

STAFF REPORT

DATE: December 1, 2015

TO: City Council

FROM: Mike Webb, Assistant City Manager
Katherine Hess, Community Development Administrator
Tracie Reynolds, Property Management Coordinator

SUBJECT: Measure O Revenues and Expenditures – Past and Future

Recommendation

This item is informational and no specific City Council action is required.

Executive Summary

This staff report provides information about the City's Open Space Program and the revenues and expenditures that have flowed in and out of the Open Space Protection Special Tax Fund (the "Measure O Fund") over the last 15 years, and also discusses the community process for utilizing future Measure O revenues. Members of the Open Space and Habitat Commission, including the chair, will be present during this presentation to the City Council on December 1.

Measure O, a parcel tax to fund open space acquisition and maintenance, was passed by the voters in 2000 with a 30-year term. Discussing what the parcel tax has been spent on during the first 15 years of its term is appropriate and necessary. This information was also requested by the City Council at its July 7, 2015 meeting. A spreadsheet detailing all the revenues and expenditures that have flowed in and out of the Measure O fund over the last 15 years is attached as Attachment 1.

Highlights of this staff report include:

- **Before Measure O, the City relied on sporadic and unreliable funding sources to acquire and preserve open space.** Before the passage of Measure O in 2000, the City did not have a reliable funding source to acquire land and conservation easements. The City's innovative acquisition program was funded primarily through grant funding and agricultural mitigation in-lieu fees paid by development projects. Despite the unreliability of these funding sources, the City was able to protect more than 2,400 acres of sensitive habitat and prime agricultural lands in perpetuity around Davis (See Attachments 2 and 3). The City actively maintains about 220 of these acres, many of which are publicly accessible. The balance is held in conservation easements over private properties or in land trusts.
- **Measure O works together with other tools in the City's open space tool box to protect open space around the City.** There are four primary tools in the toolbox the

City and the community uses to implement the City's Open Space Program: (1) the agriculture mitigation requirement, (2) the agricultural buffer requirement, (3) money (Measure O parcel tax dollars, agriculture mitigation fees, development impact fees, and grants), and (4) the Measure J/R vote. These primary tools all do different things but work together to implement the City's Open Space Program.

- **Measure O's greatest value is its leveraging potential.** By itself, Measure O does not generate enough money to purchase significant tracts of land under fee title ownership or easement. Its greatest value is its leveraging potential. Because it is a stable and reliable revenue source, Measure O has given the City of Davis an enviable advantage in the stiff competition for state and federal land acquisition grants. For every \$1 the City has spent on purchasing land and easements, it has leveraged about \$1.70 in grant funds.
- **More than 2,800 acres of open space have been protected since 2000.** Using the tremendous leveraging power of Measure O, and in conjunction with other monetary tools, the City has been able to purchase about \$22 million worth of conservation easements using only about \$8.1 million in City funds (\$5.6 million in Measure O parcel tax dollars and \$2.5 million in other City funds). These purchases have permanently protected 2,833 acres of farmland and habitat areas within the Davis Planning Area. These acres remain privately owned. The City, either by itself or in partnership with a local land trust, owns the conservation easements recorded on these acres. The conservation easements prevent the acres from ever being developed. These acres represent remarkable progress toward achieving the City's long-term vision for open space within the Davis Planning Area, as shown on Attachments 2 and 4.
- **The City protected lands it considered priority acquisition areas.** All of the 2,833 acres of open space protected since 2000 are located within the Davis Planning Area within key priority acquisition areas, as approved by the City Council in 2002 in the Open Space Acquisition and Management Plan. The priority acquisition areas include urban fringe properties, community separators, agricultural land, scenic resources, and biological/natural resources.
- **Over the last 15 years, the General Fund and the Measure O Fund have shared in the cost of maintaining the City's open space lands.** The City's 220 acres of open space are primarily maintained by two City employees, a seasonal part-time worker, and property management contractors. The total cost to provide this work is shared between the City's General Fund and the Measure O Fund. Since 2000, about \$2.2 million of this cost has been paid for by the Measure O Fund. This amount equals about \$160,000 a year, on average, or about \$727 per acre per year or about \$61 per acre per month.
- **Due to the recent recession, the Measure O Fund paid for a greater share of open space maintenance costs over the last three fiscal years.** Open space maintenance costs remained under a third of the Measure O parcel tax revenue between July 2001 and June 2012. Between July 2012 and June 2015, that percentage jumped up to 52%. This jump was due to the recession, when the City's General Fund paid for a smaller percentage of the open space maintenance expenses. In an effort to avoid further layoffs

and keep the two open space maintenance positions, the City in fiscal year 2012-2013 increased Measure O's share of the open space maintenance costs.

- **For this fiscal year and going forward, City staff is working to reduce Measure O's share of open space maintenance costs.** Now that the City's General Fund is recovering, the City is investigating ways to reduce Measure O's share of the annual open space maintenance costs back to a stabilized level in the future (about a third of the parcel tax revenue). These efforts include streamlining how open space maintenance is conducted at the City, and relying more heavily on temporary part-time workers and outside property management contractors.
- **A public workshop on Measure O will be held early next year.** The Open Space and Habitat Commission (the "Commission") is planning to host a public workshop on Measure O early next year. The purposes of the public workshop are (1) to educate the citizens of Davis about Measure O and what the parcel tax dollars have purchased over the last 15 years, and (2) solicit input from the community about how they would like those parcel tax dollars spent over the next 15 years. City staff and the Commission will then use the results from the workshop to inform recommendations to the City Council for updating the City's 2002 Open Space Acquisition and Management Plan (<http://cityofdavis.org/home/showdocument?id=2698>).

Council Goals

This report is directly related to Goal 3 (Pursue Environmental Sustainability), Objective 2 (Continue to pursue implementation of farmland protection and habitat conservation through acquisition of open space/easements). Task A specifically asks staff to "complete community outreach, review and update of City Open Space priorities and policy and make recommendations to City Council, including how Measure O Open Space funds are prioritized for acquisitions and maintenance of agricultural and habitat lands/easements."

Fiscal Impact

This staff report provides information to the City Council and does not ask the City Council to take action on any particular recommendation. As such, there is no fiscal impact to the City. Costs of compiling data and preparing this staff report have been absorbed into the approved budget for the Community Development and Sustainability Department.

Background and Analysis

The City and the citizens of Davis have been active in the protection of natural resources, sensitive habitat, and agricultural lands in, and surrounding, the community for the past several decades. This section discusses (1) the four primary tools in the toolbox the City and the community use to implement the City's Open Space Program, (2) Measure O, one of the tools, (3) revenues and expenditures from the Measure O Fund (also known as Fund 135) since 2000, including acquisition costs, maintenance costs, and program administration costs, (4) community concerns, and (5) discussion and input from the Open Space and Habitat Commission.

