SAN FRANCISCO BAY
RESTORATION AUTHORITY

Authority Staff Draft Response to Oversight Committee Letter, December 13, 2024

San Francisco Bay Restoration Authority
Independent Citizens Oversight Committee
Annual Report FY 2022-2023
May 30, 2024

Governing Board
San Francisco Bay Restoration Authority
1515 Clay Street, 10th Floor
Oakland, CA 94612

Dear Chair Pine and Members of the Governing Board:

The Independent Citizens Oversight Committee (Oversight Committee) is pleased to provide this annual report regarding the San Francisco Bay Restoration Authority's (Authority's) financial operations and conformance with the provisions of Measure AA for Fiscal Year 2022-2023. The six members of the Oversight Committee are:

Terry Young, Chair, At-Large Representative, Alameda County
Jim Fiedler, Vice Chair, East Bay Representative, Contra Costa County
Arthur Deicke, At-Large Representative, Sonoma County
Demece Garepis, West Bay Representative, San Francisco County
Garth Hall, South Bay Representative, Santa Clara County
Doug Wallace, North Bay Representative, Marin County

For this report, the Oversight Committee reviewed the Authority's financial statements, audit, budget, workplan, Annual Report, and individual project-related staff recommendations, as well as the BRRIT 2023 Annual Report, the San Francisco Bay Joint Venture's 2022 Implementation Strategy, and other relevant documents. We thank the Authority staff for providing this information and associated briefings.

Summary Finding: Based on this review, the Oversight Committee finds that Measure AA funds are being allocated appropriately for the purposes specified, that the Authority is managing its project portfolio well, and that its administrative services are well-organized. Our detailed comments follow.

Staff Response to Summary Finding: Authority Staff agree with this finding.

FINANCIAL MANAGEMENT

The Oversight Committee's review of the financial statements and audit determined that the Authority's financial management is sound and that the records are presented clearly in the public documents. Moreover, the audit is unmodified with no material weaknesses or significant deficiencies, and no material misstatements.

Each year, the Oversight Committee reviews the project-based budget to determine whether the Authority is allocating property tax income for the purposes of Measure AA timely. Over the six years since Measure AA went into effect, the total amount available to fund projects (after administrative expenses and county collection fees are subtracted) was $142,866,707. At the end of FY 2022-2023, $4,227,923 was unallocated. The Oversight Committee finds that the unallocated amount of 3% is acceptable and also reflects well on the procedures that the Authority has created to review project proposals, award grants, and reserve the requisite funds to complete these projects.

Measure AA limits the proportion of tax revenue that can be spent on administrative expenses to 5% of the total, or $1,292,675 this fiscal year. In past years, interest income from the fund balance (composed largely of money reserved to fund projects which are underway) has also been added to the administrative budget. During this fiscal year, interest income rose sharply so that interest income that had averaged about $290,000 per year in past years rose to over $2.5 million this year. This additional income creates a substantial cushion for future administrative expenses and alleviates some of the concern expressed in our letter of last year that administrative expenses might exceed the funds available.

We note that the relative allocation of Cash and Investments also changed significantly from last year to this year (see table below).

	Year ending June 30, 2022	Year ending June 30, 2023
Cash and Cash Equivalents	$21,698,748	$8,470,723
Investments	$58,079,444	$77,389,867

The investment vehicles for Cash, Cash Equivalents, and Investments remain unchanged, and the weighted average maturity for the investments (composed of securities from the US Treasury and Federal Home Loan Bank) are 0.5 years and 0.39 years, respectively. We are

informed by Authority staff that this change is related to updated projections of cash flow requirements. We find no cause for concern with respect to this change.

Last year, the Oversight Committee recommended that the Authority construct a 10-year projection of administrative costs to determine whether there might be a structural problem with the 5%-plus-interest limit on expenditures. The Authority is currently developing this projection and expects it to be available later in 2024. We look forward to reviewing the projections and resulting recommendations.

