Memorandum

TO: Commission
FR: Executive Director

DATE: October 23, 2015
W. I. 1121

RE: Functional Consolidation of Planning Departments and Extension of MTC/ABAG Interagency Agreement through FY2015-16; MTC Resolution No. 4210

This item follows up the robust discussion by the Commission at its September 23rd meeting on the proposal to consolidate the MTC and ABAG planning departments into an Integrated Regional Planning Department that supports both the MTC Commission and the ABAG Executive Board.

The attached presentation provides additional information in response to Commissioners’ questions and concerns. Among the topics covered are the scope of the proposed integration; financial and pension implications; timeline and critical elements for successful integration; labor relations; ABAG Executive Board authority; and a comprehensive merger study. The presentation also outlines staff’s recommendation in light of these considerations.

Consistent with the recommendation included in the presentation, MTC Resolution No. 4210 authorizes the Executive Director to take steps to implement the consolidation of the MTC and ABAG Planning Departments into an Integrated Regional Planning Department, sets forth principles to guide the implementation, revises the multi-year funding framework, and extends the MTC/ABAG Interagency Agreement through the end of FY2015-16.

[Signature]
Steve Heminger

Attachments
J:\COMMITTEE\Commission\2015\10_October_2015\Chair’s Report_CoverMemo.doc
Functional Consolidation of Planning Departments
Efficiency vs. Effectiveness

Plan Bay Area
each other is an hour not spent making a better
Every hour MTC and ABAG spend “coordinating” with

Regional planning dysfunction in the Bay Area is neither

efficient nor effective

at odds

They are not synonymous, but they are not always
Efficiency vs. Effectiveness

• Senate Bill 375 finding:
  “Without improved transportation and land use policies, California will not be able to achieve the goals of AB32.”

• State law integrated transportation and housing planning; now we need to integrate the transportation and housing planners.

• We propose to create an integrated Regional Planning Department serving both MTC and ABAG.
Benefits of Integrated Regional Planning

• Creates a “one-stop-shop” for expanded technical assistance
• Enables local elected officials, business leaders, and the public to speak with one voice on the most important state and federal policy issues
• Uses taxpayer dollars more productively by improving communications between regional agencies and cities
• Bolsters staff resources on policy development and staffs focused on serving local governments better and grants focused on the region’s challenges
• Enables a “one-stop-shop” for expanded technical assistance

Uses taxpayer dollars more productively by improving communications between regional agencies and cities

Bolsters staff resources on policy development and

Brings together with one voice on the most important state and federal policy issues

 Enables local elected officials, business leaders, and the public to speak

Uses taxpayer dollars more productively by improving communications between regional agencies and cities

Bolsters staff resources on policy development and

Brings together with one voice on the most important state and federal policy issues
Scope of Integration

Implementation of Plan Bay Area

Recommend that MTC retain funds to offer 13 new MTC positions for work on development and implementation of Plan Bay Area

Recommend that ABAG retain two (2) planners to perform RHNA function funded by ABAG member dues

Recommend that ABAG retain two (2) planners to continue to fund Bay Trail employees (total of 7) remain at ABAG, and that BATA continue to recommend that Bay Trail and Resilience

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## Current and Future MTC Expense Comparison

<table>
<thead>
<tr>
<th></th>
<th>Current (in Million $)</th>
<th>Future (in Million $)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planners Salaries and Benefits*</td>
<td>$2.1</td>
<td>$2.1</td>
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</tr>
<tr>
<td>Planning Staff and Overhead Costs</td>
<td>$1.1</td>
<td>$1.1</td>
<td>N/A</td>
</tr>
<tr>
<td>Other Planning Staff and Overhead Costs</td>
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</tr>
<tr>
<td>OPEB (Included in benefits above)</td>
<td>$0.2</td>
<td>$0.2</td>
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<tr>
<td>Total</td>
<td>$3.9</td>
<td>$3.3</td>
<td>$3.3</td>
</tr>
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</table>

*15 under current agreement; 13 under proposed Integrated Regional Planning Department

**Note:**
- MTC/ABAG Interagency
- Consolidated Planning Department
- Planning Department
- Actual
- Consolidated

**Footnotes:**
- $2.1 million under current agreement; $2.1 million under proposed Integrated Regional Planning Department.
- $0.7 million under current agreement; $0.7 million under proposed Integrated Regional Planning Department.
- $0.2 million under current agreement; $0.2 million under proposed Integrated Regional Planning Department.