Overview -- The Tools in the Open Space Program Toolbox

The City's formal Open Space Program was established in 1990 to implement long-standing policies that called for the protection of the farmlands and habitat areas that surround the community. The major goals of the program include (1) securing long-term protection of open space lands around Davis, (2) providing and improving long-term management and monitoring of open spaces the City owns, (3) promoting and supporting the enjoyment of public open space lands, (4) engaging citizens in planning and caring for open space areas, and (5) nurturing productive partnerships with other organizations to achieve the above goals.

In 1995, the City Council approved the Right to Farm and Farmland Preservation Ordinance (Ordinance 1823). The first municipal ordinance of its kind, the City's ground-breaking work has spawned similar farmland protection efforts in California and in other states. The main goals of the ordinance are to: (1) preserve and encourage agricultural land use and operations within the Davis Planning Area, (2) reduce the occurrence of conflicts between agricultural and non-agricultural land uses, and (3) reduce the loss of agricultural resources by limiting the circumstances under which agricultural operations may be deemed a nuisance.

To achieve the ordinance's objectives, the City Council included two key requirements that developers must comply with if they are proposing to convert land from agricultural uses to non-agricultural uses, and their project is adjacent to agricultural land: These requirements, which were updated by the City Council in 2007, are the agriculture mitigation requirement and the agricultural buffer requirement. These two tools, along with the other two key tools in the Open Space Program toolbox, are briefly discussed below:

1. ***The agriculture mitigation requirement.*** Developers must secure (through fee title or easement) at least two acres of agricultural land elsewhere within the Davis Planning Area to "mitigate" for every acre of agricultural land converted to urban uses due to their project. Mitigation lands are first directed to the newly created agricultural edge of the development project (i.e., the non-urbanized edge) to create a permanent edge of the City. This non-urbanized edge/conservation area must be of a size that is economically viable as farmland (a minimum 1/4 mile in width). If additional mitigation acreage is required after the non-urbanized edge is secured, the developer is incentivized to secure lands that have been prioritized by the City for permanent protection.

For example, if a project results in the permanent loss of 100 acres of agricultural land and the establishment of the non-urbanized edge requires 75 acres, the developer has the option to locate the remaining mitigation acreage anywhere in the Davis Planning Area with credit determined by where the remainder acreage is located. If the remainder acreage is located in a priority acquisition area, less acreage is required; if the remainder acreage is located in a non-priority area, more acreage is required. This tool incentivizes developers to protect agricultural land at the city's edge.

2. ***The agricultural buffer requirement.*** Developers also must provide an agricultural buffer (i.e., an agricultural transition area, greenbelt or habitat area) that is at least 150 feet wide between their project and adjacent agricultural uses. This tool aims to address

potential conflicts between urban and rural land uses. This tool supports farming adjacent to urban uses; thereby helping to protect agricultural land at the city's edge.

3. ***Money (Measure O parcel tax, agriculture mitigation fees, development impact fees).***
The Measure O Special Tax Fund (Fund 135) is one of three funds the City uses to acquire open space and conservation easements. The City also uses Fund 190 (Agriculture Mitigation Fees) and Fund 475 (Development Impact Fees for Open Space) to finance open space acquisitions. This money can be used as matching funds for grants to acquire land and easements with willing sellers at fair market value. This tool leverages grant dollars to purchase land and easements to protect farmland and habitat.
4. ***Measure R/J Vote.*** Measure J (the Citizens' Right to Vote on Future Use of Open Space and Agricultural Lands Ordinance) was first passed by Davis voters in 2000. Measure J was included on the City of Davis' June 2010 ballot as Measure R and was approved for renewal, which extended the sunset date to December 31, 2020. Measure R requires an affirmative citizen vote for General Plan Amendments that re-designate land from agricultural or open space to urban uses. After completion of environmental review and public hearings, the City Council may choose to put a proposed land use change on the ballot for voter consideration. This tool gives the community the ability to weigh in on development proposals at the city's edge.

These primary tools all do different things, but work together to implement the City's Open Space Program. Since its inception, the Open Space Program has led to the protection of more than 5,200 acres of agricultural land and habitat areas surrounding the City through the acquisition of lands either in fee title or under conservation easements. These lands are discussed in more detail later in this staff report, and are also shown on Attachments 3 and 4.

Measure O – One of the Tools

Before the passage of Measure O in 2000, the City did not have a reliable funding source to acquire land and conservation easements. The City's innovative acquisition program was funded primarily through grant funding and agricultural mitigation in-lieu fees paid by development projects. Despite the unreliability of these funding sources, the City was able to protect more than 2,400 acres of sensitive habitat and prime agricultural lands in perpetuity within the Davis Planning Area prior to 2000.

To provide a stable source of funding for open space protection, the City Council passed Ordinance 2033 in 2000, establishing a parcel tax to fund the Open Space Protection Special Tax Fund. This ordinance was approved by 70% of Davis voters as Measure O in November 2000. The tax rate is \$24 per year for a typical market-rate single-family home, with other rates depending on land use type. The parcel tax currently generates approximately \$650,000 annually through a flat tax per parcel. This annual amount has fluctuated by only one to two percent because the number of parcels and land use types changes only slightly year to year. The adopting ordinance does not allow for any adjustments to these tax rates, including any adjustments for inflation. The tax expires on June 30, 2031.

Measure O funds may be used only for:

1. The acquisition in fee or easement of open space lands within the Davis planning area;
2. The improvement, operation, maintenance and/or monitoring of open space lands currently owned by the city in fee or easement or acquired by the city in the future, including, but not limited to, the restoration, enhancement and preservation of habitat areas, maintenance of open space lands, and monitoring of habitat and agricultural conservation easements;
3. The acquisition, improvement, and operation of only those bicycle trails designed to connect Davis to open space areas outside the city and with other regional bicycle facilities;
4. The construction and maintenance of facilities necessary to preserve or enhance open space properties for open space purposes (i.e., the construction of maintenance of water wells and irrigation systems to serve the property and land uses, the creation and/or maintenance of access facilities where appropriate to promote public education and enjoyment of the open space, etc.); and
5. The incidental expenses incurred in the administration of this tax, including, but not limited to, the cost of elections, and the cost of collection. Revenues may be used to operate, maintain and monitor properties owned in fee or easement jointly by the city and other public agencies and/or land trusts whose mission includes the preservation of open space lands within the Davis planning area.

Under the Measure O ordinance, open space is defined as “land in a predominantly natural state or altered for natural resources based uses (i.e., farming, parks), and may include, but is not limited to, riparian areas, agricultural lands, watersheds, forests, floodplains, and habitat areas.” The Measure O ordinance defines “parks” as “those areas providing recreational opportunities where the use is consistent with the primary use of the property (e.g., protection of agricultural resources, wildlife habitat, natural resources, etc.).” The full text of Measure O can be found at the following link:

http://qcode.us/codes/davis/view.php?topic=15-15_17&frames=off

Due to its stable and reliable nature, Measure O has tremendous leveraging power, bringing in more than \$14 million in state and federal matching funds for land acquisitions, more than one and a half times what the City has funded. More information about these acquisitions is discussed below.

