

**NAPA COUNTY  
GRAND JURY  
2009-2010**

**Final Report on**

**NAPA COUNTY REGIONAL PARK AND  
OPEN SPACE DISTRICT**

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A Tradition of Stewardship  
A Commitment to Service

**NAPA COUNTY GRAND JURY**  
**P.O. BOX 5397**  
**NAPA, CALIFORNIA 94581**

May 17, 2010

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

Dear Judge Kroyer:

Pursuant to Section 933(a) of the California Penal Code, the 2009-2010 Napa County Grand Jury submits to you its Final Report on the Napa County Regional Park and Open Space District. Our investigation was conducted in a manner consistent with the California Penal Code, this Court's Charge, and the historic role of the Grand Jury - to protect the interests of the citizens of Napa County.

This is the sixth in a series of final reports we will be issuing before our term ends. I would like to acknowledge the hard work and dedication of the Grand Jury which our reports reflect. It is a privilege and a pleasure to work with them.

Respectfully submitted,

A handwritten signature in blue ink that reads "John K. Morris".

John K. Morris  
Foreperson  
2009-2010 Napa County Grand Jury



A Tradition of Stewardship  
A Commitment to Service

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To the Citizens of Napa County:

The Grand Jury report outlines the actions taken over the three years since the voters created the Napa County Regional park and Open Space District in November 2006. The report discusses the initial endorsements by the Napa County Board of Supervisors (BOS) regarding the financial and program projections of the new District. In addition, the Grand Jury investigated whether the voters' expectations were met that there will be no increase in funding for the District and public funding of the District would decrease over time.

Prior to the election approving the District, material presented by County staff to the BOS at its June 13, 2006, public hearing, indicated that the annual base level of funding from the County would be approximately \$350,000, with adjustments for inflation and election costs. There was no discussion about County grants, funds for Park acquisition, or capital improvements. Further, it was anticipated that District costs to the County could be reduced in future years as the District successfully obtained its own sources of funding through grants, donations, and revenues raised from operations.

The District has been successful in obtaining outside funding sources. To date it has received more than \$4,000,000 in capital grants and has produced a small amount of income from operations. The District also has the authority to raise revenues through property assessments and taxes if approved by the voters.

Napa County Counsel's Office has reviewed this final report on the Napa County Regional Park and Open Space District and the Presiding Judge of the Napa County Superior Court certified that the report complies with Title 4 of the California Penal Code. The report has been accepted and filed as a public document by the County Clerk,

Copies of this report are available for your review in the Napa City/County Library and online by following the link to the Grand Jury at <http://www.napacounty.com>. It is our pleasure and honor to serve you during the 2009-2010 Grand Jury tenure.

Respectfully submitted,

The 2009-2010 Napa County Grand Jury

# **NAPA COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT**

## **SUMMARY**

The 2009-2010 Napa County Grand Jury, as a function of its charge to investigate and report to the citizens of Napa County on their local governmental agencies and districts, conducted an investigation of the Napa County Regional Park and Open Space District (District). Since its formation, the Grand Jury has not investigated the District.

The Grand Jury report outlines the actions taken over the three years since the voters created the District in November 2006. The report discusses the initial endorsements by the Napa County Board of Supervisors (BOS) regarding the financial and program projections of the new District. In addition, the Grand Jury investigated whether the voters' expectations were met that there will be no increase in funding for the District and public funding of the District would decrease over time.

Prior to the election approving the District, material presented by County staff to the BOS at its June 13, 2006, public hearing, indicated that the annual base level of funding from the County would be approximately \$350,000, with adjustments for inflation and election costs. There was no discussion about County grants, funds for Park acquisition, or capital improvements. Further, it was anticipated that District costs to the County could be reduced in future years as the District successfully obtained its own sources of funding through grants, donations, and revenues raised from operations.

After formation of the District, three agreements were executed between the District and the County. These agreements provide for \$350,000 per year for operating costs and an additional amount for capital improvement funding for specific projects through fiscal year (FY) 2009-2010. These actions increased funding above the base level of \$350,000 discussed during District formation.

