

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
September 8, 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. **HdL Companies-Transaction Tax Audit and Information Services.** [Attachment 3]
9. **Ad Hoc Committee Reports.**
 - Annual Report/Audit Report Review (Anderson, Swanhuysen)
 - Matching Grant Program (Owen, Swanhuysen)
 - Finances (Owen, Sangiacomo)
 - Review of County Services (Mendoza, Koenigshofer)
 - Management Review Recommendations (Anderson, Koenigshofer)
 - Stewardship (Mendoza, Sangiacomo)
10. **Nathanson Creek Matching Grant Agreement.** [Attachment 4]
11. **Conservation Plan/Comprehensive Plan Update.**
12. **Closed Session.** [Attachment 5]
Conference with Property Manager
Property: Wendle Property
Address: 2590 Mark West Springs Road, Santa Rosa
APN: 028-060-058
Owner: Wayne and Maureen Wendle, husband and wife as community property
Negotiating Parties:

Owners' Representative: Robert Schepergerdes
District's Representative: William J. Keene, General Manager

Under Negotiation:

Acquisition of Interest in Real Property by the Open Space District. The Commission will give instruction to its negotiator(s) on the price. (*Government Code Section 54956.8*)

13. **Report on Closed Session.**
14. **Suggested Next Meeting.** October 6, 2016
15. **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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UNAPPROVED

Minutes for the Meeting of July 21, 2016

Commissioners Present: Bob Anderson, Chair; Dee Swanhuysen, Chair Pro Tem; Mike Sangiacomo; Eric Koenigshofer (5:09 pm arrival); Jeff Owen, Alternate.

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

Also Present: Joanne Parker, Programming and Grants Manager, SMART
Shanti Edwards, Stewardship Project Manager, Sonoma Land Trust

1. **Call to Order.**
Commissioner Anderson called the meeting to order at 5:05 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.**
There were none.
4. **Public Comment.**
There was none.
5. **Correspondence/Communication.**
There was none.
6. **Approval of Commission Minutes.**
On a motion by Commissioner Swanhuysen and second by Alternate Commissioner Owen, the minutes of June 2, 2016, were approved as submitted.
7. **Financial Report.**
The commissioners reviewed the financial report prepared by Mary Dodge, Administrative and Fiscal Services Manager. The financial data distributed to the Commission and to the public in advance of the meeting (via mail, electronic mail, and web posting) included errors.

The Financial Report under discussion was a corrected version, and was distributed at the meeting.

8. **Ad Hoc Committee Reports.**

No meetings were held.

9. **SMART Matching Grant Agreement.**

Resolution No. 2016-007

Stuart Martin gave an overview and update of the Sonoma Marin Area Rail Transit Matching Grant Agreement. A discussion of the project and the agreement included topics related to cost, construction elements, esthetics, rules and regulations, and enforcement. SMART representative, Joanne Parker, responded to questions and concerns. The Commission requested updated photographs of the SMART project, particularly of the construction segment pertinent to the Matching Grant Agreement (Hearn to Bellevue Avenues).

On a motion by Alternate Commissioner Owen and second by Commissioner Sangiacomo, the resolution was approved on a 4-1 vote, as follows:

Anderson: aye
Koenigshofer: aye
Owen: aye
Sangiacomo: aye
Swanhuyser: no

10. **Pole Mountain Initial Public Access, Operation and Maintenance.**

Misti Arias gave an overview of a funding request from Sonoma Land Trust to fund initial public access and operation and maintenance activities on the Pole Mountain property, specifically for access point gates and fencing, access amenities, visitor safety and patrolling, guided outings and grant implementation. The Funding Agreement will go before the District's Board of Directors on September 13, 2016.

11. **Cooley Ranch Public Outings Update.**

Sheri Emerson provided an update on the Cooley Ranch Outings. A discussion of the Cooley Reserve Fund followed.

12. **Suggested Next Meeting.** August 11, 2016 @ 5:00 pm.

13. **Adjournment.**

On a motion by Commissioner Swanhuyser and second by Alternate Commissioner Owen, the meeting was adjourned at 6:52 pm.