Measure O Revenues and Expenses Since 2000

In response to requests from the Open Space and Habitat Commission and other community members, staff prepared a spreadsheet that details all the revenues and expenditures that have flowed in and out of the Measure O Fund (Fund 135) from July 2001 to June 2015 (See Attachment 1). This spreadsheet is summarized in the table on the following page:

Revenues (July 2001 - June 2015)						
Parcel Tax Revenue					\$8,871,309	
Interest/Investment Income					\$504,269	
Grant Revenue					\$2,222,834	
Sale of Leland Ranch (Easement Retained)					\$3,093,371	
Misc Reimbursements					\$70,960	
Total Revenues					\$14,762,743	
Expenses (July 2001-June 2015)						As a % of Revenues
Personnel Expenses					\$1,951,774	13.2%
Non-Personnel Expenses						
	Contracted Property Management Services				\$42,404	0.3%
	Share of General Overhead				\$245,807	1.7%
	Capital Improvements				\$33,661	0.2%
Acquisitions/Transaction Costs					\$8,245,287	55.9%
Total Expenses					\$10,518,933	71.3%
Reserve Amount					\$4,243,810	28.7%

On the revenue side, the parcel tax has generated about \$8.9 million in revenue, as shown in the table above. Other revenues include about \$2.2 million in grant funds that flowed through Fund 135 and about \$3.1 million in property sales proceeds from the sale of Leland Ranch, for a total of about \$14.8 million in revenue over the last 14 years.

On the expenditure side, about \$2.2 million (about 15%) has been spent on personnel expenses/general overhead, which includes open space maintenance staff and program administration staff. These personnel costs are discussed in greater detail later in this staff report. By far the biggest expenditure line is acquisitions, which accounts for 56% of total expenses (about \$8.2 million). Also worth noting is about 29% of the total revenues generated have not been spent and are saved in a reserve, which can be used for future acquisitions and restoration projects. More information about these expenses can be found in the sections below.

Acquisition Costs

As mentioned, Measure O dollars can be spent on the “acquisition in fee or easement of open space lands within the Davis planning area.” However, by itself, Measure O does not generate enough money to purchase significant tracts of land under fee title ownership or easement. Its greatest value is its leveraging potential. Because it is a stable and reliable revenue source,

Measure O has given the City of Davis an enviable advantage in the stiff competition for state and federal land acquisition grants, as shown in the table below:

Summary of Acquisitions (2000 - 2015)					Measure O Fund				
		Property Rights Acres Purchased	Primary Priority Acquisition Area		Parcel Tax	Grants	Other City Funds	Grants & Non- City Funds	Total
McConeghy Ranch	300	Easement	Community Separator		\$388,278	\$0	\$118,722	\$3,200,000	\$3,707,000
Ebey/Laughtin Ranch	146	Easement	Community Separator		\$629,722	\$62,750	\$42,528	\$1,255,000	\$1,990,000
Barger Ranch	80	Easement	Biological/Natural Resources		\$38,732	\$0	\$401,268	\$0	\$440,000
Wasserman Farm	80	Easement	Biological/Natural Resources		\$83,150	\$0	\$296,850	\$0	\$380,000
Staib Farm	300	Easement	Agriculture		\$26,646	\$0	\$273,354	\$1,825,000	\$2,125,000
Miles/Kidwell Farm	488	Easement	Community Separator		\$0	\$0	\$515,000	\$4,600,000	\$5,115,000
McIssac Farm	85	Easement	Biological/Natural Resources		\$0	\$0	\$440,000	\$0	\$440,000
Stanley Farm	90	Easement	Agriculture		\$0	\$0	\$62,000	\$655,000	\$717,000
Staib 72 Farm	72	Easement	Biological/Natural Resources		\$10,000	\$132,000	\$50,000	\$0	\$192,000
Leland Ranch	390	Easement & Fee Title	Urban Fringe		\$3,000,494	\$807,084	\$0	\$0	\$3,807,578
Kerr Farm	90	Easement	Biological/Natural Resources		\$0	\$0	\$340,000	\$178,000	\$518,000
Eoff Farm (All Phases)	712	Easement	Biological/Natural Resources		\$1,387,455	\$1,221,000	\$0	\$0	\$2,608,455
Total	2,833				\$5,564,477	\$2,222,834	\$2,539,722	\$11,713,000	\$22,040,033
					25%	10%	12%	53%	100%

These 2,833 acres represent remarkable progress toward achieving the City's long-term vision for open space within the Davis Planning Area (See Attachments 3 and 4). As shown in the table above, some highlights of the City's track record over the last 15 years to leverage funds and acquire open space include:

- Using the tremendous leveraging power of Measure O, the City has been able to purchase about \$22 million worth of conservation easements, permanently protecting an additional 2,833 acres of farmland and habitat areas, using only about \$5.6 million in Measure O parcel tax dollars.

- Grants and non-City funds paid for 63% of the total acquisition price for the 2,833 acres. Or, another way to look at it is, for every \$1 the City has spent on open space acquisitions, it has leveraged about \$1.70 in grant funds.
- The Measure O Fund, together with other City funds (i.e., agriculture mitigation fees and development impact fees), paid for the remaining 37% of the total acquisition price for the 2,833 acres.

All of these acquisitions have occurred within the Davis Planning Area within key priority acquisition areas, established by the City Council in 2004 (<http://city-council.cityofdavis.org/Media/CityCouncil/Documents/PDF/CDD/Parks-Property/2004-Adoption-of-Open-Space-Acquisition-Priorities.pdf>). The priority acquisition areas include urban fringe properties, community separators, agricultural land, scenic resources, and biological/natural resources, as shown in the table above, and as shown on Attachment 5.

A few key points to note about the City's history of acquisitions in general:

- *Easements versus Acquisitions.* The City's Open Space Program relies primarily on conservation easements. The City has favored purchasing conservation easements over fee title property rights because (1) conservation easements are less expensive, and (2) conservation easements do not require the City to spend money maintaining the properties in perpetuity.
- *Willing Sellers.* The City's Open Space Program relies solely on willing sellers. These sellers are willing to (1) sell property rights to a public entity, (2) work with the City and land trust through the sometimes lengthy public acquisition process, (3) accept fair market value for their property, and (4) place restrictions on their property that limit its use and permanently protect the land's agriculture and habitat value. Given these parameters, the pool of willing sellers is limited.
- *Fair Market Value.* The City's Open Space Program relies solely on transactions at fair market value, based on a professional appraisal. The City cannot pay more than fair market value because money above and beyond the appraised fair market value would be considered a gift of public funds. In addition, state and federal grant funds can only be used for transactions at fair market value. Grants cannot be used in transactions that are being consummated at a price higher than fair market value (i.e., at a speculative value). Property owners at the City's edge can be reluctant to consummate a transaction at fair market value because the allure of getting a speculative value is too intense.

Maintenance Costs

As mentioned above, Measure O dollars can be used "for the improvement, operation, maintenance and/or monitoring of open space lands" that were owned by the City in fee or easement as of 2000 or that may be acquired by the City during the 30-year life of the parcel tax.

