

COUNTY OF SONOMA  
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575 ADMINISTRATION DRIVE, RM. 100A  
SANTA ROSA, CALIFORNIA 95403

(707) 565-2241  
FAX (707) 565-3778



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SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SONOMA

OCT 24 2016

BY   
Deputy Clerk

September 20, 2016

The Honorable Raima Ballinger, Presiding Judge  
Sonoma County Superior Court  
600 Administration Drive  
Santa Rosa, CA 95403

RE: Response to 2015-2016 Sonoma County Grand Jury Report

Dear Judge Ballinger:

Thank you for the opportunity to respond to the 2015-16 Grand Jury Report. Attached are the Sonoma County Board of Supervisors' and the Sonoma County Community Development Commission responses to reports entitled:

1. Funding for County Roads: *The \$20 Million Challenge*
2. The Law Library on the Brink: *Running on Empty*
3. Spotlight on Affordable Housing: *Housing for All: Promote Private Development or Spend \$40 Million (Joint Response)*

In the Forward to the 2015-16 Grand Jury Report, a statement was made that "County staff recently estimated annual budget shortfalls in excess of \$100 million per year for the next five years." We would like to clarify that in the March 8, 2016 Budget Policy Workshop at conducted at the Board of Supervisors meeting, staff presented a list of unmet needs that exceeded \$100 million/year, but these should not be considered budget shortfalls. This information is presented to the Board on a periodic basis in order to provide the Board with the best possible information when decisions are being made.

We would like to thank the 2015-16 Grand Jurors for their service.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Carrillo', with a long horizontal stroke extending to the left.

Efren Carrillo  
Chair and District 5 Supervisor

Attachments: Responses

cc: Members, Sonoma County Board of Supervisors  
Matthew Stone, Foreperson, 2016-17 Sonoma County Civil Grand Jury  
William Rousseau, County Clerk  
Veronica Ferguson, Sonoma County Administrator  
Bruce Goldstein, County Counsel  
Margaret Van Vliet, Executive Director, Sonoma County Community Development  
Commission

Approved: Bollinger  
Superior Court Judge

**Board of Supervisors Response to  
Funding for County Roads Grand Jury Report**

Date: 10.21.16

**FINDINGS**

**F1. For the past three years, the Board of Supervisors has demonstrated a commitment to improving the condition of County roads by increasing levels of spending from the General Fund.**

*We agree with this finding.*

**F2. It is difficult for interested citizens to determine what monies in the County budget are available for spending. The Grand Jury was unable to ascertain what, if any, discretionary funds could be allocated for roads.**

*We disagree wholly or partially with these finding.*

The published FY 2016-17 2<sup>nd</sup> year county budget book (available online [http://sonomacounty.ca.gov/templates\\_portal/LandingPage.aspx?id=2147503505](http://sonomacounty.ca.gov/templates_portal/LandingPage.aspx?id=2147503505)) includes narratives for each department. The first page of these narratives provide a "Budget-at-a-Glance" view, which includes the amount and percentage of General Fund financing of the department or agency total budget. In the case of Roads the county's designation of Tax revenue, which is the main source of discretionary funds, is included in the Fiscal Summary table of the Transportation & Public Works department. This table can be found on PDF page 140 or printed page 130.

**F3. In order to prevent further road deterioration and increasing deferred maintenance costs, a minimum annual amount of \$20 million from the General Fund must be dedicated to road paving.**

*We disagree wholly or partially with these finding.*

The sources of funding addressing road deterioration and increased deferred maintenance expense include a combination of General Fund (in the form of Tax and Franchise discretionary revenue) and state-federal assistance. We believe that the County's discretionary General Fund is one of many funding sources to meet not only the increased need for deferred maintenance for the Roads but also the increasing service demands voiced by the community

**F4. It is unrealistic to expect that without additional sources of revenue, the County can meet the \$47.7 million per annum threshold necessary to bring all roads up to a Good to Very Good level within 20 years.**

*We agree with this finding.*

**F5. Roads that are essential to commerce and industry and which are travelled by the largest number of users should receive funding priority.**

*We agree with this finding.*

## **RECOMMENDATIONS**

**R1.** The Board of Supervisors direct the County Administrator's Office to present the budget in a form which makes it easy to understand what funding is truly discretionary and what reserves currently exist.

