

A G E N D A

REVISED

ADMINISTRATIVE COMMITTEE

Wednesday, July 27, 2011, 9:00 AM to 11:00 PM
Special Meeting

Location

MetroCenter, 101—8th Street, Conference Room B/Auditorium
Oakland, CA

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

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

1. **Call to Order**
2. **Public Comment**
3. **Review of Executive Board Action Regarding the Proposed Regional Co-location Facility****
4. **CLOSED SESSION**

The ABAG Administrative Committee will meet 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 Administrative Committee; Ezra Rapport, Executive Director; Patricia Jones, Assistant Executive Director; Kenneth Moy, Legal Counsel; Herbert Pike, Finance Director

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

Under Negotiation: Price and Terms

Committee may act on any item on this agenda. **Attachment included.

Administrative Committee

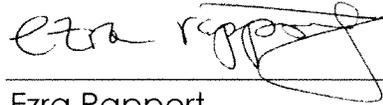
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5. OPEN SESSION

Staff must read for the record the specific action required to support action by the Administrative Committee.

6. Adjournment

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

Ezra Rapport
Secretary-Treasurer

Committee may act on any item on this agenda. **Attachment included.

M E M O

[REDACTED]

Date: July 22, 2011

To: Administrative Committee

From: Ezra Rapport
Executive Director

Subject: **ABAG Executive Board Concerns Regarding the Proposed Relocation to 390 Main, San Francisco**

The ABAG Executive Board has appointed the ABAG Administrative Committee to act as negotiators for ABAG with MTC on the proposed co-location with MTC to the 390 Main Street property. The Board requested that the Administrative Committee seek a meeting with MTC Commissioners prior to any decision made by MTC to relocate to express the concerns of the ABAG Executive Board.

The Executive Board passed the following motion in closed session last night:

The ABAG Executive Board politely declines to endorse the Main Street building site as a relocation site for ABAG. The ABAG Board would entertain the opportunity to reconsider this position if the following actions were taken:

- a) The Administrative Committee has an opportunity to fully vet and discuss the concerns of the ABAG Executive Board with MTC prior to any final decision regarding the 390 Main Street proposal;
- b) A complete evaluation is prepared to compare the best Oakland building option and the 390 Main Street proposal. This analysis would include the total project and life cycle cost of each proposal including the scope of renovations needed at Main Street, versus the cost of new construction or renovation for a turn key building in Oakland. This analysis should be established independent of the method of financing or the requirement to obtain rental space;
- c) Additional information provided regarding the commute times of ABAG employees and the assumptions under which they were calculated, including a

verification of commute times for Board members, comparing travel times to Oakland and the Main Street building, and these travel times will act as a proxy for members of the public as well;

- d) An analysis of alternative financing options, so that the conditions of any use of financing are not the determinant factor in the choices available to the agencies. The side by side analysis of the Oakland versus San Francisco options should optimize the financing available for each option, so that a cost differential between the building options can be clearly established as a choice for the regional agencies.

It should be noted that, but for the portion of the motion regarding the “polite decline to endorse” language, the ABAG Executive Board was unanimous that the provisions (a) through (d) should be completed before ABAG would entertain another motion to relocate to 390 Main Street. The San Francisco City and County Board representative present at the closed session voted against the “polite decline” language.

The ABAG Executive Board concerns include the following:

1. ABAG, unlike the other regional agencies, is a membership organization which collects dues from 110 jurisdictions, and relies on volunteer participants to be physically present at the meetings to engage in regional dialogue. This dialogue is fundamental to ABAG’s mission, and access to the meeting site is essential for its viability. The ABAG mission to foster regional communication, cooperation, and participation has resulted in the successful administration of many millions of dollars of grant funds to local government for a variety of purposes and the operation of enterprise units working in the fields of pooled insurance, energy consumption, and public finance. Access to the ABAG site must be as convenient as possible for Board members, staff from local government, and members of the public. ABAG has been successful in Oakland for 50 years. The Board believes the 390 Main Street location is significantly less accessible, both by vehicle, which must contend with unreliable traffic in and out of San Francisco, and by BART, given the half mile walk from the nearest BART station, especially at night or during inclement weather. This added travel time to attend ABAG events will likely result in a significant loss of attendance from several counties in the Bay Area and will damage ABAG’s standing as a regional body.
2. The ability of ABAG staff to attend meetings in other parts of the region is substantially diminished at 390 Main compared to the current location. ABAG staff presently is able to attend meetings in all counties during work hours. Many of these meetings require automobile use and the driving times in and out of the Main Street location is substantially longer and possibly prohibitive.

