PBA. ABAG's programs include the Estuary Project, its insurance pool, and assisting local governments with resilience and emergency planning. These services are valued by its member agencies. In addition to its role in managing and distributing transportation funds, MTC (including its associated agencies such as the Bay Area Toll Authority) has significant programmatic responsibilities, including the 511 system, oversight of bridge operations and maintenance, and the Clipper Card system.

MTC is somewhat unusual among MPOs we examined in the amount of local and state funding it manages in addition to federal funds, and the degree to which it has operational responsibilities; however, it is not unique. The San Diego Association of Governments (SANDAG) has operational and capital improvement responsibilities and approximately as large an overall budget as MTC. Large local governments in the Bay Area also manage comparable budgets and operations, and provide an even larger range of operations and programs than MTC, including significant land use, capital improvement, planning and policy responsibilities.

While unifying two agencies into a single agency will present challenges, we have not identified any overt operational obstacles (pending legal review) to that unification. Existing MTC operations and programs should transition to a successor agency relatively seamlessly (pending legal review) with little operational impact. With a comparatively secure financial foundation and significant savings from agency unification, the new agency should be able to maintain and expand core service programs, and provide adequate administrative support for programs and services.

A new agency provides an opportunity for a more integrated, consistent and comprehensive approach to all regional programs and services, including implementation of PBA. Assuming a continuation of current grants, service programs and dues revenue, with less duplication and more cost-effective agency administration, the new agency would have additional resources to broaden its mission. This would allow it to become a partner with local governments in several areas in addition to implementing PBA, including assisting local governments and stakeholders in addressing other issues of significant regional concern, such as housing policies and resilience.

D. Implementation Viability

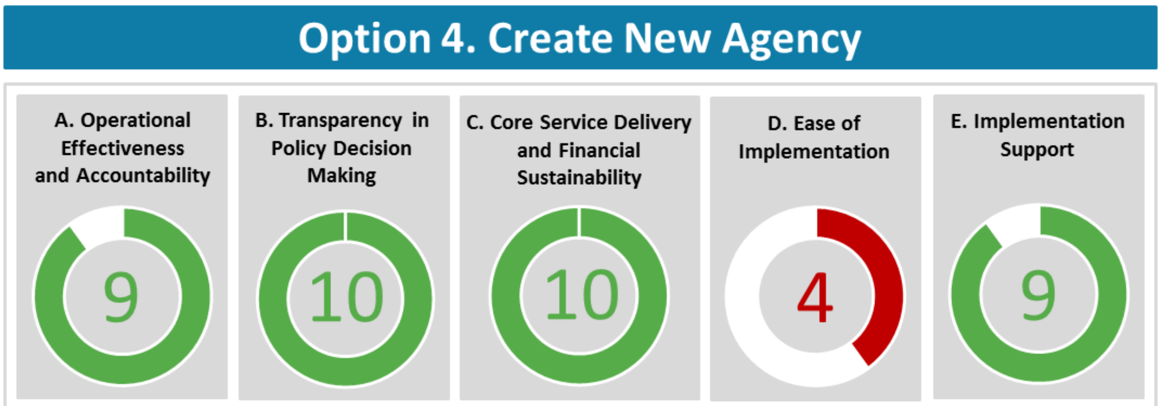
Creating a new regional agency will require legislation at the state level. It will also require approval from the MTC and ABAG governing bodies as well as associated JPAs and other authorities. The complexity of this process has not been examined in depth, but we believe it to be one that will take some time.

The major challenge in implementing this option will be reaching agreement among the many interests and stakeholders on a new governance structure that strikes the appropriate balance between their various interests. A new agency also provides a different opportunity for employee representation in the collective bargaining process to be determined.

Once created, a single larger, organization with secure and stable financial resources is more likely to be able to recruit and retain qualified staff. With a strong financial foundation, the new agency should be able to maintain benefits for current and future retirees, although this has not be assessed. This option would implement the strong stakeholder interest in a having a unified planning agency. The option's ability to foster support from local governments will depend in large measure on the governance structure ultimately agreed on for the new agency.

Based on the above criteria analysis, Figure 10 presents the overall numeric assessment for Option 4 across five major areas.