It is our understanding that the Authority also is considering the potential need to reserve administrative funds beyond the June 30, 2037 sunset date of the Measure AA Special Parcel Tax. The Authority may, for example, be required to administer grants that are awarded during the Measure AA term but whose construction and follow-up monitoring extend beyond that term. The Oversight Committee supports the need for such analysis and for reserving the requisite funds from the annual administrative budget to pay predicted post-AA administrative costs. We suggest that the Authority include a discussion of this issue in the report regarding its 10-year projection.

The Oversight Committee also requests that the Authority discuss the practice of using investment income to fund administrative expenses in its 10-year projection, given the dramatic change in investment income last year and perhaps in future years. Although it may be too early to decide, the question we would pose is whether some of the investment income should be transferred to the project budget and, if so, what the trigger for such a transfer would be.

As mentioned above, "County Collection Fees" are paid by the Authority to the nine individual counties to pay the cost for them to levy and collect the parcel tax. In FY 22-23 these fees for tax collection total $742,574. Since the special tax inception, a total of $4,395,891, or roughly 3% of Measure AA tax has been withheld for county fees. These fees vary widely across counties, ranging from 0.85% to 6.34% of the county's levy. (The Authority has negotiated reduced and flat fees with San Francisco and San Mateo, respectively). The chart below shows in more detail the fees collected from each county in FY 23-24.[1]

[1] SAN FRANCISCO BAY RESTORATION AUTHORITY REVISED 2023/24 Annual Levy Report For: Measure AA Special Parcel Tax. Prepared NBS, December, 2023. https://www.sfbayrestore.org/sites/default/files/2024-01/NBS_Annual_Levy_Report_FY23-24_REVISED.pdf

County	Collection Fee	Collection Fee Total	Collection Fee as a % of the Levy
Alameda	1.7% of levy	$89,615.57	1.70%
Contra Costa	$250 + $0.76/parcel	275,063.72	6.34%
Marin	$2 first 10,000 parcels $1 for next 10,000 parcels $0.50 for over 20,000	65,217.00	6.01%
Napa	$0.50/parcel	24,072.00	4.17%
San Francisco	$0.40/parcel	81,105.60	3.33%
San Mateo	$85,000 flat	85,000.00	3.28%
Santa Clara	1% of levy	58,019.40	1.00%
Solano	1% of levy	17,043.48	1.00%
Sonoma	0.85% of levy	17,809.10	0.85%
Totals:		**$712,945.87**	**2.75%**

We understand that the Governing Board is aware of the inconsistencies in collection fee costs among the counties, and we look forward to being informed of any future actions undertaken by the Governing Board to address this issue. In addition, the Oversight Committee would like to learn the justification provided by Contra Costa and Marin Counties for their higher-end collection fees.

Finding #1a: The Oversight Committee's review of the audit, financial statements, and project-based budget demonstrates that the Authority's financial management is sound. In addition, some of our concerns regarding the long-term viability of the administrative budget have been alleviated by the increase in interest income, which can be used to offset administrative expenses. Looking to the future, the Oversight Committee also supports the concept of reserving funds to cover post-Measure AA administrative costs.

Staff Response to Finding #1a: Authority staff agree with this finding.

Recommendation #1a: Consistent with the Oversight Committee's recommendation last year, the Authority is developing a 10-year projection of administrative costs. We look forward to reviewing this report after it becomes available later in 2024. We recommend that the report's discussion include the following issues: the need to reserve administrative funds for use after Measure AA sunsets in 2037; and whether it may be advisable to shift interest income to the project-based budget prior to the Measure AA sunset.

Staff Response to Recommendation #1a:
Status – In Progress: A projection of staff costs until the end of Measure AA, across multiple scenarios (going back on the ballot and passing a renewal of Measure AA; going back on the ballot but not passing a renewal; or not going back on the ballot), is currently under development. The analysis will look at the interest income and include the need to reserve some administrative funds beyond the timeframe of Measure AA. This is expected to be presented at the Governing Board meeting on February 28, 2025.

Finding #1b: The fees that the Authority pays to individual counties to levy and collect the Measure AA parcel tax vary widely among counties, ranging from 0.85% to 6.34% of the levy.

