

**SONOMA COUNTY OPEN SPACE
FISCAL OVERSIGHT COMMISSION**

COMMISSIONERS

Mike Sangiacomo (Sonoma)
Todd Mendoza (Petaluma)
Regina De La Cruz (Rohnert Park)

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

Regular Meeting
747 Mendocino Avenue – Suite 100, Santa Rosa, CA 95401
November 1, 2018 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.**
Minutes of October 4, 2018 [Attachment 1]
7. **Financial Report.**
Financial Statements – September 2018 [Attachment 2]
8. **Ad Hoc Committee Reports.**
Annual Report/Audit Report Review (Anderson, Owen)
Matching Grant Program (Koenigshofer/Owen)
Stewardship Reserve and Finances (Mendoza, Sangiacomo)
Real Estate Options (Mendoza/Owen)
Fire Recovery Review (Anderson/Koenigshofer)
9. **Sales (Transactions) Tax Audit & Analysis Update.**
Lloyd deLlamas, HdL Companies

10. **Stewardship Workshop.**

[Attachment 3]

11. **Suggested Next Meeting.** December 6, 2018

12. **Adjournment.**

AGENDAS AND MATERIALS: Agendas and most supporting materials are available on the District's website at sonomaopenspace.org. Due to legal, copyright, privacy or policy considerations, not all materials are posted online. Materials that are not posted are available for public inspection between 8:00 a.m. and 5:00 p.m., Monday through Friday, at 747 Mendocino Avenue, Santa Rosa, CA.

SUPPLEMENTAL MATERIALS: Materials related to an item on this agenda submitted to the Commission/Committee after distribution of the agenda packet are available for public inspection at the District office at 747 Mendocino Avenue, Santa Rosa, CA during normal business hours.

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact Sue Jackson at 707-565-7346, as soon as possible to ensure arrangements for accommodation.

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UNAPPROVED

Minutes for the Meeting of October 4, 2018

Commissioners Present: Regina De La Cruz (Chair), Eric Koenigshofer (Chair Pro Tem) (arrived at 5:07 pm), Bob Anderson, Jeff Owen (Alternate)

Staff Present: Bill Keene, General Manager; Mary Dodge, Administrative and Fiscal Services Manager; Misti Arias, Program Manager – Acquisition; Sara Press, Land Acquisition Associate; Jennifer Kuszmar, Associate Planner; Lisa A. Pheatt, Counsel; Sue Jackson, Deputy Clerk.

Also Present: Elizabeth Tyree, Sonoma County Regional Parks; David Hansen, Friends of the Petaluma River.

1. **Call to Order.**

Commissioner De La Cruz called the meeting to order at 5:02 p.m.

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.**

Bill Keene made the following announcements:

- Mark West Creek Regional Park and Open Space Preserve Transfer is expected to go before the Board of Directors on October 9, 2018.
- Recommendations for the 2018 Matching Grant Program is expected to go before the Board of Directors on November 13, 2018.
- The Stewardship Workshop, and Weeks Ranch North and South Conservation Easement Acquisitions are expected to go before the Board of Directors on December 4, 2018.
- Rips Redwoods Offers to Dedicate (presented jointly with Regional Parks) is expected to go before the Board on December 4, 2018.
- The Gravelly Lake Conservation Easement acquisition is expected to close on October 9, 2018.
- The Rips Redwoods Trail Easement is expected to close on October 10, 2018.

- The California Economic Summit will be held in at the Hyatt Regency in Santa Rosa on November 15th and 16th.

4. **Public Comment.**

David Hansen, Friends of the Petaluma River, spoke in support of the Matching Grant project application, “McNear Peninsula Acquisition and Access Improvements,” submitted by Friends of the Petaluma River and the City of Petaluma.

Elizabeth Tyree, Sonoma County Regional Parks, spoke in support of the Matching Grant project application, “Cooper Creek Addition – Taylor Mountain Regional Park & Open Space Preserve,” submitted by Sonoma County Regional Parks.

Ariel Patashnik, Sonoma Land Trust, spoke in support of the Matching Grant project application, “Cooper Creek Addition – Taylor Mountain Regional Park & Open Space Preserve,” submitted by Sonoma County Regional Parks.

5. **Correspondence/Communication.**

There was none.

6. **Approval of Minutes.** On a motion by Commissioner Anderson and second by Alternate Commissioner Owen, the September 20, 2018 minutes were approved as submitted.

7. **Financial Report.**

Mary Dodge reviewed the monthly financial statements for August 2018. She reported that the annual audit of the Basic Financial Report has been received, and that a subcommittee meeting will be held on October 10 to review the report. Subsequently, the Commission’s Annual Report to the Board of Directors will be drafted.

Commissioner Anderson requested that the capital expenditures line item be broken out by property. Ms. Dodge will include that information in the next month’s report and in future reports.

8. **Ad Hoc Committee Reports.**

- Annual Report/Audit Review (Anderson/Owen) – Nothing to report
- Matching Grant Program (Koenigshofer/Owen) – Nothing to report
- Stewardship Reserve and Finances (Mendoza/ Sangiacomo) – Nothing to report
- Real Estate Options (Mendoza/Owen) – Nothing to report
- Fire Recovery Review (Anderson/Koenigshofer) – Nothing to report

Commissioner Anderson requested that a meeting be scheduled to review the status fire-related insurance claims and financial recovery

9. **Matching Grant Program 2018 Recommendations.**

Jennifer Kuszmar presented the District’s recommended recipients of the current Matching Grant Program.

10. **Closed Session.**

The Commission adjourned to Closed Session at 6:15 p.m.

11. **Report on Closed Session.**

The Commission reconvened to Open Session at 7:15 p.m. and reported the following:

Weeks Ranch North and South

Resolution 2018-009

On a motion by Commissioner Koenigshofer and second by Alternate Commissioner Owen, the Commission determined that the acquisition price for the purchase of a Conservation Easement over the Weeks Ranch North and the Weeks Ranch South property does not exceed Fair Market Value.

12. **Suggested Next Meeting.** November 1, 2018

13. **Adjournment.**

The meeting was adjourned at 7:19 p.m.

