



Midpeninsula Regional Open Space District Popular Annual Financial Report

Fiscal Year Ended June 30, 2018

Headquartered in Los Altos, California

Operating over 63,000 acres of Regional Open Space Preserves and Trails
within portions of San Mateo, Santa Clara, and Santa Cruz Counties

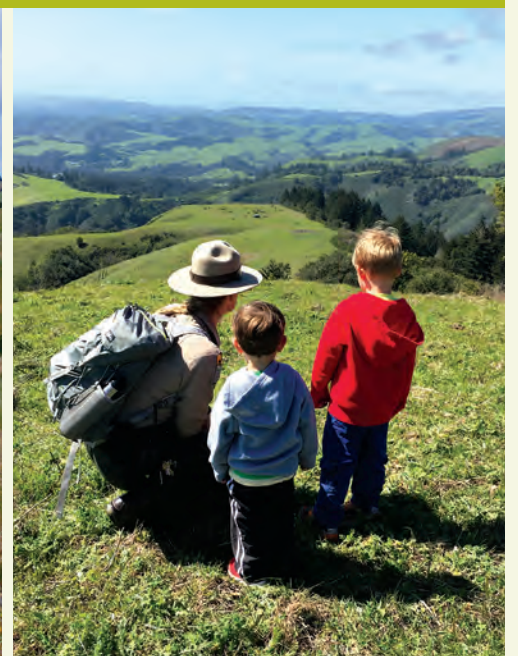


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Mission Statement:

“To acquire and preserve a regional greenbelt of open space land in perpetuity, protect and restore the natural environment, and provide opportunities for ecologically sensitive public enjoyment and education.”

Introductory Message

It is my pleasure to present the Midpeninsula Regional Open Space District's (District) Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2018.

The PAFR summarizes the District's financial activities and performance results gathered from the District's Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in accordance with generally accepted accounting principles (GAAP) and includes financial statements audited by Chavan & Associates, Certified Public Accountants. The District received an unmodified (or clean) opinion that the financial statements present fairly, in all material respects, the financial position of the District.

The financial information in the PAFR is presented to simplify the information contained in the CAFR and to offer the public a broad overview and longer term perspective of the District's assets, liabilities, and net financial position. The reader should note that the PAFR is not a substitute for the CAFR as it is an unaudited report and does not present all the necessary financial statements and note disclosures required by GAAP.

Detailed financial information, including the audited financial statements, is available in the District's CAFR. The CAFR provides full disclosure of the District's finances, including the notes to the financial statements, required supplementary information, and historical statistical information.

The CAFR and other financial and budget documents are available at: <https://www.openspace.org/about-us/district-reports>

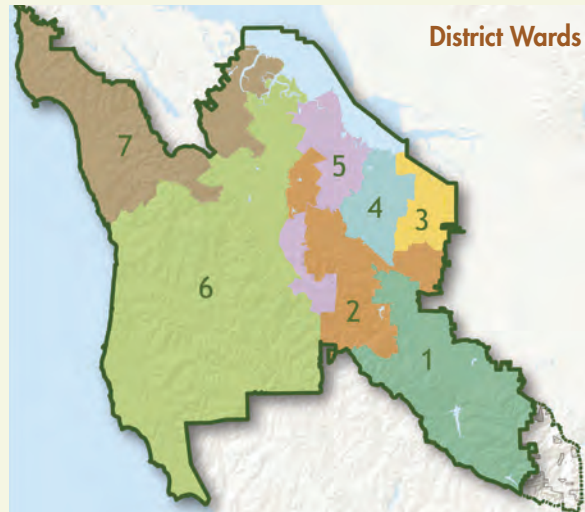


Sincerely,

Ana María Ruiz,
General Manager

Board of Directors | Management

Effective January 1, 2019



Pete Siemens | Ward 1
Cupertino, Los Gatos,
Monte Sereno, Saratoga



Karen Holman | Ward 5
East Palo Alto, Menlo Park,
Palo Alto, Stanford



Yoriko Kishimoto | Ward 2
Cupertino, Los Altos, Los Altos Hills,
Palo Alto, Stanford, Sunnyvale



Larry Hassett | Ward 6
Atherton, La Honda, Loma Mar,
Menlo Park, Pescadero, Portola Valley,
Redwood City, San Gregorio, Woodside



Jed Cyr | Ward 3
Sunnyvale



Zoe Kersteen-Tucker | Ward 7
El Granada, Half Moon Bay, Montara,
Moss Beach, Princeton, Redwood City,
San Carlos, Woodside



Curt Riffle | Ward 4
Los Altos, Mountain View

Ana María Ruiz – General Manager

Hilary Stevenson – General Counsel

Mike Foster – Controller

Susanna Chan – Assistant General Manager/Project Planning and Delivery

Brian Malone – Assistant General Manager/Visitor and Field Services

Stefan Jaskulak – Chief Financial Officer/Director of Administrative Services

About Us

History

The late 1960's was a time of rapid growth in the Bay Area. As tract housing and commercial development began to dominate the "Valley of Heart's Delight," concern for the preservation of the Midpeninsula's irreplaceable foothill and bayland natural resources mounted among open space advocates. Through the determined and heart-felt efforts of local conservationists, the Midpeninsula Regional Open Space District was created when the Measure R Room to Breathe Initiative passed in 1972.

