

# San Francisco Bay Conservation and Development Commission

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May 29, 2019

**TO:** All Financing the Future Working Group Members  
**FROM:** Lawrence J. Goldzband, Executive Director (415/352-3653; larry.goldzband@bcdc.ca.gov)  
Steve Goldbeck, Chief Deputy Director (415/352-3611; steve.goldbeck@bcdc.ca.gov)  
**SUBJECT: Draft Meeting Summary of March 21, 2019 Financing the Future Working Group Meeting**

1. **Call to Order.** The meeting was called to order by Acting Chair Holzman at BCDC, 455 Golden Gate Avenue, Tenth Floor, San Francisco, California, at 10:04 a.m.

2. **Roll Call.** Present were Group Members: Chair Zack Wasserman, ECRB Member Robert “Bob” Battalio, Roger Davis, Jeff Holzman, Mark Northcross and Michael Papanian.

Not present were Group Members: Commissioner Jennifer Lucchesi, Commissioner Aaron Peskin, Commissioner Kathrin Sears, Commissioner Alex Zwissler, James “Jim” Cervantes, Justin Cooper, Paul Rosenstiel and Chad Spittler.

3. **Approval of the December 6, 2018 Meeting Summary**

**MOTION:** Working Group Member Northcross moved approval of the December 6, 2018 Meeting Summary, seconded by Commissioner Jahns. The motion passed by voice vote with no objections or abstentions.

4. **Group Presentations.** Acting Chair Holzman moved to Item 4: We will start on Agenda Item 4.

Executive Director Goldzband commented: You will remember that back in August we did a joint workshop with RBD on how to further the RBD projects. Since that time RBD has worked really hard to try to figure out how to move RBD forward which was a difficult and hard task but they have been very successful at doing so.

Now we’re at the point of getting a group of people together who have volunteered to work with the RBD projects to set them up for some kind of financial plan/success which has meant to us to break down their big projects into component parts and figure out how they move forward.

I was able to convince Michael to lead this effort and I asked Lauren, Mark and Kathy Schaefer to be the ringleaders of that team.

Group Member Northcross continued: We have short slide presentation on how BCDC’s Financing the Future Committee can help RBD move forward.

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**FINANCING THE FUTURE WORKING GROUP MEETING SUMMARY**  
**March 21, 2019**

We will talk about five areas: Resilient by Design Outcomes, Challenges for the Four Teams Moving Forward, How BCDC Can Help, The Committee of Four and Suggested Next Steps.

So let's talk about outcomes. The ideas of all nine teams are being incorporated to one extent or another into climate-change, adaptation work by public agencies.

There are four of these projects that having a combination of the feasible and immediate projects in which the Financing the Future Committee can provide some real assistance.

Ms. Amanda Brown-Stevens spoke: We want to talk in more detail about these four projects. One of the exciting things about the work that has been done is that lots of projects are moving forward.

I wanted to highlight a few areas of existing work in which there may be opportunities to collaborate with this group and beyond moving forward.

Caltrans SB 1, Climate Adaptation Planning Grants have been a great source of funding for next steps for many of these projects. This is the last year that they are doing these planning grants.

Resilient by Design through the Bay Area Regional Collaborative and in collaboration with BCDC, MTC and some others have got funding for two of the projects moving forward; the South San Francisco Project and Highway 37. The design teams that work on Resilient by Design are working on next steps for their project in South San Francisco, Coloma Creek and doing some modelling and planning.

Highway 37 is a much bigger project that is moving forward in a number of different ways with collaboration between the four counties in the North Bay that have pieces of Highway 37.

The design team is working on particular issues like bike/pedestrian, public access in thinking about doing a full re-envisioning of that area making sure that there is a public-access component to that.

The City of San Francisco has also applied for an SB 1 Planning Grant for the Islas Creek area and is moving forward with next steps in planning and design.

MTC also got an SB1 Planning Grant for the Dumbarton Bridge Approach and the field, operations team worked in that area and they are building on some of the networks that were developed.

Another project that is moving forward is the Alameda Creek Project. The Coastal Conservancy has been taking the lead on that. They secured some funding last summer for their pilot, Pebble Beach Restoration Project.

And we are also working closely with Senator Wieckowski's office and the Alameda Flood Control District to try and get this in the state budget.

Executive Director Goldzband added: Senator Wieckowski is a former BCDC Commissioner.

Ms. Brown-Stevens continued: The Marin City Project that was a community-based, social-equity project has been working closely with the county of Marin and particularly Supervisor Kate Sear's office to move that project forward. We had funding for them to do next steps. They did an adaptation course with a lot of local, community members and they are working now on figuring out do they want to create their own entity to move forward with some of those projects and work with the County and the Marin Community Foundation in figuring out funding pieces as well.

There are lots of bits and pieces moving forward and as part of that survey we were looking at where are there project ideas that there is interest and potential but are not already moving forward? So maybe we can build on some existing interest and on the Resilient-by-Design efforts and amplify that effort.

We are looking at these projects as part of a network, part of pieces of the adaptation challenge that is facing the Bay. Individual projects can build up to a bigger effort that will be part of a regional effort to address our increasing, flooding issues.

In the end this is going to have to be a joint effort. We are going to need to collaborate as a region much more than we have. Digging down into these individual solutions while also continuing to think of this as a regional effort will help build that base and build those relationships that will need to increase over time.

Mr. Kleeman had questions: Could you give us some idea of the order of magnitude of money at this early stage of project development that you led? What is this next stage of funding going to entail for funding? What do you think the magnitude is going to be in order for these things to go to scale?

Ms. Brown-Stevens replied: For the entirety of the Resilient-by-Design efforts the team has \$100,000 to do their initial research and then \$150,000 once they are assigned to their specific place.

These planning grants have been mostly in a similar range. As far as full implementation it is just a huge scale.

(Chair Wasserman entered the room and joined the meeting at 10:20 a.m.)

