

SONOMA COUNTY OPEN SPACE FISCAL OVERSIGHT COMMISSION

COMMISSIONERS

Mike Sangiacomo (Sonoma)
Todd Mendoza (Petaluma)
Dee Swanhuysen (Sebastopol)

Bob Anderson (Healdsburg)
Eric Koenigshofer (Occidental)
Jeff Owen (Alternate)

Regular Meeting
747 Mendocino Avenue – Suite 100, Santa Rosa, CA 95401
February 5, 2015 5:00 pm

AGENDA

1. **Call to Order.**
2. **Agenda Items to be Held or Taken Out of Order; Off-Agenda Items.**
3. **General Announcements Not Requiring Deliberation or Decision.**
4. **Public Comment.**
The Brown Act requires that time be set aside for public comment on items not agendized.
5. **Correspondence/Communication.**
6. **Approval of Commission Minutes.** [Attachment 1]
January 15, 2015
7. **Ad Hoc Committee Reports.** [Attachment 2]
 - Annual Report/Audit Report Review (Anderson, Swanhuysen)
-Review of Commission's 4th Report to the Board of Directors
 - Investment (Mendoza, Owen)
 - Review of County Services (Mendoza, Koenigshofer)
 - Stewardship (Mendoza, Sangiacomo)
 - Operation and Maintenance Transaction Review (Anderson, Koenigshofer)
 - Matching Grant Program (Koenigshofer, Owen)
8. **Creation of Ad Hoc Committees for 2015 and Assignment of Commissioners.**
 - Annual Report/Audit Report Review
 - Investment
 - Review of County Services
 - Stewardship
 - Operations and Maintenance Transaction Review
 - Annual Report/Audit Report Review

- Matching Grant Program
- Other?

9. **Initial Public Access/Operations and Maintenance.**

[Attachment 3]

10. **Preparation for Board of Directors Workshop on the Role of the Fiscal Oversight Commission – Session 2**

11. **Development of Commission Code of Conduct**

12. **Adjournment.**

Suggested Next Meeting: March 5, 2015

In compliance with Government Code §54954.2(a), the Sonoma County Open Space Fiscal Oversight Commission will, on request, make this agenda available in appropriate alternative formats to persons with a disability, as required by Section 202 of the ADA of 1990 (42 U.S.C. §12132), and the Federal rules and regulations adopted in implementation thereof. Individuals who need this agenda in another format or need a disability-related modification or accommodation should contact Sue Jackson at 707.565.7346 at least 72 hours prior to the meeting to ensure arrangements for accommodation. Pursuant to Government Code § 54957.5, a copy of all documents related to an item on this agenda submitted to the Fiscal Oversight Commission may be obtained from the Fiscal Oversight Commission office, 747 Mendocino Avenue, Santa Rosa, CA 95401.

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UNAPPROVED

Minutes for Meeting of January 15, 2015

Commissioner Mendoza called the meeting to order at 5:00 pm.

Commissioners Present: Anderson, Koenigshofer (Commissioner Koenigshofer departed the meeting at 5:26pm), Mendoza, Swanhuysen.

Staff Present: Bill Keene, General Manager; Mary Dodge, Fiscal and Administrative Services Manager; Misti Arias, Program Manager-Acquisitions; Sara Press, Land Acquisition Associate; Sue Gallagher, Counsel; Christine Minkel, Administrative Aide to the Commission, Sue Jackson, Deputy Clerk/Recorder, Fiscal Oversight Commission.

Also Present: Steve Brady, Storm Water and Creeks, City of Santa Rosa; Robert Pittman, Counsel; Martha (Marty) McCoy, Counsel.

1. Election of Officers.

Minute Order 12

The following officers were elected for Calendar 2015:

Chair: Eric Koenigshofer (motion by Mendoza; second by Anderson)

Vice Chair: Bob Anderson (motion by Swanhuysen; second by Mendoza)

Chair Pro Tem: Mendoza (motion by Anderson; second by Koenigshofer)

(Note: Commissioner Koenigshofer assumed leadership of the meeting after his election to Chair.)

2. Agenda Items to be Held or Taken Out of Order; Off Agenda Items.

Due to time constraints and the absence of the full commission, the following items were moved or held over to the next regular meeting:

Item 7. Ad Hoc Committee Reports, including Review of Commission's 4th Report to the Board of Directors, was held over to February 5th.

Item 8. Creation of Ad Hoc Committees for 2015 and Assignment of Commissioners was held over to February 5th.

Item 9. Colgan Creek Restoration Phase 3 – Matching Grant Project was moved to Item 7.

Item 10. Role of the Fiscal Oversight Commission was moved to Item 8.

3. General Announcements Not Requiring Deliberation or Decision.

Commissioner Mendoza requested that the Commission's FY 15/16 Budget be the same budget as FY 14/15. Mr. Keene and Ms. Dodge concurred and mentioned that the District is preparing a two-year budget and will bring details of that process back to the Commission at the February meeting.

4. **Public Comment.**

There was none.

5. **Correspondence/Communication.**

The Bay Area News Group sent a written request for data on Commission stipends and expenditure reimbursements for Calendar 2014. The District responded to the request on January 15, 2015.

6. **Approval of Commission Minutes.**

On a motion by Commissioner Anderson and second by Commissioner Mendoza, the minutes of November 6, 2014 were approved as submitted.

7. **Ad Hoc Committee Reports.**

This item was held over to the February 5th meeting.

8. **Creation of Ad Hoc Committees for 2015 and Assignment of Commissioners.**

This item was held over to the February 5th meeting.

9. **Colgan Creek Restoration Phase 3 – Matching Grant Project.**

Ms. Press provided information on the project beginning with a recap of Phase 1 and Phase 2, and details of Phase 3 of the matching grant project. The grant recipient, the City of Santa Rosa, was represented by Steve Brady from the “Storm Water and Creeks” program. The project is expected to go before the District’s Board of Directors in 2015.

(Note: Due to a prior commitment, Commissioner Koenigshofer left the meeting at 5:26 pm. Commissioner Anderson assumed leadership of the meeting.)

10. **Role of the Fiscal Oversight Commission.**

Note: This is the first of two or more discussion sessions related to the “Role of the Fiscal Oversight Commission.”

Mr. Keene presented an overview of the history and evolution of the District’s governance, including current specific duties of the FOC per Resolution No. 10-0832. Staff presented two recommendations for potential revisions to Resolution No. 10-0832; specific to 3(A)(3), the Commission’s review of the District’s procurement practices and to 3(F), the Commission’s review of the fair market value on conveyed recreational properties. The item was continued to the February meeting at which time the Commission will provide input on the revisions proposed by staff, as well as any revisions it may recommend. The intent is to provide a draft revised resolution and contract at the Board Workshop tentatively scheduled for April 2015.

11. **Adjournment.**

Commissioner Anderson adjourned the meeting at 6:07 pm.

Suggested Next Meeting: February 5, 2015

Respectfully submitted,

Sue Jackson
Deputy Clerk/Recorder

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February 5, 2015

Board of Directors
Sonoma County Agricultural Preservation and Open Space District
575 Administration Drive
Santa Rosa, CA 95403

Re: 2014 Annual Report

Dear Board Members:

This letter constitutes the Commission's Fourth Annual Report as required by Board of Supervisors' Resolution No. 10-0832 dated December 7, 2010. The report covers the period from February 7, 2014 to date.

Background

Following the voters approval of Measure F in 2006, the Board of Supervisors reorganized the Sonoma County Open Space Authority into the current Commission effective April 1, 2011. As part of that reorganization, the Commission is required to perform certain fiscal oversight duties with respect to the use of funds held in the County's Open Space Special Tax Account and to review and comment on the District's annual audit all as set forth in Resolution No. 10-0832.

What follows is the Commission's Fourth Annual Report to the District's Board of Directors on the Commission's progress in performing its assigned tasks.

Commission's Fourth Annual Report

1. *Transfer of Funds from the Open Space Special Tax Account to the County's General Fund.* To date, the Commission has no information of any funds that have been transferred from the Open Space Special Tax Account to the County's General Fund other than for the reasonable value of goods and services provided by the County to the District and reasonably necessary for the administration of the 2006 Expenditure Plan. In that regard, County departments that provide services to the District under contract or state-approved cost plan are doing so in accordance with the contracts or the plan, which require informative billing with respect to both direct and indirect costs.

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2. *Operations and Maintenance Expenditures.* The Commission is required to review District operations and maintenance expenditures for compliance with the 2006 Expenditure Plan and the District's implementing policies. The Commission has been proceeding with this task on a case by case basis with reviews of the District's matching grants and reviews of fee lands transfers as well as conducting an overview of the fiscal year 2013-2014 accounting transactions for recreational lands. That review resulted in the Commission providing direction to District management to schedule an in-service training for District staff on the criteria for the operations and maintenance expenditure category for recreational lands. The training's intent is to improve initial coding for the operations and maintenance category on staff time cards and on non-labor expenditures.

3. *Procurement Practices.* During the Commission's last review period (the Commission's February 6, 2014 Annual Report), the Commission completed a review of the District's procurement practices for the purchase of goods and services from private vendors and determined that the District was meeting reasonable procurement standards. The District's practice is to follow the County's procurement practices. The Commission has determined that the District is continuing to utilize the County's procurement practices and that those practices assure reasonable pricing for goods and services and produce a usable audit trail. The General Manager is satisfied that the practice meets the District's needs.

4. *Respond to Requests of the Board of Directors for Advice.* During this report period, there was one request for advice from a District Board member. On May 1, 2014, Director Zane sent a letter requesting that the Commission consider a faster pace for the transfer of three recreational properties: Carrington, Calabazas, and Poff. At the May 1, 2014 Commission meeting, the Commissioners discussed Director Zane's letter and heard from District staff that the Carrington property is slated for transfer to Regional Parks and is included in the Tier One property transfer priority category. The Calabazas and Poff properties are included within the Tier Two property transfer category. The two categories were reviewed and approved by the Board in November 2012.

Additionally, the Commission has received and dealt with the following matters as requested by the District's General Manager:

- A. February 6, 2014: Review of the District's Long-range Financial Model. This management tool's purpose is to estimate costs of the District's responsibilities and goals with estimated sales tax revenue and other income to determine the amount of funding available for acquisitions.
- B. February 26, 2014: Review of District staff's proposal to develop a model to forecast the long-term cost of conservation easement monitoring. The Commission assisted District staff with the criteria to procure a service provider to develop the model. A more thorough report on the Commission's effort is detailed in section 9 of this report.
- C. May 1, 2014: Review of the District's Fee Lands Strategy. This strategy, presented by District staff to the District's Board of Directors in November 2012, provides a prioritization of the transfer of fee lands to recreational partners.
- D. May 13, 2014: Review of the County's March 31, 2014 Quarterly Investment Report. This review occurred with District staff and with County Treasury staff; investment activities and potential investment opportunities were evaluated. A more thorough report on the Commission's effort is detailed in section 9 of this report.
- E. May 15, 2014: Review of the District's current acquisition projects.
- F. June 5, 2014: Review of the District's biennial Matching Grant Program. This task included a

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review of the submitted grant applications and a review of the District's process for the funding of restoration and recreational development projects.

- G. September 17, 2014: Review of the FY 13/14 accounting transactions for recreational properties. The goal of the review is to assist District staff with identifying qualifying expenses to the Measure F 10% Operations and Maintenance category. A more thorough report on the Commission's effort is detailed in section 2 of this report.
- H. October 2, 2014: Review of a concept plan for an Urban Farm Center as a location for the District's office. The Commission provided direction to District staff on this plan.
- I. October 2, 2014: Review of the District's FY 13/14 Audit Report as prepared by Maze and Associates. The Commission provided direction to District staff to contact the independent auditor to enhance the readability of the report regarding the Measure F fund flow. A more thorough report on the Commission's effort is detailed in section 6 of this report.
- J. October 2, 2014: Review of the District's Management Review prepared by Moss Adams & Associates. The Commission is looking forward to assisting District staff with the recommendations related to its role.
- K. October 2, 2014: Review of the County Auditor's report on the District's Operations and Maintenance Reserve. The Commission found that the audit performed by the County Auditor's staff validated the beginning balance of the District's Operations and Maintenance Reserve.
- L. November 6, 2014: Review of the District's draft Initial Public Access, Operations and Maintenance Policy, which District staff will present to the District's Board of Directors in early 2015.

For more details of the Commission's effort on the above matters, please refer to the Commission's meeting agendas and minutes. A link is provided at the end of this report.

5. *Preview District Borrowing Transactions.* To date, no preview has been necessary because no borrowing transactions have closed, are pending, or anticipated.

6. *District's Annual Audit.* The Commission's Audit Report Review Committee reviewed the District's FY 13/14 Audit Report as prepared by Maze & Associates. The Committee provided direction to District staff to contact Maze & Associates to enhance the report with the inclusion of a comprehensive explanation of sales tax revenue, debt service for the 2007 Measure F Sales Tax Revenue Bond issuance, and the overall Measure F fund flow that occurs within the County Treasury. Maze & Associates incorporated those recommendations into its final report.

7. *Annual Financial Report.* The County Auditor has identified the District as a "component unit" of the County in the 2012-2013 Comprehensive Annual Financial Report (commonly referred to as the "CAFR"). There is a difference of opinion between the Commission and the Auditor on this issue and that difference is explained in the Commission's second annual report to the District's Board dated April 23, 2013.

8. *Appraisal Review.* During the term of this report the Commission has reviewed the following District real property appraisals for compliance with the District's Appraisal Standards and, when appropriate, has reported its comments to the District's General Manager for consideration by the Board of Directors:

- A. April 3, 2014: Eliot Trail Easement Donation, Sonoma Mountain

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- B. May 1, 2014: Windsor Town Green Conservation Easement, Windsor
- C. May 1, 2014: Hall Open Space Easement Conditional Approval, Geyserville
- D. May 1, 2014: Haroutunian North Sale of Real Property for Road Signal, Airport Blvd at Fulton Road, Sonoma County
- E. May 15, 2014 and June 5, 2014: Lawson Property Transfer to Sonoma County Regional Parks, Sonoma County
- F. June 5, 2014: Clover Springs Property Recreational Covenant, Cloverdale
- G. June 12, 2014: Curreri Property Conservation Easement, Glen Ellen
- H. August 7, 2014: Jones Dairy Property Conservation Easement, Penngrove

9. *District's Administration of the Stewardship Fund.* During this report term, the Commission's Stewardship Committee met with the District's Stewardship Manager and Finance Manager to review the District's plan to procure a service provider who will develop a model to forecast the long-term cost of conservation easement monitoring. After a competitive procurement, the District selected a vendor and the Board of Directors approved a professional services agreement. The Commission continues to receive updates on the model's progress, which has an anticipated completion date in early 2016.

Additionally, the Commission's Investment Committee has met with the County's Treasury staff to explore investment options for the District's Stewardship Fund and for other District funds as allowed by state law and the District's investment policies.

10. *Compliance with Measure F.* To date, no information has come to the attention of the Commission showing non-compliance with Measure F.

11. *Review of the Auditor's Annual Report on the Activities of the District (Government Code §50075.3).* As of the date of this report, the Commission's understanding is that the Auditor has yet to make this report for the time period covered herein. Thus, the Commission has directed District staff to submit an annual financial report for the Auditor's review and certification as specified in the agreement between the County and the District.

During the next report period, as part of its fiscal oversight duties, the Commission plans to assist District staff with its clarification to the District's Board regarding the Commission's role and responsibilities as recommended in the District's Management Review prepared by Moss Adams & Associates.

This report was approved by the Commission at its meeting held on February 5, 2015.

Respectfully submitted,

Eric Koenigshofer
Sonoma County Open Space Fiscal Oversight Commission Chair

cc: Mr. Bill Keene, Sonoma County Agricultural Preservation and Open Space District General Manager

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Mr. David Sundstrom, Sonoma County Auditor-Controller Treasurer-Tax Collector
Mr. Bruce Goldstein, Sonoma County Counsel
Ms. Veronica Ferguson, Sonoma County Administrator

Links:

Measure F as approved by voters in November 2006

<http://smartvoter.org/2006/11/07/ca/sn/meas/F/>

Board of Supervisors' Meeting Minutes from December 7, 2010

Resolutions 10-0832, 10-0833, 10-0834

file:///C:/Users/C/Downloads/20101207_minutes.pdf

http://sonoma-county.granicus.com/MetaViewer.php?view_id=2&clip_id=130&meta_id=41975

Sonoma County Open Space District Fiscal Oversight Commission's Meeting Agendas & Minutes

<http://www.sonomaopenspace.org/Content/?p=10149/preview.html>

Official Statement County of Sonoma Measure F Sales Tax Revenue Bonds issued November 2007

<http://emma.msrb.org/MS61446-MS262167-MD505658.pdf>



DATE: January 29, 2015 (Meeting February 5, 2015)

TO: Fiscal Oversight Commissioners

FROM: Sheri J. Emerson, Stewardship Program Manager

SUBJECT: Draft Initial Public Access, Operation and Maintenance Policy

The District hosted a public meeting on January 22, 2015, to gather feedback on the draft Initial Public Access, Operation and Maintenance Policy. After a brief presentation, meeting participants were invited to ask questions about or provide comments on the draft policy. Comments were varied. Comments from meeting participants, as well as the current draft of the policy, are attached.