The District was founded in 1972 as an independent special district to preserve the regional greenbelt in northwestern Santa Clara County. The voters expanded the District in 1976 to include southern San Mateo County and again in 1992, to add a small portion of Santa Cruz County. In 2004, through the Coastside Protection Program, the District's boundary was extended to the Pacific Ocean in San Mateo County.

Governance

The District is governed by a seven-member elected board of directors. Each board member is elected to serve a four-year term and represents a geographic ward of approximately equal populations. The Board holds its regular public meetings on the second and fourth Wednesdays of each month at 7:00 p.m., at the District administrative office: 330 Distel Circle, Los Altos, CA.

Services

The District's purpose is to create a regional greenbelt of unspoiled public open space lands in order to permanently protect the area's natural resources and to provide for public use and enjoyment. The District has preserved over 63,000 acres of public land and manages 26 open space preserves. The District's boundary extends from San Carlos to Los Gatos and to the Pacific Ocean from south of Pacifica to the Santa Cruz County line. District boundaries include approximately 200 square miles of Santa Clara County, 350 square miles of San Mateo County, and 2.6 square miles of Santa Cruz County.

Open space preserves are generally kept in a natural condition in order to best protect the environment and wildlife habitat, and are developed with only the amenities needed to provide low-intensity recreation. Ranging from 55 to over 18,000 acres, 24 preserves are open to the public free of charge, 365 days a year. Our estimated annual 2 million visitors will find over 238 miles of trails, ranging from easy to challenging terrain. In addition to open spaces and hiking trails, special amenities include a backpacking camp, nature center, historic farm, and winery.

The District's open space preserves offer a great variety of environments, wildlife habitats, and plant life. Preserves include redwood, oak, and fir forests, chaparral-covered hillsides, riparian corridors, grasslands, and wetlands along the San Francisco Bay. These lands provide critical habitat for mountain lion, bobcat, coyote, deer, golden eagle, red-legged frog, California newt, Coho salmon, and different varieties of wildflower.

Staffing

The staff currently includes over 177 employees in 13 departments: Budget and Analysis, Engineering and Construction, Finance, General Manager's Office, Human Resources, Information Systems and Technology, Land and Facilities, Legal, Natural Resources, Planning, Public Affairs, Real Property, and Visitor Services.

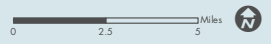


Midpeninsula Regional Open Space District Staff

Midpeninsula Regional Open Space District



- Midpen Preserve
- District Boundary
- Sphere of Influence
- Other Protected Land
- County Boundary

