



**METROPOLITAN
TRANSPORTATION
COMMISSION**

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.5848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Memorandum

TO: Commission

DATE: September 19, 2012

FR: Executive Director

RE: Funding Agreement Framework for MTC/ABAG Joint Planning Activities

The Association of Bay Area Governments (ABAG) has requested the Commission to consider a new approach to funding joint planning activities that would provide ABAG a more predictable basis for their annual budgeting. Members of the ABAG Board and Commission met twice to discuss an approach to a multi-year funding agreement and a baseline calculation of ABAG's expenses that would be covered by this agreement. Based on those meetings and continuing conversations between board members of both agencies, staff is recommending a framework for your approval.

Background

The current MTC/ABAG funding agreement for ABAG's research and planning activities is based on a formula allocation of a percentage of the federal and TDA planning funds that MTC receives each year. This formula has been in existence since FY 1993-94. In addition to these funds, MTC provides ABAG a percentage of regional planning funds per the One Bay Area Grant (OBAG) formula allocation, and funding for ABAG staff support to the Station Area Planning program, now re-named the PDA Planning program.

In addition to the above, in both FY 2011-12 and FY 2012-13, the region received a \$1,000,000 grant from the state's Strategic Growth Council Sustainable Communities Planning Grant program per Proposition 84. MTC and ABAG have shared these funds to cover costs associated with implementing the joint planning requirements of SB 375. The final round of grant funding under this program will occur in FY 2013-14. While we are advocating for the continuation of state funding support after that date, the loss of these funds would have a significant impact on ABAG's ability to fund its research and planning functions.

Proposed Framework

- The agreement would cover a four-year period beginning FY 2013-14 through FY 2016-17 and would replace the current annual formula calculation with a specific dollar amount per year.
- The framework includes a mechanism and funding for ABAG to contribute to the cost of tenant improvements to new office space in the event ABAG decides to relocate its

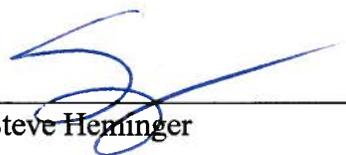
offices to the new Regional Headquarters Facility.

- Per the meetings of ABAG Board and Commission members noted above, the proposed funding amounts are calculated using an FY 2012-13 estimate of ABAG’s research and planning services expenses of \$3,700,000 as the base, escalated at 1.5% per year, plus funding sufficient for ABAG to contribute to the cost of tenant improvements as noted above.
- Per these assumptions, the annual amount of funds to be made available to ABAG would be as follows:

FY 2013-14	\$4,105,000
FY 2014-15	\$4,162,000
FY 2015-16	\$4,219,000
FY 2016-17	\$4,277,000

- The funding sources for the agreement would include the final round of Prop. 84 funds in FY 2013-14 as well as any new state planning funds made available to the region to support research, planning and implementation activities per the requirements by SB 375 and Plan Bay Area. MTC and ABAG will advocate for the continuation of state planning funds to support these activities.
- The framework would allow unspent funds to carry over into ensuing years’ agreements for expenditure by ABAG in subsequent fiscal years, thereby providing budget capacity over the course of the four-year agreement to meet anticipated agency expenses.
- The MTC Administration Committee would authorize the execution of each year’s agreement, per the funding amounts above, in order to confirm the scope of work for research and planning activities to be carried out by ABAG in exchange for the funding received.
- ABAG and MTC will explore in earnest ways to reduce costs related to duplicate functions.

Staff seeks the Commission’s approval of this framework and authorization to forward it to ABAG for consideration as the basis for the MTC/ABAG funding agreements beginning in FY 2013-14.


Steve Heminger