



A G E N D A

ABAG EXECUTIVE BOARD MEETING NO. 383

Thursday, November 17, 2011, 7:00 PM

METROCENTER AUDITORIUM

101 8th Street (at Oak Street)

Oakland, California

For additional information, please call:
Fred Castro, (510) 464 7913

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

1. CALL TO ORDER

2. PUBLIC COMMENT

3. ANNOUNCEMENTS

4. PRESIDENT'S REPORT

5. EXECUTIVE DIRECTOR'S REPORT**

6. CONSENT CALENDAR

ACTION: Unless there is a request by a 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**

Summary Minutes of Meeting No. 382 held on September 15, 2011.

B. Grant Applications**

With Board consent, ABAG will transmit the attached list of federal grant applications to the State Clearinghouse. These applications were circulated in ABAG's "Intergovernmental Review Newsletter" since the last Executive Board meeting.

C. Approval of Resolution No. 13-11 Authorizing Execution of Agreement with State of California Department of Conservation Resources Agency**

Authorization is requested for the Executive Director or designee to enter into an agreement with the State of California Department of Conservation Resources Agency for the Sustainable Communities Planning Grant in the amount of \$1,000,000.

Please Note: The Board may act on any item on this agenda. **Attachment included.



7. ABAG CELEBRATES 50 YEARS OF REGIONAL SERVICE: BAY AREA CITIES AND COUNTIES UNITED –VIDEO

Information: Napa County Supervisor Mark Luce, ABAG President Elect, will introduce a video chronicling ABAG's accomplishments and service to the region over the last 50 years.

8. UPDATES ON SUSTAINABLE COMMUNITIES STRATEGY (SCS) ALTERNATIVE LAND USE SCENARIOS AND ONEBAYAREA GRANT**

Information: Ken Kirkey, ABAG Planning Director will provide the Board with updates on the revised schedule for the SCS; Alternative Land Use Scenario development; and the OneBayArea grant proposal.

9. REGIONAL HOUSING NEED ALLOCATION (RHNA) UPDATE**

Information: Miriam Chion, ABAG Principal Planner, will provide an update on the state housing allocation to the Bay Area and the work of the Housing Methodology Committee to inform the development of the next Regional Housing Need Allocation.

10. BAY AREA REGIONAL DISASTER RESILIENCE ACTION PLAN INITIATIVE**

Information: Danielle Hutchings, ABAG Earthquake Coordinator, will present an overview of the ABAG managed Bay Area Regional Disaster Resilience Action Plan Initiative and recent activities.

11. LEGISLATION & GOVERNMENTAL ORGANIZATION COMMITTEE REPORT**

Information/ACTION: Committee Chair Mark Luce, Supervisor, County of Napa, will report on Committee activities and ask Board approval of Committee recommendations.

12. FINANCE & PERSONNEL COMMITTEE REPORT**

Information/ACTION: Committee Chair Rose Jacobs Gibson, Supervisor, County of San Mateo, will report on Committee activities and ask Board approval of Committee recommendations including:

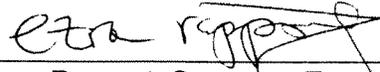
- Resolution Clarifying Intent of 1994 Resolution Concerning Negotiated CalPERS Benefits

13. CLOSED SESSION

The following item will be discussed in closed session pursuant to the requirements of the Ralph M. Brown Act:

- Public Employee Performance Evaluation
Title: Executive Director

14. ADJOURNMENT

A handwritten signature in black ink, appearing to read "Ezra Rapport", written over a horizontal line.

Ezra Rapport, Secretary-Treasurer

Please Note: The Board may act on any item on this agenda. **Attachment included.

Oral Report

SUMMARY MINUTES

ABAG Executive Board Meeting
No. 382, September 15, 2011
MetroCenter Auditorium
101 8th Street, Oakland, California

1. CALL TO ORDER

President Green called the meeting to order at approximately 7:10 p.m. He welcomed Dave Hudson, Councilmember, City of San Ramon, as a newly appointed representative from the cities in Contra Costa County.

Representatives and Alternates Present

Councilmember Desley Brooks
Councilmember Jane Brunner
Councilmember Ronit Bryant
Councilmember Kansen Chu
Supervisor Malia Cohen
Supervisor David Cortese
Councilmember Carole Dillon-Knutson
Jason Elliott, Legislative Director
Vice Mayor Richard Garbarino
Mayor Jack Gingles
Councilmember Susan Gorin
Mayor Mark Green
Supervisor Scott Haggerty
Kate Howard, Govt Affairs Director
Councilmember Dave Hudson
Supervisor Rose Jacobs Gibson
Councilmember Beverly Johnson
Councilmember Ash Kalra
Councilmember Rebecca Kaplan
Supervisor Mark Luce
Councilmember Julie Pierce
Supervisor Dave Pine
Mayor Joe Pirzynski
Mayor Harry Price
Councilmember A. Sepi Richardson
Supervisor Linda Seifert
Supervisor Gayle B. Uilkema
Vice Chair Terry Young

Representatives Absent

Supervisor Susan L. Adams
Supervisor John Avalos
Supervisor John Gioia
Councilmember Sam Liccardo
Supervisor Nadia Lockyer
Supervisor Ross Mirkarimi
Supervisor David Rabbitt
Supervisor Ken Yeager

Jurisdiction

City of Oakland
City of Oakland
City of Mountain View
City of San Jose
County of San Francisco
County of Santa Clara
City of Novato
City of San Francisco
City of South San Francisco
City of Calistoga
City of Santa Rosa
City of Union City
County of Alameda
City of San Francisco
City of San Ramon
County of San Mateo
City of Alameda
City of San Jose
City of Oakland
County of Napa
City of Clayton
County of San Mateo
Town of Los Gatos
City of Fairfield
City of Brisbane
County of Solano
County of Contra Costa
RWQCB

Jurisdiction

County of Marin
County of San Francisco
County of Contra Costa
City of San Jose
County of Alameda
County of San Francisco
County of Sonoma
County of Santa Clara

2. ANNOUNCEMENTS

There were no announcements.

3. PUBLIC COMMENTS

There were no public comments.

4. PRESIDENT'S REPORT

President Green reported that he attended the Pinole City Council meeting to encourage them to reconsider their action to drop out of ABAG. The Pinole City Council agreed to rescind their previous action, pay their dues and to review the matter again during the 2011-12 budget discussions.

The Fall General Assembly on October 13th will be held in San Francisco at the St. Francis Hotel. The theme is *Greening Our Communities: Health People, Healthy Bay, Healthy Economy*.

The San Francisco Estuary Partnership's 10th Biennial Conference is at the Oakland Marriott City Center on September 21st and 22nd. The conference opening night Gala Reception will be held at the Aquarium of the Bay in San Francisco on September 19th.

On the consent calendar is the ABAG Officer Election Calendar. Petitions for nominations are available from the Clerk of the Board until October 7th. Nominees for the election canvassing committee are Rose Jacobs Gibson, Supervisor, County of San Mateo; Dave Cortese, Supervisor, County of Santa Clara; Scott Haggerty, Supervisor, County of Alameda; and, an alternate, Nadia Lockyer, Supervisor, County of Alameda.

As directed by the Executive Board at the July meeting, the Administrative Committee and Executive Director met with the Metropolitan Transportation Commission on July 27th during their closed session to discuss the proposed purchase and relocation to 390 Main Street, San Francisco. A full report will be made in closed session.

5. EXECUTIVE DIRECTOR'S REPORT

Executive Director Rapport reported that there are a number of documents and milestones related to the Sustainable Communities Strategy and the Regional Housing Need Allocation on which staff will report; ABAG received a grant for Electric Vehicle infrastructure; the San Francisco Estuary Partnership will hold its State of the Estuary conference on September 21st and 22nd; the state Housing and Transportation Committee held a hearing in San Jose on regional governance in the Bay Area and on AB 57; and that staff is working on submitting a grant application to the U.S. Department of Housing and Urban Development for sustainability planning.

6. CONSENT CALENDAR

President Green recognized a motion by Julie Pierce, Councilmember, City of Clayton, and seconded by Jack Gingles, Mayor, City of Calistoga, to approve the Consent Calendar. The motion passed unanimously.

A. Approval of Executive Board Summary Minutes**

Approved Summary Minutes of Meeting No. 381 held on July 21, 2011.

B. Grant Applications

A list of grant applications was approved for submission to the State Clearinghouse, having been circulated in ABAG's "Intergovernmental Review Newsletter" since the last Executive Board meeting.

C. Appointments to Committee

Approved appointments to the following committee:

Regional Planning Committee

Tiffany Renee, Councilmember, City of Petaluma

Linda Craig, League of Women Voters (Replaced Patty Boyle, LWVBA)

Allen Fernandez Smith, Urban Habitat (Replaced Connie Galambos Malloy)

D. ABAG Officer Election Calendar**

Endorsed a schedule and procedures for the ABAG Election of Officers.

President Green nominated, and the Board approved, Rose Jacobs Gibson, Supervisor, County of San Mateo; Dave Cortese, Supervisor, County of Santa Clara; Scott Haggerty, Supervisor, County of Alameda; and, alternate, Nadia Lockyer, Supervisor, County of Alameda, to the Canvassing Committee for Officer Election.

E. Authorization to Amend Contract with the California Department of Boating and Waterways (DBW)**

Authorized the Executive Director or designee to amend the DBW contract by increasing the not to exceed amount to \$2,562,101, an increase of up to \$200,000.

7. SUSTAINABLE COMMUNITIES STRATEGY: ALTERNATIVE LAND USE SCENARIOS**

Ken Kirkey, ABAG Planning Director, reported on the Alternative Land Use Scenarios. He provided an overview of the land use alternative scenarios, including those under unconstrained resources, and constrained resources and reasonable planning; discussed the approaches used; described local jurisdictional input on the Initial Vision Scenario; described regional growth from 2010 to 2040; described alternative scenarios relative to the inner Bay Area and outer Bay Area; discussed the regional housing distribution and housing growth by scenario, and in PDAs by scenario; described the regional employment distribution, changes in spatial patterns of employment, and job growth by scenario, and in PDAs by scenario. He noted that employment and population analysis, transportation network analysis, and performance targets results will be completed in October, and that input will be gathered from local jurisdictions and stakeholders in November.

Members discussed economic growth and retaining businesses; the jobs to household ratio; greenfields, equity issues, and transportation funds; senior housing; and Napa County's work proximity program.

David Grabill, Latinos Unidos de Napa, spoke on existing unmet housing need, and the need for affordable housing for lower income households in outlying counties.

8. REGIONAL HOUSING NEED ALLOCATION (RHNA) DRAFT METHODOLOGY **

Miriam Chion, ABAG Principal Planner, reported on the Regional Housing Need Allocation. She provided background on RHNA; noted the need for RHNA to be

consistent with the Sustainable Communities Strategy, and the availability of the OneBayArea grant to support jurisdictions; described the proposed conceptual methodology, including the sustainability and fair share components, and increasing diversity of housing affordability in all jurisdictions. She also described the spheres of influence. She noted that the regional housing need allocation for the region will be provided by the state in November; the draft RHNA methodology will be released in Summer 2012; and the final RHNA methodology approved in Fall 2012. Staff is requesting that local jurisdictions provide resolutions requesting a change to the spheres of influence rules by October 31st, and that the Board authorize execution of the RHNA subregional delegation agreement.

Members discussed schools in relation to PDAs and quality of life factors; cites and jobs and housing that cross boundaries; jurisdictional zoning in PDAs; the 50/50 distribution between Marin County and its cities; spheres of influence in unincorporated areas; jobs in relation to PDAs; and transit, zoning for housing, and prior RHNA performance.

Pat Eklund, Councilmember City of Novato, commented on spheres of influence in Marin County and the 50/50 distribution between Marin County and the cities in Marin County; the minimum base housing growth of 40 percent; and current employment numbers.

President Green recognized a motion by Julie Pierce, Councilmember, City of Clayton, and seconded by Jack Gingles, Mayor, City of Calistoga, to approve staff recommendations regarding the Regional Housing Need Allocation draft methodology, including the 50/50 split in Marin County, the sphere of influence, and delegation to the subregions in the counties of San Mateo, Napa, and Sonoma. The motion passed unanimously.

9. ONE BAYAREA GRANT PROGRAM**

Alix Bockelman, Director, Programming and Allocations, Metropolitan Transportation Commission, reported on the OneBayArea Grant. She reviewed the principles which are the basis of the grant program; and provided funding information and distribution formula. She noted that the draft concepts for Cycle Two grant proposal and review was release in the Summer 2011; committee review of refined Cycle Two and RHNA proposals will occur in Fall/Winter 2011-2012; and adoption of Cycle Two grant programming using final RHNA factors will occur in March and April 2012.

Members discussed the 30 percent residential criteria; the process from Growth Opportunity Areas to become PDAs; local jurisdiction flexibility; resources needed to support PDAs; Priority Conservation Areas and agricultural, farmlands and undeveloped areas; connecting housing and infrastructure funding; matching resources with planning, flexibility and local discretion; promoting growth, not road maintenance.

10. FORUMLATING PROCESS FOR GROWTH OPPORTUNITY AREAS**

Ken Kirkey, ABAG Planning Director, reported on the process for formalizing Growth Opportunity Areas submitted under the Initial Vision Scenario. He reviewed a proposed process and timeline for transition eligible GOAs to PDAs. Staff recommended approval of the proposed process and timeline; add additional

place types and criteria; and add minimum housing density criteria. He noted next steps related to the process for formalizing GOAs to PDAs.

President Green recognized a motion by Rebecca Kaplan, Councilmember, City of Oakland, and seconded by Linda Seifert, Supervisor, County of Solano, to approve the process and timeline for transitioning Growth Opportunity Areas to Priority Development Areas. The motion passed unanimously.

11. PROPOSED REGIONAL CO-LOCATION FACILITY

Rebecca Kaplan, Councilmember, City of Oakland, requested Executive Board appointment of a Board committee to work with the recently established MTC committee which has been tasked with studying the legal, financial, and other issues concerning the potential acquisition of 390 Main Street, San Francisco.

President Green recognized a motion by Councilmember Kaplan, and seconded by Ash Kalra, Councilmember, City of San Jose, to direct the Administrative Committee to work with the MTC committee tasked to study the potential acquisition of 390 Main Street in San Francisco. The motion passed unanimously.

12. LEGISLATION & GOVERNMENTAL ORGANIZATION COMMITTEE REPORT**

Committee Chair Mark Luce, Supervisor, County of Napa, reported on Committee activities, including the status of bills at the end of the legislative session. Of the thirty-six bills that were considered, four have been chaptered and eleven have been enrolled and sent to the Governor: AB 144 (Portantino and Ammiano), Firearms: Open Carrying of Unloaded Handguns; AB 809 (Feuer), Firearms: Long Gun Transfer Records; AB 1112 (Huffman), Oil Spill Prevention and Administration Fee: State Lands Commission; AB 1220 (Alejo), Land Use and Planning: Cause of Actions—Time Limitations; AB 1430 (Committee on Local Government), Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 Omnibus Bill; SB 310 (Hancock), Local Development; SB 555 (Hancock), Local Government: Community Facilities District; SB 582 (Yee), Commute Benefits Policies; SB 790 (Leno), Electricity: Community Choice Aggregation. The committee recommended the following: SB 791 (Steinberg), Regional Congestion Reduction Charge, No Position; SB 226 (Simitian), Environmental Quality, Support. The committee reviewed recommendations for the 2012 legislative reception.

President Green recognized a motion by Committee Chair Mark Luce, Supervisor, County of Napa, and seconded by Scott Haggerty, Supervisor, County of Alameda, to accept the committee report. The motion passed unanimously.

13. FINANCE & PERSONNEL COMMITTEE REPORT**

Committee Chair Rose Jacobs Gibson, Supervisor, County of San Mateo, reported on Committee activities and ask Board approval of Committee recommendations, including the following: approval of minutes of July 21, 2011. meeting; review of Financial Reports for June and July; resolution to establish a contingency reserve policy; request to file amicus curiae brief in support of RDA v. Matosantos; report on Diversity and Business Opportunity for Fiscal Year 2010-11; proposed regional facility co-location; and a closed session regarding public employee performance evaluation for Legal Counsel.

President Green recognized a motion by Rose Jacobs Gibson, Supervisor, County of San Mateo, and seconded by Julie Pierce, Councilmember, City of Clayton, to accept the committee report. The motion passed unanimously.

The Board entered closed session at approximately 9:15 p.m.

CLOSED SESSION

The following items were discussed in closed session pursuant to the requirements of the Ralph M. Brown Act:

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code Section 54956.9(b)(1):
One Item.

THE ABAG EXECUTIVE BOARD MET IN CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH REAL PROPERTY NEGOTIATORS TO DISCUSS THE ACQUISITION OF REAL PROPERTY:

Negotiating Parties:

For ABAG: ABAG

ABAG Negotiators: Ezra Rapport, Executive Director; Administrative Committee

For BATA and MTC: BATA, MTC and CBRE

BATA and MTC: Steve Heminger, Executive Director; Brian Mayhew, Chief Financial Officer; and Darin R. Bosch, CBRE Senior Vice President

Under Negotiation: Update on Discussions re Location

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Legal Counsel

The Board re-entered open session at about 9:30 p.m.

There was no reportable action from the closed session.

14. ADJOURNMENT

The meeting was adjourned at approximately 9:30 p.m.


Ezra Rapport, Secretary-Treasurer

** Indicates attachments.

Summary Minutes
ABAG Executive Board Meeting
No. 382, September 15, 2011

**** For information on the L&GO Committee, contact Patricia Jones at (510) 464 7933 or PatJ@abag.ca.gov, or Kathleen Cha at (510) 464 7922 or KathleenC@abag.ca.gov.*

All ABAG Executive Board meetings are recorded. To arrange for review of these tapes, please contact Fred Castro, Clerk of the Board, at (510) 464-7913 or FredC@abag.ca.gov.

**Association of Bay Area Governments
Executive Board
Thursday, November 17, 2011**

Project Review

.1 Federal Grant Applications Being Transmitted to the State Clearinghouse

Alameda County

Applicant: Port of Oakland
Program:
Project: Airport Pavement Management System and Taxiways W and U Improvement Program, South Field, OAK
Description: Airport Pavement Management System and Taxiways W and U Improvement Program, South Field, OAK
Cost: Total \$8,123,893.00 Federal \$6,547,045.00 State:
Applicant \$1,576,848.00 Local
Other

Contact: Christina Lee (510) 627-1510
ABAG Clearinghouse Numbe 15386

Alameda

Applicant: Port of Oakland
Program: Department of Transportation
Project: Restoring Oakland's Working Waterfront
Description: FY 2011 National Infrastructure Investments
Cost: Total \$438,113,037.00 Federal \$184,063,036.00
Applicant \$5,700,000.00 Local \$32,000,000.00
Other \$176,350,001.00

Contact: Mr. Pat Cashman (510) 238-6281
ABAG Clearinghouse Numbe 15405

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

November 3, 2011

M E M O

To: ABAG Executive Board

From: ^{KK} Kenneth Kirkey, Director
Planning

RE: Authorization to Enter into and Execute an Agreement with the
State of California – The Resources Agency, Department of Conservation

Executive Summary

This spring, ABAG and the Metropolitan Transportation Commission were awarded a Sustainable Communities Planning Grant under the State's Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 in the amount of \$1,000,000. This resolution authorizes ABAG to enter into and execute an agreement and to act as the fiscal agent and responsible party for the grant.

The grant will fund activities designed to support smart growth planning efforts directly related to or that closely align with ongoing work of ABAG and MTC in implementing SB 375 including public outreach, performance measures, planning initiatives, and working with other MPOs on interregional issues. The majority of the grant, \$800,000, will fund ABAG staff time to complete seven tasks; a small amount of \$200,000 will go to MTC to fund work on two of the seven tasks.

The grant will commence in December 2011 and extend for a period of eighteen months with final grant related work ending in May 2013. The match for this grant is in-kind in the amount of \$344,121.

Recommended Action

Authorization is requested for the Executive Director or designee to enter into an agreement with the State of California – The Resources Agency, Department of Conservation for the Sustainable Communities Planning Grant in the amount of \$1,000,000. A proposed resolution approving this agreement is attached.

Next Steps

Submit adopted resolution to the Strategic Growth Council

Attachment

Resolution

Item 6.C.



**ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD**

RESOLUTION NO. 13-11

**RESOLUTION RATIFYING SUBMISSION OF APPLICATION FOR A SUSTAINABLE
COMMUNITIES PLANNING GRANT UNDER THE STATE'S SAFE DRINKING
WATER, WATER QUALITY AND SUPPLY, FLOOD CONTROL, RIVER AND
COASTAL PROTECTION BOND ACT OF 2006, AND AUTHORIZING EXECUTION OF
GRANT CONTRACT AND RELATED DOCUMENTS**

WHEREAS, the Association of Bay Area Governments (ABAG) is a joint powers agency formed pursuant to the agreement of its members and California Government Code §§ 6500, et seq., and is the council of governments (COG) for the San Francisco Bay Area; and

WHEREAS, SB 375 requires the Metropolitan Transportation Commission (MTC) and ABAG to prepare and adopt a Sustainable Communities Strategy (SCS) for the region; and

WHEREAS, the State's Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 provides funds to implement SB 375, including ABAG's and MTC's ongoing work in preparing and adopting the SCS; and

WHEREAS, ABAG and MTC submitted an application for such funds and such funds have been awarded to ABAG on behalf of itself and MTC.

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 13-11**

NOW, THEREFORE, BE IT RESOLVED, that the Executive Board of the Association of Bay Area Governments hereby ratifies the submission of the grant application and authorizes the Executive Director or his designee to execute the Grant Agreement between the Strategic Growth Council and the Association of Bay Area Governments, and all other related documents.

The foregoing adopted by the Executive Board this 17th day of November, 2011.

Mark Green
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 17th day of November, 2011.

Ezra Rapport
Secretary-Treasurer

Approved as To Legal Form

Kenneth K. Moy
Legal Counsel

OneBayArea

Sustainable Communities Strategy

ALTERNATIVE LAND USE SCENARIOS Core Concentration, Focused Growth, and Outer Bay Area Growth

REVISED: September 1, 2011

In July, ABAG's Executive Board and the Metropolitan Transportation Commission approved a framework for Five Alternative Scenarios, which will be used to inform the development of the Preferred Scenario of the Sustainable Communities Strategy (SCS). Scenario 1 and 2 are based on unconstrained growth, assume very strong employment growth, and unprecedented funding to support housing affordability. Scenario 1, the Initial Vision Scenario was released in March 2011. Scenario 2, Core Concentration Unconstrained will be developed to provide a more concentrated development pattern along transit corridors. These two scenarios are essential to identify the challenges and policies for an ideal sustainable development path.

This report presents the land use patterns for scenarios 3, 4, and 5 based on an assessment of economic growth, financial feasibility, and reasonable planning strategies. They provide a range of housing and employment distribution patterns across places and cities that support equitable and sustainable development. The three scenarios are as follows:

- *Core Concentration Growth Scenario:* Concentrates housing and job growth at selected Priority Development Areas in the Inner Bay Area along the region's core transit network.
- *Focused Growth Scenario:* Recognizes the potential of Priority Development Areas and Growth Opportunity Areas across the region with an emphasis on housing and job growth along major transit corridors.
- *Outer Bay Area Growth Scenario:* Addresses higher levels of growth in the Outer Bay Area and is closer to previous development trends than the other two scenarios.

These three scenarios assume a strong economy supported by the appropriate affordable housing production. They also assume targeted local and regional strategies and additional funding to support sustainable and equitable growth. They are designed primarily around Priority Development Areas and Growth Opportunity Areas, as places for growth identified by local jurisdictions. (PDAs will refer to both areas in this report) The level of PDA growth is defined based on the Place Type established by the local jurisdiction (i.e., regional center, transit neighborhood, rural town), which provides a regional language to recognize the character, scale, density and expected growth for the wide range of places in the Bay Area. Beyond the PDAs, household growth is distributed based on employment, transit access, household formation, and housing production. Employment distribution is based upon the existing employment pattern, reversing the previous dispersal trends throughout the region.

Regional dialogue on land use scenarios

The purpose of the land use alternative scenarios is to expand the regional dialogue on the type of development, planning strategies, and investments to define the SCS. We are seeking input from local jurisdictions, community organizations, business organizations, and general public on the following themes:

Distribution of growth

- Shifting from previous trends of dispersed growth, do these three land use scenarios provide an appropriate spectrum for sustainable and equitable development trends? Is growth concentrated at the appropriate places?

Development of vital and healthy places

- Are housing and jobs converging at the appropriate places? Can this convergence support greater access to jobs and housing, particularly for the low and moderate income populations?
- What elements of the scenarios would support the development of complete communities?
- Do the scenarios address the local expectations and necessary adjustments for regional equity and sustainability?

Planning strategies and investments

- How can local jurisdictions, community organizations, and business organizations converge into a coherent regional strategy?
- What policies and investments should be prioritized to support the SCS?

This report includes five sections and two appendices. The first section is a brief summary of the input received from local jurisdictions and stakeholders on local development and equity. The second section is an overview of regional employment and household growth between 2010 and 2040. The third section describes employment trends and distribution, including some details of the recent regional employment analysis undertaken by ABAG and MTC to inform the land use patterns. The fourth section provides an overview of the housing distribution, which relies on the housing analysis presented in previous reports. The fifth section covers the next steps towards the development of the Preferred Scenario. The appendices include, first, details on the methodology for growth distribution; and, second, tables of growth by PDA and local jurisdiction. Scenarios maps are compiled in a separate packet.

1. INPUT ON SCS SCENARIOS

The development of the SCS Core, Focused, and Outer Bay Area Growth Scenarios are informed by a wealth of input we received on the Initial Vision Scenario (IVS) from local elected officials, planning directors, and Congestion Management Agencies (CMAs) as well as from the Regional Advisory Working Group, Equity Group, and stakeholders groups. County-level Basecamp sites have been well noticed and public workshops were held throughout our nine-county region.

As indicated in previous reports, land use decisions are a local responsibility governed by local jurisdictions. The land use scenarios presented here are based upon local input and strong

coordination among local and regional agencies. Regional agencies have incorporated local input into three coherent land use development patterns.

Input on local development

The input received reflects the unique characteristics of the region's communities. Some communities described the level of housing growth depicted in the IVS as too high, while other jurisdictions responded that IVS housing growth levels would be appropriate if funding for redevelopment, public schools, transit and other community infrastructure were available. Still, a number of common themes have emerged.

- *Addressing the Bay Area economic challenges:* The Bay Area's first Sustainable Communities Strategy should advance a vibrant economy and strong growth for the region. Employment growth should be aligned with existing and planned transit. Employment totals are too high given past performance and the depth of the recession.
- *Sustainable and equitable housing production:* Growth levels in the Initial Vision Scenario are not feasible given current market constraints and funding availability. Infill development challenges require capital investments and supportive policies. The SCS should reward communities that advance sustainable growth at transit nodes.
- *Transit service:* Cuts in transit service will impede sustainable growth. Transit-served, infill areas that have not been nominated by local communities as PDAs should take on comparable levels of growth.
- *Coordination of regional efforts:* Loss of redevelopment agencies will limit infill development. The SCS should provide CEQA benefits for projects in PDAs. Air District and BCDC requirements should be aligned with the SCS.

Input on equity

Regional agency staff has worked with the Regional Equity Working Group and MTC's Policy Advisory Council to develop inputs to the Alternative Scenarios that will increase access to opportunities and an improved quality of life for residents from all income categories in communities throughout the region. Social equity as well as economic growth and environmental sustainability are promoted through the emphasis on encouraging growth in complete communities served by transit. In addition, each of the alternative scenarios will also distribute growth in a way that ensures each jurisdiction is planning to accommodate a minimum percent of its expected household growth. Factors related to transit service, employment, and net low-income commuters to a jurisdiction will also inform the alternative scenario housing distributions.

2. REGIONAL EMPLOYMENT AND HOUSEHOLD GROWTH 2010 – 2040

The recent national economic recession triggered a major employment decline. Recent data and research indicates that the nation is facing a slower recovery than expected over the next few years, which will in turn impact the recovery of the Bay Area. Beyond this short term recovery, the rates of employment growth for the Bay Area and California have become closer to or lower than the national rates since the 1980s. They were higher than the nation from the 1960s to the 1980s, but as the region and the state matured in its economic composition, growth rates became closer to the national average.

Due to lowered forecasts of national economic and job growth, along with dramatic decreases in state and national immigration levels (even prior to the recession), the Bay Area job forecast for 2040 would be revised downward by an estimated 100,000 jobs than the forecast employment for the Initial Vision Scenario. The total jobs for 2040 would drop by another 200,000 jobs by switching to a forecast where the Bay Area maintains its current share of national employment.

Even under those considerations, the SCS can reasonably assume a healthy economy for the Bay Area by 2040. High expectations are based on the strength of our knowledge-based economy, the development of new high technology sectors as well as the diverse economy to support these leading sectors. In addition, the Bay Area has a highly qualified labor force when compared to other regions and a high quality of life based on access to urban amenities, natural resources, and a Mediterranean climate. The region also provides businesses with a wealth of research and development resources and a strong network of international exchange.

Given these resources, regional and economic experts working with ABAG and MTC suggest the Bay Area could add almost a million jobs up to 4.26 million jobs by 2040. This is an average of 33,000 per year over the next 30 years, which assumes a healthy and strong economy. This is more than three times the 10,000 average annual job growth of the previous two decades. It is close to the 40,000 average annual job growth of the last 50 years when the region experienced the development of the high technology industry and the finance sector.

This employment growth will be supported by strong housing production of about 770,000 units by 2040. This would represent an annual production of 27,000 units per year. The slow recovery of job growth and housing prices are expected to limit housing production in the near-term. This period should be addressed independently from the housing production of the later years. Assuming a suppressed housing production rate of 15,000 units from 2010-2015, this level of growth would increase to almost 30,000 units per year over the 2015-2040 timeframe. In comparison, historical rates were 20,000 per year from 1990-2010 and 36,000 averaging 1970, 1975, 1980, and 1985 rates, periods of much greenfield housing production.

The expected growth of 770,000 housing units by 2040 in the scenarios under discussion is lower than the equivalent one million units in Initial Vision Scenario. The former is the expected housing production while the latter reflects the housing need. The expected housing production addresses lower 2010 household and population counts (Census 2010), lower employment growth than previous forecasts, and reasonable assumptions on market trends, local and regional policies, and infrastructure.

This level of housing reflects a reasonable job to household ratio for the Bay Area and would consider a reasonable pace of recovery of the housing market. For these scenarios we are assuming a job to household ratio of 1.3 by 2040. This ratio is based on the regional average over the past six decades and is also similar to the present-day ratio. It could be expected that demographic shifts would lower this ratio over the next fifteen years as the baby boomer generation retires, but that it would rise again in the later years of the planning horizon.