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**MTC Expense Comparison**

**Current and Future**
ABAG finances are precarious whether Integrated Planning Department is approved or not. ABAG faces $12 million unfunded pension liability and $5 million under-funded OPEB obligation as of FY15. Are there further revelations to come from embezzlement in FAN subsidiary?

ABAG staff says $3 million unrestricted reserve in FY14 audit will be restated as a $9 million deficit in FY15 as a result of booking pension liability.

ABAG finances are precarious whether Integrated Planning Department is approved or not.
ABAG Overhead: Fairly Allocated?

- MTC absorbs a disproportionate share of distributed overhead
  - Enterprise funds are assessed at 24%
  - MTC funds are assessed at 45%
  - MTC funding source absorbs 74% of distributed overhead
  - MTC planning funds represent 15% of all funds

MTC absorbs a disproportionate share of distributed overhead
The difference represents an enterprise subsidy of nearly $900,000.

**ABAG Overhead: Fairly Allocated?**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Enterprise</th>
<th>Total</th>
<th>Management Agency</th>
<th>Other</th>
<th>Research Planning &amp;</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,894,000</td>
<td>$3,894,000</td>
<td>$3,894,000</td>
<td>$3,894,000</td>
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<td>$3,894,000</td>
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<tr>
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<td>$11,654,759</td>
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<td>$11,654,759</td>
<td>$11,654,759</td>
<td>$11,654,759</td>
<td>$11,654,759</td>
<td>64.79%</td>
</tr>
</tbody>
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ABAG Pension Liability:

Independent Review

Staff contacted Milliman Financial Risk Management

Milliman confirmed ABAG Pension/OPEB findings provided at September meeting

- The rates will go up as payroll goes down but the cost will actually be lower
- The liability is fixed and belongs to ABAG
- Only the unfunded liability will remain
- PERS and OPEB costs will be reduced proportionate to the reduction in payroll and staff
- Annual pension cost should be reduced by $250,000

ABAG Pension Liability:

Independent Review
<table>
<thead>
<tr>
<th>Expense</th>
<th>Change</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Budget Impact</strong></td>
<td>$1.8</td>
<td></td>
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<tr>
<td>Planning Staff and Overhead Costs</td>
<td>$0.7</td>
<td></td>
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<tr>
<td><strong>Annual Pension Cost</strong></td>
<td>$0.3</td>
<td>Annual Pension Cost</td>
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<tr>
<td>Other Planning Staff and Overhead Costs</td>
<td>$1.1</td>
<td>Other Planning Staff and Overhead Costs</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$1.8</td>
<td>TOTAL</td>
</tr>
</tbody>
</table>

- 15 – Planners’ Salaries and Benefits
- 15 – Planning Staff and Overhead
- MTC remains at ABAG but the revenue is eliminated
- The overhead cost for the planners previously billed to ABAG
- MTC
- Executive Staff remain, but the revenue is eliminated
- The overhead and direct costs for the other planners and executive staff
- PERS cost reduced proportionately; ABAG is relieved of the OPEB liability for the 13 planners
- 2 remain without commensurate MTC revenue
- The cost and revenue for 13 planners are eliminated
Recommend that MTC provide $1.2 million in continued near-term funding to cover ABAG overhead costs.

- Funding should be targeted at specific expense categories such as pension liability that can be audited.
- ABAG could cover $600,000 remaining annual overhead cost through combination of dues increase, new grants, reallocation of overhead charges, and cost control.

$600,000 = 2% of current ABAG budget.
Labor Relations

• MTC currently has employee organization, Committee for Staff Representation (CSR), which is directly elected by staff.

• CSR is officially recognized collective bargaining unit for 167 MTC employees.

• CSR is similar to employee organizations at BAAQMD and numerous Bay Area municipalities.

• CSR is officially recognized collective bargaining unit for 167 MTC employees.