Figure 10. Criteria Assessment Overview for Option 4



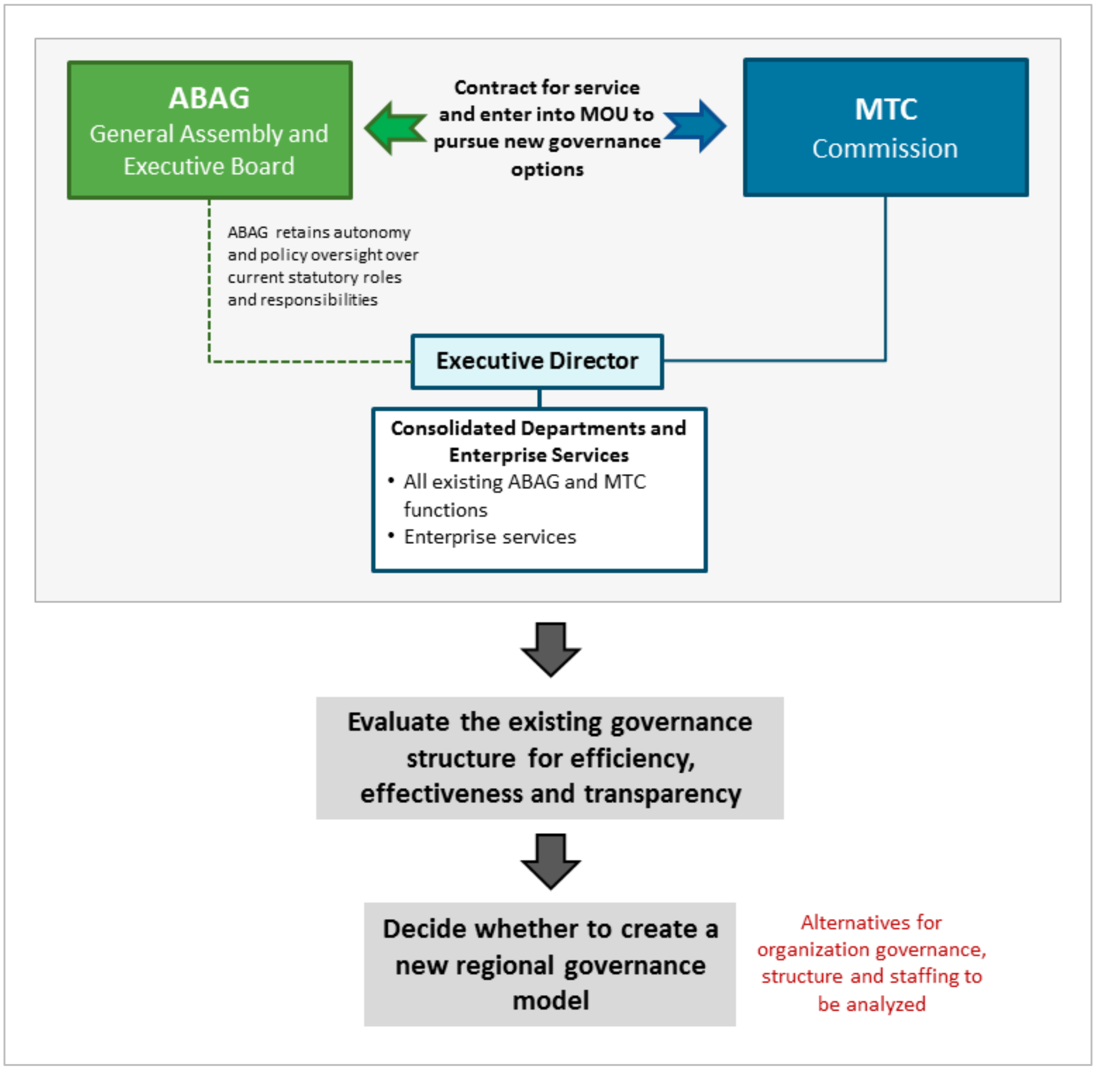
Option 7 – Enter into a Contract between ABAG and MTC to Consolidate Staff Functions under One Executive Director and Enter into an MOU to Pursue New Governance Options (Full Functional Consolidation)

Description

Enter into a contract between ABAG and MTC to provide staffing for all ABAG statutory duties and responsibilities, a work program, functions agreed to be transitioned, as well as the role of the executive director with respect to the ABAG policy body. Enter into a memorandum of understanding (MOU) between MTC and ABAG to establish a timeframe for considering a new governance structure and to set forth principles, goals and parameters for pursuing new governance options. The ABAG JPA and MTC governance structures, as well as their statutory roles and responsibilities, would remain unchanged.

Within a timeframe agreed upon, evaluate the existing governance structure for efficiency, effectiveness and transparency and decide whether to create a new regional governance model. The ABAG and MTC governance structures and consolidated agency would remain in place as well as their statutory authorities, duties and responsibilities until and unless a new regional agency and/or governance structure is agreed upon and implemented. Figure 15 on the following page provides a graphic depiction of this option.

Figure 15. Graphic Depiction of Option 7



Note: For clarity, the graphic only depicts a brief summary of planning unit functions (not the full range of ABAG's and MTC's responsibilities).