Respectfully submitted,

Sue Jackson
Deputy Clerk

Sonoma County Agricultural Preservation and Open Space District
Consolidated Balance Sheet - District and OSSTA Funds
Preliminary June 30, 2016

Assets

Cash and Investments	\$60,637,621
Unrealized Gains and Losses	84,048
Accounts Receivable	3,554,034
Other Current Assets	5,423
Intergovernmental Receivables	239,427

Total Assets	<u><u>\$64,520,553</u></u>
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Liabilities and Fund Balance

Current Payables	\$845,904
Accrued Exp/Other Current Liab	3,853
Long-Term Liabilities	30,000

Total Liabilities	<u>879,757</u>
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Fund Balance

Nonspendable - Prepaid Expenditures	900
Restricted - District Activities	63,639,896
Total Fund Balance	63,640,796

Total Liabilities and Fund Balance	<u><u>\$64,520,553</u></u>
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Cash by Fund

OSSTA - Measure F	\$52,958,927
Open Space District	3,708,485
Fiscal Oversight Commission	31,027
Stewardship Reserve	
Cooley Reserve	161,256
Moore Grant Conservation Ben.	
Operations and Maint. Res.	3,777,926

Total Cash by Fund	<u><u>\$60,637,621</u></u>
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Sonoma County Agricultural Preservation and Open Space District
Preliminary Consolidated District and OSSTA Budget to Actual
For the twelve months ended June 30, 2016
100% of Year Complete

	Budget Final	Actual Year to Date	Encumbrances Year to Date	Remaining Balance	% of budget Remaining
Revenues					
Tax Revenue	\$20,800,000	\$22,203,169	-	(\$1,403,169)	-6.75%
Intergovernmental Revenues	33,019,884	12,923,347	-	20,096,537	60.86%
Use of Money & Prop	475,000	316,900	-	158,100	33.28%
Miscellaneous Revenues	0	55,521	-	(55,521)	
Other Financing Sources	11,993,342	11,304,351	-	688,991	5.74%
Total Revenues	66,288,226	46,803,288	-	19,484,938	29.39%
Expenditures					
Salaries and Benefits	4,106,741	3,249,128	-	857,613	20.88%
Services and Supplies	8,789,954	4,449,445	\$1,570,659	2,769,850	31.51%
Other Charges	39,886,692	12,958,843	414,907	26,512,942	66.47%
Capital Expenditures	23,194,705	5,683,278	99,680	17,411,747	75.07%
Other Financing Uses	49,513,935	50,287,950	-	(774,015)	-1.56%
Total Expenditures	125,492,027	76,628,644	2,085,246	46,778,137	37.28%
Net Earnings (Cost)	(\$59,203,801)	(29,825,356)	(\$2,085,246)	(\$27,293,199)	
Beginning fund balance		93,466,152			
Ending Fund Balance		\$63,640,796			

Note: Sales tax revenue increased by 3.5% from the prior year. Sales Tax received by June 30, 2015 was \$21,452,209.



Memorandum

Date: September 2, 2016 (for September 8, 2016 Meeting)
To: Fiscal Oversight Commission
From: Mary Dodge, Fiscal and Administrative Services Manager
Re: HdL Transaction Tax Audit and Information Services

On March 21, 2016, the District entered into an agreement with Hinderliter, de Llamas and Associates (HdL) to provide Measure F sales tax audits, analytical services and software products.

Lloyd de Llamas, Executive Chairman of HdL, will discuss the services his firm provides to the District and introduce the FOC to the quarterly sales tax analysis HdL provides.

Q1 2016



Sonoma County Measure F Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

SCAPOSD In Brief

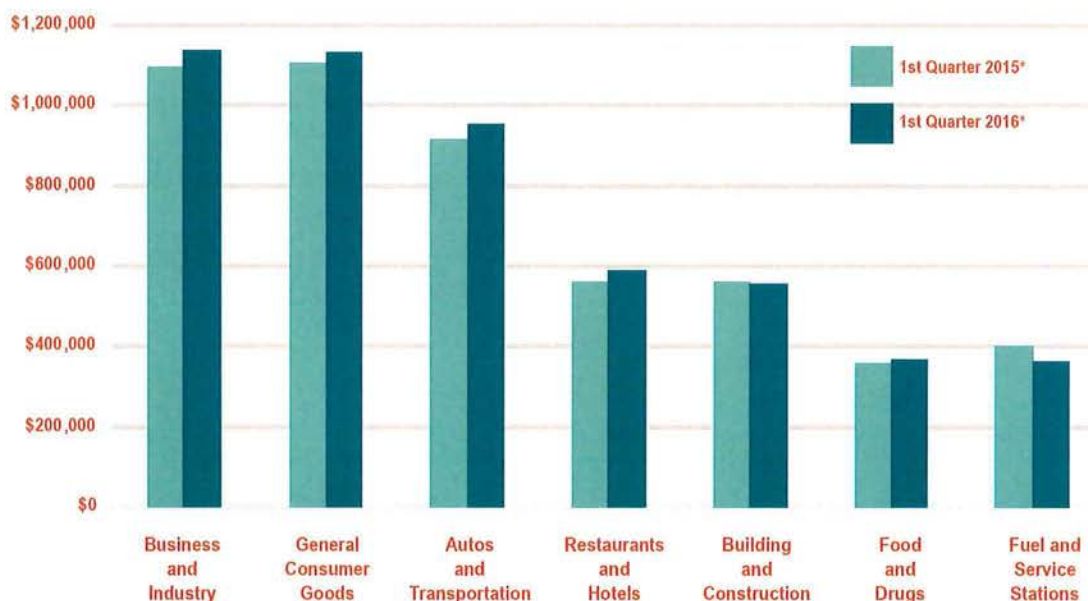
The allocation of Measure F sales tax receipts from January through March were .7% above the first sales period in 2015. Adjusted for reporting anomalies, receipts increased 2.3%.