District staff have also met with various stakeholders over the past several weeks to discuss the draft policy. At your February 5, 2015, meeting, District staff will provide you with a summary of the feedback received on the policy to date, and any proposed revisions to the draft policy, for your consideration.

What is “initial public access”?

Notes from public meeting held at
Sonoma County Agricultural and Open Space District
January 22, 2015

IPA = bare minimum to get people on the site

- Allow more access once lands are purchased
- Build trail first
- Not enough money for capital improvements, focus on access.
- No “Cadillac” restrooms
- No rappelling tower, swimming pools, campgrounds
- Can guided hikes be funded by the remaining 90% of funding? May not be initial public access.
- Driving on roads not access. Trails are access.
- Don’t need an entire trail network
- Not bathrooms
- Docent-led access is not public access
- Road maintenance/parking lot doesn’t equal access
- Don’t need full amenities to get out on land
- No left-turn lanes
- Concern that amenities will slow down, impede process of opening land
- Don’t use 10% toward docent-led hikes

Public expects access, restrooms, parking.

- Taxpayers expect reasonable amount of public access
- Let us on land ASAP AMAP – need porta-potties, don’t need permanent bathrooms
- Marin County example as goal.
- Ensure sufficient infrastructure is there
- Include “dawn to dusk” access in policy

Initial Public Access design needs to be flexible.

- “One size fits all” does not work. Consider differences in landowners, site characteristics.
- Base IPA on the reason the property was purchased.
- Sitting on a bench, having a picnic, playing ball can be IPA.
- Not every place needs public trail
- Work closely with agency that will be taking land. Flexibility case by case.
- Guided hikes and docent-led tours are sometimes the only way (sensitive cultural resources, etc.) Many people like them for the education, not just the access.
- Orientations, dawn to dusk, tours – whatever fits best to get me on the property
- Orientations do not preclude “dawn to dusk” access.

- Sonoma County headed to a majority Latino population. Make sure everyone feels comfortable using parks.
- Sometimes real bathrooms better than porta-potty.
- Support all economic strata. Docent hikes not reaching some people.
- Minimal improvements need to be made
- Bathrooms? Not always, but sometimes.
- Left-turn lanes – maybe, if the only way to access
- Case by case – pragmatic approach
- Some think docent-led hikes ARE initial public access
- How effective are docent-led tours? Volunteer stewards engaged? What else do they accomplish?
- Docent hikes are not catering to all populations
- Consider less expensive options than docent-led hikes

Planning and environmental compliance are included in IPA.

- Consider a streamlined master planning process for CEQA
- CEQA requirements should be honored
- Legal requirements should be paid for by the District
- Sophisticated master plan process
- Create plan to protect conservation values
- CEQA/planning is expensive, but is responsible

IPA needs to include access for people with disabilities.

- Understand range of needs and get places accessible.
- ADA trails must be contiguous with parking
- All public access should consider ADA access
- Better outreach to disabled community

Public has different views about effects of people on protected lands.

- Concern that there is another view at work that public access is at odds with resource values
- Balance. Docent-led tours are a privilege.
- “Free rein” may trample what we’re trying to preserve
- In some places, conservation values may be best protected by keeping public off (sensitive cultural resources, for example)
- Concern that access never goes beyond orientations, tours. Could be some good reasons, but could be a rationale to never have dawn to dusk access.
- Restricting tours to 90% funding may backfire to reduce access

Initial steps should pave way for future improvements

- “Temporary” not a sound investment if needs to be replaced by permanent
- Less “temporary”

- Portable bathrooms detract from experience of beautiful place. Consider simple bathrooms or composting toilets.

More outreach and collaboration are needed.

- More outreach to general public
- Reach out to include ideas from Latino residents
- Public meeting not during work hours. Finley on Saturday.
- More dialogue, this is beginning
- User group partnerships
- Get potential managers all together for dialogue, brainstorming
- More collaboration
- Email list of all user groups. Foster collaboration, dialogue
- More dialogue, shared information
- More research, relationship building – learn from similar organizations and agencies
- More info needed on how District collaborates with partners
- Avoid duplication of effort
- More volunteer trail-building and other projects to stretch funding
- More grants and partners
- Leveraging funds with matching funds

General comments

- Public access and acquisition are not in conflict
- Negotiate trail easements on private lands
- Pleased to move towards more public access
- Support more public access in Petaluma, big vision of connecting Petaluma River to parks
- Lafferty Ranch needs public access

Prepared by Liza Prunuske



DISTRICT INITIAL PUBLIC ACCESS, OPERATION AND MAINTENANCE POLICY

DATE APPROVED: xx 2015

AUTHORIZATION: District Board of Directors

Funding is available to secure the public's initial access to District purchased recreational properties.

On November 7, 2006, the voters of Sonoma County approved the Sonoma County Open Space, Clean Water, and Farmland Protection Measure (Measure F, included as Appendix A), extending the District's sales tax to March 31, 2031. Measure F included an Expenditure Plan which includes the allowance for expenditures for "initial public access, operation and maintenance" (IPAOM):

"Operation and maintenance of land includes limited funding for initial public access, operation and maintenance of recreational lands purchased in accordance with this Plan. No more than 10 percent of total revenues generated over the life of the Measure shall be made available for operation and maintenance purposes."

The Sonoma County Agricultural Preservation & Open Space District (District) Board of Directors established policy related to IPAOM in August of 2007 (Appendix B). This policy was updated in October of 2013 (Appendix C).

District expenditures determined to be eligible for inclusion within the 10% cap on IPAOM expenditures (Appendix D) include payments to entities receiving fee transfer of recreational properties for the purposes of funding operation and maintenance costs that support initial public access; resource management and infrastructure maintenance on District lands intended for recreational use; providing interim access or permit programs, public outings and educational programs on recreational lands; capital improvements to provide initial public access on lands intended for recreational use; and related District staff and legal costs.

The Sonoma County Auditor-Controller-Treasurer-Tax Collector reviewed the District's expenditures for the period July 2007 through June 2013, and determined that the District is in compliance with the 10% requirement of the Measure F Expenditure Plan (Appendix E).

As of June 30, 2014, the District has spent \$11,666,766 of Initial Public Access, Operation and Maintenance funding in accordance with Measure F, the District Expenditure Plan, and Resolution 13-0410. This total includes the amount verified in the Internal Audit report for the period through June 30, 2013 (\$10,615,081), and the amount spent during fiscal year 2013-2014 (\$1,051,685).

Regarding the Initial Public Access, Operation and Maintenance Reserve (IPAOM Reserve), it is the policy of the District to use this funding to:

- provide early public access
- reimburse partners providing initial access on recreational lands purchased by the District
- assist a variety of partners to create diverse, low impact, outdoor activities or improvements
- reimburse partners in a timely manner

The IPAOM Reserve is not a source of ongoing funding. Projects should be completed in three years or less. Entities receiving funding are expected to demonstrate that their costs reflect market rates and standard practices for planning, developing, operating and maintaining recreational lands. Entities will be subject to a transfer or funding agreement, to the terms of a conservation easement to be retained by the District and to the provisions of a required recreation covenant. The District will conduct an annual review and audit.

IMPLEMENTATION PROCEDURE

The District General Manager will recommend an annual appropriation for the IPAOM Reserve that equals 10% of the revenue collected during the previous fiscal year. Recreational partners and the District will be eligible for reimbursement from the IPAOM Reserve for qualified expenses.

Qualifying expenditures include low-cost/low- impact activities, including minor temporary improvements, which facilitate initial public access. Examples of minor temporary improvements include multiple use natural surface trails and parking areas, picnic tables, benches, fencing, gates, related signage, and portable or temporary restroom facilities, and operations, maintenance, and planning required in support of the above.

Qualifying expenditures do not include off-site road work or major internal road work (turn lanes, ingress road upgrades or realignments), major water or sewer infrastructure improvements, overnight accommodations (huts, hotels, yurts, cabins, tent pads), or recreational amenities (play structures, covered picnic areas).

Reimbursements from the IPAOM Reserve to the District and to other entities will be reviewed at the end of each fiscal year by the Fiscal Oversight Commission, in accordance with Resolution 10-0832, confirming that expenditures are consistent with the Expenditure Plan.

Reimbursement payments to partners receiving interest in a District-protected recreational property will be for a period not to exceed three years, commencing from the date when the recreational partner receives the property interest, and shall be made on a reimbursement basis according to a District-approved Work Plan. The District may grant an extension of the three-year time frame in the case of extraordinary circumstances.

The Board of Directors will retain the flexibility to re-allocate funds from the IPAOM Reserve for other purposes eligible under Measure F as it deems appropriate.

DEFINITIONS

Initial Public Access: Earliest feasible public access consistent with the District's responsibility to protect agricultural, scenic, and biotic resources as well as all applicable legal requirements. Such access is limited to low impact recreational use which may include permit programs, docent led tours, and minor temporary improvements prior to the development and/or implementation of a Master Plan for full public use.

Minor Temporary Improvements: Enhancement of existing features of the property such as ranch roads, fire roads, parking areas, trails or similar existing features, or provision of recreational elements which do not prejudice a future Master Plan. These improvements may be capitalized in accordance with applicable policy.

Low-cost/Low-impact Activities: Providing low intensity, environmentally and culturally sensitive outdoor public recreation opportunities, through construction, operation, and maintenance of basic amenities. Approach is to support property operations while providing safe public access that minimizes impacts to the natural environment and operation and maintenance costs.

Reimbursement to Partners: Payments to a receiving entity accepting fee title or other interest in a recreational property purchased by the District. These payments are to be made, in accordance with the Expenditure Plan, for the purpose of securing initial public access to the property and supporting operation and maintenance costs directly resulting from that early access.

Public Access. Property open to the public for public use.

Recreational Land. Property purchased with District sales tax funds and intended for public use.

Appendices:

- A. Measure F including District Expenditure Plan
- B. Board of Directors Resolution 07-0666
- C. Board of Directors Resolution 13-0410
- D. County Counsel memo to County Administrator, dated June 5, 2013
- E. Internal Audit Report, dated April 7, 2014



S O N O M A C O U N T Y

**AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT**

District Initial Public Access, Operation and Maintenance Policy

Appendix A. Measure F including District Expenditure Plan

VOTER'S PAMPHLET
MEASURES, ANALYSES AND ARGUMENTS

(whichever is applicable to your ballot)
Arguments in support of, or in opposition to, the proposed laws are the opinions of the authors.

COUNTY OF SONOMA
MEASURE F

F Sonoma County Open Space, Clean Water and Farmland Protection Measure. To preserve natural lands from development; protect working farms and ranches; protect drinking water sources; improve water quality in lakes, rivers and streams; create and improve parks and trails; and preserve the coastline and beaches, shall the current quarter-cent sales tax, funding the Sonoma County Agricultural Preservation & Open Space District, be continued for twenty years, and bonds authorized to finance projects, with required independent audits and citizen oversight without increasing taxes?

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE F

Currently, the Sonoma County Agricultural Preservation and Open Space Authority imposes a 1/4 cent transactions and use tax on retail sales in the county. The proceeds of this tax, which was first imposed in 1981, have been used to purchase properties such as Taylor Mountain, Montini Ranch, Tolay Regional Park, and Saddle Mountain. In addition, tax revenue has been used to purchase conservation easements over thousands of agricultural and open space acres to preserve open space in community separators and agricultural properties in the community.

The current tax will expire in 2011. The proposed measure would extend the tax an additional 20 years. The tax would continue to be collected as it is now, in the same manner as state-imposed sales tax.

The measure would also revise the existing Expenditure Plan, which governs how the funds raised by the sales tax can be spent. Since this is a special purpose tax, monies collected will be placed in a special fund and can be spent only for the purposes set out in the measure and the Expenditure Plan. These purposes include preservation of community separators and greenbelts (lands that function as open space to separate cities and other communities); preservation of scenic landscapes and corridors (areas of high scenic quality including natural landscapes and backdrops); preservation of agriculturally productive lands (including working farms and ranches); protection of biotic habitat areas, riparian corridors and other areas of biotic significance (including areas of freshwater and tidal marshes, wetlands, wildlife habitat corridors and lands along creeks and streams critical to protecting fisheries and water quality); other open space projects (such as urban open space and recreation projects within or near incorporated areas); and support of operation and maintenance of recreational lands that were purchased in accordance with the Expenditure Plan (limited to 10 percent of total revenues for this purpose).

The measure requires that the County Auditor prepare annual reports for the Board of Supervisors stating the amount of money collected, the amount spent that year, and the status of any projects funded by the tax. These reports would be public records. In addition, the Sonoma County Open Space Authority would provide independent fiscal oversight over how the money raised by the tax is spent.

The measure also authorizes the County to issue bonds or enter into lease-purchase agreements, to be paid off with the tax revenue, to take advantage of purchase opportunities from willing sellers as they become available. Any bonds issued would be paid back with the proceeds of the tax.

If two-thirds of the voters in the County who vote on this measure vote "yes," the measure will pass and the special tax will be levied.

STEVEN WOODSIDE
County Counsel

By: s/ Kathleen Larocca
Deputy County Counsel

COUNTY AUDITOR'S FISCAL IMPACT STATEMENT — MEASURE F

Revenues:

This measure does not increase the current sales tax. This measure continues the current Open Space sales tax collected in Sonoma County of 1/4 of one percent (.25%) for twenty years after March 31, 2011 for open space eligible for protection under the Agricultural Preservation and Open Space 2006 Expenditure Plan. Open space that is eligible for protection, under this Plan, include community separators, greenbelts, scenic landscape units, scenic corridors, agriculturally productive lands, biotic habitat areas, riparian corridors and other areas of biotic significance, and other open space projects.

Based on current sales tax collections, historical annual growth in sales tax, and the assumption that the tax will remain in effect for twenty (20) years, the Auditor-Controller estimates the sales tax collected, annually, under this measure will be approximately \$17 million to \$30 million.

Proceeds from this sales tax shall be deposited into the Open Space Special Tax Account and shall be spent only to implement the projects in the 2006 Expenditure Plan below. The County Auditor shall prepare and file, annually, with the Board of Supervisors reports containing amounts of funds collected and expended and the status of any project(s) required or authorized to be funded. Fiscal oversight will be provided by the Sonoma County Open Space Authority.

Expenditures:

The revenues generated by this measure are available solely for open space eligible for protection set out in the Agricultural Preservation and Open Space 2006 Expenditure Plan, and summarized below:

1. Community separators and greenbelts are lands that function as open space to separate cities and other communities.
2. Scenic landscape units and scenic corridors are areas of high scenic quality including natural landscapes and backdrops.
3. Agriculturally productive lands include working farms and ranches and other lands used for the production of food, fiber, and plant materials and the raising and maintaining of livestock and farm animals.
4. Biotic habitat areas, riparian corridors, and other areas of biotic significance include freshwater and tidal marshes, wetlands, special status species locations, woodlands and forests, wildlife habitat corridors and lands along creeks and streams critical to protecting fisheries and water quality.
5. Other open space projects include urban open space and recreation projects within Sonoma County.
6. Operation and maintenance of land includes limited funding for initial public access, operation and maintenance of recreational lands purchased per this Plan. Limited to 10% of total revenues.

Bonds:

This measure includes the authorization to issue limited bonds and, from time to time, enter into lease-purchase agreements with the County's Treasurer. The maximum indebtedness, including issuance cost, interest, and debt structure costs shall not exceed the total amount of proceeds from this sales tax.

In accordance with the Election Code, the scope of this fiscal impact analysis has been limited to the measure's effect on revenues and expenditures. It does not address larger countywide fiscal issues such as the measure's effect on the overall County economy.

s/ Rod Dola
Sonoma County Auditor-Controller-Treasurer-Tax Collector

VOTER'S PAMPHLET

MEASURES, ANALYSES AND ARGUMENTS

(whichever is applicable to your ballot)
Arguments in support of, or in opposition to, the proposed laws are the opinions of the authors.

ARGUMENT IN FAVOR OF MEASURE F

As Sonoma County grows, Measure F is a unique opportunity to protect our quality of life now, and for future generations. Measure F will permanently protect lands threatened by development and preserve water quality, rivers, streams, working farms and natural areas — with no increase in taxes.

Measure F will continue funding the Sonoma County Agricultural Preservation and Open Space District, responsible for preserving over 68,000 acres of clean water sources, scenic vistas, wildlife habitat, working farms and vineyards, parks and trails since its establishment by voters in 1990. Every district purchase is subject to community and taxpayer oversight — ensuring that public funds are spent wisely and efficiently. Every landowner is a willing seller and eminent domain is prohibited.

Measure F will protect open space, clean water, family farms and our quality of life by: protecting important rivers, streams, lakes and groundwater to preserve drinking water quality in our communities for future needs; preserving beaches and coastal lands; conserving natural areas and open space, including those where children can be educated about nature and wildlife conservation; preserving working farms, ranches, orchards and vineyards; protecting fish and wildlife habitat; protecting oak woodlands, grasslands and redwood forests to improve air quality; helping create and maintain parks in and near urban areas; and protecting natural, scenic areas from growth and development.

Remember, Measure F is not a tax increase — it will simply continue an existing tax. Measure F has a strict 20-year time limit, requires citizen oversight and ensures that all expenditures are subject to independent annual audits.

