AGENDA ITEM: BONDING

1. Comment Summary: Categories 1 & 2 and Annual Allocations
   a. Steering Committee discussions are public information and should be reported back to cities, especially COG reps
   b. The decision to bond will be voluntary and by agency.
   c. Bonding requirements will depend on how many cities want to bond. County DPR and DBH funds can be bonded because they are allocations

2. Comment Summary: Categories 3 & 4
   a. Question: What happens if the money is not spent in 3 years?
      Response: It is against the law and penalty taxes must be paid. Also could create issues with voters.
      Comment: Should further discuss issues of arbitrage and develop project criteria to define implications of bonding
   b. Question: Is a letter of intent enough to define a project? What is a shovel-ready project?
      Response: Projects need a plan, statement, or description of what will be purchased or built. For acquisition, assume that a willing seller must exist and the price must be generally known. For construction, assume that the land must be owned by the entity implementing the project, drawings must be substantially completed, and a cost estimate must be completed.
   c. Question: Is there a methodology to compare cost of bonding vs inflation?
Response: The future is largely unknown and difficult to predict. Some years construction costs fluctuate monthly; some years they don’t change much at all. In general, it is probable that the cost of construction will increase over time.

d. **Comment:** Some cities don’t have High or Very High Need Study Areas so bonding all funds could harm them.
   **Response:** Assumption is that bonded and unbonded funds will meet 30% target to these areas, so 70% remaining could flow to areas that are not High or Very High Need Study Areas.

e. **Question:** In Prop A, what bonding was done, how was it handled, and what impact did it have on funding projects?
   **Response:** Prop A called out very specific projects in very specific amounts. Bonding occurred in full for those identified projects. Excess funds available in recent years derived from tax penalties and increase in revenue.

f. **Question:** Can we bond several study area funds from categories 1 & 2?
   **Response:** Yes, bonding is allowed by Study Area for Category 1 and Category 2 funds. However, any sharing of funds, whether boned or not, between Study Areas, must meet the requirements of the fund sharing policy that the Steering Committee approved.

3. **Comment Summary: Categories 3 & 4 Bonding Scenarios**
   a. **Comment:** Bonding is a good opportunity to address lack of parks with funds available. In favor of bonding a significant amount, in line with Scenario C. Should then reassess in 20 years and see if additional bonding is needed.
   b. **Question:** Would choosing Scenario C or E allow sufficient time to get projects ready and get technical assistance?
      **Response:** You could choose Scenario C and delay the issuance of bonds until year 3 to give agencies time to develop projects. We have been assuming bonding would happen immediately, but issuance time period could be redefined by the committee.
   c. **Comment:** Bonding has significant implications for High or Very High Need Study Areas because it is likely these areas need a high level of TA and do not have shovel-ready projects. If any bonding is done, Scenario B should be favored.
      **Response:** Could also decide to bond a portion in the first year and wait a few years to bond more.
   d. **Comment:** Not bonding anything is problematic in not having enough money for big projects but bonding too much leaves out High and Very High Need Study Areas that can’t get up to speed. Favor Scenarios C or D.
   e. **Comment:** Could we do one cycle of competitive grants for $22.1m and then issue bonds?
      **Response:** Yes, that could be done. It sounds like most people are leaning toward one of the scenarios in the middle.
   f. **Comment:** For purposes of acquisition, bonding is critical, especially in High or Very High Need Study Areas.
   g. **Comment:** Getting projects ready and delivering capital projects takes a lot of time due to capacity issues. Even with high land costs, more money can be spent on interest. In favor of Scenario A. No bonding now, then reassess in 3 years.
   h. **Comment:** If we have shovel-ready projects now we should build them, so voters know that Measure A is working?
   i. **Question:** How much acquisition is in the High or Very High Need Study Areas?
   j. **Response:** Believe it is around 60% but we will have to confirm that number. Reviewed PNA data to evaluate the overall demand for acquisition projects.
   k. **Comment:** High or Very High Need Study Areas will have a lengthy project process due to capacity. Could spend a lot of money on interest if bonding.
l. **Comment:** Support Scenario D. Should have been planning for projects since the PNA and have to deliver to voters. There is urgency to leverage Measure A funds with state and other dollars.

m. **Comment:** Very lengthy process to get a project ready. Money spent should be vetted in a way that produces quality projects. In favor of a more conservative approach. More time is needed to re-address engagement. Financing should be discussed each year.

n. **Comment:** Cities can bond categories 1 and 2 if they want to go through a lengthy process.

o. **Comment:** Money without bonding is not enough. Measure was sold as buying last open space in the County.

