



June 19, 2014

Executive Committee
ABAG Finance Authority for Nonprofit Corporations
101 8th Street
Oakland, California 94607

Subject: ABAG FAN Grant to the San Francisco Bay Restoration Authority

Dear Committee Members:

San Francisco Bay Restoration Authority Background

The San Francisco Bay Restoration Authority (Restoration Authority) was created in 2008 and is a regional agency with a Governing Board made up of local elected officials. Its purpose is to raise and allocate local resources for the restoration, enhancement, protection, and enjoyment of wetlands and wildlife habitat in San Francisco Bay and along its shoreline.

Over the past five years, the Restoration Authority, working with its Advisory Committee of representatives from all major stakeholder organizations, developed a careful plan for a parcel tax measure to fund restoration of San Francisco Bay. With indicators that a ballot measure would be achievable, the Governing Board¹ of the Authority decided to consider placing a parcel tax measure on the November 2014 ballot in each of the nine counties of the region.

Planning for the November 2104 Ballot

In early 2014, to address the very specific ballot-related information needs, the Governing Board authorized the retention of Remcho Johansen & Purcell LLP as election counsel and NBS Government Finance Group as technical consultants. They were retained to help complete the process of turning the draft Expenditure Plan into a legally viable ballot measure and to provide an accurate assessment of the net revenues likely to result from the measure and costs of administering the revenue stream. The Governing Board also authorized a tracking poll to

¹ The current roster of the Governing Board is: Supervisor John Gioia (Contra Costa) (Vice-Chair), Supervisor Keith Caldwell (Napa), Supervisor Cindy Chavez (Santa Clara), Councilmember Rosanne Foust (Redwood City), Supervisor Dave Pine (San Mateo) and Director John Sutter (East Bay Regional Park District).

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confirm and update previous polling by the Authority and others. By late May 2014 the Board had in place the following critical components for a successful parcel tax measure:

- A draft Expenditure Plan vetted with key stakeholders
- An efficient post-election staffing plan tapping personnel from the Association of Bay Area Governments (ABAG) and the State Coastal Conservancy (Conservancy)
- Stated support for the concept of the parcel tax from many members of the region's House Congressional delegation, State legislators and officers, local elected officials, business, community and environmental organizations, and local agencies.
- A series of increasingly positive polls indicating support for the tax measure among likely voters in November 2014
- Initial discussions with a regional entity to potentially cover the ballot access costs to place the measure on the nine county ballots. These costs included support for the ballot services (identified above) and the fees that would be imposed by the nine county registrars in the region for placing a measure on the ballot, estimated to be in the \$2 million range.

Initial feedback from capable and experienced campaign donors was also favorable. In particular, influential regional organizations (Bay Area Council, Silicon Valley Leadership Group and others) had expressed their interest and ability to raise funds for a private campaign in support of the measure.

Given the substantial progress described above, finding the initial funding to engage election council and complete a final tracking poll became a critical path issue for placing the parcel tax on the November ballot. Discussions with ABAG (which appoints the Governing Board and partially staffs the Authority on a no cost basis), indicated the possibility of a loan from FAN. Consequently, the Authority submitted a request to FAN dated March 19. After discussion by the FAN Board of Directors, a grant, in lieu of a loan, was authorized at the FAN Board meeting of mid-March. With that agreement in place, the Restoration Authority approved a series of tasks for the ballot consultants for critical path information related to the proposed ballot.

When the Governing Board met on May 28, 2014, the work of the election counsel, technical consultants and pollster was substantially complete. The Authority had in hand legal documentation for a ballot measure that would raise approximately \$15 Million annually for ten years and that was polling at 68% (approve at 62% plus leaning towards approval at 6%) without messaging; and at 72% after messaging (approve at 69% please leaning towards approval at 3%). With this positive information, the Authority moved to secure the balance (and bulk) of the ballot access costs.

Unanticipated Late Funding Roadblocks

Throughout the period from January to May 2014, the Authority maintained close contact with the donor community and our local and national political leaders. In late May, the Authority Board became aware that a significant policy issue had been raised. While a great deal of energy was directed by supporters of the proposed measure to address this issue, it became

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evident that it could not be resolved in time to make the schedule for a November ballot. With this late-breaking development, two of the keystone donors withdrew their pledges for financial support for the Authority's measure which in turn jeopardized funding from other donors.

In light of this funding roadblock, the Authority will be considering postponing the ballot measure until 2016 at its June 19 meeting. The Restoration Authority Board and staff are deeply disappointed by the likely postponement of the measure and have taken steps to conserve FAN resources. The Restoration Authority Board will provide a full accounting of expenditures charged to the FAN grant and return any unexpended funds. The Restoration Authority Board wants to emphasize that the products that resulted from FAN grant funded activities have great intrinsic value that will be critical in any 2016 effort.

Sincerely yours,

John Gioia
Vice Chair

Cc: Clarke Howatt
SFBRA Governing Board
Samuel Schuchat
Ezra Rapport