The table on the following page shows the open space areas (which total about 220 acres) that are currently maintained by the City with Measure O dollars:

Property	Location	Type of Open Space	Acreage
Wildhorse Ag Buffer	Pole Line Road	Ag Buffer	38.00
El Macero Ag Buffer	East End of Cowell Boulevard	Ag Buffer	3.00
Lincoln Highway (I-80)	County Road 105 to Olive Drive	Bike Path	4.00
Russell Boulevard West Roadside	Hwy 113 west to Arlington	Bike Path	2.00
Covell Boulevard Hedgerow	Covell Boulevard west of Lake Boulevard	Hedgerow	2.00
North Davis Meadows Hedgerow	West of Municipal Golf Course	Hedgerow	2.00
Water Tank Native Plant Site	John Jones Road	Native Plant Site	2.00
Willowbank 9 Remnant	Cottonwood Court	Native Plant Site	1.50
Willowbank 10 Remnant	Cottonwood Drive	Native Plant Site	0.25
Wildflower Site	Washoe at Cowell Boulevard	Native Plant Site	0.10
South Fork Preserve - Oak Savannah	South Side -- County Road 104 at Putah Creek	Natural Open Space	85.00
South Fork Preserve - Riparian Corridor	North Side -- County Road 104 at Putah Creek	Natural Riparian Corridor	25.00
Los Rios - Riparian Corridor	County Road 106A at Putah Creek	Natural Riparian Corridor	30.00
Woodbridge Nature Area	Woodbridge Park	Natural Riparian Corridor	2.00
Mace Ranch Park Passive Open Space	Mace Ranch Park	Passive Open Space	4.00
Putah Creek Parkway	Drummond to Olive Drive and UCD	Urban Riparian Corridor	16.00
Putah Creek Parkway	Drummond to Woodbridge	Urban Riparian Corridor	3.00
			219.85

The table above does not include stormwater detention basins (i.e., North Davis Pond, West Davis Pond, Toad Hollow, North Davis Riparian Corridor) because those areas primarily serve as stormwater detention basins and, as such, are maintained by the City's Public Works staff using non-Measure O dollars. The table above also does not include the City's vast network of urban greenbelts and parks, which are maintained by the City's Parks and Community Services Department using non-Measure O dollars.

The City's 220 acres of open space (listed in the table above) are primarily maintained by two City employees, a seasonal part-time worker, and property management contractors. Over the last 15 years, the General Fund and the Measure O Fund have shared in the cost of maintaining the City's open space lands. Since 2000, about \$2.2 million of this cost has been paid for by the Measure O Fund, as shown on Attachment 1. This amount equals about \$160,000 a year, on average, or about \$727 per acre per year or about \$61 per acre per month.

Due to the recent recession, the Measure O Fund paid for a greater share of open space maintenance costs over the last three fiscal years, as shown on Attachment 1. In sum:

- In aggregate, open space maintenance costs remained under a third (or a stabilized percentage of 33%) of the Measure O parcel tax revenue between July 2001 and June 2012.
- Between July 2012 and June 2015, that percentage increased to 52%. This increase was due to the recession, when the City's General Fund paid a lower share of the open space maintenance expenses. In an effort to avoid further layoffs and keep the two open space maintenance positions, the City in fiscal year 2012-2013 increased Measure O's share of the open space maintenance costs.

Currently, Measure O funds the following percentages of the open space maintenance positions listed in the table on the following page:

Open Space Maintenance Positions Parks and Community Services Department	% of Position Funded with Measure O Dollars
Environmental Resources Supervisor	85%
Environmental Resources Specialist	85%
Park Maintenance Worker I (Temporary Part-time)	67%
Integrated Pest Management Specialist	25%
Senior Parks Supervisor	5%
Office Assistant II	5%
Community Services Superintendent	1%

All of these positions currently reside in the Parks and Community Services Department because that department has the mowing equipment and all the other heavy equipment needed for open space management. The following is a brief summary of the work the City open space maintenance employees do:

Coordination of Staff and Contracts

- Coordinate contract with sheep grazer (South Fork Oak Savannah and Riparian Corridor)
- Coordinate contract with GP Landscaping (Lincoln Highway)
- Coordinate contract with Coast Maintenance (Passive Open Space at Mace Ranch Park)
- Coordinate contract with County Probation Crew (Miscellaneous Properties)
- Coordinate Temporary Part-Time Worker, who primarily helps with mowing
- Coordinate with U.C. Davis researchers (South Fork Preserve)
- Coordinate contract with Armstrong Mowing
- Coordinate with City Integrated Pest Management (“IPM”) Staff
- Coordinate with City Wildlife Management Staff

Physical Labor

- Mowing properties as needed for fire prevention
- Planting of native trees, bushes and grasses (operates grain drill)
- Install three-year drip irrigation systems; monitor, check for leaks, etc.
- Spot herbicide spraying to eliminate invasives
- Shrub and tree maintenance
- Spread mulching/wood chips
- Hand weeding; weed control work
- Wildlife habitat improvement
- Grazing management; provide water for sheep at South Fork from well south of levee
- Some hand-watering of natives (operates mobile water tank)
- Keep bike path (Lincoln Highway) free of debris and overgrown shrubbery
- Weekly monitoring for vandalism, dumping, homeless encampments, other problems
- Construct fencing as needed
- Trail monitoring and maintenance

Now that the health of the City's General Fund is improving, the City is investigating ways to reduce Measure O's share of the annual open space maintenance costs back to a stabilized level in the future (i.e., 33%, or a third of the parcel tax revenue). Both of the City's open space maintenance employees are retiring at the end of the year. The City is assessing how to best conduct the needed monitoring and maintenance moving forward to make it as cost-effective as possible, while ensuring proper upkeep continues. These efforts include streamlining how open space maintenance is conducted at the City, and relying more heavily on temporary part-time workers and outside property management contractors instead of full-time staff. These cost-saving measures are discussed later in this staff report.

Program Administration Costs

Program administration costs are associated with the cost to run the City's Open Space Program, and the cost to administer the Measure O Fund. Again, the Measure O Fund and the City's General Fund share in this cost. Currently, Measure O funds only a small percentage of the program administration costs, as shown in the table below:

Program Administration Positions Community Development & Sustainability Department	% of Position Funded with Measure O Dollars
Property Management Coordinator	10%
Sustainability Programs Coordinator	5%

Measure O's share of the program administration costs is not broken out separately in the attached spreadsheet (Attachment 1), but is estimated to be minimal (i.e., about \$28,000 a year).

Consistency with Community Expectations

In recent months, some community members have expressed concern about the transparency of the Measure O budget, historic personnel expenses, and what Measure O funds have been spent on since the election of 2000. This staff report and discussion with the City Council is one step towards trying to address some of these concerns. Other steps are discussed later in this report.