**Straw Vote**

i. How many think a significant amount should be bonded immediately?
   1. Yes: 14
   2. No: 12

ii. If we were to bond a significant amount, how many would want 100% of it immediately vs some delay for some portion to develop projects? For example, if we went with Scenario C, the first $40 million would be bonded immediately and the other $40m would be bonded later.
   1. Some delay: 21
   2. No delay: 2

**Comment Summary:**

p. The TAP as defined won’t get started in full until the 3rd year. Bonding in 4 years would still provide little time, so the delay should be further out.

q. Need a more granular picture of where acquisition projects are and distribution among High or Very High Need Study Areas.

r. There is a rationale for getting projects out, but a real concern about the TAP availability. More money is needed for TA early on to get projects out in time for bonding.

s. Don’t want to lose High or Very High Need Study Areas just because they need TA. Maybe don’t bond for 6 years to allow TA to unroll and give High or Very High Need Study Areas areas time for capacity and project development.

r. One process is based on finances and the other on equity. It is more equitable to wait.

u. Acquisition isn’t everything and can’t be handled until after infrastructure is taken care of. Treat what we have with immediate priority. Voters see an immediate impact from those small infrastructure projects. We are already struggling to maintain what we have. Should delay bonding for 3-4 years.

v. Scenario D gives us flexibility that is critical up front. We need a flexible scenario that is a hybrid of C and D. We can leverage that with competitive dollars. We should speed things up if we can.

w. SB5 is on the ballot for June so it will be beneficial to have Measure A money early on for leveraging.

**Response Summary:**

a. Need a policy to work under, not all of the details.

b. Will assume that if we bond, at least ½ will be delayed so High or Very High Need Study Areas can develop projects.

c. It will take time to ramp up TA, and this should be considered when determining the timing of bonding.

d. Surely have $40 million in acquisition projects that are ready to go. Tradeoff is going quickly and missing some projects vs. going slow and not showing results.

e. Bonding isn’t exclusive to acquisition and can be used for all projects, including infrastructure.
f. Middle ground is between C and D with half bonded now and half at some point down the road.

Straw Vote:
1. Scenario B-ish: 7
2. Scenario C/D-ish ($40m right away, $40m later; $20m available every year): 11
3. Abstain: 6

Comment Summary: Abstainers
a. Root of conflict is about immediate need, not money. One group is focused on available projects and the other on equity.
b. Push it out 5 years, then bond. No one is ready right now.
c. My department is neutral on this issue.
d. Backlog of projects and need to be responsive to voters but it takes much longer to get High or Very High Need Study Areas ready. 4-year grant cycles are challenging. Little compromise on balance.
e. More advantageous to wait. Shouldn’t isolate competitive funding into bonding.
f. How do we create urgency? Must start organizing our cities now and gain support around projects. Not acceptable to say we need 4 years to deliver projects. Have to get organized now and not leave communities behind.
g. Should be a reasonable time frame with respect to TA so High or Very High Need Study Areas don’t lose out on projects.

Response Summary:
a. All goes to the board for final approval. Everyone here is in consensus that we need to find a way to bring along High or Very High Need Study Area communities and make sure all cities are competitive. We don’t have consensus about how much to bond. We should report to the board and let them decide how much to bond with the caveat that if significant bonding is done, there is a need to reserve some for projects that develop over time to allow TA to be effective.
b. Clarify to focus on the number of years needed to develop and deliver TA. 3-5 years may not be sufficient.

AGENDA ITEM: Policies, Part II

1. Comment: Category 2
   a. When are we reassessing?
   b. Don’t want to delay success. No further extension. Complete, deliver and move on.

Response:
   a. Want time to stabilize gains funded by Category 2 funds.
   b. General agreement with this policy as written.

2. Comment Summary: M & S
   a. Is the M & S money tied to a project?
   b. Are there CBOs here that would be a recipient of this?
      a. Yes, don’t want a competitive process. There should be a general bar that has to be met. Stronger language on what constitutes ‘good standing’
      c. Different types of projects have different M&S needs
   d. Beneficial for cities to partner with non-profits. Is this money exclusive of that? Is it above and beyond what city gets?
e. Money should be for projects not sponsored by the city where the city doesn’t own the land  
a. Disadvantages non-profits already in agreement with cities and discourages partnerships. Shouldn’t restrict funds. CBOs can move projects along quicker  
f. Policy says non-profits must apply annually for M&S, but need to be able to budget several years upfront  
g. How does this fit into the public agency model?  

Response Summary:  
a. Money is tied to the agency, and in this case, non-city agencies  
b. RPOSD needs to do a basic vetting of non-profits; this will be completed during the enrollment phase.  
c. M&S is based on actual facility and amenity needs. Everyone will get a % of what they request.  
d. Cities can assign funds to non-profit for lease or ownership rights  
e. If an organization has long term agreement and is responsible for maintenance, they are eligible to use these funds  
f. The policy is a draft  
g. M&S is set through the measure and you can predict how much each city will receive. Cities don’t have the same issues as non-profits that are splitting this 4.5%  
h. Consensus on the bullets here, but questions on who is eligible based on who owns the land. We will research this and re-look at Measure language to clarify.  

AGENDA ITEM: PUBLIC COMMENT  

1. Sissy Trinh: SEACA  
a. Supports bonding some money now  
b. Monitoring expenditure process with Measure H and Measure HHH and sees anger that homelessness isn’t solved yet  
c. Communities aren’t ready to apply for projects. High or Very High Need Study Areas need time to develop  
e. Concern for anti-displacement strategy as part of expenditure plan.  

Comment: Invite speakers to talk to committee?  

a. Manuel Pastor to talk about framework of equity to inform committee and assist in resolving issues.  
b. Also in favor of asking other speakers  
c. All but 2 in favor of Manuel, or an associate, speaking  

Meeting Adjourned.