Regional Growth: Households, Population, Employed Residents, Jobs, 2010 - 2040

	Core, Focused, and Outer Bay Area Growth Scenarios			Initial Vision Scenario
	2010	2040	Growth 2010-40	Growth 2010-40
<i>Households</i>	2,608,000	3,378,000	770,000	1,031,000
<i>Population</i>	7,151,000	9,236,000	2,085,000	2,432,000
<i>Employed residents</i>	3,153,000	3,974,000	821,000	1,338,000
<i>Jobs</i>	3,271,000	4,266,000	995,000	1,463,000

These scenario land development patterns will be supported by transportation scenarios that will vary the level of funding for “fix-it-first” maintenance, transit capacity improvements, roadway improvements, and bike/pedestrian funding.

3. REGIONAL EMPLOYMENT DISTRIBUTION

The region is experiencing a transformation in its economic activities and in its population composition, both of which have major land use implications. The very strong growth of knowledge-based activities at the intersection with urban amenities brings new strength to employment centers. These economic trends are parallel to some key emerging demographic changes: young professionals’ preferences for vital urban places instead of office parks, an increase in the ethnic diversity of the labor force and residents, and a major wave of retirement and increase in the senior population. Providing that the region can develop and implement a solid SCS, these changes provide an opportunity to strengthen the economic health, social equity, and sustainability of the Bay Area.

SCS tasks to support a healthy economy include:

- Provide the appropriate transit, affordable housing, and urban amenities to support the new wave of industries at urban locations and densified office parks.
- Support a diverse economy through public investments that support strategic sectors, and the retention and expansion of affordable housing close to major employment centers.
- Regain the economic vitality of regional centers, which lost employment over the past decades. Support increased densities and a mix of uses at suburban office parks, which have been major employment growth areas.
- Concentrate urban amenities and affordable housing in downtown areas and along transit corridors across the region.
- Maintain and increase the viability and productivity of industrial lands and agricultural resource areas.

For the purpose of the SCS Alternative Scenarios we have revised the total employment growth by 2040, the growth by industry, and the distribution by PDA and city. The rationale for this healthy economic growth in relation to population and housing growth will be discussed in a

separate memo. This report primarily focuses on growth by industry and distribution patterns based on the employment analysis developed by ABAG and MTC in collaboration with Strategic Economics.

Changes in the regional industrial composition

Starting in the 1970s the region experienced major employment growth in San Francisco's financial district and the emergence of Silicon Valley as the global center of high technology. In contrast to many other metropolitan regions for subsequent decades, the Bay Area's economic sectors developed through very distinct specialized clusters. In the years following the turn of the millennium the region has a more mature economic base with an economic sector composition that is closer to the national average.

Professional and business services and information jobs have become the major leading sectors in the regional economy. Over the last decades they have experienced sharp growth but they have also been the most impacted during periods of economic decline. These regional leading sectors have increased the demand for highly educated labor and provided high wage jobs. Educational and health services have displayed steady growth, but a more moderate level than professional services. These sectors have surpassed manufacturing, government administration, and retail employment. Over the next 30 years, educational and health services sectors are expected to continue their rate of growth. Professional and business services are expected to generate more than one third of the total regional growth by 2040.

Since the 1980s, these growing sectors have more than compensated the loss in manufacturing and finance jobs. During this period, much of the region's traditional manufacturing employment has relocated to low cost labor regions in Asia and Latin America. More recently despite steady growth in professional and business service jobs related to emerging technology industries, high tech manufacturing has also relocated out of Silicon Valley to lower cost locations. Changes in technology have also reduced labor requirements and increased productivity for the remaining manufacturing businesses. On the opposite spectrum of the economic sector location patterns, while the region continues to be an important financial center, finance employment jobs have been eliminated or relocated out of the Bay Area. The decline of these two sectors has resulted in a loss of middle-income jobs for the region. Looking forward to 2040, manufacturing and finance are not expected to significantly expand. However, they will remain essential and stable sectors in the regional economy and are expected to retain approximately the same employment size over the next 30 years.

The Bay Area is a major international destination for business and leisure travel. Leisure, hospitality and retail are growing employment sectors. In particular, leisure and hospitality employment has grown at a faster pace than retail, following the pattern of professional and business services. Both industry groups are expected to retain a steady growth over the next 30 years.

Changes in the regional spatial patterns

Over the past decades the Bay Area experienced a decline of employment at its major regional economic centers while suburban employment centers and office parks emerged and grew throughout the region. These spatial patterns were conditioned by the decline of the finance sector in San Francisco, the growth of the high technology sectors in Silicon Valley, the formation of the Tri-Valley business cluster supported by labor from lower housing cost communities in the eastern part of the Bay Area and the central valley, and the strengthening of medium size downtowns such as Walnut Creek, Santa Rosa and Berkeley.

The growth of professional services in close proximity to urban amenities, point toward a new wave of growth that could be accommodated at major economic centers and a demand for urban amenities, mixed-uses and higher densities at suburban employment locations. Analysis of employment and demographic trends indicates that the SCS can serve to support these emerging trends by increasing access to transit, affordable housing, and urban amenities at employment centers. The SCS would recognize the economic function of each place in the region and the potential they offer for the growth of selected industry groups, jobs and businesses. This recognition is also informed by the community choices on the function and qualities of their places. Some of the expected trends are described below.

▪ Renewed regional centers

Regional centers have reduced their office jobs as a share of the region from 49 percent in 1990 to 41 percent in 2010. Downtown San Francisco and Downtown Oakland also reduced their absolute employment levels. Downtown San Jose had a small increase. In the SCS Scenarios we expect a reversal of this trend. This is based on the rate and scale of growth of professional services urban entertainment, which brings a new economic vitality to the regional centers. Similar to the growth of the financial district in the 1970s, the Bay Area is attracting new businesses and workers that want to locate in close proximity to related firms, services and amenities. The new wave of businesses and young professionals' demand for building space prioritizes flexibility to adjust spaces to multiple functions and requires less office space per worker relative to the early growth of traditional downtown office space. The growth of health and educational services would also support the growth of regional centers.

▪ Office parks:

Office parks have been a dominant building pattern in the two suburban areas that experienced major growth in the Bay Area over the past several decades: Silicon Valley and the Tri-Valley. In the SCS Alternative Scenarios office park employment will continue to grow but at a slower pace than in recent decades. The emerging private shuttle services run by businesses, particularly in San Mateo and Santa Clara County are expected to grow and improve transit access while lessening, but not fully mitigating increased freeway traffic congestion related to employment growth. Growth in office park employment is limited in part by the capacity of the region's congested freeway network. Office parks in the Tri-Valley area would house more workers within their own jurisdictions, but will continue to draw from lower cost labor in the Central Valley. Some office parks would be transformed with additional office buildings and a mix of uses including housing.

- **Downtown areas and transit corridors**

The increasing need and desire for local services in close proximity to residential locations has led to a clustering of services along corridors and in small downtown areas over the past decades. The increasing size of the region's senior population will likely reinforce this trend over the next decades. The SCS Alternative Scenarios assume an increase in local serving jobs in Priority Development Areas proportional to housing growth in PDAs.

- **Industrial land**

The decline of the manufacturing and wholesale employment due to business relocation and changes in technology has resulted in a major contraction of those businesses in industrial areas. In many areas this has not resulted in vacant industrial land, but a different mix of businesses that are necessary to support the local and regional economies. In addition to basic services such as refuse collection or supply distribution, industrial lands are now occupied by a wide range of businesses from food processing to green industry manufacturing, and auto repair to high tech product development drawing employment from many sectors into traditional industrial lands. The SCS Alternative Scenarios assume limited but stable job growth in manufacturing, given retention of industrial land at core locations and an expanding array of production, distribution and repair activities.

- **Agricultural land**

The Bay Area has a wealth of agricultural land unparalleled among our nation's largest metropolitan regions that provides high quality agricultural products including diverse high-value crop production and its world-renowned wine industry. For the most part the region's remaining farmland is policy-protected from urban expansion. All of the counties outside of San Francisco have a growth management framework (e.g. urban growth boundaries, agricultural zoning, etc.) in place. The SCS Alternative Scenarios assume the retention of most agricultural land with some increase in productivity yielding modest employment growth.

Core Concentration, Focused Growth, and Outer Bay Area Growth Scenarios

Given the expected levels of regional growth, changes in the economic sector composition, and changes in the spatial patterns of employment location, the three alternative scenarios provide alternative land use development patterns based on various degrees of employment concentration. All scenarios assume nearly one million additional jobs in the region through 2040. They also assume the same growth rates by industry. The three scenarios assume slowing or reversal in the declining share of employment in Priority Development Areas experienced in previous decades. The three scenarios also assume some growth in local serving jobs proportional to the housing growth by PDAs.

The three employment scenarios are CONCEPTUAL scenarios to understand and assess distinct land use patterns in relation to housing and transit. Starting from the current distribution of employment and growth trends over previous decades, the scenarios add three factors: the concentration of jobs in PDAs, the concentration of knowledge-based jobs (Information, Finance, Professional & Business Services), and the link of local serving jobs (primarily Retail, some Health, Educational, and Recreational Services) to housing growth. They do not yet include input from local jurisdictions or analysis of land constraints, industrial cluster support, or

public and private investments. This input and analysis will be essential to develop the employment distribution for the Preferred Scenario.

Overview of job growth by scenario

	Core Concentration	Focused Growth	Outer Bay Area
Land use trends	Higher growth in major employment centers close to transit	Higher concentration of employment in PDAs than 2010	Continued trends of more growth in Outer Bay Area and more growth outside of PDAs
PDA job growth	Small increase of PDAs share of regional jobs over Focused Growth Scenario	Small increase of PDAs share of regional jobs over 2010	Decline of PDAs share of regional jobs over 2010
Knowledge-based jobs	Additional 15% in inner bay PDAs	Additional 10% across all PDAs	Decline in share of PDAs following previous trends
Local serving jobs	Follows housing growth, more jobs in inner bay area PDAs	Follows housing growth, distributed across all PDAs and jurisdictions	Follows housing growth, more jobs in outer bay area

Core Concentration Growth Scenario: This scenario assumes that the concentration of employment in PDAs across most economic sectors will remain as in 2010. Knowledge-based jobs will be more concentrated in regional centers, city centers, urban neighborhoods, and mixed-use neighborhoods in the Inner Bay Area places where jobs are concentrated today. Local serving jobs will follow housing in PDAs, which will be more concentrated in the Inner Bay Area.

Focused Growth Scenario: This scenario assumes that the concentration of employment in PDAs across most economic sectors will remain as in 2010. Knowledge-based and local serving jobs will be more concentrated in PDAs by 2040 than in 2010.

Outer Bay Area Growth Scenario: This scenario follows the growth trends from the previous 30 years but with lower rates of job dispersal. Regional Centers and large City Centers grow but slower than other Place Types, while Suburban Centers and office parks outside of PDAs continue to grow at higher rates than the regional average.

Employment by economic sector

The employment growth by economic sector is based on the forecast prepared by Caltrans and adjusted to the total regional growth established by ABAG and MTC. While the same level of growth by industry is assumed in the three scenarios, the distribution by city and PDA varies across scenarios.

Employment growth by economic sector 2010 - 2040

	Jobs 2010	Jobs 2040	Job growth 2010 – 2040	Annual Growth Rate 2010- 2040
<i>Total Jobs</i>	3,270,906	4,265,736	994,831	1.01%
<i>Agriculture and Natural Resources</i>	22,142	22,286	144	0.02%
<i>Manufacturing Wholesale and Transportation</i>	543,974	659,580	115,606	0.71%
<i>Retail</i>	325,168	402,036	76,868	0.79%
<i>Professional and Business Services / Finance</i>	774,502	1,153,879	379,378	1.63%
<i>Health, Education, Recreation Services</i>	853,755	1,106,095	252,340	0.99%
<i>Other: Information, Government, Construction</i>	751,365	921,860	170,495	0.76%

Distribution of Employment

The employment distribution for 2010 is based on NETS data (See appenedix for description of data sources). This data provides employment information by location of a business establishment. This is a high level of geographical resolution, which allows us to capture the employment by PDA more accurately than previous zip code data.

In 2010, it was estimated that PDAs encompassed an estimated 1,586,000 or 48 percent of jobs regionwide. This is 5 percent lower than the PDA share in 1990 according to ABAG analysis of the NETS data. The three scenarios assume different shares of jobs in PDAs as indicated below. Following previous trends but at a slower pace, the Outer Bay Area Scenario assumes a lower PDA share of total jobs in 2040 than in 2010. The Focused Growth and Core Concentration Growth Scenarios both assume a higher concentration of jobs in PDAs in 2040 than in 2010.

Job Share in PDAs by Scenario: Past and Future Trends 1990 – 2010 – 2040

	Core Concentration	Focused Growth	Outer Bay Area
<i>PDA Job Share 1990</i>	53%	53%	53%
<i>PDA Job Share 2010</i>	48%	48%	48%
<i>PDA Job Share 2040</i>	51%	50%	48%
<i>PDA Job Growth Share 2010-2040</i>	58 %	55 %	47 %

Within PDAs, the distribution of jobs varies according to sector and Place Type. The Outer Bay Area Scenario retains a similar distribution in 2010 and 2040 except for the local serving jobs, which shifts according to housing growth. The Focused Growth Scenario increases knowledge-based jobs across all PDAs. The Core Concentration Growth Scenario increases knowledge-based jobs in regional centers, city centers, urban neighborhoods, and mixed-use corridors in the inner Bay Area.

Share of Regional Job Growth in PDA by Industry Group by Scenario 2010 – 2040

	Core Concentration	Focused Growth	Outer Bay Area
<i>Total region</i>	58%	55%	47%
<i>Agriculture and Natural Resources</i>	27%	27%	27%
<i>Manufacturing Wholesale and Transportation</i>	43%	43%	39%
<i>Retail</i>	61%	58%	55%
<i>Professional services/Finance</i>	65%	60%	45%
<i>Health, Education, Recreation Services</i>	48%	48%	47%
<i>Other: Information, Government, Construction</i>	67%	63%	51%

Share of Regional Job Growth in PDA by Place Type by Scenario 2010 – 2040

	Core Concentration	Focused Growth	Outer Bay Area
Total PDA/GOA Jobs	58.3%	55.3%	46.9%
Inner Bay			
Regional Center	21.4%	19.0%	12.5%
City Center	4.4%	3.9%	4.0%
Suburban Center	1.0%	1.1%	1.0%
Transit Town Center	2.6%	2.7%	2.9%
Urban Neighborhood	5.1%	4.6%	3.5%
Transit Neighborhood	2.3%	2.5%	1.8%
Mixed-Use Corridor	13.3%	12.1%	11.1%
Employment Center	1.4%	1.5%	1.2%
Outer Bay			
Regional Center	0.0%	0.0%	0.0%
City Center	0.7%	0.8%	0.8%
Suburban Center	2.0%	2.2%	2.5%
Transit Town Center	1.7%	1.9%	1.8%
Transit Neighborhood	0.8%	0.9%	1.3%
Mixed-Use Corridor	1.4%	1.6%	1.9%
Employment Center	0.2%	0.2%	0.3%
Rural Town Center	0.1%	0.2%	0.1%
Rural Mixed-Use Corridor	0.0%	0.0%	0.0%

Share of Regional Professional and Business Services / Finance Job Growth in PDA by Place Type by Scenario 2010 – 2040

	Core Concentration	Focused Growth	Outer Bay Area
Total PDA/GOA Jobs	65.1%	60.0%	45.4%
Inner Bay			
Regional Center	29.5%	25.3%	12.8%
City Center	4.7%	4.0%	5.1%
Suburban Center	0.7%	0.9%	1.4%
Transit Town Center	2.0%	2.4%	2.9%
Urban Neighborhood	4.7%	4.0%	2.8%
Transit Neighborhood	1.9%	2.3%	0.7%
Mixed-Use Corridor	14.3%	12.3%	11.5%
Employment Center	1.2%	1.5%	0.9%
Outer Bay			
Regional Center	0.0%	0.0%	0.0%
City Center	0.7%	0.8%	0.9%
Suburban Center	1.9%	2.2%	1.9%
Transit Town Center	1.5%	1.8%	1.1%
Transit Neighborhood	0.6%	0.7%	1.4%
Mixed-Use Corridor	1.1%	1.4%	1.5%
Employment Center	0.2%	0.3%	0.4%
Rural Town Center	0.1%	0.2%	0.2%
Rural Mixed-Use Corridor	0.0%	0.0%	0.0%

Share of Regional Retail Job Growth in PDA by Place Type by Scenario 2010 – 2040

	Core Concentration	Focused Growth	Outer Bay Area
Total PDA/GOA Jobs	61.3%	57.9%	55.0%
Inner Bay			
Regional Center	10.2%	9.2%	9.5%
City Center	4.7%	4.4%	4.2%
Suburban Center	3.2%	3.0%	3.2%
Transit Town Center	5.3%	4.8%	3.6%
Urban Neighborhood	5.1%	4.4%	3.6%
Transit Neighborhood	4.5%	4.0%	3.3%
Mixed-Use Corridor	16.2%	14.7%	12.1%
Employment Center	0.6%	0.6%	0.6%
Outer Bay			
Regional Center	0.2%	0.2%	0.2%
City Center	0.9%	1.2%	1.2%
Suburban Center	4.1%	4.3%	6.3%
Transit Town Center	2.2%	2.2%	1.9%
Transit Neighborhood	1.7%	1.9%	2.0%
Mixed-Use Corridor	2.3%	2.7%	2.8%
Employment Center	0.1%	0.1%	0.1%
Rural Town Center	0.1%	0.1%	0.1%
Rural Mixed-Use Corridor	0.0%	0.0%	0.1%

Job Growth by County and PDA by Scenario 2010 – 2040

	PDA Jobs			County Jobs		
	Core Concentration	Focused Growth	Outer Bay Area	Core Concentration	Focused Growth	Outer Bay Area
Alameda	106,300	104,000	93,500	203,800	203,700	216,300
Contra Costa	38,000	41,300	46,500	96,400	104,900	126,300
Marin	6,000	6,800	7,900	31,700	34,600	35,900
Napa	300	300	300	14,600	15,600	22,000
San Francisco	206,500	178,000	127,000	206,900	179,100	127,000
San Mateo	41,900	40,300	35,200	99,600	104,000	112,700
Santa Clara	159,300	154,000	129,300	254,200	257,400	247,400
Solano	6,600	7,300	7,500	42,000	46,200	50,200
Sonoma	15,600	17,600	19,700	45,500	49,200	57,100
TOTAL	580,400	549,700	467,000	994,800	994,800	994,800

4. REGIONAL HOUSING DISTRIBUTION

The three scenarios, Core Concentration, Focused Growth and Outer Bay Area Growth, address the distribution of 771,000 households by 2040 through alternative land use patterns. Each of these scenarios relates to the employment growth and the three distribution patterns described in the previous section. Levels of household growth are specifically linked to the concentration of knowledge-based and local serving jobs. The three scenarios support healthy economic growth by 2040.

Shifting from the dominant development trend of single-family homes in greenfield areas over the last three decades, the three scenarios assume a higher concentration of households within multi-family housing at transit nodes and corridors with appropriate services and stores. Most of the growth is expected to be accommodated through 3 to 6 story wood-frame buildings, with the exception of major downtown areas where steel-frame buildings of more than 10 stories would be constructed.

The scenarios vary in the overall share of households in PDAs as well as by Place Type and city. The distribution of household growth is based on local input and regional criteria established through the densities and scale of Place Types, transit service, employment, and net low-income commuters. In addition, in the three scenarios each city is expected to reach a minimum household growth equivalent to 40 percent of its household formation. This last factor comes from the Regional Housing Need Allocation methodology for 2014-2022, which identifies the housing needs by city to be addressed through local plans and zoning controls.

Local plans and their proposed housing growth are an important component in the distribution of household growth. Local input on household growth from each jurisdiction was utilized in at least one of the three scenarios.

The PDAs and the growth factors directly addressed equity in the SCS. This final approach to the alternative scenarios is the result of in-depth interactions with equity groups. PDAs cover a wide range of neighborhoods with diverse income levels, infrastructure needs, and transit service. Regional staff worked closely with local jurisdictions to identify neighborhoods appropriate for PDA designation that need public investment for current and future populations as well as areas that are ready to accommodate additional housing. Two growth factors are directly linked to equity. The low-income net in-commuters' factor recognizes the potential of cities with high employment and limited affordable housing to accommodate future household growth. Similarly, the minimum growth floor of 40 percent of jurisdictions' household formation level allows cities with good services to accommodate a portion of their own population growth.

In order to appropriately address equity in the SCS, ABAG and MTC will conduct a thorough assessment of regional income levels and distribution. This report only includes some minor revisions to the income distribution factors used in Projections 2009. Current regional economic changes in the type of businesses, jobs, and labor indicate some regional income polarization. This task requires detailed attention and will be a priority over the next several weeks in preparation for the draft Preferred Scenario.

Overview of household growth by scenario

	Core Concentration	Focused Growth	Outer Bay Area
Land use trends	More growth in PDAs, particularly in Inner Bay Area's major employment centers and transit nodes	Growth throughout regional transit corridors and job centers	Less growth in PDAs, more growth in Outer Bay Area along transit corridors.
Growth factors	Transit service Employment Net low-income commuters		
Minimum level of growth	40% of the expected household formation rate for each jurisdiction		
PDA household growth	Based on Focused Growth Scenario, increase household growth by 20% in Inner Bay Area, plus or minus housing value factor	Growth within PDAs based on minimum level of growth by Place Type.	Based on Focused Growth Scenario, increase household growth by 5 to 30% in Outer Bay Area depending on job growth

Core Concentration Growth Scenario: This scenario assumes a concentration of households in PDAs and jurisdictions in the Inner Bay Area to take advantage of the core transit network.

Focused Growth Scenario: This scenario assumes focused household growth in PDAs throughout the region's transit corridors.

Outer Bay Area Growth Scenario: Closer to recent development trends than the other two scenarios, this scenario assumes more growth of households in the Outer Bay Area in relation to the employment growth by jurisdiction.

The three scenarios vary in their share of PDA household growth from 67 to 79 percent of all regional growth. PDAs currently account for 24 percent of all households in the region. The PDA share of households increases to between 34 and 37 percent of all households in the three scenarios.

Households in PDAs by Scenario: Current and Future Trends 2010 – 2040

	Core Concentration	Focused Growth	Outer Bay Area
<i>PDA households 2010</i>	634,730	634,730	634,730
<i>PDA households 2040</i>	1,239,900	1,187,740	1,154,970
<i>PDA households growth 2010-2040</i>	605,170	553,010	520,270
<i>PDA share of total households 2040</i>	37%	35%	34%
<i>PDA household growth share 2010-2040</i>	79%	72%	67%

In the Core Concentration Growth Scenario, Inner Bay Area jurisdictions for the most part experience a greater concentration of growth within their PDAs than in the Focused Growth Scenario, whereas in the Outer Bay Area Scenario growth is less concentrated in the PDAs. In each of the scenarios, the 40 percent housing growth threshold has a considerable affect on some of the smaller residential communities throughout the region.

The concentration of households varies by Place Type. In each scenario, the greatest share of regional growth is within the Mixed-Use Corridors, followed by Regional Centers. The Core Concentration Growth Scenario brings a higher concentration of households at Regional Centers, City Centers, Urban Neighborhoods, and Mixed-Use Corridors. This includes downtown areas in Oakland, San Francisco and San Jose and the San Pablo, Mission, and El Camino transit corridors. The Transit Town Centers and Transit Neighborhoods also play an important role in the Core Concentration Growth Scenario, as many of the PDAs along the core transit network in the Inner Bay Area have these Place Types. In the Focused Growth and Outer Bay Area scenarios, growth is more evenly distributed across all Place Types. The Outer Bay Area Growth Scenario shows higher growth in suburban centers such as the Dublin, Livermore, and San Ramon PDAs

Share of Regional Household Growth in PDA by Place Type by Scenario 2010 – 2040

	Core Concentration	Focused Growth	Outer Bay Area
Total PDA/GOA Share of Households	37%	35%	34%
Regional Center	12.6%	11.2%	10.3%
City Center	8.4%	8.3%	7.7%
Suburban Center	8.3%	8.3%	8.5%
Urban Neighborhood	7.3%	6.1%	5.1%
Transit Town Center	11.2%	9.9%	9.8%
Transit Neighborhood	10.2%	9.3%	9.2%
Mixed-Use Corridor	20.2%	18.3%	16.6%
Employment Center	0.1%	0.0%	0.1%
Rural Town Center	0.1%	0.1%	0.1%
Rural Mixed-Use Corridor	0.2%	0.2%	0.2%

The distribution of growth by county varies according to their transit access and the relationship of the county to the Inner and Outer Bay Area. Alameda, San Francisco, San Mateo, and Santa Clara, counties have high levels of existing transit service and are primarily within the Inner Bay Area. As a result these counties have more growth in the Core Concentration Growth Scenario. North Bay Counties—Marin, Napa, Solano and Sonoma— and much of Contra Costa County are identified as part of the Outer Bay Area and many of their cities have limited transit access. Thus they display higher growth in the Outer Bay Area Growth Scenario.

Household Growth by County and PDA by Scenario 2010 – 2040

	PDA Households			County Households		
	Core Concentration	Focused Growth	Outer Bay Area	Core Concentration	Focused Growth	Outer Bay Area
Alameda	132,610	121,050	111,740	167,750	172,990	164,300
Contra Costa	66,790	67,510	72,650	96,880	110,930	136,550
Marin	4,100	6,380	6,690	10,100	11,260	13,250
Napa	1,660	1,660	1,740	5,520	6,290	7,170
San Francisco	105,110	85,940	71,900	110,640	90,470	76,430
San Mateo	54,820	44,130	40,810	72,110	68,570	61,700
Santa Clara	205,960	182,220	167,280	245,990	242,060	227,120
Solano	15,440	16,390	17,230	28,740	30,860	38,690
Sonoma	18,680	27,730	30,230	33,080	37,380	45,620
TOTAL	605,170	553,010	520,270	770,810	770,810	770,830

5. NEXT STEPS

The three land use scenarios presented in this report provide the preliminary analysis for the development of the SCS Preferred Scenario. The following additional tasks are pending to inform the Preferred Scenario and will be developed this fall 2011.

1. Land use analysis
 - Further analysis of regional employment and population growth
 - Further analysis of income forecast and distribution
2. Policy Development to support the Preferred Scenario
 - Housing production
 - Infill development investments
 - Transit access
 - Complete Communities
3. Transportation network analysis
4. Performance targets results for the three Alternative Land Use Scenarios
5. Gather input from local jurisdictions and stakeholders to inform development of the Preferred Scenario

APPENDIX I

1. EMPLOYMENT DISTRIBUTION DATA AND METHODOLOGY

Data Sources

California Department of Transportation Sector Forecast (Caltrans)

Caltrans uses an econometric model to project employment by industry out to 2040 for each county in California. The agency's model uses variables and assumptions taken from the UCLA Anderson Forecast and historic employment data from EDD. The most recent projections were released in March 2010. In comparison, the most recent EDD and BLS projections available date from 2008 and 2009. A complete description of the 2010 Caltrans projection methodology and data out to 2035 (2040 data was provided upon request) is available at: http://www.dot.ca.gov/hq/tpp/offices/ote/socio_economic.html.

Walls & Associates / Dun and Bradstreet (NETS)

Walls & Associates converts Dun and Bradstreet archival establishment data into a time-series database of establishment information called the National Establishment Times-Series (NETS) Database. ABAG has analyzed the NETS data to provide information on the spatial distribution of jobs at the jurisdiction and PDA level by employment sector, as well as changes in spatial distribution at these geographies from 1989-2009. More information on the NETS data is available at: <http://www.youreconomy.org/nets/?region=Walls>

Methodology

2010 Employment

Current employment is based on total jobs established for the Current Regional Plans and Initial Vision Scenario and the Caltrans breakdown by employment sector for the region for 2010. NETS 2009 data is used to distribute jobs by geography for each sector.

Scenario Employment Distribution

The Caltrans forecast – scaled to match the regional constrained employment total established for the three alternative scenarios – was used for the regional growth by employment sector for all three scenarios. Each scenario follows two basic steps for then distributing employment growth by geography for each sector.

1. As a baseline, Focused Growth and Core Concentration Growth Scenarios maintain 2010 employment distribution by Place Type and county into the future and Outer Bay Area Growth Scenarios slows down the 1989-2009 trends in distribution of jobs by Place Type and county.
2. A portion of local-serving jobs and knowledge-based jobs are then distributed to follow the investments and growth pattern for each scenario.

Core Concentration Growth Scenario

The Core Concentration Growth Scenario starts with a baseline of maintaining 2010 employment distribution by sector by geography. 50% of new Retail jobs and 10% of new Health, Educational, and Recreational Services jobs were then allocated by PDA and by jurisdiction in conjunction with the housing growth distribution, reflecting a share of local-serving jobs that follows the housing growth in the Core Concentration scenario. An additional 15% of new Information, Professional & Business Services, and Government jobs were located in Inner Bay PDA locations that were Regional Center, Mixed-Use Corridor, City Center, and Urban Neighborhood Place Types. This reflects a further concentration in these sectors into the transit-served locations where they are already concentrated, corresponding to a stronger agglomeration of the knowledge-based and other vertical-office-user jobs into these core areas. These additional office jobs were also allocated to the corresponding jurisdiction.

Focused Growth Scenario

The Focused Growth Scenario also starts with a baseline of maintaining 2010 employment distribution by sector by geography. 50% of new Retail jobs and 10% of new Health, Educational, and Recreational Services jobs were again allocated by PDA and by jurisdiction in conjunction with the housing growth distribution in the Focused Growth Scenario. The Focused Growth Scenario also includes an additional 10% of new Information, Professional & Business Services, and Government jobs locating in PDA locations, reflecting a further consolidation of office uses in PDAs. These additional office jobs were distributed to PDAs throughout the region in proportion to their existing share of these sectors.

Outer Bay Area Growth Scenario

The Outer Bay Area Growth Scenario starts with a baseline that slows the 1989-2009 trend in job distribution by PDA Place Type (for the PDA distribution) and by County (for the jurisdiction distribution). In general this exhibits higher growth in the outer bay counties and slower growth in PDAs overall and a shift in share from inner bay PDAs to outer bay PDAs. As in the other two scenarios, 50% of new Retail jobs and 10% of new Health, Education, and Recreation jobs were allocated by PDA and by jurisdiction to match the housing growth distribution in the Outer Bay Area Growth Scenario. In this scenario, no additional office jobs were added to PDA locations. However, for the counties with both inner and outer bay designations (Alameda, Contra Costa, and Santa Clara counties), a share of Professional & Business Services jobs were reallocated from the inner bay to outer bay jurisdictions to reflect the trend in greater dispersal of jobs within these counties.

2. HOUSING DISTRIBUTION METHODOLOGY AND DATA

Data Sources

U. S. Census Bureau – 2010 Census

U. S. Census Bureau – Longitudinal Employment and Household Dynamics (LEHD)
MTC Transit Coverage and Frequency by City

Methodology

Scenario Housing Distribution

Each scenario was developed based on the three key components.