The Open Space and Habitat Commission has had extensive discussions to confirm that the City has spent Measure O dollars in the way it promised the community in 2000, based on a flyer that was produced by the City in 2000. The Open Space Flyer (<http://city-council.cityofdavis.org/Media/CityCouncil/Documents/PDF/CDD/Parks-Property/Open-Space-Flyer.pdf>) predicted about half of the Measure O money would be spent on acquisitions and half of the money would be spent on maintenance.

In reality, the City on average over the last 15 years spent about 56% of the money on acquisitions and only about 15% on maintenance, with almost 29% unspent in fund balance and available for additional acquisitions, as shown in table on the following page:

Total Expenses (July 2001 -- June 2015) as a Percent of Total Revenues in the Measure O Fund					
			2000 City Flyer		
			Estimate	Actual (%)	Actual (\$)
Acquisitions			51%	55.9%	\$8,245,287
Administrative Costs*			1%	0.0%	--
Maintenance					
	Long-term Maintenance		32%	15.2%	\$2,239,985
	Restoration/Land Improvements**		10%	--	--
	Asset Replacement		6%	0.2%	\$33,661
Fund Balance			0%	28.7%	\$4,243,810
			100%	100%	\$14,762,743
Notes:					
* Actual costs for "Administrative Costs" are estimated to be minimal (\$28,000/year) and are included in the Long-Term Maintenance figure.					
** Actual costs for "Restoration/Land Improvements" are included in the Long-Term Maintenance figure.					

The table above includes all revenues in the Measure O Fund (Fund 135) and not just the parcel tax revenue. It also shows an average over the last 15 years, and does not account for the year-to-year fluctuations in open space maintenance costs. Even though maintenance costs on average have been low (i.e., only 15% of total revenues), the City is investigating ways to reduce Measure O's share of the annual open space maintenance costs back to a third of just the parcel tax revenue. These cost-saving measures are discussed later in this report.

Public Accessibility

Of the 220 open space acres the City maintains, about 184 acres are publicly accessible. Those areas include Wildhorse agricultural buffer, the Putah Creek Parkway, and South Fork Preserve. Improving the public accessibility of South Fork Preserve is a top priority, and staff is investigating grant funds that could help pay for public access improvements to this property. In addition, several of the City's conservation easements on private property include limited public access (i.e., docent-led tours) along the riparian corridors that are part of these conservation easements. The 184 publicly accessible acres do not include publicly accessible stormwater detention basins (i.e., North Davis Pond, West Davis Pond, Toad Hollow, and North Davis Riparian Corridor) or the City's vast network of publicly accessible urban greenbelts and parks. The prioritization and extent of public access moving forward will be a topic of discussion in the community forum this spring.

Commission Discussion and Input

The information provided in this staff report was discussed with the Open Space and Habitat Commission on September 14, 2015 and October 5, 2015. Commissioners expressed support for reducing open space maintenance costs to a stabilized level (i.e., to 33% of the parcel tax revenue) and for more transparency and regular reporting associated with the Measure O budget.

Next Steps

Efforts to Reduce Open Space Maintenance Costs to a Stabilized Level

Staff from various City departments (i.e., Community Development and Sustainability, Parks and Community Services, Finance, and Human Resources) has met several times over the last several months to discuss ways to reduce open space maintenance costs attributable to the Measure O Fund. The cost-saving measures currently being implemented are:

- Consolidating the two open space maintenance positions into one position. The City has the opportunity to restructure program staffing at this time because both employees currently holding those positions are retiring at the end of 2015. The job description for this new position has already been drafted, and the City hopes to have this new employee on board by early next year;
- Streamlining reporting relationships and concentrating the management of the Measure O Fund under the Community Development and Sustainability Department, where the Open Space Program is administered;
- Relying more heavily on seasonal, temporary part-time maintenance workers and property management contractors; and
- Lowering Measure O's share of personnel costs for certain open space maintenance positions.

These cost-saving measures, which will likely require backfilling from the City's General Fund, can be implemented at the staff level and do not require separate City Council approval. Staff is confident that the above measures will reduce open space maintenance costs to 33% or less of the parcel tax revenue (i.e., at or less than the stabilized level) during the current fiscal year and going forward into the future.

Upcoming Public Workshop on Measure O

The Open Space and Habitat Commission (the "Commission") is planning to host a public workshop on Measure O early next year. The purposes of the public workshop are (1) to educate the citizens of Davis about Measure O and what the parcel tax dollars have purchased over the last 15 years, and (2) solicit input from the community about how they would like those parcel tax dollars spent over the next 15 years, including identifying acquisition priority areas as well as the extent of public access. City staff and the Commission will then use the results from the workshop to inform recommendations to the City Council for updating the City's 2002 Open Space Acquisition and Management Plan (<http://cityofdavis.org/home/showdocument?id=2698>). The City Council will be presented with a revised plan for consideration and adoption at a later date.

As preparation for the workshop, the Commission has prepared and reviewed the Measure O budget, draft guidelines for restoration projects, and the 2002 Open Space Acquisition and Management Plan. The Commission decided that it would be a good idea to have more information about the Measure O budget before the public workshop, so that Measure O

revenues and expenditures could be discussed in greater detail at the public workshop. Staff has been working with the Commission to address community concerns about the Measure O budget over the last several months.

As part of this Commission discussion, it was determined that an outside consultant was needed to help with public outreach and with designing and facilitating the public workshop. As a result, pursuant to the City's purchasing policy, staff sent a request for proposals, which included a brief scope of services and a budget under \$25,000, to five firms/organizations: (1) Sacramento State University's Center for Collaborative Policy, (2) U.C. Davis Extension Collaboration Center, (3) U.C. Davis Campus Dialogue and Deliberation, (4) MIG, and (5) AIM Consulting. Three of those firms/organizations submitted a proposal in response to the City's request: (1) U.C. Davis Extension Collaboration Center, (2) MIG, and (3) AIM Consulting. A selection panel comprised of the City's Property Management Coordinator and the three members of the public forum working group of the Open Space and Habitat Commission reviewed and scored all three written proposals. The selection panel also interviewed all three firms/organizations and scored them on the quality of their answers to the interview questions. The U.C. Davis Collaboration Center received the highest overall score, and was selected to enter into a professional services contract with the City for this work. Measure O funds are not being used to fund this contract. The City is using other funds, including funds from the Open Space Program, to fund this contract.

The exact design of the public workshop is still being worked out, but the goal is to engage as many citizens as possible and solicit as much feedback as possible. Another main goal of the public workshop is to encourage a continued community dialogue about Measure O, so the workshop and associated public outreach tools will be designed to encourage that dialogue (i.e., an on-line web survey designed to solicit input from those who can't attend the workshop).

Grant Guidelines – Restoration Projects

Earlier this year, the Open Space and Habitat Commission received a request for grant funds from the Measure O Fund to restore a three-acre parcel of the City's land near the intersection of F and Anderson Streets. The proposal would improve the property with native plants and walking/biking paths. The request illuminated the fact that the Commission had not developed grant guidelines for restoration projects, similar to the grant guidelines that have been in place for acquisition projects for years. As a result, the Commission established a working group to develop the grant guidelines for restoration projects, and that working group has been working on those guidelines over the last several months. A draft of the restoration guidelines has been prepared by the working group and is scheduled for the Commission's December 7 meeting. Assuming these guidelines don't require major revisions, they should be approved by the Commission early next year, and brought to the City Council for consideration shortly thereafter. The Commission therefore should be ready to receive submittals from the public on possible restoration projects by the middle of next year.