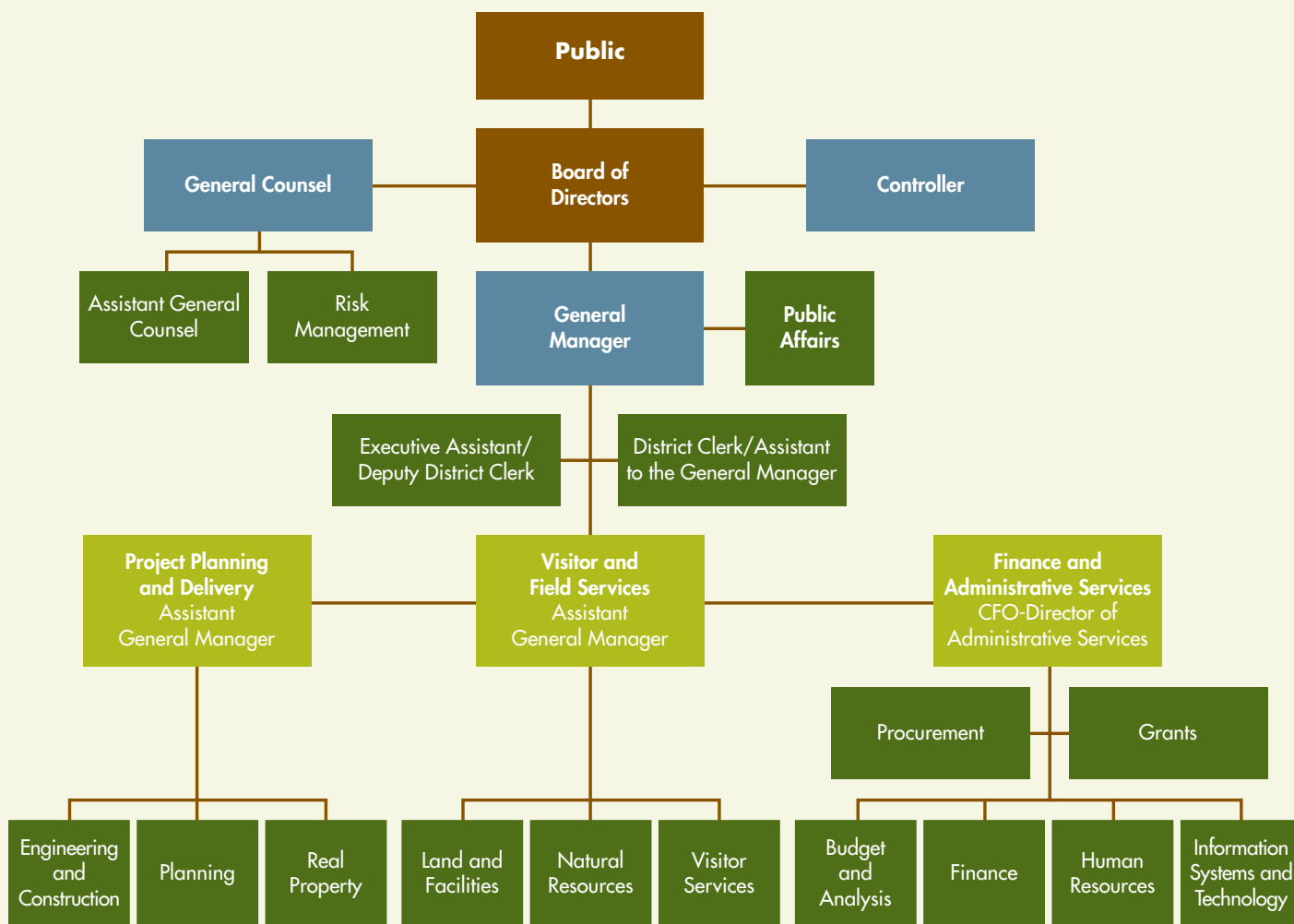


Preserve Protect Restore Educate Enjoy



- | | | | | |
|----------------------------|---------------------|----------------------------|--|------------------|
| 1 Bear Creek Redwoods | 7 La Honda Creek | 13 Pulgas Ridge | 19 Sierra Azul | 25 Tunitas Creek |
| 2 Coal Creek | 8 Long Ridge | 14 Purisima Creek Redwoods | 20 Skyline Ridge | 26 Windy Hill |
| 3 El Corte de Madera Creek | 9 Los Trancos | 15 Rancho San Antonio | 21 St. Joseph's Hill | |
| 4 El Sereno | 10 Miramontes Ridge | 16 Ravenswood | 22 Stevens Creek Shoreline Nature Area | |
| 5 Foothills | 11 Monte Bello | 17 Russian Ridge | 23 Teague Hill | |
| 6 Fremont Older | 12 Picchetti Ranch | 18 Saratoga Gap | 24 Thornewood | |

Organizational Chart



District At-a-Glance



Founded in 1972



63,340 Acres
(as of May 2018)



238 Miles of Trails



26 Preserves



177.45 FTE



Over 2 Million Visitors Per Year



\$71.8 Million Budget*



760,000 Residents

*Does not include one-time AO building purchase (\$31.55 million)

Demographic and Economic Statistics

Total Population

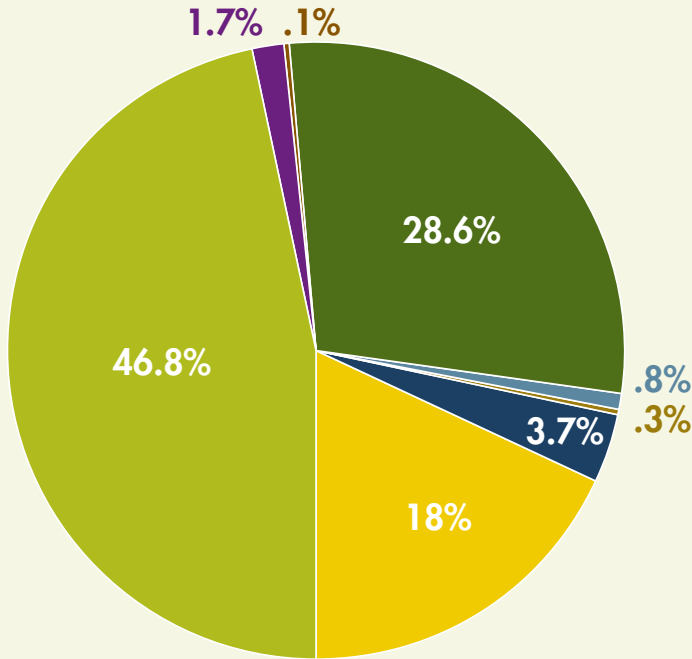
759,896



50% Female

50% Male

Race and Ethnicity



Breakdown of Race and Ethnicity

- American Indian and Alaska Native
- Asian
- Black or African American
- Hispanic or Latino
- Native Hawaiian and Other Islander
- Other Race
- Two or more Other Race
- White