Group Member Battalio commented: As a practicing consultant it is great to get these grants but you could easily double them. Anyone who works on these projects will tell you that it is hard to do everything that is in the scope of work for the amount of funding.

People want to do the work. A lot of us want to get involved but you could just double those numbers very easily.

Ms. Brown-Stevens agreed: Oh yes. We are just scratching the surface. It is an opportunity to keep this going and start to make some progress. The funding at this point is just a drop in the bucket.

Commissioner Holzman: My question is how far down the field does this move the ball? This range of \$150,000 to \$300,000 – where is it getting the teams? Is it just part-way to somewhere?

Ms. Brown-Stevens answered: That really depends on what the project is and where they are moving forward. A lot of what is needed is to apply for bigger grants. This has happened mostly in the public-projects area; that is public funding.

These projects need a level of planning to where they can make their case. Our hope is that for some of these smaller, adaptation-planning grants they will get to a place where they can apply for state or federal funds and qualify for the multi-million-dollar projects.

The Resilient-by-Design process served as an accelerator to get further along. And in some places it was able to take an existing project and boost it and in other places it is starting the beginning.

Executive Director Goldzband commented: And that is what the purpose is of meeting with each of these groups really is. How to they get from where they are now to an advanced stage? Breaking it down into component parts is the only way you are going to be able to understand the whole thing.

Ms. Brown-Stevens stated: And different cities have such different levels of capacity that in some cases it is a question of helping move and existing process along and get them ready to apply. With others it is a matter of lifting or boosting them up.

Group Member Battalio asked: In the RBD process I'm wondering if it felt like you were partly doing outreach and getting people to increase their capacity where people are talking about these innovative ideas and becoming more comfortable with them? Is that part of what was happening?

Ms. Brown-Stevens explained: Yes, a lot of what the benefit was in the end was raising the profile and getting this issue on the radar. That is something to remember. Two years ago a lot of people in this room were very aware that this was a challenge. Even local governments are catching up with these issues. A lot of what we did was related to raising awareness and building those networks.

We are looking at increasing collaboration across the region and creating multi-benefit solutions. We need to make sure that as we are making investments that we are maximizing the benefits of each of those investments.

Commissioner Jahns asked: Are you finding that the teams are planning for potential funding for infrastructure or are they still continuing to incubate their project and develop local plans?

Ms. Brown-Stevens responded: One important way to think about this now is to transition from a team focus to a local, jurisdiction focus. These design teams were led by consultants and private firms mostly that are going to be the people that will doing work or work like this but aren't going to be organizations that are applying for grants.

When public agencies apply for these grants they often need to do a public process to award the funding. Our design teams have been great about helping continue to talk to local governments and help them think through ways to do this.

The transition that we need to make is to start to think of the target as those local, government leaders that are going to be the ones that are going to need to apply for those grants and to figure out that complicated structure to do that. And how do we support that in a way that doesn't rely on the design team that sometimes could be conflicted out of the process.

This is really starting to think about places.

Executive Director Goldzband announced: I want to make sure that everyone knows that Chair Wasserman is now here.

Group Member Northcross continued: By default you see the four, design, team ideas that are being proposed for BCDC's assistance.

One of the things that I want to point out as we go through these is where the focus community is a disadvantaged community and North Richmond is one of them.

Part of this transition is moving from consultants to a public agency taking responsibility for some piece of the original concept.

In this case it is the West County Wastewater District and we had a meeting with them last week. We had stakeholders from the West County Wastewater District in attendance.

The basic project is to do a horizontal levee. This has been one of the Holy-Grail projects that came out of RBD and Rising Bay Levels. So whatever a horizontal levee is – we need a lot of them around the Bay. (Laughter)

This is an opportunity to build about a half-mile link of horizontal levee officially to protect the wastewater, treatment plant for the West County Wastewater District.

There are multiple stakeholders in the area. They will apply for Measure AA funding. Supervisor Gioia is very focused on applying for these funds. They will also leverage Measure AA monies with other funding sources.

Executive Director Goldzband carefully crafted this bullet point that I will share with you. He wrote, "The potential role for BCDC/Financing the Future Advisory Group is to help the stakeholder's consortium learn how to implement their project by diving deeply into how to break down their multi-benefit project."

We feel at this stage rather than take these big visions and break them down into pieces that you could do individual, entitlement designs and grant funding on as opposed to going after multi-billion-dollar projects such as Highway 37. It might be more productive to scope it down a bit and try to do something a little simpler. So that diving deeply to try to figure out how to break up the big vision into small bit-sized projects is crucial.

Executive Director Goldzband then continued by writing: “then find and adapt existing, financial instruments that could fund distinct parts of the multi-benefit projects.”

So you break down into pieces and at that point in time you can turn to your grant experts and ask for their guidance in where to source funds and how to best use them.

Executive Director Goldzband added: Much less, fees, taxes, exactions – however you want to do it. There are all sorts of different ways to think about it.

Group Member Northcross continued: In regards to our meeting last week with the North Richmond group – if you take it from the standpoint of the West County Wastewater District their Board apparently is all recently elected and all very green-oriented. This is really good in that you have a five-person, green board. They want to do the right thing.

By the same token they are elected by their rate payers. They have to honor their rate payers. When you come down to that last bullet where the wind is – yes, everyone wants to come to us as a utility because we have more money in the Bay Area at the local level than anybody else. It’s water and wastewater that have the most money of local governments in the Bay Area.

So they are an obvious source to go out for an exaction. If you are on the Board yes we want to be green but we have to protect our rate payers. So the multi-benefit piece turns into multiple, funding sources.

If we can take protecting our wastewater plant from rising Bay levels and get a lot of it funded using other peoples’ money besides our rate payers – then we have a win/win because we are not only being green we are protecting our rate payers. And that was a piece that really resonated with the stakeholders from the West County District.

