

# 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  
March 3, 2016 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]
7. Financial Report. [Attachment 2]
8. Sonoma Raceway Open Space Easement. [Attachment 3]
9. Ad Hoc Committee Reports.
  - Annual Report/Audit Report Review (Anderson, Swanhuysen)
  - Matching Grant Program (Owen, Swanhuysen) - inactive
  - Finances (Owen, Sangiacomo) - inactive
  - Review of County Services (Mendoza, Koenigshofer) - inactive
  - Management Review Recommendations (Anderson, Koenigshofer) - inactive
  - Stewardship (Mendoza, Sangiacomo) – inactive
10. Commission's Fifth Annual Report to the Board of Directors. [Attachment 4]
11. Planning for 2016.
12. Suggested Next Meeting. April 7, 2016
13. Adjournment.

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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FISCAL OVERSIGHT COMMISSION**

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**Jeff Owen (Alternate)**

**UNAPPROVED**

**Minutes for the Meeting of February 4, 2016**

Commissioners Present: Bob Anderson, Chair; Todd Mendoza, Vice Chair; Eric Koenigshofer; Jeff Owen, Alternate.

Staff Present: Bill Keene, General Manager; Mary Dodge, Administrative & Fiscal Services Manager; Misti Arias, Program Manager – Acquisition; Stuart Martin, Land Acquisition Specialist; Lisa Pheatt, Counsel; Christine Minkel, Administrative Aide to the Commission; Sue Jackson, Deputy Clerk/Recorder.

Also Present: Geoff Hornsby, MAI, SRA, SR/WA

1. **Call to Order.**

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

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

There were none.

3. **General Announcements Not Requiring Deliberation or Decision.**

Mr. Keene made the following announcements:

- On February 2, 2016, the Board of Directors approved the District's Initial Public Access, Operation and Maintenance Policy on a 5/0 vote.
- On February 8 and February 11, 2016, the District and the University of California Cooperative Extension will hold public meetings to discuss the Young-Armos Incubator Farm Concept. The meetings will be held at Lawrence E. Jones Middle School in Rohnert Park. The meeting is being publicized on the District website, in the Santa Rosa Press Democrat, and through flyers and mailers.
- On January 28, 2016, the District held a meeting to discuss the 2016 Matching Grant Program Guidelines and the application process. Commissioners Koenigshofer and Owen (Ad Hoc Subcommittee/Matching Grant Program) attended the meeting. The meeting was publicized on the District website, in the Santa Rosa Press Democrat, and through mailers.
- Tom Robinson, Associate Planner-Conservation Planning, will leave his position at the District and will join the Bay Area Open Space Council.
- Alex Roa, Assistant Planner, will leave his position at the District to return to school.

4. **Public Comment.**

There was none.

5. **Correspondence/Communication.**

There was none.

6. **Approval of Commission Minutes.**

The minutes of January 7, 2016 were approved unanimously by the Commission as submitted.

7. **Financial Report.**

The commissioners reviewed the financial report.

8. **Ad Hoc Committee Reports.**

- Annual Report/Audit Report Review (Anderson, Swanhuysen)

Commissioner Anderson reported that the current report is being prepared and will be ready for review soon.

- Investment (Swanhuysen, Owen) – Inactive

- Review of County Services (Mendoza, Koenigshofer)

On February 4, 2016, the committee met with Director Efren Carrillo, County Counsel Bruce Goldstein, and the District's General Manager, Bill Keene. Commissioner Koenigshofer reported that the purpose of the meeting was to convey the committee's review of services provided by the County to the District. For this review period, the committee focused on legal services. The committee is recommending that District staff ensure the following tasks are accomplished:

- That the two parties move quickly towards the execution of a written agreement outlining the scope of legal services to be provided to the District.
- That a memo be written by County Counsel to the District demonstrating the procedures in place to prevent a conflict of interest by County Counsel regarding the District's business and the County's business.
- That County Counsel work with the County Administrator's Office to enhance the conduct of board meetings, so the public can more easily determine when the Board is acting as the District's Board and when the Board is acting as the County's Board or another entity's Board during board meetings and within the corresponding meeting minutes.

The committee will continue its review efforts of county services provided to the District and will next review the services provided by the County Administrator's Office.

