



### **Measure Q and Measure T Expenditure Plans**

The Authority published The Open Space, Wildlife Habitat, Clean Water and Increased Public Access Expenditure Plan (“Measure Q Expenditure Plan”). The Measure Q Expenditure Plan can be found at the link below and on the Investing in Nature page on the Santa Clara Valley Open Space Authority website.

<https://www.openspaceauthority.org/public-information/governance-policies.html?file=Measure+Q+Expenditure+Plan+-+10-07-2014.pdf&field=File&env=policy%5C-document-67---OnViewFile>

The Authority published The 2020 Open Space, Wildlife Habitat, Clean Water and Increased Public Access Expenditure Plan (“Measure T Expenditure Plan”). The Measure T Expenditure Plan can be found at the link below:

[https://www.openspaceauthority.org/system/user\\_files/Documents/Grids/MQ%20Renewal/Expenditure%20Plan%202020%20Measure.pdf](https://www.openspaceauthority.org/system/user_files/Documents/Grids/MQ%20Renewal/Expenditure%20Plan%202020%20Measure.pdf)

The Expenditure Plans summarize how Measure Q and Measure T funds would be used, identified four program categories within which all funds would be expended, and identified administrative provisions and financial safeguards. The four program areas that are to benefit from this additional revenue were identified in Section B of the Expenditure Plans as follows:

- Protect open space, redwood forests, wildlife habitat, scenic hillsides and agricultural land,
- Protect land and restore natural areas around our creeks, rivers and streams to prevent pollution and improve local water quality and supply,
- Open, improve and maintain parks, open space and trails, and
- Create urban open space, parks, and environmental education programs.

To ensure accountability, transparency and public oversight of all funds collected and allocated under Measure Q and Measure T and to comply with state law, the Expenditure Plans required:

- On or before January 1 of each fiscal year, the Authority’s chief fiscal officer shall file an annual report with the Board that explains the amount of funds collected and expended under the Measures, and the status of the projects authorized to be funded by this revenue.
- An Independent Oversight Committee shall convene to review the expenditures of all parcel tax revenues collected under the Measures, including:
- No more than 5% of the revenue generated by this measure and provided to the Santa Clara County Open Space Authority may be used for administrative expenses (Measure Q only).
- Revenue generated by this measure and provided to the Santa Clara Valley Open

- Space Authority may also be used for such administrative expenses as the Board determines are reasonable and necessary through its annual budget process or other appropriate mechanism (Measure T only).
- No more than 25 percent of the revenues generated by this funding measure will be made available for the Grant Program.
  - To the extent permitted by law, up to one-tenth of one percent (0.1 %) of the gross proceeds of the parcel tax shall be made available for the EPOC's activities.

### **Expenditure Plan Oversight Committee**

The Measure Q and Measure T Expenditure Plan Oversight Committee ("EPOC") was created on April 23, 2015, to ensure accountability, transparency and public oversight of all funds collected and allocated under Measure Q and Measure T. The EPOC Bylaws can be found at the link below and under Investing in Nature Measures on the Governance & Policies page of the Santa Clara Valley Open Space Authority website.

<https://www.openspaceauthority.org/public-information/governance-policies.html?file=BRD-041-01+--+EPOC+Bylaws+--+12-09-2021+--+Reso+21-81.pdf&field=File&env=policy%5C-document-104---OnViewFile>

The EPOC is an independent oversight committee established to review the expenditures of all parcel tax revenues collected under Measure Q and Measure T. The EPOC consists of seven at-large members appointed by the Open Space Authority Board. Members must reside within the Open Space Authority jurisdictional boundaries, and must not be elected officials of any government, nor employees of any agency or organization that directly benefits financially from the proceeds of the parcel tax.

The EPOC meets at least once but no more than four times per year. Meetings of the EPOC are announced in advance and are open to the public.

The EPOC reviews the Measure Q and Measure T Status Report and the annual independent financial audit, and completes a transaction audit, to provide an independent review of all revenues and expenditures of Measure Q and Measure T Funds. The EPOC submits an annual Oversight Report and recommendations to the Board.

The EPOC members as of April 2024 are:

- David Burckhard
- Linda Marquez
- Jeff Micko
- Andrea Wheeler

More information about the EPOC, including the EPOC meeting schedule and the EPOC Annual Oversight Report, can be found at the link below and at the Investing in Nature page on the Santa Clara Valley Open Space Authority website.

