



County of Sonoma Agenda Item Summary Report

Clerk of the Board
575 Administration Drive
Santa Rosa, CA 95403

Agenda Item Number:
(This Section for use by Clerk of the Board Only.)

To:

Board Agenda Date: June 10, 2013

Vote Requirement: 4/5

Department or Agency Name(s): County Administrator

Staff Name and Phone Number:

Veronica A. Ferguson 707-565-2431

Supervisorial District(s):

County Wide

Title: Supplemental Budget Package

Recommended Actions:

1. Receive FY 2013-14 Recommended Budget and Supplemental Budget Changes presentation.
2. Approve the Supplemental Budget Adjustments.
3. Select Budgets to be included as Consent, and approve the Budget Hearings Schedule.
4. Conduct the public hearings and direct staff to make any changes to the Recommended Budget as the Board so desires.
5. Approve the concurrent resolution adopting the FY 2013-14 Budget and Position Allocation for all entities governed by the Board of Supervisors/Directors/Commissioners.
6. Approve the resolution adopting the FY 2013-14 Budget for the Sonoma Valley County Sanitation District.

Executive Summary:

See attached Budget Hearing materials.

Prior Board Actions:

Budget hearings are held annually.

Strategic Plan Alignment

1. Safe, Healthy, and Caring Community
2. Economic and Environmental Stewardship
3. Invest in the Future
4. Civic Services and Engagement

The recommended budget includes appropriations to implement and operationalize all of the county's strategic plan goals, as well as to support the 2013 Board of Supervisors priorities.

Fiscal Summary - FY 12-13			
Expenditures		Funding Source(s)	
Budgeted Amount	\$		\$
Add Appropriations Req'd.	\$	State/Federal	\$
	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
	\$	Contingencies	\$
	\$		\$
Total Expenditure	\$	Total Sources	\$
Narrative Explanation of Fiscal Impacts (If Required):			
Staffing Impacts			
Position Title (Payroll Classification)	Monthly Salary Range (A – I Step)	Additions (Number)	Deletions (Number)
Narrative Explanation of Staffing Impacts (If Required):			
Attachments:			
Executive Summary			
Related Items "On File" with the Clerk of the Board:			

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DEPUTY COUNTY ADMINISTRATOR

June 10, 2013

TO: Members of the Board of Supervisors
FROM: Veronica A. Ferguson, County Administrator
SUBJECT: FY 2013-14 Supplemental Budget and Budget Hearing Package

This package contains materials for the FY 2013-14 Budget Hearings. These materials include:

- A. Budget Hearings Schedule (Board Member Tracking Sheet in binder pocket)
- B. Supplemental Budget Adjustments
- C. Reinvestment & Revitalization Fund Use Recommendations
- D. Advertising Budget staff report
- E. State Budget May Revise County Impacts
- F. Vacancy Positions Review
- G. Draft resolutions for the adoption of the budget at the conclusion of the public hearings
- H. Agricultural Preservation & Open Space District - Recreational Properties Operations and Maintenance

FY 2013-14 budget recommendations not only support the implementation of the County's Strategic Plan Goals: Safe, Healthy & Sustainable Communities; Economic & Environmental Stewardship; Invest in the Future; and Civic Services & Engagement; they also demonstrate the county's fiscal discipline and ingenuity to maximize resources. Budget planning for FY 2013-14 focuses on controlled spending and innovative public service delivery.

The following provides introductory information regarding each of the attached items.

A. Budget Hearings Schedule

The budget hearings begin on Monday, June 10 at 8:30 am and have been publicly noticed to continue from day-to-day not to exceed fourteen (14) calendar days but may be concluded earlier in accordance with the law. Attachment A contains a more detailed schedule and will be updated after Board action on Monday morning.

B. Supplemental Budget Adjustments

Attachment B describes the budget adjustments necessary and not included in the Recommended Budget. The budget changes requested increase all funds' appropriations by \$63.7 million funded with \$33.3 million in revenues and reimbursements and \$30.5 million in available fund balances. General fund total adjustments increase expenses by \$16.4 million offset with the \$8.3 million release of the Accumulated Leave Liquidation fund, \$2.9 million in increased revenue, and \$5.4 million available year-end fund balance estimate. Supplementals include:

- Adjustments to appropriations as result of program changes budget occurring after budget preparation.
- General Fund appropriations for priority countywide unmet needs such as Roads infrastructure.

C. Reinvestment & Revitalization Fund Use Recommendations

On May 14, your Board provided policy direction to staff regarding the use of Reinvestment and Revitalization Funds, which would have gone into the County General Fund as a result of the dissolution of redevelopment agencies. Attachment C outlines specific funding recommendations for FY 2013-14, and a five-year project and programs funding plan.

D. Advertising Budget

Attachment D continues the practice of bringing final recommendations based upon the Board's policy direction in the spring of each year and advertising requests. Attachment D includes recommendations on a number of items the Board discussed on May 14, 2013. Funding recommendations total \$8.3 million which is \$662,936 more than FY 12-13 as a result of the new Way Finding and Signage program category, Economic Development initiatives, and increased contingencies, balanced with increased revenues.

E. State Budget May Revise County Impacts

Attachment G provides staff estimated county impacts of the state's May Revise. The main impacts are associated with Criminal Justice Realignment and Affordable Care Act implementation. The Governor's proposal to shift \$300 million of 1991 Realignment funding from county health programs to the state is estimated to have the following impact to Sonoma County: \$5 million in FY 2013-2014; \$15 million in FY 2014-2015; and \$21.6 million in FY 2015-2016.

F. Vacancies Review

As part of the annual budget and consistent with prior board direction a review of positions vacant 12 months or more was completed. Because position data is dynamic the review was based on an April 22, 2013 vacancy report. Total active vacancies were 26.25 full time equivalents of which 2.5 are recommended for deletion. The remaining 23.75 vacancies have been filled or a recruitment/job class study is underway as described in Attachment F.

G. Draft resolutions adopting the budget at the conclusion of the public hearings

Attachment E includes the needed resolutions for budget adoption. These resolutions (one concurrent for the full Board sitting as Supervisors, District Directors, and Commissioners and one for the three-member Sonoma Valley Sanitation District Board) comply with state law to adopt the FY 2013-14 budget. Resolutions are based upon the County Administrator's Recommended Budget, Supplemental Budget Adjustments, and any further actions directed by the Board during the Budget Hearings. The resolution has three exhibits. One lists all the changes to the Recommended Budget directed by the Board during the hearings. The second identifies all the separate entities governed by the Board whose budget is being adopted. The third is the position allocation list for the budget year.

Resolution exhibits will be adjusted during the budget hearings to reflect the Board actions.

The County resolution language authorizes staff to complete administrative actions needed to implement the adoption of the FY 2013-14 budget (as adjusted by Board of Supervisors) and to complete year-end close of books for the current FY 2012-13. Many of these, such as reserving, adjusting and designating available balances, have been standard for several years and/or were granted as part of this same process last fiscal year. A year end summary of administrative actions taken will be presented to the Board for confirmation in August 2013.

In addition, the resolution authorizes staff to transfer available year-end County General Fund Balance beyond the target assumed in the Recommended Budget in two ways. First, an amount sufficient to meet the minimum reserve of 10% of the adopted FY 13-14 County General Fund revenues and up to an

additional \$2.9 million to incrementally increase reserves to 15% over the next five years. Second, any additional available year-end County General Fund Balance transfers to Contingencies. Conversely, nominal amounts short of the target assumed in the Recommended Budget would be balanced by reducing Contingencies. This is similar to the Board's past practice of delegated authority to allow for all the available County General Fund resources not previously designated to be consolidated in one location for the Board's use.

The resolution also directs the Human Resources Director and the County Administrator to adjust departmental position allocation lists in accordance with the adopted budget.

Finally, as in past years, the resolution contains findings for on-going efforts to remove access barriers under the Americans with Disabilities Act and with respect to the Sonoma County Water Agency and the Warm Springs Dam Project.

H. Open Space/Regional Parks

Attachment H addresses the Board's direction to the County Administrator to provide an analysis of the Agricultural Preservation & Open Space District's Operations and Maintenance expenditures for properties purchased for recreational purposes, intended to transfer to other entities, and makes recommendations as a result of that analysis. It also addresses the potential transfer of recreational properties being held by the District in fee, intended for Regional Parks.

Conclusion

Consistent with the Board of Supervisors' direction the recommended budget and associated supplemental adjustments result in a FY 2013-14 budget plan focusing on important strategic investments necessary to achieve the County's vision of a beautiful, thriving, and sustainable community for all.

The Board is requested to:

- 1.) Receive FY 2013-14 Recommended Budget and Supplemental Budget Changes presentation.
- 2.) Approve the Supplemental Budget Adjustments.
- 3.) Select Budgets to be included as Consent, and approve the Budget Hearings Schedule.
- 4.) Conduct the public hearings and direct staff to make any changes to the Recommended Budget as the Board so desires.
- 5.) Approve the concurrent resolution adopting the FY 2013-14 Budget and Position allocation for all entities governed by the Board of Supervisors/Directors/Commissioners.
- 6.) Approve the resolution adopting the FY 2013-14 Budget for the Sonoma Valley County Sanitation District.

Final Budget Hearing Schedule FY 2013-14

Monday, June 10, 2013

8: 30 a.m.	<p>CAO Budget Overview Presentation</p> <p>Board Member Selection of Individual Departmental Budgets to take off of Consent</p> <p>Public Comment on Remaining Consent Budgets and Supplemental Budget</p> <p>Board Reaffirmation of Budgets to be on Consent and Action on Consent Budgets and Supplemental Budget Adjustments</p>
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10:30 a.m. to 10:45 a.m.	Break
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10:45 a.m. to 12:00 p.m.	Further Budget Discussions for any of the following budgets removed from Consent, in the order listed below by functional area:
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Justice Services

- Court Support Services/Grand Jury (page 81)
- Probation (page 83)
- District Attorney (page 89)
- Public Defender (page 93)
- Sheriff (page 97)

Health and Human Services

- Health Services (page 103)
- Human Services (page 109)
- In Home Support Services – Public Authority (page 115)
- Child Support Services (page 119)

Development and Other Services

- Permit and Resource Management (page 125)
- Community Development Commission (page 129)
- Fire and Emergency Services (page 135)
- Transportation and Public Works (page 139)
- Water Agency (page 145)
- Economic Development Department (page 153)
- Regional Parks (page 157)
- Ag Preservation and Open Space (page 165)
- Ag Commissioner (page 171)
- U.C. Cooperative Extension (page 175)
- Library (page 179)
- Advertising (page 187)
- Capital Projects (page 193)

Administration and Fiscal

- Board of Supervisors/County Administrator (page 43)
- County Counsel (page 47)
- Human Resources (page 51)
- General Services (page 55)
- Information Systems (page 59)
- Non-Departmental (page 65)
- Auditor-Controller - Treasurer-Tax Collector (page 69)
- Clerk/Recorder/Assessor (page 73)

Monday June 10 (Cont.)

12:00 p.m. to 1:00 p.m.	Lunch break
1:15 p.m. to 4:30 p.m.	Further Budget Discussions for any of the following budgets removed from Consent, in the order listed above by functional area. Resolution adopting the Budget (<i>unless hearing continued to later</i>)

Tuesday, June 11, 2013

8:30 a.m. to 11 a.m.	Continuation of Budget Hearings as needed thereafter beginning with CAO Recap of Board actions to date and then continuing with individual departmental budgets as necessary Resolution adopting the Budget (<i>unless hearing continues to later</i>)
1:30 p.m.	Closed Session Report on Closed Session Consent
2:10 p.m.	Regular Afternoon Calendar Including: <ul style="list-style-type: none"> • TPW - Northern Air Pollution Control District Budget (2nd Hearing) Acts & Determinations Public Comment on items not on the agenda

Wednesday, June 12, 2013

8:30 a.m. to 12 p.m.	Further Budget Discussions for any of the following budgets removed from Consent, in the order listed above by functional area. Resolution adopting the Budget (<i>unless hearing continues to later</i>)
1:30 p.m. to 3:30 p.m.	Continuation of Budget Hearings as needed thereafter beginning with CAO Recap of Board actions to date and then continuing with individual departmental budgets as necessary.
3:30 p.m. to 4:00 p.m.	Break
4:30 p.m.	Staff Recap; or Resolution adopting the Budget (<i>unless hearing continues to later</i>)

FY 2013-14 Requested Supplemental Budget Adjustment Summary	Gross Expenditure	Revenue and Reimbursement	Net Cost
<u>Summary of Requested Adjustments for Board Consideration</u>			
General Services - General Fund: Appropriations for 1.0 FTE Building Mechanic II, services, and supplies to maintain the grinder/auger system at the MADF. The grinder/auger system is necessary to conform to the requirements of City of Santa Rosa's Wastewater Discharge Permit.	182,592	0	182,592
UC Cooperative Extension-General Fund: Add 1.0 FTE Agricultural Ombudsman (Dept. Program Manager) to work with new and existing farmers, ranchers and agriculture-related businesses to provide assistance on technical, regulatory, and governmental processes to enhance the development and delivery of agriculture related projects and increase the value and contribution of agriculture in Sonoma County and surrounding regions. Partial funding from the Ag. Preservation/Open Space District (\$2,000) and the Department of Health Services (\$30,000) in support of county-wide agricultural and food access initiatives, to offset the cost of the position allocation. Delete vacant unfunded 0.75 FTE Senior Ag Program Assistant and vacant unfunded 0.50 FTE Senior Office Assistant.	117,273	32,000	85,273
Agricultural Commissioner-General Fund: Provide funding for addition of 0.75 FTE Agricultural Biologist position which will bring Pesticide Use Enforcement staffing to the appropriate level to monitor pesticide use in compliance with health and safety standards articulated in state laws and regulations.	87,071	0	87,071
PRMD - General Fund: Delete Senior Code Enforcement Inspector position vacant for more the one year, and reduce use of Deferred Revenue due to reduced expense. (Tab F - Vacancies Review)	(135,656)	(135,656)	0
Information Services - General Fund: Add funding to initiate the purchase and integration of a Case Management System for the Offices of the District Attorney and Public Defender. The full implementation costs may increase based on further review and negotiations. Ongoing costs are not included in this estimate.	1,650,000	0	1,650,000
Non-Departmental - Special Revenue Fund: Recognize anticipated dissolved Redevelopment Agency residual year-end funds revenues into the Reinvest & Revitalize Program , and appropriate transfer for year 1 use of funds. See Budget Hearing materials under the Reinvest & Revitalize Program attachment. (Tab C - Reinvest & Revitalization Program)	11,510,094	2,500,000	9,010,094
Non-Departmental - General Fund: Recognize as revenues anticipated residual funds from dissolved Redevelopment Agency returned to the County as a taxing entity, and transfer funds into the FY 12-13 established Reinvest & Revitalize Program. (Tab C - Reinvest & Revitalization Program)	2,500,000	2,500,000	0
Non-Departmental - Special Revenue Fund: Designate secured Tobacco Funds available to payoff the ACTTC Remodel Debt \$1.15M, and rebudget Tobacco secured funds for the Veterans Building Repairs capital project \$500k.	1,655,500	-	1,655,500

FY 2013-14 Requested Supplemental Budget Adjustment Summary	Gross Expenditure	Revenue and Reimbursement	Net Cost
Non-Departmental - General Fund: Release FY 12-13 Accumulated Leave Liquidation designation established to cover cash liquidation balances anticipated due to pension changes implemented as of Jan. 1, 2013.	0	8,294,981	(8,294,981)
Non-Departmental - General Fund: Finance \$8M one-time support for Roads infrastructure; \$3M contribution to avoid financing costs beyond the existing vendor financing for the implementation of the Enterprise Financial System; and transfer \$300K to the District Formation fund to address Fire Services consolidation municipal reviews.	11,300,000	0	11,300,000
Transportation and Public Works-Other Fund: Appropriations to increase funds in the District Formation Fund available to support the Board's Strategic Plan Goal of examining current governance structure for local fire services in unincorporated areas to include an analysis of potential contracting, consolidations, regionalization, or increased support for the status quo as a means of ensuring effective and efficient fire services throughout the county and the formation of various community service districts. Delete vacant 1.0 FTE Office Support Supervisor in Transit Unit, no net cost impact.	300,000	300,000	0
Transportation and Public Works-Special Fund: Increase General Fund contribution to the Road Fund, proposed to address \$6.5M in new contracted surface treatments and \$1.5M to be used to fund staffing (including culvert crew) and equipment replacement. Detailed funding plan will be presented for Board approval at a future meeting.	8,000,000	8,000,000	0
Transportation and Public Works-Special Fund: Appropriations to continue work on the Highway 12 Sidewalk Improvement project. These funds are to allow the department to carry out work under its agreements with the Successor Agency in advance of the reimbursement under those agreements that is expected upon a successful completion of pending litigation (BOS 5/14/13). (Tab C - Reinvest & Revitalization Program)	5,300,000	5,300,000	0
Auditor/Controller/Treasurer/Tax Collector - Other Fund: Program \$3M General Fund contribution to finance implementation cost of the new enterprise financial system and avoid incurring any new financing costs during FY 13-14 other than those financed through the vendor consistent with the Board approved financing plan.	3,000,000	3,000,000	0
Auditor/Controller/Treasurer/Tax Collector - General Fund: Increase General Fund net cost necessary to redirect approximately 40% of FY 13-14 Audit Unit resources from fee based financial statement audits to internal auditing functions, based on Board approved Internal Audit Charter (1/15/13). FY 13-14 projects will be selected based upon recommendations from the Board of Supervisors and the Internal Audit Advisory committee. Projects will include: Countywide risk analysis – operational and financial, Countywide IT risk analysis, Purchasing card program review, Community based organizations, Contract compliance, Trust funds, and review of districts' under the Board's jurisdiction. Internal Audit will develop a plan identifying specific	(99,850)	(299,850)	200,000

