



SAN FRANCISCO BAY

RESTORATION AUTHORITY

Annual Report

2017- 2018

Message from the Executive Director



Fiscal Year 2017-2018 was a year of “firsts” for the San Francisco Bay Restoration Authority. The first request for proposals was issued and the first round of grants was awarded, marking the first allocation of Measure AA funding for Bay restoration. It has been an exhilarating time at the Authority, and we are now truly delivering on the promise we made to Bay Area voters.

With a funding stream secured and our administrative house in order, this year we focused on successfully launching the Authority’s Grant Program. In September of 2017, we issued our first request for proposals, with an updated and comprehensive set of guidelines to help applicants navigate the process.

The Authority’s first grant round netted 22 proposals, totaling \$47 million in requested funding to support planning, design, permitting, construction and monitoring of restoration projects in nearly every Bay county.

A team of restoration experts drawn from the Authority’s Advisory Committee and staff scored each application on its implementation of the programs and activities of Measure AA as well as its alignment with Measure AA’s priorities, including achieving long-term impact, economic benefits, engagement with youth and young adults, and providing tangible benefits to economically disadvantaged communities. Projects were also judged on their likelihood of success. Nine of the project proposals were recommended for funding, representing seven Bay Area counties and a broad range of restoration approaches. In April 2018, eight of these projects were awarded funding; the ninth project, the 900 Innes Remediation Project, was considered in Fiscal Year 18/19 due to its CEQA timing.

An additional project was developed by Authority staff and brought to the Board in June. Authority staff and partners have long recognized that the current regulatory process is one of the most significant hurdles to accelerating the pace and scale of wetlands restoration. They recommended that the Board authorize funding for the Bay Restoration Regulatory Integration Team (BRRIT), an innovative solution to expedite permitting by dedicating representatives from each regulatory agency to review restoration project information as a team and process permit applications collaboratively.

Each of these projects will contribute to the collective restoration of the Bay in different ways. While projects vary in scope and size from less than an acre to 3,000 acres, all fulfil Measure AA’s objectives of habitat restoration and water quality improvements, most provide flood protection or public access, or both, and six benefit economically disadvantaged communities.

Some large projects, like the South Bay Salt Ponds and Montezuma Wetlands, build on years of experience. Smaller projects, such as the San Leandro Treatment Wetland and Encinal Dunes, experiment with creative new techniques to combine habitat restoration with wastewater treatment and beach stabilization. And the BRRIT introduces a much-needed improvement to project permitting for all restoration practitioners in the Bay.

Two years ago, Bay Area voters opted to tax themselves to increase the health and resilience of their bay, and time has proven the wisdom of that choice. Measure AA funding is flowing and attracting matching funds to support this work, and we look forward to keeping this momentum up in 2019!

FY 2017/2018 in numbers:

Number of project proposals received: 22

Number of projects selected for funding: 9

Bay Area counties with projects receiving funding: 7

Total funding committed: \$22 million

- Sam Schuchat

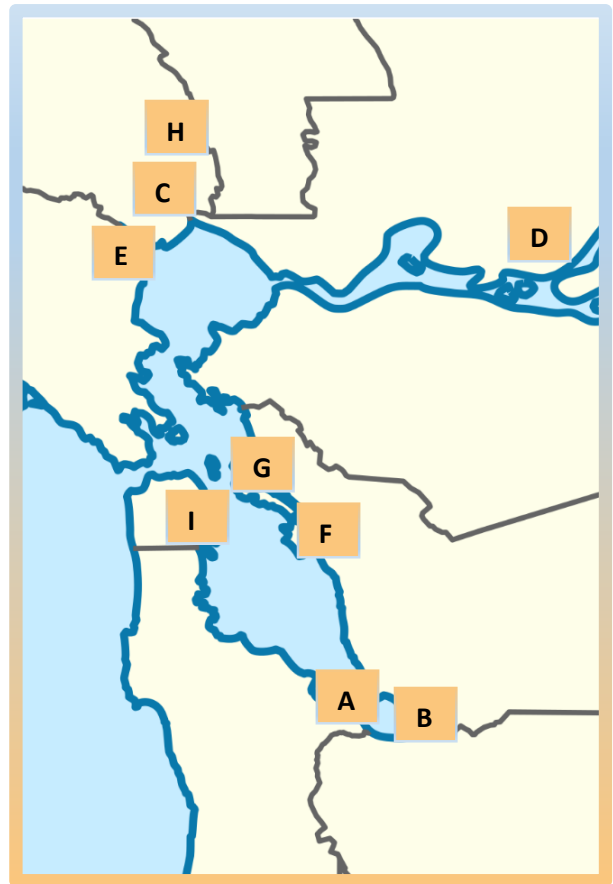


Projects Funded in the first Round of Grants

A. South Bay Salt Ponds Restoration Project, Phase 2
Grantee: Ducks Unlimited, Inc. (DU) & California Wildlife Foundation (CWF)
\$7,421,730

