



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

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**File #:** 19-0646, **Version:** 1

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Receive a report on the Tax Assessment for the County of Sonoma as a model for potential tax measures to support Monterey County Parks.

**RECOMMENDATION:**

It is recommended that the Parks Commission:

- a. Receive a report on the Tax Assessment for the County of Sonoma and models for potential tax measures;
- b. Discuss the potential of establishing a Tax Assessment for Monterey County Regional Parks;
- c. Approve the forwarding of recommendations for discussion with additional stakeholders and public agencies;

**SUMMARY/DISCUSSION:**

Funding of the Monterey County Parks Department (now a division of the Resource Management Agency (RMA)) has been in decline since 2010. While costs were down for RMA-Parks in Fiscal Year (FY) 2017-18, it was attributed mostly to the movement of staff to different cost centers within the RMA.

Based on the findings of the 2015 Monterey County Parks Department Strategic Plan, continued demographic trends will place an increasing demand for parks and trails in the upcoming years. Escalating costs, deferred facility maintenance, and increasing natural resource threats have Parks funding stretched to an unsustainable level. These circumstances put a valued resource at risk and added pressure on County Parks (a.k.a. Regional Parks) to raise fees, such as executed in January 2019. While labor, utility, and maintenance costs have increased, the last five-year fiscal period shows that General Fund dollars for Regional Parks have remained relatively constant, averaging approximately \$5.5 million per year. Although RMA-Parks is becoming increasingly dependent upon fees, park fee increases disproportionately impact those least able to pay them. Individuals with limited means cannot afford to access our open spaces and the important benefits associated with that access. Without a new dedicated funding source, the Regional Park system is at risk of a major decrease in service levels, public safety, routine maintenance, and closures of trails, restrooms, and other features that are failing and require capital investment to remain usable for the public.

This dismal outlook for Regional Parks is not unique to the County of Monterey. Facing the same fiscal situation, the County of Sonoma proposed and passed an 1/8-cent sales tax known as Measure M in 2018. A basic tenet of Measure M was that revenues raised were not to supplant historical budgetary funding, but to augment underfunded deferred maintenance, improvement, programs for youth and adults, and wildland fire prevention. Measure M was constructed with the following purposes (*Excerpt of actual ballot language, see Attachment B*):

*A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.5 of Part 1.7 of Division 2 which authorizes the County to adopt this tax ordinance which shall be operative if a (2/3) majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.*

*B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to*

*those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.*

- C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.*
- D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.*
- E. To establish a local funding source for Sonoma County Regional and local City Park deferred maintenance, improvement, programs for youth and adults, and wild land fire prevention as set out in detail in the expenditure plan ("Expenditure Plan") adopted as part of this Ordinance.*
- F. Park maintenance and improvements are essential to protecting parks, picnic areas, natural areas, water quality, wildlife and fish habitat, hiking and biking trails, sports fields, playgrounds and other recreational opportunities for future generations.*
- G. Sonoma County and Cities own thousands of acres of parkland that could be opened and made accessible to the public through this investment, allowing for more hiking, biking and horseback riding trails, picnic areas, campgrounds and athletic facilities for Sonoma residents to visit and enjoy.*
- H. The proposed tax would encourage interagency efforts to promote recreation, health, agricultural viability, protection of watersheds, promotion of biodiversity and economic vitality consistent with the County's mission of investing in beautiful, thriving and sustainable communities for all and enriching the quality of life in Sonoma County.*
- I. The proposed tax would provide needed funding to enable Sonoma County Regional and City Parks to (i) fund currently unfunded deferred maintenance of existing infrastructure, and (ii) redevelop existing facilities and install new infrastructure.*

The "Expenditure Plan," noted in Ballot Language "E" above was designed to structure how revenues were spent based on a percentage prioritization schedule. The definitions of the plan areas can be found in Attachment A of this report. The general breakdown is as follows:

- 33.3% Support for Local City Parks and Recreation Needs
- 25.0% Invest in Maintenance/Safety/Recreation Services-Reg. Parks/Trails/Open Space Preserves
- 23.4% Improve Access to Regional Parks, Trails, and Open Space Preserves

