ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

ABAG

MEMO

Date: September 22, 2015

To: ABAG Executive Board

From: Ezra Rapport, ABAG Executive Director

CC: Steve Heminger, MTC Executive Director

Subject: ABAG Executive Board meeting on Sept 17, 2015

At the ABAG Executive Board meeting on Sept 17, 2015, the Board voted to request that the MTC Commission fund the ABAG fiscal year 2015-16 budget, terminate the proposal to transfer ABAG Planning staff to MTC and engage in a discussion with ABAG about a restructuring or merger. The ABAG Board is committed to a thoughtful process of collaboration with MTC.

Subsequent to the ABAG Board meeting, MTC released a staff report detailing a unilateral staff transfer proposal. After careful evaluation of the report we find no resolution to the essential issues raised by the ABAG board. (See attached assessments of various aspects of the MTC report)

In this report, MTC states "like any other grant funder of ABAG, MTC has complete discretion over whether to continue or discontinue financial assistance."

This is the heart of the problem. ABAG is not a mere grantee. ABAG is a partner with MTC in approving the Sustainable Communities Strategy (SCS). ABAG was given this authority by the State Legislature precisely because it is the Council of Governments for the Bay Area. Failure to fund ABAG to carry out its statutory role will seriously jeopardize the timing and approval of SCS and the Regional Transportation Plan.

ABAG respects MTC expertise and decision-making on transportation funding. ABAG expects the same respect from MTC on land use and all related land use tasks. As the Council of Governments, ABAG is organized to develop a land use program in collaboration with cities and counties; MTC is not. No other region has taken regional land use coordination out of the Council of Governments. Furthermore, the MTC proposed reorganization shows a problematic fragmentation of land use, housing, sustainability and equity tasks.

Lastly, ABAG relied on MTC's funding agreement through 2021. MTC's sudden withdrawal of its funding eliminates over 40% of ABAG's overhead, and will risk ABAG's bankruptcy, destroying many valuable programs that address crucial environmental challenges and needed city services. This could ultimately result in the layoff of about 50 people and significant loss of pensions for all prior and current employees.

We can accomplish MTC's stated objectives and preserve ABAG's appropriate role and financial stability through a thoughtful restructuring or merger of the agencies. No such conversation is possible until MTC fulfills its funding agreement with ABAG.

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ABAG

MEMO

Date: September 22, 2015

To: Ezra Rapport, ABAG Executive Director

From: Charlie Adams, ABAG Finance Director

Subject: Review of Financial Assumptions in MTC White Paper, Functional Consolidation of Planning Departments, September 18, 2015

Selected statements in the MTC white paper that merit a response to clarify the topic as seen from ABAG's perspective are quoted below, with our clarifying comments following.

MTC Statement: *"ABAG's membership dues currently are roughly half the size of MTC grant funding ($1.9 million) and those dues constitute only 7% of ABAG's total budget."*

ABAG's FY 2015-16 budget is $26.7 million, of which $12.3 million is pass-through funds for programs such as BayREN and San Francisco Estuary Partnerships, leaving an operating budget of $14.4 million. Membership dues of $1.9 million are 13.2% of the operating budget. Membership dues are a critical component of the ABAG budget because they are the only fully discretionary funding of the Association.

"MTC would be responsible for any overhead and future pension liabilities associated with the increased staffing."

ABAG currently has an annual expense for unfunded pension liability of $1. 086 million and an annual expense of approximately $761,000 for retiree health care benefits (OPEB). These are fixed costs and would not decline with a reduction of payroll from the transfer of planners from ABAG to MTC. The continuing cost to ABAG, after the transfer, would be approximately $418,000 per year. The MTC proposal provides for an annual payment of $200,000 to cover the OPEB, for an unspecified period of time.

The importance of ABAG continuing to make the full contribution to these unfunded liabilities is critical to not only the 15 planners to be transferred to MTC, but to all current and retired ABAG employees. Should ABAG not be able to sustain its funding of PERS plans, the benefits currently paid to retirees, and the value of vested benefits for non-retired employees would be significantly reduced. The CalPERS estimate of the reduction of benefits if the ABAG pension plan was forced to terminate is 60%.

