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Memorandum

TO: Commission

DATE: February 20, 2013

FR: Deputy Executive Director, Policy

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

The Administration Committee is forwarding to the Commission for approval a revised framework for funding the Association of Bay Area Governments' (ABAG) research and planning activities. This framework would replace the one approved by the Commission in September 2012.

The attached staff memorandum to the Administration Committee provides the background and justification to extend the framework from four to eight years (FY2013-14 through FY2020-21) in order to provide sufficient funding for ABAG to cover the cost of tenant improvements to ABAG's agency space at the new Regional Agency Headquarters facility. All other provisions of the original framework remain unchanged.

Following Commission action, the revised framework will be forwarded to ABAG for concurrence.

Ann Flemer

Ann Flemer

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Agenda Item 5

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Memorandum

TO: Administration Committee

DATE: February 6, 2013

FR: Executive Director

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

In September 2012, the Commission approved a four-year framework for funding the Association of Bay Area Governments (ABAG) joint planning activities that would provide ABAG a more predictable basis for their annual budgeting. That framework did not fully take into account the relocation of ABAG's offices to the new Regional Agency Headquarters facility and included funding for the costs to ABAG associated with their share of tenant improvements at the facility.

ABAG has now agreed in principle to relocate its offices to the Regional Agency Headquarters facility. We anticipate the ABAG Administrative Committee will approve the form of the Covenants, Conditions and Restrictions (CC&Rs) and Purchase and Sale Agreement for ABAG's offices at the new facility at its meeting on February 7, 2013. We will provide an update at the Committee meeting.

The final financial agreement negotiated by ABAG and the Bay Area Headquarters Authority (BAHA) includes a cost of $4.2 million for tenant improvements to ABAG's agency space. As a result, staff is recommending a revised funding framework that includes sufficient funding to cover these costs, for this Committee's referral to the full Commission for approval.

Revised Funding Agreement Framework

The revised framework would extend the MTC annual funding commitments by an additional four years from FY2013-14 through FY 2020-21 (see Attachment A). This extension allows ABAG to pay for the tenant improvements while maintaining annual budget capacity for its planning and research program per the original funding framework approved by the Commission.

All other provisions of the original framework would remain unchanged, as follows:

- The annual 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.

- 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 under SB 375 and Plan Bay Area. MTC and ABAG will advocate for the continuation of state planning funds to support these activities.

- Unspent funds are allowed to be carried over into ensuing years' agreements for expenditure by ABAG in subsequent fiscal years, thereby providing budget capacity over the course of the eight-year agreement to meet anticipated agency expenses.

- The MTC Administration Committee would authorize the execution of each year's agreement, pursuant to the funding amounts in Attachment A, 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 any duplicative planning or administrative functions.

Subject to final approval of the Covenants, Conditions and Restrictions, and the Purchase and Sale Agreement by ABAG's Administrative Committee for office space at 390 Main Street, staff recommends that this Committee refer the revised framework to the Commission for approval and authorization to forward it to ABAG for concurrence as the basis for the MTC/ABAG funding agreements beginning in FY 2013-14.

Steve Heminger

Attachment A

MTC/ABAG Funding Framework

REVISED MTC Funding Commitments

February 2013

	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	
Current Framework									
Planning & Research	3,755,000	3,812,000	3,869,000	3,927,000	NA	NA	NA	NA	$ 15,363,000
Tenant Improvements	350,000	350,000	350,000	350,000	NA	NA	NA	NA	$ 1,400,000
Total	**4,105,000**	**4,162,000**	**4,219,000**	**4,277,000**	**NA**	**NA**	**NA**	**NA**	**$ 16,763,000**
Revised Framework									
Planning & Research	3,755,000	3,812,000	3,869,000	3,927,000	3,956,000	4,046,000	4,106,000	4,168,000	$ 31,639,000
Tenant Improvements	400,000	400,000	450,000	550,000	600,000	600,000	600,000	600,000	$ 4,200,000
Total	**4,155,000**	**4,212,000**	**4,319,000**	**4,477,000**	**4,556,000**	**4,646,000**	**4,706,000**	**4,768,000**	**$ 35,839,000**
Difference	$ 50,000	$ 50,000	$ 100,000	$ 200,000	$ 4,556,000	$ 4,646,000	$ 4,706,000	$ 4,768,000	$ 19,076,000