Staff Response to Finding #1b: Authority staff agree with this finding.

Recommendation #1b: The Oversight Committee requests any information the Authority can provide regarding the justification provided by Contra Costa and Marin for their higher-end collection fees.

Staff Response to Recommendation #1b:
Status – In Progress: There are currently no guidelines or restrictions for what counties can charge to collect parcel taxes. Authority staff have discussed this issue with the Governing Board multiple times. State legislation was proposed at one point, but did not go through. Staff will continue to work with the Governing Board to discuss potential solutions to this issue. However, these fees are determined by independently elected county department heads.

PROJECT SELECTION

The Authority did not issue a Request for Proposals this fiscal year. Instead, one new community grant and planning grants for two new projects were funded from previous Requests for Proposals; the Oversight Committee finds that each of these is consistent with the provisions of Measure AA. In addition, supplemental grant funding was provided to six previously-approved projects. (Please see Project Management and Implementation, below, for further discussion of augmented funding.)

One of the priorities listed in Measure AA is providing the "greatest positive impact", which includes restoring a functional ecological system at the landscape scale.[2] In past reports, the Oversight Committee has recommended that the Authority work towards "optimiz(ing) the group of projects it funds in order to maximize the region-wide, landscape-level benefits", such

[2]An easy way to think about the landscape scale is that a landscape is generally composed of a mosaic of interacting systems or habitats.

as “increased complexity of the habitat matrix; improved connectivity and wildlife corridors; and transition zones that can be used as refugia for wildlife as well as marsh migration as sea level rises”. In other words, now that the Authority and other agencies have funded multiple projects around the region, it is possible to look at this group of projects as a portfolio and then determine whether certain important elements are missing – particularly those that have been identified in the excellent subregional and estuary-wide analyses of restoration needs. In addition to considering this informal “gap” analysis, we asked that the Authority:

- More explicitly incorporate the landscape-scale characteristics into the scoring criteria used to evaluate new proposals;
- “Actively solicit” projects that might fill those gaps; and
- Augment existing Performance Measures with indicators that track cumulative changes in landscape pattern or structure.

The Oversight Committee appreciates the efforts the Authority has undertaken to address these recommendations. For example, the 2023 Request for Proposals (released July 6, 2023) now explicitly asks applicants to cite the relevant analyses[3] and also asks applicants to “describe the extent to which the project contributes to landscape-scale ecological benefits”.[4] The grant application form and the form used by grant reviewers refer back to the same characteristics. In our view, this documentation will provide valuable information about how the individual projects in the Authority’s portfolio fit together regionally, and we appreciate the Authority’s efforts in this regard. We note that other solicitation priorities (e.g., geographic distribution, local workforce development, youth engagement) continue to be explicitly listed in the Request for Proposals so that these priorities also can be assessed as part of an expanding portfolio.

With regard to our recommendation that the Authority “actively solicit” projects that help to fill identified gaps, the Authority has reported that “staff are working with restoration proponents in the region to identify locations and projects that will have the largest landscape-scale ecological benefits, with the intention to include such projects in the Authority’s overall project portfolio”[5] and “(t)he Authority plays an important role in identifying and funding projects that support landscape-scale restoration and works with partners to coordinate efforts across the larger geography.”[6] We are pleased to receive this confirmation of the Authority’s efforts.

[3]The Request for Proposals specifies the following reports: Baylands Ecosystem Habitat Goals, Science Update 2015; Adaptive Management Plan of the South Bay Salt Ponds Restoration Project; Suisun Marsh Habitat Management, Preservation and Restoration Plan; Sonoma Creek Baylands Strategy; and Novato Creek Baylands Vision.

[4] The Request for Proposals lists the following landscape-level ecological benefits as examples: Increased complexity of the habitat matrix; improved habitat connectivity and wildlife corridors; creek-marsh connections; and transition zones that can be used as refugia for wildlife as well as marsh migration as sea level rises.

[5] Staff Response to the Independent Citizens Oversight Committee Letter covering Fiscal Year 2021/2022.

[6] San Francisco Bay Restoration Authority Annual Report for Fiscal Year 2022 – 2023, page 6.