Respectfully submitted,

Sue Jackson
Deputy Clerk

Sonoma County Agricultural Preservation and Open Space District
Consolidated Balance Sheet - District and OSSTA Funds
September 30, 2018

Assets	
Cash and Investments	\$58,983,995
Accounts Receivable	28,941
Prepaid Expenditures	
Other Current Assets	77,860
Intergovernmental Receivables	49,281
Total Assets	<u><u>\$59,140,077</u></u>
 Liabilities and Fund Balance	
Current Payables	\$83,796
Customer Deposits	29,018
Deferred Revenue	10,000
Long-Term Liabilities	30,000
Total Liabilities	<u><u>152,814</u></u>
 Fund Balance	
Nonspendable - Prepaid Expenditures	
Restricted - District Activities	58,987,263
Total Fund Balance	58,987,263
Total Liabilities and Fund Balance	<u><u>\$59,140,077</u></u>

Cash by Fund	
OSSTA - Measure F	\$50,695,692
Open Space District	1,610,715
Fiscal Oversight Commission	11,685
Stewardship Reserve*	
Cooley Reserve	149,068
Operations and Maintenance	6,516,835
Total Cash by Fund	<u><u>\$58,983,995</u></u>

*On July 1, 2015 the County of Sonoma Measure F Sales Tax Refunding Bonds, Series 2015 were issued. The transaction provided a savings of \$13.6 million, in part by following the Commission's recommendation of paying down \$30 million in principal, as well as obtaining a lower interest rate. The Commission recommended using the \$10 million in the Stewardship Reserve Fund as part of the \$30 million payday. Additionally, the Commission directed use of the \$7.5 million annual savings resulting from the shortened term to fund the Stewardship Reserve beginning in the fiscal year 2024-2025. FOC Minute Order #13 dated May 14, 2015 reflects this direction.

Sonoma County Agricultural Preservation and Open Space District
Consolidated District and OSSTA Budget to Actual
For the three months ended September 30, 2018
25% of Year Complete

	Budget Final	Actual Year to Date	Encumbrances Year to Date	Remaining Balance	% of budget Remaining
Revenues					
Tax Revenue	\$23,043,630	\$2,177,321		\$20,866,309	90.55%
Intergovernmental	5,500,000	172,494		5,327,506	96.86%
Use of Money & Prop	390,000	362,823		27,177	6.97%
Miscellaneous Revenues	4,585,000	5,090		4,579,910	
Other Financing Sources	1,465,490			1,465,490	100.00%
Total Revenues	34,984,120	2,717,728		32,266,392	92.23%
Expenditures					
Salaries and Benefits	4,394,633	848,412		3,546,221	80.69%
Services and Supplies	9,139,946	438,360	\$2,955,335	5,746,251	62.87%
Other Charges	5,243,069	10,321	1,332,303	3,900,445	74.39%
Capital Expenditures*	35,139,669	5,888,479	231,128	29,020,062	82.58%
Other Financing Uses	8,938,459	1,912,917		7,025,542	78.60%
Total Expenditures	62,855,776	9,098,489	4,518,766	49,238,521	78.34%
Net Earnings (Cost)	(\$27,871,656)	(6,380,761)	(\$4,518,766)	(\$16,972,129)	
Beginning fund balance		65,368,024			
Ending Fund Balance		\$58,987,263			

Note: Sales tax collected as of September 30, 2018 was \$2,398,320. Current collections are 9.2% under the prior year. A new computer system is the reason for the loss and our sales tax consultants, HdL, forecast a 4.2% increase

* Capital expenditures are \$1,626,115 for the Wendle property and \$4,262,364 for Rip's Redwoods.



M E M O R A N D U M

Date: October 19, 2018

To: Ag + Open Space Fiscal Oversight Commission

From: Sheri J. Emerson, Stewardship Manager

Subject: **Stewardship Update and Reserve Agenda Item for Commission Meeting on November 1, 2018**

Stewardship Update and Reserve

Ag + Open Space staff have provided updates to our Board of Directors for the Conservation Planning and Acquisition Programs. A Stewardship Program Update and Reserve Fund discussion is scheduled for the Board's meeting on December 4, 2018. Staff will present this material to the Fiscal Oversight Commission at your November 1 meeting. Topics will include:

- The role of stewardship in land conservation
- The current portfolio of lands protected by Ag + Open Space
- The work of the Stewardship Program
- Long term planning for perpetual stewardship obligations
- Staff recommendations

The update also includes a proposed revision of the 2005 Stewardship Manual, now titled the Sonoma County Agricultural Preservation and Open Space District Stewardship Policy ("Stewardship Policy"). The draft Stewardship Policy is attached. Please review the draft and be prepared to discuss at your November 1 meeting, or you may provide comments directly to me via email at sheri.emerson@sonoma-county.org.

Thank you for your continued support of the Stewardship Program, and your guidance in developing this Stewardship Policy and the content for the Stewardship Update presentation.

SONOMA COUNTY AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT
STEWARDSHIP POLICY

December 2018 (10-19-18 draft)

Insert COVER

TABLE OF CONTENTS

- I. INTRODUCTION.....
- II. CONSERVATION EASEMENT STEWARDSHIP.....
- III. FEE LAND STEWARDSHIP.....
- IV. FUNDING STEWARDSHIP.....
- V. APPENDICES
 - A. Sonoma County Agricultural Preservation and Open Space District 2006 Expenditure Plan
 - B. 2017 revision of the LTA Standards and Practices
 - C. Easement Baseline Process Map
 - D. Easement Monitoring Process Map
 - E. Easement Enforcement Process Map
 - F. Permitted Use Request Process Map
 - G. Easement Amendment Process Map
 - H. Stewardship Reserve Fund Calculation Model

I. INTRODUCTION

In 1990, the voters of Sonoma County created the Sonoma County Agricultural Preservation and Open Space District (“District”) to permanently protect the diverse agricultural, natural resource, and scenic open space lands of Sonoma County for future generations. The District is funded through a voter-approved sales tax, which was reauthorized by the voters in 2006 through approval of Measure F, known as the Sonoma County Open Space, Clean Water and Farmland Protection Measure. The 2006 Expenditure Plan (Appendix A) describes how the District’s sales tax revenue may be spent.

The District protects land primarily through acquisition and stewardship of conservation easements. Easements entail the acquisition and stewardship of a partial, non-possessory interest in a property. Easements are perpetual agreements that ‘run with the land’, regardless of the underlying fee title ownership. Through acquisition of conservation easements, the District can protect more land at a lower cost per acre than through outright purchase, leveraging its limited sales tax dollars as much as possible. Further, as many easements allow the land to remain in private ownership, the properties continue to contribute to County tax revenues, supporting critical local services.

Sometimes, however, the District must purchase the entire fee title interest to ensure that a property is protected. Owning fee title involves significant land management obligations, which reduces the amount of additional land that can be protected with District funds. Most of the properties that the District owns are intended for transfer to a recreational entity to operate as a park and preserve, to allow the public to access and experience the unique and special wild places of Sonoma County. Some properties will be transferred to another entity for agricultural use or preservation of natural resources, or both. A conservation easement is retained upon transfer of fee title interest, to ensure that the conservation value of, and taxpayer investment in, a property is protected.

The District’s operations are also governed by the California Public Resources Code, which describes the District’s authority to hold, manage, and dispose of its real property assets. Under the Code, legal title to all property interest acquired by the District must be held in trust for park and/or open space purposes (Public Resources Code § 5565). Property that has actually been dedicated for park and/or open space purposes pursuant to Public Resources Code 5540 may not be conveyed by the District without the consent of the majority of Sonoma County voters (Public Resources Code § 5540). Thus, the District must retain and steward its real property portfolio consistent with the public trust. As many of the District’s easements are also donated in whole or in part, the District also stewards its easements with special respect for the charitable purposes of the original landowner.