FY 2013-14 Requested Supplemental Budget Adjustment Summary	Gross Expenditure	Revenue and Reimbursement	Net Cost
<p>Auditor/Controller/Treasurer/Tax Collector - Other Fund: Appropriations necessary to payoff debt from facility remodel project (\$1.585M) funded with Secured Tobacco (\$1.15M), debt service fund balance (\$220K), and \$210K programmed in FY 13-14 ACTTC Recommended Budget for debt service.</p>	1,323,561	1,323,561	0
<p>Community Development Commission and General Services: Appropriations to implement Reinvest & Revitalization Program and projects. Including the addition of 2.0 FTEs to support the program. (Tab C - Reinvest & Revitalization Program)</p>	6,220,094	0	6,220,094
<p>Human Services - Special Fund: Adjustments reflecting updated estimates of revenues, expenditures and contracts including: adding 1.0 FTE Program Planning and Evaluation Analyst for Workforce Investment Board support, 0.25 FTE Account Clerk II for processing child care authorizations, and 1.0 FTE Social Worker III to help train mandatory abuse reporters, \$260K; AB 109 activities, \$70K; and expenses related to service purchases, professional services, rents and fixed assets \$535k. Funding is from an enhanced CalWORKS allocation of \$571K, additional CMSP of \$191K, CWS Health-related revenue of \$58K and other reimbursements of \$45K. Adjustments are necessary to maximize federal and state revenues.</p>	865,469	865,469	0
<p>Health Services - Special Fund: Increase appropriations in Public Health for Animal Care and Control for the addition of 0.25 FTE Animal Control Officer II to make a full-time position and increase support for timely investigations and response times to service calls funded by increased revenue from animal licensing and other contract revenue (\$29k). Increase appropriations for Special Revenue supporting community substance use prevention activities funded by specific court fines (\$9k). Increase appropriations for Cradle to Career program for an additional 0.50 FTE Health Information Specialist II to make a full-time position, funded by First 5 Sonoma County through a Human Services Department MOU (\$56k). Increase appropriations for Health Policy Planning and Evaluation for Supplemental Nutrition Assistance Program (SNAP-Ed) Grant increased funding received from the California Department of Public Health (\$136k). Increase appropriations for PedSafe program "It's All Up To Us" Community Projects funded by California Department of Public Health, work must be completed by September 15, 2013 (\$7k).</p>	237,935	237,935	0

FY 2013-14 Requested Supplemental Budget Adjustment Summary	Gross Expenditure	Revenue and Reimbursement	Net Cost
<p>Regional Parks - General Fund: Appropriations for Parks & Grounds Maintenance staff (\$90,065) and Services & Supplies (\$82,807) necessary for day to day maintenance and supply expenses at each park location throughout the system. This position is necessary to maintain overall maintenance services levels in the Russian River and Coastal Zones preventing costly vandalism repairs, and safety and infrastructure problems which take longer to resolve and impact visitor experiences negatively. Increase revenue and expenditures for 1.0 FTE term limited (FY 13/14-FY 15/16) Planner I/II and associated Services/Supplies (\$168,000). The position is funded through an agreement with the Department of Health Services in support of initiatives focused on developing access to existing county lands and providing expanded public recreation facilities, programs and opportunities to better connect walking and biking trails, parks, and preserves with communities, health facilities, and other destination points to promote healthy lifestyles, specifically targeted towards youth, seniors, disadvantaged and low-income populations.</p>	380,072	207,200	172,872
<p>Regional Parks - General Fund: Increase appropriations, funded by revenue from APOSD, for operations and maintenance costs for Lawson addition to Hood Mountain, North Sonoma Mountain, and Mark West Creek recreational properties being transferred from the Ag Preservation Open Space District. Appropriations will require CAO approval to be expended, after first quarter per attached report. (Tab H - APOSD O&M)</p>	100,000	100,000	0
<p>Open Space District - Special Fund: Increase appropriations from Open Space Special Tax Account fund balance for three years of operations and maintenance costs for Mark West Creek property transfer to Regional Parks. (Tab H - APOSD O&M)</p>	162,000	0	162,000
<p>Advertising - Special Fund: Provide \$45,000 to the Economic Development Department for continued efforts related to broadband infrastructure development. (Tab D - Advertising)</p>	45,000	0	45,000
<p>Economic Development - Special Fund: Continue efforts related to the development of broadband infrastructure including completion of the local broadband infrastructure plan as well as facilitation and advocacy for grants, projects and legislation supporting rural broadband development. Funding provided by Advertising (\$45,000) and the Sonoma County Water Agency (\$15,000).</p>	60,000	60,000	0
<p>Water Agency - Special Fund: Provide \$15,000 to the Economic Development Department for continued efforts related to broadband infrastructure development. Increased appropriations of \$236,840 to Regional Parks for additional expense for delayed maintenance projects using funds anticipated as a result of redevelopment dissolution.</p>	251,840	0	251,840

FY 2013-14 Requested Supplemental Budget Adjustment Summary	Gross Expenditure	Revenue and Reimbursement	Net Cost
<p>Regional Parks - Special Fund: Increase revenue and expenditures for high priority maintenance projects at Spring Lake, funded by increased property tax apportionment as a result of the dissolution of redevelopment agencies. Prioritized projects include pavement replacement in critical areas along bike paths, asphalt sealing at various parking lots and pathways, roof replacements, electrical upgrades, chlorination system line replacements and other potential modifications to the swimming lagoon.</p>	236,840	236,840	0
Sub-Total Adjustments Subject for Board Consideration	55,249,835	32,522,480	22,727,355
<u>Summary of Requested Adjustments Reflecting Prior Board Direction</u>			
<p>Information Services - Other Fund: Remove appropriations for desktop replacement for County Clerk for FY 13/14 and for reimbursement from Replacement Fund A, as replacement work is being done in the current fiscal year.</p>	(20,880)	(20,880)	0
<p>Clerk-Recorder-Assessor - Special Fund: Remove replacement expense.</p>	(20,880)	0	(20,880)
<p>Sheriff's Office - General Fund: Court Security- Add 1.0 FTE deputy (\$176,824) and reduce deputy extra help hours (\$85,859) and service and supplies (\$4,385). In the Civil Bureau, eliminate 1.0 FTE deputy position and increase Legal Processor II extra help and overtime hours (\$40,049). Add funding for one-time support of the Victims' Assistance Center, provided by DOJ Asset Forfeiture Special Funds (\$18,762). Rebudget funding to complete the Narcotics Unit Office build-out at the Sheriff's Main Office (\$227,259). Add funding for Sheriff's facility and special enforcement projects funded by Asset Forfeiture Special Funds (\$50,000). Add 1.0 FTE Sergeant Tactical Flight Officer (TFO) necessary for increased supervision, offset by the elimination of 1.0 FTE deputy TFO in the Helicopter Unit (\$34,966), funded by increased salary savings. Add 1.0 FTE Correctional Sergeant to improve coordination of inmate classification and program attendance, and provide appropriate supervision for the program and grievance correctional deputies, cost offset by the deletion of 1.0 FTE program manager and CCP approved AB 109 funding (\$30,255).</p>	366,325	366,325	0
<p>Sheriff's Office - Special Fund: Provide funding as discussed above from use of AB 1109 Civil Special Fund undesignated fund balance (\$40,049). Appropriate funds from DOJ Asset Forfeiture Special Fund as discussed above (\$68,762). Rebudget appropriations to complete the Narcotics Unit Office build-out at the Sheriff's Main Office (\$227,259). Appropriate AB 109 revenue and expenditures to fund the difference in cost to replace the detention program manager position with a correctional sergeant allocation (\$30,255).</p>	366,295	30,225	336,070

FY 2013-14 Requested Supplemental Budget Adjustment Summary	Gross Expenditure	Revenue and Reimbursement	Net Cost
Health Services - Special Fund: Increase appropriations for Behavioral Health FTEs and related services and supplies added during 3rd Quarter Consolidated Budget Adjustments (\$334K). Increase appropriations for Public Health for Maternal Child Health tobacco prevention in adolescents funded by National Association of City and County Officials, work started in FY 12/13 and will be completed in 13/14 (\$2k). Increase appropriations for Sonoma County First 5 Commission for strategic initiatives as approved by Commission (\$50K). Reappropriate funding to support First 5 Capital projects budgeted in FY 12-13 but not expended (\$6.8M); reappropriate program support for Community Capacity funds in FY 11-12 and FY 12-13 but not yet expended (\$600K). Additional funding to support First 5 programs (\$131K, expense and offsetting reimbursement). Minor budgetary adjustments to true up expenditures and reimbursements for miscellaneous grants and MOU's (\$-3K).	7,790,612	356,941	7,433,671
Capital Projects - Special Fund: Rebudgeting of allocated Tobacco funding for Veterans Buildings major repairs and maintenance projects.	0	500,000	(500,000)
	0	(500,000)	500,000
Sub-Total Adjustments Reflecting Prior Board Direction	8,481,472	732,611	7,748,861
Total Requested Adjustments	63,731,307	33,255,091	30,476,216
<i>General Fund Supplementals</i>	<i>16,447,827</i>	<i>11,065,000</i>	<i>5,382,827</i>
<i>Other Funds Supplementals</i>	<i>47,283,480</i>	<i>22,190,091</i>	<i>25,093,389</i>

Board Member Budget Review Sheet FY 2013-14

Monday AM Monday PM Tuesday AM Wednesday AM Thursday AM Thursday PM

1. CAO Budget Presentation
2. Selection of budgets for discussion
3. Public Comment and straw vote on remaining consent budgets
4. Selected Budget Presentations (assume ½ hour/budget)
 - a. 2-3 minute presentation per department
 - b. Board Member questions/comments
 - c. Public comment
 - d. Back to Board
 - e. Straw vote

Justice Services

JUSTICE SERVICES	Consent	Questions/Notes
Court Support Services/Grand Jury (page 81)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Probation (page 83)	Y <input type="checkbox"/> N <input type="checkbox"/>	
District Attorney (page 89)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Public Defender (page 93)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Sheriff (page 97)	Y <input type="checkbox"/> N <input type="checkbox"/>	

Board Member Budget Review Sheet FY 2013-14

Health and Human Services

HEALTH & HUMAN SERVICES	Consent	Questions/Notes
Department of Health Services (page 103)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Human Services (page 109)	Y <input type="checkbox"/> N <input type="checkbox"/>	
In Home Support Services – Public Authority (page 115)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Department of Child Support Services (page 119)	Y <input type="checkbox"/> N <input type="checkbox"/>	

Board Member Budget Review Sheet FY 2013-14

Development Services

DEVELOPMENT SERVICES	Consent	Questions/Notes
Permits and Resource Management Department (page 125)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Community Development Commission (page 129)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Fire and Emergency Services (page 135)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Transportation and Public Works (page 139)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Sonoma County Water Agency (page 145)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Economic Development Department (page 153)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Regional Parks (page 157)	Y <input type="checkbox"/> N <input type="checkbox"/>	

Board Member Budget Review Sheet FY 2013-14

Other Services and Capital Projects

OTHER COUNTY SERVICES	Consent	Questions/Notes
Agricultural Preservation and Open Space (page 165)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Agricultural Commissioner (page 171)	Y <input type="checkbox"/> N <input type="checkbox"/>	
U.C. Cooperative Extension (page 175)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Library (page 179)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Fairgrounds (Adopted-No hearing required, page 183)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Advertising (page 187)	Y <input type="checkbox"/> N <input type="checkbox"/>	

CAPITAL PROJECTS	Consent	Questions/Notes
Capital Projects And Major Repairs (page 193)	Y <input type="checkbox"/> N <input type="checkbox"/>	

Board Member Budget Review Sheet FY 2013-14

Administration and Fiscal Services

ADMIN & FISCAL SERVICES	Consent	Questions/Notes
Board of Supervisors/County Administrator (page 43)	Y <input type="checkbox"/> N <input type="checkbox"/>	
County Counsel (page 47)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Human Resources (page 51)	Y <input type="checkbox"/> N <input type="checkbox"/>	
General Services (page 55)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Information Systems (page 59)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Non-Departmental (page 65)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Auditor Controller Treasurer Tax Collector (page 69)	Y <input type="checkbox"/> N <input type="checkbox"/>	
Clerk/Recorder/Assessor (page 73)	Y <input type="checkbox"/> N <input type="checkbox"/>	



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DEP. COUNTY ADMINISTRATOR

June 10, 2013

To: Members of the Board of Supervisors
From: Veronica A. Ferguson
Re: FY 13-14 Supplemental Budget: Reinvestment and Revitalization Funds

On May 14, 2013 your Board provided policy direction to staff regarding the use of Reinvestment and Revitalization Funds. These are monies returned to the General Fund which formerly would have gone to redevelopment agencies throughout the County. The Board directed staff to return with specific funding recommendations for FY 13-14, as well as a long-term plan for funding the highest priority projects.

The Board also directed the CAO, Community Development Commission, and other districts under control of the Board to return with recommendations on the potential use of their funds that would have gone to redevelopment agencies, consistent with the purposes of those agencies and, when feasible, with the Board's policy direction. The Supplemental Budget recommendations include \$236,840 of these Water Agency funds to be used at Spring Lake Park for deferred maintenance projects. Recommendations for other uses Water Agency and County Service Area funds will be brought to the Board at a later time.

The attached spreadsheet outlines the specific funding recommendations for the Reinvestment and Revitalization Funds for FY 13-14, anticipated revenues for a five-year period, and a recommended funding plan for four years (with first and second year revenues rolling together for one year of spending to accommodate the large, high-priority projects). The Board-approved policy for these funds is also attached. Please note:

1. The recommendations reflect reduced revenue estimates from those previously provided to the Board based on newly-available information; the estimates remain uncertain given the legal issues surrounding the dissolution of redevelopment agencies.
2. For the FY 13-14 Supplemental Budget, the recommendations include the use of all funds received in FY 12-13, plus some funds anticipated to be received in FY 13-14.
3. Additional recommendations may be brought forward later in FY 13-14 when there is more information about actual receipts and the timing for the use of \$2.2 million in bond proceeds for Highway 12. That information is expected December, 2013.
4. The recommendations do not include all funds anticipated to be available over the 5-year period to enable the Board to fund other projects or programs that are not listed or that may arise in future. The policy the Board approved noted the specific funding recommendations and the policy itself would be reconsidered annually.

FY 13-14 funding recommendations include a total of \$11,520,094 as follows:

- A. Former Redevelopment projects previously approved by the Board (\$9,620,000)
1. Highway 12

2. Roseland Village
3. Guerneville Shelter and Day Services Center
4. Monte Rio Wastewater Feasibility Studies

Notes:

- a. The funds for Highway 12 and Roseland are to allow these projects to be carried out under existing agreements with the Successor Agency in advance of the reimbursement under those agreements that are expected upon a successful completion of pending litigation.
- b. The recommendation for the Guerneville Shelter includes funding for planning and development phases only. Funds required to operate the completed facility are not included.
- c. The supplemental budget requests the allocation of and funding for 2 term-limited FTEs for CDC to perform project management for the Roseland, Guerneville, and Monte Rio projects. (These will temporarily replace staff eliminated when RDA was dissolved.) These 3 projects will include a significant level of community outreach, planning, and other predevelopment and, in the case of Roseland, clean-up and construction management costs.

B. Supplemental General Fund support for the Community Services Fund (\$200,000)

Note: Includes \$30,000 for administrative expenses.

C. Commercial Rehabilitation Loan Program (\$500,000)

Notes:

- a. The commercial rehabilitation loans include assistance for relatively inexpensive but highly visible and impactful façade improvements, as well as more expensive structural repairs when needed.
- b. This assistance promotes economic development, and is recommended to continue operating in the three former RDA project areas, and to be newly available for commercial districts in unincorporated areas throughout the County, as we think it could be very effective in several areas, such as Geyserville, Forestville, and Penngrove.
- c. Requested funds include CDC construction management costs.

D. Housing Rehabilitation Loan Program (\$500,000)

Notes:

- a. The housing rehabilitation loans have a long history of making improvements needed to maintain healthy and safe conditions in units owned and/or occupied by low-income households.
- b. This program contributes to preserving the County's affordable housing stock (and falls under the County's Safe, Healthy, and Caring Communities goal area), and we are recommending to continue operating the program in the three former RDA project areas and in all unincorporated areas throughout the County.
- c. We are also recommending the addition of Canon Manor water and sewer hook-ups be eligible and prioritized for funding under this program area, for which we've been trying to find appropriate funding for close to 15 years. With one policy exception that would need Board approval to allow assistance regardless of income level, our existing Housing Rehabilitation Loan Program can work well for Canon Manor using Reinvestment and Revitalization funding.
- d. Requested funds include CDC construction management costs.

E. County Fund for Housing (CFH) (\$250,000)

Notes:

- a. With the loss of RDA funding and its 20% housing set-aside, development and preservation of multi-unit housing in and around the three former RDA project areas is severely hampered. The recent loss of 60% of our federal HOME funds and reduced developer fee revenue into the CFH has exacerbated this situation.
- b. Augmentation of the CFH with Reinvestment and Revitalization funds is recommended for the three former RDA project areas and in all unincorporated areas throughout the County.

- c. CDC charges loan fees to cover origination and servicing costs. Any excess CFH operating costs incurred by CDC, as well as PRMD's affordable housing development related administration costs, are charged directly to the CFH.

F. One-time Funding for Three Day Labor Centers (\$100,000)

Notes:

- a. Day labor centers facilitate the operations of the labor market by promoting the matching of employer needs with the available labor pool.
- b. The location of the first of three centers will be in the Fulton area, with \$30,000 in seed funding to support initial start up and operational costs on a pilot basis; the location of the other two is yet to be determined.

G. Administration/Operating Expenses (\$550,094)

Recommended funding:

1. Successor Agency operating costs that were denied by the State Department of Finance on ROPS 13-14A, which covers July-Dec 2013.
2. Reinvestment and Revitalization administrative costs.