Group Member Battalio was recognized: It sound very familiar with a lot of the multi-objective, natural- infrastructure, restoration projects. I know that staff at the Coastal Conservancy is really good at collaboratively putting together funding packages. It takes a lot of management because you have your different grants and stuff and your different actions and then you have to do all the cash flow. But this is how everyone does it.

There are oftentimes multiple agencies involved in funding these projects. It is not easy to do it this way but it is a good way to do it.

Group Member Northcross explained: It is the way it goes. In the wastewater and water business in California the state revolving fund you end up with similar things and multiple grants and lending sources coming into one project. So for a small town in the Valley to try to figure out how to deal with five, different, funding sources and intimidating deadlines is difficult.

The next project is San Rafael Pickleweed Park/Canal Area and it is a huge vision by Bionic. So how do you break this down into something that we can work with?

Number one there is a community center in Pickleweed Park that could be converted into a disaster-recovery center. So this is one of the small projects. There is also a marsh-restoration project. Pickleweed is a marsh plant.

The third piece is transitioning from a bunch of consultants to a public agency the adaptation plan for the city of San Raphael. How can we break it into small projects and then transition it to a public agency?

The last three bullets are the same as the last three bullets on the North Richmond Project so I won't repeat them but you got the message.

Commissioner Holzman asked: Is the advice for all of these projects to start applying for Measure AA and go from there?

Group Member Northcross replied: Pretty much, yes – there is everyone is looking at Measure AA and that will be a good subject to talk about. You know that when everyone has the same idea at the same time it gets complicated.

Ms. Brown-Stevens added: There are other funding sources for example for that project in Pickleweed Park the idea of doing a retrofit of this Park there are Prop. 68 funds and other funding that the Coastal Conservancy and others have. In some ways Measure AA is a proxy for public funding of projects.

The Park could be retrofitted in a way that would benefit the adjacent communities and this could create more flood-protection measures. This is a place where the City does not have the taxes or the time to do this and they want to do a full, adaptation plan. They don't have funding for that. They are asking how do we balance this while figuring out how to move this forward. This is a vulnerable, disadvantaged community.

Mr. Kleeman chimed in: I assume that if I protect part of my community and in doing that I cause another area to become more damaged due to sea level rise that was not protected; water has a way of finding its way around things – I assume there is no liability incurred with that. I guarantee someday someone will sue about this.

How does one really do things without an integrated plan?

Executive Director Goldzband explained: Will there is actually but more to the point one of the things that BCDC is going to be doing over the next year or so is changing its regulations to ensure that you have to do a vulnerability analysis not only for your project but you also have to look at your neighbors.

So that will all become part of our application process.

Ms. Schaefer stated: And it is also part of every community's responsibility. One of the things that we desperately need is a Baywide, hydro-dynamic model that we all agree to be the baseline condition otherwise you are going to have conflicts. And that has been a big issue because you have different people with different ideas of what the models are and Alameda County has wanted that for a long time.

Ms. Brown-Stevens stated: One of the things to think about in looking at these potential solutions is how to prioritize and figure out how you can come up with the right regulations to prioritize solutions that use the type of tools that are appropriate.

Group Member Battalio commented: From an engineering perspective we talk about flood cells and basins and San Raphael is actually a big basin. If somebody filled in their property to get above the flood level they could increase the flood risk incrementally. And this is something that FEMA would not be happy with.

Watersheds, flood cells and now we are looking at the whole Bay as something that might be linked by actions in one area.

Group Member Northcross moved on: Let's talk a little bit about San Leandro Bay speaking of another flood cell in the Bay. The vision from the All Bay Collective stretched all the way from the Oakland Coliseum to Alameda Island and points in between. Again, the theme here is breaking it down to smaller pieces.

And what it comes down to in connecting to a public agency to be the grant advocate – here it is the city of Alameda and Oakland and the County is involved and other public agencies as well; they are ahead of the game. They are wrapping up their Climate Adaptation Plan. That is great.

And their goals to convert some of the ideas in the Adaptation Plan and to specific CIP-type projects that you could proceed to start doing planning, design and funding around and the particular zone of focus is Bay Farm Island which is part of the city of Alameda.

Again you see the theme here; break it down, focus, specific projects, public agency and the last bullet is the one that Larry crafted this week and we will memorize that and stay with it.

Do we have questions on the San Leandro Bay – All Bay Collective piece? (No questions were voiced)

It is hard to call Bay Farm Island a disadvantaged community. (Laughter) But the three out of the four are disadvantaged communities. We had the Canal, North Richmond and now East Palo Alto.

Ms. Brown-Stevens commented: One thing about the San Leandro Bay Project we are talking about the city of Alameda because they are at a place where they are wrapping up their Adaptation Plan and ready to move forward. The city of Oakland in the East Oakland area is doing some planning at the moment.

One way to think about the Alameda piece is as a way to build momentum and start to create an effort that then could continue to benefit the other parts of that project area because they have related flood issues.

Group Member Northcross moved on to East Palo Alto: The Field Operations call themselves the South Bay sponge. It is a huge area with a loss of a really, dramatic vision. Here we are talking about the city of East Palo Alto and they also have a wastewater district there. I don't know to what extent they are involved with this.

Ms. Brown-Smith stated: The public agency here about this project is the San Francisquito Creek JPA.

Group Member Northcross asked: And who are the members of the San Francisquito Creek JPA?

Ms. Schaefer replied: It is the three cities of Palo Alto, East Palo Alto and Menlo Park and the two counties.

Group Member Northcross summarized: So we have five, public agencies and one JPA involved. So we have multiple stakeholders here.

The focus is a levee for East Palo Alto. FEMA money may be available but FEMA funding can't be used for a multi-benefit project as a rule of thumb.

Ms. Schaefer explained: Dealing with FEMA is not easy. What you definitely do not want to do is use the word "levee". It is a berm or it may be a "feature" (Laughter) but it is not, under any circumstances, a levee.

Chair Wasserman chimed in: Extended marshland.

