

Recipient: San Francisco Bay Restoration Authority

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Research Project: Feasibility Assessment of Specific Local Funding Mechanisms for Bay Wetland Restoration

Summary

The San Francisco Bay Restoration Authority (Authority) is a new regional special district. It has been established to raise local funds for San Francisco Bay wetland restoration projects and associated flood management and public access, and then grant those funds to projects that advance the *Baylands Ecosystem Habitat Goals*, and are consistent with the priorities of the San Francisco Bay Area Conservancy, the Bay Conservation and Development Commission's coastal management plan, and the San Francisco Bay Joint Venture's Implementation Strategy.

The Authority's Board of Directors held its first meeting on Earth Day, April 22, 2009. The Chair of the Authority's Board is Sam Schuchat, who is Executive Director of the State Coastal Conservancy. The Association of Bay Area Governments and State Coastal Conservancy are providing staff support to the Authority. However, the Authority does not have start-up funds to complete essential research on the feasibility of specific funding mechanisms, and where in the Bay Area those mechanisms could be successfully implemented. The Authority is a public agency, and is explicitly authorized in statute to solicit and accept gifts, fees, grants, and allocations from public and private entities.

Background

The San Francisco Bay Restoration Authority was established by the passage of Assembly Bill 2954 in 2008, in response to recommendations made in Save The Bay's report, *Greening the Bay: Financing Wetlands Restoration in San Francisco Bay* (2007). The Authority is a regional special district, with the power to propose local funding measures and grant funds raised to projects that restore Bay wetlands, and to support public access and flood management in connection with those restoration projects. The Authority's Board of Directors held its first meeting on Earth Day, April 22, 2009 (see Board list below).

The authority is a regional special district, not a state agency. It was established without any initial funding for its operations from the state or other sources. Future operations may be funded through a small percentage of income from approved assessments or taxes, but those are not yet in place. The Authority is explicitly authorized to apply for and receive funds from public and private entities.

Governing Board

Chair: Samuel Schuchat, Executive Officer, California State Coastal Conservancy
(510) 286-4185

West Bay: **Phil Ting**, Assessor Recorder, City and County of San Francisco

East Bay: **John Gioia**, Supervisor, County of Contra Costa

North Bay: **Charles McGlashan**, Supervisor, County of Marin

South Bay: **Rosanne Foust**, Mayor, City of Redwood City

Bayside City/County: **Dave Cortese**, Supervisor, County of Santa Clara

Bayside City/Park District: **John Sutter**, Director, East Bay Regional Park District

Proposed Project Furthers Bay Fund Goals

Wetlands are the lungs of the Bay, providing habitat and giving life to hundreds of fish and wildlife species and billions of small organisms that thrive in Bay mud to form the base of the food chain. Wetlands provide major benefits to the community including improved water quality, natural flood control from storm surges and sea level rise, open space and recreation.

In the *Baylands Ecosystem Habitat Goals*, scientists recommend that 100,000 acres of tidal wetlands be re-established for a healthy and sustainable Bay. In 1999 when the report was published, there were only about 40,000 acres of tidal wetlands remaining around the Bay. Today, about 13,000 acres of wetlands have been restored and over 36,000 more acres of restorable Bay shoreline is in public ownership and proposed for restoration. The ambitious 100,000 acre goal is in sight. However, one of biggest barriers to achieving this goal is consistent, long-term funding to restore the wetlands.

The Authority's charter is to generate and allocate resources for the protection and enhancement of tidal wetlands in the Bay. Investing in the Authority's feasibility assessment for future action directly furthers the Bay Fund's goal to improve the long-term sustainability of the Bay by ensuring progress on restoring 100,000 acres of tidal marsh wetlands. This project will build the Authority's capacity to embark on its mission of raising funds to impact significant restoration efforts. In addition, this project closely aligns with the Fund's proposed focus for the final cycle on advancing restoration projects connected to established habitat conservation goals and broader restoration efforts in the region.

Proposed Project Scope

\$100,000 from the Bay Fund could leverage resources that are greater by several orders of magnitude in the following years. The Bay Fund investment would allow the Authority to complete research over the next six to twelve months on the best funding mechanisms and geographic locations to propose to local residents for their approval. This pathway can lead to much larger sums of local public funding flowing steadily into the Authority, which can then grant them to support Bay wetland restoration over the next two decades.

Bay Fund resources would be used by the Authority to pursue this research by engaging technical advice from consultants with expertise in the relevant statutes, municipal finance, and survey research, including:

- Match priority restoration project needs by sub-region with potential funding mechanisms
- Analyze property base, ownership and voter statistics in the nine-county region of the Authority's jurisdiction, and sub-regions
- Identify preferred funding measure through survey research
- Analyze timing and resources necessary to pass funding mechanisms.
- Identify state and federal matching fund opportunities to potential local funding streams
- Identify legal and procedural requirements for preferred funding mechanisms and public finance opportunities and constraints
- Offer recommendations for implementation by the Authority's Governing Board.