• CSR also advocates for employees in grievance proceedings and to improve working conditions at 101 8th Street and 375 Beale Street.

• Commission-approved MOU in place through June 30, 2018.

• Représentation (CSR), which is directly elected by staff.

• MTC currently has employee organization, Committee for Staff.
Labor Relations

• Successful 2006 transition of SEIU-represented toll accountants from state service to MTC employment

• “Right of first refusal” retention process will ensure former ABAG planners retain accumulated pension and other benefits with equal or better salary package prior to the end of the third year of an MOU, or January 1, 2017.

• Maintain neutrality and adhere to MTC employer-employee organization relations.

• Successful 2006 transition of SEIU-represented toll accountants from state service.
Timeline for Planning Department Integration

Approximately eight month process

- **October 2015**: Approve Integrated Regional Planning Department
- **Fall/Winter 2015**: Consultation with local government and interested stakeholders
- **Early 2016**: Meet with ABAG management/employees on transition
- **March 2016**: Finalize job description, classifications, and salary/benefits
- **March 2016**: Meet with MTC management/employees on transition
- **Fall/Winter 2016**: Consultation with local government and interested stakeholders
- **October 2015**: Approve Integrated Regional Planning Department

<table>
<thead>
<tr>
<th>Step Description</th>
<th>Date</th>
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<tbody>
<tr>
<td>Hire date</td>
<td>June 2016</td>
</tr>
<tr>
<td>MTC Budget Revision to add additional positions</td>
<td>May 2016</td>
</tr>
<tr>
<td>MTC HR/Exec team available to answer questions before</td>
<td>March/April 2016</td>
</tr>
<tr>
<td>Offer letters sent to new hires</td>
<td>March 2016</td>
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<tr>
<td>Early 2016</td>
<td>Offer letters sent to new hires</td>
</tr>
<tr>
<td>Fall/Winter 2016</td>
<td>Consultation with local government and interested stakeholders</td>
</tr>
<tr>
<td>October 2015</td>
<td>Approve Integrated Regional Planning Department</td>
</tr>
</tbody>
</table>
Focus on Successful Integration

- Ensure fair and attractive employment offers
- Preliminary finding of general equivalency based on skills and education
- Independent review by Koff & Associates of MTC/ABAG classifications
- Finalize operational design
- Acknowledge different cultures and expectations
- Bring in consultant expertise for implementation
- Independent review by Koff & Associates of MTC/ABAG classifications
- Preliminary finding of general equivalency based on skills and education
- Finalize operational design
- Acknowledge different cultures and expectations
- Bring in consultant expertise for implementation

Transition of two departments into one cohesive Integrated Regional Planning Department
Existing statutory authority would be respected and maintained.

Annual MTC resolution would identify scope of staffing services, including:

- Ability of ABAG Board to commission additional studies and other activities.
- Role in preparing/approving Plan Bay Area and RHNA unchanged.

ABAG Executive Board
Annual Resolution
Sample Work Elements

• Prepare and present deliverables for implementing and updating the SCS (Plan Bay Area)

• Conduct research, engagement, and information sharing to remove barriers to housing production, increase funding for affordable housing, and promote affordable housing preservation

• Conduct regional research and modeling, including demographic and economic trends

• Develop, manage, and monitor progress related to PDA and PCA implementation

• Present to city and county associations on key regional policy issues

• Certain amount of “task order” hours for unforeseen work
Merger Study

- **Scope**: Policy, management, financial and legal analysis of steps toward further integration, up to and including institutional merger between MTC and ABAG

- **Governance to oversee study**: Joint board committee appointed by MTC chairman and ABAG President, with regular meetings subject to Brown Act

- **Consultant**: To be selected by MTC

- **Budget**: $275,000, to be paid for by MTC

- **Schedule**: 12 months

- **Scope**: Policy, management, financial and legal analysis of steps toward further integration, up to and including institutional merger between MTC and ABAG
1. MTC provides remaining six months of FY 2015-16 planning funds at current levels, with re-opener if new employees hired sooner.

2. MTC retains $2.7 million in planning funds beginning FY 2016-17.

3. MTC offers positions at equal or better compensation to 13 ABAG planners.

4. ABAG retains two planners to perform RHNA and five employees for Bay Trail and resiliency work.
5. BATA continues to fund Bay Trail at current levels.