We must act now to protect Sonoma County's natural areas, clean water, farms and wildlife. The longer we wait, the more expensive it will be to protect what is left. Please join us in voting yes on Measure F. For more information visit www.FriendsOfSonomaCounty.org

s/ Dante B. Banadell
Chairman Clover-Stonetta Farms

s/ Bill Cogbill
Sheriff-Coroner

s/ Mary H. Hafner
Director, Sonoma Land Trust

s/ Patrick W. Kilkenny
Business Leader/Retired Banker

s/ Wanda Tapia
Chair, Latino Service Providers

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE F

Open Space District officials trumpet their "protection" of lands. What alert taxpayers ought to ask is what would the use of these lands be now, or in 20 or 40 years had the District not acquired them? Many people would conclude that most of the acquired lands would be used largely the same as they are today. Why should taxpayers spend limited resources to protect land already protected by overlapping regulations that limit the allowable uses? Many of these properties have no practical alternative uses from their present use, and most are under no threat of development. The use of \$200,000,000 of taxes for these purposes over the past 15 years amounts to possibly the greatest boondoggle in Sonoma County history.

Maintaining the rural character of Sonoma County and preventing run-on communities like other areas in California is a laudable goal. The good news is we already have voter based urban growth boundaries in every city except Cloverdale, and the General Plan and existing zoning laws have appropriate controls on how all lands in the County can be used.

With all the more pressing needs for local governments, let's stop wasting money protecting that which does not need further protecting.

SONOMA COUNTY TAXPAYERS' ASSOC.
s/ Jack Atkin, President

SONOMA COUNTY TAXPAYERS' ASSOC.
s/ Fred H. Levin, Executive Director

SONOMA COUNTY TAXPAYERS' ASSOC.
s/ John E. Abercrombie, Treasurer

SONOMA COUNTY TAXPAYERS' ASSOC.
s/ Timothy J. Hannan

ARGUMENT AGAINST MEASURE F

The measure to renew the Open Space District and associated tax does not deserve voters' support. Over the past 15 years the Open Space District has largely wasted over \$200 million and achieved little measurable benefits for Sonoma County residents.

Let's be clear; there is no objection to maintaining land for agriculture, open space, green belts or for recreation. The point is that taxpayers don't have to buy the land or easements on the land to achieve these worthy goals. Cities and the County already have many tools at their disposal to accomplish these objectives. Those tools include the General Plan, zoning laws that specify how land with various zoning classifications can be used. In addition every city in Sonoma County except Cloverdale has voter passed urban growth boundaries that limit the ability of those cities to expand urban development outside those boundaries.

We ask, how does purchase of an agricultural easement make sense for a farm that is designated for agricultural use in the general plan, is zoned only for agriculture and is far outside any city's urban growth boundary? Does buying forestland that is already designated a scenic resource in the General Plan and for which there is no practical other use and no conceivable threatened development represent an efficient use of limited public resources?

Future generations deserve the right to decide for themselves, by majority rule, the best use of the lands in Sonoma County. Acquisition of land and restrictive easements has the undemocratic effect of allowing today's citizens to make land use decisions for all future generations.

To spend taxpayer resources on "protecting" land that does not need protecting is simply a waste. With all the real needs of government for funds, we do not have the luxury of wasting any funds while real needs go unmet.

SONOMA COUNTY TAXPAYERS' ASSOC.
s/ Jack Atkin, President

SONOMA COUNTY TAXPAYERS' ASSOC.
s/ Fred H. Levin, Executive Director

SONOMA COUNTY TAXPAYERS' ASSOC.
s/ John E. Abercrombie, Treasurer

SONOMA COUNTY TAXPAYERS' ASSOC.
s/ Timothy J. Hannan, Vice President

REBUTTAL TO ARGUMENT AGAINST MEASURE F

It's unfortunate that the Taxpayers Association is misleading voters regarding Measure F and the many benefits the Sonoma County Agricultural Preservation and Open Space District has brought to Sonoma County. Please review the facts for yourself: an independent citizen panel (The Grand Jury of Sonoma County) recently reviewed the District's preservation plan for critical natural areas and found: "The plan is well founded and an excellent means of selecting potential acquisitions."

Unlike zoning, general plan updates and urban growth boundaries that can be changed by elected officials, the District's easements and acquisitions permanently protect water sources, open space and farmland from poorly planned development. The District has permanently preserved over 68,000 acres of clean water sources, scenic vistas, wildlife habitat, working farms, parks and trails since its establishment by voters in 1990 — land that otherwise might have been lost to development. More from the Grand Jury's review: "...[We are] satisfied that... the funds which are available to the District are being used in an effective manner to preserve the scenic beauty and the agricultural heritage of Sonoma County."

Remember, Measure F has a strict 20 year time limit, will permanently protect lands threatened by development and preserve water quality, rivers, streams, working farms and natural areas with no increase in taxes. Measure F includes community and taxpayer oversight and independent annual audits of all expenditures to ensure that every dollar is spent wisely. Please join us along with business, environmental, agricultural, labor and community organizations in supporting Measure F.

s/ Karen Collins, Chair
County Parks Commission

s/ Carol Kneis
Pelaluma Chamber President

s/ Saralee McClelland Kunde
Farmer-Grape Grower

s/ Peter V. Levaqua, Past President
Madrone Audubon

s/ Steve Rabinowilsh
Santa Rosa Councilmember/SRJC Instructor

VOTER'S PAMPHLET

MEASURES, ANALYSES AND ARGUMENTS

(whichever is applicable to your ballot)

Arguments in support of, or in opposition to, the proposed laws are the opinions of the authors.

FULL TEXT OF MEASURE F

THE SONOMA COUNTY OPEN SPACE, CLEAN WATER AND FARMLAND PROTECTION MEASURE

ORDINANCE NO. 5677R OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA
EXTENDING THE IMPOSITION OF A TRANSACTIONS AND USE TAX TO BE
ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

Section 1. TITLE. This Ordinance shall be known as the Sonoma County Open Space, Clean Water and Farmland Protection Measure. The County of Sonoma, hereinafter shall be called "County." This Ordinance shall be applicable in the incorporated and unincorporated territory of the County.

Section 2. EFFECTIVE DATE; OPERATIONAL DATES; ADMINISTRATION.

A. This Ordinance shall become effective upon its approval by a two-thirds majority of the electors voting on the measure.

B. This Ordinance shall become operative on April 1, 2011; provided, however, that the Sonoma County Agricultural Preservation & Open Space 2006 Expenditure Plan ("the 2006 Expenditure Plan"), attached hereto as Exhibit "A," shall become operative on the effective date of this Ordinance.

C. The existing contract between the Sonoma County Agricultural Preservation & Open Space District and the Sonoma County Open Space Authority shall remain in effect, subject to amendments, through March 31, 2011.

D. Prior to April 1, 2011, the District and the County shall enter into a contract for the administration of the 2006 Expenditure Plan. That contract shall become operative on the expiration of the current contract between the Authority and the District and shall provide for the administration of the 2006 Expenditure Plan by the District and the funding of the District's annual budgets by the County from funds available in the Open Space Special Tax Account.

Section 3. PURPOSE. This Ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To extend the imposition of a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.5 of Part 1.7 of Division 2 which authorizes the County to adopt this tax Ordinance which shall be operative if 2/3 of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt the extension of a retail transactions and use tax Ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code and to authorize the issuance of limited tax bonds to finance the purchases of open space lands that are consistent with this Ordinance.

C. To adopt the extension of a retail transactions and use tax Ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt the extension of a retail transactions and use tax Ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this Ordinance.

E. To authorize the issuance of bonds and the undertaking of lease-purchase financing obligations to finance the acquisitions specified in Exhibit "A."

Section 4. EXPENDITURE PLAN; LIMITATION OF EXPENDITURES; FISCAL OVERSIGHT. Pursuant to the requirements of Government Code §50075.1, (1)

the 2006 Expenditure Plan constitutes the statement of the specific purposes for which the revenue generated by this Ordinance may be expended, (2) the expenditure of the revenue generated by this Ordinance shall be restricted to the purposes stated in Exhibit "A," (3) the revenue generated by this Ordinance shall be deposited into the "Open Space Special Tax Account," and (4) the County Auditor shall prepare and file with the Board of Supervisors reports meeting the requirements of Government Code §50075.3. The Sonoma County Open Space Authority shall provide specified fiscal oversight as provided in an agreement between the County and the District.

Section 5. CONTRACT WITH STATE. Prior to the Operative Date, the County shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax Ordinance; provided, that if the County shall not have contracted with the State Board of Equalization prior to the Operative Date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 6. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the County at the rate of one quarter of one per cent (0.25%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Ordinance.

Section 7. PLACE OF SALE. For the purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 8. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the County of tangible personal property purchased from any retailer on and after the operative date of this Ordinance for storage, use or other consumption in said territory at the rate of one quarter of one percent (0.25%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 9. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this Ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth herein.

Section 10. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this County shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this County or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

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(whichever is applicable to your ballot)

Arguments in support of, or in opposition to, the proposed laws are the opinions of the authors.

FULL TEXT OF MEASURE F, CONT.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that Code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "County" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Section 11. **PERMIT NOT REQUIRED.** If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transaction's permit shall not be required by this Ordinance.

Section 12. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the County which is shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the County shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-County address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-County and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pur-

suant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this Ordinance, the storage, use or other consumption in this County of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax Ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 8366 and 8366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the County shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the County or participates within the County in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the County or through any representative, agent, canvasser, solicitor, subsidiary, or person in the County under the authority of the retailer.

7. "A retailer engaged in business in the County" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the County.

D. Any person subject to use tax under this Ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a County imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Section 13. **AMENDMENTS.** All amendments subsequent to the effective date of this Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

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(whichever is applicable to your ballot)

Arguments in support of, or in opposition to, the proposed laws are the opinions of the authors.

FULL TEXT OF MEASURE F, CONT.

Section 14. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the County, or against any officer of the State or the County, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 15. AUTHORIZATION TO ISSUE LIMITED TAX BONDS AND LEASE-PURCHASE FINANCING AUTHORITY. Pursuant to Government Code §§55800 et seq. the County is authorized to issue limited tax bonds payable from the tax imposed by this Ordinance. The County may, from time to time, enter into lease-purchase agreements with the County's Treasurer and the District for the purpose of assisting in the purchase of properties anticipated by Exhibit "A."

Section 16. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 17. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of a County transactions and use tax and shall take effect immediately upon approval of the electorate.

Section 18. TERMINATION DATE. The authority to levy the tax imposed by this Ordinance shall expire on March 31, 2031.

PASSED AND ADOPTED by the Board of Supervisors of the County of Sonoma, State of California, on July 18, 2006, by the following vote:

SUPERVISORS:

Brown: _____ Kerns: _____ Smith: _____ Rellly: _____ Kelley: _____

Ayes: 5 Noes: _____ Abstain: _____ Absent: _____

SO ORDERED.

By: s/ Paul L. Kelley
Chairman, Board of Supervisors
County of Sonoma, State of California

ATTEST:

By: s/ Eave T. Lewis
County Clerk and Ex-officio Clerk of the
Board of Supervisors of said County

FULL TEXT OF MEASURE F, CONT.

EXHIBIT A

**AGRICULTURAL PRESERVATION
AND OPEN SPACE 2006 EXPENDITURE PLAN**

The purpose of this expenditure plan is to implement the Sonoma County General Plan and the general plans of the County's incorporated cities by preserving agricultural land use and open space. This purpose will be accomplished primarily through the purchase of development rights from willing sellers in areas of the County which are designated in the County and cities' General Plan open space elements and may include the purchase of fee interests for outdoor public recreation where the public use would not be inconsistent with the open space designations listed below.

The open space designations eligible for protection under this expenditure plan include community separators, greenbelts, scenic landscape units, scenic corridors, agriculturally productive lands, biotic habitat areas, riparian corridors and other areas of biotic significance, and other open space projects.

1. Community separators and greenbelts are lands that function as open space to separate cities and other communities and protect city and community identity by providing visual relief from continuous urbanization. These lands are frequently subject to development pressures, and therefore, have been identified as priority sites for acquisition to prevent urban sprawl, to retain the rural and open character of the county and to preserve agricultural uses.

2. Scenic landscape units and scenic corridors are areas of high scenic quality including natural landscapes and backdrops that provide visual relief from urban densities and maintain the open nature of the County.

3. Agriculturally productive lands include working farms and ranches and other lands used for the production of food, fiber, and plant materials and the raising and maintaining of livestock and farm animals.

4. Biotic habitat areas, riparian corridors, and other areas of biotic significance include freshwater and tidal marshes, wetlands, special status species locations, woodlands and forests, wildlife habitat corridors and lands along creeks and streams critical to protecting fisheries and water quality. These sensitive natural areas require protection, restoration, and resource management, and include the Petaluma River, Laguna de Santa Rosa, Russian River, Sonoma Creek and San Pablo Baylands.

5. Other open space projects include, but are not limited to, urban open space and recreation projects within and near incorporated areas and other urbanized areas of Sonoma County. Funds for these projects shall be available to cities, the County and other entities through a matching grant program, with preference given to acquisition and development projects that link communities. Examples of these projects include creek restoration and enhancement, such as along the Petaluma River, Santa Rosa Creek, and Laguna de Santa Rosa, trails, athletic fields, and urban greenspace.

6. Operation and maintenance of land includes limited funding for initial public access, operation and maintenance of recreational lands purchased in accordance with this Plan. No more than 10 percent of total revenues generated over the life of the Measure shall be made available for operation and maintenance purposes.



S O N O M A C O U N T Y

**AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT**

District Initial Public Access, Operation and Maintenance Policy

Appendix B. Board of Directors Resolution 07-0666

THE WITHIN INSTRUMENT IS A
CORRECT COPY OF THE ORIGINAL
ON FILE IN THIS OFFICE.

ATTEST: August 8, 2007
ROBERT DEIS, Clerk of the Board of Directors
of the Sonoma County Agricultural Preservation
and Open Space District

BY [Signature]
DEPUTY CLERK

#43

Resolution No: 07-0666

Dated: August 7, 2007

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA COUNTY
AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT
ESTABLISHING A POLICY FOR BUDGETING THE DISTRICT'S OPERATIONS
AND MAINTENANCE FUNDS

BE IT RESOLVED that this Board of Directors hereby finds, determines, declares
and orders as follows:

1. *Sales Tax Extension.* On November 7, 2006 the voters of the County of Sonoma
approved Measure F extending the sales tax for open space, currently being levied by the
Sonoma County Open Space Authority, from 2011 to 2031.

2. *Operations and Maintenance Funding.* Measure F also amended the Authority's
Expenditure Plan to allow expenditures by the District for operation and maintenance of
open space properties providing that the expenditures did not exceed ten percent of the sales
tax revenue received from November 8, 2006 through March 31, 2031.

3. *General Manager's Recommendation.* After consulting with the County's Auditor and
the County's Counsel, the General Manager has made certain recommendations to this
Board on a proposed policy for annually budgeting and accounting for maintenance and
operations appropriations expenditures. The proposed policy has been found by the
Sonoma County Open Space Authority to be consistent with the 2006 Expenditure Plan.
The General Manager's recommendation is contained in her letter dated July 2, 2007 and
attached hereto as Exhibit "A."

4. *Approval.* The General Manager's recommendation as set forth in Exhibit "A" is
approved and the General Manager is directed to periodically review the policy and
recommend any needed changes arising from changed circumstances.

Directors:

Kerns: _____ Smith: _____ Reilly: _____ Kelley: _____ Brown: _____

Ayes: 5 Noes: _____ Absent: _____ Abstain: _____

SO ORDERED



S O N O M A C O U N T Y

**AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT**

District Initial Public Access, Operation and Maintenance Policy

Appendix C. Board of Directors Resolution 13-0410

ATTEST: OCT 15 2013

VERONICA A. FERGUSON, Clerk/Secretary
BY *Woodson*
DEPUTY CLERK/ASST SECRETARY

Date: October 15, 2013

Item Number: 26
Resolution Number: 13-0410

☐ 4/5 Vote Required

Resolution Of The Board Of Directors Of The Sonoma County Agricultural Preservation and Open Space District, Updating the District's Initial Public Access, and Operations and Maintenance Policy

Whereas, In November of 2006, the voters of Sonoma County approved Measure F (*Sonoma County Open Space, Clean Water, and Farmland Protection Measure*) extending the District's funding for an additional twenty years. Measure F included an Expenditure Plan, which governs the District's expenditure of tax revenues, and which became effective upon voter approval ("2006 Expenditure Plan"); and

Whereas, Paragraph 6 of the 2006 Expenditure Plan authorizes expenditures for initial public access and operation and maintenance of recreational lands as follows:

"Operation and maintenance of land includes limited funding for initial public access, operation and maintenance of recreational lands purchased in accordance with this Plan. No more than 10 percent of total revenues generated over the life of the Measure shall be made available for operation and maintenance purposes."; and

Whereas, this Board finds that the plain language of Paragraph 6 of the 2006 Expenditure Plan authorizes the following expenditures of tax revenues: (1) Payments to entities receiving fee-title transfer of recreational properties, for the purposes of funding operation and maintenance costs that support initial public access; (2) Costs related to resource management and infrastructure maintenance on District lands intended for recreational use; (3) Costs to provide interim access or permit programs, public outings and educational programs on recreational lands protected by the District but not currently open to the general public; (4) Capital improvements to provide initial public access on lands intended for recreational use; and (5) related District staff and legal costs; and

Whereas, in 2007, the Board adopted Resolution No. 07-0666, which approved a policy proposed by the previous General Manager for budgeting funds under Paragraph 6 for operations and maintenance, directing the General Manager to periodically review the policy and recommend any needed changes arising from changed circumstances; and

Whereas, the General Manager has recommended that Resolution No. 07-0666 be updated in order to clarify Board direction and to ensure that funding is available to achieve a balanced program over the life of Measure F.