Notes:

- a. The administrative costs listed here are the general and indirect admin costs for CDC to handle the budgeting, contracting, tracking, and reporting of the funds approved for various projects and programs, as contrasted with the direct project and construction management costs discussed above.
- b. Given the recent sale of the W. Spain Street property, and anticipated sale of the Old Sheriff Substation later this summer, we are not requesting any funds for Housing Successor Agency administrative costs for FY 13-14.

Attachments:

1. Reinvestment and Revitalization Funds: Proposed Use for FY 13-14 and Preliminary Plan for FY 14-15 through FY 16-17
2. Board-approved FY 13-14 Policy Regarding Use of Reinvestment and Revitalization Funds

Reinvestment and Revitalization Funds: Proposed Use for FY 13-14 and Preliminary Plan for FY 14-15 through FY 16-17

	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	TOTAL
Estimated Revenue						
Available Balance as of July 1st	\$9,322,013 ¹	\$10,145,188 ²	\$1,125,094	\$36,344	\$12,594	
Estimated Annual Revenue ³	\$823,175 ⁴	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$10,823,175
Estimated Funds Available	\$10,145,188	\$12,645,188	\$3,625,094	\$2,536,344	\$2,512,594	\$20,145,188
Recommended Projects/Programs ⁵						
Highway 12 ⁶	\$0	\$5,300,000	\$0	\$0	\$0	\$5,300,000
Roseland Village Mixed-Use Project ⁷	\$0	\$2,850,000	\$1,500,000	\$1,100,000	\$1,150,000	\$6,600,000
Guerneville Homeless Shelter & Day Services Center ⁸	\$0	\$1,020,000	\$0	\$0	\$0	\$1,020,000
Monte Rio Wastewater Feasibility Studies ⁹	\$0	\$250,000	\$600,000	\$350,000	\$0	\$1,200,000
Community Services Fund (CSF) Supplement ¹⁰	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$800,000
Housing Rehabilitation Loan Program ¹¹	\$0	\$500,000	\$400,000	\$250,000	\$250,000	\$1,400,000
Commercial Rehabilitation Loan Program ¹²	\$0	\$500,000	\$500,000	\$250,000	\$250,000	\$1,500,000
County Fund for Housing ¹³	\$0	\$250,000	\$250,000	\$250,000	\$250,000	\$1,000,000
Three Day Labor Centers, One-Time Funding ¹⁴	\$0	\$100,000	\$0	\$0	\$0	\$100,000
Successor Agency Admin Costs ¹⁵	\$0	\$388,844 ¹⁶	\$0	\$0	\$0	\$388,844
R&R Administrative Costs ¹⁷	\$0	\$161,250	\$138,750	\$123,750	\$63,750	\$487,500
Total Expenditures Recommended	\$0	\$11,520,094	\$3,588,750	\$2,523,750	\$2,163,750	\$19,796,344
Remaining Available Balance	\$10,145,188	\$1,125,094 ¹⁸	\$36,344	\$12,594	\$348,844	\$348,844

¹ Funds received as of May 14, 2013 per ACTTC.

² Includes actual funds received through 5/14/13 plus estimated funds anticipated for receipt by 6/30/13.

³ Funds will generally be received in December and June of each year.

⁴ Estimated funds anticipated for receipt in June 2013.

⁵ Funds for projects/programs will be carried over for the same approved use from fiscal year to fiscal year until expended or no longer needed.

⁶ Costs to complete basic improvements. These funds are to allow the work to be carried out under existing agreement with the Successor Agency in advance of the reimbursement under that agreement, which is expected upon a successful completion of pending litigation. An additional \$2.2M in bond proceeds will also be available to pay for this work, regardless of disposition of litigation. Depending on the timing of a final court decision, an additional advance of \$2.2M in R&R funds may be needed to pay costs that will subsequently be reimbursed with bond proceeds.

- 7 Costs to complete environmental clean-up, demolition, and construction of public improvements. Any remaining funds to be used to assist the affordable housing component of the mixed-use project. These funds are to allow the work to be carried out under existing agreement with the Successor Agency in advance of the reimbursement under that agreement, which is expected upon a successful completion of pending litigation. Costs include staff and associated costs for CDC to perform project management, including work with the Roseland area resident and business stakeholders, potential developers and tenants, and oversight of clean-up and construction work. Costs also include staff and associated costs for GSD to perform architectural and other project related work.
- 8 Costs include property acquisition and construction, as well as CDC staff and associated costs to work with resident and business stakeholders, developers, and contractors to identify an appropriate site, a qualified development team, and facility owner and/or operator. Costs to operate the facility upon completion are not included.
- 9 Costs include staffing, legal, and consultant expenses. FY 13-14 will be largely devoted to community outreach and planning process. Timing of legal, engineering, and other consultant work will depend on when State completes Total Maximum Daily Loads (TMDL) studies.
- 10 Costs for grants to community-based organizations. CDC contract management costs included at \$30,000 annually.
- 11 Loans may be made to assist a range of improvements for residential properties owned and/or occupied by low-income households throughout unincorporated areas of County. Funds will be prioritized for use by residents of Canon Manor for connection to public water and sewer lines. BOS will be asked to approve a Housing Rehabilitation Loan Program policy exception to allow Canon Manor residents to be assisted without regard to income level. Loan repayments will be re-used to make new loans to additional properties over time.
- 12 Loans will be made to assist a range of facade and structural improvements for commercial properties throughout unincorporated areas of County. Loan repayments will be re-used to make new loans to improve additional properties over time. CDC construction management costs included at an estimated 15%.
- 13 Loans will be made to develop and preserve affordable housing throughout unincorporated areas of County. Loan repayments will be re-used to make new loans to develop and preserve additional properties over time. CDC loan origination and servicing costs included at an estimated 15%.
- 14 The location of the first of the three centers to be funded will be in the Fulton area, with \$30,000 in seed funding to support initial start up and operational costs on a pilot basis. The location of the other two centers is yet to be determined.
- 15 Costs that are listed on a ROPS approved by the Board, but denied by State for various reasons. CDC has no other funds with which to pay these Successor Agency costs required to complete the redevelopment dissolution process.
- 16 Successor Agency operating costs denied by State for ROPS 13-14A, covering period from July - Dec 2013. This figure may increase if State denies costs from ROPS 13-14B, covering Jan - June 2014, to be submitted to State in Sept 2013.
- 17 Costs for CDC indirect admin expenses in support of programs and projects funded with R&R dollars, calculated as an estimated 25% of direct staffing costs for programs and projects listed above.
- 18 Recommendation for use of most revenue estimated to be received in FY 13-14 is being delayed until later in the fiscal year when there is a more accurate understanding of actual funds to be received. Staff anticipates making additional recommendations during mid-year Consolidated Budget Adjustments.

Attachment C
Sonoma County Board of Supervisors
Fiscal Year 13-14 Policy Regarding Use of Reinvestment and Revitalization Funds
May 14, 2013

Funds available to the Sonoma County Board of Supervisors as a result of the dissolution of Redevelopment Project Areas will be known as “Reinvestment and Revitalization Funds” and will be used to fund projects and programs in the following order:

1. To fund former Sonoma County Redevelopment Agency projects previously approved by the Board of Supervisors acting as the Commissioners of the Redevelopment Agency.
2. To supplement the County General Fund support for the Community Services Fund by up to \$200,000/year.
3. To fund former Sonoma County Redevelopment Agency programs previously approved by the Board of Supervisors acting as the Commissioners of the Redevelopment Agency.
4. To fund projects and programs in former Sonoma County Redevelopment Agency project areas.
5. To fund projects and programs which promote economic development.
6. To fund affordable housing projects and programs.

Funds will primarily be used in the County’s unincorporated areas, except where the funds have historically been used for County-wide purposes (as with the Community Services Fund). They will also be needed to cover administrative costs, operating costs listed on Board-approved ROPS if denied by the State, and Housing Successor Agency costs if other funds from the Commission are not available

This policy is intended to apply through FY 16-17. It will be reviewed annually, as well as specific funding recommendations.



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June 10, 2013

To: Members of the Board of Supervisors
From: Veronica A. Ferguson
Re: FY 13-14 Supplemental Budget: Advertising Budget

Transient Occupancy Tax (TOT)

Transient Occupancy Tax (TOT) of 9% is charged on all hotels, motels, bed and breakfasts, inns, and campgrounds in the unincorporated area of the county. Per Board policy, the proceeds of this tax are distributed between the General Fund (25%) and the Advertising Fund (75%). The Advertising Fund finances, generally, various Economic Development initiatives, a portion of Regional Parks Department operations and maintenance costs, and the Advertising Program grants, per the Advertising and Promotions Program Policy.

Transient Occupancy Tax History

The chart below summarizes TOT revenues for the past three fiscal years, and includes both quarterly collections and delinquencies. In FY 12-13, based on the recent collection report (January to March 2013 Quarter), revenues are nearly 10.5% (\$919,114) more than the prior year's total collections. Total collections include one-time delinquent TOT payments totaling \$167,412. Additional information regarding vacation rentals and collection compliance efforts is attached (Attachment 5) which includes an update on compliance efforts and revenue collected for these properties. Compliance efforts are planned to continue through FY 13/14. It is estimated that \$755,000 in outstanding delinquencies, in various stages of collections, are still outstanding.

The existing revenue base (not including delinquent amounts) is expected to grow 3% from current year estimates.

TOT COLLECTIONS HISTORICAL DATA

Fiscal Year	General Fund	Advertising Fund	Total	Percent Change
FY 10-11	\$1,982,411	\$5,947,233	\$7,929,644	11.1
FY 11-12	\$2,188,976	\$6,566,927	\$8,755,903	10.4
FY 12-13	\$2,418,754	\$7,256,264	\$9,675,018	10.5

Actions Approved May 14, 2013

The Board approved various updates to the Advertising and Promotions Policy on May 14, 2013 including updates to the Advertising and Promotions Program Policy (as described below), and Program grants for FY 13/14 with the exception of a few outstanding actions discussed.

The significant approved Policy changes include:

1. Category A1 – Chambers of Commerce: Clarify that chambers located in the unincorporated area of the county will be given priority during the application and grant recommendation process
2. Category A5 – Visitor Way Finding and Signage (NEW category): Approved new category for grants for permanent way finding and identification signs; category grant maximum was proposed to be \$40,000 however the Board discussed finalizing the maximum following the application period. Staff recommendation on the category maximum and individual FY 13/14 grants are discussed below.
3. Category B1 – Parks and Recreation: Clarify funding under this category is provided to county departments; clarify funding for the Regional Parks Department is dedicated to the operations and maintenance costs of existing facilities only.
4. Category D – Historical Commissions: clarify funding is provided for historical preservation purposes and activities, not a specific entity of commission.
5. Category E – Local Events and Organizations: Increase category maximum from \$100,000 to \$160,000, and directed staff to review options for allocation of the funds across the district. Options for distribution and staff recommendation as discussed below.
6. Category G2 – Affordable Housing: Clarify the Permit and Resource Management Department and the Community Development Commission receive funds under this category. Provide that \$60,000 remain in the Advertising Fund under the Affordable Housing Set Aside account each fiscal year and the remainder of the Affordable Housing allocation directed to the Community Fund for Housing administered by the Community Development Commission.

Recommendations on Follow Up Items

The Board requested additional staff consideration on the following items based on the May 14, 2013 Advertising Program discussion.

- 1.) Re-evaluate how increased funding for Category E – Local Events/Organizations would be distributed between the supervisorial districts;
- 2.) Determine the funding requests under the proposed new Visitor Way Finding and Signage program category;
- 3.) Re-evaluate potential grant awards for the Sonoma County Harvest Fair event; and
- 4.) For the Farm Bureau “Love of the Land” event.

1.) Category E – Local Events/Organizations:

Based on the large number of grants requests directed to this category, staff recommended increasing the allocation to this category from \$100,000 to \$160,000. The Policy currently provides that each supervisorial district receive a base allocation of \$10,000 with the remainder of funds allocated based on the percent of Transient Occupancy Tax (TOT) collections in each district from the prior collections cycle. Staff was directed on May 14th to review this allocation methodically for a more equitable distribution of the increased allocations.

Staff recommends amending the policy so that 50% of the category allocation is distributed equitably across all five districts, as the base allocation, and the remaining 50% is distributed based on the percent of TOT collections in each district from the prior collections cycle. Staff recommends this methodology in order to preserve the recognition of district collections while still providing enough funds for district's to address their needs and to remain consistent with the original methodology utilized in establishing the category which consisted of a 50/50 split with \$50,000 distributed as the base allocation and \$50,000 distributed based on collection. This will also ensure that no district receives less than the FY 12/13 allocations.

Attachment 4 includes the options considered by staff as well as this recommended option, listed as option 2. Under the proposed new funding level and Policy amendment (as proposed in Attachment 3), allocations to each district for FY 13/14 would be as follows:

District	Base Allocation	Collection-Based Allocation	FY 13/14 Total
First	\$16,000	\$25,216 (31.52%)	\$41,216
Second	\$16,000	\$32 (0.04%)	\$16,032
Third	\$16,000	\$2,352 (2.94%)	\$18,352
Fourth	\$16,000	\$13,232 (16.54%)	\$29,232
Fifth	\$16,000	\$39,168 (48.96%)	\$55,168

2.) Category A5 – Visitor Way Finding and Signage (proposed NEW category):

On May 14th staff recommended the addition of a new category providing dedicated funding for signage and way finding with \$40,000 allocated to this category. The Board expressed interest in this category and purpose and further interest into what the needs and application requests would be. Staff distributed an application for Way Finding and Signage funding requests on May 14th with responses to be received by May 22nd. Attachment 2 includes a list of all applications received and staff recommendations for grant funding. As such, staff recommends the Policy be approved (as provided in Attachment 3) to include the addition of this category and allocate a maximum of \$50,000 for the category.

3.) Sonoma County Harvest Fair FY 13/14 Grant Award:

The Sonoma County Harvest Fair FY 13/14 grant application indicated an attendance below the maximum of 15,000 to qualify as a major event/organization under Category F – Major Events/Organizations of the Program Policy. The application indicated that attendance in 2011 and 2012 was below this requirement and expected to decrease in 2013 based on changes to the scope of the Harvest Fair activities. As such, staff recommended no funding for this event under Category F and that it be considered under Category E – Local Events/Organizations instead, which is established for smaller scale events that may not meet the requirements of the larger event category.

Upon release of the May 14th grant award recommendation, the Fair Manager indicated that new data was available and that changes to the structure of the upcoming Harvest Fair would in fact allow for greater attendance and the estimated attendance for the FY 13/14 event is above 15,000. As such, the event qualifies for Category F funding and staff recommends a FY 13/14 Category F grant of \$10,000. This funding is available from contingencies. Attachment D includes the FY 13/14 grant recommendations, as approved by the Board on May 14th, updated to include this recommendation for Harvest Fair grant award.

4.) Farm Bureau “Love of the Land” Event FY 13/14 Grant Award:

The Farm Bureau applied for an Advertising Grant for the “Love of the Land” event under Category C – Agricultural Promotion and E- Local Events/Organizations. Category C requires that a single, coordinated application be submitted by local agricultural partners to encourage collaborations and reduce duplication of efforts in the sector. As such, the independent application for the Farm Bureau event was not recommended for funding under Category C. The Board directed staff to re-evaluate this application request given its potential county-wide impact.

Based on the focused promotional and fundraising benefit for the agricultural community, staff recommends that the event be afforded a FY 13/14 grant award of \$2,500 under Category C and that the Farm Bureau work collaboratively with the aggregate group (including Sonoma County Vintners, Sonoma County Winegrape Commissions, Farm Trails, and Sonoma Valley Vintners and Growers Alliance) under Category C to ensure continued sector collaboration and cohesive communications. This would be a one-time grant and in the future the Farm Bureau is advised to work with the aggregate group on future applications under this category. In order to not negatively impact the existing Category C entities under the single application, staff recommends that the Board allow Category C to exceed the established maximum of \$150,000 for FY 13/14 and have a total allocation of \$152,500. This funding is available from contingencies.

Next Steps:

Should the Board approve the proposed actions, staff will update the Program Policy as approved and incorporate the final grant awards into the Advertising budget through the FY 13/14 supplemental budget process. Staff also requests the Board authorize the County Administrator to sign and execute contracts with each entity awarded an Advertising grant in order to expedite the process.

FY 13-14 Advertising Program Sources and Uses – Attachment 1

Attachment 1 identifies FY 13-14 staff's recommendations of uses developed in collaboration with the Board's Advertising liaisons and reflecting Board direction on May 14. Attachment 2 identifies the specific grant awards approved/recommended under each program category. The projected available ending fund balance for FY 13-14 is \$1,569,031. Usage of \$821,636 in fund balance is recommended to accommodate funding for the new Way Finding and Signage category and increased funding for advertisers and Economic Development programs as well as increased funding for contingencies. The increased revenue collections to date and projections of ongoing revenue provide funding for these increased expenses. This also maintains an Economic Uncertainty Reserve of 5% of revenues and provides for an outstanding fund balance of 10% of revenues, consistent with previous fund balance budget targets. \$436,123 is allocated to contingencies.