"MTC has supported some staffing in the ABAG Communications and Earthquake departments that are not integral to the functional consolidation of the planning departments; and MTC has provided direct financial support for a portion of ABAG executive staff."

This statement by MTC is not correct. ABAG has billed MTC for the cost of the executive staff and other staff members not assigned to the Planning Department, only when these persons have provided services directly assignable to tasks specified in the interagency agreement. It is correct that there would be a financial impact to ABAG if these direct services to MTC were discontinued and not replaced with other billable direct services.

"We would suggest a short-term transition for this funding to avoid undue financial hardship and to allow ABAG time to identify replacement funds for the long-term. This MTC transition funding in combination with its own $2.8 million in unrestricted reserves (base on ABAG's FY 2013-14 audited financial) should provide ABAG the needed glide path."

We certainly concur with MTC that the loss of MTC funding will create a financial hardship for ABAG. However, we have no basis on which to project the acquisition of replacement funding in the short-term. The removal of the primary function performed by ABAG, land use planning, will not only make the acquisition of replacement funding difficult, it will likely reduce the number of dues paying ABAG members.

The contention that ABAG has sufficient unrestricted reserves to provide a glide path to a new financial equilibrium is not supported by a critical examination of ABAG's financial statement. It should be noted that we have been advised by our independent auditors that they will issue a going concern qualification on the ABAG 2014-15 financial statements if ABAG does not obtain a funding commitment from MTC prior to issuance of the audit report. One of the immediate effects of a going concern qualification will be the termination of ABAG's bank line of credit of $2 million.

It should also be noted that ABAG's audited financial statement for FY 2014-15 will show a fund balance deficit of $9 million. While the swing from a positive to a negative fund balance is the result of a required change in accounting standards, it is a more accurate and meaningful portrayal of an entity whose uninterrupted existence is not assured.

The "unrestricted reserves" under the accounting standards exist only under the assumption that operation would continue at the current level for the foreseeable future. The unrestricted reserves are not cash that can be used to pay current operating expenses such as payroll. Reserves include receivables that are collectible over an extended period and retentions that may only be collected upon completion of projects. The reserves represent prepaid expenses of $200,000 that are not refundable and have value only as long as ABAG remains a viable entity. The reserves represent $500,000 of undepreciated investment in capital assets, which have true economic value to ABAG as a going concern, but cannot be converted to cash to fund payroll or other current operation expenses. Should ABAG's creditors lose confidence in ABAG's financial stability, it is likely that the reserves that can be converted to cash will be quickly exhausted by creditors refusing to extend additional credit and demanding immediate repayment of existing payables.

Summary of Financial Analysis

(See Attachment C to September 2, 2015 memo to ABAG Executive Board, for detailed analysis.)

a. The loss of MTC contribution to ABAG overhead would be approximately $1.5 million, making it impossible for ABAG to continue operation of the programs, activities and services that currently exist. This is recognized by MTC and their short-term solution is to subsidize ABAG.
b. The mechanism by which MTC would provide short-term subsidy is not specified by MTC in their proposal.
c. The loss of MTC funding for ABAG's planning functions will have an immediate detrimental effect on ABAG's financial stability to include: a going concern qualification of its financial statements, loss of it $2 million line of credit and draining of its current reserves and working capital.
d. ABAG will not be able to maintain the required amortization of its unfunded pension benefit, with the likely outcome being the termination of the CalPERS pension plan. Termination of the pension plan would result in the pension benefits currently being paid to retired ABAG employees being reduced an estimated 60%. Also impacted would be the vested benefits of non-retired plan participants working for ABAG, MTC or any other employers.
e. ABAG will also not be able to maintain the required funding of the retired employee health care plan, resulting in those benefits being significantly reduced or lost.
f. Enterprise programs currently supported by the ABAG administrative facilities will be significantly disrupted and their budgets altered.
g. ABAG grant revenues, not related to MTC, that have averaged $9 million per year, excluding pass-through grant funds of $12 million, will be jeopardized.