1. ***Growth in Priority Development Areas:*** PDAs define a sustainable and equitable development framework for the SCS. Local and regional efforts support the development of PDAs as complete communities with the appropriate level of services and urban amenities for the current and future residents and workers. The minimum level of growth for each Place Type and local input were used as a basis for the level of growth in the PDAs.
2. ***Growth by local jurisdiction:*** At the city level, jurisdictions' housing levels were based on Projections 2009, with adjustments based on the 2010 Census and local feedback. Household growth by city was determined based on job concentration, transit service, and existing population and jobs. In addition, a factor based on low-wage commuters was applied to the distribution of housing in order to improve access to employment centers served by transit for low-wage workers.
3. ***Growth pattern informed by the Regional Housing Need Allocation (RHNA):*** The scenarios utilized the proposed RHNA approach¹ for setting a minimum level of growth in the jurisdictions to ensure each jurisdiction is doing a reasonable amount of fair share housing to meet the region's housing need. A minimum housing growth threshold for each jurisdiction was set at 40 percent of its household formation growth. The scenarios assume that RHNA, as a short term housing strategy through local general plans, will shape the long term development pattern through a minimum housing floor (jurisdictions would accommodate at least 40 percent of their future household formation). The income distribution component of the proposed RHNA methodology, which is intended to address housing affordability (whereby jurisdictions would move towards the regional distribution of income groups), was not applied for the scenarios. Analysis of regional income levels and distribution is pending.

¹ The Regional Housing Needs Allocation (RHNA) is a state mandated process for determining how many housing units, including affordable units, each community must plan to accommodate. See http://www.onebayarea.org/plan_bay_area/housing.htm for more information on RHNA.

Transit and Employment Criteria for Housing Distribution

TRANSIT TYPE	EXISTING JOB CENTER (10,000+ JOBS)	FOCUSED GROWTH 2035 HOUSING
BART, Muni Metro, VTA Light Rail	Yes	Increase to low-range Place Type density plus 25%
BART, Muni Metro, VTA Light Rail	No	Increase to low-range Place Type density plus 20%
Caltrain	Yes	Increase to low-range Place Type density plus 25%
Caltrain	No	Increase to low-range Place Type density plus 20%
ACE, Capitol Corridor, SMART, eBART, Dumbarton Rail	Yes	Increase to low-range Place Type density plus 10%
ACE, Capitol Corridor, SMART, eBART, Dumbarton Rail	No	Increase to low-range Place Type density plus 5%
BRT Corridors: El Camino Real, San Pablo Avenue, E.14th Street/Mission Bvd	Yes	Increase to low-range Place Type density plus 5%
BRT Corridors: El Camino Real, San Pablo Avenue, E.14th Street/Mission Bvd	No	Increase to low-range Place Type density
PDA's not on major corridors	Yes	Increase to low-range Place Type density plus 10%
PDA's not on major corridors	No	Increase to min Place Type density minus 10%

Focused Growth Scenario

For the Focused Growth Scenario, the level of growth in a PDA was taken as the higher of:

- a. the planned level of growth in the PDA, based on jurisdictional feedback on the Initial Vision Scenario, and
- b. the minimum level of growth based on the PDA's Place Type.

The minimum level of growth for a PDA was calculated by multiplying the minimum density for the PDA's Place Type by the redevelopable acreage in the PDA, which was assumed to be 10% of net acreage. The minimum density for each PDA was scaled up or down based on transit tiers and whether the PDA is an existing job center containing 10,000+ jobs. The table below shows the distribution rules for each transit tier/job center combination. If the planned level of growth

in a PDA was lower than the minimum calculated for its Place Type, the growth for that PDA was increased to the calculated minimum.

At the city level, the share of growth within each jurisdictions' PDAs was capped at 95 percent of the jurisdiction's total growth.

Core Concentration Growth Scenario

For the Core Concentration Growth Scenario, growth was shifted to PDAs in the Inner Bay Area. First, housing growth was increased by 20 percent above Focused Growth Scenario levels for these PDAs. Next, housing levels were adjusted up or down based on a housing value factor for each jurisdiction. The housing value adjustment ranged from +15 to -15 percent, based on median home value. ABAG reduced growth in Outer Bay Area PDAs to the desired levels stated by local jurisdictions in their Initial Vision Scenario feedback.

At the city level, housing growth within the Outer Bay Area jurisdictions was reduced to account for the re-distribution of housing to Inner Bay Area PDAs. Housing levels in Inner Bay Area jurisdictions were kept at their Focused Growth Scenario levels or were increased slightly to account for an increase in their PDAs' housing levels, with the share of growth within each jurisdictions' PDAs capped at 95 percent of the jurisdiction's total growth.

Outer Bay Area Growth Scenario

To create the Outer Bay Area Growth Scenario, ABAG first estimated the potential job increase to each jurisdiction. ABAG continued the region's trend in recent decades of jobs shifting from inner to outer counties and from PDAs to outer areas. Within Alameda, Santa Clara and Contra Costa Counties, a share of professional and business growth was also shifted from the Inner Bay Area to Outer Bay Area jurisdictions.

ABAG increased housing growth in those Outer Bay Area jurisdictions that saw significant job growth. Outer Bay Area jurisdictions that had more than 3,000 new jobs received a 30% increase in housing growth in their PDAs over the Focused Growth Scenario, those that grew by 1,000 to 3,000 jobs received a 10% increase in their PDAs, and those that grew by less than 1,000 jobs received a 5% increase.

ABAG reduced growth in Inner Bay Area PDAs to the desired levels stated by local jurisdictions in their Initial Vision Scenario feedback. However, since the City and County of San Francisco did not request a reduction from the Initial Vision Scenario, ABAG reduced each San Francisco PDA's housing growth by 20%.

At the city level, Inner Bay Area jurisdictions' housing units were reduced to desired levels. These housing units were re-distributed to the Outer Bay Area jurisdictions based on each jurisdiction's share of regional growth. Outer Bay Area jurisdiction growth levels may also have increased to account for an increase in units within their PDAs. The share of jurisdictional growth in PDAs within the Outer Bay Area jurisdictions was capped at 85 percent.

Transportation Assumptions

The following transportation network assumptions, based in part on local jurisdictional feedback on the Initial Vision Scenario, were used to develop the three scenarios:

	Core Concentration	Focused Growth	Outer Bay Area
<i>Bus service</i>	<ul style="list-style-type: none"> ▪ Increased frequency and capacity within Inner Bay and along main corridors ▪ Bus Rapid Transit service on El Camino Real and E.14th Street/ Mission Blvd. 	<ul style="list-style-type: none"> ▪ Increased frequency and capacity within Inner Bay and along main corridors ▪ Bus Rapid Transit service on El Camino Real, San Pablo Ave, and E.14th Street/ Mission Blvd. 	<ul style="list-style-type: none"> ▪ Increased frequency and capacity along main corridors and improved local bus service.
<i>Rail</i>	<ul style="list-style-type: none"> ▪ Increased frequency and capacity along core network ▪ Expansion of commuter rail systems in Inner Bay 	<ul style="list-style-type: none"> ▪ Increased frequency and capacity along core network ▪ Expansion of commuter rail systems 	<ul style="list-style-type: none"> ▪ Expansion of commuter rail systems in Outer Bay
<i>Commute patterns</i>	<ul style="list-style-type: none"> ▪ Increase transit trips within and between West Bay and East Bay. ▪ Reduce number of auto trips 	<ul style="list-style-type: none"> ▪ Increase transit trips within and between West Bay and East Bay. ▪ Reduce number of auto trips 	<ul style="list-style-type: none"> ▪ Reduce length of auto trips

APPENDIX II: TABLES

- Employment Growth by PDA and Jurisdiction
- Household Growth by PDA and Jurisdiction

OneBayArea Grant Program

(Draft July 8, 2011)

Federal Transportation Funding and Program Policies (Attachment A)

Approximately every six years, U.S. Congress enacts a surface transportation act. The current act (SAFETEA) originally scheduled to expire on September 30, 2009 is still in effect through several legislative extensions. The funding provided to our area through this legislation includes Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) funds.

In December 2009 the Commission adopted an overall framework directing how approximately \$1.4 billion in STP and CMAQ funds were to be allocated over the following six years (2010-2015). The first three years (Cycle 1) of this period were committed to projects and programs and the overall framework provided policy direction for the second three years (Cycle 2).

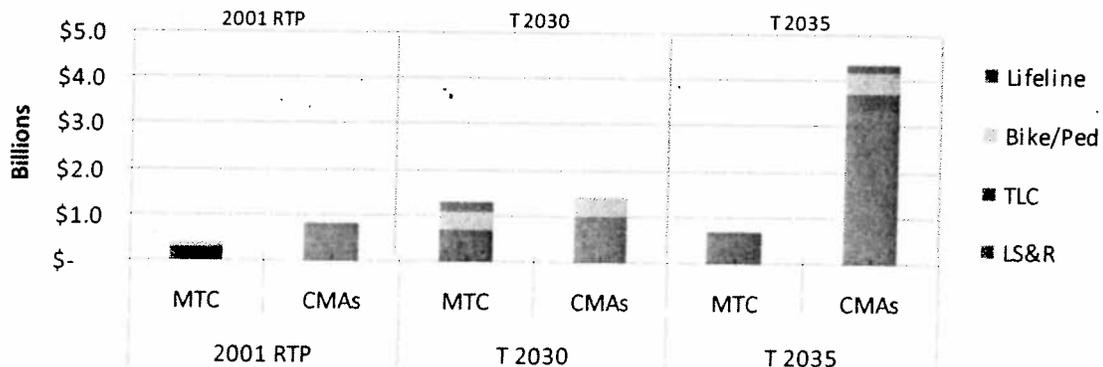
Staff proposes an alternative to the current Cycle 2 framework that better integrates the region's federal transportation program with land-use and housing policies by providing incentives for the production of housing with supportive transportation investments. Attachment A summarizes this framework and proposal for Cycle 2.

OneBayArea Grant Program

As shown in the chart below, over time the county congestion management agencies (CMAs) have been given increased responsibility for project selection for an increasing share of funding coming to the region.

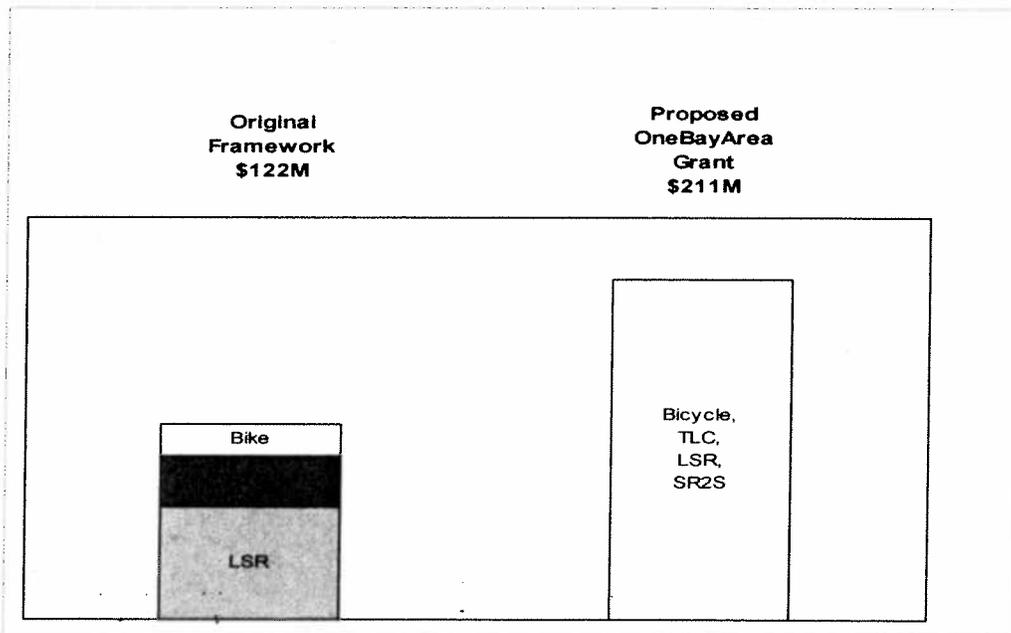
Program and Project Selection Evolves over Past Two Decades

Past Long Range Plan Discretionary Funding Assignments



For Cycle 2, staff proposes to continue this trend by shifting a larger portion of discretionary federal funding to local jurisdictions for taking on a larger share of the region's housing production. Further, additional flexibility is proposed for CMAs to address their respective transportation needs. Specifically, the proposal would:

- Shift more Funding to Locally Managed OneBayArea Grant Program: Dedicate \$211 million or roughly 40% of the Cycle 2 funding program to a new OneBayArea Grant. The funding for the OneBayArea Grant is the result of merging many of the programs in the Cycle 2 framework into a single flexible grant program and is roughly a 70% increase in the funding distributed to the counties as compared to the Cycle 2 framework adopted by the Commission. By comparison, the status quo approach for Cycle 2 would result in 22% going to County Congestion Management Agency (CMA) programs down from 30% in Cycle 1
- Add Flexibility by Eliminating Program Categories: The One Bay Grant proposal provides additional flexibility under Cycle 2 by eliminating required program categories and combining funding for TLC, Bicycle, Local Streets and Roads Rehabilitation, and Safe Routes to School. See figure illustrating this change on the following page. Project selection will be limited to a degree by the project eligibility limitations of CMAQ which will make up approximately half of the funds that each county will receive.



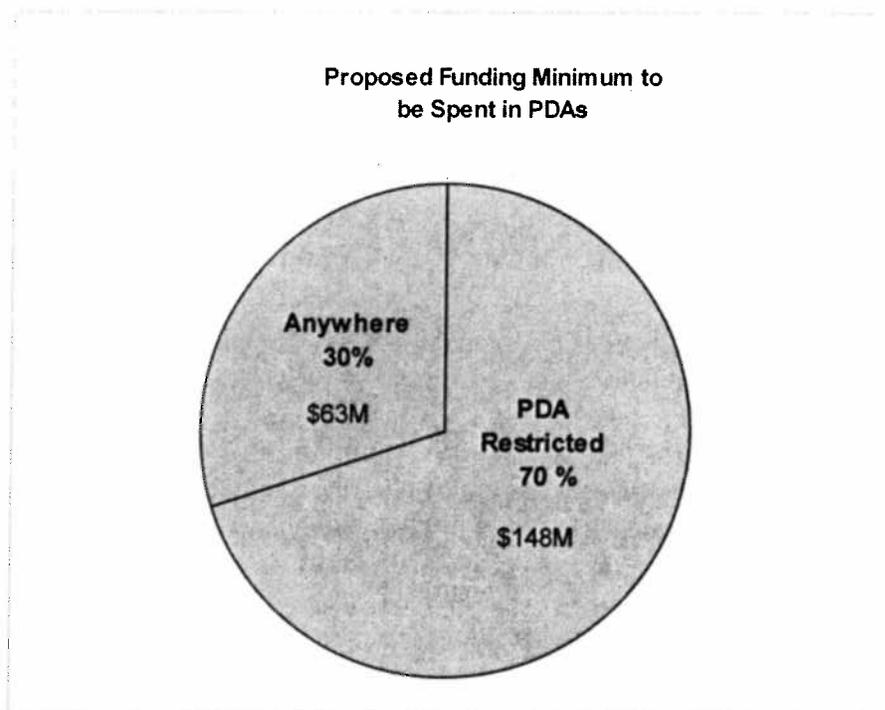
- Leverage Outside Funds to Grow Program and Meet More Objectives: Additional opportunities could be sought through other regional programs, other non-federal sources for affordable housing, and other local funds to augment program objectives. As a start, the Air District proposes \$6 million from its Regional Transportation for Clean Air (TFCA) Program. TFCA eligibility considerations will be guiding the use of these funds in the overall program.
- Continue Key Regional Programs: The remaining funding is targeted to continue regional programs such as Regional Operations, Freeway Performance Initiative, and Transit Capital Rehabilitation. Refer to Attachment A-2 for a description of these regional programs.

- Establish a Priority Conservation Area Planning Program: This new \$5 million program element will provide financial incentives for counties with populations under 500,000 for preservation of resource area and farmland, as defined in California Government Code Section 65080.01.

Distribution Formula for the OneBayArea Grant (Attachments B, C, D)

Staff proposes a distribution formula for OneBayArea Grant funding (Attachment B) that includes housing incentives to support the SCS and promote effective transportation investments that support focused development. In order to ease the transition to this new funding approach, staff is also recommending a 50% population share factor in the formula:

1. Formula to Counties: The proposed distribution formula to the counties includes three components: 50% population, 25% Regional Housing Needs Allocation (RHNA) for 2007-2014, and 25% actual housing production. This approach provides incentives for both future housing commitments and actual housing production. The fund distribution will be refined using the new RHNA to be adopted by ABAG next spring along with the SCS. The new RHNA being developed, which covers years 2015-2022, places a greater emphasis on city centered growth. As a result, refinements are likely to result in modest revisions to the funding distribution consistent with these revised development patterns. The proposed OneBayArea Grant formula also uses actual housing data from 1999-2006, and has been capped such that each jurisdiction receives credit for housing up to its RHNA allocation. Subsequent funding cycles would rely on housing production from ABAG's next housing report to be published in 2013.
2. Priority Development Area (PDA) Minimum: Require that at least 70% of funding be spent on projects in Priority Development Areas (planned, potential and growth opportunity areas). Counties, at their discretion, can elect to use up to 5% of the PDA restricted funds for the development of priority conservation area (PCA) plans. Growth opportunity areas are tentatively considered as PDAs until ABAG completes final PDA designations next fall. See Attachment C for PDA program minimums for each county and Attachment D for a map and a list of the PDAs.



The OneBayArea Grant supports Priority Development Areas while providing flexibility to fund transportation needs in other areas.

Performance and Accountability

As noted at the outset, housing allocation according to RHNA and housing production will be the primary metric for distributing the OneBayArea Grant funding. In addition, staff recommends the following performance and accountability requirements.

1. Supportive Local Transportation and Land-Use Policies: Staff recommends that local agencies be required to have at least two of the following four policies adopted in order to be eligible for grant funds:
 - a) Parking/pricing policies (e.g. cash out, peak pricing, on-street/off street pricing differentials, eliminate parking minimums, unbundled parking) and adopted city and/or countywide employer trip reduction ordinances
 - b) Adopted Community Risk Reduction Plans (CRRP) per CEQA guidelines
 - c) Have affordable housing policies in place or policies that ensure that new development projects do not displace low income housing
 - d) Adopted bicycle/pedestrian plan and complete streets policy in general plans pursuant to Complete Streets Act of 2008

2. Approved Housing Element: Also, a HCD-approved housing element consistent with RHNA/SB375 law is a proposed condition for any jurisdiction receiving Cycle 2 OneBayArea grants. This may be met as follows: 1) adoption of a housing element that meets the current RHNA before the new RHNA is adopted, or 2) the adoption of a housing element that meets the new RHNA after its approval early in 2012. Jurisdictions have 18 months after the adoption of the SCS to meet the new RHNA; therefore, compliance is expected and required by September 2014. Any jurisdiction failing to meet either one of these deadlines will not be allowed to receive grant funding. Lastly any

jurisdiction without adopted housing elements addressing the new RHNA by September 2014 will be ineligible to receive any funding after Cycle 2 until they have adopted a housing element.

Implementation Issues

Below are issues to be addressed as we further develop the OneBayArea Grant concept:

1. Federal Authorization Uncertainty: We will need to closely monitor development of the new federal surface transportation authorization. New federal programs, their eligibility rules, and how money is distributed could potentially impact the implementation of the OneBayArea Grant Program as proposed.
2. Revenue Estimates: Staff assumes a steady but modest nominal revenue growth rate of 4% annually. Given the mood of Congress to downsize federal programs, these estimates are potentially overly optimistic if there are significant reductions in STP / CMAQ apportionments over the Cycle 2 time period. Staff recommends continuing to move forward with the conservative revenue assumptions and make adjustments later if needed.

Attachments

J:\PROJECT\Funding\T4 - New Act\T4 - STP-CMAQ\T4 Cycle Programming\T4 Second Cycle\Cycle 2 Policy Dev\One Bay Area Grant\Post Planning Comm Public Release 7-12-11\1 Post Planning Committee Memo 7-12-11.doc

Plan Bay Area Planning Process: Phase 2 Detail*

Revised October 2011

Phase 2: Scenario Planning, Transportation Policy and Investment Dialogue

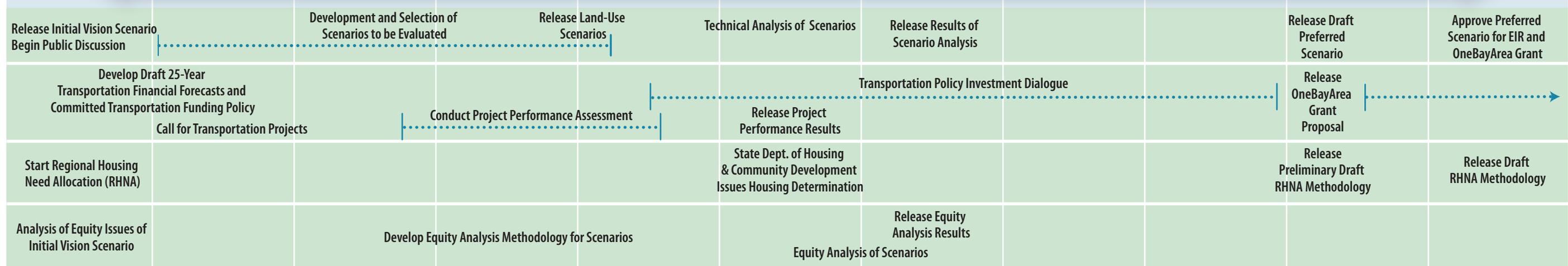


- Phase Two Actions/Decisions:**
- Initial Vision Scenario
 - Financial Forecasts
 - Scenarios
 - RHNA Methodology
 - Preferred Scenario

Local Government and Public Engagement

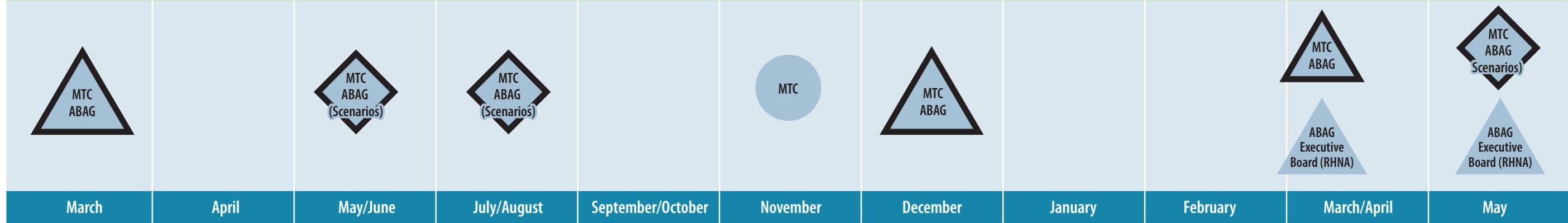


Milestones



- Scenario Planning**
- Transportation Policy and Investment Dialogue**
- Regional Housing Need Allocation**
- Equity Analysis**

Policy Board Action



2011 March April May/June July/August September/October November December January February March/April May 2012

*Subject to change

Policy Board Actions

● Meeting for Discussion/ Public Comment



JOINT meeting of the ABAG Administrative Committee and the MTC Planning Committee for Discussion/Public Comment

◆ Decision

▲ Document Release



JOINT document release by ABAG and MTC

ABAG - ABAG Administrative Committee
MTC - MTC Planning Committee

For more information on key actions and decisions and how to get involved, visit OneBayArea.org

MTC Graphics/pb - 10.20.2011

Plan Bay Area Planning Process: Phases 3 & 4 Details for 2012–2013*

Revised October 2011



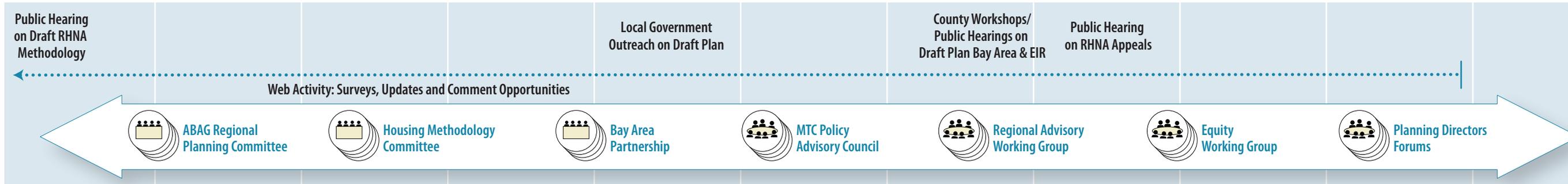
Phase 3: Regional Housing Need Allocation (RHNA), Environmental/Technical Analyses and Draft Plans

Phase 4: Plan Adoption

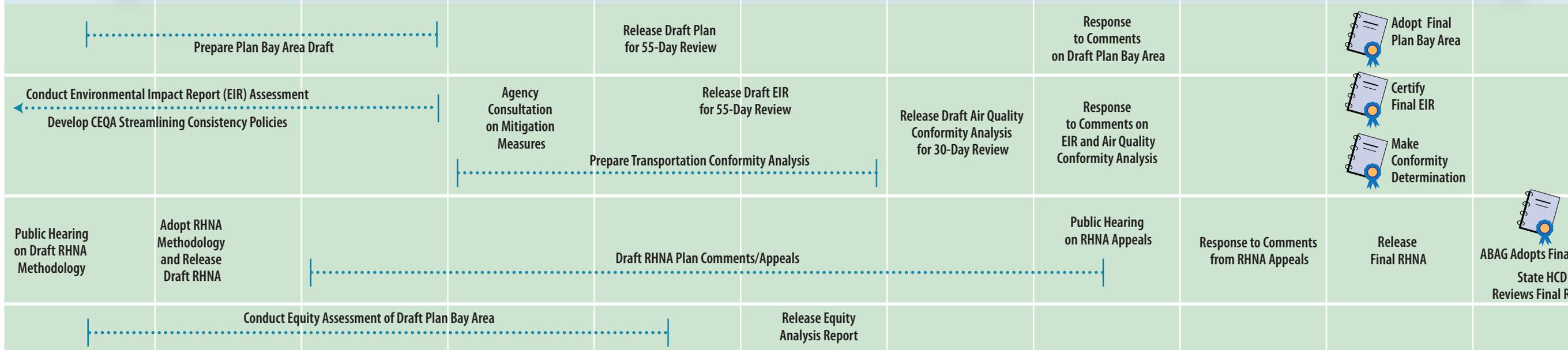
- Phase Three Actions/Decisions:**
- Draft Plan Bay Area
 - Draft EIR
 - Draft Regional Housing Need Allocation

- Phase Four Decisions:**
- Final Plan Bay Area
 - Final EIR
 - Final Conformity
 - Final RHNA

Local Government and Public Engagement



Milestones



- Scenario Planning
- Transportation Policy and Investment Dialogue
- Regional Housing Need Allocation
- Equity Analysis

Policy Board Action



2012 → 2013

*Subject to change

Policy Board Actions

● Meeting for Discussion/ Public Comment



JOINT meeting of the ABAG Administrative Committee and the MTC Planning Committee for Discussion/Public Comment



Decision



Document Release



JOINT document release by ABAG and MTC

ABAG - ABAG Administrative Committee
MTC- MTC Planning Committee

For more information on key actions and decisions and how to get involved, visit OneBayArea.org

MTC Graphics/pb — 10.20.2011

MEMO

KK
Submitted by: Ken Kirkey, ABAG Planning Director

Subject: Updates on SCS Alternative Land Use Scenarios, Regional Housing Needs Allocation (RHNA), and OneBayArea Grant

Date: November 3, 2011

Executive Summary

The schedule for the three regional efforts, the Sustainable Communities Strategy Scenarios, the Regional Housing Need Allocation (RHNA), and the OneBayArea Grant, has been revised for an appropriate integration of the analysis, public input and review and approval by the Executive Board. The three drafts will be presented for discussion in March and the final documents will be approved by the Board in May. A summary of the schedule is attached.

Sustainable Communities Strategy – Land Use Scenarios: Staff will summarize key input from local jurisdictions and stakeholders and will provide an overview of additional analysis.

RHNA: Staff will present the Regional Housing Need Determination (RHND) received from the California Department of Housing and Community Development (HCD); provide an update on the methodology, and summarize input from the SCS Housing Methodology Committee (HMC).

OneBayArea Grant: Staff will provide an update on the input received from local jurisdictions, Congestion Management Agencies, and stakeholders.

Recommended Action

None.

Next Steps

None.

Attachments: Regional Housing Needs Allocation (RHNA) Methodology Update Schedule

MEMO

Date: November 4, 2011
To: ABAG Executive Board
From: Ken Kirkey, ABAG Planning Director
Subject: Regional Housing Need Allocation (RHNA) Update

Overview

This memo provides an update on the work done by ABAG and MTC staff, with the assistance of the SCS Housing Methodology Committee (HMC), to develop the Regional Housing Need Allocation (RHNA) methodology for the 2014-2022 period. Items included are:

- The Regional Housing Need Determination (RHND) from the California Department of Housing and Community Development (HCD)
- HMC discussion of the RHNA methodology framework
- Spheres of Influence

Background

The Regional Housing Need Allocation (RHNA) is a state mandate that requires each community to plan for its share of the state’s housing need, for people at all income levels. The California Department of Housing and Community Development (HCD) determines the total housing need for each region in the state and, as the Council of Governments for the San Francisco Bay Area, it is ABAG’s responsibility to distribute this need to local governments. With the passage of SB 375, the housing allocation plan must allocate housing units within the region consistent with the development pattern included in the Sustainable Communities Strategy (SCS).

Since January, staff from ABAG and MTC has been working with the members of the SCS Housing Methodology Committee—which is made up of staff and elected officials from all nine counties as well as stakeholder groups—to develop the framework for the RHNA methodology. The committee’s discussions to date have focused primarily on determining how best to promote consistency between RHNA and the development pattern of the SCS, while ensuring that the allocation of housing need also meets the specific objectives of Housing Element law, including that every jurisdiction accommodate its fair share of the region’s housing need.

The Regional Housing Need Determination (RHND)

As part of the RHNA process, the California Department of Housing and Community Development (HCD) is responsible for providing each region with the Regional Housing Need Determination (RHND) for the eight-year RHNA period. This determination is based on population projections produced by the Department of Finance (DOF). By statute, ABAG has an opportunity to consult with HCD about how their assumptions and methodology in developing the need determination compare to the regional population forecasts that are used in the Regional Transportation Plan (RTP).

ABAG has spoken several times with staff at HCD, and is nearing completion of the consultation process. The draft housing need determination is approximately 200,000 housing units for the eight-year period. This is lower than the total need for the 2007-2014 RHNA period, and less than the placeholder (250,000) that we have been using in our draft RHNA methodology calculations. This is primarily because HCD's methodology included assumptions about vacancy rates that take into account the recent economic downturn and the significant number of foreclosed and vacant units in the region.