Ms. Schaefer replied: Yes, it is extended marshlands. They may have changed a little bit but the rules are still in place.

Executive Director Goldzband noted: They are trying to change.

Group Member Battalio asked: Why can't you call it a levee?

Ms. Schaefer explained: Because levees are the purview of the Corps of Engineers. They respect each other's turf. Levee things belong to the Corps of Engineers and it is the Corps of Engineers to go forth and do good things.

Berms and features are FEMA and the Corps allows FEMA to go forth and do good things.

Of late there has been a little bit of mixing but you are wise to just not go there.

Group Member Northcross continued: So our goal here is to turn this project into a multi-benefit project and find other funding sources for the non-FEMA, compliant portions of it.

The fourth bullet you recognize by now. It's the same story.

Ms. Schaefer noted: This highlights one of the things that we all need to be very sensitive to and that is that terms of art mean very specific things for very specific agencies. You may need to call it one thing when you are talking to one agency and another thing when you are talking to another agency. And that is going to be a challenge for all of us as we go forward.

Chair Wasserman added: So in addition to the fact that we have too many jurisdictions in the Bay Area we have too much bureaucratic languages. (Laughter)

Ms. Brown-Stevens agreed: Yes and this project in particular is an interesting one because it the Safer Bay Project and it has a lot of different components and has some parts that are moving forward and will potentially get funding from FEMA funding that comes to a state after a disaster or pre-disaster preparedness.

It is a 24-million-dollar project and partly due to the work of Resilient by Design and others that the team and the JPA really want to make sure that this investment does provide those multiple benefits and have a more ecological and public focus.

And so can we find funding for design even including design pieces that could be incorporated into the FEMA construction that would do that as well as potentially design maybe would need further funding for implementation but through leveraging this investment that is already happening to say if we are going to do this can we make it as beneficial as possible.

And they think that it really wouldn't be that much more funding. They could get a team to work in that area. It seems like an exciting potential project but if they get that funding it will move pretty quickly. They will have three years to expend it all.

This is something that would be great to figure out. We are talking with the Coastal Conservancy also and the Silicon Valley Leadership Group and others to highlight this project. It seems like it would be a great model project with something that already has potentially real amounts of money behind it for construction.

Ms. Schaefer commented: Another thing to tee off this conversation is that FEMA whenever there is a federally-declared disaster a certain percentage of the money goes to the state for mitigation measures. The state gets to choose what the priorities are. All of the money goes to the state OES department and the OES is the one who decides what the priorities are and how they get allocated.

One of the things that the Bay Area may wish to think about is having a unified message to the Office of Emergency Services to help them help lobby for the priorities that they establish.

Executive Director Goldzband stated: And that has already started as of last week. When we were in D.C. last week I was with Jack Ainsworth who my peer at the Coastal Commission and we listened to FEMA's presentations on their pre-hazard, mitigation funds. We looked at each other and I looked at Jack and I said you know who the head of OES is? And he answered not yet but I will in a minute.

We were then told in no uncertain terms by Becky Smythe of NOAA don't you dare talk to OES yet because we actually are setting up a staff meeting with your staff meeting with the Jessica's of the world and Jack's staff can meet with the OES staff before Jack and Larry go marching up to Sacramento and say you need to do pre-disaster, mitigation funding along the coast and in the Bay Area which you have never thought of before but now is the time.

Ms. Brown-Stevens continued: This is eligible for staff funding and it is likely going to get that funding because the Coastal Conservancy was asked to put together a list of projects. We were able to slip this in through our Coastal Conservancy.

Executive Director Goldzband noted: And of the 20 projects that the Coastal Conservancy put it only two were deemed eligible. We looked at each other and said that is not the way this is going to work. We will end up working with OES to change the rules and the way they look at these things.

Group Member Battalio commented: I have a comment on the vernacular. With FEMA mitigation is mitigation of disasters that may happen in the future and not environmental, impact mitigation or climate mitigation.

Executive Director Goldzband agreed: Right. It is predicting natural disasters.

Ms. Schaefer clarified: Pre-disaster mitigation as opposed to natural disasters.

Group Member Battalio stated: One of the interesting things about those funds is looking at some applications at Pacifica where their property had to be bought out or demolished or both the valuation is based on the pre-disaster value of the property which is interesting.

It is kind of an expensive treatment. They only pay 85 percent or something like that.

Executive Director opined: And so the whole purpose is to avoid that.

Commissioner Holzman commented: And so of the 20 does the two mean that our problem is happening so slowly that it is natural as opposed to saying it is a disaster?

Executive Director Goldzband clarified: The disaster hasn't happened yet. The Sandy has not yet hit the Bay Area.

Ms. Schaefer explained: FEMA has two pots of money. They have post-disaster money to put it back better than it was. And they have a pot of money that is pre-disaster money. And the pre-disaster money is a percentage of the amount of money that FEMA spent administering the public-assistance program and their disaster-assistance program.

So the idea is if you spent 100 million on the Paradise fires wouldn't it be great if there was 25 million spent to prevent wildfires or whatever from happening again in the future?

And so because we have an enhanced, mitigation plan we also are eligible for a bit more money out of this pot. One of the things that has happened is until we've had the wildfires of the last few years we went for a very long time without having any disasters. We've not really been geared up for it and then all of a sudden we have these huge disasters and literally with those disasters comes truckloads of money and cash and now trying to figure out how to administer it is a factor.

Commissioner Holzman commented: In that example do you have to prevent future fires?

Ms. Schaefer stated: It can be used for anything.

Ms. Brown-Stevens continued: And that is what this money is. So it is the 2017 so the Napa fire was this first chunk of money. This project qualifying for pre-disaster, mitigation funding from FEMA because it is lots of different categories of disasters that can apply for it. And that is what OES is recommending 18 million dollars or something like that.

Executive Director Goldzband chimed in: And FEMA according to the folks who talked to the coastal states organization last week is actually expanding their pre-disaster work outside of the tithe that goes post-disaster for planning. And there is new funding in the hundreds of millions of dollars nationally for this.