Finally, the District is charged with stewarding these interests in perpetuity (Civil Code § 815.2). Therefore, modification or termination of the District’s conservation easements is strictly limited and subject to considerable State and federal oversight. For example, under certain

circumstances, if the District sells, exchanges, or otherwise disposes of an easement interest that has been donated in whole or in part, the District must notify the Internal Revenue Service.

This Stewardship Policy (“Policy”) is an update to the Stewardship Manual approved by the District Board of Directors in 2005. This Policy establishes updated policies within each section below and references current workflow procedures used by District staff in implementing the policies. District staff will update the procedures as necessary in accordance with evolving best land conservation practices. As a land conservation organization, the District generally follows the [Land Trust Alliance \(“LTA”\) Standards and Practices](#). The LTA is a nationally recognized authority on the acquisition and stewardship of conservation easements and protected fee lands. As such, this Policy is designed to reflect LTA Standards 11 (Conservation Easement Stewardship) and 12 (Fee Land Stewardship) wherever possible. An excerpt from the 2017 revision of the LTA Standards and Practices is included as Appendix B.

DRAFT

II. CONSERVATION EASEMENT STEWARDSHIP

OVERVIEW

Once the District and a landowner have successfully worked together to negotiate and establish a conservation easement, the District's Stewardship Program is responsible for continuing its commitment to this collaboration and partnership, in perpetuity. Ongoing easement stewardship involves developing baselines, monitoring easements and undertaking enforcement actions when necessary, as well as processing permitted use and amendment requests. Stewardship staff develop and maintain working relationships with each landowner, seeking to resolve issues through collaboration and partnership. . This relationship begins with an explanation of the terms of the conservation easement to new or successor landowners. Staff provide technical assistance and resources as appropriate to help landowners in accomplishing their goals for a property, while at the same time ensuring that the landowner's actions are in compliance with the easement. The District may take legal action to address an easement violation, though this is rarely necessary.

Over the years, the District has also accepted regulatory conservation easements ("open space easements") granted as conditions of approval through the County permitting process. This Policy applies the same standards to open space easements as it does to conservation easements.

Notwithstanding the policies set forth herein, conservation easements or open space easements, like other interests in real property, can be condemned for public purposes. Where it appears that the condemnation power has been properly exercised or there is a substantial threat that it will be so exercised, the District may enter into settlement negotiations with the condemning authority and the landowner, as appropriate under the circumstances, to seek settlement in lieu of condemnation.

BASELINE DOCUMENTATION

Baseline documentation ("Baseline Report") describes and illustrates the physical condition, features, land uses, and improvements of protected land at the time that the District acquires a conservation easement. The Baseline Report serves as a "snapshot in time" for measuring future changes to the land and provides a foundation for all future monitoring activities. Additionally, the Baseline Report is an Internal Revenue Service requirement for landowners seeking a tax benefit for a donation of all or a portion of the conservation easement value, and often is a requirement of grant funding when other funding agencies contribute to an acquisition.

Objective:

1. Provide objective and accurate documentation of the condition and use of the land and its natural features and improvements at the time the conservation easement is executed and conveyed to the District, to support effective easement stewardship activities.

Policies:

1. The District shall complete Baseline Reports for all new conservation easements at the time of closing.
2. Baseline Reports shall contain objective and accurate descriptions and data regarding the land uses, features, and condition of the property at the time of the conservation easement acquisition, including:
 - b. The physical condition and features of the land as they relate to the stated purpose of the conservation easement;
 - c. The presence of structures, improvements, land uses, and activities;
 - d. Photographs documenting property conditions for reference in future easement monitoring; and
 - e. A series of maps showing the locations and extents of the easement, any easement designation areas (e.g. building envelopes, natural areas, or agricultural areas), photograph locations, land ownership, latest available aerial imagery, and other relevant information.

Procedures:

A map of the District's current easement baseline process is included in Appendix C. The District will continue to refine its procedures as necessary to remain in alignment with best practices.

MONITORING

Conservation easement monitoring includes the regular onsite inspection of lands protected by a conservation easement to determine compliance with the easement. Monitoring is the District's primary tool for ensuring that land protected with District easements is maintained in a manner consistent with the terms and conditions of those easements, and that the District is meeting the goals of the easement acquisition. Regular monitoring can also help to establish and strengthen the rapport between District staff and landowners, thereby helping to avoid easement violations, protect the public's investments, and to ensure the protection of conservation values. Documentation of monitoring activities through the use of standardized reports and recordkeeping procedures establishes a record of responsible stewardship and builds a written history of the uses, improvements, and the condition of the conservation

easement land. Documentation also supports enforcement efforts, when necessary.

Objectives:

1. Adequately monitor lands protected by conservation easements to ensure compliance with easement provisions, and to detect and prevent easement violations.
2. Create and maintain a written record of property conditions, land uses and activities, structures, and improvements on District conservation easement lands, as well as any correspondence or remedial actions required by the District following monitoring visits.

Policies:

1. The District shall monitor all of its conservation easements on an annual basis, or in accordance with industry standards, which may allow for less frequent monitoring with use of aerial photographs or other remote sensing data.
2. The District shall tailor its monitoring efforts to each conservation easement and shall perform monitoring in a manner appropriate to the size, land uses, and conservation values set forth in each conservation easement.
3. The District shall monitor both for compliance with the conservation purpose of the easement and with its specific terms and conditions.
4. The District shall incorporate appropriate and cost-effective technologies in its monitoring program.
5. Staff shall respect the privacy of residents and landowners to the greatest extent feasible while ensuring that they monitor the property with all due diligence.

Procedures:

A map of the District's current easement monitoring process is included in Appendix D. The District will continue to refine its procedures as necessary to remain in alignment with best practices.

ENFORCEMENT

To ensure the preservation of conservation values and safeguard the District's (and thus Sonoma County taxpayer) investments, the District must diligently and consistently enforce its conservation easements. By promptly addressing all potential easement violations in accordance with this policy, applicable laws, and the terms and conditions of each easement, the District ensures the success of its conservation program.

When a potential violation is discovered, staff contact the landowner and work as collaboratively as possible to resolve the enforcement issue. District staff highly value their relationships with landowners, and it is through working in partnership that the District achieves the greatest level of compliance with the easement terms. The District will take

formal legal action, however, if necessary to address easement violations.

Objectives:

1. Ensure that all land uses, activities, structures, and improvements comply with the terms and conditions of the applicable conservation easement.
2. Ensure that the District carries out its enforcement program in a fair and even handed manner to ensure equitable and predictable outcomes, as well as to maintain the public's confidence that the District will uphold the protections embodied in its conservation easements.