6. MTC provides $1.2 million annually in transition funding to ABAG through at least FY 2020-21 (end of multi-year agreement).

7. Adhere to MTC employer-employee organization resolution and current MOU with CSR while maintaining neutrality.

8. MTC retains consultant to conduct merger study in FY 2016-17.
ABSTRACT

MTC Resolution No. 4210

This resolution approves the functional consolidation of planning departments within MTC, revises the multi-year funding framework between MTC and the Association of Bay Area Governments (ABAG) consistent with the functional consolidation, and extends the FY2014-15 funding agreement, as amended, through FY 2015-16 or until completion of the functional consolidation, whichever occurs first.

Further discussion of this subject is contained in Commission memoranda dated September 18, 2015 and October 23, 2015.
Re: Approval of the Functional Consolidation of Planning Departments within MTC

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4210

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to California Government Code Section 66500 et seq.; and

WHEREAS, MTC is the federally designated Metropolitan Planning Organization (MPO), pursuant to Section 134(d) of Title 23 of the United States Code (USC) for the nine-county San Francisco Bay Area region (the Bay Area or region); and

WHEREAS, the Association of Bay Area Governments (ABAG) was created in 1961 and serves as the Council of Governments for the region; and

WHEREAS, California Government Code § 65080 et seq. requires MTC to prepare and update a long-range Regional Transportation Plan (RTP), including a Sustainable Communities Strategy (SCS); and

WHEREAS, Senate Bill 375 (Steinberg, 2008) requires that each metropolitan planning organization in California prepare and adopt an SCS to bring together transportation and land use planning; and

WHEREAS, in the Bay Area’s case, there is a unique section in the law (Government Code 65080 (b)(2)(B)) that assigns responsibility for preparing the various elements of the SCS to either MTC, ABAG or both, based on the traditional roles each agency has historically performed; and

WHEREAS, the current bifurcated structure between the MTC and ABAG planning departments leads to significant duplication, inefficiencies and missed opportunities in preparing
the SCS and to best serve the needs of the Bay Area and its local communities; now, therefore, be it

RESOLVED, that MTC supports an integrated planning department incorporating staff from MTC and ABAG planning departments as the best near-term approach to carry out the significant and challenging responsibilities set forth in Senate Bill 375; and be it further

RESOLVED, that MTC approves principles to guide the creation of an integrated regional planning department attached hereto as Attachment A and incorporated herein as though set forth at length; and be it further

RESOLVED, that MTC approves the revisions to the MTC/ABAG Funding Framework attached hereto as Attachment B and incorporated herein as though set forth at length; and be it further

RESOLVED, that MTC approves the amendment to the Interagency Agreement between MTC and ABAG for Planning substantially in the form attached hereto as Attachment C and incorporated as though set forth at length; and be it further

RESOLVED, that MTC directs staff to move forward to create an integrated regional planning department, including consultation with local government and other interested stakeholders, consistent with Attachments A, B, and C.

METROPOLITAN TRANSPORTATION COMMISSION

Dave Cortese, Chair

This resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California on October 28, 2015.
Principles for Functional Consolidation of MTC-ABAG Planning Departments

1. MTC shall provide the remaining six months of FY 2015-16 planning funds at current levels, unless the functional consolidation and transition is accomplished sooner, as detailed in Amendment #2 to the MTC/ABAG Interagency Agreement (Attachment C).

2. MTC shall offer positions at equal or better compensation to 13 ABAG planners through a right of first refusal retention process, and together with MTC’s planning department, shall create an integrated regional planning department (regional planning department).

3. The regional planning department shall be employed and receive performance reviews through MTC. The regional planning department shall serve both the MTC Commission and the ABAG Executive Board.

4. Creation of the regional planning department shall respect and maintain the existing statutory authority of MTC Commission and ABAG Executive Board. Further, the respective agency roles in preparing/approving the Regional Housing Needs Analysis (RHNA) and Plan Bay Area will be unchanged.

5. After consultation with ABAG, MTC shall annually adopt a resolution identifying the scope of staffing services to support the work of the ABAG Executive Board, including the ability of the ABAG Executive Board to commission additional studies and other activities.