Regular Reporting

The Open Space and Habitat Commission has requested more regular reporting of the Measure O budget at its regularly scheduled meetings. Staff intends to agendaize the Measure O budget on the Commission's agendas at least once or twice a year, more if requested, and will keep the

Commission apprised of the status of the Measure O budget. Staff also intends to investigate ways to make the budget process more transparent, so that the public and the City Council are better able to understand the revenues and expenditures flowing in and out of the Measure O Fund on an annual basis. These efforts are intended to inject more transparency and accountability into the management of the Measure O Fund, and hopefully foster more trust and understanding between the community, the City Council, and City staff.

Attachments:

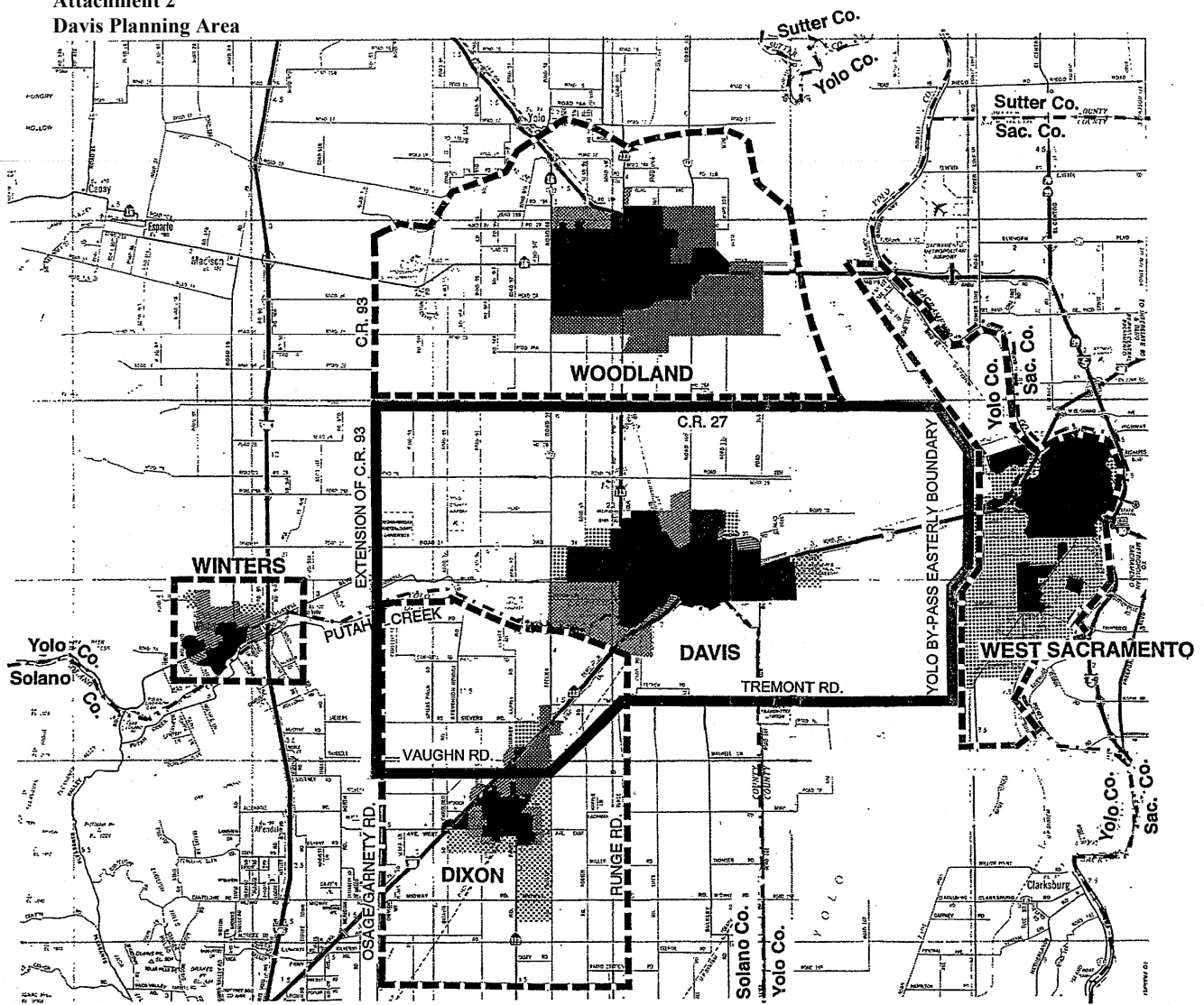
1. Spreadsheet – Measure O Revenues and Expenses Since 2000
2. Map -- Davis Planning Area
3. Map -- Open Space Lands as of 2000
4. Map – Open Space Lands as of 2015
5. Map – Priority Acquisition Areas