In a subsequent action, the BOS established an ongoing, annual allocation of \$200,000 or more from the Special Projects Fund (SPF) for acquisition of Skyline Park from the State of California. This is an additional park fund that the County established which was not anticipated at the time of the election.

As a result, funding from the County has almost doubled from what was projected at the time of the election. The assumption that Napa County funding would decrease has not occurred.

The District has been successful in obtaining outside funding sources. To date it has received more than \$4,000,000 in capital grants and has produced a small amount of income from operations. The District also has the authority to raise revenues through property assessments and taxes if approved by the voters.

## **BACKGROUND**

### **The Parks and Open Space Advisory Committee**

In August 2003 the BOS adopted Resolution 03-157. This resolution created the Napa County Parks and Open Space Advisory Committee (POSAC) to study the possibility of, and procedures for, creating a countywide park and open space district. The sixteen-member committee conducted studies and reported its recommendations to the BOS.

On October 18, 2005, the BOS endorsed a strategy for provision of regional park, recreation, and open space services for the residents of Napa County.

POSAC's efforts culminated in a June 13, 2006, agenda letter to the BOS, giving detailed arguments for formation of a district, as opposed to having the County provide these benefits and services directly. The agenda letter also included funding recommendations for the proposed district.

### **Formation of the Napa County Regional Park and Open Space District**

During the campaign leading to the Special Election of November 2006 there was much discussion and debate whether a new special district for parks and open space was necessary. Many thought the existing parks program within the County's Public Works Department could, possibly with expansion, fulfill the need. Some residents expressed their concern that creation of a district would result in increased taxpayer funding for the development and continuing operation of park projects. Documentation prepared for the special election made clear that County financial support was intended to be temporary until the District could establish its own sources of outside dedicated revenue. BOS Resolution No. 06-110, providing for the formation of the District, states in part:

...the County of Napa intends to provide the initial operational support for the recommended District at a level comparable to that which the County is currently budgeting for park, recreation and related open space purposes, with the expectation that the District will develop additional sources of revenue in future years....

In accepting POSAC's June 2006 recommendations, the BOS passed Resolution 06-110 and Resolution 06-111 initiating procedures for the formation of the independent district and calling for a special election to vote on its formation.

In the Special Election held in November 2006 Napa County voters approved Measure I establishing the District and electing its first Board of Directors (BOD). Measure I passed with 54 percent of the votes cast.

## **Local Agency Formation Commission**

By BOS Resolution No. 06-111 calling for the special election, Local Agency Formation Commission (LAFCO) was asked to prepare an impartial analysis of the proposed district and submit it to the Elections Department. This analysis was not initiated since LAFCO was advised that the District was formed under special legislation outside LAFCO's purview.

## **METHODOLOGY**

### **Interviews Conducted:**

- Members of the BOS
- Members of the District BOD
- Personnel of the District
- Personnel of the Napa County Office of the Auditor-Controller

### **Documents and Websites Reviewed:**

(Agenda items shown in parenthesis)

- BOS Agenda, dated August 26, 2003
- BOS Resolution No. 03-157, dated August 26, 2003
- BOS Minutes from August 26, 2003 Meeting
- BOS Board Agenda Letter, dated February 15, 2005 (6E)
- BOS Board Agenda Letter, dated October 18, 2005 (8F)
- BOS Minutes from October 18, 2005 Meeting