Measure AA funding will enable the completion of Phase 2 of the South Bay Salt Pond Restoration Project in the Ravenswood and Alviso Ponds, and launch the next phase of the project's adaptive management science program. One of the largest wetland restoration projects in the United States, the South Bay Salt Pond Restoration Project is a multi-agency effort to restore 15,100 acres of former salt evaporation ponds in South San Francisco Bay in phases over a 50-year period. This phase will involve breaching levees, installing ditch blocks, dredging pilot channels and constructing acres of upland transition zones to restore tidal action and create habitat along these shorelines.

FY 18/19 Update: California Wildlife Foundation is currently in the process of using this funding to hire consultants to advance the project's research and monitoring efforts. CWF is also finalizing contracts for monitoring change to marsh and mudflat habitat as well the abundance and distribution of nesting terns and shorebirds in the South Bay. DU has nearly completed design for the Ravenswood Ponds and material is currently being imported for berm and upland transition zone construction. DU has also completed 60% design for the Mountain View Ponds and is working with the City of Mountain View and other project partners to permit import of material.



B. South San Francisco Bay Shoreline Project
Grantee: Santa Clara Valley Water District
\$4,439,406

The South San Francisco Bay Shoreline Project is a \$170 million effort to provide flood protection and improve public access in the north San Jose community of Alviso, and to restore 2,900 acres of former salt evaporation ponds. Measure AA funding in this first Phase closes a funding gap that will allow the Santa Clara Valley Water District (SCVWD) to move the project's planning forward and provides construction funds to the US Army Corps of Engineers as required by a cost sharing agreement.

FY 18/19 Update: The SCVWD has released a request for contractors to import dirt into the Shoreline Project site in order to build the flood protection levee and ecotone in the first phase of the project.



FY 2017/2018 in numbers:

Acres of Subtidal Habitat to be Restored: 155

Acres of Baylands Habitat to be Restored: 4,492

Acres of Upland Habitat to be Restored: 327

Miles of Bay Trail to be constructed: 3.3

C. Restoring wetland-upland transition zone habitat in the North Bay with STRAW

Grantee: Point Blue Conservation Science
\$2,661,264

With this funding, Point Blue Conservation Science will restore approximately 1.3 linear miles of critical wetland-upland transition zone habitat in the North Bay, engaging over 5,000 STRAW (Students and Teachers Restoring a Watershed) participants at four sites over the course of five years. The project will consist of design, implementation, maintenance and monitoring of climate-smart marsh to upland transition zone habitat restoration in four locations while educating youth and building a constituency of environmental supporters.

D. Montezuma Tidal and Seasonal Wetlands Restoration Project — Phase I Tidal Wetlands Area

Grantee: Montezuma Wetlands LLC
\$1,610,000

This project will convert 630 acres of currently diked baylands along Montezuma Slough to 566 acres of tidal marsh and subtidal habitat, 45 acres of seasonal wetlands, and 19 acres of high tide refuge and bird nesting habitat. Additionally, 220 acres of adjacent uplands will be enhanced to improve upland habitat quality. The project is located at a position in the San Francisco estuary where freshwater outflow from the Sacramento-San Joaquin Delta mixes with saline water from San Francisco Bay. Tidal marsh in this mixing zone supports high primary productivity that fuels the aquatic food web and provides food for many native fish species.

FY 18/19 Update: Construction of the project began in September 2018 and continued through October 2018. By the end of October, approximately 17% of the planned ecotone slope was finished and 35% of the flood protection levees were constructed.