Receipts from general consumer goods increased on the strength of sales from specialty stores which added a new outlet. Stronger sales coupled with a reporting anomaly and the prior addition of several new businesses lifted the business-industry group while continued growth in new and used car sales boosted the transportation group. Most segments of the food-drug group reflected an increase in sales activity this quarter.

Partially negating these increases were a decline in quick-serve meal transactions and a number of reporting anomalies that lowered receipts for casual and fast casual dining outlets. Also, building contractors and material suppliers were not as active this quarter. Finally, lower fuel prices and the closure of one outlet triggered a decline in service station receipts.

Net of aberrations, taxable sales for all of Sonoma County grew 2.4% over the comparable time period; the Bay Area was up 3.3%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Amazon Com	Hansel Ford Lincoln
Au Energy Shell Station	Hansel Mazda
Best Buy	Home Depot
Calpine Geothermal Operation	Lowes
Chevron	Macys
Costco	Manly Honda
CVS	Mead Clark Lumber
DMV Allocation	Pace Supply Corp
Food Maxx	Redwood Coast Fuels
Freeman Toyota/Lexus	Redwood Oil
Friedmans Home Improvement	Rotten Robbie
Hansel BMW/Subaru/VW	Safeway
	Target
	Walmart

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Gross Receipts	\$21,748,917	\$22,422,360

Sales Tax Trends

Agency	% Change*
Sonoma	+4.7%
Sebastopol	+3.0%
Cloverdale	+2.1%
Healdsburg	+1.8%
Windsor	+1.5%
Santa Rosa	+1.1%
Petaluma	+0.9%
Rohnert Park	+0.4%
Cotati	-3.9%

*Adjusted including pools

NOTES

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

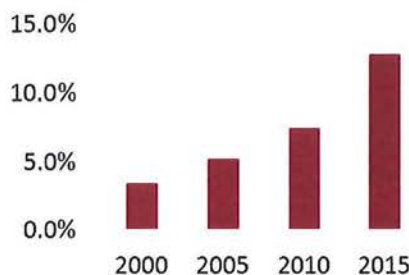
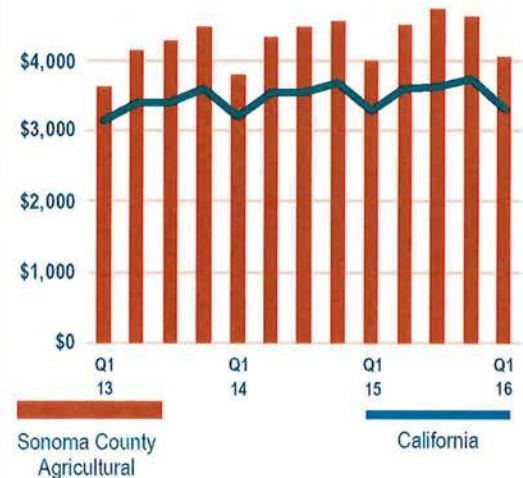
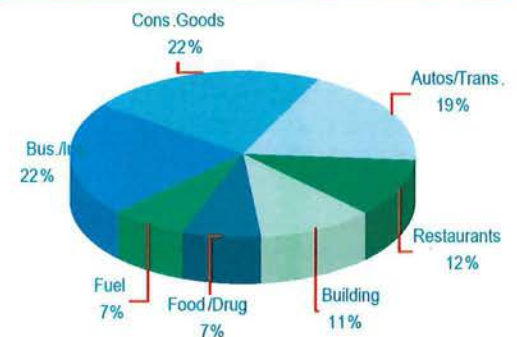
Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

**Online General Consumer Goods
YOY Percentage Growth****SALES PER CAPITA****REVENUE BY BUSINESS GROUP
Measure F****MEASURE F TOP 15 BUSINESS TYPES****