- Parks and Open Space Advisory Steering Committee Regular Meeting Minutes, dated November 14, 2005
- Parks and Open Space Advisory Steering Committee Meeting Minutes, dated April 17, 2006
- POSAC Special Meeting Minutes, dated June 8, 2006
- BOS Board Agenda Letter, dated June 13, 2006 (8F)
- BOS Resolution No. 06-110, dated June 13, 2006 (8D)
- BOS Resolution No. 06-111, dated June 13, 2006
- BOS Minutes from June 13, 2006, Meeting
- POSAC Steering Committee Meeting Minutes, dated August 21, 2006
- Napa County Agreement No. 6781 - Support Services Agreement, dated April 1, 2007
- Napa County Agreement No. 6782 - Grant Agreement, dated April 1, 2007
- Napa County BOS Resolution No. 07-97, dated July 18, 2007
- Napa County BOS Board Agenda Letter, dated July 31, 2007 (6I)
- Agreement No. 07-01 Professional Services Agreement, with C J Yip and Company dated November 1, 2007
- Napa County BOS Board Agenda Letter, dated December 4, 2007 (8D)
- District One Year Report dated January 28, 2008
- Napa County Agreement No. 6956 - Professional Services Agreement, dated January 29, 2008
- Napa County BOS Board Agenda Letter, dated January 29, 2008 (9B)
- District Program Manager Job and Salary Specifications, dated May 11, 2008, Revised July 1, 2008
- District outside Audit Report for the Year Ended June 30, 2008
- District Bylaws amended August 11, 2008
- BOS Board Agenda Letter, dated August 12, 2008 (10A)
- BOS Board Agenda Letters, dated November 25, 2008 (7G)
- BOS Board Agenda Letter, dated November 25, 2008 (7H)
- District Agreement No. 08-14 Professional Services Agreement - Project Management Services, with Land Conservation Associates, dated December 22, 2008
- District 2009 Organizational Chart
- District Master Plan 2008-2013, dated January 2009
- District Two Year Report, dated January 12, 2009
- District BOD Special Meeting Agenda, dated January 11, 2009
- District Budget FY 2009-2010, Adopted and Proposed Revisions, adopted May 11, 2009
- Audit Report for the Year Ended June 30, 2009



- Napa County BOS Board Agenda Letter, dated September 22, 2009 (9D)
- District BOD Special Meeting Agenda, dated November 9, 2009
- District BOD Special Meeting Agenda, dated December 14, 2009
- General Ledger- Trial Balance-Actual Ledger, dated December 18, 2009
- District Ad Hoc Committee Report, dated January 11, 2010
- BOS Board Agenda Letter, dated January 19, 2010 (9B)
- BOS Minutes from January 19, 2010
- General Ledger Organization Budget Status SPF FY 2010, dated January 26, 2010
- District BOD Special Meeting Agenda, dated February 8, 2010
- District Staff Report, dated February 8, 2010 (HF)
- BOS Board Agenda Letter, dated February 23, 2010 (7N)
- Napa County BOS Minutes from February 23, 2010 meeting
- SPF Balances by FY from FY 2005-2006 through FY 2009-2010
- TOT History By Calendar Year; History at 10.5 percent and 12 percent; TOT Increase January 1, 2005; Prepared March 2010 by County Staff
- [www.napaoutdoors.org](http://www.napaoutdoors.org)
- [www.napavalleyregister.com](http://www.napavalleyregister.com)
- [www.countyofnapa.org](http://www.countyofnapa.org)

## **DISCUSSION**

### **District Organization and Staffing**

The District is governed by an elected five person BOD and represents five wards with boundaries coincident with the County supervisorial districts. Staffing for the District is provided under contract with the County using County staff supplemented with outside consultants and community volunteers. (See Appendix A: Organizational Chart)

### **Financing and Budgets**

At the June 13, 2006, hearing, a staff report to the BOS on formation of the District stated that initial financial support would be required from the County at an ongoing annual base level of \$350,000 (with adjustments for inflation, adopted labor agreements, and election costs). This amount was comparable to what the County expected to spend on parks and open space programs without a special district. The County was expected to provide a modest level of funding and assist the District in developing dedicated long-term revenues from a variety of sources.

Prior to formation of the District, the County had established a Special Project Fund (SPF) to place revenues generated when the County Transient Occupancy Tax (TOT) increased from 10.5 percent to 12 percent. The tax increase was approved in the November 2004 election. Parks and open space were identified as one of the uses that would benefit from the tax increase. The District is also authorized to raise revenues through property assessments and taxes subject to voter approval.