E. Deer Island Basin Phase I Tidal Wetlands Restoration Project

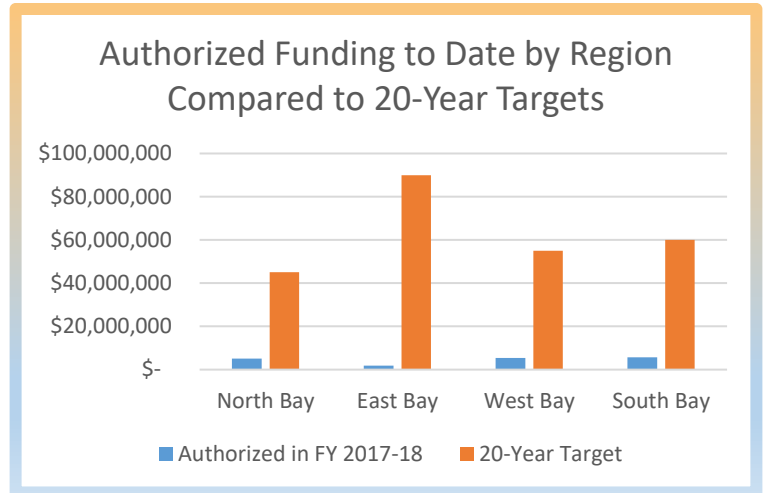
Grantee: Marin County Flood Control District
\$630,000

Marin County Flood Control District will prepare detailed designs, permit applications, and environmental documentation for the restoration of Deer Island Tidal Basin Wetlands. Preliminary plans for the project provide for restoration of up to 154 acres of diked, subsided and degraded historic tidal marsh to full tidal natural conditions, and the creation of up to 4,500 linear feet of adjacent ecotone levees in the Deer Island Tidal Basin in the lower Novato



Creek watershed. The project will serve as a demonstration of a natural levee approach and as a model project for sea level rise adaptation planning and design around the Bay edge.

FY18/19 Update: The Marin County Board of Supervisors voted unanimously to execute the \$520,000 grant disbursement agreement to pursue project design. An additional \$110,000 in grant funds will be made available and the Marin County Flood Control district has asked the Authority for an additional \$110,000 in grant funds to secure necessary permits once the design and CEQA is complete.



F. San Leandro Treatment Wetland for Pollution Reduction, Habitat Enhancement and Shoreline Resiliency

Grantee: City of San Leandro

\$539,000

The City of San Leandro is converting a 4.3-acre wastewater storage basin to create a multi-benefit treatment wetland at the City of San Leandro’s Water Pollution Control Plant. Measure AA funding will support the preparation of detailed designs, permit applications, and environmental documentation for the treatment wetland, and development of a community-based shoreline resiliency and tidal marsh restoration vision for the surrounding area. Implementation of this project will significantly improve habitat conditions at a contaminated shoreline site and is anticipated to reduce nitrogen waste from the plant by at least 15%.

FY 2017/2018 in numbers:

Percent of projects that will benefit economically disadvantaged communities: 67%

Percent of projects with significant youth involvement component: 33%

Number of youth to be engaged: 5,200

Amount of funds leveraged: \$51,359,379

G. Encinal Dune Restoration and Public Access

Grantee: East Bay Regional Park District

\$450,000

With this funding, the East Bay Regional Park District will implement the Encinal Dune Restoration and Shoreline Stabilization Project at a small shoreline park in Alameda. The project will remove invasive ice plant, restore dune habitat, remove a rusting barge and other debris, stabilize eroding shoreline, and establish a beach nourishment program for the sandy beach at Encinal Beach. It will improve water access and create new trail linkages to the Encinal Boat Ramp and Alameda Point Trail. The site offers excellent opportunities to restore the beach and adjacent dunes to a more natural condition while improving both recreation and habitat values.



H. Restoration Strategy for Lower Sonoma Creek
Grantee: Sonoma Land Trust
\$150,000

Sonoma Land Trust (SLT) received Measure AA funding to develop a strategy for landscape-scale restoration, flood protection and public access in the Lower Sonoma Creek portion of the San Pablo Baylands. The Strategy will identify the optimal sequence for land acquisition and associated restoration to maximize habitat development, reduce flood risk, and minimize saltwater intrusion, and identify existing and planned trails in consultation the Bay Trail and Water Trail. The strategy will incorporate both technical analysis and input from landowners and will include recommendations to increase habitat and hydrological connectivity to the Bay across the SMART rail line and redesigned State Route 37.



FY 18/19 Update: SLT has entered into a contract with the San Francisco Estuary Institute and its subcontractors to develop the strategy. In addition, the Restoration Authority is amending the grant agreement to add \$22,500, matched by \$25,000 from the U.S. Fish and Wildlife Service, to model two additional alternatives, one that maximizes tidal restoration and one that maximizes non-tidal options for the landscape. These alternatives will be used to develop a hybrid strategy that maximizes connectivity to the uplands.