Now, Therefore, Be It Resolved that with respect to expenditures of tax revenues under Paragraph 6 of the 2006 Expenditure Plan, the policy of the District shall be as follows:

1: Capital Improvements

Expenditures related to capital improvements, including District staff and consultant time, materials and supplies, and legal costs, to support initial public access on District protected lands intended for recreational use shall be included within the 10% cap on operations and maintenance expenditures under Paragraph 6 of the 2006 Expenditure Plan.

2: Payments to Recreational Partners

Payments to entities receiving fee-title transfer of District recreational properties, for the purposes of funding operation and maintenance costs that support initial public access, shall continue and shall be included with the 10% cap on operations and maintenance expenditures under Paragraph 6 of the Expenditure Plan. These payments may be for a period not to exceed three years from the date of fee title transfer and shall be made on a reimbursement basis according to an approved work plan. The District may grant an extension of the three-year time frame in the case of extraordinary circumstances.

3: Recreational Lands Management Costs

Expenditures related to resource management and infrastructure maintenance on District lands intended for recreational use, including District staff and consultant time, materials and supplies, and legal costs, shall be included within the 10% cap on operation and maintenance expenditures under Paragraph 6 of the 2006 Expenditure Plan.

4: Interim Access, Permit, and Outings Costs

Expenditures to provide interim access or permit programs, public outings, and educational programs on recreational lands protected by the District but not currently open to the public, including District staff and consultant time, materials and supplies, and legal costs, shall be included within the 10% cap on operations and maintenance expenditures under Paragraph 6 of the 2006 Expenditure Plan.

5: Annual appropriations for Initial Public Access and O&M Expenditures and Reserve Fund contribution:

As part of the annual budgeting process, the General Manager shall recommend (a) allocations for qualifying initial public access and operations and maintenance expenditures for specific properties or projects, and (b) an annual contribution to the District's Operation and Maintenance Reserve. Total allocations shall not, cumulatively, exceed 10 % of the special tax revenues of the District to the date of the allocation. The Board of Directors will retain the flexibility to re-allocate funds, from the District's Operation and Maintenance Reserve for other purposes eligible under Measure F as it deems appropriate.

Be It Further Resolved that this Resolution clarifies Resolution No. 07-0666. In the event of any inconsistencies, this Resolution shall govern.

Directors:

Gorin: Aye	Zane: Aye	McGuire: Aye	Carrillo: Aye	Rabbitt: Aye
Ayes: 5	Noes: 0	Absent: 0	Abstain: 0	

So Ordered.

TUESDAY OCTOBER 15, 2013

ACTION SUMMARY

AGENDA BOARD OF SUPERVISORS

SONOMA COUNTY

575 ADMINISTRATION DRIVE, ROOM 102A

**SEE BELOW FOR BOARD OF SUPERVISORS MINUTES OF OCTOBER 15, 2013 WHICH
INCLUDE FINAL ACTION OTHER THAN RECOMMENDED**

**26. Hold a study session on lands acquired for recreation including: (1) Fiscal
Overview; (2) Initial Public Access, Operation and Maintenance Policy, (3)
Accounting Review, and (4) Fee Lands Strategy; and adopt a Resolution approving
an update to the District's 2007 Initial Public Access, Operations and Maintenance
Policy.**

2:24P.M.

**Present: Christine Williams, Administrative Analyst II, County Administrator's
Office; Bill Keene, General Manager, Agricultural Preservation and Open Space
District; Sheri Emerson, Program Manager, Agricultural Preservation and Open
Space District; and David Sundstrom, Auditor-Controller-Treasurer-Tax Collector**

Speakers:

**Ken Wells
Caitlin Cornwall
Craig Anderson
Laurie Gallian
Ted Eliot
Ralph Benson**

**Dennis Rosatti
Jeff Owen
Liza Prunuske
David Bannister
Dee Swanhuysen
Eric Koenigshofer
Bob Anderson**

**Board Action: Adopt a resolution updating the district's initial public access, and
operations and maintenance policy to include (I) costs of capital improvements, (2)
limited initial payments to recreational land transfer recipients, (3) costs for
recreational property management, and (4) costs to provide interim access, permit,
and public outings and education programs, and (5) continued annual
appropriations for initial public access and operation and maintenance expenditures
and District Operation and Maintenance Reserve Fund contribution.**

UNANIMOUS VOTE

Approved by Resolution No. 13-0410

**Board Action: Approve the General Manager's recommendation that the
Carrington, Occidental, and East Slope Sonoma Mountain properties owned by the
District be moved to Tier 1 in the Fee Lands Strategy, with the designated recipient
as Sonoma County Regional Parks, subject to action by the Sonoma County Board
of Supervisors. Each property transfer transaction would be brought to the District
Advisory Committee and Fiscal Oversight Commission for review, and then to the
District Board of Directors for approval at a later date.**

UNANIMOUS VOTE

SEE BOARD ACTION#26 [10-15-13] FOR THE BACKGROUND INFORMATION



S O N O M A C O U N T Y

**AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT**

District Initial Public Access, Operation and Maintenance Policy

Appendix D. County Counsel memo to County Administrator, dated June 5, 2013

MEMORANDUM

DATE: June 6, 2013

TO: Veronica Ferguson
County Administrative Officer

FROM: Sue Gallagher, Deputy County Counsel

RE: Sonoma County Agricultural Preservation and Open Space District
Operations and Maintenance Expenditures/Transfers of Fee Properties

Executive Summary

You have asked our office to prepare the following memo for inclusion in staff's budget report for the Sonoma County Agricultural Preservation and Open Space District. This memo will provide you with a summary of the current legal parameters for (a) the District's expenditures for operations and maintenance of recreation properties, and (b) the transfer of those properties to park operators, and particularly to Sonoma County Regional Parks.

The District's expenditures for operation and maintenance are governed by the provisions of the Expenditure Plan set forth in Measure F, approved by the voters in 2006. The Expenditure Plan allows for expenditures for (a) initial public access and (b) operations and maintenance of recreational lands purchased under Measure F. Such expenditures cannot exceed 10% of the tax revenues over the 20 year life of the Measure. A policy adopted by the Board of Directors in 2007 provides some additional specificity.

The District's transfer of fee lands to recreational partners is also governed by Measure F, as well as certain California constitutional limitations on the use of public assets. In particular, any transfer of such fee lands must ensure that (a) the open space values of the property are preserved in perpetuity, (b) the property is permanently made available for public recreation, and (c) the transfer furthers the purposes of the District, as set forth in Measure F and other formation documents.

Discussion

This memo will first address expenditures for operations and maintenance, and then it will address transfers of fee properties to recreation partners.

A. Operations and Maintenance

The District's expenditures for operations and maintenance are governed by the provisions of Measure F and the policy adopted by the District's Board of Directors in 2007. The parameters set by Measure F and the policy is as follows:

1. Measure F

The District is funded by a special tax. Under California law, special tax revenues may be expended only for the stated purposes of the tax. The purposes of the District's tax are set forth the Expenditure Plan, approved by the voters as part of the tax measure.

The Expenditure Plan was originally adopted in 1990 and amended in 2006, with the passage of Measure F, the Sonoma County Open Space, Clean Water and Farmland Protection Measure. A copy of the 2006 Expenditure Plan is attached (Attachment A).

Prior to Measure F, the District's Expenditure Plan did not allow for use of special tax dollars for operations and maintenance of lands, beyond the normal responsibilities of a property owner. With the passage of Measure F, the voters expanded the permissible uses of the District's tax dollars to include limited funding for operations and maintenance of recreational lands, as follows:

Operation and maintenance of land includes limited funding for initial public access, operation and maintenance of recreational lands purchased in accordance with this Plan. No more than 10 percent of total revenues generated over the life of the Measure shall be made available for operation and maintenance purposes. (Expenditure Plan, ¶ 6)

This provision:

- Allows for expenditures for initial public access;
- Allows for expenditures for operations and maintenance of recreational lands purchased in accordance with the Plan; and
- Places a 10% cap on such expenditures over life of Measure F.

The Expenditure Plan otherwise gives little specific guidance. The Plan does not define "initial public access," nor does it specify the scope of permissible "operations and maintenance." The Plan does not distinguish between costs incurred by the District and those incurred by its recreation partners, nor does it place other limitations on the eligible recipients of the funding. It does, however, limit expenditures to the costs of initial public access and operations and maintenance *on recreational lands purchased in*

accordance with the Expenditure Plan. Tax revenues cannot be spent on other lands pursuant to this provision.

It is important to note that the Expenditure Plan does not *require* the expenditure of 10%, or indeed any, of the tax revenues on public access and operations and maintenance. The Plan simply *allows* for that expenditure. The District's General Manager may recommend such allocation as he determines appropriate and specific appropriations remain fully within the budgetary discretion of the Board of Directors, provided that the 10% cap is not exceeded over the life of Measure F.

2. 2007 Board Policy

In 2007, the Board of Directors approved a policy to implement the operations and maintenance provisions of the Expenditure Plan. The policy is set forth in a letter from then General Manager, Andrea Mackenzie, approved by the Board in its Resolution No. 07-0666, a copy of which is attached (Exhibit B) ("the Policy").

The key elements of the Policy are:

- Scope of Expenditures:

The Policy states that expenditures may include "reasonable and necessary costs incurred for initial maintenance of parks and open space properties and improvements and to provide services for initial public use."

The Policy explains that a primary focus of the operations and maintenance component of Measure F is "to provide limited expenditures to assist in 'jump starting' some level of initial public access and land maintenance on recreational properties purchased with the open space sales tax." The Policy notes that "[t]he operations and maintenance funding provision of Measure F was not intended to replace park agencies' ongoing obligations to maintain their park systems," but rather that that funding "can assist recreational agencies in facilitating early and appropriate public use of recreational properties, while a long-range management plan and associated environmental document for the project is completed."

The Policy provides that operations and management funding will generally not be available for matching grant projects, unless the applicant demonstrates a "unique need for funding."

The staff report accompanying the Policy further stated that operations and maintenance component of Measure F would not be used for capital improvements.

The Policy does not otherwise define the scope of permissible expenditures. The approval of specific expenditures remains within the discretion of the District's General Manager, subject to review by the Board of Directors.

- Time Limit

The Policy set a general time limit of three years for contributions for properties transferred to other entities (with exceptions only under extraordinary circumstances).

- Reporting

The Policy states that recreational partners that receive funding will be required to submit periodic reports sufficient for auditing of expenditures.

- Equitable Treatment

The Policy states that "[w]ith regard to operations and maintenance funding determinations, it will be the District's policy to treat all recreational partners equitably."

- Budget Recommendation

The Policy recommends that the District:

- a. Set aside 10 % of annual sales tax revenue for operations and maintenance; and
- b. Appropriate that revenue among two distinct sub-objects:
 - Annual operations and maintenance expenditures for specific recreational properties (annual project needs); and
 - Contribution to a designated reserve fund, anticipating the long-term needs for operations and maintenance of recreational lands; and
- c. Retain flexibility to evaluate and make necessary adjustments.

The Policy emphasizes that appropriations for both current projects and the reserve fund may be adjusted annually based on the District's overall spending needs and revised projections of sales tax revenue. It notes that the budget policy does not irrevocably commit funds. It anticipates recommendations from the General Manager, to be based upon conservative tax revenue estimates and experience over time. Again, annual appropriations remain fully within the discretion of the Board of Directors, within the limits of Measure F.

In its Resolution No. 07-0666, the Board directed the General Manager to periodically review the Policy and recommend any needed changes arising from changed circumstances.

3. Areas of Discretion

The 2007 Policy was carefully constructed to implement the provisions of Measure F. In light of changed financial circumstances, however, you have asked our office to identify areas in which the Board of Directors may have flexibility to reconsider elements of the Policy, if it so desires. If the Board wishes to consider any such change in policy, our office recommends that the Board direct staff to return at a future date with full analysis and recommendations.

For illustration only, elements that the Board could reconsider, if it so desires, include but are not limited to:

- 10% set aside for operations and maintenance expenditures. Measure F establishes a cap of 10% for expenditure for operations and maintenance. It does not compel any particular level of expenditure for operations and maintenance, so long as that cap is not exceeded. The Board may choose any allocation *up to* 10%.
- Three year limit: The current Policy generally sets a three year limit on grants for operations and maintenance for the District's recreation partners. The Board has some discretion to choose a different time limit, provided that: (a) the funding remains tied to specific properties purchased in accordance with Measure F, and (b) is limited to some defined "initial" period.
- Current Projects/Reserve: The Board could adjust percentages to be allocated to current projects vs. the long-term designated reserve fund. Again, the only limitation under Measure F is that, collectively, the 10% cap not be exceeded.
- District Expenditures/Recreational Partners: The Policy does not distinguish between operations and maintenance expenditures incurred by the District and those incurred by its recreation partners. (Measure F also does not make any such distinction.) The Board of Directors could distinguish between the two, should it so desire.
- Capital Projects: The Policy does not contemplate inclusion of capital projects within the 10% cap. The Board of Directors has discretion to include, within that allocation, capital costs associated with initial public access on recreational lands.

- Specificity of Expenditure Limitations: The existing Policy speaks in general terms of the types of permissible expenditures under the operations and maintenance component of Measure F. If the Board desires, it could add greater specificity.

Changes in any of these areas could have significant practical and policy implications. Again, if the Board wishes to revisit any element of the existing Policy, our office recommends that the Board direct staff to return at a later date with specific proposals.

B. Land Transfers

The District currently holds approximately 6,400 acres in fee title. Many of these properties were purchased with the intent that they would ultimately be transferred to a park entity for long term operation. To date, recipients of the District's fee lands have included State Parks, County Regional Parks, and local cities. The general parameters for the District's transfer of such lands are contained in: (i) the California Constitution, (ii) the Expenditure Plan approved by the voters in 2006, and (iii) the District's Fee Land Strategy, approved by the Board in November 2012.¹

1. California Constitution

The California Constitution requires that special tax revenues be spent only in furtherance of the stated purposes of the special tax. Moreover, public assets may be conveyed only in furtherance of the purposes of the conveying entity.

Thus all conveyances of the District's fee lands must be structured in such a way as to ensure that they further the purposes of the District and are consistent with the voter-approved Expenditure Plan. To this end, the District (a) requires the recordation of a conservation easement to ensure permanent protection of the open space values of the property, and (b) may require the recordation of a recreation covenant to ensure that the property remains available for public recreation in perpetuity.²

2. 2006 Expenditure Plan

The Expenditure Plan states that the purposes of the tax will primarily be accomplished through the purchase of development rights, and "may include the purchase of fee

¹ A number of state statutes also govern the particulars of land transfers, but the details of such statutes are beyond the scope of this memorandum.

² The recordation of a conservation easement and, as appropriate, a recreation covenant, also help to ensure that the District is receiving fair market value for the assets that it is transferring. Pursuant to Resolution No. 10-0832, the Fiscal Oversight Commission reviews each property transfer to determine whether fair market value is received.

interests for outdoor public recreation where the public use would not be inconsistent with the open space designations listed below.”

The open space designations set forth in the Plan (with which public recreation must be consistent) are: community separators and greenbelts, scenic landscape units and scenic corridors, agriculturally productive lands, biotic habitat areas, riparian corridors, and other areas of biotic significance, and other open space projects.

To be consistent with the Expenditure Plan, properties purchased in fee generally must be slated for public outdoor recreation and their open space values must be protected. Under the language of the Expenditure Plan, open space values take precedence over recreational use. As noted above, in furtherance of these provisions, the District reserves a conservation easement and, where appropriate, a recreation covenant over transferred properties.

The Expenditure Plan, however, provides no further details with respect to fee land transfers.

3. Fee Lands Strategy

To provide further guidance, the District staff developed a Fee Lands Strategy. The Strategy was approved by the Board of Directors in November 2012. The Fee Lands Strategy inventoried all properties currently held by the District in fee. The properties were then categorized into two tiers.

- Tier 1 Properties

Tier 1 includes those properties that have a designated receiving entity and are currently planned for conveyance. The Fee Lands Strategy explained that, prior to transfer, the District typically conducts a resource assessment to identify conservation values, then negotiates a conservation easement, and perhaps a transfer agreement and affirmative recreation covenant so as to ensure long-term protection of the property and availability of the property for public recreation. As noted above, these documents ensure the District’s compliance with constitutional limitations and the provisions of Measure F.

The Fee Lands Strategy noted that, in some cases, the District may complete capital improvements to facilitate future public recreation.

Ten properties were included in the Tier 1 category. The listing was set forth in Table 1, a copy of which is attached (Exhibit C).

- Tier 2 Properties


Tier 2 properties were those fee properties that the District found required additional evaluation. The Fee Lands Strategy stated that the Tier 2 properties would be subject to

Veronica Ferguson
June 6, 2013
Page 8

review "based on a set of developed criteria, as well as a technical review and a public input process before determining a preferred disposition option." A listing of the Tier 2 properties was set forth in Table 2, a copy of which is attached (Exhibit D).

The Fee Lands Strategy noted that many of the Tier 2 properties were acquired by the District with the intent to transfer to California State Parks, which is no longer accepting new properties. The District understands that Sonoma County Regional Parks may be interested in receiving certain of these properties. Each of those properties has unique characteristics and legal context. If the Board of Directors wishes to consider those transfers, our office recommends that the Board direct staff to return at a later date with a more specific analysis and recommendation.