Finally, the Wetlands Regional Monitoring Program is in the process of developing indicators that we anticipate will provide a cumulative measure of at least some important landscape-level characteristics, and we look forward to reviewing the rollout of these indicators in mid-2025.[7] In sum, the Oversight Committee is pleased with the progress that the Authority has made in its efforts to optimize its cumulative portfolio and to document these efforts for the public. We look forward to receiving annual updates on this work until the results can be tracked with Performance Measures alongside the other important Measure AA priorities.

In addition to providing the "greatest positive impact" (of which landscape-scale benefits are a subset), Measure AA also lists as a priority the provision of benefits to economically disadvantaged communities (EDCs). [8] The Oversight Committee surveyed and briefly evaluated the work of the Authority implementing this priority.

The Authority has undertaken a series of initiatives to determine how best to engage with and benefit EDCs. During 2018 and 2019, Authority actions included eliciting the advice of Environmental Justice experts and a consultant, forming an ad hoc subcommittee of the Advisory Committee, and issuing a report with specific recommendations designed not only to assure benefits to EDCs, but also enlist the input of community representatives. The results of these efforts were codified in Resolution 70, which was adopted by the Governing Board in July 2020 and has since guided the Authority's efforts. Annual updates on the implementation of Resolution 70's recommendations are provided to the Governing Board and have been supplemented by several features in the Authority's Annual Reports.

Among these recommendations was the initiation of an ongoing Community Grants Program, whose focus is to fund community-based organizations in EDCs. The application process for these grants has been designed to minimize, to the extent feasible, the barriers to entry for small organizations and foster successful applications. As of the 2023 yearly update to the Governing Board, three years of Community Grants had been issued.

In addition, benefits for EDCs are embedded in the quantitative scoring criteria for evaluating grant proposals for new projects. The 2023 Request for Proposals describes how such benefits will be evaluated,[9] and these considerations are carried over into the grant proposals and grant proposal evaluation sheets.

[7] See additional discussion in Project Tracking and Communications.

[8] The Grant Program Guidelines state that: "An economically disadvantaged community (EDC) is defined as a community with a median household income less than 80% of the area median income (AMI). Within this set of low-income communities, communities of particular concern include those that: are historically underrepresented in the environmental policymaking and/or projects, bear a disproportionate environmental and health burden, are most vulnerable to climate change impacts due to lack of resources required for community resilience, or are severely burdened by housing costs, increasing the risk of displacement."

[9] The Request for Proposals states that "A Project's ability to provide benefits to these communities will be judged based on the direct involvement and support of local community groups; a demonstrated track record working within communities; the use of proven strategies to increase relevance of messaging and outreach; and the ability to alleviate multiple stressors within communities, including, but not limited to, addressing the need for additional recreational amenities, resilience to climate change, reductions in pollution burden, greater civic engagement, and enhanced leadership development opportunities."

The Oversight Committee inquired whether the Authority has supported programs to train people from EDCs to do permit-related or regional monitoring, which would address three Measure AA priorities: EDCs, workforce development, and monitoring. It is our understanding this type of program is under consideration for the future (e.g., people from EDCs could be trained to work with the teams collecting Wetland Regional Monitoring Program data).

After reviewing these and related materials, the Oversight Committee finds that the Authority has made a significant commitment to implement the Measure AA priority for benefiting EDCs, and we support the continuing attention to this work.

Among the priorities that were listed in the Measure AA Campaign Goals are acres of shellfish habitat and acres of submerged aquatic vegetation (SAV) habitat. Shellfish beds (e.g. the Olympia oyster) provide multiple benefits, including: nursery and foraging habitat for other animals; pollutant filtering; and erosion protection for adjacent habitats. Similarly, SAV (such as eelgrass beds) provides nursery habitat, foraging habitat, spawning substrate, and protection against erosion and wave action. To date, Measure AA has funded projects that will restore 0.2% of the 500-acre goal for shellfish habitat and 2.0% of the 150-acre goal for SAV habitat.