Date: 9/22/15

To: MTC Commissioners, ABAG Executive Board Members

From: Miriam Chion, ABAG Planning & Research Director

Subject: **Assessment of MTC Consolidated Planning Section Proposal**

This attachment provides an assessment of the proposal in the MTC staff report to transfer ABAG staff to MTC, creating a single planning department reporting to the MTC planning director and MTC executive director. We focus here on the benefit to the Bay Area from a planning perspective.

We support several objectives of the proposal, especially the desire for a more integrated approach to regional planning. However, the proposed process for achieving integration is not well-conceived and fails to ensure that local governments and a full range of stakeholders continue to have a meaningful voice in regional land use and housing issues. We welcome the opportunity to engage in a transparent process that combines the best of both planning departments, but this requires a good faith effort to explore a full range of options. Challenges identified in our assessment of the proposal are highlighted below.

1. **Potential to Increase Fragmentation**
   Successful regional planning requires well-structured coordination across professional boundaries. The proposed organization of the new department into five units creates a problematic fragmentation of land use, housing and equity and sustainability. For example, housing is included under "Local Planning and Implementation" but not under "Regional Planning/Policy", when it is clearly both a regional and local issue (Appendix 1). "Resilience" is mentioned in the "Equity and Sustainability" unit, but the ABAG Resilience team is not folded into the consolidated department (ibid). Similarly, the Bay Trail is not part of the proposed integrated planning department despite its essential role in regional-local collaboration around open space issues and the PCA program. In addition, the process by which the five planning units would produce coordinated work is unclear, leaving the possibility that a move intended to increase integration will actually reduce it.

   Over the past several years, ABAG has effectively integrated land use and housing planning with related issues such as economic development, conservation and resilience by building staff expertise and deepening relationships with local staff and special districts. This is exemplified in ABAG's recent *People, Places and Prosperity* Report. We should explore how to more effectively link this range of issues to transportation planning, but this requires a balanced, deliberate process that capitalizes on the expertise and strengths of both departments and agencies.

2. **Potential Reduction in Meaningful Dialogue**
   Plan Bay Area 2013 involved an unprecedented level of dialogue with local government, stakeholders, and regional agencies. The MTC proposal emphasizes the benefit of a more efficient regional planning process that removes the potential for spending "too much time arguing over matters ranging from high-level policy to low level minutiae" (p. 2) that currently exists as a result of two planning departments. A single department reporting to the MTC Executive Director would create a more streamlined decision-making process, but could also reduce the breadth of meaningful dialogue on regional issues such as displacement or housing growth. As the MTC staff report notes, the SCS required MTC to transition from the well-defined process that characterized the RTP to an iterative process requiring substantial coordination with ABAG. This introduced the complexity of land use and housing planning, which often requires additional deliberation. Land use plans are rarely successful unless they have been shaped by meaningful community engagement and achieved community buy-in. This takes time and effort and can often be seen as inefficient, but is essential to the success of a regional plan that can only be implemented by the local governments with land use authority.

3. **No Clear Benefit to Local Governments**
   In California metropolitan areas, regional land use planning is housed in a Council of Governments (COG). As staff at the Bay Area's COG, ABAG planners are directly responsible to the region's 101 local jurisdictions and nine counties. Currently, an ABAG planner is assigned as a liaison to each Bay Area county, providing the local services proposed in the MTC memo—"engag[ing] directly with cities, counties and individual communities as appropriate" (p.4)—as well as producing plans and analysis for ABAG Regional Planning Committee and Executive Board, coordinating with special districts and economic development organizations, and acting as points of contact for local ABAG delegates. As letters from the Bay Area Planning Directors (BAPDA) and multiple Bay Area cities indicate, ABAG planners are considered valuable resources to local governments and considerable anxiety exists surrounding the proposed transfer to MTC.

   The MTC staff report argues that transferring ABAG planning staff to a consolidated department would "strengthen the link to local agencies related to important policy areas and related to the development and implementation of Plan Bay Area and other major plans and initiatives" (p.4). It is unclear how this would happen. ABAG staff would become the only regional planners in California employed by a dedicated transportation agency, and would no longer be accountable to the region's Council of Governments (required engagement would consist of providing reports and recommendations to the ABAG Board). The potential reduction in local engagement created by the proposed consolidation speaks to the importance of a more transparent, inclusive process; one that considers a full range of options without diminishing the ability of either the COG or MPO to complete its statutory responsibilities.