General Impacts

Legal

MTC would become the legal counsel for the ABAG JPA as well as its enterprise functions and other JPAs to the extent the latter authorities agree to the transition. ABAG staff provides support to four JPAs, which would have to enter into new contracts with MTC for the same purpose. ABAG financing authorities as well as bond documents would also have to be reviewed to determine actions which might have to be taken to respond to any obstacles or liabilities if MTC assumes oversight in these areas.

Should a new governance model be agreed on, legislative action by ABAG and MTC as well as state legislation would likely be required to transition to a new model.

Financial

If this option is pursued, a more in-depth financial assessment will be required. Such an assessment would need to include a detailed analysis of each agency's existing financial liabilities and their future impact on the finances of MTC, or if pursued, a newly created agency. The outcome of this option in terms of organizational savings is the same as Options 4 and 6: there would be a net reduction of one executive director and one director of planning, and given the merger of staffs, it would be reasonable to expect a 10% overall reduction in remaining overhead costs. The overall impact for both agencies is therefore projected at a $2.6 million net annual savings, as indicated in Table 10. In addition, it is estimated there would be one-time recruiting costs of $80,000, and one-time implementation costs (legal and consulting) of $500,000. This option assumes that Resolution 4210 is replaced by adequate funding to avoid adverse fiscal impacts on ABAG during the period of contract negotiation.

Table 10. Estimated Financial Impact of Option 7

	Assumes 50% Split in New Costs		
	MTC	ABAG	Joint
Existing Executive Directors	($456,000)	($363,000)	($819,000)
New Executive Director	237,500	237,500	475,000
Existing Planning Directors	(311,000)	(298,000)	(609,000)
New Planning Director	165,000	165,000	330,000
10% Reduction in Overhead Costs	(1,652,271)	(302,632)	(1,954,903)
Net Cost (Savings)	**($2,016,771)**	**($561,132)**	**($2,577,903)**

Management

Consolidating the ABAG and MTC staff would result in a more comprehensive regional planning organization under a single management and leadership structure. This would result in efficiencies, cost savings and more effective use of staff resources including streamlining the preparation of PBA. Under contract to ABAG, the combined staff will be assuming support to all of ABAG's policy bodies, duties and responsibilities. MTC will need to adjust its organizational structure to accommodate ABAG functions and services. Following an analysis of the duties and responsibilities of ABAG staff, some positions may also no longer be required when the functions are consolidated in MTC.

ABAG's commitment to providing assistance to its member agencies in a number of areas will also need to be supported and continued in the new framework. Nonetheless, the consolidation should result in clear and consistent direction to staff and transparency to the governing body or bodies and the public about the staff responsible for implementing the region's vision as established by ABAG and MTC. It would also present significant opportunity for an executive director to integrate both agencies into a cohesive, efficient and well-functioning organization with a shared mission, vision and values.

Employee Impacts

Until a new regional agency is formed, the employee impacts would generally be the same as those described under the Implementation of Resolution 4210; however, there has been no determination as to whether all ABAG positions would transition to MTC. Should there be agreement to create a successor agency under a new governance structure, the impacts should be the same as those described under Option 4, Creation of a New Regional Agency and Governance Model.

Policy

Until and unless a new regional governance model is agreed on, ABAG and MTC's policy and governance structures would continue as currently structured. ABAG would remain autonomous and independent from a policy standpoint. In addition to its JPA policy and statutory duties and responsibilities, the ABAG governing bodies would specifically retain their statutory responsibilities over the SCS as well as RHNA and therefore its specific policy roles in these areas. While some policy decision making could be streamlined with staff integration, there will be no formal change to the bifurcated strategic and policy direction for regional land use and transportation planning and related programs between two agencies not formally linked by an integrated policy structure.

Under this option, there is no formal commitment to create a successor agency and new governance model. If a new governance model is pursued and implemented, it would increase the transparency of regional land use and transportation policy decisions and provide an opportunity to establish a clear vision for the region. A new governance model would also eliminate duplicate committees addressing similar issues, which would also mean a more efficient use of elected officials' time as well as staff time. Alternative governance models provide a range of options to meet the interests of the region's local governments and stakeholders, including multiple governance structures within the new agency that are responsible for different missions, e.g., the MPO or transportation, the COG, and administration (executive board). Voting structures among the governing bodies can be weighted in accordance with various factors, including population, or by certain categories.

A. Operational Effectiveness and Accountability

Consolidating staff would clarify and streamline staff roles and responsibilities between the MPO and COG under a single leadership and management structure, thereby fostering accountability for performance on PBA 2017 as well as all regional land use and transportation planning generally. This option would provide a single planning department that would integrate regional land use and transportation planning more effectively. A combined organization with more stable financial resources should also result in increased support for integrated transportation and land use programs and services.