The Authority is in the process of making a concerted effort to expand shellfish and SAV habitat by: funding small projects when the opportunity arises; funding a larger project ("Regionally Advancing Shorelines") to analyze methodology, design a programmatic permit, and build capacity for restoration of these two habitats; supporting the BRRIT's work to remove permitting roadblocks; and undertaking additional efforts to bring in new partners and develop additional expertise in the region. The Oversight Committee agrees with the guidance provided by the Governing Board on advancing efforts for the shellfish and SAV habitats. At the request of the Governing Board, the Authority has initiated development of a "mini" strategic plan to guide its efforts. The Oversight Committee appreciates the Authority's commitment to add focus to these two habitats, and we look forward to the circulation of the mini-plan.

Finding #2a: The Authority has implemented significant steps towards assessing its cumulative portfolio and working to fill gaps with respect to landscape-scale attributes as recommended by the Oversight Committee last year. This work helps to implement Measure AA's priority to create the "greatest positive impact" with its grant funds.

Staff Response to Finding #2a: Authority staff agree with this finding.

Recommendation #2a: The Oversight Committee requests that the Authority provide an annual update on its efforts to identify and fill gaps with respect to landscape-scale attributes, at least until such gaps can be assessed by performance measures or other documentation.

Staff Response to Recommendation #2a:
Status – Ongoing/In Progress: Authority staff continue to work with restoration proponents to identify locations and projects that will have the largest landscape-scale ecological benefits, with the intention to include such projects in the Authority's overall project portfolio. The projects that the Authority funds are being developed within the context of regional plans and collaborations that have been developed over many years.

Finding #2b: Providing benefits to economically disadvantaged communities (EDCs) is another of Measure AA's priorities. After reviewing the Authority's efforts to engage and provide benefits to EDCs, the Oversight Committee finds that the Authority has made important progress since 2018, and we support its continuing efforts.

Staff Response to Finding #2b: Authority staff agree with this finding.

Recommendation # 2b: As Authority staff look for opportunities to implement actions to benefit EDCs, we recommend that they continue to evaluate the feasibility of training a workforce from EDCs to assist with permit-related and regional monitoring. In addition, we recommend that the Authority continue to routinely evaluate progress and effectiveness of those actions.

Staff Response to Recommendation #2b:
Status – In Progress: The Authority is currently providing funds for the Wetlands Regional Monitoring Program (WRMP). The WRMP has in its five-year outlook to evaluate the feasibility of training a workforce from EDCs and Tribes to assist with regional monitoring. Authority staff will work with the WRMP to monitor progress on this effort.

Finding #2c: In response to the continuing lag in expansion of submerged aquatic vegetation and shellfish habitat, the Authority is making a concerted effort to remove identified roadblocks, develop regional expertise, and help foster the development of additional projects. The Oversight Committee supports these efforts and looks forward to the circulation of the "mini" strategic plan requested by the Governing Board.

Staff Response to Finding #2c: Authority staff agree with this finding. Authority staff have developed a plan for achieving the Measure AA campaign goals, and targets for distribution of funding by region, which will be presented at the Governing Board Meeting on December 13, 2024.

PROJECT MANAGEMENT AND IMPLEMENTATION

As mentioned above, six of the project grants awarded this fiscal year were in the form of augmentations to existing SFBRA-funded projects. The Oversight Committee requested -- and received – a summary explanation for each.[10] Three of the projects received small augmentations to cover changes that were made to the project scope during the planning and outreach phase, as follows: Tiscornia Marsh Restoration and Sea level Rise Adaptation, $386,000; American Canyon Wetlands Restoration Plan, $67,500; and North Richmond Shoreline Living Levee Project, $50,000. The Hayward Marsh Restoration Project received $75,000 to fund the next phase of design work. In the case of the SAFER Bay Planning Project, the Authority initially provided only a share of the project funding; the project proponents subsequently applied for a grant to cover a greater share of the project; and, because of the "significant project benefits, the availability of more funding, and in consideration of the need to balance funding for projects between the four regions of the Bay", the Authority awarded $3,980,000 to fund the bulk of the remaining project cost.