4. **How is Inefficiency Defined?**
   At the core of the proposal is the argument that the current process of collaboration between ABAG and MTC is inefficient and that a single department within MTC would make better use of taxpayer dollars. The MTC staff report does not, however, provide any specific examples of

inefficiencies on the part of ABAG. Since an eight year inter-agency funding agreement was established between MTC and ABAG in 2013, ABAG has provided detailed quarterly progress reports to MTC documenting completion of tasks in a joint workplan that is revisited annually. During this time, MTC has not registered concerns about the substantive or financial performance of these tasks. A third party audit completed in June 2015 did not find any irregularities in ABAG expenditure of planning funds.

The MTC staff report also suggests that there is currently "significant duplication" (p.2) between the ABAG and MTC planning departments. This is simply not accurate. ABAG and MTC staff performs complementary tasks defined in the workplan, drawing upon relevant professional backgrounds and training. In cases such as the regional planning grant program provided through OBAG, MTC and ABAG staff work collaboratively, with MTC administering the financial aspects of grants and ABAG performing day to day engagement and technical assistance to grant recipients. ABAG welcomes the opportunity to address concerns about duplication; however, this has not been raised to date in discussions between MTC and ABAG staff—despite the opportunity to do so during the review of quarterly reports and the development of joint workplans.

5. **Understanding of Basic Land Use Planning Issues**
It is worth noting that the MTC staff report inaccurately characterizes a number of basic land use and housing processes. This calls into question MTC's understanding of fundamental planning issues, which could have an adverse effect on the ability to make informed decisions and coordinate effectively with local governments. Several examples from the memo include:

- **Local Government Bodies: "**The role of staff in the integrated regional planning department would be analogous to the role of local planning departments with staff supporting both a Planning Commission and a City Council or Board of Supervisors" (p.3.)
Note: *A Planning Commission plays an advisory role to a City Council or Board of Supervisors. In contrast, ABAG and MTC are responsible for adopting discreet policies such as RHNA and the TIP and share responsibility for adopting the SCS.*

- **RHNA Process: "**A key workload variable will be how many counties accept delegation of the intra-county negotiation among cities for allocating housing need… If more counties pursue the delegated path in the 2021 RHNA cycle, there will be even less work for any regional staffing function to perform" (p. 15.)
Note: *Significant work will still be required if additional RHNA sub-regions are created. One of the reasons that the sub-RHNA process (which ABAG helped establish through state legislation) has been successful is that ABAG develops a region-wide methodology that assigns an allocation to every jurisdiction—even those participating in a sub-RHNA. As a result, the county-level sub-RHNA negotiations are informed by the fact that governments know exactly what their allocation would be under the regional RHNA if the county-level negotiations were to fail. In addition, San Francisco cannot form a RHNA sub-region (as suggested in the MTC staff memo).*

RHNA Schedule: “[T]he new regional planning department would be a full-service operation for both MTC and ABAG, which means that it would staff the quadrennial Regional Housing Needs Allocation (RHNA) process“ (p. 15).
Note: *RHNA occurs every eight years, not every four.*

Date: September 22, 2015

To: Ezra Rapport, ABAG Executive Director

From: Brian Kirking, ABAG Director of Information Services and Human Resources

Subject: Human Resources Issues From MTC 9-18-15 Staff Memo

It's not difficult to imagine the questions that are running through the minds of ABAG staff and retirees and the anxiety that surrounds this proposal. There are questions for the 15 employees who might move to MTC. There are questions for the 50+ employees *not* identified in the proposal. And there are questions for the numerous retirees over the years. Many of these questions are outlined in ABAG staff reports and were articulated at the September 17 meeting of ABAG's Executive Board. These are heavy questions about job security, pension certainly, union representation, and the future of the work on which we've invested our careers.

While the MTC staff report provides some information to help address these questions, there are three over-riding concerns that remain.