* Data Source: 2013-2017 American Community Survey 5-Year Estimates

Per Capita Income

\$ 63,537

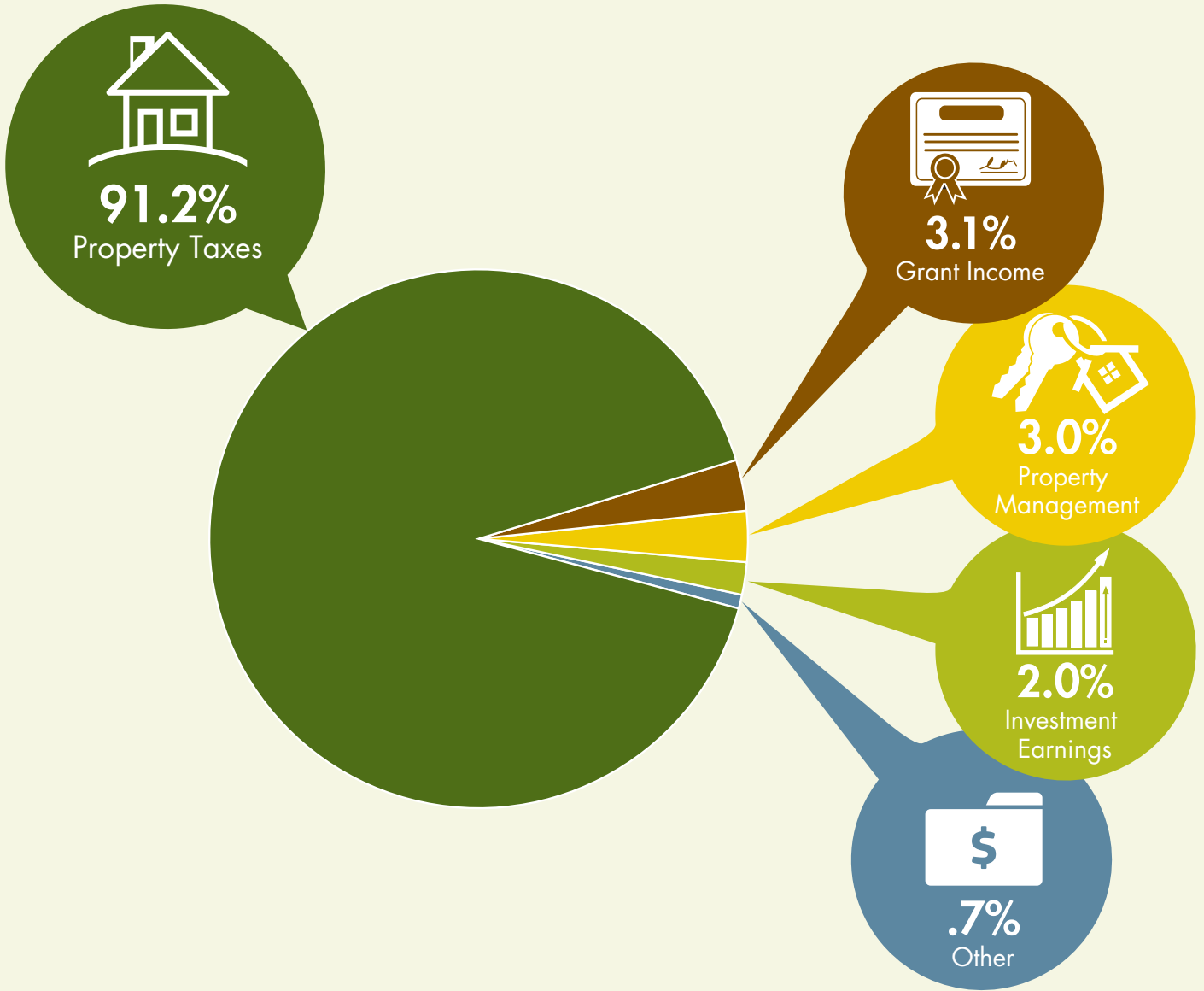
Educational Attainment High School or Greater, Age 25 or Over

92.1%



Russian Ridge Open Space Preserve by Deane Little

Revenues



Sierra Azul Open Space Preserve by Carol Daniels

Revenues and Expenses (Governmental Activities)

Given the nature of the District's finances and operations, all the financial activities are governmental. The District's primary source of revenue is property taxes which are levied on all taxable property within the District's boundaries covering portions of San Mateo and Santa Clara counties. Revenue for the year ended June 30, 2018 totaled \$53.2 million, an increase of \$6.0 million or 12.6% compared to FY2017. Total expenses were \$39.5 million in FY2018, an increase of \$7.8 million or 24.6% compared to FY2017.