## **Agreements between County and District**

There are three agreements between the County and the District:

- Napa County Agreement No. 6781, Support Services Agreement dated April 2007, provides for the District to hire the County as an independent contractor to provide staff services to the District. The District reimburses the County for the costs of these services. This Agreement renews automatically each fiscal year unless otherwise determined.
- Napa County Agreement No. 6782, Grant Agreement dated April 2007, provides funds to the District to support planning, development, management, and operational services. The District performs these services as an independent contractor to the County. This Agreement renews each fiscal year unless otherwise determined.
- Napa County Agreement, No. 6956, Professional Services Agreement dated January 2008, provides for the County to hire the District as an independent contractor to provide specialized services for the County, which include acquiring, improving, maintaining, and operating parks and open space properties. This Agreement cites specific projects by name, and utilizes SPF revenue for agencies and/or projects in FY 2007-2008 through FY 2009-2010. This Agreement expires December 31, 2010.

## **Operations since District Formation**

Since operations commenced, the District has undertaken a number of development projects described in the District's Master Plan. The status of these is reported in *Year One Report (January 2008)* and *Year Two Report (January 2009)*. In January 2009, the District completed *Master Plan 2008-2013*. During 2008 and 2009, District staff and the BOD coordinated their planning with the update of the County of Napa General Plan.

## **Increase in Transient Occupancy Tax**

In 2004 Napa County and the municipalities of Calistoga, Napa, St. Helena, and Yountville increased the tax rate for TOT collected from the hotel/motel stays of less than thirty days. Parks and Open Space uses were identified as a purpose which would benefit from the County's portion of the TOT increase. Revenue from the increased TOT is placed in a SPF for distribution as determined by the BOS.

The County anticipates a reduction in the SPF available in FY 2010-2011 due to the decline in TOT collections. This could reduce planned activities and operations for the District.

## **Special Projects Fund**

The District receives increased TOT revenue through the SPF which it shares with the Napa Valley Destination Council (NVDC, formerly the Napa Valley Convention and Visitors Bureau) and The Arts Council of Napa Valley. Allocation of these funds is established by a BOS policy resolution for a three-year period. The BOS Resolution 07-97 dated July 31, 2007, allocation agreement provides 60 percent of the SPF to the District, 30 percent to the NVDC, and 10 percent to the Arts Council. This allocation agreement expires on June 30, 2010, and is in the process of being renegotiated. Among other proposed changes, the District has requested that the BOS increase its share of the SPF from 60 percent to 75 percent.

## **Review of District Budgets**

Review of the District's budgets was difficult as the grants from outside sources were not clearly differentiated from capital grants from the County General Fund through the SPF. In some cases, County funds are used as matching funds required to obtain grants from outside sources. Adding to this difficulty, TOT funds are collected and reported on a calendar year basis, whereas the District's budgeting is on a fiscal year basis.

BOS policy states that the SPF will, except in times of fiscal distress, annually receive General Fund resources in an amount equal to 12.5 percent of the prior calendar year's County TOT revenue. The 12.5 percent of calendar year TOT revenue is difficult to match with the fiscal year allocation of funds from the SPF, leaving a balance to be designated. Year-end remaining funds in the SPF are not carried over to the next fiscal year (FY) but are instead designated to the Skyline Park Acquisition Fund (SPAF).

## **Skyline Park Acquisition Fund**

Not appearing in the District's annual budget is an annual designation, or "earmark," of SPF funds for acquisition purposes. The BOS designated at least \$200,000 each fiscal year, starting with FY 2007 for the future purchase of Skyline Park. Any remaining balance in the SPF at the end of each fiscal year is also designated to the SPAF. As these funds have not been received by the District they do not appear in the District's budgets, nor do they appear in its annual audit reports.

The SPAF can be reallocated for any other use as determined by the BOS. In August 2008 some SPAF was allocated for the purchase of the Moore Creek property, and \$50,000 for the preparation of a master plan for Skyline Park, which the District hopes to acquire from the State in the future. In February of this year, \$35,000 from this fund was loaned to the NVDC and an additional \$50,000 was loaned to the Arts Council. The SPAF will remain in the SPF until needed for the planned acquisition or made use of in other ways. On June 30, 2010, the estimated balance in this fund will be \$986,336.