<https://www.openspaceauthority.org/public-information/committees/expenditure-plan-oversight-committee.html>

## **II. REQUIRED REVIEWS**

### **1. Review of the Annual Measure Q and Measure T Status Report**

The EPOC has reviewed the Fiscal Year 2022/2023 Annual Measure Q and Measure T Status Report. The report is a well-written and organized presentation of Measure Q and Measure T expenditures by program, project and expense category, including administrative and grant expenditures.

#### **Projects Expenses**

The Measure Q and Measure T Annual Report provides detailed information about all the projects funded with Measure Q and Measure T funds. The Measure Q and Measure T Annual Report indicates that all expenditures of Measure Q and Measure T funds fell the within four program areas identified in the Expenditure Plans.

#### **Administrative Expenses**

The Measure Q and Measure T Annual Report clearly describes what expenses are included in administrative costs. The Measure Q and Measure T Annual Report indicates that no Measure Q funds were used to pay administrative costs. The Measure Q and Measure T Annual Report states that the Santa Clara Valley Open Space Authority (Authority) Board of Directors (Board) approved a budget of \$1,100,000 of Measure T revenues to partially fund the agency's administrative expenses, that \$1,100,000 of Measure T funds were used to pay administrative costs, and that any remaining balance associated with actual administrative costs is charged to other funding sources.

#### **EPOC Expenses**

The Measure Q and Measure T Annual Report clearly describes what expenses are included in EPOC costs. The Measure Q and Measure T Annual Report indicates the amount of Measure Q funds used to pay EPOC costs does not exceed one-tenth of one percent (0.1 %) of the gross proceeds of the parcel tax, and that any remaining balance, associated with actual EPOC costs, is charged to other funding sources.

#### **Grants**

The Measure Q and Measure T Annual Report provides a good qualitative description of grant management and control. The Measure Q and Measure T Annual Report indicates that grant funding did not exceed 25 percent of revenues generated.

### **Measure Q and Measure T Annual Report Recommendations:**

1. The cover of the Annual Report, and the title on website, should say “Measure Q and Measure T Annual Expenditure Plan Status Report” (or “Parcel Tax Annual Expenditure Plan Status Report”)

### **2. Review of the Annual Audit and Report Prepared by the Independent Auditor**

The EPOC has reviewed the Fiscal Year 2022/2023 Annual Independent Financial Audit. The report is a complete and organized presentation of the financial audit of Measure Q and Measure T finances in accordance with generally accepted accounting principles. The EPOC finds that the financial audit did not disclose any questionable financial practices and that the financial statements provided by the Authority accurately reflect the financial position of the Authority.

## **III. ADDITIONAL REVIEWS**

### **1. Measure Q and Measure T Sample Transactions Audit**

The EPOC completed a sample transaction audit process for more insight into the invoicing process and typical expenses under Measure Q and Measure T, and to further improve transparency in the Measure Q and Measure T funding process.

#### **Measure Q and Measure T Transaction Sampling Process.**

Ten (10) transactions were selected for evaluation. They were split as follows:

- 3 transactions related to land acquisitions
- 2 transactions related to land improvements
- 3 transactions related to preserve maintenance and operations
- 1 transactions not in one of the above categories (over \$1000)

Staff provided thorough and detailed information corresponding to each transaction (expense purchase order, expense account, vendor invoice, staff approvals, paid bills, and other documentation as needed).

Staff also provided to committee members a transaction cover sheet upon which to document their transaction review and evaluation. The completed transaction cover sheets are attached as an appendix.

#### **Measure Q and Measure T Transaction Audit Findings**

The EPOC found that all expenses included in the 10 transactions reviewed fell under the four program categories identified in the Expenditure Plan. The EPOC found that most transactions

were properly documented and approved. For the few transactions that did not have complete documentation, the EPOC found no indication of improper use of the funds.

### Measure Q and Measure T Transaction Audit Recommendations

Based on the sample transactions audit, the EPOC made the following recommendations:

1. Related to selection of transactions:
  - a. Replace category “Transactions over \$1K” with “Grants”; add category “Labor.”
2. Related to cover sheet:
  - a. none
3. Related to documentation:
  - a. none
4. Related to internal SCVOSA processes:
  - a. none

## **2. Measure Q and Measure T Payroll/Timecard Audit**

The EPOC completed an audit process of actual labor hours accrued for a single project during this review period to further understand planning and tracking of labor hour hours and if the mix and proportion of staff positions are reasonable.

### Measure Q and Measure T Payroll/Timecard Audit Process

For the single project, the EPOC reviewed the Coyote Ridge Open Space Preserve Public Access (Project ID P-000028), the same project whose labor hours were reviewed in the previous year. The project is mature and accrued \$367,980.48 in Authority staff labor total expenses (Payroll Expenses plus Benefit Expenses) for 5,590.16 hours during the period covered for this report.