**Response:** This recommendation has been partially implemented and will continue to be implemented in the future.

Even though the current budget book design specifically highlights General Fund support and designation of Tax revenues (main discretionary county funding source), the Board of Supervisors values continuous improvement and will request that the County Administrator's Office staff evaluate adding a Discretionary Funding section or table for the public's ease of reference.

**R2.** The Board of Supervisors set budget priorities such that annual General Fund allocations to the Roads Division meet or exceed \$20 million, the minimum amount necessary to stop the decline in the condition of County roads.

**Response:** This recommendation has been partially implemented and will continue to be implemented during the annual prioritization process.

The Board serves the county residents with needed services beyond preservation and maintenance of road infrastructure. Nonetheless, the Board of Supervisors already dedicates more discretionary General Fund than what most California counties receive. In FY 2015-16 a total amount of \$22.2 million was designated to accelerate Pavement Preservation activities in addition to the \$5.4 million annual contribution for corrective maintenance. Also, starting with FY 2016-17 the Board adopted a policy to annually increase the General Fund contribution towards pavement preservation by up to 2% (based on secured property tax growth). Finally, the Board has committed to pursue legislation that provides for an equitable distribution of state-federal funds, support and lobby for increases in both federal and state gas taxes and alternative revenue sources for transportation, and to periodically consider available county funds to invest in road infrastructure.

**R3.** The Board of Supervisors explore all reasonable avenues to increase funding for paving County roads, including a Special Tax measure.

**Response:** This recommendation has been implemented and will continue to be implemented in the future.

In 2012 the Board of Supervisors formed an Ad-Hoc Committee on Roads for the purpose of developing short and long term strategies to improve the county's road network condition. Subsequent to that, in August 2013, the Board created the Long-Term Roads Ad Hoc Committee to develop a Long-Term Road Plan including funding strategies for pavement condition improvements. These efforts resulted in the Board of Supervisors dedicating the highest level of funding for County roads infrastructure at that time by investing \$10.4 million in FY 12-13 and \$10.2 million in FY 13-14 of General Funds.

To effectively implement the 2014 Long Term Roads Plan, the Board placed Measure A, a proposed ¼ cent sales tax increase on the June 2, 2015 special election ballot that would have generated approximately \$20 Million per year, with the County's share being approximately \$8.7 Million to supplement the Board's \$11.57 million annual commitment to roads. Absent the anticipated revenue generated by Measure A, the Board directed staff to convene a study session to discuss additional funding options. On November 10, 2015 the Board identified additional one-time General Fund dollars totaling \$13.5 million, of which \$10.7 million was allocated in FY 15/16 and \$2.8 million was allocated in FY 16/17. These new funds are a combination of Teeter Funds and available fund balances. The Board also directed the County Administrator to annually index the annual pavement preservation General Fund base contribution of \$9 million by up to 2%.

The Board continues legislative advocacy efforts to provide a stable long-term funding source for Pavement Preservation, including changes that would result in a more equitable distribution of existing state and federal funds, as well as potential new revenue sources for this purpose.

**Sonoma County Board of Supervisors  
And  
Sonoma County Community Development Commission  
Response to  
Spotlight on Affordable Housing – Housing for All: Promote Private  
Development or Spend \$40 Million Grand Jury Report**

**FINDINGS**

**F1: The downturn in new home construction following the recession, combined with low vacancy rates, high rents, wage stagnation and the desirability of Sonoma County as a place to live or vacation, has resulted in systemic undersupply of housing of all types.**

*We agree with this finding.*

**F2. The end of redevelopment agencies reduced funding for affordable housing by \$10 million annually between the County and City of Santa Rosa.**

*We agree partially with this finding.*

We agree that the dissolution of redevelopment reduced funding for affordable housing. However, we disagree with the \$6 million of loss attributed in the report and find that the annual loss of affordable housing funding is approximately \$1.34 million.