- Stewardship (Mendoza, Sangiacomo) – Inactive
- Operation and Maintenance Transaction Review (Anderson, Koenigshofer) – Inactive
- Matching Grant Program (Koenigshofer, Owen) – See General Announcements Not Requiring Deliberation or Decision.
- Management Review Recommendations (Koenigshofer, Anderson) – Inactive

9. **Creation of Ad Hoc Committees for 2016 and Assignment of Commissioners.**

Commissioner Anderson identified the 2016 ad hoc committees and made the following assignments:

- Annual Report/Audit Report Review – Anderson and Swanhuysen
- Matching Grant Program – Owen and Swanhuysen
- Finances – Owen and Sangiacomo
- Review of County Services – Mendoza and Koenigshofer
- Management Review Recommendations – Anderson and Koenigshofer
- Stewardship – Mendoza and Sangiacomo

10. **Closed Session.**

The Commission adjourned to closed session at 5:15 pm.

Note: Commissioner Koenigshofer recused himself from the discussion at 5:25 pm.  
General Manager Bill Keene left the meeting at 5:45 pm.

11. **Report on Closed Session.**

The Commission reconvened at 6:03 pm and reported the following:

Hansen Ranch

**Resolution No. 2016-001**

On a motion by commissioner Mendoza and second by Alternate Commissioner Owen, the Commission determined that the acquisition price for the purchase of a conservation easement over the Hansen Ranch property does not exceed fair market value.

Ayes: 3      Noes: 0      Abstain: 0      Absent: 2      Recused: 1

12. **Suggested Next Meeting.**      March 3, 2016

12. **Adjournment.**

On a motion by Commissioner Mendoza and second by Alternate Commissioner Owen, the meeting was adjourned at 6:05 pm, with all in favor.

Respectfully submitted,

Sue Jackson  
Deputy Clerk

Sonoma County Agricultural Preservation and Open Space District  
 Consolidated Balance Sheet - District and OSSTA Funds  
 January 31, 2016

<b>Assets</b>	
Cash and Investments	\$58,414,016
Accounts Receivable	10,000
Other Current Assets	1,250
Intergovernmental Receivables	86,867
<b>Total Assets</b>	<b>\$58,512,133</b>
 <b>Liabilities and Fund Balance</b>	
Current Payables	\$16,543
Accrued Exp/Other Current Liab	2,596
Long-Term Liabilities	30,000
<b>Total Liabilities</b>	<b>49,139</b>
 <b>Fund Balance</b>	
Nonspendable - Prepaid Expenditures	1,250
Restricted - District Activities	58,461,744
Total Fund Balance	<b>58,462,994</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$58,512,133</b>

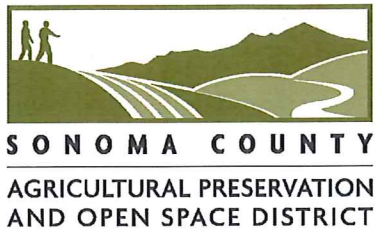
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<b>Cash by Fund</b>	
OSSTA - Measure F	\$54,072,429
Open Space District	2,099,763
Fiscal Oversight Commission	35,481
Stewardship Reserve	161,478
Cooley Reserve	108,316
Moore Grant Conservation Ben.	1,936,549
Operations and Maint. Res.	1,936,549
<b>Total Cash by Fund</b>	<b>\$58,414,016</b>

Sonoma County Agricultural Preservation and Open Space District  
 Consolidated District and OSSTA Budget to Actual  
 For the seven months ended January 31, 2016