The augmentation for the Terminal Four Wharf Removal Project, in our view, falls into a different category. When this project went out to bid for the construction phase, the costs were higher than anticipated and the Authority awarded $2,300,000 to cover the increased cost. To the extent that this increase may be a manifestation of the recent jump in inflation, it is possible that other projects will experience similar cost increases. The Oversight Committee requests that the Authority evaluate the extent to which inflation-related cost increases may affect other existing projects and provide an overview of how that may affect the Authority's overall project-based budget.

The Oversight Committee reiterates its strong support for the Bay Restoration Regulatory Integration Team (BRRIT) and for similar efforts to improve the permitting process for restoration projects. These include the California Department of Fish and Wildlife's *Restoration Management Permit*, the State Water Resources Control Board's *Statewide Restoration General Order*, and the US Fish and Wildlife's *Programmatic Biological and Conference Opinion for California Statewide Programmatic Efforts*. We reviewed the BRRIT 2023 annual report and noted two items added to the Policy and Management Committee's issue list: better coordination with utilities regarding a project's impacts on existing infrastructure; and potential permitting complications affecting the placement of artificial reefs for oyster bed restoration.

[10] Explanation of Fiscal Year 2022/2023 Grant Agreement Augmentations (list of augmentations, amounts, and rationales prepared by San Francisco Bay Restoration Authority staff at the request of the Independent Citizens Oversight Committee), March 26, 2024.

We applaud the BRRIT's efforts to resolve these important issues, which otherwise might delay and/or increase the costs of restoration projects. To date, the BRRIT has issued a total of 12 programmatic permits/authorizations, with 33 more authorizations eligible for issuance currently under review by the BRRIT.

The BRRIT requested an additional five years of funding from the Authority on May 3, 2024.[11] The size of the request was based on maintaining the current capacity of the BRRIT, adjusted for salary and related increases. The Oversight Committee applauds the continuation of BRRIT funding, but we also note that we would support increasing its budget in the future if such increased capacity would enhance both the Authority's ability to fund and project proponents' ability to timely implement projects.

Although the work of the BRRIT is limited to projects eligible for Authority funding, the Oversight Committee believes that it may be a fruitful model for improving the regulatory process for other restoration and climate change resilience projects. Given the fact that many Bay Area climate change adaptation projects (nature-based or not) are not eligible for Authority funding and hence not eligible to be added to the BRRIT 's project list, we recognize that the BRRIT model could benefit projects outside the scope of the Authority.

Finding #3a: With one exception, the augmentation funds awarded this fiscal year represent: small changes in project scope during the planning phase; funds for a new project phase; or an affirmative decision on the part of the Authority to fund a far larger portion of the project (rather than rely on other matching funds). The Oversight Committee supports the Authority's ability to remain nimble and respond to such changes as they occur during the application and planning phases. In one case, the augmentation covered an unanticipated cost increase; it is unclear to the Oversight Committee whether this cost increase is a harbinger of cost increases in other projects.

Staff Response to Finding #3a: Authority staff agree with this finding. Further details on contingency are describe in the response for Recommendation #3a.

[11] Staff Recommendation for Augmentation for the Bay Restoration Regulatory Integration Team, approved by the Governing Board on May 3, 2024.

Recommendation #3a: The Oversight Committee recommends that the Authority evaluate the extent to which inflation-related cost increases may create the need for augmentations for existing projects, and requests that the Authority summarize the potential effects of such augmentations on the project-based budget. In addition, we would appreciate an explanation as to how potential augmentations are distinguished from project contingency funds included as a line item in the Authority's project-based budget.

Staff Response to Recommendation #3a:
Status – Implemented: Each construction project has its own contingency funds built into the project budget. In addition, approximately $3.6 million of the overall Project-Based Budget (about 15% of one year's allotment of Measure AA funds) is set aside as contingency funds. If those funds are needed, then more funds are allocated in the next fiscal year, to keep the contingency at 15%. If the contingency is not used, then the entire Project-Based Budget can go to new Measure AA projects the next year, without having to allocate additional funds to contingency.