*In thousands of dollars		Measure F		HdL State
Business Type	Q1 '16*	Change From '15	Change From '15	
Casual Dining	244.9	2.2%	4.8%	
Contractors	141.7	-3.6%	2.9%	
Discount Dept Stores	302.1	1.2%	1.2%	
Electronics/Appliance Stores	130.6	1.0%	0.9%	
Fine Dining	95.2	18.5%	6.6%	
Grocery Stores Liquor	177.6	1.6%	2.7%	
Home Furnishings	107.5	8.7%	3.5%	
Light Industrial/Printers	145.9	10.7%	0.8%	
Lumber/Building Materials	291.7	-0.7%	4.5%	
New Motor Vehicle Dealers	550.5	1.7%	3.0%	
Quick-Service Restaurants	166.8	4.8%	6.3%	
Service Stations	339.4	-10.3%	-9.8%	
Specialty Stores	124.7	8.2%	2.6%	
Used Automotive Dealers	142.1	18.9%	8.7%	
Wineries	153.4	3.9%	4.8%	
Total All Accounts	5,109.0	2.3%	2.2%	

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.

July 2016

California Forecast: Sales Tax Trends and Economic Drivers

HdL provides relevant information and analyses on the economic forces affecting California's local government agencies. In addition, HdL's Revenue Enhancement and Economic Development Services help clients to maximize revenues.

HdL serves over 400 cities, counties and special districts in California and across the nation.





	2016/17	2017/18
Autos/Transportation	2.6%	1.5%
Gains from sales and leases of new and used motor vehicles are still expected this year, but the pace of growth is slowing with new light vehicle registrations up 3.8% in California for the first three months of 2016 compared to 12.1% over the year-ago period. Many analysts expect sales to level off in 2017 while others are forecasting slower economic growth, coupled with larger numbers of used cars coming off of lease to pare sales of new vehicles as soon as next year.		
Building/Construction	7.0%	5.0%
Non-residential construction will benefit from an increase in infrastructure projects as state and local agencies put federal grant dollars to work. High speed rail, sports stadiums and other large scale regional development will contribute to gains through 2017. Demand for single family and multi-family units is expected to remain strong through 2018. Wages will represent the single largest increase in construction costs as the unemployment rate shrinks and higher hourly wages are needed to draw workers back into the field.		
Business/Industry	2.0%	2.4%
A relatively strong dollar and sluggish economic conditions abroad have pushed California exports down and caused businesses to scale back on capital expenditures, inventories and jobs. Business services and medical/biotech sales remain strong; equipment purchases related to renewable energy projects will produce some onetime use tax increases in parts of the state's central valleys and Southern California deserts.		
Food/Drugs	2.1%	2.5%
Millennials, who just this year surpassed Boomers as the largest generation, are partial to foods labeled organic, local, free-range and artisanal. They are more health conscious and willing to spend more on food. Grocers, like Whole Foods 365, are expanding offerings of natural and organic products at lower price points to attract buyers from this large cohort. Receipts from this sector may be skewed by local grocery chains that include tax from fuel sales in their sales tax returns.		
Fuel/Service Stations	-4.4%	11.7%
Crude oil prices have risen by more than 78 percent since reaching a 14-year low early this year. Prices have risen in part due to analyst expectations that the oversupply that has been weighing on prices since 2014 would start to ease following production disruptions in Canada and Nigeria and continued declines in U.S. output. While still remaining slightly lower than last year, higher oil costs will place upward pressure on local retail gasoline prices through the fall and beyond, even though Southern California's inventory may stabilize with the restart of the Exxon/Mobil refinery in Torrance.		
General Consumer Goods	1.5%	1.1%
Price competition and the accelerating popularity of web-based shopping where the tax on out-of-state purchases is allocated to local agencies on a pro-rata basis through the countywide use tax pools will continue to erode sales at traditional brick-and-mortar retailers. Recent data suggests that these trends will be most pronounced in areas with large numbers of younger affluent buyers. Gains going forward are expected to be concentrated in specialty stores including cosmetics, home furnishings, variety stores and shoe stores.		
Restaurants/Hotels	5.3%	4.5%
Restaurant sales have been an economic bright spot as harried consumers spend an ever larger portion of their food budget dining out. Gains are expected to continue given favorable economic and demographic tailwinds, including Millennials who report they would rather connect with others by spending their money dining out rather than on clothes. The pace of growth has slackened, however, and has recently fallen below 6% for the first time in over two years.		
State and County Pools	8.0%	7.2%
Growth in countywide pool allocations is expected to remain strong as online shopping for goods shipped from out-of-state fulfillment centers continues to accelerate. Increased DMV registrations from private party vehicle transactions, purchases of materials from out-of-state sellers and long-term equipment leasing will contribute to future gains.		
TOTAL	3.0%	3.9%

* Proposition 172 projections vary from statewide Bradley-Burns calculations due to the state's use of differing collection periods in its allocations to counties. In addition, the BOE suspended quarterly true-ups to public safety remittances in FY 2015/16 due to accounting problems identified in a State Controller audit report. Discussions with BOE staff indicate that true-up suspensions will continue until accounting fixes are complete. The BOE has not given a date for completion, however, HdL believes suspensions could continue until FY 2017/18. Given the above, our forecast is for public safety revenue growth of 1.38% in FY 2015/16, 5.04% in FY 2016/17 and 5.56% in FY 2017/18.