**18.3%    Protect Natural Resources in Regional Parks/Trails/Open Space Preserves**

It is important to note that the tax socialized revenues for Incorporated Municipalities are assessed by Percentage of Population within the County of Sonoma. Each incorporated municipality receives a designated percentage of the total 33.3% annual tax revenue apportioned to *Local City Parks and Recreation Needs*:

1.	Santa Rosa	50.03%
2.	Petaluma	17.19%
3.	Rohnert Park	11.96%
4.	Windsor	7.70%
5.	Healdsburg	3.33%
6.	Sonoma	3.09%
7.	Cloverdale	2.51%
8.	Sebastopol	2.14%
9.	Cotati	2.04%

For practical purposes, there is only one type of assessment, an Ad Valorem Tax. Ad Valorem is a tax based in proportion to the dollar value of an item/activity. The two most common examples are property tax and sales tax. Ad valorem taxes, in contrast to per-unit taxes such as alcoholic beverage and cigarette taxes, are assessed at a fixed-dollar amount per unit of an item purchased.

Sonoma County's Measure M is a 1/8-cent sales tax with a 10-year sunset clause. The *sunset clause* is a mechanism for limiting the collection of the tax after a prescribed time. Revenue from this tax will generate an estimated \$115 million (in 2018 dollars) over the ten-year period (\$38.3 million allocated to City Parks and Recreation/\$76.7 million allocated to County Regional Parks). The measure had an approval threshold of 2/3 or 67 percent (67%) and passed by 73 percent (73%) of the vote.

Implementation of Measure M is the responsibility of the Sonoma County Regional Parks Department, with oversight by an Independent Citizens' Oversight Committee established by the Board of Supervisors. Funds are accounted for and tracked by the County Auditor-Controller Treasurer-Tax Collector in four separate funds to enhance transparency. An Annual Audit and Annual Report of Funds and Projects related to Measure M are also required.

Based on the 2015 Monterey County Parks Strategic Plan and the Draft Lakes Capital Improvement Plan, significant infrastructure replacement is required across the eight parks in the County Parks system to sustain and potentially increase current recreational and conservation offerings. Over the past decade, minimal capital outlay was allocated to infrastructure updates and/or replacements for these properties. The immediate need of infrastructure replacement is estimated in excess of \$15 million across all parks, excluding Lake Nacimiento. In addition, there will be a need to maintain lands transitioned to the County of Monterey in the future (e.g., Travel Camp, Fort Ord properties). Based on historical budget data, additional funding of the magnitude required does not exist in the foreseeable future. An alternative dedicated funding source(s) needs to be developed to support ongoing maintenance, upkeep, and infrastructure replacement to keep these park assets viable for present and future generations. Without adequate dedicated funding for maintenance, program, safety, and conservation, the County will soon face the need to prioritize properties for potential closure or gifting to third-party conservancies to diminish budget liabilities.

The Parks Commission may wish to consider making a recommendation to the Board of Supervisors asking

RMA-Parks to start fact-finding and stakeholder discussions to develop a dedicated funding source for sustaining, maintaining, and improving County Parks assets.

OTHER AGENCY INVOLVEMENT:

RMA-Parks staff gathered information from the County of Sonoma in discussions with County Staff and from published documents.

FINANCING:

This report is for discussion purposes only and has no budgetary impacts.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

RMA-Parks' ongoing efforts to explore potential alternatives to increase financial support for County Regional Parks facilities and operations support the Board of Supervisors' Economic Development, Administration, Health & Human Services, and Infrastructure Strategic Initiatives to provide enhanced recreational opportunities for the public through efficient, cost-effective management of the Monterey County Regional Parks system.

X Economic Development  
X Administration  
X Health & Human Services  
X Infrastructure  
Public Safety

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Attachments:

Attachment A: County of Sonoma Measure M Expenditure Plan

Attachment B: County of Sonoma Measure M Ballot Language