Authority staff keep track of progress and funding needs for each Authority-funded project. In December/January of each year, Authority staff assess whether projects may need grant augmentations. This process coincides with the timeline for drafting an annual list of recommended projects for funding, and the initial development of the budget for the next fiscal year. This gives staff enough information to plan adequately for any needed augmentations during the rest of the fiscal year. The need for augmentations for existing projects will depend on inflation rates, which are difficult for Authority staff to predict. Continued high inflation rates would impact the Authority's ability to accomplish its regional goals.

Finding #3b: The Oversight Committee reiterates its strong support of the BRRIT and the improvements it continues to achieve in the permitting process, and we applaud the continued funding of the BRRIT for an additional five years.

Staff Response to Finding #3b: Authority staff agree with this finding.

Recommendation #3b: If, in the future, the Authority finds that increasing the capacity of the BRRIT would enable more projects to be funded and implemented on shorter timelines, the Oversight Committee would support increasing the funding of the BRRIT accordingly.

Staff Response to Recommendation #3b:
Status – In Progress: The BRRIT presents an update to the Governing Board each year. To date, the BRRIT has determined that they have adequate capacity. In the future, if they report that the need additional capacity, Authority staff would then consider recommending increased funding to the BRRIT.

PROJECT TRACKING AND COMMUNICATIONS

In our FY 2021-2022 Annual Report, the Oversight Committee recommended that the Authority track additional Performance Measures to demonstrate cumulative progress funded by Measure AA grants, such as:

- cumulative changes in landscape pattern or structure;
- changes in habitat available to support special-status or indicator species;
- construction of new features that will provide resiliency against sea-level rise; and
- a cumulative measure of the benefits that people derive from wetlands, such as flood risk reduction, with special reference to economically disadvantaged communities.

Understanding that the development of such metrics is a multi-year project, the Oversight Committee commends the progress that is being made towards the development of such metrics by the Wetlands Regional Monitoring Program with Authority support. Examples include metrics that show: landscape scale benefits (including a habitat map); the condition of wetland restoration sites (using, for example, California's Rapid Assessment Method); increased support for wildlife (using a marsh patch configuration metric); and metrics for benefits to people and equity (which may include measures of flood risk reduction and public access). We appreciate this progress and look forward to future updates.

While these indicators are not yet available, the Oversight Committee was pleased to see the robust discussion of "Restoration at the Landscape Scale" included in the Authority's Fiscal Year 2022-2023 Annual Report which provided important conceptual information to the public.

Akin to the well-established Regional Monitoring Program for water quality, the Wetlands Regional Monitoring Program is exploring the potential for coordinating project-based monitoring (often required in individual permits) with a regionally-integrated monitoring network that uses standardized protocols. Although described as aspirational at this stage, the Oversight Committee commends this work as a way to provide enormous additional information at reduced regional cost.

Another of the Oversight Committee's recommendations was to provide information to the public regarding updated assessments of restoration needs. In response to our request, the Authority provided references for the public to investigate. This is a start, which we appreciate. We recommend, however, that the Authority continue to look for ways to present updated estimates – particularly for the acreage amounts listed in the Campaign Goals – in a more accessible, graphic format. Related information, such as the revised estimate of $110 billion for climate-related shoreline infrastructure projects[12] also would provide valuable context. The

[12] The Sea Level Rise Adaptation Funding and Investment Framework (Framework) was jointly developed by the San Francisco Bay Conservation and Development Commission, Metropolitan Transportation Commission, and Association of Bay Area Governments. It is the region's first report solely devoted to quantifying the magnitude of the funding required to protect the bay's shoreline from flooding due to sea level rise and storms by 2050. It ultimately yielded the following key findings: Protecting all portions of the shoreline that will experience sea level

purpose of this information is not to detract from the tremendous progress being made by the Authority, but rather to show how crucial it is as part of the larger regional effort. The Oversight Committee understands that the Wetlands Regional Monitoring Program is working on ways to present Authority progress in restoring wetland habitats against the larger set of habitat goals for the region.