Attachments:

- Attachment 1 – Advertising Fund Sources and Uses
- Attachment 2 – FY 13-14 Advertising Program Grant Awards
- Attachment 3 – FY 13-14 Advertising and Promotions Policy with proposed updates
- Attachment 4 – Category E Allocation Options
- Attachment 5 – Vacation Rental Registration Year End Status Report

**ATTACHMENT 1 - ADVERTISING FUND
ALLOCATIONS**

June 2012 Estimate FY 2012-13	Final Budget Hearings FY 2013-14
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BEGINNING OPERATING FUND BALANCE	1,930,419	1,569,031
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SOURCES

Interest	25,000	25,000
Release of LT Receivables	15,000	
Transient Occupancy Tax	7,256,263	7,473,951

Revenues	7,296,263	7,498,951
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Expenditures

A1- Chambers of Commerce	30,400	29,969
A5- Way Finding/Signage	-	50,000
C- Agricultural Promotion	150,000	152,500
D- Historical Groups	30,000	30,000
E- Local Events/Organizations	101,495	160,000
G1- Departmental Activities	274,991	88,000
F- Major County Events & Org	362,000	320,000
B2- Community Impacts	59,600	70,000

Advertisers Awards	1,008,486	900,469
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B1- Regional Parks Department	2,163,768	2,193,617
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A2- Visitors Centers	330,563	325,900
A3- Economic Development Department	1,200,552	1,440,003
A3- Economic Development Initiatives	100,000	100,000

A4- Sonoma County Tourism	1,929,487	2,052,504
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Economic Development	3,560,602	3,918,407
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G2- Affordable Housing Activities	312,934	292,934
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G5- CAO	75,918	180,000
G3- ACTTC Collection	130,819	130,819
G3- ACTTC Audit	181,500	182,850
G4- Legal Services	77,500	41,810

Collection & Program Admin	465,737	535,479
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Contingency	129,643	436,123
Increase to EUR	16,481	43,558

Total Expenses	7,657,651	8,320,587
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Increase/(Decrease) to Fund	(361,388)	(821,636)
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ENDING OPERATING FUND BALANCE	1,569,031	747,395
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Restricted Designations (not included in Operating FB)

<i>Economic Uncertainty Reserve (EUR)</i>	330,140	373,698
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Attachment 2 - FY 13/14 Grant Award Recommendation for Advertising Program Grants

Entity	Event/Purpose		Amount Requested		Recommendation	Notes
Category A1 - Chambers of Commerce		Category Max:		\$30,000		
Geyserville Chamber	Membership match		\$1,900		\$1,672	
Mark West Area Chamber	Membership match		\$4,200		\$3,696	
Monte Rio Chamber	Membership match		\$225		\$225	
Russian River Chamber	Membership match		\$4,600		\$4,048	
Seba Chamber and Visitors Center	Membership match		\$7,100		\$6,248	
Sonoma Valley Chamber	Membership match		\$16,000		\$14,080	
Total Requested			\$34,025	Total Recommended	\$29,969	
Category A2 - Visitors Center		Category Max:		None		
Healdsburg	Operations		\$20,000		\$10,000	
Petaluma	Operations		\$39,850		\$10,000	
Redwood Coast	Operations		\$10,000		\$6,750	
Rohnert Park	Operations		\$25,000		\$0	
Russian River	Operations		\$78,800		\$78,800	
Santa Rosa	Operations		\$50,000		\$31,000	
Sebastopol	Operations		\$25,000		\$13,350	
Sonoma Coast (Bodega Bay)	Operations		\$82,270		\$82,000	
Sonoma Valley	Operations		\$125,000		\$94,000	
Total Requested			\$455,920	Total Recommended	\$325,900	

Attachment 2 - FY 13/14 Grant Award Recommendation for Advertising Program Grants

Entity	Event/Purpose		Amount Requested		Recommendation	Notes
Category A5 - Visitor Way Finding & Signage		Category Max:		\$50,000		
6th Street Playhouse	Signs on north and south HWY 101 off ramps for location of theater and Historic Railroad Square; "Lamp post" style signs in Railroad Square directing to theater. (7 signs)		\$28,000		\$0	
Arts Council	Billboard on Hwy 101 south county gateway		\$40,000		\$0	
Cinnabar	Sign to identify location of Cinnabar Theater from the south.		\$4,500		\$0	
Cloverdale Chamber of Commerce	Contribute to planned sign program, including gateway signs and directional sign in downtown.		\$40,000		\$6,000	
Friends of Rio Nido	Restore and install historic neon sign near original location on River Road		\$6,000		\$3,000	
Jack London State Historic Park	Directional signs on 20+ miles of trails and two kiosks at base of trails with a map.		\$6,000		\$0	
Monte Rio Chamber of Commerce	Replace existing Chamber Monte Rio Gateway sign.		\$800		\$800	
Monte Rio Rec & Park District	Sign at entry of Creekside Park on Main Street		\$4,000		\$1,000	
Pegasus Theater Company	Sign on Canyon Two Road directing to the theater		\$360		\$360	
Petaluma Visitors Center	5 signs directing to VC and potentially 3 more on Hwy exits.		\$4,020		\$4,000	
Russian River Chamber of Commerce	Phase 2 of plan from former RDA; Way finding signage and potential a new plaza kiosk		\$20,000		\$5,840	

Attachment 2 - FY 13/14 Grant Award Recommendation for Advertising Program Grants

Entity	Event/Purpose		Amount Requested		Recommendation	Notes
Sebastopol Center for the Arts	Way finding signs on Hwy 12 and 116 for location of Center; sign on High St.; and around building which are inaccurate.		\$6,500		\$0	
SoCo Winegrowers	Signs at entry of each of 15 AVA to identify AVA, 30 signs total		\$20,000		\$0	
Sonoma Community Center	Marquee signage for Andrews Hall		\$20,000		\$5,000	
SoCo Museum	Wind Cube art and sign on 505 B Street.		\$22,000		\$0	
Sonoma Valley Visitors Bearua	Billboard on Hwy 37&121; Billboard on Hwy 12&121		\$20,000		\$7,000	
Town of Windsor	Welcome sign on South Hwy 101		\$9,300		\$7,000	
Wells Fargo Center	Electric Entrance Monument Sign with permanent non-electronic "Welcome to Larkfield"		\$40,000		\$10,000	
		Total Requested	\$291,480	Total Recommended	\$50,000	

Category B1 - Parks & Recreation		Category Max:		\$0		
Team Sugarloaf (Sonoma Ecology Ctr)	Sugarloaf Ridge State Park		\$25,000-40,000		\$0	Category for county departments, consider application under Category F.
		Total Requested	\$40,000	Total Recommended	\$0	

Category B2 - Community Safety		Category Max:		\$90,000		
Bodega Bay Fire Protection District	Radio; water tender; all terrain utility vehicle; life vests; and station upgrades.		\$90,000		\$70,000	
		Total Requested	\$90,000	Total Recommended	\$70,000	

Attachment 2 - FY 13/14 Grant Award Recommendation for Advertising Program Grants

Entity	Event/Purpose		Amount Requested		Recommendation	Notes
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Category C - Agricultural Promotion		Category Max:		\$150,000		
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Cittaslow	Rural Heritage - Sonoma Valley (publication, print, cd, ebook, serial)		\$35,000		\$0	
Farm Bureau	Love of the Land		\$20,000		\$2,500	Combine with AgGregate group.
SoCo AgGregate	SoCo Vintners, SoCo Winegrape Commission, Sonoma Valley Vintners & Growers Alliance, SoCo Farm Trails		\$150,000		\$150,000	

Total Requested			\$205,000	Total Recommended		\$152,500
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Category D - Historical Commissions		Category Max:		\$30,000		
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Cittaslow	Rural Heritage - Sonoma Valley (publication, print, cd, ebook, serial)		\$35,000		\$0	Not a historical commission or group
Historical Records Commission	Historical Records Commission		\$5,000		\$2,000	
SoCo Landmarks Commission	SoCo Landmarks Commission		\$27,000		\$22,000	
SoCo Museum	historic objects collection		\$15,000		\$6,000	
Western SoCo Historical Society	Repair and renovate a cottage at Gold Ridge Farm.		\$3,560		\$0	Has been awarded grant from SoCo Landmarks Commission for this work

Total Requested			\$85,560	Total Recommended		\$30,000
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Attachment 2 - FY 13/14 Grant Award Recommendation for Advertising Program Grants

Entity	Event/Purpose		Amount Requested		Recommendation	Notes
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Category F - Major Events/Organizations	Category Max:	\$300,000
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Single Event

Artistic Wonders Society	Wunderkammer		\$11,400		\$10,000	
Pacific Coast Air Museum	Wings Over Wine County		\$10,000		\$10,000	
Rose Parade and Festival	Rose Parade		\$70,000		\$5,000	
Seba Chamber and VC	Apple Blossom Festival		\$5,000		\$3,000	

Series (not year round)

Petaluma Downtown Association	Butter & Eggs, Spring and Fall Antique Fairs, Art and Garden Festival		\$14,500		\$13,000	
SoCo Fair & Expo	SoCo Fair & Expo		\$50,000		\$25,000	
SoCo Harvest Fair	SoCo Harvest Fair		\$30,000		\$10,000	
SoCo Regional Parks	Russian River Festival 2013		\$20,000		\$20,000	
Sonoma Valley Visitors' Bureau	Winter Marketing, Olive Season (Dec-Jan), March Girlfriends Getaway Month		\$20,000		\$10,000	
Summer Repertory Theatre Festival	Festival 2013 Season		\$15,000		\$13,000	

Year Round Series

6th Street Playhouse	13-14 season		\$24,000		\$15,000	
Cinnabar	Cinnabar		\$15,000		\$15,000	
Cultural Arts Council	ARTrails Open Studios and ongoing website advertising and development		\$50,000		\$10,000	
Healdsburg Jazz Fest	Healdsburg Jazz Fest		\$10,000		\$8,000	
Pacific Coast Air Museum	Museum events		\$14,000		\$8,000	

Attachment 2 - FY 13/14 Grant Award Recommendation for Advertising Program Grants

Entity	Event/Purpose		Amount Requested		Recommendation	Notes
Santa Rosa Symphony	Santa Rosa Symphony Events		\$50,000		\$35,000	
Seba Ctr for the Arts	Seba Ctr for the Arts Events		\$50,000		\$30,000	
SoCo Museum	Museum Exhibitions		\$40,000		\$35,000	
Sonoma Valley Visitors' Bureau	HWY 37 Billboard		\$20,000		\$0	
Team Sugarloaf (Sonoma Ecology Ctr)	Sugarloaf Ridge State Park		\$40,000		\$0	
Wells Fargo Ctr	WFC Events		\$50,000		\$45,000	
Total Requested			\$608,900	Total Recommended	\$320,000	

Category G - Departmental Activities		Category Max:	None			
SoCo Agricultural Commissioner's Office	Crop Report	G	\$4,000		\$0	
SoCo Library	Sonoma Heritage Project	G	\$25,500		\$23,000	
Total Requested			\$29,500	Total Recommended	\$23,000	

ADVERTISING & PROMOTIONS PROGRAM POLICY

I. SOURCE OF FUNDS

The Transient Occupancy Tax (Hotel/Motel Tax or Bed Tax) is authorized under State Revenue and Taxation Code Section 7280 as an additional source of non-property tax revenue to local government. This tax is levied in Sonoma County at a rate of 9%. The code does not require any specific use of the Transient Occupancy Tax (TOT). Funds developed as a result of the TOT may be utilized for General Fund, Advertising Fund, or other purposes.

The Sonoma County Board of Supervisors has established a policy that 25% of the TOT funds are designated to the General Fund, and 75% of the funds will be used to finance advertising, promotional and other activities.

Activities performed utilizing Advertising Program grants provided to non-profit must also be consistent with Government Code Section 26100, which states that advertising funds may be utilized for the following purposes:

- A. Advertising, exploiting, and making known the resources of the county;
- B. Exhibiting or advertising the agricultural, horticultural, viticultural, mineral, industrial, commercial, climatic, educational, recreational, artistic, musical, cultural, and other resources or advantages of the county;
- C. Making plans and arrangements for a world's fair, trade fair, or other fair or exposition at which such resources may be exhibited;
- D. Doing any of such work in cooperation with or jointly by contract with other agencies, associations, or corporations.

For purposes of this policy:

- a. "Advertising" shall be taken to mean the cost of advertisements in radio, television, newspapers and magazines, printing of newsletters, direct mail, posters and handbills, internet and other paid advertising, the purpose of which is to draw an increased attendance at an event.
- b. "Promotions" shall be taken to mean costs of communication primarily directed outside of the County for which the purpose is the further recognition of Sonoma County and/or regional areas, events and/or activities in order to achieve favorable media attention and/or large audience exposure. Examples of communication may include attendance at trade shows, public relations activities, in-county familiarization tours and marketing programs.

II. POLICY STATEMENT

The Board of Supervisors wishes to encourage tourism, agriculture, and economic development in the County by supporting a series of promotional, community, and cultural, activities through the use of Advertising funds for: regional and national advertising, support of the community's spirit and its art/cultural programs, and promotion of other special events as deemed, by the Board, consistent with this Policy. Funding levels will be established annually based on collections.

Except where provided for differently, the Board has established the following general principles which shall govern the allocation of advertising funds:

1. The Board may provide advertising funds to private non-profit organizations whose purpose is to promote cultural activities, historical preservation activities, promotional activities which enhance tourism and industry, and/or local community events which encourage a sense of community. For purposes of this policy, to qualify as a cultural or artistic organization, the organization must have an annual program consisting of a series of presentations and/or activities. The organization must also have subscriptions, season tickets, and/or non-exclusive memberships, which provides financial support for the organization.
2. Any event promoted by clubs, fraternal organizations, societies, human service organizations, and other similar type organizations, and for which the proceeds of the event will be used to fund other activities, are not eligible for Advertising funds.
3. Advertising fund grant awards will be based upon an evaluation of all application materials, with a focus on the return on investment and benefit to be gained, including potential tourism and business revenue, from providing financial support to the event/organization. Events and organizations who demonstrate ability to receive and/or contribute match funding or grants as the result of receipt of Advertising funds will be given priority consideration in the application review process and in consideration of amount of grant award.
4. Costs for staff salaries, overhead, travel expenses (such as transportation, lodging and/or meals) and fixed assets are not allowable advertising and promotions reimbursable expenses. (Economic Development, Historical Commission, and Departmental activities as indicated in section A.3, B, D, and G are exempt from this provision.)
5. Entities will be required to include the County of Sonoma logo and/or statement indicating sponsorship and/or support on all printed promotional materials, unless otherwise requested or agreed upon with the County.
6. County funds are not to be used for individual business promotion or advertisement. Any business name mentioned in county funded materials must be a sponsor or direct participant in the event or promotional effort. Any listing of service or product providers or co-sponsors must be inclusive. Any advertising space or time purchased by an individual business must be clearly and separately identified as paid advertising.
7. Advertisers with multiple events are asked to submit only one (1) application per agency/IRS tax number. Advertisers may apply for grants for various events and under various categories within the single application. Each separate event or activity for which funds are requested must identify the category(s) under which the event qualifies and is applying for funds.

III. ACTIVITIES ELIGIBLE FOR ADVERTISING AND PROMOTIONS FUNDS

A. Economic Development and Promotional Organizations

The Board desires to designate available funds towards projects and initiatives that stimulate and expand the county's economic vitality.

1. **Chambers of Commerce:**

Funding may be provided to Chambers of Commerce serving unincorporated areas of Sonoma County. Chambers located in the unincorporated area of the county will be given priority in funding consideration. Allocation of funds will be based upon a 10% match of membership dues and private cash contributions that are discretionary revenue to the chamber and are not associated with a particular event, function or position. A maximum of \$30,000 per year may be made available for Chambers of Commerce.

2. **Visitors Centers:**

Funding for Visitor Centers within the county may be considered at the discretion of the Board of Supervisors. For purposes of funding, Visitors Centers will be distinct from the Tourism Marketing Program. Requests for funding will be made annually.

3. **Economic Development Board:**

The Board of Supervisors has designated the Economic Development Board (EDB) to provide business assistance services to enable local businesses to maintain or expand their operations. The EDB will request funds annually through the budget process and will be considered at the discretion of the Board of Supervisors.

4. **Tourism Marketing Program:**

As determined by the Board of Supervisors, the County will provide TOT funds for advertising and promotional efforts as provided by the Sonoma County Tourism Bureau (SCTB). A sum equivalent to the first 2% of the 9% TOT tax collected in the unincorporated Sonoma County will be designated for the SCTB. The county's TOT contribution to SCTB is disbursed through the EDB budget.

5. **Visitor Way Finding and Signage:**

Funding may be provided for permanent signage related to visitor way finding and area identification. These funds are intended for the installment and maintenance of permanent identification signs, not temporary or event promotion signs. A maximum of \$50,000 per year may be made under this category.

B. County Tourism Impacts

1. **Parks & Recreation:**

The Board of Supervisors desires to provide TOT funds for to County departments for recreational activities that benefit local tourism activities and the tourist industry, including, but not limited to, the Regional Parks Department and the Fairgrounds and Exposition, Inc. Funding provided to the Regional Parks Department is allocated for operations and maintenance of existing park facilities only. Requests for TOT funds from County departments will be reviewed annually on a case-by-case basis and will be considered at the discretion of the Board of Supervisors.

2. Community Safety:

The Board of Supervisors desires to address potential impacts on visitors' and residents' safety as a result of high-impact tourism within the unincorporated areas of the county. A maximum of \$90,000 per year may be made available under this category as Program funding allows. Request for Advertising funds under this category will be reviewed annually on a case-by-case basis.

The following guidelines and specific criteria must be met to be eligible for funding under this category:

- a. Only public safety agencies located in the unincorporated area of the county may apply under this category.
- b. Applicants must request funding for a specific purpose (i.e. personnel training, safety equipment, etc.) and include the cost of the activity in relation to the amount of grant funds being applied for.
- c. Applicants must demonstrate a clear nexus between the grant request activity and impacts of tourism resulting in the necessity of the activity.
- d. Applicants must demonstrate a clear nexus between the request activity and the benefit to the resident and visitor population within the unincorporated area of the county resulting from the activity.

C. Agricultural Promotion

The Board of Supervisors desires to support advertising campaigns and promotional activities directed by Sonoma County agricultural and viticulture industries.