The EPOC continues to agree that this project, perhaps the Authority’s most publicly salient one currently, is an appropriate example of an Authority labor intensive project. Now that the committee formally toured the site, now called Máyyan 'Ooyákma – Coyote Ridge Open Space Preserve during the staging area construction, the committee has a broader and more comprehensive perspective of the project. Subsequent visits to the developed property have given members and the public a sense of the scale and the degree of improvements made.

There were no findings in the project’s labor hour review. The EPOC recommends that two or more projects with a large Authority labor component be included in subsequent EPOC reviews. Also, if it is easily derived for those projects, we would like see a labor hour summary by position name in addition to actual employee names. The EPOC recognizes and commends Authority employees after reviewing the Weekly Hour time-keeping report. It suggests that accurate employee time reporting is a high priority.

**Measure Q and Measure T Payroll/Timecard Process Recommendations:**

Based on the payroll/timecard audit, the EPOC made the following recommendations:

1. Provide labor hours arranged by position instead of name and/or Provide the labor hour spreadsheet
2. Review more labor hour transactions next year.

**3. Transparency on Santa Clara Valley Open Space Authority Website**

The EPOC continues to feel that it would be difficult for a member of the tax-paying public to find documentation about Measure Q and Measure T from the home page because the term “Investing in Nature” does not clearly identify Measure Q and Measure T.

In addition, the EPOC feels that the full scope of the work of the Authority is not transparent to a member of the tax-paying public visiting the Authority website. The Preserves open to the public are immediately viewable in the tab in the upper left of the main webpage. However, the other key programs funded with Measure Q and Measure T revenues – Protect Lands, Environmental Education Programs, and Urban Grant Programs – are not immediately visible. The EPOC feels that this does not provide a transparent view into the scope of the work that the Authority spends Measure Q and Measure T tax revenues on.

**The EPOC recommends:**

1. Renaming the Investing in Nature page to “Investing in Nature - Measure Q/Measure T”
2. Making the additional three key programs funded with Measure Q and Measure T revenues – Protect Lands, Environmental Education Programs, and Urban Grant Programs – equally visible to the Preserves on the main page of the SCVOSA website.

**IV. STATUS OF 2021/2022 EPOC RECOMMENDATIONS**

Based on the review of the Annual Report:

1. Authority staff provide documentation of the Board approval of the allowable administrative expenses to be paid with Measure T revenues with the review of the Annual Report.
  - a. Done

Related to internal Authority processes:

1. The EPOC recommends that the Authority carefully monitor the use of Measure Q and Measure T funds to purchase permanent assets, such as tools, using Urban Grant funds. The EPOC notes that there is a risk that a) the expenditure may be unnecessary if the grantee already has the assets, or that b) the asset may be used for other

projects or retained for person use by a member of the grantee organization.

- a. No action required.

Related to timecard/payroll review:

1. Audit labor hours for at least one project each year.
  - a. Done
2. EPOC and Authority staff cooperate to develop an effective Sample Transaction Cover Sheet that accommodates auditing and reporting on project labor hours.
  - a. Done

Based on the review of the Authority website, the EPOC makes the following recommendations:

1. Rename the Investing in Nature page to “Investing in Nature - Measure Q/Measure T.”
  - a. Not done
2. Make the additional three key programs funded with Measure Q and Measure T revenues – protect lands, environmental education programs and urban grant programs – equally visible to the Preserves on the main page of the SCVOSA website.
  - a. Not done

## **V. 2022/2023 EPOC RECOMMENDATIONS**

Based on the review of Measure Q and Measure T Annual Report:

1. The cover page of the Annual Report, and title on website, should say “Measure Q and Measure T Annual Expenditure Plan Status Report” (or “Parcel Tax Annual Expenditure Plan Status Report”).

Based on the sample transactions audit:

1. Replace category “Transactions over \$1K” with “Grants”; add category “Labor.”

Based on the payroll/timecard audit:

1. Provide labor hours arranged by position instead of name/Provide labor hour spreadsheet.
2. Review more labor hour transactions next year.

Based on review of the SCVOSA website:

1. Rename the Investing in Nature page to “Investing in Nature - Measure Q/Measure T”
2. Make the additional three key programs funded with Measure Q and Measure T revenues – Protect Lands, Environmental Education Programs, and Urban Grant Programs – equally visible to the Preserves on the main page of the SCVOSA website.



APPENDIX A – Cover Sheets for Transactions