Policies:

1. The District shall seek to avoid easement violations by exercising active easement stewardship, and maintaining close and effective communications and working relationships with both original grantors and successor landowners.
2. The District shall quickly and effectively address and abate easement violations when they occur.
3. The District shall work cooperatively with landowners to the greatest extent possible to cure easement violations.
4. The District shall use formal legal action to enforce a conservation easement as reasonably necessary, e.g. when cooperative efforts have failed or substantial or irreparable harm to conserved values is immediately threatened.
5. The District may coordinate its enforcement efforts with those of other public agencies, when appropriate.

Procedures:

A map of the District's current easement enforcement process is included in Appendix E. The District will continue to refine its procedures as necessary to remain in alignment with best practices.

PERMITTED USE NOTICES AND PERMITTED USE REQUESTS

Conservation easements allow certain uses and prohibit other uses on a protected property. Allowed uses are sometimes called "Permitted Uses" or "Reserved Rights". Some Permitted Uses require advance written approval by the District, and other Permitted Uses require only advance notice to the District, while other Permitted Uses require neither notice to, nor approval by, the District. When a landowner provides notice to the District of a particular use on the property, the notice is referred to as a "Permitted Use Notice". When a landowner requests approval for a particular use on the property, that request is referred to as a "Permitted Use Request". Typically, easements provide a timeframe of 45 days for the District to respond to a notice or request. The following policies and procedures pertain to Permitted

Use Notices and Permitted Use Requests.

Objectives:

1. Ensure that all uses, activities, structures, and improvements on protected lands are consistent with the applicable conservation easement.
2. Maintain records that accurately reflect existing permitted uses on District easements, and the District's reasoning for approving or denying a request.

Policies:

1. The District shall make decisions regarding Permitted Use Notices and Permitted Use Requests consistent with the terms and purpose of the conservation easement.
2. The District shall ensure that landowners are familiar with the terms and conditions of their conservation easements so that they know when to notify or seek approval from the District as necessary for uses on their lands.
3. The District shall require that Permitted Use Notices and Permitted Use Requests provide all necessary information for the District to make informed decisions.
4. The District shall consider all information provided and act upon all Permitted Use Notices and Permitted Use Requests in a timely and efficient manner as required by the easement provisions.
5. The District shall implement the Permitted Use Notice and Permitted Use Request process in a manner that fosters good relations with landowners, to the maximum extent practicable.

Procedures:

A map of the District's current permitted use request process is included in Appendix F. The District will continue to refine its procedures as necessary to remain in alignment with best practices.

EASEMENT AMENDMENTS

In very limited circumstances, the District will pursue an amendment to a conservation easement to clarify language, make a correction, or realize a benefit to the conservation values. This process requires Board of Directors approval.

State law significantly limits the District's ability to amend its easements. Conservation easements in the State of California are authorized under California Civil Code section 815, which declares that "the preservation of land in its natural, scenic, agricultural, historical, forested, or open-space condition is among the most important environmental assets of California." Consistent with this purpose, in describing the legal effect of a conservation easement, Civil Code section 815.2(b) provides that "a conservation easement shall be perpetual in duration." Thus, by design, the District's conservation easements may be amended

only as needed to satisfy their intended purposes. Open space easements held by the District are also perpetual under their terms, so the District administers them with similar deference. The District's discretion to amend its easements is also limited by Public Resources Code section 5540, which establishes additional safeguards with respect to any real property interest that has been dedicated to open space by the District. As a limited exception to the District's obligation not to relinquish easement rights to a landowner, the District may exchange an easement interest for another property interest of equal or greater value, provided the District's board approves the exchange by a unanimous vote and only after concluding that the interest to be acquired is necessary for open space or park purposes (Public Resources Code § 5540.5).

Easements are also subject to interpretation in light of the intent of the original grantor, particularly where an easement was donated to the District. Some landowners intend that their donation be viewed as a restricted gift for the specific charitable purpose of permanently protecting their property for the conservation purposes described in the easement. In such cases, the District will make every effort to honor this trust by strictly enforcing the easement's original terms and purposes.

Moreover, the success of the District's program depends on the public's confidence that the District will meet its obligation to enforce its easements as they are written. This confidence could be eroded if the District were to allow easement amendments that do not clearly enhance the conserved open space values.

Nevertheless, occasionally situations arise where amending a conservation easement is appropriate to further the conservation values or to resolve unforeseen circumstances.

Objectives:

1. Strictly limit the circumstances under which amendments to conservation easements may be considered so as to protect the District's goals, maintain public confidence, and ensure compliance with State law.
2. Use easement amendments as a tool to respond to unforeseen circumstances in a manner that promotes the conservation purpose of easements and maintains the integrity of the District's land conservation program.

Policies:

1. The District may amend easements only where there is a clear benefit to the District and its conservation goals, which may include correction of a technical error.
2. The District may amend easements only where the amendment is consistent with law, adopted District policies, and the conservation purpose of the easement.
3. The District may amend easements to provide for additional protection, provided that such additional protection does not diminish or otherwise impair the conservation values of the land.

4. All amendments must be approved the District's Board of Directors.
5. The Board may approve an amendment (whether initiated by a landowner or the District) only if it makes all of the following findings:
 - a. The amendment is clearly consistent with the conservation purpose of the conservation easement.
 - b. The amendment enhances and otherwise does not impair the conservation values of the land subject to the conservation easement.
 - c. The amendment does not undermine the perpetual nature of the conservation easement.
 - d. The amendment is not precluded by the conservation easement or by state or federal law.
 - e. The amendment does not relinquish to the landowner any interest in land that has been expressly extinguished by the conservation easement, unless the amendment is accomplished as an exchange pursuant to Public Resource Code § 5540.5 so that there is no net loss of conservation value via the transaction.
 - f. The amendment is the minimum change necessary to satisfy the purpose of the amendment.
 - g. The amendment is consistent with the District's Acquisition Plan and other applicable District policies in effect at the time of the proposed amendment.
 - h. The amendment is consistent with all applicable land use and zoning regulations.
 - i. The amendment incorporates, to the maximum extent practical and legally permissible, the language used by the District in most current conservation easement form.
 - j. The amendment increases or has no effect on the appraised value of the conservation easement.

In its consideration of an amendment, the Board of Directors further shall make a finding as to whether the proposed amendment will require approval of the County voters or the California legislature pursuant to Public Resources Code Section 5540 et seq.

In the event of condemnation or a bona fide threat of condemnation of a conservation easement or a portion thereof, the Board may direct staff to enter into settlement negotiations with the condemning authority and the landowner, as appropriate under the circumstances, to seek settlement in lieu of a judicial order. Because such amendments are involuntary in nature, the procedures described above do not apply.

Procedures:

A map of the District's current easement amendment process is included in Appendix G. The District will continue to refine its procedures as necessary to remain in alignment with best practices.