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Concerns Regarding the Proposed Relocation to 390 Main, San Francisco

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3. 80% of the employees at ABAG live in the East Bay, and an employee survey found that many of them consider the Main Street location a significant hardship. Living in San Francisco with a family is in most cases not an option for these employees. ABAG employees are typically paid lower market salaries in exchange for good benefits and working conditions. The current location of ABAG allows employees flexibility in linked trips after work to assist in their family life. The relocation to Main Street may injure the low cost business model of attracting quality employees to ABAG and its enterprise units.
4. The ABAG Board is concerned with the time frame for making a decision regarding the Main Street purchase with the evaluation of all alternatives. While ABAG appreciates the financial terms MTC has offered ABAG for relocation, the ABAG Board finds that the relocation implications for ABAG are complex and require more time for review. The ABAG Board would like more information regarding the funding sources for this transaction and whether or not these funds could have been used for other public purposes. This information is considered relevant in participating in the decision to purchase the Main Street Building.

M E M O

[REDACTED]

Date: July 25, 2011

To: Administrative Committee

From: Ezra Rapport
Executive Director

Subject: **Proposed ABAG Building Relocation**

The ABAG Executive Board directed the Administrative Committee to meet with the MTC Commissioners to discuss the ramifications of the MTC relocation decision.

MTC Executive Director Steve Heminger, consulting with the MTC Chair, Adrienne Tissier, advised me that the relocation decision for MTC in closed session was sufficiently weighty that it required its full scheduled time. Mr. Heminger was concerned that meeting with the ABAG Administrative Committee would be too time consuming and could result in insufficient time for MTC Commissioners to discuss the issues among themselves.

MTC has scheduled a closed session to start at 9:30 AM on Wednesday morning, July 27. As a late breaking item, the Administrative Committee of ABAG could be included in the MTC closed session as negotiators of the 390 Main Building under the Brown act, but only if the MTC Commissioners vote to include the Administrative Committee at the beginning of the meeting.

The reason it is important to communicate with all the MTC Commissioners on the morning of July 27 is because the 390 Main Building option must be executed with a large cash payment in short order, or, as we understand it, the option expires. This means that if the MTC approves the execution of the 390 Main Building option on July 27, the action taken that day will be irreversible, and the MTC will be moving from the MetroCenter, leaving ABAG in its present space.

Given the legitimate concerns regarding sufficient time for MTC Commissioners to discuss this issue and its ramifications, one compromise proposal would be for the Administrative Committee of ABAG to agree to limit the presentation of their views to

15 minutes, with follow-up discussion with the MTC Commissioners also limited to 15 minutes. If the MTC still prefers to not include the Administrative Committee in their closed session, the comments could be made with speaker cards in open session.

It is important to note that a proposal that was originally intended to act as a facility for regional agency co-location will instead be co-locating the MTC and the BAAQMD. In our opinion, these two agencies have far less reason to co-locate than does MTC and ABAG.

The following are additional points mentioned by others that should supplement my prior memo of Friday, July 22.

1. The regional agencies previously agreed to *screening* criteria among potential buildings in Oakland and San Francisco. There was no agreement among the agencies for *selection* criteria.
2. Selection criteria would weigh the value of various elements of the proposal, such as the accessibility differences between a building that was within one half mile of BART in San Francisco, and one that was located directly on BART either in San Francisco or Oakland.
3. Other factors that would be expected to be included in the selection criteria would be a comparison of a proposed new location to *staying in place*. Headquarters decisions are usually considered to first meet the long term needs of the agencies, and second to make a cost effective purchase to meet those needs. In this case, ABAG's long term needs, as stated by the Executive Board, are potentially not met by the 390 Main Street location because of its accessibility issues.
4. The decision making regarding building consolidation was intended to be deliberative, with open meetings allowing comments from members of the public as well as other governmental agencies that do regular business with the regional agencies. The process was expected to vet whether or not the advantages of the proposed new regional building consolidation outweighed the advantages of the current location and took into account the cost as well as other alternative uses for such available funds.
5. In many cases where new headquarters are considered for various reasons, agencies opt to build to suit. This is done primarily because the specialized needs of public agencies are rarely met in existing buildings, but another factor is because public agencies take time to consider the ramifications of moving for the Boards, staff, and members of the public, both from an access and financing perspective. The deliberative speed of the public decision making process does not match well to the needs of existing building owners who need to move quickly in the real estate market. In this case, the time pressure to make a decision

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Proposed ABAG Building Relocation

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by ABAG and MTC is dictated not by the needs of the public agencies, but by the desire to execute the option on 390 Main in San Francisco that was set by the owners of the building.

6. The Executive Board Action on July 21st requires the Administrative Committee to report back to the Executive Board prior to any decision regarding ABAG relocation. ABAG can if needed or desired, can reconsider its decision at that time.