

*Considerations Regarding the Possible  
Merger of the Association of Bay Area  
Governments and the Metropolitan  
Transportation Commission Reform*

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# 1. Overview

General-purpose local governance, by which I mean county and especially city government, has a long and honorable history of serving the residents of California and other states. Such entities are politically visible, generally responsive to voter demands and desires, have a broad scope of authority, and generally are capable of making difficult trade-offs between different policy and service goals. Regional governance, by which I mean the array of public-sector entities operating at a metropolitan or regional scale, has occupied a more awkward and uncertain role in serving California's urban and suburban residents. These agencies often have been politically invisible, less clearly accountable to the public, less empowered to implement their goals and plans, and often unable to make policy trade-offs because of the limited functional purposes for which they were founded and empowered. In short, California makes serious demands on its regional governance entities but does not provide them with a very workable organizational model to integrate diverse demands, make difficult choices, and implement those decisions.

In the 20<sup>th</sup> century, California was a leader in strengthening *local* planning institutions—for example by requiring general plans with a number of specific elements, requiring zoning to conform to those general plans, empowering redevelopment agencies, and allowing counties to pass sales taxes to fund transportation development programs. But this buttressing of local capabilities and independence has had implications for our ability to innovate in *regional* planning and governance, where California has lagged behind some other states.

Controversies about how best to address regional problems, and how to properly constitute regional agencies, recur periodically in California—usually at or just after the crest of economic expansions. In Southern California, in 1990, a committee of the Southern California Association of Governments (SCAG) proposed a plan whereby SCAG would take over the South Coast Air Quality Management District and half of SCAG board members would be directly elected. Then-Assembly Speaker Willie Brown crafted a 1988 proposal for directly elected regional infrastructure and growth management agencies. Such structural issues were, in fact, widely debated at the time of the founding of most councils of governments (COGs) and metropolitan (transportation) planning organizations (MPOs) in the 1960s. Currently, the Speaker’s Commission on Regionalism is attempting to craft mechanisms by which the state government could support emerging efforts of regional collaboration.

The recurring proposals for metropolitan reform indicate some level of frustration with existing regional governmental infrastructure—or what Scott Bollens of the University of California at Irvine calls “fragments of regionalism.” Single-issue special districts or public authorities—such as an airport authority, a regional water district, or a transportation authority—usually have a single objective and are not asked to make tradeoffs among regional goals—for example, transportation development versus environmental protection versus provision of affordable housing. COGs are asked to think about these tradeoffs, but lack much power to really set policy (except in transportation funding, in those regions where they also hold MPO powers). As a result, there are several regional entities but not necessarily much regional governance.

## **2. Origins and Evolution of COGs and MPOs—and their Split in the Bay Area**

By and large, COGs and MPOs emerged in response to federal and state requirements. In 1961, a state bill sought to create a multicounty Golden Gate Transportation Commission for the Bay Area. Although the bill failed, it alarmed local officials and—along with the construction of the Bay Area Rapid Transit system (BART) and the prodding of the Bay Area Council—led to the formation of the Association of Bay Area Governments (ABAG) as a relatively informal venue for local officials to discuss common concerns.

The federal Highway Act of 1962 began the requirement of “coordinated, continuing, comprehensive” planning as a condition for the receipt of federal transportation funds. Federal officials were concerned that aid was being dissipated by the competing aims of local jurisdictions and highway departments, and that regions lacked coherent plans for transportation investment. In California, the legislature reacted by passing a law creating a (temporary) Bay Area Transportation Study Commission (BATS) to engage in the required regional transportation planning. Apparently, ABAG was viewed as too weak to carry out this responsibility.

In 1963, the state’s Regional Planning Act was passed, authorizing the formation of regional planning districts with taxing powers in the Bay Area and Southern California. However, local governments were allowed an “escape clause” if they formed their own cooperative regional planning entities. In reaction, ABAG was increased in scope and stature, averting the “threat” of a more comprehensive regional entity. The federal Housing and Urban Development Act of 1965 authorized planning grants to COGs for data collection and regional planning, and thereby provided important financial

support. Additional federal requirements for regional review of federally funded housing and infrastructure projects gave important new review responsibilities to ABAG through the late 1960s and early 1970s.

