



SAN FRANCISCO BAY
RESTORATION AUTHORITY

DRAFT

**San Francisco Bay Restoration Authority
Independent Citizens Oversight Committee
Annual Report FY2023-2024
(Date)**

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

Dear Chair Gioia and Members of the Governing Board:

The Independent Citizens Oversight Committee (Oversight Committee) is pleased to provide its seventh 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 FY2023-2024.

The six members of the Oversight Committee are:

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

In preparing its annual letter to the Governing Board, the Oversight Committee reviewed the Authority's FY2023-2024 financial statements, audit, budget, workplan, Annual Report, and individual project-related staff recommendations, the BRRIT 2024 Annual Report and other relevant documents. We thank the Authority staff for providing this information.

Summary Finding: Based on our 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.

The Oversight Committee also recognizes that changes in federal policies and funding may have an impact on the Authority's progress. A discussion of these potential impacts, as well as other long-term issues, is at the end of this Report.

1. FINANCIAL MANAGEMENT

The Oversight Committee reviewed the Authority's budget, financial statements, and audit. We find that the information is presented clearly in appropriate detail, and that it reflects sound management of the public's tax dollars. We congratulate the Authority for another "clean" audit.

a. Allocation of Funds

The Restoration Authority's budget is divided into two parts: the project-based Budget that funds planning and implementation of on-the-ground restoration projects, and the operating budget that provides for the administration of the program. The latter is limited by Measure AA to 5% of the parcel tax plus any interest earned on the money that has been allocated to projects but not yet disbursed.

A measure of the Authority's fiscal management is the extent to which it is allocating the incoming property tax dollars to restoration projects in a timely manner. At the close of FY2023-2024, only \$4.0 million of the \$167 million available to fund projects during the first seven years of Measure AA remain unallocated to projects. This indicates that the Authority is proceeding with appropriate speed to approve grants for restoration projects. The Oversight Committee finds the unallocated amount of 2.4% acceptable and reflects well on the procedures that the Authority has created to review project proposals and award grants to undertake these projects.

During the initial years of Measure AA, it appeared that reasonable year-over-year increases in administrative costs might outstrip the administrative revenues¹. Since that time, the increase in interest rates for the Authority's investments, composed of US Treasury and Federal Home Loan Bank securities, resulted in a sharp increase in revenues available to fund the Operating Budget. Investment revenues that had averaged about \$290,000 per year (from FY2016-2017 to FY2021-2022) rose to over \$2.5 million in FY2022-2023 and nearly \$4.4 million in FY2023-2024, resulting in an operating surplus.

It is the Oversight Committee's understanding that investment interest may be used to supplement the 5% annual income from Measure AA and/or to fund administrative costs that extend beyond the 2037 sunset of the property tax. Although this financial cushion is welcome,

¹ June 18, 2021, Memorandum from Sam Schuchat, Executive Officer to the Governing Board on the Adoption of Fiscal Year 2021-22 Budget. The Executive Officer Sam Schuchat noted that "as projects grow in the future it will be difficult to manage the growing project portfolio within the funding limits of the 5% administration take-down."

the Oversight Committee remains interested in reviewing the analysis we requested from the Authority projecting administrative costs up to and, as appropriate, beyond 2037. It is our understanding that this analysis will be presented to the Governing Board in mid-2025. Looking to the future, the Oversight Committee also supports, in concept, reserving funds to cover post-Measure AA administrative costs.

Finding 1a: The Oversight Committee’s review of the audit, financial statements, and project-based budget demonstrates that the Authority’s fiscal management remains sound. In addition, some of our concerns regarding the long-term viability of the administrative budget have been alleviated by the increase in investment income, which can be used to offset administrative and possibly project augmentation expenses.

Recommendation 1a: Consistent with the Oversight Committee’s recommendations from the last two years, the Authority is developing a projection of staff costs through the end of Measure AA, across multiple scenarios. We look forward to reviewing this analysis in 2025. We recommend that this critical analysis include the following: 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 sunset of Measure AA in 2037.

b. County Collection Fees

County Collection Fees are paid by the Authority to each of the nine Bary Area counties to cover the costs for them to levy and collect the parcel tax.² In FY 2023-2024 fees charged for tax collection totaled \$743,076. Since the special tax inception, a total of \$4,395,891, or roughly 3% of Measure AA tax has been spent for county fees. While the Oversight Committee understands that there is a cost to levy and collect the tax, the percentage charged varies widely and without explanation, ranging from 0.85% to 6.34% of the county’s levy (as shown in the table below).