The question then becomes how do we get OES to do what OES needs to do to get this money so that it can actually be directed to the Bay?

Mr. Kleeman stated: And we are competing with fire mitigation and a bunch of other demands and OES has historically not had a predisposition towards mitigation and certainly not looked at the Bay as anything they were really worried about.

Executive Director Goldzband interjected: Exactly – or the coast.

Mr. Kleeman agreed: Or the coast – so it's a lift to educate them. I have worked with them for over a decade: it is a slow process. So we shouldn't think that it is an instant pot of money that we can just go for.

Group Member Battalio commented: Jeff you mentioned something is a nuance that may be important. A lot of the problems we have on the coast are progressive erosion or you can have progressive flooding which can affect land use.

FEMA does tend to look at things as events. It is not that hard because usually the big damages occur in an event and if you are close to a problem you can always create an event that would cause a problem that would justify the mitigation of that damage.

It is a little difficult watching the shore erode right at something and then you have to wait until you are within 50 feet of a bluff failure before you can get mitigation funding.

There are some specific rules that are kind of difficult to work around sometimes. And the valuation of private property is a big hoop to get through because it is at full value.

Group Member Northcross continued: We are showing how much expertise we have sitting in this room that can help these four projects by this discussion which I've learned a lot on so far.

Let's talk a little bit more about what the plan here is. Again using financial expertise that is in this room through the Financing the Future Committee to assist the four design teams a multi-disciplinary team of volunteers to provide advice regarding public-financing alternatives, impact investing, insurance solutions, public-sector, grant opportunities and finally private philanthropy.

That is the big picture now let's talk about the Committee of Four.

Group Member Davis asked: Did you include or intentionally exclude from public-financing alternatives any kind of private-sector, P3-kind-of sources?

Executive Director Goldzband replied: I did not deliberately or at all.

Group Member Northcross continued: But I think that is where the impact investing piece – we are defining it broadly.

Executive Director Goldzband stated: I just sort of figured it was part of the big, general group. But yes we can put it in.

Group Northcross continued: Michael Kleeman has been committee chair and philanthropy expert and obviously his expertise is broader than that. Kathy has been talking about federal sides but she also knows a lot about the insurance side and is very active in that. Laura has been very quiet listening to this whole conversation but she is coming from the impact, investing world and definitely the P3 world is inter-connected. Finally I am the muni bond person in the room. That is the Committee of Four.

We will discuss next steps. The Committee meets with each design team and/or the project stakeholders like the meeting we had last week with the West County Wastewater District and the North Richmond Home Team group.

We learned about the project. We learned about the budget. We learned about their discussions to date with potential funding sources. Most important we learned the viewpoints of the various stakeholders understand the time table, funding deadlines then come back and develop some ideas on interim funding for each project and come back here and present the ideas to the full group.

So that is the simple, short form of that. I have no doubt that this whole process will evolve and change as we go through it. But that is where we are starting from.

That is the last slide except for we have already been having a great version of which is discussion.

Executive Director Goldzband chimed in: A couple of things before you go to the spreadsheet – Zach looked at us about three weeks ago and said you know the great maps that BCDC has; we ought to map the opportunity zones.

In here as well is a map that shows where opportunity zones are in the Bay Area and within BCDC's jurisdiction. It is sort of another arrow in the quiver in terms of what the private sector can do. We also gave you the IRS description of what an opportunity zone is and how California looks at it.

With regard to FEMA it was really interesting we are sitting there listening to these two younger, FEMA people who are really excited about pre-disaster mitigation talking about these new programs and then at the end they said and by the way under FEMA and Homeland Security we now have this thing called community lifelines. We don't really know what that means yet but we have them.

And they gave us the link and so everybody got out their phones and called and what I think they are trying to do is FEMA is trying to do its version to some extent of environmental justice and point grant making toward communities that need more help for lifelines.

You also have a copy of this that describes what they are thinking about which would include food, water and shelter. It goes towards the opportunity zone structure.

Chair Wasserman asked: Is the West County Sanitary District in an opportunity zone?

Group Member Northcross answered: I don't know but that is a great question.

Executive Director Goldzband added: This is our first cut. We will have to get this stuff from Amanda to Jessica and find out exactly what fits where.

Group Member Northcross surmised: Looking at the map I would say that this deep purple north of the Richmond/San Raphael Bridge looks like it overlays at least part of the West County Wastewater District. So I think you're more likely to be right on that than wrong.

Chair Wasserman continued: So if it is in there it seems to me that might be a very good place to explore because you have a sanitary district that has money. You have a sanitary district that needs to protect its asset. So this is not a feel good/do good; this is a need of theirs. You could if you were approaching one of the big, opportunity, zone funds or one created just for this get private investors to build that facility, that protection and lease it to the District.

And if that would work you are going to end up with relatively, low financing. That one jumps out for this kind of project. Others are going to be harder.

Group Member Northcross agreed: I totally agree and Zach used a key word that is a guide to what opportunity zones are. He mentioned the two words, opportunity funds, opportunity, zone funds.

Infrastructure financing districts have been around for a while and touted in a very limited use so far. In my opinion one of the key reasons they are getting very limited application is that they really won't help bring a project out of the ground. It is long-term sort of like your children's college, education fund is a land developer you know 10 years from now you will get money and it may help you on a take-out financing. It is not going to get your project financing.

Opportunity zones are the other end of the scale. There is tax credit money available to bring a project out of the ground. In fact one of the credit concerns on the investor's side is that you have to get the project completed within a certain timeframe – 30 months.

It is get the thing built. And as a result something you never saw with IFDs you are seeing private, equity funds being formed to do opportunity, zone investment. That is happening with IFDs and there is no interest on the private side.

It is an OMG moment. There is so much money from the private sector really focused on this. It is a huge opportunity. Larry was being very astute overlaying opportunity zones on inundation zones in the Bay Area is a huge opportunity.