The draft income distribution for the region is similar to what it was for the 2007-2014 RHNA period:

	2014 – 2022 RHNA	2007 – 2014 RHNA
Very Low	24.8%	22.8%
Low	15.4%	16.4%
Moderate	17.8%	19.3%
Above Moderate	42.0%	41.6%

Staff expects to have a final need determination from HCD in November.

Report Back from the SCS Housing Methodology Committee

Since January 2011, members of the HMC have been discussing and refining the framework for allocating a portion of the region's total housing need to each jurisdiction in the region. The proposed RHNA methodology framework includes the following elements:

- Sustainability Component
- Fair Share Component
 - Upper Housing Threshold
 - Minimum Housing Floor
 - Fair Share Factors
- Income Allocation
- Sphere of Influence Adjustments

After months of discussion, at their October meeting, members of the HMC expressed general support the RHNA Methodology Framework, particularly the following elements:

- Sustainability Component¹: the percent of growth assigned to PDAs would be based on the growth pattern in the SCS Preferred Scenario, with a maximum of 70 percent.
- Upper housing threshold: if growth in PDAs meets or exceeds 110 percent of the jurisdiction's household formation growth, it would not be assigned additional growth based on the Fair Share Component.
- Minimum housing floor: jurisdictions would be assigned a minimum of 40 percent of household formation growth; however, a jurisdiction's allocation would be capped at twice what it received during the 2007-2014 RHNA period if its growth was increased to the 40

¹ The term "PDAs" encompasses the Growth Opportunity Areas as well as Planned and Potential PDAs.

percent minimum in the SCS Preferred Scenario *and* its allocation based on the proposed methodology would be more than twice its 2007-2014 allocation.

Given the need for consistency between RHNA and the SCS, the RHNA methodology is dependent on the land use pattern of the SCS Preferred Scenario. Up to this point, members of the HMC have been discussing the proposed RHNA methodology as it relates to the three constrained SCS Alternative Scenarios. Although this has helped the HMC refine the methodology, members of the committee were reluctant to make a recommendation to staff at this time, without seeing the SCS Preferred Scenario. Members of the committee will meet in February 2012 to review how the methodology relates to the SCS Preferred Scenario, and to finalize the remaining components of the methodology, including the Fair Share Factors and income allocation.

Spheres of Influence

“Spheres of influence” (SOI) must be considered in the RHNA methodology if there is projected growth within a city’s SOI, and most SOI areas within the Bay Area are anticipated to experience growth. At the September Executive Board meeting, staff proposed to use the same approach regarding SOI for the 2014-2022 RHNA that was included in the 2007-2014 RHNA, unless ABAG receives a resolution from a county and all the cities in that county requesting a change to the rules outlined below:

1. In Napa, San Mateo, Santa Clara, Solano, and Sonoma counties, the allocation of housing need generated by the unincorporated SOI was assigned to the cities.
2. In Alameda and Contra Costa counties, the allocation of housing need generated by the unincorporated SOI was assigned to the county.
3. In Marin County, 50 percent of the allocation of housing need generated by the unincorporated SOI was assigned to the city; and 50 percent was assigned to the county.

These rules are based on the premise that each local jurisdiction with land use permitting authority over its SOI should plan for the housing need generated within that area. These reflect the fact that each county in the Bay Area is different in terms of whether a city or county has jurisdiction over land use and development within unincorporated SOIs.

To be consistent with the recent changes to the overall RHNA timeline, staff is extending the deadline for local jurisdictions to provide ABAG with resolutions requesting a change to the SOI rules to **December 31, 2011**. The rules for SOI allocations will be discussed at the January Executive Board meeting.

Next Steps

The HMC will be meeting in February 2012 to review the methodology as it relates to the draft SCS Preferred Scenario, and staff will report back to the Executive Board in March with a staff recommendation informed by the HMC.

BAY AREA REGIONAL DISASTER RESILIENCE INITIATIVE

Initial Draft Action Plan Framework

This outline of topics and respective issues is the initial draft framework for the Bay Area Disaster Resilience Action Plan—a roadmap of activities that will build on what already has been accomplished by jurisdictions and organizations to improve our region’s ability to recover from a major earthquake or other disaster. This framework will serve as the scaffolding for the Action Plan, which will be constructed over the next year through a “Whole Community” process that involves all interested stakeholders from throughout the 12-County Bay Area region—businesses, utilities, non-profits, community groups and institutions, schools and other academic institutions, local governments, and tribal, state, and federal agency partners. The framework will also be used for a supporting Gap Analysis that will inventory current Bay Area preparedness, mitigation, response, recovery and other capabilities that have a direct bearing on recovery in order to identify areas that still need attention while avoiding “recreating the wheel.”

Your knowledge, expertise and insights are essential to the Action Plan’s effectiveness in charting a path forward to make the Bay Area disaster resilient. Please look over the following draft Framework and let us know what should be added or changed. ABAG will post an updated Draft 2 on its Earthquake and Hazards Program website after the Kick-Off Workshop to enable comment by all interested Bay Area stakeholders.

- 1. Significant Events that could Impact the Bay Area’s Economy, Environment, and the Health, Safety and Well Being of Citizens** (*e.g., earthquakes and tsunamis; firestorms, prolonged rain events with widespread flooding and landslides; pandemics, terrorist attacks, events caused by aging infrastructures and systems failures, and technological disasters*)
 - Major all hazards threats and events, natural and manmade, including unanticipated significant events, that would have region-wide impacts and require significant recovery and restoration
 - Current level of understanding of damages and consequences for lifelines, other infrastructures, and housing, commercial, and other structures from these threats and events

- 2. Lifeline and Other Infrastructure Dependencies and Interdependencies – Recovery Challenges** (*includes the 18 U.S. Department of Homeland Security infrastructure sectors and also community institutions, schools and academic institutions, housing sector, as well as people—the staff and customers of Bay Area government agencies, businesses, social and other services, individuals and families*)

- Identification and prioritization of Bay Area critical infrastructures and essential services, including, interdependencies-related vulnerabilities that extend outside the Bay Area and cascading impacts that could impede recovery, taking into account supply chains and other supporting services, such as labor unions and construction firms
 - Awareness of lessons learned from recent disasters
 - Status of regional interdependencies analysis capabilities and expertise
 - Capabilities to ensure confidentiality of proprietary and sensitive infrastructure, health, and other data
- 3. Preparedness and Mitigation to Better Withstand and Rapidly Recover** *(actions that can be taken before a major event to lessen the consequences, stem cascading impacts, expedite recovery, and keep down recovery costs)*
- Jurisdiction and organizational plans and procedures
 - Security and physical protection and prevention measures
 - Guidelines and Standards
 - Pre-event mitigation actions and financial, political and cultural challenges (e.g., retrofitting/hardening housing, other structures and critical assets; creating backup/redundant systems and remote operations; upgrading aging infrastructures; incentivizing broader insurance coverage)
- 4. Regional Response Policies, Plans, and Solutions that Affect Recovery** *(focus on those areas of disaster response that would have a direct impact on how quickly the Bay Area can recover with limited economic, social, environmental consequences)*
- Cooperation and coordination among jurisdictions on plans, procedures, and activities
 - Evacuations and re-entry plans
 - Short-term sheltering, including non-traditional sheltering alternatives
 - Infrastructure interdependencies impacts that can complicate response
 - Post-disaster lifeline resources (food, water, fuels, pharmaceuticals, etc.)
 - Certification of response and other essential workers for site access

- Hospital and healthcare surge capacity
 - Security for hospitals, pharmacies, and grocery stores
 - Arrangements for at risk populations (infants and children, assisted living/nursing home residents, disabled, homeless, and economically stressed individuals; prison inmates)
 - Providing information and communicating with non-English speaking groups
 - Missing persons and mortuary issues
 - Arrangements for pets, livestock, and disposal of dead animals
 - Mutual aid agreements (cross-jurisdiction and multi-state)
 - Availability of emergency managers and first responders
 - Communicating with responders, utilities and other service providers, broader business community, volunteer-based organizations, and general public
 - Debris management for response, including temporary siting
 - Resource requirements and management
 - Logistics and supplies availability
5. **Recovery Priorities** (*focus on the range of immediate to longer-term recovery needs, recognizing that these needs and objectives will change over time from immediate post-event*)
- Planning for recovery
 - Roles and missions (federal, state, tribal, local, private sector, non-profit/community)
 - Recovery management structure—what organizations, how organized, and which mechanisms will be used (or need to be created)
 - Decision-making (cross-jurisdiction, cross-sector, cross-discipline)
 - Cooperation and coordination
 - Prioritization of service restoration

- Resource requirements and management
- Damage assessment, inspection, and availability and certification of personnel
- Hazardous materials handling
- Debris removal
- Decontamination of soil, buildings and assets, reservoirs/waterways
- Monitoring of air and water quality
- Managing volunteer aid and donations
- Returning to operation businesses, schools, and faith-based facilities that enable communities and the economy to rebound
- Identifying and securing government and other types of assistance
- Keeping businesses in the Bay Area—assistance and incentives

6. Rebuilding and Reconstruction Challenges (*focus on long-term (post-event to ten years or more) activities and issues that must be addressed to rebuild housing, businesses, and infrastructure and enable communities to return to a “new normal” and receive financial reimbursements*)

- Long-term housing needs
- Other issues involved in design, reconstruction and rebuilding to achieve a “new normal”
- Prioritization of reconstruction of infrastructure, housing, commercial facilities, and other buildings in an era of limited resources
- Coordination structure and mechanisms that will be used for long-term reconstruction activities and projects—what organizations, how organized, and which mechanisms will be used (or need to be created)
- Decision-making (cross-jurisdiction, cross-sector, cross-function)

7. Regional Recovery Roles, Responsibilities, and Authorities to Enable Collective Recovery (*developing the cooperative multi-jurisdictional, cross-sector, and cross-discipline process*)

for addressing region-wide priorities when response and the Standardized Emergency Management System (SEMS) ends)

- Defining and understanding of recovery roles, responsibilities, and authorities of federal, state, tribal, and local agencies
- Defining and understanding recovery roles and responsibilities of private sector organizations, non-profits, community institutions, and other groups
- Organizational structures that could enable effective recovery/restoration and the transition from response to recovery—what entities would be involved, how organized, and how would these structures work?
- Recovery decision-making (cross-jurisdiction, cross-sector, cross-discipline)—what organizations would be involved and what mechanisms used?
- Jurisdictional authorities, and cultural and other challenges to regional cooperation on disaster recovery

8. Environmental Resilience *(covers environmental hazards, potential consequences, capabilities and timeframes for cleanup to enable repopulation of affected areas, and other environmental issues that affect recovery and restoration)*

- Types of environmental impacts (e.g., hazardous materials, contamination of buildings and assets, soil, water systems; sewage releases; chemical, biological, and radiological events)
- Consequences for the Delta and other water ways and water supplies, fish and wildlife
- Organizational roles and authorities in environmental damage assessment and re-occupancy of impacted areas
 - Federal government
 - State
 - Tribal
 - Local jurisdictions
 - Private sector
- Detection, alert and warning, and assessment capabilities, including timeliness

- Decontamination and hazardous materials disposal capabilities (procedures and technologies)
- Emergency management preparedness, response, and recovery plans for events with significant environmental impacts

9. Communications and Information Sharing for Recovery *(focus on examining how the “Whole Community” can be engaged in appropriate ways in two-way information sharing to improve preparedness and facilitate recovery, as well as provide a common operating picture, or situational awareness, to help decision-makers)*

- Multi-jurisdiction from local to state, tribal, and federal agencies and cross-sector
- Local government agencies sharing of information and best practices
- Process—collection, storage, integration, analysis, dissemination, and related security and proprietary data issues
- Utilization of state and municipal information fusion centers
- Innovative ways to use traditional media, social media, and public communications
- Inclusion in information sharing of schools and other institutions, faith-based, and other organizations with significant populations; also among families and individuals
- Health and Healthcare information-related issues
- Communications systems reliability, resilience, and security

10. Continuity of Operations of Business, Government, and Community Institutions and Social Service Providers *(focus on the need for individual organizations that are located within the Bay Area to be resilient—to have the continuity plans and capabilities that enables them to deal with disruptions and damage and restore operations and business services as rapidly as possible)*

- Pre-event preparedness and mitigation that affect recovery (addressing interdependencies and supply chains, remote siting, back-up systems, building in redundancies, preservation of vital records, etc.)
- Identification of essential operations and business activities, including supply chains

- External outreach to service providers and customers to address infrastructure interdependencies and associated consequences from major disasters and events
- Operational challenges associated with loss of services and damage to assets
- Assuring essential staff, including technical experts, and general workforce
- Assuring access to information and situational awareness
- Addressing challenges for small and medium businesses (retail, manufacturing, and other commercial firms) and organizations
- Assessment of potential damage or disruptions to operational and business services, including logistics, suppliers, customers, availability of truck drivers, warehouses, etc.
- Telecommuting, including “last mile issue” and teleconferencing issues
- Workforce policy issues (compensation, absences, safe workplace rules, flexible payroll issues, etc.)
- Notification and provision of information to employees
- Training of employees
- Testing of continuity plans and procedures

11. Creating Disaster Resilient Communities, Families, and Individuals *(focus on the resilience and recovery capabilities of individuals, families, neighborhoods, communities, and special populations—children, the elderly, and disabled individuals—and the social service and other organizations that serve them)*

- Challenges and needs
- Understanding and dealing with psychological impacts, including enabling individuals to embrace a “new normal” and be willing to help create it
- Identifying and addressing individual and family assistance needs
- Education and academic institutions (daycare centers, schools, colleges and universities, libraries, community centers)
- Faith-based institutions and volunteer organizations

- School and business closures
- Event cancellations (e.g., sporting events, concerts, and other events that contribute to regional identity)
- Insurance issues
- At risk individuals (e.g., elderly, disabled, economically and mentally-stressed)
- Ethnic, cultural, tribal, and other special constituencies and groups
- Individual and family recovery needs

12. Legal, Regulatory, and Liability Issues that Affect Recovery *(focus on cross-sector challenges that affect government agencies, businesses, and non-profits)*

- Human resources and other employee issues
- Insurance issues
- Contractual issues (e.g., with suppliers and customers, union-related and tenant issues)
- Challenges associated with meeting regulatory requirements and standards, obtaining waivers and permits, and creating temporary policies and procedures
- Liability associated with preventative medical actions
- Issues involved in competing rights and authorities (land use issues, resident's rights related to housing, and other challenges)
- Privacy issues
- Ethical issues

13. Public Outreach and Education *(focus on raising awareness of threats and consequences, addressing public expectations, and effectively communicating what citizens and organizations should do individually and collaboratively to develop disaster resilience)*

- Developing and implementing a coordinated regional public information strategy with focus on different constituency needs: private sector, general public, cultural and other groups

- Communications mechanisms that can be used, including social media, public communications, and other systems
 - How to engage and utilize media pre and post-disaster
 - Promoting community involvement in disaster recovery
 - Developing a “Culture of Preparedness and Resilience” that empowers individuals, organizations, and communities to collaborate to make necessary improvements
- 14. Exercises and Training for Recovery** (*focus on need to engage “Whole Community” from neighborhoods to regional, multi-state, and at national-level, and engaging private and non-profits, tribal, and government organizations at all levels*)
- Identifying, and tailoring exercises and training to meet the needs of target audiences—government, business community, utilities, non-profits, tribes, communities, neighborhoods, and residents
 - Targeted workshops and exercises that focus on key areas in the Bay Area Disaster Resilience Action Plan, e.g., roles, authorities, and responsibilities, information sharing and communications, response challenges that directly affect recovery, and other specific recovery issues
 - Inclusion of private sector and non-profit organizations with government (all levels) and tribes in regional workshops and exercises
 - Training on procedures and processes for incident and recovery management that takes into account business interests and perspectives
 - Training tools and activities (course curriculum, webinars, workshops, “train the trainers”, etc., that can be incorporated into regional disaster preparedness plans
- 15. Specialized Lifeline and Sector-Specific Needs that Affect Recovery and Restoration** (*note: the following lifeline and sector focus areas will be fleshed out, each one having a set of priority issues that will be addressed in the Action Plan*)
- A. Transportation (all modes—road, rail, maritime, waterways, mass transportation, ferries, freight and shipping, including roads, bridges, tunnels)
 - B. Energy (electric power, natural gas, fuels, alternative energy sources)
 - C. Communications and Critical IT Systems

- D. Water and Waste-Water Systems
- E. Agriculture and Food Industries
- F. Dam and Levees
- G. Seaports
- H. Airports
- I. Hospitals, Healthcare, Public Health, and Emergency Services
- J. Banking, Finance, and Insurance Services
- K. Disaster Supply Chains (drug stores, grocery stores, and temporary food and water distribution, etc.)
- L. Schools/other Academic Institutions
- M. Housing Sector

16. Financial and Other Resource Needs for Bay Area Disaster Recovery and Resilience (*focus on how Bay Area businesses, community institutions, and other organizations and individuals will identify and have access to the enormous amounts of funds, expertise, and other assistance to invest in recovery and rebuilding activities that could continue for years, as well as what mechanisms and avenues could be utilized or created for this purpose*)

- Post-disaster assistance (government and other funding/reimbursement) from:
 - Federal government, State, and Local government
 - Private sector
 - Non-profit and community organizations
 - Financial institutions (e.g., low-interest loans, mortgage forgiveness/renegotiation)
 - Other mechanisms that can provide assistance (e.g., redevelopment agencies)
 - Volunteer and public service organizations
- Meeting protection and mitigation needs to expedite recovery and build disaster resilience
 - Potential investment mechanisms
 - Recovery bonds
 - Loans and incentives to small and medium businesses
 - Funds and technical support needed for training and exercises



Bay Area Regional Disaster Resilience Action Plan Initiative

Focus: Recovery and Restoration

The Association of Bay Area Governments, the Bay Area Council, and Bay Area public, private sector, and non-profit organizations, and regional agencies and associations are collaborating to develop a Bay Area Regional Disaster Resilience Action Plan focusing on recovery and restoration after major disasters and incidents.

Purpose

The Initiative brings together key stakeholder organizations and constituencies to identify existing Bay Area capabilities to address major disasters and incidents and to identify gaps and specific activities to improve the Bay Area's capacity to withstand, adapt, and rapidly return to normal and in some cases a "new normal." Emphasis is on reconstituting lifeline and other critical infrastructures, businesses, government services, community institutions, housing and essential services, and facilities that underpin the Bay Area economy and the health, safety, and overall well-being of its citizens. Funding for the Initiative is provided by the Regional Catastrophic Preparedness Grant Program (RCPGP) of the Bay Area Urban Area Security Initiative (UASI) and by private sector and other contributions.

Background

Lessons learned from recent earthquakes in Haiti, Chile, New Zealand, and especially Japan have highlighted the importance of ensuring the quality of life, the economy, and economic competitiveness of the Bay Area in the event of a major disaster or incident that causes widespread damage or destruction to interdependent lifelines and other infrastructures, businesses, residential housing, and the institutions—schools, healthcare facilities, government services, and social services—that support Bay Area citizens. Consequently, it is imperative that the Bay Area develop as soon as possible a Regional Disaster Resilience Action Plan focusing on recovery and restoration from major disasters and incidents. The Action Plan will be compatible with and supplement current Bay Area emergency management, continuity, mitigation and other plans, procedures, policies, and technologies, as well as best practices from other regions. The Action Plan will take into account interdependencies and mutual assistance and other cooperative agreements with regions beyond the Bay Area that will expedite recovery and restoration. By being able to adapt and bounce back rapidly, the Bay Area will be able to retain, sustain, and expand its economic base.

Development of a Bay Area Regional Disaster Resilience Action Plan to address recovery and restoration requires an unprecedented level of involvement and collaboration among the

counties, more than a hundred cities, and multitudinous special districts, businesses, and non-profit organizations that comprise the region. Recognizing that this will be a volunteer effort, to maximize stakeholder contribution and minimize demands on their time, the Association of Bay Area Governments in partnership with the Bay Area Center for Regional Disaster Resilience has provided a skilled facilitating team to work with key stakeholders. This work includes development and conduct of meetings, workshops and undertaking surveys and other data collection for incorporation into the Regional Action Plan; drafting invitations, agendas, after action reports and other support documents; producing regional resilience capabilities Gap Analysis; and development of successive Regional Action Plan drafts for stakeholder review before finalizing the Plan.

Initiative Objectives

1. Bring together key state and local agencies, utilities, academic and community organizations, and interest groups (e.g., faith-based and ethnic associations, social services, environmental groups); high tech, manufacturing, service industries, and commercial businesses (e.g., grocery stores, pharmacies, other retailers, restaurants, hotels, and shopping malls and centers) essential for sustaining the regional economy and way-of-life for citizens in order to:
 - Identify and share priority concerns and issues and to build trusted relationships;
 - Gain broader and more in-depth understanding of impacts from major disasters and incidents and associated infrastructure interdependencies; economic, environmental, and societal consequences; and ways to deal with these challenges;
 - Identify and examine preparedness, mitigation, and response needs that will adversely affect expeditious post-disaster recovery and restoration;
 - Identify current regional disaster preparedness/management capabilities and lessons learned from past major disasters, workshops, and exercises to identify where improvement is needed;
 - Address how to harmonize Bay Area jurisdictional, private sector, non-profit, and other organizational disaster preparedness and recovery plans;
 - Examine changing roles and responsibilities from pre-event through recovery with emphasis on the optimal regional organizational structures for decision-making;
 - Foster collaboration and joint training and exercises to improve recovery capabilities among private sector organizations, public health, emergency management, and social service groups.
2. Develop through a regional stakeholder-driven process a comprehensive Regional Disaster Resilience Action Plan focusing on recovery and restoration that covers all aspects of preparedness, prevention, protection, mitigation, and response that have a direct bearing on

the extent and length of post-disaster reconstitution to a “new normal.” The Action Plan will incorporate information and insights gained to identify:

- Needs in each of these areas and recommendations for innovative methods, mechanisms, and other solutions that can be put in place pre-disaster to expedite Bay Area recovery and restoration;
 - Prioritized activities to achieve these solutions that can build on existing Bay Area capabilities to address shortfalls and facilitate development and implementation of a practical and cost-effective regional recovery and restoration strategy with necessary investment and other resources.
3. Development of a process with detailed time-table and milestones for Action Plan implementation that include projected funding requirements and potential sources of technical and other assistance.

Project Scope

The scope of the Initiative is the nine-county Bay Area region extending to include the counties of Santa Cruz, Monterey, and San Benito and beyond where significant infrastructure interdependencies and organizational supply chains exist. It also focuses on cross-state border issues (e.g., resource acquisition and displaced population issues) as necessary.

Organization and Activities

The process used to develop the Regional Resilience Action Plan is a multi-step approach that has been used in other regions of the nation to develop resilience action strategies. This process entails eight steps and is scheduled to take 14 months beginning in August, 2011 and ending September 30, 2012. The Initiative entails a series of stakeholder-developed activities, including a kick-off meeting, experts meetings, conference calls, interviews/surveys, development and conduct of an educational Recovery and Restoration Workshop, a targeted Regional Recovery and Restoration Tabletop Exercise, and a final Disaster Resilience Action Planning Workshop for stakeholder coordination, validation, and finalization of the Action Plan. An important element of the Initiative is producing a regional baseline assessment or Gap Analysis of existing Bay Area disaster preparedness/management capabilities and needs that can demonstrate where mitigation measures and other resilience improvement investments are required.

Multi-Step Regional Disaster Resilience Action Plan Development Process

Step 1. Identify and Convene a Bay Area Resilience Coalition of stakeholder organizations that will work together to develop the Regional Disaster Resilience Initiative. This Coalition serves as an umbrella consortium to assure involvement of all key stakeholder agencies, associations, collaborations, and groups with responsibilities or significant interests in disaster preparedness, response, and recovery. The Resilience Coalition includes relevant experts and representatives of local jurisdictions, state agencies (emergency management, public health, transportation, etc.), and federal partners, and utilities, businesses, non-profits, and community groups. The Resilience Coalition will be the operational body for the Initiative and will provide

the expertise necessary to develop the Regional Action Plan and enable accurate, practical, and implementable Initiative outcomes. The goal is to establish a regional collaborative process through which stakeholders in the Bay Area can progressively improve disaster resilience for years to come. The Action Plan Initiative lays the initial foundation for this ongoing effort.

Step 2. Develop and conduct an Initiative Kick-Off Workshop to begin to develop a shared vision for post-disaster recovery and restoration through identifying goals among public and private sector and non-profits on recovery, restoration, and broader economic and community resilience issues; examine current plans, roles, and responsibilities and decision-making, and desired recovery and restoration outcomes; as well as expectations, interests, and barriers. Lessons learned from the Workshop will be summarized in a report, coordinated with stakeholders, and incorporated into the initial draft Action Plan framework.

Step 3. Develop and conduct an educational Regional Recovery and Restoration Issues Workshop to enable Bay Area stakeholders to drill down into significant issues of concern with experts for incorporation into the Action Plan.

Step 4. Conduct a Gap Analysis assessing economic, environmental, and societal recovery and restoration needs vs. current regional capabilities and capacities. The Gap Analysis will be based on the results of a stakeholder survey, interviews, focus groups and research, and will identify collaborative activities, jurisdictional plans, procedures, mechanisms, and tools, technologies, and other resources available for recovery/restoration activities and the shortfalls. *(Lessons learned from relevant workshops, exercises, and events conducted by other Bay Area agencies, associations, and groups will be incorporated into the Gap Analysis as appropriate.)*

Step 5. Develop and validate major topics and subtopics (focus areas and priority issues) that will serve as the outline for the Regional Disaster Resilience Action Plan and incorporate these elements into an initial draft Action Plan Framework.

Step 6. Develop and conduct a Regional Disaster Recovery and Restoration Tabletop Exercise. This scenario-based intensive workshop does not test plans and procedures but rather focuses on raising awareness of potential vulnerabilities, consequences, and wide array of issues that will be factors in recovery and restoration from a major disaster or incident. To ensure accuracy and relevance, the tabletop will be designed by interested key stakeholders who are participants in the Bay Area Resilience Coalition. Exercise lessons learned will be used to illuminate gaps and areas for enhancement in the draft Action Plan.

Step 7. Develop and conduct a post-exercise Action Planning Workshop to examine and incorporate in the Action Plan the findings and recommendations in the exercise report and information from other relevant activities. Workshop participants will also discuss a prioritized implementation strategy for incorporation into the Action Plan that includes a process, schedule, and milestones for determining lead organizations for priority activities, establishing project work groups to define requirements and implementation timeframes, projected funding requirements, and potential sources of technical and other assistance (e.g., government grants and programmatic funds and expertise; private sector and non-profit contributions, including in-kind assistance, etc.).

Step 8. Final review and coordination, followed by finalization of the Regional Disaster Resilience Action Plan and accompanying Implementation Strategy. (Process, Schedule, and Milestones).

Action Plan Implementation

Phase 2 of the Initiative, which will focus on Action Plan implementation, will be determined by the Bay Area Resilience Coalition, taking into account changing needs and availability of resources. The Action Plan should be considered a dynamic document to be revised and expanded as resilience improvement activities are completed and new activities are added based on insights or lessons learned from future disasters and events, exercises and workshops.

Regional Disaster Resilience Action Plan Development Schedule

Month	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Aug.	Identify and convene initial Bay Area Resilience Coalition							
Sept.	Continue Coalition Planning Activities	Undertake planning for Initiative Kick-off Workshop						
Oct.	Continue Planning Activities	Continue planning activities		Initiate Gap Analysis information collection process	At Kick-off workshop, agree on Focus Areas and Priority Issues to constitute Action Plan Framework			
Nov.	Continue Planning Activities	Hold Initiative Kick-Off Workshop; Produce summary of Kick-Off workshop highlights	Begin Recovery and Restoration Issues Workshop development	Begin focus groups, interviews, stakeholder surveys, and other activities	Begin to incorporate data into Action Plan Framework			
Dec.	Continue Planning Activities		Continue to develop Recovery and Restoration Workshop	Continue Gap Analysis	Incorporate results of focus groups, survey and interviews into Action Plan			

Month	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Jan.	Continue Planning Activities		Hold Recovery and Restoration Workshop	Continue Gap Analysis	Continue to incorporate data into Action Plan Framework	Set up Design Team for Recovery/ Restoration Tabletop Exercise		
Feb.	Continue Planning Activities		Produce Workshop Summary & Incorporate results into framework	Add Workshop outcomes to Gap Analysis	Continue to incorporate data	Continue to develop tabletop exercise		
Mar.	Continue Planning Activities			Augment Gap Analysis	Continue to incorporate data	Continue to develop exercise		
Apr.	Continue Planning Activities			Augment draft Gap Analysis	Continue to incorporate data	Continue to develop exercise		
May	Continue Planning Activities			Augment draft Gap Analysis	Continue to incorporate data	Conduct tabletop exercise		
June	Continue oversight			Augment with Exercise Report Outcomes	Continue to incorporate data	Produce/ coordinate Exercise After Action Report	Begin developing Action Planning Workshop	With exercise results draft initial full-scale Action Plan
July	Continue Planning Activities			Incorporate exercise results into Gap Analysis		Finalize Exercise Report	Continue planning Action Planning Workshop	Continue augmenting and refining Action Plan
Aug.	Continue oversight			Conduct Gap Analysis coordination			Conduct Action Planning Workshop; Produce Summary	Add Workshop outcomes to Action Plan and produce "final" draft
Sept.	Wrap up Initiative Planning Activities and begin focus on Implementation			Finalize Gap Analysis; Incorporate into Action Plan as Annex				Review and coordination of Action Plan Finalize Plan

DH



MEMO

Submitted by: Danielle Hutchings, Earthquake and Hazards Program Director (DH)

Subject: Bay Area Regional Disaster Resilience Action Plan Initiative

Date: November 3, 2011

Executive Summary

Planning for natural disasters is essential to meeting the growth goals of the SCS in a sustainable manner. In the planning horizon of the SCS – between now and 2040 – there is a 63 percent chance that this region will experience a major earthquake. We expect that earthquake to leave 150,000 homes uninhabitable, displace 350,000 people, and potentially disrupt the economy for years. The region has already made some great strides in improving our resilience to natural disasters. But more can be done to strengthen housing and businesses, understand lifeline interdependencies and ensure continued economic vitality following disasters. To address these challenges ABAG has launched a Regional Disaster Resilience Initiative with a focus on recovery and restoration, building on its 30 years of disaster planning for the Bay Area region. We have long recognized that natural hazards span jurisdictional boundaries and that regional solutions are needed to address common that cross-jurisdictional boundaries to ensure swift reconstruction and economic recovery from disasters.