FY 2017/2018 in numbers:

8 Vital Fish, Bird and Wildlife Habitat Projects

7 Safe, Clean Water and Pollution Prevention Program Projects

5 Integrated Flood Protection Program Projects

5 Shoreline Public Access Program Projects

*Note: The Bay Restoration Regulatory Integration Team project is not counted as addressing specific Program Areas.

I. 900 Innes Remediation Project

Grantee: City and County of San Francisco, Recreation and Park Department

Amount: \$4,998,600

This authorization is for the City and County of San Francisco to remediate and restore soft-bottom intertidal and subtidal habitat at India Basin in the Bayview-Hunter's Point neighborhood. When complete, the project will improve habitat for fish and wildlife, and facilitate future actions to restore wetland functions, improve ecosystem services, and enhance public access at this site.

FY 18/19 Update: The 900 Innes Remediation Project, the final project selected from the first round of applications, was presented to the Governing Board of the Authority for funding in February 2019.

J. Bay Restoration Regulatory Integration Team (BRRIT)

Grantee: U.S. Army Corps of Engineers, U.S. Fish and Wildlife Services, National Marine Fisheries Service, California Department of Fish and Wildlife, San Francisco Bay Conservation and Development Commission, and San Francisco Bay Regional Water Quality Control Board

\$650, 000 annually for five years

The objective of the BRRIT is to improve the permitting process for multi-benefit wetland restoration projects and associated flood management and public access projects in San Francisco Bay by dedicating agency representatives to review project information for consideration as a team and process permit applications in the most efficient possible manner. The BRRIT will be available to review permit applications for any projects that meet the Measure AA criteria, regardless of whether they have applied for or received funding from the Authority.



FY 18/19 Update: The BRRIT is now fully funded with support from the State Coastal Conservancy, Santa Clara Valley Water District, East Bay Regional Park District, and the Bay Area Toll Authority to augment the Authority's funding. It is expected to be up and running by Autumn 2019.

Timeline

- June 2016 – Bay Area voters approve Measure AA with a 70% majority.
 - July 2016 - Joint Powers Agreement formed between ABAG and the Coastal Conservancy to enable staffing of the Authority.
 - March 2017 – First convening of the new Advisory Committee, comprised of representatives from Bay Area communities and public agencies, as well as restoration experts, appointed to guide the Governing Board in its transition from fundraising to administering a grant program.
 - June 2017 – Grant Guidelines updated to include an expanded definition of “economically disadvantaged communities” that incorporated input from environmental justice experts on the Advisory Committee and their community-based colleagues.
 - September 2017 – First Request for Proposals and Grant Application adopted and issued.
 - December 2017 – First tranche of Measure AA funding arrives, collected from property tax payments.
 - April 2018 – First round of grants awarded, totaling \$19 million on eight projects in seven Bay Area counties.
 - June 2018 – Advisory Committee recommended set of Performance Measures to track the activities and results on an annual basis of the Measure AA grant program. Funding authorized for the Bay Restoration Regulatory Integration Team, the first regional cross-agency team to expedite permitting for restoration work.
 - September 2018 – Independent Citizens Oversight Committee is formed. Guidelines, Request for Proposals and Grant Application revised and issued for the second round of grants.
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Financial Summary

The SFBRA received the first allotment of parcel tax funds in December 2017. A total of \$25,313,504 was collected from the Measure AA special tax in fiscal year 17/18. Investment and other revenue was \$50,550, for a total revenue of \$25,364,054 (See Appendix B for Financial Statements).

In fiscal year 2018, the SFBRA reporting classification changed from an enterprise fund to a governmental fund, which resulted in a change in the beginning Fund Balance at July 1, 2017 from -\$1,331,833 to -\$223,571 (Table 1) (See Appendix B for full details). The ballot costs were now reported as liability since those will be repaid starting in fiscal year 18/19.

| Table 1. Fund Balance adjustment for FY 16/17. | |
|---|----------------------|
| | Amount |
| Amount listed in FY 16/17 report | -\$1,331,833.00 |
| Reclassification of ballot costs as liability | \$1,108,262.00 |
| Fund Balance at July 1, 2017 as restated | -\$223,571.00 |

Administrative Summary

Staff implemented the work plan approved at the November 30, 2016 Governing Board meeting and a modified full program budget approved at the June 1, 2018 Governing Board meeting. A total \$1,265,675 (5% of the Measure AA tax revenue) and \$50,550 (investment income and other revenue) was transferred into for the Administrative Operations (Table 2).