Executive Director Goldzband chimed in: What we will do is if Amanda you could work with Jessica to specifically identify literally parcel by parcel where we are talking so that we can then map it. That would be the way to go. This was a general way to do it but we can go finer grain.

Chair Wasserman stated: And just to step back for one more moment; opportunity zones are really quite different than the infrastructure financing districts. They are much more akin to a 1031 real estate exchange. Basically in the designated opportunity zones which the state did people can create a fund and they are self-certified funds that will invest in that area. Capital gains that are put into that fund are initially deferred for any capital gains tax and if the investment is kept for 10 years the capital gains tax is essentially forgiven.

Group Member Northcross added: This is another shocker for me. Not only do you have the real estate piece and the opportunity zones you have what I call the Google millionaires because the capital gains can be from stock. Do you have all these people who got big capital gains in stock going to Lauren impact investing and you can go to them and get them to go into a fund and so not only do you have people who got commercial, real estate/capital gains to shelter they open this up to the whole world of stock investors. Oh my God.

Chair Wasserman interjected: And on the other end it does not have to be invested in real estate. It can be invested in businesses. It has to improve. It is not an equity investment and it could be a form of equity. But you have to have an improvement in the real estate or the business.

Commissioner Holzman stated: And the capital gains goes completely away at the end of 10 years.

Mr. Kleeman spoke: And so all the kinds of projects we are talking about if they would qualify under the Opportunity Zone Act would easily meet that 10-year horizon.

Group Member Northcross added: That is the scariest thing I'd say from the discussions I've had is the 30 months – oh my God we are building an infrastructure project that requires CEQA and NEPA; everything else in 30 months.

Chair Wasserman stated: But if you want to take a longer look at it given that there are literally billions of dollars input into these large funds they are going to end up with a problem of having projects.

Executive Director Goldzband clarified: Trying to find projects.

Chair Wasserman continued: Currently there is no limit in time on how long the dollars can sit in the fund. It is reasonable to expect that the regulations will get to that issue. I think if we have some infrastructure projects that solve these other issues and are in the opportunity zones but would take more than 30 months to build we may have a shot at changing the legislation.

I think there is going to be a need for that to happen anyway.

Mr. Kleeman stated: Or we might be able to create a very creative structure whereby the clock would start; that is we do all the planning, the development and all the permitting short of that and that money comes in and the clock starts then. And then you don't have the crises around the 30 months is not a problem if you are ready.

I think there are some creative ways to think about this as an opportunity.

You made the comment about the younger FEMA people. Everyone is younger to you. (Laughter)

Executive Director Goldzband responded: Thank you. (More laughter)

Mr. Kleeman continued: The logic around this and Mark was kind enough to take the first crack at it and they we have enhanced it as a group is the following. So the basic idea is that you have a set of categories of the kinds of adaptation projects we are talking about and then we are basically looking at on the horizontal axis on the top what is the nature of beneficial – where would the benefits accrue to?

So that is sort of the first cut to see if we are doing this who might benefit from it? And we try to be expansive and we'll make it larger. The matrix below it basically takes the same benefit on the horizontal then it says p okay, where would be different kinds of potential funders and how do they array against these kinds of benefits?

And if we look at the second page it is basically a similar kind of look at it but we are looking here at where would the money come from to actually pay off those returns?

There are capital costs and there are operating costs for each one of these things. Where would this come from? Because it is one thing to build something and it is another to keep it alive for 50 years.

This is a thought exercise to walk people through. Now what we are hoping will come out of this won't just be what Mark suggested which is working with the individual projects but literally as we get experience with this – a cookbook.

On the front page we talk about what the different project phases because you have to go all the way from conceptual all the way through operations. And the funding may be different by stage. And lastly we think we need to begin to educate the people that are really good at planning on how do each of the constituencies look at return on investment?

So a capital investor will have one form of return on investment and a social, impact investor will have a blended view and governments have a different view of that et cetera.

And what we are presupposing is this messy thing is not a common muscle that most of the project team has already and that will help them develop that set of muscles. I think most important we know how to talk to certain government agencies about getting AA funds. We understand that. We know the language and we know the storytelling to get there. We know the process.

Talking to private investors is a totally different vernacular. It is a different kind of storytelling. Talking to make your foundations that have a concern is a different storytelling and it may have to be more expansive – a more integrated story.

And so the idea is no one source of money will pay for all the different dimensions of these projects. Let's think about where it may come and be as comprehensive as we can and then educate the project people or complement them so that they can not only think about where the money may come from but have the tools to go out and get some that money.

It is sort of like let's do a lay of the land and understand what we have to offer people to get money from them. A lot of these projects will benefit from a thought about returns and it is not always a financial return. And then we need to begin to learn how to tell those stories because that is really what fundraising is frankly – it is storytelling and it is compelling storytelling.

So that is what we are going to attempt to do and we will be on training wheels with the projects. It is the beginning of a process and we will learn how to do it better. All of this would say this with great humility; we don't have all these answers. So we are going to be bringing other people to help us flesh that out.

It seems to me to your point earlier Kathy there are some critical, path items that we need to really think about – the sort of integrated modelling. It seems to be a critical path and it would be useful to lay out a critical path because that may help us in thinking about who do we go for funding for those kinds of things that then creates the foundation for all these other projects. And it may actually give us a much more compelling story for big funders.

I don't think money is ultimately going to be the gating item. It is going to be figuring out how to convince people that these are good investments for things they care about.

Ms. Schaefer commented: I think it is going to be a combination of things. It is going to be up and down. We are going to have to get local people engaged but there is an opportunity to bring a lot of money from the federal level in different ways.

Mr. Kleeman added: And private/public partnerships are really critical and part of that on the government side may be if you want the money you need to think about how you might change some zoning and you need to be flexible in this. And usually we don't approach it as a sort of negotiation.

And we need to be able to go into this looking at everything on the table. And if people say we can't do it say why not rather than just saying no.