**F3. Increasing the supply of affordable housing is dependent upon budgeting priorities because a \$48-\$60,000 local subsidy is required for every unit of Very Low and Extremely Low Income Housing.**

*We agree with this finding.*

**F4. The County would need to invest \$40 million annually to ensure adequate development of affordable housing for Very Low and Extremely Low Income Housing.**

*We agree partially with this finding.*

We agree that to ensure for the adequate development of affordable housing for Very Low and Extremely Low Income Housing, additional investment is required. However, we are uncertain as to the methodology used to calculate the \$40 million attributed in the report.

**F5. Density bonus allowances make it possible for private sector developers to build Low and Moderate Income housing without public subsidies.**

***We agree partially with this finding.***

Sonoma County has a unique density bonus program which extends well beyond the bonus available under state law by allowing up to 100% density bonus for a rental project if 40% of the total project units are provided as affordable. The remaining units may be provided at market rents. While the program has been utilized by both for-profit and non-profit developers, we cannot fully agree that the use of density bonuses removes the need for public sector support as affordable housing development is typically dependent upon a complex mix of layered funding sources.

**F6. Private sector developers, including individual homeowners with granny unit potential, are often stymied in their efforts to pursue development opportunities due to high unit-based permitting costs, long bureaucratic delay, neighborhood opposition and CEQA compliance.**

***We partially agree with this finding.***

Many policies are already in place to streamline and reduce the cost of developing additional dwelling units, particularly with regards to delays, neighborhood opposition and CEQA compliance. Granny units are a permitted use on qualifying parcels and are exempt from CEQA review. Housing development of all densities is allowed by-right on appropriately designated sites, removing the potential for neighborhood opposition related to land use. Residential projects that meet their required affordable housing program contribution by providing units on site are fast-tracked through the approval and plan check processes.

Still, the County recognizes that high per-unit permit costs may dissuade developers. Impact fees are approved by the Board based on recommendations from the departments responsible for providing those services. Transportation and Public Works recommends Impact Fees for Road maintenance, Regional Parks recommends Impact Fees for Parks maintenance, and Permit and Resource Management recommends Impact fees for Affordable Housing. To reduce costs for smaller developments, the affordable housing fee is graduated in 10 square foot increments with no cost for the first 1,000 square feet.

regulations. In addition, \$150,000 was appropriated from the 2015-16 Advertising Program for Code Enforcement Services related to vacation rentals.

**R4.** The Sonoma County Board of Supervisors, City Council of Santa Rosa and City Council of Petaluma develop appropriate tax and fee schedules to offset the impact of short-term vacation rentals on housing supply (F9).

**Response:** This recommendation has been implemented.

The County's Transient Occupancy Tax, currently 9%, does apply to short-term vacation rentals. The County has taken numerous steps to ensure compliance for these rentals. These funds are part of the County's General Fund. In 2015-16, funds were appropriated through the Advertising Program to address impacts to the housing supply, including \$60,000 for emergency shelters, \$220,000 for homeless services and \$100,000 for the implementation of the General Plan Housing Element.

**R5:** The Sonoma County Community Development Commission and the Santa Rosa Housing Authority take necessary steps to pre-approve building sites with maximum density allowance to take advantage of transit-oriented development grants available from Cap and Trade funds.

**Sonoma County Community Development Commission Response:** This recommendation will not be implemented by the Sonoma County Community Development Commission, as zoning and land use approvals are not within the scope of this agency's authority.