As many stakeholders have voiced concerns about integrating land use planning into a transportation agency, MTC would need to increase staff resources and demonstrate a much stronger commitment to increasing local government engagement and support for PBA. Because neither ABAG nor MTC have land use authority, regional plans are implemented jurisdiction by jurisdiction and local jurisdiction support will be critical to the successful implementation of this option. Additionally, MTC would be expected to continue ABAG's commitment to providing local government with a range of planning and other specialized assistance. Performance and expectations regarding these issues could be set forth in the contract and work program.

Consolidating administrative services and other functions would result in efficiencies and effectiveness and probably reduce costs to ABAG programs and services, including the JPAs. It would also provide additional resources and expertise to address ABAG's financial issues and provide long-term solutions. Further analysis as well as additional information would be required to understand the impact on MTC (administratively and financially) in this area. While a consolidated staffing function in a larger agency would provide additional depth and flexibility, transparency and accountability to ABAG's member agencies by staff would be paramount. Implementation of this option would significantly increase the overall number of staff in MTC and the career opportunities for staff.

Under the contract between MTC and ABAG, the executive director as the leader of MTC staff would be responsible for the oversight and management of the staff functions to carry out the duties and responsibilities of ABAG. ABAG would maintain its autonomy and policy role through an annual (or more) contract with MTC that sets forth expectations, responsibilities, a work program and annual budget for carrying it out. ABAG would retain authority to contract with consultants who can independently review issues or work if it deems necessary to do so. As an employee of MTC, the executive director would technically only report to one oversight body (in this instance, the Commission). Nonetheless, Management Partners has seen many agencies where executive directors (and other chief executive officers) are responsible to meet and balance the interests of many competing stakeholder groups.

In the Washington, DC and Chicago MPOs, regional agency executive directors have essentially two different governing boards whose interests they must address, and they have not indicated any significant issues in doing so. In other California major regional agencies, the executive directors must balance the MPO and COG policies, roles and responsibilities. Establishing a clear set of duties and responsibilities regarding the executive director's role with respect to the ABAG governing bodies will need to occur. Similarly, MTC legal counsel could agree to provide day to day services in support of ABAG functions and services but is also accountable to and reports to the Commission. ABAG may wish to retain outside legal counsel on contract to provide advice and counsel to the policy body.

B. Transparency in Policy Decision Making

Implementation of this option would establish clear lines of responsibility and decision making for staff, but leave policy divided between the two agencies. The combined staff would now report to the ABAG policy structure regarding those issues under ABAG's purview, and to the MTC policy structure for those issues under MTC's purview. Having only one staff and a clear line of staff authority over the process should lead to fewer conflicts needing governing body review. A combined staff can also better monitor the committee review process to try to limit the duplication of effort by committees and by staff reporting to committees. (ABAG and MTC could also consider a different committee structure to improve efficiency.)

While duplication of effort can be reduced, the existing official bifurcation of roles and responsibilities between the two policy bodies would continue, potentially leading to some continuation of the lack of transparency regarding decision making and continued inefficient use of elected officials' time. There could also be some inefficiency related to resolving disagreements between the two policy bodies about the allocation of staff resources for the PBA process and other ABAG programs. A conflict resolution process would need to be adopted as part of the contract to address this type of resource allocation issue.

Because the PBA process would still involve two agencies with their own committee/policy structure, issues identified by stakeholders regarding transparency of decision-making would not necessarily be resolved by this option. Whether PBA 2017 is seen as a product of "representative decision making" should be similar to PBA 2013 under this option, assuming both agencies choose to continue the current practice of joint adoption of PBA. However, should that practice change and MTC not receive ABAG's support for PBA, the perception that PBA is a product of representative decision making could be compromised.

This option could lead to an opportunity to address more complex regional issues, as it could increase the staff resources available for such work. Overall, this option should allow for more efficient allocation of staff with potentially significant cost savings. By reducing duplication of effort and allowing for a more streamlined PBA process, the level of staffing necessary for PBA 2017 should be reduced in comparison to PBA 2013. Assuming some increased efficiency and reduced costs, there should be increased staff resources available to undertake new initiatives. While MTC will have the ability and the resources to do more comprehensive regional planning, undertaking a wider range of planning activities will require MTC to redefine itself as more than a transportation agency, which it has already begun to do.

C. Core Service Delivery and Financial Sustainability

Option 7 assumes that all ABAG staff and MTC staff would be consolidated into a single agency under a single executive director. The impact on MTC finances of potentially absorbing ABAG liabilities will need to be fully assessed before this option is implemented. While we have not fully evaluated the fiscal impacts of consolidating all ABAG and MTC staff functions into MTC, we would assume the administrative savings would be roughly the same as for options 4 and 6: about $2.6 million in annual savings and a one-time cost of at least $500,000. There would likely be additional costs associated with a later evaluation of the effectiveness of the governance structure, and further costs to implement a decision to move forward with agency unification.