	2016/17	2017/18
U.S. Real GDP Growth	2.3%	2.5%

The U.S. economy stumbled in the first quarter of 2016, repeating the familiar first quarter slowdown seen in recent years. But the latest data indicate that real GDP growth will rebound in the second quarter. April retail sales surged as consumers stepped up automobile purchases from the first quarter pullback, signaling that the U.S. consumer remains a solid driver of economic growth. The recent "Brexit" referendum in the United Kingdom jolted financial markets across the globe, but the real effect on the U.S. economy is expected to be minimal. The U.S. economy remains on solid footing, and despite a weak first quarter, Beacon Economics is forecasting a rebound for the last quarter of 2015/16 and expects 2016/17 growth to come in at 2.3%.

U.S. Unemployment Rate	4.8%	4.7%
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Payroll employment is on track to grow by 2.0% in 2015/16, slightly behind the 2.1% rate of job growth in 2014/15. While job growth was minimal in May, one month is not indicative of a trend. Indeed, 2015/16 is anticipated to be one of the strongest periods for job growth since 2006/07. Beacon Economics expects job creation to run at a steady pace over the next year and is projecting the U.S. unemployment rate to edge down to 4.8% for 2016/17.

California Total Nonfarm Employment Growth	2.6%	2.5%
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Job growth in California continues to impress as the 2015/16 fiscal year comes to a close. Payroll employment is on track to grow by 3.0% in the current fiscal year. The strong pace of job creation over the last year has been robust, and industry contributions to growth have been diverse. The Health Care industry, as well as the Leisure/Hospitality/Professional/Business Services industries together, made up more than half of the net increase to total nonfarm employment from May 2015 to May 2016. Beacon Economics expects California to continue leading the U.S. labor market forward, and job growth is expected to be 2.6% for 2016/17.

California Unemployment Rate	5.1%	4.9%
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With payroll employment exhibiting strong growth, Beacon Economics expects the state unemployment rate to maintain on a steady downward trajectory and close the gap with the nationwide average. The decline in unemployment in California over the last year has taken place even as the labor force has expanded, indicating the drop in the unemployment rate is due to residents finding work as opposed to dropping out of the labor force. Beacon Economics is forecasting the unemployment rate to average 5.1% for the 2016/17 fiscal year.

California Population Growth	1.0%	1.0%
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The California Department of Finance estimated that statewide population grew by 0.9% from January 2015 to January 2016, which was the same as their July 2014 to July 2015 estimate and in line with expectations of around 1% growth. With the statewide labor market on the rise, household formation is expected to follow suit and boost population growth through natural increase. Beacon Economics expects the state's population to grow by 1.0% in 2016/17.

California Median Existing Home Price	\$474,900	\$508,000
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Tight supply and strong demand have defined the seller's market in California over the last year, and Beacon Economics expects more of the same in the coming fiscal year. The median price for an existing home in the first quarter of 2016 was 5.3% higher than the same time one year prior, and year-over-year growth is expected to accelerate into the next fiscal year. With interest rates at historic lows and incomes on the rise, the housing sector will improve in the near term. That said, declining affordability is posing challenges for some parts of the state.

California Residential Building Permits	106,300	118,000
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The tight housing supply, which is putting upward pressure on home prices, is not expected to alleviate any time soon based on current permitting trends. While residential permitting is on the rise, the state is still not adding enough units to its existing stock to make a significant impact on the market. Absent meaningful reduction in red tape for new construction, such as reforming CEQA to reduce the excessive number of lawsuits that halt housing developments, residential permitting is expected to grow at an underwhelming pace over the next fiscal year.



HdL Companies

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Diamond Bar, California 91765
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Fax: 909.861.7726

California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.



"Good information leads to good decisions."



BEACON ECONOMICS

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Beacon Economics, LLC has proven to be one of the most thorough and accurate, economic research/analytical forecasters in the country. They regularly provide national, state, regional, and sub-regional economic analysis/forecasting to clients ranging from the State of California to private hedge funds to major universities. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon Economics and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.