| Table 2. Administrative revenues and expenses. | | |
|---|----------------|-----------------------|
| | Budget | Actual |
| Revenues | | |
| Administrative Transfer in (5% of Measure AA revenue) | \$1,285,758.00 | \$1,265,675.00 |
| Investment Income and Other Revenues | \$0.00 | \$50,550.00 |
| Total Operating Revenue | \$1,285,758.00 | \$1,316,225.00 |
| | | |
| Expenditures | | |
| Staffing (salary and benefits and overhead) | \$437,000.00 | \$426,961.00 |
| Professional Fees | \$92,200.00 | \$18,110.00 |
| Other | \$26,500.00 | \$26,814.00 |
| Total Expenditures | \$555,700.00 | \$471,885.00 |
| Surplus | \$730,058.00 | \$844,340.00 |
| Administrative Fund Balance - Beginning, as Restated | -\$223,571.00 | -\$223,571.00 |
| Administrative Fund Balance - Ending | \$506,487.00 | \$620,769.00 |

A total of \$555,700 was approved for the 17/18 administrative operating budget, with \$471,885 expended. This resulted in a surplus of \$844,340 for the fiscal year. When incorporating the beginning fund balance (-\$233,571



for administrative operating expenses for 16/17), the ending administrative fund balance was \$620,769. The ballot cost repayment will begin in FY 18/19, with 3 equal payments over 3 years.

Project Summary

The project based budget (95% of the tax revenue) includes approved projects, county administrative fees, and fees for the special tax assessment consultant. A total of 8 projects were approved by the Governing Board on April 11, 2018, along with a project contingency (approved on June 1, 2018) for a total project budget of \$21,565,810 (Table 3).

| Table 3. SFBRA Projects | |
|--|-----------------|
| Project Names for SFBRA Projects | Amount |
| South Bay Salt Ponds Restoration Project, Phase 2 | \$7,421,730.00 |
| South San Francisco Bay Shoreline Project | \$4,439,406.00 |
| Restoring Wetland-Upland Transition Zone Habitat | \$2,661,264.00 |
| Montezuma Tidal and Seasonal Wetlands Restoration Project | \$1,610,000.00 |
| Deer Island Basin Phase 1 Tidal Wetlands Restoration Project | \$630,000.00 |
| San Leandro Treatment Wetland | \$539,000.00 |
| Encinal Dune Restoration and Public Access | \$450,000.00 |
| Restoration Strategy for Lower Sonoma Creek | \$150,000.00 |
| Project Contingency | \$3,664,410.00 |
| Total Budgeted | \$21,565,810.00 |
| Amount Expended for SFBRA Projects | \$0.00 |

All of the approved projects were still in the contracting process at the end of 17/18, so no project funds were expended during the fiscal year. The county tax collection fees were \$700,768, and special tax assessment consultant's fees of \$56,940 for a total of \$757,708, were the only portion of the project based budget that was expended in 17/18 (Table 4).

| Table 4. Project based revenues and expenses. | | |
|--|-----------------|-----------------|
| Revenues | Budget | Actual |
| Measure AA Special Tax | \$25,715,160.00 | \$25,313,504.00 |
| 5% Transfer out to Administrative Operating Fund | \$1,285,758.00 | \$1,265,675.00 |
| Project Based Funds Available | \$24,429,402.00 | \$24,047,829.00 |
| | | |
| Expenditures | | |
| Total Expended for SFBRA Projects | \$21,565,810.00 | \$0.00 |
| County Administration Fees | \$752,168.00 | \$700,768.00 |
| Special Tax Assessment Consultant Fees | \$0.00 | \$56,940.00 |
| Total of Project Based Funds Expended | \$22,317,978.00 | \$757,708.00 |
| Project Based Fund Balance - Ending | \$2,111,424.00 | \$23,290,121.00 |



Overall Summary

The total revenue for 17/18 was \$25,364,054 (Table 5). Administrative expenses were \$471,885 and project based expenses were \$757,708, for a total of \$1,229,593 expended for the fiscal year. The change in fund balance for FY 17/18 was \$24,134,461, with an ending fund balance of \$23,910,890.