1. MTC salaries are higher than ABAG salaries. Figure 5* provides a comparison for equivalent job titles. However, it's unclear where ABAG Planners would be placed in the MTC salary structure. The third bullet on Page 9 states that "MTC would determine the classification level and salary grade for each MTC position that most closely matches each planner's current ABAG salary". This is very different from matching current job title, responsibilities, background, and experience.

2. In Appendix 2 it's asserted that unfunded pension and OPEB liabilities "belong to ABAG". The problem with that statement is that the ability to fund these liabilities is tied to ongoing operations of the agency. As functions and staff are removed, funding of these liabilities falls on a smaller pool of remaining positions. A share of these liabilities were generated over the years by both past and current employees of the Planning and Research Department. If that department disappears, a proportionate share of the agency's ability to fund those liabilities goes with it, and the liabilities have to be covered by the other departments that remain. This is a significant -- possibly unbearable -- financial burden for those departments/programs.

3. Employees in support functions like Accounting, HR, IT, and Office Services know that the Planning and Research Department is the core of ABAG and that much of the support they provide is to that department. Even with a short-term financial payment from MTC, these employees know that there will have to be staffing cuts.

* Figure 5 in the MTC Staff Report - While it's necessary to use an estimate for the cost of benefits, the estimate of 50% is too low. Figure 2 shows 79% for FY 2014-15.

In addition to highlighting these three concerns, I want to provide information regarding Social Security. As noted on Page 9 of the MTC staff report, MTC does not participate in Social Security. This means that employees who move to MTC could be unable to collect Social Security retirement benefits, even though they paid into the system at ABAG or elsewhere. Here are the two relevant provisions:

a. To be eligible for benefits, an employee must work 10 years for a participating employer. If someone has worked 9 years prior to moving to MTC, they are not yet eligible for Social Security benefits. In other words, they are not yet vested. If they work for MTC the rest of their career, they do not receive Social Security benefits.

b. An employee who has 10 years of Social Security service and is eligible for benefits but who also works a significant portion of their career at a non-participating government agency like MTC will have their Social Security benefits reduced. The reduction is based on something called the Windfall Elimination Provision (WEP) and/or the Government Pension Offset (GPO). The reduction can be substantial. More information is available at http://www.ssa.gov/planners/retire/gpo-wep.html.

The potential of missing out on Social Security benefits sounds severe. Employees should be aware of the situation. However, in my opinion, it's not catastrophic. In order for the provisions outlined above to kick in, an employee would have to work many years for MTC, and that employee will save many years of paying into Social Security. This essentially distills to foregoing Social Security benefits in exchange for not paying into the system. Employees can assess this trade-off for themselves in light of their particular circumstances.

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ABAG

MEMO

To: Ezra Rapport
Fr: Kenneth Moy
Dt: September 22, 2015
Re: MTC Memorandum - *Functional Consolidation of Planning Departments*

I have reviewed the above-reference document dated September 18, 2015. My observations regarding the memorandum are organized as follows: An initial section setting the historical context for joint efforts by ABAG and MTC to comply with SB 375. This is followed by three thematic expositions of the MTC proposal. For each theme, I have cited passages from the MTC memorandum, proposed responses on behalf of ABAG and posed questions that should be addressed to the MTC policymakers and staff.

A. Historical Context

- 2008: SB 375 requires ABAG and MTC to jointly prepare an Sustainable Communities Strategy (SCS) for the region which greatly expands the interaction between regional planning for land use and for transportation and the interactions between ABAG and MTC. No funding is provided to ABAG for this state mandate.

- 2008 – 2012: MTC funds ABAG for regional land use planning under the previous 'funding formula'.

- September 2012: MTC adopts a policy, the Funding Formula negotiated by policymakers from ABAG and MTC. The Funding Formula is eventually expanded to cover the period from FY 2012-13 to FY 2020-21.

- July 18, 2013: ABAG Executive Board and MTC Commission jointly certify the EIR and adopt Plan Bay Area (PBA 2013), the region's SCS.

- August 2013 – October 2013: 4 lawsuits filed against PBA 2013 = 2 settled + 2 positive court decisions + 1 appeal by the Post Sustainability Institute.