DATE: September 2, 2016 (Meeting September 8, 2016)

TO: Fiscal Oversight Commissioners

FROM: Jennifer Kuszmar, Matching Grant Coordinator

SUBJECT: Nathanson Creek Preserve Matching Grant Project

Summary

The Nathanson Creek Preserve Matching Grant Project will protect the natural resources of the Nathanson Creek Riparian Corridor through habitat restoration and stormwater management activities on a 34,380 square foot parcel. The parcel is protected by a District Conservation Easement purchased through the Matching Grant Program in 1999. The District now proposes to execute a \$166,485 Matching Grant Agreement with the Sonoma Ecology Center and the City of Sonoma for restoration activities. The funds will also aid in the construction of an ADA compliant viewing platform where the public can view the enhanced floodplain and learn about stormwater management through interpretive signage.

Background

The District offers a competitive Matching Grant Program for projects that provide creek restoration and enhancement and other public access opportunities within and near incorporated areas and other urbanized areas of Sonoma County. This is the second Matching Grant project for the Nathanson Creek Preserve. The first Matching Grant Project was executed in 1999, and this project was approved as part of the 2014 Program cycle.

Through the first Matching Grant Project, the District awarded \$85,000 to the City of Sonoma for the purchase of a conservation easement over the Nathanson Creek Preserve property, a 0.6 mile reach of the Creek that runs through the City from just north of East MacArthur Street almost to Napa Road. The purpose of District funding was to aid the City in acquisition of the property for preservation and enhancement as identified in the City's Nathanson Creek Master Plan.

Sonoma Ecology Center in partnership with the City of Sonoma applied to the District's 2014 Matching Grant Program for \$166,485 in funding to enhance the floodplain adjacent to Nathanson Creek and to construct a public viewing platform. The Project was recommended by the Advisory Committee on August 28, 2014, and was accepted into the 2014 Matching Grant Program by the District's Board of Directors on October 14, 2014, subject to the negotiation and execution of a Matching Grant Agreement.

The 2014 Matching Grant Project will complete the riparian restoration of the Nathanson Creek Preserve. The Sonoma Ecology Center, in partnership with the City, Sonoma Valley Unified School District and numerous local volunteers and landowners have worked for over 18 years on clean-up and restoration efforts in the watershed. Restoration efforts have been completed along the full length of the Preserve, except for the upstream reach, which represents the project area described in the 2014 Matching Grant Program application and this Matching Grant Agreement. The project includes protection of the natural resources through habitat restoration and stormwater management activities. Specifically, the Project will construct a floodplain where peak creek flows will be able to escape the creek channel, both reducing local urban flooding and creek erosion. The Project will also remove invasive plant species and revegetate the channel with native plants. Finally, the Project will provide a passive educational and recreational opportunity for the public from an ADA compliant viewing platform off of the public sidewalk.

The proposed improvements for this Matching Grant project are consistent with the purpose of the Conservation Easement acquired in 1999 and have been reviewed and approved by District stewardship staff.

Project Match and Timeframe

As required under the Matching Grant Program Guidelines, the Matching Grant Agreement requires that the Grantee provide a one-to-one match of \$166,485, which will be comprised of funding from the City of Sonoma, the Sonoma County Water Agency and California Department of Water Resources.

The District's funding will be used toward wages and materials for the construction of the ADA platform, revegetation, restoration and irrigation of the project. The Grantee's leveraged funds will go toward the construction, design and permitting for the project.

Under the terms of the Matching Grant Agreement, the grantee must complete improvements, expend all District and matching funds, and formally open the platform by October 19, 2019.

Nathanson Creek Preserve Matching Grant Project Estimated Budget

Task	District Funding	Match Funding	Total Cost
Project Admin.	-	\$23,000	\$23,000
Permitting	-	\$7,000	\$7,000
Construction	\$45,000	\$136,485	\$181,485
Revegetation	\$55,725		\$55,725
(adaptive management, planting monitoring and success, etc)	\$65,760		\$65,760
TOTAL	\$166,485	\$166,485	\$332,970

District Acquisition Plan: Connecting Communities and the Land

The grant is consistent with the District's Long Range Acquisition Plan objectives to "protect water resources to benefit human communities, as well as fish and wildlife" and to "promote recreational and educational opportunities for residents to learn about, enjoy and experience the natural diversity of Sonoma County." It is known that Chinook salmon and Steelhead Trout are in Nathanson Creek and this project will improve the habitat for the species. The project will also provide an opportunity for residents of Sonoma County to learn more about the Nathanson Creek watershed as well as the function of watersheds in our environment.

District Expenditure Plan

This project is consistent with paragraph 5 of the Expenditure Plan as it is an urban open space project that is receiving District funding through the Matching Grant Program. Further, the project is consistent with the District's Expenditure Plan, specifically regarding riparian corridors. This project represents enhancement of lands along creeks which are critical to water quality.