III. FEE LAND STEWARDSHIP

OVERVIEW

The District undertakes natural resource management, infrastructure maintenance, and capital improvements to protect and enhance the conservation values of properties it owns and manages. These properties are called “fee lands” in the land trust community, in reference to the legal interest in the land known as “fee simple” or “fee title.” For some properties, the District has developed detailed management plans to assess existing resources, identify compatible uses of the land, and develop a set of recommended management actions. Nearly all of the District’s fee lands are currently grazed or are in some other agricultural use.

The District is in the process of actively transferring fee title ownership of its properties to qualified management entities by selling the properties to private agricultural landowners; or transferring ownership to cities, Sonoma County Regional Parks, California Department of Parks and Recreation, or other recreational partners. In all cases the District retains a conservation easement to ensure the perpetual protection of the Sonoma County taxpayers’ investment.

PROPERTY MANAGEMENT

The District manages fee properties until such time that it transfers or sells the land to a private landowner or recreational partner. This management includes maintenance and repair of property infrastructure, protection of natural and cultural resources, and addressing trespassing and other illegal activities. The District will encourage agricultural use of the land and provide interim public access where consistent with the conservation purpose of the acquisition.

Objective:

1. Establish policies and procedures to ensure that fee lands are managed consistent with the conservation purpose for which they were acquired.

Policies:

1. The District shall secure a property at the time of acquisition, and complete an inventory of existing conditions. If necessary, District staff will confirm the boundaries of the property, and will arrange for fencing and/or gates and locks to be installed.
2. The District shall address any existing safety issues to the extent practicable, including trespassing, illicit use, and dumping. The District shall address trespass or other adverse conditions in a timely manner, with assistance from law enforcement as necessary.
3. The District shall maintain existing infrastructure, and complete inspections at minimum on a monthly basis.
4. The District shall manage natural resources on its fee lands, including management of

invasive species, reduction of fire fuel loads, and restoration of habitats where appropriate, with consultation of technical experts as needed.

5. The District shall carefully evaluate each property when considering allowable uses and activities, including agricultural and public access for research or recreation purposes. Land uses and activities must be compatible with and support both the intent of the acquisition and the conservation values identified at the time of acquisition.

PROPERTY DISPOSITION

Objective:

1. Dispose of fee interest in all District fee lands to meet the intent of the acquisition and reduce the scope of the perpetual stewardship obligation for the District.

Policies:

1. Where appropriate, the District may transfer its fee lands to other governmental entities, such as cities, the Sonoma County Regional Parks Department, and the California Department of Parks and Recreation for recreation or other open space uses, with the District retaining a conservation easement.
2. Where appropriate, the District may surplus and resell the land consistent with state law to a private party or other public entity for agricultural use, natural resource protection, recreation, or other open space purpose, with the District retaining a conservation easement and affirmative easements or covenants where appropriate.
3. If necessary, after exhausting all options for land transfer and surplus with respect to any specific fee land, the District may sell that property without any easement conditions in a bid sale for no less than its fair market value.

IV. FUNDING STEWARDSHIP

The District protects land forever, irrespective of the sunset date of the previous or current funding measures. It is therefore necessary to plan for and fund the long-term stewardship costs associated with protecting the community's investment in the District's portfolio of easements and fee lands to ensure that the values protected by the taxpayers remain intact. The District has established a Stewardship Reserve Fund that will fund stewardship work beyond the sunset of Measure F, on March 31, 2031. This fund balance will need to generate enough interest to cover annual costs of stewarding District-held easements and fee properties, in perpetuity.

Working with the Center for Natural Lands Management and the Fiscal Oversight Commission, the District has developed a model for calculating the amount needed for the Stewardship Reserve Fund (Appendix H). The model is based on industry standards for easement and fee land stewardship and the District's own best practices. The model includes the annual costs of easement stewardship activities such as monitoring and reporting, and processing use requests, amendments, and enforcement cases; the funding needed to maintain a legal defense fund; and the annual costs of managing the land that the District owns.

The model was developed so that the input variables can be changed as new information becomes available. The annual cost, and thus the required reserve fund amount, can be adjusted based on the changing nature of the portfolio of protected lands (anticipated to include more easements and less fee land over time), and by adjusting the number of staff hours, cost of materials, and other variables representing the work required to complete a particular task. Variables can be adjusted as needed, with changes in methodology, such as the engagement of more volunteers in stewardship tasks or the integration of mobile devices and software to automate monitoring reports. The model can also be adjusted to reflect the impact of each new acquisition or land transfer on the required reserve fund amount.

The District, as a special district dependent on the County of Sonoma, is currently limited in the types of investment strategies that it may use towards reaching a funding target for the Stewardship Reserve Fund. For example, most land trust organizations that are planning for long term stewardship costs assume an annual interest earnings rate of 4.5%. The District is limited to participation in the County's investment pool, which is a short-term instrument that earns less than 1% each year. This variance translates into a larger required reserve fund balance than the assumed earnings rate of 4.5%. It will be critical for the District to explore additional investment options so that an adequate rate of return is accomplished that will allow the District to meet its perpetual stewardship obligation.

In 201x, the District refinanced its bond debt at a lower interest rate, which will result in full repayment several years before the end of the sales tax measure. These savings will be available beginning in 202x to invest in the Stewardship Reserve Fund, with the intent of reaching a fund balance target that will generate enough annual earnings to cover annual stewardship costs and provide for a legal defense fund, in perpetuity.

Objective:

1. Provide a reliable funding source for the District's perpetual stewardship obligations.

Policies:

1. The District shall establish a targeted amount for the Stewardship Reserve Fund that will include enough annual earnings to cover annual stewardship costs and an associated legal fund in perpetuity. The District shall re-evaluate and adjust the target on an annual basis.
2. The District shall develop and follow an investment strategy to meet the target of the stewardship fund.

V. APPENDICES

- A. Sonoma County Agricultural Preservation and Open Space District Expenditure Plan
- B. 2017 revision of the LTA Standards and Practices
- C. Easement Baseline Process Map
- D. Easement Monitoring Process Map
- E. Easement Enforcement Process Map
- F. Permitted Use Request Process Map
- G. Easement Amendment Process Map
- H. Stewardship Reserve Fund Calculation Model

DRAFT

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.

LAND TRUST

Standards and Practices

Ethical and Technical Guidelines for the
Responsible Operation of a Land Trust

Introduction

Land Trust Standards and Practices are the ethical and technical guidelines for the responsible operation of a land trust. The Land Trust Alliance drafted the first Standards in 1989 at the urging of land trusts and to affirm certain best practices as the surest way to secure lasting conservation. To maintain the land trust community's strength, credibility and effectiveness, the Standards were updated in 1993, 2001 and 2004. In preparing this 2017 update, an advisory team, comprised of land trust professionals from across the country, reviewed and discussed more than 1,600 comments from conservationists throughout the United States. These many voices were an invaluable asset throughout the revision process.