Given the urgency to address climate impacts to Bay Area communities, it would be advantageous to reduce administrative fees, as discussed below, to maximize Measure AA funds for their intended purpose.

There are currently no guidelines or restrictions for what counties may charge to collect parcel taxes. Authority staff have discussed this issue with the Governing Board multiple times. However, these fees are determined by independently elected county officials. We look forward to being informed of any future actions by the Governing Board to address this disparity.

² SAN FRANCISCO BAY RESTORATION AUTHORITY REVISED 2024/25 Annual Levy Report For: Measure AA Special Parcel Tax. Prepared NBS, January 2025.
https://www.sfbayrestore.org/sites/default/files/2025-02/Item15_SFBRM_MeasureAA_AnnualReport_24-25.pdf

County	Collection Fee	Collection Fee Total	Collection Fee as a % of the Levy
Alameda	1.7% of levy	\$89,821.20	1.70%
Contra Costa	\$250 + \$0.76/parcel	275,842.72	6.34%
Marin	\$2 first 10,000 parcels \$1 for next 10,000 parcels \$0.50 for over 20,000	65,192.00	6.01%
Napa	\$0.50/parcel	24,100.00	4.17%
San Francisco	\$0.40/parcel	80,984.00	3.33%
San Mateo	\$85,000 flat	85,000.00	3.28%
Santa Clara	1% of levy	58,091.52	1.00%
Solano	1% of levy	17,067.36	1.00%
Sonoma	0.85% of levy	17,830.52	0.85%
Totals:		\$714,074.12	2.75%

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.

Recommendation 1b: Staff should review the guidelines for assessing Measure AA administrative fees to better understand the costs involved to counties and the variances in amounts charged, which we believe need to be fairer and possibly standardized.

2. PROJECT PORTFOLIO MANAGEMENT

a. Project Selection

The Authority’s seventh Request for Proposals, issued in July 2023, resulted in fifteen applications requesting \$70 million dollars for restoration projects. In FY2023-2024 the Authority authorized \$25.5 million for eleven returning projects, and two new Community Grant projects. Since the program’s inception a total of \$164 million has been authorized to forty-one projects. Those projects have included an additional \$244 million from local, state, federal and other funding sources.

b. Landscape-Scale Attributes

As previously noted by the Oversight Committee, the Authority has implemented significant steps towards assessing its cumulative project portfolio and is working to fill gaps with respect to landscape-scale attributes. In its previous annual letters to the Governing Board, the Oversight Committee recommended the Authority work to optimize region-wide, landscape-level benefits, such as increased complexity of the habitat matrix; improved connectivity and wildlife corridors; and transition zones that can provide refugia, as well as marsh migration as sea level rises.

The Oversight Committee is pleased that the Authority includes in its FY2023-2024 Annual Report an excellent methodology for characterizing specific incremental benefits of tidal marsh restoration projects. This methodology, provided by and adopted from the Wetlands Regional Monitoring Program (WRMP), incorporates four new metrics (tidal marsh extent, patch size,

patch shape and connectivity). In the FY2023-2024 Annual Report, these metrics are based on measurements of Authority-funded projects made in 2020, of then-existing tidal marshes. We understand that updated measurements will be made in 2025. (For example, Authority projects, as of 2020, contributed to 16,600 acres of connected tidal marsh habitat. These are important performance measures that have not been previously reported by the Authority.)

Finding 2a: Authority staff continue to work with other restoration proponents to identify locations and projects having the largest landscape-scale ecological benefits, with the intention to include such projects in the Authority’s overall project portfolio. The Authority made strides in FY2023-2024 to apply performance measures to tidal marsh restoration projects. The Oversight Committee anticipates that these performance measures, among other tools, will help drive project selection to advance landscape-wide tidal marsh benefits.