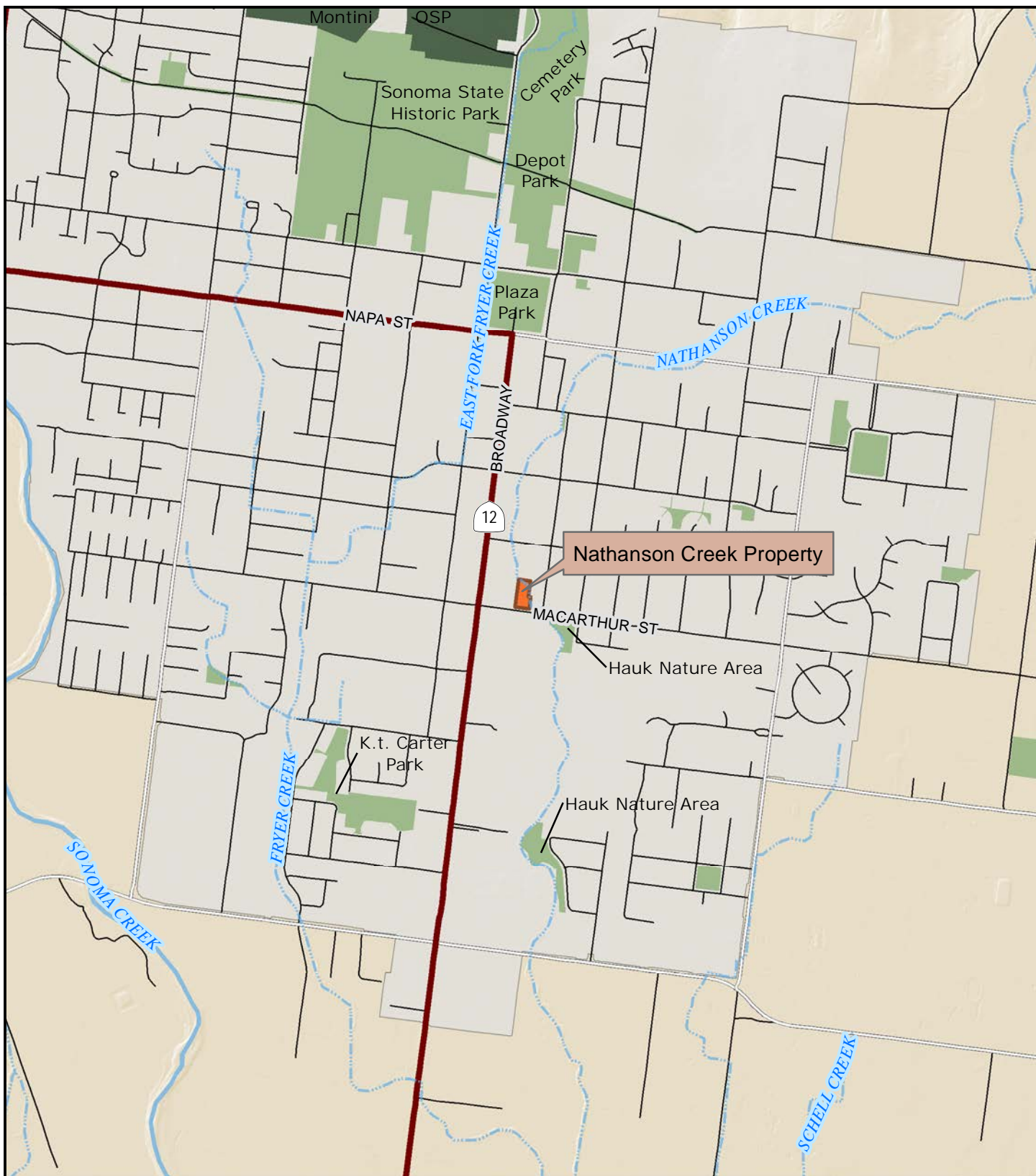
City of Sonoma General Plan

The project is consistent with the City of Sonoma 2020 General Plan. The adopted plan has policies that encourage the enhancement of riparian corridors. Policy 2.3 states: "protect and, where necessary, enhance riparian corridors." The adopted plan also has implementation measures which specifically state "work with the Sonoma Ecology Center and other appropriate parties to establish and maintain an inventory of significant local environmental resources and

features.” This Matching Grant project implements the General Plan, because the District in partnership with the Sonoma Ecology Center is working to maintain an environmental resource.

Next Steps

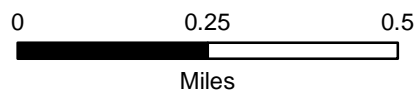
District staff will take the signed Matching Grant Agreement before the Board of Directors on September 13, 2016 for consideration and execution.