While this document is a publication of the Land Trust Alliance, the Standards are a collective product of the land trust community. The advisory team was as diverse in perspective as the comments the team reviewed. Unanimity was not necessarily achieved on each standard or practice, but this document reflects the expressed values and recommendations of the overall land trust community.

The nation's more than 1,300 nonprofit land trusts have conserved 56 million acres of wildlife habitat, farms, ranches, forests, watersheds, recreation areas and other open spaces as of 2015. The continued success of land trusts depends on public confidence in—and support of—our community as we build conservation programs that stand the test of time. It is, therefore, every land trust's responsibility to uphold this public confidence and ensure the permanence of its conservation efforts. Implementing the Standards positions a land trust to achieve these goals and, if it so wishes, to seek insurance through Terrafirma and pursue accreditation through the Land Trust Accreditation Commission. (Accreditation indicator elements are marked with ●; Terrafirma enrollment prerequisites are denoted with ■. Elements for both are represented with ▲.)

Each member of the Land Trust Alliance must adopt the Standards as guiding principles for its operations, pledging a commitment to uphold the public confidence and the credibility of the land trust community as a whole. (See the board adoption resolution on page 2.) It is important to note that while the Standards are thorough, they are not exhaustive. There will be times when the Standards do not make clear a land trust's best path forward. In these moments, the land trust's board should exercise its best judgment as informed by the spirit of these Standards.

Land trusts are a respected and integral part of our nation's land conservation work. Together, we must support our peers and hold ourselves to the highest standards as we continue to conserve the places we need and love.

STANDARD 11

Conservation Easement Stewardship

Land trusts have a program of responsible stewardship for their conservation easements.

PRACTICES

A. Funding Conservation Easement Stewardship

1. Estimate the long-term stewardship and enforcement expenses of each conservation easement transaction
2. Track stewardship and enforcement costs

B. Baseline Documentation Report

- 1. For each conservation easement, have a baseline documentation report (■), with written descriptions, maps and photographs, that documents:
 - a. The conservation values protected by the easement
 - b. The relevant conditions of the property as necessary to monitor and enforce the easement
- 2. Prepare the report prior to closing and have it signed by the landowner and land trust at or prior to closing
 - a. In the event that seasonal conditions prevent the completion of a full baseline documentation report by closing, the landowner and land trust sign a schedule for finalizing the full report and an acknowledgement of interim data [that for donations and bargain sales meets Treasury Regulation §1.170A-14(g)(5)(i)] at closing
- 3. When there are significant changes to the land or the conservation easement (such as a result of an amendment or the exercise of a permitted right), document those changes in an appropriate manner, such as through monitoring reports, a baseline supplement or current conditions report

C. Conservation Easement Monitoring

1. Adopt a written policy and/or procedure for monitoring conservation easements that establishes consistent monitoring protocols and recordkeeping procedures
- ▲ 2. Monitor each conservation easement property at least once per calendar year
 - ▲ a. If the land trust uses aerial monitoring, conduct on-the-ground monitoring at least once every five years
 - ▲ b. Promptly document the annual monitoring activities for each conservation easement

D. Landowner Relationships

1. Maintain regular contact with owners of conservation easement properties to maintain relationships and avoid potential easement conflicts
2. Establish systems to track changes in land ownership
3. When the property changes hands, attempt to meet with the new owner or property manager and provide information in writing about the conservation easement and the land trust's stewardship policies and procedures

E. Conservation Easement Enforcement

- 1. Adopt a written policy and develop written procedures for documenting and responding to potential conservation easement violations
- 2. Investigate potential violations in a timely manner and promptly document all actions taken
3. Involve legal counsel as appropriate to the severity of the violation and the nature of the proposed resolution

F. Approvals and Permitted Rights

1. Respond to landowner required notices or requests for interpretation or approvals in a timely and consistent manner, as specified in the conservation easement deed or in a written procedure
2. Establish written procedures to guide the land trust's decision-making if using discretionary approvals or if conservation easement deeds contain such clauses
- 3. Maintain a permanent record of all notices, approvals, denials, interpretations and the exercise of any significant permitted rights

G. Contingency Strategy

1. Take reasonable steps to provide for the disposition of conservation easements in the event the land trust ceases to exist or can no longer steward and administer them

H. Amendments

- 1. Adopt and follow a written policy or procedure addressing conservation easement amendments that is consistent with the Land Trust Alliance Amendment Principles
- 2. Evaluate all conservation easement amendment proposals with due diligence sufficient to satisfy the Amendment Principles
- 3. If an amendment is used to adjust conservation easement boundaries (such as to remedy disputes or encroachment) and results in a *de minimis* extinguishment, document how the land trust's actions address the terms of J.1. below

I. Condemnation

1. If a conservation easement is threatened with condemnation,
 - a. Take steps to avoid or mitigate harm to conservation values and document the actions taken
 - b. Have or obtain appropriate documentation of the percentage of the full value of the property represented by the conservation easement
 - c. Document the land trust's attempts to receive its proportional share of the proceeds and use any proceeds in a manner consistent with the conservation easement deed

J. Partial or Full Extinguishment

- 1. In the rare case that it is necessary to extinguish a conservation easement, in whole or in part,
 - a. Follow the terms of the conservation easement with respect to taking appropriate action, and obtain judicial or regulatory review when required by law or specified in the easement deed
 - b. Ensure there is no private inurement or impermissible private benefit
 - c. Take steps to avoid or mitigate harm to conservation values and/or use any proceeds in a manner consistent with the conservation easement deed
 - d. Consider the land trust's actions in the context of its reputation and the impact on the land conservation community at large

STANDARD 12

Fee Land Stewardship

Land trusts have a program of responsible stewardship for the land held in fee for conservation purposes.

PRACTICES

A. Funding Land Stewardship

1. Determine the immediate financial and management implications of each conservation property acquisition and estimate the long-term implications
2. Anticipate and track costs associated with long-term land management, stewardship and enforcement of conservation properties

B. Land Management and Stewardship

- 1. Develop a written land management plan for each conservation property (■) within 12 months after acquiring the land to:
 - a. Identify the property's conservation values, including any significant cultural and natural features or those that have significant community value
 - b. Identify the overall management goals for the property
 - c. Identify activities to achieve the goals and to reduce any risks or threats to the conservation values
 - d. Specify the uses that are appropriate for the property, in keeping with the property's conservation values, any restrictions and donor or funder requirements
 - i. Provide public access opportunities as appropriate to the property and the land trust's mission
2. Manage each conservation property in accordance with its management plan, and review and update the plan as necessary
3. Perform administrative duties (such as paying insurance, filing required forms, keeping records) in a timely and responsible manner
4. Maintain the property in a manner that retains the land trust's public credibility, manages community expectations and minimizes risk

C. Inspecting Land Trust Properties

1. Determine the boundaries of land trust properties and physically mark them to the extent possible or necessary
- 2. Inspect properties at least once per calendar year for potential management problems and promptly document the inspection
- 3. Address management problems, including encroachments, trespass and other ownership challenges, in an appropriate and timely manner and document the actions taken

D. Contingency Strategy

1. Take reasonable steps to provide for the continuing protection of conservation properties in the event the land trust ceases to exist or can no longer own or manage them

E. Condemnation

1. If a conservation property is threatened with condemnation, take steps to avoid or mitigate harm to conservation values and document the actions taken

The Land Trust Alliance's mission is to save the places people love by strengthening land conservation across America.