Recommendation 2a: The Oversight Committee encourages the Authority to continue applying landscape-wide attributes in its selection and implementation of tidal marsh restoration projects. The Oversight Committee would like staff to consider applying such tracking and performance measures to other habitat projects in the Authority’s portfolio (i.e. ponds, wetlands and beaches). For future annual reports, the Oversight Committee recommends that performance measures of landscape-wide habitat restoration be incorporated into the Performance Measure section (which, in the FY2023-2024 Annual Report, begins on page 25).

c. Economically Disadvantaged Communities

Providing benefits to economically disadvantaged communities (EDCs) is among the priorities of Measure AA.³ The Authority is committed to advancing justice, equity, diversity, and inclusion through its grant programs and throughout its operations.

Over the past few years, the Authority has undertaken a series of initiatives to determine how best to engage with and benefit EDCs. These include developing Equity Guidelines and prioritizing eligible projects that offer benefits to EDCs.

The Authority’s latest Annual Report devotes several pages to background and metrics on project benefits to EDCs. The information includes project type, habitat type, number of acres and functions, such as public access facilities, trails, and levees. The report includes examples of projects that staff and grantees indicated provide benefits to EDCs.

Last year the Oversight Committee inquired whether the Authority supported training programs for EDCs to do permit-related or regional monitoring to address three Measure AA priorities: EDCs, workforce development, and monitoring.

³ 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.”

Finding 2b: The Authority is currently contributing to the WRMP, which has in its 5-year outlook to evaluate the feasibility of workforce training for EDCs and Tribes to assist with regional monitoring. Authority staff will work with the WRMP to monitor progress in this effort. The Authority continues direct community engagement to maximize the social, economic, and environmental benefits of Authority-funded projects to EDCs. The Authority has also taken important steps to bring economic and social benefits to EDC through Authority-funded projects. The two new Community Grant projects funded this year are examples: Sacred Spaces Planning Project and [Shoreline Futures: Youth Visioning and Action project](#).

Recommendation 2b:

We recommend that the Authority continue to encourage workforce development among grantees through project selection, as well as within the WRMP. We also recommend that the Authority create opportunities for EDC internships.

d. The Bay Trail

Measure AA Campaign Goals include constructing twenty-five miles of the Bay Trail. According to the Authority’s FY2023-2024 Annual Report, progress on constructing Bay Trail is at 13% (3.3 miles). Authority staff recognize the need to accelerate project funding to achieve the goal of twenty-five miles of Bay Trail.

In its October 18, 2024, memorandum to the Governing Board⁴, staff indicate “If all the design projects were funded through the construction phase, this would result in 16.2 miles of Bay Trail, leaving a gap of 8.8 miles to reach the goal of 25 miles.” According to the Metropolitan Transportation Commission’s (MTC) Bay Trail Gap Closure Implementation Plan, as of 2024, 352 miles (70%) of the 500-mile envisaged length had been constructed.

The Oversight Committee acknowledges that for improvements to public access or recreational amenities to be eligible for Authority funding, they must be included in a project that restores, enhances, or protects tidal wetlands, managed ponds, or natural habitats.

Finding 2c: To address the gap in current completion of the Bay Trail, as identified in the campaign goals, Authority staff are collaborating with MTC Bay Trail staff and other parties to assess further trail projects that may be eligible for Measure AA funding.

Recommendation 2c: Authority staff should continue collaborating with MTC Bay Trail staff and other partners to assess Bay Trail projects that may be eligible for Measure AA funding.

⁴ October 18, 2024, Staff Memorandum to the Governing Board on *Plan to Achieve the Measure AA Campaign Goals and Distribution of Funding by Region*

e. Shellfish and Submerged Aquatic Vegetation

Measure AA campaign goals include increasing shellfish habitat and submerged aquatic vegetation (SAV) habitat. To date, Measure AA has funded projects that will restore 2% of the 500-acre goal for shellfish habitat and 2% of the 150-acre goal for SAV habitat. The limited progress to date is reportedly due to several issues, including complex property ownership of intertidal and subtidal areas and a lack of habitat restoration experience among potential grantees.

The Authority staff, in collaboration with State Coastal Conservancy, the San Francisco Estuary Institute, and other agencies, are successfully expanding these target habitat types,⁵ including sites targeted in the Regionally Advancing Living Shorelines (RALS) project. If funded, these projects could reach a total of 250 acres of shellfish enhancement and seventy-five acres of SAV habitat--approximately 50% of their respective Measure AA campaign goals. Equally important, RALS will provide engineering and permit-related tools to accelerate the development of future projects that expand shellfish and SAV habitat.