Nathanson Creek Restoration MGP Location Map



SONOMA COUNTY
AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT



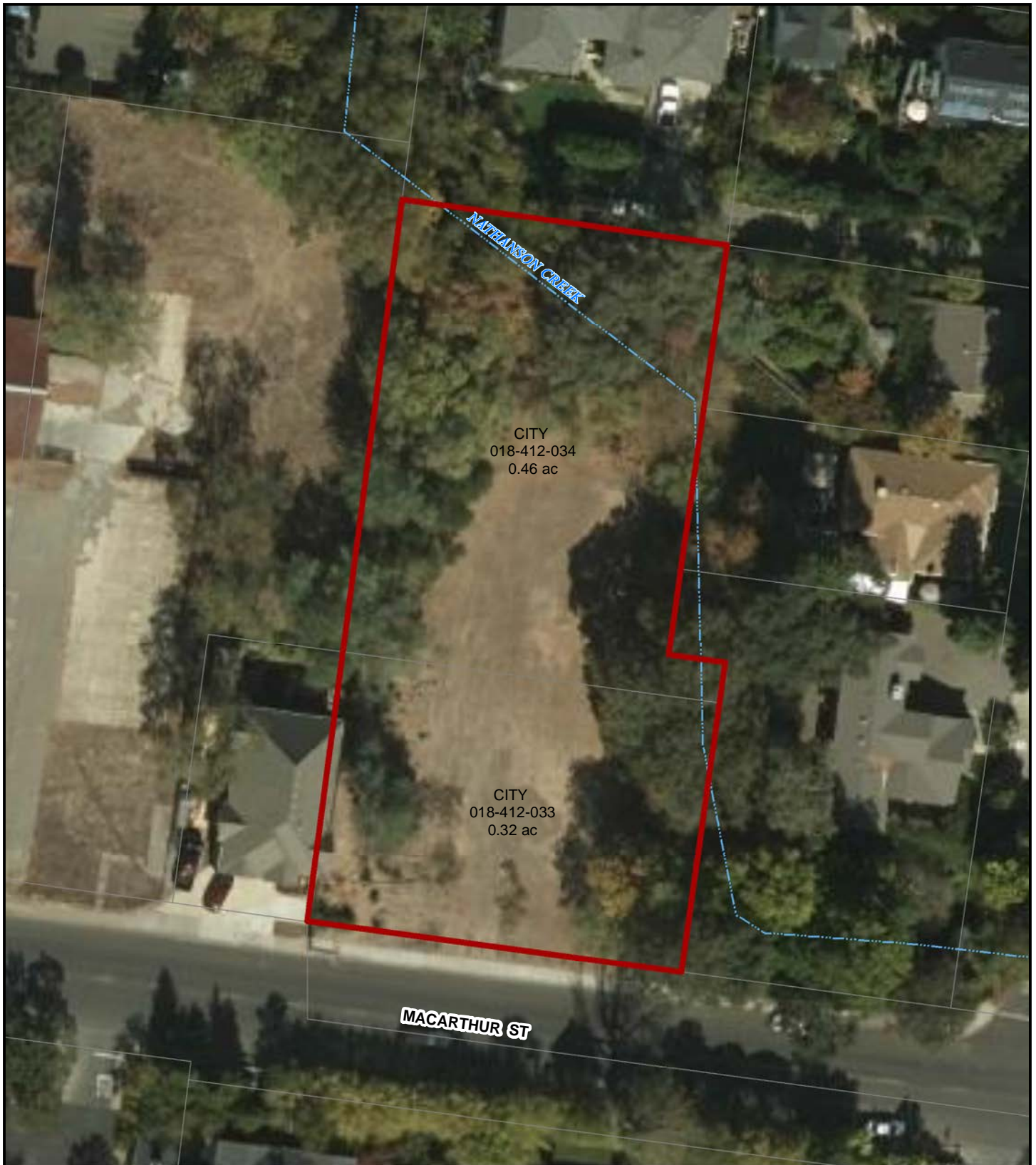
- Perennial Waterway
- - - Intermittent Stream
- Nathanson Creek Property
- District Fee Title
- Other Protected Land
- Urban Service Area

Map Date: 8/8/2016

Sources: CPAD (protected lands); SCWA (streams); County GIS (roads, communities)

This map is for illustrative purposes; it is not intended to be a definitive property description.

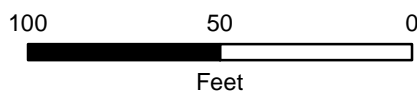
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Nathanson Creek Restoration MGP Site Map



SONOMA COUNTY
AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT



Intermittent
Stream

Nathanson Creek
Property

Assessor
Parcel

Map Date: 8/8/2016
Sources: SCWA (streams); County GIS (parcels,
roads); WSI/UMD/NASA/Tukman (2013 imagery)
This map is for illustrative purposes; it is not
intended to be a definitive property description.

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