- April 2015: Beginning of official timeline for PBA 2040 - the four year update of PBA 2013 required under SB 375 – ABAG and MTC conduct open houses .

- June 2015: MTC votes to not fund ABAG for entirety of FY 2015-16 based on accounting concerns.

- July - September 2015: MTC takes position that (a) funding for ABAG's portion of the PBA 2040 be terminated effective December 31, 2015, (b) preparation of ABAG's portion of PBA 2040 be transferred to MTC and (c) PBA 2040 be submitted to ABAG policy bodies for approval.

- September 2015: ABAG Executive Board rejects proposed transfer of staff, demands funding through to the end of FY 2015-16 and requests joint discussions of restructuring/merger.

Attachment Four

B. Roles of the Councils of Government (COG) and Metropolitan Planning Organization (MPO)

1. MTC states in "Functional Consolidation of Planning Departments" dated September 18, 2015:
(a) SB 375 caused changes; *[w]hat had once been a sequential planning process became an iterative one. What had once been a transportation plan reacting to past trends became a kind of integrated regional growth strategy in which the RTP attempted to influence as well as respond to the pressures of change. And what had once been a plan adopted developed and adopted by one agency became a Sustainable Community Strategy (SCS) prepared by two.* (page 2)
(b) *[I]n every other metro area in California SB 375 is being implemented by the metropolitan planning organization (MPO) alone.* (page 2)
(c) [Describing how ABAG and MTC could coordinate the exercise of their respective statutory authority for adoption of PBA 2040, MTC offers] *an <u>MTC resolution</u> that clearly sets forth the work program and staff support principles. After <u>consultation with ABAG</u>, the <u>resolution could be adopted</u> annually and identify work products of the integrated planning department that would support the ABAG Executive Board and its SCS and related planning responsibilities.* (emphasis added) (page 12)
(d) *[T]he fact that MTC financed the entire enterprise -- while frustrating at the time --also contains the seeds of a different approach to designing Plan Bay Area 2040 . . . . Like any other grant funder of ABAG, MTC has complete discretion over whether to continue or discontinue its financial assistance.* (pages 2 and10)
(e) *. . . the most often discussed alternative to the current bifurcation of the MPO and COG function in the Bay Area is to merge MTC and ABAG into a single agency . . . . a change in state law would be required for MTC as a statutory entity, but would be insufficient to accomplish a full merger because ABAG was formed by voluntary act of Bay Area local governments . . . . Thus, a merger also would require ABAG's consent. Past efforts to merge MTC and ABAG typically have fallen apart over which elected officials would sit on the successor board. ABAG has a much larger board than MTC, and it is difficult to conceive of a way to reconcile that disparity without defaulting to the larger size. And a 38-member MPO board could become extremely unwieldy in attempting to conduct the diversified and complex $2 billion a year business that MTC currently oversees.* (pages 15-16)

2. ABAG responds:
(a) SB 375 explicitly grants to ABAG, region's COG, the sole authority to prepare the mandatory land use elements of the SCS. The SCS is not complete without ABAG's policy approval of these elements.
(b) ABAG has chosen to do so by using planning and research staff directly employed by it and reporting to its senior management with policy oversight by the ABAG policy bodies, including the Regional Planning Committee and the Executive Board.
(c) ABAG's Executive Board has stated that it will not give up or dilute its statutory authority by transferring its planning and research staff to MTC.
(d) MTC's defunding ABAG for its work on the SCS on January 1, 2016 threatens the region's ability to meet the requirements of SB 375 and complete PBA 2040 in a timely and efficient manner. Without a close working relationship between the ABAG Executive Board and the staff performing regional land use planning, there is a real risk that the land use planning elements of the PBA 2040 will not meet the policy objectives of ABAG.

<u>Why should the region be exposed to the potential disruption the work currently being conducted on PBA 2040 that will be caused by the proposed transfer of staff and restructuring of MTC's planning department?</u>

Why should the region run the risk that the land use elements of PBA 2040 prepared by MTC will not be approved by ABAG?