## **District Operations**

The District has produced a *Year One Report*, dated January 28, 2008, and a *Year Two Report*, dated January 12, 2009, outlining the activities and accomplishments of the District. *Master Plan 2008-2013*, describing District plans, programs, and guidelines for future operations was completed in January 2009.

During its first year of operation, the District identified nineteen park projects and developed work programs for their execution. A draft of the Master Plan was also produced during the year. During the second year of operation, the District continued with seventeen park projects and released to the public the completed Master Plan prepared by the District staff and volunteers.

Policies and operations of the District are geared to making the best use of available resources. These efforts include contracting with the County to provide staff, rather than hire its own, and using outside consultants to reduce the need for permanent District staff.

Another practice used is partnering with other governmental agencies and non-profit organizations in undertaking projects, sharing acquisition costs, and development funding. The District has been very successful in obtaining the help of community volunteers, particularly in efforts to develop physical infrastructure for project access and improvement.

A concept used by the District is "project self-sufficiency." In selecting projects to be undertaken, one priority criterion is if the project can be financially sustained so that ongoing operations will require the least amount of subsidy. This concept, when successful, should reduce ongoing operating costs of finished projects.

## County Funding

The following table indicates SPF funding of the District from Napa County for the FY 2006 to 2010 (revised budget amounts as of February 8, 2010)

### SPF Funds Allocated to the District\*

<b>FISCAL YEAR</b>	<b>FUNDS FROM COUNTY SPF**</b>	<b>SKYLINE PARK ACQUISITION BALANCE</b>	<b>DISBURSED TO:</b>
2006-2007	\$170,136	N/A	----
2007-2008	\$599,749	N/A	----
2008-2009	\$672,907	\$1,121,336***	\$50,000 for Skyline Park Master Plan
2009-2010	\$709,056	\$1,071,336	\$85,000 Loans for NVDC and Arts Council
2010-2011	Estimate \$576,086	\$986,336	\$50,000 for Moore Creek Park (Future)
<b>Total</b>	<b>\$2,727,934</b>	<b>\$936,336</b>	<b>N/A</b>

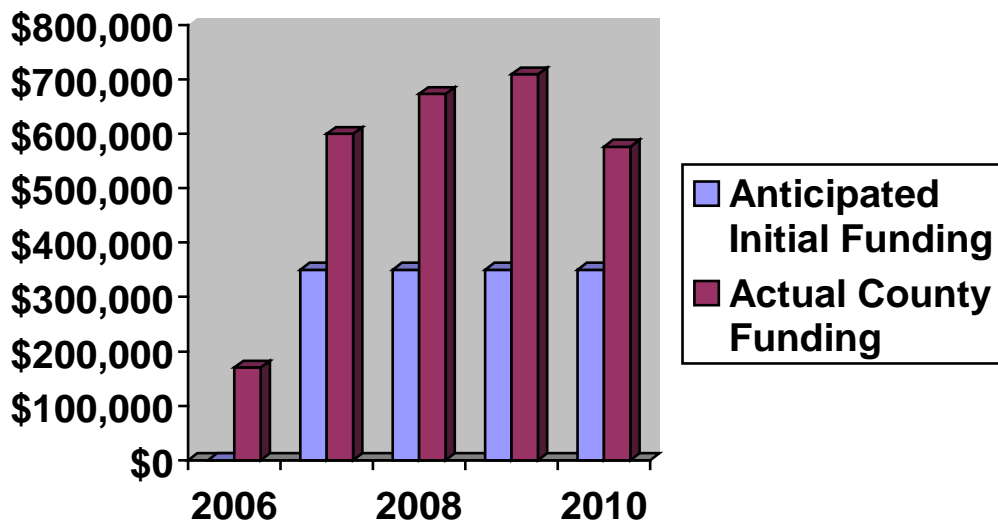
\* Funding information provided by Napa County staff.

\*\* Funds received from County SPF include approximately \$200,000 per year designated for the Skyline Park Acquisition Fund.