BATS submitted its freeway-oriented regional transportation plan in 1969 and went out of existence due to sunset provisions. The transportation planning function required under federal law was briefly assumed by a special committee at ABAG, but there was unhappiness at the state and federal level with ABAG's perceived lack of strength and unwillingness to intervene in disputes among jurisdictions and transit agencies. Assemblyman John Knox introduced a number of bills proposing a stronger, multipurpose regional agency. These bills failed, but the legislature instead created the Metropolitan Transportation Commission (MTC) by statute, giving it the transportation planning responsibilities. It was subsequently designated as the Metropolitan Planning Organization when the federal government developed that designation. However, more than two dozen mass transit providers, eventually joined by state-mandated Congestion Management Agencies in each county, exist as an intervening layer of governance.

Thus, unlike the case in most regions, transportation planning and council-of-governments land-use planning functions have been kept separate from the start in the Bay Area. As most federal review requirements were dismantled and metropolitan planning programs had their funding reduced during the Reagan administration, ABAG emphasized its functions as a provider of services to local governments. The state also gave COGs the conflict-ridden responsibility of allocating housing production goals to each city and county as part of the required program of local housing elements. MTC maintained its more substantial authority to compile a program of short- and long-range

transportation improvements for the region. The federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and a series of state laws granting more flexibility and discretion in the allocation of transportation funds increased MTC's prominence in the 1990s. However, MTC relies on population and employment projections generated by ABAG to assess future demands for transportation facilities. In making these projections, ABAG, in turn, relies heavily on local land-use plans and projections as well as past growth trends.

### **3. What Is the Problem with Current Arrangements?**

There are several closely intertwined regional problems in the Bay Area that might be partially attributed to the lack of coordinated and effective land-use and transportation planning. These include the following perceived shortcomings:

- Growth and congestion problems seem literally “out of control” to Bay Area residents.
- Transportation plans are based on centrifugal growth projections that many observers and participants in the process see as undesirable.
- Transportation projects sometimes seem to be awarded on the basis of logrolling or political maneuvering rather than measurable performance improvements.
- Existing regional agencies often seem invisible and technocratic, though wrestling with potentially high-profile issues.
- MTC seems to outweigh ABAG in power and prestige because of MTC’s statutory basis and allocative powers (compared to ABAG’s status as a joint-powers authority) despite the multipurpose character of ABAG and the importance of regional planning and land-use issues.
- Perhaps most importantly, the region lacks a widely accepted and clearly articulated vision of its future growth and a plan for implementing that vision.

Undoubtedly, some of the renewed attention to the shortcomings of the current regional governance arrangements is related to the emergence of new regional advocacy groups concerned with planning, environmental quality, equity, and quality-of-life issues; such groups include the Bay Area Transportation and Land Use Coalition, the Surface Transportation Policy Project, and Urban Habitat. In addition, federal agency decisions



criticizing Bay Area regional agencies for the process or substance of air quality planning and transportation planning have focused policymakers' attention on the lack of a singular, visible public entity that could reasonably be held accountable for such aspects of the region's growth dilemmas.

## **4. How Might Merger Address These Problems?**

A carefully designed merger of ABAG and MTC functions and powers could provide the potential for (though not a guarantee of) improvements in these areas. What would such a merged metropolitan agency (or a regional council, for short) ideally do?

- Involve a wide segment of the public, and elected officials, to define a set of regional goals and objectives and to track progress toward them.
- As much as possible, coordinate land-use and transportation planning into a single process. This coordination would include jointly modeling options for future population and employment growth, transportation demand, and air quality impacts
- Devise quantified performance goals for improving the Bay Area's transportation and land-use system. These goals could include targeted benchmarks for reducing average commute times (particularly in disadvantaged communities), reducing the share of single-occupant vehicle commutes, reducing various types of regional disparities, and generally devising cost-effectiveness criteria for major regional investments.
- Attempt to reconcile local projections and planning processes with stated regional goals and objectives through continuous dialogue with cities and counties.
- Bring heightened visibility to regional issues and provide more accountability and focused responsibility for regional planning. A regional council could become a one-stop source of information for citizens and local governments seeking information about regional trends and transportation investments.

- Lobby more effectively at the state and federal levels by providing a unified front regarding the needs of the region in addressing its growth and infrastructure challenges.

Nothing overtly prevents ABAG and MTC (working separately or cooperatively) from addressing the above tasks now. However, the current schizophrenic board structure, staff structure, and planning process provide few incentives for—and some obstacles to—moving in such directions.