Attachment 1

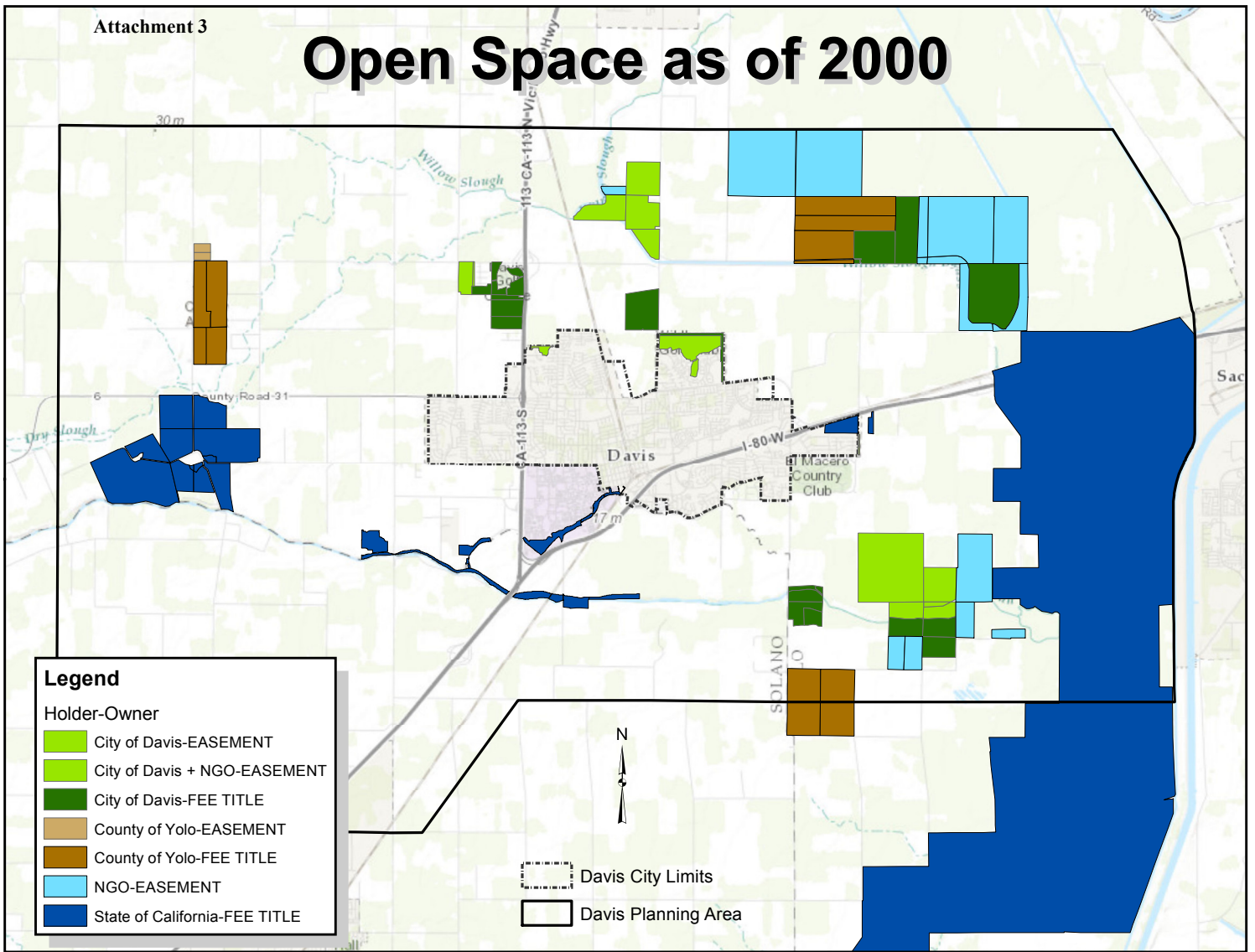
FUND 135 (MEASURE O FUND)

	1	2	3	4	5	6	7	8	9	10	11	12	13	unaudited	Total
	FY01/02	FY02/03	FY03/04	FY04/05	FY05/06	FY06/07	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	
Revenues															
Parcel Tax Revenue	\$626,860	\$630,112	\$615,617	\$625,694	\$627,096	\$627,345	\$637,786	\$640,287	\$641,221	\$634,857	\$637,161	\$636,293	\$640,980	\$650,000	\$8,871,309
Interest/Investment Income	\$10,822	\$22,991	\$8,261	\$44,886	\$44,583	\$102,537	\$123,808	\$82,265	\$33,384	\$11,485	\$4,586	\$5,429	\$5,507	\$3,728	\$504,269
Grant Revenue	\$0	\$0	\$0	\$0	\$0	\$62,750	\$0	\$0	\$0	\$0	\$0	\$1,353,000	\$807,084	\$0	\$2,222,834
Sale of Leland Ranch (Easement Retained)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,093,371	\$0	\$3,093,371
Misc Reimbursements	\$0	\$0	\$0	\$0	\$3,285	\$29,595	\$5,100	\$8,695	\$12	\$0	\$0	\$9,483	\$388	\$14,402	\$70,960
Total Revenues	\$637,682	\$653,103	\$623,877	\$670,579	\$674,963	\$822,227	\$766,694	\$731,247	\$674,616	\$646,342	\$641,747	\$2,004,205	\$4,547,330	\$668,130	\$14,762,743
Expenses															
Personnel Expenses	\$5,276	\$54,955	\$97,750	\$81,886	\$118,245	\$117,016	\$106,029	\$122,770	\$161,435	\$167,640	\$166,418	\$187,853	\$281,255	\$283,247	\$1,951,774
Non-Personnel Expenses															
Contracted Property Management Services	\$0	\$0	\$0	\$2,064	\$1,701	\$2,875	\$11,680	\$0	\$0	\$2,914	\$1,950	\$7,771	\$3,352	\$8,097	\$42,404
Share of General Overhead	\$232	\$0	\$1,500	\$0	\$211	\$2,089	\$2,522	\$18,413	\$36,776	\$17,776	\$30,300	\$49,696	\$40,608	\$45,686	\$245,807
Capital Improvements	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$0	\$971	\$12,408	\$0	\$0	\$0	\$283	\$33,661
Acquisitions/Transaction Costs															
McConeghy Ranch (300 acres)	\$0	\$0	\$0	\$0	\$388,278	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$388,278
Ebey/Laughtin Ranch (146 acres)	\$0	\$0	\$0	\$0	\$692,472	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$692,472
Barger Ranch (80 acres)	\$0	\$0	\$0	\$0	\$0	\$0	\$38,732	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$38,732
Wasserman Farm (80 acres)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$83,150	\$0	\$0	\$0	\$0	\$0	\$0	\$83,150
Staib Farm (300 acres)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,646	\$0	\$0	\$0	\$0	\$0	\$0	\$26,646
Miles/Kidwell Farm (488 acres)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
McIssac Farm (85 acres)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stanley Farm (90 acres)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Staib 72 Farm (72 acres)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$0	\$132,000	\$0	\$0	\$142,000
Mace Curve (390 acres)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$150,000	\$3,657,578	\$0	\$0	\$0	\$3,807,578
Kerr Farm (90 acres)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Eoff Farm (All Phases) (712 acres)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,608,455	\$0	\$0	\$2,608,455
Transaction Costs	\$0	\$0	\$0	\$35,941	\$0	\$8,033	\$61,366	\$45,730	\$38,030	\$79,221	\$35,107	\$79,464	\$72,323	\$2,761	\$457,976
Total Expenses	\$5,508	\$54,955	\$99,250	\$139,891	\$1,200,907	\$130,012	\$220,328	\$296,710	\$237,212	\$439,958	\$3,891,352	\$3,065,240	\$397,537	\$340,073	\$10,518,933
Balance	\$632,174	\$598,147	\$524,628	\$530,689	(\$525,944)	\$692,215	\$546,366	\$434,537	\$437,404	\$206,384	(\$3,249,605)	(\$1,061,034)	\$4,149,793	\$328,057	\$4,243,810
	FY01/02	FY02/03	FY03/04	FY04/05	FY05/06	FY06/07	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	
Personnel Expenses as a % of Parcel Tax	1%	9%	16%	13%	19%	19%	19%	22%	31%	30%	31%	39%	51%	52%	
	START UP PERIOD							STABILIZED PERIOD					RECESSION IMPACT		