This memorandum provides just a summary of the legal parameters and current District policies governing expenditures for operations and maintenance and the transfer of fee lands. Please let our office know if you have any questions or concerns.



Sue Gallagher
Deputy County Counsel

EXHIBIT A

AGRICULTURAL PRESERVATION AND OPEN SPACE 2006 EXPENDITURE PLAN

The purpose of this expenditure plan is to implement the Sonoma County General Plan and the general plans of the County's incorporated cities by preserving agricultural land use and open space. This purpose will be accomplished primarily through the purchase of development rights from willing sellers in areas of the County which are designated in the County and cities' General Plan open space elements and may include the purchase of fee interests for outdoor public recreation where the public use would not be inconsistent with the open space designations listed below.

The open space designations eligible for protection under this expenditure plan include community separators, greenbelts, scenic landscape units, scenic corridors, agriculturally productive lands, biotic habitat areas, riparian corridors and other areas of biotic significance, and other open space projects.

1. Community separators and greenbelts are lands that function as open space to separate cities and other communities and protect city and community identity by providing visual relief from continuous urbanization. These lands are frequently subject to development pressures, and therefore, have been identified as priority sites for acquisition to prevent urban sprawl, to retain the rural and open character of the county and to preserve agricultural uses.
2. Scenic landscape units and scenic corridors are areas of high scenic quality including natural landscapes and backdrops that provide visual relief from urban densities and maintain the open nature of the County.
3. Agriculturally productive lands include working farms and ranches and other lands used for the production of food, fiber, and plant materials and the raising and maintaining of livestock and farm animals.
4. Biotic habitat areas, riparian corridors, and other areas of biotic significance include freshwater and tidal marshes, wetlands, special status species locations, woodlands and forests, wildlife habitat corridors and lands along creeks and streams critical to protecting fisheries and water quality. These sensitive natural areas require protection, restoration, and resource management, and include the Petaluma River, Laguna de Santa Rosa, Russian River, Sonoma Creek and San Pablo Baylands.

5. Other open space projects include, but are not limited to, urban open space and recreation projects within and near incorporated areas and other urbanized areas of Sonoma County. Funds for these projects shall be available to cities, the County and other entities through a matching grant program, with preference given to acquisition and development projects that link communities. Examples of these projects include creek restoration and enhancement, such as along the Petaluma River, Santa Rosa Creek, and Laguna de Santa Rosa, trails, athletic fields, and urban greenspace.

6. Operation and maintenance of land includes limited funding for initial public access, operation and maintenance of recreational lands purchased in accordance with this Plan. No more than 10 percent of total revenues generated over the life of the Measure shall be made available for operation and maintenance purposes.

EXHIBIT B

THE WITHIN INSTRUMENT IS A
CORRECT COPY OF THE ORIGINAL
ON FILE IN THIS OFFICE.

ATTEST: August 9, 2007
ROBERT DEIS, Clerk of the Board of Directors
of the Sonoma County Agricultural Preservation
and Open Space District

BY [Signature]
DEPUTY CLERK

#43

Resolution No: 07-0666

Dated: August 7, 2007

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA COUNTY
AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT
ESTABLISHING A POLICY FOR BUDGETING THE DISTRICT'S OPERATIONS
AND MAINTENANCE FUNDS

BE IT RESOLVED that this Board of Directors hereby finds, determines, declares
and orders as follows:

1. *Sales Tax Extension.* On November 7, 2006 the voters of the County of Sonoma approved Measure F extending the sales tax for open space, currently being levied by the Sonoma County Open Space Authority, from 2011 to 2031.
2. *Operations and Maintenance Funding.* Measure F also amended the Authority's Expenditure Plan to allow expenditures by the District for operation and maintenance of open space properties providing that the expenditures did not exceed ten percent of the sales tax revenue received from November 8, 2006 through March 31, 2031.
3. *General Manager's Recommendation.* After consulting with the County's Auditor and the County's Counsel, the General Manager has made certain recommendations to this Board on a proposed policy for annually budgeting and accounting for maintenance and operations appropriations expenditures. The proposed policy has been found by the Sonoma County Open Space Authority to be consistent with the 2006 Expenditure Plan. The General Manager's recommendation is contained in her letter dated July 2, 2007 and attached hereto as Exhibit "A."
4. *Approval.* The General Manager's recommendation as set forth in Exhibit "A" is approved and the General Manager is directed to periodically review the policy and recommend any needed changes arising from changed circumstances.

Directors:

Kerns: _____ Smith: _____ Reilly: _____ Kelley: _____ Brown: _____

Ayes: 5 Noes: _____ Absent: _____ Abstain: _____

SO ORDERED



July 2, 2007

President Brown and Members of the Board of Directors
Sonoma County Agricultural Preservation and Open Space District
575 Administration Drive, 100A
Santa Rosa, CA 95403

Re: Operation and Maintenance Funds: Administrative and Budget Policy

Dear President Brown and Members of the Board of Directors:

On July 18, 2006, your Board voted unanimously to place Measure F on the November 7th ballot. As you know, voters overwhelmingly approved Measure F, which continues the quarter percent sales tax for the District's open space program for another 20 years through 2031. Measure F includes the 2006 Expenditure Plan that authorizes spending for "initial public access, operation and maintenance of recreational lands purchased in accordance with this Plan" so long as the expenditures do not exceed 10 percent of sales tax revenue generated over the life of Measure F. In approving Measure F, the voters also amended the Authority's 1990 Expenditure Plan renaming it the 2006 Expenditure Plan. The Authority will continue to determine if District acquisitions are consistent with the new Plan until 2011 when the Authority's tax expires and is replaced by the County's Measure F tax.

Following the passage of Measure F, I met with Auditor-Controller-Treasurer-Tax Collector Rod Dole and members of his staff, Chief Deputy County Counsel Sheryl Bratton, Special Counsel Jim Botz, and retired County Treasurer Tom Ford to discuss development of administrative guidelines and a budget policy for sales tax funding authorized by Measure F's 2006 Expenditure Plan. This discussion included operation and maintenance of District properties and accounting for expenditures to keep them within Measure F's 10 percent limit.

2006 Expenditure Plan: Operations and Maintenance

For purposes of administering the operations and maintenance provisions of the 2006 Expenditure Plan, operations and maintenance should include "reasonable and necessary costs incurred for initial maintenance of parks and open space properties and improvements and to provide services for initial public use."

Guidelines for Appropriate Use of Operations and Maintenance Expenditures

Although it is foreseeable that title to and maintenance responsibility for some recreational fee properties will remain with the District, every effort should be made to transfer recreational properties, at the earliest convenient time, to an appropriate city, the State, the County, or a non-profit partner. A time limit on District contributions for initial public use, initial operations and maintenance of park and open space properties transferred to other entities should be limited to no more than three years, except under extraordinary circumstances.

A primary focus of the operations and maintenance component in the 2006 Expenditure Plan was to provide limited expenditures to assist in "jump starting" some level of initial public access and land maintenance on recreational properties purchased with the open space sales tax. The operations and maintenance funding provision of Measure F was not intended to replace park agencies' ongoing obligations to maintain their park systems. It has been the District's practice, when it transfers recreational properties to partner agencies and organizations, to enter into grant agreements that require that a management plan be completed and the park be opened for public use within 3-5 years from the close of escrow. The operations and maintenance funding under the 2006 Expenditure Plan can assist recreational agencies in facilitating early and appropriate public use of recreational properties, while a long-range management plan and associated environmental document for the project is completed.

Recreational partners that receive operations and maintenance funding would be required to submit periodic reports with sufficient detail, so that expenditures could be audited for compliance with Measure F and the District's implementing policies. With regard to operations and maintenance funding determinations, it will be the District's policy to treat all recreational partners equitably.

The 2006 Expenditure Plan includes a separate Matching Grant Program, which provides funding to cities, the County and other entities for urban open space and recreation projects within and near urbanized areas. Funding is made available for land acquisition, development, restoration, and enhancement, with preference given to projects that provide linkages or connections between communities. Cities, the County and State park agencies are responsible for operating and maintaining these projects as part of their park systems. Under the District's Matching Grant Program Guidelines, projects are evaluated in part, on a grantee's ability to fund operations and maintenance costs. In certain situations, a matching grant applicant, such as a non-profit organization, may demonstrate a unique need for funding for initial operations and maintenance. These requests would be evaluated on a case by case basis and if approved would also be subject to a three-year time restriction for initial operations and maintenance funding. Grant agreements between the District and grantee would require reimbursement requests to provide sufficient detail so that expenditures could be audited for compliance with Measure F and implementing District policies. Counsel advises that this is particularly important with respect to

matching grant agreements with the County in order to assure compliance with certain special tax limitation provisions in the California Constitution.

Annual Budgeting of Operations and Maintenance Expenditures

After consulting with legal and financial advisors and recognizing the difficulty of accurately predicting sales tax revenue for the next 24 years, the most prudent and straightforward budgeting policy for the operations and maintenance funds provided for in the 2006 Expenditure Plan would be to set aside 10 percent of annual sales tax revenue for operations and maintenance appropriated among two distinct operations and maintenance sub-objects in the District's annual budget. The first would be for annual operations and maintenance expenditures for specific recreational properties. The second would be for contributions to a designated reserve fund, anticipating the long-term needs for operations and maintenance of recreational lands. Because the District's long-term operations and maintenance spending needs and the revenue to be generated over the life of Measure F are difficult to accurately predict, annual appropriations could be adjusted based on need and revised projections of sales tax revenue growth. In this regard it is important to bear in mind that a budget policy for appropriating Measure F revenue for operations and maintenance does not irrevocably commit those funds. The Board of Directors will retain the flexibility to evaluate and make necessary adjustments as needed to annual operations and maintenance expenditures and the Operations and Maintenance Designated Reserve Fund.

Operations and Maintenance Budget for 2007-08

Because the new Expenditure Plan went into effect on November 8, 2006, I am recommending that 10 percent of the Authority's sales tax revenue accruing from November 8, 2006 through June 30, 2007, totaling approximately \$1,060,000 be appropriated in the FY 07/08 Budget to the Operations and Maintenance Designated Reserve Fund. In addition, I am proposing \$300,000 be appropriated in the FY 07/08 Preliminary Budget for specific Operations and Maintenance projects (sub-object 6169). The \$300,000 appropriation would be spent on initiating public use and initial land maintenance at the following six open space properties at an average annual cost of \$50,000.

- Healdsburg Ridge
- Paulin Creek
- Taylor Mountain
- Montini Ranch
- North Slope Sonoma Mountain Trail
- Santa Rosa Creek Greenway

(Note: The recommendation for FY 07/08 annual operations and maintenance expenditures is based on a survey of per acre costs for managing open space lands using other Bay Area park and open space agencies as benchmarks).


Operations and maintenance expenditures specific to each of these properties would be subject to a grant agreement between the District and the grantee and would require annual audits for compliance with Measure F. Lastly, I am recommending that at the end of FY 07/08, the remaining balance of the estimated 10 percent of 07/08 sales tax revenue be contributed to the Operations and Maintenance Designated Reserve Fund.

I am attaching the following documents: the 2006 Expenditure Plan; the Open Space Authority's June 7, 2007 resolution finding the Operations and Maintenance Policies recommended by the General Manager to be consistent with the 2006 Expenditure Plan and making certain recommendations to the District's Board of Directors; and the Authority's Resolution No. 2006-006 which made recommendations to the Board of Directors regarding the content of Measure F, including recommendations for operations and maintenance expenditures and the 2006 Expenditure Plan.

In closing, I am recommending that the Board consider the General Manager's recommendations in adopting a budget policy that: (1) ensures sufficient operations and maintenance expenditures are budgeted on an annual basis to address specific needs; (2) ensures a designated reserve fund is established and maintained for long-term operations; and (3) provides flexibility to adjust annual operations and maintenance appropriations, based on conservative sales tax revenue annual growth estimates and experience over time.

I have distributed the above-referenced policy to numerous public agency and non-profit partners for their review and comment and am proposing to bring the policy to the Board of Directors at its August 7th meeting.

Very truly yours,



Andrea Mackenzie
General Manager

cc: Members of the Open Space Authority
Jim Botz, Special Counsel
Robert Deis, County Administrator

Attachments:

2006 Expenditure Plan
Open Space Authority Resolution (June 7, 2007) - Consistency with 2006 Expenditure Plan
Open Space Authority Resolution No. 2006-006 - Recommendations on the content of Measure F

AGRICULTURAL PRESERVATION AND OPEN SPACE 2006 EXPENDITURE PLAN

The purpose of this expenditure plan is to implement the Sonoma County General Plan and the general plans of the County's incorporated cities by preserving agricultural land use and open space. This purpose will be accomplished primarily through the purchase of development rights from willing sellers in areas of the County which are designated in the County and cities' General Plan open space elements and may include the purchase of fee interests for outdoor public recreation where the public use would not be inconsistent with the open space designations listed below.

The open space designations eligible for protection under this expenditure plan include community separators, greenbelts, scenic landscape units, scenic corridors, agriculturally productive lands, biotic habitat areas, riparian corridors and other areas of biotic significance, and other open space projects.

1. Community separators and greenbelts are lands that function as open space to separate cities and other communities and protect city and community identity by providing visual relief from continuous urbanization. These lands are frequently subject to development pressures, and therefore, have been identified as priority sites for acquisition to prevent urban sprawl, to retain the rural and open character of the county and to preserve agricultural uses.
2. Scenic landscape units and scenic corridors are areas of high scenic quality including natural landscapes and backdrops that provide visual relief from urban densities and maintain the open nature of the County.
3. Agriculturally productive lands include working farms and ranches and other lands used for the production of food, fiber, and plant materials and the raising and maintaining of livestock and farm animals.
4. Biotic habitat areas, riparian corridors, and other areas of biotic significance include freshwater and tidal marshes, wetlands, special status species locations, woodlands and forests, wildlife habitat corridors and lands along creeks and streams critical to protecting fisheries and water quality. These sensitive natural areas require protection, restoration, and resource management, and include the Petaluma River, Laguna de Santa Rosa, Russian River, Sonoma Creek and San Pablo Baylands.

5. Other open space projects include, but are not limited to, urban open space and recreation projects within and near incorporated areas and other urbanized areas of Sonoma County. Funds for these projects shall be available to cities, the County and other entities through a matching grant program, with preference given to acquisition and development projects that link communities. Examples of these projects include creek restoration and enhancement, such as along the Petaluma River, Santa Rosa Creek, and Laguna de Santa Rosa, trails, athletic fields, and urban greenspace.

6. Operation and maintenance of land includes limited funding for initial public access, operation and maintenance of recreational lands purchased in accordance with this Plan. No more than 10 percent of total revenues generated over the life of the Measure shall be made available for operation and maintenance purposes.

EXHIBIT C

TABLE 1. TIER ONE PROPERTIES (PROPOSED TRANSFER ENTITY IDENTIFIED)

	Acres	Status	Agricultural Use	Public Access	Open Space Dedication	Proposed Transfer Entity	Expected Transfer Date
TIER ONE PROPERTIES	3408						
Recommended for Transfer to Regional Parks	2968						
Laguna Trail	0	Trail construction complete, trail easement transferred to Regional Parks	N/A	Open	N/A	Regional Parks	2011
Lawson	247	Regional Parks has conducted assessments and other studies, managing as part of Hood Mountain	No	Volunteer workdays	Yes	Regional Parks	2014
Mark West properties	801	Phase 2 acquisitions pending	Yes	Outings	No	Regional Parks	2014
North Slope Sonoma Mountain properties	537	District conducting resource assessment, trail and related amenities under construction	Yes	Outings, Volunteer Patrol, Workdays	Partial	Regional Parks	2013
Sonoma Mountain Ranch/Walsh	283	Grazing plan in preparation	Proposed	Outings	Yes	likely Regional Parks	tod
Taylor Mountain properties	1100	Transfer in early 2013	Yes	Permit Program, Outings, Workdays	Partial	Regional Parks	2013
Recommended for Transfer to Others	440						
Cramer/ Wright Preserve	174	Land management by Department of Fish and Game	No	Outings	Yes	California Dept Fish and Game	2015
Haroutunian North	18	Currently leased by farmer	Yes	Outings, Tours, Farm stand	No	private farmer	2014
Healdsburg Ridge properties	150	Trail construction complete, transfer in 2013	No	Open	Yes	City of Healdsburg	2013
Montini	98	Trail construction and transfer by end of 2013	Yes	Outings, Volunteer Patrol, Workdays	Yes	City of Sonoma	2013

EXHIBIT D

TABLE 2. TIER TWO PROPERTIES (TRANSFER ENTITY NOT YET IDENTIFIED)

	Acres	Status	Agricultural Use	Public Access	Open Space Dedication
TIER TWO PROPERTIES					
Acquired as addition to State Parks System (proposed park unit)	5297				
Calabazas Creek Preserve (Sugarloaf)	2925				
Carrington Ranch (Sonoma Coast)	1290	Management plan in preparation, grant secured for trail planning	No	Outings, Volunteer Patrol, Workdays	No
East Slope Sonoma Mountain (Jack London)	335	Grazing plan in preparation, grant evaluation of historic structure	Proposed	Outings, Volunteer Patrol, Workdays	Yes
Keegan/Coppin (Annadel)	40	Trails plan in preparation, grant secured for trail planning	N/A	Outings	N/A
Poff (Sonoma Coast)	24	Leased for grazing	Yes	No	No
	1236	Management plan pending, leased for grazing	Yes	Outings	Yes
Other (primarily greenbelt/ community separator acquisitions)	1186				
Dogbane	3	Culturally-important plant population	No	Annual Harvest, Workdays	No
Haroutunian South	21	Closed to public-some ecological research	No	No	No
Ho	30	Leased for row crops	Yes	No	Yes
Occidental Road	15	Adjacent to Laguna, Regional Parks patrols	No	Outings	No
Okan	76	Leased for grazing	Yes	No	No
Paulin Creek	8	Vegetation maintenance, Regional Parks patrols	No	Outings, Volunteer Patrol, Workdays	Yes
Saddle Mountain	960	Resource assessments completed, management plan pending	No	Outings, Volunteer Patrol	Yes
San Francisco Archdiocese	28	Leased for grazing	Yes	No	No
Young/Armos	45	Leased for hay production	Yes	No	No



S O N O M A C O U N T Y

**AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT**

District Initial Public Access, Operation and Maintenance Policy

Appendix E. Internal Audit Report, dated April 7, 2014

Internal Audit

Sonoma County

ATTACHMENT A-1
**A Limited Review of the Sonoma County
Agricultural Preservation and Open Space District's
(District) Reporting Process**

As of June 30, 2013

The District's expenditures for the period July 1, 2007 through June 30, 2013 were approximately \$153 million (M). Acquisition of property interests, which includes fee purchases and conservation easements, accounted for approximately \$121 M (79%) of total expenditures for the period July 1, 2007 through June 30, 2013. There are three additional categories which account for the remaining expenditures: 1) Matching grants \$10.7M (7%), 2) Admin \$16.4M (11%), and 3) Miscellaneous \$4.8M (3%).