Efforts to Date to Develop a Regional Disaster Resilience Action Plan

ABAG is partnering with the Bay Area Center for Regional Disaster Resilience to launch a Bay Area Regional Disaster Resilience Action Plan Initiative with a focus on recovery and restoration from major earthquakes. Over the past three months, the Initiative has convened stakeholders representing local, state, and federal government policy makers and staff, as well as utility providers, private industry and non-profit community groups to identify existing Bay Area capabilities that will help our region more quickly recover and rebuild from a major earthquake and to identify gaps in these capabilities that need to be filled. The stakeholder coalition will identify and prioritize specific activities to improve the Bay Area's capacity to withstand, adapt, and rapidly return to a new sense of normal. The emphasis is on reconstituting lifeline and other critical infrastructures, businesses, government services, community institutions, housing and essential services and facilities that underpin the Bay Area economy and the health, safety, and overall well-being of its citizens.

In partial support of this goal, ABAG has convened a Regional Resilience Council which will comprise members of the RPC plus additional key stakeholders. The Resilience Council represents a part of the stakeholder coalition which will provide input to the Regional Disaster Resilience Action Plan Initiative and will advocate for the Initiative to their respective constituencies.

The process used to develop the Regional Resilience Action Plan is an approach that has been used in other regions of the nation to develop regional resilience action strategies. This process will be 14 months in duration, ending October 2012. The Initiative will be conducted through a series of stakeholder and expert meetings, conference calls, interviews/surveys, development and conduct of an educational Recovery and Restoration Workshop, a targeted Regional Recovery and Restoration Tabletop Exercise, and a final Disaster Resilience Action Planning Workshop for stakeholder coordination, validation and finalization of the Action Plan. This effort is funded in part by the Regional Catastrophic Preparedness Grant Program (RCPGP) of the Bay Area UASI. An important element of the Initiative is producing a regional baseline assessment or Gap Analysis of existing Bay Area disaster preparedness/management capabilities and needs that can demonstrate where

Mailing Address: P.O. Box 2050 Oakland, California 94604-2050 (510)464-7900 Fax: (510) 464-7970 info@babag.ca.gov

Location: Joseph P. Bort MetroCenter 101 Eighth Street Oakland, California 94607 4756



mitigation measures and other resilience improvement investments are required.

Resilience Initiative Kick-Off Workshop

The Initiative was officially kicked-off with a daylong workshop where nearly 200 people gathered representing federal state and local governments, non-profits, universities, military, and private businesses including Bank of America, AAA, Cisco, and Google among others. The workshop focused on issues of quickly recovering housing and businesses and transitioning from response to recovery.

Some of the key questions participants addressed were:

- When does the organizational structure for managing disaster response (SEMS) end, and what structure takes its place to orchestrate long-term recovery decision making?
- How will uninsured homeowners and rental property owners finance the rebuilding of their properties?
- If adequate housing can't be provided, how will businesses continue to operate in the region with a shortage of employees?
- How can we find adequate funds now to invest in preventing these housing losses?
- What assistance or incentives could be provided by government or the private sector to keep businesses from leaving the area or going out of business?

Issues identified in the workshop and capabilities to address them will be documented in the baseline gap analysis for the resilience action plan.

Recommended Action

- (1) This item is for information only. Committee members may choose provide input on discussion questions addressed in the recent resilience workshop.

Next Steps

- (2) Staff will continue to meet with the Disaster Resilience Council and plans to hold the next workshop of the Initiative on January 31st with a focus on infrastructure recovery in disasters.

Attachments

- (1) Bay Area Regional Disaster Resilience Action Plan Initiative. Focus: Recovery and Restoration
- (2) Memo: Integrating Disaster Resilience Planning and Regional Growth Planning

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



November 3, 2011

M E M O

TO: Legislation and Government Organization Committee

FROM: Ezra Rapport *er*
Executive Director

SUBJECT: Proposed Legislation Authorizing Pilot Project Providing Funding for Regional EIR and Local Specific Plans

The attached draft fact sheet describes proposed legislation that we are working with our legislative advocate to market in Sacramento during the next legislative session. We have received a preliminary indication of willingness to carry this legislation by Senator Joe Simitian (San Mateo County). We will be scheduling a meeting with him and members of the ABAG leadership early in the next legislative session. Sup. Jacobs Gibson has laid the initial ground work for this meeting to take place.

You will note from the fact sheet this measure authorizes funding for the Association of Bay Area Governments (ABAG) as a pilot program to support regional environmental review and allocate grants to local governments for the purpose of implementing growth in Priority Development Areas that have been adopted by ABAG. It is the intent of this measure to encourage new infill development in those areas identified as appropriate for increased density in the regional Sustainable Communities Strategies as a pilot program to support the implementation of Senate Bill 375 (Steinberg, 2008). Local governments will retain full control over the environmental review process for both Priority Development Areas and projects within them.

One of the purposes of Priority Development Areas is to resolve planning conflicts within, among, and between local and regional agencies which require the preparation of environmental impact reports for specific projects and developments, including infill projects. Infill projects in Priority Development Areas are necessary to meet objectives for sustainable growth defined in SB 375. The current lack of comprehensive planning requires inefficient and duplicative analysis to be produced on a project-by-project basis, making infill development impractical by shifting these costs and risks to project sponsors. Examples of such analyses include: GHG emissions; vehicular and stationary air emissions; regional and local street congestion; storm water management; flooding and sea level rise; environmental justice; other resource management or resiliency measures.

While state resources are limited, we know that the Governor is a proponent of streamlined environmental reviews and supports the sustainable communities strategy process. If we are successful in getting this legislation on the floor, passed by the



legislature, and signed by the Governor in the next session, it will provide much needed funding for ABAG and local governments and assist us in advancing the planning goals of the Sustainable Communities Strategy and could serve as a model to be implemented statewide.

I look forward to discussing this proposed legislation and strategy with you at the L&GO Committee Meeting on November 17th.

DRAFT -- PROPOSED LEGISLATION

AUTHORIZATION OF FUNDS FOR REGIONAL EIR AND LOCAL SPECIFIC PLANS

Section 1. It is the intent of the Legislature to enact a measure which will test strategies which promote infill development in those areas identified as appropriate for increased density in the regional Sustainable Communities Strategies. This measure is a pilot program to facilitate the implementation of Senate Bill 375 (Steinberg, 2008) by allocating existing funds to Association of Bay Area Governments (ABAG) to support local governments for the purpose of implementing growth in Priority Development Areas that have been adopted by ABAG.

Section 2. Section XXX is added to the XXX code to read:

XXX.(a) In recognition of the mandate contained in SB 375 to prepare and adopt a Sustainable Communities Strategy (SCS), the Association of Bay Area Governments (ABAG) has focused the SCS on those areas adopted by ABAG as Priority Development Areas.

(b) "Priority Development Areas" means areas adopted by the ABAG Executive Board that meet ABAG's definition of sustainable development consistent with the Sustainable Communities Strategy.

(c) The Legislature finds that one goal of the Priority Development Areas is to reduce entitlement risks for entities seeking to develop infill projects consistent with the SCS.

(d) As a pilot measure to support the objectives of this section, the resources which would otherwise be expended in the San Francisco Bay region by the Environmental Justice and Community-Based Transportation Planning Grants awarded by the California Department of Transportation's Office of Community Planning pursuant to Section XX of the XX Code shall be allocated directly to ABAG for implementation of Sustainable Communities Strategies through granting of funds to local governments for the development and adoption of comprehensive specific plans and entitlement streamlining within Priority Development Areas, as identified in the SCS, and by performing regional analysis that will support entitlement streamlining. Such grants may include an allocation to ABAG to support local governments in such endeavors through analysis of regional impacts, consistency with the SCS or the EIR for the SCS/RTP and related activities.

(e) The San Francisco Bay Area's 2010 total population of 7.15 million people is approximately 19% of the State of California's total population of 37.25 million. Thus, approximately 19% of the total annual State Highway Account funds granted through the Office of Community Planning grant program should be allocated directly to the

Association of Bay Area Governments to be used exclusively for the purposes outlined in this section.

(f) In implementing this Section of law, the Association of Bay Area Governments shall keep the Strategic Growth Council created pursuant to Section 75121 of the Public Resources Code apprised so that the Strategic Growth Council may ultimately make recommendations to the Legislature as to whether this program should be extended to other regional agencies mandated to accomplish the regional planning required by Government Code Section 65080.

SB XXX Fact Sheet

Rationale: SB XXX Provides Funding to Implement SB375

1. SB XXX is a pilot funding bill related to implementing the policies adopted by the Bay Area in accordance with SB 375 (Steinberg, 2008). SB 375 mandated that regions plan for “Sustainable Community Strategies (SCS)” without providing funds to address obstacles to the implementation of regional sustainability plans.
2. A number of obstacles at the local level make impractical the type and scale of development required to implement sustainability plans. Funding under SB XXX facilitates SCS implementation through the following methods:
 - grants funds to local jurisdictions to assist them with entitlement streamlining in Priority Development Areas identified in the SCS;
 - grants funds to local jurisdictions to prepare and adopt environmental impact reports for specific plans in Priority Development Areas;
 - allocates funds to ABAG for activities supportive of the above, such as analysis regional impacts of projects within PDAs, consistency with the SCS or the EIR for the SCS/RTP, and the like.

Method of Funding: Re-allocate Caltrans Transportation Planning Grants to SB 375 Implementation

1. Under SB XXX the portion of the California Department of Transportation’s Environmental Justice and Community-Based Transportation Planning Grants funded through the State Highway Account that would otherwise be spent in the region covered by the Association of Bay Area Governments (ABAG) – or Caltrans’ District 4 – is allocated directly to ABAG for granting of funds to local governments for assistance in developing comprehensive specific plans, program-level environmental review, or work associated with entitlement streamlining.
2. The portion of funding available to ABAG is calculated as a percentage of total funds that matches the region’s percentage of the total population of the State of California (for example in 2010 the San Francisco Bay Area’s population was about 19% of the total State population, thus in 2010, 19% of the total State Highway Account funds distributed through the Caltrans Environmental Justice and Community Based Transportation Planning Grants would be directed to ABAG).
3. This bill is a pilot measure to support the objectives of SB 375. In implementing SB XXX, ABAG shall keep the Strategic Growth Council apprised so that the Council may ultimately make recommendations to the Legislature as to whether this program should be extended to other regional agencies mandated to accomplish the purposes of SB 375.

Beneficiaries of SB XXX Funding

1. The Association of Bay Area Governments (ABAG) will be the direct beneficiary of the funding allocated to it under SB XXX. The revenues retained by ABAG will be used exclusively for supporting local governments in the endeavors described in 2 by providing analysis of regional impacts of projects within Priority Development Areas consistency with the SCS or the EIR for the SCS/RTP, and the like.
2. Local jurisdictions (cities, cities and counties, and counties) will be beneficiaries of SB XXX funding awarded to them based on a competitive grant process for the purposes of developing entitlement streamlining in Priority Development Areas (PDAs). Entitlement streamlining will attract private investment and jobs to PDAs.

LEGISLATION & GOVERNMENTAL ORGANIZATION COMMITTEE

Committee Chair: Supervisor Mark Luce—Napa County

Committee Vice Chair: Councilmember Carole Dillon-Knutson—City of Novato

Staff: Patricia Jones – Assistant Executive Director 510/ 464-7933; FAX 510/464-7970; PatJ@abag.ca.gov
 Kathleen Cha – Senior Communications Officer 510/ 464-7922; KathleenC@abag.ca.gov

Thursday, November 17, 2011 – 3:30 p.m. to 5:00 p.m.

ABAG Large Conference Room B, MetroCenter, 101 Eighth Street, Oakland

AGENDA*

1.	OPEN AGENDA Committee members may raise issues for consideration; members of the public may speak.	Information/ Action
2.	APPROVAL OF MINUTES Committee will review and approve the minutes of the September 15, 2011, L&GO meeting.	Information/ Action
3.	A. 2011 LEGISLATIVE PRIORITIES: FINAL OUTCOME OF BILLS CONSIDERED DURING 2011 LEGISLATIVE SESSION B. ESTABLISH LEGISLATIVE PRIORTIES FOR 2012	Information/ Action
4.	DISCUSSION OF A PROPOSED PILOT FUNDING BILL TO IMPLEMENT SB 375	Information/ Action
5.	UPDATE ON RESEARCH OF “GUT AND AMEND” PRACTICES IN OTHER STATES	Information/ Action
6.	UPDATE ON RECOMMENDATIONS FOR 2012 LEGISLATIVE RECEPTIONS	Information/ Action
	ADJOURNMENT Next meeting is scheduled for January 19, 2012.	Action
	Agenda and other written materials are available at ABAG/Front Desk, 101 8th Street, Oakland, or at http://www.abag.ca.gov/meetings --	

* The Committee may take any action on any item on the agenda

** Full California Bill Texts and actions can be read and printed out from state website: www.leginfo.ca.gov.



Legislative Priorities for 2011 Legislative Session

Legislation Priorities	Specific Objectives	Legend for Status of Bills Considered: * Bill Chaptered-Law (Bold Face) (V) Bill Vetoed Remaining bills—Did not Pass/Inactive
<p>Subject</p> <p>State and Federal Legislation addressing focused integrated planning and environmentally healthy communities</p>	<p>-- Aggressively pursue legislation addressing Extended Producer Responsibility and waste disposal, and hazardous waste issues.</p> <p>-- Track legislation addressing Bay issues, oil spill, and statewide policies on sea level rise.</p> <p>-- Achieve environmentally healthy communities:</p> <p>a. Continue to pursue legislation "Improving Crime Gun Tracing" and against "Open Carrying of Unloaded Handguns".</p>	<p>Outcome</p> <p>*AB 913 (Feuer) Green Business Program *AB 255 (Wieckowski) HazWaste-Latex Paint SB 419 (Simitian) Waste: Sharps SB 515 (Corbett) Recycling: Batteries</p> <p>*AB 1112 (Huffman) Oil Spill Prevention *AB 56 (Hill) Intrastrate Pipeline Safety SB 200 (Wolk) Bay Delta Conservation Plan SB 846 (Berryhill) The California Water Plan: Water Data</p> <p>*AB 144 (Portantino & Ammiano) Open Carrying Unloaded Handguns *AB 809 (Feuer) Long Guns</p>
<p>Resources and incentives for planning, infrastructure and services to assist local governments and related climate change and land use solutions.</p>	<p>-- Continue legislative partnership with MTC, Air District, and BCDC on these issues.</p> <p>-- Pursue legislation addressing RHNA/Housing element review</p>	<p>SB 582 (Yee) Commute Benefit Policies (V) AB 57 (Beall) MTC (composition) AB 470 (Halderman) Air Pollution Districts-School Bus Retrofits AB 567 (Valadao) Transportation funds-Capital Improvement Projects AB 676 (Torres) Transportation Funds SB 791 (Simitian) Regional Congestion Reduction Charge</p> <p>*AB 1103 (Huffman) Housing Element *AB 1430 (Local Govt Com) Defines terms</p>

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



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	<p>regarding how affordable housing conversions and assisted living facilities are counted and credited; and how urban and rural areas are categorized.</p>	<p>AB 1220 (Alejo) Land Use/Planning/Time Limits (V) AB 880 (V.M. Perez) CEQA-Expedited Review SB 184 (Leno) Zoning-Inclusionary Housing SB 286 (Wright) Redevelopment</p>
<p>Long Term Financial Disaster Recovery Planning Initiative</p>	<ul style="list-style-type: none"> - Continue work with CAL-EMA and other agencies to identify and fund regional/ local hazard mitigation and Post Disaster Recovery Planning - Work with CARD (Collaborating Agencies Responding to Disasters) as a region-wide best practice agency. 	<p>Bay Area Regional Disaster Resilience Initiative</p> <p>“Building on a Disaster Resilient Bay Area-Focus on Recovery and Restoration” Workshop, NASA Research Park, Moffett Field, 11/1/11</p>
<p>Finance legislation that includes balanced revenue streams and fiscal reform</p>	<ul style="list-style-type: none"> - Continue work with the League of California Cities and the California State Association of Counties on structural budget reform. - Track legislation addressing pension reform and Internet privacy and sales tax issues. - Stay abreast of proposals on constitution revisions and Constitutional Convention. 	<p>*AB 184 (Swanson) Seismic Safety Finance Act *ABX114 (Skinner) Energy Upgrade Financing *SB 555 (Hancock) Communities Facilities District *SB 310 (Hancock) Local Government-Financing *SB 790 (Leno) Community Choice Aggregation *SB 201 (DeSaulnier) Flexible Purpose Corporations</p> <p>AB 485 (Ma) Infrastructure Financing AB 723 (Bradford) Energy-Public Goods Charge AB 1086 (Wieckowski) Transactions and Use Taxes-County of Alameda AB 1198 (Norby) Land Use-Regional Housing Need Assessment SB 214 (Wolk) Infrastructure Financing Districts SB 301 (DeSaulnier) Redevelopment-Seismic Retrofits SB 653 (Steinberg) Local Taxation-School District SCA 4 (DeSaulnier & Wolk) Initiative Measures-Funding Source</p>

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State and federal legislation establishing innovative financing and project delivery mechanisms.

- Continue to work on legislation that would ensure that COGs, MPOs, and other affected regional planning agencies receive sufficient funds to fulfill obligations under SB 375.
- Seek funding to reimburse COGs for Regional Housing Needs Allocation (RHNA) compliance costs.
- Seek permanent funding for COG, MPO, and local governments for SB 375 obligations.
- Work to ensure that, where a Regional Blueprint has been adopted, consistency with regional blueprints is a consideration in allocation of funds from State agencies and provides incentives for local government
- In the development of legislation and agency and state policies on climate change, uphold local flexibility and authority.

***SB 209 (Corbett) Electric Vehicle Charging Stations**
***AB 506 (Wieckowski) Bankruptcy-Mediation**
***SB 226 (Simitian) Environmental Quality**

SB 878 (DeSaulnier) Regional Planning
AB 710 (Skinner) Infill and TOD-Parking
AB 343 (Atkins) Redevelopment and SCS
AB 392 (Alejo) Brown Act-Posting Agendas
AB 441 (Monning) State Planning
SB 186 (Kehoe & DeSaulnier) Controller

HR 1825 (Blumenauer) Commuter Relief Act

Report to Legislative and Governmental Organization Committee

2011 Bill Status – Score Card

Summary: Of 34 bills considered by Committee:

- 16 passed the Legislature, with 14 becoming law, and two vetoed by the Governor (one the committee supported and the one was a bill the committee opposed).
- Six of the 34 bills considered by the committee had oppose positions by ABAG: one was vetoed by the Governor, one was signed into law, and the four remaining either failed passage, stalled in committee or became inactive.

Bills Supported by Committee that became Law

- AB 144 (Portantino & Ammiano) Firearms: Open Carrying of Unloaded Handguns
- AB 184 (Swanson) Contractual Assessment Programs: Seismic Safety Improvements
- AB 255 (Wieckowski) Hazardous Waste: Latex Paint—Collection Facility
- SB 226 (Simitian) Environmental Quality
- AB 809 (Feuer) Firearms: Long Gun Transfer Records
- AB 913 (Feuer) Environment: Certified Green Business Program
- AB 1103 (Huffman) Land Use: Housing Element
- AB 1112 (Huffman) Oil Spill Prevention and Administration Fee: State Lands Commission (Oil Spill Preparedness Act)
- AB 1430 (Com. on Local Government) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 Omnibus Bill
- SB 209 (Corbett) Common Interest Developments: Electric Vehicle Charging Stations
- SB 310 (Hancock) Local Development
- SB 555 (Hancock) Local Government: Community Facilities District
- SB 790 (Leno) Electricity: Community Choice Aggregation

Supported, passed legislature, but vetoed by Governor

- SB 582 (Yee) Commute Benefit Policies

Bills Opposed by Committee:

- AB 1220 (Alejo) Land Use and Planning: Cause of Actions—Time Limitations—
Vetoed by Governor
- AB 506 (Wieckowski) Local Government: Bankruptcy-Neutral Evaluation—
Chaptered/Signed into Law
- Failed passage/stalled/became inactive:**
 - AB 392 (Alejo) Ralph M. Brown Act—Posting Agendas
 - AB 710 (Skinner) Local Planning-Infill and Transit Oriented Development
 - SB 186 (Kehoe & DeSaulnier) The Controller

SB 286 (Wright) Redevelopment

Bills Supported: failed passage/stalled/became inactive

AB 57 (Beall) Metropolitan Transportation Commission
AB 343 (Atkins) Redevelopment Plans-Environmental Goals
AB 485 (Ma) Infrastructure Financing
AB 723 (Bradford) Energy: Public Goods Charge
SB 184 (Leno) Land Use Zoning Regulations
SB 419 (Simitian) Solid Waste: Home Generated Sharps
SB 515 (Corbett) Recycling: Product Stewardship—Batteries
SCA (De Saulnier & Wolk) Initiative Measures—Funding Source

Bills Watched: failed passage/stalled/became inactive

AB 880 (Perez) Environmental Quality: CEQA
SB 200 (Wolk) Sacramento-San Joachin Delta—Bay Delta Conservation Plan
SB 214 (Wolk) Infrastructure Financing-Voter Approval-Repeal
SB 301 (DeSaulnier) Enterprize Zones
SB 653 (Steinberg) Local Taxation: Counties—School Districts—Community College Districts
SB 878 (DeSaulnier) Regional Planning: Bay Area

Federal Legislation:

HR 1825 (Blumenauer) Commuter Relief Act—Currently in House and Ways and Means Committee

Research on State Legislature Policies Regarding Amending Bills at the End of a Session

Discussion of state legislative policies that impact the practice of “gut and amend/strip and amend/gut and stuff”

Discussion Background: Taking into consideration that the California Legislature has rules supposed to prevent last minute changes, about 30% of bills rewrote in last three weeks of the 2011 session were amended after the Legislature’s deadline for making amendments.

- At end of 2011 CA session, legislature wrote 48 bills in last three weeks of session, long after deadlines for most law-making procedures had passed. 22 were sent to Governor; 19 were signed.

What policies affect how bills are amended and reconsidered?

Amending and reconsidering bills in state legislatures depend on:

- **State Constitutional language/restrictions**
 - Show Examples of constitutional language –California and other states
- **Chamber rules:** The policies and protocol for amending or changing a bill vary by state and within the legislative chambers—House and Senate
- **Specific policies on Germaneness--Single source/topic rules**
 - Germaneness Requirements: Germaneness is usually defined as “in close relationship, appropriate, relative or pertinent to”. The principle of germaneness “lies in the need for orderly legislation, according to *Parliamentary Law and Procedure*.
 - 80 legislative bodies report they have chamber rules on germaneness of amendments or motions; most legislative assemblies enforce germaneness provisions in committee as well as on the floor (this includes California)
 - 40 state constitutions contain a provision that requires a bill to address or contain a single subject
 - **States that bar amendments that change purpose of bill:**
Michigan, Mississippi, North Dakota, Texas, Arizona, Louisiana, Washington
Oregon: “Relating to Clause” is another element—“In Oregon, a bill may only address one subject, and for this reason the relating-to clause becomes an important element of the bill—relating to clauses may be broad or narrow
- **Amendment policies for amending on the floor or in committee, and/or after second or third reading**
 - Policies for reconsideration of bill, which vary from committee to floor, with specific requirements for who and when one can propose reconsidering a bill action.
- **Deadlines established for amending at the beginning of session or bill introduction, and policies for amending at the end of session**

(Source: National Conference on State Legislatures, “Inside the Legislative Process” (electronic document-research tool on state legislative processes)

One Response to California's last minute gut and amend practices:

The think tank California Forward is rolling out a ballot proposal for the November 2011 election to reform California's fiscal and governance issues that includes provisions for shifting to a two-year budget and curbing last-minute legislative amendments by requiring that all bills are made available to the public and in print for three days before Legislature could act on it to "give transparency and sunshine to process."

ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, November 17, 2011, 5:00 p.m.
 ABAG Conference Room B
 MetroCenter—8th and Oak Streets
 Oakland, CA

<u>Est. Time in Minutes</u>		<u>Recommendation***</u>
	1. Call to Order	
2	2. Public Comments	Information
3	*3. Minutes of the September 15, 2011 Meeting	Action
5	*4. Financial Reports – ABAG <i>The August and September 2011 Financial reports are enclosed with the agenda packet.</i>	Action
15	**5. Audited Financial Reports for ABAG <i>Auditors from Maze & Associates will present the June 30, 2011 audited financial reports for ABAG. Committee will consider recommending Executive Board approval of these reports.</i>	Action
3	6. Update on ABAG Membership Dues <i>Staff will orally present the cities that still owe dues as of November 17, 2011.</i>	Information
5	7. Update on Proposed Regional Facility <i>Staff will present an oral update on MTC actions regarding their purchase of the property at 390 Main Street, San Francisco.</i>	Information/ Action
	*8. Resolution to Clarify Intent of 1994 ABAG Resolution and to Conform to Updated CalPERS and IRS Regulations <i>Staff will present a proposed resolution that clarifies intent of a 1994 ABAG resolution for ABAG to join CalPERS offering the benefits of the 1994 negotiated labor contract, including Employer Paid Member Contributions (EPMC). CalPERS requires this new resolution in order to maintain EPMC as a tax-deferred benefit; otherwise, the EPMC payments become taxable after November 30, 2012. Recommend approval by the Executive Board.</i>	Action

ABAG FINANCE AND PERSONNEL COMMITTEE

Summary Minutes

September 15, 2011

Members Present

Supervisor Rose Jacobs Gibson, Chair
Supervisor David Cortese
Mayor Mark Green
Supervisor Scott Haggerty
Vice Mayor Peter McHugh
Councilmember A. Sepi Richardson

Jurisdiction

County of San Mateo
County of Santa Clara
City of Union City
County of Alameda
City of Milpitas
City of Brisbane

Members Not in Attendance

Supervisor Susan Adams
Supervisor John Gioia
Supervisor Barbara Kondylis

County of Marin
County of Contra Costa
County of Solano

Officers and Staff Present

Ezra Rapport, Executive Director
Kenneth Moy, Legal Counsel
Herbert Pike, Finance Director
Susan Hsieh, Assistant Finance Director

Guests:

Councilmember Julie Pierce
City of Clayton

- 1) The meeting was called to order at 5:02 p.m.
- 2) Summary Minutes of the July 21, 2011 meeting were approved.
/M/McHugh/S/Green/C/approved.
- 3) Pike provided an overview of the June and July 2011 Financial Reports.
/M/McHugh/S/Richardson/C/approved.
- 4) After much discussion, it was agreed to continue discussions regarding a proposed ABAG Reserve Policy. Staff was directed to research the feasibility of accessing a TRAN to cover short term cash flow fluctuations that occur during the fiscal year. A sub-committee comprised of Green, Richardson and Jacobs Gibson was informally designated to review possible long term revenue sources.

(continued)

F&PC AGENDA ITEM #3

- 5) The Committee agreed to recommend an *amiicus curiae* brief in support of RDA vs. Matosantos, if pro bono legal services can be obtained. /M/Green/S/McHugh/C/approved.
- 6) The Committee reviewed the ABAG Diversity and Business Opportunity Report—FY 2010-11. /M/Richardson/S/McHugh/A/accepted report.
- 7) The Committee received a report from Mr. Rapport on the actions to-date of MTC's acquisition of a new Regional Facility and the forthcoming calendar of meetings and events. No formal action was taken.
- 8) Closed Session—Employee performance evaluation and other confidential issues to be discussed. No Action to report.
- 9) Meeting adjourned at 6:05 p.m.

TO: Finance and Personnel Committee

DT: September 31, 2011

FM: Herbert Pike, Finance Director

Re: Financial Reports
--August 2011

The following are highlights of the financial reports for August 2011.

Overall Summary (Figures 3, 4, 7 & 8)

At August 31st, the Agency's net financial operating gain of about \$179 thousand is higher than in previous years, the largest factor being the surplus in indirect overhead to-date attributed to the diversion of accounting personnel away from indirect overhead and charging directly to several new energy projects. The Association's cash balance is \$879 thousand higher than the end of August the prior year.

Cash on Hand (Figure 1)

Cash on hand increased to \$3.44 million as of August 31st from \$2.88 million on July 31st. The increase of \$568 thousand is attributed primarily to membership dues receipts and surplus in the indirect overhead account. The August balance includes approximately \$2.58 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The August 31st cash balance is approximately \$879 thousand greater than the prior year.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$3.22 million on August 31st, a decrease of \$1.42 million from the month prior. The month to month decrease reflects a \$960 thousand decrease in billed grants receivables and a \$449 thousand decrease in unbilled receivables. The lower total receivable is primarily attributed to the annual cycle wherein much of the non-labor costs are captured and attributed to June for the closing of the prior fiscal year and there is a lag before contractor bill are submitted for work commenced after July 1. Receivables are approximately \$782 thousand higher than they were a year prior reflecting the higher activity level in the current fiscal year, especially in energy-related grant activity.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses through August 31st, the second month of the new fiscal year, amounted to about \$2.92 million, or 13.2 percent, of the budgeted annual expense of \$22.1 million for FY 2011-12.

Actual vs. Budgeted Revenues (Figure 10)

As of August 31st, total revenues amounted to about \$3.10 million, or 14.0 percent, of the budgeted annual revenue of \$22.1 million for FY 11-12.

As of August 31st, both revenues and expenses are below projections for the first two months of FY 2011-12 (16.7 percent). These positions are largely due to the timing of consultant and sub-contractor expenses that are grant funded and for which there is a customary lag between the

rendering of the service and the conversion to an expense and receivable when the contractors submit their bills.

Fund Equity (Figure 5)

As of August 31st, general fund equity was approximately \$1.26 million, an increase of \$328 thousand from July 31st totals. The Agency's restricted fund equity, consisting of capital, self-insurance, building maintenance and reserves, remained unchanged at \$560 thousand. That is \$50 thousand over the previous year to reflect the discussed minimum annual reserve increase in reserves of \$50 thousand per year.

Indirect Cost (Figure 6)

The Agency's actual indirect cost (overhead) rate was 38.66 percent of direct labor cost as of August 31st, or 4.29 percent below the budgeted rate of 42.95 percent for FY 2011-12. The lower than expected rate reflects the diversion of substantial central services efforts toward new grants, especially energy grants. Unless new grants are awarded later in the year, it is expected that the grants will end and staff will move toward allocable overhead costs that will cause the rate to rise. Also contributing has been the high activity level of Planning to address strict deadlines that has resulted in deferral of some vacations, thereby increasing the base over which overhead expense is charged.