The unified staff will be under an agency with a comparatively secure financial foundation and strong administrative services and programs. Overall, the annual savings from this option should allow maintenance and expansion of core service programs, and provide adequate administrative support for programs and services, assuming continuation of current grants, service programs and dues revenue.

D. Implementation Viability

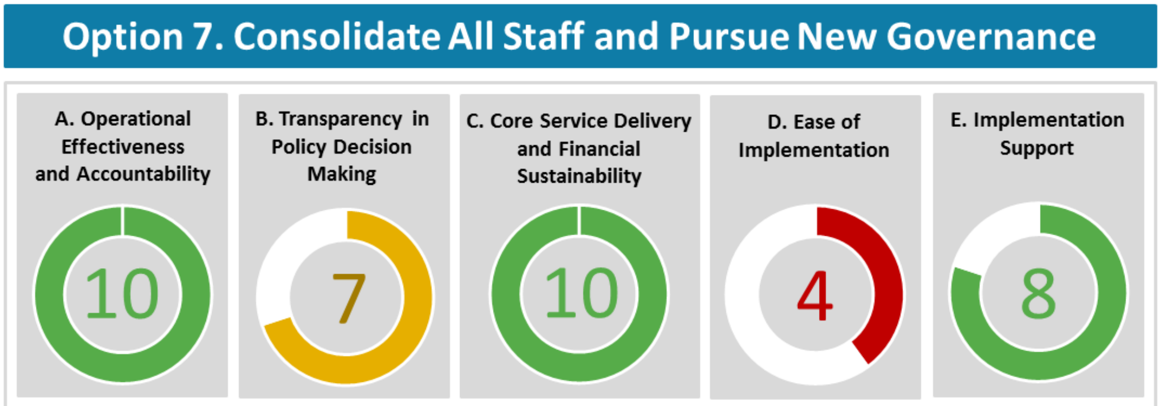
Option 7 would not require any immediate legislative action, although it would be required should the agencies decide to create a unified agency in the future. This option would require ABAG and MTC to enter into an agreement for the transfer of staff and financial resources. Such an agreement would also set forth the programs and services staff would perform for ABAG.

MTC may be perceived as a more attractive agency than ABAG with respect to compensation and some benefits by ABAG staff; however, the issue of non-affiliation with a union may be a negative factor. Also, leadership and a careful transition plan will be needed for a successful integration of ABAG and MTC staff into a single organizational culture. The consolidated staff will be in a more securely funded organization than ABAG, and this should address some of the uncertainties associated with ABAG's current financial state.

This option would only partially address stakeholder interest in a unified regional planning agency because it would leave intact the existing policy bifurcation. It is likely to be perceived as a step in the direction of a more unified agency, given the commitment to evaluate the effectiveness of the dual governance structure in the future. Based on the stakeholder meetings, this option would need extensive engagement to provide information about how ABAG will retain its independent role, and how it will provide policy direction to programs and policies under a consolidated staffing structure.

Based on the above criteria analysis, Figure 16 presents the overall numeric assessment for Option 7 across five major areas.

Figure 16. Criteria Assessment Overview for Option 7



These options are intended to frame possible approaches at this time. There may be elements or components of one that might be transferable or incorporated into another option, especially with respect to implementation mechanisms, e.g., a contract, resolution or MOU. The Executive Summary of this report provides a summary of Management Partners' conclusions regarding these options and our recommendation for a path forward.

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FROM FORMER ABAG EXECUTIVE DIRECTORS REVAN TRANTER, EUGENE LEONG AND HENRY GARDNER

April 29, 2016

To the Chair and Members of ABAG's Administrative Committee:

For a total of over 60 years among the three of us, we devoted significant parts of our professional lives to serving ABAG in leadership roles, including service as Executive Director between 1973 and 2011. We continue to have the utmost respect and affection for the agency to which we contributed so much. ABAG is local governance at the regional level. Recently, however, we have become deeply disturbed by what we see as potentially a grave threat to its continued existence.

As you know, in order for California to reach its greenhouse gas reduction targets, SB 375 – employing a bottom-up process – requires each metropolitan area to devise a sustainable communities strategy (SCS), through its Metropolitan Planning Agency (MPO -- a Federal transportation designation), which everywhere except the Bay Area is the regional Council of Governments (COG). Because the Bay Area, uniquely, has separate agencies, ABAG and MTC, SB 375 designates each one to carry out certain responsibilities, although no funding was allocated. That joint work has now continued for several years.