## 5. Necessary but Not Sufficient?

It is difficult to see how an MTC/ABAG merger would *hurt* regional planning efforts. But there is hardly any *guarantee* that a merged regional council would be successful on these fronts. It may be that merger is a necessary but not a sufficient condition for achieving these goals. Many other metropolitan areas in the United States (including all the others in California except Shasta County) have a single entity that performs both the MPO and COG roles. Nevertheless, these agencies, too, are often criticized for a lack of boldness or effectiveness. For example, SCAG and SANDAG (the San Diego Association of Governments) in Southern California have been criticized on these grounds. After perceived failure to make its transportation investments conform with Clean Air Act requirements, the Atlanta Regional Commission (ARC), a joint MPO/COG, was stripped of some of its powers several years ago when the state of Georgia created the Georgia Regional Transportation Authority.

What these regional entities lack is a regional constituency and authority that is distinct from the municipal and county presence that constitutes the COG membership. Without bold political leadership and the attention and participation of local governments, regionally-focused interest groups, and perhaps the news media, such organizations find it difficult to engage in integrated and visionary regional planning and to mobilize a regional consensus.

## **6. Would a Staff Merger Be a Simpler Means Toward These Ends?**

Some policymakers have suggested a merger of ABAG and MTC staff—maintaining separate governing boards for the two entities—as a smaller and more practical step toward improved coordination. Although I have not had time to fully consider the implications of this approach, it would seem to go at least part way toward compelling a more integrated discussion of land-use and transportation challenges facing the region. It also offers the possibilities of some synergy in jointly modeling land use, transportation demand, and air quality impacts. In particular, staff might feel more prepared to apprise MTC commissioners about the land-use dimension of their transportation decisions.

However, the separate governing-board structure might still result in a disjunction between the desired approach of ABAG representatives toward land-use challenges and the allocational responsibilities of MTC commissioners regarding transportation funding. Many of the same persons have served at various points on both the MTC and ABAG boards, and these members might appreciate the improved flexibility and ability to make policy trade-offs that could occur if the boards, and not merely the staffs, were merged.

## **7. Other Potential Roles for a Merged Regional Entity**

In the interest of boldness (if not political realism), I would also suggest consideration of the following new roles for a merged regional council.

- The Local Agency Formation Commission (LAFCO) responsibility for the nine Bay Area counties could be reorganized such that the merged regional entity would be given some role in the local boundary adjustment process—perhaps even a leading role. LAFCOs face tremendous challenges in reconciling divergent interests, but they have a fair amount of leverage and potential to work toward effective service delivery and orderly growth patterns, if only within a given county.
- Regional aviation planning could be lodged at the regional council level. This would allow policymakers to seek the most efficient use of airport infrastructure in the region, in contrast to the go-it-alone competitive planning by Oakland, San Francisco, and San Jose. Other regional infrastructure issues, such as energy and solid waste planning, might also be best addressed by a unified regional council—which could also consider the land-use implications of these regional systems.

## **8. Unresolved Issue #1: Selection of Governing Board Members of Regional Agencies**

By most reports, the downfall of Bay Vision 2020 and other previous proposals for regional reorganization can be partly ascribed to two factors: disagreement over the composition of the governing board of the new regional council and the method of selecting board members. These nettlesome issues promise to reemerge quickly in any future consideration of an ABAG/MTC merger.

The existing arrangement at most COGs and MPOs could be called the *delegate* system, whereby cities and counties send representatives to sit on the regional board. A seat on the regional board is a secondary position for local officials, and thus much of the continuing leadership must come from the staff and especially the Executive Director, who fills a role not unlike a city manager in the council-manager system.

There are several potential benefits of the delegate arrangement. Every jurisdiction that wants a voice in regional affairs can have one. The board members can go back to their local governments to get “buy-in” on regional decisions from the cities and counties that will ultimately have to do most of the implementation. There is a two-way avenue of communication between local leadership and regional leadership. Voluntary cooperation can provide the catalyst for some innovations and efficiencies, such as municipal purchasing pools.

I also see some disadvantages. No board member has a true *regional constituency*, only their local constituency. The concerns of their “home” governments are thus foremost. This arrangement lends itself toward the “wish list” or amalgamation approach to infrastructure planning and programming. Board decisions can thus wind up being the least common denominator for all jurisdictions. The tenure of board members

is often short, and new board members may try to reinvent the wheel. There can be a disjunction between the long-serving staff and the short-term board members, although MTC's four-year terms for members has provided more continuity. Also, the voting system employed by many such boards seriously underrepresents larger jurisdictions and, in some cases, unincorporated areas, an important consideration given the allocative powers of MPOs.

The legislature might also wish to consider a system of *direct election* for a regional council, although this is often seen as a nonstarter politically. (A mixed system combining elected regional councilors and city and county "delegates" is another option.) Under an elected system, the board chair presumably would take on the leadership role more directly. This might result in a regional council that is more akin to a strong-mayor form of government than a council-manager form.