6. ABAG will retain two planners to perform RHNA and five employees for Bay Trail and resiliency work (based on FY2015-16 staffing levels).

7. BATA shall continue to fund Bay Trail activities at current funding levels and the function will remain the responsibility of ABAG.

8. MTC shall provide $1.2 million in transition funding to ABAG through at least FY 2020-21, as detailed in Attachment B. The funding will be directed to ABAG’s pension liability or other specific expense to improve the financial stability of the agency, and will be subject to an annual fiscal audit.

9. With the exception of principle #8 above, MTC shall retain the remaining planning funds (that were subject to the MTC/ABAG Interagency Agreement prior to Amendment #2) beginning in FY 2016-17, consistent with the revised MTC/ABAG Funding Framework (Attachment B).
10. In the event that a question concerning representation of MTC employees arises, MTC will adhere to its adopted MTC employer-employee organization relations resolution and current Memorandum of Understanding with the Committee for Staff Representation while maintaining neutrality.

11. MTC shall retain a consultant to conduct a merger study of MTC and ABAG in FY 2016-17. The study shall examine the policy, management, financial and legal issues associated with further integration, up to and including institutional merger between MTC and ABAG.
<table>
<thead>
<tr>
<th></th>
<th>Planning &amp; Research</th>
<th>Tenant Improvements</th>
<th>Total</th>
<th>Difference</th>
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<td>4,000,000</td>
<td>8,513,000</td>
<td>-790,000</td>
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Difference: Unless modified pursuant to Attachment C.
AMENDMENT NO. 2 TO INTERAGENCY AGREEMENT
Between METROPOLITAN TRANSPORTATION COMMISSION
And ASSOCIATION OF BAY AREA GOVERNMENTS
For PLANNING
FISCAL YEARS 2014-15 and 2015-2016

THIS AMENDMENT, effective as of October 28, 2015 is Amendment No. 2 to the Interagency Agreement by and between the Metropolitan Transportation Commission ("MTC") and the Association of Bay Area Governments ("ABAG") for Planning, dated July 1, 2014 (collectively the “Agreement”) and as amended on July 1, 2015. This Amendment No. 2 extends the term of the Agreement to June 30, 2015 and applies to planning occurring in Fiscal Year 2015-16.

NOW, THEREFORE, the parties agree to modify the subject Agreement as originally executed, as follows:

1. Section 3.0 Funding is revised to add subparagraph (e) as follows:
   (e) Notwithstanding the foregoing, ABAG agrees that any amount of State Planning Funds spent during FY 2014-15 or FY 2015-16 in excess of the $697,965 amount described in subparagraph (a) above shall offset MTC’s $3,075,092 funding commitment to ABAG for FY 2015-16.

2. Section 3.1 FUNDING FOR FIRST SIX MONTHS OF FY 2015-16, is superseded by the following:
   FUNDING FOR FY 2015-16
   ABAG and MTC mutually agree that MTC shall pay ABAG a total of three million seventy-five thousand ninety-two dollars ($3,075,092) for Fiscal Year 2015-16. Payment shall be from the following sources in the following amounts:

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>Payment Amounts for FY 2015-16</th>
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<tbody>
<tr>
<td>General Fund/TDA Planning</td>
<td>$456,204</td>
</tr>
<tr>
<td>FTA 5303 (Toll Credit for match)</td>
<td>$244,888</td>
</tr>
<tr>
<td>FHWA PL (Toll Credit for match)</td>
<td>$1,015,000</td>
</tr>
<tr>
<td>STP 6084 (175)</td>
<td>$699,000</td>
</tr>
<tr>
<td>STP 6084 (187)</td>
<td>$660,000</td>
</tr>
<tr>
<td>Total</td>
<td>$3,075,092</td>
</tr>
</tbody>
</table>
(a) In addition to these amounts, $728,908 (representing $666,908 to be credited towards MTC’s funding commitment for FY 2015-16 as described below plus $62,000 to cover the ABAG planner referenced below) in state planning funds may be made available to the region in FY 2015-16 to support ABAG’s research, planning and implementation activities (“FY 2015-16 State Planning Funds”). ABAG shall make a good faith effort to invoice in a timely manner for eligible expenses against the FY 2015-16 State Planning Funds. MTC and ABAG agree that $666,908 of the FY 2015-16 State Planning Funds shall be credited toward MTC’s funding commitment for FY 2015-16 (which amount together with the $3,075,092 of funding set forth in the table above equals MTC’s $3,742,000 for FY 2015-16 per the funding framework), provided that the first $62,000 of FY 2015-16 State Planning funds received by ABAG shall not be credited toward MTC's funding commitment but instead shall be used to cover expenses associated with a new ABAG planner.