Last summer MTC voted in Resolution 4210 to discontinue funding for ABAG's land-use planning support. This dates virtually from MTC's creation in 1971; because of it MTC could depend on the land-use planning it needed to qualify for federal funding). Resolution 4210 has been described in the news media as a "hostile takeover". Such action would result in transferring most of ABAG's planning function, along with an end to its funding. The purported reason was "dysfunction" in the joint work of the two agencies.

After strong objections from local governments, labor unions (ABAG is unionized; MTC isn't), professional bodies and non-profit organizations, that decision was reluctantly postponed by MTC in favor of a merger study by Management Partners, paid for by ABAG and MTC. This is now nearing completion, with a preliminary recommendation.

At the April 22 joint meeting of the Administrative Committee and MTC Planning Committee (tasked with supervising the study), both committees voted to recommend Option 7 of Management Partners' report to their respective governing boards. This would promptly transfer all of ABAG's staff to MTC, under the direction of the latter's Executive Director. Both boards would remain intact – but with ABAG having no staff to carry out its statutory responsibilities! Option 7 proposes that at a later date, following the staff handover, the two boards would "Decide whether to create a new regional governance model." Yet there is no guarantee that this second step would ever take place – so that if, for example, MTC was satisfied with the ABAG staff handover and leaving it at that, this would be the end of the matter. It is no wonder that the joint committees' action has left most of ABAG's staff and its many retirees feeling abandoned and betrayed. There is a great deal of uncertainty about job stability and the continuation of existing pension benefits.

From the beginning of the takeover attempt, MTC's prime argument has been that the two agencies' SB 375 work on creating Plan Bay Area was hampered and delayed by "dysfunction", principally because ABAG is supposedly "process oriented" and MTC "project oriented." The word "dysfunction" has been repeated endlessly – an allegation that to date has been successfully perpetuated. Yet SB 375 work is a completely new way of preparing regional plans. All regions were challenged to meet these new requirements, and no plans were developed without some frustration.

The report by Management Partners, however, appears to have taken this particular claim as having merit. It has then been examined through a financial (or "stability") lens rather than one of organizational effectiveness and what would be best for the cities and counties of the region as well as the public. Looking at it in this fashion, one then says: The dysfunction is between a financially stable body (MTC, with vast resources) and an unstable one (ABAG, dependent for the past 55 years on member dues, federal, state and other grants, and since MTC's founding, an annual subvention from that agency to ABAG.g funds). Solution? Simple -- fold the unstable body into the stable one.

Instead, our own recommendation is to adopt <u>Option 4</u>, which would create a new agency that integrates the functional responsibilities of both the MPO and the COG – but leaves the existing staff arrangements intact until this has been achieved: immediately avoiding a vast amount of grief and uncertainty. As it happens, the consultants' numerical rankings place Option 4 above Option 7. We have been pleased to see that this is also the recommendation of the five members of the Assembly Select Committee on Regional Planning for the Bay Area who last week expressed their view on this subject, and whose Chair, Tony Thurmond, attended and thoughtfully addressed the April 22 ABAG-MTC joint committees' meeting.

Because of a petition presented by Mayor Pat Eklund of Novato and signed by the requisite number of counties and cities, a special General Assembly is now proposed for May 12 to guide the decision of the Executive Board at its meeting the following week.

In the meantime it is our strong hope that at today's Committee meeting you will reflect on last week's recommendation of support for Option 7, and: (1) revise it in favor of <u>Option 4</u> as by far the best choice for ABAG's member governments and its staff; (2) seek to obtain MTC's agreement, and (3) arrange with MTC to rescind both their Resolution 4210 and ABAG's Resolution 1215. If those those steps taken, we can at last begin work on creating what the Bay Area lacks and needs – a first-rate comprehensive regional planning agency.

Sincerely,

Revan A. F. Tranter

Revan A. F. Tranter, ABAG Executive Director 1973-1995

Eugene Y. Leong

Eugene Y. Leong, ABAG Executive Director 1995-2004

Henry L. Gardner, ABAG Executive Director 2004-11

http://abag.ca.gov/abag/events/agendas/o042216a-Item%2007,%20Presentation%20Merger%20Study%20Options%20Analysis%20Recommendation.pd

May 3, 2016

ABAG Administrative Committee
MTC Planning Committee
101 Eighth Street
Oakland, CA 94607

Dear ABAG Administrative Committee and MTC Planning Committee Members:

On behalf of the Service Employees International Union Local 1021 (SEIU 1021), I'm writing to express SEIU 1021's deep concern that the ABAG-MTC Merger Study thus far has not provided any detailed analysis or evaluation of the many potentially significant impacts to ABAG employees. Although we are generally supportive of the concept of developing a new unified regional planning agency, any plan to merge ABAG and MTC must address and resolve the impacts and issues related to ABAG's employees, retirees, benefits, and Union status.