	Budget Final	Actual Year to Date	Encumbrances Year to Date	Remaining Balance	58% of year Complete
<b>Revenues</b>					
Tax Revenue	\$22,880,000	\$9,499,309	-	\$13,380,691	58.48%
Intergovernmental Revenues	33,019,884	5,280,774	-	27,739,110	84.01%
Use of Money & Prop	475,000	(15,847)	-	490,847	103.34%
Miscellaneous Revenues	0	64,739	-	(64,739)	0.00%
Other Financing Sources	11,993,342	10,421,562	-	1,571,780	13.11%
<b>Total Revenues</b>	<b>68,368,226</b>	<b>25,250,537</b>	<b>-</b>	<b>43,117,689</b>	<b>63.07%</b>
<b>Expenditures</b>					
Salaries and Employee Benefits	4,106,741	1,797,014	-	2,309,727	56.24%
Services and Supplies	8,129,508	1,754,764	\$3,886,646	2,488,098	30.61%
Other Charges	39,886,692	4,973,490	33,054	34,880,148	87.45%
Capital Expenditures	23,205,182	5,385,496	404,344	17,415,342	75.05%
Other Financing Uses	49,513,935	46,342,931	-	3,171,004	6.40%
<b>Total Expenditures</b>	<b>124,842,057</b>	<b>60,253,695</b>	<b>4,324,044</b>	<b>60,264,318</b>	<b>48.27%</b>
<b>Net Earnings (Cost)</b>	<b>(\$56,473,832)</b>	<b>(35,003,158)</b>	<b>(\$4,324,044)</b>	<b>(\$17,146,630)</b>	
Beginning fund balance		93,466,152			
<b>Ending Fund Balance</b>		<b>\$58,462,994</b>			

Note: Sales tax received by January 31, 2015 was \$9,309,699 - 2.03% increase from prior year



**DATE:** February 22, 2016 (Meeting March 3, 2016)

**TO:** Fiscal Oversight Commissioners

**FROM:** Misti Arias, Acquisition Program Manager

**SUBJECT:** Sonoma Raceway Open Space Easements

**Background**

In 1991, the Board of Supervisors established a policy that open space easements offered through the County’s land use permitting procedures “or otherwise acquired by gift, devise or purchase” be taken in the name of the District.

In May of 1997, Speedway Motorsport, Inc. (now known as Sonoma Speedway, LLC) filed an application with the County’s Permit and Resource Management Department (PRMD) seeking approval of a new use permit for the Master Plan for the Sears Point Raceway, formerly known as Infineon Raceway and now known as Sonoma Raceway (the Raceway). The Master Plan Project involves real property commonly known as the Raceway Property (including Cougar Mountain), the Lakeville Property, and the 53-Acre Property.

Between September 1998 and April 2000, the Raceway’s use permit application was processed, which included an amended Environmental Impact Report (EIR) and conditions of approval to offer Open Space Easements to the District. The project, including these conditions, were presented and discussed during multiple public hearings of both the Sonoma County Planning Commission and the County Board of Supervisors.

On April 25, 2000, the Sonoma County Board of Supervisors found the Revised Master Plan Project to be consistent with the General Plan, as amended, including the conditions of approval that the Raceway offer to the District three Open Space Easements to protect the natural, scenic, aesthetic, biotic, rare and endangered species habitat, educational, recreational, agricultural and openness values of these properties (collectively “the open space values”). Further, the conditions state that the existing Scenic Easement (held by the County since 1988) on the Lakeville Property shall be rescinded and superseded by the Open Space Easement.

The three Open Space Easements cover 1) the lands on the Lakeville Property that are currently subject to a Scenic Easement held by Sonoma County under and the voluntary



transfer of the residential development potential associated with the former Cougar Mountain Estates subdivision on the remainder of the property for a total of approximately 678 acres (Lakeville Property); 2) an approximately 220-acre portion of the large, visually prominent mountain located southwest of the racetrack known as Cougar Mountain (Mountain Property); and a 53-acre parcel on the east side of Highway 121 (53-acre Property). According to the Conditions of Approval, permitted uses within the Lakeville and Mountain Properties are limited to those uses under the Master Plan, habitat conservation and management, agricultural activities, the existing radio repeater facility, and those uses permitted under the existing scenic easement. Further, the Conditions of Approval state that the uses within the 53-acre Property are limited to Raceway overflow parking, RV camping, and limited camping support services as permitted under the terms of the use permit.

Between June 2003 and April 2005 additional requests to PRMD to modify the use permit and Conditions of Approval were submitted by Raceway representatives. On April 26, 2005, the Board approved a use permit which modified the Raceway Conditions of Approval to authorize the construction and use of bicycle and running trails on the Lakeville Property and for one non-motorized off-road event on Cougar Mountain.

On June 7, 2005, the Board of Supervisors approved a number of modifications to the Conditions of Approval and approved minor technical corrections to the applicant's use permit that included a condition requiring that Open Space Easements also be recorded for these properties prior to issuance of a building or grading permit.