Founded in 1982, the Land Trust Alliance is a national land conservation organization that works to save the places people love and need by strengthening land conservation across America. The Alliance represents more than 1,000 member land trusts supported by more than 100,000 volunteers and 5 million members nationwide. The Alliance is based in Washington, D.C. and operates several regional offices. More information about the Alliance is available at www.landtrustalliance.org.

The Land Trust Alliance provides resources to assist land trusts in implementing *Land Trust Standards and Practices*. General information on the Standards and on Alliance publications and training programs related to their implementation can be found at www.landtrustalliance.org. Alliance member land trusts and partners can find additional technical information and sample documents on The Learning Center at <http://tlc.lta.org>.

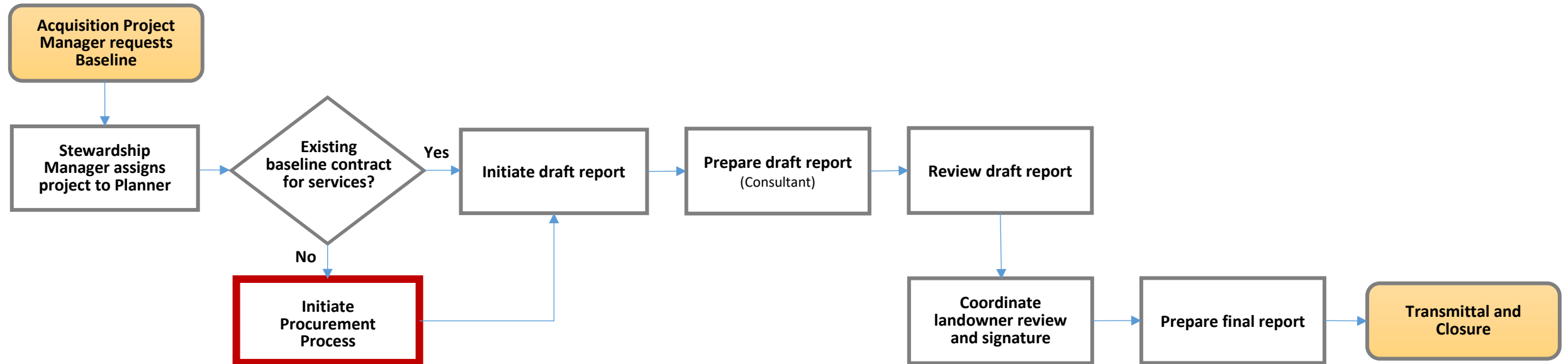


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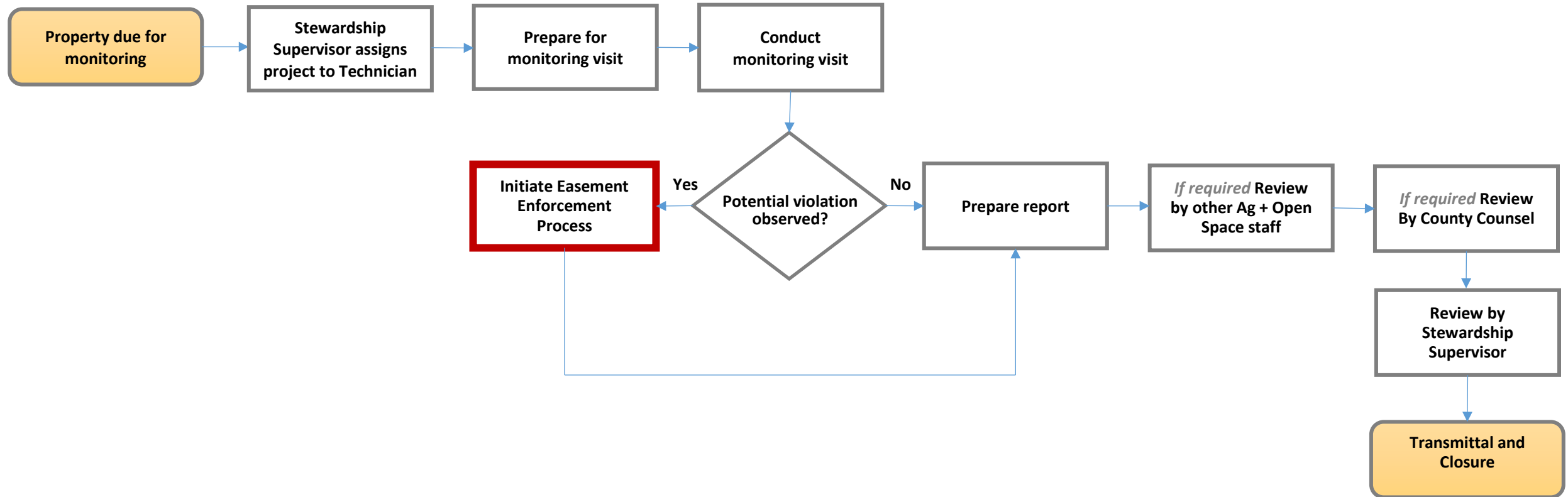
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SONOMA COUNTY AG + OPEN SPACE EASEMENT BASELINE PROCESS MAP



