To: MTC Planning Committee
ABAG Administrative Committee

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Subject: MTC-ABAG Merger Study Update
Financial Forecasts, Stakeholder Engagement Overview, Merger Study Principles, Problem Definitions, Options and Evaluation Criteria

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At the March 25, 2016 meeting of the MTC Planning and ABAG Administrative Committees, Management Partners will present the following:

1. An update on the Merger Study;
2. An overview of MTC and ABAG planning program areas;
3. An overview of the MTC and ABAG functional organization charts following MTC Resolution 4210;
4. A financial forecast for MTC and ABAG, which includes impacts of MTC Resolution 4210;
5. An overview of preliminary stakeholder engagement comments and themes;
6. Results of the electronic survey taken by elected officials; and
7. A review and discussion of the proposed merger study principles, problem definitions, range of options and evaluation criteria.

At this meeting, we are not asking the Joint Committee to select any option; rather, we are seeking the Committee's review and comment on the range of options to be analyzed. At the April 22 Joint Committee meeting, Management Partners will present an analysis of the options and our recommendations to address the problems and issues that have emerged from the merger study process. At that meeting, we will ask the Joint Committee for direction on next steps so we may prepare an implementation plan on the option(s) chosen, if any. The implementation plans will vary, depending on the option or range of options selected by the Joint Committee, if any, on April 22. Any option which includes pursuing a new regional governance model will require a much longer time frame than is currently provided for in this engagement and any implementation plan developed that includes such an option would clearly extend well beyond June.

Project Update

Since our February meeting the project team has:

- Conducted most, but not quite all the stakeholder engagement meetings set forth in the Stakeholder Engagement Plan. Some meetings remain for April.
- Deployed and compiled the results of an electronic survey for elected officials from all Bay Area cities, towns and counties, as well as AC Transit and BART.
- Met with MTC and ABAG staff to understand their planning program areas and functions to determine overlapping roles and responsibilities.
- Worked with MTC and ABAG staff to complete the five-year financial forecasts.
- Developed a revised set of proposed merger study principles.
- Drafted three problem statements and a range of options to address them, as well as proposed evaluation criteria.
- Continued to obtain background information to inform the range of options and evaluation criteria for analysis.

Overview of Planning Program Areas

To inform the discussion regarding MTC's and ABAG's regional planning roles, we met with staff members in each agency to understand and document their major planning program areas. Attachment A provides an overview of those areas, including a discussion about overlapping programs and functions.

Functional Organization Structures

To understand the general functional duties and responsibilities of MTC and ABAG, we presented existing functional organization charts for the agencies on February 26. These are distinguished from typical organization charts in that they are intended less to show hierarchy than how major functions are distributed across the organization, along with the number of employees allocated to each function. At the February 26 Joint Committee meeting, we were asked to produce functional charts based on implementation of MTC Resolution 4210 which would primarily impact the planning functions. In consultation with both MTC and ABAG staff, Attachment B provides the existing functional organization charts and those that would result post implementation of MTC Resolution 4210.

Financial Forecasts

The initial assessments of the impact of the implementation of MTC Resolution 4210 in the fall of 2015 by both MTC and ABAG were based on a set of assumptions predicated on the best available information at the time. As part of this project, Management Partners proposed and the Joint Committee agreed that we conduct financial forecasts for the existing operating budgets of both agencies as well as forecasts following the implementation of MTC Resolution 4210. Attachment C provides a summary of both forecasts for each agency and a PowerPoint that will be presented at the meeting.

Preliminary Stakeholder Engagement Comments and Themes/Electronic Survey

Implementation of the stakeholder engagement plan is not entirely done, but we have completed about 80% of the meetings. As the Joint Committee reviews the merger study principles, problem statements, range of options and evaluation criteria, we believe it is useful to review the major comments and themes that have emerged from the meetings. These are summarized in Attachment D. Additionally, we have compiled the results of the electronic survey sent to all elected officials in the cities, towns and counties in the Bay Area region, as well as AC Transit and BART. The results are provided in Attachment E.

Proposed Merger Study Principles, Problems, Options and Evaluation Criteria

In anticipation of the April 22 Joint Committee meeting where Management Partners' analysis of the options and recommended actions will be presented, we will be reviewing and discussing the following at the March 25 meeting:

1. *Merger Study Principles.* Based on the Joint Committee January Workshop, interviews with the elected officials, and the stakeholder engagement discussions, we have revised the principles to guide the options and evaluation criteria.
2. *Problem Definition.* It has been challenging to achieve consensus on the problems/issues that need to be addressed in this project. Nonetheless, following the interviews and the comments that emerged from the stakeholder engagement process as well as our own research, analysis and thinking, we believe there effectively are three problems that are driving this discussion and warrant resolution.
3. *Range of Options.* To address the problems described in the Problem Definition document, Management Partners developed ten options. These options are not analyzed at this time; rather our objective in this meeting is to determine if this is the full range of options to be considered and whether any should be eliminated or combined in a different way. We will then provide an analysis and report at the April 22 meeting of the options evaluated and seek direction on next steps to inform an implementation plan.
4. *Evaluation Criteria.* In addition to analyzing the financial, policy, legal and employee impacts of each of the options in our report on April 22, we propose to use a set of criteria against which each option will also be evaluated. During the meeting on March 25, we will describe the general analysis framework and the process for implementing the evaluation criteria.

These documents may be found in Attachment F.

Meeting Agenda for April 22 (next meeting)

The next meeting of the MTC Planning Committee and ABAG Administrative Committee on the merger study is scheduled for April 22. At that meeting we will present our analysis of the options as well as our recommendations.