Between 2005 and 2014 Raceway representatives, PRMD and the District intermittently worked with the applicant to negotiate agreeable terms of the Open Space Easements. In 2014, Raceway representatives submitted a request to PRMD for additional amendments to the use permit and an expansion in permitted uses. Although this application was ultimately withdrawn, PRMD staff was able to use this new application as an opportunity to compel the applicant to finalize the Open Space Easements by requiring recordation of the Open Space Easements to continue processing the application.

On April 8, 2015, PRMD staff received signed copies of the three Open Space Easements for the Lakeville, Mountain and the 53-Acre Properties. The District worked with Raceway staff and consultants to finalize the easement language and associated graphics prior to Board consideration.

#### **District Acquisition Plan: Connecting Communities and the Land**

The project furthers several objectives and policies in the District's Long-Range Acquisition Plan, as noted below:

- **Greenbelts Scenic Hillside Policies:** Protecting scenic lands that are visible from highly traveled roads and highways and that contribute to the county's rural character and sense of place.
- **Water, Wildlife and Natural Areas Policies:** Protecting lands with large, unfragmented oak woodland and forest areas.

These properties feature highly visible lands from Highways 37 and 121 and Arnold Drive and the conveyance of these easements ensure protection of these scenic vistas. Additionally, the lands are adjacent to already protected lands such as the Roche Ranch, Sonoma Baylands and the Napa-Sonoma Marshes Wildlife Area and these easements provide important wildlife corridors and additional protection of important watersheds that drain to San Pablo Bay.

#### **District Expenditure Plan**

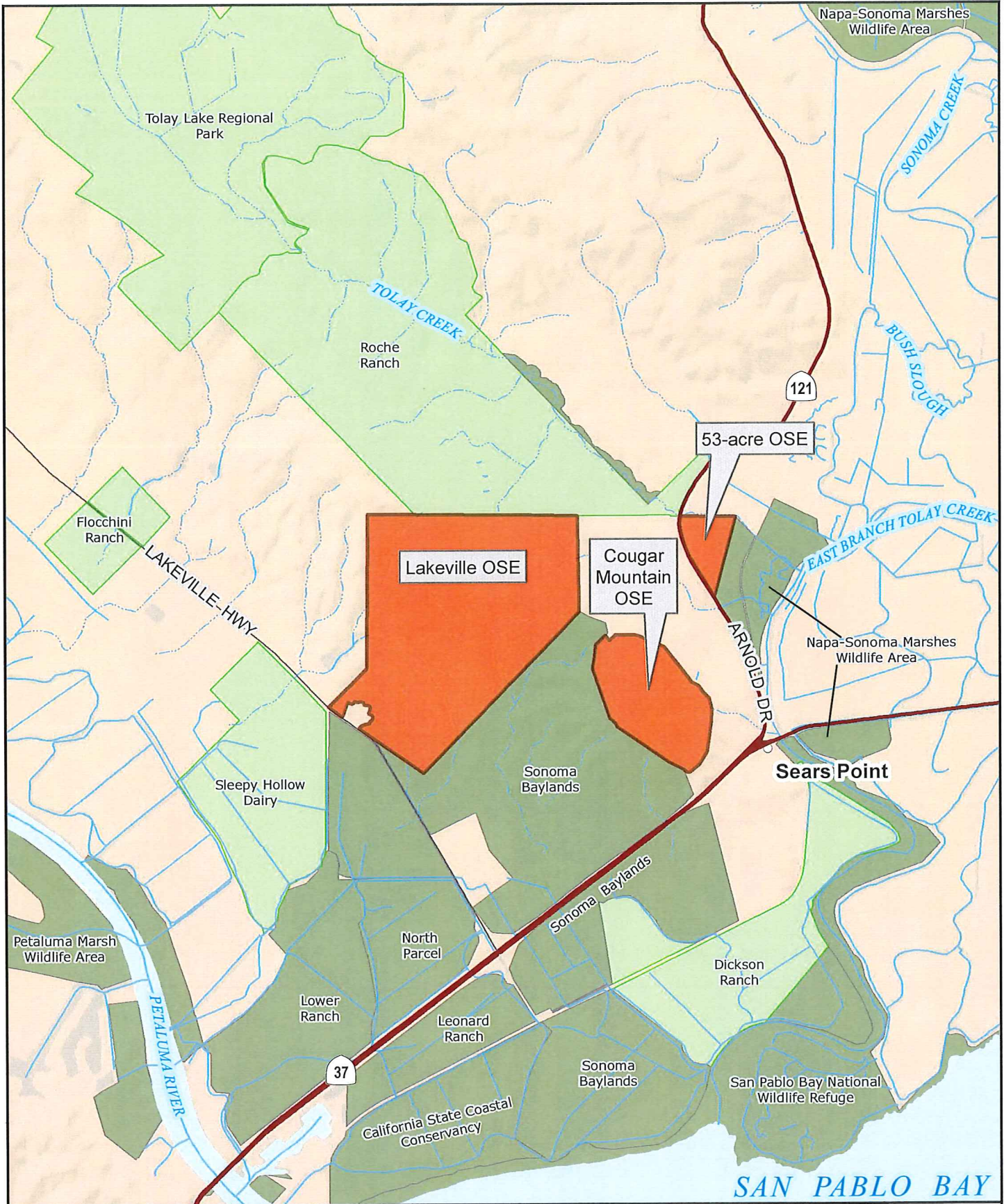
The acceptance of these easements is consistent with the District's Expenditure Plan by providing permanent protection of scenic and open space areas, and areas of biotic significance near the San Pablo Baylands.