Finding 2d: The Authority has made progress to enhance shellfish habitat and SAV habitat and is moving forward in partnership to identify additional shellfish and SAV project sites and to develop plans for these sites. Potential grantees with the necessary skills are now interested in submitting proposals to undertake this work.

Recommendation 2d: The Authority should proceed expeditiously in its efforts to restore habitats for shellfish and SAVs to achieve 50% or more of Measure AA campaign goals for these two habitat types.

3. PROJECT TRACKING

When the Authority authorizes a new project, such as a construction project, the costs for that project are distributed over the lifetime of the project. The Authority regularly tracks and reports on the yearly grant amounts, cumulative expenses, and remaining grant balances for each of the Authority-funded Projects.

Of the \$162,927,162 in projects funded in their first seven years, 54 percent of the total funds (\$87,819,344), were disbursed as of the end of FY 2023-2024, leaving 46% (\$75,107,818) remaining for completing these previously approved projects. However, a substantial amount of work remains to be completed on approved projects, particularly, construction projects, which may be subject to cost increases due to changes in scope, inflation, and other factors. Staff refers to these situations as requiring “augmentation.” Such augmentations have occurred for two

⁵ Staff memo to Governing Board on Plan to Achieve the Measure AA Campaign Goals and Distribution of Funding by Region, October 18, 2024.

projects, to which the Authority granted additional funds to cover the increases⁶. The Oversight Committee is concerned that similar cost increases may occur on other Authority funded construction projects.

a. Forecasting and Budgeting

The Authority disburses project grant funds in phases, sometimes over years. In some cases, the project costs increased over time. In two such cases, the Authority “augmented” the project budget. To better anticipate the need for potential “augmentation” it may be helpful for Authority staff to communicate the progress of a project over time, both in terms of the cost expended and work performed. An “S-curve” could be a helpful tool for monitoring performance and making decisions to ensure the project is completed successfully. The S-curve enables project managers to communicate project progress to stakeholders. Knowing both the percentage expended and the progress that has been made will aid the Authority in forecasting whether a project may need augmentation. It will also forecast whether a project will extend beyond the sunset of Measure AA, thereby affecting the budget for project management following Measure AA sunset.

Devising a dashboard report, or brief narrative description, would also provide a quick overview of progress for each project and enable the Governing Board and Oversight Committee to view in one report the implementation status of the entire project portfolio. Such report could note the expenditure rate, flag potential project delays, and identify projects that may need funding augmentations. This report would not only serve as a reference for staff but would be integral to the Oversight Committee’s understanding of the portfolio and rate of dispersal of funds. To our knowledge this overview is not available in report form.

Finding 3a: The Authority tracks and reports on each project’s yearly grant amount, cumulative expenses, and remaining grant balance for each of the Authority-funded projects. The anticipated future yearly expenditures and project schedule are not reported.

Recommendation 3a: To better assess project status the Oversight Committee requests an annual summary of the Authority’s Project Portfolio that includes the percentage of funds expended and percentage of project completed for each project.

4. BAY RESTORATION REGULATORY INTEGRATION TEAM

The Oversight Committee iterates its strong support for the Bay Restoration Regulatory Integration Team (BRRIT). In the last five years, thirty-two multi-benefit restoration projects have come before BRRIT, ten of which have been fully permitted.

We reviewed the BRRIT 2024 Annual Report and noted these accomplishments and progress:

⁶ The Terminal Four Wharf Removal Project received a \$2,300,000 augmentation grant in FY 2022–23 to cover increased construction costs and inflation. In FY 2023–24, the Lower Walnut Creek Restoration Project received a \$3,000,000 augmentation grant to cover both design changes and inflation; the staff report notes that, “since 2020, energy costs have increased by 40%, craning costs have increased by 30%, and material costs for bridges and other components have increased at varying levels.”

adoption of definitions and an interim framework for permitting projects with artificial reef elements; establishing a path for regular engagement with Pacific Gas & Electric (PG&E); agreeing that the State of California Sea Level Rise Guidance 2024 Science & Policy Update was the appropriate projection when designing projects such as horizontal levees.