Is MTC relying on brinksmanship: that ABAG would not dare to imperil the region's ability to complete the RTP in 2017 by exercising its policy-based statutory authority to not approve an SCS prepared solely by MTC?

Is MTC using the proposed staff merger as a means of avoiding the policy-level and political discussions and compromises that would be necessary to achieve true efficiencies in carrying out SB 375 by restructuring our relationship or merging?

C. Regional Land Use Planning and Regional Transportation Planning

1. MTC states that:
(a) ABAG's approach to regional land use planning is "discussion-focused and policy-based". *[ABAG and MTC] simply spent too much time arguing over matters ranging from high-level policy to low level minutia because there was no ability to break ties other than by one agency bowing to the other's point of view.* (page 2)
(b) Therefore, regional land use planning for PBA 2040 should be transferred to MTC which is supposedly *action oriented and project-based.* (page 2)

2. ABAG responds:
(a) If there is disagreement between the COG and the MPO, the MPO should defer to the COG on land use planning and funding and the COG should defer to the MPO on transportation planning and funding. ABAG has consistently deferred to MTC on transportation issues and on CEQA, based on their avowed expertise in these areas.
(b) The major disagreements between ABAG and MTC over the construct of the SCS occurred in 2010 - 2013 when the agencies were preparing PBA 2013. The agencies agree that PBA 2040 should be a focused update and not a major revision of PBA 2013. MTC's proposed solution is a radical shift in political and policymaking power that appears out of proportion to the problems articulated.

What are the current disagreements that drive MTC's proposed transfer of staff?

How are those disagreements resolved or avoided merely by transferring staff to MTC?

D. Differences that Matter and Unintended Consequences

1. MTC states:
(a) *. . . MTC has a long history of linking regional planning and effective technical assistance in support of local communities . . . . [the] Transportation for Livable Communities (TLC) program funded numerous transit-oriented development projects . . . . played a key role in the development of the FOCUS Program and the Priority Development Area (PDA) and Priority Conservation Area (PCA) framework . . . . [MTC's] One Bay Area Grant (OBAG) program . . . [provides] incentives to those jurisdictions working to address the region's housing shortage The proposed integration of the MTC and ABAG planning departments is a structural change that would build upon these and other innovative planning efforts that MTC has implemented to date, and broaden the agency's portfolio toward the integrated approach that is central to SB375.* (page 3)

(b) MTC proposes that the consolidated planning function under its control *be supported by the following five units: Regional Planning and Policy, Local Planning and Implementation, Equity and Sustainability, Data and Analytical Services and Economic Development.* (pages 4-5)
(c)MTC proposes that other regional land use planning efforts such as RHNA, resiliency, the Bay Trail and water be left with ABAG.
(d) MTC proposes . . . a *retention policy that would require MTC to offer employment opportunities to ABAG planning staff at commensurate salaries and benefits*. MTC opines that this policy would result in *a modest $0.1 million increase to account for some increases in salaries, benefits, overhead, and OPEB responsibilities.*

2. ABAG responds:
(a) MTC's involvement in regional land use planning has focused on the limited to use of transportation funds to support transportation-related activities. ABAG led the ground breaking land use planning that created, informed and implemented the region's FOCUS/PDA/PCA programs.
(b) For reasons to be articulated in detail by the ABAG planning staff, the units proposed by MTC are, from a land use point of view, unworkable.
(c) For reasons to be articulated in detail by the ABAG planning and finance staff, MTC's proposal to sever the SCS land use planning from the rest of ABAG's regional planning efforts erodes the collaboration that empowers and supports these other efforts and imperils ABAG's ability to finance them on a long term basis.
(d) For reasons to be articulated in detail by the ABAG senior management, MTC's proposal for transfer of ABAG staff to MTC contains major errors and ignores the consequences of such a transfer.

<u>How does MTC, a statutory regional transportation planning agency, justify the significant expansion of its powers and mission absent legislation?</u>

<u>Why does MTC need to rush a near doubling of its planning staff, expansion of responsibilities and consequent reorganization, especially in light of the calls for a more deliberative and transparent process?</u>

<u>How can MTC justify the potential negative impacts on ABAG and its services for the region?</u>