Audit No: 3305
Report Date: April 7, 2014



Audit Manager: Kanchan K. Charan, CPA, CGMA
Audit Supervisor: Damian Gonshorowski, CPA, CGMA
Auditor: Ann Hargreaves, CPA
Auditor: Olga Gray, CPA, CGMA

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Executive Summary

At the request of the Sonoma County Chief Administrative Officer's, we reviewed the Sonoma County Agricultural Preservation and Open Space District's (District) expenditures for the period July 2007 through June 2013. The primary objective of this review was to determine if the District had an adequate system of controls in place to accurately classify all expenditures into its expenditure and acquisition plan categories. We also conducted procedures to determine if the District complied with its administrative and budget policy relating to the maintenance of operations and maintenance expenditure reserves.

The following are key conclusions relating to our engagement:

- The District has an adequate system of controls in place, to ensure that post acquisition capital outlay, and operations and maintenance expenditures for recreational lands and lands with a recreational component (O & M) are accurately identified, summarized and reported. During the review period, the District spent \$10.6M or 7% of total O & M expenditures in this category.
- The District accurately summarized all expenditures, from July 1, 2007 to June 30, 2013, in categories consistent with those listed in the expenditure and acquisition plans. The District has appropriate procedures in place and sufficient supporting documentation to determine and support primary acquisition and expenditure plan categories for selected properties. The total amount classified in to the two plan categories (excluding matching grants) was \$121M or 79%.
- There are three additional categories which account for the remaining expenditures: 1) Matching grants \$10.7M (7%), 2) Admin \$16.4M (11%), and 3) Miscellaneous \$4.8M (3%).
- The District provided \$10.7M or 7% in matching grants to local agencies during the review period as contribution towards purchase and improvements of properties in compliance with measure F.
- The District is in compliance with the 10% requirement of the "Operation and Maintenance Funds: Administrative and Budget Policy" letter dated July 2, 2007 relating to maintenance of an O&M Designated Reserve Fund.
- The District has sufficient policies and procedures to provide assurance that acquisition of property interests through fee purchase and conservation easements comply with the requirements of Measure F. During our review period, approximately 80% of the expenditures accounted for such costs.

Executive Summary

We noted that a substantial amount of effort was expended in preparing the schedules included in the appendices of this report. The information systems utilized were not set up to support reporting in this manner. We recommend that District management undertake a comprehensive assessment of current and future financial reporting needs, especially with the new financial system implementation.

Introduction and Background

Introduction

We have completed a review of the District's reporting system applicable to accounting for 1) Operations and Maintenance expenditures (O&M) and 2) classification of expenditures based on expenditure and acquisition plan categories. We conducted the review in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*. These Standards require that we identify, analyze, evaluate, and document sufficient information and evidence to achieve our objectives. We believe that the evidence obtained provides a reasonable basis for the results, observations, and recommendations contained in our report.

The purpose of this report is to furnish management independent and objective analyses, recommendations, and other information concerning the activities reviewed. The report is a tool to help management identify and implement improvements.

This review was requested by the County Administrator. The primary objectives were to determine if the District is able to produce auditable reports to account for 1) operations and maintenance of recreational lands purchased in accordance with the acquisition plan and the cost of initial public access to those lands and 2) all expenditures by the four acquisition and the five expenditure plan categories. 3.) We were also requested to determine the status of implementation of "Operations and maintenance Funds: Administrative and Budget Policy" letter dated July, 2007.

We would like to thank management and staff for their time, information, and cooperation throughout the review.

Background

The Sonoma County Agricultural Preservation and Open Space District was created in 1990 by voter-approved Measure A. Measures C and later Measure F funded the District with a .25% transactions and use tax. California government code requires special tax proceeds be applied to the specific purpose approved by voters.

The Expenditure Plan was approved by voters for Measure F in November 2006 to provide guidance over the use of Measure F funds. One aspect of the expenditure plan, as recorded in paragraph 6, is the cap of expenditures for Initial Public Access, Operation and Maintenance on recreational properties being limited to 10% of the cumulative sales tax from Measure F.

The original agreement between the District Board of Directors and the Open Space Authority required that the District adopt an Acquisition Plan prior to acquiring any interest in land (e.g. fee or easement). Since that time, the District has consistently maintained an up to date acquisition plan to guide acquisition efforts. On June 2, 2006 the District adopted a long range acquisition plan; "Connecting Communities and the Land". This 10-year work plan identified long-range goals and objectives and policies specific to four acquisition categories (Farms and Ranches, Greenbelts and Scenic Hillside, Water, Wildlife and Natural Areas, and Recreation and Education). The Authority finds that Connecting Communities and the Land is consistent with the Expenditure Plan.

Introduction and Background

To achieve the objectives of our audit, we gained an understanding of the District's policies and procedures over acquisition of property interests through fee purchases and conservation easements. These policies and procedures, we believe, provide adequate assurance that such expenditures are made in compliance with the requirements of the Measure F. Acquisition of property interests, which includes fee purchases and conservation easements, accounted for approximately \$121M or 79% of total expenditures for the period July 1, 2007 through June 30, 2013.

The District follows a very rigorous process for selecting and evaluating properties presented for purchase. The District staff performs site assessments to determine how the proposed purchase will best support the objective of the measure and conducts research to identify opportunities for partnerships and grant funding. During our review we noted that all staff recommendations for purchases were reviewed by the District management. The Board of Directors reviewed and approved the acquisition of all properties and conservation easements.

As discussed further in the following sections of the report, the District's systems are not set up to easily report either by expenditure or the acquisition plan categories or separately report O&M expenditures.

In July of 2007, the District General Manager at that time proposed an "Operation and Maintenance Funds: Administrative and Budget Policy". Among other items, the District proposed to reserve 10% of the annual sales tax revenue for O&M. The District's Board of Directors accepted the proposal and it became the District's policy on August 7, 2007 (Appendix 5, page 19).

Actual sales tax proceeds received by the District as of June 30, 2013 totaled \$118,653,274.

In April of 2013, the District was directed by their Board of Directors to report on funds spent under paragraph 6 (O&M) of the Expenditure Plan. In response the District's staff performed the following procedures:

1. Determined total measure revenues using the District's general ledger;
2. Identified initial public access and O&M expenditures as defined by measure and interpreted by legal counsel;
3. Reviewed the list of acquired properties to assess if the property had a significant recreational component;
4. Reviewed accounting records to identify eligible expenditures based on procedure #2;
5. Used its cost accounting system to capture the eligible expenditure transactions.

As a result of these procedures, the District determined that the balance in the O&M Designated Reserve Fund should be \$7,356,000.

Objectives & Scope of Review

Objectives

Our primary objectives were:

1. Determine if the District has an adequate system of controls in place, to ensure that post acquisition capital outlay, and operations and maintenance expenditures for recreational lands and lands with a recreational component are accurately identified, summarized and reported.
2. Determine if the District accurately summarized all expenditures, from July 1, 2007 to June 30, 2013, in categories consistent with those listed in the following plans:
 - a.) Acquisition plan: 1) Agriculture, 2) Greenbelts, 3) Natural Resources and 4) Recreation
 - b.) Expenditure plan: 1.) Community separators and greenbelts, 2.) Scenic landscape units and scenic corridors, 3.) Agriculturally productive lands and 4.) Biotic habitat areas, riparian corridors and other areas of biotic significance
3. Determine if the District is in compliance with the 10% requirement of the “Operation and Maintenance Funds: Administrative and Budget Policy” letter dated July 2, 2007 relating to maintenance of an O&M reserve.

Scope of Review

On June 5, 2013, the District Board of Directors directed the County Administrator and the District to work with the Auditor-Controller Treasurer-Tax Collector’s Office in performing an accounting review to establish documented procedures for coding eligible expenditures, allocating O&M funding from the Reserve Fund to partner entities as appropriate, and determining recommendation on future annual contributions to O&M Reserve Fund.

We performed a review of the reports produced by the District (see Appendix 1, 2, & 3) in response to the District Board’s request. These reports cover District expenditures from July 1, 2007 to June 30, 2013. The District’s management is responsible for the accuracy of these reports.

Methodology

Methodology

To achieve the objectives, we performed the following:

1. Evaluated the general control environment.
2. Gained an understanding of Measure F's Expenditure Plan and examined relevant criteria in identifying recreational properties and expenditure categories as described in the Measure.
3. Reviewed the District's acquisition planning policies and procedures related to resource allocation among the six categories in the Measure's Expenditure Plan.
4. Obtained an understanding of the District's system of internal controls designed to capture, summarize and report transactions for purposes of demonstrating compliance with the Measure.
5. Tested data validity and authentication of cost accounting system database information.
6. Tested cost accounting system completeness and accuracy by identifying transactions which lacked a user code.
7. Examined the property category classification process
8. Examined supporting documentation to determine if primary acquisition and expenditure plan categories appear reasonable for selected properties based on management allocation of the expenditures to different categories.
9. Agreed administration payroll cost per the general ledger to the Labor Distribution Reports from payroll system
10. Agreed District's administration services and supplies expenditures to the general ledger and scanned for significant or unusual transactions
11. Reviewed supporting documentation of a non-statistical sample of transactions for accuracy, classification, coding and approval.
12. Agreed labor costs from non-statistical sample of transactions from District's O & M and Acquisition & Expenditure schedules to the labor database.
13. Selected a non-statistical sample of properties from District's O & M and Acquisition & Expenditure schedules and reviewed property codes used for accuracy and completeness.
14. Reconciled District's O & M and Acquisition & Expenditure schedules to the general ledger.
15. Re-performed revenue calculation for O & M schedule.

Results

Results

- 1.) Determine if the District has an adequate system of controls in place, to ensure that post acquisition capital outlay, and operations and maintenance expenditures for recreational lands and lands with a recreational component are accurately identified, summarized and reported.**

The District has an adequate system of controls in place over the preparation of the schedule of operations and maintenance expenditures for recreational lands (Appendix 1, page 11). Our testing supports that the post acquisition capital outlay, and operations and maintenance expenditures for recreational lands and lands with a recreational component were accurately identified, summarized and reported in the schedule of operations and maintenance expenditures for recreational lands (Appendix 1, page 11).

For the period November 1, 2007 through June 30, 2013, the District's total expenditures for initial public access and operations and maintenance related to recreational lands and lands with a recreational component was \$10,615,081 (Appendix 1, page 11).

The requirement placing a limit on cumulative expenditures on recreational properties at 10% of sales tax began with the passage of Measure F in November 2006. However, the District produced an accounting for such costs for the first time in FY12-13. A lack of clarity as to whether or not recreation related capital expenditures are subject to the 10% limitation imposed by the measure prevented the District from setting up a system to produce such accounting.

Currently, the District's position, to which we agree, is that capital expenditures relating to initial public access should be considered a part of the total O&M expenditures limited to 10% of the total measure revenue available. The schedule of operations and maintenance expenditures for recreational lands (Appendix 1, page 11 of this report), includes such expenditures.

Although procedures to specifically record and report transactions subject to the 10% limitations were not in place during the period covered by our review, sufficient transaction level detail was available in the District's financial accounting system to construct an accurate report. The District staff identified recreational properties and properties with a recreational component. All costs identified as operations maintenance charged to these properties were considered costs subject to the 10% limitation. In testing a sample of these transactions, we did not note any exceptions.

Results

2.) Determine if the District accurately summarized all expenditures, from July 1, 2007 to June 30, 2013, in categories consistent with those listed in the following plans:

- a) Acquisition plan: 1) Agriculture, 2) Greenbelts, 3) Natural Resources and 4) Recreation**
- b) Expenditure plan: 1.) Community separators and greenbelts, 2.) Scenic landscape units and scenic corridors, 3.) Agriculturally productive lands and 4.) Biotic habitat areas, riparian corridors and other areas of biotic significance**

Our tests support that the District accurately accounted for \$121M (79%) in acquisition and expenditure plan categories as stated in the schedule presented in Appendix 2 on pages 13-16.

Our tests support that the District accurately identified approximately \$10.7M (7%) in funds provided to partner agencies to acquire and improve properties in accordance with the requirements of measures F.

The District's summary of the expenditures by the acquisition and expenditure plan categories are provided in Appendix 2 on pages 13-16. Each of these schedules present expenditures by the four plan categories listed above. Payments made by the District to local agencies as matching grant to purchase and improve properties in accordance with the requirements of the measure are reported separately in both schedules. There are three additional categories which account for the remaining expenditures: 1) Matching grants \$10.7M (7%), 2) Admin \$16.4M (11%), and 3) Miscellaneous \$4.8M (3%). A total of \$121M or 79% out of **\$153M** spent during the review period was classified into the four plan categories listed a) and b) above.

The District accounts for administrative expenses, costs relating to pre-purchase investigation and other costs not directly identified to specific properties purchased in categories 2) and 3) above. We performed analytical procedures to gain assurance that material amounts of cost directly identifiable to property purchases were not included in these categories.

3.) Determine if the District is in compliance with the 10% requirement of the "Operation and Maintenance Funds: Administrative and Budget Policy" letter dated July 2, 2007 relating to maintenance of an O&M reserve.

We reviewed the District Board of Directors resolution dated August 7th 2007 and the supporting letter from the District dated July 2nd 2007 (attached as Appendix 5, page 19). We conclude from these documents that starting August 7th 2007, it has been a District policy to maintain a reserve for O&M equal to 10% of measure revenue less O&M expenditure to date.

Results

For the period November 1, 2007 through June 30, 2013, measure revenue totaled \$118,653,274 (see Appendix 1, page 11), transfers to the Designated Reserve Fund totaled \$7,356,000, and O&M expenditures totaled \$ 10,615,081 (see Appendix 1, page 11). The District met the minimum reserve balance required by its policy. See our calculations below:

Current O&M Designated Reserve Fund balance	\$7,356,000
Required reserve (10% of \$118,653,271)	11,865,327
Less O&M expenditures to date	<u>(10,615,081)</u>
Current reserve requirement	<u>1,250,246</u>
Excess reserve as of audit period	<u>\$6,105,754</u>

Subsequent to our reporting period \$7,156,000 was transferred by the District from O & M Designated Reserve Fund to its Operating Fund.

Observation 1: The District's financial system is not set up to easily produce reports on Expenditure and Acquisition plan categories

A. Reporting by acquisition and expenditure plan categories

During our examination of the cost accounting system, we noted it was designed to capture costs by property/project. It lacks the ability to capture costs by Expenditure and Acquisition Plan categories. The information systems utilized were not set up to support reporting in this manner. This required District staff to undergo a manual process of classification of costs to match designated categories under Expenditure and Acquisition plans. Consequently a substantial amount of effort was expended in preparing the schedules included in the appendices of this report.