For SEIU 1021 to support any merger plan, the ten following actions must be adopted as part of the merger implementation plan. We believe that these actions are reasonable and necessary to ensure a smooth and successful transition for the dedicated and professional employees responsible for implementing ABAG's many programs, and we would be vehemently opposed to any merger plan that does not incorporate these actions.

1. All current ABAG employees and programs will be preserved under the new agency (alternative: until a fully-merged new agency with a new governing structure is created).

2. All ABAG staff will maintain their title and seniority and be integrated into the new agency according to their title and seniority.

3. Maintain ABAG employee Union status until the new agency and new governing structure is formalized.

4. Until a new agency and new governing structure is formalized, any changes to the terms of employment contractually agreed upon between SEIU 1021 and ABAG must be approved and/or negotiated by SEIU 1021.

5. Guarantee card check neutrality and the opportunity for employees to explore unionization within the new agency.

100 Oak Street ▪ Oakland, CA 94607 ▪ 510-350-4527 ▪ 877-510-1021 ▪ Fax 510-451-6928
Service Employees International Union CtW, CLC ▪ www.seiu1021.org

6. Ensure that all organizational and employee related decisions including hiring and firing must be approved by both the ABAG Executive Board and MTC Commission until the final governing structure and authority is formalized.

7. The new agency will honor all retirement benefits promised to current, former, and retired ABAG employees and assume all financial and other obligations, commitments, and liabilities for ABAG pensions, medical retirement benefits, and other retirement benefits.

8. Create a labor integration committee that includes SEIU 1021 representatives and that has the authority to negotiate the terms of employee, salary, and benefits integration in the new agency.

9. Create an independent integration oversight committee that includes labor representatives with authority to decide and implement integration policies and plans.

10. Hire a consultant to develop a plan for and facilitate integration of ABAG and MTC staff cultures and functions.

We look forward to working with the Joint Committee and Management Partners to develop a successful Merger Study that creates a stronger regional planning agency while protecting the people who make those programs successful. Please do not hesitate to contact Dana MacPherson, East Bay Director @ 510-207-3773 if you have any questions or would like to discuss this further.

Sincerely,

Dana MacPherson
Field Director-East Bay
SEIU Local 1021

Lee Huo
ABAG Chapter President
SEIU Local 1021

Association of Bay Area Governments

Meeting No. 413, May 19, 2016

Executive Board

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VICE PRESIDENT	Supervisor David Rabbitt, County of Sonoma
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NAPA	**	Supervisor Mark Luce	Supervisor Diane Dillon
SAN FRANCISCO	**	Supervisor Eric Mar	To Be Appointed
SAN FRANCISCO	**	Supervisor Jane Kim	To Be Appointed
SAN FRANCISCO	**	To Be Appointed	To Be Appointed
SAN MATEO	*	Supervisor Warren Slocum	To Be Appointed
SAN MATEO	*	Supervisor Dave Pine	To Be Appointed
SANTA CLARA	**	Supervisor Cindy Chavez	Supervisor Mike Wasserman
SANTA CLARA	**	Supervisor David Cortese	Supervisor Joe Simitian
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SONOMA	*	Supervisor David Rabbitt	Supervisor Susan Gorin

Cities in the County of		Representative	Alternate
ALAMEDA	*	Mayor Bill Harrison (Fremont)	Mayor Barbara Halliday (Hayward)
ALAMEDA	*	Mayor Jerry Thorne (Pleasanton)	To Be Appointed
CONTRA COSTA	**	Councilmember Julie Pierce (Clayton)	Councilmember Brandt Andersson (Lafayette)
CONTRA COSTA	**	Councilmember Dave Hudson (San Ramon)	Mayor Pro Tem Roy Swearingen (Pinole)
MARIN	*	Mayor Pat Eklund (Novato)	Councilmember Jessica Jackson (Mill Valley)
NAPA	*	Mayor Leon Garcia (American Canyon)	To Be Appointed
CITY OF SAN FRANCISCO	*	Mayor Edwin Lee	Jeff Buckley, Senior Advisor
CITY OF SAN FRANCISCO	*	Nicole Wheaton, Director, Leg and Gov Affairs	Andrew Dayton, Dep Dir, Leg and Gov Affairs
SAN MATEO	**	Vice Mayor Pradeep Gupta (S San Francisco)	Councilmember Wayne Lee (Millbrae)
SAN MATEO	**	Councilmember Mary Ann Nihart (Pacifica)	Mayor Catherine Carlton (MenloPark)
SANTA CLARA	*	Vice Mayor Greg Scharff (Palo Alto)	Councilmember Chris Clark (Mountain View)
SANTA CLARA	*	Councilmember Jim Davis (Sunnyvale)	Mayor Jeffery Cristina (Campbell)
SOLANO	**	Mayor Jack Batchelor (Dixon)	Mayor Pete Sanchez (Suisun City)
SONOMA	**	Councilmember Jake Mackenzie (Rohnert Park)	Councilmember Julie Combs (Santa Rosa)
CITY OF OAKLAND	*	Councilmembe Abel Guillen	Councilmember Lynnette Gibson McElhaney
CITY OF OAKLAND	*	Councilmember Annie Campbell Washington	Councilmember Dan Kalb
CITY OF OAKLAND	*	To Be Appointed	To Be Appointed
CITY OF SAN JOSE	*	To Be Appointed	Vice Mayor Rose Herrera
CITY OF SAN JOSE	*	Councilmember Charles "Chappie" Jones	Councilmember Tam Nguyen
CITY OF SAN JOSE	*	Councilmember Raul Peralez	Councilmember Ash Kalra