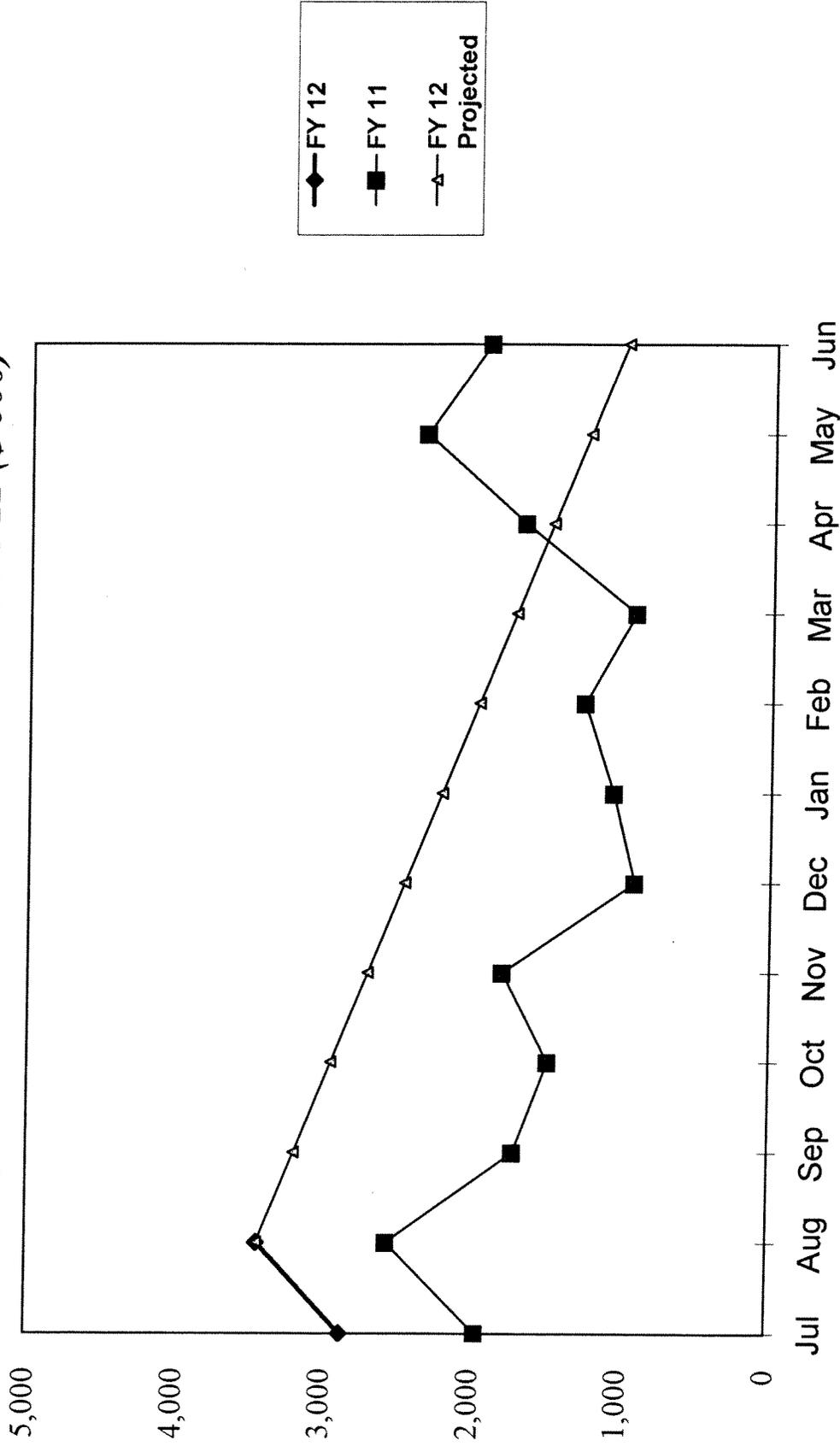
ABAG FINANCIAL REPORTS

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* Year-to-date Revenues and Expenses	Figure 4
* Fund Equity	Figure 5
* Indirect Cost Rate (% of Direct Labor Cost)	Figure 6
* Composition of Expenses	Figure 7
* Composition of Revenues	Figure 8
* Actual vs. Budgeted Expenses	Figure 9
* Actual vs. Budgeted Revenues	Figure 10

ABAG Financial Indices

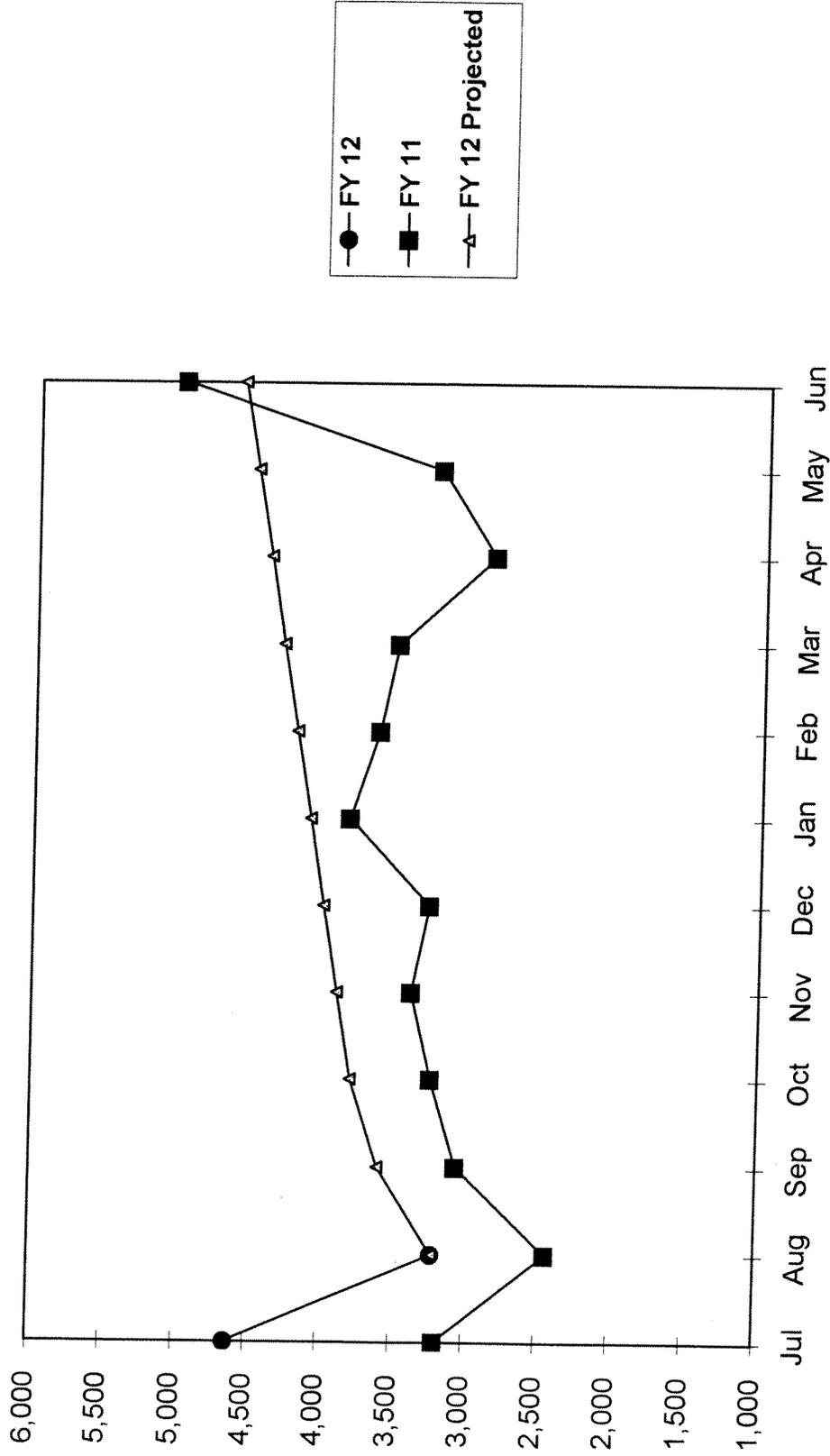
Figure 1--Cash on Hand--FY 11 and FY 12 (\$'000)



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.

ABAG Financial Indices

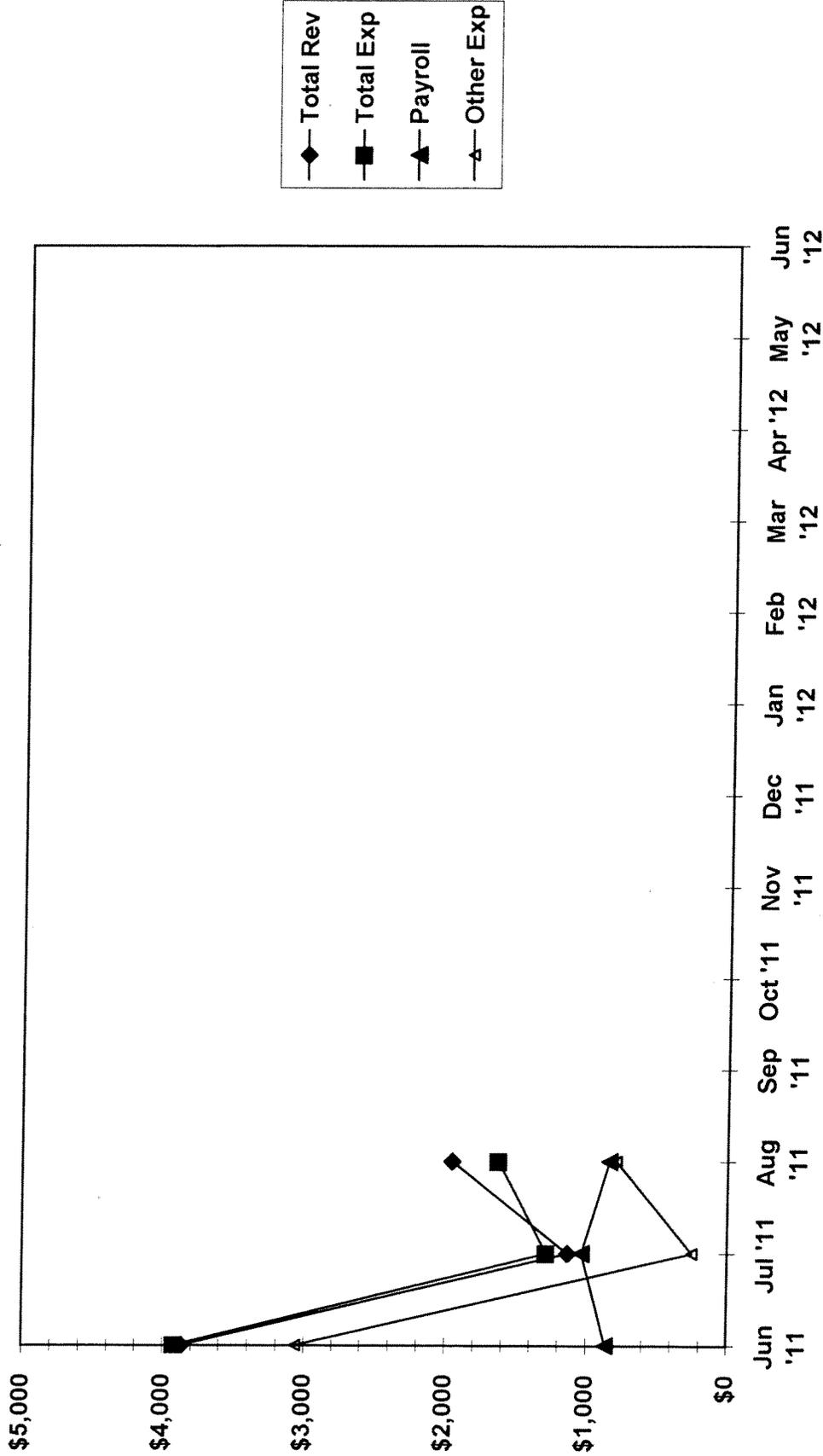
Figure 2--Accounts Receivable--FY 11 and FY 12 (\$'000)



Accounts receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels; usually have about six weeks' worth of annual revenues in receivables.

ABAG Financial Indices

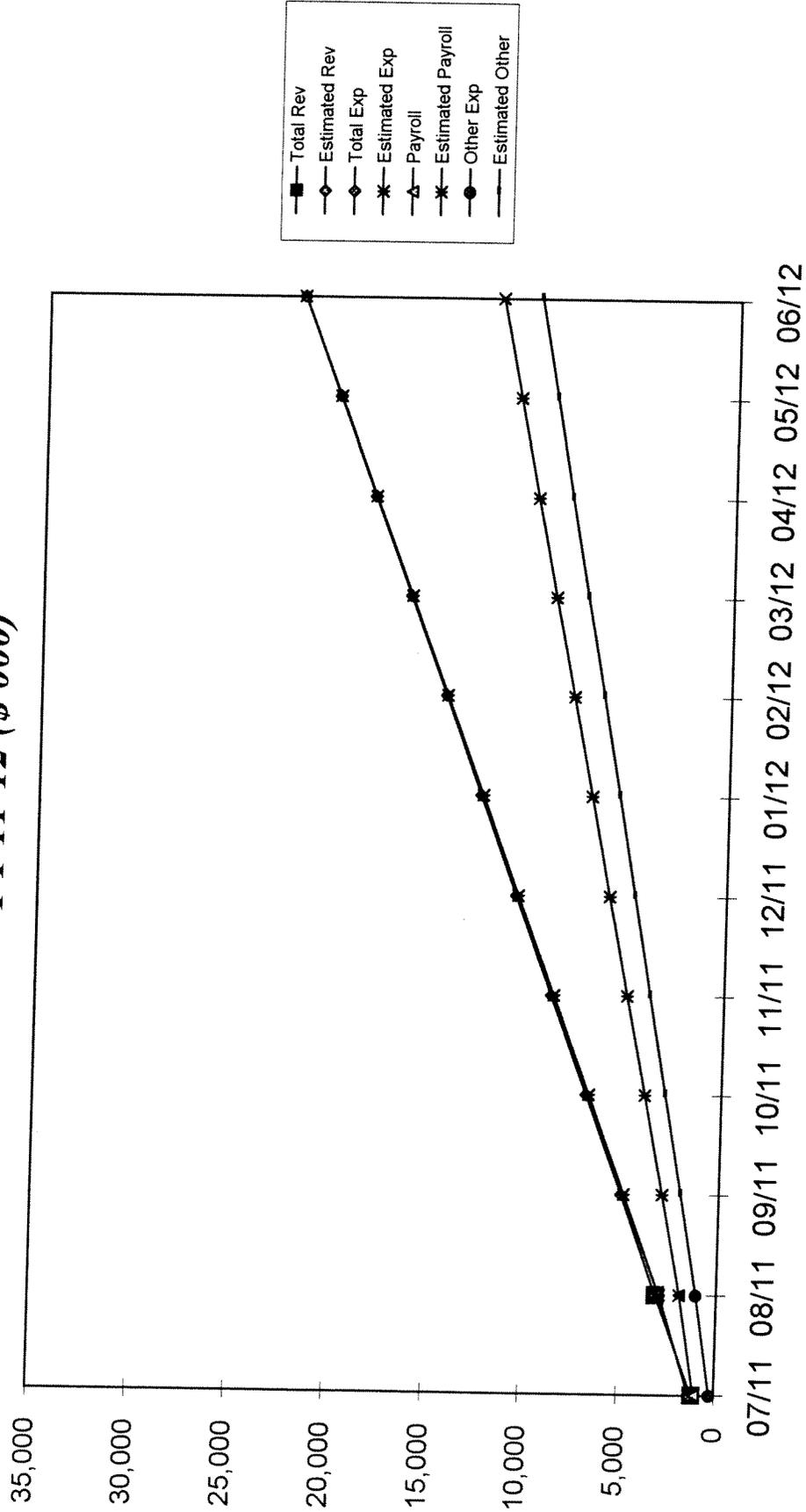
Figure 3--Current Month Revenues & Expenses
FY 11-12 (\$'000)



Presents month by month total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall current month net surplus (or deficit) for the Association.

ABAG Financial Indices

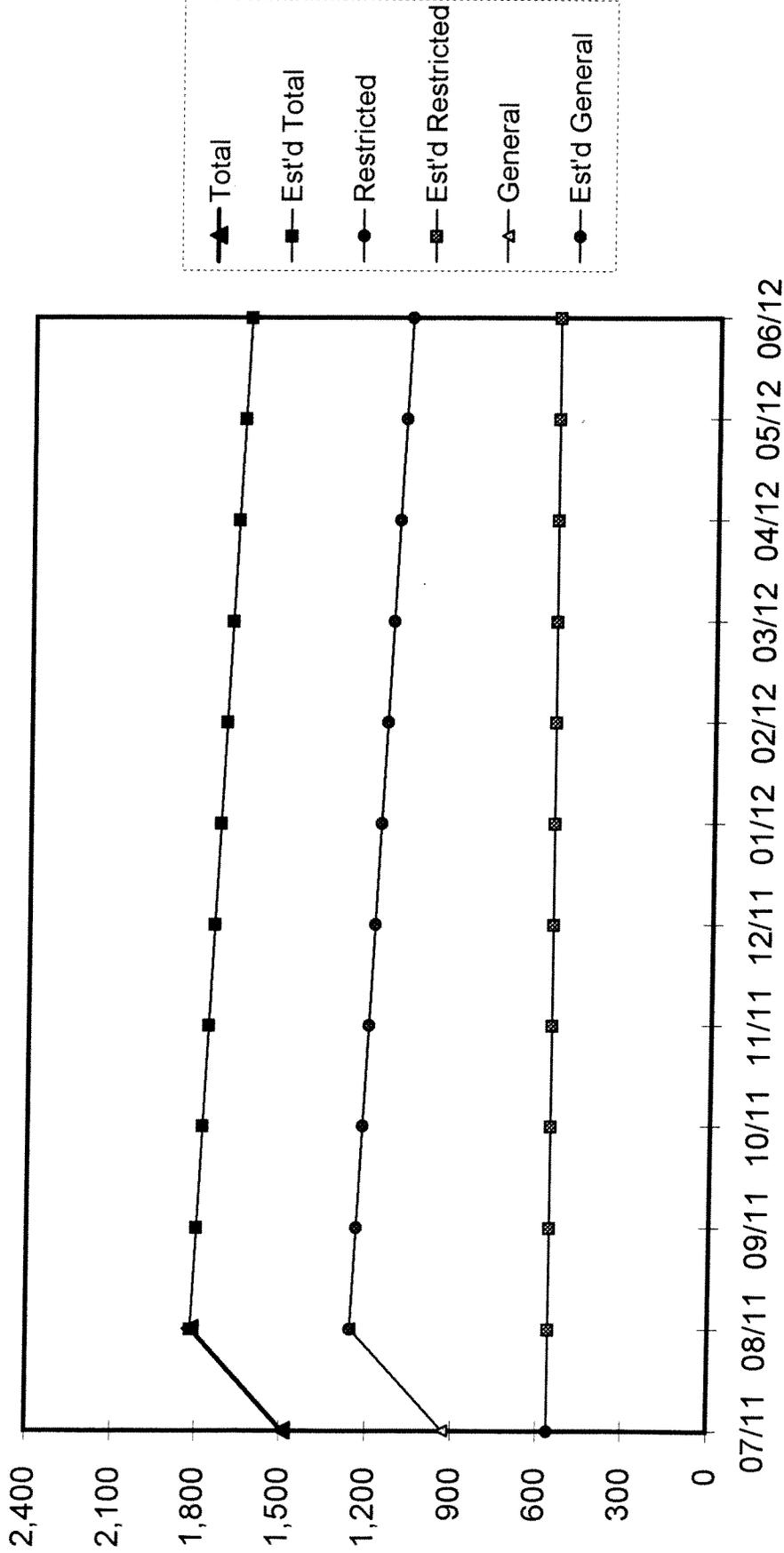
Figure 4-- Year-to-date Revenues & Expenses FY 11-12 (\$'000)



Presents year-to-date total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall year-to-date net surplus (or deficit) for the Association.

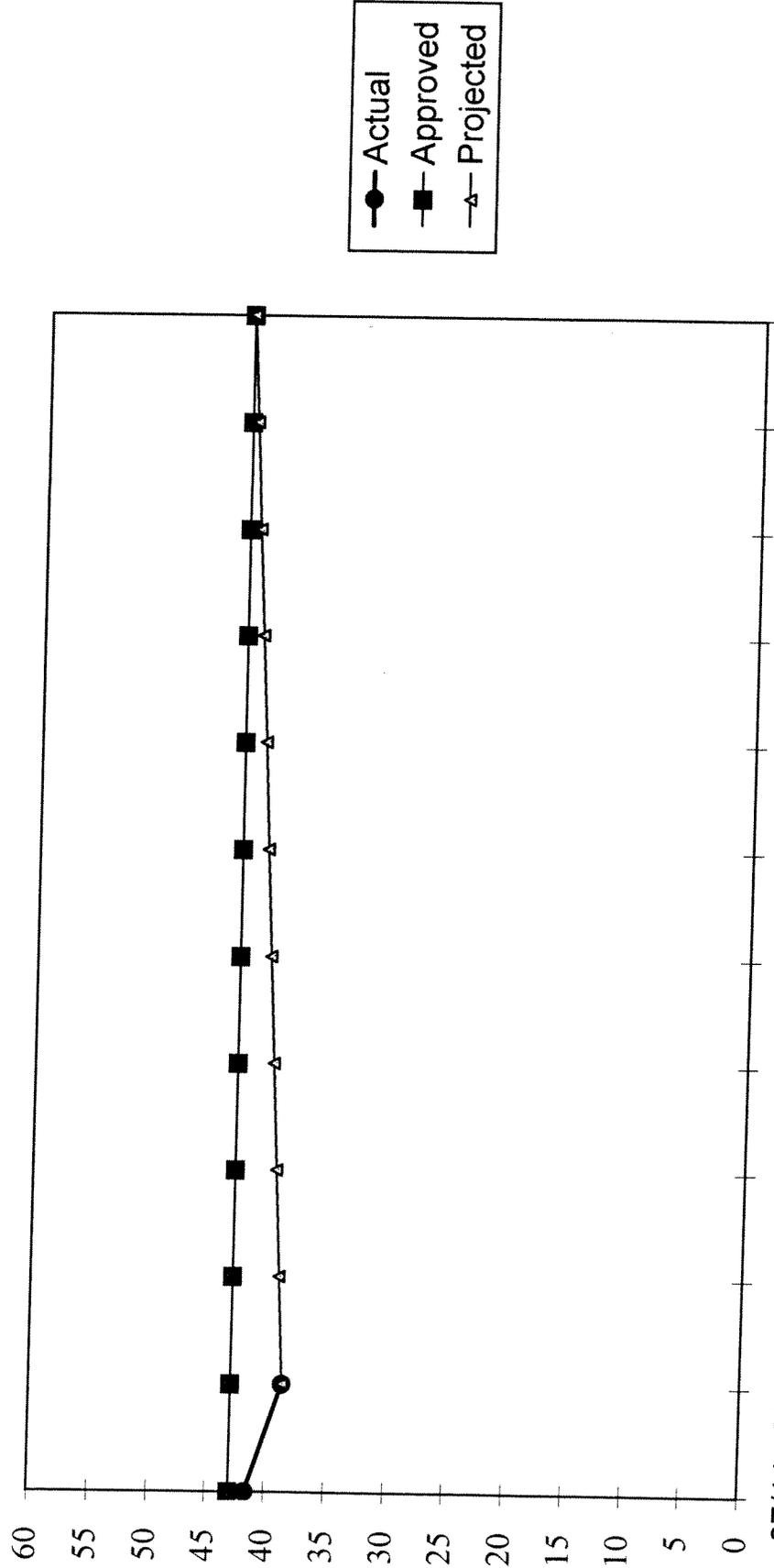
ABAG Financial Indices

Figure 5--Fund Equity
FY 11-12 (\$'000)



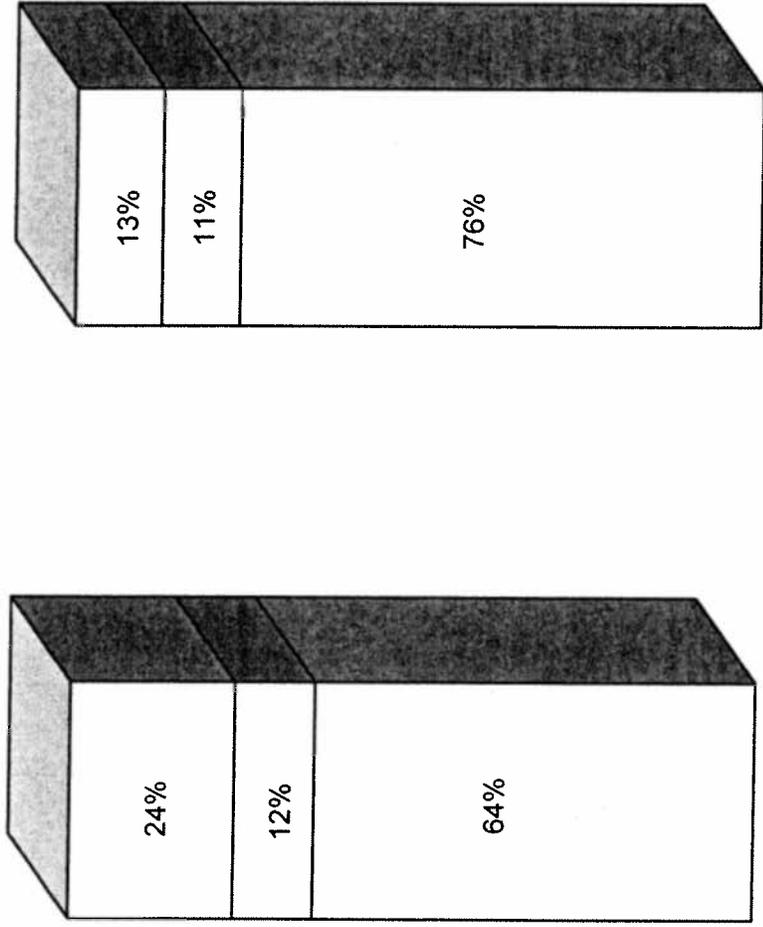
Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvement interest, building maintenance, self-insurance, capital and contingency reserve. These restricted equities represent the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

ABAG Financial Indices
Figure 6--Indirect Cost Rate (% of Direct Labor Cost)
FY 11-12



Shows a comparison between the actual indirect cost rate and the approved 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 OMB Circular A-87.

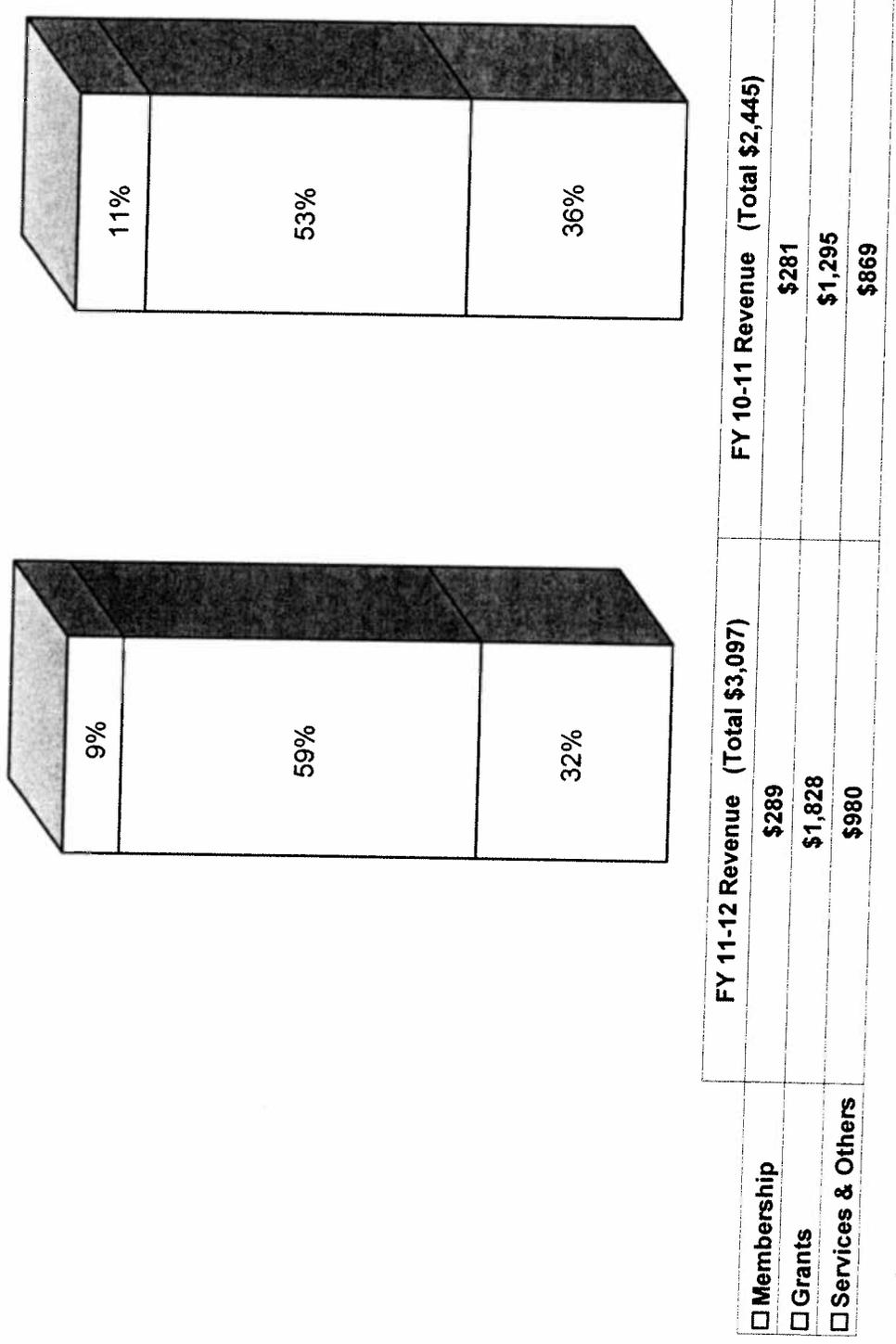
ABAG Financial Indices
Figure 7-- Composition of Expenses FY 11--FY 12
Year to Date
 (\$'000)



	FY11-12 Expenses (Total \$2,918)	FY10-11 Expenses (Total \$2,513)
<input type="checkbox"/> Consultants	\$702	\$318
<input type="checkbox"/> Others	\$339	\$285
<input type="checkbox"/> Payroll	\$1,877	\$1,910

This chart compares expenses for current and prior fiscal year. It groups expenses into three broad categories--payroll costs, consultants and other expenses.