#### **Fair Market Value Determination**

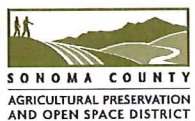
No District funds will be expended in order to accept these easements. Therefore, the District is neither paying for nor receiving less than fair market value for the interest received. Further, the District has the right to establish and impose fees and charges for costs associated with our on-going stewardship obligations.

#### **Recommendation**

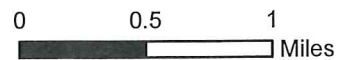
District staff recommends the Commission adopt a resolution finding that by accepting the open space easement in accordance with Resolution No, 91-0522, the District is not paying more or receiving less than the fair market value for the interest so received.



### Sonoma Raceway Open Space Easements Location Map



- Raceway OSE
- District Conservation Easement
- Other Public & Protected Land



Map Date: 1/19/2016  
 Sources: CPAD (protected lands); SCWA (streams); County GIS (roads, communities); ESRI (hillshade)  
 This map is for illustrative purposes only and is not



### Lakeville OSE Site Map



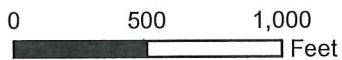
- 40-foot Contours
- Perennial Watercourse
- Intermittent Stream
- Rural Road
- Highway
- Assessor Parcel
- Lakeville OSE



Map Date: 1/25/2016  
 Sources: SCWA (streams); SC GIS (roads, parcels); NASA/UMD/WSI (2013 image)  
 This map is for illustrative purposes only and is not



# Cougar Mountain OSE Site Map



- 40-foot Contours
- Perennial Watercourse
- Intermittent Stream
- Rural Road
- CA Highway

Cougar Mountain OSE



Map Date: 1/25/2016  
 Sources: SCWA (streams); SC GIS (roads, parcels); NASA/UMD/WSI (2013 image)  
 This map is for illustrative purposes only and is not intended to be a definitive property description.



### 53-acre OSE Site Map



- 40-foot Contours
- Perennial Watercourse
- Intermittent Stream
- Rural Road
- CA Highway
- Assessor Parcel
- 53-acre OSE

Map Date: 1/25/2016  
 Sources: SCWA (streams); SC GIS (roads, parcels); NASA/UMD/WSI (2013 image)  
 This map is for illustrative purposes only and is not

RESOLUTION NO.:

DATED:

**Resolution of the Board of Commissioners of the Sonoma County Open Space Fiscal Oversight Commission Determining that the District is Not Paying More or Receiving Less Than Fair Market Value for the Acquisition of Three Open Space Easements from Speedway Sonoma, LLC.**

**WHEREAS**, in 1991, the Sonoma County Board of Supervisors established a policy that open space easements offered through the County's land use permitting procedures "or otherwise acquired by gift, devise or purchase" be taken in the name of the District; and

**WHEREAS**, by virtue of the contract dated December 7, 2010 between the County of Sonoma and the Sonoma County Agricultural Preservation and Open Space District ("the District") and Sonoma County Board of Supervisors Resolution No. 10-0832 dated December 7, 2010, this Board of Commissioners is required to review each proposed District acquisition or conveyance in order to determine whether the District would be paying more or receiving less than fair market value for the open space interests being acquired or conveyed; and

**WHEREAS**, the District's General Manager is proposing to recommend to the District Board of Directors the acceptance of three open space easements over the properties commonly known as the Lakeville Property, Mountain Property, and 53-Acre Property located in southeastern Sonoma County near the intersection of Highway 37 and Arnold Drive.