Changes in Net Position as of June 30, 2018 (In Thousands)

	Total 2018	Total 2017
Revenues		
General Revenues	\$49,996	\$45,108
Program Revenues	3,189	2,130
Total Revenues	53,185	47,238
Expenses		
Land Preservation	28,910	21,783
Interest and fiscal charges	8,193	8,327
Depreciation	2,399	1,585
Total Expenses	39,502	31,695
Increase in Net Position Before Adjustments	13,683	15,543
Prior period adjustments	(1,898)	
Increase in Net Position	11,785	15,543
Net Position, Beginning of Period	337,003	321,460
Net Position, End of Period	\$348,788	\$337,003



Long Ridge Open Space Preserve by Jim Mosher

Statement of Net Position

The Statement of Net Position presents information on all of the District's asset and liabilities, deferred outflows, and deferred inflows with the difference between the above reported as Net Position. The Net Position is the difference between what the District owns and what it owes.

Statement of Net Position as of June 30, 2018 (In Thousands)

	Total 2018	Total 2017
Current Assets	\$135,924	\$77,669
Capital Assets, net of Depreciation	38,976	20,127
Non-depreciable Capital Assets	423,144	427,006
Other Noncurrent assets	638	1,312
Deferred outflows of Resources	17,805	15,637
Total Assets and Deferred Outflows	616,487	541,751
Current Liabilities	14,220	8,787
Non-Current Liabilities	252,063	193,890
Deferred Inflows of Resources	1,416	2,071
Total Liabilities and Deferred Inflows	267,699	204,748
Net Investment in Capital Assets	312,121	308,601
Restricted Net Position	7,252	4,571
Unrestricted Net Position	29,415	23,831
Net Position, End of Period	\$348,788	\$337,003



Pulgas Ridge Open Space Preserve by Karl Gohl

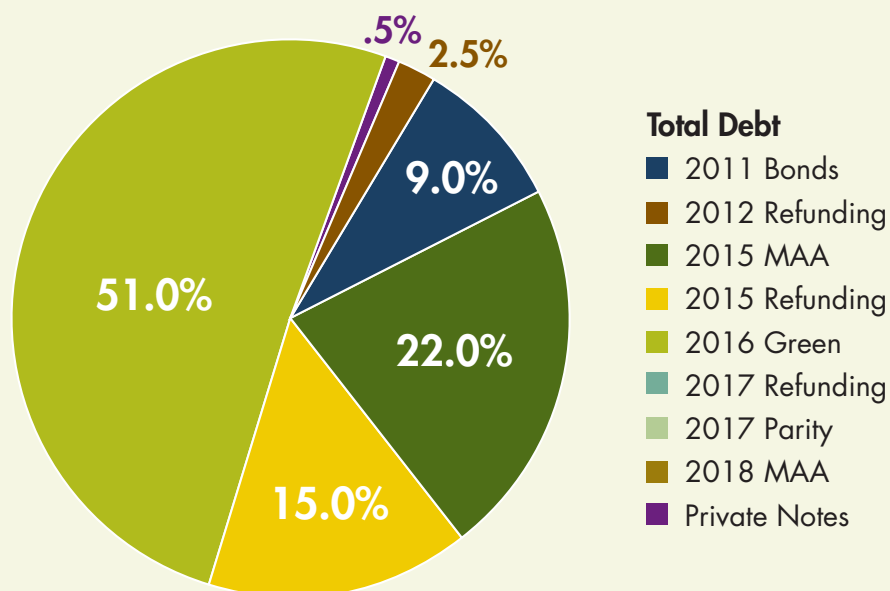
Debt

The District is legally restricted to issuing debt not to exceed five percent of the assessed valuation of property situated within the District’s boundaries. As of June 30, 2018, the assessed value of property within the District’s jurisdiction totaled \$252.726 billion, resulting in a legal debt limit of \$12.636 billion. The District’s Revenue Bonds, Parity Bonds, and Refunding Bonds are secured by General Fund property tax revenue, while the General Obligation bonds are secured through a separate ad valorem tax levy on all taxable property within the District.

