

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: June 7, 2016
To: ABAG Executive Board
From: Ezra Rapport
Executive Director
Subject: **ABAG MTC Merger Implementation Action Plan**

On May 19 the Executive Board adopted Resolution No. 07-16 (Attachment A) expressing its policy support for Option 4 (full staff and governance merger) and Option 7 (staff merger first, then pursue a new governance model) of the *MTC and ABAG Merger Study Options Analysis and Recommendation Report* (2016) prepared by Management Partners (MP). ABAG's resolution of support for Option 7 included a set of principles (Attachment A) to guide further negotiations with MTC.

On May 25, MTC adopted Option 7. Therefore, the pathway forward is for both agencies to begin work on Option 7. The next step in the process is the mutual adoption by ABAG and MTC of Management Partners' final product, the Implementation Action Plan (IAP) (Attachment B). In the words of MP, this IAP is intended as a guide for further discussions between the agencies and not as a prescriptive list of tasks. The adoption of this document has been recommended by the joint MTC Planning Committee and the ABAG Administrative Committee on May 27, 2016.

Consistent with Option 7, there are two documents that will need to be executed prior to any transfer of any ABAG employees to MTC. One document is the Memorandum of Understanding (MOU) between ABAG and MTC, which is intended to set a time line and a framework for the two agencies to discuss governance issues. A second document, the Contract for Services between ABAG and MTC will be the agreement under which MTC will provide staffing for ABAG and all its programs.

While we do not think it is necessary for the Executive Board to further condition the approval of proceeding in accordance with the IAP, we do offer the following comments regarding the prospective contents of each document.

Memorandum of Understanding

The MOU will document the roles and responsibilities of the ABAG General Assembly and Executive Board with respect to all non-transportation regional issues, including land use, environmental, and resilience issues. Consideration of new governance models should include a process and commitment by a date certain to assemble and evaluate alternative options. The main concern is governance over non-transportation regional issues, and the best way to

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effectuate a high level of institutional performance with clarity. For this reason, we believe this consideration should occur sooner rather than later. Also germane to the MOU are the provisions related to the principle of how the Successor Executive Director will be selected and governed, including a job description and procedures for joint governance and evaluation.

Contract for Services

The Contract for Services requires extensive due diligence by both organizations prior to staff merger. The personnel classification system must be adopted by MTC so that ABAG employees can continue their work. The classification system will need to address input from ABAG's bargaining unit. In addition, the agreement should recognize the programs and services administered by ABAG and their importance to ABAG's members and partners. Attached is a brief description of these programs (Attachment C). All of these programs will be subject to due diligence by MTC.

ABAG's revenues from membership dues, grants and program fees and its resources, including real and personal property and fund reserves will remain with ABAG. These revenues and resources will be used to pay for services provided by MTC with former ABAG employees and to defray the MTC's costs. It will be very important to include dialogue with ABAG's grantors and enterprises.

Regular Updates

These issues present themselves with a degree of complexity. Accordingly, upon approval of the IAP, staff will be providing regular progress reports to the Executive Board and posting these on the website. At subsequent Executive Board meetings, we will present ABAG programs with an in-depth discussion of mission and organization, including of representatives of program governance outside of ABAG.

Recommended Action

Staff recommends approval of the IAP for Option 7, pursuant to the attached Resolution of Approval (Attachment D).

Attachments

- A. Resolution No. 07-16
- B. Management Partners Report IAP
- C. Program Descriptions
- D. Resolution No. 08-16