(b) If an amount less than the $666,908 of FY 2015-16 State Planning Funds applicable to FY 2015-16 is invoiced and received by ABAG, and credited towards MTC’s annual funding commitment in accordance with paragraph (a) above, MTC agrees to cover the difference through such other mechanisms as shall be reflected in an amendment to this Agreement prior to April 30, 2016.

(c) MTC and ABAG shall work cooperatively to develop a plan and identify reasonable parameters for the future fiscal year re-allocation of any unspent portion of the General Fund/TDA Planning funds, subject to the availability of funds and approval of appropriate contract and budget amendments by the Commission for future expenses.

(d) ABAG agrees that any FY 2015-16 State Planning Funds remaining unspent per subparagraphs (a) and (b) above and any State Planning Funds remaining unspent per Section 3, subparagraphs (a) and (b), of the originally executed agreement shall be carried over into ensuing fiscal years’ Interagency Agreements for expenditure by ABAG, and as an offset to MTC’s funding commitment to ABAG for those fiscal years, with a goal of providing capacity over the term of the eight-year funding framework to meet anticipated agency expenses and to offset potential lower State funding levels.

(e) Notwithstanding the foregoing, ABAG agrees that any amounts for FY 2015-16 State Planning Funds spending during FY 2015-16 in excess of $728,908 amount described in
subparagraph (a) above shall offset MTC’s $3,075,092 funding commitment to ABAG for FY 2015-16.

3. Appendix B, **Funding for First Six Months of FY 2015-16** is revised as follows:

   **Funding for FY 2015-16**

<table>
<thead>
<tr>
<th>WORK ELEMENT 2015-16</th>
<th>FTA (Toll Credit for match)</th>
<th>FHWA (Toll Credit for match)</th>
<th>TDA/General Fund</th>
<th>STP 6084 (175)</th>
<th>STP 6084 (187)</th>
<th>TOTAL:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional planning, modeling, research and outreach, including intergovernmental coordination.</td>
<td>$244,888</td>
<td>$1,015,000</td>
<td>$456,204</td>
<td>$699,000</td>
<td>$660,000</td>
<td>$3,075,092</td>
</tr>
</tbody>
</table>

   **TOTAL:** $244,888 $1,015,000 $456,204 $699,000 $660,000 $3,075,092

4. **Condition for Release of FY2015-16 Funds.** Payment for work performed after November 1, 2015 shall be subject to the condition listed in Attachment 1, attached hereto and incorporated herein by this reference.

5. **Reduction of Amounts Due in the Event of Consolidation.** In the event the planning functions of ABAG and MTC are consolidated through action by MTC to offer ABAG planners positions at MTC, the total amount payable to ABAG under this Agreement shall be reduced in an amount equal to $256,258 times the number of months remaining until June 30, 2016, calculated from the first day of the month succeeding the date any ABAG employee commences employment at MTC. MTC shall apply a corresponding prorata credit to each funding source listed in Appendix B.

6. **Retention of Contract Provisions.** Except as provided herein, all other terms and conditions of the Agreement remain unchanged.
IN WITNESS WHEREOF, the parties have executed this Amendment on the date indicated above.

METROPOLITAN TRANSPORTATION COMMISSION

ASSOCIATION OF BAY AREA GOVERNMENTS

______________________________  ________________________________
Steve Heminger, Executive Director  Ezra Rapport, Executive Director
The condition is as follows:

Separation of Direct and Indirect Costs: ABAG shall continue to cooperate with MTC and Caltrans on questions related to costs for personnel that have been charged as direct and also included as part of the indirect pool.