The Oversight Committee supports continued funding for BRRIT and notes that we would also support increasing BRRIT's budget if it enhanced the Authority's capacity to fund and implement projects.

Finding 4a: The Oversight Committee reiterates its strong support for the BRRIT and the improvements it continues to achieve in the permitting process, and we support the continued funding of BRRIT for an additional five years.

Recommendation 4a: If, in the future, the Authority finds that increasing the capacity of the BRRIT will enable more projects to be funded and implemented on shorter timelines, the Oversight Committee supports increasing the funding to BRRIT, including consideration of using investment interest income.

5. COMMUNICATIONS

The Authority's Annual Report summarizes the Authority's work largely through metrics (number of projects, costs, number of people involved, etc.). While this provides a helpful snapshot of the Authority's overall portfolio, it cannot fully convey the value of this work to the health of the Bay and the Bay Area. These values cannot be captured by metrics alone.

As Authority-funded projects come to fruition, we hope the Authority's outreach will also include representative stories and photos to communicate the purpose and importance of this work; those who perform it and the ways the Bay Area benefits from it.

Finding 5a: The Authority's communications is informative. The Authority's website is a premier resource for information about the Authority's work and the projects it has funded. It is our understanding that the platform and content of the website are soon to be refreshed. In its outreach to target audiences: taxpayers, elected officials, agencies and media, it successfully conveys what the Authority has accomplished, but not why.

Recommendation 5a: As the Authority website is refreshed, staff might take the opportunity to: Restate the Authority's public mission; describe not only the What, but the Why the work is being done through Measure AA funds; celebrate with grantees, local communities, and taxpayers that, through their combined commitment, are making possible many important benefits to Bay Area communities: climate resilience, wildlife habitat, recreational access, education and environmental equity.

Recommendation 5b: We note that the Authority is approaching its ten-year anniversary in 2027, which we see as an opportunity to develop a communications plan, perhaps in collaboration with grantees, partner agencies, and local governments, to raise awareness of the

work going on around the Bay and strengthen people’s understanding of and connection to the Bay that unites us.

6. APPLYING LESSONS LEARNED

When a project is completed, staff provide the grantee with a report template to capture lessons learned and other critical information, such as in what ways the project was successful and advice the grantee might offer to a similar project. Grantees also complete a Grantee Feedback Survey to help improve the grantmaking process.

Finding 6a: The Authority staff provides a feedback mechanism for grantees to give input to improve the grant process.

Recommendation 6a. Capturing and archiving experiences encountered in project management and sharing those lessons with grantees and future public officials attempting large-scale restoration projects would create a culture of institutional learning and inform future restoration efforts.

7. LOOKING TO THE FUTURE

The Oversight Committee has reflected on the changing operating environment and possible impacts on the Authority’s capacity, project selection, monitoring, and reporting. At the same time, new funding challenges and opportunities could positively and negatively affect future Authority projects. We believe it is important to bring these long-term considerations to the attention of staff and the Governing Board.

Among various long-term changing conditions, we encourage the Authority to stay updated on:

- Long-term sea level rise impact on Measure AA projects. Rising sea levels will likely impact some projects. Principles adopted in the South San Francisco Bay Shoreline Project, for example, explicitly recognized the project’s role in adapting to rising sea levels. The life spans of other Measure AA projects may be eventually affected by rising sea levels and remedial work may be needed to sustain project benefits.
- Whether funding available to agencies from Proposition 4 (the California Climate Bond) may contribute to some projects funded under Measure AA.
- Scenarios in which federal policy changes, including budget and staffing cuts, could impact Authority funded projects, including BRRIT.

Recommendation 7a: The Oversight Committee recommends that the Authority continue to draw from work by other scientific organizations in identifying potential climate impacts: including sea level rise affecting Measure AA projects. Potential climate impacts to Measure AA projects should be reported in Authority’s forthcoming annual reports.

Recommendation 7b: The Committee recommends that the Authority consider whether recent federal funding and policy changes may affect Measure AA projects that receive federal funds and report any such impacts in forthcoming annual reports or in memoranda to the Governing Board. Potential Proposition 4 funding affecting Measure AA should also be included in forthcoming annual reports or in memoranda to the Governing Board.

IN REFLECTION

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

Respectfully submitted,

Jim Fiedler
Chair, Independent Citizens Oversight Committee