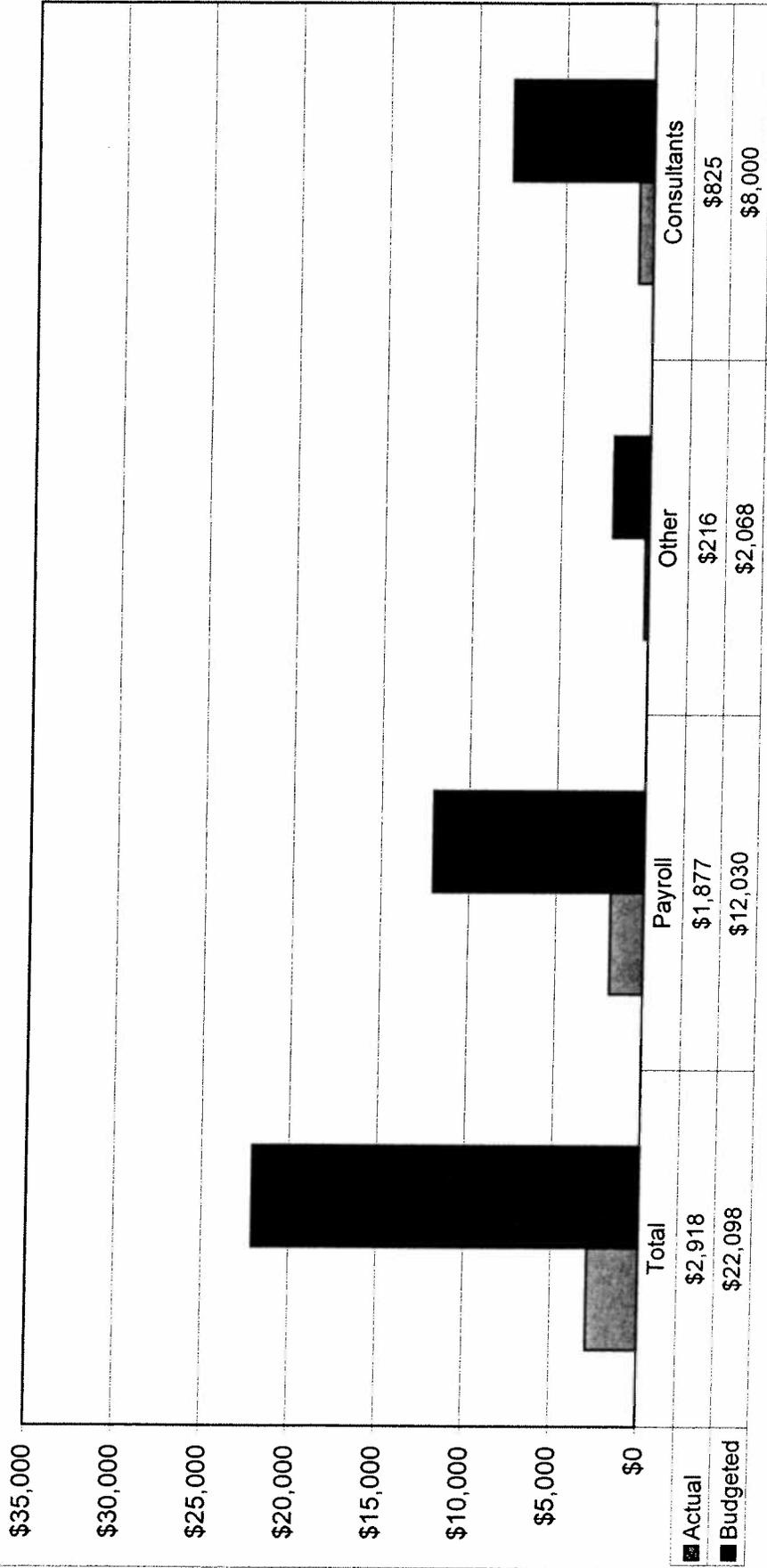
ABAG Financial Indices
Figure 8-- Composition of Revenues FY 11--FY 12
Year to Date
(\$'000)



Presents a breakdown of total revenues into four main sources--membership, grants, services and others. This chart compares revenue sources between current and prior fiscal year.

ABAG Financial Indices

Figure 9--Actual vs Budgeted Expenses--FY 11-12 Year to Date (\$'000)

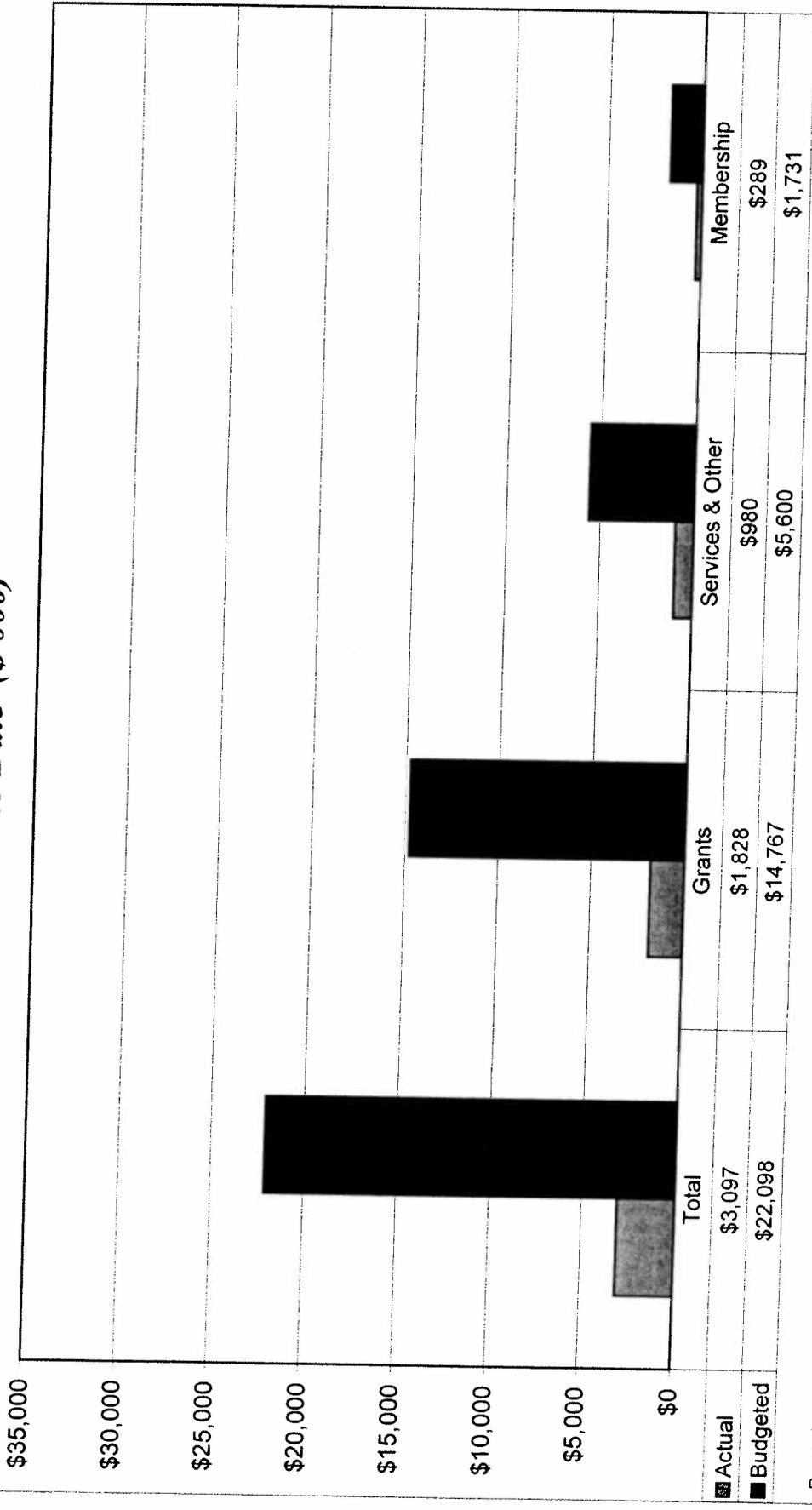


Presents a comparison of actual and budgeted/projected total expenses as well as component categories: payroll costs, consultants and other expenses.

ABAG Financial Indices

Figure 10--Actual vs Budgeted Revenues--FY 11-12

Year to Date (\$'000)



Presents a comparison of actual and budgeted/projected total revenues as well as component categories: membership dues, grants, services and other.

TO: Finance and Personnel Committee

DT: October 31, 2011

FM: Herbert Pike, Finance Director

Re: Financial Reports
--September 2011

The following are highlights of the financial reports for September 2011.

Overall Summary (Figures 3, 4, 7 & 8)

At September 30th, the Agency's net financial operating gain of about \$270 thousand is higher than in previous years, the largest factor being the surplus in indirect overhead to-date attributed to the diversion of accounting personnel away from indirect overhead and charging directly to several new energy projects. The Association's cash balance is \$1.35 million higher than the end of September the prior year.

Cash on Hand (Figure 1)

Cash on hand decreased to \$3.07 million as of September 30th from \$3.44 million on August 31st. The decrease of \$374 thousand is attributed primarily to the cyclical increase in accounts receivable that derives from quarterly billing. The September balance includes approximately \$2.18 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The September 30th cash balance is approximately \$1.35 million greater than the prior year.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$3.70 million on September 30th, an increase of \$481 thousand from the month prior. The month to month increase reflects a \$386 thousand decrease in billed grants receivables offset by an \$850 thousand increase in unbilled receivables. Now into the third month of the new fiscal year, the impact of the annual cycle of fiscal year-end close and re-open is subsiding, but the quarterly cyclical pattern is still in place creating this up and down trade pattern. Receivables are approximately \$635 thousand higher than they were a year prior reflecting the higher activity level in the current fiscal year, especially in energy-related grant activity.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses through September 30th, the third month (first quarter) of the new fiscal year, amounted to about \$5.17 million, or 23.4 percent, of the budgeted annual expense of \$22.1 million for FY 2011-12.

Actual vs. Budgeted Revenues (Figure 10)

As of September 30th, total revenues amounted to about \$5.44 million, or 24.6 percent, of the budgeted annual revenue of \$22.1 million for FY 11-12.

As of September 30th, both revenues and expenses are below projections for the first three months of FY 2011-12 (25.0 percent). These positions are largely due to the timing of consultant and sub-

contractor expenses that are grant funded and for which there is a customary lag between the rendering of the service and the conversion to an expense and receivable when the contractors submit their bills.

Fund Equity (Figure 5)

As of September 30th, general fund equity was approximately \$1.35 million, an increase of \$91 thousand from August 31st totals. The Agency's restricted fund equity, consisting of capital, self-insurance, building maintenance and reserves, remained unchanged at \$560 thousand. That is \$50 thousand over the previous year to reflect the discussed minimum annual reserve increase in reserves of \$50 thousand per year.

Indirect Cost (Figure 6)

The Agency's actual indirect cost (overhead) rate was 38.73 percent, or 4.225 below target. The lower than expected rate reflects the diversion of substantial central services efforts toward new grants, especially energy grants. Unless new grants are awarded later in the year, it is expected that the grants will end and staff will move toward allocable overhead costs that will cause the rate to rise.

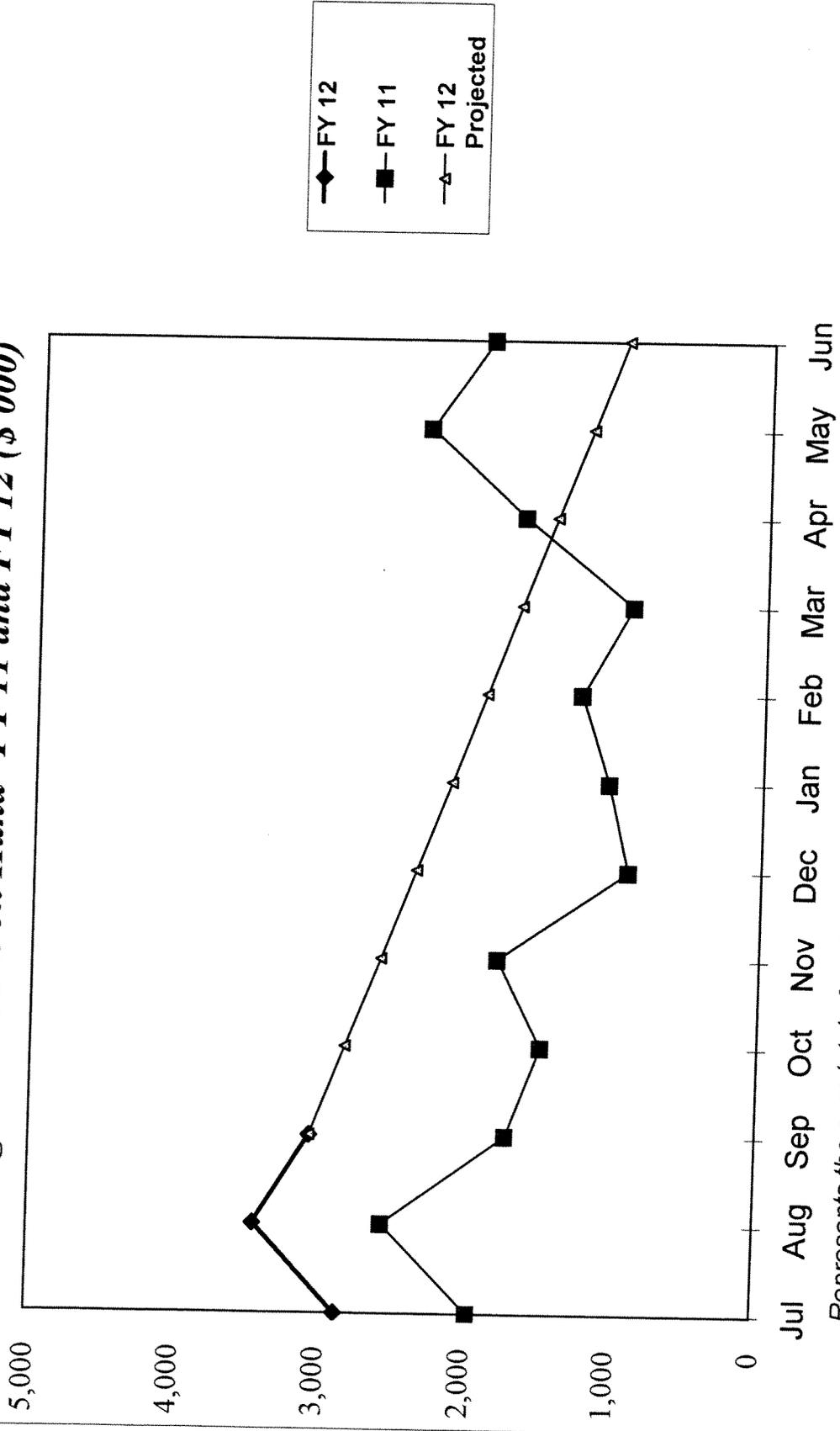
ABAG FINANCIAL REPORTS

Table of Contents

* Cash on Hand	Figure 1
* Accounts Receivable	Figure 2
* Current Month Revenues and Expenses	Figure 3
* Year-to-date Revenues and Expenses	Figure 4
* Fund Equity	Figure 5
* Indirect Cost Rate (% of Direct Labor Cost)	Figure 6
* Composition of Expenses	Figure 7
* Composition of Revenues	Figure 8
* Actual vs. Budgeted Expenses	Figure 9
* Actual vs. Budgeted Revenues	Figure 10

ABAG Financial Indices

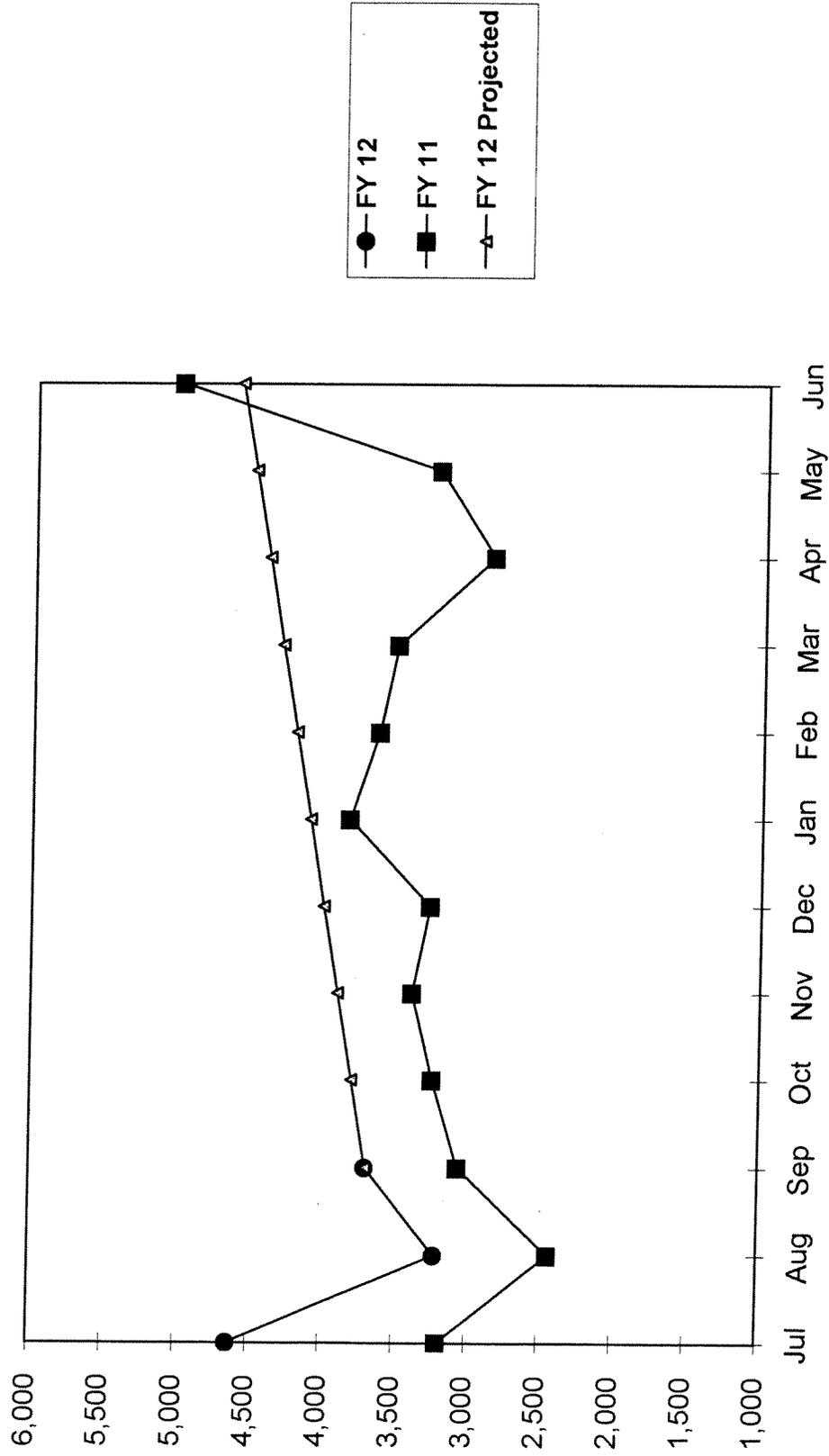
Figure 1--Cash on Hand--FY 11 and FY 12 (\$'000)



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.

ABAG Financial Indices

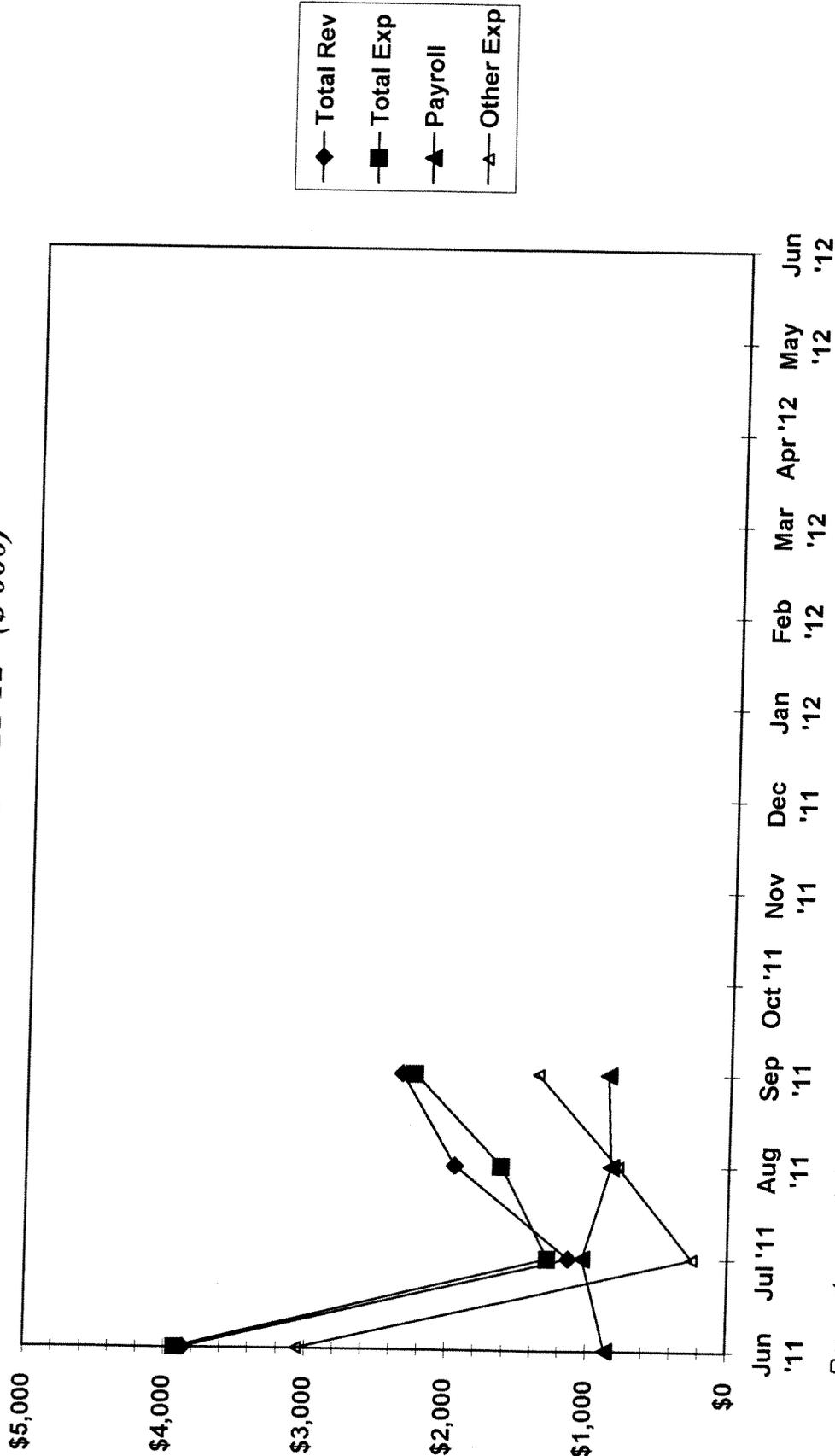
Figure 2--Accounts Receivable--FY 11 and FY 12 (\$'000)



Accounts receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels; usually have about six weeks' worth of annual revenues in receivables.

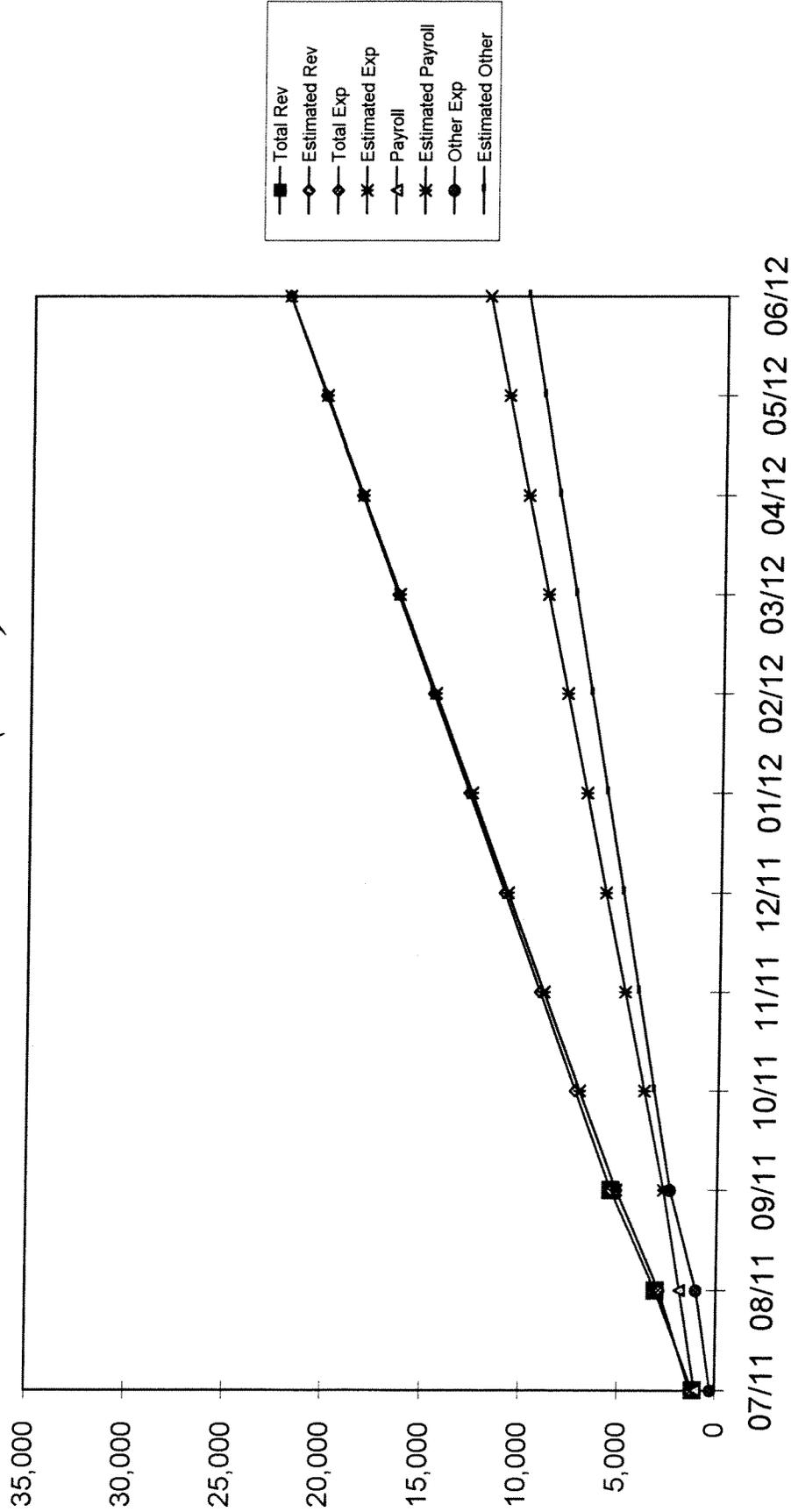
ABAG Financial Indices

Figure 3--Current Month Revenues & Expenses
FY 11-12 (\$'000)



Presents month by month total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall current month net surplus (or deficit) for the Association.

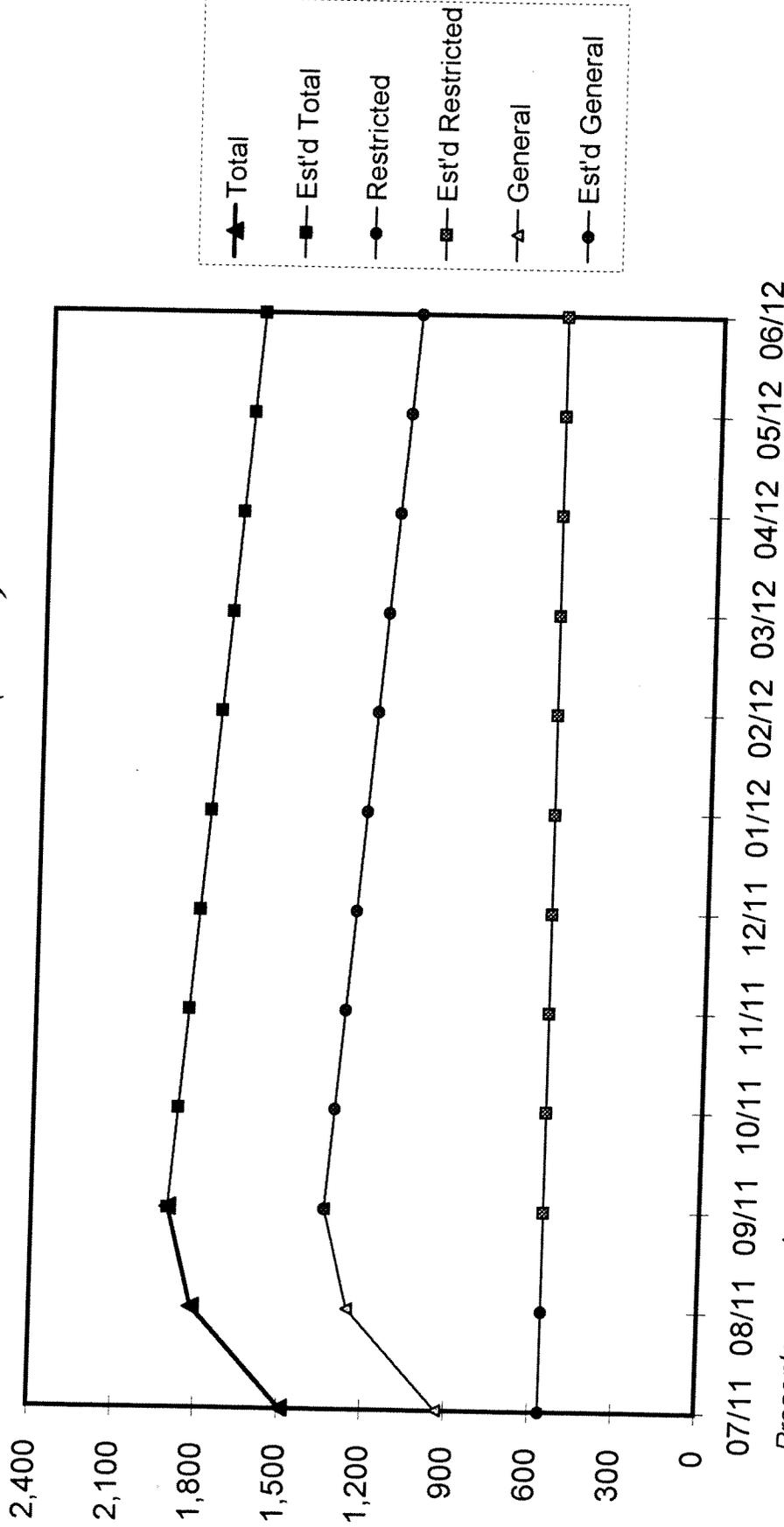
ABAG Financial Indices
Figure 4--Year-to-date Revenues & Expenses
FY 11-12 (\$'000)



Presents year-to-date total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall year-to-date net surplus (or deficit) for the Association.