Attachment 2
Davis Planning Area

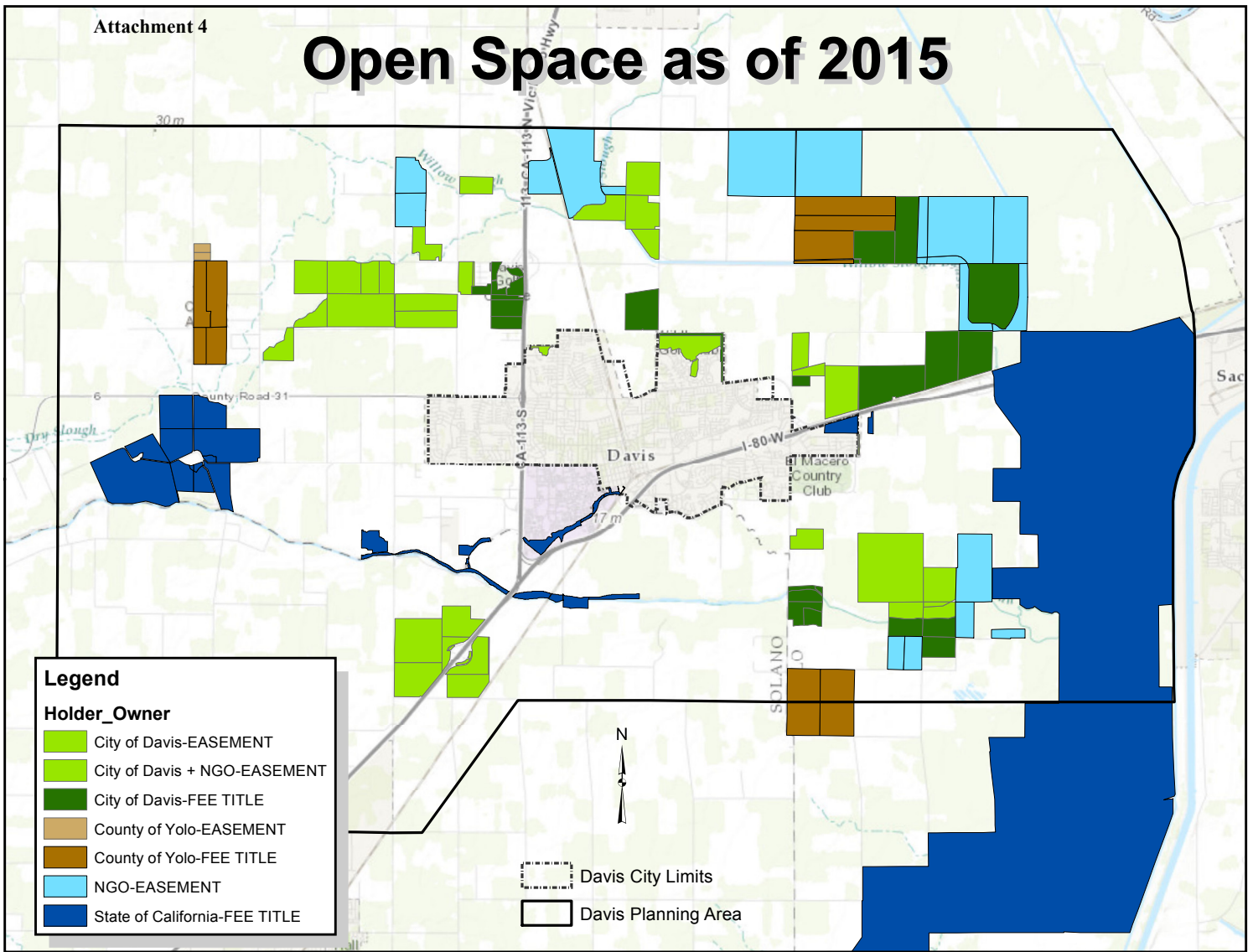


Open Space as of 2000

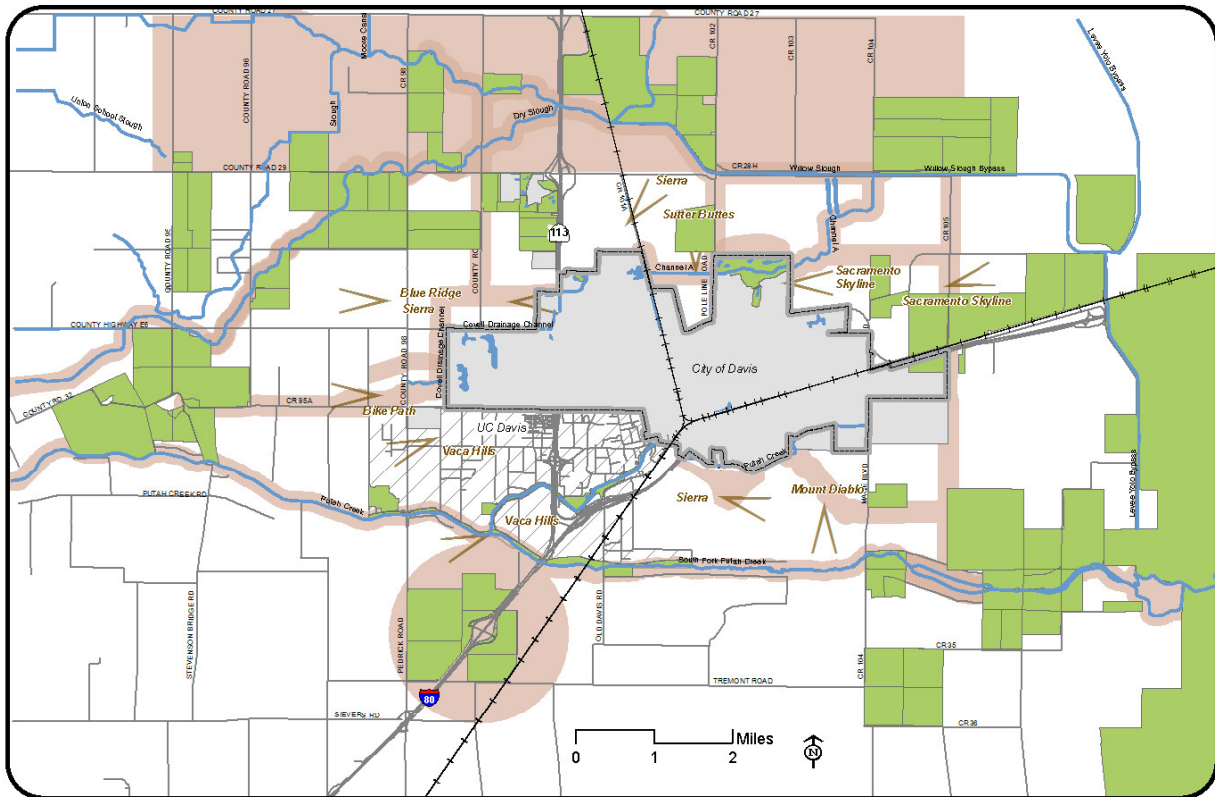


R:\GIS\Departments\Planning\OpenSpace\OpenSpaceExhibits.mxd

Open Space as of 2015



Attachment 5
Priority Acquisition Areas



Open Space Priorities with Public Lands
as of 2013

Priority Areas From:
 Davis City Council Priority Areas, 2004
 Davis Greenway Plan, 1989

Priority Areas
 Public Lands and Easements

Open Space Priorities post Measure 0.mxd