1. A maximum of \$150,000 per year may be made available for agricultural and viticulture industries under this category.
2. The following general guidelines shall apply to this category:
 - a. In order to promote collaborative advertising and promotional efforts within the agricultural sector, only one application will be considered under this category. Such application shall include promotion of the major agricultural related activities within Sonoma County.
 - i. Application requests that include multiple agency efforts will require submission of agency budgets from all involved agencies.
 - ii. If county funds are redistributed to other agencies a Memorandum of Understanding (MOU) between agencies must be submitted with application.
 - b. Agency applying under this category must be responsive to requests for visitor information on a year-round basis.
 - c. The request must be part of a larger advertising program. Industry commitment as demonstrated by matching industry/membership contributions must exceed request for funding from County advertising program.

D. Historical Commissions

The Board of Supervisors desires to support historical preservation of the county's culture and historical records and architecture.

1. A maximum of \$30,000 per year may be made available for this category.
2. The County has designated the Sonoma County Landmarks Commission to advise on the distribution of funds for preservation and restoration of historically significant buildings. Funding may be provided to this Commission to accept grant applications for the renovation, restoration and/or preservation of historical facilities.
3. The Board has designated a Historical Records Commission to review and make recommendations regarding the maintenance and destruction and retention of records, which may be of historical significance. Funding under this category may be provided for these activities.

E. Local Events and Organizations

The Board has established this category to assist small cultural, artistic, and countywide events and organizations as well as events occurring during the off peak tourism season (November 15 through April 15) with the direct cost of advertising in order to encourage visitors to frequent the county throughout the entire year. Funding for these events and organizations will be at the discretion of each Supervisorial District. Events and organizations will make requests annually to the Supervisorial District in which their event/organization exists.

\$160,000 has been allocated for district discretion. 50% of this allocation will be divided equally across each district as baseline funding. The remaining 50% will be divided by the percent of TOT collections by district in the previous fiscal year.

F. Major County Events and Organizations

The Board of Supervisors desires to promote major events and cultural and artistic organizations which draw countywide, regional, state and national interest as evidenced by widespread media promotion and which can demonstrate a significant population of participants and visitors from outside the county.

1. A maximum of \$300,000 per year may be made available for major events and organizations within this category.
2. The following general guidelines apply to this category:
 - a. Must demonstrate overall attendance in excess of 15,000, with significant (20% or more) demonstrated attendance from out of the county.
 - b. Must demonstrate extent of out-of-county attendance and demonstrate link to overnight stays from attendees.
 - c. Must demonstrate advertising expenses exceeding \$25,000, of which the Advertising funds being requested must not exceed 50% of total advertising expenses for the event or organization.
 - d. Must demonstrate a major advertising campaign plan focused outside of the county.

- e. Must demonstrate the extent to which the event, season series, exhibit, or marketing effort will support the county's economic development in the form of local job promotion, local education contribution, and/or local business-chambers of commerce-visitors centers partnerships.
3. The maximum advertising fund contribution which can be applied for is \$50,000.
 4. The following will be requested as part of the application process for all events and organizations who apply for advertising funds under this category. This information is not required and failure to provide will not result in disqualification, however, the information will be used to determine grant awards and amounts based on demonstrated ability to most effectively promote tourism, agricultural, and/or economic development.
 - a. A complete Advertising Fund grant application (form provided by the County);
 - b. A completed post-program/event report containing results and benefits of prior year activities and events, if the entity received Advertising Funds in the previous fiscal year (form provided by the County);
 - c. Detail the advertising/promotional campaign for which advertising funds are being requested, including the type of advertising and region(s) of promotion;
 - d. Detail how these activities will promote attendance, including expected attendance, overnight stays, and visitor spending; and
 - e. Detail how the County of Sonoma organization will be promoted as an organization/event sponsor in advertising materials, available event/booth attendance, and other such activities. Information should also be provided on available sponsorship packages.

G. County Government Departmental Activities

The Board of Supervisors desires to provide Advertising funds for certain county departmental activities that benefit local tourism activities and the tourist industry, and which preserve and promote Sonoma County history. Advertising funds may be used for salaries of County employees when participating in activities funded by Advertising funds. Administrative costs (including collection, audit, program coordination, consultant, and legal services), should not exceed 10% of the estimated and/or budgeted TOT revenues.

Request for Advertising funds from departments will be reviewed annually on a case-by-case basis.

1. Miscellaneous Department Activities:

Funding may be provided to County departments to advertise specific activities which promote tourism and awareness of the County, including, but not limited to, the Sonoma County Library, the Sonoma County State Capital Exhibit, and similar endeavors; as well as provide for venue services where tourist and community activities take place.

2. Affordable Housing:

Funding may also be identified for an affordable housing program. Funding designated for affordable housing shall be recommended by the County Administrator's Office based on available funding and approved by the Board of Supervisors on an annual basis. As a goal, funds will be recommended based upon 50% of revenues directed toward this fund that are

generated from facilities established after 2002, pursuant to the March 2002 Board Policy Workshop, and after categories A-H have been funded at appropriate levels.

The Community Development Commission and the Permit and Resources Management Department shall make requests for these funds annually through the budget process for funding affordable housing programs and related efforts as well as for implementation of the Housing Element. Additionally, \$60,000 shall remain in the Affordable Housing Set Aside Fund within the Advertising Program to be available for emergency shelter needs that arise throughout the year that have not been addressed elsewhere.

Should additional funds set aside for affordable housing remain available following these requests and the Set Aside, the funds shall be allocated to the existing County Fund for Housing (CFH), administrated by the Community Development Commission.

3. Collections/Audit Services:

Revenue and tax collection services and program and grantee audit services are provided for this Program. Funding shall be recommended by the County Administrator's Office annually to fund these activities.

4. Legal Services:

Legal guidance, advice, interpretation and other related services are provided for this Program. Funding shall be recommended by the County Administrator's Office annually to fund these activities.

5. Program Administration Services:

Administration of this Program, including policy management and review, budget management and review, application review and recommendation, contract management, claims processing, and other related activities are provided by the County Administrator's Office. Funding shall be recommended by the County Administrator's Office annually to fund these activities.

Attachment A

FY 12/13

Policy Language: Each district will receive a baseline amount of \$10,000 with the remaining \$50,000 divided by the % of TOT collections by district in the previous fiscal year.

District	Base Allocation	% Collection	Collection-Based Allocation	Total	% of Total
1	10,000	35.58%	17,790	27,790	27.38%
2	10,000	0.12%	60	10,060	9.91%
3	10,000	2.42%	1,210	11,210	11.04%
4	10,000	16.92%	8,460	18,460	18.19%
5	10,000	47.95%	23,975	33,975	33.47%
Total	50,000		51,495	101,495	

FY 13/14

5/14 Agenda Item Recommendation:

Allocate the increased category allocation (\$60,000) to the "collection-based" allocation portion; base allocation remains the same at \$10,000 per district.

District	Base Allocation	% Collection	Collection-Based Allocation	Total	% of Total
1	10,000	31.52%	34,672	44,672	27.92%
2	10,000	0.04%	44	10,044	6.28%
3	10,000	2.94%	3,234	13,234	8.27%
4	10,000	16.54%	18,194	28,194	17.62%
5	10,000	48.96%	53,856	63,856	39.91%
Total	50,000		110,000	160,000	

Option 1:

Allocate the increased category allocation (\$60,000) to the "base" allocation portion; "collection-based" allocation remains the same at \$50,000 divided across the districts.

District	Base Allocation	% Collection	Collection-Based Allocation	Total	% of Total
1	22,000	31.52%	15,760	37,760	23.60%
2	22,000	0.04%	20	22,020	13.76%
3	22,000	2.94%	1,470	23,470	14.67%
4	22,000	16.54%	8,270	30,270	18.92%
5	22,000	48.96%	24,480	46,480	29.05%
Total	110,000		50,000	160,000	

Option 2:

Allocate the increased category allocation (\$60,000) equally between the "base" and "collection-based" allocation portions; resulting in 50% of the total category allocation distributed based on collections and 50% distributed equitably.

District	Base Allocation	% Collection	Collection-Based Allocation	Total	% of Total
1	16,000	31.52%	25,216	41,216	25.76%
2	16,000	0.04%	32	16,032	10.02%
3	16,000	2.94%	2,352	18,352	11.47%
4	16,000	16.54%	13,232	29,232	18.27%
5	16,000	48.96%	39,168	55,168	34.48%
Total	80,000		80,000	160,000	

Option 3:

"Collection-based" allocation increases by the amount TOT collections have increased (estimated to be 10.39% in FY 13/14 over FY 12/13), remainder of category allocation increase goes to "base" allocation for equal distribution across districts.

District	Base Allocation	% Collection	Collection-Based Allocation	Total	% of Total
1	20,961	31.52%	17,397	38,358	23.97%
2	20,961	0.04%	22	20,983	13.11%
3	20,961	2.94%	1,623	22,584	14.11%
4	20,961	16.54%	9,129	30,090	18.81%
5	20,961	48.96%	27,023	47,984	29.99%
Total	104,805		55,195	160,000	

Option 4:

"Base" allocation increases by the amount TOT collections have increased (estimated to be 10.39% in FY 13/14 over FY 12/13), remainder of category allocation increase goes to "collection-based" allocation for distribution across districts.

District	Base Allocation	% Collection	Collection-Based Allocation	Total	% of Total
1	11,039	31.52%	33,035	44,074	27.55%
2	11,039	0.04%	42	11,081	6.93%
3	11,039	2.94%	3,081	14,120	8.83%
4	11,039	16.54%	17,335	28,374	17.73%
5	11,039	48.96%	51,313	62,352	38.97%
Total	55,195		104,805	160,000	

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DONNA DUNK, CPA
ASSISTANT
AUDITOR-CONTROLLER

JONATHAN KADLEC
ASSISTANT
TREASURER-TAX COLLECTOR

Memorandum

To: Jennifer Milligan, Administrative Analyst

From: Damian Gonshorowski, Supervising Accountant

Date: May 29, 2013

Re: Vacation Rental registration and TOT revenue yearend status report

As requested by the County Administrator's Office, we are providing an update of the Vacation Rental by Owner (VBRO) registration and Transient Occupancy Tax (TOT) revenue activities for the period July 1, 2010 through May 23, 2013.

The number of registered VRBO establishments increased from 379 in fiscal year 2010 to 472 as of May 23, 2013. A total of \$824,317 in delinquent taxes were collected during the same period. The total TOT collected from VRBOs registered after July 1, 2010 amounted to \$1,072,138 (\$84,098 in FY 2010/11, \$333,076 in FY 2011/12 and \$654,964 in FY 2012/13 year to date).

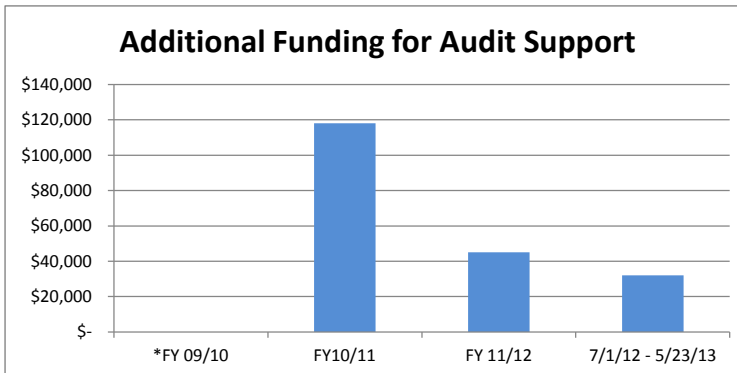
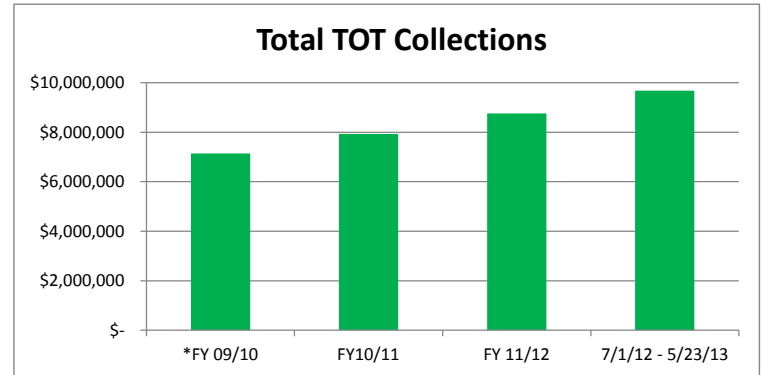
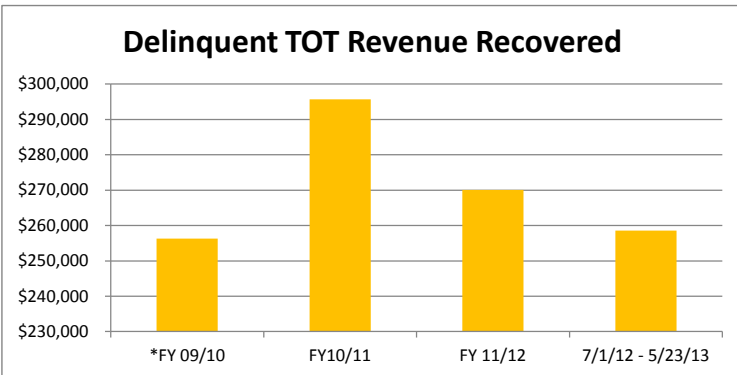
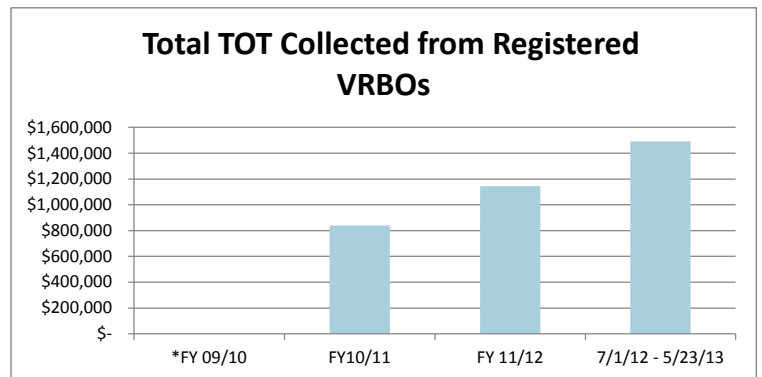
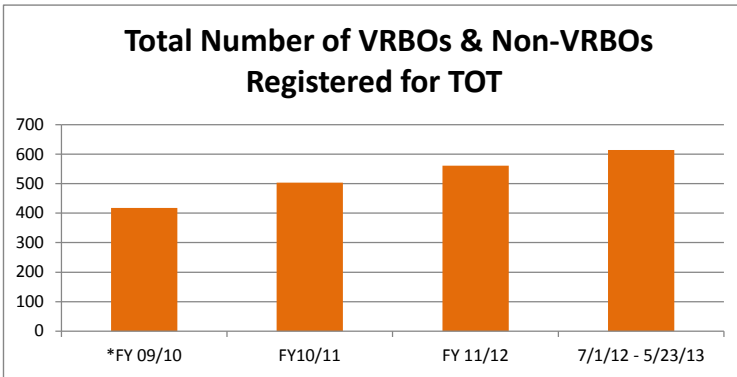
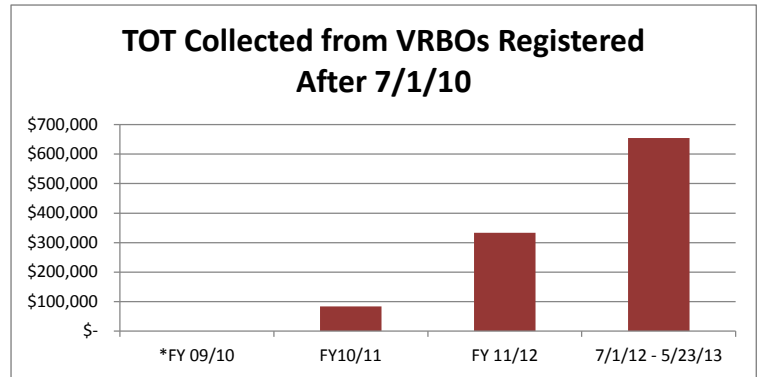
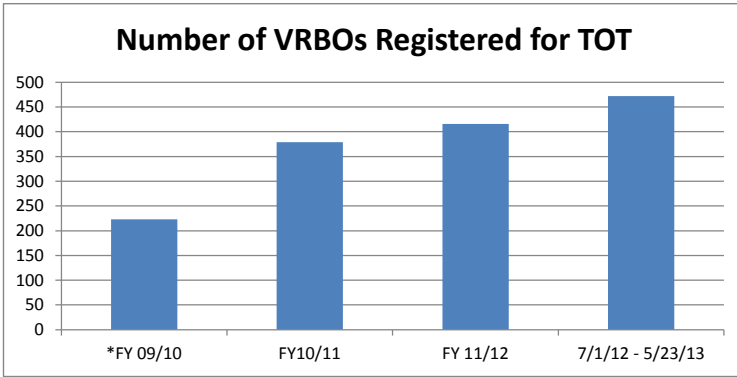
The cost of audit activities to improve VRBO registration rate and consequently increase TOT collection was \$118,000 and \$44,975 in fiscal years 2010/11 and 2011/12 respectively. Because of short-staffing within the division in FY 2012/13, some of the planned audit work will need to be completed during FY 2013/14. The estimated cost for completing these audit activities for fiscal year 2012/13 is \$32,000.

For next fiscal year we plan on conducting the following activities related to TOT:

- Review and evaluate internal controls over TOT collections and enforcement
- Audit a sample of lodging establishment operators
- Determine TOT owed by delinquent lodging establishment operators
- Identify unregistered lodging establishment operators

A brief summary of the activities conducted by the ACTTC staff to track and bring vacation rental property operators into compliance with TOT ordinance is included at the end of this status report. Please feel free to contact me at 565-8309, if there are additional questions.