**Sonoma County Board of Supervisors Response:** This recommendation will be considered for implementation.

**R6.** The Sonoma County Board of Supervisors, Community Development Commission and Santa Rosa Housing Authority prioritize the development of new sources of affordable housing funding by supporting the passage of AB 1335, applying for grants from the National Housing Trust Fund and creating Community Revitalization and Investment Areas or Enhanced Infrastructure Financing Districts (F8).

**Joint Response:** This recommendation has been or will be partially implemented.

- AB 1335 would establish a permanent funding source for affordable housing through a small fee on real estate transaction documents, excluding home sales, and is included in the County's Legislative Platform. The Chair of the Board of Supervisors submitted a letter to the State Senators and Assembly members representing Sonoma County, expressing support of AB 1335.

- National Housing Trust Fund allocations were announced for the first time in May 2016. The State of California will receive a 2016 allocation of \$10,128,143, which will be administered by the State Department of Housing and Community Development (HCD). The Sonoma County Community Development Commission (SCCDC) will be tracking HCD's promulgation and implementation of regulations for statewide distribution of the funds, and will work with local affordable housing developers to submit applications for assistance as funding becomes available.
- Enhanced Infrastructure Financing Districts (EIFDs) appear to be a potential tool for raising funds for affordable housing. As part of its work to implement the Building HOMES Toolbox strategies, the SCCDC is working to develop a countywide public/private partnership Housing Trust Fund, and will work with local jurisdictions to assess whether EIFDs could comprise one source of revenue for the effort. This work is underway in 2016 and will be ongoing in coming years.
- Sonoma County is not eligible for Community Revitalization and Investment Areas as we do not meet the non-seasonal unemployment or median crime rate criteria. The SCCDC will monitor changes to program criteria and/or local conditions that may enable future participation in the program.

**R7.** The Sonoma County Board of Supervisors coordinate with local and regional financial institutions to discharge their Community Reinvestment Act obligations by investing in affordable housing efforts.

**Response:** This recommendation has not been implemented but may be considered for implementation in the future.

The County is open to partnering with local banking and lending institutions to facilitate investments in affordable housing by these institutions to help meet their Community Reinvestment Act (CRA) responsibilities. The SCCDC recently received an inquiry from Freddie Mac on behalf of local lenders seeking to engage low-income homebuyers in Sonoma County through the development of homebuyer counseling program.

**R9.** The Sonoma County Board of Supervisors, City Council of Santa Rosa and City Council of Petaluma consider invoking AB 2135 to donate surplus lands to Land Trusts or to sell these properties at below market rates to developers in exchange for commitments to include affordable housing (F7, 8).

**Response:** This recommendation has been implemented.

# **Sonoma County Board of Supervisors Response to The Law Library on the Brink: *Running On Empty*” Grand Jury Report**

## **FINDINGS**

**F1: The Law Library can no longer rely on court filing fees to meet expenses and must seek additional funding to sustain services.**

***We agree with this finding.***

We agree that revenue from Court filing fees is a declining source of revenue and that the current levels of service cannot be maintained with the current levels of funding. A long-term sustainability plan is needed by the Law Library to evaluate opportunities for additional revenue and reduced expenses. The County believes that there is additional revenue that can be recouped from fee waivers in cases in which there is a settlement, legislative changes to the funding structure, grant opportunities, and fund-raising efforts.

The County believes that when there is a significant shortfall in the funding for a program, the service delivery model should be reviewed for new and innovative ways to provide quality services with existing resources. Therefore, the long-term sustainability plan should also consider cost cutting measures, including consideration of shared administrative services, possibly with neighboring law libraries or the Sonoma County Public Library.

**F2: There is little coordination with other agencies that provide services similar to those offered by the Law Library.**

***We disagree with this finding.***

Based on information provided by the Law Library, they currently have a Memorandum of Understanding with Empire College, which has resulted in \$22,900 of new revenue annually for the Law Library. The Law Library continues to reach out to other agencies, and is willing to continue these efforts.