The latest ratings for the District’s debt issues from Standard and Poor’s (S & P) and Fitch Ratings are shown below:

Debt Issue	S & P	Fitch	Balance as of June 30, 2018
2011 Revenue Bonds	AA+	AA+	\$930,000
2012 Refunding Promissory Notes	AAA	AAA	8,705,601
2015 General Obligation Bonds (Series A and B) (Measure AA)	AAA	AAA	43,350,000
2015 Refunding Promissory Notes	AAA	AAA	21,815,000
2016 Green Refunding Bonds	AAA	AAA	53,845,000
2017 Green Refunding Bonds (Series A)	AAA	AAA	25,025,000
2017 Parity Bonds (Series B)	AAA	AAA	11,220,000
2018 General Obligation Bonds (Measure AA)	AAA	AAA	50,000,000
Private Notes	n/a	n/a	1,500,000
Total			\$216,390,601

Total Debt Service Paid for Fiscal Year Ending June 30, 2018





Photos clockwise starting upper left: Thornewood Open Space Preserve by Deane Little, Monte Bello Space Open Space Preserve by Deane Little; Picchetti Ranch Open Space Preserve by Vedyia Konda, and Russian Ridge Open Space Preserve by Carol Daniels

Measure AA Capital

FUNDED BY

MEASURE AA

2014 OPEN SPACE BOND



In June 2014, voters approved Measure AA, a \$300 million general obligation bond to protect natural open space lands; open preserves or areas of preserves that are currently closed; construct public access improvements such as new trails and staging areas; and restore and enhance open space land, which includes forests, streams, watersheds, and coastal ranch areas.

In August 2015, the District issued its first tranche of \$45 million in general obligation bonds to reimburse itself for project expenses planned for approximately the next two or three years, as well as the legally permitted look-back period of 60 days prior to Board's Certification of election results.

In February 2018, the District issued its second tranche of \$50 million in general obligation bonds to reimburse itself for project expenses planned for approximately the next two or three years.

Expenditure Plan

The Measure AA Expenditure Plan and the 25 Priority Actions, as well as the Portfolio designations and locations, were the culmination of the Vision Planning effort that began in 2002. The public visioning process spanned eighteen months and defined the strategic direction of the District for the next 40 years. The Vision Plan yielded a list of 54 priority actions that then were narrowed to the top 25 Priority Actions for the purposes of the ballot initiative. Measure AA funds the top 25 Priority Actions through their inclusion in the Measure AA Expenditure Plan. This Measure AA Accountability Report is arranged in parallel with the Measure AA Expenditure Plan to facilitate review; projects are grouped in 25 key project portfolios organized by geographic area within the District's boundaries.

Annual Budget

Each year the District embarks upon a priority-setting and budgeting process with the Board, allowing for at least a six month planning process. The final Budget and Action Plan is approved prior to the start of the fiscal year, which begins July 1. Within the Budget and Action Plan document, there is a Measure AA Project Budget Overview, which provides a prospective view into the next year's planned spending.