Vacation Rental TOT Status Report As of May 23, 2013



*: Data is not available for TOT collected from VRBOs prior to July 1, 2010, because it was not tracked separately.

Vacation Rental TOT Status Report As of May 23, 2013

	*FY 09/10	FY10/11	FY 11/12	YTD 7/1/12 - 5/23/13
Number of VRBOs Registered for TOT	223	379	416	472
Increase/(decrease) compared to prior year		163	37	56
% change		73.09%	9.76%	13.46%
Number of VRBOs Registered for TOT	223	379	416	472
Number of Non-VRBOs Registered for TOT	195	124	145	142
Total Number of VRBOs & Non-VRBOs Registered for TOT	418	503	561	614
Increase/(decrease) compared to prior year		85	58	53
% change		20.33%	11.53%	9.45%
Delinquent TOT Revenue Recovered	\$ 256,278	\$ 295,692	\$ 270,058	\$ 258,567
Increase/(decrease) compared to prior year		\$ 39,414	\$ (25,634)	\$ (11,491)
% change		15.38%	-8.67%	-4.26%
TOT Collected from VRBOs Registered After 7/1/10		\$ 84,098	\$ 333,076	\$ 654,964
Increase/(decrease) compared to prior year			\$ 248,978	\$ 321,888
% change			296.06%	96.64%
TOT Collected from VRBOs Registered After 7/1/10	Note 1	\$ 84,098	\$ 333,076	\$ 654,964
TOT Collected from VRBOs Registered Before 7/1/10	Note 1	\$ 754,584	\$ 811,073	\$ 836,703
Total TOT Collected from Registered VRBOs		\$ 838,682	\$ 1,144,149	\$ 1,491,667
Increase/(decrease) compared to prior year			\$ 305,467	\$ 347,518
% change			36.42%	30.37%
Delinquent TOT Revenue Recovered	\$ 256,278	\$ 295,692	\$ 270,058	\$ 258,567
TOT Collected from Registered VRBOs	Note 1	\$ 838,682	\$ 1,144,149	\$ 1,491,667
TOT Collected from Registered Non-VRBOs	\$ 6,881,734	\$ 6,795,271	\$ 7,342,697	\$ 7,924,784
Total TOT Collections	\$ 7,138,012	\$ 7,929,645	\$ 8,756,904	\$ 9,675,018
Increase/(decrease) compared to prior year		\$ 791,633	\$ 827,259	\$ 918,114
% change		11.09%	10.43%	10.48%
Additional Funding for Audit Support	\$ -	\$ 118,000	\$ 44,975	\$ 32,000

The above was data obtained from FAMIS and the TOT database.

Index numbers: 083014 & 283143 and Sub-object: 1262

Note 1: Data is not available for TOT collected from VRBOs prior to July 1, 2010, because it was not tracked separately.

Note 2: Registered Non-VRBOs do not include all properties that pay TOT, because property management companies have several properties that they manage under one TOT certificate. Efforts will be made during the next year to quantify the total number of properties which pay TOT

Additional Vacation Rental Efforts by ACTTC

FY11/12

- 1) Collaborated with County Counsel to craft notification process for delinquent and unregistered lodging operators.
- 2) Collaborated with the Permit and Resource Management Department to identify lodging operators that either unregistered and or out of compliance with County Code and or TOT Ordinance.
- 3) Conducted follow up audits for those operators that have had compliance and or record keeping issues in prior years.
- 4) Set up a VRBO report in FY11/12 to track VRBO's and associated collections based on registration dates before and after the additional board funding was approved.

FY12/13

- 5) Obtained list of VRBO properties from Bodega Bay Fire and compared to current and previously registered operators.
- 6) Sent 13 letters to VRBO owner/operators in October and 13 more letters in January.
- 7) As a result of VRBO letters, responded to questions from owner/operators and helped direct information to responsible individual.
- 8) Audited one delinquent Campground and 2 additional VRBOs.
- 9) Made inquiries with Assessors office to get data from their business property records to compare to ACTTC records of registered operators.
- 10) Consolidated five years of historical data into a single database which can be used to for trend analysis as well as potentially could be a help in identifying establishments which are outliers, or bucking trends as potential red flags.
- 11) We are continuing our effort to assist with delinquent TOT recovery.

STATE BUDGET MAY REVISE ESTIMATED COUNTY IMPACTS

The Recommended Budget includes a summary of potential impacts of the proposed State Budget released on January 10, 2013. Based on that information, increased State revenues were projected with the majority directed to education and health services as well as some human services programs. Related to the Affordable Care Act, the “State-Based Approach” and “County-Based Approach” were still under consideration and the final impacts unknown. Since the County Recommended Budget was developed, the State has released the May Revise which includes new information and impacts, as described below.

Unlike previous years where the State Budget could impact many services, this year there are three areas where the State Budget could have the greatest impact:

1. Health Services,
2. Criminal justice (Realignment)
3. Human Services.

The State Budget must be adopted by June 15th and meanwhile the Governor’s May Revision has been analyzed by County departments to predict possible positive and negative impacts. The impacts discussed below have not been incorporated into the County’s recommended budget. Once the State Budget is adopted, staff will review final impacts and any necessary amendments to the County budget will be incorporated into the first quarter budget adjustments. The summary below reflects current understandings.

Health Services - The issue of greatest potential impact remains the Governor’s intention to shift 1991 Realignment funding from counties to the state as part of the implementation of the Affordable Care Act. This shift would take \$300 million statewide in FY 2013-2014, \$900 million in FY 2014-2015, and \$1.3 billion in FY 2015-2016 from counties to the state. The Governor’s proposal would cost Sonoma County millions of dollars currently used to cover the medically indigent. The projected FY impacts are: \$5 million in FY 2013-2014; \$15 million in FY 2014-2015; and \$21.6 million in FY 2015-2016.

The Sonoma County Board members have been actively advocating for protecting this funding until such time as the full impacts of the Affordable Care Act are known. During the week of May 20th both the Assembly and Senate Budget Committees rejected the Governor’s request and it is now a focus of negotiations between the counties, the Legislature and the Administration. This issue remains open and it is unclear at this time if the counties will prevail in their advocacy efforts.

Criminal Justice - The State Budget could also impact criminal justice departments which are implementing local AB 109 (Realignment of state prisoners to the County). Due to declining revenue projections in sales and income taxes, Realignment growth funding for FY 2012-2013, which will be received by the counties in the fall of 2013, is expected to be \$48.3 million statewide, a reduction of \$34.2 million from the January State Budget proposal. In FY 2013-2014, statewide Realignment funding is expected to be \$87.9 million, \$7.1 million lower than January projections.

However, for Sonoma County, due to the Sonoma County Community Corrections Partnership’s conservative budget drafting in March 2013, Realignment programs could potentially receive increased growth funding for both FY 2012-2013 (funding received during the 2013-2014 FY) and FY 2013-2014, depending on the final funding formula.

Human Services - The State Budget currently could impact three programs administered by the Human Services department:

Cal Fresh - The State Budget May revision, if it holds current funding, a \$92.3 million increase statewide will provide an increase of \$923,000 in Sonoma County. These funds would be targeted to reduce existing waiting times for entrance into the program as well as provide an increase for caseload growth.

CalWORKS – Although there is debate on potential realignment of CalWORKS, the State Budget proposes a \$232 million increase, of which Sonoma County would receive \$2.3 million. These funds are focused on implementing enhancements to the CalWORKs program including stronger case management, family stabilization, and expansion of the subsidized employment program. Human Services staff is working actively with the state in developing these enhancements.

Medi-Cal – A statewide proposed increased of \$143.8 million is designed to help hire new staff to prepare for the caseload growth associated with implementation of the Affordable Care Act. For Sonoma County, the estimate of increased funding is \$1.44 million.

County Department/ Program	Statewide Funding Proposal	Potential Sonoma County Funding Impact	High Level Description of Proposal and Impact
Criminal Justice Realignment – Probation			
Criminal Justice Realignment programs	12/13 Growth Fund Reduced from \$82.5 million to \$48.3 million	12/13 Est. total allocation increase of \$367,701	Declining revenue projections has led to lower projections for Realignment growth. CCP’s budgeting approach was very conservative and our allocation may increase subject to final allocation formula determined by DOF. Any growth funds received would increase local contingency reserve.
	13/14 Growth Fund Reduced from \$95.0 million to \$87.9 million	13/14 Est. total allocation increase of \$669,244	
Human Services			
CalFresh	Increase of \$92.3 million	Estimated increase of \$923,000	The May Revise includes an increase in CalFresh funding for anticipated caseload growth projections. Locally, this will result in reduced waiting times for benefits.
CalWORKs	Increase of \$232 million	Estimated increase of \$2.3 million	The May Revise includes increased revenues to implement enhancements to the CalWORKs program, including a new appraisal tool, enhanced case management and family stabilization services including the expansion of the subsidized employment

			program. HSD staff is actively involved with the California Welfare Directors Association and the State in developing these enhancements.
In-home Supportive Services (IHSS)	Increase of \$15.2 million	No funding impact because we are now under an MOE	The May Revision increases funding for IHSS for caseload increases and implements the IHSS Settlement Agreement which will impose an 8% across-the-board reduction in services effective July 1, 2013. Due to the County's MOE, there will not be a funding impact to the County's budget.
Medi-Cal	Increase of \$143.8 million	Estimated increase of \$1.44 million	The May Revision contains additional funding to allow counties to hire new staff to respond to the anticipated caseload increase due to the implementation of the Affordable Care Act. The Board already has approved some staffing augmentations in November 2012. Additional staff is requested in the Department's recommended budget.

Health Services

Department of Health Services Public Health, Behavioral Health, HPPE, Administration	FY 2013-2014 \$300 million FY 2014-2015 \$900 million	\$5 million in FY 13/14 \$15 million in FY 14/15	State take of 1991 Realignment funding would decimate locally provided services to medically indigent (see detailed description below). The County's total Health Realignment revenue is approximately \$22 million annually. The May Revision proposes to redirect nearly all this amount, \$21.6 million, by year three of the proposal.
Federal Health Care Reform - 1991 Health Realignment	FY 2015-2016 \$1.3 billion	\$21.6 million in FY 15/16	

Detailed Description: Federal Health Care Reform/1991 Health Realignment

Summary: Under the formula outlined in the May Revision, \$300 million in County Health Realignment funding is proposed to be redirected in 2013-14, with more than \$2.2 billion potentially redirected over the next two years. A fundamental concern with the proposed formula is that counties are at risk of losing all Health Realignment funds, including those funds originally dedicated to public health and other community health services. Under 1991 Realignment, the Health Account combined two previous funding streams that the state was providing to counties: MISP/CMSP, which was for medically indigent adult services, and AB 8, which was for public health and community health services. Redirecting this money now will force counties to cut critical public health and safety net services and will reduce funding available to care for the remaining uninsured.

The Governor suggests these amounts are "savings" that result from implementation of the Medi-Cal expansion under the federal Affordable Care Act. The Governor's budget raises significant fiscal issues related to source of funding for Medicaid expansion for newly eligible. Referring to 1991 health realignment, the Governor proposes to redirect these funds to the state to implement federal health reform. "Each county's savings will be determined by measuring actual county costs and revenues." Referring to 1991 health realignment, the budget states that expansion under health care reform will require an "assessment of how much funding currently spent by the counties should be redirected to pay for the shift in the health care dollars to the state." The state should take the

necessary time to analyze actual data so we know how much counties will save, how much they will continue to spend caring for the remaining uninsured and what reinvestment is needed for the health care, behavioral health and public health infrastructures in Sonoma County and other CMSP counties.

Impact: The Governor's proposal would result in the wholesale redirection of County Health Realignment funding to the State. If taken, this action would leave Sonoma County with no funds for health care services to remaining low income uninsured populations and no funds for essential County public health responsibilities. For Sonoma County, the proposed redirection of Health Realignment funds over the next three years would decimate the County's public health infrastructure and core investments that protect the health of the community and improve health outcomes. The County's total Health Realignment revenue is approximately \$22 million annually. The May Revision proposes to redirect nearly all this amount, \$21.6 million, by year three of the proposal.

Sonoma County provides \$13.2 million of its annual Health Realignment revenues to the County Medical Services Program (CMSP) to meet the County's medically indigent health care obligations under Welfare and Institutions Code Section 17000. The remaining \$8.8 million represents the County's core funding for communicable disease surveillance and control services that prevent epidemics and the spread of disease; public health laboratory services that perform diagnostic testing to aid in communicable disease control efforts and respond to emergent public health outbreaks or bioterrorist threats; and, public health education and interventions that prevent chronic diseases and promote healthy behaviors through improved nutrition, obesity reduction, and reducing the use of tobacco, alcohol and other drugs. In Sonoma County, Health Realignment provides the County's core funding for its Health Action infrastructure that supports a coordinated, collaborative endeavor of health system improvements that engage the local safety net. Health Realignment in Sonoma County also supports health care and therapy services for the most medically fragile children in the state through the California Children's Services program, and is the core funding to leverage federal resources to serve at-risk pregnant women and new mothers through public health home nursing services that ensure that at-risk new mothers and their babies are connected to services that improve health outcomes.

In addition to proposing the wholesale eradication of Health Realignment funding for County public health and safety net services, the May Revision proposal does not take into consideration the fact that some of the \$13.2 million currently being leveraged by CMSP is needed to maintain the County's obligations under Welfare and Institutions Code Section 17000 to serve the medically indigent. Initial estimates suggest that in the first years of health care reform implementation, counties will still need upwards of 30% of this funding for individuals who will remain uninsured and part of the County's medically indigent obligation.

Maintaining and strengthening the health care safety-net in Sonoma County and other CMSP Counties is important in order to: 1) assure continued provision of health care services to low income uninsured populations following implementation of the federal Affordable Care Act; 2) promote development and strength of the health care and behavioral health provider networks needed for delivery of health care services to safety-net populations; and 3) promote community health through continued support of essential public health infrastructure.

In lieu of the Governor's proposal, an alternative approach is being put forward for Sonoma County and other CMSP Counties by the California State Association of Counties (CSAC) and supported by the CMSP Governing Board. This alternative approach calls for:

1. No redirection of County Health Realignment funds to the State from CMSP Counties and the CMSP Governing Board for FY 2013-14 and FY 2014-15.
2. For 2015-16 and each fiscal year thereafter, a cap on the amount of County Health Realignment funds redirected from CMSP Counties to the State that is equal to the amounts specified in Welfare and Institutions Code Section

16809(j)(2) for each CMSP County and no redirection of any other County Health Realignment funds or other county funds to the State.

3. For 2015-16 and each fiscal year thereafter, the CMSP Governing Board shall retain sufficient County Health Realignment funds to provide health benefit coverage to the remaining low income uninsured populations in Sonoma County and other CMSP Counties and funding for needed reinvestment in the health care, behavioral health and public health infrastructures in this County and other CMSP counties.

The alternative approach outlined above would achieve both the Governor's goal as well as protect essential County Health Realignment funds needed for health care services to the remaining low income uninsured and essential county public health responsibilities.

May 28, 2013 – Legislative Update: The Legislature rejected the initial May revision proposal. The Assembly and Senate Budget Committees adopted placeholder language only.

Over 12 months Position Vacancies Review – Attachment F

April 22, 2013

RECOMMENDED FOR DELETION

Department	Position
PRMD	1.00 Sr. Code Enforcement Inspector
TPW	1.00 Office Supp. Sup.
UC Coop. Extension	<u>0.50 Sr. Office Asst.</u>
2.50 FTEs	

REMAINING VACANCIES

Department	Position	Status
ACTTC	1.00 Account Clerk	Recruitment underway.
	1.00 Rev & Deb Mgr	Filled.
Agricultural Comm. Ag & Open Space	1.00 Conservation Coord.	Job class study underway.
	2.0 Assoc. Planner & Conservation GIS Analyst	Recruitment underway.
	1.0 Community Relations	Job class study underway.
County Counsel	0.75 Legal Asst & Dep. County Counsel	Part time expected to return to full time schedule.
Child Support Svcs.	1.0 CS Office II	Kept open to manage cost effectiveness performance factor as workload volumes varies.
District Attorney	1.00 Asst. DA	Temporary promotion assignments require vacancies to be in place until final recruitment.
	1.00 Dep. DA IV	
Clerk-Recorder Assessor	1.00 Chief Deputy County Clerk	Classification study completed. Chief Deputy County Clerk-Recorder is now filled.
General Services	1.00 County Architect	Job class study underway.
Information Systems	1.00 Sr. Programmer Analyst	Needed to address recently funded system projects.
Health Services	0.58 Various	Vacancy balances in place to accommodate changing work schedules.
Human Services	1.00 Sr. Office Asst.	Candidate selected.
	0.10 E&T Counselor	Keep to accommodate full time schedule.
Probation	0.10 Dept. Analyst	Schedule accommodation.
	2.00 Juv. Correctional Counselor II	Vacancies in place to address juvenile population changes.
Public Defender	1.00 Public Defender	Filled.
TPW	2.12 Disposal Worker I	Vacancies due to ongoing solid waste/refuse negotiations.
	1.00 Maint. Wkr II	Hold vacancy for Refuse employees.
	1.00 Office Asst. II	Airport position recruitment underway.
	1.00 Public Works Coord.	Under-filled with Administrative Aide.
Water Agency	<u>1.10 Sr. Env. Specialist</u>	Schedule accommodation and recruitment underway.
23.75 FTEs		

Resolution No.
County of Sonoma
Santa Rosa, CA

June XX, 2013

CONCURRENT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SONOMA AND ALL PUBLIC ENTITIES FOR WHICH THE BOARD OF SUPERVISORS ACTS AS THE BOARD OF DIRECTORS, ADOPTING THE FISCAL YEAR 2013-14 BUDGET FOR ALL GOVERNMENTAL ENTITIES WITHIN ITS JURISDICTION, AND ADDRESSING ADA REQUIREMENTS, AND USE OF WATER AGENCY FUNDS FOR COSTS ASSOCIATED WITH THE RUSSIAN RIVER PROJECT.