\*\*\* This amount is an accumulation of TOT collected funds started in 2004 and not previously expended on the District, NVDC, or The Arts Council. This amount was transferred by the BOS from SPF to SPAF at the end of FY 2007-2008.

## Anticipated versus Actual County Funding to the District

The following Bar Chart represents Napa County forecasted or anticipated funding based on the County's expenditure of \$350,000 per year for parks. Following formation of the District, the County and the District entered into three agreements which increased County funds for the District and to the Skyline Park Acquisition Fund. The bar chart indicates the original anticipated amounts compared to actual County funding.



## Other Funding

In addition to funding from the County, the District has been successful in obtaining outside funding, primarily grants for land acquisition and capital improvements. The District reported having obtained additional non-County grants totaling \$4,332,000. The most important effort at minimizing costs to the County is perhaps the ability of the District to obtain outside grants. However, the District is also authorized to raise revenues through property assessments and taxes subject to voter approval.

The District is currently considering whether to form its own non-profit foundation or join an existing community non-profit foundation. Either of these could be an important funding mechanism.

## FINDINGS

The 2009-2010 Grand Jury finds that:

1. The County's intent was to provide funds for the initial operational support of the District.
2. The BOS anticipated a base level of funding to the District of \$350,000 per year (with adjustments for inflation, and adopted labor agreements) and an additional amount for election costs.
3. In formation of the District, the BOS did not acknowledge any additional need for acquisition and capital improvement funding above the base level of funding.
4. The BOS anticipated costs to the County in future years would be reduced as the District is successful in obtaining its own outside funds.
5. All increased TOT taxes collected go to a SPF within the County's General Fund and are allocated as directed by the BOS.
6. In the most recent distribution of the SPF in FY 2008-2009, 60 percent was allocated to the District, 30 percent to the NVDC, and 10 percent to the Arts Council Napa Valley.
7. The BOS Resolution No. 07-97 of July 18, 2009, providing principles for allocation of the SPF will expire June 30, 2010.
8. District budgets do not differentiate between County and outside sources of funds for acquisitions and capital improvements.
9. The annual allocation of the SPF for the District's operation and capital improvements, plus an additional \$200,000 per year is designated in the SPF for use by the District for the anticipated future purchase of Skyline Park.
10. The District has been operating within the limits of the SPF as currently allocated by the BOS.
11. The District has the authority to raise revenues through some types of property assessments and taxes if approved by the voters.
12. The FY 2009-2010 District Budget, dated May 11, 2009, indicates an increase in funding from the County.
13. The County anticipates a reduction in the SPF available in the FY 2010-2011 due to the decline in TOT collections.
14. The District is currently considering whether to form its own non-profit foundation or join an existing community foundation.

## **RECOMMENDATIONS**

The 2009-2010 Grand Jury recommends that:

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.
2. The District disclose to the public, by notation, the SPAF funding and disbursements in both the District's annual budget and audit report.
3. The District staff prepare a plan and timeline for a reduction in County funding and present it to the BOD.

## **COMMENDATIONS**

The 2009-2010 Grand Jury commends:

1. The District for utilizing volunteers for much of its work.
2. The Executive Director and the BOD for their diligence in successfully obtaining outside grants.
3. Staff of the Auditor-Controller Department for its cooperation and assistance.

## **REQUEST FOR RESPONSES**

Pursuant to Penal Code section 933.05, the 2009-2010 Grand Jury requests responses from the:

- BOD to all recommendations



## **GLOSSARY**

**BOD**--- Napa County Regional Park and Open Space Board of Directors

**BOS**--- Napa County Board of Supervisors

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

**FY**--- Fiscal Year

**LAFCO**--- Napa County Local Agency Formation Commission

**NVDC**---Napa Valley Destination Council

**POSAC**--- Napa County Parks and Open Space Advisory Committee

**SPAF**--- Special Projects Acquisition Fund

**SPF**--- Special Projects Fund, within the Napa County General Fund

**TOT**--- Transient Occupancy Tax, a county general tax

# APPENDIX A

Napa County Regional Park and Open Space District

## Organizational Chart 2009

