**County of Sonoma**

**Agenda Item Summary Report**

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

**To:** Board of Directors of the Sonoma County Agricultural Preservation and Open Space District

**Board Agenda Date:** June 14, 2016  
**Vote Requirement:** Majority

**Department or Agency Name(s):** Sonoma County Agricultural Preservation and Open Space District

**Staff Name and Phone Number:**  
Mary Dodge, Administrative and Fiscal Services Manager  565-7349

**Supervisory District(s):** All

**Title:** NBS Government Finance Group Open Space Easement Fee Study

**Recommended Actions:**

Authorize the General Manager to amend an agreement with NBS Government Finance Group for a total amount of $35,000 to perform a fee study related to monitoring Open Space Easements (OSE) and to extend the term of this agreement through March 31, 2017.

**Executive Summary:**

In June of 2015 the Agricultural Preservation and Open Space District (District) entered into a $10,000 agreement with NBS Government Finance Group (NBS) to review current cost information and duties required to monitor Open Space Easements (OSE). OSE’s are easements primarily acquired during the development process and are discussed more in-depth in the Background section of this report. The fee to be studied would not apply to District purchased conservation easements.

This review was done in order to evaluate potential revenue options available to recover the administrative and annual monitoring costs of open space easements conveyed to the District to meet a condition of approval required by Sonoma County Permit and Resources Management Department (PRMD) through a permit process. NBS was selected for the initial review due to their expertise in fee studies. No other firms were contacted. They were selected to continue the process through this amendment because of their familiarity with the project and with the County of Sonoma as the firm that administers County assessment districts.

In its memo (attached), NBS provided several options including (a) establishing a Landscape Maintenance District or Community Facilities District, (b) collecting an endowment or (c) establishing a User and/or Regulatory Fee. Following a review of these options, District staff has determined that establishing a regulatory fee, collected through the County tax roll, is the best option for recovering costs.
Through an amendment to the agreement, NBS will produce a fee study to determine the structure for the fees, and the amounts charged. Once a structure and fee amounts are developed, it will be brought to the District’s Fiscal Oversight Commission and, upon their recommendation, will be brought before the Board of Directors.

**Background**

In 1991 it was determined by Sonoma County Board of Supervisors resolution 91-0522 that title to non-possessory interest in open space lands (the majority of which are in the forms of OSEs) acquired pursuant to the County’s land use regulatory policies or other acquired by gift, devise or purchase shall be taken in the name and for the benefit of the District. As of August 2015, the District holds 291 easement-ownership units, 115 of which are OSEs, sometimes referred to as ‘regulatory easements’. Most of the OSEs would not have been acquired by the District using Measure F funds, based on the number of conservation easement project applications waiting for funding that have higher priority conservation values. The District treats all easements within its portfolio as conservation easements, in accordance with industry standards. This results in on-going administrative and annual stewardship costs, which are currently funded by Measure F. Due to the perpetual nature of easements, funding will be needed to cover these costs for OSE’s in perpetuity.

The District is developing a model to assist in the calculation of the Stewardship Reserve Endowment amount that would be needed in 2031, should the District’s sales tax revenue source not be reauthorized, to support the administrative and monitoring activities of all of the Districts easement holdings. This Stewardship Reserve Endowment would need to be of an amount sufficient to generate earnings to fund the budget for those activities. At this time the costs for administration and monitoring of OSEs is included in the calculation to determine the reserve. In addition to Measure F funds currently used for annual operational costs on OSEs, a significant amount of Measure F revenue will need to be committed permanently to the Stewardship Reserve Endowment to provide earnings for the ongoing costs. This restriction of funds will have a significant impact on the amount available for acquisition of conservation easements, District operations and other important District projects necessary to meet the public’s intent as outlined in the voter approved Measure F.

Early OSE agreement language does not provide for collection of this type of fee. However, the District’s standard OSE language includes a Fees and Charges provision that states that the District shall have the right to establish and impose reasonable fees and charges for inspections, approvals, and other services performed by the District pursuant to the OSE and that such fees and charges shall not exceed the reasonable costs of providing such services. The majority of District OSEs have this language but, to date, a structure has not been developed. The scope of work contracts for NBS to develop the fee structure and implementation plan which will be brought to the Fiscal Oversight Commission, and with their recommendation, to the Board of Directors for further review and approval.

**Prior Board Actions:**

March 26, 1991 (Reso 91-0522) Established a Policy with Respect to the Conveyance of Currently Held and Later Acquired Interests in Open Space Lands to the Sonoma County Agricultural Preservation and Open Space District
Strategic Plan Alignment  
Goal 2: Economic and Environmental Stewardship

Contracting with NBS to determine fee amounts for Open Space Easement administration and monitoring will provide information to determine if work done on these regulatory easements, now and in perpetuity, should be by supported by fees or with the use of Measure F funds.

### Fiscal Summary - FY 15-16

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Funding Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted Amount</td>
<td>$ 35,000</td>
</tr>
<tr>
<td>Add Appropriations Req'd.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>State/Federal</td>
</tr>
<tr>
<td></td>
<td>Fees/Other</td>
</tr>
<tr>
<td></td>
<td>Use of Fund Balance</td>
</tr>
<tr>
<td></td>
<td>Contingencies</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>35,000</strong></td>
</tr>
</tbody>
</table>

**Total Sources**  
$ 35,000

**Narrative Explanation of Fiscal Impacts (If Required):**

There is adequate budget in FY15-16 for this contract and the outcome could provide the basis of establishing a new revenue source that would fund the OSE administrative and monitoring costs on an on-going basis.

### Staffing Impacts

<table>
<thead>
<tr>
<th>Position Title (Payroll Classification)</th>
<th>Monthly Salary Range (A – I Step)</th>
<th>Additions (Number)</th>
<th>Deletions (Number)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Narrative Explanation of Staffing Impacts (If Required):**

### Attachments:

1. “Evaluation of Open Space Easement annual Fee Assessment” NBS Memo dated 10.16.2015
2. Amendment to Agreement for Consulting Services

**Related Items “On File” with the Clerk of the Board:**