WHEREAS, the Board has completed Budget Hearings, as required by Sections 29080 and 29081 of the Government Code, State of California, and

WHEREAS, it is the desire of the Board to adopt a Fiscal Year 2013-14 Budget by reference for all governmental entities within its jurisdiction, and

WHEREAS, the Federal Americans with Disabilities Act of 1990 (ADA) is wide-ranging legislation intended to make American Society more accessible to people with disabilities, and

WHEREAS, the County has an updated ADA Transition Plan with a multi-year schedule for additional ADA barrier removal that is addressed in the Fiscal Year 2013-14 Budget reviewed in the Budget Hearings.

NOW, THEREFORE, BE IT RESOLVED and ordered that the Fiscal Year 2013-14 Recommended Budget, adjusted for the attached increases/decreases listed in Exhibit "A", be adopted by reference as the Fiscal Year 2013-14 Adopted Budget for the governmental entities listed in Exhibit "B", in accordance with Sections 29088 through 29091 of the Government Code, State of California.

BE IT FURTHER RESOLVED that after the adoption of the budget and the end of the 2012-13 fiscal year, the County Auditor-Controller-Treasurer-Tax Collector and the County Administrator are authorized to complete any necessary transfers and adjustments to implement the adopted FY 2013-14 budget. Such adjustments shall include but not be limited to decreasing appropriations in any and all funds associated with projects initiated prior to the 2012-13 fiscal year-end to meet actual available resources. In addition, the County Auditor-Controller-Treasurer-Tax Collector and the County Administrator are authorized to transfer available year-end County General Fund Balance beyond the target assumed in the Recommended Budget in two ways. First, an amount sufficient to meet the minimum reserve of 10% of the adopted FY 13-14 County General Fund revenues and up to an additional \$2.9 million to incrementally increase reserves to 15% over the next five years. Second, any

additional available year-end County General Fund Balance transfers to Contingencies. Conversely, nominal amounts short of the target assumed in the Recommended Budget would be balanced by reducing Contingencies. Authority includes budgetary and accounting adjustments necessary to assign year-end actual fund balances, and increasing or decreasing appropriations for Community Development Commission, Sonoma County Agricultural Preservation and Open Space District, Northern Sonoma County Air Pollution Control District, Sonoma County Public Finance Authority, and Sonoma Clean Power Authority to close out the fiscal year for previously approved projects, operations and maintenance expenses and budgetary and accounting adjustments necessary to assign actual fund balances.

BE IT FURTHER RESOLVED that the County Auditor-Controller-Treasurer-Tax Collector and the County Administrator are authorized to establish new funds and complete any necessary budgetary and accounting transfers and adjustments to comply with Generally Accepted Accounting principles (GAAP).

BE IT FURTHER RESOLVED that the Human Resources Director, with the concurrence of the County Administrator, is authorized to make technical changes to departmental position allocation lists to conform with the position allocation changes included in Exhibit "C", as updated by Board direction in the Budget Hearings, and all previous Board actions. Such changes shall also include the adjustment of the term of any time limited positions necessary to complete projects continued into the 2013-14 fiscal year per the adopted budget and authorized adjustments thereto.

BE IT FURTHER RESOLVED that the Board directs department and agency heads of the County to work with Human Resources.

BE IT FURTHER RESOLVED that the Board declares its intent to continue allocating funds in future years to identify and remove physical and programmatic barriers to County services, and

BE IT FURTHER RESOLVED that the Board directs all department and agency heads of the County to examine all possible programmatic and operational means to ensure accessibility of their programs and services to avoid more costly and time-consuming construction or remodeling projects to remove barriers.

BE IT FURTHER RESOLVED that the Board directs that the future rates established by the County Administrator and the Auditor-Controller-Treasurer-Tax Collector to collect the necessary appropriations to make the annual payment on Pension Obligation Bonds (POB) issued by the County, and the rates necessary to collect appropriations to meet annual Other Post Employment Benefits (OPEB) obligations be adopted through their inclusion in the annual Budget.

BE IT FURTHER RESOLVED that with respect to the Sonoma County Water Agency this Board hereby finds, determines, declares and orders as follows:

1. The Warm Springs Dam/Russian River Project ("the Project") was approved by the United States Congress (Public Law 516, 81st Congress, 2nd Session), by the California Legislature

(Water Code sections 12699 and 12700) and the Agency's indebtedness arising from the Project ("the indebtedness") was approved by the Agency's voters in elections held in 1955, 1974 and 1979. The Agency levies a tax at a rate necessary to pay the indebtedness so as to ensure a continuation of the benefits of the Project.

2. Costs associated with the Project have increased due to the increased costs of contractual obligations owed to the federal government and other public agencies as identified and discussed in the August 2001 "Report to the Board of Directors of the Sonoma County Water Agency on Financing the Costs of the Russian River Project" ("the Report"). Such obligations include the obligations relating to the operation of Warm Springs Dam and the Russian River Project that will be imposed on the Agency during Fiscal Year 2013-14 under the Biological Opinion issued by the National Marine Fisheries Service in September 2008. In addition, as described in the Report, other Agency revenues are not reasonably available to fund these increased costs due to the need to fund other obligations identified in the Recommended Budget, including but not limited to funding other Agency non-Project obligations and programs.

3. The rate of the tax levied for the indebtedness for fiscal year 2013-14 is a rate reasonable, necessary and appropriate to discharge the Agency's voter-approved indebtedness, including an amount appropriate for necessary reserves, after taking into account funds available from the Agency's General Fund and other Agency funds. Accordingly, this Board concludes that the Agency's taxes for the Project have been and are levied in full compliance with the requirements of Article 13 A, section 1(b)(1), Revenue & Taxation Code section 96.31 and Government Code section 29100.

4. The County Counsel is directed to advise this Board and the General Manager as to lawful appropriations that can be made from taxes levied for the Project to pay the indebtedness.

Supervisors / Directors / Commissioners:

Gorin: McGuire: Carrillo: Zane: Rabbitt:

Ayes__ Noes __ Abstain Absent

SO ORDERED

Resolution No.

County of Sonoma
Santa Rosa, CA

June XX, 2013

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA
VALLEY COUNTY SANITATION DISTRICT ADOPTING THE FISCAL
YEAR 2013-14 BUDGET

WHEREAS, the Board of Directors has completed Budget Hearings as required by Sections 29080 and 29081 of the Government Code, State of California, and

WHEREAS, it is the desire of the Board of Directors to approve the Fiscal Year 2013-14 Final Budget by reference for the Sonoma Valley County Sanitation District,

NOW, THEREFORE, BE IT RESOLVED and ordered that the Fiscal Year 2013-14 Recommended Budget, adjusted for any attached increases/decreases listed in Exhibit "A" be adopted by reference as the Fiscal Year 2013-14 Budget, for the Sonoma Valley County Sanitation District in accordance with Sections 29088 through 29091 of the Government Code, State of California.

BE IT FURTHER RESOLVED that after the adoption of the budget and the end of the 2012-13 fiscal year, the County Auditor-Controller-Treasurer-Tax Collector and the County Administrator are authorized to complete any necessary transfers and technical adjustments to the Final 2012-13 Final Budget to implement the adopted FY 2013-14. Such adjustments shall include but not be limited to adjusting appropriations for any and all funds associated with projects, budgetary and accounting adjustments necessary to assign year end actual fund balances.

Directors:

Brown: _____ Gorin: _____ Rabbitt: _____

Ayes: Noes: Abstain: Absent:

SO ORDERED

Exhibit "A"

FY 2013-14

Adopted Budget Adjustments

To be compiled during the hearings to reflect Board actions.

GOVERNMENTAL AGENCIES INCLUDED WITHIN THE FY 2013-14 BUDGET

1. Under the Board of Supervisors Jurisdiction:

A. County of Sonoma - (Including individual budgets and information in the following functional areas)

Administration & Fiscal Services
 Justice Services
 Health & Human Services
 Development Services
 Other County Services
 Capital Projects
 Reserves / Designations

B. Internal Service/Enterprise Funds

Airport Enterprise Fund
 ERP System Administration - ISF
 Heavy Equipment Internal Service Fund
 Mason Marina Enterprise Fund
 Refuse Disposal Enterprise Fund
 Self-Funded Insurance - ISF
 Sonoma County Energy Independence Program
 Sport Fishing Center Enterprise Fund
 Spud Point Marina Enterprise Fund
 Transit Enterprise Fund
 Unemployment Insurance - ISF

C. Special Districts

1. County Service Areas
 - a. #40 County Fire Services
 - b. #41 Multi-Services
2. South Santa Rosa Lighting/Landscaping District
3. Community Facilities Districts
 - a. #4 Wilmar
 - b. #5 Dry Creek
 - c. #7 Mayacamas
4. Lighting Districts

a. CSA #41 County-Wide	b. Airport/Larkfield/Wikiup
b. Airport Business Center	d. Roseland
e. CSA #41 Meadowlark	
5. Permanent Roads

a. Bittner Lane	b. Mill Creek Lane
c. Mirabel Heights	d. Monte Rosa
e. Peaks Pike	f. Canon Manor
6. Sonoma County Library - Joint Powers Agency

2. Under the Board of Directors Jurisdiction:

A. Special Districts

1. Sonoma County Water Agency and Zones
2. Sanitation Districts
 - a. Occidental
 - b. Russian River
 - c. Sonoma Valley
 - d. South Park
3. Northern Sonoma County Air Pollution Control District*
4. Sonoma County Agricultural Preservation/Open Space District
5. IHSS Public Authority
6. Rio Nido Geologic Hazardous Abatement District

3. Under the Board of Commissioners Jurisdiction:

A. Community Development Commission

B. Successor Agency

1. CASA – Roseland
2. CASA – Sonoma Valley
3. CASA – Russian River

**Subject to a separate public hearing conducted by the Board of Directors scheduled June 10, 2013.*

Exhibit "C"

FY 2013-14

Adopted Position Allocations

To be compiled during the hearings to reflect Board actions.



OFFICE OF THE COUNTY ADMINISTRATOR

COUNTY OF SONOMA

575 ADMINISTRATION DRIVE – ROOM 104A
SANTA ROSA, CALIFORNIA 95403-2888
TELEPHONE (707) 565-2431
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VERONICA A. FERGUSON
COUNTY ADMINISTRATOR

CHRIS THOMAS
ASSISTANT COUNTY ADMINISTRATOR

JIM LEDDY
DEP. COUNTY ADMINISTRATOR

JENNIFER MURRAY
DEP. COUNTY ADMINISTRATOR

June 5, 2013

To: Members of the Board of Supervisors

From: Veronica A. Ferguson

Re: FY 13-14 Supplemental Budget: Ag Preservation & Open Space District Recreational Lands

Overview

In April, the Board directed the County Administrator to work with Agricultural Preservation & Open Space District (“District”) staff to determine funds spent on operations and maintenance since the passage of Measure F. In May, the Board also asked the CAO to work with staff from the District and Regional Parks to develop recommendations aimed at ensuring that lands purchased by the District for recreation were made available to the public for recreational use as expeditiously as possible. The CAO committed to report back on both these efforts as a part of the supplemental budget package in the budget hearings.

Recommended Actions

I. Open Space Operations and Maintenance (O&M)

- a. Direct staff to transfer the remaining \$7.156 million identified as currently available under the 10% cap from the Open Space Special Tax Account into the O&M Designated Reserve Fund as part of closing actions in FY 12-13. This would provide a future dedicated funding stream for eligible expenditures upon transfer of recreational fee lands. This action would not irrevocably commit a specific level of funding for future O&M. The Board of Directors retains the flexibility to evaluate and redirect those funds.
- b. Direct the CAO and District to work with the ACTTC to perform an accounting review, to establish documented procedures for coding eligible expenditures, appropriating O&M funding from the Reserve Fund to partner entity as appropriate, and determining recommendation on future annual contributions to O&M Reserve Fund.
- c. Direct CAO and District staff to return with recommendations for the Board of Directors relative to the 2007 O&M Policy, including the time frame covered, and the treatment of capital expenditures under the 10% O&M cap.

II. Fee Land Transfers

- a. Supplemental budget includes the additional \$100,000 O&M appropriations and revenue necessary in Regional Parks to complete the transfer of the Tier 1 properties (Lawson, North Sonoma Mountain, and Mark West Creek). The supplemental also includes increased appropriations from Open Space Special Tax Account of \$162,000 for the estimated three year O&M cost in the District’s budget for Mark West Creek

(Recommended Budget already includes appropriations for Lawson and North Sonoma Mountain).

- b. Direct CAO to return with necessary actions and budget plan for Regional Parks for each property potentially being transferred in the first quarter of FY 13-14. Appropriations for O&M included in supplemental budget will not be expended until this report is presented to the Board.
- c. Direct District staff to return with update to Board-approved Fee Lands Strategy, adjusting public process and identifying the resource needs, and moving the appropriate properties to Tier 1.
- d. Direct CAO to update Capital Projects Plan to reflect approved changes when transferred.

Executive Summary

I. Open Space Operations and Maintenance (O&M)

Key policy points for consideration relative to O&M expenditures for initial public access to District lands purchased for recreation:

- The District and the County are legally two separate agencies with different, though compatible, missions.
- Measure F (November 2006) allows, but does not require, up to 10% (approximately \$11.1 million to date) of total sales tax revenues collected over the life of the measure be available to fund O&M for initial public access for properties purchased for recreational purposes, without specifically defining these terms. These O&M expenses may be borne directly by the District, when it owns the properties before transfer, or by the new property owner who opens the property to the public for recreational uses.
- Board of Directors approved O&M Policy (Reso 07-0666 adopted August 7, 2007) states that O&M expenditures may include “reasonable and necessary costs for initial maintenance of parks and open space properties and improvements and to provide services for initial public use”. The Policy generally limited these expenditures to three years except under extraordinary circumstances (these circumstances are not defined in Policy) and reinforced that the District will treat all recreational partners equitably. The Board report recommends that the District set aside 10% of annual sales tax revenues (less any actual eligible O&M expenditures) into an O&M Designated Reserve fund, and that the recommended reserve level may be adjusted annually. The report indicated funds would not be used for capital project expenditures.
- Under the language of the Expenditure Plan, open space values take precedence over recreational use. In furtherance of these provisions, the District reserves a conservation easement and, where appropriate, a recreation covenant over transferred properties. The District’s Fiscal Oversight Commission is tasked with reviewing each transfer to confirm that value is protected for the property upon transfer.

Table A below provides an accounting to date of expenditures under Measure F, for post-acquisition activities conducted to provide initial public access to each recreational property. It is divided by those expenditures that appear to be eligible under the 10% O&M cap, and those that are not included based on Measure F and the 2007 O&M Policy.

Measure F Revenue since 2006					\$ 111,072,351
Maximum 10% for O&M					\$ 11,107,235
Included in 10% cap					
Property	<i>5905 Salaries and Benefits **</i>	<i>6169 Land Maintenance*</i>	<i>6175 Land Stewardship*</i>	<i>7022 Public Relations *</i>	Total
Tier One					
Laguna Trail	\$ 58,041	\$ 27,673	\$ -	\$ 40,538	\$ 126,252
Lawson	\$ 2,299	\$ -	\$ 9,700	\$ -	\$ 11,999
Mark West properties	\$ 40,081	\$ 11	\$ 72,769	\$ 35,433	\$ 148,294
North Slope Sonoma Mountain properties	\$ 380,523	\$ -	\$ 226,456	\$ 60,483	\$ 667,462
Sonoma Mountain Ranch/Walsh	\$ 37,300	\$ -	\$ 18,804	\$ 4,743	\$ 60,847
Taylor Mountain properties	\$ 205,852	\$ 197,280	\$ 131,057	\$ 138,281	\$ 672,470
Healdsburg Ridge properties	\$ 188,638	\$ 120,553	\$ 46,026	\$ 38,698	\$ 393,915
Montini Preserve	\$ 168,450	\$ 4,560	\$ 58,176	\$ 89,564	\$ 320,750
Tier Two					
Calabazas Creek Preserve	\$ 72,647	\$ -	\$ 96,458	\$ 17,669	\$ 186,774
Carrington Coast Ranch	\$ 34,181	\$ -	\$ 117,087	\$ 6,236	\$ 157,504
East Slope Sonoma Mountain	\$ 13,532	\$ -	\$ 4,190	\$ -	\$ 17,722
Keegan/Coppin	\$ 2,568	\$ -	\$ 10,195	\$ -	\$ 12,763
Poff	\$ 53,513	\$ -	\$ 185,666	\$ 28,535	\$ 267,714
Dogbane	\$ 2,758	\$ -	\$ 1,145	\$ 11,904	\$ 15,807
Occidental Road	\$ 2,323	\$ -	\$ -	\$ -	\$ 2,323
Paulin Creek	\$ 15,324	\$ -	\$ 30,334	\$ 9,441	\$ 55,099
Saddle Mountain	\$ 55,380	\$ -	\$ 58,390	\$ 28,658	\$ 142,428
Clover Springs	\$ 17,896	\$ -	\$ 10,086	\$ 5,000	\$ 32,982
Jenner Headlands	\$ 15,389	\$ 43,930	\$ 131	\$ 69,010	\$ 128,460
Fitch Mountain	\$ 9,162	\$ -	\$ -	\$ 2,950	\$ 12,112
Tolay Lake Ranch	\$ 3,185	\$ -	\$ 1,000	\$ 24,878	\$ 29,063
Willow Creek	\$ 5,264	\$ 13,800	\$ 320	\$ 32,022	\$ 51,406
Fee Lands Strategy	\$ 36,046	\$ -	\$ -	\$ 547	\$ 36,593
Total 10% O&M	\$ 1,420,351	\$ 407,807	\$ 1,077,990	\$ 644,590	\$ 3,550,738
Appropriated for O&M Reserve Fund (FY 12-13 & FY 13-14)					\$ 400,000
Remaining amount					\$ 7,156,497
Future Estimated Measure F Revenue FY 12-13 through FY 30-31					\$ 336,000,000
Maximum 10% for O&M					\$ 33,600,000
Total Estimated Revenue Life of Measure F					\$ 447,072,351
Maximum 10% for O&M-Life of Measure F					\$ 44,707,235

- Salaries and Benefits (5905) include only tasks relating to initial public access, operations and maintenance, and programs on recreational fee properties.
- Land Maintenance (6169) includes O&M payments to other entities receiving transfer of District fee properties, also costs relating to administration of permit programs, and other initial public access activities.
- Land Stewardship (6175) includes invasive species removal, re-vegetation, fencing, assessments, fire fuel load reduction, erosion control, reduction of sediment delivery to streams. Also assessment and protection of infrastructure, security of property. Professional services. Address trespass and encampment issues. Property patrols. Volunteer program. Policy development.