**NOW THEREFORE BE IT RESOLVED**, that this Board of Commissioners hereby finds, determines, declares and orders as follows:

1. *Truth of Recitals.* The foregoing recitals are true and correct.

2. *Fair Market Value.* This Commission is satisfied that by accepting the open space easement, the District is not paying more or receiving less than the fair market value for the interest so received.

**COMMISSIONERS:**

**AYES:** \_\_\_\_\_ **NOES:** \_\_\_\_\_ **ABSTAIN:** \_\_\_\_\_ **ABSENT:** \_\_\_\_\_

**SO ORDERED.**

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**SONOMA COUNTY OPEN SPACE  
FISCAL OVERSIGHT COMMISSION**

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Jeff Owen (Alternate)**

February 17, 2016

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

**Re: 2015 Annual Report**

Dear Board Members:

This letter constitutes the Commission's Fifth Annual Report as required by Board of Supervisors' Resolution No. 10-0832 dated December 7, 2010. The report covers the period from February 5, 2015 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 Fifth Annual Report to the District's Board of Directors on the Commission's progress in performing its assigned tasks.

*Commission's Fifth 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 such transfer of funds other than for the reasonable value of goods and services provided by the County to the District. In that regard, County departments that provide services to the District under contract or state-approved cost plan are doing so pursuant to the contracts or the plan, which require informative billing with respect to both direct and indirect costs. For this reporting period, the Commission focused on the legal services provided to the District by the Sonoma County Counsel's Office. The Commission recommended that District staff ensure the following tasks are accomplished: (1) that the two parties move quickly towards the execution of a written



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agreement outlining the scope of legal services to be provided to the District, (2) that a memo be written by County Counsel to the District demonstrating the procedures in place to prevent a conflict of interest by County Counsel regarding the District's business and the County's business, (3) and that County Counsel work with the County Administrator's Office to enhance the conduct of board meetings, so the public can more easily determine when the Board is acting as the District's Board and when the Board is acting as the County's Board or another entity's Board during meetings and within the corresponding meeting minutes.

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 proceeded with this task on a case-by-case basis with reviews of the District's matching grant program and reviews of fee lands transfers as well as conducting an overview of the fiscal year 2014-2015 accounting transactions for recreational lands. That transaction overview was conducted by a committee of the Commission and an independent auditing firm, Maze & Associates, which reviewed a sample of expenses coded to the operations and maintenance category, and six executed agreements between the District and the park operations entities receiving the transferred land. The results of that review were summarized in an October 29, 2015 memo from the Commission to the District. The memo commends District staff on their coding of expenditures appropriately to the operations and maintenance category in compliance with Measure F, and also provides recommendations to strengthen office protocols related to the expenditure category, including direction to conduct an in-service training for District staff on the criteria for coding their time cards and other expenses to the category. The Commission was informed that this staff training has occurred and that the District has office protocols in place for regular updates, and the District will be conducting further trainings on this expenditure category. Additionally, the Commission participated in a review of the District's Initial Public Access, Operations and Maintenance Policy, which was adopted by the District's Board on February 2, 2016.

3. *Procurement Practices.* During the Commission's third 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 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 no requests for advice from the District Board. The Commission has received and dealt with the following matters as requested by the District's General Manager:

- A. January 6, 2015: Review of the progress on the District's dynamic calculation model for the District's stewardship needs at 2031 and beyond. The review occurred with District staff and with staff from the Center for Natural Lands Management, the consultant assisting the District with developing the model. The consultant will present the next update on the model at a future Commission meeting. There is more detail on the Commission's effort on this task detailed in item M below and in section 9 of this report.
- B. January 15, 2015: Review of Colgan Creek Restoration Phase 3, a Matching Grant Project. City of Santa Rosa staff addressed Commission questions regarding location of project, boundary lines, and costs. This project was reviewed by the Commission's Matching Grant Program committee in early 2014 (during the application review).