There are a number of potential advantages to a directly elected board. The various parts of the region would be represented proportionally to population size, and an elected body with a regional constituency is less likely to be ignored. Election campaigns for regional office would make the political dialogue about regional issues much more visible, and there would be more media attention to such concerns. Regional issues—such as balancing jobs and housing, affordable housing, connecting transportation and land use, regional open space, and regional economic development—would have a political home and even a bully pulpit. I call these the *latent* issues of urban and suburban politics, as opposed to *local* issues. Residents struggle with these regional issues, but they often go unaddressed by local governments and are ignored in most local council or mayoral races.



There are some potential disadvantages to an elected regional council as well. It may be viewed as an adversary by cities and counties and thus have trouble winning cooperation on some issues. There will be less intimate knowledge of the challenges facing the local governments. If the regional board is elected by district, its members may engage in logrolling and “not in my backyard” protectionism of their districts. (This has sometimes been the case on the BART board, where system extensions have been meted out according to equity across districts rather than cost effectiveness.) If the regional board is elected at-large, it may be reviewed by the Justice Department as a dilution of minority voting power.

## **9. Unresolved Issue #2: California Transportation Legislation Defines Counties as Regions**

State legislation and fiscal arrangements have significantly complicated life for MTC (and for SCAG) by defining counties as the units to which transportation funds shall be directed and which shall engage in certain planning roles. A merger would not change this reality unless other legislative changes were part of the package. In the Bay Area, where already 26.4 percent of all commuters in 1990 crossed county boundaries on the way to work, the state's county-level focus may be problematic for regional planning.

Examples of the county-level approach abound. The Transportation Development Act quarter-cent sales tax, passed in 1971 to support mass transit, is allocated on a county-by-county basis. Since the 1980s, so-called self-help transportation sales taxes have also proliferated; these are proposed at the county level and are justified by a package of projects set forth at that level. Proposition 111 and the Blueprint for Transportation in the 21<sup>st</sup> Century (passed in 1990) established county-level Congestion Management Agencies (CMAs) as major funding players and gave them the proceeds of a 9-cent gasoline tax increase. SB 1435, passed to implement ISTEA in California, established that half of the "flexible" federal Surface Transportation Program (STP) funds would be suballocated to CMAs in the Bay Area (and all would be suballocated to counties in the SCAG region). Most recently, SB 45, passed in 1997, turned "county minimums" into "county shares" for purposes of distributing the state's flexible Regional Choice funds. This law undermined MTC's desire to retain a set-aside for regionwide projects; it must instead rely on federal funds for this purpose.

In programming flexible federal funds, the investment priorities of the county CMAs were quite distinct from that of MTC, at least in the 1997 Transportation

Improvement Program (Table 1). The CMAs focused on delivering road projects, whereas MTC's half of these funds was directed more to mass transit. This pattern may indicate that politically, transit is perhaps viewed as more a regional and less a local responsibility.

**Table 1**  
**Allocation of Total Federal STP Funds for Fiscal Years 1997-98 and 1998-99 under MTC and County CMA Programming Discretion (Percentage)**

<u>Purpose</u>	<u>MTC</u>	<u>CMAs</u>
Roads/highways	41	74
Signalization	11	1
Mass transit	46	15
Park and ride facilities	0	2
Bicycle and pedestrian	0	6
Other	2	2
<b>Total amount programmed</b>	<b>\$51.5 mil.</b>	<b>\$48.4 mil.</b>

Source: Lewis and Sprague, 1997, p. 113.

## **10. Unresolved Issue #3: Fiscal Reform**

Local officials often point to the state's rules for local revenue-raising as a source of poor incentives regarding housing provision and job/housing balance. These incentives, in turn, complicate the ability and willingness of cities and counties to consider broader regional objectives. In particular, the lack of local control over the property tax and the *situs* rule that awards local sales tax revenues to the jurisdiction where the sale occurred make housing appear relatively unattractive and commercial development relatively attractive. The legislature is well aware of these issues, and I will not belabor them here. They need not complicate any merger of ABAG and MTC, although they will surely complicate the potential effectiveness of a merged regional council, which might find it difficult to convince localities that achieving regional planning goals is in their fiscal self-interest.