Not included under the 10% cap are capital expenditures, including planning costs, and staffing (8510/5905), and Legal Services (6610/6611) primarily associated with fee property transfers, capital improvements and related planning, environmental review. These costs are included within the District's base operational budget.

\$3.55 million has been spent to date under the 10% O&M category. Per the 2007 Expenditure Policy an O&M Reserve Fund for recreational properties was to be established in order to annually set aside any unspent O&M appropriations within the 10% cap, to hedge against future sales tax declines. \$400,000 has been appropriated into the O&M Reserve Fund, leaving \$7.156 million available from current maximum appropriation of \$11.1 million.

As indicated on pg. 167, it's conservatively estimated that an additional \$336.4 million in sales tax may be collected through the remaining years of the measure (through 2031), making up to \$33.6 million available for eligible O&M expenditures within the 10% cap.

Total estimated revenue over the life of the measure is \$447 million, of which \$44.7 may be available for eligible O&M expenditures.

FY 13-14 Budgetary Impact and Recommendations

- Direct staff to transfer the remaining \$7.156 million identified as currently available under the 10% cap from the Open Space Special Tax Account into the O&M Designated Reserve Fund as part of closing actions in FY 12-13. This would provide a future dedicated funding stream for eligible expenditures upon transfer of recreational fee lands. This action would not irrevocably commit a specific level of funding for future O&M. The Board of Directors retains the flexibility to evaluate and redirect those funds.
- Direct the CAO and District to work with the ACTTC to perform an accounting review, to establish documented procedures for coding eligible expenditures, appropriating O&M funding from the Reserve Fund to partner entity as appropriate, and determining recommendation on future annual contributions to O&M Reserve Fund.
- Direct CAO and District staff to return with recommendations for the Board of Directors relative to the 2007 O&M Policy, including the time frame covered, and the treatment of capital expenditures under the 10% O&M cap.

II. Fee Land Transfers. The District protects a variety of values on lands in the county including conservation of agriculture, community separators, scenic landscapes, and natural resources and where also possible on these lands, opportunities for public recreation. Most, but not all, recreational

properties are purchased in “fee” to transfer to another public entity for long range development and maintenance. The District has transferred 3,588 acres to Regional Parks and 6,095 acres to State Parks to date. Ideally, the acquisition and transfers occurs simultaneously, where the District never holds title. Examples where this occurred include: Tolay and Riverfront Regional Parks, Willow Creek State Park, and Fitch Mountain to the City of Healdsburg (to be completed in 2013). This is the ideal situation moving forward, where the District would not hold title but the property would transfer immediately upon acquisition to the receiving entity.

Due to an accumulation of recreational fee properties being held by the District, exacerbated by State Parks virtual withdrawal from the transfer process due to budget constraints, the Board of Directors has adopted the District Workplan (March 2012) and District Fee Lands Strategy (November 2012) to prioritize transfers of these properties. The adopted strategy is to complete transfer of the Tier 1, (Attachment 1) properties by 2015, most already identified for Regional Parks, and then to evaluate the conveyance options for the Tier 2 properties (Attachment 2), where a recipient of the property had not yet been identified.

Staff has worked to develop recommendations for the properties that would likely be appropriate for transfer to Regional Parks. **Attachment 3** provides detail and re-prioritizes the potential transfers of both Tier 1 and Tier 2 properties, and outlines the estimated costs in Regional Parks that would be eligible for funding for the first three years after transfer, under the adopted O&M Policy. The Fee Lands that have been identified as likely to transfer to Regional Parks can be divided into three groups:

1. Lawson, North Sonoma Mountain (including Walsh), and Mark West Creek are all Tier 1 properties proposed for transfer to Regional Parks during FY 13-14, consistent with the District’s current Workplan and Fee Lands Strategy.
2. Keegan-Coppin, Occidental Road, and Carrington Ranch are Tier 2 properties proposed for an accelerated process to evaluate conveyance options. Implications are that some Tier 1 properties may not be transferred by 2015 as described in the District’s WorkPlan and Fee Lands Strategy, and/or protection of additional lands through on-going acquisition projects and easement stewardship responsibilities outlined in the District’s WorkPlan will be significantly delayed. If there is interest in this proposed shift in priorities, the Board could direct staff to return at a separate date with a full analysis and recommendation.
3. Calabazas Creek Preserve and Poff Ranch are Tier 2 properties proposed for evaluation of conveyance options in 2015, consistent with the District’s WorkPlan and Fee Lands Strategy..

There are three properties from Tier 1 that are not included in Attachment 3, as they transferring to other, previously identified entities. Also not included are nine properties from Tier 2, as they are either not being considered for transfer to Regional Parks, or need more information to make a recommendation regarding their eventual transfer.

FY 13-14 Budgetary Impact and Recommendations

- Supplemental budget includes the additional \$100,000 O&M appropriations and revenue necessary in Regional Parks to complete the transfer of the Tier 1 properties (Lawson, North Sonoma Mountain, and Mark West Creek). The supplemental also includes increased appropriations from Open Space Special Tax Account of \$162,000 for the estimated three year O&M cost in the District’s budget for Mark West Creek (Recommended Budget already includes appropriations for Lawson and North Sonoma Mountain).

- Direct CAO to return with necessary actions and budget plan for Regional Parks for each property potentially being transferred in the first quarter of FY 13-14. Appropriations for O&M included in supplemental budget will not be expended until this report is presented to the Board.
- Direct District staff to return with update to Board-approved Fee Lands Strategy, adjusting public process and identifying the resource needs, and moving the appropriate properties to Tier 1.
- Direct CAO to update Capital Projects Plan to reflect approved changes when transferred.

Attachments:

1. Table 1. Tier One Properties
2. Table 2. Tier Two Properties
3. District Held Fee Lands of Interest to Regional Parks
4. Memo from County Counsel to County Administrator dated June 6, 2013 Re: Sonoma County Agricultural Preservation and Open Space District Operations and Maintenance Expenditures/Transfers of Fee Properties

ATTACHMENT 1

TABLE 1. TIER ONE PROPERTIES (PROPOSED TRANSFER ENTITY IDENTIFIED).							
	Acres	Status	Agricultural Use	Public Access	Open Space Dedication	Proposed Transfer Entity	Expected Transfer Date
TIER ONE PROPERTIES	3408						
Recommended for Transfer to Regional Parks	2968						
Laguna Trail	0	Trail construction complete, trail easement transferred to Regional Parks	N/A	Open	N/A	Regional Parks	2011
Lawson	247	Regional Parks has conducted assessments and other studies, managing as part of Hood Mountain	No	Volunteer workdays	Yes	Regional Parks	2014
Mark West properties	801	Phase 2 acquisitions pending	Yes	Outings	No	Regional Parks	2014
North Slope Sonoma Mountain properties	537	District conducting resource assessment, trail and related amenities under construction	Yes	Outings, Volunteer Patrol, Workdays	Partial	Regional Parks	2013
Sonoma Mountain Ranch/Walsh	283	Grazing plan in preparation	Proposed	Outings	Yes	likely Regional Parks	tbd
Taylor Mountain properties	1100	Transfer in early 2013	Yes	Permit Program, Outings, Workdays	Partial	Regional Parks	2013
Recommended for Transfer to Others	440						
Cramer/ Wright Preserve	174	Land management by Department of Fish and Game	No	Outings	Yes	California Dept Fish and Game	2015
Haroutunian North	18	Currently leased by farmer	Yes	Outings, Tours, Farm stand	No	private farmer	2014
Healdsburg Ridge properties	150	Trail construction complete, transfer in 2013	No	Open	Yes	City of Healdsburg	2013
Montini	98	Trail construction and transfer by end of 2013	Yes	Outings, Volunteer Patrol, Workdays	Yes	City of Sonoma	2013

TABLE 2. TIER TWO PROPERTIES (TRANSFER ENTITY NOT YET IDENTIFIED)					
	Acres	Status	Agricultural Use	Public Access	Open Space Dedication
TIER TWO PROPERTIES	5297				
Acquired as addition to State Parks System (proposed park unit)	2925				
Calabazas Creek Preserve (Sugarloaf)	1290	Management plan in preparation, grant secured for trail planning	No	Outings, Volunteer Patrol, Workdays	No
Carrington Ranch (Sonoma Coast)	335	Grazing plan in preparation, evaluation of historic structure	Proposed	Outings, Volunteer Patrol, Workdays	Yes
East Slope Sonoma Mountain (Jack London)	40	Trails plan in preparation, grant secured for trail planning	N/A	Outings	N/A
Keegan/Coppin (Annadel)	24	Leased for grazing	Yes	No	No
Poff (Sonoma Coast)	1236	Management plan pending, leased for grazing	Yes	Outings	Yes
Other (primarily greenbelt/ community separator acquisitions)	1186				
Dogbane	3	Culturally-important plant population	No	Annual Harvest, Workdays	No
Haroutunian South	21	Closed to public-some ecological research	No	No	No
Ho	30	Leased for row crops	Yes	No	Yes
Occidental Road	15	Adjacent to Laguna, Regional Parks patrols	No	Outings	No
Oken	76	Leased for grazing	Yes	No	No
Paulin Creek	8	Vegetation maintenance, Regional Parks patrols	No	Outings, Volunteer Patrol, Workdays	Yes
Saddle Mountain	960	Resource assessments completed, management plan pending	No	Outings, Volunteer Patrol	Yes
San Francisco Archdiocese	28	Leased for grazing	Yes	No	No
Young/Armos	45	Leased for hay production	Yes	No	No

Attachment 3

District-held Fee Lands of interest to Regional Parks**

Proposed to transfer in 13-14								
Priority	Property (or groups of properties)	Steps to transfer	Recent Board direction to District		Supplemental Budget FY 13-14		Notes	Capital Project Plan
			WorkPlan 3/12	Fee Strategy 11/12	District Adjustme	RP Adjustment		
		These properties are targeted to be transferred during FY 13-14.						FY 13-14/17-18
1	Lawson	review endowment, funding match restrictions. complete easement, rec covenant, transfer agreement	consistent	consistent	\$ -	\$ 17,000.00	Potential amendment to Johnson easement (adjacent, part of Hood Mtn Park). Endowment funds are available, but may have restrictions, suggested uses.	Included in CPP.
2	North Sonoma Mountain	complete easement, rec covenant, transfer agreement	consistent	consistent	\$ -	\$ 56,000.00	Includes annual cell tower revenue (est. 125K).	Included in CPP.
3	Mark West Creek	review foundation funds. complete resource assessment, easement, rec covenant, transfer agreement	consistent	consistent	\$ 162,000.00	\$ 27,000.00		Included in CPP.
				Total	\$ 162,000.00	\$ 100,000.00		
Proposed to accelerate evaluation of conveyance options (targeting transfer in FY 14-15).								
Priority	Property (or groups of properties)	Steps to transfer	Recent Board direction to District		Estimated O&M FY 13-14		Notes	Capital Project Plan
			WorkPlan 3/12	Fee Strategy 11/12	District	Regional Parks		
4	Occidental Road	evaluation of conveyance options. complete easement, rec covenant, transfer agreement	need direction	need direction	District to rely on Parks estimate	TBD	Possible acceleration due to key Regional Trail opportunity. Included in OSD Laguna Trails Plan	Included in CPP.
5	Keegan Coppin	evaluation of conveyance options. complete easement, rec covenant, transfer agreement	need direction	need direction	District to rely on Parks estimate	TBD	Possible acceleration due to key Regional Trail opportunity	Future consideration.
6	Carrington Ranch	evaluation of conveyance options. potential resource assessment, complete easement, rec covenant, transfer agreement	need direction	need direction	District to rely on Parks estimate	TBD	Possible acceleration due to Parks interest and state of planning documents, previous public process.	Included in CPP.
Address after Tier 1 properties are transferred (estimated transfer FY 15-16)								

Priority	Property (or groups of properties)	Steps to transfer	Recent Board direction to District		Estimated O&M FY 13-14		Notes	Capital Project Plan 13-14/17-18	FY
			WorkPlan 3/12	Fee Strategy 11/12	District	Regional Parks			
7	Poff Ranch	evaluation of conveyance options. complete management plan, easement, rec covenant, transfer agreement	consistent	consistent	District to rely on Parks estimate	TBD	Management plan 90% complete	Included in CPP.	
8	Calabazas Creek	evaluation of conveyance options. complete management and trails plan, easement, rec covenant, transfer agreement	consistent	consistent	District to rely on Parks estimate	TBD	Management and trails plan 20% complete	Future Consideration.	

NOTES:

**O&M payments are typically for 3 years. District funds are not anticipated to be used for additional capital expenditures.

MEMORANDUM

DATE: June 6, 2013

TO: Veronica Ferguson
County Administrative Officer

FROM: Sue Gallagher, Deputy County Counsel

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

Executive Summary

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

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

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

Discussion

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

A. Operations and Maintenance

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

1. Measure F

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

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

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

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

This provision:

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

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

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

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

2. 2007 Board Policy

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

The key elements of the Policy are:

- **Scope of Expenditures:**

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

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

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

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

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

- Time Limit

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

- Reporting

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

- Equitable Treatment

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

- Budget Recommendation

The Policy recommends that the District:

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

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

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

3. Areas of Discretion

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

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

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

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

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

B. Land Transfers

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

1. California Constitution

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

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

2. 2006 Expenditure Plan

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

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

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

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

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

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

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

3. Fee Lands Strategy

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

- Tier 1 Properties

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

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

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

- Tier 2 Properties


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

Veronica Ferguson
June 6, 2013
Page 8

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

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

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



Sue Gallagher
Deputy County Counsel

EXHIBIT A

AGRICULTURAL PRESERVATION AND OPEN SPACE 2006 EXPENDITURE PLAN

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

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

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

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

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

EXHIBIT B

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

ATTEST: Robert Deis
ROBERT DEIS, Clerk of the Board of Directors
of the Sonoma County Agricultural Preservation
and Open Space District
BY: [Signature]
DEPUTY CLERK

#43

Resolution No: 07-0666

Dated: August 7, 2007

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

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

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

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

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

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

Directors:

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

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

SO ORDERED



SONOMA COUNTY
AGRICULTURAL PRESERVATION
AND OPEN SPACE DISTRICT

July 2, 2007

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

Re: Operation and Maintenance Funds: Administrative and Budget Policy

Dear President Brown and Members of the Board of Directors:

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

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

2006 Expenditure Plan: Operations and Maintenance

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

Guidelines for Appropriate Use of Operations and Maintenance Expenditures

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

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

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

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

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

Annual Budgeting of Operations and Maintenance Expenditures

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

Operations and Maintenance Budget for 2007-08

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

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

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

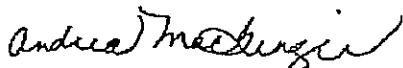
Operations and maintenance expenditures specific to each of these properties would be subject to a grant agreement between the District and the grantee and would require annual audits for compliance with Measure F. Lastly, I am recommending that at the end of FY 07/08, the remaining balance of the estimated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

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

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

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

Very truly yours,



Andrea Mackenzie
General Manager

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

Attachments:

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

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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.
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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.

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EXHIBIT C

TABLE 1. TIER ONE PROPERTIES (PROPOSED TRANSFER ENTITY IDENTIFIED)							
	Acres	Status	Agricultural Use	Public Access	Open Space Dedication	Proposed Transfer Entity	Expected Transfer Date
TIER ONE PROPERTIES	3408						
Recommended for Transfer to Regional Parks	2968						
Laguna Trail	0	Trail construction complete, trail easement transferred to Regional Parks	N/A	Open	N/A	Regional Parks	2011
Lawson	247	Regional Parks has conducted assessments and other studies, managing as part of Hood Mountain	No	Volunteer workdays	Yes	Regional Parks	2014
Mark West properties	801	Phase 2 acquisitions pending	Yes	Outings	No	Regional Parks	2014
North Slope Sonoma Mountain properties	537	District conducting resource assessment, trail and related amenities under construction	Yes	Outings, Volunteer Patrol, Workdays	Partial	Regional Parks	2013
Sonoma Mountain Ranch/Walsh	283	Grazing plan in preparation	Proposed	Outings	Yes	likely Regional Parks	tbd
Taylor Mountain properties	1100	Transfer in early 2013	Yes	Permit Program, Outings, Workdays	Partial	Regional Parks	2013
Recommended for Transfer to Others	440						
Cramer/ Wright Preserve	174	Land management by Department of Fish and Game	No	Outings	Yes	California Dept Fish and Game	2015
Haroutunian North	18	Currently leased by farmer	Yes	Outings, Tours, Farm stand	No	private farmer	2014
Healdsburg Ridge properties	150	Trail construction complete, transfer in 2013	No	Open	Yes	City of Healdsburg	2013
Montini	98	Trail construction and transfer by end of 2013	Yes	Outings, Volunteer Patrol, Workdays	Yes	City of Sonoma	2013

EXHIBIT D

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

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