Group Member Battalio spoke: One of the things that may be a challenge especially if you are looking down the line is that we are probably going to have to move or realign at some level. And a lot of our thought process is based on kind of protecting in place and maybe some accommodation or something like that. And that could work for 50 years let's say.

There are some things like horizontal levees that take a lot of space and we just put out some natural, infrastructure guidelines with the state. And one of the rubrics on evaluating whether or not it is worth going after in one or more natural, infrastructure approaches to respond to sea level rise is whether or not you have enough space. And the paradox is that you don't or else you are not even looking at it.

So I would mention that especially when you get into multi-objective and the more environmental aspects. The restoration projects, the flood plain enhancements and restoration and multi-objective projects like downtown Napa and those types might be worth thinking about. But that is going to take a while for the financing to realign comes about.

Executive Director Goldzband offered the following: We have had discussions around here about whether we should be talking about realignment. I would argue we don't.

There are all sorts of different words for it – managed retreat, realignment whatever; the Bay Area is not ready to discuss that. The minute you bring it up you shut stuff down with people that should be helping you.

We are having a workshop this afternoon on Bay fill. We are changing our rules on Bay fill. Why? There is not enough room to put levees around the Bay so we are going to dump a whole lot of dirt and perhaps bio-solids and whatever else into the Bay in order to create levees out into the Bay.

Is it a long-term solution? No. Is it a short-term solution? Yes. Is it a medium-term solution? It depends on what your term is.

I would argue we don't go there at this point.

Group Member Battalio replied: I bring it up because I think it is practical.

Ms. Schaefer commented: You may not want to not go there but I don't think you want to shut off the conversation. At U.C. Davis we are doing some research in communities that have relocated. So we have some really good positive stories.

Again it is all stories and maybe if there are some positive stories we can share them.

Executive Director Goldzband added: And you keep it on the very, local level and they bring it up. That is fundamentally different than the State Coastal Commission putting managed retreat in their guidelines for residential adaptation.

Group Member Northcross continued: In one sense on this that it is an explosive subject and it can't really come from the public sector right now. On the other hand it is one of the best motivators for getting a room like this focused on paying on exactions and how to pay for dealing with adaptation.

In Paradise, California there are discussions going on that basically amount to abandoning Paradise and using that as managed retreat. And that is how it would show up in the newspapers and it is really because of the whole way we are structured in so many ways to deal with disasters.

It is like disasters drive climate change adaptation in our country right now. And it is the fires right now. And Paradise has put the whole managed retreat question right on the table. Nobody outside of the room wants to use that word managed retreat or abandoning Paradise.

But that question is on the table and it is getting people really focused on how the state is going to adapt to climate change and that is the good news.

The editorial is that it is a great tool for getting people to talk.

Chair Wasserman stated: I agree. I certainly do not think realignment or managed retreat should at this time go into any set of printed guidelines. I do think that it is appropriate to start talking about it a little in public for two reasons.

One it is the elephant in the room and if you don't talk about it you are just not being real. The second is Mark's point. It is a piece of creating the fear that can help fuel the urgency of coming up with some our solutions.

So we are not putting it into the guidelines. My guess is the first version of the Regional Adaptation Plan will not talk about it. But I think in public we do need to start talking about it some.

Executive Director Goldzband observed the following:

Well you have talked about it in the way you say "in the future" and you just always throw it way out there. So you don't get people pissed off about their 30-year mortgages today. And that is the way you do it. But you don't come out there and you say one option for you is managed retreat or realignment.

Group Member Davis commented: I wouldn't under-estimate the resistance that would be triggered by managed retreat. There is a lot of vested interest in real estate property and so on that will rise up against that.

Group Member Battalio stated: We just went through this in Pacifica on their local, coastal program update. We did say to put it in the latter part of the century as one of your options on your adaptation pathway and even that didn't work.

The other idea is we came up with the idea of allowing people or taking more armoring approaches and investment approaches but then excising a fee to enhance and restore beaches within the same community which everybody benefits from as well.

So you might use that kind of mitigation. But I think it is a cost. And if you go to invest in certain areas especially on the Pacific Coast with the Coastal Commission guidelines there are going to be questions about impacting coastal resources. I mean it is going to come up.

Commissioner Jahns chimed in: It is important to talk about these projects. If we want to go out and raise billions of dollars to get these projects done we must confront the issue of managed retreat because any intelligent, private investor is going to ask why they should invest in the project especially if their benefits increase the longer they hold them.

And so maybe these projects as kind of a focus of public and private investment as something that BCDC is championing can help advance that broader discussion of why invest in infrastructure in these places because the managed retreat could happen somewhere else or some of these are essentially being built as managed retreat.

Group Member Battalio continued: One of the other issues that we don't explicitly talk about here is avoided costs especially for private investors or private, land holders. You want to get involved with us because if you don't think about Miami Beach. If you don't get involved in this then your property is about to lose two-thirds of its value. Do you really want to have that? So it's an insurance investment for them.

As we get into this my biggest concern is what we don't know we don't know. I am serious. I am wondering if we want to create at some point in this process an open, innovation challenge and try to get a little money to support it for ideas on the financing side and also on the adaptation side.

We are dealing with our solutions that we know about. But what are the solutions we don't know about? What are the different kinds of ways of creatively funding things we don't know about?

I think the public got a lot of knowledge we could tap into in a constructive way.

Chair Wasserman stated: I agree with that. I envision the work that the four of you are doing with these projects is the testing lab for developing this out and it moves into that book and the financing alternatives for this and it is going to continue to evolve.

With this working group as we have with each of the other working groups we are going to move this to a Commission workshop level. And that is where in terms of the content but also the way we publicize them we can bring in those other elements – certainly on the financing piece.