Finding #4a: The Oversight Committee applauds the progress that has been made to develop additional cumulative indicators per our previous recommendation, and we look forward to future updates.

Staff Response to Finding #4a: Authority staff agree with this finding.

Recommendation #4a: The Oversight Committee recommends that the Wetlands Regional Monitoring Program and its partners continue to pursue the aspirational goal of coordinating project-based and regional monitoring in order to provide significantly increased information at reduced cost.

Staff Response to Recommendation #4a:
Status – In Progress: The Authority is currently funding the Wetlands Regional Monitoring Program to continue this work.

Recommendation #4b: We recommend that the Authority continue to look for ways to provide updated information regarding restoration acreage and cost estimates to the public to provide context for the ongoing work of the Authority under Measure AA.

Staff Response to Recommendation #4b:
Status – In Progress: Authority staff is currently working with the Wetlands Regional Monitoring Program to present new performance measures in the FY 23/24 Annual Report, which will incorporate data obtained from the new Baylands habitat maps to show restoration acreage and the Authority's contribution to that acreage.

RESPONSE TO THE OVERSIGHT COMMITTEE'S ANNUAL REPORT

Last year, the Oversight Committee and Authority staff initiated a review/response approach wherein the Authority staff would provide a brief written response to the Oversight Committee for each of its findings and recommendations. The Oversight Committee found that this process saved a significant amount of meeting time and on the whole was very helpful. We trust that Authority staff found the approach efficient.

rise and storm surge by 2050 is estimated to cost $110 billion. Source: *Sea Level Rise Adaptation Funding and Investment Framework Final Report Draft July 2023*

There was, however, one issue that emerged in our mutual experiment last year. The Oversight Committee had suggested that the Authority increase its efforts to "optimize the group of projects that it funds" and "actively solicit" projects to fill gaps; and "begin a more focused effort to seek out and nurture projects" that would enhance landscape-scale attributes. This suggestion was summarized in Recommendation #3. In its response, staff disagreed "with the recommendation to target specific projects…instead of doing an open call for projects." Bypassing the open call (or Request for Proposals) was not the Oversight Committee's intent. Rather, we envisioned analyses and actions similar to those being taken to fill the current gaps in shellfish and SAV acreage.

In order to avoid such misunderstanding in the future, the Oversight Committee and the Authority staff jointly have agreed on two procedural changes: 1) staff responses will be embedded in the Oversight Committee's letter; and 2) the Oversight Committee Chair and Vice-Chair will be afforded the opportunity to review and comment on the draft staff response prior to its publication.

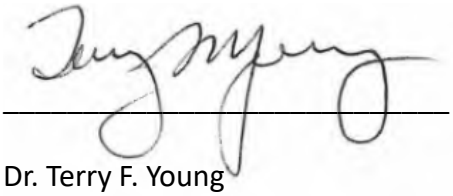
We trust that the changes will make this valuable process even better.

LOOKING TO THE FUTURE

Like many other regions, the Bay Area is facing an ever-shorter timeframe during which to adapt to the changing climate while restoring nature and enhancing our communities. In its thorough analysis of restoration needs, the San Francisco Bay Joint Venture has issued "A Call to Dramatically Increase the Pace and Scale of Action"[13] up to fourteen-fold compared with past efforts. According to this analysis, "This will require unprecedented funding levels, strong collaborative efforts, and accelerated planning timelines."

In our view, the passage of Measure AA in 2016 was -- in many respects – visionary, and the work of the Authority since then has helped to pave the way for an accelerating pace of adaptation and restoration. We look forward to continuing to work with the Authority and the Governing Board to achieve the regional goals we all share.

Respectfully submitted,



Dr. Terry F. Young
Chair, Independent Citizens Oversight Committee

[13] San Francisco Bay Joint Venture. 2022. Restoring the Estuary - A Framework for the Restoration of Wetlands and Wildlife in the San Francisco Bay Area. Richmond, CA. The San Francisco Bay Joint Venture is a voluntary, cooperative, public-private partnership with a mission to protect, restore, increase, and enhance habitats throughout the San Francisco Bay region for the benefit of birds, other wildlife, and people.