Separate Ag + Open Space Process

SONOMA COUNTY AG + OPEN SPACE
EASEMENT MONITORING PROCESS MAP



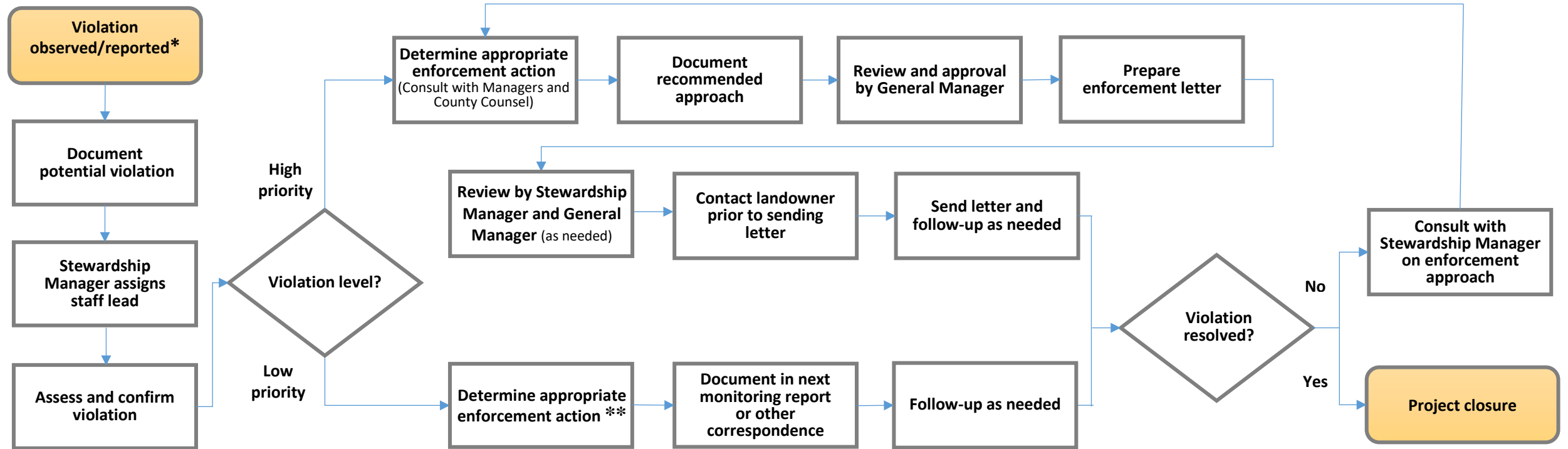
Separate Ag + Open Space Process

SONOMA COUNTY AG + OPEN SPACE EASEMENT ENFORCEMENT PROCESS MAP



* This process is typically initiated by the Monitoring Process, but may result from an external report

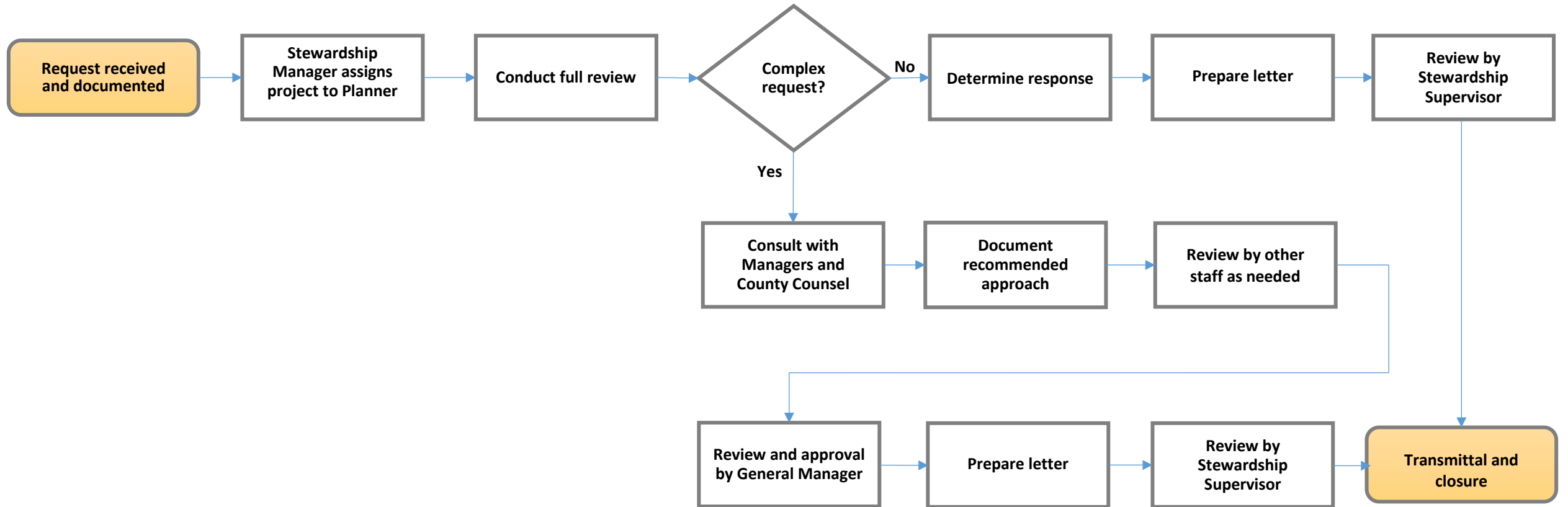
** In consultation with Counsel and Stewardship Manager (as needed)



Separate Ag + Open Space Process

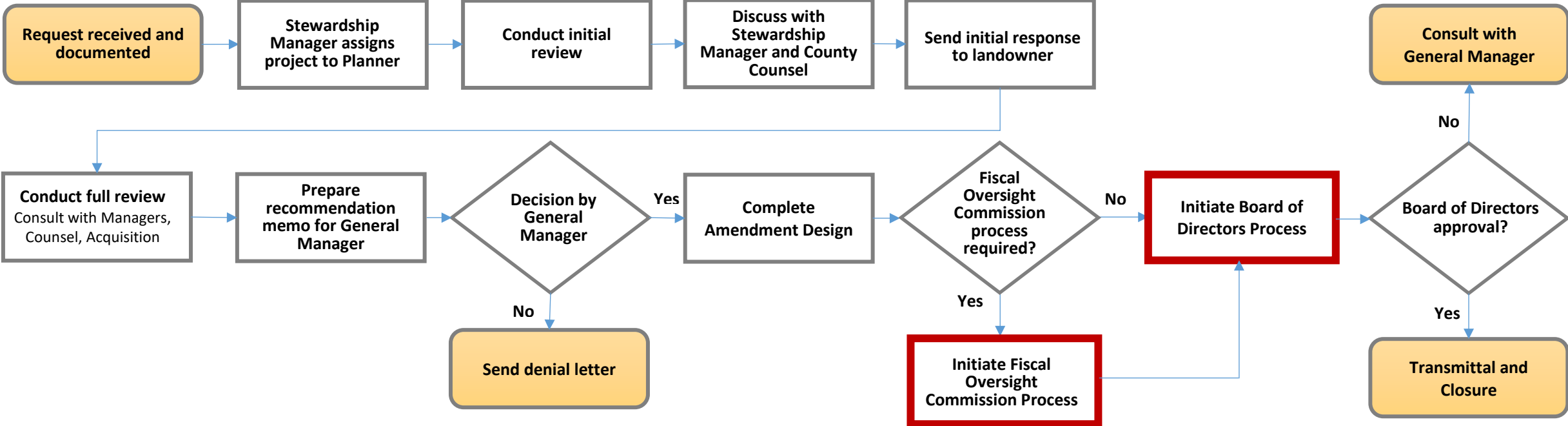
Note: Annual Letter of Pending Enforcement Actions presented to the Board of Directors.

SONOMA COUNTY AG + OPEN SPACE
PERMITTED USE REQUEST PROCESS MAP



Separate Ag + Open Space Process

SONOMA COUNTY AG + OPEN SPACE
EASEMENT AMENDMENT PROCESS MAP



Separate Ag + Open Space Process

Sonoma County Agricultural Preservation and Open Space District

Stewardship Reserve Fund Calculation Model

