



# SAN FRANCISCO BAY

RESTORATION AUTHORITY

## San Francisco Bay Restoration Authority Independent Citizens Oversight Committee Annual Report FY 2022-2023 (Date)

Governing Board  
San Francisco Bay Restoration Authority  
1515 Clay Street, 10<sup>th</sup> 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 the fiscal year. 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.

### 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 the FY 2022-2023 fiscal year, \$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 Equivalentents | \$21,698,748              | \$8,470,723               |
| Investments                  | \$58,079,444              | \$77,389,867              |

The investment vehicles for Cash, Cash Equivalentents, 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 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 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 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, and since the special tax inception total \$4,395,891, or roughly 3% of Measure AA tax collected. 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). We understand that the governing Board is aware of the inconsistencies in cost among the counties. We look forward to being informed of any future actions undertaken by the Governing Board to address this issue.

**Finding #1:** 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.

**Recommendation #1:** 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 potential need to reserve administrative funds for use after Measure AA sunsets in 2037; and any potential shift of interest income to the project-based budget.

## 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.<sup>1</sup> 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 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<sup>2</sup> and also asks applicants to “describe the extent to which the project contributes to landscape-scale ecological benefits”.<sup>3</sup> 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,

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<sup>1</sup>An easy way to think about the landscape scale is that a landscape is generally composed of a mosaic of interacting systems or habitats.

<sup>2</sup>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.

<sup>3</sup> 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.

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”<sup>4</sup> 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.”<sup>5</sup> We are pleased to receive this confirmation of the Authority’s efforts.

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.<sup>6</sup>

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). 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 EDC’s. During 2018 and 2019, Authority actions included eliciting the advice of EJ 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,<sup>7</sup> 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

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<sup>4</sup> [Cite their report to us.](#)

<sup>5</sup> San Francisco Bay Restoration Authority Annual Report for Fiscal Year 2022 – 2023, page 6.

<sup>6</sup> See additional discussion in Project Tracking and Communications.

<sup>7</sup> [Insert reference here](#)

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 also 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,<sup>8</sup> and these considerations are carried over into the grant proposals and grant proposal evaluation sheets.

After reviewing these and related materials, the Oversight Committee finds that the Authority has made significant progress implementing the Measure AA priority for benefitting EDCs, and we support the continuing attention to this work. **(This is a proposed finding pending ICOC discussion at meeting #2.)**

**Finding #2:** 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.

**Finding #3:** Providing benefits to economically disadvantaged communities (EDCs)<sup>9</sup> 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.

**Recommendation #2:** 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.

**Recommendation # 3:** As Authority staff look for opportunities to implement actions to benefit EDCs, we recommend that they continue to evaluate progress and effectiveness of those actions.

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<sup>8</sup> 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."

<sup>9</sup> 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."

## 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. (insert footnote with cite here.) 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, \$386,000; American Canyon Wetlands, \$67,500; and North Richmond Shoreline levee, \$50,000. The Hayward Marsh project received \$75,000 to fund the next phase of design work. In the case of the SAFER Bay 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. We applaud the BRRIT’s efforts to resolve these important issues, which otherwise might delay and/or increase the costs of restoration projects.

The BRRIT requested additional funding from the Authority in May, 2024. (placeholder here for what happened and our response)

**Finding #4.** 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.

**Finding #5.** The Oversight Committee reiterates its strong support of the BRRIT and the improvements it continues to achieve in the permitting process. [placeholder for budget request]

**Recommendation #4.** 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 relate to the project contingency funds.

**Recommendation #5.** [placeholder for any BRRIT recommendation]

## PROJECT TRACKING AND COMMUNICATIONS

Among the priorities that were listed in the Measure AA Campaign Goals and are tracked with dedicated performance measures 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. At the request of the Governing Board, the Authority has initiated development of two “mini” strategic plans to guide its efforts. The Oversight Committee appreciates the Authority’s focused work on these two habitats, and we look forward to the circulation of the two mini-plans.

In our 2023 letter 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 protection, 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 additional context 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<sup>10</sup> also would provide valuable context. The 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.

**Finding #6.** 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,

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<sup>10</sup> 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 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*

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 plans requested by the Governing Board.

**Finding #7.** 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.

**Recommendation #6.** 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.

**Recommendation #7.** 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.

## 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. We request that this practice be continued.

## 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”<sup>11</sup> up to fourteen-fold compared with past efforts. 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

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<sup>11</sup> 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.