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- C. February 5, 2015: Review of the District's draft Initial Public Access, Operations and Maintenance Policy. The Commission provided recommendations to District staff. The outcome of the Commission's effort on this task is detailed in section 2 of this report.
- D. March 5, 2015: Review of the District's draft Initial Public Access, Operations and Maintenance Policy. The Commission provided recommendations to District staff. The outcome of the Commission's effort on this task is detailed in section 2 of this report.
- E. March 27, 2015: Review of a possible re-funding of the Measure F Sales Tax Revenue Bonds that were issued in November of 2007. This review occurred with District staff and with County Treasury staff along with the consultant, KNN Public Finance. The outcome of the Commission's effort is detailed in section 5 of this report.
- F. April 9, 2015: Review of the District's draft Initial Public Access, Operations and Maintenance Policy. The Commission provided recommendations to District staff. The outcome of the Commission's effort on this task is detailed in section 2 of this report.
- G. May 7, 2015: Review of the District's and County Treasury staff options for the potential re-funding of the Measure F Sales Tax Revenue Bonds that were issued in November of 2007; a presentation was provided by KNN Public Finance, the consultant on bond issuance. The outcome of the Commission's effort on this task is detailed in section 5 of this report.
- H. May 7, 2015: Review of the District's FY 15/16 and FY 16/17 budget.
- I. May 14, 2015: Second review of the options related to the potential re-funding of the Measure F Sales Tax Revenue Bonds that were issued in November of 2007; a presentation was provided by KNN Public Finance, the consultant on bond issuance. The outcome of the Commission's effort on this task resulted in the Commission's Minute Order #13 and is detailed in section 5 of this report.
- J. September 10, 2015: Review of the District's draft Initial Public Access, Operations and Maintenance Policy. The Commission provided recommendations to District staff; including that the draft policy be comprehensive and include prior board-adopted policies on the subject. The outcome of the Commission's effort on this task is detailed in section 2 of this report.
- K. October 29, 2015: Review of the District's draft Initial Public Access, Operations and Maintenance Policy. The Commission provided recommendations to District staff. The outcome of the Commission's effort on this task is detailed in section 2 of this report.
- L. November 12, 2015: Review of the District's draft Initial Public Access, Operations and Maintenance Policy. The Commission requested several updates to the draft and recommended that the updated version be presented to the District's Board. The outcome of the Commission's effort on this task is detailed in section 2 of this report.
- M. December 3, 2015: Review of the progress on the District's dynamic calculation model for the District's stewardship needs at 2031 and beyond. The review occurred with District staff and with staff from the Center for Natural Lands Management, the consultant assisting the District with developing the model. The Commission provided several recommendations on the model to District staff. There is more detail on the Commission's effort on this task in section 9 of this report.
- N. January 6, 2016: Review of the District's plan for the 2016 Matching Grant Program.
- O. January 6, 2016: Review of the District's financial reports.

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.* The Commission reviewed and recommended a refunding of the Measure F Sales Tax Revenue Bonds that were issued in November of 2007; the bonds were

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originally issued to finance the acquisition of parkland and other real property. The 2015 refunding was managed by the County Treasurer, who presented several refunding scenarios to the Commission. The Commission recommended a refunding scenario that included a \$30 million cash contribution from the District's reserves to reduce the outstanding debt and an accelerated repayment schedule. The outcome of that July 2015 refunding will yield a \$13.6 million savings to the District from the original payment structure. That savings is the result of (1) the District's cash contribution towards the debt, (2) the accelerated repayment structure, which will have the debt paid off in FY 2024-2025 instead of FY 2030-2031, and (3) due to favorable market conditions, the interest rate decreased from 4.76% to 1.68%. The Commission further recommended via their Minute Order #13 that replenishment of the Stewardship Reserve Fund is to begin in FY 2024-25, at \$7.5 million annually for seven years, and that structured payment action should in no way curtail any additional contribution necessary to fully fund the Stewardship Reserve to the amount determined to be necessary at the end of Measure F in 2031.