In addition most of this is going to get wrapped into the Regional Adapting to Rising Sea Level Plan whose name has not yet been determined. (Laughter)

Executive Director Goldzband spoke: Jessica and I were looking at each other because no one had used that name before. (More laughter)

The plan will take a lot of these elements and a lot of it from what ART is doing right now and weave those into this true, regional plan and then the financing will be a piece of it. The concept is modelled on the Regional Transportation Plan.

The critical difference is that has a source of funding. It has many sources of funding and some clear pathways to that funding. We don't have that. We are creating them. We are finding them. Some of these have been around for a long time and as we start connecting with more with flood districts there are some sources that are existing in addition to the new ones we are creating.

So that is sort of the end goal but I won't say that very often because it is really the beginning. I think we will have the opportunity to bring in others to explore better the things we don't know.

Executive Director Goldzband had a suggestion: What I would like to propose is I would love to be able to schedule a full, Commission workshop for the fall. If we could work on this from March through September and get somewhere with it and have a workshop in October that would be spectacular as a way to move it through.

Chair Wasserman responded: I agree with that absolutely but it is not “a workshop”. But we have to think about it as a series of workshops because we do need to break this down into manageable pieces that we can interact with the public on and get those new ideas and then weave it together into a full, financing plan.

I would plan on at least three workshops.

Group Member Papanian commented: In terms of how you communicate this – very important. One of the mistakes that a lot of us made early on in some of the climate discussions was how we described what the threat was and it became so scary that people turned off. There are some studies that show that this has been an issue.

The Bay Area is an area that can accept this more than many areas of the country. But how it is communicated is very important. And you might consider bringing in some communication experts who have thought about this to think about how you frame this in a way that the public can be appropriately scared but not overly scared where they shut down. (Laughter)

As you communicate this there is funding you have to pay back and there is funding you don't have to pay back. Often the project proponents think only of the funding they don't have to pay back. But I think making that very clear distinction is important.

Group Member Kleeman responded: I think it is in here but explicitly what we are saying is even money you don't have to pay back you have to sell it on the basis of a perceived return to the person who is giving you the money.

All of this is a sales job to get money to do something that we all value. And it is a different language. It is a different pitch depending upon who you are going to. Most of us are good at one segment of it and none of us are good at all of it. And what we need to do is develop that hymn of how do you pray for money; how do you ask for money?

Ms. Agnew commented: Big stories. (Laughter) Not being able to say if we don't do this I think the number back at the Climate Action thing was seven times. It is going to cost us seven times more if we don't. You can't factor that into a rate of return necessarily avoiding costs.

Ms. Schaefer opined: I think that is where academia can help us. In my group we have access to all types of data. We can crunch the numbers and give some good statistics. Academia can be another source of help.

Mr. Kleeman continued: And there is good language other than rate of return which is the wrong tool according to economists to use for this. It is partial equilibrium to general, equilibrium problems. If we get it wrong everything goes south.

It is the wrong tool but there are tools that we can use that have nice language about this that we can get people to relate to once we begin to get the data.

I don't want to fall into the discounted, cash-flow trap because that will kill it.

Ms. Agnew stated: But your idea of money that we pay back and money that we don't pay back is part of unpacking all of these mega projects and finding out what is going to be reliant on grants? What is going to be reliant on bonds?

Mr. Kleeman asked: And at what price? There is a different set of tools for each phase of a project.

Ms. Agnew added: And when do you need it? Which kind of money do you need?

Executive Director Goldzband chimed in: The term I was trying to remember was "unpacking". That to me is an incredibly, marvelous, descriptive way of tearing things apart and putting them into place.

I need to ask – A, has this been helpful? (Assorted yes responses from the group) Okay. So B we are now charging Michael and the Gang of Four (Laughter) to put together their thoughts about how they propose to actually start working with the individual groups with Amanda and Zoe.

And then come back to whoever wants to be at the next meeting to say here is what we are thinking about doing and just getting some more thoughts from you all.

I want to call out Jeff and Roger a little bit on this coming from the private sector not as the consulting type like Bob but actually arranging deals and dealing with stuff like this to really ask you to work a little bit with this group to give them the benefit of your experience on that.

I was struck when I was down in Long Beach for a meeting in December and we were talking about managed retreat led by the Georgetown Climate Action Center, a bunch of academics who don't have to worry about managed retreat, that we had 40 people in the room talking about this stuff. I was holding my mouth.

Right at the end Ed Spricks, council member from Imperial Beach stood up and said – how many of you are actually elected officials? And of course nobody raised their hands. He said, let me tell you what it is actually like out there and gave a five-minute, dressing down of these analysts, bureaucrats, executive directors saying this is what the real world is like and this is how the real world makes decisions.

And I want to put you guys on notice saying you deal with the real world all the time in terms of the private sector in ways that we don't necessarily do. I want that to be able to come into this.

Group Member Davis offered: Please access me whenever it is appropriate.

Commissioner Holzman stated: And me as well. The one reaction I had to a lot of this is that you think about each of those individual cities and there is probably a champion inside each of those cities that requires us to go. And they are probably very inexperienced and so that roadmap is going to be so important.

Group Member Davis continued: Identifying that champion which you are absolutely right – if you don't have that you are not going to get anywhere. Somebody has to carry the ball.

Ms. Brown-Stevens explained: And one of the reasons why we pick these is we have a sense of who that is for each of them otherwise we wouldn't feel like they are ready to go.

Executive Director Goldzband reminded the group: Remember there are only four of those out there out of the nine projects. So there is a reason for that.

5. **Discussion of possible topics for future BCDC/public workshops.** Executive Director Goldzband announced: We will more than likely have a meeting the first Thursday of May because that gives everybody a month and a half to sort of get there. That is what we are going to try to shoot for. That is May 2nd. Let's shoot for that date to return and hear what you all have to say.

Use everybody and don't be afraid to pick up the phone, email et cetera.

6. **Public Comment.** Public comment was given throughout the proceedings.

7. **Adjournment.** There being no further business, Executive Director Goldzband adjourned the meeting at 11:38 p.m.