ABAG Financial Indices

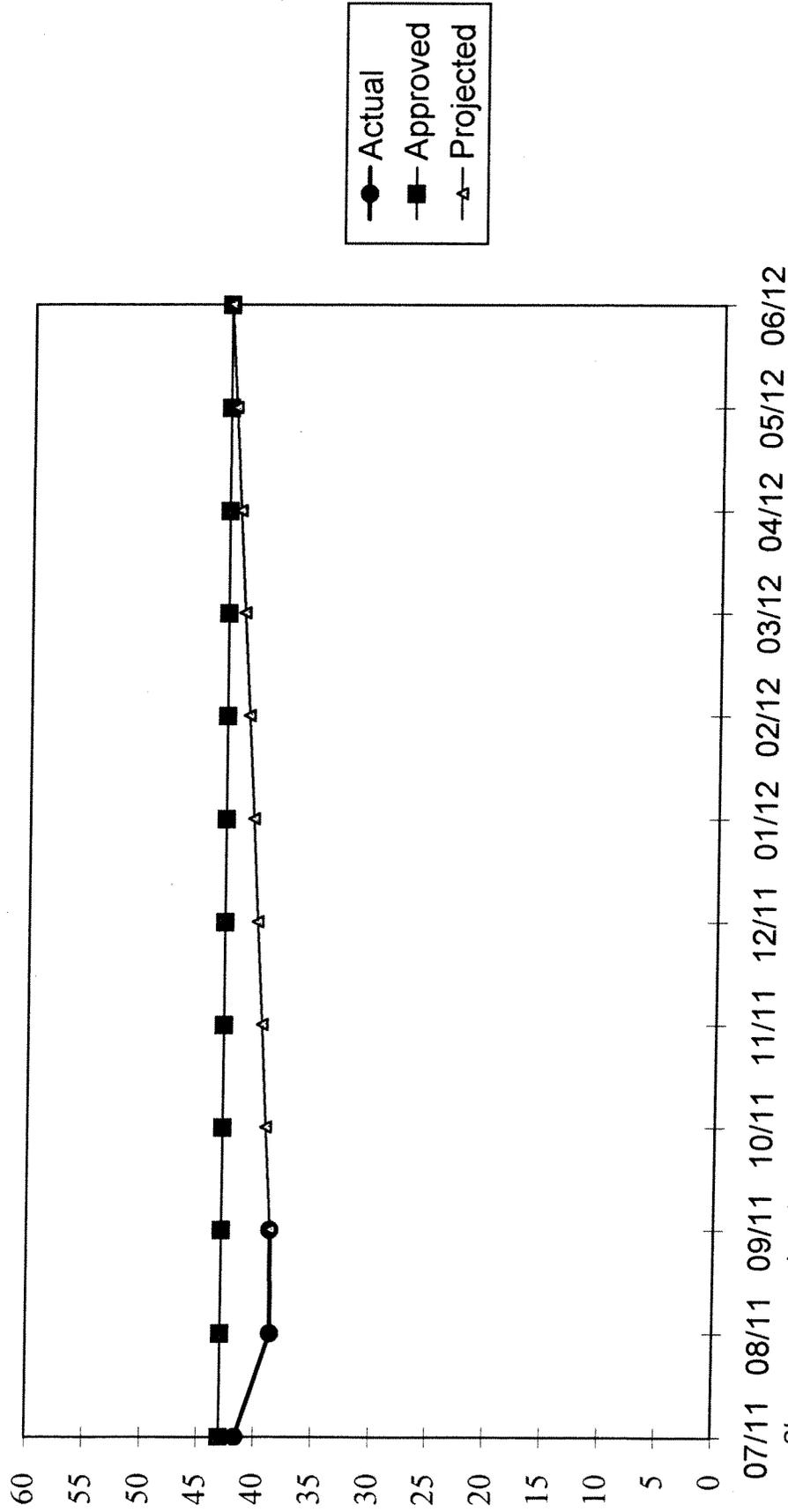
Figure 5--Fund Equity
FY 11-12 (\$'000)



Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvement interest, 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.

Source: ABAG - INDICES 2011-09.xls

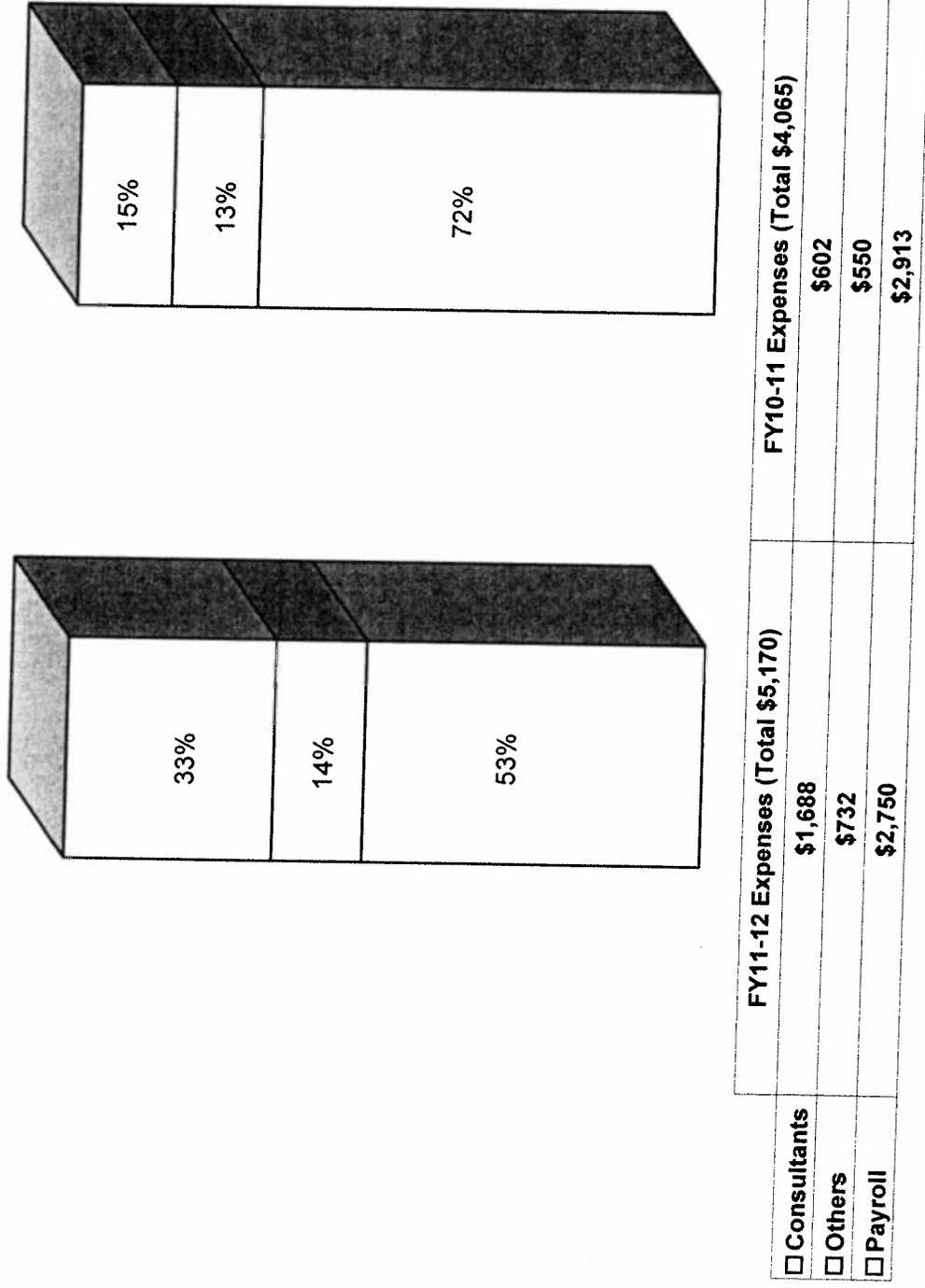
ABAG Financial Indices
Figure 6--Indirect Cost Rate (% of Direct Labor Cost)
FY 11-12



Shows a comparison between the actual indirect cost rate and the approved 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 OMB Circular A-87.

ABAG Financial Indices

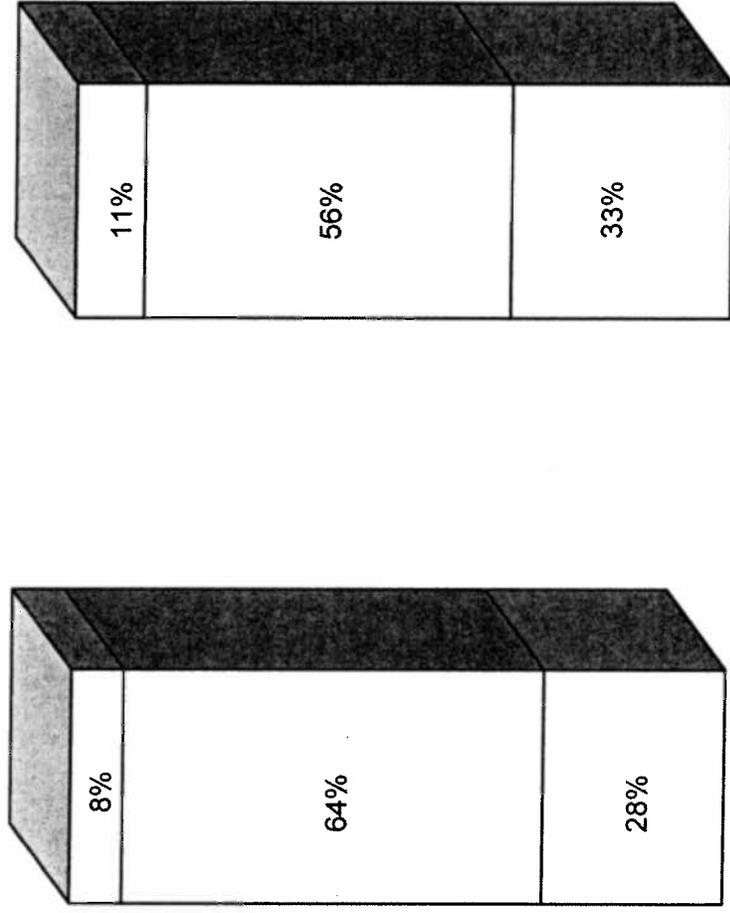
Figure 7-- Composition of Expenses FY 11--FY 12
Year to Date
(\$'000)



This chart compares expenses for current and prior fiscal year. It groups expenses into three broad categories--payroll costs, consultants and other expenses.

ABAG Financial Indices

Figure 8-- Composition of Revenues FY 11--FY 12
Year to Date
(\$'000)



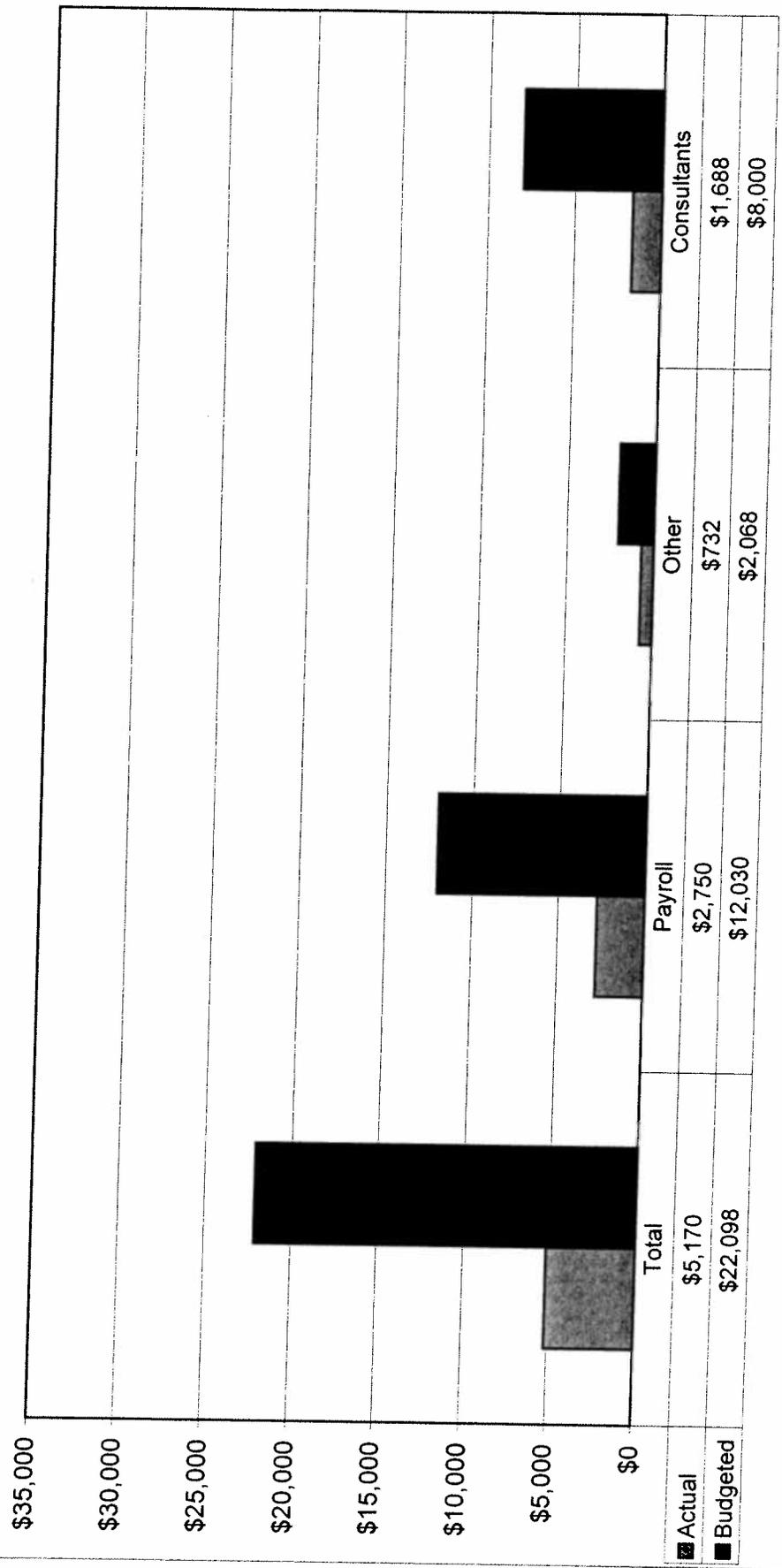
	FY 11-12 Revenue (Total \$5,440)	FY 10-11 Revenue (Total \$4,009)
Membership	\$433	\$421
Grants	\$3,504	\$2,247
Services & Others	\$1,503	\$1,341

Presents a breakdown of total revenues into four main sources--membership, grants, services and others. This chart compares revenue sources between current and prior fiscal year.

ABAG Financial Indices

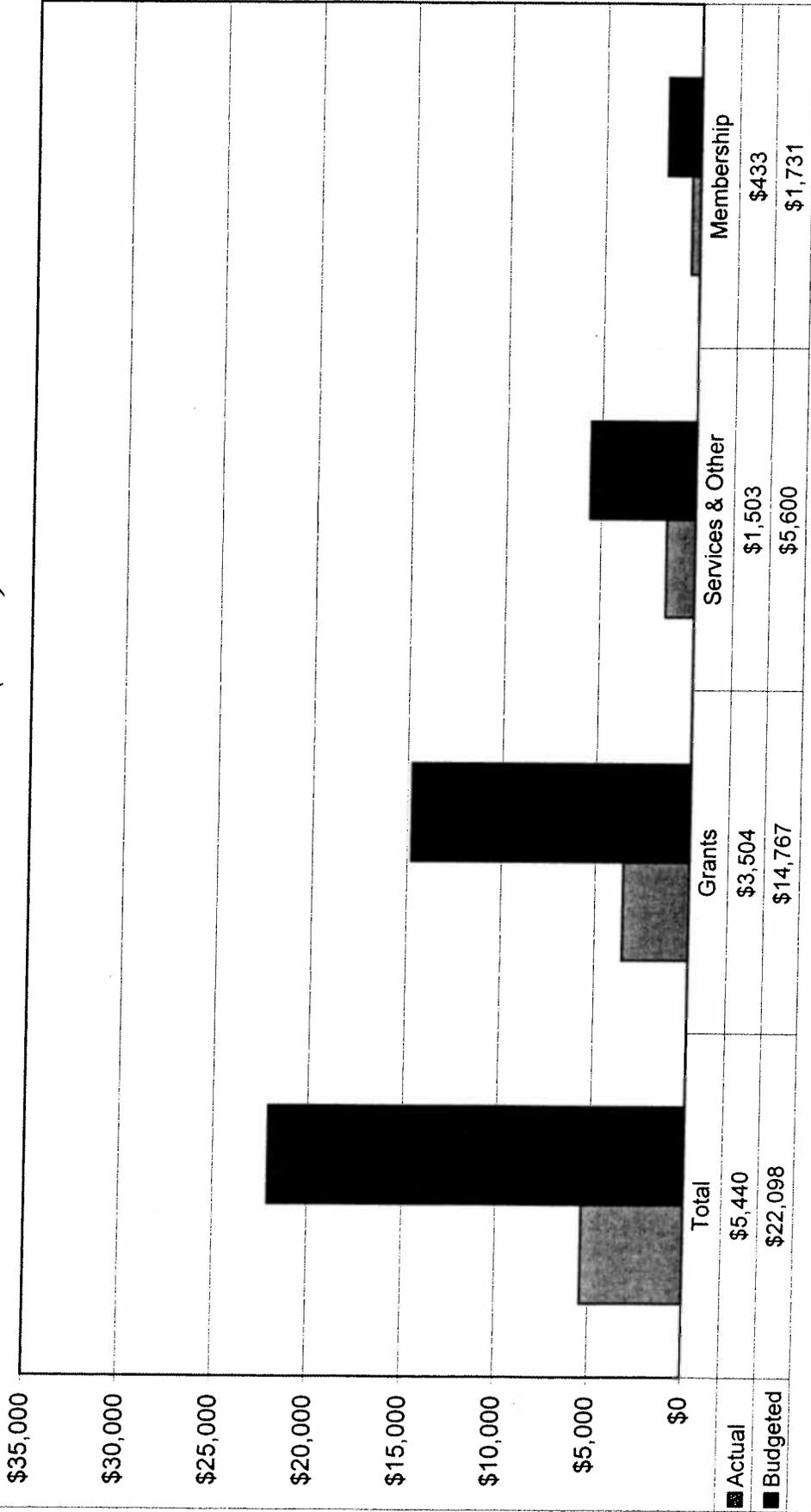
Figure 9--Actual vs Budgeted Expenses--FY 11-12

Year to Date (\$'000)



Presents a comparison of actual and budgeted/projected total expenses as well as component categories: payroll costs, consultants and other expenses.

ABAG Financial Indices
Figure 10--Actual vs Budgeted Revenues--FY 11-12
Year to Date (\$'000)



Presents a comparison of actual and budgeted/projected total revenues as well as component categories: membership dues, grants, services and other.

**ASSOCIATION OF BAY AREA GOVERNMENTS
FINANCE & PERSONNEL COMMITTEE**

**TABLE OF FINANCIAL REPORT DATA ELEMENTS
(thousands of dollars)**

<u>Index Description</u>	<u>Sep-11</u>	<u>Aug-11</u>	<u>Jul-11</u>	<u>Sep-10</u>	<u>Aug-10</u>
Cash	3,069	3,443	2,875	1,721	2,564
Receivables	3,697	3,216	4,631	3,062	2,434
Payroll Cost-YTD	2,750	1,877	1,036	2,913	1,910
-Month	873	841	1,036	1,003	882
Total Other Expense-YTD	2,420	1,041	251	1,152	603
-Month	1,379	790	251	549	469
Total Expenses-YTD	5,170	2,918	1,287	4,065	2,513
-Month	2,252	1,631	1,287	1,552	1,351
Total Revenues-YTD	5,440	3,097	1,138	4,009	2,445
-Month	2,343	1,959	1,138	1,564	1,415
Fund Equity-General	1,349	1,258	930	964	954
Total Restricted	560	560	560	510	510
Total Fund Equity	1,909	1,818	1,490	1,474	1,464
Approved Overhead	42.95%	42.95%	42.95%	42.95%	42.95%
Overhead Rate %	38.73%	38.66%	41.62%	45.53%	47.62%

DATE: November 17, 2011
TO: Chair and Members of the Finance and Personnel Committee
FROM: Herbert L. Pike, Finance Director
SUBJECT: Resolution to Clarify Intent of 1994 ABAG Resolution and to Conform to Updated CalPERS and IRS Regulations

STAFF RECOMMENDATION

Staff recommends the Committee forward the attached Resolution to the Executive Board with a recommendation to pass.

BACKGROUND AND PURPOSE

Internal Revenue Code (IRC) Section 414(h)(2) allows public agencies to designate required employee contributions as being “picked-up” by the employer and treated as employer contributions for tax purposes. The effect of a pick-up is to defer tax on employee contribution amounts until the member retires and receives retirement benefits, or separates from employment and takes a refund of contributions. Absent the 414(h)(2) provision applicable to governmental plans, employee contributions to a defined benefit pension plan qualified under Section 401(a) would automatically be after-tax contributions (e.g. taxable income to the employee at the time the contribution was made).

Revenue Ruling 2006-43 provides, in general, that an employee contribution will not be treated as “picked-up” under IRC 414(h)(2) unless:

- (1) The employer specifies that the contributions, although designated as employee contributions, are being paid by the employer (this action must be memorialized in writing), and
- (2) The employer does not permit participating employees to opt out of the pick-up or to receive the contributed amounts directly instead of having them paid by the employer to the plan.

Revenue Ruling 2006-43 allows employers who do not have written evidence of a pick-up, but their actions show that they intended to establish and carry out a pick-up, to be treated as meeting the requirements of 414(h)(2) for past pre-tax contributions if the employer takes formal action in writing with respect to future picked-up contributions. If formal action is not taken by November 30, 2011, only contributions taken after the written documentation is in place may be treated as picked-up.

Since the early 1980’s, CalPERS has taken steps to ensure that contracting agencies have adopted and submitted to CalPERS appropriate written evidence of pick-ups prior to

reporting tax-deferred member contributions to CalPERS. It had been assumed that this written documentation was submitted when ABAG contracted with CalPERS back in 1994.

When the issue was first renewed in 2008, CalPERS stated that if the benefit was offered under a resolution approved by the IRS in a private letter ruling issued to CalPERS on December 6, 1985, (PLR 8609084), and followed the subsequent CalPERS adoption policies, the Agency need not adopt a new resolution. Again, ABAG proceeded with the belief that said resolution was incorporated in the original contract with CalPERS in 1994.

CalPERS has been in the process of updating its authorizing paperwork regarding payroll and tax deferred CalPERS member contributions. CalPERS has a Service credit Purchase Pre-Tax Resolution on file from ABAG from 1994, but this resolution does not include the appropriate tax code citations to support a tax-deferred member contribution.

ABAG has been identified by CalPERS as one of many agencies that reports tax-deferred member contributions and which now need to provide proper documentation. CalPERS has informed ABAG that it must pass a new resolution and file it with CalPERS authorizing tax deferred reporting. Failure to do so will preclude the recording of any ABAG payroll history after November 30, 2011.

FISCAL IMPACT

Adoption of the attached resolution has no impact upon ABAG because it reflects current and past practice. The contribution has been treated as tax-deferred, so adoption would not change the prevailing practice over the last 17 years.

Failure to adopt the resolution would make the benefit taxable, increasing employee tax liability and potentially increasing the taxable income which CalPERS uses in its calculation of retirement benefits, social security, Medicare, life insurance and disability payments. This would reduce employee take-home pay and increase ABAG's benefit costs in accordance with its current labor agreement.

**ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD**

RESOLUTION NO. 14-11

**RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS
IRC SECTION 414(h)(2) EMPLOYER PICK-UP**

WHEREAS, the Executive Board of the Association of Bay Area Governments (ABAG) has the authority to implement the provisions of section 414(h)(2) of the Internal Revenue Code (IRC); and

WHEREAS, ABAG has determined that even though the implementation of the provisions of section 414(h)(2) IRC is not required by law, the tax benefit offered by section 414(h)(2) IRC should be provided to all employees who are members of the California Public Employees' Retirement System:

NOW, THEREFORE, BE IT RESOLVED,

- I. That ABAG will implement the provisions of section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code Section 20691 to the California Public Employees' Retirement System on behalf of all its employees who are members of the California Public Employees Retirement System. "Employee contributions" shall mean those contributions to the Public Employees' Retirement System which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code section 20691.
- II. That the contributions made by ABAG to the California Public Employees' Retirement System, although designated as employee contributions, are being paid by ABAG in lieu of contributions by the employees who are members of the California Public Employees' Retirement System.
- III. That employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by ABAG to the California Public Employees' Retirement System.
- IV. That ABAG shall pay to the California Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary.
- V. That the amount of the contributions designated as employee contributions and paid by ABAG to the California Public Employees' Retirement System on behalf of an employee shall be the entire contribution required of the employee by the California Public Employees' Retirement Law (California Government Code Sections 20000, et seq.).

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 14-11**

VI. That the contributions designated as employee contributions made by ABAG to the California Public Employees' Retirement System shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by the California Public Employees' Retirement System.

The foregoing adopted by the Executive Board this 17th day of November, 2011.

Mark Green
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 17th day of November, 2011.

Ezra Rapport
Secretary-Treasurer

Approved as To Legal Form

Kenneth K. Moy
Legal Counsel

RETURN ADDRESS

FOR CALPERS USE ONLY

RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS – IRC 414(h)(2)

Approved by: _____

Title: _____

ABAG CALENDAR – November & December 2011

ASSOCIATION OF BAY AREA GOVERNMENTS [ABAG]

Joseph P. Bort MetroCenter, 101 Eighth Street, Oakland, CA 94607-4756

ABAG Receptionist: 510/464-7900

ABAG FAX: 510/464-7985

E-mail: info@abag.ca.gov

URL: <http://www.abag.ca.gov>

NOVEMBER

Legislation & Governmental Organization

11/17 @ 3:30 pm, MetroCenter, ABAG Conference Room B

Finance & Personnel Committee

11/17 @ 5:00 pm, MetroCenter, ABAG Conference Room B

EXECUTIVE BOARD

11/17 @ 7:00 pm, MetroCenter, Auditorium

ABAG / BAAQMD / MTC Joint Policy Committee

11/16 @ 10:00 am, MetroCenter, Auditorium

Regional Airport Planning Committee (RAPC)

11/25 @ 9:30 am, MetroCenter, Auditorium

DECEMBER

Regional Advisory Working Group

12/6 @ 9:30 am, MetroCenter, Auditorium.

Regional Planning Committee (RPC)

12/7 @ 1:00 p.m., MetroCenter, Auditorium.

Bay Trail Steering Committee

12/8 @ 1:30 pm, MetroCenter, ABAG Conference Room B

ABAG Power Executive Board

12/14 @ 10:30 am., MetroCenter, Auditorium

** ABAG programs for which a fee is charged and pre-registration is required. To register or for further information, contact
ABAG Receptionist at 510/464-7900.

For ABAG Training Center information contact Chanell Gumbs at 510/464-7964.

PRESIDENT	Mayor Mark Green, City of Union City
VICE PRESIDENT	Supervisor Susan L. Adams, County of Marin
IMMEDIATE PAST PRESIDENT	Supervisor Rose Jacobs Gibson, County of San Mateo
SECRETARY-TREASURER	Ezra Rapport
LEGAL COUNSEL	Kenneth K. Moy

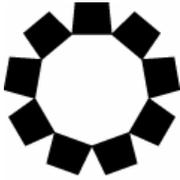
County of	Representative	Alternate
ALAMEDA	** Supervisor Nadia Lockyer	Supervisor Keith Carson
ALAMEDA	** Supervisor Scott Haggerty	Supervisor Nathan Miley
CONTRA COSTA	* Supervisor Gayle B. Uilkema	To Be Appointed
CONTRA COSTA	* Supervisor John Gioia	Supervisor Mary Piepho
MARIN	** Supervisor Susan L. Adams	Supervisor Judy Arnold
NAPA	** Supervisor Mark Luce	Supervisor Bill Dodd
SAN FRANCISCO	** Supervisor John Avalos	Supervisor Eric Mar
SAN FRANCISCO	** Supervisor Ross Mirkarimi	To Be Appointed
SAN FRANCISCO	* Supervisor Malia Cohen	To Be Appointed
SAN MATEO	* Supervisor Rose Jacobs Gibson	To Be Appointed
SAN MATEO	* Supervisor Dave Pine	To Be Appointed
SANTA CLARA	** Supervisor Ken Yeager	Supervisor George Shirakawa
SANTA CLARA	** Supervisor David Cortese	Supervisor Mike Wasserman
SOLANO	* Supervisor Barbara Kondylis	Supervisor Linda Seifert
SONOMA	* Supervisor David Rabbitt	Supervisor Shirlee Zane

Cities in the County of	Representative	Alternate
ALAMEDA	* Councilmember Beverly Johnson (Alameda)	Mayor Stephen Cassidy (San Leandro)
ALAMEDA	* Mayor Mark Green (Union City)	Mayor Michael Sweeney (Hayward)
CONTRA COSTA	** Councilmember Julie Pierce (Clayton)	Councilmember Brandt Andersson (Lafayette)
CONTRA COSTA	** Councilmember Dave Hudson (San Ramon)	Councilmember Ben Johnson (Pittsburg)
MARIN	* Councilmember Carole Dillon-Knutson (Novato)	To Be Appointed
NAPA	* Mayor Jack Gingles (Calistoga)	Mayor Leon Garcia (American Canyon)
CITY OF SAN FRANCISCO	* Mayor Edwin Lee	Jason Elliott, Legislative Director
CITY OF SAN FRANCISCO	* Kate Howard, Government Affairs Director	Joaquin Torres, Liaison, Neighborhood Services
SAN MATEO	** Councilmember A. Sepi Richardson (Brisbane)	Councilmember Pedro Gonzalez (S San Francisco)
SAN MATEO	** Vice Mayor Richard Garbarino (S San Francisco)	Councilmember Nadia Holoher (Millbrae)
SANTA CLARA	* Councilmember Ronit Bryant (Mountain View)	Councilmember David Casas (Los Altos)
SANTA CLARA	* Mayor Joe Pirzynski (Los Gatos)	Vice Mayor Gilbert Wong (Cupertino)
SOLANO	** Mayor Harry Price (Fairfield)	Mayor Jack Batchelor (Dixon)
SONOMA	** Councilmember Susan Gorin (Santa Rosa)	Tiffany Renee (Petaluma)
CITY OF OAKLAND	* Councilmember Rebecca Kaplan	To Be Appointed
CITY OF OAKLAND	* Councilmember Jane Brunner	To Be Appointed
CITY OF OAKLAND	* Councilmember Desley Brooks	To Be Appointed
CITY OF SAN JOSE	* Councilmember Sam Liccardo	Councilmember Rose Herrera
CITY OF SAN JOSE	* Councilmember Kansan Chu	Councilmember Nancy Pyle
CITY OF SAN JOSE	* Councilmember Ash Kalra	Mayor Chuck Reed

Advisory Members	Representative	Alternate
RWQCB	Terry Young	Bill Peacock

* Term of Appointment: July 1, 2010 - June 30, 2012

** Term of Appointment: July 1, 2011 - June 30, 2013



ABAG

Meeting Schedule 2012

Executive Board Meetings

January 19
March 15
May 17
July 19
September 20
November 15

START TIME
7:00 PM

LOCATION
Joseph P. Bort MetroCenter Auditorium
101 8th Street
Oakland, California 94607
Across from the Lake Merritt BART Station

Spring General Assembly

April 19
Location TBD

Fall General Assembly

October TBD
Location TBD