6. *District's Annual Audit.* The Commission's Audit Report Review Committee reviewed the District's FY 14/15 Audit Report as prepared by Maze & Associates. The Committee provided direction to District staff to contact Maze & Associates to (1) correct the labeling within the report by specifying the Measure F sales tax revenue and the OSSTA Fund (Open Space Special Tax Account); Maze had use the label of "County" for these items, (2) clarify the wording regarding the District's available funds in the Operations and Maintenance Fund to be up to 10% of the Measure F sales tax revenue earned less the amount used for eligible expenses during the Measure F term, (3) add to the multiple year sales tax revenue graph a note that California began collecting internet commerce use tax on September 15, 2012 as that policy had significant impact on the Measure F sales tax revenue (AB153 or the "Amazon Tax"), and (4) enhance the Schedule of Interest in Land, which is located in the Other Supplementary Information section of the report, by adding an identifier to each land interest to note whether the interest is a Conservation Easement, an Open Space Easement, or a Fee interest and to note whether an interest includes a corresponding endowment.

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. March 5, 2015: Foppiano Vineyards Conservation Easement, Healdsburg
- B. July 9, 2015: Rancho Mark West, Santa Rosa
- C. August 20, 2015: Richardson-Kashia, Jenner
- D. November 12, 2015: Estero Ranch, Bodega
- E. November 12, 2015: Sebastopol Skategarden Expansion (Matching Grant Program)
- F. February 4, 2016: Hansen Ranch, Petaluma

9. *District's Administration of the Stewardship Fund.* During this report term, the Commission's Stewardship Committee met with the District's Stewardship Manager, Finance Manager, and their consultant, the Center for Natural Lands Management, to review the District's plan to develop and

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implement a financial forecasting model for the District's stewardship needs at 2031 and beyond. That forecasting model was presented to the full Commission in a report titled, District's Stewardship Reserve Requirement Review. There are three tasks that were quantified for this model: (1) annual monitoring, (2) enforcement, and (3) potential legal defense. The model is designed to be managed by District staff, so when a property acquisition occurs, its corresponding annual monitoring expense can be added to the forecast and the needed fund reserve adjusted. The Commission recommended that District staff continue to explore the model's application and the resulting needed reserve goal and present those updates to the Commission in 2016.

Additionally, the Commission's Investment Committee 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 the District's investment policies. At this time, the Commission is not recommending a change in investment strategy and will continue to explore options in 2016. The District's funds are included within the County Treasury's investment pool and the Treasury's management fees are at market rate.

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 Sonoma County Auditor has prepared the report for two annual periods: the period ending June 30, 2014 and period ending June 30, 2015. The Commission's Annual Report/Audit Report Review Committee has reviewed both reports and is satisfied that both reports summarize the Measure F annual sales tax revenue and allowable expenditures, and pending project status. The Commission recommends that the District add this report to its website in the Budget and Financial section.

This report was approved by the Commission at its meeting held on March 3, 2016.

Respectfully submitted,

Bob Anderson  
Sonoma County Open Space Fiscal Oversight Commission Chair

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

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Board of Supervisors' Meeting Minutes from December 7, 2010

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

[file:///C:/Users/C/Downloads/20101207\\_minutes.pdf](file:///C:/Users/C/Downloads/20101207_minutes.pdf)

[http://sonoma-county.granicus.com/MetaViewer.php?view\\_id=2&clip\\_id=130&meta\\_id=41975](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 Role, Rules of Governance, Meeting Agendas & Minutes

<http://www.sonomaopenspace.org/who-we-are/board-and-advisors/fiscal-oversight-commission/>

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

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

County of Sonoma Agenda Item Summary Report on the 2007 Measure F Sales Tax Revenue Bonds Refunding

[http://sonoma-county.granicus.com/MetaViewer.php?view\\_id=2&clip\\_id=505&meta\\_id=162825](http://sonoma-county.granicus.com/MetaViewer.php?view_id=2&clip_id=505&meta_id=162825)

County of Sonoma Measure F Sales Tax Revenue Refunding Bonds Series 2015 A (Limited Tax Bonds – Agricultural Preservation and Open Space)

<http://emma.msrb.org/EA725772-EA569231-EA965212.pdf>

Sonoma County Agricultural Preservation and Open Space District's Board of Directors'

February 2, 2016 Meeting Agenda Item #27 Initial Public Access, Operations and Maintenance Policy @ 1:17 minute marker on meeting video

[http://sonoma-county.granicus.com/MediaPlayer.php?view\\_id=2&clip\\_id=581](http://sonoma-county.granicus.com/MediaPlayer.php?view_id=2&clip_id=581)