

April 22, 2016

Joseph P. Bort MetroCenter
101 8th Street
Oakland, California

Dear Julie Pierce, Chair, ABAG Administrative Committee and
James P. Spering, Chair, MTC Planning Committee:

We are writing to share our thoughts about the proposed merger options and to offer some perspective on how to ensure a successful merger process in the coming months. We commend board and staff at MTC and ABAG as well as Management Partners in putting together options that point to a clear path forward toward a merger of the two agencies. We support the creation of a combined regional planning organization as it will better allow us to address complex interrelated regional issues such as transportation, land use, climate change, open space, economic development, social equity and housing.

SPUR, the San Francisco Bay Area Planning and Urban Research Association, is an urban civic group and policy think tank with offices in the Bay Area's three central cities. For many decades, we have advocated for more effective regional government and have actively participated in the merger discussion of recent months.

The Joint MTC Planning and ABAG Administrative Committee packet identifies seven options plus the "base case" of implementing MTC Resolution 4210. While we support elements of several options (particularly 6 and 7), the option that most closely aligns with what we've been publicly arguing for is Option 7: "Consolidate staff functions under one Executive Director."

This letter is to express our support for the broad outlines of Option 7 as well as to identify some of the success factors and questions that should be addressed in the merger. Whichever option is ultimately selected, it is most important that both organizations take deliberate action towards a full merger while also carefully preparing for its implementation.

Why we support Option 7

Option 7 puts the staff/organizational merger first, not a governance merger. One goal of the merger study was to identify the appropriate initial step. We think that carefully merging the staff into a single organization under one executive director is the appropriate first step. While it will be necessary to eventually reevaluate the governance of the two boards, such a change is best achieved after further study

and evaluation. Further, tackling governance reform first is perhaps one of the reasons why prior attempts to merge ABAG and MTC did not succeed.

Option 7 provides the most significant break from the current status quo. Option 7 is the only option which identifies as the key initial step the creation of a single organization to carry out the functions currently housed at MTC and ABAG. This is a more significant initial step than any of the other concepts outlined.

Option 7 does not preclude additional improvements to regional planning over time. Over time, there will need to be regional governance reform which will require state legislation. Such reform involves everything from changing names to combining boards to adjusting seat distribution in order to better represent the region to clarifying the specific duties and powers of each respective board. It could even involve further governance mergers – such as with the Air District or BCDC – to establish a more comprehensive regional agency. While none of those steps needs to happen now, pursuing Option 7 also does not preclude such future actions.

What are success factors for a merger?

We've spoken with a number of people who have been involved in prior public sector or private sector mergers. Those conversations revealed several important considerations. First, mergers are most successful when those at the lowest rung of the organizational ladder support it. Engaging such staff at both MTC and ABAG in the actual process of designing and implementing a merger is critical. Mergers are less successful when they are implemented in a top down fashion. Second, mergers can also take a long time and need not be rushed. Paying careful attention to the myriad needs and interests both within and outside of MTC and ABAG will be critical to ensuring the ultimate success. External interests include cities, counties, county transportation agencies (i.e. CMAs and TAs), transit operators as well as civic and nongovernmental organizations.

What issues should be addressed and what decisions will need to be made?

The following are some of the key questions to address as the merger process moves forward:

1. Will there be a new name and mission statement for the combined organization?

To ensure that the merger results in a major break from the past, will there be a new name for the combined organization? This would help signal that the merger is not about ABAG staff shifting into MTC but about all staff becoming part of something new. In addition, will there be a mission statement that addresses a range of interrelated regional issues such as land use, transportation, conservation of natural and agricultural landscapes, climate change, social equity, housing affordability and economic development in an integrated and holistic fashion? Will the mission and vision acknowledge the importance of collaboration between local governments, transportation providers and regional agencies?

2. What will be the process for actual unit/department merger and will staff be combined by function?

While a lot of the discussion has focused on the planning department, a full organizational merger will include many other functions and departments (public affairs, IT, finance, HR, legal, etc.). How will this work? Will the public affairs and communications staff be combined into a single larger department? Will there be a new program area called “Local Government Services”? And within the planning department, how will staff be organized? For example, will the resilience staff at ABAG become an independent unit within the Planning Department or will they be combined with MTC’s resilience staff? Also, what will be the process to develop new program areas as needed, such as one focused on economic development and potentially one focused on natural resource conservation areas? Finally, should all programs at MTC and ABAG remain in the combined organization, or would any of them make sense shifting to another regional organization such as the Air District or BCDC?

3. How will the two different organizational cultures and styles become effectively combined?

Mergers inherently involve combining organizations with distinct cultures. What will be the process to acknowledge the distinct cultures and proactively work to combine them? Will management use industry best practices in merging organizational cultures? There are many examples of government mergers where distinct – and conflicting – organizational cultures remain for over a decade. How will staff and executive management overcome such tendencies while respecting the differences in organizational culture?

4. How will the labor considerations of all staff be respected (from union representation to cost of retiree benefits)?

Will all current staff at both agencies be offered employment at the new agency with commensurate salary, benefits and responsibilities? Will the combined organization adopt a “card check” neutrality agreement to enable potential labor representation? How will the financial responsibility for all current and future retirees be funded?

5. What is the direct line of authority between staff and both boards?

Under any option, the existing boards would remain in place in the near term. What will be the clarification of the specific authority of the ABAG Board and the MTC Commission around policy decisions, executive staff hiring and work planning? How will they provide input to staff on specific projects? What will be the process to resolve any potential policy conflicts between the boards? Which staff will attend which board meetings? For example, if there is a unit at the merged organization focused on local government services will the director of that unit attend the ABAG board meetings along with the executive director and planning director?

6. What will be the process to revise the existing committees, including the role of outside stakeholders?

Will all existing MTC and ABAG committees be reviewed for their purpose and need? Could some be combined? How will outside stakeholders and the public remain engaged in committee work, and will there

continue to be combined committees that incorporate elected officials, city staff and outside organizations (such as ABAG's Regional Planning Committee)?

7. How will cities and local government engagement become incorporated into the larger organization?

The success of Plan Bay Area – as well as the dozens of transportation projects funded by MTC – is contingent on a collaborative relationship with local government. Both ABAG and MTC have strengths related to engagement with local governments. We think the combined organization has the potential to build on the existing strengths of MTC and ABAG regarding outreach and communication with local government. How will the combined staff work with cities, counties, county transportation agencies (such as Congestion Management Agencies) and transit operators? How will this change? For example, how will cities and local governments get brought into the planning and implementation of transportation projects such as 511 or Clipper?

8. What is the timeframe and/or any triggers to reevaluate the dual governance structure?

What will be the process to evaluate the existing regional governance? Will there be any triggers that will require a reexamination? Will there be an opportunity to invent a new bicameral form of regional government where the COG and the MPO both remain as separate boards but get restructured to ensure appropriate representation?

Summary

We are excited about the possibility of creating a combined and more effective regional government agency for the Bay Area. The time has come to collectively move beyond our current structure of regional government and toward a model that allows us to more effectively solve the major regional challenges we face in the 21st century. We think Option 7 is an appropriate first step in that direction.

We look forward to working with the board and staff of ABAG, MTC and other regional stakeholders in making a merged and improved regional planning agency a reality. Thank you

Regards,



Egon Terplan
Regional Planning Director
SPUR