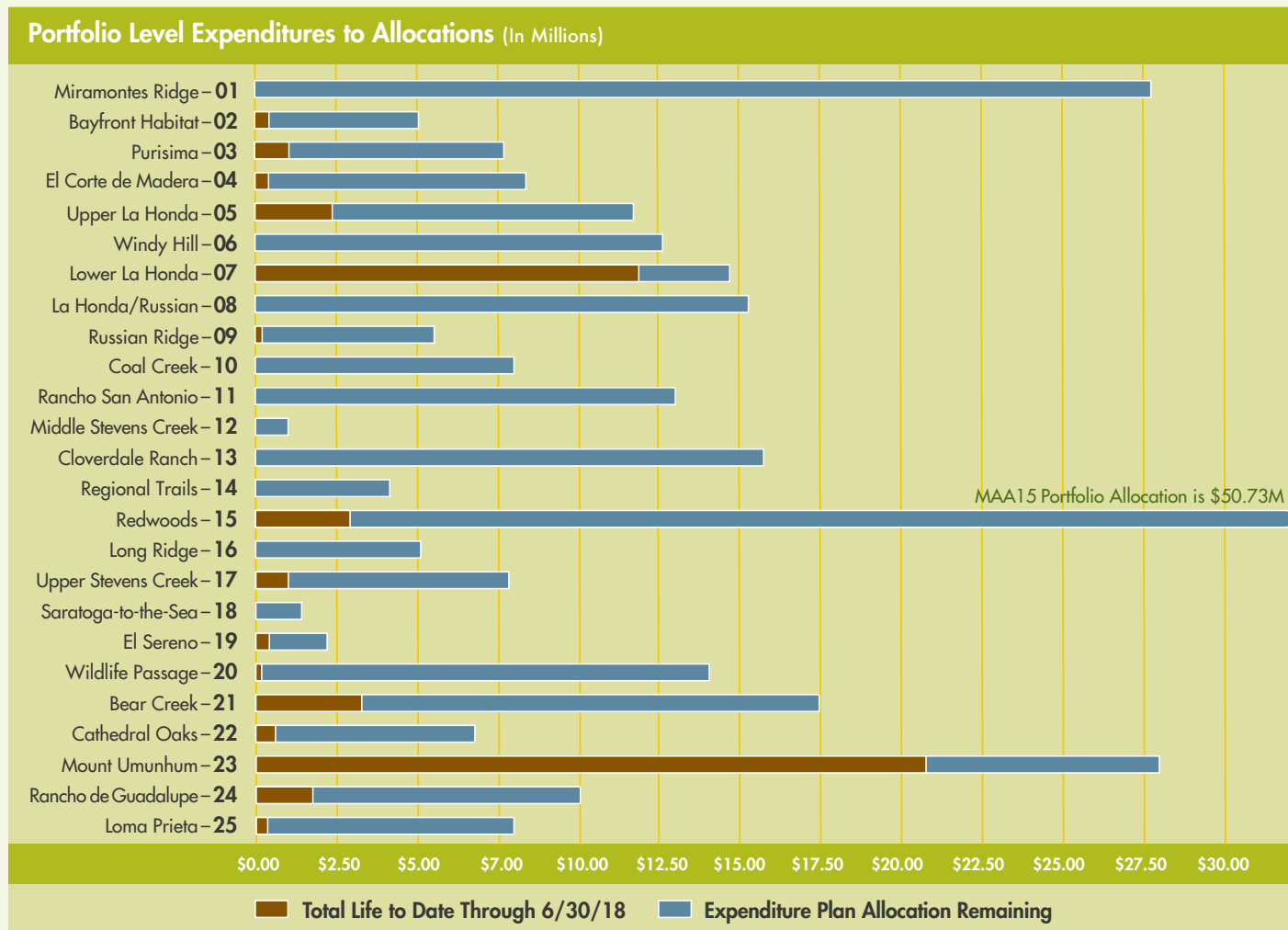


Windy Hill Open Space Preserve by Kristen Robison



Rancho San Antonio Open Space Preserve by Jim Liskovec

The following chart shows the Expenditure Plan allocations broken down by portfolio, with the total expenditures for each portfolio through June 30, 2018. The purpose of this chart is to show the Portfolio Allocations that were approved in the Expenditure Plan and the relative expenditures in each portfolio, life-to-date. For more Measure AA information, please visit www.openspace.org/MAAreport.



Bear Creek Redwoods Open Space Preserve by Frances Freyberg

Accomplishments

Over the course of the last fiscal year, the District has accomplished major milestones and made substantial progress on the 131 Key Action Plan Projects adopted by the Board of Directors, which include the 25 Measure AA portfolios.

The accomplishments for FY2018 are outlined across the following five categories:

- ◆ Land Acquisition and Preservation;
- ◆ Natural Resources Protection and Restoration;
- ◆ Public Access, Education, and Outreach;
- ◆ General/District-Wide Support of Mission; and,
- ◆ Awards, Grants, and Recognition.

Highlights of the major accomplishments are provided below.

Land Acquisition and Preservation

- ❖ Purchased, exchanged, or received gifts of 221.64 acres of open space lands valued at \$4.3 million dollars, including:
 - ◆ 153.59-acre Twin Creeks Property in the Mount Umunhum area of **Sierra Azul Open Space Preserve**, providing water quality protection within the Los Alamitos Creek watershed, continuity of wildlife habitat corridors, and a potential future trail connection with Rancho Canada de Oro Open Space Preserve. A \$750,000 grant from the Gordon and Betty Moore Foundation offset the \$2.8 million purchase cost.
 - ◆ 45-acre riparian conservation and public access easement over private property along Lobitos Creek as an addition to **Purisima Creek Redwoods Open Space Preserve**.



Natural Resources Protection and Restoration

- ❖ Completed numerous natural resource protection and restoration projects in **Sierra Azul Open Space Preserve**, **La Honda Creek Open Space Preserve**, and also **Bear Creek Redwoods Open Space Preserve** in preparation for opening the preserve to the public in 2019.
- ❖ Completed numerous resource agency permit streamlining efforts.
- ❖ Hosted Mountain Lion Awareness Week at **Rancho San Antonio Open Space Preserve** from June 17 to June 22, 2017, kicking off the week with a team of five Volunteer Trail Patrol teams traveling several routes to make contact with preserve visitors. District staff and volunteers also hosted information tables near Deer Hollow Farm, and posted information on social media.
- ❖ Continued the Highway 17 Wildlife and Regional Trail Crossings project, identifying and analyzing new crossing alternatives in response to partner, stakeholder, and public comments.
- ❖ Renewed grazing leases for both October Farms at **Purisima Creek Redwoods Open Space Preserve** and Tunitas Creek Ranch at **Tunitas Creek Open Space Preserve**, and repaired perimeter fencing on Tunitas Creek Ranch, supporting the District’s conservation grazing program to maintain grassland habitat for native wildlife, reduce wildfire fuel loads, and help sustain local agriculture.