| Table 5. Statement of revenues, expenditures and changes in fund balance. | |
|--|------------------------|
| | Amount |
| General Revenue | |
| Measure AA special tax | \$25,313,504.00 |
| Investment Income | \$37,608.00 |
| Miscellaneous | \$12,942.00 |
| Total Revenue | \$25,364,054.00 |
| Expenditures | |
| Administrative Expenses | \$471,885.00 |
| Project Based Expenses | \$757,708.00 |
| Total Expenses | \$1,229,593.00 |
| Change in Fund Balance for FY 17/18 | \$24,134,461.00 |
| Fund Balance - Beginning | -\$223,571.00 |
| Fund Balance - Ending | \$23,910,890.00 |



Appendices

Appendix A: Performance Measures Table, Fiscal Year 2017-2018

Appendix B: Financial Statements for the San Francisco Bay Restoration Authority for the Year Ended June 30, 2018. This report includes the Independent Auditor's Report, Basic Financial Statements and other analysis and supplemental information.



Appendix A: Performance Measures Table, Fiscal Year 2017-2018

| Performance Measures | Unit | Amount |
|--|-----------------|---------------|
| Projects Authorized by the Governing Board | Projects | 9 |
| Types of Organization Funded | | |
| Public Agency | Projects | 4 |
| Non-Profit Organization | Projects | 3 |
| Private For-Profit Entity | Projects | 1 |
| Public-Private Partnership | Projects | 0 |
| Multi-Agency Partnership or Joint Powers Authority | Projects | 1 |
| Types of Projects | | |
| Measure AA Program Areas Addressed | | |
| Note: All projects addressed two or more Program Areas. | | |
| Clean Water | Projects | 7 |
| Habitat Restoration | Projects | 8 |
| Flood Protection | Projects | 5 |
| Public Access | Projects | 5 |
| Pilot or demonstration projects | Projects | 2 |
| Special projects | Projects | 1 |
| Note: The special project funded in FY 2017/2018 was the Bay Restoration Regulatory Integration Team. This project is not counted as addressing specific Program Areas. | | |
| Project Phases Funded | | |
| Pre-Construction Only Projects | Projects | 4 |
| Construction Projects | Projects | 5 |
| Post-Construction Only Projects | Projects | 0 |
| Habitat Restoration and Enhancement | | |
| Number of restoration plans to be completed | Plans | 5 |



| | | |
|---|---|---|
| Specific species targeted for restoration | List of specific target species for restoration | salt marsh harvest mouse, ornate shrew, California vole, Ridgway's rail, black rail, California least tern, western snowy plover, red knot, western sandpiper, northern pintail, mallard, snowy egret, salmonids, steelhead trout, tidewater goby, delta smelt, longfin smelt |
| Number of acres of habitat to be constructed divided by type | | |
| • Subtidal habitats | Acres | 155 |
| • Baylands habitats | Acres | 4,492 |
| • Upland habitats providing transition habitat and/or migration space | Acres | 327 |
| Total acres | Acres | 4,974 |
| Benefits to Economically Disadvantaged Communities | | |
| Percentage of projects providing benefits to economically disadvantaged communities | Percent of Projects | 67 |
| Youth Involvement | | |
| Percentage of projects with significant youth involvement component | Percent of Projects | 33 |
| Number of youth to be engaged | People | 5,200 |
| Volunteer Involvement | | |
| Volunteer time | Hours | 58,730 |
| Number of unique volunteers expected to participate in restoration | Volunteers | 5,280 |
| Public Access | | |
| Miles of Bay Trail to be designed | Miles | 3.3 |
| Miles of Bay Trail to be constructed | Miles | 3.3 |
| Miles of other trail to be designed (non-Bay Trail) | Miles | 2.9 |



| | | |
|---|------------------|-------------------------|
| Miles of other trail to be constructed (non-Bay Trail) | Miles | 2.9 |
| Water trail sites to be planned or constructed | Sites | 0 |
| Public access enhancements | Enhancements | 1 |
| Geographic Distribution of Funds Authorized | | |
| North Bay | Dollars | \$ 5,051,264.00 |
| East Bay | Dollars | \$ 1,802,386.00 |
| West Bay | Dollars | \$ 5,394,958.00 |
| South Bay | Dollars | \$ 5,652,792.00 |
| Baywide | Dollars | \$ 1,250,000.00 |
| Total | Dollars | \$ 19,151,400.00 |
| Matching Funds and Other Contributions | | |
| Total dollars matched by other funding sources | Dollars | \$ 51,359,379.00 |
| Private contributions | Dollars | \$ - |
| Other government contributions | Dollars | \$ - |
| Administrative Costs from Tax Revenue | | |
| Program administrative costs from tax revenue as a percentage of the total tax proceeds collected | Percent of Funds | 2.55 |

