



# Santa Clara Valley Water District

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**File No.:** 15-0561

**Agenda Date:** 12/22/2015

**Item No.:** 7.1.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Operating Funds for Watershed Based Activities-Memorandum of Agreement between San Francisco Bay Restoration Authority and Santa Clara Valley Water District; and Budget Adjustment

### **RECOMMENDATION:**

- A. Authorize the CEO to negotiate and execute a Memorandum of Agreement with the San Francisco Bay Restoration Authority (Authority) to provide operating funds towards the Authority's costs to fund activities that will directly benefit flood protection, watershed restoration and other related efforts in Santa Clara County, in addition to funding the remaining local share of the South San Francisco Bay Shoreline Project; and
- B. Approve a budget adjustment in the amount of \$1,500,000 to provide operating funds to the Authority.

### **SUMMARY:**

The San Francisco Bay Restoration Authority (Authority) 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.

The Restoration Authority was created by the California Legislature in 2008 to find solutions to the need for new, local funding. The Legislature has given the Restoration Authority the unique capacity to raise funds from local sources throughout the Bay Area and the oversight capacity to ensure transparency and prevent waste. Its purpose is restoration, not regulation. The Restoration Authority does not duplicate the missions of other public agencies and private organizations working on Bay restoration; it is designed to deliver essential local funding to restoration and flood protection projects developed by others. While not funded by the State, it was given the power to raise and allocate resources.

The Authority is seeking to enter into an agreement with the District to provide operating funds that will allow for the Authority to ultimately pay \$1.5 million dollars towards ballot access costs charged by the counties for placing this measure on the ballot. The District will be reimbursed by the Authority out of tax revenues over an agreed upon period of time if the measure passes. The attached Memorandum of Agreement (Agreement), Attachment 1, provides the details of the

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Agreement as proposed. The Authority also seeks to enter into an MOA with other Bay Area public agencies to secure an additional \$500,000 in operating funds.

Currently Director Linda J. LeZotte participates on, and Deputy Administrative Officer Rick Callender staffs, the San Francisco Bay Shoreline Steering Committee. The Committee's focus is on the South Bay Salt Pond Restoration and Flood Protection Project, the largest tidal wetland restoration project on the West Coast. When complete, the restoration will convert 15,100 acres of commercial salt ponds at the south end of San Francisco Bay to a mix of tidal marsh, mudflat and other wetland habitats. A part of this project is the South San Francisco Bay Shoreline Study which is focused on wetland restoration and flood protection along portions of the Santa Clara County shoreline.

On September 21, 2015, the Authority voted to enter into the Agreement with the District. The documentation supporting the Authority action is the Resolution authorizing the Authority to enter into a Memorandum of Agreement with the District (Attachment 2). In January 2016, the Authority will vote on whether to place a nine Bay Area county ballot measure on the June 7, 2016, general election. The counties that will be subject to the special tax are: Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano, Sonoma, and the City and County of San Francisco. The documents the Authority will vote on are an Authority resolution calling for a special election (Attachment 3) and an Authority resolution adopting the special parcel tax ballot measure for voter approval (Attachment 4).

The measure is subject to a two-thirds voter approval and would generate approximately \$500 million in revenue, of which at least approximately \$60 million would be directed to the South Bay for flood protection and restoration efforts. The proposed language specific to the revenue distribution is as follows:

"The Authority shall ensure that 50% of the total net revenue generated through-out the term of the Measure is allocated to the four Bay Area regions, defined as the North Bay (Sonoma, Marin, Napa and Solano Counties), the East Bay (Alameda and Contra Costa Counties), the West Bay (City and County of San Francisco and San Mateo County) and the South Bay (Santa Clara County) in proportion to each region's share of the Bay Area's population, as determined in the 2010 census, and consistent with the priorities set forth in this section. As a result, each region will receive the following minimum percentage of total net revenue generated through- out the term of the measure: North Bay: 9%, East Bay: 18%, West Bay: 11%, South Bay: 12%. The remaining revenue shall be allocated consistent with all other provisions of this Measure."

For administration of the measure, the measure provides that, "No more than 5% of the Special Tax proceeds generated in any given fiscal year may be used by the Authority for general government purposes in such fiscal year, including to administer the projects funded under this Measure. Any unused funds may be carried over for use in subsequent fiscal years."

If passed, the measure will provide the District the remaining local share of the funding needed (based on current project costs) to complete Phase I of the District's flood protection project along the South San Francisco Bay Shoreline in Santa Clara County. The South San Francisco

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Bay Shoreline project will ultimately provide 1-percent tidal flood risk management for the urban area of north San Jose including the community of Alviso and the San Jose-Santa Clara Regional Wastewater Facility, and ecosystem restoration of approximately 3,000 acres of former salt pond for the area.

A draft Memorandum of Agreement (Attachment 1) has been initially negotiated between the District and the San Francisco Bay Restoration Authority. If the Board authorizes the CEO to complete negotiations and enter into the Agreement, the Authority may then invoice the District for its share of the ballot access costs once the nine County Registrars have notified the Authority of its election costs. This will occur following the June 2016 general election. The Authority will also reimburse the District from the Authority's operating funds if the revenue measure is successful.

**FINANCIAL IMPACT:**

There is a \$1.5 million fiscal impact related to approving this Memorandum of Agreement as the District will pay up to \$1.5 million towards the ballot access costs for placing the measure and will be reimbursed only if the measure passes. The Watershed and Stream Stewardship Operating and Capital Reserve Fund has available funds to provide the funding to the Authority.

The recommended budget adjustment is to move \$1,500,000 from the Watershed and Stream Stewardship Operating and Capital Reserve Fund to project 00044026 (San Francisco Bay Shoreline) to fund the Authority's operating costs in FY 2015-2016.

**CEQA:**

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

**ATTACHMENTS:**

- Attachment 1: Memorandum of Agreement Authority
- Attachment 2: Resolution Authorizing Memorandum of Agreement
- Attachment 3: Resolution Calling for Special Election
- Attachment 4: Resolution Special Parcel Tax Ballot Measure
- \*Attachment 5: Handout 7.1-A
- \*Attachment 6: Handout 7.1-B
- \*Attachment 7: Handout 7.1-C

**UNCLASSIFIED MANAGER:**

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