Potentially, the state could "sweeten the pot" for greater regional collaboration by diverting some of the Bradley-Burns sales tax growth (or some other revenue, such as a regional impact fee) into a regional fund that could be allocated by the new regional council. For example, following the model of the MTC's Housing Incentive Program and the state's Job-Housing Balance Program, such funds could be allocated to cities and counties as rewards for regionally supportive growth decisions, such as transit-oriented and mixed-use developments that meet specified criteria. Funds could also be distributed to localities that engage in efforts to update their general plans (particularly housing elements) in response to stated regional goals and objectives.

## **11. Should A Merged Entity Also Operate Major Regional Transit or Other Services?**

I think the answer to this question is “no.” A regional council has the great potential of assessing the region’s needs from the standpoint of the resident, or “user” of regional services. It needs to be able to evaluate both the means and the ends of regional policy. If it is also an operating bureaucracy, it loses that objectivity and has the new political pressures of sustaining a large-scale organization and employees. The Los Angeles MTA, which resulted from a merger of the county transportation commission (planning) and the Southern California Rapid Transit District (operations), has experienced this dilemma. There is an important distinction between arranging for the *provision* of services and actually *producing* those services. Research indicates that keeping service provision separate from service production can often lead to greater efficiency and choice.

Despite the frequent grumbling about the Bay Area’s more than two dozen public transit agencies, a regional entity may best approach any problems through its ability to coordinate transit services, oversee intergovernmental transit funds, and target funding where most needed. If it also operates regional transit, hiring drivers and buying buses, a system breakdown, such as a transit union strike, could paralyze the whole region rather than one segment of it. Becoming a major service provider would bring to life the greatest fear of regional government raised by its foes: that such an entity might become a new and distant bureaucratic empire.

## **12. Is the Case of Portland Metro Relevant?**

As the nation's only directly elected regional planning agency, Portland's Metro often is mentioned as an alternative governance model. The formation of the current Metro involved a merger of two regional bodies. Until 1978, Portland had both a traditional regional COG—the Columbia Region Association of Governments (CRAG)—and a rather low-visibility metropolitan service district. At that point, referendum voters elected to merge the two. (Cleverly, “Abolish CRAG” was the title of the ballot question, not “Create metropolitan government.”) The resulting entity, Portland Metro, incrementally won new powers as it distinguished itself in solving a series of small problems: finding a solid waste disposal site, modernizing the area's zoo and improving its financial position, and building a convention center. The voters rewarded its performance by giving Metro a home rule charter in 1992.

Voters select Metro's seven-member council, elected by district; its executive officer (who has veto powers) and an auditor are elected regionwide. Metro's responsibilities include setting and managing the region's Urban Growth Boundary and determining cities' affordable housing allocations; both are required under state law. Metro also writes functional plans (for sewer, water, and transportation systems) that can override local plans and sets the routes for (but does not operate) the region's light-rail system. It initiated the planning for transit-oriented development around light-rail stations in the Portland area; it also convinced the state of Oregon to agree to a heavy subsidy of rail construction in exchange for the cities agreeing to “upzone” the station areas. Metro manages the area's garbage disposal and recycling, regional parks and greenspaces, and oversees operations of the Convention Center and some publicly owned

sports and entertainment facilities (with actual *operation* by a separate appointed commission). Metro also appoints members to the Metropolitan Boundary Commission—Portland’s version of LAFCO. Metro’s FY 2001-02 budget is \$320 million, with the largest share of revenues deriving from enterprise functions (particularly a “tipping fee” on solid waste disposal); most of its other revenue comes from intergovernmental planning funds as well as from voter-approved property taxes devoted to specific purposes, such as open space. It has 688 FTE staff positions.

### **13. Conclusion**

The Bay Area and the San Diego area are probably the areas of the state where residents and public officials are most amenable to regional approaches and most conscious of regionwide issues and challenges. That receptiveness to regionalism may be the reason there has been repeated frustration with existing regional arrangements in both regions, even though ABAG, MTC, and SANDAG are typically seen by their out-of-state counterparts as very accomplished and professional organizations.

To realize the possibilities of regional planning and governance, I hope that policymakers can move toward a structure for regional governance that:

- Increases the visibility and accountability of regional decisionmaking,
- Views regional board members as regional trustees and not merely as local delegates,
- Starts an ongoing conversation among the general public (not just organized “stakeholders”) about developing a vision for desirable regional futures and the tradeoffs involved in pursuing them,
- Preserves the morale and builds upon the top-notch professionalism of the staff currently serving in Bay Area regional planning entities, and
- Creates plans that are both informed by city and county plans and serve as a reality check and guide for those plans.

My colleagues and I at PPIC stand ready to provide research and evaluation as you consider the difficult challenges involved.



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