Project and Organizational Budget

In 2009, the Authority will have the opportunity to direct research into various strategic approaches to securing long-term consistent funding for wetland restoration. In 2009, we anticipate needing up to \$200,000 to complete the required analysis, research and administration to define the Authority’s specific work plan for the next several years. The 2009 project proposal is as follows:

2009 San Francisco Bay Restoration Authority Budget								
Survey Research	\$90,000	Identify preferred funding measure through survey research; analysis of property base, ownership and voter statistics in the nine-county region of the Authority’s jurisdiction, and sub-regions						
Professional Consulting	\$50,000	Research, analysis of funding options, perhaps by professional firm; legal consultation						
Administration	\$60,000	Includes Board support, legal compliance, contract administration, clerical, Website development, and supplies. Some portion of these functions may be provided by the Association of Bay Area Governments, State Coastal Conservancy or other organization.						
Total Expense	\$200,000							

Also included are two *projected* 5-year income and expense organizational budgets based on potential strategic approaches. Income and expense projections for these scenarios come from a preliminary funding options report from SCI Consulting Group, Inc. commissioned by Save The Bay. This report will be submitted to the Authority in final form at its July 29, 2009, meeting.

Scenario 1 is based on the Authority pursuing a regional 9-county parcel tax.

Scenario 2 is based on proposing a parcel tax on a county-by-county basis. In this scenario, for illustrative purposes, we have focused on proposing a parcel tax for the counties that are home to the South Bay Salt Pond Project.

These two sample organizational budgets assume that the Authority will propose funding mechanisms in 2010. A more likely scenario may be proposing a funding mechanism to voters in 2012. The Authority’s final organizational budget will depend on the Governing Board’s approval of which finance options to pursue, geographic focus, timing, and the resources necessary to propose various mechanisms. These decisions will be made based on large part from the research outlined in this proposed scope of project.

SAN FRANCISCO BAY FUND – PROPOSED PROJECT

San Francisco Bay Restoration Authority		SCENARIO ONE: Projected 5-Year Income and Expense Budget - 9-County Regional Vote					
INCOME	No. of Taxable Parcels	2009	2010	2011	2012	2013	TOTAL
Option One							
9-County Parcel Tax at \$4/Parcel	1,741,000	\$0	\$0	\$6,964,000	\$6,964,000	\$6,964,000	\$20,892,000
Option Two							
9-County Parcel Tax at \$8/Parcel	1,741,000	\$0	\$0	\$13,928,000	\$13,928,000	\$13,928,000	\$41,784,000
Option Three							
9-County Parcel Tax at \$15/Parcel	1,741,000	\$0	\$0	\$26,115,000	\$26,115,000	\$26,115,000	\$78,345,000
EXPENSE							
		2009	2010	2011	2012	2013	TOTAL
Survey Research		\$90,000	\$0	\$0	\$0	\$0	\$90,000
9-County Election*		\$0	\$10,265,345	\$0	\$0	\$0	\$10,265,345
Professional Consulting		\$50,000	\$500,000	\$0	\$0	\$0	\$550,000
Administration**		\$60,000	\$63,000	\$66,000	\$69,500	\$73,000	\$331,500
Total Expense		\$200,000	\$10,828,345	\$66,000	\$69,500	\$73,000	\$11,236,845
* Per-county election cost high estimate by SCI Consulting. Note that it is possible that some, or even all, of the counties would choose to allow the Authority to add its measure to the General Election ballot at no cost.							
** Includes Board support, legal compliance, contract administration, clerical, Website development, and supplies. Most of these functions will be provided by the Association of Bay Area Governments and State Coastal Conservancy.							

SAN FRANCISCO BAY FUND – PROPOSED PROJECT

San Francisco Bay Restoration Authority		SCENARIO TWO: Projected 5-Year Income and Expense Budget - County-by-County Vote (South Bay Salt Pond Restoration Focus)					
INCOME	No. of Taxable Parcels	2009	2010	2011	2012	2013	TOTAL
Option One: \$4 Parcel Tax							
Santa Clara County	383,000	\$0	\$0	\$1,532,000	\$1,532,000	\$1,532,000	\$4,596,000
Alameda County	353,000	\$0	\$0	\$0	\$0	\$1,412,000	\$1,412,000
Total Income		\$0	\$0	\$1,532,000	\$1,532,000	\$2,944,000	\$6,008,000
Option Two: \$8 Parcel Tax							
Santa Clara County	383,000	\$0	\$0	\$3,064,000	\$3,064,000	\$3,064,000	\$9,192,000
Alameda County	353,000	\$0	\$0	\$0	\$0	\$2,824,000	\$2,824,000
Total Income		\$0	\$0	\$3,064,000	\$3,064,000	\$5,888,000	\$12,016,000
Option Three: \$15 Parcel Tax							
Santa Clara County	383,000	\$0	\$0	\$5,745,000	\$5,745,000	\$5,745,000	\$17,235,000
Alameda County	353,000	\$0	\$0	\$0	\$0	\$5,295,000	\$5,295,000
Total Income		\$0	\$0	\$5,745,000	\$5,745,000	\$11,040,000	\$22,530,000
EXPENSE							
Survey Research		\$90,000	\$0	\$0	\$0	\$0	\$90,000
Santa Clara County Election*		\$0	\$3,180,596	\$0	\$0	\$0	\$3,180,596
Alameda County Election*		\$0	\$0	\$0	\$547,360	\$0	\$547,360
Professional Consulting		\$50,000	\$250,000	\$0	\$250,000	\$0	\$550,000
Administration**		\$60,000	\$63,000	\$66,000	\$69,500	\$73,000	\$331,500
Total Expense		\$200,000	\$3,493,596	\$66,000	\$866,860	\$73,000	\$4,699,456

* Per-county election cost high estimate by SCI Consulting. Note that it is possible that some, or even all, of the counties would choose to allow the Authority to add its measure to the General Election ballot at no cost.

** Includes Board support, legal compliance, contract administration, clerical, Website development, and supplies. Most of these functions will be provided by the Association of Bay Area Governments and State Coastal Conservancy.