Sierra Azul Open Space Preserve by Erin Ashford



La Honda Creek Open Space Preserve by Frances Freyberg



Bear Creek Redwoods Open Space Preserve by Frances Freyberg

Public Access, Education, and Outreach

- ❖ Opened the Mount Umunhum Summit at **Sierra Azul Open Space Preserve** for public access:
 - ◆ Constructed the Mount Umunhum Summit Project with a new 57-car parking lot, two summit shelters, an ADA drop-off area, ceremonial circle, ADA-accessible pathways, stairs, trail steps, vista points, benches, and other site amenities.
 - ◆ Completed the Mount Umunhum Road Improvement Project, installing culverts and drainage improvements, guardrails and protective barriers, retaining walls, chip seal re-surfacing and striping, fencing, signage, and other road improvements for safe public vehicular passage to and from the summit area.
 - ◆ Constructed the award-winning Mount Umunhum Trail, with three new trail bridges, the Guadalupe Creek Overlook vista point, and interpretive signage.
- ❖ Opened lower **La Honda Creek Open Space Preserve** to the public:
 - ◆ Constructed the new Sears Ranch parking area with 25 parking spaces, ADA-accessible amenities, new restroom, trailhead and interpretive signage, and fencing.
 - ◆ Completed six (6) miles of trail and road repairs, and installed signage, rebuilt a vehicle bridge, and installed self-closing pasture gates to prepare the site for public use.
- ❖ Completed, commenced, or continued major actions toward opening **Bear Creek Redwoods Open Space Preserve** to the public in 2019 including:
 - ◆ Completed the construction documents for the new Alma College parking area, pedestrian crossing, and trailhead.
 - ◆ Began construction of the new 53-car parking lot with a double pit toilet restroom, and 0.25-mile loop trail encircling Upper Lake on March 2018 to open the western area of the preserve to the public.
 - ◆ Completed construction of two new trail segments to complete five miles of trails through the redwoods.
- ❖ Completed, commenced, or continued major actions to close a gap in the San Francisco Bay Trail at **Ravenswood Open Space Preserve** and assist the City of East Palo Alto in developing the adjacent Cooley Landing Park, including:
 - ◆ Provided technical assistance to the City of East Palo Alto on the final design and bidding for Phases IV and V of the Cooley Landing Vision Plan, which the District is partially funding with a \$1.25M Measure AA contribution.
- ❖ Completed public access projects and specific milestones in **Purisima Creek Redwoods Open Space Preserve**, including:
 - ◆ Secured design and construction drawings of a new, two-stall restroom to replace the existing, deteriorated single stall restroom in the lower area of the preserve. Construction is scheduled to be completed in 2019.



Cooley Landing Grand Opening,
Ravenswood Open Space Preserve by John Green



La Honda Creek Open Space Preserve by District Staff

General/District-Wide Support of Mission

- ◆ Issued 2017 Green Bonds, refunding part of the 2012 Bonds, resulting in a savings of \$18.4 million; issued \$12.5 million of 2017 Parity Bonds to finance the new South Area Field Office and new Administrative Office; and issued 2018 Green Bonds, selling 34% of the new bonds at retail to fund Measure AA projects.
- ◆ Completed a District-wide ADA self-assessment of policies, programs, and procedures to determine current levels of service and potential barriers to accessibility for persons with disabilities to inform the development of a transition plan that identifies ADA-related improvements.
- ◆ Finalized the Grantmaking Policy to support research on District preserves.

Awards, Grants, and Recognition

- ❖ Completed successful grant applications totaling \$1,349,500; grants awarded include:
 - ◆ Gordon and Betty Moore Foundation Grant (\$750,000) for the Twin Creeks property purchase in the Loma Prieta area of **Sierra Azul Open Space Preserve**.
 - ◆ County of Santa Clara grant (\$400,000) for construction of the Bay Trail Connection at **Ravenswood Open Space Preserve**.
 - ◆ Santa Clara Valley Water District Grant (\$149,500) for the construction of Webb Creek Bridge at **Bear Creek Redwoods Open Space Preserve**.
- ❖ Received two awards for the Mount Umunhum project.
 - ◆ National Recreational Trail designation for the Mt. Umunhum Trail.
 - ◆ “Excellence in Design: Park Planning” award from the California Parks and Recreation Society for the Mount Umunhum Summit Project.



Ravenswood Open Space Preserve by Ellie Van Houtte





Russian Ridge Open Space Preserve by Jim Pravetz

Photos on front cover: top photo Long Ridge Open Space Preserve by Jim Mosher; bottom photos from left: Fremont Older Space Open Space Preserve by Michelle Yau, Long Ridge Open Space Preserve by Matthew Findling, and Russian Ridge Open Space Preserve by Richard Mindigo.



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