Advisory Members	Representative	Alternate
RWQCB	William Kissinger	Terry Young

* Term of Appointment: July 1, 2014 - June 30, 2016

** Term of Appointment: July 1, 2015 - June 30, 2017

Revised May 13, 2016

ASSOCIATION OF BAY AREA GOVERNMENTS
Representing City and County Governments of the San Francisco Bay Area

ABAG

MEETING SCHEDULE 2016

Approved by the Executive Board: November 19, 2015

For meeting date and time and location, see meeting notice, agenda and attachments available at http://www.abag.ca.gov/

General Assembly and Business Meeting

Date: Thursday, April 21
Time: 10:00 a.m. to 3:00 p.m.
Location: Oakland Museum, James Moore Theater, 1000 Oak Street, Oakland

Contact: Brad Paul, Deputy Executive Director, (510) 464 7955, bradp@abag.ca.gov

General Assembly Special Meeting

Date: Thursday, May 19
Time: 12:00 p.m. to 3:00 p.m.
Location: Joseph P. Bort MetroCenter, 101 8th Street, Auditorium, Oakland
Across from the Lake Merritt BART Station

Contact: Brad Paul, Deputy Executive Director, (510) 464 7955, bradp@abag.ca.gov

Executive Board

Dates: Thursday, January 21
Thursday, March 17
Thursday, May 19
Thursday, July 21
Thursday, September 15
Thursday, November 17

Time: 7:00 PM to 10:00 PM

Location: Joseph P. Bort MetroCenter, 101 8th Street, Auditorium, Oakland
Across from the Lake Merritt BART Station

Contacts: Brad Paul, Deputy Executive Director, (510) 464 7955, bradp@abag.ca.gov

Fred Castro, Clerk of the Board, (510) 464 7913, fredc@abag.ca.gov

Revised: May 13, 2016

Legislation and Governmental Organization Committee

Dates: *See Executive Board Schedule*

Time: 3:30 PM to 5:00 PM

Location: ABAG Conference Room B

Contact: Halimah Anderson, Communications Officer, (510) 464 7986, halimaha@abag.ca.gov

Finance and Personnel Committee

Dates: *See Executive Board Schedule*

Time: 5:00 PM to 6:00 PM

Location: ABAG Conference Room B

Contact: Finance Director, (510) 464 7900

Administrative Committee

Dates: Special meetings scheduled as needed.

Meets jointly with the MTC Planning Committee on the second Friday of the month, 9:30 AM, Joseph P. Bort MetroCenter, 101 8th Street, Auditorium, Oakland, across from the Lake Merritt BART Station

Friday, January 8
~~Friday, February 12~~
~~Friday, March 11~~
~~Friday, April 8~~
~~Friday, May 13~~
Friday, June 10
Friday, July 8
Friday, September 9
Friday, October 14
Friday, November TBD
Friday, December9

Contact: Brad Paul, Deputy Executive Director, (510) 464 7955, bradp@abag.ca.gov

Regional Planning Committee

Dates:	Wednesday, February 3 Wednesday, April 6 Wednesday, June 1 Wednesday, August 3 Wednesday, October 5 Wednesday, December 7
Time:	12:30 PM to 2:30 PM
Location:	Joseph P. Bort MetroCenter, 101 8th Street, Auditorium, Oakland *Across from the Lake Merritt BART Station*
Contact:	Miriam Chion, Planning and Research Director, (510) 464 7919, miriamc@abag.ca.gov Wally Charles, Administrative Secretary, Planning, (510) 464 7993, wallyc@abag.ca.gov