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Clerk of the Napa Superior Court
By: C. Brennan
Deputy



**Napa County Regional Park
and Open Space District**

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Director Ward Four

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July 12, 2010

The Honorable Stephen T. Kroyer
Presiding Judge, Superior Court of California—Napa County
825 Brown Street
Napa, CA 94559

Received
Napa Superior Court

RE: Response to Grand Jury Report of May 24, 2010

JUL 19 2010

Dear Judge Kroyer:

Court Executive Office

The Napa County Regional Park and Open Space District Board of Directors appreciates the thoughtful and supportive comments made by the Grand Jury in its Final Report on the Napa County Regional Park and Open Space District which was issued on May 24, 2010. As required by Section 933(c) of the California Penal Code, the District Board has approved the following response to the three recommendations made in the Final Report.

Recommendation #1: The District present the annual budget to the public in such a way as to state clearly which funds are obtained from the County and which are from outside grants for operations, capital improvements, and acquisitions.

Response #1: The District already implements this recommendation.

The District's budget for each year since formation of the District does clearly separate which funds are obtained from the County and which are from outside grants, as well as distinguish between capital, acquisition and operational purposes. The County's Budget, on the other hand, does not separate out the various distinctions of the funding, which may be what this recommendation is referencing. Although it would be beneficial to the District to have the County's budget reflect the same line items as in the District budget, it is not under the District's control to do this. The County does maintain detailed support of the funding breakdown and it is consistent with the District's Budget.

It should be noted that the graph on page nine of the Final Report is somewhat misleading in that it combines operating and capital grants from the County to the District, and therefore concludes that County support for the District has been roughly twice what was projected for operating expenses prior to formation of the District. In fact, as the District budget documents indicate, the County's grant funding for District *operating* expenses has averaged less than the \$300,000 to \$350,000 per year projected by the County prior to the establishment of the District.

Recommendation #2: The District disclose to the public, by notation, the SPAF funding and disbursements in both the District's annual budget and audit report.

Response #2: The District will include a notation in the Management Analysis for the next District audit regarding the potential for a future District role in the acquisition of Skyline Park, as recommended in the Final Report.

The set-aside for the Skyline Park Acquisition Fund is solely a County budget matter, and is not in any way controlled by the District. Skyline Park is managed by the County, through a lease with the State; the District at this time has no legal or formal role in the management of the park. It is the County, not the District, which is the sponsor of state legislation that would authorize the sale of the land to the County. Nonetheless, as noted in the District's Master Plan, the District supports acquisition of the property from the state, and should that legislation pass, and the County and the State successfully enter into a purchase and sale agreement, it may turn out that the County and District will agree that management and/or ownership of the park should be transferred to the District.

Since the District's adopted Master Plan does indicate that there could be a future management and/or ownership role for the District related to Skyline Park, the District Manager will provide a brief statement in the Annual Audit indicating this potential role and the funding which has been set aside by the County.

Recommendation #3: The District staff prepare a plan and timeline for a reduction in County funding and present it to the BOD.

Response #3: The District Board does not believe this recommendation is warranted at this time but will revisit this issue in 2011 as part of the already planned first update to the District's Master Plan.

The District has devoted considerable thought to the long-term finances of the District. The District's Master Plan, adopted in January 2009 and subsequently received by the County Board of Supervisors, lays out a multi-year financial and organizational strategy. The strategy says, in essence, that the District must establish a positive track record of accomplishment, responsiveness and efficiency, using its current, albeit limited, funding, before it should consider asking the voters for additional funding.

The Final Report notes the District has operated diligently and frugally, and made substantial progress toward its goals. The Final Report also notes the District has the legal authority to ask the voters for certain types of dedicated tax revenues, and that prior to the formation of the District, it was anticipated that within a few years after formation the District would seek voter approval for dedicated tax revenues. In light of these observations, Recommendation #3 appears to be saying the District should seek a tax increase (since there is currently no other way to reduce County financial support without eliminating the District). The District appreciates the Grand Jury's faith in the District that is implied by this recommendation, and the District Board would very much like to have a dedicated and predictable source of long-term funding.

However, shortly after the formation of the District, the local, national and international economies were hit extremely hard. In addition to the hardship that this has caused to individuals and businesses, the economic situation has placed serious fiscal burdens on all levels of government and the programs and services provided by the public sector. In light of this, the District Board believes

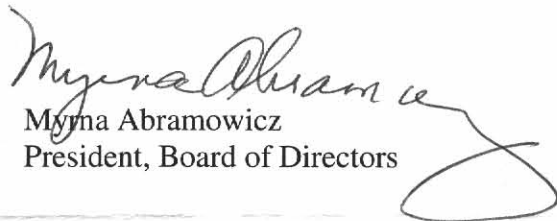
that now is not the appropriate time to be contemplating adding to the burdens facing local taxpayers.

Given the current state of the economy, the key challenge for the District at this time is to focus on the planning and permitting for as many as possible of the worthy projects included in its Master Plan. Only after it has done all that it can with its current funding should the District decide whether it makes sense to ask the voters for new, dedicated revenues to complete and operate the projects which cannot be pursued without additional funding. Should it decide to pursue approval of dedicated tax funding, this approach will allow the District to provide the voters with the detail they deserve regarding how their taxes would be used.

It should also be noted that the amount of funding provided by the County for parks and open space is primarily a policy matter for the County Board of Supervisors. While the voter-approved ballot measure which increased the Transient Occupancy Tax in 2004 placed the new revenues into the General Fund, without specific earmarks, parks and open space was clearly identified as one of the purposes for which the new funds were intended. Given the magnitude of unfunded park and open space needs in Napa County, as long as the County Board of Supervisors continues to support and have faith in the work of the District, the District believes any future District efforts to obtain new funding should be for the purpose of accomplishing more, and not reducing the County's use of TOT funds for park and open space purposes.

On a final note, the District Board appreciates the Commendations included in the Final Report. We are especially proud of our successful and ever-increasing use of volunteers. We have focused considerable efforts on building a strong volunteer base, not only because of the economic value which volunteers provide, but also because we believe strong community involvement is essential to the long-term effectiveness of the District, and our success in preserving and allowing public enjoyment of Napa County's special open spaces.

Sincerely,


Myna Abramowicz
President, Board of Directors