The report references the law library maintained by the Family Justice Center. According to staff at the Family Justice Center, they do not maintain a law library.

## **RECOMMENDATIONS**

**R1: The Board of Supervisors provide an emergency, one-time payment of \$40,000 for operational expenses.**

**Response:** This recommendation has not been implemented and will be considered for implementation in the future.

The Board believes the Law Library provides an important service and has directed staff to work with the Law Library to develop an agreement to provide the Law Library with one-time funding, spread over two fiscal years (FY 2016-17 and 2017-18). This funding, shall not exceed \$40,000/year and it shall match private donations 1:1. It should be noted that the private donations currently include \$23,456 raised as part of the Law Library's "125 Donation Drive."

The agreement also authorizes the County and the Law Library to conduct a county-funded Management Review. This review should include an analysis options to reduce expenses and enhance revenue, included an in-depth evaluation of the revenue that could possibly be realized in cases when there is a fee waiver and a subsequent settlement. This review should evaluate opportunities to eliminate duplication of services among other community agencies and provide the Law Library with a data-collection template to support future grant-seeking opportunities, and to provide a record of what publications are used, to help inform future purchasing decisions.

**R2: The Board of Supervisors create a community Task Force to examine the long term needs of the Law Library and work toward the elimination of duplication of services among other community agencies.**

**Response:** has not been implemented and will not be implemented in the future.

As described on the website for the Sonoma County Public Law Library, the Law Library is "a state local government agency separate from the county government (much like fire or water districts). The Law Library is governed by an independent Board of Trustees, consisting of five judges and two attorneys. Since the Board has no authority over the Law Library, it would not be appropriate for us to appoint such a Task Force. Given the consideration of a Management Review and a possible contract for funding, it is anticipated that the Chair and the Vice-Chair of the Board of Supervisors, the County Administrator and the Administrative Analyst assigned to the Justice Partners will meet with representatives of the Law Library on an as-needed basis.

The Management Review should identify specific areas in which services are being duplicated and provide a recommendation of how to eliminate the duplication.

**R3: Pursuant to the Task Force findings, the Board of Supervisors allocate annual funding until Law Library funding is stabilized.**

**Response:** Has not been implemented but will be considered for partial implementation in the future.

The Board will not commit to ongoing funding of the Law Library, but will provide one-time funding (discussed above) as well as funding for a Management Review to support the long-term sustainability of the Law Library. The County will also include efforts to support the Law Library in the legislative platform.

When negotiating the agreement for one-time funding, County staff will look at the possibility of Law Library developing a long-term sustainability plan for the Law Library. This plan shall include a description of the resources provided by the Law Library within the scope of the larger legal system (including services provided by Legal Aid, etc.); statistical data of the clients who utilize the Law Library; a plan for repayment of waived fees in cases where there is a settlement, a detailed expenditure plan, opportunities for budget reductions, evaluation for shared administrative services, and revenue enhancements, including the identification of targeted donor groups (publication companies, local Bar Association members, etc.) and grants. To support this effort, the County agrees to give the Law Library access to the County grant-writing resources (Glen Price Group).

**R4: Pursuant to Task Force findings, the Board of Supervisors waive annual interfund expenses (e.g. insurance, utilities, etc) for a savings of approximately \$18,000 per year until Law Library funding is stabilized.**

**Response:** Has been partially implemented.

Sonoma County already provides the facility, including maintenance, janitorial and utilities to the Law Library, valued at approximately \$60,000/year. The Law Library also paid \$3,700 in FY 2015-16 for their prorated share of charges for accounting services, the Human Resources Management System (HRMS) and the Enterprise Financial System (EFS). The balance of "interfund" or county provided services paid by the Law Library is for the Information Systems Department, based on the service level identified by the Law Library. The Law Library, as an independent entity, could choose to utilize a different provider for these services.