

# **Santa Clara Valley Open Space Authority Expenditure Plan Oversight Committee 2023/2024 Annual Report**

This is the 2023/2024 annual report of the Santa Clara Valley Open Space Authority Expenditure Plan Oversight Committee (“EPOC” - formerly the Measure Q and Measure T Expenditure Oversight Committee). The report includes background on the Measure Q, Measure T, and the EPOC, findings from the required annual reviews, findings from the annual transaction reviews, and EPOC committee recommendations. Also included is an update of the status of the previous year’s recommendations.

The EPOC has reviewed the 2023/2024 Measure Q and Measure T expenditures and finds that they conform to the Expenditure Plan, as further described below.

The EPOC has reviewed the 2023/2024 independent financial auditor’s report and finds that it confirms that Measure Q and Measure T funds have been collected and allocated according to the Expenditure Plan, as described further below.

The EPOC has reviewed the 2023/2024 Annual report. The EPOC finds that the Annual Report completely describes in adequate detail the Measure Q and Measure T expenditures and finds that they conform to the Expenditure Plan. Recommendations based on the Annual Report review are described further below.

The EPOC has completed the 2023/2024 transaction review and finds that all expenses included in the 9 transactions reviewed fell under the four program categories identified in the Expenditure Plan. The EPOC finds 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. Recommendations based on the transaction review are described further below.

## **I. BACKGROUND**

### **Measure Q and Measure T**

In November 2014, voters within the Authority boundaries approved the Measure Q parcel tax. The approval authorized the Authority to levy a tax of \$24 per parcel annually for 15 years. In November 2020, voters within the Authority boundaries approved the Measure T parcel tax. The approval authorized the Authority to levy a tax of \$24 per parcel in perpetuity.

### **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 Funding: Investing in Nature page on the Santa Clara Valley Open Space Authority website.

<https://www.openspaceauthority.org/sites/default/files/2024-11/Measure%20Q%20Expenditure%20Plan%20-%2010-07-2014.pdf>

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/sites/default/files/2024-11/Expenditure%20Plan%202020%20Measure%20T.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.

In order 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 Valley 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/sites/default/files/2024-12/BRD-041-01\\_EPOC%20Bylaws%2012-09-2021.pdf](https://www.openspaceauthority.org/sites/default/files/2024-12/BRD-041-01_EPOC%20Bylaws%2012-09-2021.pdf)

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 2025 are:

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

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-over-sight-committee.html>

## **II. REQUIRED REVIEWS**

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

The EPOC has reviewed the Fiscal Year 2023/2024 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 of 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 amount of Measure Q funds were used to pay administrative costs. The Measure Q and Measure T Annual Report states that the SCVOSA Board approved a budget of \$1,100,000 of Measure T revenues to partially fund the agency's administrative expenses. 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 Annual Report provides a good qualitative description of grant management and control. The Measure Q 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 2023/2024 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.**

Nine (9) transactions were selected for evaluation. They were split as follows:

- Two (2) transaction related to Urban Grant Program disbursements
- One (1) transaction related to land purchases/acquisitions
- Three (3) transactions related to open space land improvements
- One (1) transaction related to maintenance and operations of open space preserves
- Two (2) payroll reports summarizing total payroll and benefits costs, group by employee name charged to selected projects

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 7 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. Remove all transactions from the selection list with amounts less than \$1,000
2. Align transaction categories with EP1-4

## Measure Q and Measure T Transaction Cover Sheet Audit Recommendations

1. Add "(reimbursement request for grants)" after "invoice" in line 4
2. Change "matches PO" to "is less than or equal to PO" in line 7
3. Add "(board resolution for Grants)" after "expense purchase order" in line 8

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

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

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

For the first 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 \$164,436.75 in OSA staff labor total expenses (Payroll Expenses plus Benefit Expenses) for 2,688.24 hours during the period covered for this report.

There were no findings in the project's labor hour review.

For the second project, the EPOC reviewed the Coyote Valley Conservations Areas Master Planning (Project 000250). The project accrued \$214,038.83 in OSA staff labor total expenses (Payroll Expenses plus Benefit Expenses) for 3,164.41 hours during the period covered for this report.

There were several concerns highlighted by the EPOC; however, the EPOC was satisfied with the clarifications presented by the OSA Fiscal Service Officer.

As requested last year, both reports included a labor hour summary by position name in addition to actual employee names.

### Measure Q and Measure T Labor Cover Sheet

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

1. Provide most recent RACI document with each selected transaction, if available
2. Change language in line 8 as follows:

Does the number of hours/labor costs appear appropriate to the staff levels projected in the RACI?

### **IV. STATUS OF 2022/2023 EPOC RECOMMENDATIONS**

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

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

Based on the sample transactions audit:

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

Based on the payroll/timecard audit:

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

Based on review of the SCVOSA website:

1. Rename the Investing in Nature page to “Investing in Nature - Measure Q/Measure T”
  - a. Done, renamed “Funding”
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.
  - b. NA, renamed Visit and Projects

## **V. 2023/2024 EPOC RECOMMENDATIONS**

Based on the Sample Transactions Audit, the EPOC made the following recommendations:

1. Remove all transactions from the selection list with amounts less than \$1,000
2. Align transaction categories with EP1-4

Based on the Measure Q and Measure T Transaction Cover Sheet Audit, the EPOC made the following recommendations:

1. Add "(reimbursement request for grants)" after "invoice" in line 4
2. Change "matches PO" to "is less than or equal to PO" in line 7
3. Add "(board resolution for Grants after "expense purchase order)" in line 8

Based on the Payroll/Timecard Audit, the EPOC made the following recommendations:

1. Provide most recent RACI document with each selected transaction, if available
2. Change language in line 8 as follows: Does the number of hours/labor costs appear appropriate to the staff levels projected in the RACI?