We would recommend that District management undertake a comprehensive assessment of current and future financial reporting needs, especially with the new financial management system implementation

Sonoma County Ag Preservation & Open Space District
 Operation and Maintenance Expenditures
 November 2006 through FYE 2013

Revenues	11/1 - 6/30/2007	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013	Total
1140 Sales/Use Taxes	13,713,940	19,249,112	17,359,171	15,348,517	15,278,741	18,260,198	19,443,594	118,653,274
4680 L.T. Debt-Proceeds	-	84,343,101	22,513	-	-	-	-	84,365,614
Total Revenues	13,713,940	103,592,214	17,381,685	15,348,517	15,278,741	18,260,198	19,443,594	203,018,888

Properties	11/1 - 6/30/2007	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013	2013 CE Bal	Total
Laguna Trail		13,166	13,605	260,218	800,678	192,588	183,943	3,353	1,467,553
50 - Salaries/Employee Benefits		7,724	3,308	23,465	25,336	6,895	7,056		73,784
60 - Services/Supplies		5,442	10,298	10,635	48,365	67,414	66,815		208,968
85 - Capital Assets				226,119	726,977	118,279	110,072	3,353	1,184,801
Lawson		10,147	1,156	1,106	246	2,057	140		14,853
50 - Salaries/Employee Benefits		447	1,078	1,106	246	2,057	140		5,074
60 - Services/Supplies		9,700	79						9,779
Mark West Properties		40,580	7,628	25,619	39,675	58,584	34,932	519	207,537
50 - Salaries/Employee Benefits		12,480	5,482	7,598	17,245	8,042	7,226		58,072
60 - Services/Supplies		28,100	2,146	18,022	22,155	48,629	20,623	519	140,194
85 - Capital Assets					275	1,913	7,083		9,271
North Slope Sonoma Mountain Properties	73,810	138,196	105,528	258,886	898,066	513,088	541,916	9,372	2,538,861
50 - Salaries/Employee Benefits		74,839	65,653	101,210	73,133	81,244	61,743		457,822
60 - Services/Supplies	73,810	63,357	36,985	70,159	29,025	51,829	170,426	1,650	497,241
85 - Capital Assets			2,890	87,517	795,908	380,016	309,746	7,722	1,583,799
Sonoma Mountain Ranch/Walsh			19,981	40,482	35,884	8,167	6,253		110,767
50 - Salaries/Employee Benefits			9,455	14,639	10,802	4,974	5,196		45,067
60 - Services/Supplies			10,525	24,767	16,311	3,193	1,057		55,853
85 - Capital Assets				1,075	8,772				9,847
Taylor Mountain Properties	38,359	63,378	132,011	307,908	438,179	329,632	198,476	513	1,508,456
50 - Salaries/Employee Benefits		15,670	39,451	69,786	43,646	37,529	44,184		250,266
60 - Services/Supplies	38,359	47,707	92,560	127,447	143,953	107,080	128,069	513	685,688
85 - Capital Assets				110,675	250,581	185,023	26,223		572,501
Healdsburg Ridge Properties	10,741	94,222	96,682	76,471	175,965	311,768	190,150	82,667	1,038,667
50 - Salaries/Employee Benefits		48,828	56,132	20,284	32,015	36,813	30,791		224,864
60 - Services/Supplies	10,741	45,393	34,212	43,178	24,213	55,469	45,461	12,749	271,416
85 - Capital Assets			6,338	13,009	119,737	219,486	113,899	69,918	542,386
Montini	14,008	53,652	79,067	61,754	61,830	126,189	259,390	296,390	952,279
50 - Salaries/Employee Benefits		33,808	42,122	34,739	24,118	65,500	55,579		255,867
60 - Services/Supplies	14,008	19,844	36,945	19,830	39,142	40,396	107,217	8,795	286,177
85 - Capital Assets				7,184	(1,430)	20,293	96,594	287,595	410,236
Calabazas Creek Preserve (Sugarloaf)	5,355	22,387	42,553	45,333	45,770	19,122	80,289	23	260,833
50 - Salaries/Employee Benefits		10,899	12,524	12,267	25,906	7,963	38,748		108,307
60 - Services/Supplies	5,355	11,487	30,029	33,066	19,864	11,160	13,519	23	124,503
85 - Capital Assets							28,022		28,022

Carrington Ranch (Sonoma Coast)	21,129	38,268	42,978	32,546	27,839	7,607	30,619		200,986
50 - Salaries/Employee Benefits		12,374	10,148	5,487	7,379	3,581	8,869		47,839
60 - Services/Supplies	21,129	25,893	32,829	27,058	20,460	4,026	21,751		153,147
East Slope Sonoma Mountain (Jack London)						8,382	61,418	14,715	84,516
50 - Salaries/Employee Benefits						6,506	15,985		22,491
60 - Services/Supplies						1,876	4,168	325	6,369
85 - Capital Assets							41,265	14,391	55,656
Keegan/Coppin (Annadel)		6,974	1,297	62	160	3,938	749		13,180
50 - Salaries/Employee Benefits		780	574	62	160	602	527		2,704
60 - Services/Supplies		6,194	723			3,337	223		10,476
Poff (Sonoma Coast)		23,247	85,499	75,585	33,295	57,652	22,214		297,492
50 - Salaries/Employee Benefits		16,476	9,163	7,012	10,789	5,800	11,221		60,460
60 - Services/Supplies		6,772	76,336	68,573	10,742	51,851	10,993		225,267
85 - Capital Assets					11,765				11,765
Occidental Road		698	1,562	37	507		22		2,826
50 - Salaries/Employee Benefits		698	1,562	37	507		22		2,826
Paulin Creek	834	13,067	8,224	6,001	7,830	2,874	25,800		64,629
50 - Salaries/Employee Benefits		2,980	905	4,185	1,526	1,212	4,979		15,788
60 - Services/Supplies	834	10,086	7,318	1,816	6,304	1,662	20,821		48,841
Saddle Mountain	3,744	71,174	172,967	141,209	17,693	23,598	13,753	11,155	455,294
50 - Salaries/Employee Benefits		13,493	13,675	14,174	4,845	6,657	6,498		59,342
60 - Services/Supplies	3,744	57,682	154,907	32,378	8,635	1,825	7,255		266,426
85 - Capital Assets			4,384	94,657	4,214	15,116		11,155	129,526
Clover Springs		11,299	4,760	23,191	30,204	773	828		71,055
50 - Salaries/Employee Benefits		9,507	3,784	16,055	14,980	458	828		45,612
60 - Services/Supplies		1,793	976	7,136	15,224	315			25,443
Jenner Headlands		29,569	10,337	17,223	152,218	192,790	317,666	430,327	1,150,130
50 - Salaries/Employee Benefits		7,914	6,070	11,549	8,405	11,337	4,951		50,227
60 - Services/Supplies		21,655	4,267	5,674	24,192	67,724	73,199	239,842	436,553
85 - Capital Assets					119,621	113,729	239,515	190,485	663,350
Fitch Mountain		482	770	764	1,139	4,032	16,535	506	24,227
50 - Salaries/Employee Benefits		482	233	559	982	2,898	12,300		17,455
60 - Services/Supplies			536	205	157	1,134	4,234	506	6,772
Tolay Lake Ranch		2,665	1,059	5,450	7,258	15,496	3,969		35,896
50 - Salaries/Employee Benefits		1,190	1,059	2,622	403	301	1,014		6,588
60 - Services/Supplies		1,475		2,828	6,854	15,196	2,955		29,308
Willow Creek	320	5,019	2,178	16,983	18,246	14,919	13,578		71,242
50 - Salaries/Employee Benefits		2,025	2,060	1,724	2,229	2,422	1,296		11,757
60 - Services/Supplies	320	2,994	118	15,259	16,016	12,497	12,282		59,486
Fee Lands Strategy						14,218	29,584		43,803
50 - Salaries/Employee Benefits						14,218	26,312		40,530
60 - Services/Supplies							3,273		3,273
Total	168,301	638,189	829,842	1,396,826	2,792,683	1,907,475	2,032,224	849,540	10,615,081

Sources

EZ FAMIS Expenditure Transactions Report and Labor Distribution Reports

Sonoma County Agricultural Preservation & Open Space District
Acquisition Plan Categories
July 2007 through June 2013

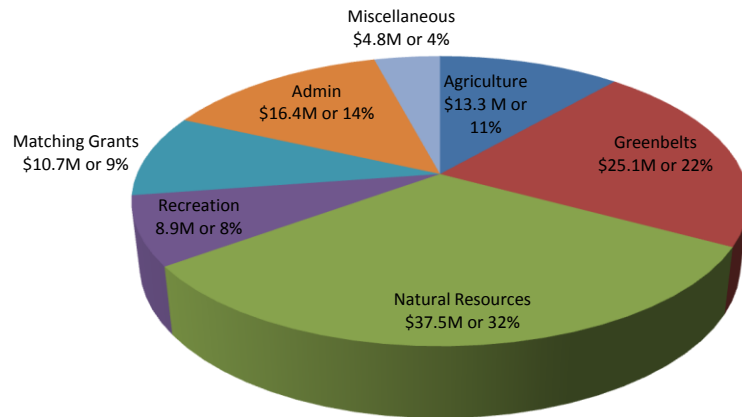
Acquisition Plan Categories

Acquisition Plan Category		FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	Measure F	Contributions e	Total
1 Agriculture	d	100,725	6,496,276	5,597,633	1,152,355	85,655	80,580	13,333,224	180,000	13,513,224
2 Greenbelts	d	9,830,998	11,368,933	2,690,275	1,603,777	792,718	714,491	25,061,193	1,940,000	27,001,193
3 Natural Resources	d	6,726,136	415,162	49,484,103	389,449	7,527,543	6,350,013	37,449,716	33,442,690	70,892,406
4 Recreation	d	5,961,880	382,831	382,931	1,156,403	929,275	879,584	8,942,904	750,000	9,692,904
Total for 4 Plan Categories		22,619,740	18,663,202	58,154,943	4,301,984	9,335,191	8,024,667	84,787,037	36,312,690	121,099,727
a Matching Grants		93,440	3,053,978	4,079,000	1,604,889	1,543,547	318,139	10,692,994	-	10,692,994
b Admin		2,081,315	2,156,973	3,019,433	3,308,799	2,845,412	3,001,760	16,413,691	-	16,413,691
c Miscellaneous		205,093	1,056,493	651,382	1,286,242	557,804	1,063,698	4,820,712	-	4,820,712
Total for 3 Categories		2,379,848	6,267,444	7,749,815	6,199,930	4,946,763	4,383,597	31,927,397	-	31,927,397
Total		24,999,588	24,930,646	65,904,758	10,501,914	14,281,954	12,408,264	116,714,434	36,312,690	153,027,124

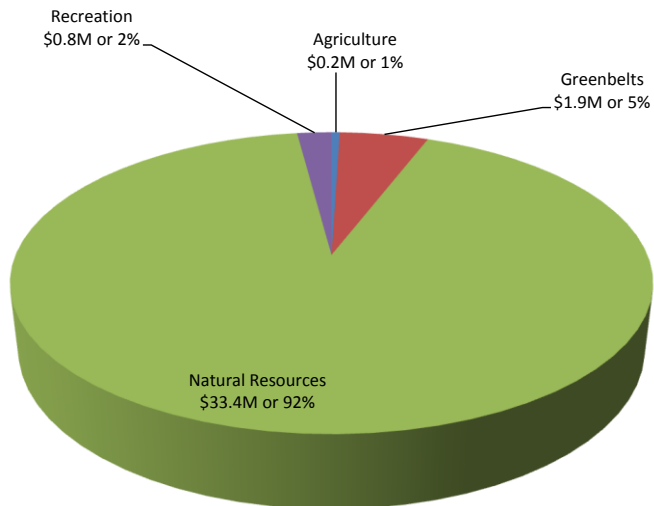
Notes:

- a Matching grant category exists only under the expenditure plan. All matching grants were segregated under the acquisition plan even though there is no separate category for matching grants.
- b Administration cost includes admin and executive staff salaries and benefits, ISD, Board clerk services, CAO analyst costs, HR analyst costs, finance and treasury services, insurance and all risk management costs and anything related to the facility. Where possible, direct costs for labor and any goods or services related to a project are charged to that project.
- c A majority of miscellaneous cost represents evaluation of potential acquisition projects, analysis of matching grants, current projects under development and other items.
- d O & M costs are included among different expenditure and acquisition plan categories in this schedule.
- e A majority of Contributions are federal and state grants that are expended during the period July 2007 through June 2013 and contributions towards easement and fee purchases received from other entities, which are often deposited directly into escrow.

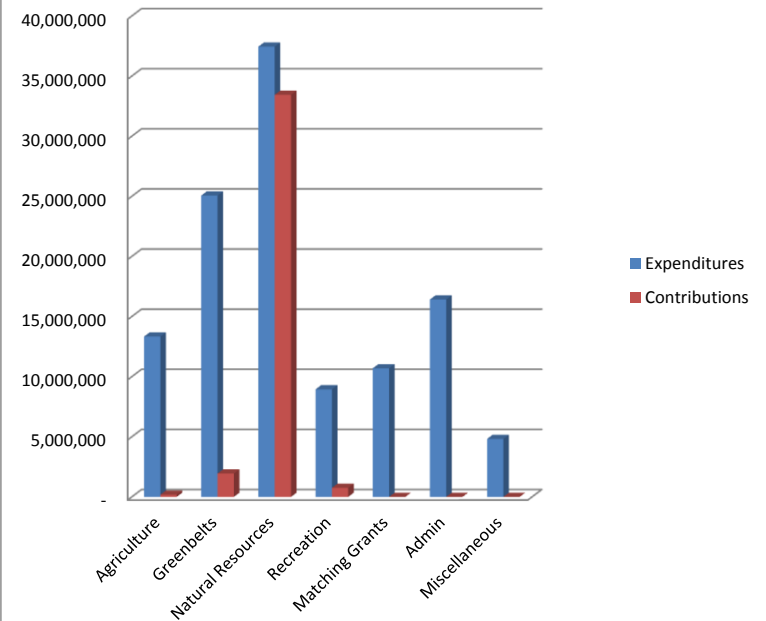
Measure F Expenditures



Contributions



Expenditures Details



Sonoma County Agricultural Preservation & Open Space District
Expenditure Plan Categories
July 2007 through June 2013

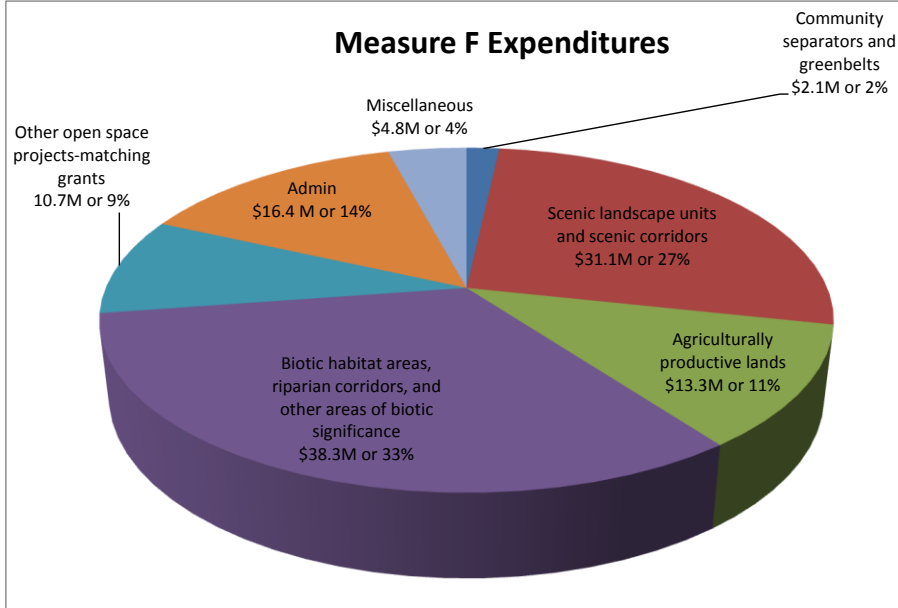
Expenditure Plan Categories

Expenditure Plan Category		FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	Measure F	Contributions e	Total
1	Community separators and greenbelts	46,618	51,837	1,705,589	31,052	249,569	96,207	2,015,872	165,000	2,180,872
2	Scenic landscape units and scenic corridors	15,568,550	11,486,333	1,192,132	2,473,810	1,074,355	1,104,191	31,124,372	1,775,000	32,899,372
3	Agriculturally productive lands	100,725	6,496,276	5,597,633	1,152,355	85,655	80,580	13,333,224	180,000	13,513,224
4	Biotic habitat areas, riparian corridors, and other areas of biotic significance	6,903,847	628,756	49,659,588	644,766	7,925,613	6,743,690	38,313,570	34,192,690	72,506,260
Total for 4 Plan Categories		22,619,740	18,663,202	58,154,943	4,301,984	9,335,191	8,024,667	84,787,037	36,312,690	121,099,727
a	Other open space projects-matching grants	93,440	3,053,978	4,079,000	1,604,889	1,543,547	318,139	10,692,994	-	10,692,994
b	Admin	2,081,315	2,156,973	3,019,433	3,308,799	2,845,412	3,001,760	16,413,691	-	16,413,691
c	Miscellaneous	205,093	1,056,493	651,382	1,286,242	557,804	1,063,698	4,820,712	-	4,820,712
Total for 3 Categories		2,379,848	6,267,444	7,749,815	6,199,930	4,946,763	4,383,597	31,927,397	-	31,927,397
Total		24,999,588	24,930,646	65,904,758	10,501,914	14,281,954	12,408,264	116,714,434	36,312,690	153,027,124

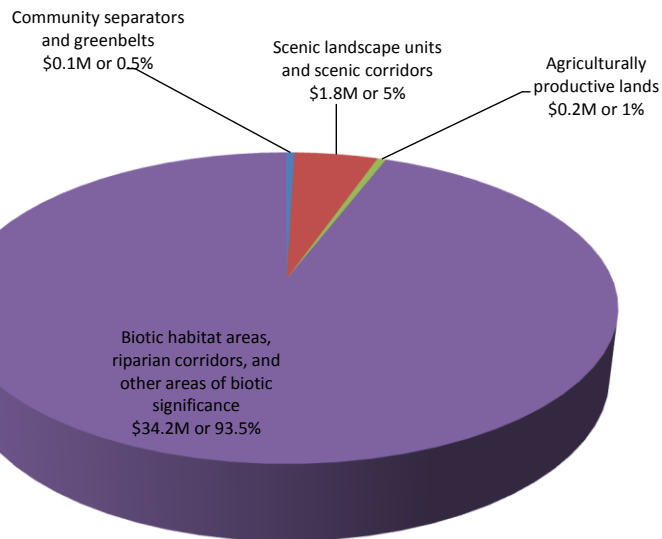
Notes:

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- b Administration cost includes admin and executive staff salaries and benefits, ISD, Board clerk services, CAO analyst costs, HR analyst costs, finance and treasury services, insurance and all risk management costs and anything related to the facility. Where possible, direct costs for labor and any goods or services related to a project are charged to that project.
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- d O & M costs are included among different expenditure and acquisition plan categories in this schedule.
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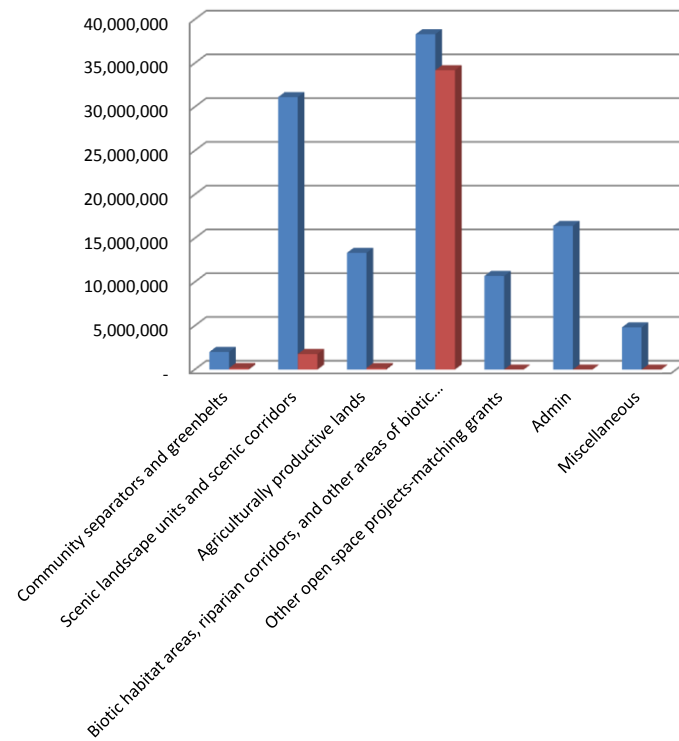
Measure F Expenditures



Contributions



Expenditures Details



2006 Expenditure Plan

The open space designations eligible for protection under this Expenditure Plan include community separators, greenbelts, scenic landscape units, scenic corridors, agriculturally productive lands, biotic habitat areas, riparian corridors and other areas of biotic significance, and other open space projects.

1. Community separators and greenbelts are lands that function as open space to separate cities and other communities and protect city and community identity by providing visual relief from continuous urbanization. These lands are frequently subject to development pressures, and therefore, have been identified as priority sites for acquisition to prevent urban sprawl, to retain the rural and open character of the county and to preserve agricultural uses.
2. Scenic landscape units and scenic corridors are areas of high scenic quality including natural landscapes and backdrops that provide visual relief from urban densities and maintain the open nature of the County.
3. Agriculturally productive lands include working farms and ranches and other lands used for the production of food, fiber, and plant materials and the raising and maintaining of livestock and farm animals.
4. Biotic habitat areas, riparian corridors, and other areas of biotic significance include freshwater and tidal marshes, wetlands, special status species locations, woodlands and forests, wildlife habitat corridors and lands along creeks and streams critical to protecting fisheries and water quality. These sensitive natural areas require protection, restoration and resource management, and include the Petaluma River, Laguna de Santa Rosa, Russian River, Sonoma Creek and San Pablo Baylands.
5. Other open space projects include, but are not limited to, urban open space and recreation projects within and near incorporated areas and other urbanized areas of Sonoma County. Funds for these projects shall be available to cities, the County and other entities through a matching grant program, with preference given to acquisition and development projects that link communities. Examples of these projects include creek restoration and enhancement, such as along the Petaluma River, Santa Rosa Creek, and Laguna de Santa Rosa, trails, athletic fields, and urban greenspace.
6. Operation and maintenance of land includes limited funding for initial public access, operation and maintenance of recreational lands purchased in accordance with the Plan. No more than 10 percent of total revenues generated over the life of the Measure shall be made available for operation and maintenance purposes.”

Acquisition Plan

Agriculture

The agriculture acquisition category includes small farms, dairies, livestock ranches, vineyards and other agricultural lands that contribute to the County's agricultural economy and provide valuable open space.

Greenbelts

The greenbelts acquisition category includes community separators and scenic landscape units as indentified in the 1989 Sonoma County General plan, plus additional lands around and between communities that contribute to the open space character of the region.

Natural Resources

The natural resources acquisition category includes forestlands, oak woodlands, wetlands, areas containing threatened and endangered species, and fish spawning streams and other areas of biotic significance. Areas targeted for protection are lands with high concentrations of individual or multiple natural resources.

Recreation

The recreation acquisition category recognizes that the District's primary role in recreation is to acquire land for recreation purposes. The responsibility for developing, operating and maintaining recreational sites and facilities lies with appropriate local, regional or State park agencies. Recreation is a secondary focus under the expenditure plan.

Other Lands

The District will respond to other opportunities to work cooperatively with willing landowners, local communities and organizations to preserve important lands throughout Sonoma County. The Acquisition plan provides sufficient flexibility to allow the District to purchase open space lands that may fall outside the acquisition plan categories.

THE WITHIN INSTRUMENT IS A
CORRECT COPY OF THE ORIGINAL
ON FILE IN THIS OFFICE.

ATTEST: August 7, 2007
ROBERT DEIS, Clerk of the Board of Directors
of the Sonoma County Agricultural Preservation
and Open Space District

BY: [Signature]
DEPUTY CLERK

#43

Resolution No: 07-0666

Dated: August 7, 2007

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA COUNTY
AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT
ESTABLISHING A POLICY FOR BUDGETING THE DISTRICT'S OPERATIONS
AND MAINTENANCE FUNDS

BE IT RESOLVED that this Board of Directors hereby finds, determines, declares
and orders as follows:

1. *Sales Tax Extension.* On November 7, 2006 the voters of the County of Sonoma approved Measure F extending the sales tax for open space, currently being levied by the Sonoma County Open Space Authority, from 2011 to 2031.
2. *Operations and Maintenance Funding.* Measure F also amended the Authority's Expenditure Plan to allow expenditures by the District for operation and maintenance of open space properties providing that the expenditures did not exceed ten percent of the sales tax revenue received from November 8, 2006 through March 31, 2031.
3. *General Manager's Recommendation.* After consulting with the County's Auditor and the County's Counsel, the General Manager has made certain recommendations to this Board on a proposed policy for annually budgeting and accounting for maintenance and operations appropriations expenditures. The proposed policy has been found by the Sonoma County Open Space Authority to be consistent with the 2006 Expenditure Plan. The General Manager's recommendation is contained in her letter dated July 2, 2007 and attached hereto as Exhibit "A."
4. *Approval.* The General Manager's recommendation as set forth in Exhibit "A" is approved and the General Manager is directed to periodically review the policy and recommend any needed changes arising from changed circumstances.

Directors:

Kerns: _____ Smith: _____ Reilly: _____ Kelley: _____ Brown: _____

Ayes: 5 Noes: _____ Absent: _____ Abstain: _____

SO ORDERED



July 2, 2007

President Brown and Members of the Board of Directors
 Sonoma County Agricultural Preservation and Open Space District
 575 Administration Drive, 100A
 Santa Rosa, CA 95403

Re: Operation and Maintenance Funds: Administrative and Budget Policy

Dear President Brown and Members of the Board of Directors:

On July 18, 2006, your Board voted unanimously to place Measure F on the November 7th ballot. As you know, voters overwhelmingly approved Measure F, which continues the quarter percent sales tax for the District's open space program for another 20 years through 2031. Measure F includes the 2006 Expenditure Plan that authorizes spending for "initial public access, operation and maintenance of recreational lands purchased in accordance with this Plan" so long as the expenditures do not exceed 10 percent of sales tax revenue generated over the life of Measure F. In approving Measure F, the voters also amended the Authority's 1990 Expenditure Plan renaming it the 2006 Expenditure Plan. The Authority will continue to determine if District acquisitions are consistent with the new Plan until 2011 when the Authority's tax expires and is replaced by the County's Measure F tax.

Following the passage of Measure F, I met with Auditor-Controller-Treasurer-Tax Collector Rod Dole and members of his staff, Chief Deputy County Counsel Sheryl Bratton, Special Counsel Jim Botz, and retired County Treasurer Tom Ford to discuss development of administrative guidelines and a budget policy for sales tax funding authorized by Measure F's 2006 Expenditure Plan. This discussion included operation and maintenance of District properties and accounting for expenditures to keep them within Measure F's 10 percent limit.

2006 Expenditure Plan: Operations and Maintenance

For purposes of administering the operations and maintenance provisions of the 2006 Expenditure Plan, operations and maintenance should include "reasonable and necessary costs incurred for initial maintenance of parks and open space properties and improvements and to provide services for initial public use."

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O & M Recommendations
July 2, 2007
Page 2

Guidelines for Appropriate Use of Operations and Maintenance Expenditures

Although it is foreseeable that title to and maintenance responsibility for some recreational fee properties will remain with the District, every effort should be made to transfer recreational properties, at the earliest convenient time, to an appropriate city, the State, the County, or a non-profit partner. A time limit on District contributions for initial public use, initial operations and maintenance of park and open space properties transferred to other entities should be limited to no more than three years, except under extraordinary circumstances.

A primary focus of the operations and maintenance component in the 2006 Expenditure Plan was to provide limited expenditures to assist in "jump starting" some level of initial public access and land maintenance on recreational properties purchased with the open space sales tax. The operations and maintenance funding provision of Measure F was not intended to replace park agencies' ongoing obligations to maintain their park systems. It has been the District's practice, when it transfers recreational properties to partner agencies and organizations, to enter into grant agreements that require that a management plan be completed and the park be opened for public use within 3-5 years from the close of escrow. The operations and maintenance funding under the 2006 Expenditure Plan can assist recreational agencies in facilitating early and appropriate public use of recreational properties, while a long-range management plan and associated environmental document for the project is completed.

Recreational partners that receive operations and maintenance funding would be required to submit periodic reports with sufficient detail, so that expenditures could be audited for compliance with Measure F and the District's implementing policies. With regard to operations and maintenance funding determinations, it will be the District's policy to treat all recreational partners equitably.

The 2006 Expenditure Plan includes a separate Matching Grant Program, which provides funding to cities, the County and other entities for urban open space and recreation projects within and near urbanized areas. Funding is made available for land acquisition, development, restoration, and enhancement, with preference given to projects that provide linkages or connections between communities. Cities, the County and State park agencies are responsible for operating and maintaining these projects as part of their park systems. Under the District's Matching Grant Program Guidelines, projects are evaluated in part, on a grantee's ability to fund operations and maintenance costs. In certain situations, a matching grant applicant, such as a non-profit organization, may demonstrate a unique need for funding for initial operations and maintenance. These requests would be evaluated on a case by case basis and if approved would also be subject to a three-year time restriction for initial operations and maintenance funding. Grant agreements between the District and grantee would require reimbursement requests to provide sufficient detail so that expenditures could be audited for compliance with Measure F and implementing District policies. Counsel advises that this is particularly important with respect to

O & M Recommendations
July 2, 2007
Page 3

matching grant agreements with the County in order to assure compliance with certain special tax limitation provisions in the California Constitution.

Annual Budgeting of Operations and Maintenance Expenditures

After consulting with legal and financial advisors and recognizing the difficulty of accurately predicting sales tax revenue for the next 24 years, the most prudent and straightforward budgeting policy for the operations and maintenance funds provided for in the 2006 Expenditure Plan would be to set aside 10 percent of annual sales tax revenue for operations and maintenance appropriated among two distinct operations and maintenance sub-objects in the District's annual budget: The first would be for annual operations and maintenance expenditures for specific recreational properties. The second would be for contributions to a designated reserve fund, anticipating the long-term needs for operations and maintenance of recreational lands. Because the District's long-term operations and maintenance spending needs and the revenue to be generated over the life of Measure F are difficult to accurately predict, annual appropriations could be adjusted based on need and revised projections of sales tax revenue growth. In this regard it is important to bear in mind that a budget policy for appropriating Measure F revenue for operations and maintenance does not irrevocably commit those funds. The Board of Directors will retain the flexibility to evaluate and make necessary adjustments as needed to annual operations and maintenance expenditures and the Operations and Maintenance Designated Reserve Fund.

Operations and Maintenance Budget for 2007-08

Because the new Expenditure Plan went into effect on November 8, 2006, I am recommending that 10 percent of the Authority's sales tax revenue accruing from November 8, 2006 through June 30, 2007, totaling approximately \$1,060,000 be appropriated in the FY 07/08 Budget to the Operations and Maintenance Designated Reserve Fund. In addition, I am proposing \$300,000 be appropriated in the FY 07/08 Preliminary Budget for specific Operations and Maintenance projects (sub-object 6169). The \$300,000 appropriation would be spent on initiating public use and initial land maintenance at the following six open space properties at an average annual cost of \$50,000.

- Healdsburg Ridge
- Paulin Creek
- Taylor Mountain
- Montini Ranch
- North Slope Sonoma Mountain Trail
- Santa Rosa Creek Greenway

(Note: The recommendation for FY 07/08 annual operations and maintenance expenditures is based on a survey of per acre costs for managing open space lands using other Bay Area park and open space agencies as benchmarks).

O & M Recommendations
July 2, 2007
Page 4

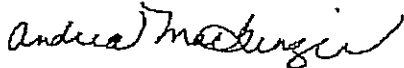
Operations and maintenance expenditures specific to each of these properties would be subject to a grant agreement between the District and the grantee and would require annual audits for compliance with Measure F. Lastly, I am recommending that at the end of FY 07/08, the remaining balance of the estimated 10 percent of 07/08 sales tax revenue be contributed to the Operations and Maintenance Designated Reserve Fund.

I am attaching the following documents: the 2006 Expenditure Plan; the Open Space Authority's June 7, 2007 resolution finding the Operations and Maintenance Policies recommended by the General Manager to be consistent with the 2006 Expenditure Plan and making certain recommendations to the District's Board of Directors; and the Authority's Resolution No. 2006-006 which made recommendations to the Board of Directors regarding the content of Measure F, including recommendations for operations and maintenance expenditures and the 2006 Expenditure Plan.

In closing, I am recommending that the Board consider the General Manager's recommendations in adopting a budget policy that: (1) ensures sufficient operations and maintenance expenditures are budgeted on an annual basis to address specific needs; (2) ensures a designated reserve fund is established and maintained for long-term operations; and (3) provides flexibility to adjust annual operations and maintenance appropriations, based on conservative sales tax revenue annual growth estimates and experience over time.

I have distributed the above-referenced policy to numerous public agency and non-profit partners for their review and comment and am proposing to bring the policy to the Board of Directors at its August 7th meeting.

Very truly yours,

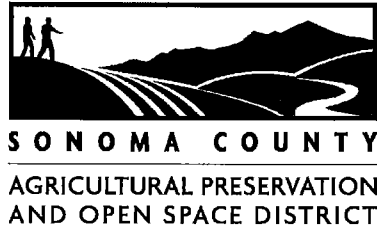


Andrea Mackenzie
General Manager


cc: Members of the Open Space Authority
Jim Botz, Special Counsel
Robert Deis, County Administrator

Attachments:

2006 Expenditure Plan
Open Space Authority Resolution (June 7, 2007) -- Consistency with 2006 Expenditure Plan
Open Space Authority Resolution No. 2006-006 - Recommendations on the content of Measure F



Memorandum

To: Kanchan Charan, CPA, CGMA Audit Chief
From: Bill Keene, AICP General Manager 
Date: May 14, 2014
Re: Management Response to Internal Audit No: 3305

The Sonoma County Agricultural Preservation and Open Space District (District) is in receipt of your draft internal audit report number 3305 titled *A Limited Review of the Sonoma County Agricultural Preservation and Open Space District's Reporting Process* (Audit Report) dated April 7, 2014. As part of the scope of the internal audit the District was required to generate reports that categorized projects by both the Acquisition Plan and the Measure F Expenditure Plan. Since reporting of this type is not required by Generally Accepted Accounting Principles or reporting requirements for Measure F, the current finance system was not developed to generate this type of report. The District generated reports were prepared utilizing multiple data bases and compiled on a manual basis, but were determined to be accurate by the internal audit.

The Audit Report recommends that District management undertake a comprehensive assessment of current and future financial reporting needs, especially with the new financial system implementation. While the District does concur with the finding that generating the reports took a substantial amount of effort, it should be noted that most of the District's projects have benefits in multiple Acquisition Plan and Measure F Expenditure Plan categories. Ongoing categorized reporting of this type would result in excluding all of the other categories benefitted, and potentially provide incomplete information to the Board and stakeholders. The District is considering methods that could be used in the new Enterprise Finance System for modifying the finance system when it is implemented.

The District would like to thank the staff from the Internal Audit Division for their hard work, diligence and patience in completing this internal audit.